## 2024 Election Commitment – Canberra Liberals

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| **Name of Commitment:** | **Veterans – Community Facility** |
| | **Reference Number:** LIB096 |
| **Request Submitted by:** | Elizabeth Lee MLA, Canberra Liberals |
| **Date Request Received:** | 11-Oct-24 |
| **Additional Information Requested (details and date)** | N/A |
| **Additional Information Received (details and date)** | N/A |

**Financial Implications**

| **Impact On:** | **2024-25 $'000** | **2025-26 $'000** | **2026-27 $'000** | **2027-28 $'000** | **TOTAL $'000** |
|---|---|---|---|---|---|
| Revenues [(a)] | 0.0 | 0.0 | 0.0 | 0.0 | **0.0** |
| Expenses [(a)(b)] | 0.0 | -131.3 | -138.1 | -170.4 | **-439.8** |
| - Employee Expenses | 0.0 | 0.0 | 0.0 | 0.0 | **0.0** |
| - Other Expenses | 0.0 | 0.0 | 0.0 | -25.0 | **-25.0** |
| - Cost of Financing | 0.0 | -131.3 | -138.1 | -145.4 | **-414.8** |
| Depreciation | 0.0 | 0.0 | -31.3 | -62.5 | **-93.8** |
| **Net Operating Balance** | **0.0** | **-131.3** | **-169.4** | **-232.9** | **-533.5** |
| **Capital Requirement** | 0.0 | -2,500.0 | 0.0 | 0.0 | **-2,500.0** |
| **Cash Surplus/Deficit** | 0.0 | -2,631.3 | -138.1 | -170.4 | **-2,939.8** |

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

**Other Information**

**Costing Methodology Used:**

**- Costing Technique:**

The costing is for a fixed amount of $2.5 million in capital funding in 2025-26, for a standalone, purpose-built facility for use by veterans and to provide a permanent location for veterans' organisations. As such, the scope of the project would need to be managed within this level of funding.

**- Proposal Parameters:**

• Cost of financing has been calculated at 5.25 per cent.
• Depreciation has been calculated on a straight-line basis over a 40 year period commencing from 1 January 2027, with a half-year impact of $31,250 in 2027-28 and $62,500 per annum from 2028-29 onwards.
• 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 ($25,000 in 2027-28) and two per cent ongoing thereafter ($50,000 per annum from 2028-29 onwards).

**Caveats or qualifications to the costing:**

• The costing assumes that administrative and project management expenses associated with the program would be absorbed by the Community Services Directorate (CSD) and Major Projects Canberra (MPC). This should be considered in light of other policies requiring CSD and MPC to absorb costs, and may require a re-prioritisation of their resources and activities.
• Capital costs are indicative only and would be informed by public consultation, a feasibility study and detailed design work.
• The costing does not include the cost of land.
• The costing has not included the financial impacts of potential Commonwealth Government funding for this project.
• Treasury notes the construction sector in Australia is, at present, experiencing supply constraints, and that this may impact on the capacity to complete the proposed facility within the stated timeframe.

**Other Comments:**

Treasury notes that similar facilities for veterans have been built in Nowra and the Central Coast. The Nowra facility was constructed at a cost of $3.1 million and the Central Coast facility at a cost of $1.5 million.

Treasury's costing differs from that submitted due to:

- the inclusion of repairs and maintenance costs starting in 2027-28;
- the cost of financing; and
- the commencement of depreciation from 1 January 2027 compared to 1 July 2025 in the request.

**- Statistical Data Used:**

Treasury estimates based on similar facilities constructed in Nowra and the Central Coast.

https://mbc-group.com.au/project/nowra-veteran-wellbeing-centre/

https://www.veterans.nsw.gov.au/about-us/media-releases/2024/09/14/opening-of-central-coast-veteran-and-family-hub/

Stuart Hocking PSM

Under Treasurer

14 October 2024