



Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Australian Labor Party
 Date Referred: 19/02/2015

Proposal No: A253
 Date Published: 23/03/2015

Proposal Title: **WESTCONNEX - DELIVER WITHIN \$5.3 BILLION EXISTING FUNDING ALLOCATION**

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 deliver the WestConnex project within the existing budget funding, but not proceed with the St Peters interchange, which is part of Stage 2 of the project.

WestConnex is proposed to be delivered in three stages under the current project design.

The route for part of Stage 2 of WestConnex has been developed, including the St Peters interchange, and is currently being considered by Department of Planning under a State Significant Infrastructure application.

The Labor policy proposes the Government will redesign the Stage 2 route subject to expert advice from Infrastructure NSW with priority being given to connections to the city, port and airport. This will form part of a comprehensive business case to be developed by Infrastructure NSW.

Not building the St Peters interchange would impact on the alignment of the route, require a new route to be developed, and/or the economics of the project would be affected.

The State and Commonwealth Governments agreed in May 2014 a Memorandum of Understanding (MOU) that proposed \$5.3 billion of government money be used to build WestConnex.

Westconnex will also be funded by tolling, and it is envisaged significant private sector contributions will be made to finance the project.

Costing assumptions continued:

The \$5.3 billion funding commitment comprises \$1.8 billion of State Government funding, a \$1.5 billion Commonwealth Grant and a \$2 billion Commonwealth loan. The \$2 billion loan is to be utilised to deliver Stage 2 of the project on an accelerated basis, subject to agreement between the parties.

The MOU is not legally binding on the parties. As such, any potential current or future re-configuration of Stage 2 of the project is still subject to further negotiation between the State and Commonwealth. Hence, the proposed policy will not affect any current legally enforceable funding commitments by the Commonwealth to the project.

The policy may impact on future negotiations over proposed funding for Stage 2 of the project.

The current design of the project envisages Stage 3 to be funded in part from asset recycling the first two stages of the project: the Government selling off Stage 1 and 2 once complete and using the proceeds to substantially fund Stage 3.

The proceeds from such asset recycling and funding for Stage 3 and the tolling principles for the project may be affected depending on the route design for Stage 2 of the project.