

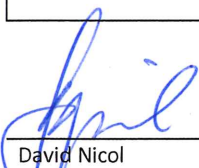
2016 Policy Commitment – ACT Greens

Name of Commitment:	Building Stage 2 of the Belconnen Arts Centre	Reference Number: GRN003
Request Submitted by:	Shane Rattenbury MLA, ACT Greens	
Date Request Received:	14-Sep-16	
Additional Information Requested (details and date)	N/A	
Additional Information Received (details and date)	N/A	

Financial Implications					
Impact On:	2016-17	2017-18	2018-19	2019-20	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenues ^(a)	0.0	0.0	0.0	0.0	0.0
Expenses ^{(a) (b)}	0.0	-348.2	-356.9	-505.1	-1,210.3
- Employee Expenses	0.0	0.0	0.0	0.0	0.0
- Other Expenses	0.0	0.0	0.0	-139.3	-139.3
- Cost of Financing	0.0	-348.2	-356.9	-365.9	-1,071.0
Expenses – Depreciation	0.0	0.0	-464.3	-464.3	-928.6
Net Operating Balance	0.0	-348.2	-821.2	-969.4	-2,138.9
Capital Requirement	0.0	-13,929.0	0.0	0.0	-13,929.0
Cash Surplus/Deficit	0.0	-14,277.2	-356.9	-505.1	-15,139.3

(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:
Treasury has costed this commitment as a fixed level of \$15 million from 2017-18 to 2019-20, which includes the capital funding and the cost of financing. Treasury considers that this level of capital funding is consistent with the scope of the Stage 2 works, based on preliminary planning documentation.
- Proposal Parameters:
Construction is anticipated to commence in 2017-18 and take one year to complete. Depreciation has been calculated on a straight line basis over a 30-year period, based on similar works undertaken by the ACT Government. 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. The cost of financing has been calculated at 2.5 per cent.
Caveats or qualifications to the costing:
The final scope would be subject to detailed design and planning studies. The costing does not include any expenses for relocation and rental assistance for Belconnen Arts Centre Incorporated during the construction of the Stage 2 works. The costing does not include any improvements to the foreshore or pathway linkages. It does include some alterations to the existing facility. The costing does not include any additional administrative, utility and/or other costs of a larger Belconnen Arts Centre.
Other Comments:
There would be maintenance costs of \$300,000 per annum from 2020-21 onwards. Treasury's costing differs from that submitted due to the inclusion of repairs and maintenance expenses, and depreciation being calculated over a 30-year period (the costing request had a 100 year period which Treasury considers too long for a building of this nature). Design work for the Belconnen Arts Centre was funded in the 2012-13 Budget and is well advanced.
- Statistical Data Used:
Preliminary sketch plan documentation, October 2015.



David Nicol
Under Treasurer
22 September 2016