

Education: breaking the poverty cycle

While we're talking about social disadvantage and social justice today, it is important to investigate the link between education and poverty. Today, I'll explain why universal access to adequate education and training the most efficient means of achieving a just society.

As primary school principals, I'm sure that you are all aware of the importance of a good education. Yet few things are as strongly connected with social disadvantage and poverty as limited or deficient schooling.

Supporting disadvantaged students to successfully continue their schooling is a preventative social policy measure. If we were to survey an impoverished postcode or correctional institution and trace back the lives of their inhabitants to their early years, one would invariably find that it began with a particularly unsuccessful stint at school.

A positive experience of school, and the acquisition of general and vocational skills that such an education entails, is the best insurance policy against a life of disadvantage. And given that we are steadily becoming more of a 'knowledge economy,' gaining a good education is perhaps more important than ever before.

The labour market has gradually become more and more skilled over the last two decades or so. The level of expertise and credentials required by employers, even for entry-level jobs, has made making the transition from school to work particularly difficult for young people. The decline in the availability of low-skilled work has meant that early school leavers, in particular, are at great risk of permanent exclusion from the labour market and learning institutions.

The recently released report '*How young people are faring 2004*,' prepared by the Dusseldorp Skills Foundation, found that more than a quarter of 18 and 19 year olds were not in full-time education or employment. The report also found that the proportion of teenagers not in full-time work or study has barely declined since the recession of the early 1990's.

Significantly, 22 percent of young adults aged 20 to 24 are also not in full-time education or work - some 309,000 young Australians. Taken as a whole, almost forty percent of Australia's unemployed are under 25 years old.

Because of the increasing costs and therefore inaccessibility of a post-secondary education, it is more important than ever before that the talents of disadvantaged youths are developed in primary school. In fact, by the time a child reaches its mid-primary years, it is often already too late to tackle a learning disability or to sufficiently improve that child's literacy and numeracy skills. Thus, a child's life prospects could be all but determined by the time they leave primary school.

Taking this into account, it is perhaps rather telling that Louisiana in southern USA is using the reading scores of its fourth graders to determine how many new prisons need to be built to cope with demand in the future. Such a callous policy illustrates how crucial early intervention is, and the difference that a supportive school environment can make to the lives of disadvantaged students..

The same trend remains true here. In NSW, the Department of Corrective Services states that “60% of inmates are functionally not literate or numerate,” and that a similar number failed to complete year ten. This is particularly so for Indigenous people: an indigenous person who has not completed school has over thirteen times a greater chance of imprisonment than one who has.

Limited schooling also has other well-documented social consequences. A number of US studies have indicated that the number of completed years of formal schooling is a more accurate predictor of health than occupation or income. Education is also associated with nutritional intake and exercise, as well as child abuse and neglect, infant mortality and disability.

As a result, making a substantial investment in young lives by funding a quality educational system, is one that will pay off in the long-run through reduced healthcare costs, imprisonment costs and unemployment. However, this requires significant foresight from the government. As I will explain later, we are starting to see some understanding of the wisdom of ‘preventative social policy’ from the Victorian Government and a shift in the funding base towards it; yet, we are still a way off truly reflecting this approach.

There is broad agreement that educating low income or special needs students costs more than educating the average pupil. However, there has been little recognition of this in the provision of school funding to date. Much of the debate has surrounded the need for ‘equity’ – that each school receive the same amount per student. Yet more important than ‘equity’ is the appreciation of ‘adequacy.’

As Peter indicated in his presentation this morning, we are seeing concentrations of poverty and social disadvantage like never before in Australia’s history. One of the reasons for this is that location is an important determinant of opportunity; socially disadvantaged communities need additional resources to ensure ‘equitable’ or ‘adequate’ access to the institutions of social advancement, like a quality education, if we are to break the generational cycle of poverty occurring within them.

Satisfying adequacy entails a two part process: the first part is to work out the basic cost of providing every child with the educational goods and services required to reach an agreed standard; the second step is to adjust that cost up and down to reflect differences in the needs of students in different localities, by comparing the level of social disadvantage in that community.

There has been some recognition of the need for such a funding formula in Australia. In 1999, Australia’s Ministers of Education committed themselves to

the *Adelaide Declaration on National Goals for Schooling in the 21st Century*. The agreement established a number of goals for every student's education: attaining sufficient literacy and numeracy; acquiring the capacity for problem solving and analysis; gaining a commitment to personal excellence; learning to exercise judgement in matters of morality and social justice; and, the capacity to creatively use new technologies. Yet more importantly, the *Declaration* also outlined that every student's educational outcome should be free from the effects of discrimination and from differences in their socio-economic backgrounds. Thus, the *Declaration* represents a commitment to improving the learning outcomes of educationally disadvantaged students, over time, to match those of other students.

Three categories of Additional Resource Needs for disadvantaged students are outlined in the *Declaration*:

- **Student factors**, including low socio-economic background and ESL. The additional resource needs for primary level students was calculated on the basis of the number of students failing to reach literacy and numeracy benchmarks.
- **School factors**, including the small size and isolation. Non-metropolitan primary students cost around \$650 more to educate than their metro counterpart.
- **And thirdly, curriculum** was a factor. Those schools, largely secondary schools, with vocation related and ICT related subjects require additional funding.

To fully meet the criteria outlined above would require a significant shift in the current level of funding.

Earlier this year, we saw the Victorian Governments first efforts to address concentrated disadvantage in our community through the launch of its 'A fairer Victoria' social policy strategy. This \$788 million strategy was one that singled out education as one of its key targets, particularly in primary education.

Specific measures that have been funded included:

- \$2 million over two years for the '*its not ok to be away*' program to tackle truancy in schools across Victoria
- \$300,000 extra to the Victorian State Schools Relief Committee for school shoes and uniform program
- \$1.2 million to help cover the travel costs of rural students who need to attend arts and science programs in Melbourne; and
- \$3.9 million for expanding English tutoring for students from ESL backgrounds

On top of this, the State Budget handed down in May directed an additional \$115 million over four years to Non-Government schools in disadvantaged areas. This money is specifically to help improve literacy and numeracy, as well as school retention.

The Victorian Government's new social policy philosophy is one that realises the importance of place, of the community, when devising policy to address poverty. The amount of additional funding it has directed to non-government schools is recognition of the importance of education within any social disadvantage strategy.

If we were to return to the substance of Peter's presentation for a moment, what we saw in common across all severely disadvantaged postcodes was the concurrence of high rates of early school leaving, low labour market skills and high unemployment, as well as high rates of imprisonment and psychiatric admission. While concurrence is not causation, the obvious interrelationship among these factors is that they help to illustrate a kind of life pathway: a child who falls behind at school leaves school early, and with few vocational skills or employment opportunities, struggles to break into the labour market. Intermittent stints of casual work and unemployment combine to leave the individual bored and depressed, with few hopes for the future. As a result, the individual is far more likely to engage in criminal behaviour or suffer the onset of mental illness.

While education is certainly the first point of intervention in this cycle of disadvantage, it isn't the only point. Post-compulsory education and training is the next opportunity to transfer the skills required by society and the contemporary labour market. However, as I outlined earlier, young Australians are finding it increasingly difficult to gain access to full-time education and training. The most at-risk group are Early School Leavers. According to the Australian Bureau of Statistics, only 37 percent of early school leavers were engaged in education or training in 2000.

Given the switch to users pays in post-secondary education, like University and TAFE, it is unlikely that these young people will ever afford to pay to get the skills they need to enter the workforce. However, without some kind of real skill transfer to early school leavers by way of a significant short-term public investment in their vocational education and training, the long-term costs of their dependence upon welfare – both personally and to the public purse – will be felt by all.

Early School Leavers are one of Australia's most 'at risk' groups. These young people are, to borrow from former Prime Minister Paul Keating, 'in danger of becoming the new poor.' – a group forever locked out of full-time work or education, and therefore out of the property market, forced to raise their families in substandard accommodation. These 'new poor' will aggregate, because of cheap rent, in already poor postcodes far removed from public transport, essential services, good schools and work. If we fail to intervene at these two points, Australia will start to feel the effects of generational social and economic exclusion in an expanding number of postcodes. For a brief illustration of what I mean by 'generational social and economic exclusion,' cast your mind back to the riots at the Macquarie Fields Housing estate in Sydney's west earlier this year.

The sort of social alienation expressed by residents of Macquarie Fields to the bewildered media was palpable. One mother of three was moved to explain, “Around here, young people have got no chances in life. You don’t get anywhere around here unless you have a well-off family. The way some kids see it, stealing cars is the only way you can get money. What chance have kids got when the high school here doesn’t even have air conditioning in the summer and there are only two heaters in the winter? And there’s no jobs around here. They treat us like dirt.”

Jesuit Social Services has been one of the pioneers in studying concentrations of social disadvantage in Australia. Last year, we produced a landmark piece of research, entitled “Community Adversity and Resilience,” which looked at the different indicators of social disadvantage in every postcode in Victoria and NSW.

In this study, we looked at concentrations and co-locations, and uncovered some startling results. For example, if you wanted to locate 25 percent of Victoria’s total convictions, you need only look at some 14 postcodes (that’s out of a total of 647). If you wanted to reach 50% of all criminal convictions, you need look at only 44 postcodes. These kinds of concentrations are repeated for long-term unemployment, low-skilled workers, and psychiatric admissions. And the real find is that in many cases, these concentrations overlap: thus, the same postcodes, time and again, register as having the highest factors of social disadvantage.

The simple outcome of all this is that to have an impact on social disadvantage – to overcome the consequences of social injustice – you only really need to focus on a relative small number of localities. Thus, the importance of place in social policy, of working at the community level rather than just with individuals, cannot be overstated.

The long-term costs of supporting the low-skilled, young unemployed for the rest of their lives through the welfare state are huge. Unfortunately, the response to this potential crisis from Australia’s leaders has been to invest its resources in welfare ‘mutual obligation.’ While the concept of mutual obligation is a sound one – for as members of a society, we have to both respect our rights and responsibilities – the policy of mutual obligation employed in this country has failed to improve the employment prospects of participants. In fact, only fourteen percent of ‘work for the dole’ participants end up in full-time work. The main problem has been that the policy persists in funnelling people into menial community labour projects that offer skills that are pretty far removed from the needs of the present labour market.

Elsewhere, countries like Denmark have tackled their own problem of low-skilled workers with a different kind of ‘mutual obligation’ approach: one which requires the unemployed to enter into education and training to equip them with skills matched to employers needs. This kind of mutual obligation policy, while more expensive, has been far more effective. And if one is to consider the long-term costs of permanently supporting low-skilled youths, such a short-term investment in skills training is one that will pay off in the long-run.

In the lead up to the release of 2005-06 Federal Budget, the Federal Government announced its intention to establish a Future Fund to cover the looming retirement costs of the baby boomer generation. To realise the plan, the Commonwealth committed the public to consigning 6 to 8 billion dollars every year for the next fifteen years to a lump sum. By saving for the future, we were told the eventual Fund would reduce the burden of Australia's ageing population. Yet how about investing for the future?

Dr Mike Keating, ANU Economics Fellow and former Secretary for the Department of Employment and Industrial Relations has identified that the Australian labour market presently excludes some 37.5 million hours in unused labour – equivalent to 11 percent of the total labour market – from the economy each year.

If we were to redirect some of the billions from the Future Fund towards training low-skill Australians to meet the employment needs of the labour market – just as Denmark has done – or by investing in its compulsory education to ensure that disadvantaged students aren't lost to the system from an early age, Australia will be able to meet the future challenge of the demographic crunch. Meanwhile, such a scheme would give hope to the hundreds of thousands of youths currently facing a lifetime without work. After all, our young people are the future.

Investing in education, whether primary or tertiary, is the best defence a nation can have against poverty. As school principals, you are bestowed with great responsibility.

Thankyou.