



LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2022-2023

Mr James Milligan MLA (Chair), Mr Andrew Braddock MLA (Deputy Chair),
Dr Marisa Paterson MLA

ANSWER TO QUESTION ON NOTICE

James Milligan MLA: To ask the Minister for Skills

Ref: CMTEDD, Economic Development

In relation to: Budget technical adjustments for this project

1. The original budget for the CIT Woden campus and bus interchange was \$240 million (2020-21), which was revised in last year's budget to \$281.184 million (p. 342 BO 2021-22). This year an additional net capital outlay of \$31.239 million is being appropriated for the project (BO 187). Why?
 - a) The four-year investment total on P. 17 of the Major projects give the number as \$284.510 million – why is this different from the number from last year.
 - b) Furthermore, the comments under the table mentions that “this funding supplements the \$293.9 million allocated in previous budgets for the combined project – when did the funding for this project go from \$284.510 million to \$293.9 million?
 - c) Why do all these numbers differ?
 - d) Where did the additional capital come from?
 - e) What is the total capital spend on this project?
 - f) How much of this is being drawn from future borrowings?
 - g) What is the interest being paid on this project?

2. P. 16 Major Projects, there is a revised funding profile for the CIT campus and bus interchange. \$69,638,000 in two amounts is removed from the estimated outcomes for 2021-22 and the current budget. \$12,479K from last year's budgeted money. Does this indicate money not being spent from that appropriated previously?
 - a) Why was this money not spent?
 - b) There is also a further revision of this year's estimates of \$57,159K, to be moved to 2024-25. Why is this money being pushed out so far ahead?
 - c) How far behind does this place the project?

Chris Steel MLA: The answer to the Member's question is as follows: –

1. The August 2020 Economic and Fiscal Update contained commentary at page 85 noting that the total forecast capital cost at that time for delivery of the Woden CIT Campus and Transport Interchange was \$278 million, with a further \$4.4 million in expenses. This did not include \$12 million of funding subsequently provided for the Woden Public Transport Stop (2021-22 Budget Statement I page 12).

The figure of \$240.3 million only represented the capital component of the project and forward estimates reported at the time i.e. to 2023-24. This excluded the budgeted costs in 2024-25 as it was outside the forward estimates.

The adjusted 2022-23 budget reflects the final outcomes from the main works procurement process. The adjusted budget reflects factors including:

- i. Inclusion of the \$12 million of funding previously provided for the Woden Public Transport Stop (2021-22 Budget Statement I page 12) and now included in a single project budget;
 - ii. Market conditions. The current infrastructure market is characterised by supply chain constraints, rising prices, short pricing commitment timeframes and resource constraints. Market conditions are different today than they were in 2020;
 - iii. Finalisation of detailed project scope and resolution of ground conditions and other risk events associated with works already undertaken; and
 - iv. Maintenance of Territory-held contingency.
- a) The four year investment is a representation of the investment in the budget year and the three out years. In the 2022-23 Budget this represents the budget in the years 2022-23 to 2025-26. The value reported in the 2021-22 Budget represents budgets costs from 2021-22 to 2024-25.
 - b) \$284.510 million represents the value of investment in the next four years of this project. This does not include prior year expenditure, but it does include the supplementary funding which was provided for in the 2022-23 Budget and the \$12 million of funding previously provided for the Woden Public Transport Stop (2021-22 Budget Statement I page 12) which is now rolled into the 2022-23 project Budget.
 - c) Please refer to the discussion above. The differences between budgets are largely a function of (i) different budget years reflecting different forward estimates periods, (ii) different budget years taking previously expended amounts into account, and (iii) final procurement outcomes.
 - d) Since the August 2020 Economic and Fiscal Update, the following adjustments have been made to the project budget:
 - i. Inclusion of \$12 million funding provided for the Woden Public Transport Stop into the projects scope (2021-22 Budget Statement I page 12).
 - ii. Supplementary funding of \$30.847 million provided to Major Projects Canberra in the 2022-23 Budget.

- e) The total budget provided for the CIT Project is \$325.096 million, made up of capital appropriation of \$320.696 million and recurrent appropriation of \$4.4 million. Of this, \$2.349 million has been appropriated directly to CIT to undertake works, the remainder has been appropriated to Major Projects Canberra.
- f) Territory borrowings are not allocated to budget appropriated expenditure items or projects. The financing of the Government's budget is made from available cash resources of the Territory Banking Account with the available cash supplemented by borrowings when required.

Budget borrowing requirements are determined once all budget decisions are taken and the consolidated impact on total cash requirements is calculated. The proceeds from borrowings must be paid into the Territory Banking Account when received.

All borrowing proceeds are fungible with other cash of the Territory Banking Account. Cash can only be paid out of the Territory Banking Account to agencies in accordance with approved budget appropriation.

- g) Public debt interest costs are met from the Territory Banking Account and are not allocated to budget appropriated expenditure items or projects.

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- a) These funding adjustments represent reprofiling to reflect updated cashflow expectations following the execution of the main works contract. As previously publicly announced, a revised approach to completion of the public transport interchange has been adopted whereby (i) a temporary public interchange will be established, and (ii) the final permanent interchange will be delivered under the main works contract and opened in a staged manner with the new CIT facility. Cashflow forecasts associated with this revised delivery approach are different to those associated with initial construction forecasts.
- b) Following the execution of the main works contract with Lendlease, a review of cashflow expectations was undertaken. This appropriation has been reprofiled to 2024-25 reflective of cash flows to financial completion. Cashflows associated with final financial completion requirements may lag operational commencement of the new facility.
- c) The project remains on track for completion for occupation by CIT in 2025.

Approved for circulation to the Select Committee on Estimates 2022-2023

Signature: 

Date: 29/8/22

By the Minister for Skills, Mr Chris Steel MLA