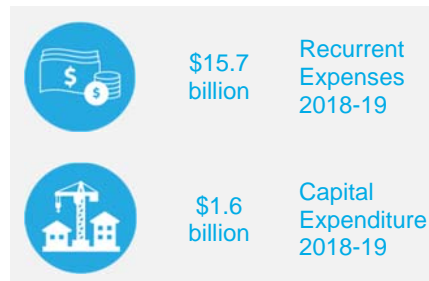


1. EDUCATION CLUSTER

1.1 Introduction

The Education cluster delivers and regulates education services for New South Wales students. This includes the early childhood education and care sector, and the primary school and secondary school sector. It works closely with the non-government school sector.

The cluster also works to advance the wellbeing of Aboriginal people.



Contribution to Premier's and State Priorities

The Education cluster is leading the delivery of the following Premier's and State Priorities:

- Premier's Priority to improve education results: increasing the proportion of NSW students in the top two National Assessment Program Literacy and Numeracy (NAPLAN) bands for reading and numeracy by 8 per cent by 2019
- State Priority to improve Aboriginal education outcomes: increasing the proportion of Aboriginal and Torres Strait Islander students in the top two NAPLAN bands for reading and numeracy by 30 per cent by 2019.

State Outcomes delivered by the Education cluster

State Outcome	Description
Educational foundations for success	Providing a high standard of education for children and young people through the State's public school system, and through providing support to non-government schools.
Best start in life for young children	Regulating and overseeing the delivery of accessible and high quality early childhood education services.
Equipping teachers with the best skills for educating our young people	Improving teacher quality in New South Wales through the regulation and accreditation of school and early childhood teachers by the New South Wales Education Standards Authority (NESA).
Empowering Aboriginal communities	Transforming the relationship between Aboriginal people and the NSW Government through the delivery of Opportunity, Choice, Healing, Responsibility, Empowerment (OCHRE). This will establish partnerships for economic prosperity, support effective Aboriginal community governance and strengthen cultural identity and language.

2018-19 Budget Highlights

In 2018-19, the Education cluster will spend over \$17.3 billion (\$15.7 billion recurrent expenses and \$1.6 billion capital expenditure). Key initiatives are highlighted below.

School education infrastructure

The Government is investing \$6 billion over four years to deliver more than 170 new and upgraded schools, including:

- commencing work in 2018-19 on 40 new and upgraded school projects, and beginning planning for a further 20 new and upgraded schools
- continuing works on more than 110 ongoing new and upgraded school projects.

This record capital investment also includes the delivery of minor works projects including improvements to school facilities such as canteen and toilet block upgrades, sports courts and installation of shade covers, as well as land purchases for new and expanded schools.

Other initiatives include:

- \$500 million over five years to provide cooling for schools through the installation of reverse cycle air conditioning
- \$160 million in 2018-19 as part of a record \$747 million planned maintenance investment announced in the 2017-18 Budget
- \$30 million to open school playgrounds and sporting facilities for community use on weekends and during school holidays through the Share Our Space program.

Creative Kids Rebate

- \$216 million over four years to introduce a new Creative Kids Rebate to support NSW school-enrolled children to access structured creative and cultural activities outside school. From 2019, parents and caregivers will be able to access a \$100 voucher per child per year to meet the cost of activities including music lessons, drama, second language tuition, coding and other digital, visual and performing arts activities and lessons.

Best start in life for children through early childhood education

\$197.8 million over four years to extend the Government's record investment in preschool education under the Start Strong program. The investment will be directed to three key areas:

- extending funding to all three-year olds in community preschools from 2019 to ensure universal access to two years of early childhood education – making New South Wales the first state in Australia to do so
- \$42.1 million in capital grants funding over four years to support the creation of 4,800 new community preschool places in growth areas
- continuing Start Strong funding for preschool education in community preschools and long day care services, for children in the year before school and equity three year olds. From 2019, the Start Strong program will be funded in line with demand and population growth.

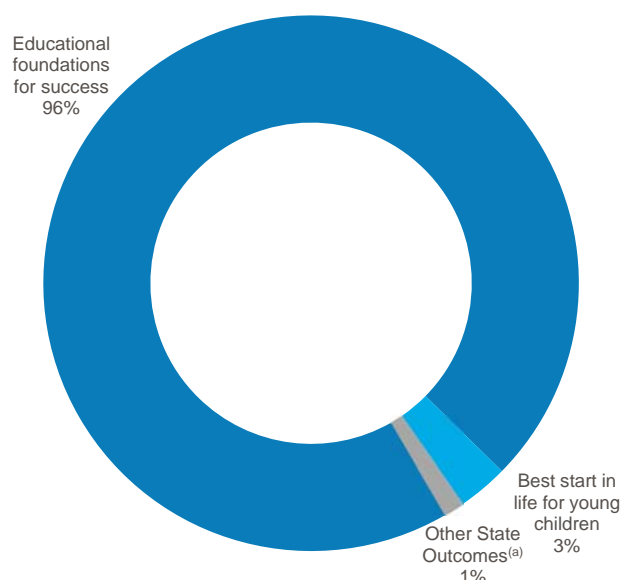
Empowering Aboriginal communities

- \$2.8 million in 2018-19 to establish Australia's first Aboriginal Languages Trust under the *Aboriginal Languages Act 2017*. This will enable focused, coordinated and sustained effort in relation to Aboriginal languages at local, regional and state levels. The Aboriginal Languages Trust will be responsible for resourcing local language activities, and developing and implementing a five-year strategic plan.

Overview of cluster expenses by State Outcome

A summary of expenses by State Outcome is provided in the chart and table below.

Chart 1.1: Recurrent expenses by outcome 2018-19 (%)



(a) Grouped for presentation purposes, "Other State Outcomes" comprises:

- Equipping teachers with the best skills for educating our young people
- Empowering Aboriginal communities.

Table 1.1: Education cluster expense summary by State Outcome (\$m)

	Expenses ^(a)			Capital Expenditure		
	2017-18	2018-19	Change	2017-18	2018-19	Change
	Revised	Budget		Revised	Budget	
	\$m	\$m	%	\$m	\$m	%
Educational foundations for success.....	13,598.0	15,048.2	10.7	826.6	1,611.9	95.0
Best start in life for young children	444.5	474.3	6.7	...	...	...
Equipping teachers with the best skills for educating our young people	144.9	161.4	11.4	3.5	1.6	(55.1)
Empowering Aboriginal communities	25.8	38.3	48.2	...	...	...
Total	14,213.2	15,722.2	10.6	830.1	1,613.5	94.4

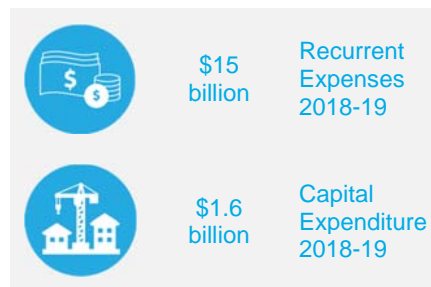
(a) This table shows expenses on an uneliminated cluster basis, excluding cluster grants.

1.2 Cluster Outcome Highlights

Outcome 1 – Educational foundations for success

The cluster will spend \$16.7 billion achieving this outcome (\$15.0 billion recurrent expenses and \$1.6 billion capital expenditure) in 2018-19. This expenditure is being allocated to school education to support the delivery of this outcome in 2018-19. This will impact Outcome Indicators relating to the Premier's and State Priorities on NAPLAN results.

Key initiatives and activities include:



Government school education

The Government is investing \$6 billion over four years to deliver more than 170 new and upgraded schools, including:

- commencing work in 2018-19 on 40 new and upgraded school projects, and beginning planning for a further 20 new and upgraded schools
- continuing works on more than 110 ongoing new and upgraded school projects.

This record capital investment also includes the delivery of minor works projects including improvements to school facilities such as canteen and toilet block upgrades, sports courts and installation of shade covers, as well as land purchases for new and expanded schools.

Other initiatives include:

- \$500 million over five years to provide cooling for schools through the installation of reverse cycle air conditioning
- \$71.8 million in 2018-19 to implement the Literacy and Numeracy Strategy in NSW government schools, which ensures that NSW students have the essential literacy and numeracy skills they need for learning and in life
- \$50 million in flexible funding to schools to implement the School Leadership Strategy which frees up principals and school leaders from administrative work to focus more on instructional leadership
- \$3.75 million in 2018-19 to support an additional 1,000 Aboriginal students to participate in Clontarf Academies in New South Wales, with 500 students to start in the 2018 calendar year and 500 to start in the 2019 calendar year.

Non-government schools

The cluster will spend \$1.3 billion on non-government schools in 2018-19 to improve student outcomes across school sectors. This represents an increase of 7.5 per cent compared to 2017-18 and includes a \$32 million increase in the Building Grants Assistance Scheme over four years to support enrolment growth in non-government schools.

Outcome Indicators	Units	2017-18 Baseline	2018-19 Forecast
Proportion of students in the top two NAPLAN bands for reading and numeracy	%	35.5	35.5
Proportion of Aboriginal students in top two NAPLAN bands for reading and numeracy	%	10.4	11.1
Proportion of young people with an HSC Year 12 certificate or AFQ certificate II and above	%	88.7	88.9
Employees	FTE	90,880	92,098

Outcome 2 – Best start in life for young children

The cluster will spend \$474.3 million (in recurrent expenses) achieving this outcome in 2018-19. This investment will be directed to:



\$474
million

Recurrent
Expenses
2018-19

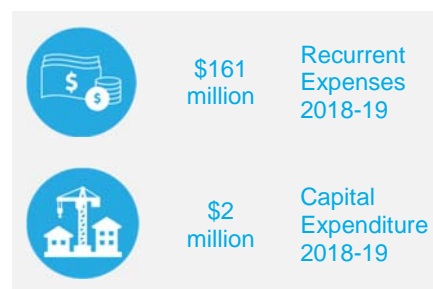
- funding to all three-year olds in community preschools from 2019 to ensure universal access to two years of early childhood education – making New South Wales the first state in Australia to do so
- continuing Start Strong funding for preschool education in community preschools and long day care services, for children in the year before school and equity three year olds, underpinned by a demand-based funding model that responds to population growth
- \$42.1 million in capital grants funding over four years to support the creation of 4,800 new community preschool places in growth areas
- the introduction of the Start Strong Pathways Program which targets the early learning needs of disadvantaged and vulnerable children too young for preschool and supports pathways into early childhood education
- continued funding for the Rural and Remote Early Childhood Teaching Scholarship programs which support early childhood educators in preschools and long day care services to upgrade their diploma qualification to a four-year degree
- ongoing support for the Sector Development Program which provides training, support and resources to build sector capacity in alignment with government priorities
- continued funding to enhance participation and educational outcomes in early childhood education for children with a disability.

Outcome Indicators	Units	2017-18 Baseline	2018-19 Forecast
Proportion of children enrolled in an early childhood education program in the year before school	%	95.0	95.0
Proportion of enrolled children who are enrolled for 600 hours	%	94.1	95.0
Employees	FTE	584	599

Outcome 3 – Equipping teachers with the best skills for educating our young people

The cluster will spend \$163 million achieving this outcome (\$161.4 million recurrent expenses and \$1.6 million capital expenditure) in 2018-19.

This outcome relates to regulation and accreditation delivered through the New South Wales Education Standards Authority (NESA). This includes the approval of teacher education courses, the accreditation of teachers and early childhood educators, and the development of professional teaching standards.



Key initiatives and activities include:

- \$5.6 million to support over 60,000 teachers employed prior to 2004 who were accredited for the first time in 2018
- \$2.5 million towards teacher accreditation authorities to ensure that the professional teaching standards are applied fairly and consistently
- \$2.3 million towards providers of initial teacher education and professional learning courses to better meet the needs of the teaching profession
- \$1.9 million towards teachers seeking to progress to the Highly Accomplished and Lead Teacher accreditation levels.

NESA will also support high quality teaching through a comprehensive review of the NSW Curriculum, ensuring it enables teachers to equip their students to contribute to Australian society in the 21st century. A world class curriculum helps teachers prepare students for the complex challenges and opportunities they will face now and into the future.

Outcome Indicator	Units	2017-18 Baseline	2018-19 Forecast
Increase the number of teachers that are accredited at the Highly Accomplished and Lead Teacher levels	No.	174	234
Employees	FTE	815	832

Outcome 4 – Empowering Aboriginal communities

The cluster will spend \$38.3 million in recurrent expenses achieving this outcome in 2018-19.



This outcome relates to Aboriginal Affairs, which works with Aboriginal communities to implement OCHRE, the Government's plan to establish partnerships for economic prosperity, support effective Aboriginal community governance and strengthen cultural identity and language.

Key initiatives and activities include:

- \$22.3 million to focus on activities to empower Aboriginal communities, including OCHRE initiatives. This includes support for Local Decision Making, which empowers regional Aboriginal governance groups to be involved in the planning and prioritising of services in their communities
- \$2.8 million in 2018-19 to establish Australia's first Aboriginal Languages Trust under the *Aboriginal Languages Act 2017*. The Aboriginal Languages Trust will be responsible for resourcing local language activities and developing and implementing a five-year strategic plan to support Aboriginal languages at local, regional and state levels
- \$5.2 million to implement the Government's response to the Parliamentary Inquiry into Reparations for the Stolen Generations to address the trauma and harm from forced removal of Aboriginal children. This is in addition to continuing one-off ex gratia payments to survivors totalling \$54.75 million over five years, shown as expenses in the 2016-17 Budget. The reparations package, worth more than \$73 million, also provides a healing fund to address intergenerational trauma, and direct financial support for survivors' groups.

Outcome Indicator	Units	2017-18 Baseline	2018-19 Forecast
Proportion of Aboriginal people who feel they have a say within their community on important issues ^(a)	%	68.9	68.9
Employees	FTE	116	116

(a) The data for this indicator is collected from the National Aboriginal and Torres Strait Islander Social Survey by the Australian Bureau of Statistics; the next planned survey is in 2018-19.

1.3 Agency Expense Summary

The 2018-19 Budget for the Department of Education (and other agencies within the cluster) is listed in the table below, broken down by State Outcome.

In 2018-19, the Department of Education will spend \$17.3 billion (\$15.7 billion recurrent expenses and \$1.6 billion capital expenditure).

Education cluster	Expenses ^(a)			Capital Expenditure		
	2017-18 Revised	2018-19 Budget	Change	2017-18 Revised	2018-19 Budget	Change
	\$m	\$m	%	\$m	\$m	%
Department of Education						
Educational foundations for success	13,598.0	15,048.2	10.7	826.6	1,611.9	95.0
Best start in life for young children.....	444.5	474.3	6.7	...	...	...
Empowering Aboriginal communities.....	25.8	38.3	48.2	...	...	...
Cluster grants	116.1	126.3	8.7	...	...	...
Total	14,184.4	15,687.1	10.6	826.6	1,611.9	95.0
NSW Education Standards Authority						
Equipping teachers with the best skills for educating our young people	144.9	161.4	11.4	3.5	1.6	(55.1)
Total	144.9	161.4	11.4	3.5	1.6	(55.1)

(a) This table shows expenses on an uneliminated cluster basis, excluding cluster grants.

1.4 Financial Statements

Department of Education

Operating Statement

	2017-18		2018-19
	Budget	Revised	Budget
	\$000	\$000	\$000
Expenses Excluding Losses			
Operating expenses -			
Employee related	9,853,023	9,353,182	9,850,821
Other operating expenses	2,475,507	2,363,225	3,168,866
Grants and subsidies	1,921,566	1,840,296	1,989,221
Appropriation expense	...	...	...
Depreciation and amortisation	584,644	606,055	657,704
Finance costs	12,515	19,736	19,823
Other expenses	7,773	1,950	644
TOTAL EXPENSES EXCLUDING LOSSES	14,855,027	14,184,444	15,687,079
Revenue			
Appropriation	13,905,309	13,034,584	14,838,776
Cluster grant revenue	...	...	...
Acceptance by Crown Entity of employee benefits and other liabilities	385,500	480,421	385,558
Transfers to the Crown Entity	...	...	...
Sales of goods and services	166,235	516,063	529,361
Grants and contributions	426,579	204,230	379,778
Investment revenue	22,084	10,682	11,337
Retained taxes, fees and fines	...	...	...
Other revenue	71,093	160,083	83,209
Total Revenue	14,976,801	14,406,062	16,228,019
Gain/(loss) on disposal of non current assets	...	(53,218)	...
Other gains/(losses)	...	315	...
Net Result	121,774	168,715	540,940

Balance Sheet

	2017-18		2018-19
	Budget \$000	Revised \$000	Budget \$000
Assets			
Current Assets			
Cash assets	703,380	897,511	767,445
Receivables	195,071	158,338	166,378
Inventories	...	...	...
Financial Assets at Fair Value	...	...	...
Other Financial Assets	11,501	0	0
Other	...	...	...
Assets Held For Sale	284	...	...
Total Current Assets	910,236	1,055,848	933,822
Non Current Assets			
Receivables	62	62	62
Inventories	...	...	...
Financial Assets at Fair Value	...	...	...
Equity Investments	...	...	...
Property, plant and equipment -			
Land and building	24,081,814	32,531,553	33,174,984
Plant and equipment	216,086	239,635	307,010
Infrastructure Systems	...	...	...
Investment Properties	...	...	...
Intangibles	299,688	324,247	292,204
Other Assets	...	...	...
Total Non Current Assets	24,597,650	33,095,497	33,774,260
Total Assets	25,507,886	34,151,345	34,708,082
Liabilities			
Current Liabilities			
Payables	429,833	428,840	469,447
Other Financial Liabilities at Fair Value	...	...	...
Borrowings	6,941	6,944	7,269
Provisions	894,575	864,701	867,389
Other	60,065	116,646	100,275
Liabilities associated with assets held for sale	...	...	...
Total Current Liabilities	1,391,414	1,417,131	1,444,380
Non Current Liabilities			
Payables	...	...	...
Other financial liabilities at fair value	...	...	...
Borrowings	156,126	156,151	148,861
Provisions	47,124	33,062	33,062
Other	1,413	6,740	2,578
Total Non Current Liabilities	204,663	195,954	184,502
Total Liabilities	1,596,077	1,613,085	1,628,882
Net Assets	23,911,809	32,538,260	33,079,200
Equity			
Accumulated funds	13,572,761	13,756,926	14,297,866
Reserves	10,339,048	18,781,334	18,781,334
Capital Equity	...	...	...
Total Equity	23,911,809	32,538,260	33,079,200

Cash Flow Statement

	2017-18		2018-19
	Budget \$000	Revised \$000	Budget \$000
Cash Flows From Operating Activities			
Payments			
Employee related	9,431,506	8,866,828	9,441,874
Grants and subsidies	1,921,566	1,840,296	1,989,221
Finance costs	12,515	19,736	19,823
Equivalent Income Tax	...	...	...
Other payments	2,781,134	2,661,619	3,397,305
Total Payments	14,146,721	13,388,479	14,848,224
Receipts			
Appropriation	13,905,309	13,034,584	14,838,776
Cluster Grant Revenue	...	...	...
Liab to CF - Change in operating assets and liabilities	...	...	...
Cash reimbursements from the Crown Entity	...	...	...
Transfers to the Crown Entity	...	...	...
Cash transfers to the Crown Entity	...	...	...
Sale of goods and services	166,235	516,378	529,361
Retained taxes, fees and fines	...	...	...
Interest received	21,084	9,682	3,297
Grants and contributions	426,179	200,567	378,046
Other receipts	311,201	400,191	312,110
Total Receipts	14,830,008	14,161,402	16,061,590
Net Cash Flows From Operating Activities	683,287	772,923	1,213,366
Cash Flows From Investing Activities			
Proceeds from sale of property, plant and equipment	87,957	6,729	275,457
Purchases of property, plant and equipment	(777,496)	(791,034)	(1,611,924)
Proceeds from sale of investments	...	2,504	...
Purchases of investments	...	...	...
Advances repayments received	...	...	...
Advances made	...	...	...
Other Investing	(31,592)	(35,531)	...
Net Cash Flows From Investing Activities	(721,131)	(817,332)	(1,336,467)
Cash Flows From Financing Activities			
Proceeds from borrowings and advances	...	...	...
Repayment of borrowings and advances	(6,654)	(147,150)	(6,965)
Dividends paid	...	...	...
Other Financing	...	...	...
Capital appropriation - equity appropriation	...	...	...
Cash equity injection to for-profit entities	...	...	...
Net Cash Flows From Financing Activities	(6,654)	(147,150)	(6,965)
Net Increase/(Decrease) in Cash	(44,498)	(191,559)	(130,066)
Opening Cash and Cash Equivalents	747,878	1,089,069	897,511
Reclassification of Cash Equivalents	...	...	...
Cash transferred in (out) as a result of administrative restructuring	...	...	...
Closing Cash and Cash Equivalents	703,380	897,511	767,445

NSW Education Standards Authority

Operating Statement

	2017-18		2018-19
	Budget	Revised	Budget
	\$000	\$000	\$000
Expenses Excluding Losses			
Operating expenses -			
Employee related	109,579	106,319	119,763
Other operating expenses	38,377	36,843	40,244
Grants and subsidies	...	...	...
Appropriation expense	...	...	...
Depreciation and amortisation	1,399	1,726	1,361
Finance costs	...	...	...
Other expenses	...	...	...
TOTAL EXPENSES EXCLUDING LOSSES	149,355	144,887	161,369
Revenue			
Appropriation	...	...	...
Cluster grant revenue	115,169	116,145	126,297
Acceptance by Crown Entity of employee benefits and other liabilities	2,469	1,111	2,815
Transfers to the Crown Entity	...	...	...
Sales of goods and services	24,509	19,809	30,450
Grants and contributions	1,793	4,637	1,784
Investment revenue	204	102	208
Retained taxes, fees and fines	...	...	...
Other revenue	508	1,032	518
Total Revenue	144,652	142,836	162,072
Gain/(loss) on disposal of non current assets	10	(0)	10
Other gains/(losses)	...	...	...
Net Result	(4,693)	(2,052)	713

Balance Sheet

	2017-18		2018-19
	Budget \$000	Revised \$000	Budget \$000
Assets			
Current Assets			
Cash assets	6,231	2,233	7,879
Receivables	4,540	8,737	4,629
Inventories	1,687	1,779	1,779
Financial Assets at Fair Value	...	...	...
Other Financial Assets	...	1,028	0
Other	...	...	...
Assets Held For Sale	...	...	...
Total Current Assets	12,458	13,778	14,288
Non Current Assets			
Receivables	...	...	...
Inventories	...	...	...
Financial Assets at Fair Value	...	...	...
Equity Investments	...	...	...
Property, plant and equipment -			
Land and building	1,423	1,720	1,650
Plant and equipment	1,618	281	277
Infrastructure Systems	...	...	...
Investment Properties	...	...	...
Intangibles	3,481	6,678	6,955
Other Assets	...	...	...
Total Non Current Assets	6,522	8,678	8,881
Total Assets	18,980	22,455	23,168
Liabilities			
Current Liabilities			
Payables	8,449	9,773	9,773
Other Financial Liabilities at Fair Value	...	...	...
Borrowings	...	...	...
Provisions	5,117	4,532	4,532
Other	4,792	8,294	8,294
Liabilities associated with assets held for sale	...	...	...
Total Current Liabilities	18,358	22,599	22,599
Non Current Liabilities			
Payables	...	...	...
Other financial liabilities at fair value	...	...	...
Borrowings	...	...	...
Provisions	133	122	122
Other	...	...	...
Total Non Current Liabilities	133	122	122
Total Liabilities	18,491	22,721	22,721
Net Assets	489	(266)	447
Equity			
Accumulated funds	489	(266)	447
Reserves	...	...	...
Capital Equity	...	...	...
Total Equity	489	(266)	447

Cash Flow Statement

	2017-18		2018-19
	Budget	Revised	Budget
	\$000	\$000	\$000
Cash Flows From Operating Activities			
Payments			
Employee related	106,919	106,259	116,948
Grants and subsidies	...	...	...
Finance costs	...	...	...
Equivalent Income Tax	...	...	...
Other payments	41,577	39,991	43,444
Total Payments	148,496	146,250	160,393
Receipts			
Appropriation	...	...	...
Cluster Grant Revenue	115,169	116,145	126,297
Liab to CF - Change in operating assets and liabilities	...	...	...
Cash reimbursements from the Crown Entity	...	...	...
Transfers to the Crown Entity	...	...	...
Cash transfers to the Crown Entity	...	...	...
Sale of goods and services	24,509	24,026	30,450
Retained taxes, fees and fines	...	...	...
Interest received	204	195	208
Grants and contributions	1,793	4,637	1,784
Other receipts	3,708	(2,270)	7,826
Total Receipts	145,383	142,732	166,565
Net Cash Flows From Operating Activities	(3,113)	(3,518)	6,172
Cash Flows From Investing Activities			
Proceeds from sale of property, plant and equipment	30	1	30
Purchases of property, plant and equipment	(629)	(694)	...
Proceeds from sale of investments	...	...	...
Purchases of investments	...	...	...
Advances repayments received	...	...	...
Advances made	...	...	...
Other Investing	(747)	(2,838)	(1,584)
Net Cash Flows From Investing Activities	(1,346)	(3,530)	(1,554)
Cash Flows From Financing Activities			
Proceeds from borrowings and advances	...	...	...
Repayment of borrowings and advances	...	...	...
Dividends paid	...	...	...
Other Financing	...	...	...
Capital appropriation - equity appropriation	...	...	...
Cash equity injection to for-profit entities	...	...	...
Net Cash Flows From Financing Activities	...	...	...
Net Increase/(Decrease) in Cash	(4,459)	(7,048)	4,618
Opening Cash and Cash Equivalents	10,690	2,978	2,233
Reclassification of Cash Equivalents	...	6,303	1,028
Cash transferred in (out) as a result of administrative restructuring	...	...	...
Closing Cash and Cash Equivalents	6,231	2,233	7,879