

Request for Costing an Election Commitment

Name of proposal:	Infrastructure – \$40 million Local Road Maintenance Fund
Person requesting costing:	Alistair Coe MLA
Date of request:	13 October 2020
Summary of proposal:	The Canberra Liberals will invest \$40 million into local roads.
Issue the proposal will address:	The investment will create jobs and deliver better services through additional road maintenance.

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

Note: The costing will be 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.

The proposal will provide an additional \$40 million for road maintenance projects. This fund will be used to improve roads, footpaths, cycle paths, and other road infrastructure. Shovel-ready projects will be prioritised to serve as an economic stimulus measure and create jobs. The proposal will also assist in addressing the road maintenance backlog identified in the [Auditor-General’s Report 5/2017: Maintenance of Selected Road Infrastructure Assets](#).

Regular maintenance improves road conditions and extends the life of road assets. According to the Auditor-General’s Report:

Maintaining a road with preventative reals (also called Chipseal) costs approximately \$10 per m², repairing a road with preventative asphalt surface costs approximately \$70 per m², whereas replacing a road with a new replacement asphalt surface (rehabilitation) and foundation costs approximately \$300 per m².

This investment is long term cost effective, extends the life and reduces whole-of-life costs of road assets, creates jobs, and will deliver better road services.

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)?

	2020-21	2021-22	2022-23	2023-24	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue^(a)					
Expenses^(a)	-10,000	-30,000			-40,000

Capital					
Depreciation					
(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?					
The Auditor-General's Report 5/2017: Maintenance of Selected Road Infrastructure Assets identified that if the road backlog was not reduced, it would require an estimated investment of \$71 million to address in 2019-20. This proposal is an initial investment, with further funding to be determined by assessing road priorities and backlog.					
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?					
N/A					
Will funding/the cost require indexation?					
No.					
Who will administer the proposal?					
The proposal will be administered by the Transport Canberra and City Services Directorate.					
How will the proposal be administered?					
The Transport Canberra and City Services Directorate will be responsible for the projects and any contracts.					
Is the proposal part of a broader package?					
This proposal forms part of the Canberra Liberals Policy on Infrastructure.					
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. 					
The Transport Canberra and City Services Directorate will absorb the administrative costs associated with this proposal.					

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?
N/A
What are the community impacts associated with the proposal? Who and how many people will be affected?
The Auditor-General's Report 5/2017: Maintenance of Selected Road Infrastructure Assets identified significant maintenance backlog for road pavement. An investment in road maintenance will deliver better economic outcomes for the Territory in the long run by creating jobs and increasing the life of the road assets. This funding will begin addressing the backlog, and will deliver better roads for commuters.
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?
Shovel-ready road maintenance projects will commence as soon as practicable.
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.
Road maintenance projects are expected to occur throughout 2020-21 and 2021-22.
Will the proposal cease, and if so, when?
The proposal will cease once the funding has been exhausted. Further funding commitments will be determined in future budgets.
Is there any additional information relevant to this proposal?
N/A