

2024 Election Commitment – ACT Labor

Name of Commitment:	Public School Infrastructure	Reference Number: LAB032
Request Submitted by:	Andrew Barr MLA, ACT Labor	
Date Request Received:	09-Oct-24	
Additional Information Requested (details and date)	N/A	
Additional Information Received (details and date)	N/A	

Financial Implications					
Impact On:	2024-25	2025-26	2026-27	2027-28	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenues ^(a)	0.0	0.0	0.0	0.0	0.0
Expenses ^{(a)(b)}	0.0	-236.3	-248.7	-655.5	-1,140.5
- Employee Expenses	0.0	0.0	0.0	0.0	0.0
- Other Expenses	0.0	0.0	0.0	0.0	0.0
- Cost of Financing	0.0	-236.3	-248.7	-655.5	-1,140.5
Depreciation	0.0	0.0	-125.0	-125.0	-250.0
Net Operating Balance	0.0	-236.3	-373.7	-780.5	-1,390.5
Capital Requirement	0.0	-37,425.0	-36,449.0	-37,512.0	-111,386.0
Capital – Offset from ARP/EoGGA	0	32,925.0	36,449.0	30,012.0	99,386.0
Net Capital Requirement	0	-4,500.0	0.0	-7,500.0	-12,000.0
Cash Surplus/Deficit	0.0	-4,736.3	-248.7	-8,155.5	-13,140.5

(a) A negative number indicates a decrease in revenue or an increase in expenses.
(b) Excludes depreciation

Other Information
Costing Methodology Used:
- Costing Technique:
The costing is to increase the Education Directorate's Asset Renewal Program (ARP) to \$150.098 million over four years from 2025-26 to 2028-29. The costing is partially offset by \$130.598 million from Education's existing ARP and the existing Electrification of Government Gas Assets (EoGGA) program. The additional capital required is \$19.5 million over four years from 2025-26 to 2028-29, and comprises:
<ul style="list-style-type: none"> • \$17.5 million over four years from 2025-26 to 2028-29, for the inclusion of a new dedicated Heating and Cooling Fund; and • \$2.0 million in in 2025-26 to fast track identified priority school infrastructure projects.

- Proposal Parameters:

- The costing assumes that the additional scope of works could be delivered utilising the existing resources allocated to Asset Management and Delivery Branch in the Education Directorate.
- Depreciation has been calculated on a straight-line basis over a 20-year period on the gross capital requirement for the Heating and Cooling Fund (\$30 million).
- Depreciation has not been calculated on the \$2.0 million in additional capital required for priority projects, as the intended use for these funds has not been defined, and depreciation commences when property, plant and equipment is ready for its intended use.
- The cost of financing has been calculated at 5.25 per cent based on the net capital requirement.
- Repairs and maintenance expenses have not been included, as regular maintenance and ad hoc repairs of existing thermal comfort, air quality and ventilation assets are undertaken within the existing annual repairs and maintenance budget allocation for the Education Directorate.
- The costing assumes the entire amount of the Education Directorate's ARP Program over the four years from 2025-26 to 2028-29 would be used to partially offset the costs of the proposal, totalling \$118.098 million, with a further \$12.5 million being offset from EoGGA over the two years from 2025-26 to 2026-27.

Caveats or qualifications to the costing:

- Treasury notes that the works included in EoGGA are developed on an annual basis to help meet the Government's emission reduction targets, address the areas of highest need/priority across Government and maximise efficiency across the replacement program. Redirecting EoGGA funding as an offset to the proposed works would be done in advance of this assessment and would therefore reduce the future capacity and flexibility of the EoGGA program.
- The costing reflects net depreciation in the table above, after taking into account EoGGA depreciation offsets. The gross depreciation expenses in Treasury's costing are consistent of that with the costing request.

Other Comments:

The costing over the Budget and forward estimate years is for a net capital requirement of \$12.0 million (\$111.386 million offset by \$99.386 million from Education Directorate's existing ARP and EoGGA), and a net capital requirement of \$19.5 million (\$150.098 million, offset by \$130.598 million from Education Directorate's existing ARP and EoGGA) over the four years from 2025-26 to 2028-29 inclusive.

- Statistical Data Used:

Treasury estimates.



Stuart Hocking PSM
Under Treasurer
16 October 2024