2016 Policy Commitment – ACT Labor

Name of Commitment:	**Roads upgrades**
	Reference Number: LAB033
Request Submitted by:	Andrew Barr MLA, ACT Labor
Date Request Received:	06-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)]	0.0	-850.0	-2,371.3	-4,870.5	**-8,091.8**
- Employee Expenses	0.0	0.0	0.0	0.0	**0.0**
- Other Expenses	0.0	0.0	-1,000.0	-2,840.0	**-3,840.0**
- Cost of Financing	0.0	-850.0	-1,371.3	-2,030.5	**-4,251.8**
Expenses - Depreciation	0.0	0.0	-453.3	-453.3	**-906.7**
Net Operating Balance	**0.0**	**-850.0**	**-2,824.6**	**-5,323.9**	**-8,998.4**
Capital Requirement	0.0	-34,000.0	-20,000.0	-25,000.0	**-79,000.0**
Cash Surplus/Deficit	0.0	-34,850.0	-22,371.3	-29,870.5	**-87,091.8**

(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:

The costing has been completed using a price by quantity methodology, based on similar works undertaken by the ACT Government.

- Proposal Parameters:

The costing assumes that administrative expenses associated with the program would be absorbed by the Transport Canberra and City Services Directorate (TCCS).
Cost of financing has been calculated at 2.5 per cent.
Depreciation has been calculated on a straight-line basis over a 75-year period.
No indexation has been applied.
Repairs and maintenance expenses are costed at zero per cent of the capital cost in the first year after construction, one per cent the year after, and two per cent ongoing thereafter.

Caveats or qualifications to the costing:

Capital costs are indicative only and would be fully informed by feasibility and design work.
Construction costs for the roads could vary significantly subject to any geotechnical investigation.

Other Comments:

The costing includes additional capital funding of $15.7 million in 2020-21, for road design works ($2 million) and intersection upgrades ($13.7 million), bringing the total capital investment to $94.7 million over five years.
The costing has included the cost of financing in line with Treasury standard costing guidelines, noting the costing request states that the funding will be allocated against the Infrastructure Investment Provision, which would ameliorate the impact of the cost of financing.
A further capital investment of $29.7 million to duplicate Athllon Drive over two years from 2020-21 was included in the relevant policy announcement for this commitment. Treasury was not asked to cost this element.

- Statistical Data Used:

TCCS and Treasury estimates.

David Nicol
Under Treasurer
11 October 2016