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Future compromised by failures in education system

Published in The Australian, page 12, Friday 10 December 2010

*Emerging economic powers have school students who are setting the global pace, writes **Ben Jensen**.*

There is now a greater and more urgent need to invest in reforms to improve school education across Australia. The performance of our 15-year-olds has significantly declined between 2000 and 2009, according to the latest results from the Organisation for Economic Co-operation and Development's Program for International Student Assessment. Australia was one of only five countries to show a significant decline during this period.

This has implications for all Australians. The performance of our students shapes our future economic growth and our role in the rise of the Asian economies.

School students in Shanghai are the best performing in the world. On average, a 15-year-old student in Shanghai has achieved the equivalent of more than an additional year of learning compared with 15-year-old students in Australia.

As we have watched new economic powers emerge, we have sometimes taken comfort that while we can't compete with their labour rates and speed of capital accumulation, our well-educated and productive workforce can drive growth in high-end value-add industries that complements growth in other countries.

But what happens when China's workforce is better educated than Australia's? More than half of students in Shanghai perform at the top international levels in mathematics. Only 16 per cent of Australian students perform at these levels.

What is Australia's long-term economic role in Asia when students in Shanghai, South Korea, Hong Kong and Singapore all significantly outperform Australian students? And more countries will pass us by if the performance of Australian students continues to decline. Japanese students already perform at a higher level than Australian students but the difference is not statistically significant.

But there are large opportunities if we act now. To borrow a phrase from Reserve Bank governor Glenn Stevens, it is sometimes said that Australia manages adversity well but prosperity badly. Now is the time for meaningful reform of school education. We cannot wait until the terms of trade decline and our exports and capital stock reduce to decide that real reform is needed.

Investing in more of the same is clearly not the answer. Our students' literacy last year was about four months of education below that in 2000. Yet, during this period, public expenditure on education increased, in real terms, by 33 per cent and private expenditure by 51 per cent.

The OECD PISA report shows that high-performing countries prioritise teacher effectiveness as the cornerstone of their education policies. It goes on to say that "raising teacher quality is a more effective route to improved student outcomes than creating smaller classes". This reflects a wealth of research emphasising the importance of raising teacher effectiveness above all other education policies.

Conservative estimates suggest that a student with an excellent teacher can achieve in a half year what would take a full year with a less effective teacher. Other studies have shown that the difference is as much as a full year's learning.

The recent [Grattan Institute report Investing in Our Teachers, Investing in Our Economy](#) shows that investing in our teachers is not only the best way to improve student performance but is the best investment we can make to improve economic growth.

The report illustrates that if we improve the effectiveness of our teachers by 10 per cent, the resultant increase in student learning and productivity would add \$90 billion to the Australian economy by 2050 and increase Australia's wealth by 12 per cent by the turn of the century.

Lifting student performance to levels achieved in Shanghai would have even greater economic benefits. The OECD and World Bank estimate this would add 8 per cent to GDP by 2050, with larger longer-term effects. This would dwarf the effect of major reforms during the past few decades such as tariff reforms, the National Competition Policy or the GST.

A call to invest in our teachers is not blaming them for our recent poor performance. It highlights that our policies and expenditures do not sufficiently focus on the greatest resource in our school education systems: our teachers.

We must act now. These reforms need to be at the forefront of not only education policy but also our economic policy. It should be at the top of our national agenda as our international competitors won't wait for us.

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