



## PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney 2000

**Referred by:** Australian Labor Party      **Proposal No:** C1452  
**Date Referred:** 22/02/2023      **Date Published:** 20/03/2023  
**Proposal Title:** Schools for the Regions Fund  
**Cluster:** Education

### General Government Sector Impacts

	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	-	-	-	-	-
Depreciation					-
Less: Offsets					-
Revenue					-
<b>Net Operating Balance:</b>	-	-	-	-	-

Capital Expenditure	-	11,996	48,034	80,824	140,854
Capital Offsets		25,200	124,243	59,455	208,898
<b>Net Capital Expenditure:</b>	-	<b>(13,204)</b>	<b>(76,209)</b>	<b>21,369</b>	<b>(68,044)</b>

<b>Net Lending/(Borrowing):</b>	-	<b>13,204</b>	<b>76,209</b>	<b>(21,369)</b>	<b>68,044</b>
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### Total State Sector Impacts

<b>Net Lending/(Borrowing):</b>	-	<b>13,204</b>	<b>76,209</b>	<b>(21,369)</b>	<b>68,044</b>
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### Notes and costing assumptions:

This policy creates a Schools for the Regions Fund of \$222 million from 1 July 2023 from unallocated funds in the Snowy Hydro Fund.

The Schools for the Regions Fund will be used to:

- build a high school in Medowie to be ready for the 2027 school year;
- build a new high school in Googong to cater for 640 students;
- upgrade Jerrabomberra High School to Stage 2 for 600 students; and
- upgrade Vincentia High School by replacing 16 demountables with permanent classrooms.

**Table 2** details the estimated \$222.0 million total capital spend per school of the Schools for the Regions Fund until 2027-28, which includes \$140.9 million capital over the forward estimates until 2025-26.

The policy assumes that funding for the policy will be offset with available monies from the Snowy Hydro Legacy Fund (SHLF). Based on advice from Treasury, the fund has provisioned and unallocated capital expenses that exceed \$140.9 million over the forward estimates and \$222 million overall. Accordingly, it is possible to draw on these funds for the proposed policy without affecting net lending.

**Notes and costing assumptions continued:**

The PBO notes that while there is nil impact on total net lending over the whole construction period, there will be a net saving of \$68 million over the forward estimates, which will be fully offset by a net cost of \$68 million beyond the forwards. This is because the provision for Snowy Hydro beyond the forward estimates is \$68 million short of the required capital funding for this policy.

**TABLE 1 – CAPITAL BUDGET REQUIREMENT AND AVAILABLE CAPITAL OFFSET FROM THE SNOWY HYDRO PROVISION**

<i>Amounts in \$'000s</i>	2022-23	2023-24	2024-25	2025-26	SUB-TOTAL	2026-27 and beyond	PROJECT TOTAL
Capital provision in Snowy Hydro assumed available for reallocation		174,688	124,243	59,455	358,386	13,098	371,484
Capital required for all 4 projects ( <b>Table 2</b> )		11,996	48,034	80,824	140,854	81,142	221,996
Funding shortfall per year				- 21,369	- 21,369	- 68,044	- 89,413
Capital reprofiling required		13,204	76,209	- 21,369	68,044	- 68,044	-
<b>Total capital offset from Snowy Hydro provision</b>		<b>25,200</b>	<b>124,243</b>	<b>59,455</b>	<b>208,898</b>	<b>13,098</b>	<b>221,996</b>

**Key Assumptions**

This policy assumes that the purpose of the Schools for the Region Fund will be consistent with the [purposes of the Snowy Hydro Legacy Fund](#), that is, to improve economic development in regional New South Wales and, for that purpose, to fund infrastructure projects that primarily benefit regional New South Wales.

The policy establishes the Schools for Region Fund based on an estimated total capital expenditure cost for four school infrastructure projects in regional NSW (refer to **Table 2**). The costing therefore excludes any ongoing operational costs such as staffing, maintenance and depreciation expenses. Further, any operational costs resulting from the projects are only expected to start after their build is completed, in the period beyond the forward estimates.

The Googong costing also includes land acquisition costs. Land for the other three sites have already been acquired. All costs exclude GST.

The PBO has consulted with the Department of Education in preparing costings for the following capital projects that will comprise the Schools for the Region Fund:

**Build a high school in Medowie**

Medowie is located in Port Stephens in the Hunter Region. The high school is proposed with a capacity for 640 students, with planning and construction to commence in July 2023, for completion in 2026, ready for new students in the 2027 school year.

**Build a new high school in Googong**

Googong is located about 10 km to the south of Queanbeyan. The new high school in Googong is proposed to cater for 640 students.

**Upgrade Jerrabomberra High School to Stage 2**

Jerrabomberra is a suburb of Queanbeyan. The proposal is to increase the capacity at the soon to be completed Jerrabomberra High School with a stage 2 development to commence from January 2024.

**Notes and costing assumptions continued:**

**Upgrade Vincentia High School**

Vincentia is located on the shores of Jervis Bay, 25 km south-east of Nowra. The proposal is to replace 16 demountables with permanent classrooms.

**TABLE 2 – PROFILE OF CAPITAL SPENDING FROM THE SCHOOLS FOR THE REGION FUND**

<b>PROJECT</b>	<b>2022-23 \$'000</b>	<b>2023-24 \$'000</b>	<b>2024-25 \$'000</b>	<b>2025-26 \$'000</b>	<b>SUB-TOTAL 4 YEARS TO 2025-26 \$'000</b>	<b>2026-27 and Beyond \$'000</b>	<b>PROJECT TOTAL \$'000</b>
High school in Medowie	-	1,996	4,234	29,424	<b>35,654</b>	44,542	<b>80,196</b>
High school in Googong	-	3,000	31,600	31,600	<b>66,200</b>	16,400	<b>82,600</b>
Jerrabomberra High School upgrade	-	5,000	10,000	15,000	<b>30,000</b>	10,000	<b>40,000</b>
Vincentia High School upgrade	-	2,000	2,200	4,800	<b>9,000</b>	10,200	<b>19,200</b>
<b>TOTAL 4 PROJECTS</b>	-	<b>11,996</b>	<b>48,034</b>	<b>80,824</b>	<b>140,854</b>	<b>81,142</b>	<b>221,996</b>