2024 Election Commitment – ACT Labor

Name of Commitment:	**Belconnen footpath fund**
	Reference Number: LAB087
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	-65.6	-134.7	-219.9	**-420.2**
- Employee Expenses	0.0	0.0	0.0	0.0	**0.0**
- Other Expenses	0.0	0.0	0.0	-12.5	**-12.5**
- Cost of Financing	0.0	-65.6	-134.7	-207.4	**-407.7**
Depreciation	0.0	0.0	-31.3	-62.5	**-93.8**
Net Operating Balance	**0.0**	**-65.6**	**-166.0**	**-282.4**	**-514.0**
Capital Requirement	0.0	-1,250.0	-1,250.0	-1,250.0	**-3,750.0**
Capital – Offset from ARP	0.0	0.0	0.0	12.5	**12.5**
Net Capital Requirement	0.0	-1,250.0	-1,250.0	-1,237.5	**-3,737.5**
Cash Surplus/Deficit	0.0	-1,315.6	-1,384.7	-1,469.9	**-4,170.2**

(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 fixed dollar amount of $1.250 million per annum over four years (totalling $5.0 million) from 2025-26 to 2028-29 inclusive to build new footpaths and improve existing paths across Belconnen. As such, the scope of the program would need to be managed within this level of funding.

- Proposal Parameters:

- 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).
- Construction is expected to commence in 2025-26 and be completed by 30 June 2029.
- Depreciation has been calculated on a straight-line basis over a 40-year period.
- 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. Repairs and maintenance would therefore be $12,500 in 2027-28, $37,500 in 2028-29, $62,500 in 2029-30, $87,500 in 2030-31 and $100,000 in 2031-32 and ongoing.
- The costing assumes repairs and maintenance funding will be fully offset by TCCS's Asset Renewal Program (ARP).
- Cost of financing has been calculated at 5.25 per cent.

Caveats or qualifications to the costing:

• The costing assumes the design of the project would be included within the proposed funding.

• The costing assumes the design and construction of the proposed works would be administered by TCCS as part of its existing infrastructure delivery program.

Other Comments:

• Treasury notes that the costing request indicates that repairs and maintenance expenses would be offset by TCCS's ARP (which is capital in nature).

• 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 repairs and maintenance of the proposed works 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