



Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Coalition
 Date Referred: 21/02/2019
 Proposal Title: NSW Motor Sport Strategy
 Cluster: Planning and Environment

Proposal No: Y067
 Date Published: 18/03/2019

General Government Sector Impacts

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	-	-	-	-	-
Depreciation	-	-	1,856	1,856	3,712
Less: Offsets	-	-	-	-	-
Revenue	-	-	-	-	-
Net Operating Balance:	-	-	(1,856)	(1,856)	(3,712)

Capital Expenditure	-	33,400	-	-	33,400
Capital Offsets	-	-	-	-	-
Net Capital Expenditure:	-	33,400	-	-	33,400

Net Lending/(Borrowing):	-	(33,400)	-	-	(33,400)
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Total State Sector Impacts

Net Lending/(Borrowing):	-	(33,400)	-	-	(33,400)
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Notes and costing assumptions

The NSW Motor Sport Strategy proposes that the NSW Government will:

- commit \$6.4 million for a motor sport 'Centre for Excellence', which will provide an educational and training facility for motor sport mechanics, engineers and driver programs
- spend \$16 million to install permanent lighting at the Sydney Motorsport Park and \$11 million to upgrade the Sydney International Dragway, and
- identify a new site for Motorcycling NSW within the Eastern Creek precinct, as they are being displaced from their current facility within the Western Sydney Parklands.

The policy specifies that the above works will be carried out in 2019-20.

The PBO estimates the total net lending impact for the above three programs is \$33.4 million over the forward estimates, plus depreciation costs of \$3.7 million. A summary of the capital and depreciation costs are summarised below.

	Capital costs (\$000s)	Assumed useful life (yrs)	Est. depreciation cost per annum (\$000s)
Centre for Excellence	6,400	25	256
Lighting works	16,000	20	800
Dragway upgrade	11,000	20	800
Total	33,400		1,856

Notes and costing assumptions continued:

For depreciation costs, the PBO and Treasury have estimated the costs based on a straight line approach, having regards to the assets' likely useful life:

- For the Centre for Excellence, the useful life is assumed to be 25 years. This is a high-level estimate based on:
 - The Department of Education's advice that buildings for learning spaces/classrooms have average effective life of 50 years
 - The Australian Tax Office's 2018 Taxation Ruling, which specifies useful lives of five to 25 years for furniture equipment such as reception areas, chairs, tables, cabinets and whiteboards, etc.
- For the lighting works, the useful life is assumed to be 20 years. This is based on the Australian Tax Office's 2018 Taxation Ruling, which specifies a useful life of 20 years for floodlights for car parks.
- For the dragway upgrade, the useful life is also assumed to be 20 years. This is based on Roads and Maritime Services' depreciation assumptions, which specifies a useful life of 18 to 25 years for asphalt and pavement road surfaces.

The policy provides funding for the capital costs of the projects only. The PBO assumes the funding for the costs of operating the new and upgraded facilities would likely come from the operating entities' revenues and existing resources.

For the identification of a new site for Motorcycling NSW, the policy states that this activity does not have a cost. The PBO consider this reasonable as the costs for identifying a new site can be absorbed from the Western Sydney Parkland Trust's project costs when taking over the existing Motorcycling NSW site.