New South Wales Auditor-General’s Report
Performance Audit
The impact of the raised school leaving age
Department of Education and Communities
The role of the Auditor-General

The roles and responsibilities of the Auditor-General, and hence the Audit Office, are set out in the Public Finance and Audit Act 1983. Our major responsibility is to conduct financial or ‘attest’ audits of State public sector agencies’ financial statements. We also audit the Total State Sector Accounts, a consolidation of all agencies’ accounts.

Financial audits are designed to add credibility to financial statements, enhancing their value to end-users. Also, the existence of such audits provides a constant stimulus to agencies to ensure sound financial management.

Following a financial audit the Audit Office issues a variety of reports to agencies and reports periodically to parliament. In combination these reports give opinions on the truth and fairness of financial statements, and comment on agency compliance with certain laws, regulations and government directives. They may comment on financial prudence, probity and waste, and recommend operational improvements.

We also conduct performance audits. These examine whether an agency is carrying out its activities effectively and doing so economically and efficiently and in compliance with relevant laws. Audits may cover all or parts of an agency’s operations, or consider particular issues across a number of agencies.

Performance audits are reported separately, with all other audits included in one of the regular volumes of the Auditor-General’s Reports to Parliament – Financial Audits.

Peter Achterstraat
Auditor-General
1 November 2012
# Executive summary

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Executive summary

Background

Studies here and overseas have found that teenagers who leave school early are two and a half times more likely to be unemployed, earn lower wages, have poorer health or be involved in criminal activities. The longer a young person remains at school the better their prospects are.

In New South Wales, compulsory school attendance was set to 15 years of age in 1943. While most other States had raised the school leaving age to 17 years of age by 2009, in New South Wales it remained at 15 until 2010.

The NSW Government passed laws to raise the school leaving age from 15 to 17 years of age, effective from 1 January 2010. This means that all students in the State must complete Year 10 of secondary schooling or turn 17 years of age, whichever comes first. If students complete Year 10 but are not yet 17 years of age they must continue in full-time education, training, paid work, or a combination of these activities, until they turn 17 years of age. Where a student has completed Year 10 and chooses one of the options other than school, principals verify that they have either obtained full-time paid work or have been accepted into a vocational education program.

A wide choice of subjects, flexible timetables and targeted careers advice was to be made available to help students choose an appropriate career path. Schools were also to implement strategies and programs to support the group of students who would have traditionally left school when they turned 15 years of age, often during Year 10. However they must now remain at school until they turn 17 years of age.

The NSW Government estimated that student numbers would increase gradually to about 8,900 additional students per year either at school or in vocational education and training programs. To support this initiative, the NSW Government estimated that more than $300 million would be required over four years from 2009–10 to support government schools and Technical and Further Education Commission (TAFE).

In 2010, 98 per cent of the 54,607 students enrolled in Year 10 at government schools were under 17 years of age. This group of students, the 2010 cohort, are the first to be affected by the raised school leaving age.

Parents are responsible for the participation of their children in compulsory education and training. Since 2010, in addition to parents facing legal action, young people over 12 years of age can now also face legal action under certain circumstances.

These changes made it clear that participation in full-time education, training, paid employment or a combination of these was compulsory for young people who are 15 to 17 years of age.

This audit examined how well the Department of Education and Communities (the Department) monitors and supports young people at school or on an approved alternate pathway until they reach 17 years of age.

While these changes in legislation affect students at both government and non-government schools, we have looked at students attending government schools only.

Conclusion

The Department monitors the attendance of all students who remain enrolled at government schools, and responds when these students fail to attend. For young people that have been granted an exemption from attending school, the Department monitors apprentices, trainees and those completing the equivalent of Year 10 of secondary education at TAFE.

However, the Department does not monitor young people post Year 10 in full-time work or vocational education programs until they turn 17 years of age. In accordance with the law, it is a parent’s responsibility to make sure that a child is attending school or involved in an approved alternate activity until they turn 17 years of age.
Of the 54,607 students enrolled at government schools in Year 10 in 2010, only 47,695 enrolled at government schools in Year 11 the following year. This leaves 6,912, or one in eight students, on an approved alternative pathway, enrolled in a non-government school or not participating as required.

However, the Department does not know the number of young people on each pathway. This means that it does not know how many young people are not participating.

The raised school leaving age has meant that students who would otherwise have left school at 15 years of age are now required to remain at school to complete Year 10 and then choose another approved pathway. The Department and schools have supported these students by providing career advice, by expanding their curriculum beyond the traditional HSC subjects, and by introducing innovative programs. But more could be done to support these students. Schools need to provide programs that better suit these students’ needs and ensure students have access to high quality career advice.

There is also evidence that more students who remain at school until 17 years of age are disengaged.

Year 11 students now are absent more often and more likely to be suspended than those in previous years. And fellow students report that when they are in class, disengaged students are a frequent source of classroom disruption. The impact of managing these disengaged students has put a strain on already stretched resources.

Overall, the raised school leaving age is an important initiative that should have positive impacts. However, the Department needs to do more to ensure that its implementation realises its potential benefits.

Opportunities to improve the success of this initiative lie in ensuring students don’t fall through the gap and maximising the choice of options that engage and meet the needs of students both in Year 10 and post-Year 10 until they turn 17 years of age. This is more likely to encourage young people to continue education and training than any punitive action. It may even result in them staying at school to complete their Higher School Certificate (HSC) whether or not they intend to transition to tertiary studies.

**Supporting findings**

**Does the Department monitor whether young people remain at school or on an approved pathway until they turn 17 years of age, and does it intervene when necessary?**

The Department monitors the compulsory attendance of those students who are enrolled at school, involved in apprenticeships and traineeships or have chosen to complete the equivalent of Year 10 of secondary education at TAFE.

However, there is a risk that students who do not enrol at school after Year 10 may be falling through the gap. Our concern is that the Department does not know which students are missing and therefore cannot take any action to support them.

In 2011, nearly 7,000 students failed to enrol for Year 11 in government schools. They may have turned 17 years of age, have enrolled in a non government school or moved interstate. They may have enrolled in TAFE courses although, surprisingly, we found that enrolments had decreased by over 4,000, more than 13 per cent, in the year following the raised school leaving age.

Some who have turned 15 years of age and completed Year 10 may also work full-time or take up other vocational education and training programs, including apprenticeships and traineeships. Principals verify that students who leave school after completing Year 10 satisfy the statutory requirements for participation. However, the number of students leaving school under these circumstances is not collected by the Department. So we do not know how many of these students are undertaking approved activities, or have gone elsewhere, or have just decided to drop out.
The Department intervenes when enrolled students fail to attend government schools. Yet we found that students in the 2010 cohort in both Year 10 and Year 11 were absent more often than students in previous years. Each student missed an average of 25 days of school, or half a school term, each year.

The increasing absences increase the demand placed on Home School Liaison Officers (HSLO) who work directly with schools. The Department reports that in 2012 as many as 20 students in both Year 10 and Year 11 in the majority of high schools across the State have been referred to the service to investigate their habitual non-attendance. These officers report that this group of students represents around 30 to 50 per cent of their caseload.

In the second half of the 2011 school year, 17 compulsory school orders were issued against young people 15 to 17 years of age. This escalated to 165 actions commenced in the first four months of 2012. In April this year the Minister for Education approved a moratorium on legal action for poor school attendance involving young people 15 years and above until the beginning of 2013. This was to allow for the development of more options, such as reviewing curriculum and providing alternative education programs, to better engage students at school.

Does the Department ensure students have access to appropriate courses and pathways?

The Department and schools have had mixed success in providing appropriate courses and pathways that are relevant, meaningful and useful to the needs of 15 to 17 year olds.

On the positive side, there has been an increase in new courses available at schools expanding the choice beyond traditional HSC subjects with some very innovative programs developed at the local level.

A recent survey of government school students affected by the raised school leaving age found that programs and pathways varied greatly from school to school with small isolated schools having fewer opportunities. Responding students indicated that the options could be expanded and improved to better meet their needs.

Schools provide career and subject information to help students understand the range of options available. Careers advisors are important to help students make suitable career choices by understanding their needs, interests and abilities and helping them access course and pathway options that meet their needs. The Department provides support programs for students identified at risk of disengaging and schools refer students to these programs. However, the Department is not monitoring unmet demand.

Some schools demonstrated good practices to help their students to access options that meet their needs. However, options and support varies across schools.

Despite an increase in new courses and innovative programs introduced by schools, evidence indicates that more students remaining at school are disengaged, which is indicated by students being suspended more often than students in previous years.

There is a risk that these disengaged students not only disrupt others but also waste teachers’ time.
Recommendations

The Department should:

1. by December 2013, collect data from school principals on student destinations after Year 10 and report annually on the alternate pathways chosen such as full-time paid employment and/or vocational education and training programs (page 13)

2. by December 2013, revise the School Attendance Policy to provide guidance to schools about what constitutes poor patterns of attendance which would normally trigger a response by the school (page 15)

3. by June 2013, collect data on referrals of 15 to 17 year olds to HSLO’s for poor attendance and examine the outcome for students to inform planning and identify training needs of HSLOs and school attendance personnel (page 15)

4. by June 2013, review the enrolments of 15 to 17 year olds in TAFE courses in those regions where there has been a decline to determine if there are any practices that discourage enrolment (page 16)

5. by April 2014, update and publish further case studies of good practice that demonstrate innovative and flexible approaches taken by schools to engage students affected by the raised school leaving age (page 20)

6. by December 2013, further report on actions taken to develop and implement appropriate alternative education programs (page 20)

7. by June 2013, in regards to career advice for 15 to 17 year old students, examine:
   - student access to advice
   - the quality and appropriateness of advice, information and materials provided (page 24).

8. by June 2013, collect data on referrals of 15 to 17 year olds to targeted support programs and identify and develop strategies to respond to unmet demand (page 24).
Response from the Department of Education and Communities

MT12/1398

Mr Peter Achterstraat
Auditor-General
Audit Office of New South Wales
GPO Box 12
SYDNEY NSW 2001

Dear Mr Achterstraat

I write in response to your letter of 28 September 2012 regarding the Impact of the Raised School Leaving Age performance audit report.

Regular attendance at school is critical to student success. The report recognises that while parents and carers have responsibility for ensuring their children attend school, or are registered with the Board of Studies NSW for home schooling, there are a number of strategies that NSW government schools are employing to encourage attendance of students and to make learning engaging for every student. These will continue to be areas of focus for NSW government schools, particularly in relation to meeting the needs of students continuing with their schooling as a result of the raised school leaving age.

I am pleased that the report acknowledges the Department’s interventions when enrolled students fail to attend government schools, the increase in new courses available at schools expanding the choice beyond traditional HSC subjects, as well as the innovative programs developed at the local level to engage disaffected students. The report also notes the importance of the support provided to students by careers advisors and Home School Liaison Officers.

I note that due to the relatively recent introduction of the raised school leaving age, the performance audit is largely based on data relevant to only one cohort.

I also note that the report states “...we found that the Department does not monitor young people under 17 years of age who left school to attend full-time vocational education programs, to work full-time, or to combine part-time work and study” (page 11, paragraph 7). The Department has no responsibility under the requirements of the Education Act (1990) to monitor students on all approved pathways, including those in full-time work.

The report’s recommendations focus on a number of key areas:

- improvements to data collection;
- revision of the School Attendance Policy and monitoring of referrals of 15-17 year old students to Home School Liaison Officers and targeted support programs;
- identification of effective strategies to engage disaffected students, including alternative education programs; and
- examining access to quality career advice for 15 – 17 year old students.

NB. In preparing the report for printing, the quote referred to as appearing on page 11 in this letter now appears on page 12.
I thank the staff at the Audit Office of New South Wales for their collaborative approach to the conduct of this audit. The Department’s consideration of the recommendations will be made in the context of policy reforms such as Local Schools, Local Decisions, curriculum requirements, school management practices, and the industrial and employment conditions for New South Wales teachers. TAFE NSW Institutes will continue to work in partnership with schools to promote and support the engagement, retention and achievement of young people of compulsory school age.

In closing, I would also like to recognise the outstanding contribution made by principals and teachers in our secondary schools, staff in TAFE NSW Institutes and those working to support them in providing high quality education and training outcomes for every student in NSW government schools.

Yours sincerely

Michele Bruniges

Dr Michele Bruniges AM
DIRECTOR-GENERAL OF EDUCATION AND COMMUNITIES
MANAGING DIRECTOR OF TAFE NSW
16 October 2012
Introduction

1.1 The compulsory school leaving age in New South Wales

Until 2009 it was compulsory for students in NSW to attend school until the age of 15 years. On 1 January 2010, the minimum school leaving age in NSW was raised from 15 to 17 years of age. It is now compulsory for young people to complete Year 10 or turn 17 years of age, whichever comes first. If they complete Year 10 but are not yet 17 years of age they must remain at school until they are at least 17 years of age, unless they choose to:

- undertake approved education or training programs, including TAFE, apprenticeships and traineeships
- take up full-time paid work (average 25 hours per week)
- undertake a combination of these.

Principals verify that students who leave school after completing Year 10 satisfy the statutory requirements for participation.

This change brought New South Wales into line with other states that had already increased their minimum school leaving age to 17 years of age. Queensland was the first in 2006, followed by South Australia in 2007, Western Australia and Tasmania in 2008, and New South Wales and Victoria in 2010.

Parents are responsible for the participation of their children in compulsory education and training. Prior to 2010, the only legal option available for breaching this responsibility was prosecution in the local court. Since that time, new legal procedures to enforce attendance are available including compulsory undertakings, conferences, and Compulsory Schooling Orders issued by the Children's Court. Young people over 12 years of age may also face legal action where they live independently of their parents, or when their disobedience is the reason for poor school attendance.

The changes in compulsory school age made it clear that participation in full-time education, training, paid employment or a combination is not optional for young people who are 15 to 17 years of age.

Until recently, students who left school at the end of Year 10 could leave with a School Certificate. Students that continued into Year 11 but who did not complete their Higher School Certificate (HSC) requirements received a Preliminary Record of Achievement.

In 2011, the School Certificate was abolished as they no longer reflected changes such as the increase in the school leaving age and the introduction of National Assessment Program – Literacy and Numeracy (NAPLAN) testing. As of 1 January 2012 students who leave school before receiving their HSC will now receive a NSW Record of School Achievement (ROSA).

The ROSA will show Year 10 grades as well as grades for any courses completed in Year 11. If a student starts a course in Year 11 or Year 12 but leaves school before completing it, their ROSA will show enrolment only. It will also show results of any vocational education and training (VET) or life skills courses students complete in Year 10 or Year 11.

1.2 Why was the school leaving age raised to 17 years of age?

The school leaving age was raised to 17 years of age because research showed that students who stay at school longer have better prospects. Studies here and overseas have found that teenagers who leave school early are two and a half times more likely to be unemployed, earn lower wages, have poorer health or be involved in criminal activities.

The raised school leaving age supports key objectives and outcomes of the State Plan and the National Partnership Agreement on Youth Attainment and Transitions (NPA) which aim to increase the educational attainment and engagement of young people under 24 years of age.

The raised school leaving age will also help address the State’s lower than national average school retention rate. In 2009, less than 69 per cent of NSW public school students completed Year 12 while the national average was around 71 per cent. By 2011, NSW had increased to 73 per cent.
Exhibit 1: Apparent retention rate Year 10 to Year 12 in government schools: States and Territories 2008 to 2011

![Apparent Retention Rate Chart]

Source: Australian Bureau of Statistics – Schools Australia, 2011

Key: The apparent retention rate is the number of school students in a designated level/year of education expressed as a percentage of their respective cohort group in a base year. In this Exhibit, the base year is enrolment in Year 10 and rates have been calculated for those who continued to Year 12. An apparent retention rate above 100 per cent reflects more students enrolling in ACT government schools in Year 12 compared to Year 10.

1.3 Which young people were impacted on by the change?

Young people impacted by the raised school leaving age are those that were in Year 10 in 2010 and were still under 17 years of age. The Department advises that there was also a significant impact on younger students who may have planned to leave school at 15 years of age. This continues to impact on schools. The Department commissioned research from 2009 found that early school leavers report having already decided to leave school up to three years before they actually do.

In 2010, 98 per cent of the 54,607 students enrolled in Year 10 at government schools were under 17 years of age. This cohort was the first to be affected by the raised school leaving age.

As a result of the raised school leaving age, the NSW Government thought that student numbers would increase gradually to about 8,900 additional students per year either at school or in vocational education and training programs. The NSW Government estimated that more than $300 million over four years from 2009–10 would be required for government schools and TAFE to support the predicted increase in student numbers. In the first full year of the change, the Department was allocated over $75 million.

Exhibit 2: Funding budgeted to support the raised school leaving age from 2009–10 to 2012–13

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>School-based salaries</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
<td>$000</td>
</tr>
<tr>
<td></td>
<td>11,219</td>
<td>40,652</td>
<td>58,348</td>
<td>60,721</td>
</tr>
<tr>
<td>Operating expenses (including school global funding, building maintenance and cleaning, teacher transfer costs, etc)</td>
<td>4,499</td>
<td>11,489</td>
<td>15,468</td>
<td>16,188</td>
</tr>
<tr>
<td>TAFE</td>
<td>7,347</td>
<td>18,932</td>
<td>23,472</td>
<td>23,472</td>
</tr>
<tr>
<td>Provision of additional classrooms</td>
<td>4,200</td>
<td>4,200</td>
<td>4,140</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>27,265</strong></td>
<td><strong>75,273</strong></td>
<td><strong>101,428</strong></td>
<td><strong>100,381</strong></td>
</tr>
</tbody>
</table>

Source: Audit Office research 2012

Note: Funding for 2009-10 represents part of the financial year from 1 January 2010 to 30 June 2010. The table shows the amount the government estimated would be required to implement the initiative. Actual expenditure on school-based salaries is based on a formula linked to student enrolments.
The Department advised that it has provided additional support to schools that has included:

- communication strategies to inform students and parents of the new legislation
- school development activities
- the Student Feedback Inquiry project
- project implementation officers
- projects aimed at engaging those students at school who would otherwise have left.

The Department also created a transition advisor role designed to support disengaged students individually at school, and provided specific training for this role.

TAFE advised that funds have been allocated to Institutes to:

- support additional post Year 10 students to enrol in and complete Certificate II qualifications
- enrol more than 2,500 (2011) students in programs to support them to stay at school
- fund school-based apprentice costs
- develop local initiatives to attract the ‘hardest to reach’ young people who have left school early
- provide incentives to Institutes where students have successfully completed Certificate II and above qualifications.

TAFE Institutes continue to work in partnership with schools and adjust training delivery and services to respond to the issues encountered as schools, parents, students and communities work through the implications of the legislation.
Key findings

2. Does the Department know where young people are until they turn 17 years of age?

2.1 Does the Department have processes in place to identify young people not attending school and not participating in their approved pathway?

Finding: The Department monitors the compulsory attendance of students enrolled at government schools, involved in apprenticeships and traineeships or who have been approved to complete the equivalent of Year 10 of secondary education at TAFE. However, there is a risk that students who do not enrol at school after Year 10 may be falling through the gap.

Principals verify that students who leave school after completing Year 10 satisfy the statutory requirements for participation. However, the number of students leaving school under these circumstances is not collected by the Department. So we do not know how many of these students are undertaking approved activities, or have gone elsewhere, or have just decided to drop out.

The Department has processes in place to identify young people enrolled at government schools. All government schools report student enrolment data to the Department and are required to track the attendance of individual students.

Before the school leaving age was raised, the Department was not required to know what happened to students after they turned 15 years of age or completed Year 10.

Under the Education Act 1990 (the Act), students who have completed Year 10 but are under 17 years of age can pursue other approved activities. Principals verify that their chosen activity meets the statutory requirements and schools retain this information in student files but are not required to report this data to the Department.

The 2010 Year 10 cohort numbered 54,607 students enrolled in government schools. In 2011, 47,695 students were enrolled in government schools in Year 11. The 6,912 students, or one in eight students, who did not enrol in Year 11 at a government school, had either:

- turned 17 years of age and were no longer required to be at school
- enrolled in a non-government school
- chosen another approved activity under the Act
- moved and were no longer living in NSW
- failed to turn up.

The Department does not collect this information from schools so we do not know how many of these students may be undertaking approved activities or have gone elsewhere or have just decided to drop out.
Exhibit 3: Year 11 enrolments as a percentage of Year 10 enrolments in the prior year, NSW government schools for the 2008 to 2010 cohorts

We expected a larger proportion of Year 10 students enrolling in Year 11 in government schools than previously as a result of the raised school leaving age.

Since the legislation was introduced, there has been an increase of 1,034 in the number of students in Year 11, however the proportion of students transitioning from Year 10 to Year 11 has changed little. Around 87 per cent of Year 10 government school students chose to return to a government school in Year 11. Before the school leaving age was raised, 88 per cent of Year 10 students went onto Year 11.

Part of the missing group could be students moving between secondary schools from Year 10 to Year 11 which relies on parents enrolling the student in the intended school. It is not necessary for the prior school to advise the intended school of students who have indicated they are moving, or for the intended school to know which students are expected to enrol and check that they arrive. This is also the case with students moving between government or non-government schools or moving interstate.

The government predicted an increase of around 8,900 students and estimated the Department would require an additional $300 million over four years to meet the new student demands, but this increase in student numbers is yet to eventuate.

For students who are enrolled in school and doing TAFE-based Vocational Education and Training courses (TVET) as part of their school studies, the students’ attendance at TAFE is required to be recorded and reported to the home school.

The Department monitors those young people who:

- undertake an apprenticeship or traineeship. They are monitored by the State Training Services within the Department
- complete their Year 10 at TAFE. They are monitored by TAFE.

However, we found that the Department does not monitor young people under 17 years of age who left school to attend full-time vocational education programs, to work full time, or to combine part-time work and study.

Other states have better information about the post-school activities of early school leavers.
Exhibit 4: Student post school destinations reported in Queensland

The Queensland Government has recognised the importance of knowing where young people transition to before completing Year 12. In 2007 the government introduced an early school leavers survey to collect information on the post-school destination of people leaving Queensland schools prior to completing Year 12 in order to inform and better understand the degree to which 'early leaving' is occurring and where they are going.

The Queensland Department of Education and Training reported that in 2010 nearly 70 per cent of early school leavers were studying or in paid employment.

Source: Audit Office research, 2012

Recommendation: The Department should, by December 2013, collect data from school principals on student destinations after Year 10 and report annually on the alternate pathways chosen such as full-time paid employment and/or vocational education and training programs.

2.2 For young people who are not at school or on an approved pathway, does the Department take appropriate follow-up action?

Finding: The Department monitors students that remain enrolled at government schools and responds when students fail to attend. Yet we found students in the 2010 cohort were absent more often than students in previous years.

Students receive support from Home School Liaison Officers (HSLOs) who work directly with schools to manage and take action where students are not attending school regularly.

The Department does not follow-up all students who pursue other approved pathways such as those who leave for full-time paid work or vocational education programs. It may not be practicable for the Department to do so.

It is the legal responsibility of parents to ensure their child has begun compulsory education by the time they turn six years of age and for ensuring their child attends school or participates in one of the approved activities until they turn 17 years of age. The Department is responsible for taking action against parents and young people when they do not comply.

The Department advises that it does not hold information that would allow it to systematically monitor whether this requirement is complied with, unless non-compliance is reported to it. Where non-compliance is reported in relation to children of compulsory school age who are not enrolled in school, the Department will take action in response to such reports.

At school, attendance is checked for each student each day. The Department collects student attendance data and regularly publishes absentee rates.

Before the school leaving age was raised, absenteeism was relatively steady across Year 10 and Year 11 students at government schools, and Year 11 students missed fewer days on average than Year 10 students. When the school leaving age was raised, more Year 10 and Year 11 students were absent than in previous years. This assumes that each student in the 2010 cohort in both 2010 and 2011 missed an average of 25 days of school, or half a school term, each year.

The increase in students being absent on an average school day may also increase the demand on school resources to follow up students who do not attend school as required.
The 2010 cohort has missed on average 25 school days in Year 10 and Year 11.

Exhibit 5: Average school days missed per student in Year 10 and Year 11 and absentee rates for the 2008 to 2010 cohorts

<table>
<thead>
<tr>
<th>Year</th>
<th>Days missed per student (no.)</th>
<th>Absentee rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008 Cohort</td>
<td>23.2</td>
<td>11.6%</td>
</tr>
<tr>
<td>2009 Cohort</td>
<td>23.6</td>
<td>11.8%</td>
</tr>
<tr>
<td>2010 Cohort</td>
<td>25</td>
<td>12.5%</td>
</tr>
</tbody>
</table>

Exhibit 6: Absentee rate for Year 11 students in 2010 and 2011

<table>
<thead>
<tr>
<th>Year</th>
<th>Average absentee rate (%)</th>
<th>Days missed per student (no.)</th>
<th>Students absent on an average school day (no.)</th>
<th>Students enrolled (no.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>11.2</td>
<td>22.4</td>
<td>5,226</td>
<td>46,661</td>
</tr>
<tr>
<td>2011</td>
<td>12.4</td>
<td>24.8</td>
<td>5,914</td>
<td>47,695</td>
</tr>
</tbody>
</table>

Source: NSW Department of Education and Communities, 2012
Key: Average absentee rate measures the percentage of students absent on an average school day. The 2008 and 2009 cohorts represent students before the school leaving age was raised.

The Department’s School Attendance Policy requires principals to follow up students who are absent without a valid reason. The policy outlines the follow-up action required where the principal believes that a student is at risk of developing poor school attendance patterns. Before referring a student to the HSLOs, a principal must ensure that their school has attempted a range of intervention strategies to help students with poor attendance patterns to re-engage at school. Strategies can include:

- review curriculum content to maximise student engagement
- promptly follow-up student absences
- contact and liaise with parents
- refer the student to the school’s learning and support team, student welfare team or school counselling services.
However, we found that the Department needs to provide further guidance to principals about the circumstances in which a referral to the HSLO program should be considered.

Another impact of the raised school leaving age is the demand it places on HSLOs who work directly with schools.

HSLO’s provide services to school students from Kindergarten to Year 12. According to the Department, in 2012 as many as 20 students in both Year 10 and Year 11 in the majority of high schools across the state have been referred to the service to investigate their habitual non-attendance. These officers report that this group of students represents around 30 to 50 per cent of their caseload. There is a risk that HSLOs are not spending enough time with other students at risk due to this increased caseload.

The Department advises that students who have been referred to the HSLO program when their attendance has been a concern prior to the completion of Year 10, and who do not return to school after Year 10, are investigated as part of the program. In those cases where there remains a concern about participation in vocational education, training or ongoing paid work, a monitoring process occurs. Similarly, in cases where the circumstances under which a student leaves school after Year 10 causes concern, monitoring does take place as part of the program. However this only occurs in cases which have come to the attention of the HSLO program prior to the student leaving school.

The Department does not centrally collect data on students who are referred by schools to HSLOs for poor attendance to determine what action was taken by the school to re-engage the student prior to referral.

In 2010, coinciding with the raised school leaving age, the Act also gave the Department more options to address habitual non-attendance at school such as confidential conferences with parents, and compulsory schooling orders in the Children’s Court against a young person. If a young person over 15 years of age is convicted, he or she can be fined $110 while parents can be fined $11,000.

In the second half of the 2011 school year, 17 compulsory school orders were issued against young people aged 15 to 17 years. This escalated to 165 actions commenced between January and April 2012.

There have been concerns raised that the Department and schools have not done enough to help students with poor attendance patterns as required by the School Attendance Policy. In response to these concerns, in April 2012, the Minister for Education approved a moratorium on legal action for poor school attendance involving young people 15 years of age and above until the beginning of 2013. This would allow for the development of more options, such as reviewing curriculum and providing alternative education programs to better engage students at school.

Recommendation: The Department should:

- by December 2013, revise the School Attendance Policy to provide guidance to schools about what constitutes poor patterns of attendance which would normally trigger a response by the school
- by June 2013, collect data on referrals of 15 to 17 year olds to HSLO’s for poor attendance and examine the outcome for students to inform planning and identify training needs of HSLOs and school attendance personnel.
2.3 What happens for those who choose TAFE?

**Finding:** Vocational education and training programs are approved options under the Act for young people who have completed Year 10 but do not want to remain at school. We expected an increase in TAFE enrolments for young people aged 15 to 17 years of age, but found that TAFE course enrolments have decreased by 4,146, or over 13 per cent, for this age group.

Vocational education and training programs are approved pathway options under the Act for young people who do not want to remain at school after Year 10. TAFE is the largest provider of vocational education and training programs in New South Wales. However, students in NSW may enrol with any other Registered Training Organisation of their choice.

In response to the raised school leaving age, we expected an increase in TAFE course enrolments for young people under 17 years of age. However, enrolments for young people under 17 years of age in fact decreased by 4,146, or over 13 per cent, in the year following its introduction. This varied across the State with the largest decrease of around 32 per cent in Western Sydney.

**Exhibit 7: TAFE course enrolments for young people under 17 years of age from 2009 to 2011**

<table>
<thead>
<tr>
<th>Year</th>
<th>Hunter</th>
<th>Illawarra</th>
<th>New England</th>
<th>North Coast</th>
<th>Northern Sydney</th>
<th>Riverina</th>
<th>South Western Sydney</th>
<th>Sydney</th>
<th>Western</th>
<th>Western Sydney</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>3,516</td>
<td>1,752</td>
<td>1,841</td>
<td>4,206</td>
<td>3,075</td>
<td>2,626</td>
<td>4,228</td>
<td>2,534</td>
<td>3,183</td>
<td>3,430</td>
</tr>
<tr>
<td>2010</td>
<td>3,065</td>
<td>1,364</td>
<td>1,579</td>
<td>3,564</td>
<td>2,715</td>
<td>2,440</td>
<td>3,849</td>
<td>2,357</td>
<td>2,996</td>
<td>2,316</td>
</tr>
<tr>
<td>2011</td>
<td>3,369</td>
<td>1,339</td>
<td>1,555</td>
<td>2,965</td>
<td>2,656</td>
<td>3,010</td>
<td>3,526</td>
<td>1,997</td>
<td>3,134</td>
<td>2,104</td>
</tr>
</tbody>
</table>

Source: NSW Department of Education and Communities – TAFE, 2012

Note: Includes people doing their Year 10 equivalent at TAFE. Excludes people doing TVET courses while at school and those enrolled in TAFE through Open Training and Education Network (OTEN)

The Department advises that the main reasons for the reduction in numbers relate to the success of the initiative and the partnerships that TAFE Institutes have formed with schools. More young people are staying on at school. TAFE-delivered vocational education and training (TVET) enrolments for students to study at TAFE as part of the HSC have increased. See Exhibit 9.

The Department’s view is that the legislation is complex and some people may have been confused about the options available at TAFE. TAFE Institutes and schools work with students, parents and the community to improve understanding about the opportunities the legislation offers.

**Recommendation:** The Department should, by June 2013, review the enrolments of 15 to 17 year olds in TAFE courses in those regions where there has been a decline to determine if there are any practices that discourage enrolment.
3. Do young people at government schools have access to appropriate options?

3.1 Does the Department provide appropriate options for young people who are at government schools?

Finding: The Department and schools have had mixed success in providing appropriate courses that are relevant, meaningful and useful to the needs of 15 to 17 year olds.

On the positive side, there has been an increase in new courses available at schools expanding the choice beyond traditional HSC subjects, with some very innovative programs developed at the local level.

However, the availability of these options varies between schools depending on the number of students interested in a subject or course and the school’s ability to deliver it.

For young people who are at government schools, appropriate options that should be available include a varied curriculum, access to vocational education and training programs while enrolled at school, and access to alternative activities such as apprenticeships and traineeships.

The raised school leaving age has meant that students who would have otherwise left school after Year 10 are now required to remain at school or choose another approved pathway.

In response to the raised school leaving age, there has been an increase in the number of government schools accessing Board Endorsed Courses in order to expand curriculum opportunities and meet the needs of the full range of students.

Exhibit 8: Government schools delivering one or more Board of Studies NSW endorsed courses for Stage 6 (Year 11 and Year 12) – 2009 to 2012

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Content Endorsed Courses</td>
<td>417</td>
<td>427</td>
<td>437</td>
<td>441</td>
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<tr>
<td>School Developed Board Endorsed Courses</td>
<td>257</td>
<td>303</td>
<td>361</td>
<td>376</td>
</tr>
<tr>
<td>Board Endorsed VET Courses</td>
<td>167</td>
<td>193</td>
<td>195</td>
<td>195</td>
</tr>
</tbody>
</table>

Source: Board of Studies NSW, 2012

Many of the additional curriculum choices are vocational subjects or subjects designed for students that are not interested in tertiary studies. Examples include:

- English Studies
- Applied Mathematics
- Performing Arts – Production
- Health Studies – Health Lifestyle.

Seven of the ten schools we visited had expanded the vocational subjects they offered in response to the raised school leaving age to better meet the needs of students in Year 11. The other three schools already had a diverse range of subjects available.

In addition to expanding the curriculum, there has been an increase in the number of students enrolling in vocational education and training (VET) subjects. Those subjects are accredited and enable students to gain a nationally recognised industry qualification which also contributes to their HSC, e.g. Certificate II in construction or hospitality. Students can study VET courses as part of their HSC program while at school (school-based Vocational Education and Training - SVET) or part-time at TAFE (TAFE-based Vocational Education and Training - TVET).
Exhibit 9: Number of enrolments in SVET and TVET courses by government school students under 17 years of age - 2008 to 2012

![Graph showing enrolments in SVET and TVET courses]

Exhibit 10: Apprenticeship and traineeship commencements for young people under 17 years of age – 2008 to 2011

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>School-based</td>
<td>1,424</td>
<td>1,610</td>
<td>1,722</td>
<td>1,622</td>
</tr>
<tr>
<td>Full-time</td>
<td>8,578</td>
<td>5,465</td>
<td>5,651</td>
<td>4,993</td>
</tr>
<tr>
<td>Total</td>
<td>10,002</td>
<td>7,075</td>
<td>7,373</td>
<td>6,615</td>
</tr>
</tbody>
</table>

Source: NSW Department of Education and Communities - State Training Services, 2012

Innovative programs introduced by schools

Since the raised school leaving age was introduced, schools have developed some innovative programs to support students.

Schools have recognised that particularly for this cohort, a curriculum that makes connections between what is learnt in the classroom and how it can apply to work is most useful. For example, one school in a rural community used volunteering in the community as a way to link school-based learning with providing services, increasing their students’ workplace skills. Research has shown that small isolated schools can have closer relationships with local community services and businesses than schools in large urban areas.

One of the schools we visited had a good example of an alternative education program called Ready4Work for disengaged students that is tailored to their interests and abilities.
Exhibit 11: Case study - Ready4Work Program

A regional school introduced a specialist program called Ready4Work in 2011. The program targets a selective group of disengaged students who would have left after Year 10. The program covers the requirements of Year 11 with a more practical focus. The course requires students to attend five days per week – three days outside school dedicated to hands-on work experience and two days at school focusing on employment skills such as literacy, numeracy, technology and work studies.

At the end of Year 11 they will achieve their Certificate II in construction or hospitality. By participating in the program students hope to receive job offers or an apprenticeship or traineeship. All of the students in the program we spoke with felt more confident about finding a job after being in a workplace environment.

Source: Audit Office from school visits, 2012

We found that the availability of options varied amongst schools. Choice of options is dependent on the students’ interest, the demand for the option, and the school’s ability to deliver it. The school’s ability may be restricted by the location of the school, the availability of community networks and other education providers, the skill set of teachers, attitudes of teachers and principals and the funding available.

It was also pleasing to see that some of the schools we visited had responded well to providing students with relevant and meaningful options if they still choose to leave school when they turn 17 years of age, before completing Year 12. These schools enable students to complete some subjects or courses by the time they leave. Some examples of these include:

• early commencement of SVET, TVET and SBAT in Year 10 which allows students to complete a Vocational Education and Training course by the end of Year 11
• a compressed HSC model which allows students to complete three HSC subjects by the end of Year 11
• incorporating courses into the curriculum such as gaining a Workplace Safety White Card or First Aid Certificate, to provide students with work ready skills and qualifications when they leave.

The schools that have provided these options will enable their students to have completed subjects or courses to record on their ROSA, if they decide to leave before completing their HSC. These schools are helping students to successfully transition from school to work or other education and training programs.

Exhibit 12: Case study - The compressed HSC Model

Two regional schools we visited had recently introduced a compressed HSC model, sometimes called the college or focused HSC model, for Year 11 and 12 students. This model allows students to complete six of the 12 required Board of Studies units in Year 11 (i.e. three subjects) and the remaining six units in Year 12.

This model works well in smaller schools as it allows the school to combine Year 11 and 12 students for a given subject to increase classroom sizes. This also means that if students decide to leave school at the end of Year 11, they have completed three HSC subjects rather than leaving with six incomplete subjects.

It also helps a school to overcome the limits of the two-year HSC program which can restrict a students’ ability to change their mix of subjects if they change their mind regarding their subject choice.

The compressed HSC model was first introduced in a regional NSW Government school before the school leaving age was raised. Schools that have introduced the compressed HSC model report benefits such as:

• a wider range of subjects available to students especially in smaller schools
• higher retention rates of students from Year 11 to Year 12
• greater flexibility to meet student learning needs.

Source: Audit Office research and school visits, 2012
The Department established a project implementation team to assist schools in managing the transition to the raised school leaving age. This included establishing a website with resources such as good practices and models used by schools across the State. This is accessible by all school staff through their intranet and has been updated with information about funded school projects. However, it has not been updated with recent case studies on innovative strategies and programs adopted by schools to support students impacted by the raised school leaving age. This is a useful tool to share knowledge of alternative education programs and their benefits.

In April this year the Minister for Education approved a moratorium on legal action for poor school attendance involving young people 15 years of age and above until the beginning of 2013. This was to allow for the development of more options, such as reviewing curriculum and providing alternative education programs, to better engage students at school.

Recommendation: The Department should:

- by April 2014, update and publish further case studies of good practice that demonstrate innovative and flexible approaches taken by schools to engage students affected by the raised school leaving age
- by December 2013, further report on actions taken to develop and implement appropriate alternative education programs.

3.2 Do schools ensure that their students can access options that meet their needs?

Finding: Schools provide career and subject information to help students understand the range of options available. Careers advisors are important to help students make suitable career choices by understanding their needs, interests and abilities and helping them access course and pathway options that meet their needs. The Department provides support programs for students identified at risk of disengaging and schools refer students to these programs. However, the Department is not monitoring unmet demand.

Some schools demonstrated good practices to help their students access options that meet their needs. However, options and support varies across schools.

Despite an increase in new courses and innovative programs introduced by schools, evidence indicates that more students remaining at school are disengaged, which is indicated by students being suspended more often than students in previous years.

There is a risk that these disengaged students not only disrupt others but also waste teachers' time.

Schools work with students individually to identify their aspirations and intentions from Year 9 through to Year 12, discuss possible options and find opportunities to help students access their choices. Schools have a range of people available including careers advisors, transition advisors, year advisors, head teachers and deputy principals, to provide careers advice and support to their students.
Exhibit 13: Feedback from young people on the raised school leaving age

In 2011, the Department commissioned research that sought feedback from young people directly affected by the raised school leaving age via focus group discussions and an online survey. These were completed by Year 10, Year 11 and Year 12 students from 12 schools across the State. Overall, 236 students participated in the focus groups and 613 students (20 per cent of students at these 12 schools) responded to the survey.

Feedback from students most relevant to this audit were that:

- around 80 per cent of students who responded to the survey always intended to stay at school and complete their HSC
- for the group of students who found themselves marginalised by the raised school leaving age, the pathways could be expanded and improved to meet their needs
- almost 70 per cent of students who responded to the survey reported that they are often distracted in class by students who apparently would rather not be at school
- careers advisors are critical in ensuring that students are aware of what is available to them whilst they are at school.

The report sets down five key issues for further consideration by the Department:

- development of flexibility and choice in subject selection and school structures to support retention of all students
- exploration of the intersection between student aspirations and teacher expectations, so that teachers and students share high expectations for achievement and teachers actively support students to achieve
- improvement of pedagogy and student engagement through student-centred, differentiated, active learning. The report highlights the connection between effective pedagogy and student engagement
- increased understanding of the concept of fun when aligned with challenge and academic effort
- consideration of the impact of social geography and the variations in opportunities and relationships because of location.

Source: NSW Department of Education and Communities, 2012

Our interviews with students reinforced the survey finding that the careers advisor is the first person they approach when they want help identifying choices and accessing their options. Careers advisors are critical in ensuring that students are aware of the choices available. However, some students reported to us that they found it difficult to get an appointment with their careers advisor due to the large number of students seeking advice.

We also found some barriers preventing or discouraging students from accessing their preferred options. In our interviews, students reported limited access to transport to attend TAFE or programs outside of school, particularly in rural and regional areas or timetable clashes between schools and TAFE.

We saw some good practices used by schools we visited to help students overcome these barriers. For example:

- a regional school provided school transportation to take students to and from TAFE to do TVET courses
- two schools had flexible school hours where students start and finish school early and one afternoon per week is free for students to attend their TAFE course, study, work part-time or look for employment
- some schools allow students to use its videoconferencing facilities to access courses through distance education
KEY FINDINGS

- some schools share trade training centre facilities with neighbouring schools to expand subject choices
- some schools have developed their own networks with businesses and industries and gained local sponsorships to support student programs, particularly to help students secure their mandatory work placements.

Exhibit 14: Case study - Involving the community to support students

A metropolitan school is continually strengthening its partnerships with businesses, local and government agencies and community groups to provide support for students through a wide variety of programs.

During 2011, 89 business people attended a wide range of activities for students to encourage them to stay at school until they completed the HSC. The business partnerships developed by this school provide students with a mentor who gives them advice on working in corporate and professional environments.

Source: Audit Office from school visits, 2012

Indicators of disengagement

Although there are many good options available at schools, there is evidence that more students who remain at school until 17 years of age are disengaged. A concern raised by secondary principals about the impact of the raised school leaving age was dealing with disengaged students and managing absenteeism.

In Section 2.2, we discussed increased absentee rates following the raised school leaving age. We also found that Year 10 and Year 11 students in the 2010 cohort are more likely to be suspended than those in previous years.

There were 12,259 short suspensions given to the 2010 cohort in both Year 10 and Year 11. This was an increase of 24 per cent compared to the 9,861 short suspensions given to the 2009 cohort.

Exhibit 15: Number of short suspensions given to Year 10 and Year 11 students - 2008 to 2010 cohorts

<table>
<thead>
<tr>
<th>Year</th>
<th>2008 cohort</th>
<th>2009 cohort</th>
<th>2010 cohort</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 10</td>
<td>6,760</td>
<td>6,835</td>
<td>8,968</td>
</tr>
<tr>
<td>Year 11</td>
<td>2,538</td>
<td>3,026</td>
<td>3,291</td>
</tr>
</tbody>
</table>

Source: NSW Department of Education and Communities, 2012

Note: Short suspensions are up to four school days in each occasion. The 2008 and 2009 cohorts represent students before the school leaving age was raised.
There were 4,008 long suspensions given to the 2010 cohort in both Year 10 and Year 11. This was an increase of 36 per cent compared to the 2,945 long suspensions given to the 2009 cohort.

**Exhibit 16: Number of long suspensions given to Year 10 and Year 11 students - 2008 to 2010 cohorts**

<table>
<thead>
<tr>
<th>Year 10</th>
<th>Year 11</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008 cohort</td>
<td>1,906</td>
</tr>
<tr>
<td>2009 cohort</td>
<td>2,103</td>
</tr>
<tr>
<td>2010 cohort</td>
<td>2,980</td>
</tr>
</tbody>
</table>

Source: NSW Department of Education and Communities, 2012

Note: Long suspensions are up to 20 school days in each occasion. The 2008 and 2009 cohorts represent students before the school leaving age was raised.

Students that miss significant time at school either through non-attendance, suspensions or expulsions, are more likely to be further disengaged. They are behind their peers in class work and they may not have the motivation or support to catch-up, worsening their situation.

The Department has a range of programs that target young people disengaged or at risk such as Links to Learning and various arts and sports extra-curricular programs. Many of these programs focus on the needs of the individual student with support, mentoring and case management. Schools identify students that may be at risk and can refer them to appropriate support programs. Many of the schools we visited said they referred students to these programs and the schools found them useful. However, some schools we visited indicated that additional capacity was needed to cater for the number of students identified at risk.

**Exhibit 17: Case study – Overcoming disengagement**

A metropolitan high school enrolled a Year 11 student who was disengaged and had a history of poor attendance and misbehavior at a previous school. The student was confused about what he wanted to do, he disliked attending school and his habitual non-attendance had impacted on his learning and educational progress.

The school wanted the student to succeed and provided individualised support, including:

- an individual education plan and attendance improvement plan
- working with the student’s family to support his attendance and overcome other difficulties
- ongoing monitoring with the deputy principal
- individual counselling as well as regular contact with the careers advisor
- opportunity to attend a UTS Summer School to ‘make a real robot’ after which the student expressed an interest in engineering at university
- access to RedZone Program: a targeted program aimed at building self-esteem, leadership and mentoring for disengaged students.

The student is already 17 years of age and has decided to remain at school to complete the HSC.

Source: Audit Office from school visits, 2012
The Department has data on the students that are accepted into these targeted programs. However, it does not have data on the number of students who are identified by schools and referred to these targeted programs but are unable to participate if no places are available. We cannot judge if students in need of support are missing out.

Recommendation: The Department should:

- by June 2013, in regards to career advice for 15 to 17 year old students, examine:
  - student access to advice
  - the quality and appropriateness of advice, information and materials provided
- by June 2013, collect data on referrals of 15 to 17 year olds to targeted support programs and identify and develop strategies to respond to unmet demand.
Appendix

About the audit

Audit objective
This audit examined how well the Department of Education and Communities (the Department) monitors and supports young people participating at school or in approved pathways until they reach 17 years of age.

Audit lines of inquiry and criteria
In answering the audit objective, we addressed the following questions and audit criteria:

Does the Department monitor whether young people remain at school or on an approved pathway until they turn 17 years old, and does it intervene when necessary?
- the Department has processes in place to identify young people not attending school and not participating in their approved pathway
- for young people not at school or on an approved pathway, the Department takes appropriate follow-up action

For young people who are at government schools, does the Department ensure they have access to appropriate courses and pathways?
- the Department provides appropriate options for young people who are at government schools
- schools ensure that their students can access options that meet their needs.

Audit scope
This audit focused on the impact of the raised school leaving age at government schools. While the raised school leaving age affects students at both government and non-government schools, we have looked at students attending government schools only.

The Department of Education and Communities includes TAFE however it excludes the Board of Studies NSW.

We did not assess the long-term outcomes of the raised school leaving age as it is too early to do so.

Audit approach
We acquired subject matter expertise through:
- interviews and examination of relevant documents including guidelines, reports, studies and reviews
- discussions with relevant staff of the Department of Education and Communities
- discussions with representatives of key stakeholders
- discussions with school principals, staff and students of local government schools
- comparisons where appropriate with other States.

Fieldwork visits
We had discussions with relevant offices in the Department of Education and Communities and met with the Department's regional management of:
- Hunter / Central Coast
- Riverina
- South Western Sydney.

We visited ten schools around the state to better understand how schools are impacted by the raised school leaving age and to confirm the advice we received from the Department and regional management. The schools represented a range of performance characteristics, socio-economic status and school structure.
Audit selection

We use a strategic approach to selecting performance audits which balances our performance audit program to reflect issues of interest to Parliament and the community. Details of our approach to selecting topics and our forward program are available on our website.

Audit methodology

Our performance audit methodology is designed to satisfy Australian Audit Standards ASAE 3500 on performance auditing, and to reflect current thinking on performance auditing practices. Our processes have also been designed to comply with the auditing requirements specified in the Public Finance and Audit Act 1983.

Acknowledgements

We gratefully acknowledge the co-operation and assistance provided by the Department of Education and Communities, including the regional and local school staff. In particular we wish to thank our liaison officer and staff who participated in interviews and provided material relevant to the audit.

We were also assisted by discussions with a range of external bodies including:

- Board of Studies NSW
- NSW Commission for Children and Young People
- NSW Aboriginal Education Consultative Group Inc
- NSW Teachers Federation
- Association of Independent Schools of NSW
- Catholic Education Commission NSW
- NSW Secondary Principals’ Council
- NSW Federation of Parents and Citizens Association.

Audit team

Our team leader for the performance audit was Giulia Vitetta, who was assisted by Mary Yuen. Jane Tebbatt provided direction and quality assurance.

Audit cost

Including staff costs, printing costs and overheads, the estimated cost of the audit is $230,000.
What are performance audits?

Performance audits determine whether an agency is carrying out its activities effectively, and doing so economically and efficiently and in compliance with all relevant laws.

The activities examined by a performance audit may include a government program, all or part of a government agency or consider particular issues which affect the whole public sector. They cannot question the merits of government policy objectives.

The Auditor-General’s mandate to undertake performance audits is set out in the Public Finance and Audit Act 1983.

Why do we conduct performance audits?

Performance audits provide independent assurance to parliament and the public.

Through their recommendations, performance audits seek to improve the efficiency and effectiveness of government agencies so that the community receives value for money from government services.

Performance audits also focus on assisting accountability processes by holding managers to account for agency performance.

Performance audits are selected at the discretion of the Auditor-General who seeks input from parliamentarians, the public, agencies and Audit Office research.

What happens during the phases of a performance audit?

Performance audits have three key phases: planning, fieldwork and report writing. They can take up to nine months to complete, depending on the audit’s scope.

During the planning phase the audit team develops an understanding of agency activities and defines the objective and scope of the audit.

The planning phase also identifies the audit criteria. These are standards of performance against which the agency or program activities are assessed. Criteria may be based on best practice, government targets, benchmarks or published guidelines.

At the completion of fieldwork the audit team meets with agency management to discuss all significant matters arising out of the audit. Following this, a draft performance audit report is prepared.

The audit team then meets with agency management to check that facts presented in the draft report are accurate and that recommendations are practical and appropriate.

A final report is then provided to the CEO for comment. The relevant minister and the Treasurer are also provided with a copy of the final report. The report tabled in Parliament includes a response from the CEO on the report’s conclusion and recommendations. In multiple agency performance audits there may be responses from more than one agency or from a nominated coordinating agency.

Do we check to see if recommendations have been implemented?

Following the tabling of the report in parliament, agencies are requested to advise the Audit Office on action taken, or proposed, against each of the report’s recommendations. It is usual for agency audit committees to monitor progress with the implementation of recommendations.

In addition, it is the practice of Parliament’s Public Accounts Committee (PAC) to conduct reviews or hold inquiries into matters raised in performance audit reports. The reviews and inquiries are usually held 12 months after the report is tabled. These reports are available on the parliamentary website.

Who audits the auditors?

Our performance audits are subject to internal and external quality reviews against relevant Australian and international standards.

Internal quality control review of each audit ensures compliance with Australian assurance standards. Periodic review by other Audit Offices tests our activities against best practice. We are also subject to independent audits of our quality management system to maintain certification under ISO 9001.

The PAC is also responsible for overseeing the performance of the Audit Office and conducts a review of our operations every three years. The review’s report is tabled in parliament and available on its website.

Who pays for performance audits?

No fee is charged for performance audits. Our performance audit services are funded by the NSW Parliament.

Further information and copies of reports

For further information, including copies of performance audit reports and a list of audits currently in-progress, please see our website www.audit.nsw.gov.au or contact us on 9275 7100.
<table>
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<tr>
<th>No</th>
<th>Agency or Issues Examined</th>
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<td>1 November 2012</td>
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<td>225</td>
<td>Department of Premier and Cabinet Division of Local Government</td>
<td>Monitoring Local Government</td>
<td>26 September 2012</td>
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<td>224</td>
<td>Department of Education and Communities</td>
<td>Improving the literacy of Aboriginal students in NSW public schools</td>
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<td>223</td>
<td>Rail Corporation NSW Roads and Maritime Services</td>
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<td>221</td>
<td>Community Relations Commission For a multicultural NSW</td>
<td>Settling humanitarian entrants in NSW services to permanent residents who come to NSW through the humanitarian migration stream</td>
<td>23 May 2012</td>
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<td>220</td>
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<td>NSW Police Force</td>
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<td>Improving Road Safety: Young Drivers</td>
<td>19 October 2011</td>
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<td>216</td>
<td>Department of Premier and Cabinet Department of Finance and Services</td>
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<td>Barangaroo Delivery Authority</td>
<td>Government Expenditure and Transport Planning in relation to implementing Barangaroo</td>
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<td>Title of performance Audit Report or Publication</td>
<td>Date Tabled in Parliament or Published</td>
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**Performance audits on our website**

A list of performance audits tabled or published since March 1997, as well as those currently in progress, can be found on our website [www.audit.nsw.gov.au](http://www.audit.nsw.gov.au).
The role of the Auditor-General

The roles and responsibilities of the Auditor-General, and hence the Audit Office, are set out in the Public Finance and Audit Act 1983.

Our major responsibility is to conduct financial or 'attest' audits of State public sector agencies' financial statements. We also audit the Total State Sector Accounts, a consolidation of all agencies' accounts.

Financial audits are designed to add credibility to financial statements, enhancing their value to end-users. Also, the existence of such audits provides a constant stimulus to agencies to ensure sound financial management.

Following a financial audit the Audit Office issues a variety of reports to agencies and reports periodically to parliament. In combination these reports give opinions on the truth and fairness of financial statements, and comment on agency compliance with certain laws, regulations and government directives. They may comment on financial prudence, probity and waste, and recommend operational improvements.

We also conduct performance audits. These examine whether an agency is carrying out its activities effectively and doing so economically and efficiently and in compliance with relevant laws. Audits may cover all or parts of an agency's operations, or consider particular issues across a number of agencies.

Performance audits are reported separately, with all other audits included in one of the regular volumes of the Auditor-General's Reports to Parliament – Financial Audits.

In accordance with section 38E of the Public Finance and Audit Act 1983, I present a report titled The impact of the raised school leaving age: Department of Education and Communities.

Peter Achterstraat
Auditor-General
1 November 2012
New South Wales Auditor-General’s Report
Performance Audit
The impact of the raised school leaving age
Department of Education and Communities