



## Policy costing

### Major state and territory infrastructure projects

Party: Australian Labor Party

#### Summary of proposal:

The proposal would provide capped grant funding over the period 2019-20 to 2029-30 for major state and territory infrastructure projects, as outlined in the Australian Labor Party policy document *Nation-building Infrastructure*, with the following profile.

Financial year	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30
Spending (\$m)	1,275	1,487	1,656	2,346	2,966	2,623	2,109	1,006	747	503	58

The proposal would also provide a \$71 million equity injection for the Western Sydney Airport fuel pipeline.

This capped grant and equity funding would be partially offset by reprioritisations within infrastructure spending over the same period, with the following profile.

Financial year	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30
Saving (\$m)	342	309	465	1,392	1,269	1,669	1,484	1,022	998	620	500

This offset is comprised of:

- uncommitted funds from the Roads of Strategic Importance and the Urban Congestion Fund programs
- not proceeding with commitments made by the Commonwealth Government between the 2019-20 Budget and the 2019 Pre-election Economic and Fiscal Outlook (PEFO) from the Roads of Strategic Importance and Urban Congestion Fund programs, except where these are outlined in the Australian Labor Party policy document *Nation-building Infrastructure*
- other reprioritisations and re-profiling within existing infrastructure spending.

The proposal would have effect from 1 July 2019.

## Costing overview

The proposal would be expected to decrease the fiscal, underlying cash and headline cash balances by \$4,255 million over the 2019-20 Budget forward estimates period.

Departmental expenses to administer this funding are not expected to be material as the proposal does not involve a significant change in the complexity of administering infrastructure projects.

The proposal would be expected to have an impact beyond the 2019-20 Budget forward estimates period. A breakdown of the financial implications of this proposal over the period to 2029-30 is provided at [Attachment A](#).

The financial implications of this proposal are sensitive to the availability of uncommitted funds from the Roads of Strategic Importance and Urban Congestion Fund programs at the 2019-20 Budget and 2019 PEFO, and the availability of funds from reprioritisations.

The proposed equity injection of \$71 million for the Western Sydney Airport fuel pipeline would be a transaction in financial assets, which would generally result in the PBO including the public debt interest (PDI) expense impacts of the proposal. Given the small relative magnitude of this financial asset transaction component, the PDI expense impact of this proposal has been captured in the aggregate financial impacts of the Australian Labor Party's election commitments. The impact of the injection appears on the headline cash balance after the 2019-20 Budget forward estimates period.

The PBO has not assessed whether the specified level of infrastructure spending would be sufficient to deliver the projects as proposed in the policy document *Nation-building Infrastructure*.

**Table 1: Financial implications (\$m)<sup>(a)(b)</sup>**

	2019–20	2020–21	2021–22	2022–23	Total to 2022–23
Fiscal balance	-933	-1,178	-1,191	-953	<b>-4,255</b>
Underlying cash balance	-933	-1,178	-1,191	-953	<b>-4,255</b>
Headline cash balance	-933	-1,178	-1,191	-953	<b>-4,255</b>

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) Figures may not sum to totals due to rounding.

- Indicates nil.

## Key assumptions

The PBO has made the following assumptions in costing this proposal.

- Commitments made between the 2019-20 Budget and the 2019 PEFO from the Roads of Strategic Importance and Urban Congestion Fund programs would be equal to uncommitted funds at 17 April 2019 minus uncommitted funds at the 2019-20 Budget.
  - Aside from these commitments, no additional funds would be committed from the Roads of Strategic Importance or Urban Congestion Fund programs over the period from 17 April 2019 to the proposal's start date of 1 July 2019.
  - For each of these programs, annual uncommitted funds over the period 2023-24 to 2029-30 at PEFO are based on information provided by the Department of Infrastructure, Regional Development and Cities to the 2019-20 Budget Estimates hearings, adjusted for the decrease in uncommitted funds between the Budget Estimates and the PEFO based on figures from the Department provided on 17 April 2019.
    - ◆ In the Budget Estimates information, all uncommitted funds beyond the 2019-20 Budget forward estimates period but not allocated to the period 2023-24 to 2028-29 would be allocated to 2029-30.

- The equity injection for the Western Sydney Airport fuel pipeline would be made in 2023-24 and associated dividend payments would commence after 10 years.

## Methodology

The financial implications of this proposal were calculated as the specified capped amounts of expenditure minus the specified offsets.

The Department of Infrastructure, Regional Development and Cities tabled information on uncommitted funds to the 2019-20 Budget Estimates hearings and provided the Parliamentary Budget Office (PBO) with updated uncommitted funds for the Roads of Strategic Importance and Urban Congestion Fund programs on 17 April 2019. The updated information comprised annual estimates of uncommitted funds over the 2019-20 Budget forward estimates period and aggregated uncommitted funds for the period 2023-24 to 2028-29.

Uncommitted and reprioritised funds in the Roads of Strategic Importance and the Urban Congestion Fund programs were estimated from the data provided by the Department of Infrastructure, Regional Development and Cities using the assumptions outlined above, adjusting for commitments from these programs made between the 2019-20 Budget and the 2019 PEFO which were also outlined in the Australian Labor Party policy document *Nation-building Infrastructure*.

The uncommitted funds from major reprioritisations are consistent with information provided by the Department of Infrastructure, Regional Development and Cities.

Estimates have been rounded to the nearest \$1 million.

## Data sources

Australian Labor Party, 2019. *Nation-building infrastructure*. [Online] Available at: [https://www.alp.org.au/media/1902/nation\\_building\\_infrastructure.pdf](https://www.alp.org.au/media/1902/nation_building_infrastructure.pdf) [Accessed 06.06.2019].

The Department of Infrastructure, Regional Development and Cities provided the funding profile of the infrastructure investment program on 17 April 2019.

Department of Infrastructure, Regional Development and Cities, 2019. *Infrastructure investment program*. [Online] Available at: <https://investment.infrastructure.gov.au/> [Accessed 06.06.2019].

Department of Infrastructure, Regional Development and Cities, 2019. *Infrastructure investment funding table*. [Online] Available at: [https://www.aph.gov.au/Parliamentary\\_Business/Senate\\_Estimates/rtrat/2019-20\\_Budget\\_estimates/Infrastructure\\_Regional\\_Development\\_and\\_Cities](https://www.aph.gov.au/Parliamentary_Business/Senate_Estimates/rtrat/2019-20_Budget_estimates/Infrastructure_Regional_Development_and_Cities) [Accessed 06.06.2019].

## Attachment A – Major state and territory infrastructure projects – financial implications

**Table A1: Major state and territory infrastructure projects – Fiscal and underlying cash balances (\$m)<sup>(a)(b)(c)</sup>**

	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	Total to 2022–23	Total to 2029–30
<b>Expenses</b>													
<i>Infrastructure projects – grant funding</i>	-1,275	-1,487	-1,656	-2,346	-2,966	-2,623	-2,109	-1,006	-747	-503	-58	-6,763	-16,775
<i>Uncommitted funding and reprioritisations from Roads of National Significance program</i>	-	46	50	38	37	5	73	40	50	50	50	135	440
<i>Uncommitted funding and reprioritisations from Urban Congestion Fund program</i>	386	260	238	295	100	185	200	200	200	200	200	1,178	2,463
<i>Other infrastructure project reprioritisations and re-profiling</i>	-44	3	177	1,059	1,132	1,479	1,211	782	748	370	250	1,195	7,167
<b>Total</b>	<b>-933</b>	<b>-1,178</b>	<b>-1,191</b>	<b>-953</b>	<b>-1,697</b>	<b>-954</b>	<b>-625</b>	<b>16</b>	<b>251</b>	<b>117</b>	<b>442</b>	<b>-4,255</b>	<b>-6,705</b>

- (a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms.  
A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms.  
A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms.  
A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.
- (b) Figures may not sum to totals due to rounding.
- (c) Given the small magnitude of the financial asset transaction component of this proposal, the PDI expense impact of the proposal has been captured in the aggregate financial impacts of the Australian Labor Party's election commitments.
- Indicates nil.

**Table A2: Major state and territory infrastructure projects – Headline cash balance (\$m)<sup>(a)(b)(c)</sup>**

	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	Total to 2022–23	Total to 2029–30
<b>Expenses</b>													
<i>Infrastructure projects – grant funding</i>	-1,275	-1,487	-1,656	-2,346	-2,966	-2,623	-2,109	-1,006	-747	-503	-58	<b>-6,763</b>	<b>-16,775</b>
<i>Equity injection – Western Sydney Airport Corporation</i>	-	-	-	-	-71	-	-	-	-	-	-	-	<b>-71</b>
<i>Uncommitted funding and reprioritisations from Roads of National Significance program</i>	-	46	50	38	37	5	73	40	50	50	50	<b>135</b>	<b>440</b>
<i>Uncommitted funding and reprioritisations from Urban Congestion Fund program</i>	386	260	238	295	100	185	200	200	200	200	200	<b>1,178</b>	<b>2,463</b>
<i>Other infrastructure project reprioritisations and re-profiling</i>	-44	3	177	1,059	1,132	1,479	1,211	782	748	370	250	<b>1,195</b>	<b>7,167</b>
<b>Total</b>	<b>-933</b>	<b>-1,178</b>	<b>-1,191</b>	<b>-953</b>	<b>-1,768</b>	<b>-954</b>	<b>-625</b>	<b>16</b>	<b>251</b>	<b>117</b>	<b>442</b>	<b>-4,255</b>	<b>-6,776</b>

(a) A positive number for the headline cash balance indicates an increase in receipts or a decrease in payments or net capital investment in headline cash terms. A negative number for the headline cash balance indicates a decrease in receipts or an increase in payments or net capital investment in headline cash terms.

(b) Figures may not sum to totals due to rounding.

(c) Given the small magnitude of the financial asset transaction component of this proposal the PDI expense impact of the proposal has been captured in the aggregate financial impacts of the Australian Labor Party's election commitments.

- Indicates nil.