


Request for Costing an Election Commitment

Name of election commitment:	Canberra's Transport Future – Light Rail
Person and party requesting costing:	Meredith Hunter, ACT Greens Parliamentary Leader
Date of public release of election commitment, including source:	30 August 2012 http://act.greens.org.au/content/light-rail-canberra
Summary of election commitment:	<p>The ACT Greens will:</p> <ul style="list-style-type: none"> • Commit to building light rail for Canberra – <ul style="list-style-type: none"> ▪ \$200 million initial Government funding committed to light rail; ▪ An ACT-wide light rail master plan, covering existing and developing areas; ▪ Construction on Canberra's first light rail route beginning by 2015. • Independently manage the project through the Canberra Urban Transit Authority, a new independent body to design, cost and manage funding and construction of light rail in Canberra.
Intention of election commitment:	To ensure light rail is delivered in a timely, effective and cost-efficient way.
Signature of person requesting costing:	
Date of request for costing:	2/10/12
What are the key assumptions that have been made in the election commitment? Note: that where the request to cost an election commitment differs from the public announcement, the costing will be on the basis of information provided in the costing request. Note: it will be up to the professional judgment of the Director-General as to whether these assumptions are adopted in the costing of the election commitment.	
Where relevant, is the funding for the policy to be demand driven or a capped amount? The funding is dollar limited.	
Will third parties, for instance the Commonwealth or other State/Territories, have a role in funding or delivering the election commitment? Potentially. The Canberra Urban Transit Authority may, depending on the model chosen for light rail, seek funding from the Commonwealth Government through Infrastructure Australia and/or from the private sector.	
Will funding/the cost require indexation? <ul style="list-style-type: none"> • Capital costs are not indexed. • Recurrent funding for staffing and Board member costs are indexed at 3% per annum, as per the ACT Government Standard Costing Parameters 2012, page 6. • Recurrent funding for program costs are not indexed. • Recurrent funding for other expenditure is indexed at CPI of 2.5% per annum, as per the ACT Government Standard Costing Parameters 2012, Page 6. 	
What are the estimated revenue and operating costs each year (if available) and what are the capital requirements for this election commitment and estimated costs each year (if available)?	

	2012-13	2013-14	2014-15	2015-16	2016-17	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue ^(a)						
Expenses ^(a)		-1,313	-1,344	-5,626	-9,909	-18,192
Capital		-1,400		-100,000	-100,000	-201,400

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

What is the likely take up?

N/A

Any other assumptions?

A breakdown of the above recurrent costs is as follows:

		2013/14 '000	2014/15 '000	2015/16 '000	2016/17 '000	TOTAL '000
Staffing Costs		-780	-802	-824	-846	-3,252
Board Member Costs		-323	-332	-342	-353	-1,350
Program Costs		-150	-150	-150	-150	-600
Costs of capital		-60	-60	-4,310	-8,560	-12,990
Total		1,313	1,344	5,566	9,849	18,192

Staffing Costs:

The Canberra Urban Transit Authority will have four staff consisting of a Chief Executive Officer, Senior Officer Grade A, Senior Officer Grade B and Senior Officer Grade C.

The remuneration for the Chief Executive Officer is set at level 3.8 of the "Australian Capital Territory Remuneration Tribunal, Head of Service, Director-General and Executives, Determination 5 of 2012". This remuneration is \$252,647 per annum at 1 July 2012.

The remuneration of the three staff members is based on the Economic Development Directorate Enterprise Agreement, 2011-13 at 1 July 2012:

- Senior Officer Grade A - \$123,208 per annum;
- Senior Officer Grade B - \$119,426 per annum; and
- Senior Officer Grade C - \$89,786 per annum.

Additional costs have been added to the staffing base listed above based on the ACT Government Standard Costing Parameters 2012. These are:

- Superannuation of 9% (page 4);
- Workers compensation of 1.5% (page 8);
- Accrued benefits of 4% (page 4);
- Administrative On-Costs of \$17,027 (indexed by CPI of 2.5% from 2013-14);
- General cost escalator for each staff member of 3% per annum (page 6).

Board Member Costs:

The Board will consist of a Chair, Deputy Chair and five members. Remuneration for Board Members is set at the same rate as that for the Land Development Agency Board – "Australian Capital Territory Remuneration Tribunal, Determination 14 of 2011, Part-Time Holders of Public Office."

This remuneration is:

- Chair - \$67,200 per annum;
- Deputy Chair - \$53,770 per annum; and
- Board Members - \$40,325 per annum each.

Program costs

- This fixed amount is intended to cover miscellaneous administrative costs and incidental expenses of the new authority.

Capital Costs

- The \$1.4 million in 13-14 is for a detailed design of Canberra Light Rail Network. This is based on estimations of Northbourne Avenue detailed studies, which included feasibility, and 2 stages of economic modelling and business case.

Other Assumptions:

- Both recurrent and capital expenditure are dollar limited.
- Recurrent expenditure includes all operational costs, including program expenses, board member expenses and staffing expenses, on-costs and costs of borrowing for capital.
- Depreciation is not included as that is only accounted for once the asset commences operation.
- Staffing includes a Chief Executive Officer and three staff. These staff will be housed within existing office accommodation of the Economic Development Directorate.
- Costs of providing a secretariat function to the Board and the provision of meeting rooms for Board meetings will be met out of recurrent funding within the Economic Development Directorate. This is consistent with the Government Procurement Board, which is provided secretariat functions and the provision of meeting rooms out of recurrent funding within Treasury Directorate.

Administration of the election commitment

How will the election commitment be administered?

The election commitment will be administered by the Canberra Urban Transit Authority.

Who will administer the election commitment?

Initially Economic Development then the new Canberra Urban Transit Authority will be responsible for the initiative.

Has an allowance been made for expenses necessary to support the implementation of this election commitment?

– If no, will the government agency be expected to absorb expenses associated with this election commitment?

– If yes, please specify the key assumptions.

Yes – see above assumptions.

What is the intended implementation date of the election commitment?

2013-14.

Are there transitional arrangements associated with election commitment implementation?

No.

Are there any other assumptions that need to be considered?

No.

When is the election commitment expected to be fully operational?

Please provide further details i.e. start and end dates, the level of commitment during each period etc?

From 2013-14.

Will the election commitment cease and if so when?

N/A

