

Request for Costing an Election Commitment

Name of policy proposal:	Better Road Resurfacing (27 September 2016)
Person requesting costing:	Alistair Coe MLA, Shadow Treasurer
Date of request:	10 October 2016
Summary of proposal:	The Canberra Liberals will provide an additional \$3 million to the road resurfacing budget to increase the use of quieter and smoother road resurfacing materials.
Issue the proposal will address:	Additional funding to the road resurfacing budget to meet targets.

What are the key assumptions that have been made in the proposal?

Note: The costing will developed on the basis of information and assumptions provided in the costing request. The professional judgment of the Under Treasurer will determine whether these assumptions are adopted in the costing of the proposal.

- Additional funding is a flat \$1 million per year.
- This is in addition to the existing \$6.9 million already provisioned for in the budget.
- The Directorate will also be directed to increase the use of smoother hot mix asphalt and better quality chip seal through the existing budget.
- The cost of capital is calculated at 2.5% as per Treasury advice.
- Depreciation is calculated using the straight line method for infrastructure, with 25 years useful life and no resale.

What are the estimated revenue and operating costs each year (if available) and what are the capital requirements for this proposal and estimated costs each year (if available)?

	2016-17	2017-18	2018-19	2019-20	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue ^(a)					
Expenses ^(a)	0	-25	-50	-75	-150
Capital	0	-1,000	-1,000	-1,000	-3,000
Depreciation	0	0	-40	-80	-120

(a) A negative number indicates a decrease in revenue or an increase in expenses. The expenses row does not include depreciation costs.

Has any specific information or data been utilised in generating the proposal?

No.

Where relevant, is funding for the proposal to be demand driven or a capped amount?

Capped.

Will third parties, for instance the Commonwealth or other State/Territories, have a role in funding or delivering the proposal? Does the proposal provide additional funding to, or redirect, any existing Commonwealth/State or Territory funding arrangements (for example, does an education proposal add to or redirect NERA funding).

n/a
Will funding/the cost require indexation?
No.
Who will administer the proposal?
The Transport Canberra and City Services Directorate.
How will the proposal be administered?
In line with existing provisions for road resurfacing.
Is the proposal part of a broader package?
No.
Has an allowance been made for expenses necessary to support the implementation of this proposal? <ul style="list-style-type: none"> – If no, will the government agency be expected to absorb expenses associated with this proposal? – If yes, please specify the key assumptions.
No. Implementation will be met from within existing resources.
Will the proposal generate savings or offsets?
No.
Has the proposal been previously costed by an external (third) party? Will a copy of this material, including any assumptions, be made available to Treasury?
No.
What are the community impacts associated with the proposal? Who and how many people will be affected?
Community impacts are expected to be positive from improved road conditions for motorists.
Are there any transitional considerations associated with implementation of the proposal? If so, how will they be managed?
No.
What is the intended implementation date of the proposal?
2017-18.
When is the proposal expected to be fully operational? Please provide details such as the start and end dates, the level of commitment during each period etc?
2017-18.
Will the proposal cease, and if so, when?
The additional funding is ongoing.
Is there any additional information relevant to this proposal?
No/