

## Why we need to elevate school reform

Long-term thinking in education will add billions to Australia's gross domestic product, writes John Daley.

Strategy is about choosing the important, based on rigorous analysis and then prioritising ruthlessly. Confronting a major economic crisis has been the urgent problem. But are we doing the important things for the longer term?

Based on the evidence, we need to elevate school education reform to a more central place in policy and politics. It is not a second-order issue, although at present only 2 per cent of Australians see it as the most important problem for governments.

We tend to hear a lot about industrial relations changes, reducing regulatory burdens and increasing competition. These all matter, but the evidence shows education reforms would make a much bigger difference to our gross domestic product.

Australia's own national reform agenda argued that improved education and training would have the biggest impact on economic growth of any policy option.

The Productivity Commission didn't see it that way. Its analysis of priorities focused on the traditional path of competition reform.

However, the commission's analysis assumed that the primary impact of improved school education would be better completion rates, which have a relatively limited impact on productivity.

The subsequent work of Eric Hanushek and Ludger Woessmann for the World Bank shows that completion rates are not the key driver of economic growth. It is the quality of schooling that matters, and this has a far greater impact on economic growth than completion rates.

Their work showed that school outcomes are the dominant driver of growth in gross domestic product per capita across a number of countries and periods.

Along with openness to international trade and protection against government expropriation, they explain 78 per cent of the variation in GDP growth between countries. This is a powerful explanation of why some countries grow faster than others.

Education changes lives as well as GDP. Apart from its economic impact, school education is also one of the most important levers for promoting individual happiness, increasing social interaction both in communities and through effective democratic participation, increasing awareness and concern about environmental issues and overcoming disadvantage to promote equal access to fulfilled lives.

Australia's schools are good but many countries are doing better. As a country, we can go from good to great.

Throwing money at the problem is not required. Most of the countries with significantly better results than Australia are not spending more per student. Indeed, despite more than doubling expenditure per student over the past few decades (mainly to reduce class sizes), Australian results haven't improved much.

The key determinant of education outcomes is teaching quality.

A great teacher can inspire in a portable classroom; a poor teacher will fail, however good the air-conditioning.

Unfortunately, we lack robust evidence on the best means to improve teaching quality. Until recently, we haven't collected data that enabled meaningful comparisons between schools and states across the range of school years. We're still only collecting data on every second year. There is now legislation restricting analysis of that data in public. And there is no guarantee that the data will be available in a format to enable ready comparison of different teaching and management systems. Without data, we're guessing about school reforms — and they aren't educated guesses. State governments are responsible for improving data collection and analysis.

It's not only parents who have an interest in knowing which schools are not performing. Every citizen has a vested interest in knowing which schools could do better and which reforms would make a difference.

Changing how we measure school education — let alone manage it — attracts opposition. To improve things, governments will have to expend scarce political capital on an issue that pays off only long-term.

So we need to change our political attitudes towards school education. Traditionally, it has been a hot issue for parents. The analysis suggests that it's a big issue in which every citizen has a legitimate and vital interest. Making school education central to Australia's strategy as a country would be a smart choice for the long term.