



The Hon. John Barilaro MP

Minister for Regional Development
Minister for Skills
Minister for Small Business

The Hon Paul Green MLC
Chair – General Purpose Standing Committee No.6
Legislative Council inquiry into Vocational Education and training in New South Wales
Parliament House
Macquarie Street
Sydney NSW 2000

gpscno6@parliament.nsw.gov.au

Dear Mr Green

Please find attached the copy of extra answers to questions taken on notice during evidence given to the General Purpose Standing Committee No.6, as requested on Thursday 10 November 2015.

Yours sincerely

The Hon. John Barilaro MP
Minister for Regional Development
Minister for Skills
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Legislative Council Inquiry into VET in NSW - Supplementary Questions for the Minister for Skills (10 November 2015)

Question 1:

Please provide the committee with a breakdown of TAFE NSW revenues by the following funding sources, for the last three years (where applicable), and projected for next year:

- a) Non-contestable funding, namely:
 - (i) Operational base funding
 - (ii) Community service obligation funding
 - (iii) Funding for directly purchased services
- b) Contestable funding under Smart and Skilled.

Answer:

The budget categories you are requesting for the previous five years do not exist. Operational base funding, community service obligation funding and funding for directly purchased services are part of the block grant provided to TAFE NSW. Further context in relation to funding is provided in the answers I submitted to the Committee.

Contestable funding under Smart and Skilled on came into operation in January 2015 and is based on Commercial in Confidence contracts will all successful public and private Registered Training Organisations (RTOs) including the 10 TAFE NSW Institutes.

Question 2:

In the January 2015 Performance Audit Report 'Vocational Education and Training Reform', the Auditor-General recommended that by April 2015, the Department of Education and Communities should finalise accountability arrangements for TAFE's non-contestable funding and specify what it expects each TAFE Institute to provide and report on for its direct funding.

- a) Please advise whether such a memorandum of understanding setting out the accountability arrangements for direct funding has been entered into between the relevant department and TAFE NSW, and if so, when it was entered into
- b) If not, the reasons why, and whether there is any intention of doing so (and by when).

Answer:

- a) A Memorandum of Understanding (MOU) was entered into between the former Department of Education and Communities and TAFE NSW on 01 June 2015.
- b) N/A.

Question 3:

The NSW Skills Board Annual Report 2015 refers to the fact that an additional \$57 million in Smart and Skilled funding was announced on 18 December 2014, with the Skills Board endorsing that the additional funding be used to increase small regional caps for providers, among other things:

- a) What was the source of the additional \$57 million, and in particular, did it come from under-spent financial caps from the initial funding round, either all or in part
- b) In relation to the initial funding round, what was the total amount of the underspent financial caps
- c) What proportion of the under-spent financial caps came from caps that had been awarded to TAFE NSW, and what proportion came from caps that had been awarded to other providers
- d) Of the \$57 million, how much was used to increase small regional caps for providers
- e) What proportion of the increased regional caps went to TAFE NSW and what proportion went to other providers.

Answer:

- a) The funds were identified through an end-of-year reconciliation of 2014 State Training Services funding programs including the Strategic Skills and Apprenticeship and Traineeship Training Programs. The reconciliation identified approximately \$57 million in unexpended 2014 funds that were available for

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allocation under Smart and Skilled in 2015. None of it came from under-spent financial caps from the initial funding round.

- b) Nil.
- c) Nil.
- d) \$20,550,372 was allocated to increase small regional caps for providers.
- e) One per cent (1%) of the value of small regional cap increases went to TAFE NSW. The remaining 99 percent went to other providers. TAFE NSW's proportion was small because there were very few instances (16 only) where the regional caps of TAFE NSW Institutes were below the small cap benchmark of \$31,000. This compared to 883 instances where the regional caps for other providers needed to be increased to meet the small cap benchmark.