

**POSTCODES FOR PROSPERITY:
THE LINK BETWEEN LOCATION,
EDUCATION AND EMPLOYMENT**

SPEECH BY

JENNY MACKLIN
DEPUTY LEADER OF THE OPPOSITION
SHADOW MINISTER FOR EMPLOYMENT, EDUCATION,
TRAINING AND SCIENCE

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I would like to congratulate the Melbourne Institute and the *Australian* newspaper for bringing together so many Australian researchers, commentators and policy makers to discuss many of the vexing issues facing our nation, and most of all to discuss policy options.

Over the decades, Australia has demonstrated that it can create innovative public policies that become models then replicated in different forms, internationally.

Two that come to mind in my portfolio alone are the Higher Education Contribution Scheme and the concepts of reciprocal obligation embedded in the Working Nation policies.

Policy development shouldn't occur in a vacuum. The more views we consider, the greater the potential for more innovative and effective policies.

It is the area of unemployment that is long overdue for some very serious policy debate in Australia, and some preparedness to face up to the fact that huge numbers of Australians don't have a job or don't have enough work.

After a decade of economic growth, unemployment in Australia remains persistently high.

There are currently over 650,000 Australians who are out of work.

This is a substantial number of people – 6.6 percent of our labour force, or the equivalent of half the population of Perth.

For young people, the figures are even more disheartening. One in four of our kids can't get a job.

And most of these people have been looking for work for a long time. The statistics show that job seekers are looking for work not for six weeks, not for three months, not even for six months. The average period of time out of work for an unemployed Australian is nearly a year. For unemployed men in their forties and fifties, it is nearly two years - 75 weeks.

A few weeks ago, I spent an afternoon talking to a group of long-term unemployed people in Newcastle. Many had been without permanent work since being retrenched from BHP in 1999.

They spoke about how demoralising it is to cobble together bits of work, trying to make ends meet. Of how stressful and disruptive it is to be permanently 'on call' for the occasional shift stacking shelves in the local supermarket. How they would get the odd bit of labouring work – a few days here and there – but then nothing for months.

The message from the Newcastle forum was that there are simply not enough jobs to go around.

Over 150,000 Australians - or the equivalent of the entire city of Geelong - have been out of work for more than 12 months. Among the long-term unemployed, three in five have been out of work for more than two years.

The pattern is a short spell in a casual job followed by another extended period looking for work.

These already substantial figures do not capture the 150,000 Australians who are our hidden unemployed, or the more than 400,000 people who can't get as much work as they need or want.

There is a substantial number of job-poor people, and we haven't even considered the enormous growth in the number of people on disability benefits - a massive increase from 460,000 five years ago to over 600,000 today.

When the unemployed, the underemployed, the hidden unemployed and disability pensioners are added together, there are over 1.75 million job-poor Australians.

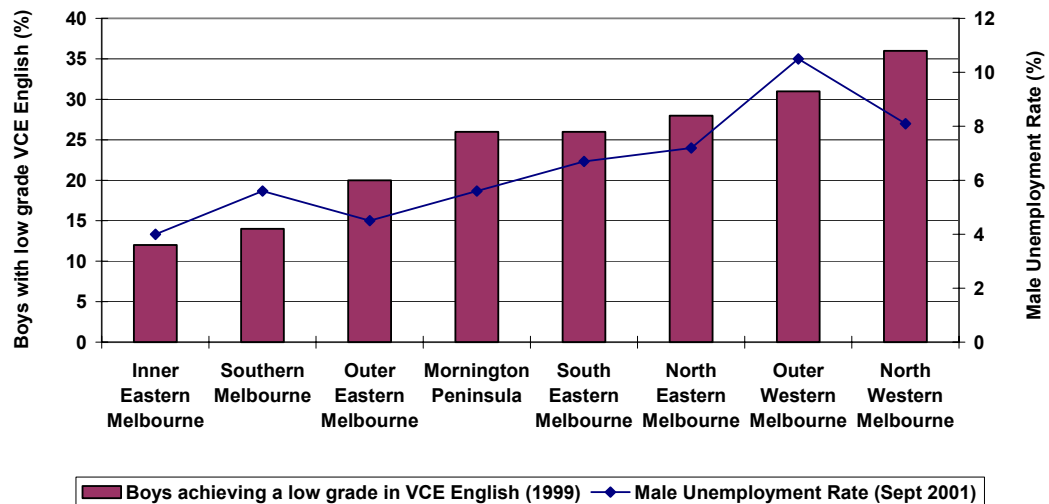
Alarming as they are in the aggregate - what these staggering numbers don't reveal is the very significant geographic dimensions of unemployment.

More and more, getting a job in Australia in the twenty-first century is about where you live and the opportunities that provides to get a good education and the skills that prepare people for work.

I would like to put up two overheads that highlight why geography matters to opportunity - why it matters here in Melbourne. And remember, this pattern of segregation is repeated across the country.

Overhead 1 - School Achievement and Unemployment

Male School Achievement and Unemployment Rates Melbourne Statistical Regions



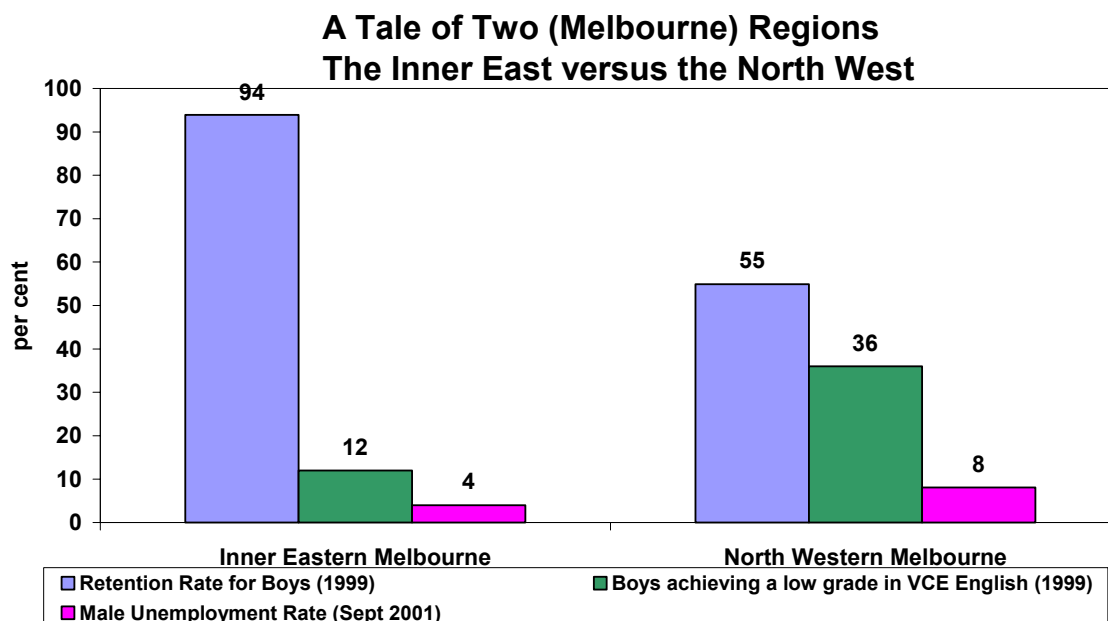
This overhead looks at eight regions in Melbourne. The columns measure what proportion of boys in each region received a ‘low grade’ (E or lower) in VCE English in 1999. In schools in the eastern and southern suburbs, 12 or 13 per cent of boys were in the lowest band. In schools in the western suburbs, it was over 30 per cent.

And remember that this is the good news story – this is about the educational attainment of the boys we manage to keep at school. As we will see in a moment, nearly half of the boys at schools in the outer and north west are leaving early.

The overhead also shows the male unemployment rates for each of these regions. Again, the picture tells the story. In regions where boys are dropping out of school or performing poorly, unemployment is much higher. While unemployment in the eastern and southern regions is four or five per cent, in the western suburbs it is eight to ten per cent.

So not only are the students in these regions leaving early – or leaving with a much smaller chance of getting into an apprenticeship, TAFE or university – they are leaving with a much smaller chance of getting a job.

Overhead 2 – A Tale of Two Regions



In this overhead I focus on just two regions – the inner East and the North West. It is an overhead that gives meaning to phrases like ‘polarisation’ and ‘differential life chances’.

In inner Eastern Melbourne, the retention rate for boys in 1999 was 94 per cent; 12 per cent of boys attained low grades in VCE English and the current unemployment rate for men is four per cent.

The contrast with North Western Melbourne could not be sharper. In 1999, the retention rate was just 55 per cent; more than 35 per cent attained low grades in VCE English and the male unemployment rate is still over eight per cent.

The egalitarian ethos that we subscribe to as Australians instils in us the belief that it shouldn't be about what suburb or country town you grow up in, or even how well-connected your family is. Getting a job should be about what you know and having the opportunity to use your particular skills.

This is what we mean by giving someone a fair go.

When we put the two overheads together we see very clearly that successes in education and the labour market are highly polarised depending on where you live.

These overheads show that our cities are segregated between the education-rich and the education-poor and that this almost directly translates into job-rich and job-poor.

ABS figures released last week confirm the strong link between education and a person's capacity to get and keep a job.

These figures show that three-quarters of the individuals who were unemployed in July 2001 did not have an educational qualification beyond Year 12. That means that people who leave school early are three times more likely to be unemployed than people who finish high school.

And some people want to say that unemployment is just about wages being too high or people being job snobs.

What these graphs illustrate is that unemployment will continue unless we improve the capacity of our educational institutions – our early childhood learning facilities, our schools, our TAFE and vocational education system and our universities – to deliver for all Australians regardless of where they live.

They show that our employment policies and our education solutions need to be closely and strategically related.

The Victorian Government understands the importance of these issues. It has introduced a range of strategic initiatives for the students who make up the reality of the data I have presented. These initiatives focus on the individual needs of young people and the establishment of support networks. They include innovative programs for learning and employment networks at the local level and for mentoring students at risk of leaving the education and training system to manage their own pathways to employment and to further education and training.

Australian egalitarianism – our commitment to a fair go - depends on us breaking the link between geography, education and joblessness.

The new Education Minister has taken a contrary view – his recent comments indicate he will further entrench this segregation in Australian society.

According to Brendan Nelson, young Australians don't complete high school because, he says:

“...not all of us are biologically or emotionally equipped or want to undertake that level of study”

According to the Minister, Australian kids are dropping out of school - not because the education system is failing them - but because some students are just not biologically or emotionally up to it.

Those that aren't up to it, he says, can spend their lives in what he describes as “a quiet pond”.

It is a very stagnant pond for a large number of people.

The future, however, does not have to be about further entrenching inequity.

I am not going to stand by and watch this happen.

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The first thing we need to acknowledge is that Australia's educational system is not universal.

We need a clear commitment to an education and training system that is genuinely universal.

The struggle for the right to education for all has been a common theme in the history of education in this country.

The evidence from national and state literacy and numeracy testing is that success often depends on socio-economic and regional factors.

For example, in the New South Wales Basic Skills tests for literacy and numeracy, students in the eastern suburbs and the north shore are achieving significantly higher levels than their counterparts in the outer western suburbs and regional centres like Broken Hill, Moree and Dubbo.

It is the lack of universal access to early childhood learning opportunities as well as family disadvantage that are the root causes of the different scores.

Many children from education-poor postcodes begin school having had little or no access to early childhood education programs, nor the opportunity to engage with structured learning programs. Most will be unable to read and will need extra time to build up their reading, listening and speaking skills.

By contrast, other children in more affluent areas will go to their first day of school able to read and with a sound background in structured learning. They will also have access to substantial learning materials and resources in their homes and communities.

That this learning disadvantage appears so early in a child's education and correlates so strongly with geographic location is a national disgrace.

Australia's failure to make changes to our education system so that all kids get a fair start in life should be treated with the same outrage and call for action that besets companies that fail to change their safety procedures despite repeated accidents.

Australian society meters out severe penalties to companies that put people at risk yet we tolerate the tragedy of education-poor postcodes that further cement the establishment of job-poor communities.

The evidence shows that early childhood education is vital to future success in learning. Countries like Canada and the UK have responded with major policy initiatives across all levels of government. But Australia has yet to see any policy attention or leadership from the Commonwealth Government on the development of an 'Early Years' agenda.

Unless addressed, early learning inequality compounds each year, making it more and more difficult for kids from education-poor postcodes to make a successful transition to work, further education or vocational training at the end of compulsory schooling.

Australia is failing too many young people who are attempting these difficult transition. This has dire employment consequences for those who fail to jump the divide.

For all of the past decade, the proportion of teenagers who are excluded from full-time employment or from any form of education and training has remained at about 15 per cent.

Fifteen per cent – that means that around 200,000 young people aged 15-19 years are marginalised *each year* both from the labour market and from the education and training system. 200,000 of our young people are falling through the cracks every year.

Most of these young people will stay marginalised. Potentially they become part of a pool of some half-a-million people who will be alienated from our social and economic life over the decade. These are the people who are over-represented in our unemployment, health, crime and imprisonment statistics.

The current Commonwealth Government's policies based on choice of private schooling are not even within their frame of reference – even if they thought the educational programs were for them, they and their families would be excluded by even modest fees.

These young people have difficulty navigating paths between school and TAFE, or an apprenticeship or traineeship. They need help in working out their options and in making decisions for their particular needs and circumstances. And they need dedicated resources and professional expertise to work with them so that they can be confident of their options.

We need to break down the barriers that close off education options.

For example, many universities refuse to provide full credit transfer for relevant TAFE courses on the grounds that the focus on 'competencies' in the vocational education and training sector are unacceptable to a university concerned with ranking students on quality criteria.

This case also confronts the different ways TAFE colleges and universities treat student contributions. Most university students defer their liabilities through the Higher Education Contributions Scheme, while TAFE students face a range of student fees and charges.

Then there is the effect of different rates and sources of funding. Schools wanting to provide vocational courses to their Year 11 or Year 12 students through a TAFE college are usually required to pay TAFE fees or charges, along with other costs such as workplace materials, transport and workers' compensation. For most schools this is additional to their general resource allocation, and most can't afford the additional costs. But if they then try to re-train their own teachers so that they can do the right thing by their students, they face criticism from TAFE and from some employers about the relevant vocational skills and experiences of those teachers.

These are very practical barriers. They create a ‘no win’ for many students. And certainly a no win for the economy we need to create.

Governments need to take the lead in creating the conditions for a comprehensive and integrated education and training system; one that can build and support Australia as a country that is distinct in its traditions, but respected for its intellectual and innovative contribution to the modern, international economy.

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The solutions are there – our education institutions can and must respond to the needs of their communities.

Just last week I visited Salisbury High School in the northern suburbs of Adelaide – a school that has been breaking down the barriers and increasing student options.

Life can be tough for people living in Salisbury.

The area has one of the highest unemployment rates in metropolitan Australia at around 10%. Youth unemployment is at 18%.

The young people in Salisbury are some of the most disadvantaged in South Australian and for too long they have been fenced in to a life of poverty, unemployment, crime and drugs.

Ten years ago the local high school was in trouble and there was talk of it being closed down. High rates of absenteeism, low retention levels, and falling enrolments all contributed to the rising levels of youth unemployment in the area. Fewer than 5% of students made it to university and more than half never reached Year 12.

Something needed to be done if the kids in Salisbury were to be given a better chance at getting out of the cycle of poor education and high unemployment.

So in 1995 Salisbury High School changed.

It implemented an innovative program to re-engage students and provide flexible pathways to employment and further education.

Today, Salisbury High School has Year 12 retention rates between 80 and 90 per cent.

The school has the highest university intake in the area. Salisbury has doubled the enrolments of the early 1990s and now has a burgeoning waiting list.

Last year, Salisbury High School was a winner of the *Australian* newspaper’s School of the Year Award.

These are remarkable results for a school that was on the verge of being closed down 10 years ago due to lack of educational standards and poor retention.

But some extremely innovative and well-targeted programs have been implemented to turn the school around.

Salisbury has complemented its academic curriculum with a program that provides VET subjects in the school as part of secondary education.

This means that students are provided with a very wide range of study pathways to their Year 12 certificate. What's more, further education students can return to the school to participate in some of the VET courses which can provide direct access to university or TAFE study.

IT, for example, can be taken as either a Year 12 subject, or as a Diploma or Certificate in Information Technology. The school attracts a range of different IT students, some of whom are in Year 12, others have worked for a year or two and returned to school in order to get Salisbury's highly respected IT qualification as a pathway to further study.

Salisbury was the first school in South Australia to develop formal working and sponsorship arrangements with local industry, involving companies as big as British Aerospace, Holden and Hilton International. Each year, one student from the school receives the coveted Hilton traineeship, worth \$15,000 and awarded by the hotel to only 20 other trainees annually.

The school has recently introduced a program of intensive assistance for Year 10 students identified as at-risk of early school leaving. The program has been phenomenally successful. It provides students with training in personal leadership and positive communication training and has lifted Year 10 retention rates amongst at-risk students from 54 percent in 2001 to 88 percent in 2002 amongst students provided with intensive assistance.

Unfortunately, however, until we break down institutional barriers, the successes at Salisbury State High will continue to be achieved against the odds.

Schools like Salisbury will continue to be a rare example of what is possible to lift the educational achievements of poorer areas.

Getting better transition arrangements in place for students and between different types of educational institutions is one of my top policy priority areas.

If Australia can improve its transition arrangements and better assist young Australians cross the divide between school and work, we will reduce youth unemployment. We will also improve access to post-compulsory education and head off long-term labour market disadvantage.

In the closing session of the conference I am going to talk about the type of policy reforms required in the education and vocational training if we are to build a high-wage and high-skilled future. But I want to close this address by suggesting that if we care about creating a dynamic and inclusive economy then we have to ensure that all Australians are positioned to participate in it. We have to tackle the polarisation in access to education and educational attainment.

My message today is that you cannot split a discussion of unemployment and employment policy from a serious dialogue about education.

I would suggest that the time has come for some open letters to the Prime Minister about reforming the education and training system. What changes do we need to make if we want to build a job- and opportunity-rich economy - as well as an enriched society – and how do we ensure that it is open to all?

Labor is starting the process of shaping the answers to these questions. I am talking to teachers, principals, parents, young people, and employers about what needs to change to stop geography locking Australians into a pattern of unemployment. The first step must be investing in education and training and removing the barriers between institutions so students, wherever they live, get a fair start in life. That's an important key to reducing Australia's unemployment problem and opening up opportunity and prosperity for all.