



PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney 2000

Referred by: Coalition **Proposal No:** C1643
Date Referred: 16/03/2023 **Date Published:** 20/03/2023
Proposal Title: Investing in Local Communities
Cluster: Cross-Cluster

General Government Sector Impacts

	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000	4-year Total \$'000
Expenses (ex. depreciation)	12,750	108,000	79,500	38,250	238,500
Depreciation					-
Less: Offsets	4,300	6,100	9,200	3,100	22,700
Revenue					-
Net Operating Balance:	(8,450)	(101,900)	(70,300)	(35,150)	(215,800)

Capital Expenditure	-	9,500	19,200	5,600	34,300
Capital Offsets					
Net Capital Expenditure:	-	9,500	19,200	5,600	34,300

Net Lending/(Borrowing):	(8,450)	(111,400)	(89,500)	(40,750)	(250,100)
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Total State Sector Impacts

Net Lending/(Borrowing):	(8,450)	(111,400)	(89,500)	(40,750)	(250,100)
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Notes and costing assumptions:

The policy proposes to provide a total of \$298.6 million in grants to councils and non-government organisations to support local upgrades to sporting infrastructure across NSW, assist in delivering local projects through improving local amenities and expand local infrastructure and tourism.

The policy proposes to provide a total of \$160 million in grants for Sporting Infrastructure, \$95 million in grants for Local Projects, \$34.25 million in CAPEX grants and \$9 million in other smaller projects. Refer to **Table 1** for the funding profile.

Funding for the delivery of the OPEX grants across the forward estimates and subsequent years to be paid in percentage intervals of the total grant amount (\$255m) in the following split:

- 2022-23 = 5%
- 2023-24 = 40%
- 2024-25 = 30%
- 2025-26 = 15%
- 2026-27 = 10%

Document	Reviewed by
	Mr Mark Buttigieg
Received	
	Samantha Jeffery
Date:	24 / 10 / 25
Resolved	Yes / No

Notes and costing assumptions continued:

The policy assumes the administration of these grants will be absorbed within existing resources within the relevant agencies budget.

Grants will be dispersed in accordance with the grant guidelines and milestone payments

The policy assumes the grants to be partially offset from the underspends of sports funds under the Office of Sport's existing budget which the policy has been noted to be \$22.7 million across the forward estimates. However, the use of these funds will impact the ability of the Office of Sport to deliver other programs

The PBO estimates the cost of the policy to have a budget impact of \$8.4 million in 2022-23, \$111.4 million in 2023-24, \$89.5 million in 2024-25, \$40.75 million in 2025-26 and a subsequent budget impact of \$25.8 million in 2026-27. The total budget impact across the forward estimates to 2025-26 is \$250.1 million.

Table 1 – Funding Profile (OPEX)

	OPEX					Total \$'000
	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000	2026-27 \$'000	
Funding Allocation						
Grants to Councils & Non-Government Organisations	4,750	38,000	28,500	14,250	9,500	95,000
Sporting Oval and Facility Upgrades	8,000	64,000	48,000	24,000	16,000	160,000
Other	-	6,000	3,000	-	380	9,380
Subtotal	12,750	108,000	79,500	38,250	25,880	264,380
Budget Savings (Underspends)	4,300	6,100	9,200	3,100	-	22,700
Total	8,450	101,900	70,300	35,150	25,880	241,680

Table 2 – Funding Profile (CAPEX)

	CAPEX					Total \$'000
	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000	2026-27 \$'000	
Young Police Station	-	4,500	9,200	5,600	-	19,300
Expand Taffawong metro car park	-	5,000	10,000	-	-	15,000
Total	-	9,500	19,200	5,600	-	34,300

Caveat

The policy assumes the delivery for individual projects will be determined by milestones and may be subject to change. This may result in funding being paid earlier and/or later than scheduled.

Election Costing Request Form

Details of request	
Party:	Liberals and Nationals Government
Name of Policy:	Investing in Local Communities
Date of request:	16 March 2023

Description of policy	
Summary of policy (please attach copies of relevant policy documents and include information on what the policy aims to achieve):	<p>The NSW Liberal and Nationals will invest in local communities by:</p> <ul style="list-style-type: none">• providing grants to councils and non-government organisations to support local upgrades to sporting infrastructure across NSW;• providing grants to councils and non-government organisations to deliver local projects and community engagement, including improvements to local amenity; and• expanding local infrastructure and tourism.
Has the policy been publicly released yet?	No

Your estimated costing of the policy ¹						
	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	Total \$'000
Impact on General Government Sector (GGS) net operating result ²	8,450	101,900	70,340	35,200	25,880	241,775
Impact on GGS capital expenditure ³	-	9,520	19,180	5,550	-	34,250
If different from above, impact on total State Sector net financial liabilities ⁴						

Note: Has the policy been costed by a third party? No
If yes, can you provide a copy of this costing and its assumptions?

Key assumptions made in the policy	
Does the policy relate to a previous announcement? If yes, which announcement?	No
What assumptions have been made in deriving the financial impacts in your estimated costing? (See checklist)	<p>The costing assumes that Government will make grants to councils and non-government organisations to deliver on a range of projects. The total provided in grants are:</p> <ul style="list-style-type: none"> • Sporting infrastructure - \$160m • Local projects - \$95m <p>Funding to deliver these grants within the term is assumed to be:</p> <p>2022-23: 5%</p> <p>2023-24: 40%</p> <p>2024-25: 30%</p> <p>2025-26: 15%</p> <p>2026-27: 10%</p>

¹ Amounts should be expressed in nominal dollars. GGS - General Government Sector.

² Negative for a saving that reduces expenditure

³ Negative for a reduction in capital expenditure.

⁴ Only required if proposal is outside GGS. Negative for a reduction in net financial liabilities.

	<p>Final deliver of grants will be determined by milestones and may be subject to change.</p> <p>Administration of these grants will be absorbed from within existing resources.</p> <p>The net impact of the grants to upgrade sporting grounds and ovals is partially offset by reallocating underspends from certain Office of Sport programs. Note that the reallocation of these underspends will not impact the ability to deliver on existing contractual commitments.</p> <p>Funding for the Young Police Station will be capitalised. There are no operating costs required as the station is a replacement.</p> <p>Funding for the Office of Sport to undertake planning, investigative and noise mitigation work at Wakefield Park Raceway will be capped. Any further funding will be subject to Government decision.</p> <p>Funding for the expansion of the Metro carpark at Tallawong is capitalised. Funding will be capped at \$15m, with any additional funding to be absorbed.</p> <p>The Headliner Act Regional Touring Fund is a competitive grant allocation and will be capped at \$6m over two years.</p>
Is there a range for the costing or any sensitivity analysis that you have undertaken?	Not applicable
Are there associated savings, offsets or, in the case of a revenue proposal, offsetting expenses? If yes, please provide details.	Not applicable
Are there significant costs or savings outside the forward estimates period which should be considered in costing this policy? ⁵	Not applicable

Administration of policy	
Intended date of implementation:	1 April 2023
Intended duration of policy:	Five years
Who will administer the policy (e.g. Government entity, non-government organisation, etc.)?	Various

⁵ Particularly important for large projects with long lead times, policies with a delayed timetable for implementation, or policies where up-front investment is required to achieve long term savings.

Are there any specific administrative arrangements for the policy that need to be taken into account (e.g. agreements between different levels of government)?	Grants will be dispersed in accordance with the grant guidelines and milestone payments.
Are there transitional arrangements associated with policy implementation?	Not applicable

If the policy is mainly an expenditure ⁶ commitment	
Demand driven or a capped amount:	Capped
Eligibility criteria or thresholds:	Not applicable

If the policy is mainly a revenue commitment	
Transaction based or capped:	Not applicable
Thresholds and/or exemptions:	Not applicable
Collection method:	Not applicable
Additional expenditure associated with collection:	Not applicable

If the policy is mainly a capital costs ⁷ commitment	
Nature of Capital Spending	
Type of work, size and capacity:	Not applicable
Proposed start and completion date of work:	Not applicable
Intended construction schedule/cashflow:	Not applicable
Associated asset sell off (if any):	Not applicable
Recurrent Impacts	
Offsetting expenditure savings:	Not applicable
On-going maintenance, depreciation and operational expenses:	Not applicable
Third party funding involvement:	Not applicable
Delivery model ⁸	Not applicable

⁶ Expenditure is operating expenses, e.g. salaries, interest cost and grants. Expenditures are fully included in the impact on operating balance.

⁷ Capital costs differ from expenditure in that only depreciation will be included in the impact on operating balance.

⁸ There is a range of possible delivery models, e.g. built, owned and operated by a NSW government agency; built and transferred to a private operator; privately built for public operation; privately built and operated with government assuming risk or providing a guarantee in relation to future income (often applicable to public/private partnership arrangements), and so on. The policy should provide assumptions about the proposed delivery model.