



Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Australian Labor Party

Proposal No: A016

Date Referred: 12/10/2018

Date Published: 31/10/2018

Proposal Title: Do not proceed with F6 Extension

Cluster: Transport

General Government Sector Impacts

| | 2018-19 \$'000 | 2019-20 \$'000 | 2020-21 \$'000 | 2021-2022 \$'000 | 4 year total \$'000 |
|-------------------------------|-------------------|-------------------|-------------------|---------------------|------------------------|
| Expenses (ex. depreciation) | - | (830) | (61,480) | (13,710) | (76,020) |
| Depreciation | - | - | - | - | - |
| Less: Offsets | - | - | - | - | - |
| Revenue | - | - | - | - | - |
| Net Operating Balance: | - | 830 | 61,480 | 13,710 | 76,020 |

| | | | | | |
|---------------------------------|---|------------------|------------------|------------------|--------------------|
| Capital Expenditure | - | (125,640) | (329,370) | (696,130) | (1,151,140) |
| Capital Offsets | - | - | - | - | - |
| Net Capital Expenditure: | - | (125,640) | (329,370) | (696,130) | (1,151,140) |

| | | | | | |
|---------------------------------|---|----------------|----------------|----------------|------------------|
| Net Lending/(Borrowing): | - | 126,470 | 390,850 | 709,840 | 1,227,160 |
|---------------------------------|---|----------------|----------------|----------------|------------------|

Total State Sector Impacts

| | | | | | |
|---------------------------------|---|----------------|----------------|----------------|------------------|
| Net Lending/(Borrowing): | - | 126,470 | 390,850 | 709,840 | 1,227,160 |
|---------------------------------|---|----------------|----------------|----------------|------------------|

Notes and costing assumptions

The policy proposes not to proceed with building the F6 Extension Stage 1. Not proceeding with the project would create a saving of \$2.406 billion from 2019-20 to 2024-25 commencing in mid-2019. Total savings over the forward estimates would be \$1.2 billion.

Key assumptions

- The estimate above assumes no finalisation and no break costs for existing contracts and activities in 2019-20.
- The 2018-19 budget allocation of \$40.66 million is assumed to be fully committed and not regarded as a saving as the contracts representing this amount will be in place before March 2019.
- Recurrent expenses include capital works on third party assets where Roads and Maritime Services does not benefit from the increased asset value.
- Savings from operation and maintenance costs for the F6 Extension Stage 1 have not been included in the tables above as they are assumed to have been met by toll revenues.
- An escalation rate of 4% has been applied that takes into account construction and project costs. The 4% figure is in line with Transport's *Escalation Factors for Road and Transport Construction and Operating Costs in NSW* policy.