
Department of Education and Training

AUDIT OPINION

The audit of the financial report of the Department of Education and Training (the Department), including its controlled entities, for the year ended 30 June 2006 resulted in an unqualified Independent Audit Report.

PERFORMANCE ISSUES

The Department measures whether it is achieving its priority outcomes by using performance indicators, such as:

- literacy and numeracy
- class sizes
- year 12 completion rates
- achievement gap for Aboriginal students
- government school enrolments.

Literacy and Numeracy

The Department aims to achieve equitable literacy and numeracy outcomes for students by setting standards of achievement. The Department evaluates literacy and learning outcomes for school students using the following tools:

- the Basic Skills Test (BST) which is used to assess primary school students (Years 3 and 5)
- English Language and Literacy Assessment (ELLA) and Secondary Numeracy Assessment Program (SNAP) which are used to assess secondary school students (Years 7 and 8).

Students are placed in bands depending on the results of their test.

The table below shows primary school literacy and numeracy outcomes from 2003 to 2005 school years and compares them to the Department's 2005 targets.

Year ended 31 December	Actual	Target	Actual	
	2005*	2005**	2004*	2003*
Year 3 Literacy at band 2 or higher (%)	88.5	89-90	89.2	87.8
Year 3 Numeracy at band 2 or higher (%)	90.8	89-90	89.9	91.9
Year 5 Literacy at band 3 or higher (%)	92.9	93-94	93.1	94.0
Year 5 Numeracy at band 3 or higher (%)	93.4	93-94	93.6	94.0

* Source - Department of Education and Training (DET) Annual Report 2005

** Source - DET Results and Services Plan 2005-06

Notes: The 2003-2004 trend data for the BST Literacy indicator should be interpreted with caution. From 2005, the BST Literacy indicator is based on students' performance on the reading, language and writing components of the one BST test. Prior to 2005, students' performance in reading and language was assessed via the BST and students sat a separate test, the Primary Writing Assessment (PWA), for writing. Hence the 2003-2004 data has been created retrospectively by matching students who sat both the BST and the PWA. Students who could not be matched or did not sit both tests have been excluded.

The Department has met or is close to achieving its targets range.

The table below shows secondary school results from 2003 to 2005 school years and compares them to the Department's 2005 targets.

Year ended 31 December	Actual	Target	Actual	
	2005*	2005**	2004*	2003*
Year 7 Literacy at elementary band or higher (%)	95.5	93-94	95.5	95.8
Year 7 Numeracy at elementary band or higher (%)	96.2	94-95	95.4	94.7
Year 8 Literacy at elementary band or higher (%) ***	97.2	N/A	97.1	97.3
Year 8 Numeracy at elementary band or higher (%) ***	97.6	N/A	97.2	96.9

* Source - DET Annual Report 2005

** Source - DET Results and Services Plan 2005-06

*** No targets are set for Year 8 literacy and numeracy as the tests are carried out on a voluntary basis.

The Department met its targets for year 7 literacy and numeracy. Compared to 2003 the literacy performances have slightly decreased, while numeracy performances increased marginally.

The Department spent \$130 million on the literacy and numeracy plan in 2004-05 compared to \$119 million in 2003-04.*

Reduced Class Sizes in Kindergarten to Year 2

In 2005, the Department completed phase two of its Class Size Reduction Initiative. The following table illustrates the progress since 2003.

Year ended 31 December	Actual	Target	Actual	
	2005*	2005**	2004*	2003*
Average number of students in:				
Kindergarten	19.7	20.0	22.1	22.9
Year 1	23.6	23.8	24.6	24.5
Year 2	25.1	25.4	25.4	25.3

*Source - DET Annual Report 2005

**Source - DET Results and Services Plan 2005-06

The Department has met or is close to achieving its targets. In part, this is due to the reduction in the number of enrolments.

In New South Wales, full time enrolments in government schools have reduced every year since 1998. Since 2003, there has been a reduction in kindergarten to year 2 enrolments of 1.3 per cent compared to a reduction in class sizes of 5.9 per cent.

Year 12 Completion Rates

The Department has put in place a range of strategies designed to encourage students to complete Year 12. These strategies have seen an overall increase in year 12 retention rates for government schools since 2001 from 62 per cent to 65.8 per cent in 2005, the most significant increase being 6.4 per cent for students from non-English speaking backgrounds. Aboriginal students and geographically isolated student retention rates have increased by 1.0 per cent and decreased by 1.6 per cent respectively.

Completion Rates from Years 7 to 12 for Government Schools

Year ended 31 December	2005 %*	2004 %*	2003 %*	2002 %*	2001 %*
All students	65.8	65.8	65.0	63.8	62.0
Aboriginal students	29.4	29.9	29.2	29.0	28.4
Students from language backgrounds other than English	109.5	108.2	104.6	102.3	103.1
Students from low socio-economic status backgrounds	55.5	56.4	55.0	54.0	54.8
Geographically isolated students	45.6	43.7	48.8	47.5	47.2

*Source DET Annual Report 2005

Notes:

- Retention rates are 'apparent' as they do not track individual students through their secondary schooling.
- Retention rates for students from low socio-economic status backgrounds and geographically isolated students are based on participating schools in 2005.
- Year 12 completion rates can exceed more than 100 per cent due to a number of factors including migration of students from interstate and overseas.

Retention rates for full-time students by State (2001-2005) for Years 7/8 to 12

Years	NSW	Vic	Qld	SA	WA	Tas	NT	ACT	Aust
2005	65.8	74.0	73.0	61.7	65.4	65.5	70.5	99.6	69.4
2004	65.8	74.4	75.3	58.0	65.9	70.7	72.0	100.5	69.8
2003	65.0	74.9	76.1	56.8	64.8	74.5	69.0	101.0	69.6
2002	63.8	74.4	76.5	56.9	69.0	72.9	63.1	98.7	69.5
2001	62.0	73.7	73.6	57.4	65.9	68.5	59.7	107.6	67.8

Source: DET Annual Report 2005

Notes: Retention rates are 'apparent' as they do not track individual students through their final years of secondary schooling.

Care should be exercised in the interpretation of apparent retention rates as the method of calculation does not take into account a range of factors including:

- Differing enrolment policies across jurisdictions (which contribute to different age-grade structures)
- Students enrolled in Year 12 on a part-time basis or repeating a year
- Movements of students between States and between school sectors
- Impact of full-fee paying overseas students
- Varying enrolment patterns in which students choose to complete their secondary schooling at TAFE
- Apparent retention rates can exceed more than 100 per cent due to a number of factors including migration of students from interstate and overseas.

By maintaining its apparent retention of year 7 to 12 students, New South Wales improved its ranking from seventh to fifth amongst all States and Territories, but still remains below the national average.

The Achievement Gap for Aboriginal Students

The comparison of Year 3 and Year 5 Aboriginal students' BST results for numeracy and literacy against all student peers show significant gaps. Since 2001, BST results for Year 5 Aboriginal students have shown a gradual improvement, reducing the gap from 14.1 per cent to 13.3 per cent for numeracy. However for literacy the gap has increased from 12.7 per cent to 14.7 per cent. The gap in Year 3 results for numeracy has reduced but widened for Year 3 literacy.

In 2005, there were 6,661 students who were recognised on the HSC Distinguished Achievers List, of which only 0.2 per cent were Aboriginal students.

The Department has made it a priority to allocate funding of \$65.0 million over four years to improve the academic achievements for Aboriginal school students, by designing specialised teaching programs in order to reduce the gap.

Government Schools

	NSW	National	NSW Ranking amongst all States and Territories	NSW Ranking Previous Year
Recurrent Expenditure per student on Government Schools 2004-05 ^a				
Primary	9,944	9,775	4	4
Secondary	12,423	12,266	4	5
Overall	10,961	10,749	4	5
Student to Teaching Staff Ratios - Government Schools 2005 ^b				
Primary	16.7	16.1	8	8
Secondary	12.4	12.4	5	5
Overall	14.6	14.4	6	8
Full-Time Student Enrolment - Government Schools as a percentage of all schools 2005 ^c				
Primary	70.2	70.9	5	5
Secondary	62.6	61.8	4	4
Overall	66.8	67.1	5	5

^a Source: DET Annual Report 2005. Incorporates both salaries and non-salary costs. Includes actual or notional pay-roll tax and notional 8 per cent user cost of capital

^b Source: Australian Bureau of Statistics, Schools Australia 2005 (Table 22)

^c Sources: Australian Bureau of Statistics, Schools Australia 2005 (Table 4)

^d The rankings below range from one to eight, with eight being the worst ranked.

Note: Care should be taken when comparing different jurisdictions as areas of non-comparability continue to exist eg there can be large differences between city and country staff ratios within different jurisdictions

New South Wales expenditure per student was higher than the national average for both primary and secondary schools in 2004-05. There was a slight improvement in the secondary schools ranking from fifth in 2003-04 to fourth in 2004-05. It ranked eighth for the government primary student-to-teacher ratio and fifth for government secondary students. The overall average student-teacher ratio for New South Wales government schools improved from eighth in 2004 to sixth in 2005 although still slightly below the private sector ratio of 14.0 students per teacher.

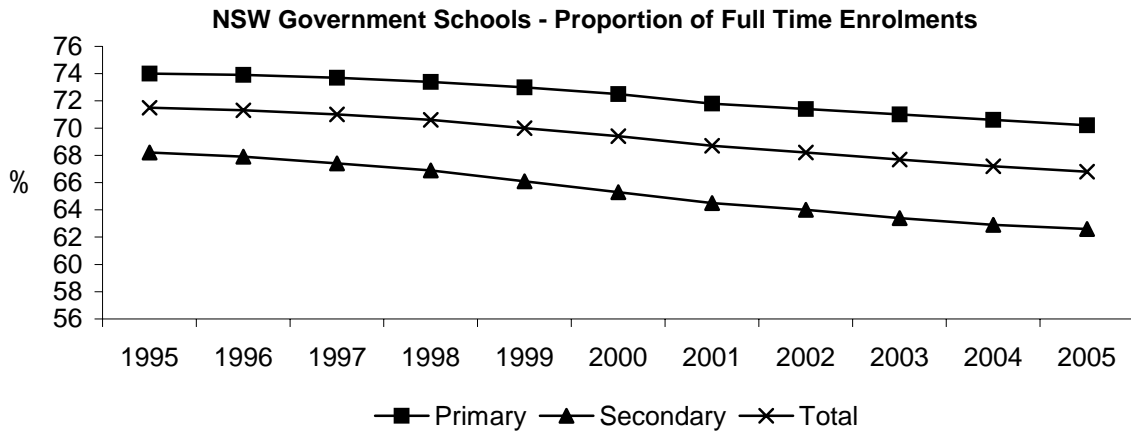
In comparison with other jurisdictions, New South Wales continues to be ranked fifth in attracting student enrolments to government schools.

The following table shows the continued movement in students from government to non-government schools:

NSW Student Numbers	Government			Non-Government		
	2005	2004	2003	2005	2004	2003
Primary	<i>436,551</i>	440,309	444,854	<i>185,342</i>	183,670	181,529
Secondary	<i>303,888</i>	<i>303,920</i>	<i>305,026</i>	<i>181,905</i>	<i>179,150</i>	<i>175,927</i>
Total	<i>740,439</i>	<i>744,229</i>	<i>749,880</i>	<i>367,247</i>	<i>362,820</i>	<i>357,456</i>

Source: Australian Bureau of Statistics, Schools Australia 2005 (Table 4)

The proportion of all students enrolling in government schools has been declining for the past 13 years. The most significant decline has been in secondary schools, falling from 69.2 per cent in 1992 to 62.6 per cent in 2005. Overall, the reduction has been 5.3 per cent. The chart below illustrates the decline over the last decade.



Source: DET Annual Report 2005

The number of teachers employed in New South Wales government schools during the last three years is illustrated below on a full-time equivalent (FTE) basis:

Teaching Classification	2006	2005	2004
Permanent and temporary teachers	50,601	50,905	50,514
Long term casual teachers	2,801	2,809	2,709
Short term relief casuals	<u>1,848</u>	<u>1,933</u>	<u>1,822</u>
	<u>55,250</u>	<u>55,647</u>	<u>55,042</u>

Source: DET Statistics.

The number of teachers employed in 2006 slightly decreased from 2005. Departmental statistics indicate that on average 6.0 per cent of teachers are expected to retire each year over the next four years with an average 4.9 per cent of new teachers selected to be employed annually during this period. In order to minimise the effect of these shortfalls, the Department has a range of initiatives in place to ensure that shortages in areas such as secondary mathematics, science and technological and applied studies, do not occur. These initiatives include scholarships, accelerated teacher training and retraining for teacher recruitment in areas of anticipated shortfalls.

Computers in Schools

A key initiative of the Department is to provide sufficient numbers of up-to-date computers and related technology to schools, to enhance the computer skills of all students and to train teachers.

The expenditure in this area was as follows:

Year ended 30 June	2006 \$'000	2005 \$'000	2004 \$'000
Computers in schools leasing costs	20,080	34,438	44,189
Internet and related expenditure	25,510	29,763	25,482
Salaries	7,676	4,140	6,508
Computer co-ordinator funding to schools	48,809	46,173	38,124
Provision of email accounts to students and teachers	--	47	14
Computer software and software licences	648	905	--
Buy-back of computers previously leased	4,573	11,777	5,049
Other	407	953	2,873
Total	<u>107,703</u>	<u>128,196</u>	<u>122,239</u>

Source: DET Statistics

The approximate ratio of students to computers in government schools has improved from 22:1 in 1995 to around 6:1 in 2006.

Last year we reported that \$140 million will be spent over four years on providing 100,000 new computers to NSW public schools, including technology support. During the 2006 calendar year, the Department commenced the delivery and installation of 22,000 computers (39,000 in 2005) at an estimated cost of \$33.5 million (\$44.0 million). The rollout of these computers is expected to be completed in November 2006. It is anticipated that a further 20,000 computers will be delivered during 2007 and 2008.

CONTROL ISSUES

Department

We identified some minor opportunities for improvement and reported them to management.

Schools

For the school financial year ended 30 November 2005, we audited the financial reports of 56 primary schools, 10 high schools, 3 composite schools and 3 special schools.

We identified opportunities for schools to improve their internal controls and general compliance with Departmental guidelines. We have written to the relevant school Principals about these matters.

Many of our findings were similar to that of the previous year. The Department has told us that they communicate common findings to all schools and direct them to take corrective action.

COMPLIANCE ISSUES

We examined the Department's compliance with:

- NSW Premier's Department Circular 2003-02 'Electronic Information Security - Business Continuity Planning'. In addition we examined whether there was a general business continuity plan and how regularly those plans were reviewed.

- NSW Treasury Circular 04/07 - 'Procurement Policy Reform' which was issued in conjunction with the Policy and Guidelines Paper TPP04-1 on NSW Government Procurement Policy.

The results of the reviews were generally satisfactory. Minor opportunities to improve the business continuity plan were identified and reported to management.

OTHER ISSUES

Workers' Compensation Claims

	2006*	2005*	2004*
Workers' compensation premium (\$'000)	151,125	129,733	91,854
Total number of claims **	10,762	7,317	6,948
Total number of claims incurring cost	5,782	5,477	5,427
Number of working days lost	36,621	111,284	161,094
Number of stress claims incurring cost	849	927	979
Number of working days lost due to stress claims	14,294	24,176	61,509

Source: DET Statistics

* Figures represent data in respect of the year in which the incident occurred. Therefore the total days lost are higher for the earlier years due to the passage of more time.

**The data for 2006 includes incident notification only claims. This data has not been recorded in previous years and therefore is not comparable to past years.

The workers' compensation insurance premium increased 64.5 per cent during the past three years while the total number of claims incurring costs rose 6.5 per cent. The premiums paid for financial years 2004-05 and 2005-06 exceeded the benchmark set by the Treasury Managed Fund by \$32.2 million and \$36.6 million respectively. The Department had to fund this excess. The Department attributed the increases in claims to deficiencies in its safety program and has now implemented programs and initiatives under its safety strategy 'Safe Working and Learning'. Consequently insurance premiums for the 2006-07 renewal period has reduced by 15 per cent when compared to 2005-06.

Privately Financed Projects for New Schools

In December 2005 the Department finalised a \$177 million contract to privately finance an additional ten NSW government schools. The 30 year contract is to design, finance, construct and provide certain operational services. These schools are located in the western, north-western and south-western sectors of Sydney as well as the Hunter and Central Coast regions.

The first three schools are to be completed in 2007, a further four schools by 2008 and the remaining three schools by January 2009. The schools will be built on Department land and leased to the service provider, who will sublease the site back to the Department.

We performed agreed upon procedures in connection with the summary of contracts for this project in accordance with 'Working with Government: Guidelines for Privately Financed Projects.' Our report of factual findings was issued to the Department on 25 July 2006.

In 2004-05 the Department and NSW Treasury conducted a post implementation review of the initial nine privately financed schools to consider the process undertaken in relation to the 'Working with Government: Guidelines for Privately Financed Projects' and to identify areas of learning and improvement for future projects. The results of the review were satisfactory.

The Audit Office examined whether the processes for awarding the privately financed schools contract, including the framework for assessing bids and allocating project risks and performance standards (rewards/penalties), were adequate to maximise the potential for value for money. The results of the review was that contracts in the privately financed project were established and let in a way that greatly assists their potential for delivering value for money. However the contracts will need to be carefully managed over their thirty year period to ensure that benefits are realised and that costs do not escalate beyond expectations. A number of recommendations were also made to further improve the potential of the privately financed projects to offer value for money.

For further information regarding the report, refer to www.audit.nsw.gov.au.

School Facilities and Building Maintenance

The Department's maintenance plans for school buildings have been hampered by significant maintenance backlogs. The trend over the last four years indicates that the Department's maintenance plans are still not being achieved, with maintenance backlogs remaining virtually constant. Based on an analysis at June 2006, the Department has estimated that the current maintenance backlog is \$114 million (\$116 million at June 2005). Total school maintenance expenditure significantly reduced from \$187 million in 2004-05 to \$164 million in 2005-06.

On 28 May 2006 the Premier and the Minister for Education and Training announced the Government will invest an extra \$120 million over four years to address the current school maintenance backlog bringing total maintenance expenditure to \$857 million over the next four years. The additional funds will also support programs to: improve school facilities through painting of classrooms, replacement of floor coverings, improve school grounds, and undertake preventative maintenance works to roofs, drains and electrical services.

The Department has advised Treasury of the need for additional capital funding to overcome current gaps in the Department's school facilities provision. The Department uses proceeds from the sale of surplus land to improve school facilities. In 2005-06 the Department received \$1.7 million from such sales compared to a predicted income of \$3.0 million.

The Department is required by Treasury to raise \$5.0 million per annum from general asset sales to support the maintenance program. In 2005-06 the Department fell \$330,000 short of this target.

Planned Computer Systems Replacement

The Department's Learning Management and Business Reform (LMBR) program will replace its finance, payroll and human resources systems and the school management system over the next four years. The project incorporates all state government schools, regional and State Office locations and TAFE Institutes. The initial phase of the program has now been successfully completed. The total cost of the project is yet to be determined.

A significant benefit expected from the LMBR program is to simplify the corporate service delivery practices that support schools, TAFE and other Departmental operations, by removing duplicated and manual based work practices.

Network Broadband Project

In 2002 the Government announced the Network Bandwidth Project to provide broadband services to 92 per cent of government schools, TAFE Colleges and other departmental facilities. The project involved the upgrade of the Department's communications infrastructure using current and new technologies to ensure that available bandwidth continues to meet the needs of students state-wide. The project was completed during 2005-06 with 97 per cent of the Department's data services categorised at or above two megabytes per second.

The Department has advised that implementation of broadband services to the remaining sites is constrained by the lack of available broadband services. The Department is continuing to address these issues. The total cost of the project was \$336 million, which was within budget.

The benefits obtained from the project have been the provision of live and interactive learning opportunities for isolated and remote students, schools and TAFE and an expanded curriculum. Currently there are 330 primary students across the state at 240 isolated sites that are using distance education or virtual classroom facilities. It is anticipated that another 90 isolated sites and 160 students will be using this facility in 2006-07.

Student Report Cards

For the 2006 school year, clear and concise report cards written in plain English will be presented to parents.

Under the new system teachers will report student progress in each curriculum area against a five point achievement scale using either an A to E grade or word descriptors (outstanding, high, sound, basic or limited achievement) at least twice per year. Schools have an option on which report format to adopt. To ensure consistency and comparability in the way schools report to parents, descriptions for each of the five achievement levels as well as examples of student work that typify each achievement scale have been provided by the NSW Board of Studies. This will be the first time that the same grading system will be used on reports that schools provide to parents.

The Department has developed a policy on the new reporting requirements and is supporting its implementation with website materials, reporting to parents, software and professional development programs.

The NSW Teachers Federation has rejected the new plain English reports and defied the Industrial Relations Commission's direction that any industrial action be removed. Consequently, the Department is pursuing a resolution on this matter with the help of the Commission.

The Department has advised that all schools will be expected to report to parents using the new format by the end of the 2006 school year.

School Principals' Assessment

The performance and management of principals is assessed annually. The aim is to better support principals in meeting high levels of educational leadership and management expertise required in New South Wales Public Schools.

Where principals do not meet the required performance standards, there is a prescribed time period in which the principal, with support, must demonstrate efficiency. Failure to meet efficiency targets could see the principal dismissed or demoted. The decision of placing the principal on this program is made by the School Education Director.

In 2005 three principals were required to demonstrate their efficiency. Two subsequently completed the necessary requirements and one was demoted.

In 2006 four improvement programs for principals are being implemented. We will monitor the outcome of this process.

Annual School Reports

Last year we reported that the Minister for Education and Training had announced new reporting requirements for government schools and a new format for annual school reports. The New South Wales Teachers Federation (Federation) however advised schools not to participate in the pilot of the new format and raised the issue before the Industrial Relations Commission (IRC). The Federation expressed concern that the pilot format would not use information in a manner consistent with the protocols agreed to by the Department and the Federation in 1997 as part of the salaries and conditions agreement.

During 2005-06 the Department advised the Federation that it would accommodate the protocols by giving schools the choice of using either the new or old template. In October 2005 the Department offered the new format to all schools but its use was discouraged immediately by the Federation. The IRC recommended the Federation to change its views, however this was ignored.

Consequently only 147 schools submitted their Annual School Report for 2005 using the new format. The Department undertook an evaluation of the new format however the results of the review were not available at the time of this Report.

Sick Leave

During the year, the Department lost 491,797 working days due to staff on sick leave at a total cost of \$118 million. Based on full time equivalent staff numbers, each employee took on average 7.4 days of sick leave, better than the public sector average of 8 days per annum. The Department advised that it has not determined sick leave targets given the favourable comparison of its absentee rates with the rest of the public sector.

Leave Recording - Repeat Finding

The Department introduced an online leave system in 2004-05 to improve leave recording. In the past, delays in recording leave taken have resulted in salary overpayments that were difficult to recover.

The system is now available for use in all schools, regional offices, state office and corporate service centres. Total costs expended to date total \$780,000.

The Department advised us that leave applications processed through the system has increased from 8 per cent in 2004-05 to 16.1 per cent in 2005-06. However a large number of leave applications are still recorded on the manual system.

The Department continues to promote the system to schools and has developed programs to educate and train users. We will continue to monitor usage of the system.

Electronic Casual Pay Claim System

Last year the Department introduced an electronic pay claim system to replace the manual processing of pay claims for casual staff at a cost of \$840,000. Additional implementation costs associated with training were \$585,000.

The system has been positively received by staff with 2,223 (98.9 per cent) of government schools using the system in 2005-06. The Department continues to encourage the remaining schools to take up the new system. The Department advised us that benefits derived from the introduction of this system include reduction in staff costs, decreased number of salary overpayments and increased processing efficiency.

FINANCIAL INFORMATION

Abridged Operating Statement

Year ended 30 June	2006 \$'000	2005 \$'000
Employee related	5,842,856	5,471,778
Operating expenses	1,268,978	1,363,519
Depreciation and amortisation	231,068	200,771
Grants and subsidies	202,569	201,756
Other expenses	<u>9,569</u>	<u>7,385</u>
TOTAL EXPENSES	7,555,040	7,245,209
TOTAL REVENUE	516,051	420,029
Gain/(Loss) on disposal of non-current assets	<u>2,385</u>	<u>(2,307)</u>
NET COST OF SERVICES	7,036,604	6,827,487
Government Contributions	<u>7,257,944</u>	<u>6,899,697</u>
SURPLUS	<u>221,340</u>	<u>72,210</u>

Employee related expenses represent 77.3 per cent of total expenditure of the Department. The \$371 million increase is primarily due to a 4 per cent salary increase to teachers in January 2006 and 4 per cent salary increase to administrative staff effective July 2005.

Abridged Balance Sheet

At 30 June	2006 \$'000	2005 \$'000
Current assets	593,652	449,399
Non-current assets	<u>14,279,315</u>	<u>12,845,641</u>
TOTAL ASSETS	14,872,967	13,295,040
Current liabilities	478,934	392,759
Non-current liabilities	<u>93,071</u>	<u>117,612</u>
TOTAL LIABILITIES	572,005	510,371
NET ASSETS	<u>14,300,962</u>	<u>12,784,669</u>

The rise in non-current assets is largely due to the \$1.3 billion revaluation of land and buildings

Abridged Program Information

The table below details the Department's consolidated net cost of services by program:

Program Description	2006		2005	
	Revenues	Expenses	Net Cost of Services*	Net Cost of Services*
	\$'000	\$'000	\$'000	\$'000
Pre-school education services in government schools	2,211	25,820	23,609	22,626
Primary education services in government schools	198,205	3,738,762	3,540,557	3,434,292
Secondary education services in government schools	213,187	3,483,189	3,270,002	3,124,978
Non-government schools assistance	--	7,550	7,550	7,450
TAFE education services	246,419	1,541,273	1,294,854	1,223,516
Grants for education and training services	35,360	176,377	141,017	176,486
AMES	45,730	27,871	(17,859)	1,105
TAFE Global Pty Ltd	<u>7,678</u>	<u>5,361</u>	<u>(2,317)</u>	<u>(1,072)</u>
Total (all programs)	<u>744,060</u>	<u>9,006,203</u>	<u>8,257,413</u>	<u>7,989,381</u>

*Includes gain/loss on sale of non-current assets

Cost of Providing Government School Education

Using departmental statistics of government school enrolments and relevant program costs, some broad trends of cost per student for primary and secondary education over the past three years were:

Year ended 30 June	2006	2005	2004
Actual enrolments (a):			
Primary students	432,845	436,551	440,309
Secondary students	<u>304,058</u>	<u>305,027</u>	<u>305,199</u>
Total	<u>736,903</u>	<u>741,578</u>	<u>745,508</u>
Program costs (b):			
Primary \$m	3,541	3,434	3,109
Secondary \$m	<u>3,270</u>	<u>3,125</u>	<u>2,894</u>
Total \$m	<u>6,811</u>	<u>6,559</u>	<u>6,003</u>
Cost per student:			
Primary \$	8,180	7,866	7,061
Secondary \$	10,755	10,245	9,482
Average \$	9,242	8,845	8,052

(a) Estimated for 2006. Actual enrolment figures were not available at the time of the preparation of this Report.

(b) Program costs are net cost of services for government primary and secondary schools excluding transfer payments. Program costs used in the calculation of cost per student included non-cash items, leave and superannuation liabilities assumed by the Crown Entity

Since 2004 total student enrolments in government schools has decreased by 1.2 per cent however the average cost per student has increased by 14.4 per cent during the same period.

Cost of Funding Non-Government School Education by the Department

In 2005-06, the Government provided funding to 925 non-government schools (930 in 2004-05). Funding is mainly in the form of a per capita allowance and an interest subsidy scheme. Under the *Education Act 1990*, schools must register to be eligible for State funding assistance.

Using departmental statistics of non-government school enrolments and relevant program costs, some broad trends of funding per student over the past three years were:

Year ended 30 June	2006	2005	2004
Average enrolments (a):			
Primary Students	<u>185,642</u>	184,598	182,545
Secondary Students	<u>181,232</u>	<u>179,063</u>	<u>175,934</u>
Total	<u>366,874</u>	<u>363,661</u>	<u>358,479</u>
Program costs (b):			
Primary \$m	<u>286.5</u>	268.7	244.4
Secondary \$m	<u>372.2</u>	<u>363.0</u>	<u>329.0</u>
Total \$m	<u>658.7</u>	<u>631.7</u>	<u>573.4</u>
Funding per student:			
Primary \$	<u>1,543</u>	1,455	1,339
Secondary \$	<u>2,054</u>	2,027	1,870
Average \$	<u>1,795</u>	1,737	1,599

(a) Average enrolments represent those non-government enrolments that qualified and received State recurrent funding. This does not include full fee paying overseas students

(b) Program costs used in calculating cost per student included per capita grants, interest rate subsidies and assistance to families in meeting costs of students attending non-government schools

Despite average enrolments increasing by 2.3 per cent over the last two years the costs of funding non-government schools has increased by 14.8 per cent during the same period.

DEPARTMENT ACTIVITIES

The Department co-ordinates the delivery of education and training services in New South Wales from pre-school to tertiary. It is responsible for providing school education, vocational education and training and has certain regulatory and service responsibilities to private schools, private providers of education and training and universities.

Unless otherwise stated, the financial information included above is for the parent entity only. The economic entity for which the Independent Audit Report was issued incorporates the Department (parent entity) and its controlled entities: the Technical and Further Education Commission (TAFE), the TAFE Commission Division, TAFE Global Pty Ltd and the NSW Adult Migrant English Service (AMES). Separate comments on TAFE, TAFE Global Pty Ltd and AMES are included elsewhere in this Report.

For further information regarding the activities of the Department, refer to www.det.nsw.edu.au.