

Election Costing Request Form

| Details of request | |
|--------------------|-------------------------------|
| Party: | NSW Liberals & Nationals |
| Name of Policy: | Regional Digital Connectivity |
| Date of request: | 19 February 2019 |

| Description of policy | |
|---|--|
| Summary of policy (please attach copies of relevant policy documents and include information on what the policy aims to achieve): | <p>Improved regional digital connectivity via:</p> <ul style="list-style-type: none"> • \$300 million capital investment in mobile black spot towers • \$100 million capital investment in data centres <p>This investment will be made over four years. Policy aims to significantly increase the speed and reliability of regional mobile service and internet delivery. The policy will enable better delivery of Government services including Emergency, Education, Justice, Police and transport networks as well as improve regional safety, productivity and family communication.</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 | | | | | |

¹ Negative for a saving that reduces expenditure

² Negative for a reduction in capital expenditure.

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? | Yes, the NSW Government announced digital connectivity as one of the key focus areas of investment through the Snowy Hydro Legacy Fund. The NSW Government has also participated in the Commonwealth Government's Mobile Black Spot Programme. This funding will be deducted from the Snowy Hydro funds. |
| What assumptions have been made in deriving the financial impacts in your estimated costing? <i>(See checklist)</i> | Assumptions include that the assets will be owned by the NSW Government. Administration of this program will be done within the existing resources of the Department of Industry. |
| Is there a range for the costing or any sensitivity analysis that you have undertaken? | Yes, cost of each mobile tower differs depending on geography, topography and access to supporting infrastructure. Each mobile tower costs around \$1 million. |
| 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 : | 4 years |
| Who will administer the policy (e.g. Government entity, non-government organisation, etc.)? | Department of Premier and Cabinet and the Department of Finances, Services and Innovation and Telco Authority Any administration costs will be absorbed within existing resources. |
| Are there any specific administrative arrangements for the policy that need to be taken into account | No |

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

| | |
|--|----|
| (e.g. agreements between different levels of government)? | |
| Are there transitional arrangements associated with policy implementation? | No |

| If the policy is mainly an expenditure⁵ commitment | |
|--|--------------------------------|
| Demand driven or a capped amount: | Capped amount at \$400 million |
| Eligibility criteria or thresholds: | No |

| If the policy is mainly a revenue commitment | |
|---|--|
| Transaction based or capped: | |
| Thresholds and/or exemptions: | |
| Collection method: | |
| Additional expenditure associated with collection: | |

| If the policy is mainly a capital costs⁶ commitment | |
|---|---|
| Nature of Capital Spending | |
| Type of work, size and capacity: | Building over 600 mobile black spot towers, leveraging the Government Radio Network (GRN), fibre back haul and data centres |
| Proposed start and completion date of work: | Start from 1 July 2019, delivered over 4 years |
| 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: | Private telecommunications companies and the Federal Government could contribute to funding towers to expedite build. |
| Delivery model ⁷ | |

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.

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.

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.
- 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.