



# Speech

## For Immediate Release

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**Speaker** Jennifer Westacott  
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## Realising the Potential of People through Education and Skills: Speech to the Early Learning Association Australia

### Introduction

Thank you, Danny – and thanks to the Early Learning Association Australia for inviting me to speak at your AGM this evening.

Let me start by acknowledging the Traditional Owners of the land we meet on tonight.

I would like to pay my respects to Elders past and present, and I would like to acknowledge any Aboriginal people who are here tonight.

I would also like to acknowledge Wendy Lovell, the Victorian Minister for Children and Early Childhood Development, and Minister for Housing.

And also Emma King, Chief Executive Officer of the Victorian Council of Social Service.

Before I tell you a little about the Business Council of Australia and its work, let me just reassure you that I am not a stranger to public policy or to the education system.

I was a senior executive in the Department of Human Services a decade ago – and Secretary of the Department of Education from 2002 to 2003.

I also bring some personal experience of the importance of education as the ‘great leveller’ of social and economic outcomes.

Having been raised in public housing in New South Wales, I can say with some authority that it was quality educational experiences – from an early age – that changed my life.

I never forget where I came from.

My experiences inform my values and priorities as I now work with the Business Council to focus public policy attention on how we can create a prosperous future for all Australians.

## **The council and the action plan**

So what is the Business Council? Well, like the Early Learning Association Australia, we are a membership organisation.

The council comprises the chief executives of over 100 of Australia's top companies. It provides a forum for Australian business leaders to contribute directly to national policy debates.

For over 30 years, we have helped initiate and shape many of the key policy reforms that have underpinned Australia's economic development.

In July this year we released an *Action Plan for Enduring Prosperity*.

It is an economic plan for Australia's future. It focuses on economic growth and the social progress that flows from it.

The plan is divided into nine principal policy areas that we believe require action to secure prosperity over the long term.

These include infrastructure, taxation, population policy, how we engage with the world, and how we get the systems right to encourage innovation.

But tonight, I want to focus on the area of activity which is critically important to you and your work.

## **Realising the potential of people through education and skills development**

Our starting point is that education provides the foundation skills for individual and societal prosperity.

Education and skills are fundamental in ensuring that our opportunities as individuals are not limited by our circumstances.

They are also vital to helping us adapt to change over the course of our lives.

And a skilled and educated population will mean, as a nation, we can grow, adapt and change to maintain and improve our living standards.

## **Early learning = foundation skills**

Now, if you read our plan, you may well ask a perfectly reasonable question: where is the clear focus on the importance of early learning?

In our plan, we said it is vital to Australia's future prosperity that our education system gets the foundation skills right.

And we know, the earlier that happens, the more successful we will be as individuals and as a nation.

Why? Well, firstly, because they are important for almost every sphere of life.

This is not just in the economic sphere but a person's lifelong capacity to participate and make a contribution to society.

Secondly, because a modern economy requires that we attain a higher level of foundation skills than we have in the past.

This means traditional literacy, maths and science skills, as well as digital literacy.

From an economic perspective, it is clear from the research that literacy and numeracy skills have a positive and statistically significant effect on labour force participation and individual salary growth over time.

Our plan talked confidently about the evidence supporting the importance of foundation skills at the primary school level.

But we did not feel we had the expertise to comment on the body of research that specifically supports the importance of early learning to every individual's life-lasting social and economic outcomes.

So we are learning also – and through our engagement with the Early Learning Association Australia, we are becoming apprised of the critical evidence base that underpins your work.

### **Early learning research**

Much of the evidence supporting the importance of early learning is no doubt known to you, but the case is compelling and worth restating.

Australian and international research strongly suggests that investment in high-quality early learning improves school performance and opens future pathways to further education and employment.

In Australia, two recent research reports, based on data from *Growing Up in Australia: The Longitudinal Study of Australian Children* found positive correlations between preschool attendance and the longer-term benefits for children.

A 2011 report also concluded that those 4–5 year old children who are attending pre-school or a pre-year one program, have on average higher overall development, learning and cognitive and social-emotional outcomes, than those children who do not.

And University of Melbourne Research undertaken this year, also based on the same data, shows a significant positive association between pre-school attendance and Year 3 NAPLAN scores” where the pre-school teacher had a Degree in Early Childhood Education or a Diploma in Early Childhood Education or Child Care.

From a wider economic perspective, quality early learning and care for children can lead to real long-term cost savings to the community, particularly in the areas of health, welfare and justice.

US research shows that the economic benefits for governments and communities can be up to 16 times the cost of the initial investment and can halve welfare dependency over time.

So what does this tell us – and how do we reconcile what we know about the importance of early learning and the development of foundation skills – with the current state of Australia's levels of literacy and numeracy?

Well, we know that things are not as good as they could be.

The numeracy standards of Australian school students are significantly lower than students in many of our major trading partners, including Singapore and Hong Kong.

For Australian adults of working age, around half have literacy and numeracy skills at levels that are considered inadequate for most jobs.

As a nation, we urgently need to improve in these areas.

### **Snapshot of the Australian economy**

This urgency arises because of some of the challenges we face as a nation.

It will be education, skills and creative workplaces that give us the competitive advantage as a nation.

I'd like to give you a snapshot of our economy today – and what Australia's future might look like in the context of some big changes taking place here and around the world.

I want to touch on what they mean for education and early childhood development priorities.

Here are some killer facts:

- Australia has just recorded its 22nd year of continuous economic growth.
- That growth has seen the unemployment rate fall from a peak of around 11 per cent in 1993 to 5.8 per cent.

- The rate of jobs growth has exceeded the rate of population growth.
- Since 1972, real per capita incomes have doubled off the back of average economic growth of 3¼ per cent each year.
- And wages growth means better living standards.

But economic growth is now slowing. As a result, we are seeing a disturbing rise in unemployment, which could mean fewer job opportunities for young people in the short term.

If we compare recent employment figures with those of five years ago:

- the unemployment rate for the general community has increased from 4 per cent to 5.8 per cent
- and for young people aged between 15 and 24, it's jumped from 8 to 12 per cent.

In simple terms, jobs are the product of a growing economy. Unemployment is the casualty of a declining economy.

Unless we face up to these realities, and prepare our economy and community for the future, we put at risk strong economic growth and the job creation, wages growth and living standards that flow from it.

Unless we make some fundamental changes, it is the generation you are teaching and caring for now that will bear the brunt of poor, short-sighted decisions.

So why is our economy changing in this way?

Let's look at three big shifts that are transforming the Australian economy:

- The most obvious one is increased technology, particularly digitisation.
- The next is the rise of emerging economies, particularly in Asia.
- And the third is the demographic change happening in our population.

Technological change means that businesses must adapt quickly to new opportunities and be open-minded and flexible about how and where work is performed.

Technology is changing the way consumers buy goods and services – and it will change the relationships between people and communities.

Think about how we shop and learn online, and how we interact as a community through social media.

For our generation, these changes are dramatic and confronting.

But for the generation you are educating now, these 'changes' will simply be the ever-evolving 'normal way' of communicating, learning, and being.

The next big change is the rise of new economies.

The emerging economies of Asia present massive opportunities for Australia – but it is no surprise that other countries are putting up some stiff competition.

Integration with the economies in our region will see different business models emerge.

We will require very different expertise and we need to embrace a much broader concept of 'cultural literacy' in Asia than just language skills.

The third force is our ageing population. Today, for every person over 65 there are 5 people working. By 2050, this figure falls to 2.7.

This means we need to continue to grow the population through migration – and we have got to ensure that everyone who can work is working.

All of this means that it will be innovation and a capacity to adapt that allows us to thrive as a nation in the face of these challenges.

I have just been to the USA. They are still the centre of innovation and entrepreneurship.

And, in every discussion, the conversation quickly turned to the pace of adaptation and change and the importance of lifelong education as the most important ingredient to get right.

If we want serious public policy responses to issues like early childhood learning, we must put it into the broader context of our long-term resilience and creativity as a nation.

### **So what do we need to do?**

Getting our foundation skills right, and getting them right early can be achieved in a number of ways. One of the most important ways is quality, particularly teacher quality.

In many studies, the evidence suggests that after parental influence, teacher quality is the most important determinant of educational outcomes.

We should encourage and support excellence in teaching by supporting initiatives such as the National Quality Framework:

- by raising the tertiary entry requirements for teachers
- and by supporting ongoing professional development in both subject matters and teaching practice across the profession.

Comparisons with other OECD countries indicates that success in providing high-quality educational settings for all students – regardless of their background – results in higher proportions of students from families with low levels of education entering tertiary education.

We should ensure that literacy and numeracy deficiencies are addressed early by requiring primary school students to meet minimum standards before entering secondary school.

Clearly, the development of foundation skills in the early years, before primary school, will better prepare children for the formal education system and for life.

We need to improve the focus on skills like maths, science and digital literacy early in a young person's life.

This is why we are suggesting that specialist maths and science teachers be located in primary schools.

We should also think about those skills that allow people to succeed in a rapidly changing, technology-driven world. Things like problem solving, design thinking, collaboration and so on.

And to ensure that all Australians have access to rewarding careers, we need to raise the education performance of children from lower socio-economic backgrounds.

Currently, these kids are 13 per cent less likely to meet the national minimum reading standards than students from high socio-economic backgrounds.

That is simply not good enough.

This should be complemented by action to improve our engagement with parents who may not themselves have had good opportunities or experiences in the education system.

### **Conclusion**

I have very much enjoyed the opportunity to speak tonight to an audience that is committed to quality education and to the future of our children.

I think we have similar goals. We all want our children to realise their potential and to make a lifelong contribution to our nation.

I hope tonight is the beginning of an ongoing dialogue between our two organisations.

I have already had discussions with Shane Lucas, your CEO, regarding the proposed Productivity Commission inquiry into child care.

Our mutual concern is that the initial terms of reference made no mention of the importance of quality early learning environments as part of a comprehensive childcare system.

Our two organisations have shared concerns and shared challenges and, I believe, a shared commitment that every child gets the best chances to succeed at the earliest possible time in their life.

I look forward to working with the Early Learning Association Australia on these issues and I wish you all the best for your AGM tonight and for the future.

Thank you.

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Our vision is for Australia to be the best place in the world in which to live, learn, work and do business.