



Capital grants fund for public schools	
Party:	Australian Greens
Summary of proposal: The proposal would establish a new capital grants fund for public schools to invest in capital works. The fund would disperse \$1.25 billion in its first year and \$350 million each following year, indexed in line with current capital funding indexation practices. The proposal would be ongoing and start on 1 July 2026.	
Additional information (based on further advice provided): Departmental costs would be funded within the capped amount.	

Costing overview

The proposal would be expected to decrease the fiscal and underlying cash balances by around \$2.0 billion over the 2025-26 Budget forward estimates period (see Table 1). This impact reflects primarily an increase in administered expenses, with a small departmental expense in the first year to establish the fund.

The proposal would be expected to have an impact beyond the 2025-26 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2035-36 is provided at Attachment A.

The Parliamentary Budget Office (PBO) has not made any assessment as to whether the specified funding would be sufficient to meet the objectives of the proposal.

Table 1: Capital grants fund for public schools – Financial implications (\$m)^{(a)(b)}

	2025-26	2026-27	2027-28	2028-29	Total to 2028-29
Fiscal balance	-	-1,250.0	-350.0	-360.0	-1,960.0
Underlying cash balance	-	-1,250.0	-350.0	-360.0	-1,960.0

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

- Indicates nil.

Assumptions and methodology

This costing only estimates impacts on the Australian Government funding commitments and does not estimate changes to the state level funding. This holds true for schools or systems with total state or territory and Australian Government funding above 100% of their Schooling Resource Standard (SRS) entitlement.

It is assumed that the new fund would be set up in the same manner as the Capital Grants Program and that funding would be administered by block grant authorities under existing administration arrangements.

In the first year, departmental funding from within the capped funding amount would be allocated to a small team of 3 staff to facilitate set up of the fund. For the second year onwards, the administration of the fund would be managed from within existing resources.

We assume that no funds allocated to a given year are left unspent.

The implicit price deflator '*Other building and structures investment*' per the 2025-26 Budget is assumed to be representative for the indexation arrangement enacted through *Australian Education Amendment (2024 Capital Funding Indexation) Regulations 2024*¹. This indexation rate was assumed to remain constant from 2028-29, in line with CPI projections remaining constant over the medium term.

Financial implications were rounded consistent with the PBO's rounding rules as outlined on the PBO Costings and budget information webpage.²

Data sources

Australian Bureau of Statistics (2025), [Producer Price Indexes, Australia](#), accessed 7 May 2025.

Commonwealth Consolidated Regulations (2024), [Australian Education Regulations 2023 - REG 24B Indexes of building prices and wage costs](#), accessed 7 May 2025.

Commonwealth of Australia (2025) *Pre-election Economic and Fiscal Outlook 2025*, Commonwealth of Australia.

Departmental expenses were informed by similar measures in Commonwealth budgets from 2015-16 to 2021-22.

¹ The index of building prices and the index of wage costs is the composite index of construction activity costs in the Index Number for Australian and New Zealand Standard Industrial Classification, 2006 Class 3020 Non - residential Building Construction Australia, published by the Australian Bureau of Statistics in Table 17 (Output of the Construction industries) in the [Producer Price Indexes, Australia](#).

² <https://www.pbo.gov.au/for-parliamentarians/how-we-analyse/pbo-rounding-rules>

Attachment A – Capital grants fund for public schools – Financial implications

Table A1: Capital grants fund for public schools – Fiscal and underlying cash balances (\$m)^(a)

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
Expenses													
Administered													
<i>Grant funding</i>	-	-1,249.4	-350.0	-360.0	-370.0	-380.0	-390.0	-390.0	-400.0	-410.0	-420.0	-1,959.4	-4,719.4
Departmental													
<i>Department of Education</i>	-	-0.6	-	-	-	-	-	-	-	-	-	-0.6	-0.6
Total (excluding PDI)	-	-1,250.0	-350.0	-360.0	-370.0	-380.0	-390.0	-390.0	-400.0	-410.0	-420.0	-1,960.0	-4,720.0

- (a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.
- Indicates nil.

Table A2: Capital grants fund for public schools – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	Total to 2028-29	Total to 2035-36
Fiscal balance	-	-28.0	-64.0	-83.0	-103.0	-124.0	-147.0	-171.0	-197.0	-224.0	-253.0	-175.0	-1,394.0
Underlying cash balance	-	-21.0	-55.0	-78.0	-98.0	-119.0	-141.0	-165.0	-190.0	-217.0	-246.0	-154.0	-1,330.0

- (a) As this table is presented as a memorandum item, these figures are not reflected in the totals above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary³.
- (b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.
- Indicates nil.

³ [Online budget glossary – Parliamentary Budget Office \(pbo.gov.au\)](https://pbo.gov.au)