



## Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Australian Labor Party  
Date Referred: 12/03/2019

Proposal No: B420  
Date Published: 18/03/2019

Proposal Title: Labor's plan to support art and culture throughout NSW – various grants and capital

Cluster: Planning and Environment

### General Government Sector Impacts

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	-	27,000	42,200	53,850	123,050
Depreciation	-	-	-	-	-
Less: Offsets	-	-	-	-	-
Revenue	-	-	-	-	-
<b>Net Operating Balance:</b>	-	<b>(27,000)</b>	<b>(42,200)</b>	<b>(53,850)</b>	<b>(123,050)</b>

Capital Expenditure	-	5,000	7,000	10,000	22,000
Capital Offsets	-	-	-	-	-
<b>Net Capital Expenditure:</b>	-	<b>5,000</b>	<b>7,000</b>	<b>10,000</b>	<b>22,000</b>

<b>Net Lending/(Borrowing):</b>	-	<b>(32,000)</b>	<b>(49,200)</b>	<b>(63,850)</b>	<b>(145,050)</b>
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### Total State Sector Impacts

<b>Net Lending/(Borrowing):</b>	-	<b>(32,000)</b>	<b>(49,200)</b>	<b>(63,850)</b>	<b>(145,050)</b>
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### Notes and costing assumptions

The policy proposes to allocate \$201.8 million in additional funding to the General Government Sector, to deliver arts and cultural grants programs and capital projects. The breakdown of grants and capital funding by year is summarised in the table below.

(\$ million)	2018-19	2019-20	2020-21	2021-22	2022-23	Total by 2021-22	Total by 2022-23
Grants expenses	-	27.00	42.20	53.85	46.75	123.05	169.80
Capital projects	-	5.00	7.00	10.00	10.00	22.00	32.00
<b>Total</b>	-	<b>32.00</b>	<b>49.20</b>	<b>63.85</b>	<b>56.75</b>	<b>145.05</b>	<b>201.80</b>

The PBO estimates that the total cost of the policy is \$145.1 million over the forward estimates and \$201.8 million by 2022-23.

The PBO has not estimated depreciation for the capital component because of the following:

- The type of capital works is not yet known and as such, it is not feasible to estimate the useful life and expenses for the asset. For instance, computer works in an art gallery would have a significantly different depreciation profile over the forward estimates than fittings, fixtures and renovation works.
- The capital expenditure is relatively small compared with the overall cost of the policy. As such, there is scope for the Cluster to absorb the depreciation costs from either within its existing resources, or from within the cost of the policy.
  - In the latter case, the PBO estimates that the inclusion of depreciation within the \$201.8 million allocation would reduce the net lending impact of the policy. This is because depreciation costs are not included in the net lending calculation.