



Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Australian Labor Party
Date Referred: 15/10/2018

Proposal No: A023
Date Published: 18/03/2019

Proposal Title: Do not proceed with Olympic stadium refurbishment

Cluster: Premier and Cabinet

General Government Sector Impacts

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	-	-	-	-	-
Depreciation	-	-	-	-	-
Less: Offsets	-	-	-	-	-
Revenue	-	-	-	-	-
Net Operating Balance:	-	-	-	-	-

Capital Expenditure	-	(201,600)	(369,900)	(146,700)	(718,200)
Capital Offsets	-	-	-	-	-
Net Capital Expenditure:	-	(201,600)	(369,900)	(146,700)	(718,200)

Net Lending/(Borrowing):	-	201,600	369,900	146,700	718,200
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Total State Sector Impacts

Net Lending/(Borrowing):	-	201,600	369,900	146,700	718,200
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Notes and costing assumptions

This policy proposes to cancel the refurbishment of the Sydney Olympic Stadium.

Key Assumptions

Infrastructure NSW has advised that it is currently developing a final business case for this project, due to be submitted for approval in 2019. The total cost of preparing this business case is \$7.9 million. Most of this funding is already spent or committed; the PBO has assumed that this amount will be fully spent.

No capital funds have been approved for this project to date. However, an estimate is available of the cost of this project: \$810 million (\$798 million from 2019-20 to 2021-22). See table below for a breakdown of this figure for each year over the forward estimates.

Restart Reservation for Sydney Olympic Stadium Refurbishment

\$000s	2018-19	2019-20	2020-21	2021-2022	4 year Total
Capital Expenditure	0	224,000	411,000	163,000	798,000

At present the funding required for the project is reserved within a separate fund, Restart NSW. The Restart NSW Fund was established in 2011, to fund new infrastructure projects from windfall tax revenues and asset sales (the latter leads to what is known as "asset recycling" - that is, proceeds from the sale of one asset being used - in whole or part - to build or purchase another). Under the Restart NSW Fund Act 2011, Restart NSW funds must be allocated to projects recommended by Infrastructure NSW.

Notes and costing assumptions continued:

In the absence of changes to Restart NSW legislation, funds saved by cancelling the stadium refurbishment would remain in the Restart NSW Fund. Those funds would be available to be reallocated to other projects. There is however no legal requirement that an incoming government would have to find a new project to match the cancellation.

Budget and Forward estimates

The expenditure impact of all Restart NSW reservations is included in the forward estimates via a centrally held provision. This provision is informed by analysis of individual project reservations, including assumptions about cost and timing, although it is presented as a single estimate.

The year by year breakdown of expenses in the budget and forward estimates under this provision would likely change as a result of the cancellation of this project and reprioritisation of spending. The above financial impact table details the best estimate of the reduction of this provision as a result of not proceeding with the project.

The PBO expects that this savings would be offset in part by a number of maintenance and other works to maintain the stadium. As the detail of these works is not available, the PBO has assumed as a rough, indicative estimate that they would cost about 10% of the original project budget. However, this would be subject to the development of a detailed business case.

Venue impacts

Venues NSW has also provided advice on the expected commercial impact of this proposal. In line with NSW Treasury policy, the operating impact of the refurbishment has not been factored into Venues NSW's budget forecasts. As such, the expected direct financial impact of cancelling this refurbishment is nil.

However, there may be a decrease in the Stadium's use if the refurbishment does not proceed. NSW has several agreements with sporting codes to use the stadium, and changes to the refurbishment may affect these commitments. There may also be:

- Impacts on revenue generated from sponsorship, naming rights and the membership program
- Increased maintenance costs.

These impacts have been excluded from the costing due to the high level of uncertainty of these potential future costs.