

Submission in response to the Productivity Commission interim report on building a skilled and adaptable workforce

September 2025

Barbara Preston¹

[REDACTED] | barbaraprestonresearch.com.au

Introduction

The Productivity Commission interim report on building a skilled and adaptable workforce was released on 11 August 2025 (Productivity Commission, 2025a). The Commission noted that it

has been asked by the Australian Government to conduct an inquiry into building a skilled and adaptable workforce. As part of this work, we have been tasked with identifying priority reforms and developing actionable recommendations. In this interim report, the PC presents draft recommendations focused on three key policy reform areas:

- The best resources to improve school student outcomes
- Building skills and qualifications for a more productive workforce
- Fit-for-purpose occupational entry regulations. (Productivity Commission, 2025b)

This submission is primarily concerned with improving student outcomes and building (school level) skills for a more productive workforce. It does not attempt to make actionable recommendations, except regarding section 2 below on the need for clarity regarding the Commission's references to state and territory governments and school authorities.

The Productivity Commission should not lose sight of the broader picture of the fifty-year (and continuing) residualisation of public schooling. To fail to do so weakens the effectiveness of the work of the Commission. This current inquiry is very narrowly focussed. Yet the most substantial developments in schooling that affect future productivity, the lives of students and communities and the nation, are beyond its narrow scope, and should inform the Commission's analyses and recommendations. These developments are the fifty-year and continuing process of residualisation of public schooling relative to private schooling, and the consequent increasing educational disadvantage of the already disadvantaged and increasing segregation of students according to socio-economic status and class, ethnicity and religion. The origins and nature of the residualisation of the public school sector and the ascendancy of the private school sector are explained my *Australian Educational Researcher* article, [‘The Australian private school ascendancy: origins, development and future’](#) (Preston, 2025), and outlined in the Appendix of this submission.

¹ Barbara Preston is an independent policy researcher. She was a teacher union researcher through the 1980s and has since carried out commissioned research for councils of deans of education and nursing & midwifery, vice-chancellors, unions, professional associations, government agencies and others. Her focus has been on national policy issues, including relations between public and private school sectors, and the teaching and nursing & midwifery workforces. Her work has influenced government decisions, and her academic work and research reports have been highly cited.

1. Improving student outcomes for a more productive workforce

The Commission notes that

Foundational skills provide a fundamental building block for adaptability. But more Australian students are leaving school without strong foundation skills in reading, writing and mathematics, and there is a wide performance gap both within schools and between schools. (Productivity Commission, 2025a, p. 5)

There are two problems implicit in this statement and which arise from the increasing segregation in Australian schooling. The first problem concerns the 'performance gap' and the worsening formal educational outcomes of already disadvantaged students (and thus decline in overall performance), and the second concerns the inherent implications of segregated schooling for productivity, social cohesion and individuals and society generally.

The 'performance gap' is, in large part, a consequence of schooling segregated according to socio-economic status/class and ability (in the context of current curriculum and pedagogical objectives and practices) (Sciffer, 2025) (Cobbold, 2023, 28 November). This is the socio-economic compositional (SEC) effect, which is the relationship between the average socio-economic status of the students in a school and individual student learning, controlling for the effects of individual student socio-economic status. As Sciffer notes in his review, the socio-economic compositional affect 'has a substantial effect on student learning across many schooling systems, with higher concentrations of low SES students being associated with reduced learning outcomes' (2025). Australia cannot improve overall student outcomes while segregation in schooling increases. Increased funding and policy attention for disadvantaged schools is positive, but is a just band-aid on a serious systemic problem involving the total Australian schooling system.

The Commission must take account of the impact of segregation in schooling by socio-economic status/class and ability on the educational outcomes of the most disadvantaged and thus the total student cohort, and ensure recommendations do not exacerbate segregation, and, wherever possible reduce or ameliorate such segregation.

The focus in the Interim Report is on the narrowest skills and knowledges of the formal curriculum: 'At school, students acquire the foundations of literacy, numeracy and digital competency – essential life skills' (Productivity Commission, 2025a, p. 5). Productive workers (and active citizens in a democratic society) require much more from schools, especially from what they learn outside the formal curriculum – the everyday multiculturalism (Ho, 2015) or monoculturalism of the playground and classroom. The informal, every-day social relationships of schooling are instrumental in developing people who are more or less adaptable to changing circumstances, and more or less able to respect and communicate and work with a diversity of people of different backgrounds and characteristics. The increasingly segregated schooling environment for Australian students will make them increasingly less productive and adaptable workers, and diminish their lives and the nation.

Segregated schooling undermines social cohesion, something that Australian governments seek to advance through schooling. According to the Alice Springs (Mparntwe) Education Declaration (Council of Australian Governments Education Council, 2019):

all Australian Governments will work with the education community to:ensure that education promotes and contributes to a socially cohesive society that values, respects and appreciates different points of view and cultural, social, linguistic and religious diversity (p. 5)

The increasing physical segregation of Australian students by socio-economic status and class, ability, ethnicity, and religion accentuates the social segregation integral to so much social media. The segregation arising from social media and its implications for schooling are summarised by the OECD's director of education, Andreas Schleicher:

Social media algorithms today sort us into groups of like-minded individuals. They create virtual bubbles that often amplify our views and insulate us from divergent perspectives; they homogenise opinions and polarise our societies. Tomorrow's schools must therefore help students think for themselves and **join others, with empathy**, in work and citizenship. They will need to help students develop a strong sense of right and wrong, a **sensitivity to the opinions of others**, and an understanding of the limits of individual and collective action. At work, at home and in the community, people will need **a deep understanding of how others live in different cultures and traditions**, and of how people think, whether as scientists or artists. And as machines continue to take over tasks at work, the demands on our knowledge and skills to contribute meaningfully to social and civic life will keep rising. (Schleicher, 2019, May 22) (Emphasis added)

In a socially inclusive (by SES, religion, ethnicity, ability/disability) school environment, with effective guidance from teachers, it is part of everyday experiences of students to 'join with others with empathy', to have a 'sensitivity to the opinions of others', and to develop a 'deep understanding of how others live in different cultures and traditions'. In a segregated setting - increasingly the norm in Australia - to develop such social, emotional and deep cognitive attributes is very difficult, if not impossible – at best very time-consuming and of limited success.

The Commissions must take account of the importance of students' everyday experiences in the playground and classroom, and the impact on their future productivity (as well as personal lives, lives as citizens, and the nation) of the monocultural experiences arising from Australia's increasingly segregated schooling. The Commission must be aware of this dynamic of segregation – between sectors and individual schools – and ensure its recommendations do not exacerbate it, and, wherever possible, reduce or ameliorate it.

2. Comment on references to states and territories and school authorities

The Commission's Interim Report makes a number of references to state and territory governments (such as in draft recommendation 1.2: 'State and territory governments should focus their efforts on professional development and wrap-around support for schools that enables teachers to adopt and use these tools effectively').

These references are unclear as to whether they refer to state and territory governments as governments responsible in limited ways for all schools (including teacher registration), or as the school authorities responsible for public schools. Quite separate authorities are responsible for Catholic and independent schools.

The Commission must be clear in its analysis and recommendations as to whether it is referring to school authorities (public, Catholic and independent) or state and territory governments. It is important that the states and territories are not burdened by additional costs (see following).

Appendix: The residualisation of the public sector

This appendix primarily draws from my *Australian Educational Researcher* article, [‘The Australian private school ascendancy: origins, development and future’](#) (Preston, 2025).

The ascendancy of the private sector and the residualisation of the public sector has three major causes:

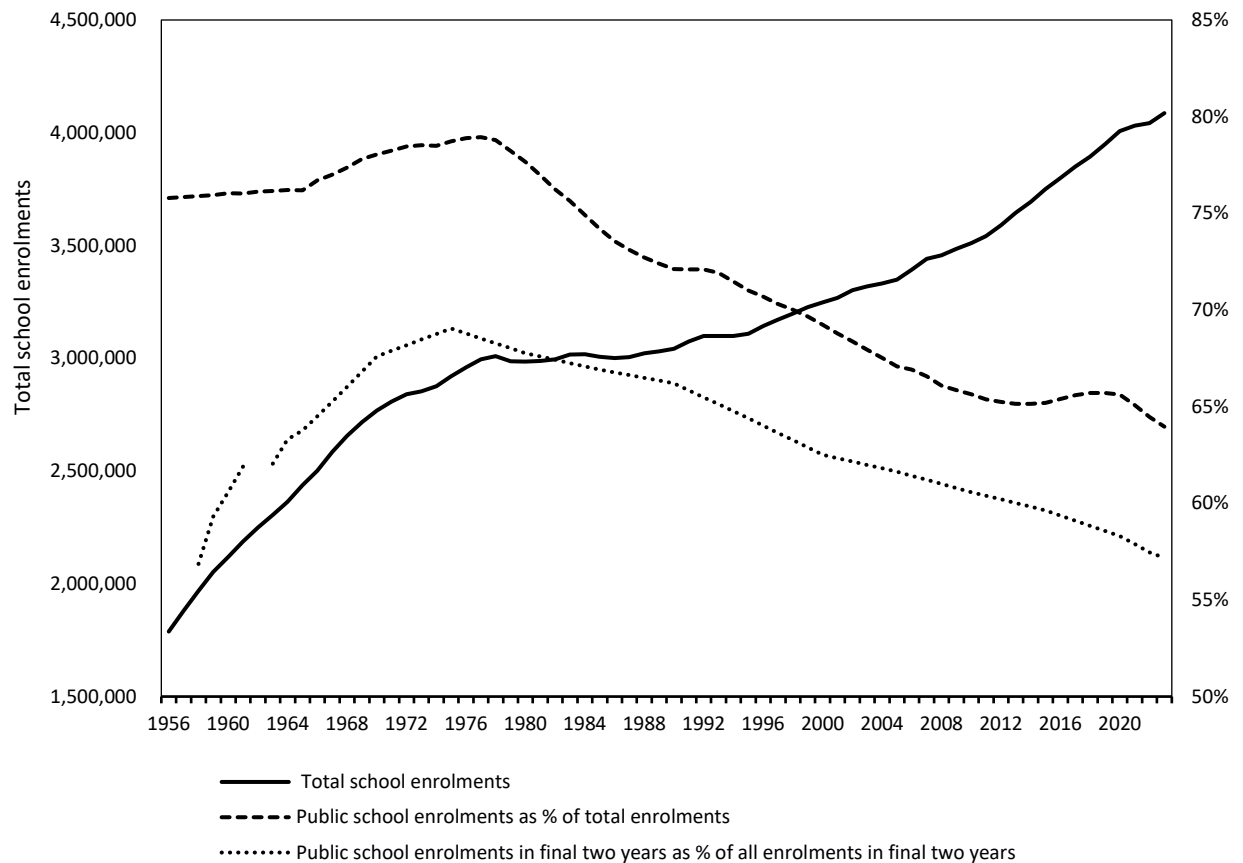
1. **Inherent differences between the public and private sectors: The public sector has responsibilities to the whole community** – to accept all comers without discrimination, providing accessible education for all, and to develop new generations of teachers. In contrast, **the private sector has freedoms**, including to choose school locations, select and exclude students, maintain optimal enrolment numbers, and recruit effective and appropriately specialist teachers from the public sector or select promising graduates as required. The private sectors have responsibilities only to their chosen clienteles and powerful auspicing organisations. These inherent differences lead to great costs and difficulties for the public sector, and efficiencies and educational and social advantages for the private sector.
2. **Vertical fiscal imbalance:** the fiscal constraints of the states and territories and fiscal ease of the federal government has led to higher levels of public funding for many private schools compared with (officially) similar public schools, and generally much higher levels of funding per student from all sources for private schools compared with (officially) similar public schools .
3. **The private school sectors’ great political and social advocacy power**, contrasting with the responsibilities of states to all their constituents, including private schools.

This implies that ‘sector-blind’ policies are inherently inequitable, and the assumption of sector-equivalence has not empirical basis and has, over half a century, led to the current dire state of Australian schooling.

The gravity of the problem and the urgency in addressing it are very apparent from trends apparent in ABS (and other) data since the 1970s on student enrolment numbers by school sector and the social make of the school sectors, and in ACARA data on the per student resources of schools.

a) The public sector has lost enrolment share very substantially over half a century

ABS data on school enrolments (2025b), shows that in the late 1970s almost 80% of school enrolments were in the public sector. By 2024 this had fallen to just 63%, a particularly sharp fall from 66% in 2020 (Figure 1).



Note: From 1958 to 1961 ABS published only age data, and age 16 and older is here a proxy for the final two years.

Figure. 1 Total school enrolments, public school students as a percentage of total enrolments, and public school students in the final two years of school as a percentage of all students in the final two years, 1953 to 2024 (Australian Bureau of Statistics, 2025b). Reproduced from Preston (2025).

b) Advantaged students tend to be concentrated the private sector and disadvantaged students in the public sector

ABS Census data since 1976 / 1981 shows the stark change in the socio-economic make-up of the public and private school sectors. In the late 1970s the overall social make-up of the two sectors was similar. It is very different now. Combining data on SEIFA, school students' family income and type of school attended shows that from the most disadvantaged to the most advantaged localities, higher SES students attend independent and Catholic private sector schools and lower SES students attend public schools (Figure 2).

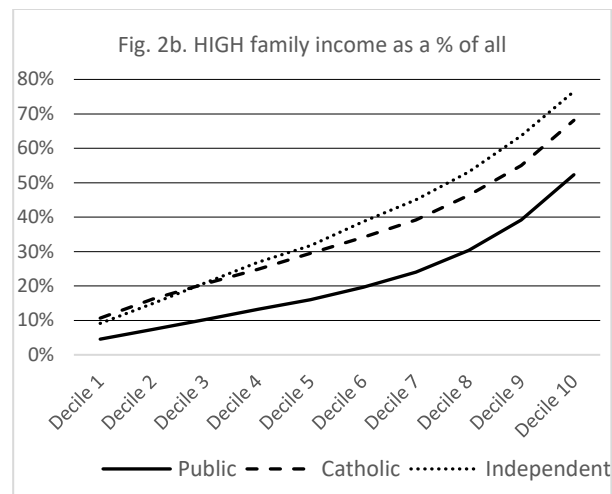
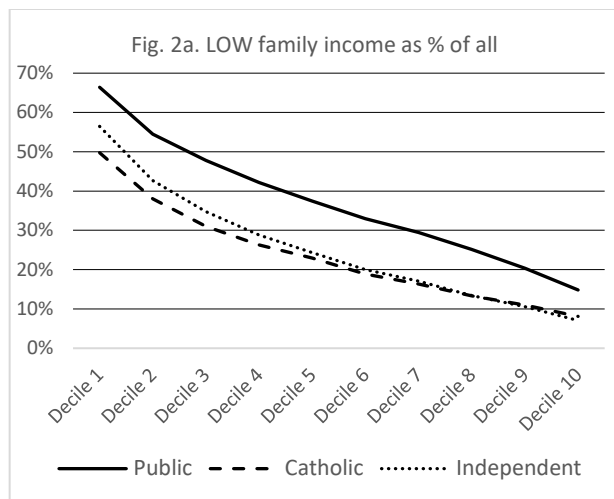


Figure. 2 Percentage of students in each of public, Catholic and independent secondary schools in each IRSAD SEIFA decile who have LOW family incomes (Fig. 2a) and HIGH family incomes (Fig. 2b), Australia 2021 (Australian Bureau of Statistics, 2023, 2025a)

Note: LOW and HIGH are the bottom and top third of family incomes of all Australian school students. Decile 1 localities are most disadvantaged, Decile 10 the most advantaged. The SEIFA localities are the SA1 area level, population average around 400.

c) Religious and ethnic segregation is a feature of Australian schooling

Students affiliated with major religions tend to go to school with those of the same religion. ABS 2021 Census data shows substantial religious [RELP] segregation at the important secondary level [TYPP], especially among students with family incomes in the top third ('HIGH') [FINF].

- 56% of all Catholic secondary students and 64% of Catholic secondary students with HIGH family incomes attended Catholic schools. Only 33% attended public schools.
- 69% of all Jewish secondary students and 77% of Jewish secondary students with HIGH family incomes attended independent schools (other data indicates that these were overwhelmingly Jewish schools). Only 29% attended public schools.
- 27% of all Islamic secondary students and 38% of Islamic secondary students with HIGH family incomes attended independent schools (other data indicates that these were generally Islamic schools). 68% attended public schools.

The pattern is similar at the primary level, but not as pronounced. (Australian Bureau of Statistics, 2025a)

There is a similar pattern of ethnic segregation. Christina Ho investigated ethnicity in Sydney secondary schools, and noted that Sydney has a 'highly divided education system, with some elite private schools operating as virtually mono-cultural bastions of whiteness, while public schools, including selective schools, are sometimes overwhelmingly dominated by students from language backgrounds other than English' (Ho, 2015). For example, the student population in Sydney's selective public James Ruse High is 97% from language backgrounds other than English (LBOT) (Australian Curriculum Assessment and Reporting Authority, 2025).

d) Average per-student funding of public schools is substantially lower than average per student funding of Catholic or independent schools, and total government funding substantially less than agreed for public schools, and more than agreed for private schools

This is even though, as noted above, the public sector enrolls a much higher proportion of disadvantaged students and a much lower proportion of advantaged students than either the Catholic or independent sectors, and experiences the many costly disadvantages arising from its responsibilities to the whole community and the private sectors' freedoms - outlined earlier and detailed in (Preston, 2025). In 2023 per

student income from all sources for public schools was \$19,428, Catholic schools \$21,114, and independent schools \$27,279 (Cobbold, 2025, 10 March, Chart 3, original source the ACARA National Report on Schooling data portal).

As an outcome of the 2011 Gonski report (Gonski et al., 2011), all governments and Catholic and independent school authorities agreed to a Schooling Resource Standard (SRS) as a basis of government (federal and state/territory) funding of schools augmented by fees and other private income for private schools. The impact of vertical fiscal imbalance and the power of the private school advocates resulted by 2023 in the government share of funding being 105.3% the agreed SRS amount for private schools, but only 87.3% the agreed amount for public schools (Cobbold, 2023, 28 November, Chart 4).

The Commission must be aware of and take account of these funding disparities and the reasons for them, and shape recommendations accordingly.

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