



Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Australian Labor Party
Date Referred: 7/01/2019

Proposal No: A217
Date Published: 18/03/2019

Proposal Title: Free Glasses for School Kids

Cluster: Education

General Government Sector Impacts

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	-	1,386	1,442	1,493	4,321
Depreciation	-	-	10	10	20
Less: Offsets	-	-	-	-	-
Revenue	-	-	-	-	-
Net Operating Balance:	-	(1,386)	(1,452)	(1,503)	(4,341)

Capital Expenditure	-	100	-	-	100
Capital Offsets	-	-	-	-	-
Net Capital Expenditure:	-	100	-	-	100

Net Lending/(Borrowing):	-	(1,486)	(1,442)	(1,493)	(4,421)
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Total State Sector Impacts

Net Lending/(Borrowing):	-	(1,486)	(1,442)	(1,493)	(4,421)
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Notes and costing assumptions

The policy is to provide free eyesight testing and, if required, provide glasses to approximately 50,000 students in Kindergarten to Year 3 at the most disadvantaged NSW public primary schools based on the Index of Community Socio-Educational Advantage (ICSEA).

The total cost of this policy is estimated to be \$4.4 million over three years from 1 July 2019, with an additional \$1.5 million in 2022-23 and ongoing.

Schools were selected by their assessed ICSE disadvantage until 50,000 students became eligible. Based on advice from the Department of Education, 483 schools had an ICSEA rating of between 582 to 932, resulting in a total pool of 52,108 eligible students after annual student population growth of 1.5 per cent is included.

Although the policy specified applying the program to 50,000 students in the most disadvantaged schools, the last eight on the list are all , so all have been included.

As the "50,000th" student attends a school at equal disadvantage to other students, so all students at those schools have been included. Based on this total pool of eligible students, the costing assumes that around 13,000 children would be screened each year until all students are screened.

Notes and costing assumptions continued:

Figure 1 illustrates the servicing levels by financial year:

Figure 1: Student Numbers	
2018-19	n/a
2019-20	12,738
2020-21	12,929
2021-22	13,122
2022-23	13,319
Total	52,108

Screening Costs

Based on advice from NSW Health, which has used service costs related to the existing *Statewide Eyesight Preschooler Screening (STEPS)* program as a guide, the average cost per screen has been determined as \$56.26 per student in 2019-20, escalating by Consumer Price Index across the forward estimates. This per unit cost would fund the recruitment of optometrists to perform the screening, as well as all materials and equipment required.

The initial screening would be conducted at the school by a registered optometrist or a supervised final year optometry student. Students who needed a follow-up eye test would be referred to an established optometrist for a free, bulk-billed, test.

The total costs of providing screening services is estimated to be around \$3 million over four years, as described in Figure 2:

Figure 2: Per Vision Screening cost					
	2018-19	2019-20	2020-21	2021-22	2022-23
New per Vision Screening cost	n/a	\$56.26	\$57.52	\$58.96	\$60.44
Total Cost of per Vision Screening	n/a	\$716,585	\$743,699	\$773,726	\$804,965

An additional \$100,000 in capital funding is estimated to cover the cost of purchasing any specialist eye testing equipment required. Straightline depreciation over 10 years has been applied.

Program Design: Vision Screening and subsidised glasses

The initial screening would be conducted at the school by a registered optometrist or a supervised final year optometry student in a mobile optometry clinic. Students who needed a follow-up eye test would be referred to an established optometrist for a free, bulk-billed, test.

Where the student required free glasses, these would be funded by the NSW Government through a voucher, valued at \$200 in 2019-20 and indexed to CPI annually.

The total cost of providing free glasses to students who need them is estimated at \$0.9 million over four years. Figure 3 shows the average cost of providing glasses each year:

Figure 3: Free glasses costs					
	2018-19	2019-20	2020-21	2021-22	2022-23
Percentage of children likely to have vision impairment requiring glasses	8%	8%	8%	8%	8%
Average cost per glasses	\$200	\$204	\$209	\$214	\$219
Total Cost of Students needing glasses	\$0	\$207,876	\$215,742	\$224,452	\$233,514

Notes and costing assumptions continued:

The PBO has assumed that eight per cent of all students assessed will require glasses, based on NSW Health's advice on the experience of the STEPS program.

This costing is likely to be on the upper bound of potential costs, as some parents may have already purchased glasses for students in the population group covered by this policy. There is no data available on what this proportion is likely to be.

Program Management and Administration Costs

The policy would require additional staff within NSW Health, particularly to administer the provision of glasses and the policy and governance issues. These costs are estimated to be around \$0.5 million per annum, escalating according to the NSW Government Wages Policy cap of 2.5 per cent. These costs would fund three full-time equivalent staff at an average cost of \$150,000 per annum.

Figure 4: Additional Staff costs					
	2018-19	2019-20	2020-21	2021-22	2022-23
Additional staff required	n/a	3.0	3.0	3.0	3.0
Average staff costs (incl. on-costs)	\$150,000	\$153,750	\$157,594	\$161,534	\$165,572
Total Cost of additional staff	n/a	\$461,250	\$472,781	\$484,601	\$496,716