

Saving measures to meet our budget

The NSW Government is committed to keeping the State's AAA credit rating, as well as being able to deliver world class infrastructure and services to the people of NSW.

With a \$5.2 billion reduction in GST revenue over the next 4 years, and reductions in other forms of revenue, the State Government has had to make tough decisions to ensure NSW is living within its means.

This year the education budget increased by \$383 million. Education now comprises 22.4% of total government expenses in the State Budget, an increase from 22.0% in 2011-12.

While there has been increased funding for programs and initiatives which drive better education outcomes in schools, general expenses in the education and communities portfolio have still outstripped the growth in Government revenue.

In 2011, the NSW Government set efficiency savings targets for the whole public sector. In June 2012 the NSW Government also put in place a Labour Expense Cap, as well as further procurement and program savings.

In 2012-13 the required savings for Education and Communities is \$201 million. Over the next four years the total required savings for Education and Communities is estimated to be \$1.7 billion.

This means that over the next four years the Department of Education and Communities will need to make significant changes to meet its budget.

These changes include reducing staff, working more efficiently within reduced operating budgets and increasing revenue from fees and services.

Some savings measures have previously been announced and include a reduction in the cost of cleaning public schools and a reduction in expenditure on ICT contractors.

Reduction in Department of Education and Communities staff

Over the next four years the Department will need to reduce its staff numbers by around 1,800.

This includes a realignment of state and regional offices which will result in a reduction of around 600 positions over the next 4 years.

Secondly, a review of central support functions for TAFE NSW and efficiency improvements in Institutes will result in a reduction of around 800 positions over the next 4 years.

In addition, by 2015-16 the equivalent of around 400 school administrative staff positions will be made in employee related savings as a result of efficiencies from the Learning Management and Business Reform (LMBR) program. This was agreed to by the previous Government and the Public Service Association to offset salary increases already paid to school administrative and support staff.

Teachers in government schools will be quarantined from these reductions.

State and Regional Offices

Consultation has already taken place on a new structure for the Public Schools NSW portfolio proposing a reduction in around 200 FTE positions in order to streamline functions and minimise duplication. The realigned structure will be announced shortly.

Other State Office portfolios will soon commence consultation on their realignments.

The Department will also replace the regional model with a different structure that will continue to provide educational and support services to schools.

The regional model needs to be looked at in light of the realignment of State Office and the changing needs of schools under the Local Schools, Local Decisions reform. Consultation will occur in the coming months.

TAFE NSW

The Labour Expense Cap applies to all TAFE NSW staff, including TAFE teachers. Changes will be introduced after a period of engagement and consultation with relevant staff and other stakeholders.

Every effort will be made to minimise the impact on front line services. This will include reviewing education and other central support functions and rationalising some low demand courses and facilities.

Since TAFE Institutes are driven by the unique training needs of their communities and local industries, plans for efficiencies and savings will be different across TAFE Institutes.

It is estimated that these measures may result in a reduction of around 800 positions in TAFE NSW over the next 4 years.

Next steps

There will be consultation with staff and major stakeholder groups in relation to the realignment changes.

Consultation will occur with staff and unions in accordance with the Government's Managing Excess Employees Policy and the requirements of Fair Work Australia in the case of TAFE NSW staff.

Staff reductions will be managed carefully and in accordance with NSW Government policy. Support will be available to staff including the professional confidential counselling service available under the Department's employee assistance program.

Revenue for fees and services

The cost of some services will increase from next year. When deciding what fees to raise the Department has been very careful to keep increases to a minimum or, in those cases where fees are being introduced, to only charge fees for services that are provided above and beyond the basic levels of service.

TAFE fees for government supported places will increase by approximately 9.5% and the student concession fee will increase from \$53 to \$100 from 1 January 2013. Fine arts courses in non-jobs growth areas will be charged at commercial rates.

Reducing what we spend

The Department will be reducing its procurement spending across state office and TAFE NSW. Operating budgets will also be reduced in State Office.

Grants programs will be reviewed and some will be reduced.

The Joint Group Training Scheme will cease to operate from 2013.

A number of other programs or initiatives that are no longer core business, or which can be undertaken by others in a more efficient way, will cease.

Funding non-government schools

Annual funding for non-government schools will be capped at the 2012-13 funding level for a four year period commencing from the start of the 2013-14 financial year. This will result in a total savings of \$116 million over the forward estimates.

Consultation with the non-government sector will occur on the implementation details.