

2024 Election Commitment – ACT Labor

Name of Commitment:	Palmerston Shop upgrades	Reference Number: LAB086
Request Submitted by:	Andrew Barr MLA, ACT Labor	
Date Request Received:	14-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	0.0	0.0	0.0	0.0
- Employee Expenses	0.0	0.0	0.0	0.0	0.0
- Other Expenses	0.0	0.0	0.0	0.0	0.0
- Cost of Financing	0.0	0.0	0.0	0.0	0.0
Depreciation	0.0	0.0	0.0	0.0	0.0
Net Operating Balance	0.0	0.0	0.0	0.0	0.0
Capital Requirement	0.0	0.0	-500.0	-500.0	-1,000.0
Capital – Offset from ARP	0.0	0.0	500.0	500.0	1,000.0
Net Capital Requirement	0.0	0.0	0.0	0.0	0.0
Cash Surplus/Deficit	0.0	0.0	0.0	0.0	0.0
(a) A negative number indicates a decrease in revenue or an increase in expenses.					
(b) Excludes depreciation					

Other Information
Costing Methodology Used:
- Costing Technique:
This costing is for a capped dollar amount of \$1 million over two years (\$500,000 in 2026-27 and \$500,000 in 2027-28). As such the scope would need to be managed within this level of funding.
- Proposal Parameters:
- The proposed upgrades at Palmerston Shops are to be completed at a capped cost of \$1 million and the works would be scoped to this amount. - The costing assumes that administrative expenses associated with the delivery of the project would be absorbed by the Transport Canberra and City Services Directorate (TCCS). - The costing assumes the proposal would be fully offset from TCCS' Asset Renewal Program (ARP). - Construction is expected to commence in 2026-27 and be completed by 30 June 2028. - Given the proposal is to upgrade existing assets, for which funding has been provided, no additional repairs and maintenance expenses are included. - Depreciation has been calculated on a straight-line basis over a 40-year period, commencing in 2028-29 at \$25,000 per annum ongoing. - Cost of financing has not been applied to the costing, as the project would be fully offset from existing funding (TCCS' ARP).

Caveats or qualifications to the costing:

- The costing assumes the design of the proposed works would be included within the proposed funding and that the design and construction works would be administered by TCCS as part of its existing infrastructure delivery program.

Other Comments:

- Treasury considers that a suite of upgrades could be delivered at Palmerston Shops under the proposed cap of \$1 million.
- Treasury notes there is a variety of ACT Government assets at this location (each with specific useful lives). As the costing request has not specified which assets are to be upgraded (noting the works will include improvements to public spaces and landscaping), depreciation may be calculated over a longer period should the upgrades primarily involve paving (50 years).
- Treasury notes that the works included in the ARP are developed on an annual basis to address the areas of highest need/priority within each Directorate. Applying the ARP as an offset to the proposed projects would be done in advance of this assessment and would reduce the capacity of TCCS to apply ARP funding to extend the useful life or improve the service delivery capacity of other existing infrastructure assets.

- Statistical Data Used:

Treasury estimates.



Stuart Hocking PSM
Under Treasurer
17 October 2024