

Election Costing Request Form

Details of request	
Party:	National Party
Name of Policy:	Water Security for NSW
Date of request:	Updated 12 March 2019 (original 19 February 2019)

Description of policy	
<p>Summary of policy (please attach copies of relevant policy documents and include information on what the policy aims to achieve):</p>	<p>The policy confirms that the Snowy Hydro Legacy Fund will invest in regional dams, pipelines and weirs, as well as projects that reduce evaporation and seepage in priority catchments.</p> <p>The first investment will be \$650 million to raise the wall of the Wyangala Dam, once environmental and economic studies are complete.</p> <p>A further \$25 million will be allocated in 2020-21 from the existing Safe and Secure Water program towards feasibility and scoping studies into potential mass water infrastructure projects focused on drought-proofing NSW. This funding will be made conditional on matching funding from the Commonwealth and other states.</p> <p>Refine the \$1 billion Safe and Secure Water program guidelines to prioritise local water infrastructure projects of most importance to regional communities.</p> <p>Finally, building on the work done in the State Infrastructure Strategy and the Hunter Regional Water Strategy, fast-track an additional six regional water strategies for delivery by 2020.</p>
Has the policy been publicly released yet?	No

	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	Total \$'000
Impact on GGS expenses					
Impact on GGS revenue					
Impact on General Government Sector (GGS) net operating result ¹					
Impact on GGS capital expenditure ²					
Impact on GGS net lending/borrowing					

Note: Has the policy been costed by a third party?
If yes, can you provide a copy of this costing and its assumptions?

Key assumptions made in the policy	
Does the policy relate to a previous announcement? If yes, which announcement?	<p>Wyangala Dam will be financed and built by WaterNSW. The capital cost of Wyangala Dam will be deducted from the Snowy Hydro Legacy Fund.</p> <p>The third component – revising Safe and Secure Water Guidelines – relates to an existing program that was expanded in 2017.</p> <p>However, the commitment to refine the guidelines should be cost-neutral on the basis that the program is capped.</p> <p>Fast-tracking six regional water strategies would also be funded from existing budget.</p> <p>There will be 12 water strategies, one is complete, five will be delivered this calendar year and an additional six will be fast-tracked for completion by 2020. An already budgeted amount of \$9M will be used to fast track these strategies</p>
What assumptions have been made in deriving the financial impacts in your estimated costing?	Expenditure over the 3 years should also include amounts for biodiversity offsets.

¹ Negative for a saving that reduces expenditure

² Negative for a reduction in capital expenditure.

(See checklist)	
Is there a range for the costing or any sensitivity analysis that you have undertaken?	Yes.
Are there associated savings, offsets or, in the case of a revenue proposal, offsetting expenses? If yes, please provide details.	
Are there significant costs or savings outside the forward estimates period which should be considered in costing this policy? ³	No

Administration of policy	
Intended date of implementation:	1 Jul 2019
Intended duration of policy ⁴ :	Ongoing
Who will administer the policy (e.g. Government entity, non-government organisation, etc.)?	Department of Industry - Water and Water NSW
Are there any specific administrative arrangements for the policy that need to be taken into account (e.g. agreements between different levels of government)?	Department of Industry - Water will need to work with Water NSW on specific projects.
Are there transitional arrangements associated with policy implementation?	No

If the policy is mainly an expenditure⁵ commitment	
Demand driven or a capped amount:	Capped
Eligibility criteria or thresholds:	

If the policy is mainly a revenue commitment	
Transaction based or capped:	No
Thresholds and/or exemptions:	No
Collection method:	No
Additional expenditure associated with collection:	No

If the policy is mainly a capital costs⁶ commitment	
Nature of Capital Spending	

³ Particularly important for large projects with long lead times, policies with a delayed timetable for implementation, or policies where up-front investment is required to achieve long term savings.

⁴ Where a policy is intended to be ongoing, please indicate "ongoing" in the space to the right

⁵ Expenditure is operating expenses, e.g. salaries, interest cost and grants. Expenditures are fully included in the impact on operating balance.

⁶ Capital costs differ from expenditure in that only depreciation will be included in the impact on operating balance.

Type of work, size and capacity:	
Proposed start and completion date of work:	
Intended construction schedule/cashflow:	
Associated asset sell off (if any):	
Recurrent Impacts	
Offsetting expenditure savings:	
On-going maintenance, depreciation and operational expenses:	
Third party funding involvement:	
Delivery model ⁷	

Checklist for key assumptions (please be comprehensive and include all relevant assumptions).

Assumptions could include, but are not limited to, questions such as:

- What is the expected community impact?
- How many people will be affected by the policy?
- What is the likely take up or other behavioural response you expect?
- Is there a cap on total spending proposed, a funding formula, resource agreement or other mechanism of this nature associated with the policy?
- Will third parties have a role in funding or delivering the policy (e.g. Commonwealth Government)?
- Will funding/program cost require indexation?
 - If yes, do you have any assumptions about the index that should be applied?
- What assumptions have you made about costs of administering the policy?
- Will additional staff be needed in the agency responsible for the policy?
 - How many and at what approximate levels?
- Are there other resources required?
- Are you assuming administrative costs will be absorbed within the agency?

Please note that:

- The costing will be on the basis of information provided in this costing request.
- The PBO is not bound to accept the assumptions provided by the requester. If there is a material difference in the assumptions used by the PBO, the PBO will consult with the requester in advance of the costing being completed.
- Where the details of the policy costing request differ from the announced policy, the costing will be on the basis of the information provided in the costing request.

⁷ There is a range of possible delivery models, e.g. built, owned and operated by a NSW government agency; built and transferred to a private operator; privately built for public operation; privately built and operated with government assuming risk or providing a guarantee in relation to future income (often applicable to public/private partnership arrangements), and so on. The policy should provide assumptions about the proposed delivery model.

- These guidelines are intended to facilitate requests for costing election policies. Persons preparing such requests who wish further assistance are invited to contact the staff of the Parliamentary Budget Office.