



Kristina Keneally MP

Monday, 21st March 2011

Mr Tony Harris *21/3* *11am*
Acting Parliamentary Budget Officer
NSW Parliament
Macquarie Street
SYDNEY NSW 2000

Dear Mr Harris

I am writing to you to formally request, under Part 4 (Election policy costings) of the Parliamentary Budget Officer Act 2010, an official costing for the following announced policies under Section 18(2) of the Act:

- *Shell Cove Marina*
- *Lily Street Bridge, Allawah*
- *Newcastle University Relocation*
- *Blue Mountains National Park Walking Track and Safety Beacons*
- *Labor's Coal and Coal Seam Gas Plan (Ombudsman)*

Please find attached a copy of this policy outlining the purpose of the policy and relevant details required to complete the costing as per the requirements of the Act.

A copy of the NSW Treasury costing and budget impact statement for the policy has also been included for your reference.

Should you require any further information on this request, please contact my office on (02) 9228-5239

Yours sincerely

Kristina Keneally
Premier of NSW
Leader of NSW Labor Party



KENEALLY TO INVEST \$10 MILLION IN NEWCASTLE UNI RELOCATION

Monday 7 March 2011

A re-elected Keneally Government will invest \$10 million to help the University of Newcastle secure a further \$105 million in funding from the Federal Government for Stage One of the University's city relocation.

"This is a strategic investment and will leverage even more funding for the students, researchers and academics as well as the community at the University of Newcastle," Ms Keneally said.

"This is about attracting more students to the University of Newcastle.

"We are proud to support the region and its internationally renowned university."

This \$10 million commitment is on top of \$4 million in land at Honeysuckle already put forward by the NSW Government for the University's Business and Law schools.

The commitment will be included in an Infrastructure Australia submission to be lodged this week by the Newcastle City Centre Renewal Steering Committee.

The University of Newcastle's relocation to the CBD was identified in the Hunter Development Corporation (HDC) City Centre Renewal Report as a catalyst project for the city's revitalisation, bringing some 8,000 additional students into the city.

Premier Kristina Keneally said: "The relocation of the University of Newcastle to the CBD is expected to boost economic activity in the city centre by \$200 million a year – creating further demand for retail, food and accommodation.

"In addition, the project will result in \$704 million in combined production and construction flow-on effects plus 650 jobs during the construction period."

Minister for the Hunter and Member for Newcastle, Jodi McKay, said law students at the University will also benefit from the NSW Government's \$94 million commitment to build a new court complex at Civic.

"Having these two precincts, education and justice, side by side means that students will have access to state of the art facilities and legal expertise," Ms McKay said.

"Already, the Attorney General has met with the University of Newcastle to look at how we can incorporate the reading of law into the working court precinct.

"There's a great potential to define a new approach in Newcastle that will enable students to be 'practice ready', increasing opportunities to gain work experience and to go on to find permanent positions locally."

The NSW Government has led the renewal effort in Newcastle, delivering more than \$120 million in investment to the CBD in 18 months including:

- Purchasing the former Empire Hotel site for \$2.3 million
- \$2.55 million for a temporary cruise terminal at Dyke Point;
- A new \$94 million Justice Precinct in the heart of Newcastle;
- \$4 million for the former Newcastle Post Office building;

- \$500,000 for Nobbys Lighthouse redevelopment and access;
- \$300,000 for Hunter Street beautification
- \$300,000 for Renew Newcastle
- Handing over the historic Wickham School building to the University of Newcastle
- Designating Newcastle as an urban renewal precinct through a specific planning policy (Urban Renewal SEPP)
- Establishing a Mine Subsidence Taskforce

Costing of Proposal

Title/Subject:	Newcastle City Centre Revitalisation - funding for the new University of Newcastle city campus (revised)
Pink/Physical ID:	EA1645219
Proposal by:	Government
Agency:	Hunter Development Corporation
Cluster:	Planning
Detailed description:	\$10 million to assist the University of Newcastle to expand its presence in the Newcastle city centre - the funding will be contingent upon Infrastructure Australia and the University of Newcastle providing funding.
FIS No: 521	
Classification: GGO	

General Government Sector Financial Impact

	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	Ongoing \$'000
Expenses (incl. depreciation)				10,000		
Less Agency Offsets (1)						
Less Agency Revenue						
Less Crown Provisions						
Budget Result Impact	0	0	0	-10,000	0	0
						Residual
Capital Expenditure						
Less Capital Offsets (1)						
Net Capital Cost	0	0	0	0	0	0
Depreciation						
Net Lending (2)	0	0	0	-10,000	0	

Public Trading Enterprises Sector Financial Impact

	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000	Ongoing \$'000
Revenues						
Expenses						
Operating Result	0	0	0	0	0	0
						Residual
Capital Expenditure						
Less Capital Offsets (1)						
Net Capital Cost	0	0	0	0	0	0
Depreciation						
Net Lending (2)	0	0	0	0	0	

Accumulated Net Financial Liabilities as at 30 June (3)

	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000	2014-15 \$'000
General Government Sector	0	0	0	10,000	10,000
Total State Sector	0	0	0	10,000	10,000

(1) Includes items such as available funding within existing estimates, expenditure offsets, recurrent savings associated with capital projects, linked assets sales.

(2) Equal to Budget Result or Operating Result Impact plus Net Capital Cost.

(3) Equals cumulative Net Lending Impact. Total State Sector equals sum of General Government and PTE (and PFE) sectors.

Key costing assumptions

- (i) Funding is for Stage 1 of the project and is contingent upon the project receiving funding from Infrastructure Australia (around \$105 million) and from the University of Newcastle (\$40 million).
- (ii) Funding is capped at \$10 million and the recipient will meet any funding shortfall - given that the total estimated project cost is \$155 million for Stage 1 and \$562 million for all three stages (over a 10-15 year timeframe).
- (iii) Funding is required in 2013-14, as advised by the Hunter Development Corporation.

Key data

Information provided by the Hunter Development Corporation.

Caveats or qualifications


The cost of land required for the project is not included in the above estimates. An announcement was made by the NSW Government in Sep 2009 that it will provide land for the project. However, land transfer arrangements, including transfer price, have not been agreed as yet. The land is currently vested with Hunter Development Corporation and has a book value of \$1.1 million and an estimated market value of \$4.1 million. Land transfer should be at market value, in accordance with Treasurer's direction. Until land transfer arrangements are finalized, Treasury is not able to cost this component.

Implementation issues (including how Treasury can assist in speedy implementation and any potential difficulties and how these might be overcome)

N/A

Other comments (including explanation where Treasury costing differs from agency or PBO estimates)

The costing request estimates that payment will be in 2011-12.

Position	Name and extension	Signature	Date
Analyst(s)	Julitta Ponniah		
in consultation with			
Director	Michael Clark-Lewis		
Deputy Secretary	Matt Roberts		10/3/11