PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney 2000

Referred by:	Coalition	**Proposal No:**	C1340
Date Referred:	03/03/2023	**Date Published:**	20/03/2023
Proposal Title:	Rewarding Excellence in Teaching		
Cluster:	Education		

General Government Sector Impacts

	2022-23 $'000	2023-24 $'000	2024-25 $'000	2025-26 $'000	4 year Total $'000
Expenses (ex. depreciation)	-	-	-	-	-
Depreciation					-
Less: Offsets					-
Revenue					-
Net Operating Balance:	**-**	**-**	**-**	**-**	**-**
Capital Expenditure	-	-	-	-	-
Capital Offsets					
Net Capital Expenditure:	**-**	**-**	**-**	**-**	**-**
Net Lending/(Borrowing):	**-**	**-**	**-**	**-**	**-**

Total State Sector Impacts

Net Lending/(Borrowing):	**-**	**-**	**-**	**-**	**-**

Notes and costing assumptions:

This policy proposes to recognise the expertise of highly effective teachers by creating 600 specialised and higher paid teaching roles across the state by 2026-27.

The Parliamentary Budget Office (PBO) estimates this policy will cost $80.8 million over the forward estimates (see Table 1, which also includes costs for 2026-27).

The policy proposes funding be absorbed from non-frontline Department of Education (DoE) spending.

The DoE has advised that its budget for non-frontline spending is $901.5 million in 2022-23. The PBO notes that the proposed spending represents less than 3% of that figure for the two years of 2023-24 and 2024-25, and less than 4% in the final year of the forward estimates. On this basis, the PBO considers the assumption that the costs can be absorbed to be feasible. The PBO notes, however, that for this sizeable amount, funding will likely have to be diverted from other administrative support programs, which would potentially affect the overall performance of the education system.

Notes and costing assumptions continued:

The policy includes:

- The establishment of a new remuneration band with a salary range of $130,000 to $152,000 per annum, plus on costs (2022-23 dollars). Highly experienced and talented teachers will be remunerated within this higher band, rather than at their existing grade.

- In addition to salary costs, there will be additional costs associated with time spent collaborating with other teachers, as well as broader implementation costs.

The Department of Education (DoE) advises the policy will be implemented as follows:

1. Phase 1 - 'build, test and learn'

    This phase started from 21 February 2023. The phase involves approximately 50 self-nominated schools with 200 Rewarding Excellence in Teaching (REIT) teacher roles between them, who co-design the program from Term 1 2023.

    Recruitment of the 200 REIT roles will happen during Term 2 2023.

    Appointment of these roles will begin from Term 3 2023. Wherever possible, Phase 1 roles will be appointed from within the school to minimise disruption. These REIT teachers will be offered a role in a school for up to three years.

2. Phase 2 – 600 additional REIT roles

    The 600 roles of this policy will be appointed as part of Phase 2, and will be additional to the 200 roles established during Phase 1. These appointments will occur on a calendar year basis at the following rate and numbers (see also Table 1):

- Calendar year 1 - 2024   total REIT teachers 150

- Calendar year 2 - 2025   total REIT teachers 250 (growth of 100)

- Calendar year 3 - 2026   total REIT teachers 400 (growth of 150)

- Calendar year 4 - 2027   total REIT teachers 600 (growth 200)

3. The majority of roles will see teachers paid an increased salary to approximately $130,000 to take on roles focused on supporting collaborative practice within the school, including supporting professional learning to promote effective teaching practices and mentoring junior teachers.

4. Some schools may also seek to appoint roles paid an increased salary to approximately $152,000 for more collaboration or responsibilities, potentially including work across schools.

    Table 1

Year	Cumulative new teachers	Salary increases and on costs ($'000)	Collaboration costs ($'000)	Implementation costs ($'000)	Total cost ($'000)
2022-23	0	0	0	0	**0**
2023-24	150	6,300	9,600	5,000	**20,900**
2024-25	250	8,400	11,400	5,200	**25,000**
2025-26	400	13,900	15,700	5,300	**34,900**
2026-27	600	21,900	21,700	5,300	**48,900**

Key assumptions:

The policy assumes the relevant administrative and regulatory arrangements will be implemented by 1 July 2023, including creating new Industrial Relations instruments.

The DoE has advised the following assumptions in their model for the REIT program:

Notes and costing assumptions continued:

- The model assumes a ratio of 5 Assistant Principal/Head Teacher to 1 Deputy Principal equivalent salary.

- Teachers who move to the new band, and who shift their focus to the requirements of the new role, will have to have their previous duties backfilled. For the Phase 1 pilot, this backfill is calculated at the casual Band 2 rate. For the Phase 2 rollout, the backfill calculation will need to shift to CRT Band 2.3 as the number of roles scale up.

- An evaluation is built into Phase 1 and will guide the parameters for Phase 2

- Transition to Phase 2 is dependent on an evaluation outcome from Phase 1, as well as on funding and on REIT roles becoming standardised within schools.

- Offsets have not yet been included or modelled. Offsets could include existing Assistant Principal, Curriculum and Instruction roles introduced in 2022 (over 2000 roles state-wide)

Risks:

The DoE advises that, in addition to the cost estimates in Table 1, costs to complete Phase 1 during 2022-23 are estimated at $3.7 million.

The PBO has not included allowances for contingencies in this costing. DoE costing advice allows for contingencies at approximately 30% of the total estimated program cost (or an estimated $25.4 million over the forward estimates). This contingency covers the potential for additional REIT roles, fluctuation of pay scale and release time, and additional release time that may be needed for classroom teachers to collaborate with REIT teachers.