



Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Coalition
Date Referred: 21/02/2019

Proposal No: Y062
Date Published: 18/03/2019

Proposal Title: TAFE Connected Learning Centres

Cluster: Industry

General Government Sector Impacts

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	-	-	1,624	4,872	6,496
Depreciation	-	-	171	514	686
Less: Offsets	-	-	-	-	-
Revenue	-	-	-	-	-
Net Operating Balance:	-	-	(1,795)	(5,386)	(7,182)

Capital Expenditure	-	4,000	19,000	20,700	43,700
Capital Offsets	-	-	-	-	-
Net Capital Expenditure:	-	4,000	19,000	20,700	43,700

Net Lending/(Borrowing):	-	(4,000)	(20,624)	(25,572)	(50,196)
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Total State Sector Impacts

Net Lending/(Borrowing):	-	(4,000)	(20,624)	(25,572)	(50,196)
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Notes and costing assumptions

This policy proposes eight new TAFE NSW Connected Learning Centres (CLCs) in the following locations:

- Byron Bay
- Nelson Bay
- Bateman's Bay
- Jindabyne
- Nambucca Heads
- Hay
- Cobar
- West Wyalong.

CLCs are TAFE classrooms in which teachers and students use video conferencing technology to participate from different locations. As part of the policy, information and communication technology networks will be upgraded in order for all CLCs to have high-quality video conference connections.

The policy will start from 1 July 2019, with capital works expected to be completed within four years. The PBO estimates the cost of the policy to be \$50.2 million over the forward estimates, and an additional \$26.5 million in 2022-23.

Notes and costing assumptions continued:

- The costing is based on information provided by TAFE NSW and Treasury. Assumptions include the following:
- The eight CLCs together with necessary ICT upgrades will cost \$61.7 million. Planning for and building each CLC will take around 18 months to 22 months.
 - A business case prepared by TAFE NSW estimates the cost of the Byron Bay CLC to be \$7 million and the West Wyalong to be \$6.4 million.
 - In the absence of enrolment projections and site specific analysis for other sites, the costing assumes the remaining CLCs would cost \$7.2 million per site. This is based on the business case, and the PBO considers this to be a reasonable assumption.
 - \$56.6 million of the \$61.7 million in capital expenditure is for building, while the remaining \$5.1 million relates to use of a Mobile Training Unit and ICT costs for the CLC sites.
 - Based on Treasury advice, the PBO has used a high level, 60 year straight line approach to estimate CLC depreciation expenditure.
 - The PBO has also used an eight year straight line approach to estimate depreciation for Mobile Training Unit and ICT costs, per ATO taxation rulings.
 - TAFE NSW has advised that the estimated average gross operating cost is \$1.1 million each year per CLC. This is based on their estimates of annual operating costs for Byron Bay and West Wyalong.

Table A1 - Breakdown of policy cost components, 2019-20 to 2022-23

Component	Total cost (\$'000)
Operating cost (per CLC per year)	1,100
Total operating cost (8 x CLCs)	8,800
Construction cost - Byron Bay	7,000
Construction cost - West Wyalong	6,400
Construction cost - Other CLCs (\$7.2m per site)	43,200
Mobile Training Unit/ICT costs	5,100
Total capital cost (8 x CLCs)	61,700
TOTAL COST	70,500