



Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Coalition
Date Referred: 25/02/2019

Proposal No: Y073
Date Published: 18/03/2019

Proposal Title: Replacing Country Bridges

Cluster: Transport

General Government Sector Impacts

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	-	500	2,500	4,500	7,500
Depreciation	-	313	1,563	2,813	4,689
Less: Offsets	-	-	-	-	-
Revenue	-	-	-	-	-
Net Operating Balance:	-	(813)	(4,063)	(7,313)	(12,189)

Capital Expenditure	-	25,000	100,000	100,000	225,000
Capital Offsets	-	-	-	-	-
Net Capital Expenditure:	-	25,000	100,000	100,000	225,000

Net Lending/(Borrowing):	-	(25,500)	(102,500)	(104,500)	(232,500)
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Total State Sector Impacts

Net Lending/(Borrowing):	-	(25,500)	(102,500)	(104,500)	(232,500)
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Notes and costing assumptions

The policy proposes to provide \$500 million over five years to repair bridges in regional NSW. The total cost of the policy over the forward estimates is \$232 million, with the full balance of \$500 million being spread across five years as outlined in **Table 1** (overleaf).

The policy assumes that bridges will be transferred to the State as a capital asset for a period of 30 years.

Key assumptions:

- The policy assumes administrative costs for the projects are able to be absorbed by Transport for NSW. The PBO considers this reasonable as the funding is an extension of current work done by the Transport cluster.
- The costing assumes that the NSW Government will work with local councils to identify bridges in need of repairs and that bridges will be transferred to the State for a period of 30 years.
- Advice from Transport for NSW and NSW Treasury is that the process to transfer bridges would be done in a similar way to the re-classification of roads or be treated as a non-cash grant from Councils to the State.
- Therefore, ongoing maintenance costs and depreciation have been included in the costing. **Table 2** overleaf outlines the ten year budget impact. Depreciation begins in 2019-20 as repairs are assumed to begin in this year. From 2023-24 the costing assumes a \$10 million per year maintenance cost (or 2% of the original capital upgrade cost).
- The PBO notes that maintenance and depreciation costs are subject to change once individual bridges have been identified by councils and detailed investigation, planning and assessment of the projects completed.

