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Subject: Inquiry into Public Sector Expenditure

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Attached find West Coast TAFE's response to the Standing Committee on Estimates and Financial Operations regarding the Inquiry into Public Sector Expenditure.

Should you require clarification on any point do not hesitate to contact me.

Regards

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Training & Business Services

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Impact of the 3% Efficiency Dividend

Background

For several years the DTF have only funded salary and operational cost increases on a partial basis to drive annual efficiencies. The 3% efficiency dividend is in addition to these entrenched annual productivity dividends.

For West Coast TAFE this has resulted in a real cut of 18% in GOSAC salary funding and at least 8% in operational funding. In addition, new conditions such as paid maternity and paternity leave have not been funded. The attached spreadsheet indicates the annual salary rate increases for GOSAC staff and the percentage of the increase funded through the DTF. It also shows the annual CPI increases for Perth and the funding increase provided for operational costs such as utilities, cleaning, security, printing, insurance etc. It should also be pointed out that the CPI does not reflect the real increases in these operational costs each year. For example, in 2008 our electricity tariff was increased by around 14% and food costs to operate our cooking training increased by more than 20%.

In addition to the above there have been successive reductions in funding to account for perceived savings in the use of consultants, advertising, travel, jobs advertising, procurement reform and shared services. Often these savings were not real but part of a modelling process adopted by the DTF. For example, the college is only funded \$8273 for staff advertising and yet has a deduction of \$14000 each year for savings in advertising jobs due to the introduction of a web based job advertising process. The actual cost for this was approximately \$27000 in 2008.

Whilst the funding for GOSAC salaries has significantly decreased in real terms since 1996 the demands to provide more services and comply with more reporting has significantly increased. For example, the college has been required to introduce a new position to cater for career advice which was part funded for the first three years and then to be fully funded by the college after that period.

Stage of implementation of the 3% efficiency dividend

The dividend has been taken from our funding via the Department of Education and Training.

Agency report to Minister

The DET are providing a report on behalf of the sector.

Measures to be taken

There will be forced reduction in the number of GOSAC staff and training classes with low numbers will have to be combined requiring some lecturers to teach multiple groups. Reductions in staff training, travel and hospitality expenditure will be achieved together with electricity savings by altering air conditioning temperatures.

Initially the impact of salary savings will be limited due to the need to continue to pay staff while redeployment opportunities are found. Given all agencies will be reducing their staff sizes this will take longer than in the past.

It is anticipated that for 2009-2011 the college will struggle to absorb all of the cuts and will need to operate deficit budgets and so utilise some of the reserves.

Impact on service delivery

Operating hours of the library and student administration will be reduced resulting in fewer hours for students to access services. Some students will not receive the same amount of one to one support from lecturers however the quality of the training received should not be significantly impacted.

Courses that traditionally have lower numbers will have to be removed from those on offer resulting in some students having to travel further to access the course of their choice or not engage in training.

Impact on functions, performance and staffing arrangements

Additional staff multi-skilling will be required as some functions are devolved across several positions. Where possible the college will look to not fill positions that become vacant or use internal redeployment where possible to reduce the impact on staff needing to be redeployed.

As indicated, some lecturing staff will be required to teach two units in the one class however this is normal practice for teachers in primary and secondary education.

Time lines for compliance reporting may not be achieved and some functions currently performed but not regarded as critical will need to be removed. Procedures will continue to be examined with a view to streamlining further however much of this has already been achieved due to successive annual salary cuts in real terms.

Disproportionate impact due to size

West Coast TAFE is by far the smallest of the four metropolitan colleges being approximately one third the size of Challenger TAFE and one quarter the size of both Central and Swan TAFEs.

The college is required to provide the full suite of services to students and cover the costs associated with compliance as a statutory authority without having the economies of scale enjoyed by the other metropolitan colleges. As a consequence, when a position has to be removed to cover funding cuts such as this and the annual under funding of salary increases and operational costs, the impact on services and staff is more pronounced.

For example, the college is required to employ a full time aboriginal staff member to provide services to a small number of aboriginal students. Based on student numbers it may only warrant a part time position but the students can require support any day of the week not just on two or three days of each week. Development of the annual report, strategic plans and business plans together with compliance reporting require a similar amount of effort regardless of the size of the agency.

An added area of disadvantage is in relation to this college's capacity to compete for tenders. Due to our size we cannot afford to have dedicated staff writing tender submissions and cannot easily attract staff to undertake projects on short term contracts if successful in winning a tender. This means our size impacts our capacity to develop more commercial work and generate commercial surpluses to cross subsidise state funding in order to reduce the impact of this efficiency dividend both now and into the future.

Actual Cost Increases Compared To Delivery Performance Agreement Increases

Year	Perth CPI	Compounded CPI	Funded Inc	Compounded DET Funded Inc	Actual Non Teaching Salary Inc	Actual Compounded Sal Inc	Funded Sal Inc	Compounded DET Funded Sal Inc
1997	3.9%	103.90%	2.0%	102.0%	2.0%	102.00%	1.0%	101.0%
1998	1.4%	105.35%	2.0%	104.04%	2.0%	104.04%	1.0%	102.0%
1999	-0.3%	105.04%	2.0%	106.12%	2.5%	106.64%	1.25%	103.3%
2000	1.8%	106.93%	2.0%	108.24%	2.5%	109.31%	1.25%	104.6%
2001	2.3%	109.39%	2.0%	110.41%	3.0%	112.59%	2.0%	106.7%
2002	5.5%	115.40%	2.0%	112.62%	3.0%	115.96%	2.0%	108.8%
2003	2.6%	118.41%	2.0%	114.87%	4.5%	121.18%	2.0%	111.0%
2004	3.3%	122.31%	2.0%	117.17%	3.8%	125.79%	2.0%	113.2%
2005	2.3%	125.06%	2.0%	119.51%	3.6%	130.32%	2.0%	115.5%
2006	2.5%	128.19%	2.0%	121.90%	4.5%	136.18%	2.0%	117.8%
2007	4.3%	133.70%	2.0%	124.34%	4.0%	141.63%	2.0%	120.1%
2008	3.1%	137.85%	2.0%	126.82%	5.0%	148.71%	1.5%	121.9%

% of Funded inc to CPI for non salary 92.00% 8% real reduction in funding of non salary costs

% of Funded inc to real salary cost 81.99% 18% real reduction in funding of salaries