



Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Australian Labor Party
 Date Referred: 3/02/2015

Proposal No: A181
 Date Published: 23/03/2015

Proposal Title: **SECOND HARBOUR RAIL CROSSING**

Cluster: Transport for NSW

General Government Sector Impacts

	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	4 Year Total \$'000
Expenses (ex. depreciation)					-
Depreciation					-
Less: Offsets					-
Revenue					-
Net Operating Result:	-	-	-	-	-

Capital Expenditure					-
Capital Offsets					-
Capital Expenditure:	-	-	-	-	-

Net Lending/(Borrowing)	-	-	-	-	-
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Net Financial Liabilities:	-	-	-	-	-
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Total State Sector Impacts

Net Financial Liabilities:	-	-	-	-	-
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Notes and costing assumptions

The policy proposes to maintain existing funding for the 2nd Harbour Crossing over the forward estimates. That is, the policy will spend \$114 m on the 2nd Harbour Crossing over the forward estimates, which is the amount currently allocated to the project as per the table below.

2014-15	2015-16	2016-17	2017-18
30.3	34.3	20	29.9

As there is no change in spending to the end of 2017-18, the policy has a nil impact on the forward estimates.

The policy proposes to commence major construction work on the 2nd Harbour Crossing in 2021-22, spend \$3.4 billion on construction up to 2024-25, and complete the project by 2029.

Transport for NSW advises \$3.6 billion has been allocated to build the 2nd Harbour Crossing in the 10 year Transport Capital Plan. They further advise the Second Harbour Crossing requires a further \$4.5 billion over the next 10 years above what has been allocated in the Transport Capital Plan from 2014-15, and that to complete the project requires an additional \$3.1 billion of expenditure above this \$4.5 billion.

Therefore total spending to complete the project on the current timetable is estimated at \$11.2 billion in nominal dollars.

Costing assumptions continued:

In determining the nominal dollar expenditures under the construction timetable with the Labor policy compared to the current timetable we have made the following assumptions:

- the current project will be completed in 2024-25, consistent with Government policy,
- a cost escalation factor of 3.9% per year has been used for each year the project is deferred, which is the escalation factor advised by Transport for NSW to use for major infrastructure projects,
- an expenditure profile over the life of the project similar to the City Relief Rail line project has been used,
- expenditure on construction to 2024-25 is \$3.4 billion, and
- the project under Labor completes at the end of 2029.

Under these assumptions the PBO estimates the total project cost is \$13.3 billion in nominal dollars. The difference between the \$11.2 billion and \$13.3 billion figures simply reflects the later commencement and completion dates, and the impact of escalation on the nominal dollars spent.

Funding for the project could include both State and Commonwealth sources.