



PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney 2000

Referred by: Australian Labor Party **Proposal No:** C1446
Date Referred: 22/02/2023 **Date Published:** 20/03/2023
Proposal Title: Not Proceed with Circular Quay highline
Cluster: Transport

General Government Sector Impacts

	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000	4-year Total \$'000
Expenses (ex. depreciation)	-	12,500	12,500	215,100	240,100
Depreciation	-	-	-	-	-
Less: Offsets	8,900	71,000	100,000	135,500	315,400
Revenue	-	-	-	-	-
Net Operating Balance:	8,900	58,500	87,500	(79,600)	75,300

Capital Expenditure	-	-	-	-	-
Capital Offsets	-	-	-	-	-
Net Capital Expenditure:	-	-	-	-	-

Net Lending/(Borrowing):	8,900	58,500	87,500	(79,600)	75,300
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Total State Sector Impacts

Net Lending/(Borrowing):	8,900	58,500	87,500	(79,600)	75,300
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Notes and costing assumptions:

This policy proposes not to proceed with the Circular Quay highline project while continuing to proceed with planned upgrades of the promenade and the ferry wharves at Circular Quay.

Background

The renewal of the Circular Quay Precinct is in the planning stages and has \$216.4 million allocated over the next four years for 'refining the pre-concept design options' in the 2022-23 budget¹. One benefit of the proposed renewal is identified as 'new viewing platforms on the Cahill Expressway, celebrating Sydney's postcard views'². In media releases and the media, this has been reported as a 'potential New York-style' highline³.

¹ NSW Government, 2022-23 Budget Paper No 3 – Infrastructure Statement, 2-26.

² Transport for NSW, Circular Quay Renewal, 20 February 2023, <https://www.transport.nsw.gov.au/projects/current-projects/circular-quay-renewal>.

³ See, for example: Media release, Hon Dominic Perrottet, The Premier, and Hon Rob Stokes, Minister for Infrastructure, 'Circular Quay set for major revitalisation', 20 June 2022; Australian Associated Press, 'Circular Quay to get 'high line' walkway amid redevelopment of Sydney gateway', *The Guardian*, 20 June 2022.

Notes and costing assumptions continued:

Costing overview

The PBO consulted with Transport for NSW in developing this costing. As a result, it is estimated that:

- cancelling the current design and planning process would see a saving of \$315 million
- upgrading the promenade and ferry wharves without proceeding with the highline project will cost \$240 million over the forward estimates, and \$716 million in total
- over the forward estimates, this policy may produce a saving of \$75 million, however, a further \$401 million would need to be made available beyond 2026-27 to complete the renewal of the promenade and ferry wharves (Table 1).

Table 1. Estimated costs of the policy over the forward estimates (4 year total) and to completion.

Item	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	4 year Total	Project total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cancelling current design and planning process	- 8,900	- 71,000	- 100,000	- 135,500			- 315,400	- 315,400
Upgrading promenade and ferry wharves	-	12,500	12,500	215,100	334,300	141,700	240,100	716,100
Total	- 8,900	- 58,500	- 87,500	79,600	334,300	141,700	- 75,300	400,700

Costing – cancelling current design process

Not proceeding with the current design and planning process would see a saving of up to \$315 million. These savings are from cancelling the design and planning of the project. Potential savings of \$325 million have been reduced by \$10 million to allow for estimated termination costs from deferring the project. In addition, \$140 million of the \$315 million is funding from the Restart NSW fund. The reallocation of Restart funds needs to meet the fund requirements unless changes are made to legislation.

Not proceeding with the project would require any work done on the project to date to be written off. Examples of costs that would probably be written off include (but are not limited to) planning and pre-construction works (e.g. business case development, assurance and all related activities).

Costing – upgrading promenade and ferry wharves only

Upgrading the promenade and ferry wharves at Circular Quay is estimated to cost \$716.2 million in capital. After offsetting with the \$315 million from cancelling the current design project, the cost of the project is estimated to be \$401 million.

Upgrading the promenade and ferry wharves will seek to address the following significant safety and compliance issues.

- Vehicles accessing the promenade are currently limited to a maximum of two tonnes axle load, as the supporting structure is at the end of its working life and heavier vehicles present risk to safety. This severely limits access for emergency services (including Fire and Rescue NSW, NSW Ambulance and NSW Police) and maintenance vehicles. Emergency Services are aware of the current load limitations and have workaround safe working procedures.
- The ferry wharves are not compliant with modern accessibility standards (in relation to the *Disability Discrimination Act 1992* (DDA) and the *Disability Standards for Accessible Public Transport 2002*, issued under the DDA Act) and are also at the end of their working life.

Renewal of the ferry wharves will seek to make them compliant with modern accessibility standards. Renewal of the promenade will remove the current load limits and associated restrictions on emergency service access to the precinct.

Notes and costing assumptions continued:

Assumptions – upgrading promenade and ferry wharves only

Transport for NSW advised of the following assumptions made in estimating the costs of this project.

Wharves

Major costs of the renewal will include:

- full renewal of wharves 2-6, which are consistent in design (74m in length with an average width of 20m)
- renewal of wharf 1, which has unique costs due to its location at East Circular Quay
- provision of single span truss gangways that provide DDA compliant access
- new facilities for ferry staff, located on or in close proximity to the wharves.

Promenade

The current end of life structure will be replaced, widened and decluttered to provide clear and open lines across the renewal area and to the harbour. Key costs of the promenade renewal include:

- a substructure of steel tube piles and precast concrete beams, rated for 100-year working life
- provisions for service trenches, tree pits and other voids beneath the surface of the promenade.

Related required works

- The existing Sydney Trains substation powers the entire precinct including the wharves. The substation has components at the end of their design life and the substation configuration is also not compliant with current standards. A replacement is required to enable power to the promenade (e.g. lighting) and to the wharves. An additional retail substation may be required in the future if further precinct renewal scope is desired.
- This costing is to replace the promenade up to the north face of the station but excludes upgrades to the station and retail assets. Other planned upgrades to the public domain are also excluded including upgrades to toilet blocks and hostile vehicle mitigation bollards.

Caveats

- The cost estimate does not include impacts on third party assets (e.g. local council assets and public utilities). These will need to be investigated during project planning and final business case development.

Restart NSW funding

\$140 million of the allocated budget for the Circular Quay Precinct Renewal project is allocated from the Restart NSW Fund, governed by the Restart *NSW Fund Act 2011*. Payments out of the fund are limited under Section 8 of the Act. The PBO does not anticipate any issues with this limitation, with regard to this particular policy.