The NSW Treasury and the then Department of Education and Training (DET), in a joint project, produced proposals for the previous State Cabinet which locate around $1 billion dollars in one-off cuts and between $500-700 million in recurrent savings.

One of the agencies commissioned to assist in the preparation of the proposals was the Boston Consulting Group (BCG). The other related and concurrent review of savings related to school-based employee costs was conducted by Price Waterhouse Coopers.

The NSW DET was the first agency to volunteer to participate in the review supported by BCG from October 2009 until January 2010. It states by volunteering to go first, the DET, equipped BCG “. . . to develop a methodology that will allow Treasury to undertake future scans of other agencies.”

It is important to note: the proposed “potential timing of opportunities” ranged from beginning of 2010 until 2012 [p160].

The policy proposals are contained in documents which were of Cabinet-in-Confidence status.

The Boston paper begins by stating, “We have identified some quick wins, but have focused mostly on identifying the major opportunities to drive significant savings over time. Many will require some major shifts in the operating model, rather than incremental change.” [p7]

Elements of existing DET programs, priorities and ‘trials’ are located within the document. These include the ‘47 school trial’, the support teacher (Illawarra) trial as well as school amalgamations/closures, LMBR, new maintenance and cleaning contracts and procurement. To this extent, it exists as an active policy framework and can form the basis of proposals to place before an incoming government upon their election.

The documents form part of a process of cutbacks to public education designed to reduce expenditures in teacher numbers, equity funding, education for children with disabilities, school cleaning, school maintenance, facilities standards, TAFE and “. . . school-based productivities”. It also proposes to close a large number of smaller schools, join local schools together and to sell off school lands.

The Boston Consultancy Group uses Victoria as a benchmark throughout the entire document.
SCOPE OF THE REVIEW [see p160]

1. School devolution and simplified funding model
   - Detail devolved model
   - Test model by incorporating into existing 47 school trial
2. Reduced duplication within DET and between external organisations
3. Reorganisation of shared corporate services
4. Restructure of retained corporate centre
5. Driving procurement efficiency
6. (a) Staff payment cycles
7. ICT savings [subject to separate review by KPMG p7].
8. School based staff productivity [subject to separate review by Price Waterhouse Coopers]
   - Short term optimisation
   - Longer term industrial change
9. Review of special education and equity¹
   - Full review of all special education and equity spend
   - Continued planned trial of School Learning Support Program
10. Joining of small and nearby schools
11. Increased school cleaning productivity
12. Increased school maintenance efficiency
13. Sale of excess or surplus school land
14. Review of student transport scheme
15. Review of facilities standard
16. School focused smaller opportunities
17. Non-govt. school needs-based funding model
18. Increased accountability and authority for TAFE institutes
19. Continued focus on TAFE teacher productivity
   - Longer term industrial change

¹ p 35 Review identifies five key equity areas: Special Education; Low SES; NESB; Rural education; Aboriginal education.
SOME FEATURES OF THE BCG-TREASURY-DET PROPOSALS

General

Detailed and itemised costings of all of the savings proposals are on p12 of the Boston-DET-Treasury plan. The “... major change opportunities [p13]” link departmental policies as the means to sell the plan to the public. These include the “school devolution and simplified funding model”; the Review of Special Education and Equity; cleaning productivity; maintenance efficiency; review of facilities standards; joining of small and nearby schools; increased accountability and authority for TAFE Institutes and “continued focus on TAFE teacher productivity”. Marketing and acceptance of these policies would be the precondition for the local “efficiencies”.

Major focus is to shift NSW to the Victorian level of cost per student would save NSW $780 million p.a. [p 8]

Proposes cutting central support staff by devolving responsibilities to schools which would allow for greater efficiencies and cost-cutting [p.8 and p.9] “Devolution of responsibilities to schools may provide opportunities for efficiency improvement” [details p33-4].

Cutbacks provide “opportunities” which “could be worth $500-$700 million in recurrent costs and $800- 1000 million in one-off benefits [p9]”.

Special Education

It identifies the “opportunity to restructure the fast growing special education and equity area (potentially worth $100 million)” by reducing enrolments and support in these areas [p9].[details of identified areas on p35 include special education, equity, low SES, non-English speaking, rural education and Aboriginal education]. “Victoria introduced reform initiatives in 2005 which stemmed growth of special education and suggests a broad opportunity exists to streamline NSW special education/equity programs [p58 and p150]”

p70 Disabilities. Comparing Victoria: “Restricted individual funding to students with severe language disorder and critical need.”
Loss of teacher aide positions.
More stringent eligibility requirements.
Move more students with disabilities back into the mainstream.

p75 “Risk students with ‘disability confirmed’ status may choose support classes instead of integration where school will continue to receive additional resources.”
p58 Special education trial (currently in Illawarra Region) was sold to principals as not being about cost cutting, yet the savings revealed equal $20-$25 million pa. See also p75 “proposed [School Learning Support Trial] will promote sustainability . . . may avoid up to $100-120 million over five years.”

Curriculum/ Professional Development

p14+ p39 NSW BOS and NSW Institute of Teachers roles revised in light of national bodies.

The plan also seeks savings in professional development by downgrading the roles of the NSW Board of Studies and the NSW Institute of Teachers [p39].

Staffing

pp33-34 Staffing: devolving hiring, leave to principals. “Centrally negotiated award structure that sets rates and standard HR conditions but does not guarantee placement for a particular displaced teacher regardless of reason.” [Staffing and school-based employee costs – related and concurrent review from PWC mentioned p7 and p63].

p63 Comparison of NSW with Victoria. “At the high level, the total difference ‘in school’ staff between NSW and Victoria appears to be approximately 9,000 FTE or 12%.” (7500 teachers; 1500 support staff).

p13 The 47 Schools Trial (i.e. quarantined devolution model) lead to savings $15-25 million. However, p34, “To capture savings from devolution requires more than the current rollout of the current trial. Current trial involves additional costs that will need to be phased out (e.g. to cover higher than average staff costs in some schools) and does not yet address staffing implications at the State and Regional Office.”

p146 Outlines strategic thinking behind trial. “Test and measure impact and risk of devolved model(s) to prove concept. Assess risks and put in place any mitigation strategies to manage them.”

Class sizes

p58 + p64 NSW high number of staff compared to Victoria: “The gap in FTE’s is largely driven by additional teachers in NSW which may be largely as a result of policy decisions such as class sizes.”
Maintenance and cleaning

p35 + p60 Cleaning to become a school responsibility

Opportunities exist within cleaning ($20-75 million) [p152] and school maintenance [p153] “Detailed plans for displaced cleaners (savings $18m imply 500-600 cleaners).” Discusses “likely strong resistance from LHMU”. Also relates to 47 school trial: “Track the cleaning productivity and outcomes of schools involved in the devolution trial where principals have greater flexibility as to how cleaning hours are used, and compare to other schools.” p152

“Devolution of work prioritisation to school principals may bring $2-2.5m pa ($10-13m over five years).” [p60]

“May be further opportunities to drive value through bundling of maintenance and cleaning contracts.” [p60]

p 98 Argues maintenance costs high.

p99 Mentions outsourcing of GAs to contractors (following cleaners) as being discontinued due to strong opposition.

School budgets

p51 School budgets. “Whilst savings can be made at the central procurement level these savings are not currently captured, as school budgets remain unchanged and the savings are spent elsewhere.”

p52 “Need to agree on procurement savings then remove money from school budgets where the money is saved.”

Strategy to devolve financial management to schools includes reduction in central staff required to administer funding model, reduction in finance staff as well as reduction in staffing support and ‘HR support’ (e.g. leave approval/tracking/management). In place of this, at the school level, there will be a need for an “Increase in . . . higher level financial management. . . [using] realignment of existing staff allocation rather than more staff per se.” [p36]

School closures, amalgamations and land sales

p59 School closures. 80 primary (25 metropolitan/55 rural) and 20 secondary (15 met and 5 rural) Combining schools. “Significant opposition may be faced from schools and their local community; may need to be positioned as part of a broader school regeneration or building schools for the future program.”[p61]
School lands sold off.

“Joining small and nearby schools could be worth $40-50 million in recurrent costs.” [p9 and p151, 154].

Cost of small schools.

**TAFE**

TAFE teacher productivity could yield a further $100 million [p159]. “TAFE teachers are currently the highest paid TAFE teachers in Australia despite having less face to face teaching hours and a lower overall weekly load than Victorian or Queensland teachers. This represents a significant opportunity for TAFE NSW to gain further efficiencies and improve flexibility and competitiveness.”

**Other**

The School Transport Scheme, mainly affecting students from independent schools, was identified as a source of savings but this was, “not investigated in detail [p9]”.

“Smaller opportunities” identified include changing the pay cycle for teachers from fortnightly to monthly; abolishing the external School Certificate, charging fees for optional tests and developing fee for service arrangements with the non-government sector. [p14 and p157 for reviewing non-government schools needs-based funding].

The Boston-DET-Treasury documents compare the NSW DET with the size of the Victorian education department after the changes introduced since the time of Kennett Government and argues that NSW should shed 1000 full time positions in support services, including from State and Regional offices. [pp22-30] with the potential for far greater savings beyond that. “We believe that NSW should be able to capture at least 25 per cent of the gap and may be able to capture as much as 75 per cent or more.” (p29)