

Election Costing Request Form

Details of request	
Party:	Liberals and Nationals Government
Name of Policy:	Universal Pre-Kindergarten Acceleration
Date of request:	7 February 2023

Description of policy	
Summary of policy (please attach copies of relevant policy documents and include information on what the policy aims to achieve):	Accelerating the rollout of the Universal Pre-Kindergarten places, with delivery of 50,000 preschool places on school sites by 2027.
Has the policy been publicly released yet?	No

Your estimated costing of the policy ¹						
	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	Total \$'000
Impact on General Government Sector (GGS) net operating result ²	-	-	9,800	21,200	17,200	48,200
Impact on GGS capital expenditure ³	-	600,000	698,200	-223,900	-703,700	370,600
If different from above, impact on total State Sector net financial liabilities ⁴						

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

¹ Amounts should be expressed in nominal dollars. GGS - General Government Sector.

² Negative for a saving that reduces expenditure

³ Negative for a reduction in capital expenditure.

⁴ Only required if proposal is outside GGS. Negative for a reduction in net financial liabilities.

Key assumptions made in the policy	
Does the policy relate to a previous announcement? If yes, which announcement?	Yes – Universal Pre-Kindergarten
What assumptions have been made in deriving the financial impacts in your estimated costing? (See checklist)	See Attachment A
Is there a range for the costing or any sensitivity analysis that you have undertaken?	See Attachment A
Are there associated savings, offsets or, in the case of a revenue proposal, offsetting expenses? If yes, please provide details.	See Attachment A
Are there significant costs or savings outside the forward estimates period which should be considered in costing this policy? ⁵	See Attachment A

Administration of policy	
Intended date of implementation:	Upon formation of Government
Intended duration of policy:	Ongoing
Who will administer the policy (e.g. Government entity, non-government organisation, etc.)?	Department of Education
Are there any specific administrative arrangements for the policy that need to be taken into account (e.g. agreements between different levels of government)?	Not applicable
Are there transitional arrangements associated with policy implementation?	Not applicable

If the policy is mainly an expenditure⁶ commitment	
Demand driven or a capped amount:	See Attachment A
Eligibility criteria or thresholds:	Not applicable

If the policy is mainly a revenue commitment	
Transaction based or capped:	Not applicable
Thresholds and/or exemptions:	Not applicable
Collection method:	Not applicable

⁵ 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.

⁶ Expenditure is operating expenses, e.g. salaries, interest cost and grants. Expenditures are fully included in the impact on operating balance.

Additional expenditure associated with collection:	Not applicable
If the policy is mainly a capital costs⁷ commitment	
Nature of Capital Spending	
Type of work, size and capacity:	See Attachment A
Proposed start and completion date of work:	See Attachment A
Intended construction schedule/cashflow:	See Attachment A
Associated asset sell off (if any):	See Attachment A
Recurrent Impacts	
Offsetting expenditure savings:	See Attachment A
On-going maintenance, depreciation and operational expenses:	See Attachment A
Third party funding involvement:	See Attachment A
Delivery model ⁸	See Attachment A

⁷ Capital costs differ from expenditure in that only depreciation will be included in the impact on operating balance.

⁸ 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.

Attachment A – Universal Pre-Kindergarten Acceleration

The 2022/23 NSW Budget provisioned \$5.9 billion over 10 years to introduce universal pre-Kindergarten for all children in the year before school in NSW by 2030, based on the policy settings of:

- Services will be operating under the existing NQF regulations i.e. existing staffing ratios and quality requirements.
- Service available up to 5 days per week for every child in the year before school
- Mixed market delivery

The program will be accelerated to deliver at least 50,000 preschool places by 2027. The first 115 school sites will receive a standalone preschool, with construction beginning in late 2023. Overall, a total of 500 school sites to receive an integrated or standalone preschool by 2027. This is in addition to the universal pre-Kindergarten place-based pilots running through 2023-2024.

This will require the capital funding provision to be brought forward by one year to begin from 2023-24.

Costing assumptions include:

- Each school site will have access to ~100 preschool places on average
- The first 115 schools sites will have standalone services and provide approximately 12,000 places
 - o A standalone preschool will cost on average \$7.8 million to build
 - o Construction of these sites will begin in late 2023 and thus require an acceleration of capital funding in 2023-24
- Delivery of the remaining 38,000 places on school sites will be provided through a mix of standalone and integrated services within the existing capital profile.
- Notwithstanding accelerated progression of works on construction of the new facilities to deliver 50,000 places on school sites by 2027, roll out of Universal Pre-kindergarten will be implemented as in line with the policy parameters as per the 2022/23 Budget decision.
- Operational costs will be maintained within the existing recurrent funding profile, noting any change in the recurrent profile will be subject to re-evaluation and a business case once market sounding is complete and renegotiation of the Commonwealth Preschool Funding agreement.
- Any additional resourcing and costs are to be absorbed from within the Department's existing budget.