



August 27, 2008 04:00pm AEST

The case for an education revolution

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THE Prime Minister's address to the National Press Club, entitled: Quality Education: The Case for an Education Revolution in Our Schools.

The Government has now been in office for a little less than nine months - or just under a quarter of the current Parliamentary term.

In our first nine months our priority has been three-fold:

- to lay the foundations of a program of responsible economic management in the face of increasing global economic uncertainty;
- to implement, principally through the Budget process, the commitments we made last year to the Australian people on tax, on income support and childcare to help those under financial pressure; and
- third, to begin to lay out a policy and financial framework for addressing Australia's long-term challenges in education, in hospitals, infrastructure, climate change and water following 12 years of neglect.

As we begin a new parliamentary sitting, I would like to outline our overall approach to the Government's policy framework for the future.

I would also like to outline more specifically an important part of the Government's commitment to implement an Education Revolution: namely, a policy agenda to significantly improve the quality of Australia's schools.

Around the world today, governments are dealing with the most challenging global economic conditions since the early 1990s.

The US sub-prime crisis has changed the economic outlook for the global economy and consequently for Australia as well.

As the US Federal Reserve Governor Ben Bernanke said on the weekend, the global financial storm "has not yet subsided".

Canada, France, Germany, Italy and Japan have already registered negative quarters of economic growth.

Australia, as a result, has confronted a particularly complex set of economic challenges this year.

Contractionary pressures abroad.

Compounded by inflationary pressures, low productivity growth and supply constraints in the domestic economy – in large part the legacy of a decade of policy neglect.

This has presented real challenges for economic policy from the earliest days that we have been in office.

The Government has nonetheless moved quickly to respond to these challenges.

We have delivered responsible economic management, with a conservative Budget grounded in a \$22 billion of surplus.

That surplus was designed to put maximum downward pressure on inflation – made necessary because

the Government inherited inflation at 16 year highs, 10 consecutive interest rate rises and the second highest interest rates in the developed world.

This surplus was achieved by arresting expenditure growth, which had been growing in real terms at four per cent in the previous four years, and by reducing tax to its lowest level as a share of GDP in nearly a decade.

The surplus was also designed to provide a buffer for the future – the policy flexibility to negotiate any uncertain economic times which might lie ahead – which is why the Liberals' current assault on the surplus in the Senate is so grossly irresponsible.

Furthermore, despite widespread calls to drop our commitment to tax relief, we delivered a \$55 billion Working Families Support Package – together with a \$7.5 billion package for seniors, carers and disability pensioners – all designed to help Australians under financial pressure.

Finally, the Government through its regulatory agencies has been actively engaged with global financial institutions in responding to the global financial crisis, while maintaining the domestic liquidity needs of Australian financial markets through concrete measures in the public bond market.

While prosecuting a policy of responsible economic management, the Government has also been determined to honour its pre-election commitments to the Australian people.

When we formed government, I said I had no intention of recycling the absolute cynicism of previous governments - making a swag of pre-election commitments then renegeing on them as “non-core” promises.

That's why we have delivered:

- Tax cuts for low and middle income earners.
- The Education Tax Refund.
- Raising the child care tax rebate from 30 to 50 per cent.
- A permanent increase in the utilities allowance for pensioners, carers and those on the Disability Support Pension.
- Re-instatement of the Commonwealth Dental Scheme.
- First Home Saver Accounts.
- Rolling out computers in schools and trades training centres across Australia's 2,685 secondary schools.
- Abolishing AWAs for the future and building a modern, fair and flexible workplace relations system.
- Taking decisive action on climate change both at home through the Carbon Pollution Reduction Scheme and through our negotiations abroad following our ratification of Kyoto; and
- Bringing the blame game to an end by reinvesting in the nation's public hospital system.

We are honouring our commitments made to the Australian people.

But for us that's not the end game. In fact it marks just the beginning.

The beginning of a period of long-term reform to tackle the nation's long term challenges.

Because for this government that is the central purpose of being in government – to make a fundamental difference to the future direction of the nation.

We are determined not to repeat the neglect and wasted opportunities of the Liberals in government.

For years we watched in frustration as the best economic opportunities in a generation passed us by.

Rather than investing the proceeds of the mining boom, the Liberals squandered them on consumption.

It was a decade of opportunities squandered, not of opportunities seized.

Our Government belongs to the reforming centre of Australian politics – a tradition that recognises the limitations of both markets and of governments.

We believe policy reform is necessary if Australia is to seize the future.

Our long term reform agenda embraces the full canvas of government, including how we build:

- a more secure Australia given the new national security challenges we face;
- a stronger Australia given the long term challenges to our economy;
- a fairer Australia given the extreme levels of disadvantage that continues to exist among us; and
- an Australia capable of meeting the sweeping new challenges of the 21st century, including climate change.

The first priority of government is the nation's security.

This challenge is becoming increasingly complex as the balance of global strategic and economic power shifts to the Asia-Pacific region, as terrorism continues as a global and regional threat, and new challenges emerge such as energy security.

That is why we are developing a plan to strengthen our defence forces, to enhance our relations with friends and allies and to tackle non-traditional threats like terrorism, natural disasters, water scarcity, food scarcity and energy security.

The starting point will be a new national security policy, to be outlined in a National Security Statement – the first in Australia – during this session of the Parliament.

We are also bringing new rigour to our defence planning through a new Defence White Paper that will detail the emerging strategic terrain we face and how our policy and defence procurements will respond.

And, to give our Armed Forces the resources they need, the Government has committed to providing 3 per cent real growth in defence spending for the full decade ahead.

The Government will strengthen the US alliance as well as our security cooperation with regional partners like Japan, the Republic of Korea, Indonesia, Malaysia and Singapore.

And, to help shape the future of our region, we have begun a regional dialogue about an Asia-Pacific Community to build a culture within our region of security cooperation.

We believe we must try to shape the future of our region rather than let it simply be shaped by events – and that means unapologetically prosecuting an activist defence, foreign and security policy for the future.

The Government is committed to using the proceeds of the mining boom to invest in Australia's long term economic future.

The key to building a strong economy is long-term productivity growth.

Over the last 40 years, productivity growth has accounted for more than 80 per cent of the improvement in Australia's living standards.

But in recent years productivity growth has declined sharply – from average annual growth of 3.3 per cent during the productivity cycle of the mid-1990s, to just 1.1 per cent in the current cycle.

The Government is committed to building our long-term prosperity by investing in five key platforms for productivity growth:

- an education revolution by improving the qualitative and quantitative investment in the skills of the workforce – driven in part by our \$11 billion Education Investment Fund;
- second, a nation-building infrastructure plan;
- third, investing in innovation and the industries of the future;
- fourth, creating a seamless national economy through business deregulation; and
- finally, taxation reform.

I will return to education presently as this will go to the core of my remarks today.

On infrastructure, we have begun our reform program by establishing a \$20 billion Building Australia Fund to support critical national infrastructure such as road, rail, ports and high speed broadband.

We have reinvigorated the Council of Australian Governments with a major reform agenda, including a list of 27 areas of regulatory reform for building a seamless national economy.

And we have established the Henry Commission as the starting point for long-term reform of tax, welfare and retirement incomes.

Creating a fairer Australia is a crucial part of the Government's reform agenda.

Disadvantage holds the economy back by reducing workforce participation.

It also holds the economy back by increasing demand on public resources.

Disadvantage forces too many Australians to live on the fringes of the nation's economic and social life, struggling for training, work, health care, dental care and access to housing.

In many cases that disadvantage is compounded by a combination of family breakdown and the weakening of community ties.

Our challenge is to bring these Australians back into the mainstream through a reform agenda of social inclusion.

The Government will be pursuing new ways of doing this.

Through tax relief towards the bottom end of the income scale.

Through a review of retirement incomes with a view to placing pensioners on a more secure footing for the future.

Through action on homelessness.

Through a package of housing affordability measures, including First Home Saver Accounts, the National Rental Affordability Scheme and the Housing Affordability Fund.

Through working to close the gap with Indigenous Australian's.

And through getting rid of Work Choices and building a fair and flexible industrial relations system for the future.

Australia must now prepare also for the sweeping set of challenges that we face for the future – rather than simply burying our heads in the sand.

That's why the Government is prosecuting a Carbon Pollution Reduction Scheme, a national energy efficiency and renewable energy strategy.

That's why the Government, for the first time in the history of the Commonwealth, has begun the large scale buy-back of water entitlements to reduce the obscene levels of over-allocation in the Murray Darling River System.

That's why the Government is developing a long term agenda to reform the health and hospital system including increased investment in public hospitals, a national preventative health strategy, the reduction of elective surgery waiting lists and the introduction of GP super clinics – all necessary responses to a great challenge for how to deal with the rapidly ageing population of the Australia into the future.

The Commonwealth can't tackle all these challenges on its own.

It's also going to take a new way of governing – particularly increased cooperation between federal, state

and local governments, businesses and community organisations.

We want to take Australians with us by engaging with the community, by harnessing the best ideas and by drawing on the best talents of our people.

That's why we convened the 2020 Summit – to get the best ideas on Australia's future.

That's why we have also made Community Cabinet meetings part of our regular program of government.

That's also why we will be drawing in the private and community sectors, to partner with the Government in new ways of achieving our reforms.

We will start this through our reforms to Indigenous education and employment programs.

It is based on our view that government is not the repository of all wisdom, that there are limits to what governments can effectively do and that the private and community sectors have much, often very much to offer.

The five policy areas that I have discussed constitute the framework for the long term reform agenda for the nation and for the government.

I said before that within this framework, the core of our economic reform agenda is to build long-term productivity growth – in large part by an education revolution in the quantity and quality of our national investments in the education of the next generation of Australians.

Today I want to outline the next chapter in Australia's education revolution - the reform of school education.

In my first major policy speech as leader of the Federal Parliamentary Labor Party last year, I argued why Australia needs an education revolution.

I said the evidence about the link between long term prosperity, productivity growth and investment in human capital could not be clearer.

As the OECD said in 2006:

“evidence of the public and private benefits of education is growing. Application of knowledge and skills are at the heart of economic growth, with the OECD attributing half of GDP per capita growth from 1994 to 2004 to rising labour productivity.”

That is why we are committed to delivering an education revolution.

In our first Budget we allocated \$19.3 billion to education initiatives over the next four years to help deliver our commitments on:

- a national curriculum in English, maths, the sciences and history;
- a \$1.2 billion Digital Education Revolution;
- a \$2.5 billion Trades Training Centre program; and
- guaranteed funding to both government and non-government schools.

The Liberal Government talked about teacher training, performance standards, literacy and numeracy. But after 12 years, 24 reports and 220 recommendations, there was nothing much to show of it.

No national teaching standards.

No national curriculum.

Too many kids still leaving school too early.

Too many who are unable to read or write.

And now we are playing a game of catch up football. There is clearly much to be done.

While Australian schools stand up reasonably well in international comparisons, our competitors are quickly catching up.

A 2006 OECD study shows Australia's average performance in reading literacy worsened between 2003 and 2006, primarily because of a decline in the percentage of high-performing students.

It shows that in scientific literacy, 40 percent of Australia's Indigenous students, 27 percent of students in remote schools and 23 percent of students from the lowest socioeconomic quartile performed below the OECD baseline.

Australia also has relatively low levels of Year 12 completion by OECD standards.

After doubling in the 1980s and early 1990s, our retention rates have flat-lined at around 75 per cent since 1992. 30 per cent fewer Indigenous young people reach a Year 12 qualification than non-Indigenous.

Why does this matter? Because students with low literacy and numeracy in Year 9 are more likely to get frustrated and leave school early – and more likely to end up unemployed or only marginally attached to the workforce.

Conversely, the evidence shows that each additional year of schooling increases individual earnings by around 10 per cent.

Another recent study found that increasing a country's literacy scores by 1 per cent against the international average is associated with an increase in living standards of 1.5 per cent of GDP per capita.

That is why, through COAG, we are developing reforms aimed at achieving the ambitious national goals of lifting Year 12 or equivalent attainment to 90 per cent by 2020.

When COAG meets in October and December this year, we will be working towards historic reforms to Commonwealth-State relations.

In the area of schools it's time to move beyond outdated divisions between Commonwealth and State responsibilities and between public and private provision.

Our focus must be on the basics: ensuring that all of our children emerge from school able to read and write, with basic maths and science skills and the ability to enter the workforce, vocational training or university study.

So what is to be done?

Greater accountability to parents and the public is one important area of reform.

Greater transparency for the outcomes achieved by Australian schools is another area of reform.

All Australian schools – public and private – need to do more to demonstrate the outcomes they achieve with the resources they receive from the broader community.

This is not about creating an arbitrary public league table.

It is about ensuring that all schools, all teachers and all students are focused on achieving the results we need as a nation and realising the potential also of each child.

That is why I am today announcing three central pillars of reform in schools that the Commonwealth aims to achieve through Council of Australian Governments later this year:

- one, improving the quality of teaching;
- two, making school reporting properly transparent; and
- three, lifting achievement in disadvantaged school communities.

The States and Territories are important partners in this process.

Our challenge to them is to commit to concrete, tangible reforms.

And our commitment to them is to match ambitious policy reform on the one hand, with new financial support on the other as part of our upcoming National Policy Partnership negotiations on the future of education.

Research shows that nothing at school influences student outcomes more than excellent teaching.

It has measurable impacts on cognitive, affective and behavioural development.

Studies suggest that the quality of teaching accounts for something between 30 and 60 per cent of the outcome across these areas.

A McKinsey report on the world's best performing school systems last year highlighted the importance of recruiting the top university students into teacher training.

In Korea, those recruited into teaching are in the top 5 per cent of students; in Finland, they are recruited from the top 10 per cent and in Singapore and Hong Kong, the top 30 per cent.

I believe our teachers are our greatest economic asset.

We need to re-establish in Australia that teaching is a great profession and a great calling for the best and brightest of our university graduates.

We must insist on teaching excellence in every school.

And insist that school leadership is strengthened, particularly in schools where the learning needs of students are most acute.

Of the school-based influences on outcomes, school leadership is second only to teaching in its importance.

That is why the Government will work through COAG to start a new era in Australian school education, starting with a National Policy Partnership on Quality Teaching.

To establish new national standards to reward both principals and the best performing teachers.

To provide additional funding to encourage school systems to invest in teacher recruitment, development and excellence.

The package will also include measures to recruit the nation's most talented graduates into teaching and place them where they can make the greatest difference.

In recent years the US and the UK have implemented innovative and successful programs of this kind – the Teach for America and the Teach First programs – where highly talented graduates are given an accelerated pathway into teaching, placed into the most challenging school environments and paid at a higher rate.

They also receive mentoring and support from leading businesses and an option of employment after they complete their initial teaching assignment should they choose to leave.

These programs have given talented young graduates a taste for teaching – and many have made it their life profession as a result.

Under our new reform partnership, beginning from next year, we will work towards establishing a similar scheme in Australia.

Participation will be open to non-government as well as government schools – because we know there are disadvantaged schools across the entire education spectrum.

Currently, most teachers reach a salary ceiling at around \$75,000. If they aspire to earn more, they must leave the classroom.

We need to send a clear message to university students that teaching is a rewarding long term career.

And send a message to experienced teachers within the school system that they should keep striving for excellence.

I want our best and brightest teachers motivated and rewarded to work in our most challenging schools.

I want school principals to have the autonomy to make more staffing and salary decisions at the local level, to tackle local problems like poor literacy and numeracy.

And I want teachers spending their time doing what they do best – and that's teaching - not losing their valuable hours in paperwork or on tasks better handled by support staff.

Last year I said that Australian school students deserve a higher level of transparency concerning the overall performance of their schools.

The Government is committed to investing substantially in our schools to deliver better outcomes.

But we will not be making those investments without demanding greater accountability in return.

As I said in January 2007, we are committed to a greater quantitative effort in the funding of the school system, but beyond that qualitative performance is equally important.

I appreciate there can be debate about the most reliable indicators of school effectiveness.

But I cannot understand why public institutions such as schools should not be accountable to the community that funds their salaries and their running costs.

Right now, we do not have accurate, comprehensive information to allow rigorous analysis of what schools and students are achieving.

This must change.

Parents have a right to information to inform their family's decision making about school enrolment.

It is important, too, that this information gives parents the full picture.

Simplistic league tables don't really tell us how well a school is performing.

They don't tell us about the student population that the school started with – and its level of educational advantage.

Everyone understands why a private school on Sydney's north shore might do better than a comprehensive government high school in the outer suburbs.

But it is not unreasonable to expect that schools with a similar mix of students and similar starting points should do equally well.

What parents most want to know is what difference a school is going to make – in other words, the extent to which it is adding value to the results of their students.

Parents overseas can get this information. Australian parents – and students – deserve the same.

That is why today I announce that we will be making agreement on individual school performance reporting a condition of the new national education agreement to come into effect from 1 January 2009.

Within a year, we want to see increased information available to Australian parents.

And within three years, a report that shows not just how their child is doing, but how their child's school is performing compared to similar schools.

Knowing where there is underperformance will help us to target additional resources.

I know some will resist these changes.

There is little doubt that greater transparency will reveal some schools in Australia may be seriously underperforming and may have been struggling for some time.

Many, but not all, of these schools serve disadvantaged communities.

Many, but by no means all, of these schools are in the government school system.

We should not tolerate underperformance. It damages the students irreversibly. It fails their families. And therefore it must change.

Where it is clear that individual schools are not up to the mark, we need to be prepared to invest money and effort to lift their performance.

And where despite best efforts, these schools are not lifting their performance, the Commonwealth expects education authorities to take serious action – such as replacing the school principal, replacing senior staff, reorganising the school or even merging that school with other more effective schools.

Tough action is necessary if we are to achieve real change. And it's tough action that our reform payments will reward.

A third focus of our school reforms is to tackle underachievement in our most disadvantaged school communities.

In Australia, socioeconomic status is more strongly associated with educational achievement than it should be.

I have already referred to the OECD research which found that students in the lowest socioeconomic quartile lagged those in the highest socioeconomic quartile by 2½ years.

If Australia is to be the land genuinely of the fair go, we must do a better job in ensuring that every young Australian gets a decent education.

That is why today I announce that we will pursue a further National Policy Partnership with the States and Territories to tackle underachievement in our schools.

There is no 'one size fits all' answer to school underperformance – but we can give schools more control over their performance and more support in achieving better outcomes.

We can provide more funding and greater discretion to principals and local school communities to address their specific local conditions.

That is why, beginning next year, this National Policy Partnership will contain measures to help:

- attract high performing principals and teachers to underperforming schools;
- provide funding for intensive learning activities and additional coaching for those students who are falling behind;
- create robust networks of parents, other schools, local communities and businesses to help students in transitioning successfully to work or further education; and
- to provide incentives for individual schools to extend their reach through longer opening hours, after-school study support, sports and other activities to help keep students engaged in their studies.

To make a real difference, we anticipate that governments will need to commit to additional investments of around \$500,000 per year for an average sized school.

This funding should target areas where intensive learning support can make the greatest difference to student outcomes – like early intervention and support for children with developmental challenges.

I want to see these resources beginning to be deployed in our most disadvantaged schools within the next 12 months.

The measures that I have outlined today will involve a lot of public debate in the period ahead.

But I intend to take these measures to COAG for agreement by year's end.

In the meantime, the Deputy Prime Minister and I will be spending a lot of time talking to parents, a lot of time talking to teachers, a lot of time talking to students, business partners and unions around the country. This is serious business we are talking about here today.

The measures I have announced today are the next step in delivering on our education revolution.

They are designed to reform our school system for the better.

They are designed to bring about better teaching, better school leadership and better results for schools in disadvantaged areas.

All these changes are likely to cost money and that is where we will have a significant, significant negotiation with the States.

I know it's sometimes difficult to accept change when you're battling against the odds trying to help on the ground society's underachievers.

But I want people to understand that our reforms are essential to Australia's future – because quality education is good for our economy, good for our community and good for individuals. It will help create jobs and higher wages, and will create better opportunities for all Australians.

The Government wants the next generation of Australians to be the best educated, best skilled, best trained in the world.

We don't apologise for this ambition.

Today, we take one further practical step towards achieving the education revolution that Australia needs.

One step further to building a stronger, fairer and more secure Australia, and one capable of handling the great challenges of the 21st century that now lie before us.

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