



# Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Coalition  
Date Referred: 4/03/2019

Proposal No: Y084  
Date Published: 18/03/2019

Proposal Title: Before and After School Care

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)	-	16,917	16,969	17,017	50,904
Depreciation	-	-	-	-	-
Less: Offsets	-	-	-	-	-
Revenue	-	-	-	-	-
<b>Net Operating Balance:</b>	-	<b>(16,917)</b>	<b>(16,969)</b>	<b>(17,017)</b>	<b>(50,904)</b>

Capital Expenditure	-	14,500	12,500	12,500	39,500
Capital Offsets	-	-	-	-	-
<b>Net Capital Expenditure:</b>	-	<b>14,500</b>	<b>12,500</b>	<b>12,500</b>	<b>39,500</b>

<b>Net Lending/(Borrowing):</b>	-	<b>(31,417)</b>	<b>(29,469)</b>	<b>(29,517)</b>	<b>(90,404)</b>
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## Total State Sector Impacts

<b>Net Lending/(Borrowing):</b>	-	<b>(31,417)</b>	<b>(29,469)</b>	<b>(29,517)</b>	<b>(90,404)</b>
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## Notes and costing assumptions

This policy proposes, from 1 July 2019, increasing access to before and after school care (BASC) services through the following measures:

- A \$50 million minor capital works fund for public primary schools
- A rental subsidy of up to \$15,000 per year for child care providers that use school facilities
- Creation of a specialist team within the Department of Education to assist with expansion of BASC services. The team will have access to a \$20 million fund to address BASC implementation issues
- The Department of Finance, Services and Innovation will develop an online portal for parents to register their interest in BASC services.

The PBO estimates the cost of this policy to be \$90.4 million over the forward estimates, with a further \$29.6 million in 2022-23. Assumptions for each policy component are outlined in the sections below, with total costs shown in Table A1 at the end of the costing.

### Minor capital works fund

The policy states that a \$50 million minor capital works fund will be established for public primary schools. The fund would allow schools to apply for funding for minor work upgrades to support BASC services. The fund will be available from 1 July 2019 to 30 June 2023.

**Notes and costing assumptions continued:**

NSW Treasury has advised that the policy would be similar to the previous Before and After School Care Fund announced in May 2017, and has assumed that fund spending would be evenly distributed across the four years of the policy.

**Rental subsidy**

The policy proposes, from 1 July 2019, a \$10 million per year rental subsidy scheme fund for BASC providers with services located in a public primary school. Eligible providers would have their rent subsidised up to \$15,000 per year if they demonstrate they have passed savings on to parents through reduced fees. The policy assumes that not all providers will be eligible for the full subsidy, and not all providers will apply for subsidies. The PBO considers this to be a reasonable assumption.

**Department of Education specialist team and implementation fund**

The policy states that a specialist team will be set up within the Department of Education (DoE) to provide advice and support for existing BASC services, and help facilitate the expansion of BASC services, in public primary schools. The DoE team, which will commence from 1 July 2019, would comprise a coordinator and 10 support personnel for different NSW regions. A breakdown of staff requirements and 2019-20 per year costs are shown below:

- 1 x Director SES Grade 1: \$259,600
- 5 x Grade 11/12 Officers: \$160,130 per Officer
- 5 x Grade 9/10 Officers: \$136,550 per Officer.

The DoE has assumed on-costs to be 11.1% for the SES Grade 1 position, and 23% for the other positions. Staff costs are assumed to escalate by 2.5% per year over the forward estimates, in line with the NSW public sector wages policy. An additional 10% loading is included on top of salaries to reflect other operating expenses in relation to the team's work, such as travel and rental costs.

The policy also states that the team will have access to a \$20 million implementation fund, available from 1 July 2019 to 30 June 2023 (\$5 million per financial year). The fund would be used for ancillary services aimed at removing implementation barriers on public school sites (for example, subsidising transport to and from nearby services).

**Online portal**

The policy states that the Department of Finance, Services and Innovation (DFSI) will develop an online portal for parents to register their interest in BASC services. The portal will be developed during the first six months of 2019-20, with input from the DoE specialist team during its creation. Based on previous work for the DoE, the DFSI estimates that the online portal would cost approximately \$2 million to create a minimum viable product. However, the DFSI has noted that, because the portal will involve private care providers, this will increase complexity during the development process, and in turn may lead to a higher final cost.

**Table A1 - Cost of policy components**

	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 yr total \$'000	2022-23 \$'000
<b>Component - Recurrent</b>					
Rental subsidy	10,000	10,000	10,000	30,000	10,000
DoE specialist team	1,917	1,969	2,017	5,904	2,068
\$20m implementation fund	5,000	5,000	5,000	15,000	5,000
<b>Component - Capital</b>					
\$50m minor capital works fund	12,500	12,500	12,500	37,500	12,500
Online portal	2,000	-	-	2,000	-
<b>Net Lending Total</b>	<b>31,417</b>	<b>29,469</b>	<b>29,517</b>	<b>90,404</b>	<b>29,568</b>