

August 2019

# Submission – Inquiry into measurement and outcome-based funding in New South Wales schools



**NSW Business Chamber**

140 Arthur Street

North Sydney NSW 2060

## About the Chamber

The NSW Business Chamber ('the Chamber') welcomes the opportunity to make a submission to the *Inquiry into measurement and outcome-based funding in New South Wales schools*.

The Chamber is one of Australia's largest business support groups, with a direct membership of more than 20,000 businesses, providing services to over 30,000 businesses each year.

The Chamber works with thousands of businesses ranging in size from owner operators to large corporations, and spanning all industry sectors from product-based manufacturers to service provider enterprises.

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## **INTRODUCTION**

As part of the 2019-20 Budget, the NSW Treasurer announced a move to outcome budgeting. This reform is to commence in education and identifies four State Outcomes to be delivered by the Education cluster.

These four outcomes should be the baseline expectations for any education system: providing a high standard of education, delivering high quality early childhood education, improving teacher quality and delivering a skilled and employable workforce.

The Legislative Council's *Inquiry into measurement and outcome-based funding in New South Wales schools* has been released to consider this issue further.

The Chamber's submission primarily addresses the following Term of Reference:

*1(d) how schools should be funded into the future and whether New South Wales growth funding, including from Gonski and other sources, should be linked to outcomes and performance.*

The Chamber appreciates this submission forms the first formal opportunity to participate and will continue to engage as the Inquiry progresses.

## SUBMISSION

The Chamber's report *Old School New School*<sup>1</sup> identified a number of important social and economic outcomes from education including:

- strengthening citizenship, supporting community cohesion, promoting mutual understanding of different cultures and values, and instilling an appreciation of the value of economic activity;
- developing skills and competencies that enable young people to become productive workers and lifting community living standards;
- creating opportunities for personal growth and fulfilment in life; and
- promoting equality, social inclusion and economic progress.

A successful NSW education system should equip its participants to flourish; personally, socially and economically.

However, it appears that the system is not consistently supporting students to flourish in the workplace. Over half of employers recently reported that the education system was not equipping young people with the skills, knowledge and capabilities they need when entering the workforce.<sup>2</sup>



As schools and students have focussed on university as the preferred pathway from school, with commensurate increases in enrolments in university undergraduate courses<sup>3</sup>, NSW has seen a decline in the number of government funded vocational education and training (VET) student enrolments, from around 480,000 in 2003 to around 390,000 in 2017.<sup>4</sup>

Further, there were only 2,500 School-Based Apprentices and Trainees in NSW in 2017 compared to 11,300 in Queensland.<sup>5</sup> The recent independent review of Australia's VET system noted, "While university education is very important, it is not the only or even the most suitable method in many industries for learning the skills workers need to succeed."<sup>6</sup>

<sup>1</sup> NSW Business Chamber. *Old School / New School*. November 2017. Retrieved from: [https://www.nswbusinesschamber.com.au/NSWBC/media/Policy/OldSchoolNewSchool-FullReport\\_1.pdf](https://www.nswbusinesschamber.com.au/NSWBC/media/Policy/OldSchoolNewSchool-FullReport_1.pdf) on 9 August 2019.

<sup>2</sup> NSW Business Chamber. July 2019. 2019 Workforce Skills Survey. Unpublished.

<sup>3</sup> Department of Education and Training. Higher Education statistics. Accessed via uCube retrieved from <http://highereducationstatistics.education.gov.au/> on 14 August 2019.

<sup>4</sup> NCVET. Government-funded students and courses. 2018. Retrieved from <https://www.ncver.edu.au/research-and-statistics/publications/all-publications/government-funded-students-and-courses-2018> on 14 August 2019.

<sup>5</sup> NCVET. VET in Schools 2017. Retrieved from: <https://www.ncver.edu.au/research-and-statistics/data/all-data/vet-in-schools-2017-data-slicer> on 16 August 2019.

<sup>6</sup> Commonwealth of Australia, Department of the Prime Minister and Cabinet, *Strengthening Skills*. April 2019. Retrieved from: [https://pmc.gov.au/sites/default/files/publications/strengthening-skills-independent-review-australia-vets\\_1.pdf](https://pmc.gov.au/sites/default/files/publications/strengthening-skills-independent-review-australia-vets_1.pdf) on 13 August 2019.

At the same time, widespread skills shortages are being experienced by businesses across the state with more than 55 per cent of businesses with five or more employees reporting a skills shortage.<sup>7</sup> As shown in the short video below, many businesses frequently cite skill shortages as a key concern.<sup>8</sup>



Recent research conducted by the Chamber identified the breadth of demand for skilled workers with more than 82,000 jobs vacant state-wide due to skill shortages.<sup>9</sup>



Within this context, there is no funding allocated to NSW schools to ensure that students are being provided with, and informed about, the breadth of skills needed in the future.<sup>10</sup>

The NSW Government must therefore use this opportunity to reform how it recognises schools' achievements in equipping students with the skills needed to gain employment and not just focus on a student's ability to sit a test.

Accordingly, the Chamber supports a move to outcome-based funding in principle, with the following key recommendations:

1. Outcome-based funding must take a **holistic view of student outcomes** and not focus solely on standardised tests.
2. Future funding should ensure that schools are **supporting students to develop a core set of transferable skills** in, for example, communication, teamwork and problem solving.
3. **Funding for careers advice and industry liaison in schools is increased.**

<sup>7</sup> Note 2

<sup>8</sup> NSW Business Chamber. December 2018. Keeping NSW Number 1 campaign. Video retrieved from: [https://www.youtube.com/watch?v=q40-PFDMhc0&list=PLmFiQp3NzOLM\\_JOUd1MXwuqyxRTMnibi3&index=4](https://www.youtube.com/watch?v=q40-PFDMhc0&list=PLmFiQp3NzOLM_JOUd1MXwuqyxRTMnibi3&index=4) on 16 August 2019.

<sup>9</sup> Note 2

<sup>10</sup> NSW Department of Education. Resource Allocation Model. Retrieved from: <https://education.nsw.gov.au/our-priorities/work-more-effectively/local-schools-local-decisions/resource-allocation-model> on 14 August 2019.

## Recommendations

### **1. Outcome-based funding must take a holistic view of student outcomes and not focus solely on standardised tests.**

NAPLAN, ATAR and the HSC are not the only ways of measuring a student's success. The Chamber is concerned that if funding incentives solely reward gains in standardised tests, schools will further prioritise teaching towards those tests. This risks coming at the expense of offering students a broader development of key life-long skills.

Outcome-based funding presents an opportunity to target alternative outcomes which are not currently consistently valued by Government and are sometimes ignored in a school setting but which may be of benefit to both student and the broader community. Such outcomes include, but are not limited to:

- The number of partnerships between schools and employers, including, for example, the number and quality of work placements undertaken by students.
- The number of students in years 9 and above who have received contemporary industry specific careers advice.
- The number of school-based apprenticeships and traineeships (SBATs) successfully completed.
- The number of VET units completed in each school, potentially focussed on units in a skills shortage area.
- Employment and/or continued learning outcomes for students post-school, targeted at disadvantaged schools with an ICSEA score below 1000.

This funding could be used to increase teacher numbers to support delivery of VET in schools or to provide wraparound services that support students to complete their schooling. Continued funding would be determined by the proportion of students achieving these outcomes.

The measurement of employment or continued learning outcomes would likely require the development of an ongoing post school survey, similar to the Victorian Government's On Track<sup>11</sup> survey of school leavers or the Queensland Government's Next Step post-school destination surveys<sup>12</sup> to better monitor student outcomes and school performance in terms of progress to work and further study.

ATO or Centrelink data can also support the assessment of employment outcomes. Unique Student Identifier data can be used for monitoring students' ongoing education status.

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<sup>11</sup> Victoria Education and Training. On Track survey. Retrieved from <https://www.education.vic.gov.au/ontrack> on 14 August 2019.

<sup>12</sup> Queensland Government. Next Step post-school destination surveys. Retrieved from <https://qed.qld.gov.au/publications/reports/statistics/schooling/learning-outcomes/next-step> on 14 August 2019.

## **2. Future funding should ensure that schools are supporting students to develop a core set of transferable skills in, for example, communication, teamwork and problem solving.**

It is becoming increasingly unlikely that people will have one career during their lifetime, with one report suggesting that young people will potentially have 17 different jobs over five careers in their lifetime.<sup>13</sup>

Many of the jobs created in the next four years are likely to not only require some training but a level of human interaction.<sup>14</sup> Recent research has indicated that two-thirds of jobs created between now and 2030 will be strongly reliant on soft skills, including communication and interpersonal skills.<sup>15</sup>

The Chamber's research further supports these findings. The 2019 Workforce Skills Survey found that over a quarter of respondents that had employed a young person reported that the person was either not at all or only somewhat prepared for the workplace due to inadequate soft skills.<sup>16</sup>

These findings highlight the importance of schools developing student's lifelong skills such as interpersonal and communication skills. Future funding mechanisms must ensure that schools support students to develop a balance of specific competency-based skills, as well as broader core skills transferable throughout their careers.

## **3. Funding for careers advice and industry liaison in schools is increased.**

High-quality information on the jobs of the future will be critical in encouraging school students into work or further study. Careers advice helps young people to make informed decisions. However, NSW public high schools with 1300 students generally receive an allowance for 1.0 FTE teacher to provide careers education. This equates to, optimistically, around 1 hour of careers advice per student every year.

Research performed by the Chamber shows the importance of high-quality careers advice and guidance in supporting young people to make the best decisions about education and employment. Sadly, it also shows that they are frequently unable to access such advice. Of the more than 30,000 15-24 year olds who participated in the Chamber's Skillsroad Youth Census 2018, only 52 per cent of respondents felt that they had received quality career advice throughout their schooling.<sup>17</sup>

To improve the capacity of students to make effective decisions, quality information about career opportunities and long term skills needs must be made more readily accessible to students. Schools need to have the resources to deliver more than 1 hour of advice each year.

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<sup>13</sup> Foundation for Young Australians. The New Work Smarts. July 2017. Retrieved from [https://www.fya.org.au/wp-content/uploads/2017/07/FYA\\_TheNewWorkSmarts\\_July2017.pdf](https://www.fya.org.au/wp-content/uploads/2017/07/FYA_TheNewWorkSmarts_July2017.pdf) on 13 August 2019.

<sup>14</sup> Department for Jobs and Small Business. Employment Outlook to May 2023. December 2018. Retrieved from: <http://lmip.gov.au/default.aspx?LMIP/GainInsights/EmploymentProjections> on 14 August 2019.

<sup>15</sup> Deloitte Access Economics. June 2019. The path to prosperity: Why the future of work is human. Retrieved from: <https://www2.deloitte.com/au/en/pages/building-lucky-country/articles/path-prosperity-future-work.html> on 14 August 2019.

<sup>16</sup> Note 2

<sup>17</sup> NSW Business Chamber. 2018 Youth Census Report. September 2018. Retrieved from <https://www.skillsroad.com.au/youth-census-2018> on 9 August 2019

To achieve the outcomes in Recommendation 1 and to help students gain an insight into work, it is also recommended that funding is made available for designated and dedicated industry liaison staff in schools to support the creation of partnerships with employers and to organise and monitor work experience and work placements. These staff could broker partnerships with business and ensure that high quality work placements are available to students to support the provision of VET in schools.

Without such support structures in place, schools will likely fail to achieve the outcomes set out in Recommendation 1.

The education system needs to ensure that schools are promoting the breadth of opportunity available to students post-school. We hope that this Inquiry will bring about change for the start of the 2021 academic year, with funding provided to support students in achieving a range of outcomes and not only focussing on standardised test scores.