

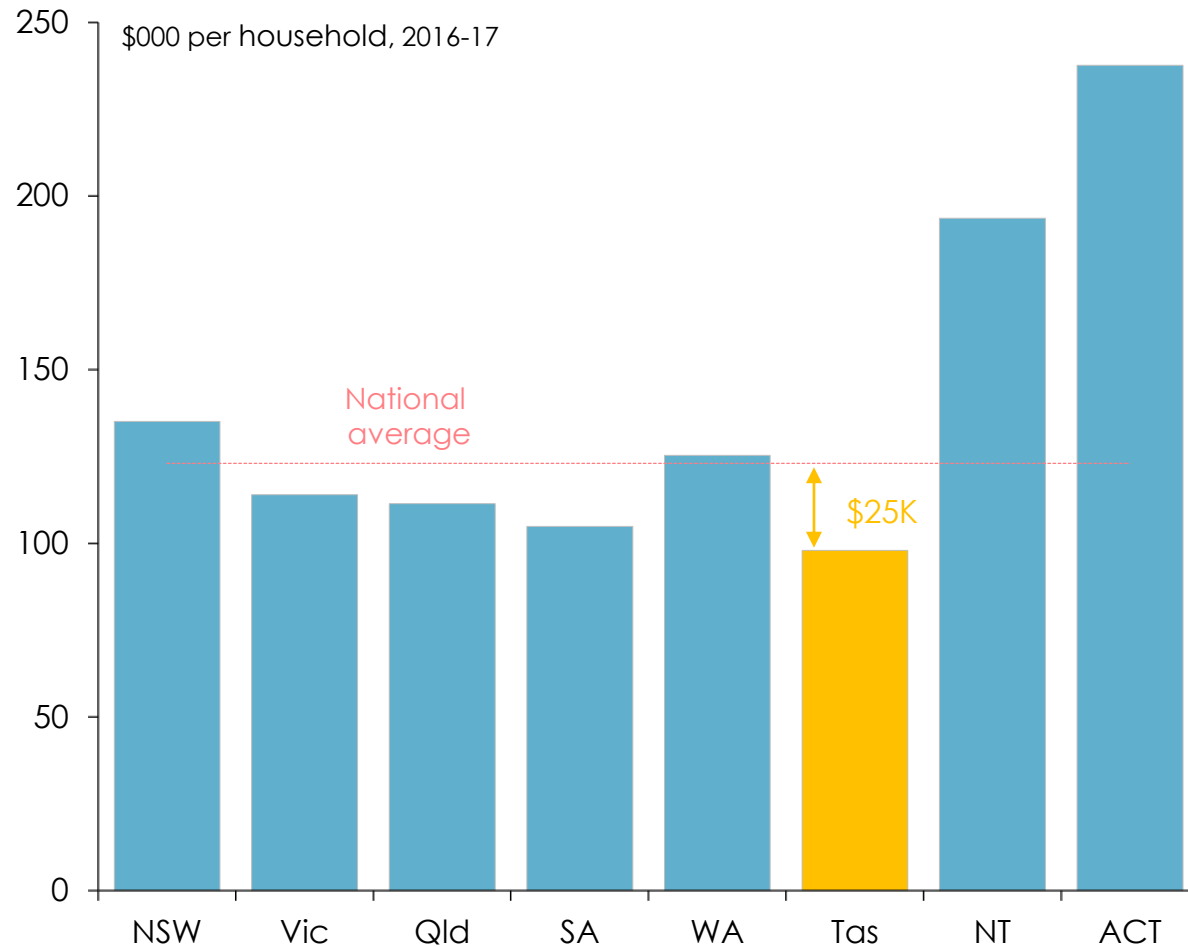
THE IMPORTANCE OF EDUCATION

PRESENTATION TO THE
2018 COMMUNITIES FOR CHILDREN CONFERENCE

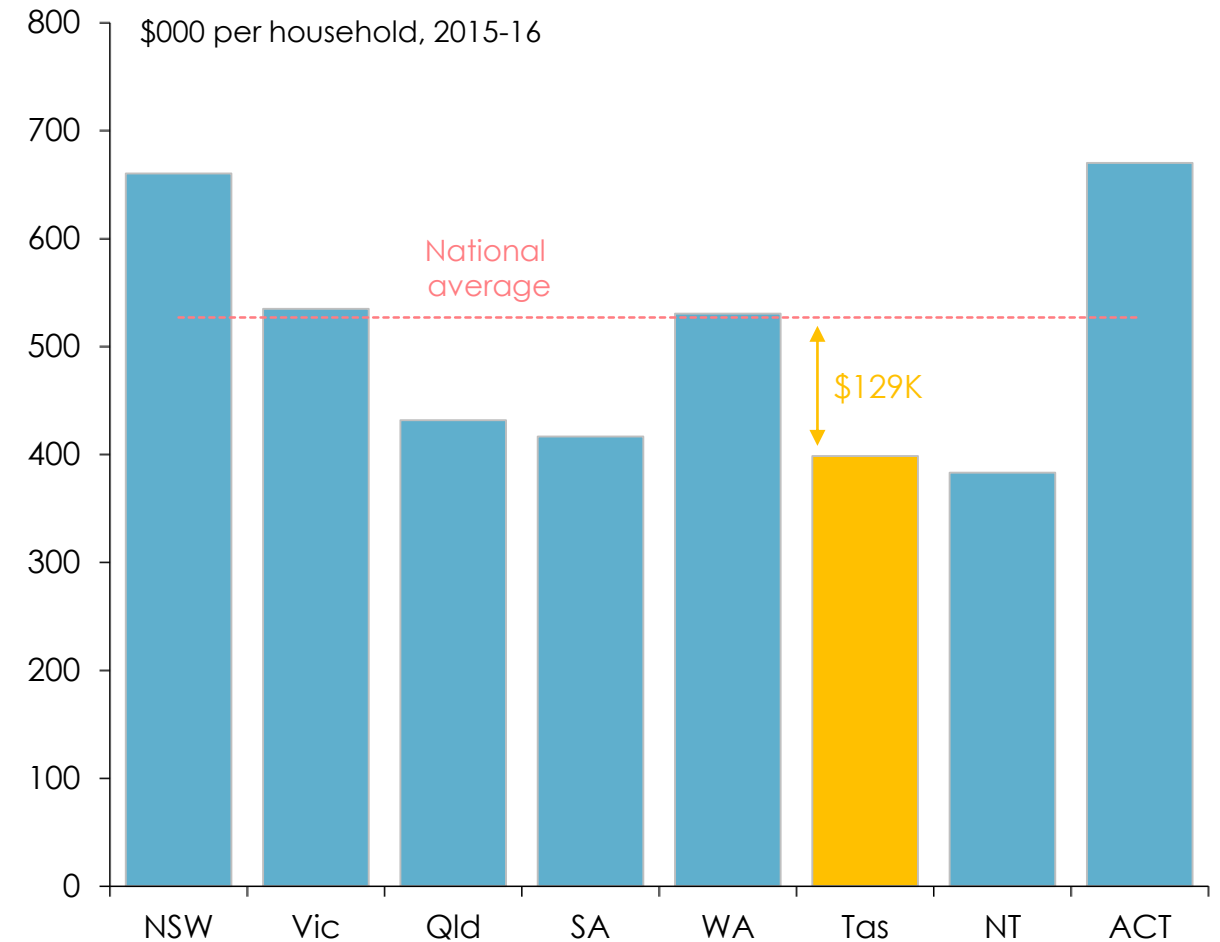
LAUNCESTON CONFERENCE CENTRE
24TH OCTOBER 2018

Tasmanians are poorer, on average, than the people of any other State or Territory

Household disposable income per household

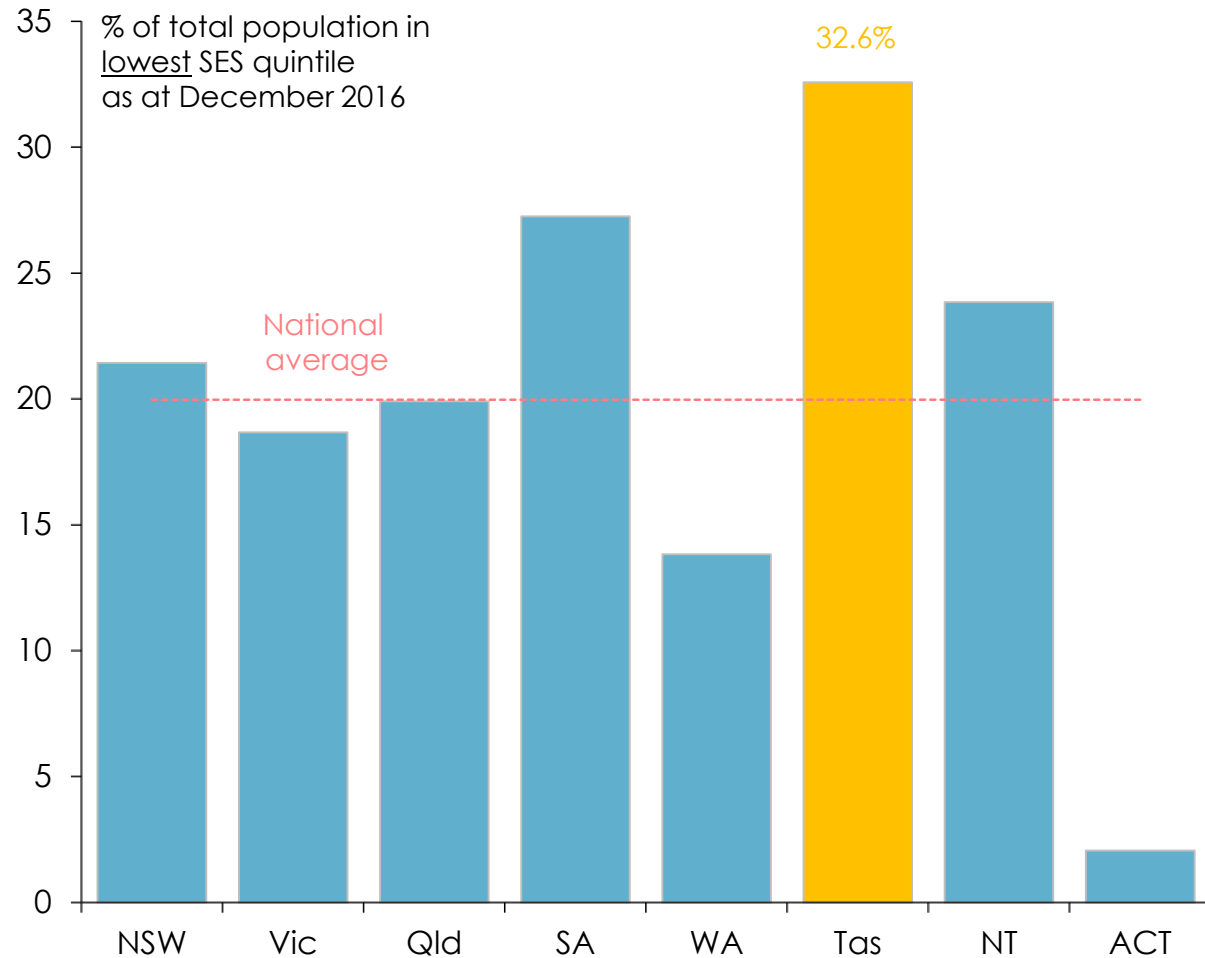


Household wealth per household

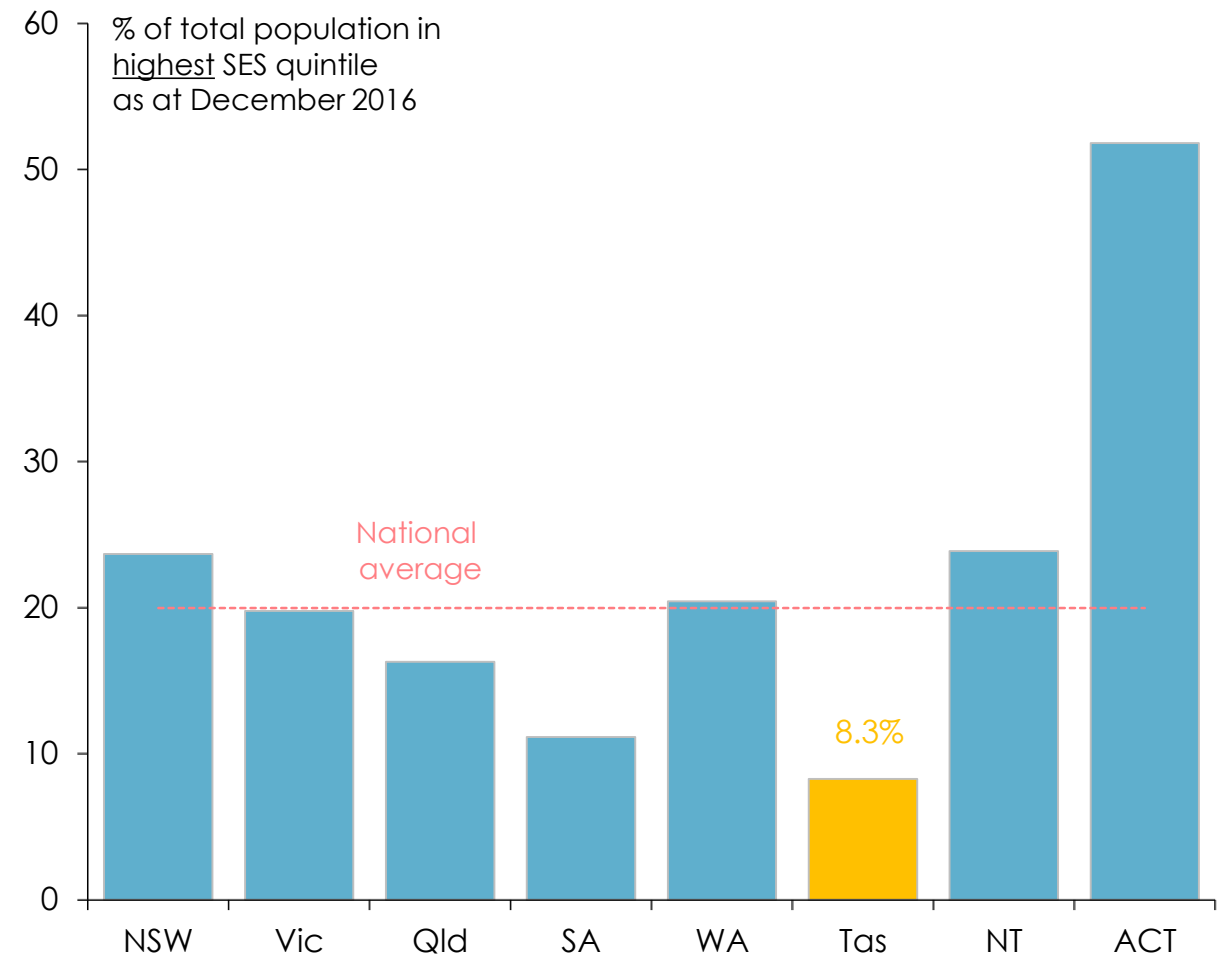


Tasmania has an above-average share of Australia's most disadvantaged households, and a below-average share of the most advantaged

Proportion of population in lowest national socio-economic status (SES) quintile



Proportion of population in highest national socio-economic status quintile

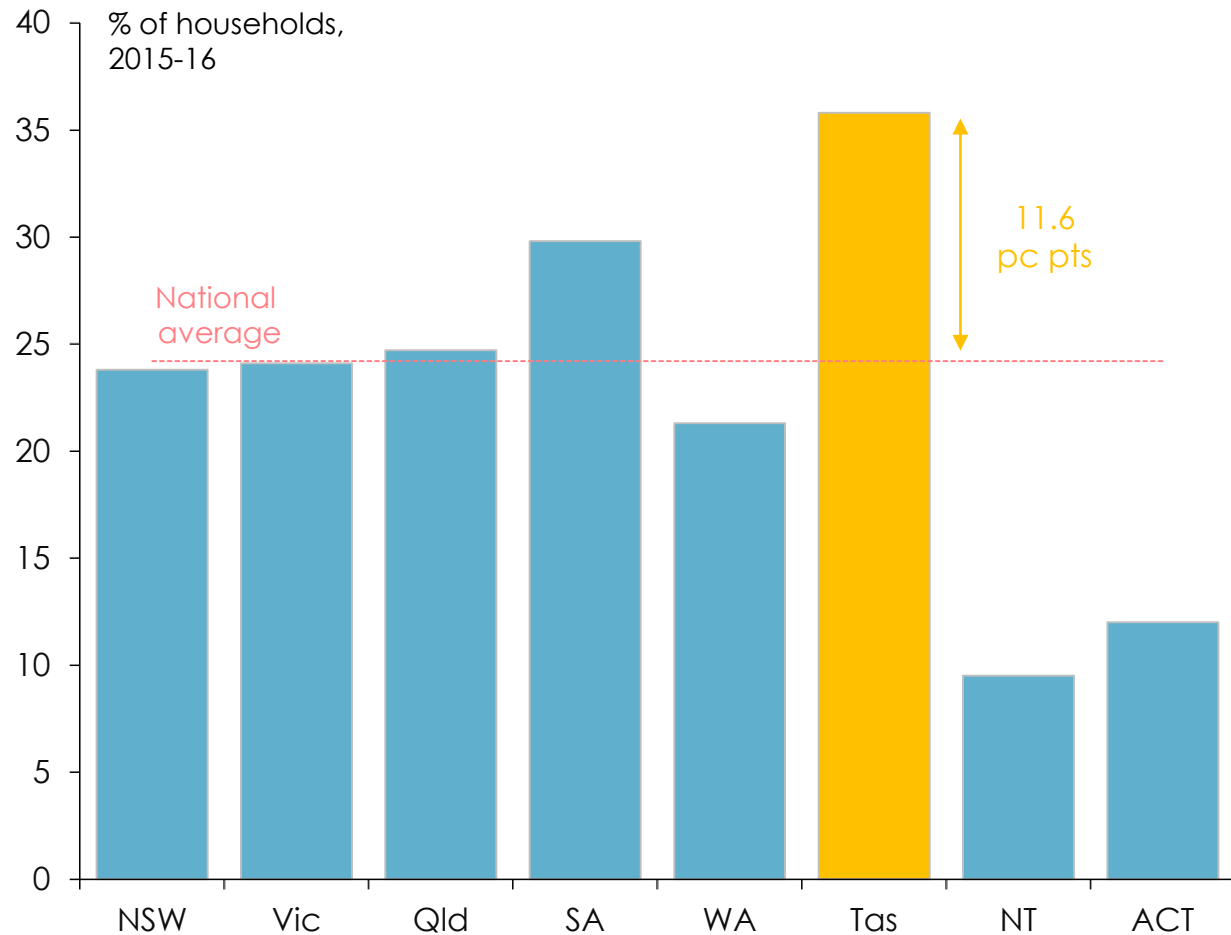


Note: Each 'quintile' contains 20% of Australia's total population. The charts show the proportion of each State and Territory's population in the lowest and highest fifth of Australian households ranked by socio-economic status, according to the Socioeconomic Indexes for Areas (SEIFA) compiled by the ABS. If socio-economic advantage and disadvantage were equally distributed across Australia then each State and Territory would have 20% of population in each quintile.

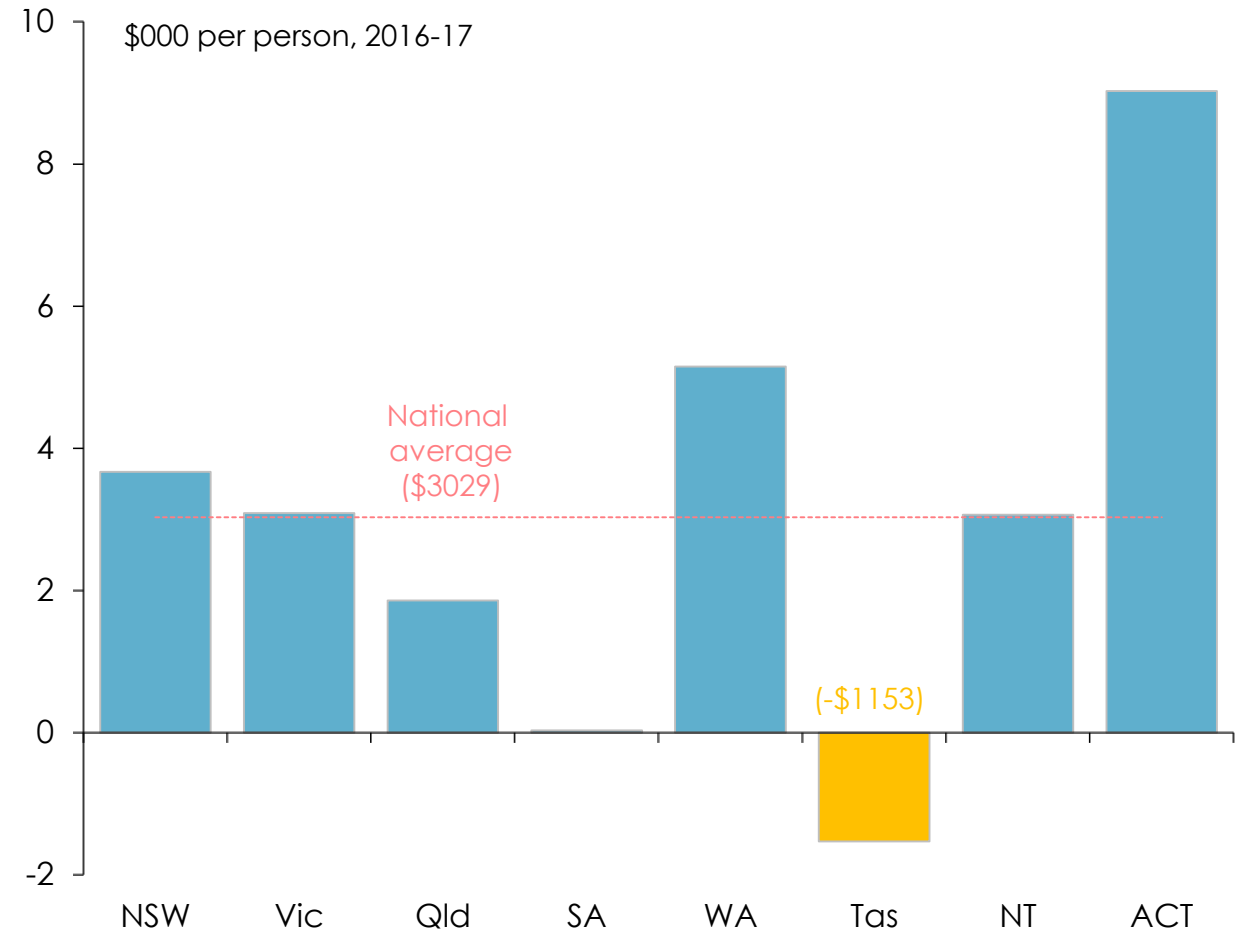
Source: Commonwealth Grants Commission.

Tasmanians are more reliant on pensions and benefits than people in other States and Territories

Households for which main income source is pensions or benefits, 2015-16



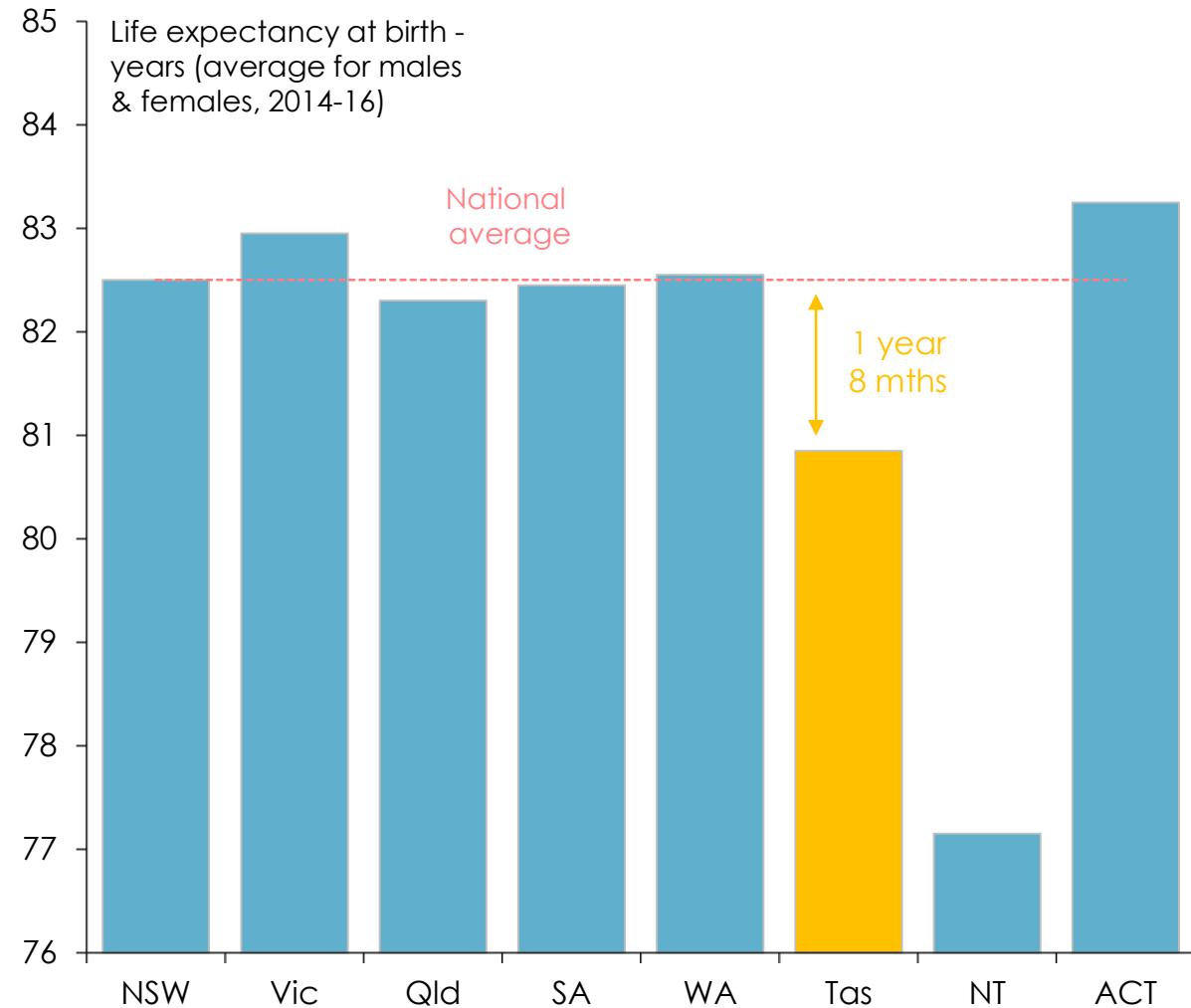
Personal income tax payments minus social security benefits received, 2016-17



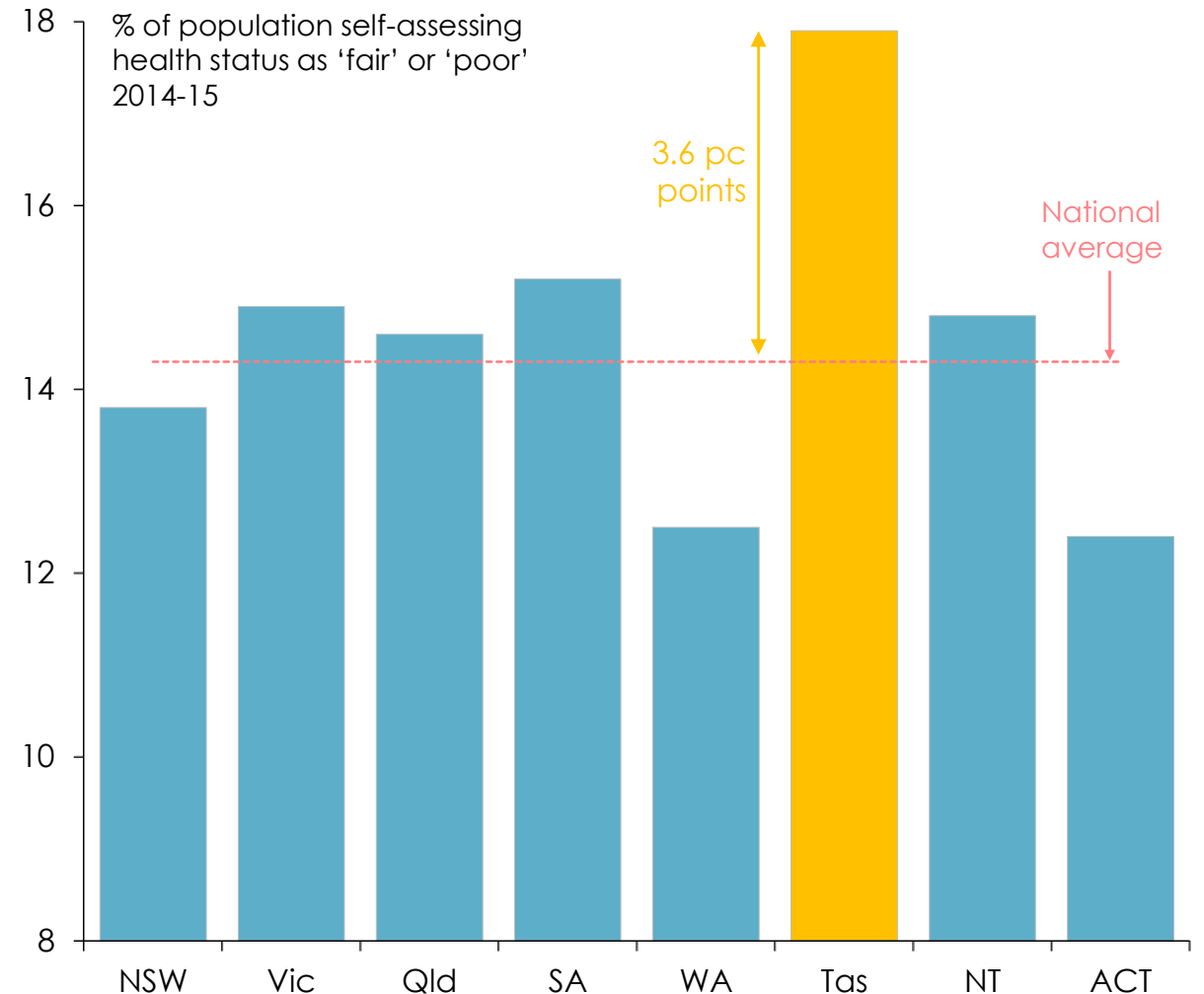
Source: ABS.

Tasmanians live shorter lives, and experience poorer health, than people in other States

Life expectancy at birth



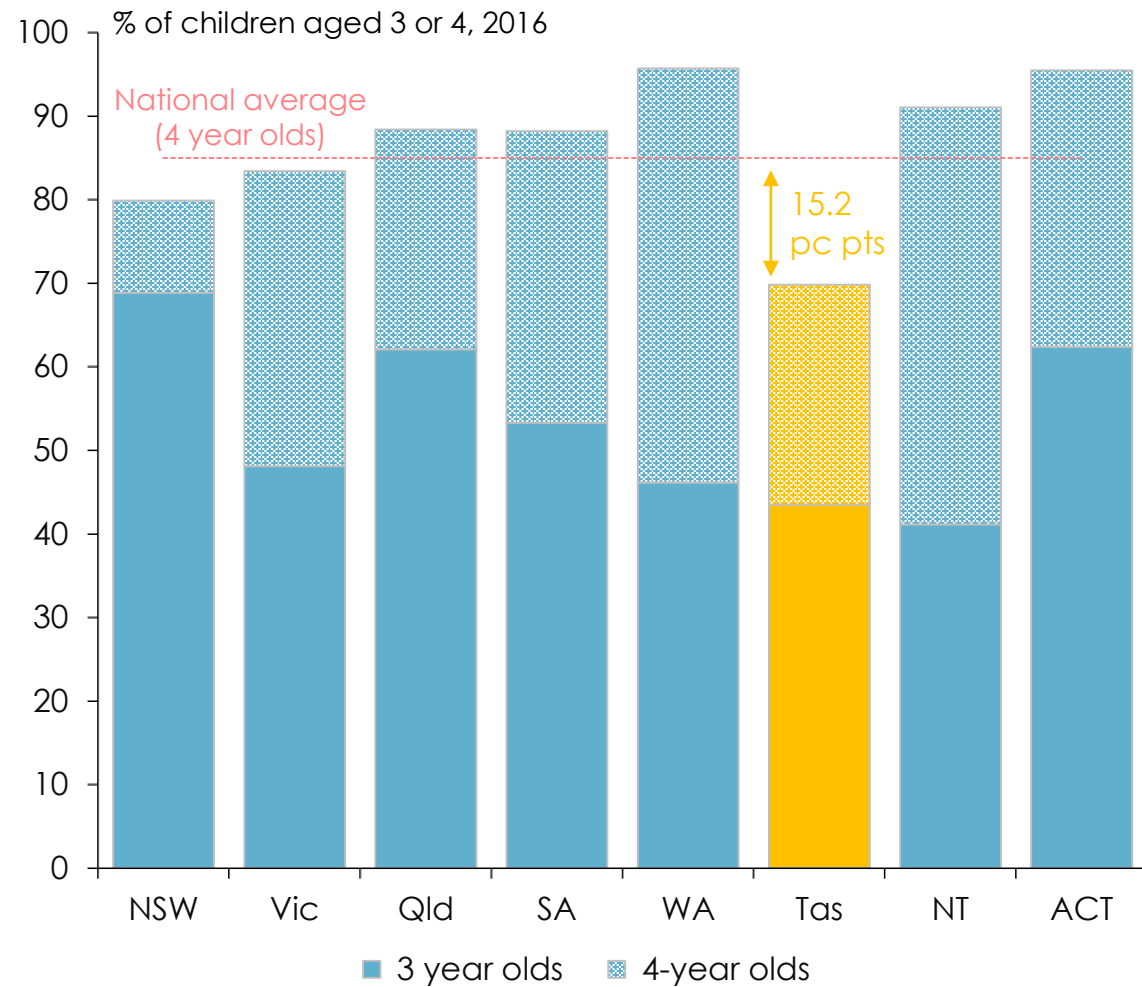
Self-assessed health status



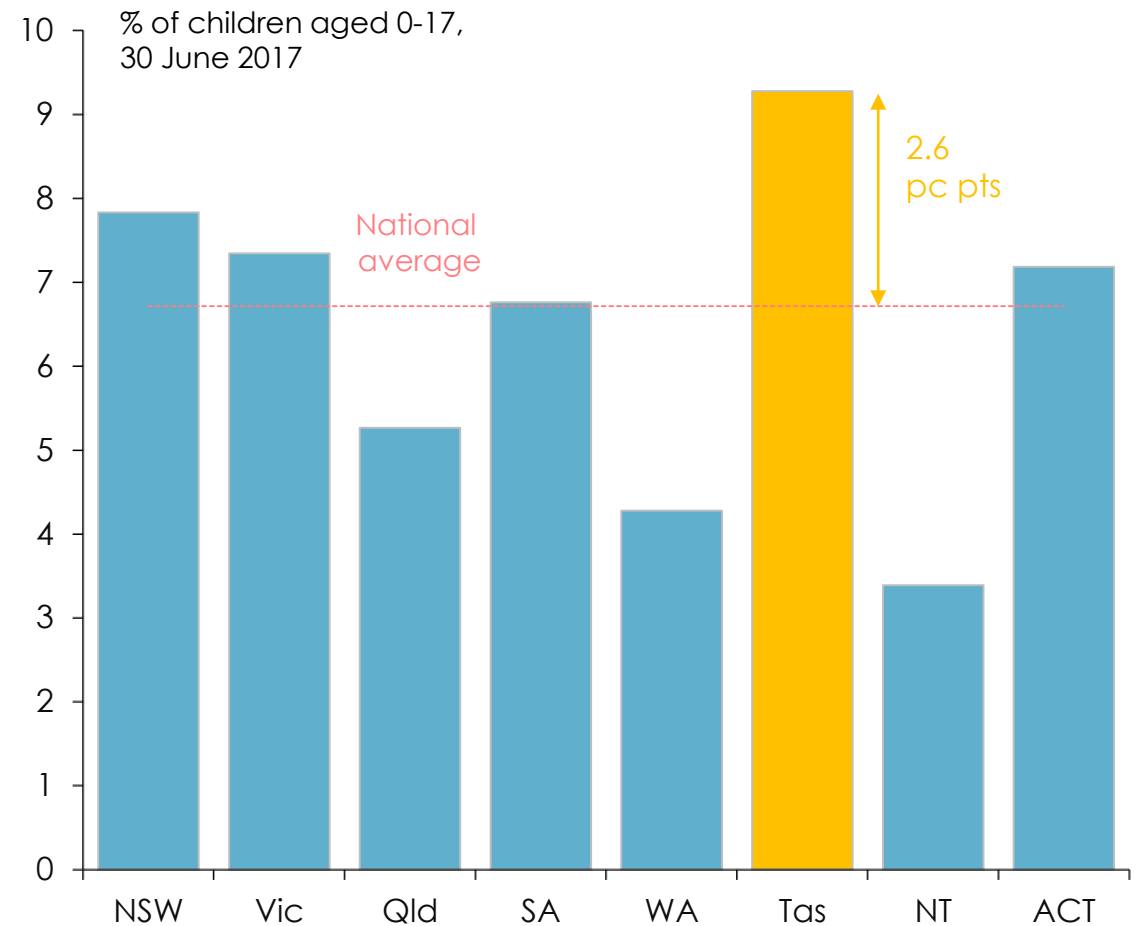
Source: ABS.

And several aspects of Tasmanian children's lives are less satisfactory than in other parts of Australia

Children enrolled in pre-school programs



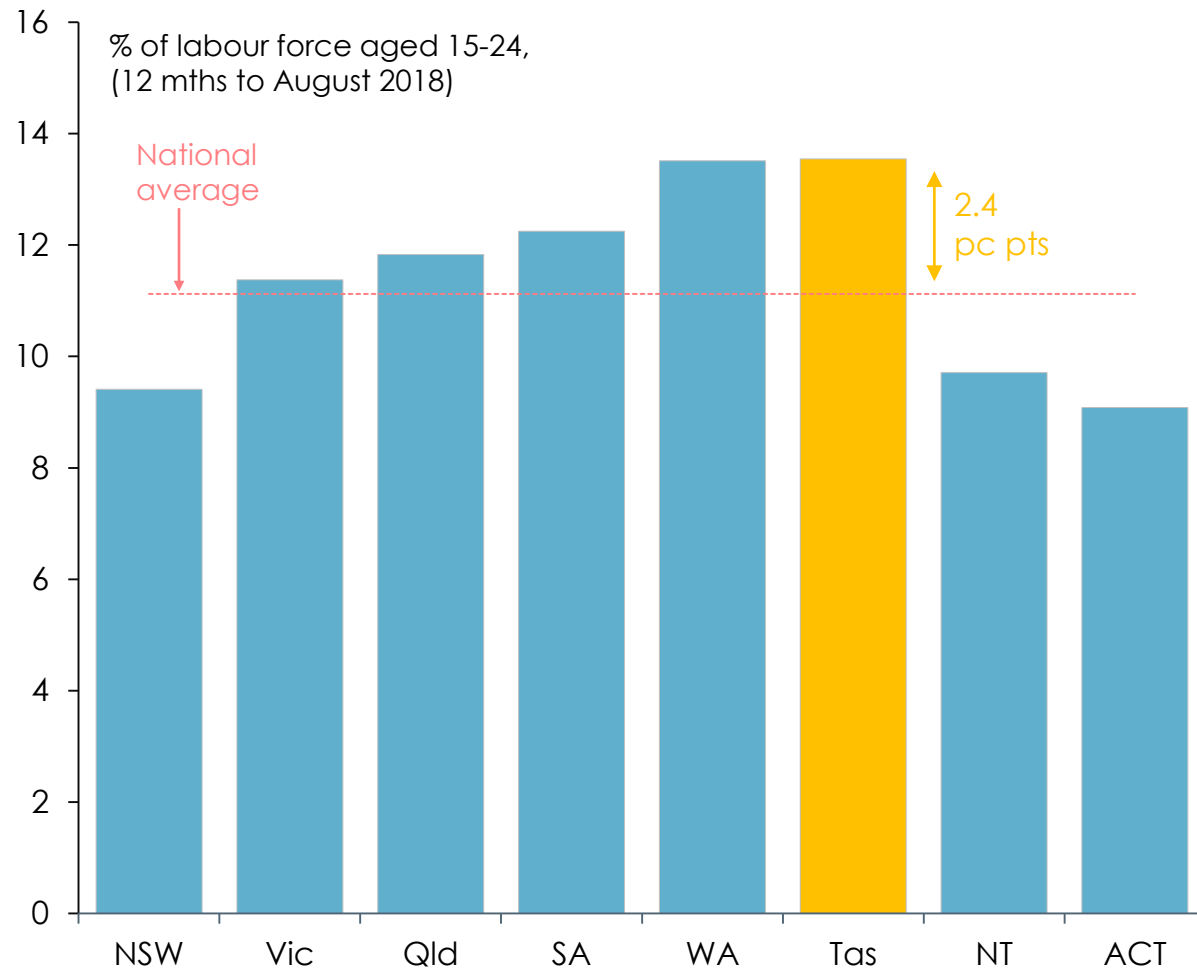
Non-Indigenous children on care and protection orders



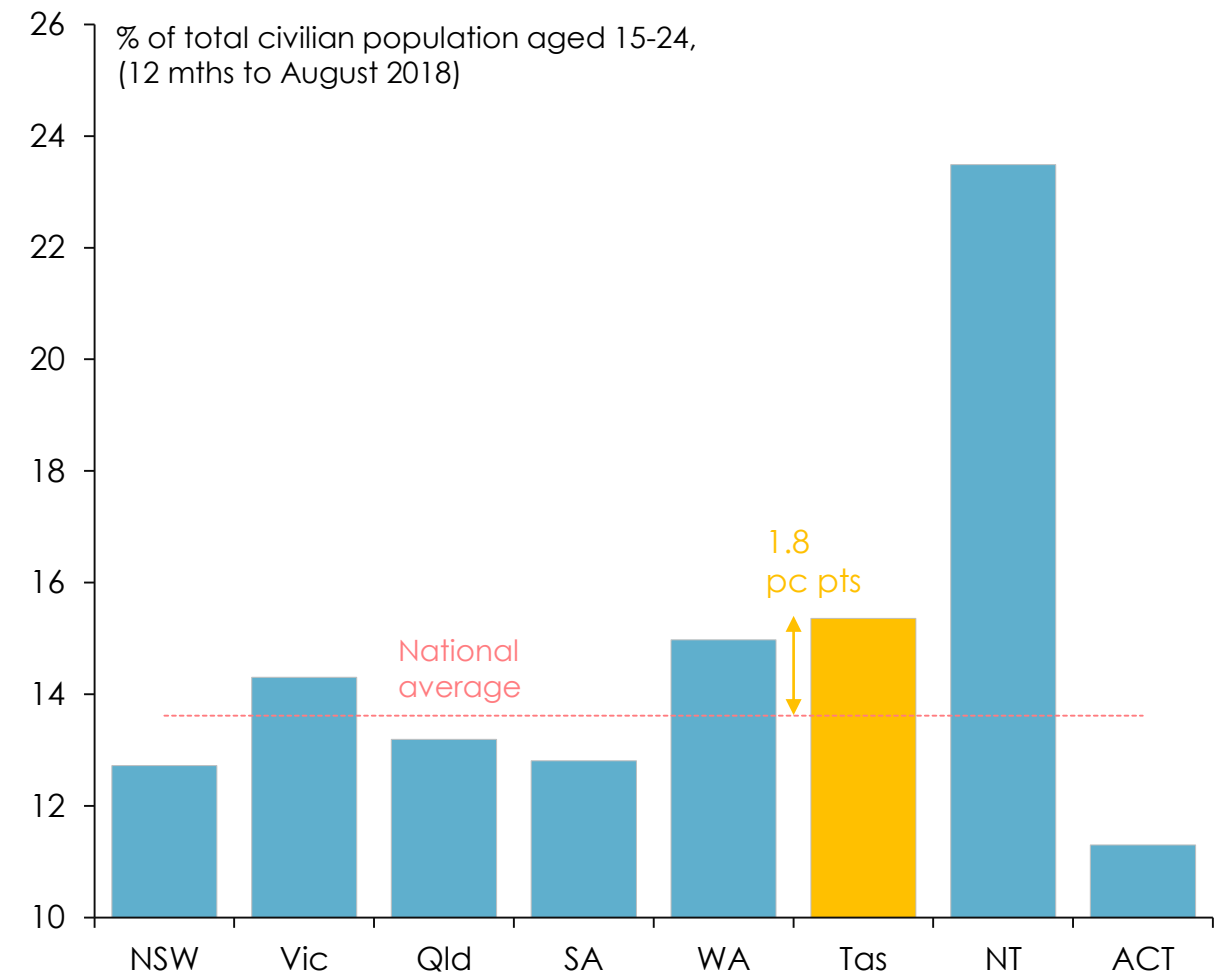
Source: Productivity Commission, *Report on Government Services*, January 2018

Young Tasmanians' labour market experience is more difficult than for their counterparts in other States

Unemployment rate among people aged 15-24



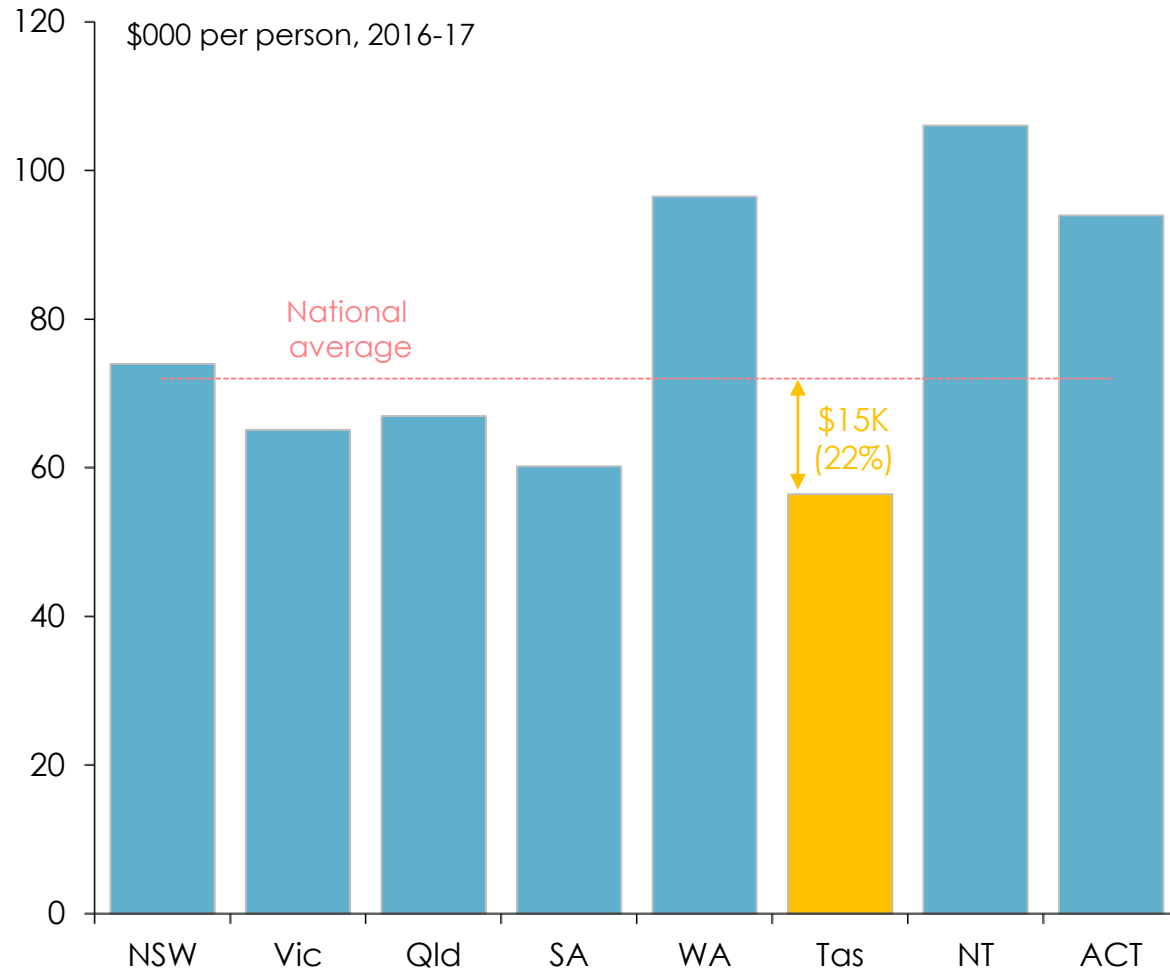
People aged 15-24 not in employment nor full-time education or training



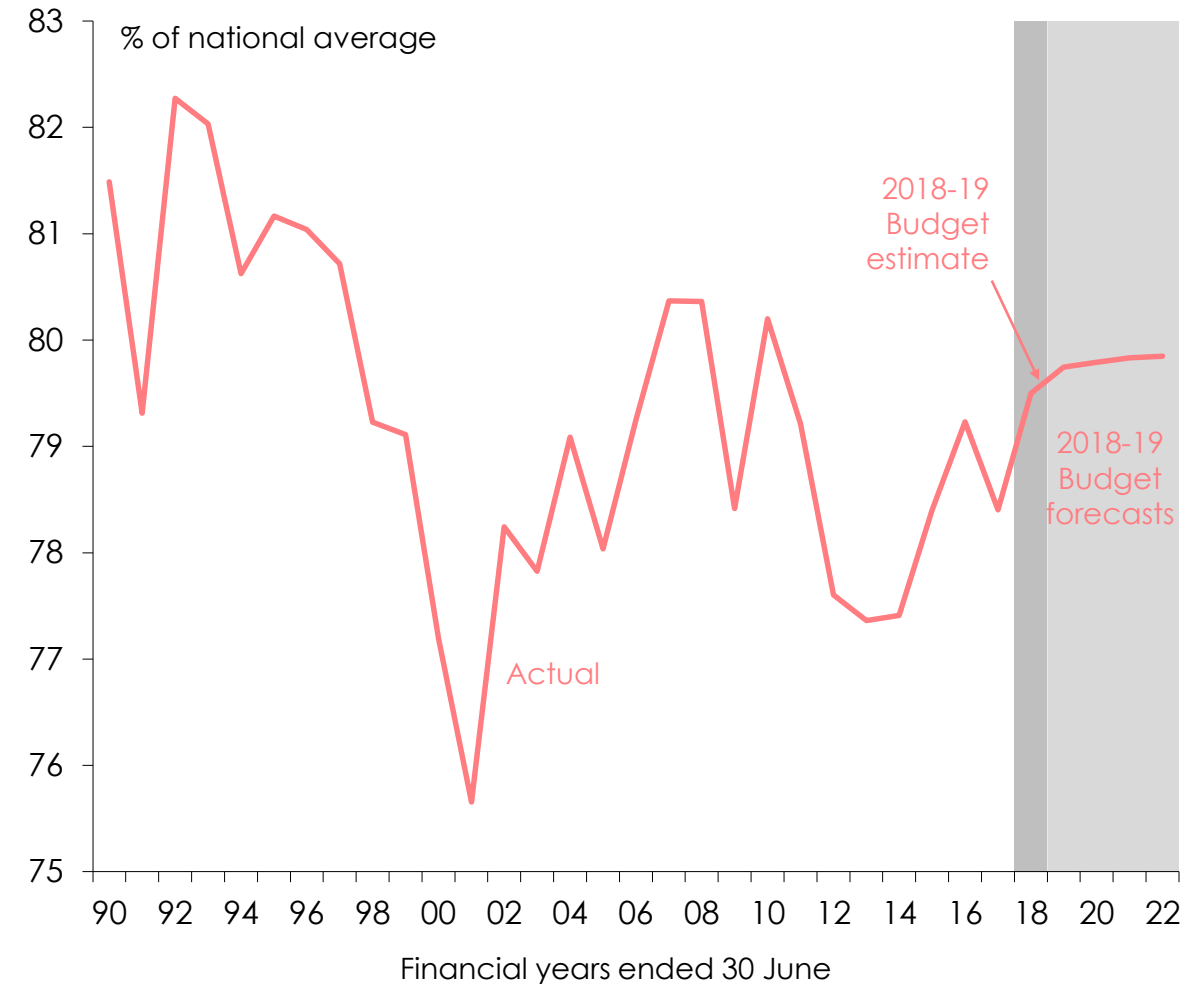
Source: ABS.

Many of these shortcomings are ultimately attributable, at least in part, to Tasmania's relatively poor economic performance

Gross State product (GSP) per head of population, 2016-17



Tasmania's GSP per head of population as a pc of the national average



Source: ABS ; Tasmanian and Federal Governments, 2018-19 Budget Papers.

A useful way of thinking about the reasons for Tasmania's sub-par economic performance

$$\frac{\text{gross State product}}{\text{population}} = \frac{\text{employment}}{\text{population}} \times \frac{\text{total hours worked}}{\text{employment}} = \frac{\text{gross State product}}{\text{population}}$$

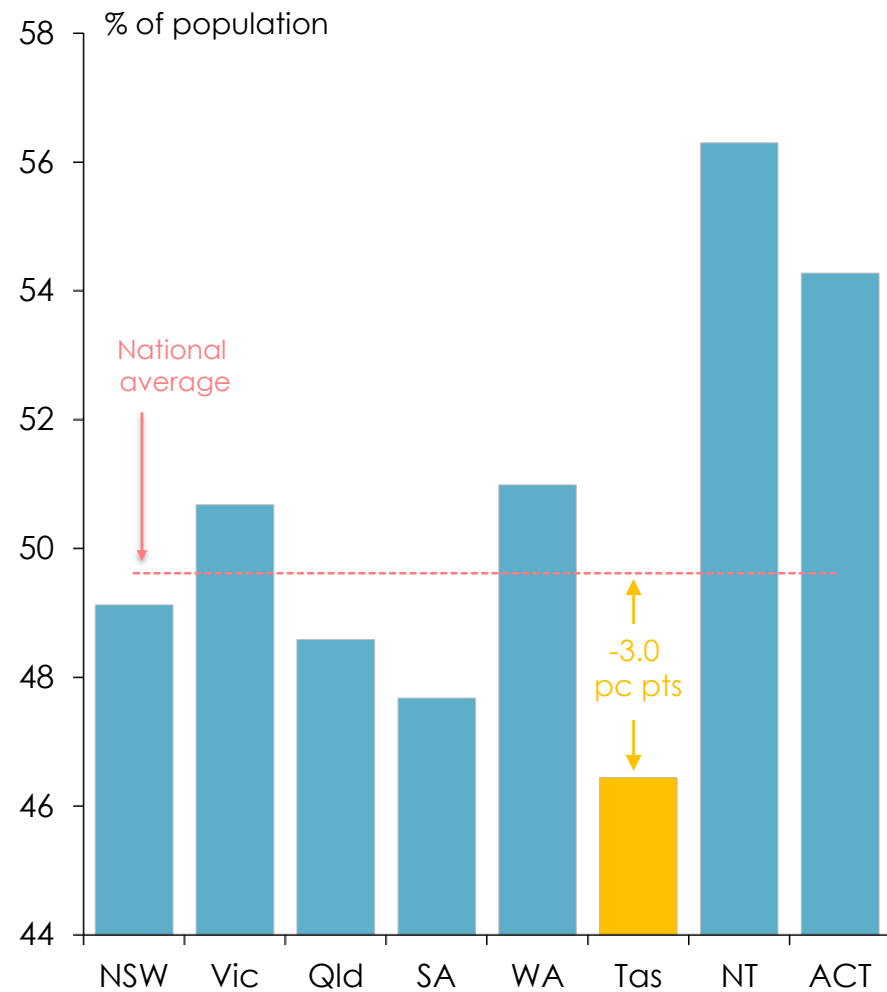
The diagram illustrates the decomposition of the gross state product per population into its constituent parts. The first fraction, $\frac{\text{gross State product}}{\text{population}}$, is equal to the product of two fractions: $\frac{\text{employment}}{\text{population}}$ and $\frac{\text{total hours worked}}{\text{employment}}$. The second fraction is then equal to $\frac{\text{gross State product}}{\text{population}}$. Red and blue diagonal lines are drawn across the terms in the middle fraction to indicate which terms cancel out.

A useful way of thinking about the reasons for Tasmania's sub-par economic performance

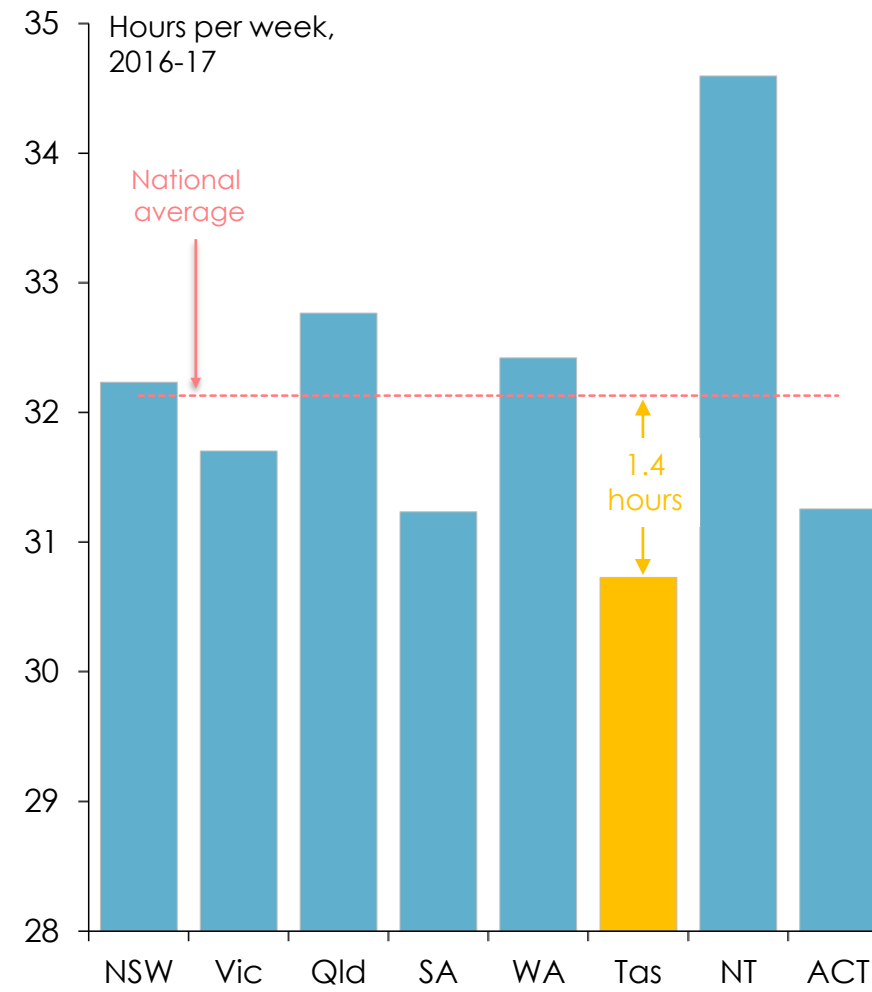
$$\frac{\text{gross State product}}{\text{population}} = \frac{\text{employment}}{\text{population}} \times \frac{\text{total hours worked}}{\text{employment}} = \frac{\text{participation rate}}{\text{rate}} \times \frac{\text{average hours worked}}{\text{worked}} \times \frac{\text{labour productivity}}{\text{productivity}}$$

Tasmania's below-average per capita GSP reflects below-average participation, below-average hours, and below-average productivity

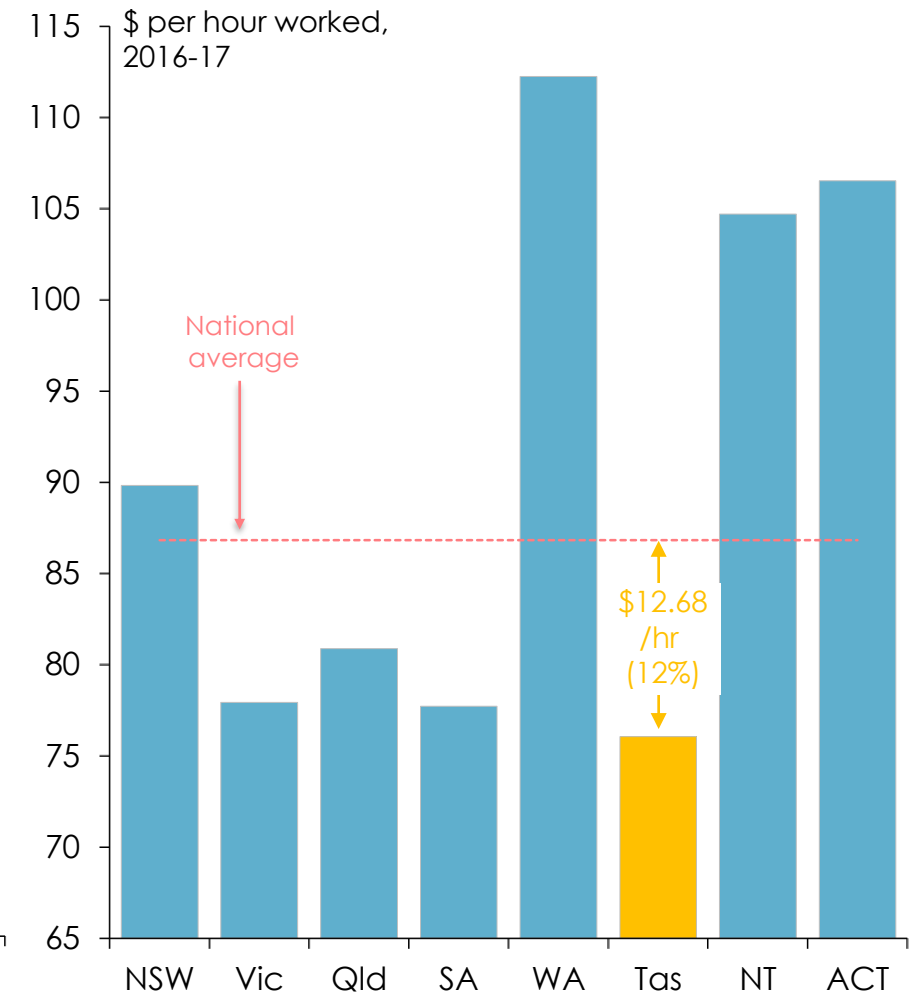
Employment-to-population ratio



Average weekly hours worked



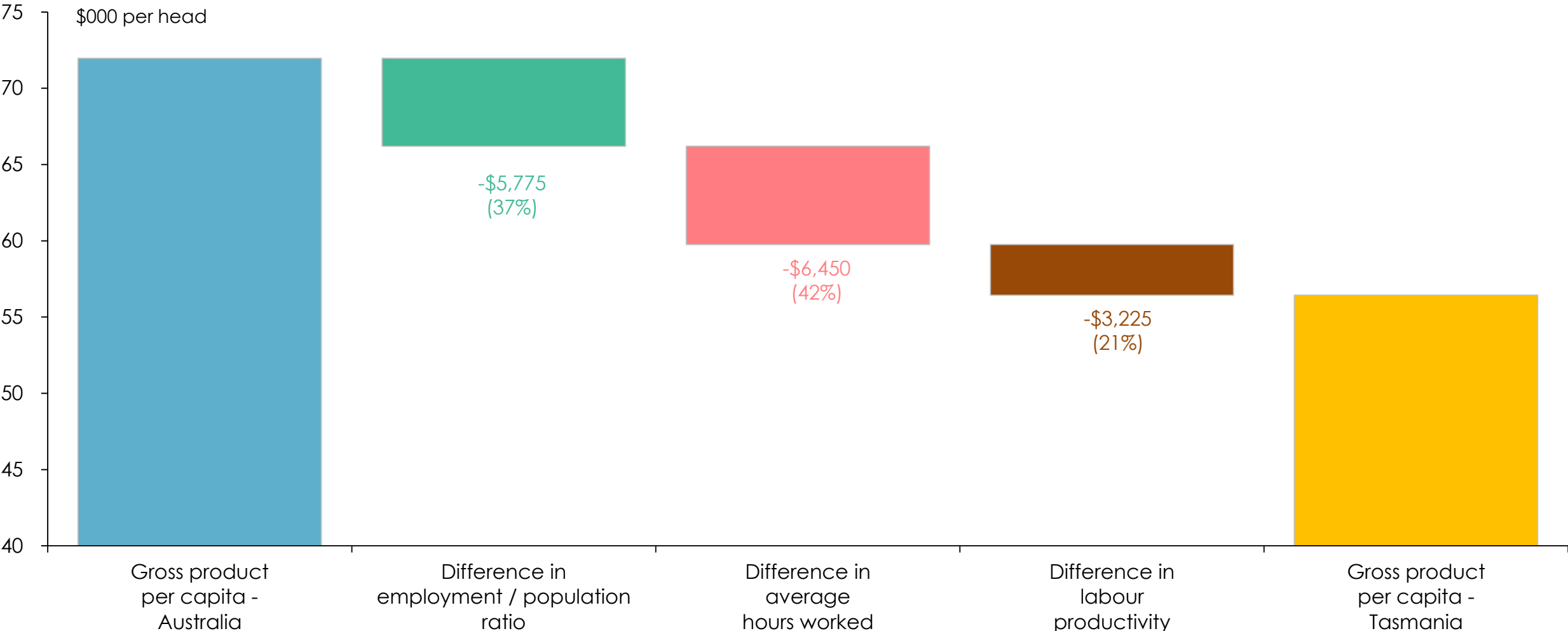
Output per hour worked (labour productivity)



Source: ABS.

Tasmania's below-average per capita gross product is entirely due to lower employment participation, hours worked and labour productivity

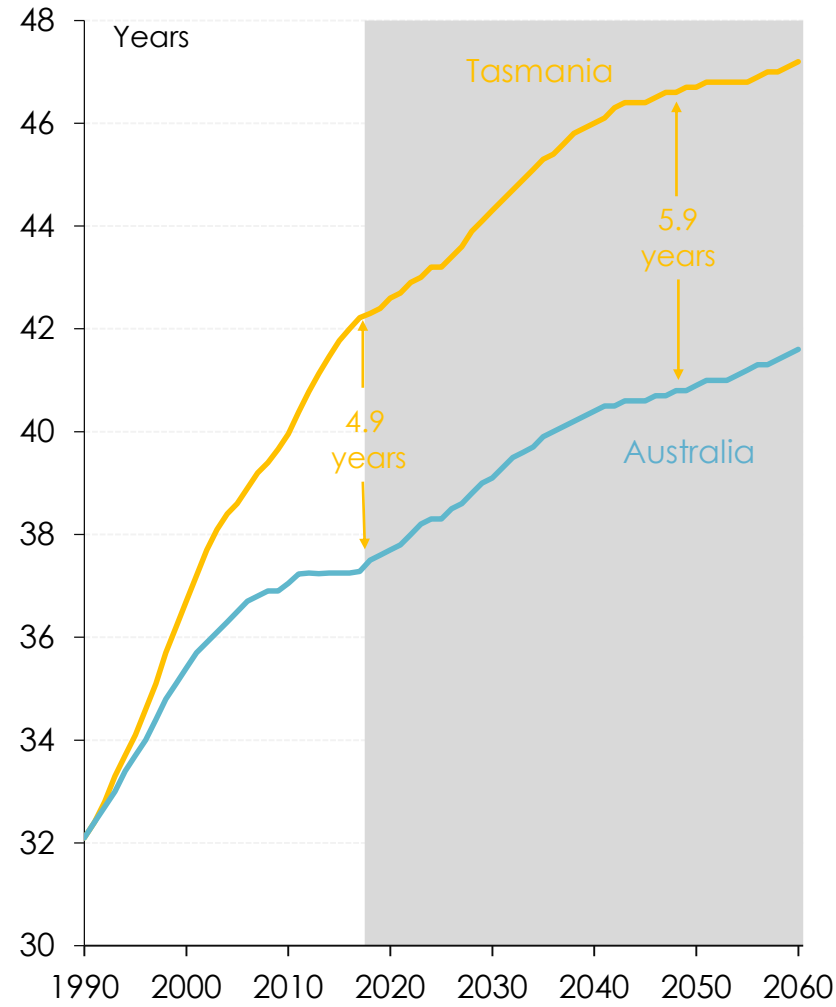
Sources of the difference in per capita gross product between Tasmania and Australia



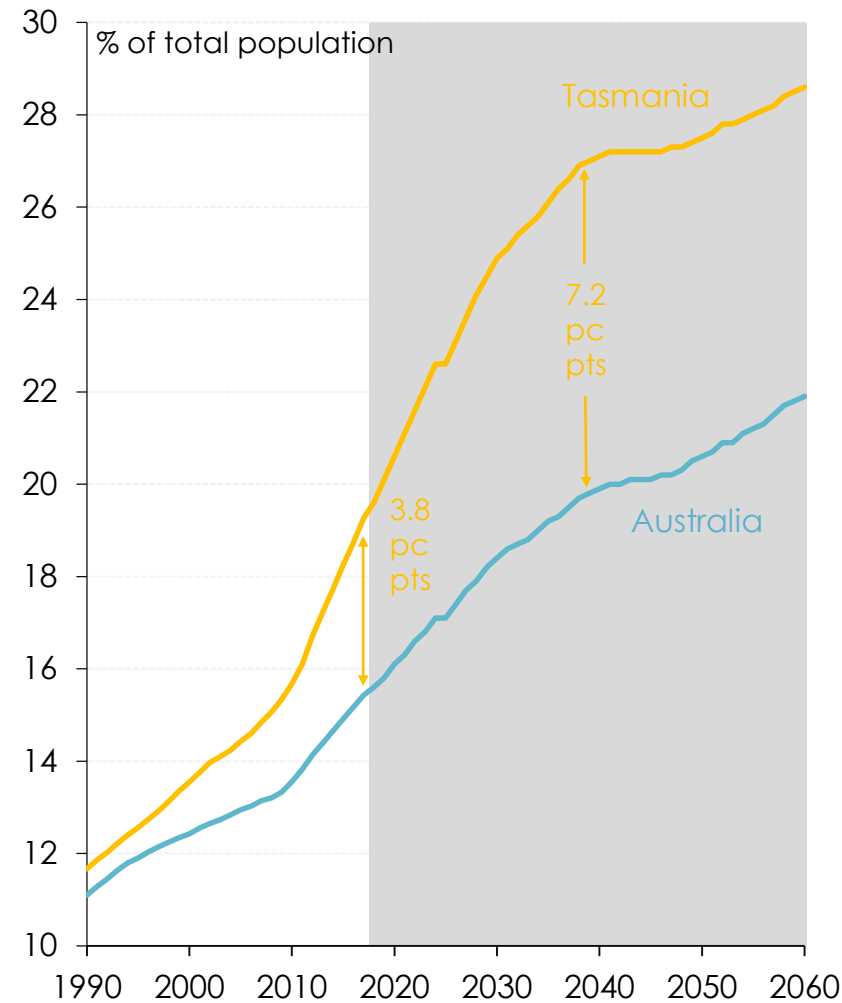
Sources: ABS; Corinna Economic Advisory

Tasmania's below average participation rate and hours worked are partly due to more rapid ageing – of which there's a lot more to come

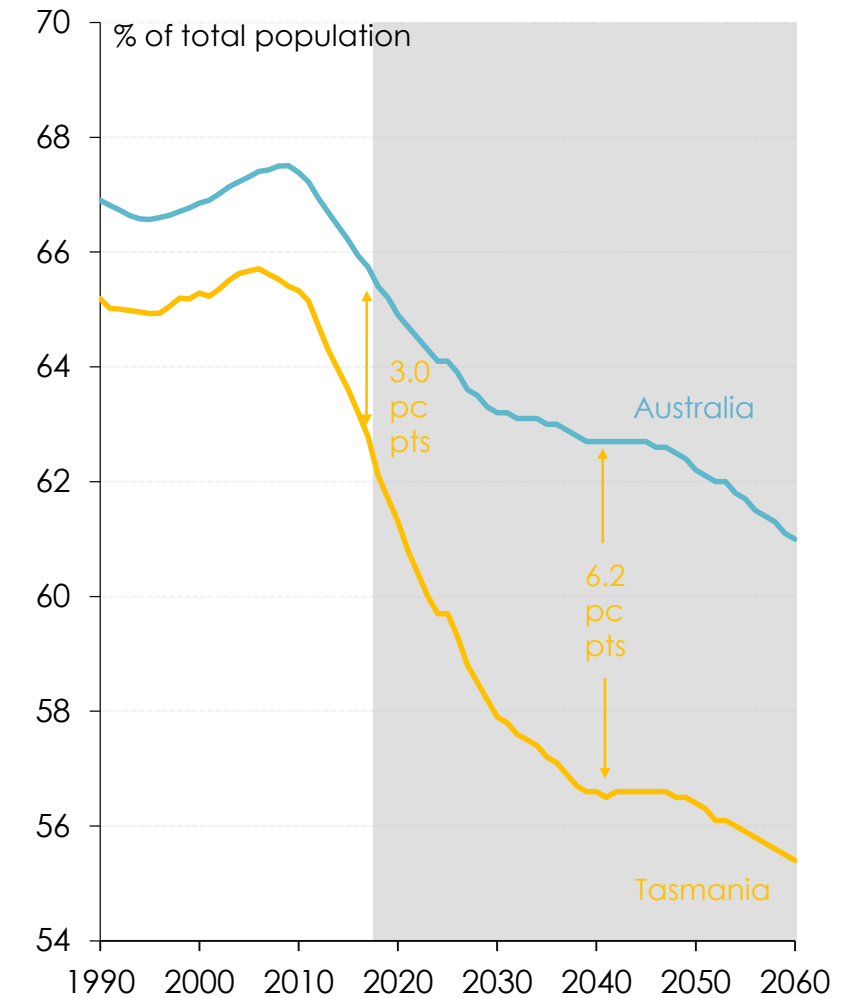
Median age



Proportion of population aged 65 and over



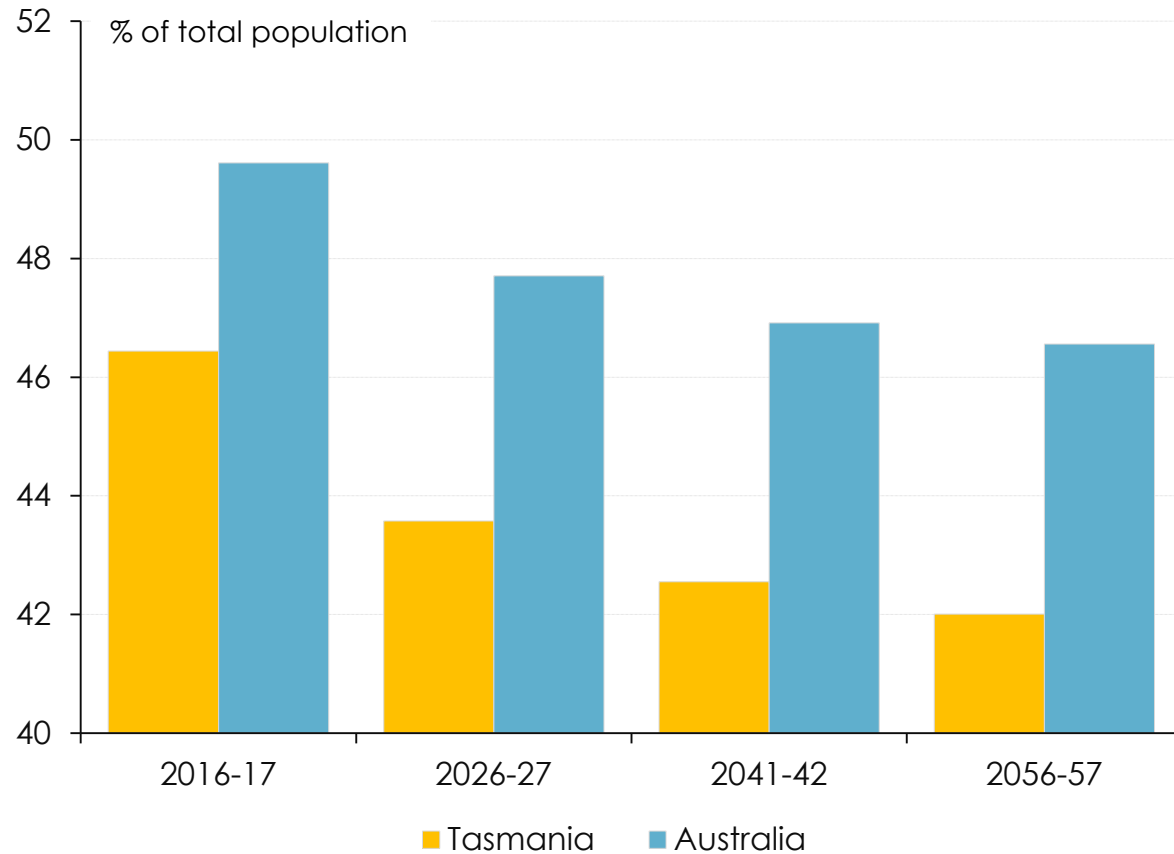
Proportion of population aged 15-64



Sources: ABS, Australian Demographic Statistics (3101.0), June 2017 and Population Projections, Australia, 2012 to 2101 (3222.0). Note these projections were published in November 2013, after the 2011 Census. Post 2016 Census projections have not yet been published.

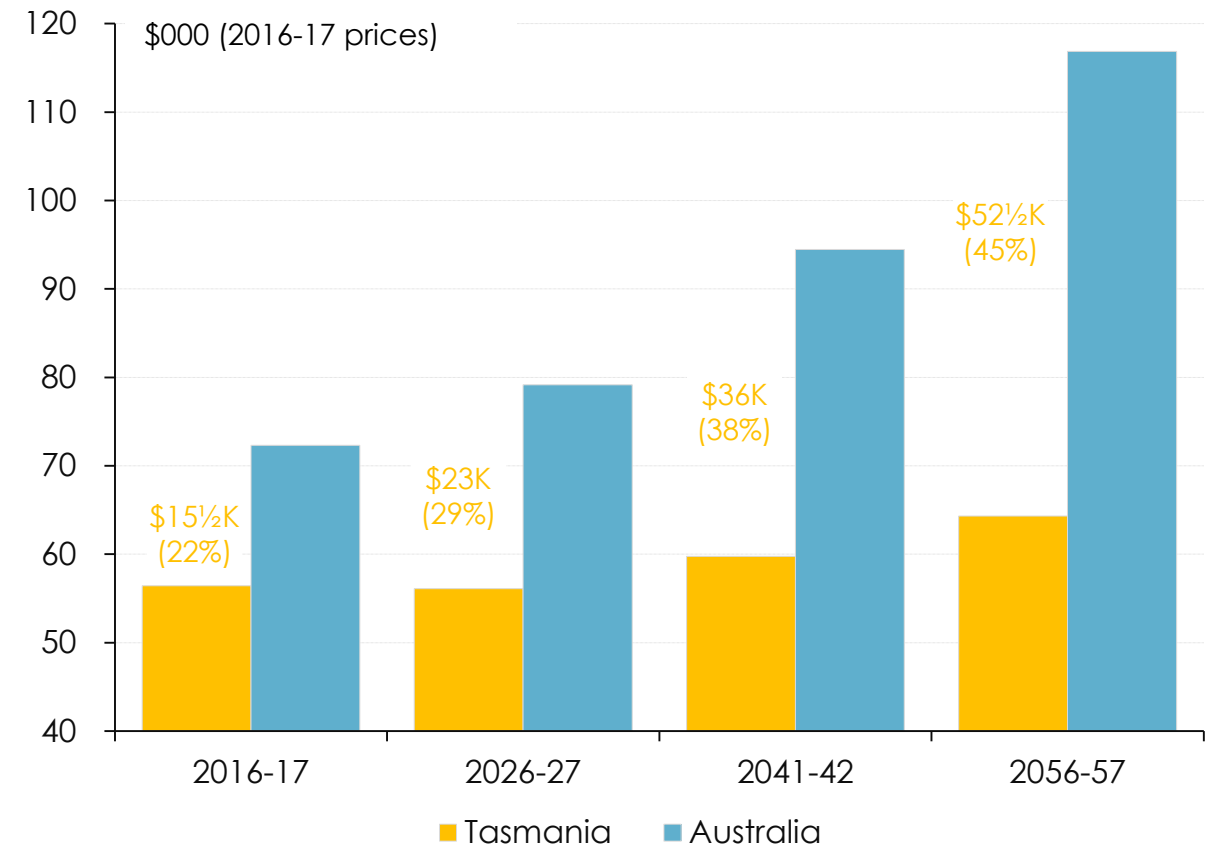
Tasmania's ageing population profile means our relative economic performance will deteriorate further – unless we 'do something'

Employment participation rates, Tasmania and Australia, 2016-17 to 2056-57



Assumes no change in age-specific employment-to-population ratios

Gross state product per head, Tasmania and Australia, 2016-17 to 2056-57

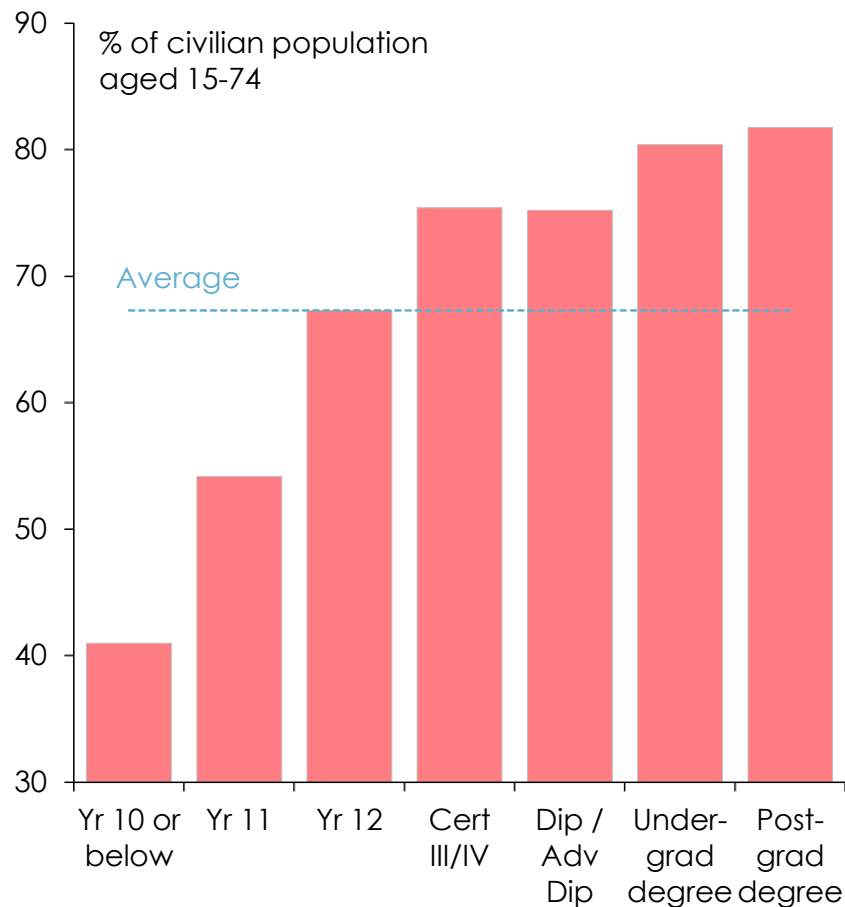


Assumes no change in hours worked from 2016-17 level or in labour productivity growth rates from 2011-12 through 2016-17 averages

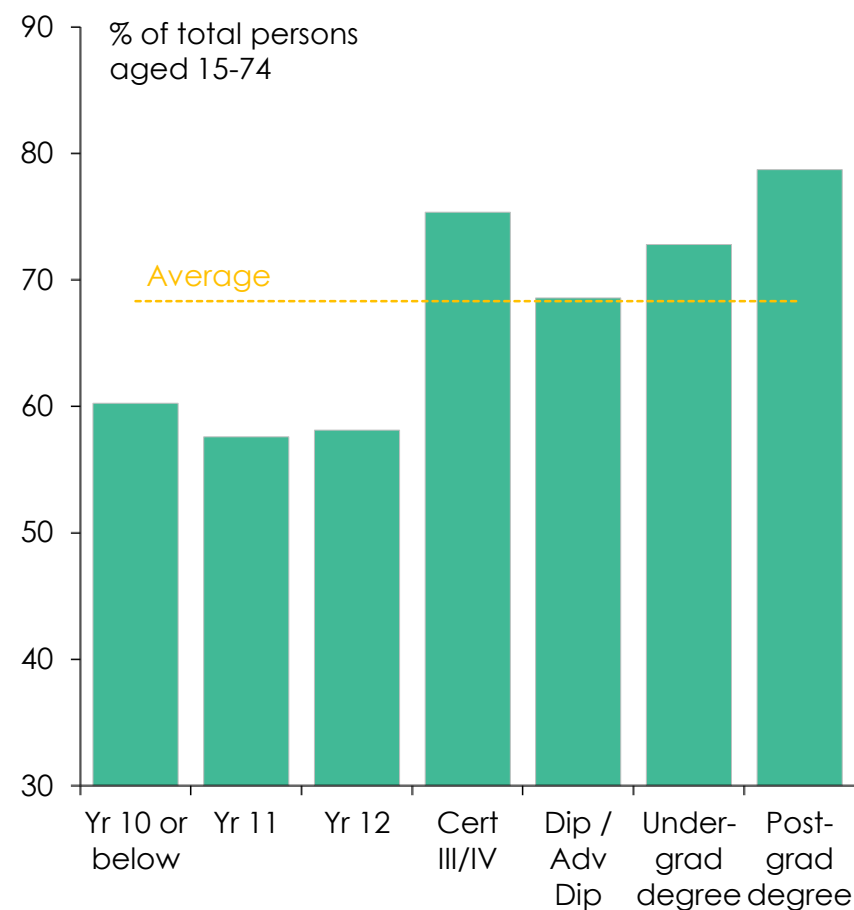
Sources: ABS, State Accounts (5220.0), 2016-17; Labour Force, Australia (6202.0), January 2018 and Population Projections, Australia, 2012 to 2101 (3222.0); Corinna Economic Advisory.

Education is the one thing state governments can influence, which affects employment participation, average hours and productivity

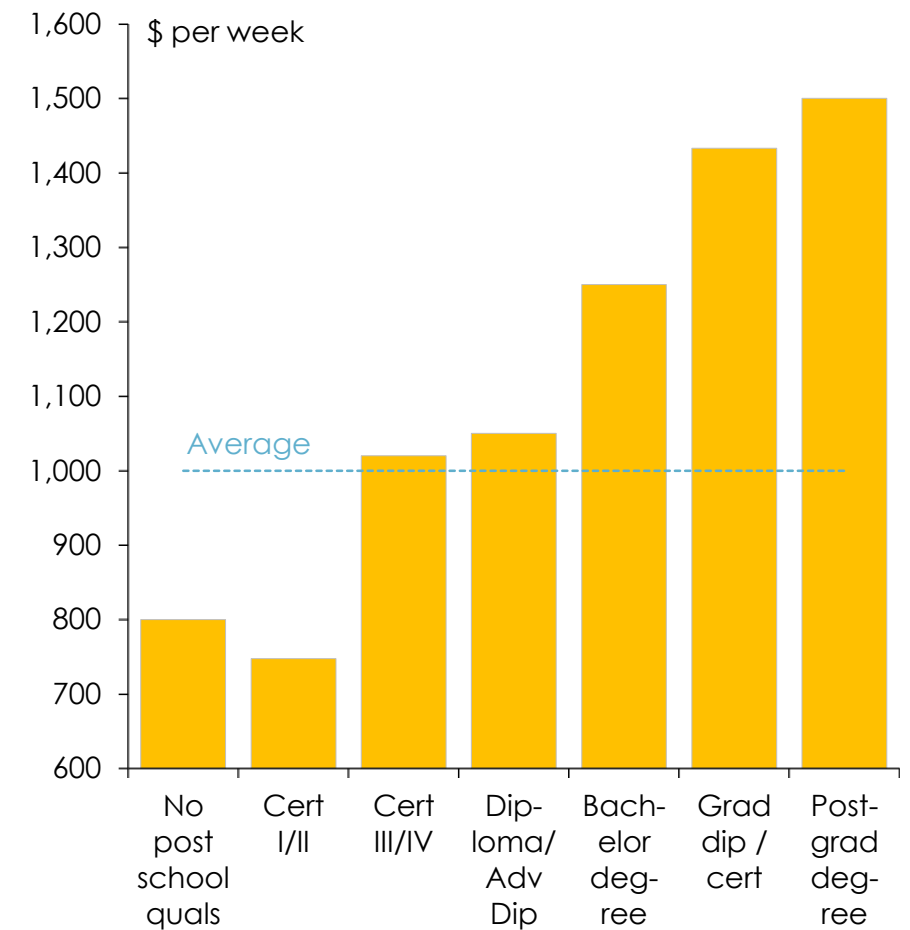
Employment-population rates by educational attainment, May 2017



Full-time employment as a pc of total, by educational attainment, May 2017



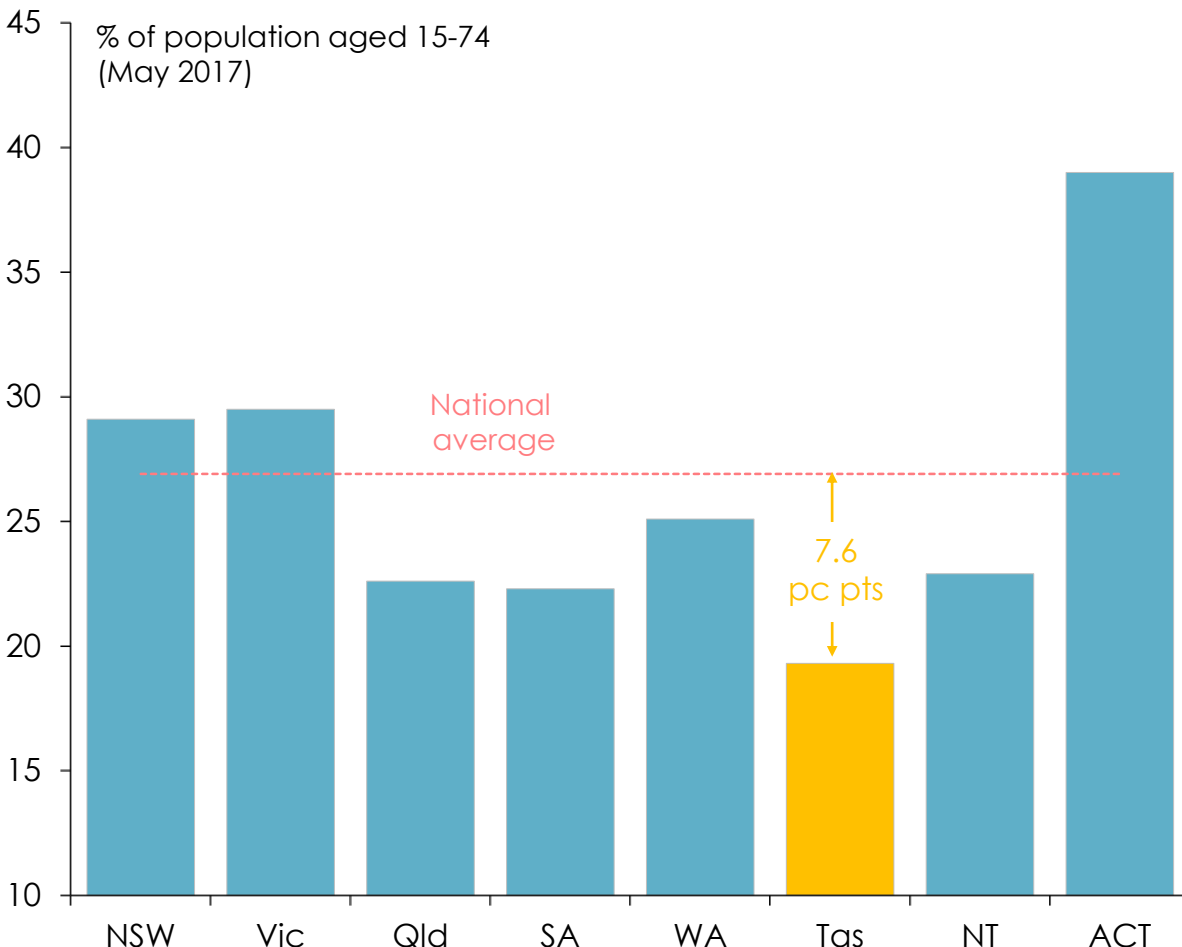
Median weekly earnings by educational attainment, August 2017



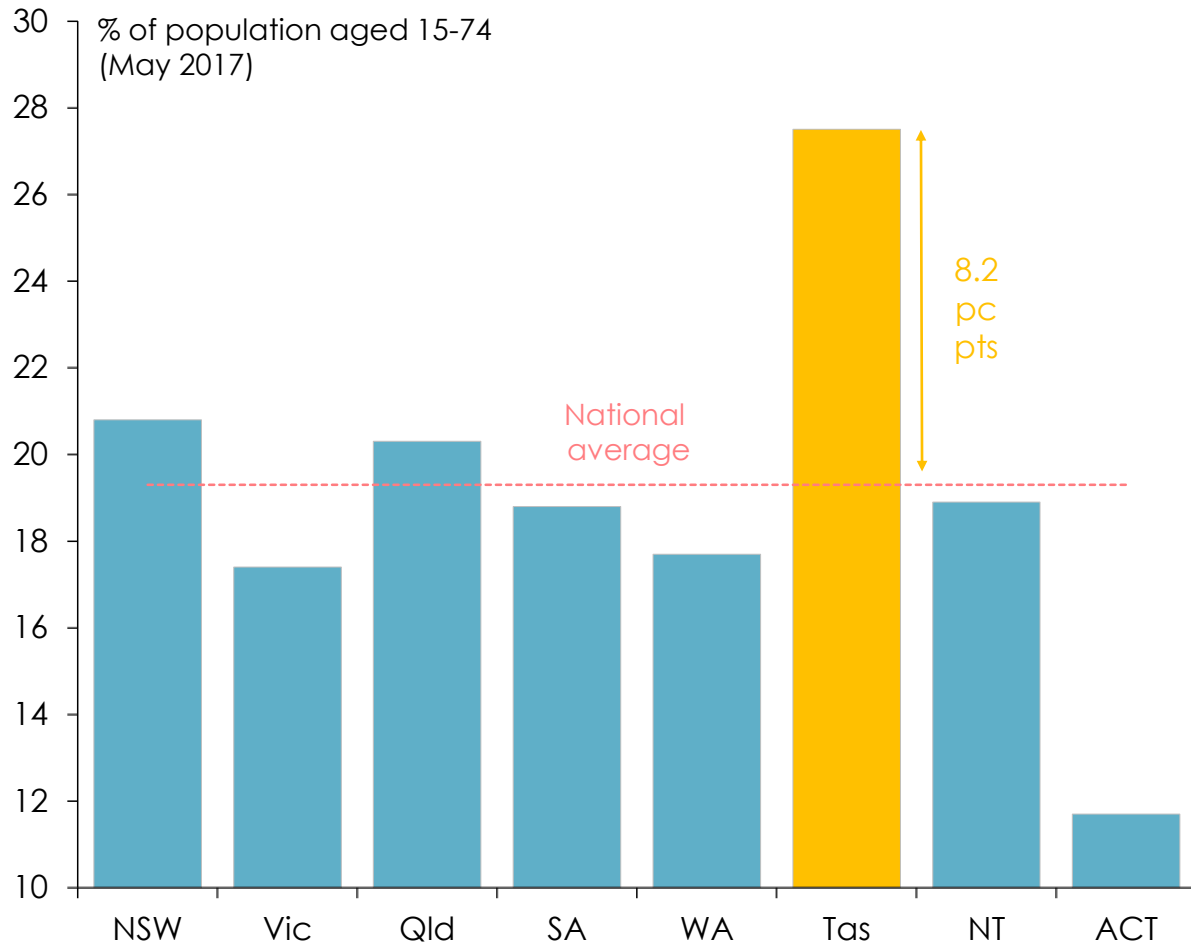
Sources: ABS, Education and Work (6227.0), May 2017; Characteristics of Employment (6333.0), August 2016.

Lifting Tasmania's bottom-of-the-pack educational attainment and participation rates is crucial to improving our economic performance

Population aged 15-74 with a bachelor's degree or higher



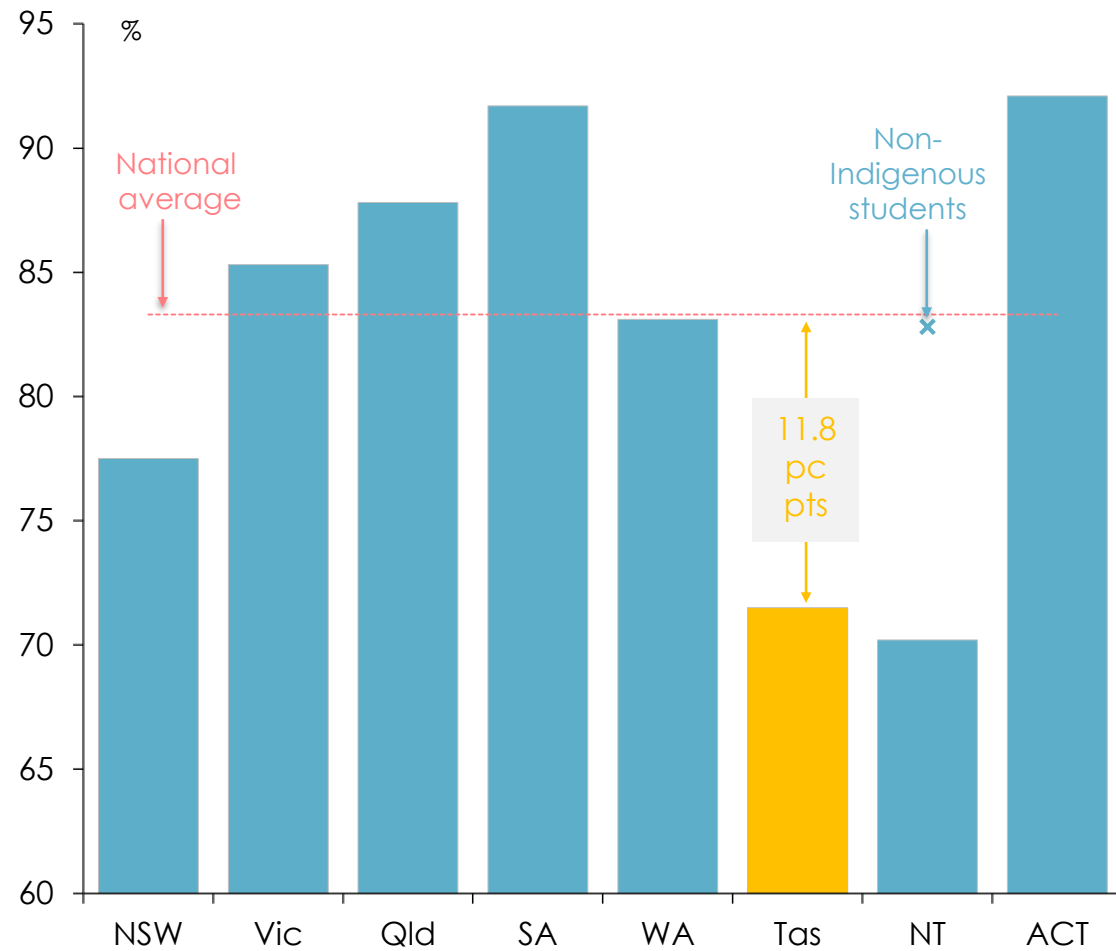
Population aged 15-74 with no qualification beyond Year 10 of high school



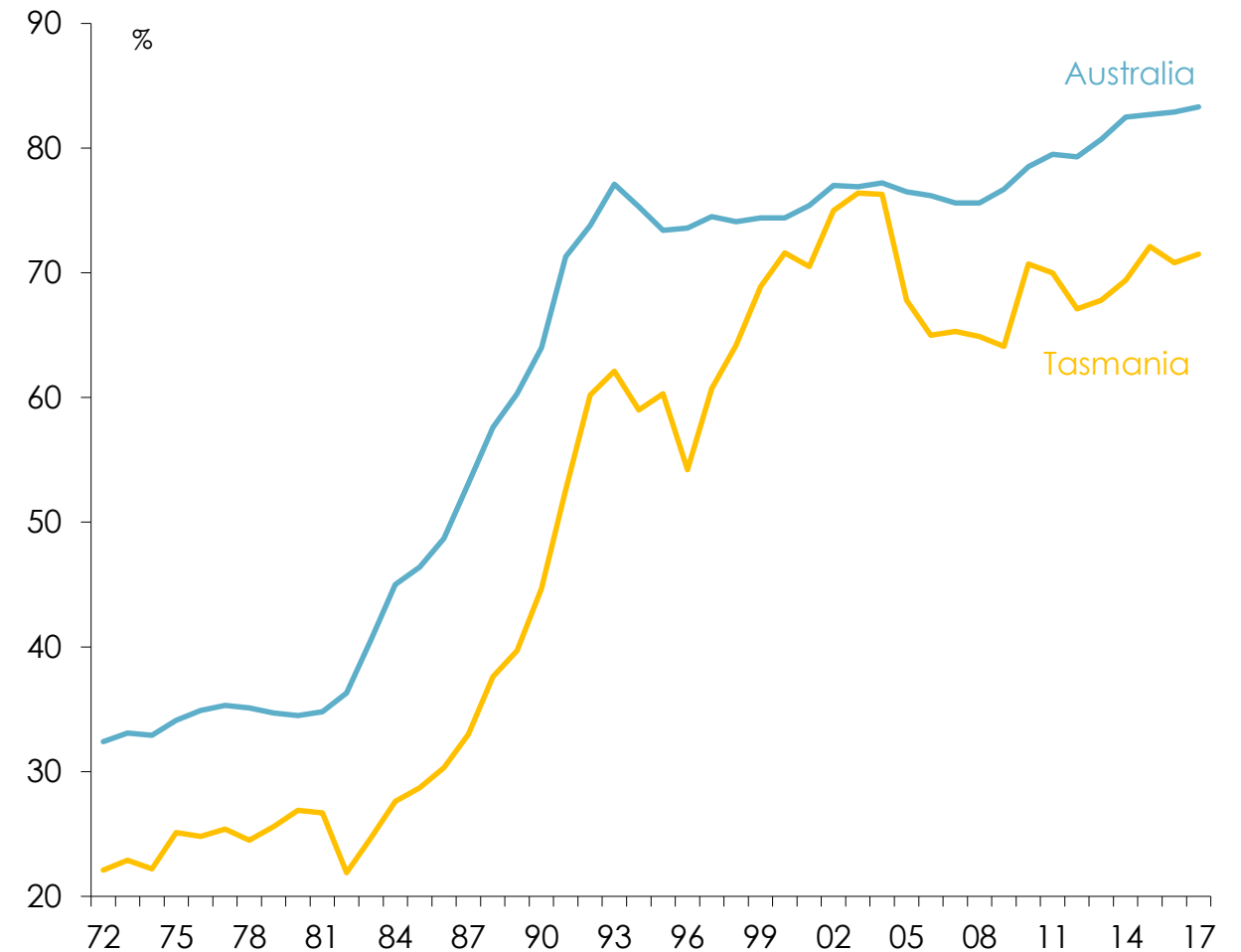
Source: ABS, Education and Work (6227.0), May 2017.

Tasmania's Year 12 retention rate has been rising but remains well below the national average and lower than any other state

Year 12 retention rates, States and Territories, 2017



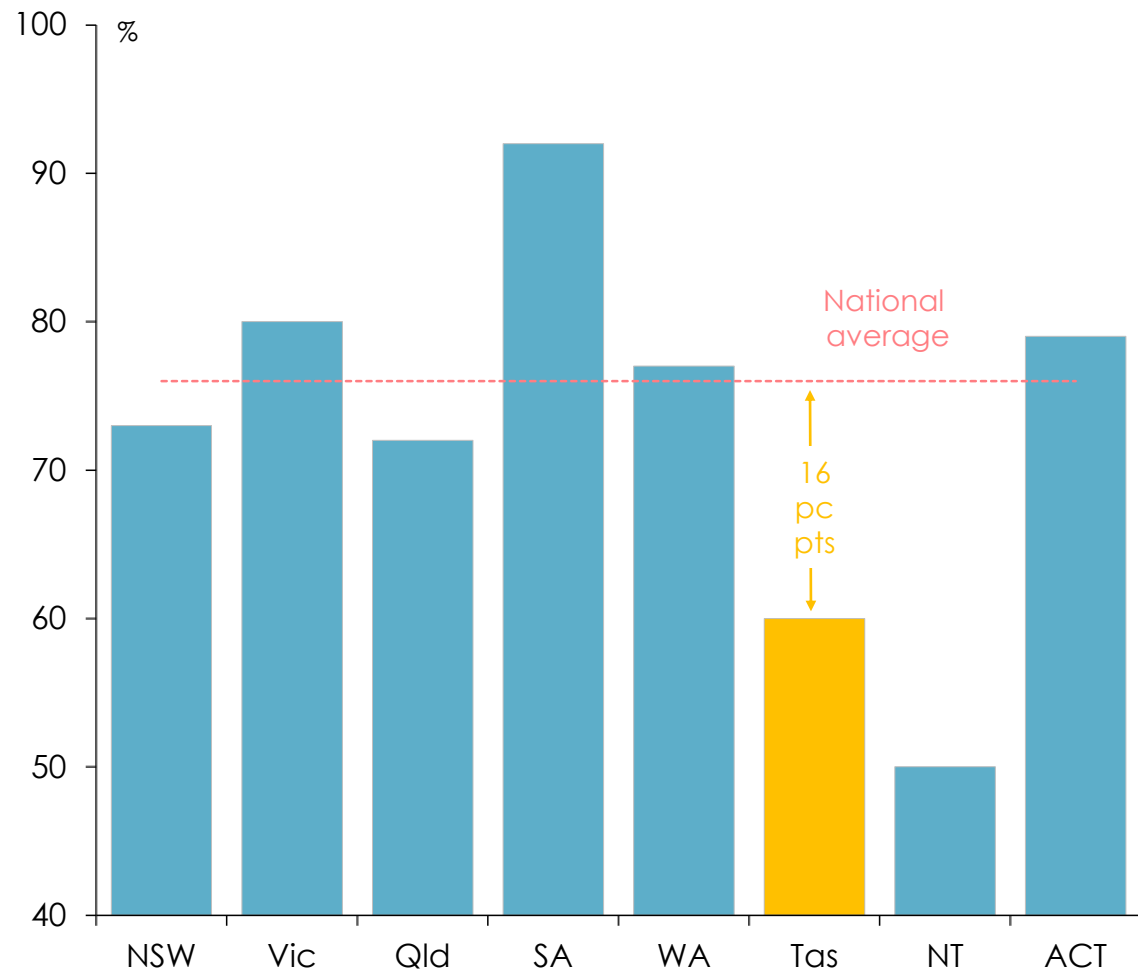
Year 12 retention rates, Tasmania vs national average, 1972-2017



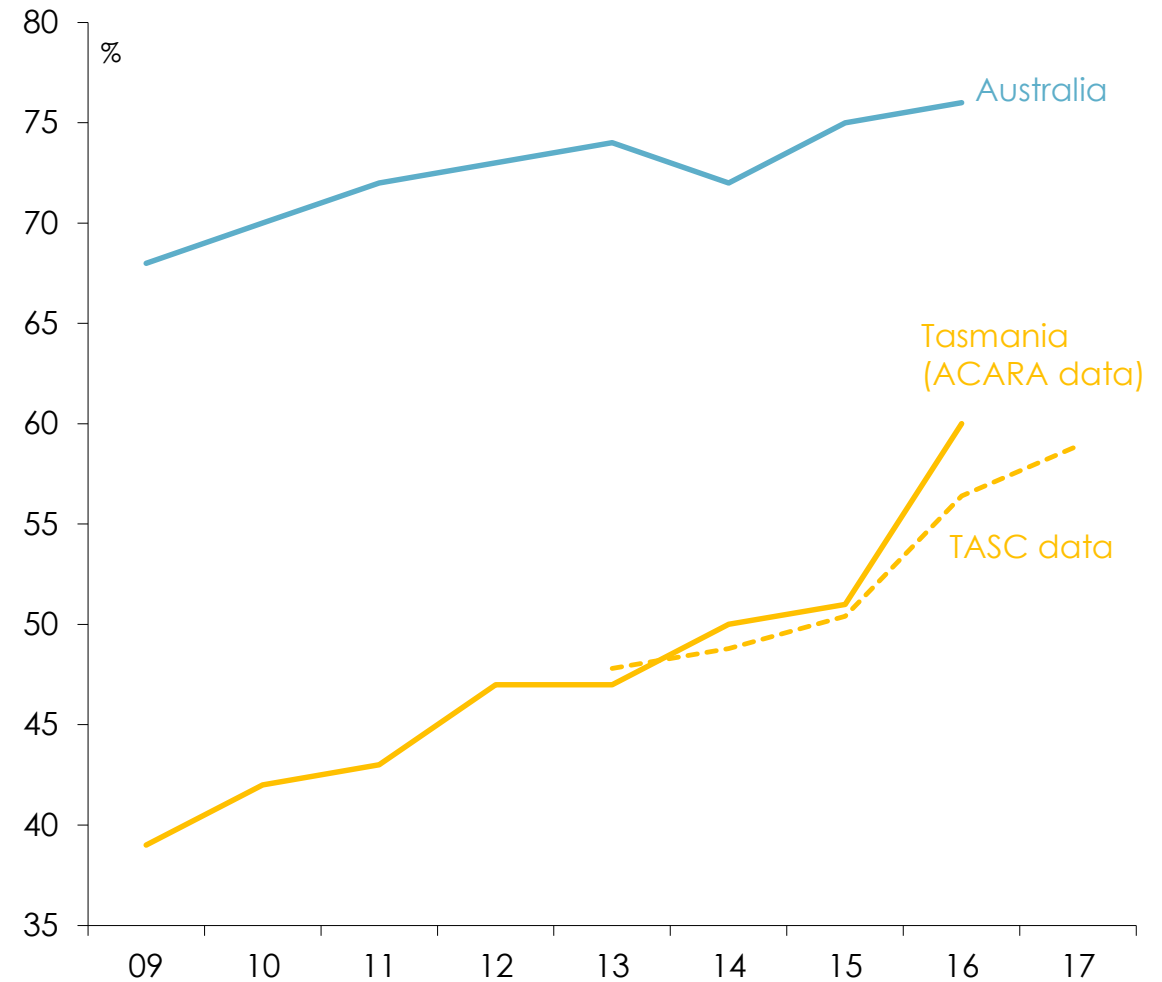
Note: The Y12 retention rate is the number of students enrolled in Year 12 in a given year as a proportion of the number who were in Year 10 two years earlier.
Source: ABS, Schools Australia.

Tasmania's Year 12 attainment rate has been rising but remains well below the national average and lower than any other state

Year 12 attainment rates, States and Territories, 2016



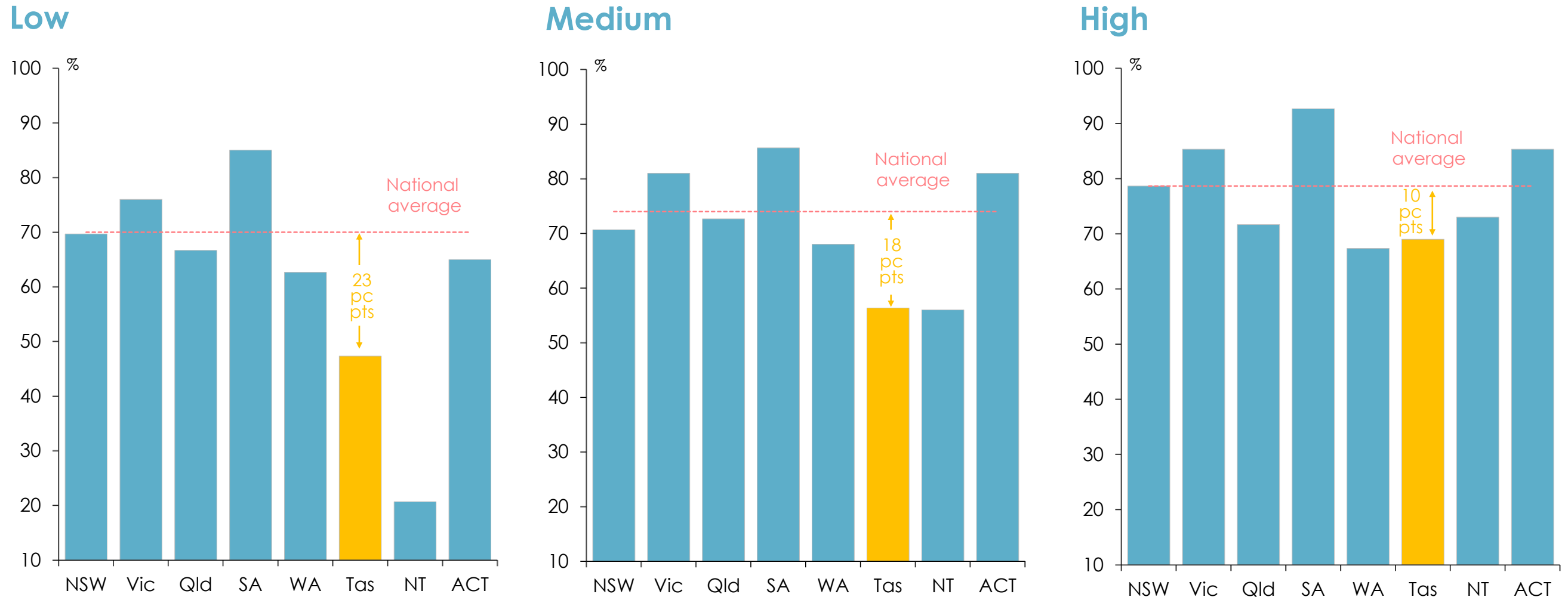
Year 12 attainment rates, Tasmania vs national average, 2009-2016



Source: Productivity Commission, *Report on Government Services*, 2018, Volume B, Chapter 4, Table 4A.55; Australian Curriculum Assessment and Reporting Authority (ACARA); Office of Tasmanian Assessment, Standards & Certification (TASC).

A student from a high SES background in Tasmania has been less likely to complete Year 12 than one from low SES background in other states

Year 12 attainment rates by students' socio-economic status, States and Territories, 2014-16

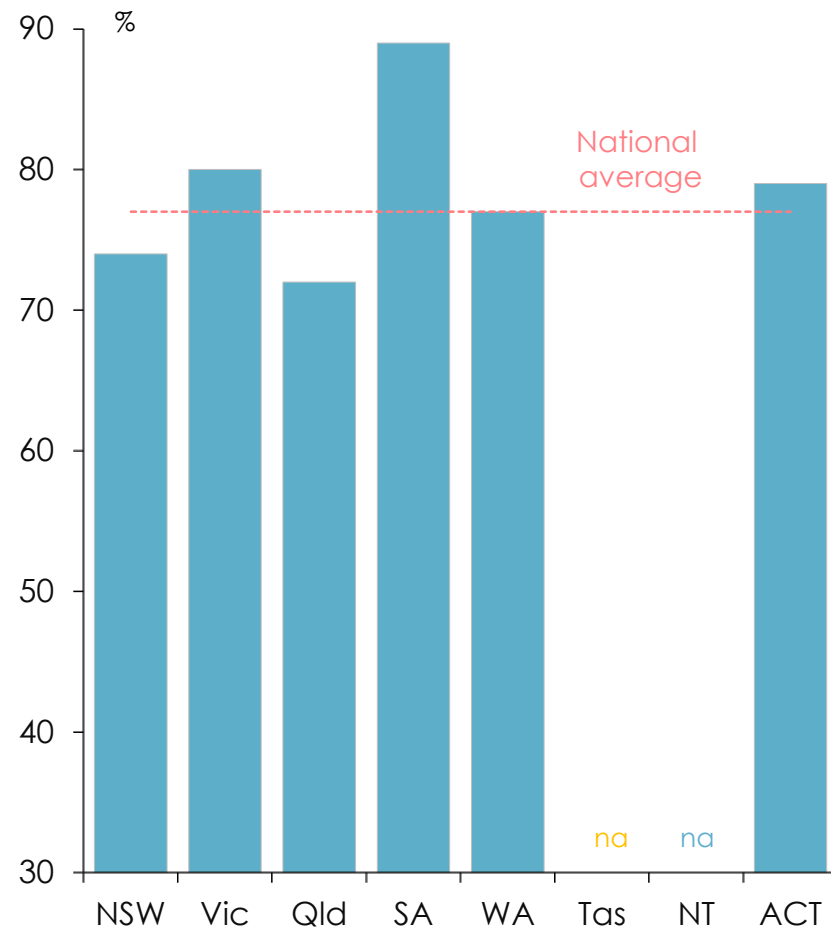


Source: Productivity Commission, *Report on Government Services*, 2018, Volume B, Chapter 4, Table 4A.55.

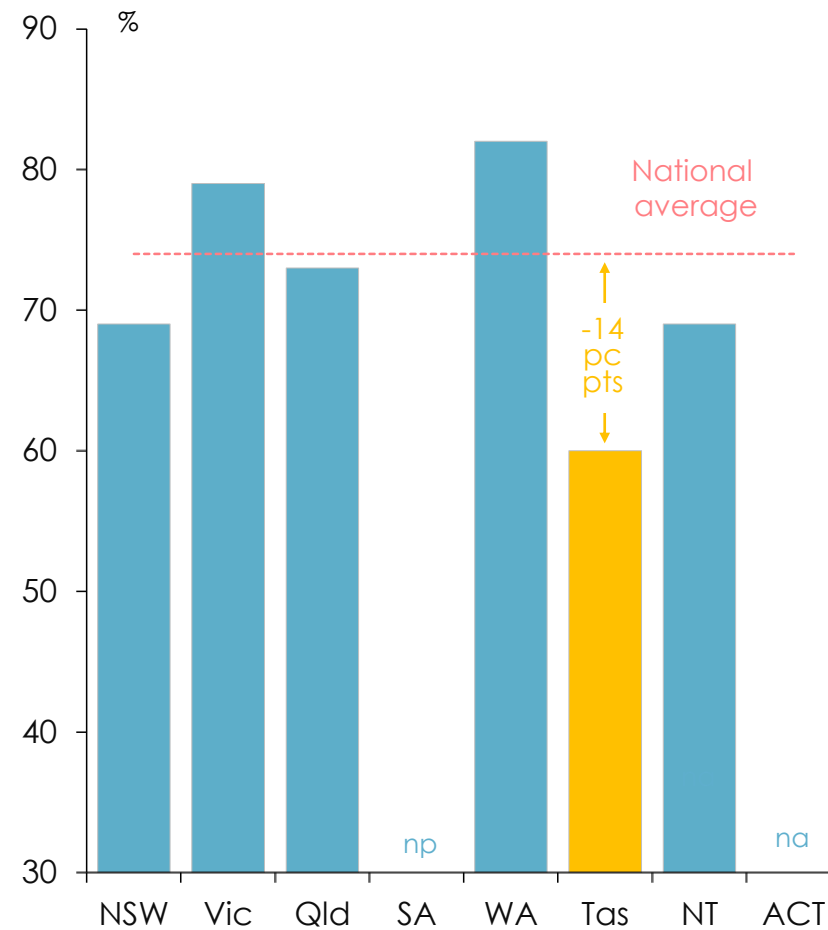
Students from Hobart are less likely to complete Year 12 than those from mainland provincial cities, let alone mainland capitals

Year 12 attainment rates by students' location, States and Territories, 2016

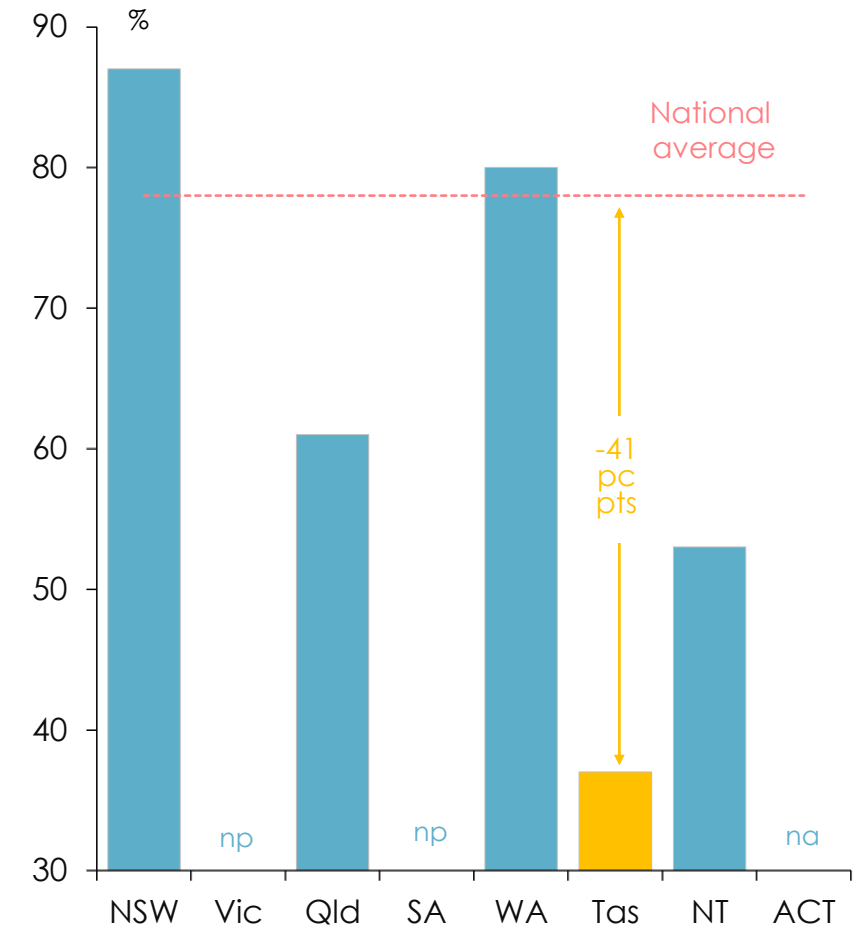
Major cities



Inner and outer regional areas



Remote areas

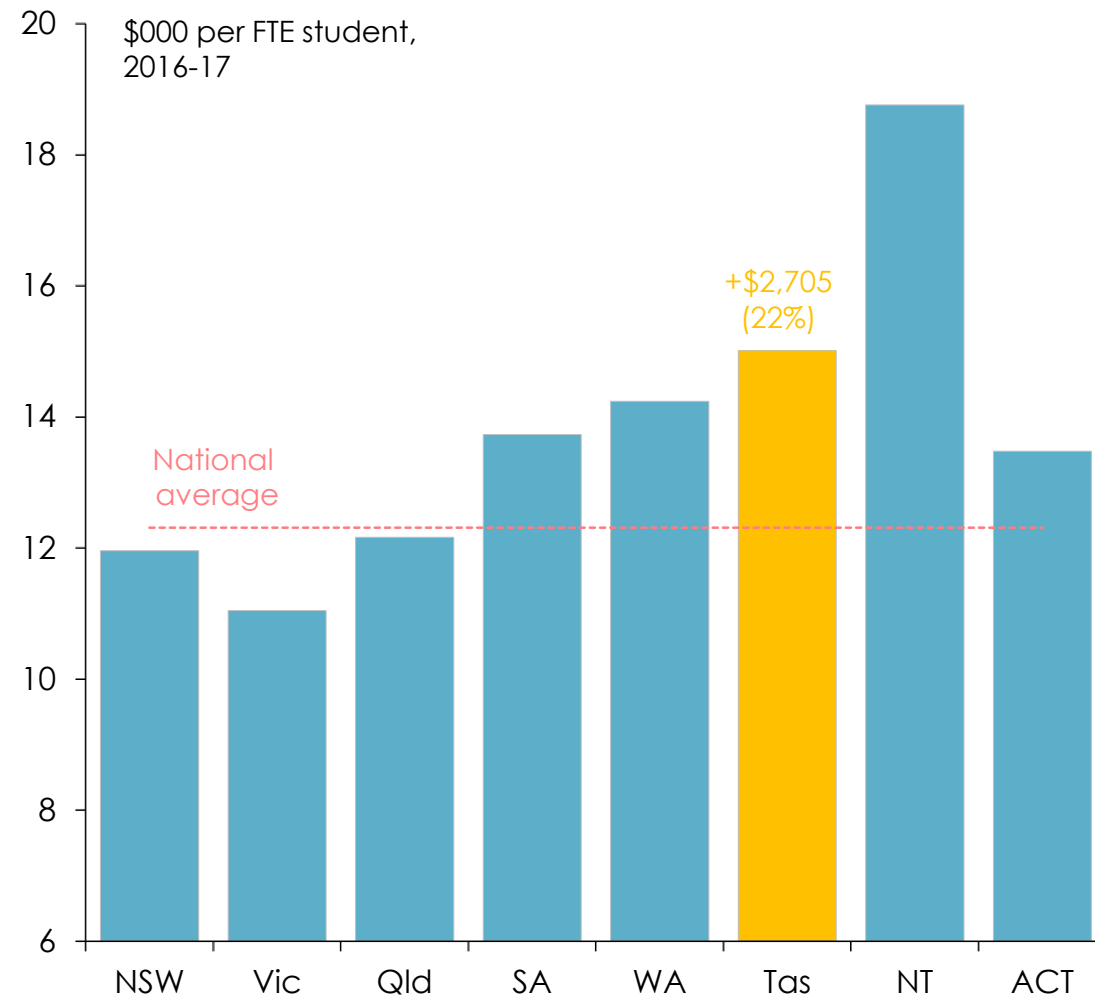


Note: 'na' means not applicable – Hobart and Darwin are included in 'inner and outer regional areas', not as 'major cities'; the ACT does not have any 'remote' areas. 'np' means 'not published' (usually due to small number of results).

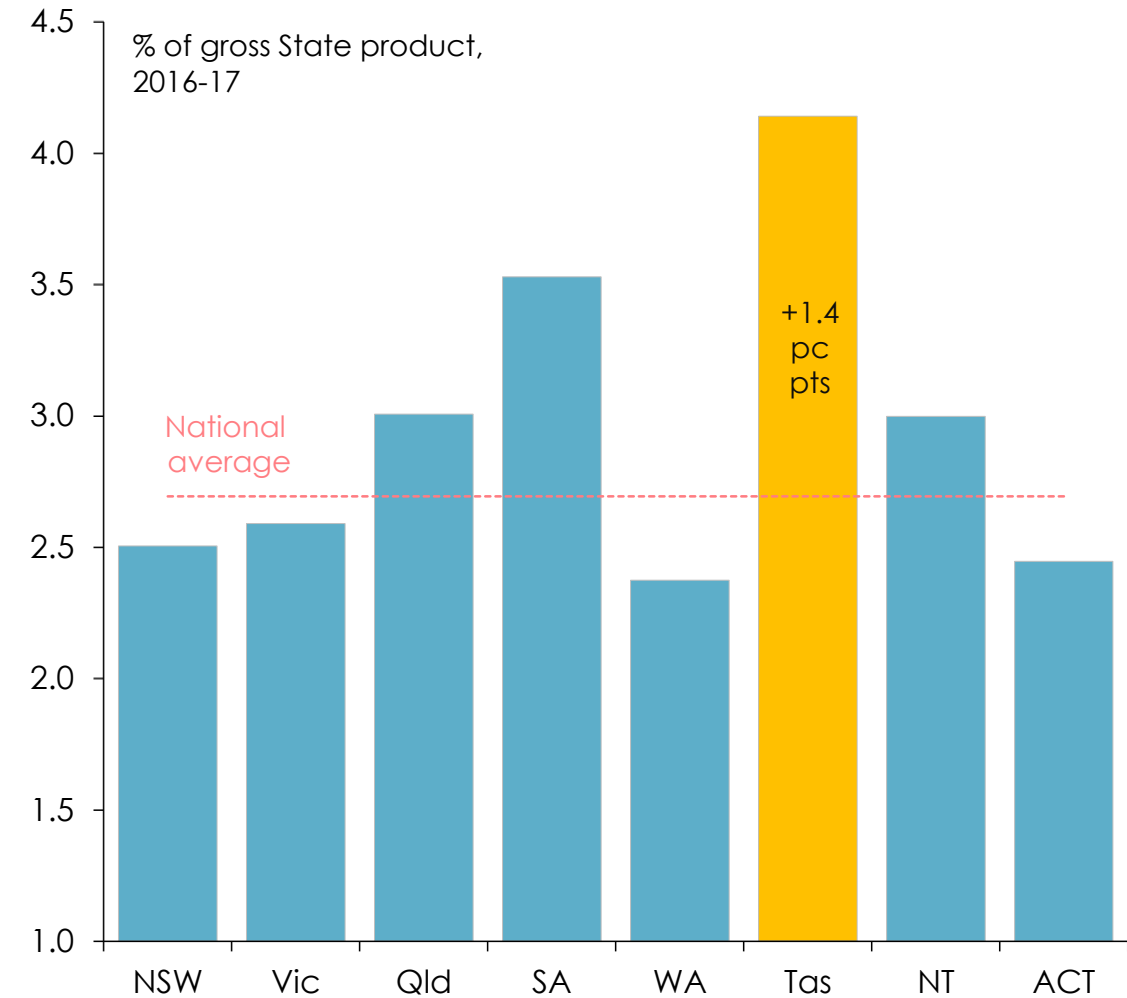
Source: Productivity Commission, *Report on Government Services*, 2018, Volume B, Chapter 4, Table 4A.56.

Tasmania's poor education outcomes aren't the result of insufficient spending on education

Government spending on school education per FTE student, 2016-17



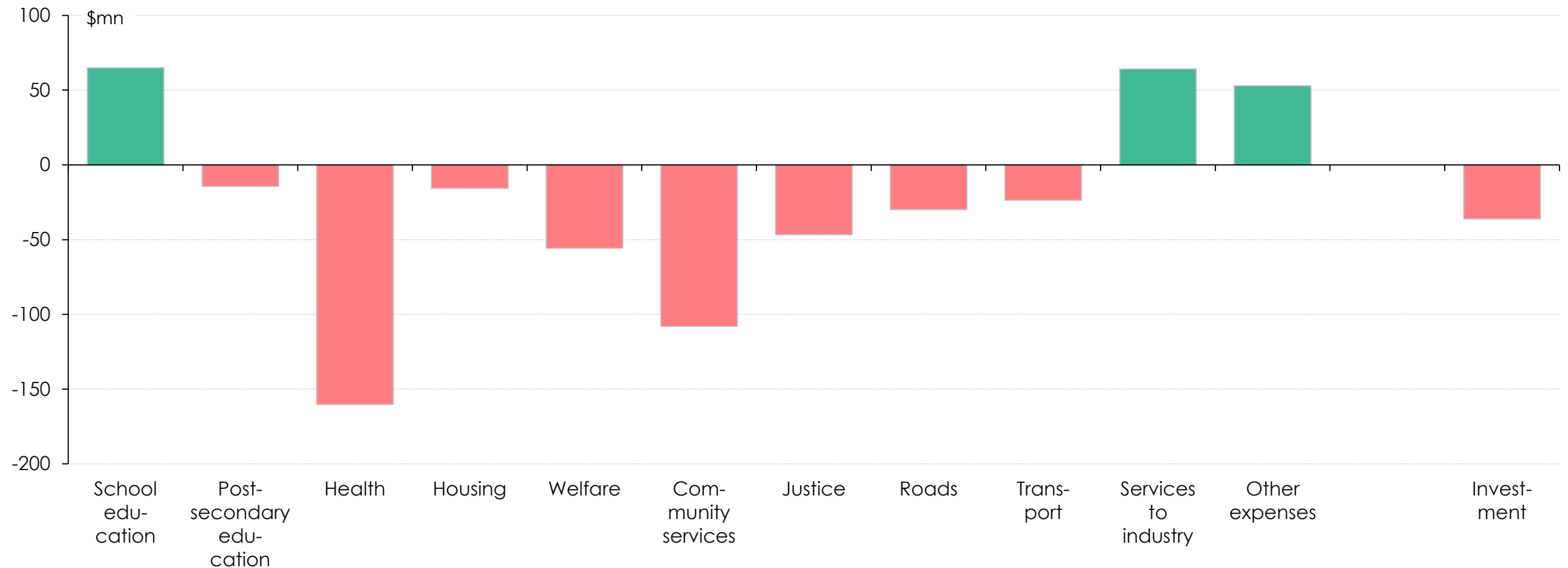
Government spending on school education as a pc of GSP, 2016-17



Sources: ABS, Government Finance Statistics, Education (5518.0.55.001); Schools, Australia (4220.0); State Accounts (5220.0).

The Grants Commission also reckons that Tasmania is spending more on schools than it 'needs' to in order to match the other States & Territories

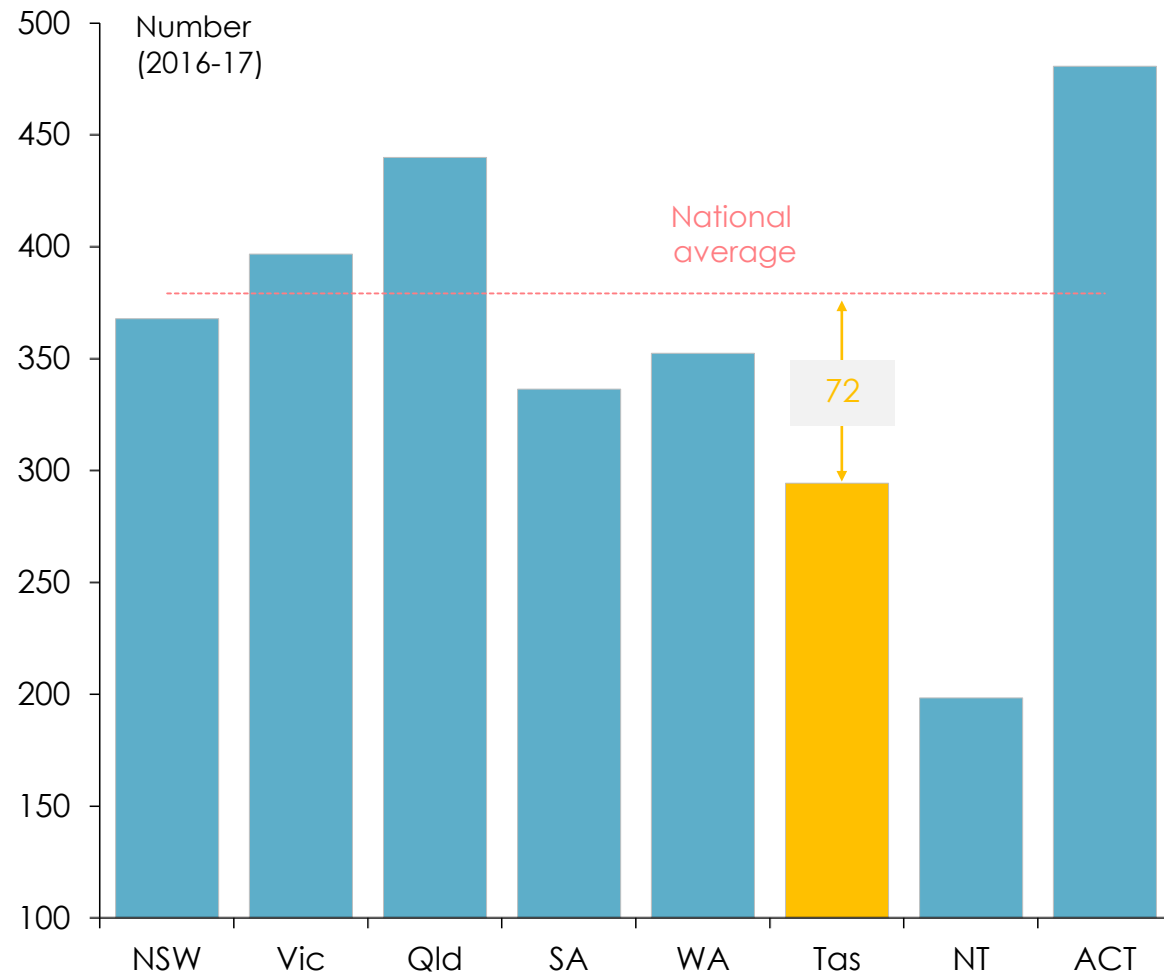
Tasmanian Government spending on major functions in 2016-17, compared with Grants Commission assessment of what Tasmania needed to spend in order to provide the same 'standard' of services as the average of all States and Territories



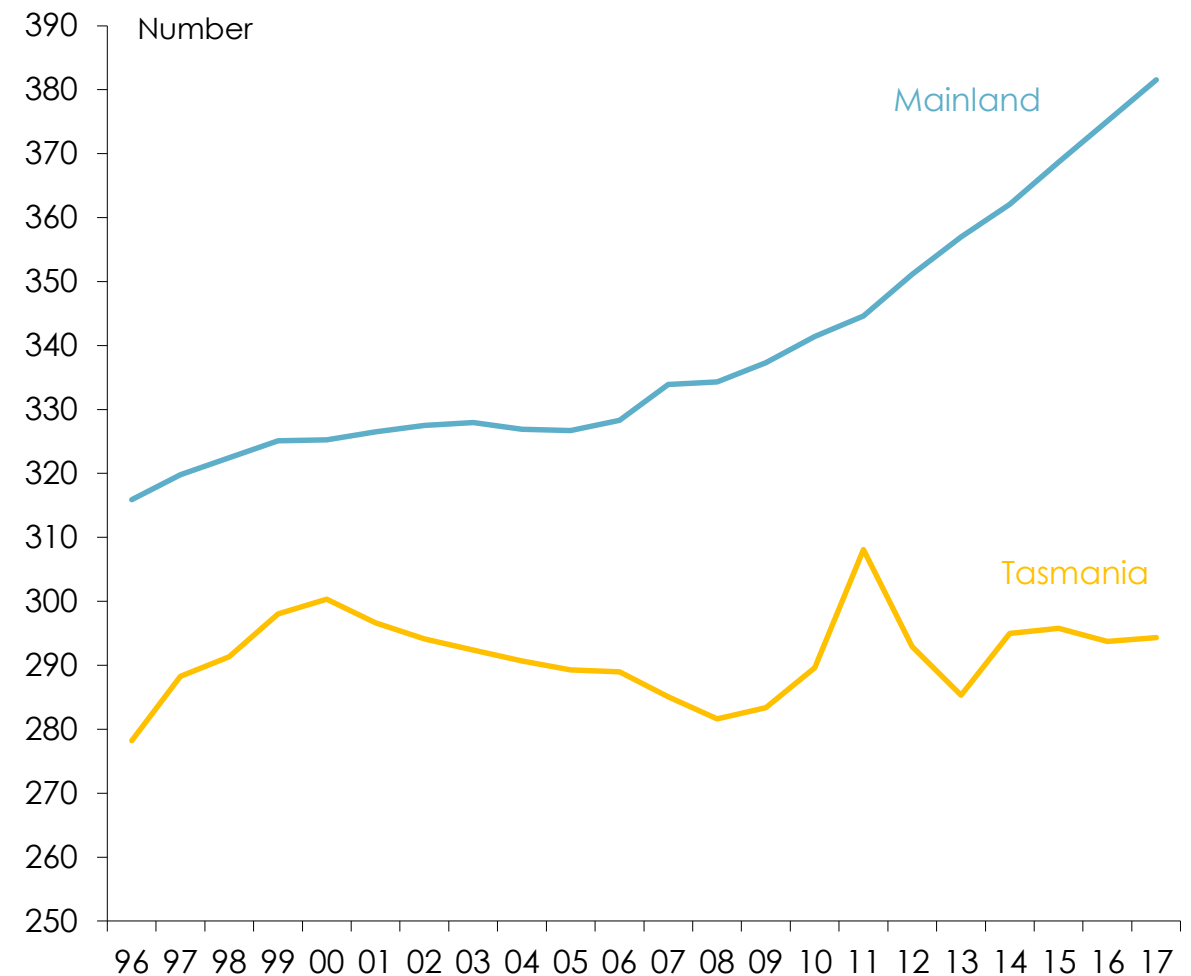
Source: Commonwealth Grants Commission, Report on GST Revenue Sharing Relativities – 2018 Update.

One reason why Tasmania spends relatively more on education for worse results is we have a large number of small schools

Average number of students per government school, 2016-17



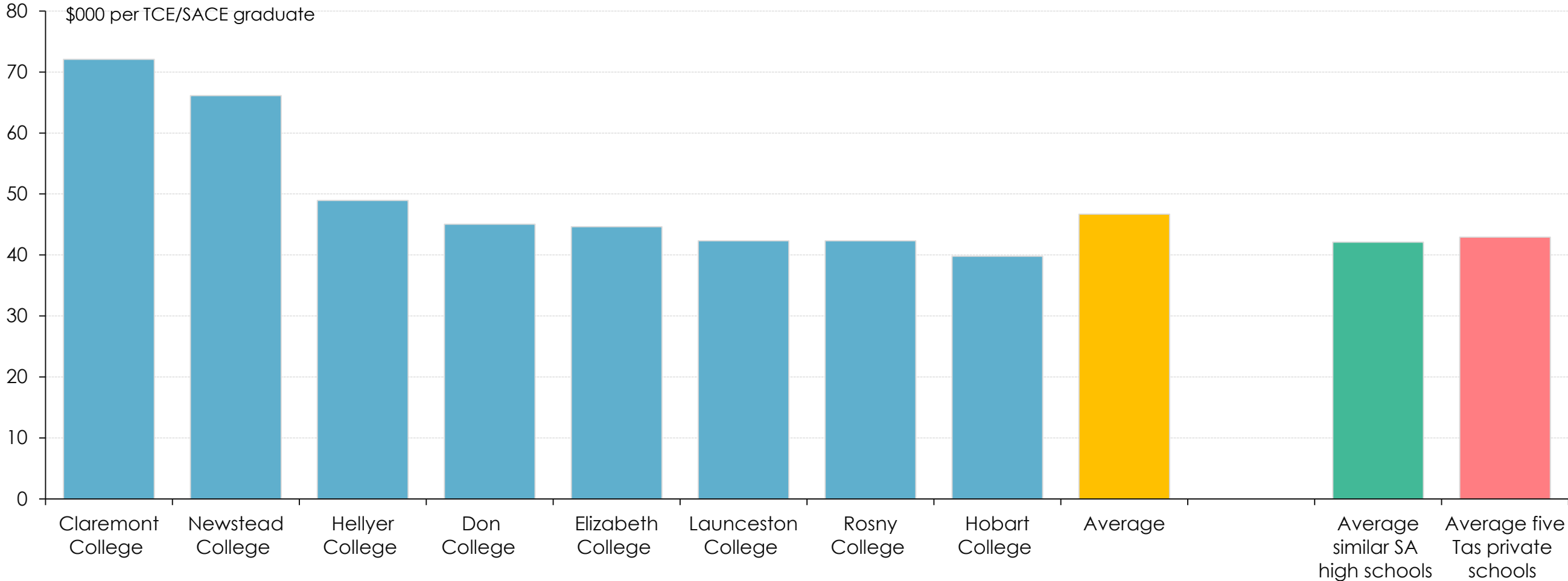
Average number of students per government school, Tasmania & mainland



Sources: ABS, Schools, Australia .

Tasmania's colleges may do a good job of teaching those students who attend them – but they do it at relatively high cost ...

Estimated recurrent cost of Tasmanian colleges, per TCE graduate, 2016 – compared with similar schools in South Australia, and with Tasmanian independent schools

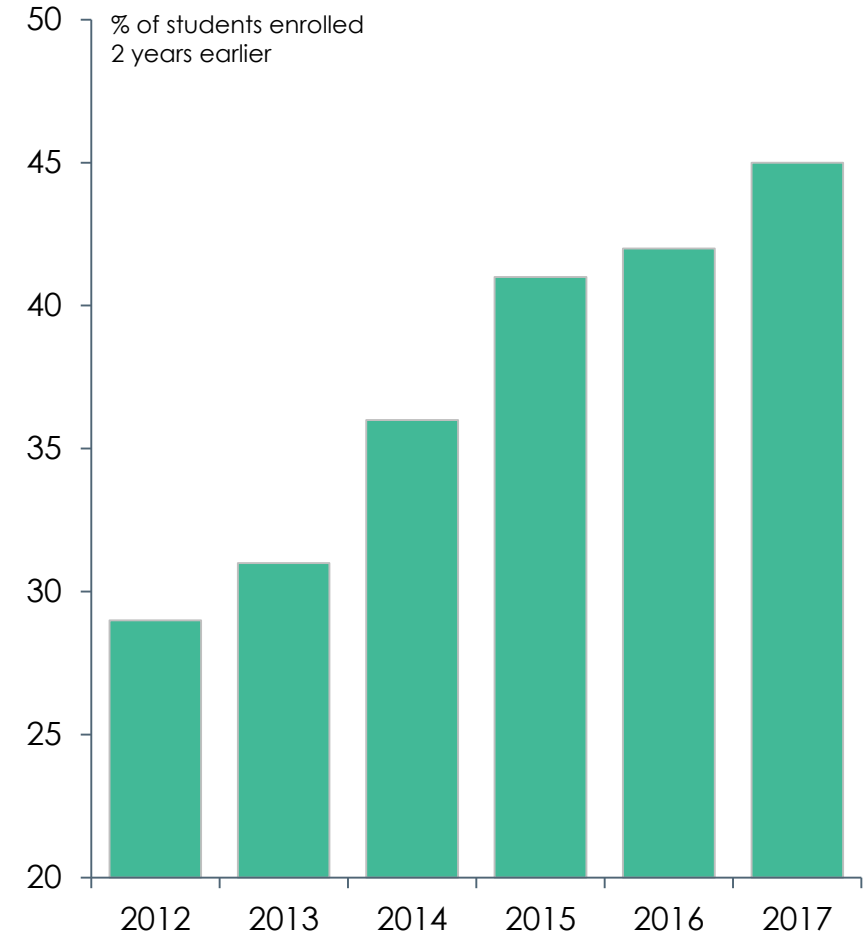


Note: Estimates derived from Myschool website using methodology set out in Eleanor Ramsay and Michael Rowan, *Tasmanian Colleges: Fit for the Purpose of Post-Compulsory Schooling? – Addendum*, August 2014 (available at <http://educationambassadors.org.au/>). Costs exclude capital costs. SA average is for 13 high schools with similar Index of Community Socio-Economic Advantage (ICSEA) to Tasmanian colleges, and assumes Years 11 and 12 account for 40% of total high school costs. Cost estimate for Tasmanian private schools assumes Years 11 & 12 account for 20% of total (K-12) running costs.

... and their existence creates barriers to some students going on to years 11 and 12 which simply don't exist in other states

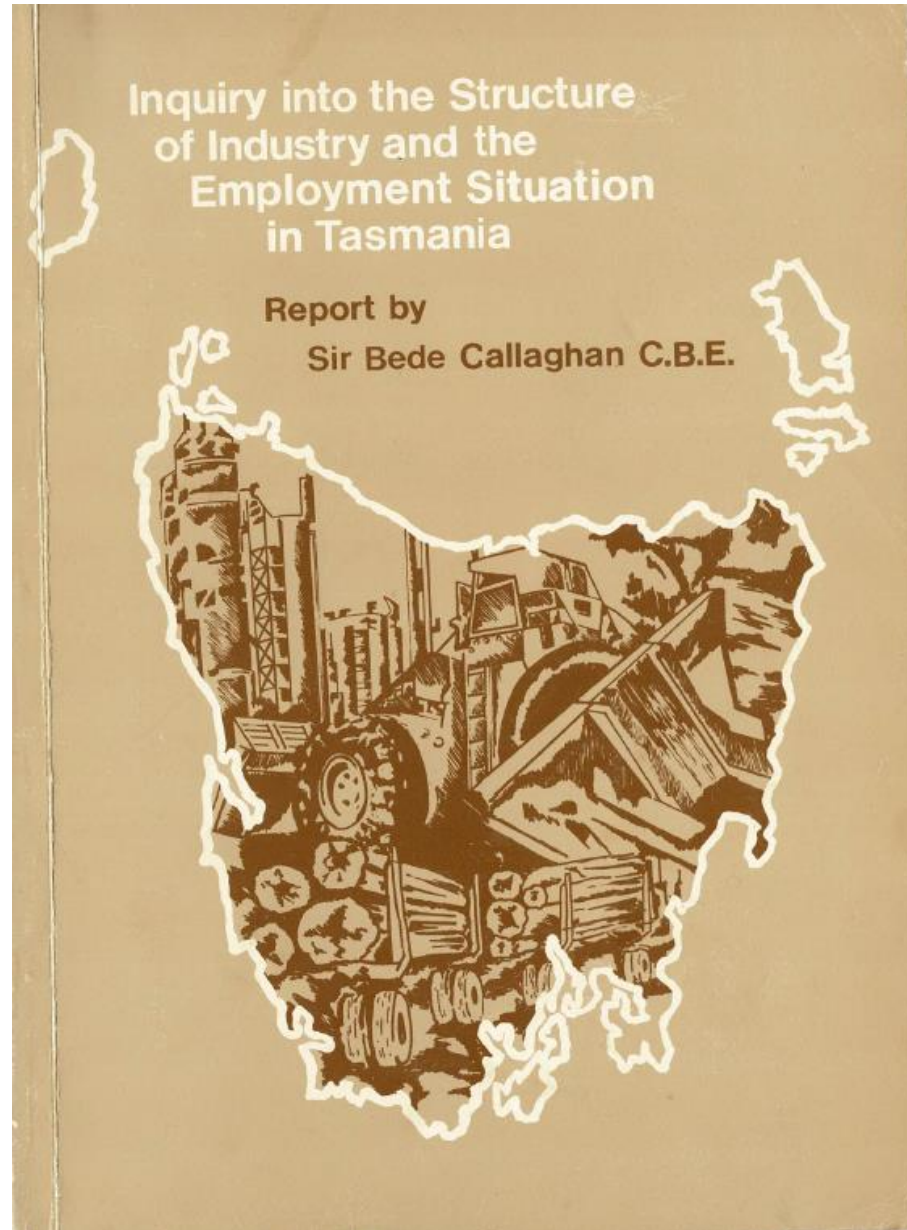
- ❑ **Students attending Years 7 through 10 at government high schools in Tasmania don't see every day, as role models, older students doing (and completing) Years 11 and 12**
 - Instead what they've traditionally seen is students being 'celebrated' for leaving at Year 10 (though the language around this is now changing)
- ❑ **Students who do complete Year 10 at government high schools, and do so thanks to the work of teachers and support staff, have to break those bonds and start again if they go on to a college**
- ❑ **Although it's early days, the extension of Year 11 and 12 courses to high schools in rural and regional areas does seem to have lifted completion rates at those schools**
- ❑ **If Tasmania's college system is so good, why is it that no other jurisdiction has seen fit to copy it, even for their rural or remote areas?**
 - apart from the ACT, which is so different socially and economically from Tasmania that it might as well be Mars for all the relevance it has to this state

Year 12 completion rates at 'extension schools'



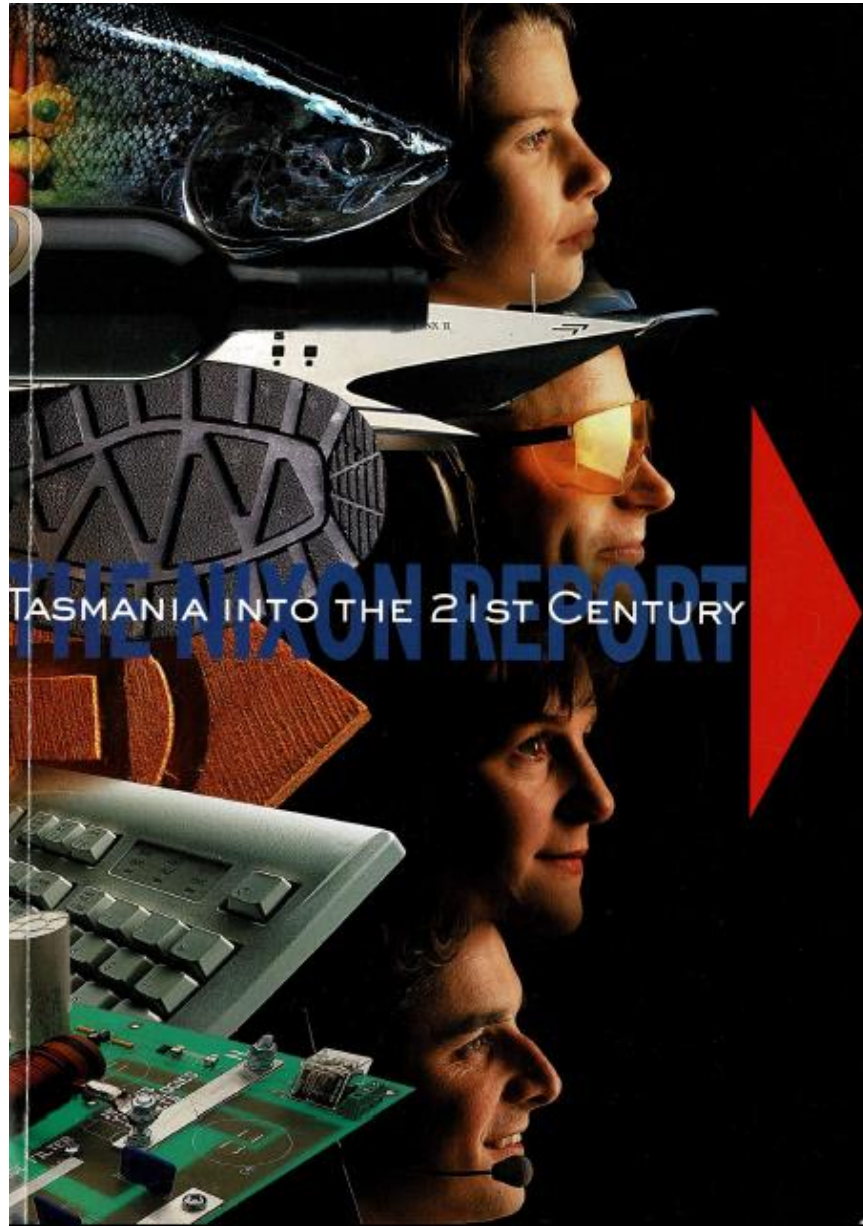
Source: Office of Tasmanian Assessment, Standards and Certification (TASC),

The Callaghan Report – June 1977



- ❑ “Tasmania has not, in an economic sense, performed as well as Australia as a whole”
- ❑ “Tasmanians do not seem, in a material sense, to be as well off as Australians in general”
- ❑ “I expect Tasmania to continue its historical (economic) decline, relative to the rest of Australia ... the expected relative decline should be seen as the continuation of a long-term trend which stretches back prior to Federation”
- ❑ “Tasmania’s work force is less qualified (in the usual sense of that term) than the Australian labour force as a whole”
- ❑ “Tasmania lags well behind Australia as a whole in participation in senior secondary schooling and in all three sectors of post-secondary education”

The Nixon Report – July 1997



- ❑ “the long-term growth in the output of Tasmania’s economy ... has been substantially lower than the national average, and in all other States”
- ❑ “the Tasmanian economy has the poorest job creation record of any State since the late 1970s”
- ❑ “Tasmanians have lower incomes than other Australians, and the gap appears to be widening over time”
- ❑ “Tasmania suffers from low labour productivity, and a lower growth in productivity, over the past decade in comparison with other States”
- ❑ “The education system, in its current form, does not appear to be delivering the appropriate training to support economic growth in the State ... the Tasmanian work force has a lower level of educational qualification compared to other States and the national average”

Summary and conclusions

- ❑ **While there are many aspects to Tasmanians' lifestyles that are more pleasant than those of people living in other parts of Australia, in most material respects we are worse off than other Australians**
 - and that undoubtedly detracts from other dimensions of the way Tasmanians live, compared with other states and territories
 - some of these differences are particularly evident in the lives of children
- ❑ **Many of the disadvantages faced by an above-average proportion of Tasmanians (including children) are directly attributable to Tasmania's poor economic performance**
 - economic performance doesn't explain everything – but nor does it explain nothing
 - and most social problems are easier to solve (given the will) if the economy is performing well
- ❑ **Tasmania faces formidable long-term economic challenges as a result of its demographic profile**
 - unless we can find ways to improve people's participation in employment, the proportion of employment which is full-time, and the productivity of people in employment, our living standards will continue to deteriorate relative to the rest of Australia
- ❑ **The most important thing which we can do, ourselves, to improve our economic prospects is to lift our educational participation and attainment**
 - which doesn't necessarily entail spending more money on education
 - but absolutely does require spending what we spent more efficiently, effectively and equitably
- ❑ **In particular, we need to do better at 'both ends' of schooling – pre-schools and senior secondary**
 - which will require confronting a lot of vested interests