

Election Costing Request Form

Details of request	
Party:	NSW Liberals and Nationals
Name of Policy:	Vocational Schools Pilot Program
Date of request:	Updated request 25 February 2019 (original request 21 February 2019)

Description of policy	
Summary of policy (please attach copies of relevant policy documents and include information on what the policy aims to achieve):	<ul style="list-style-type: none"> • Establishing two pilot senior secondary vocational schools, one located at an existing school in Western Sydney and the other on the NSW North Coast, to provide year 11 & 12 students with expanded Vocational Education and Training options at school. • Both pilots will be established by redeveloping an existing school to include specialist VET facilities and/or developing adjacent to existing school facilities. • The policy will address skills shortages by connecting employers, industry bodies, brokerage services and students, and providing a high level of support to students in work placement opportunities. • Up to 400 students at these pilot schools could use these facilities when fully operational.
Has the policy been publicly released yet?	No

	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	Total \$'000
Impact on GGS expenses					
Impact on GGS revenue					
Impact on General Government Sector (GGS) net operating result ¹					
Impact on GGS capital expenditure ²					
Impact on GGS net lending/borrowing					

Note: Has the policy been costed by a third party?
If yes, can you provide a copy of this costing and its assumptions?

Key assumptions made in the policy	
Does the policy relate to a previous announcement? If yes, which announcement?	No
What assumptions have been made in deriving the financial impacts in your estimated costing? <i>(See checklist)</i>	Assumptions have been based on upgrading an existing school site to include specialist VET courses with up to 400 students using the facilities when fully operational. Consideration will be given to staged school upgrades such that capacity can be added with increased enrolment demand.
Is there a range for the costing or any sensitivity analysis that you have undertaken?	No
Are there associated savings, offsets or, in the case of a revenue proposal, offsetting expenses? If yes, please provide details.	No
Are there significant costs or savings outside the forward estimates period which should be considered in costing this policy? ³	No

¹ Negative for a saving that reduces expenditure

² Negative for a reduction in capital expenditure.

³ Particularly important for large projects with long lead times, policies with a delayed timetable for implementation, or policies where up-front investment is required to achieve long term savings.

Administration of policy	
Intended date of implementation:	Build to commence in 20/21 Schools to become operation in 22/23
Intended duration of policy ⁴ :	Ongoing, once built
Who will administer the policy (e.g. Government entity, non-government organisation, etc.)?	The Department of Industry, once built. Any administration associated with this policy is assumed to be met from within existing resources.
Are there any specific administrative arrangements for the policy that need to be taken into account (e.g. agreements between different levels of government)?	
Are there transitional arrangements associated with policy implementation?	

If the policy is mainly an expenditure⁵ commitment	
Demand driven or a capped amount:	Capped capital costings and also demand to meet enrolment growth.
Eligibility criteria or thresholds:	Existing schools in Western Sydney and on the NSW North Coast will be eligible for inclusion in the pilot program.

If the policy is mainly a revenue⁶ commitment	
Transaction based or capped:	N/A
Thresholds and/or exemptions:	
Collection method:	
Additional expenditure associated with collection:	
If the policy is mainly a capital costs⁶ commitment	
Nature of Capital Spending	
Type of work, size and capacity:	Construction will follow the completion of the creation of the model and determining locations
Proposed start and completion date of work:	Construction estimated to start in the 20/21 financial year
Intended construction schedule/cashflow:	

⁴ Where a policy is intended to be ongoing, please indicate "ongoing" in the space to the right

⁵ Expenditure is operating expenses, e.g. salaries, interest cost and grants. Expenditures are fully included in the impact on operating balance.

⁶ Capital costs differ from expenditure in that only depreciation will be included in the impact on operating balance.

Associated asset sell off (if any):	
Recurrent Impacts	
Offsetting expenditure savings:	N/A
On-going maintenance, depreciation and operational expenses:	
Third party funding involvement:	
Delivery model ⁷	

Checklist for key assumptions (please be comprehensive and include all relevant assumptions).

Assumptions could include, but are not limited to, questions such as:

- What is the expected community impact?
- How many people will be affected by the policy?
- What is the likely take up or other behavioural response you expect?
- Is there a cap on total spending proposed, a funding formula, resource agreement or other mechanism of this nature associated with the policy?
- Will third parties have a role in funding or delivering the policy (e.g. Commonwealth Government)?
- Will funding/program cost require indexation?
 - If yes, do you have any assumptions about the index that should be applied?
- What assumptions have you made about costs of administering the policy?
- Will additional staff be needed in the agency responsible for the policy?
 - How many and at what approximate levels?
- Are there other resources required?
- Are you assuming administrative costs will be absorbed within the agency?

Please note that:

- The costing will be on the basis of information provided in this costing request.
- The PBO is not bound to accept the assumptions provided by the requester. If there is a material difference in the assumptions used by the PBO, the PBO will consult with the requester in advance of the costing being completed.
- Where the details of the policy costing request differ from the announced policy, the costing will be on the basis of the information provided in the costing request.
- These guidelines are intended to facilitate requests for costing election policies. Persons preparing such requests who wish further assistance are invited to contact the staff of the Parliamentary Budget Office.

⁷ There is a range of possible delivery models, e.g. built, owned and operated by a NSW government agency; built and transferred to a private operator; privately built for public operation; privately built and operated with government assuming risk or providing a guarantee in relation to future income (often applicable to public/private partnership arrangements), and so on. The policy should provide assumptions about the proposed delivery model.