2016 Policy Commitment – ACT Labor

Name of Commitment:	**Molonglo P-10 School**
	Reference Number: LAB039
Request Submitted by:	Andrew Barr MLA, ACT Labor
Date Request Received:	07-Oct-16
Additional Information Requested (details and date)	N/A
Additional Information Received (details and date)	N/A

Financial Implications

Impact On:	2016-17 $'000	2017-18 $'000	2018-19 $'000	2019-20 $'000	TOTAL $'000
Revenues [a]	0.0	0.0	0.0	0.0	**0.0**
Expenses [a] [b]	-12.5	-387.8	-772.5	-2,923.4	**-4,096.2**
- Employee Expenses	0.0	0.0	0.0	-620.1	**-620.1**
- Other Expenses	0.0	0.0	0.0	-1,349.0	**-1,349.0**
- Cost of Financing	-12.5	-387.8	-772.5	-954.3	**-2,127.1**
Expenses - Depreciation	0.0	0.0	0.0	0.0	**0.0**
Net Operating Balance	**-12.5**	**-387.8**	**-772.5**	**-2,923.4**	**-4,096.2**
Capital Requirement	-500.0	-15,000.0	-15,000.0	-6,500.0	**-37,000.0**
Cash Surplus/Deficit	-512.5	-15,387.8	-15,772.5	-9,423.4	**-41,096.2**

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

Other Information

Costing Methodology Used:

- Costing Technique:

Treasury has costed this commitment based on similar works and planning studies undertaken by the ACT Government. The costing only covers the Preschool to Year 6 component.

- Proposal Parameters:

Design, construction and maintenance/operational funding for a Preschool to Year 6 School in Molonglo, with the facilities to be shared with a future 7-10 component (ie administration, hall, gym and resource centre).
The costing does not include the value of land.
The financial implications table above does not include depreciation costs for the Molonglo P-6 school as these would commence beyond 2019-20.
School leadership executive and operations funding is included from 2019-20.
Maintenance funding is included from 1 January 2020.
No standard teaching or educational costs have been included, as funding requirements may be met from within overall enrolment funding provided to the Education Directorate.
Indexation of 2.5 per cent has been applied.
The cost of financing has been calculated at 2.5 per cent.

Caveats or qualifications to the costing:

The costs are indicative only and would be fully informed by decisions around the size and facilities at the school, as well as design work, procurement processes, and construction constraints.
The opening date of the school is indicative only as it will be determined by procurement and construction processes.
Funding for a potential future 7-10 component of the school (identified in the commitment as becoming operational in the 2022 school year) has not been included in this costing. The capital requirement for this component could be in the order of $40 million, although actual costs would be informed by decisions around the size and facilities at the school, as well as design work, procurement processes, and construction constraints.

Other Comments:

The costing assumes that the Territory would finance the project and build the school through a design, construct and maintain procurement.
Ongoing school leadership, operations and maintenance costs are expected to be $2.3 million in 2020-21 and would be indexed and ongoing.
Ongoing depreciation is expected to be $740,000 per year, based on depreciation being calculated on a straight-line basis over a 50-year period.

- Statistical Data Used:

Consumer Price Index estimates are as per the 2016 Pre-Election Budget Update.

David Nicol
Under Treasurer
13 October 2016