MEDIA RELEASE

Tuesday 11 September 2012

BUILDING A SUSTAINABLE EDUCATION SYSTEM IN NSW

NSW Minister for Education Adrian Piccoli today said the NSW Government had to make some tough decisions to ensure NSW is living within its means and to put the NSW education budget back on a sustainable financial footing.

“The NSW Government is committed to delivering high quality education and training and driving better education outcomes in schools across the State but the reality is that we are facing very difficult economic circumstances,” Mr Piccoli said.

“Today we have taken the tough decisions necessary to ensure a sustainable financial future for our State’s education system, while also continuing our investment in education and training.

“The Government is receiving $2.5 billion less in revenue each year since we were elected. This, along with the increasing cost of delivering education and training services across NSW by an average of 6 per cent each year means general expenses in the education portfolio have outstripped growth in Government revenue and this is simply unsustainable.

“Despite these economic challenges, the NSW Government reinforced its commitment to education in the recent State Budget by increasing funding to education by $383 million. Education now comprises 22.4 per cent of the State budget, an increase from 22 per cent in 2011-12. Teachers in our schools have also been protected from the labour expense cap introduced at the time of the Budget.

“We must focus on delivering education and training in the most efficient and equitable way and that is why the Government has had to make a number of tough decisions.

In making the hard decisions the Government has been mindful that all sectors and areas of the Department must contribute to efficiencies:

- Government schools will see their State & Regional office bureaucracy reduced;
- State Government funding to non-government schools will be capped for four years at the level provided in 2012/13; and
- Fees in TAFE will rise by 9.5 per cent to a level still below the national average.

“These reforms are needed to ensure the sustainability of the State education budget,” Mr Piccoli said.

MEDIA: David Bold 0423 202 369
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.
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.
The Government has prioritised education in the recent State Budget by increasing funding to education by $383 million. Education now comprises 22.4% of the State budget, an increase from 22.0% in 2011-12.

However, 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.

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In 2011 the NSW Government set efficiency targets for all government departments. In June 2012 the NSW Government put in place a Labour Expense Cap. The efficiency savings and the Labour Expense Cap, combined with a range of other government savings measures means that the whole NSW education sector must rein in costs.

TAFE NSW plays a critical role in supporting the State’s economic and social priorities. Changes to TAFE NSW are designed to ensure TAFE is operating efficiently, remains competitive and training is focused in areas of jobs growth.

The NSW Government has approved increases to TAFE NSW fees paid by students enrolling in government supported courses for 2013. Fees will increase by approximately 9.5% and the student concession fee will increase from $53 to $100 from 1 January 2013.

**Why are TAFE NSW fees increasing?**

TAFE NSW, like other training providers, charges fees.

Increases in TAFE NSW fees reflect increases in the cost of providing training and other services.

While every effort is made to keep fees as low as possible, TAFE NSW needs to make sure students have access to a broad range of support services and the most up-to-date industry equipment and facilities.

**Do TAFE NSW fees cover the full cost of a course?**

No. The TAFE NSW fee represents only a partial contribution to the costs associated with students’ training at TAFE NSW. Fees also contribute to a broad range of student support services and up-to-date industry equipment and facilities.

**Who will the change affect?**

These changes will commence on 1 January 2013 and will apply to all students enrolling in NSW government supported courses.

**Will TAFE NSW continue to offer fee concessions and exemptions?**

Yes. TAFE NSW has the most generous fee concessions and exemptions for disadvantaged students compared to other states and territories, including:

- All Aboriginal and Torres Strait Islander students are exempt from paying fees
- Students with a disability are fee exempt for one course per year and pay a concession for any subsequent enrolments during the year
- Students in receipt of many Commonwealth benefits pay a concession fee of $100 per course enrolment
- Students who complete and are awarded the HSC or the Tertiary Preparation Certificate get their fee refunded
- Apprentices and trainees pay a single capped fee of $478 per year
- Students enrolled in some special access courses in reading, writing and job readiness are exempt from paying fees
- Students enrolled in government subsidised places in the Diploma of Children’s Services are eligible for a Commonwealth fee waiver.

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**TAFE NSW Fees**

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How much will fees increase by?

The overall annual increase will range from $44 for Certificate I and II qualifications, to $150 for Advanced Diploma qualifications. That represents a fee change of about $1 per week for Certificate I and II qualifications, and about $3 per week for Advanced Diploma qualifications.

Will this make the TAFE NSW fees higher than other states?

No. TAFE NSW fees for government subsidised enrolments continue to be lower than fees that are charged in many other states and territories. TAFE NSW has the most generous fee exemption and concession policy for disadvantaged students compared to other states and territories.

Changes in TAFE NSW Fees for government supported places from 2012 to 2013

<table>
<thead>
<tr>
<th>Qualification</th>
<th>TAFE NSW Fee 2012 $*</th>
<th>TAFE NSW Fee 2013 $*</th>
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<tbody>
<tr>
<td><strong>Advanced Diploma</strong></td>
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<tr>
<td>Full Year</td>
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<tr>
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<tr>
<td><strong>Cert II</strong></td>
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<td>Half Year</td>
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<tr>
<td><strong>Cert I</strong></td>
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<tr>
<td>Concession</td>
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<tr>
<td><strong>Apprenticeships/Trainees</strong></td>
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<tr>
<td>Full Year</td>
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<td>478</td>
</tr>
<tr>
<td>Half Year</td>
<td>218</td>
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</tr>
</tbody>
</table>

*In cases of severe financial hardship, Institute Directors are able to waive the fee.

For more information please contact your nearest TAFE College or email TAFENSW_changes@det.nsw.edu.au
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Courses in Fine Arts including sculpture, visual arts and ceramics, while valued by the community, are areas of low employment growth. These courses will be offered by TAFE NSW on a fee for service basis from 1 January 2013.

Why will Fine Arts courses in TAFE NSW no longer be subsidised by the Government?

Fine Arts courses including sculpture, visual arts and ceramics are popular in TAFE NSW and offered across a number of locations.

However job prospects and completion levels in these courses are low when compared with skills shortage areas such as health, community services, property and business services.

This decision was made so that TAFE NSW can continue to focus on areas of high skill needs and provide government subsidies to these skill areas.

Will all Fine Arts courses be affected?

No. In areas where there is predicted jobs growth, courses will continue to have their fees subsidised by government. The Government will determine these courses based on independent labour market forecasts.

Will exemptions still apply for Aboriginal students?

Yes. Aboriginal Cultural Arts courses will continue to be supported through government funding for Aboriginal students. Students in these courses will continue to be fee exempt.

Who will this change affect?

These changes will commence on 1 January 2013 and will apply to all students enrolling in Fine Arts courses.

In 2011, there were approximately 4,000 enrolments in Fine Arts courses. This represents less than 1% of total TAFE NSW government subsidised enrolments in that year.

Will students still be able to enrol in Fine Arts courses in TAFE NSW?

Yes. TAFE NSW currently offers many Fine Arts courses on a fee for service basis. These courses will be expanded to include some courses previously subsidised by government.

Students undertaking fee for service Diploma and Advanced Diploma courses may be able to apply for VET FEE-HELP loans.