

8 April 2020

Dr Samantha Ratnam MLC  
Member for Northern Metropolitan Region  
Suite G01  
60 Leicester Street  
CARLTON VIC 3053

Dear Dr Ratnam

I enclose my response to your policy costing request, *Trial of Sydney Road separated bike lane*.

I have prepared this policy costing on a confidential basis using the policy details provided in your costing request. You may ask me to publicly release this policy costing via return email and I will publish it on my website ([pbo.vic.gov.au](http://pbo.vic.gov.au)) as soon as practicable.

This policy would be expected to decrease the state's budgeted net position by \$0.3 million over the period 2019-20 to 2022-23. My costing response also includes other material budget impacts of this policy.

In preparing this policy costing, the Parliamentary Budget Office has not consulted with, or drawn details from, the policies of any other political party or individual parliamentarian. Consequently, it is not appropriate for you to attribute this policy costing to any other political party or individual parliamentarian.

Please contact me or Xavier Rimmer on (03) 8682 2774 if you have any further queries.

Yours sincerely



Anthony Close  
Parliamentary Budget Officer

## Costing response

**Requestor** Samantha Ratnam

**Request date** 13 December 2019

**Response date** 6 April 2020

**Status at time of response** Confidential

**Policy name** Trial of Sydney Road separated bike lane

**Policy commencement** 1 May 2020

**Policy conclusion** 31 October 2020

### **Summary of requestor's policy**

This policy would implement a six-month trial of physically separated bicycle lanes on Sydney Road, between Brunswick Road and Glenlyon Road.

### **Expiry date of this policy costing**

At the earliest release date of either the next budget or budget update.

## Budget impacts

Change to net position (\$ million)

	-0.3		<b>2019-20</b>		
			-	<b>2020-21</b>	
			-	<b>2021-22</b>	
			-	<b>2022-23</b>	
				Total to 2022-23	<b>-0.3</b>

Change to net operating balance (\$ million)

	-0.3		<b>2019-20</b>		
			-	<b>2020-21</b>	
			-	<b>2021-22</b>	
			-	<b>2022-23</b>	
				Total to 2022-23	<b>-0.3</b>

## Costing components

Revenue <span style="float: right;">(\$ million)</span>	Asset <span style="float: right;">(\$ million)</span>																																																												
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**Net position** measures the gap between the government's revenue and expenses, as well as movements in financial and non-financial assets, and finance leases. We provide the change to net position as an indicator of this policy's overall impact on the state budget. This is the most appropriate measure for comparing policy costings. A positive change indicates that this policy would improve the net position of the state budget.

**Net operating balance** measures the gap between the government's revenue and expenses for the financial year. We provide the change to net operating balance as an indicator of this policy's impact on operating sustainability. A positive change indicates that this policy would improve the net operating balance of the state budget.

**Assets** include changes to non-financial assets such as inventories, land, buildings, infrastructure, plant and equipment and financial assets.

**Finance leases** represents the financial liability of the state government to private sector partners from public private partnerships.

**Notes**

This policy costing does not include changes to interest, depreciation expense nor non-cash adjustments such as depreciation, prepayments and cash flows not reflected in the net operating balance. This approach is consistent with initiatives in the Victorian *Budget Paper No.3 - Service Delivery*.

This policy costing does not account for any provisions contained in general government contingencies not allocated to departments.

Figures may not sum to totals due to rounding.

Source: Parliamentary Budget Office.

This policy would not have an impact beyond the 2019-20 budget and forward estimates (2019-20 to 2022-23). Attachment A provides the budget impacts of this policy over the period 2019-20 to 2022-23.

## Context

Sydney Road is an arterial road managed by the Department of Transport (DoT).

In August 2019, Moreland City Council requested DoT conduct a trial of physically separated bicycle lanes on Sydney Road between Brunswick Road and Glenlyon Road. In September 2019, DoT responded to Moreland City Council that:

- it would not consider a trial of physically separated bicycle lanes at this stage
- changes to the Sydney Road corridor would require the completion of a funded business case.

## Costing overview

This policy would be expected to decrease the state's budgeted net position by \$0.3 million over the 2019-20 budget and forward estimates. This is entirely due to an increase in operating expenses.

This cost estimate is sensitive to changes in the design of the physically separated bike lane, and to road conditions.

The Parliamentary Budget Office sought information from the public sector which was either deemed commercial in confidence or the department failed to respond within three months of the request. We have therefore estimated costs based on publicly available information.

## Key assumptions

When costing this policy, we made the following assumptions:

1. Funding would be operating expenses and spent in 2019-20.
2. The costs of temporary barriers for physically separated bicycle lanes would be similar to the costs of comparable temporary barriers.
3. Standard costs of physical work on roads would apply.
4. The development of a business case would not be undertaken.
5. DoT would absorb the cost of monitoring and evaluating the trial.

## Costing approach

When costing this policy, we:

- estimated the unit cost per kilometre of temporary physically separated bike lanes by obtaining cost estimates of comparable physical barriers.
- estimated the length of road requiring physical barriers for separating bike lanes.
- multiplied the unit cost by the length of road and applied the standard cost of physical work to estimate the costs of this policy.

## Data sources

- Moreland City Council. 2019. Moreland City Council – Council Agenda - 13 November 2019. [ONLINE] Available at: <https://www.moreland.vic.gov.au/globalassets/key-docs/meeting/agenda-council-upc/council-agenda-2019-11-13-november-no-attachments.pdf>. [Accessed 17 December 2019]
- Safety Xpress. 2020. Traffic Lane Separation Kerb. [ONLINE] Available at: <https://www.safetyxpress.com.au>. [Accessed 3 April 2020]

## Attachment A – Budget impacts of *Trial of Sydney Road separated bike lane*

Table A1. Year-on-year impacts<sup>(a)</sup>

(\$ million)	2019-20	2020-21	2021-22	2022-23
Revenue	-	-	-	-
less Expense	0.3	-	-	-
<b>Change to net operating balance<sup>(b)</sup></b>	<b>-0.3</b>	-	-	-
less Asset	-	-	-	-
less Finance leases	-	-	-	-
<b>Change to net position<sup>(c)</sup></b>	<b>-0.3</b>	-	-	-

Table A2. Cumulative impacts<sup>(a)</sup>

(\$ million)	2019-20	2020-21	2021-22	2022-23
Revenue	-	-	-	-
less Expense	0.3	0.3	0.3	0.3
<b>Change to net operating balance<sup>(b)</sup></b>	<b>-0.3</b>	<b>-0.3</b>	<b>-0.3</b>	<b>-0.3</b>
less Asset	-	-	-	-
less Finance leases	-	-	-	-
<b>Change to net position<sup>(c)</sup></b>	<b>-0.3</b>	<b>-0.3</b>	<b>-0.3</b>	<b>-0.3</b>

(a) Figures may not sum to totals due to rounding. Consistent with initiatives published in the Victorian Budget Paper No.3 – Service Delivery, this policy costing does not take into account changes to interest, depreciation expense nor non-cash adjustments at an individual policy level. Additionally, this policy costing does not account for any provisions contained in general government contingencies not allocated to departments.

(b) The net operating balance measures the gap between the government's revenue and expenses for the financial year. This is an indicator of the policy's impact on operating sustainability. A positive change indicates that this policy would improve the net operating balance of the state budget.

(c) The net position measures the gap between the government's revenue and expenses, and movements in financial and non-financial assets. This is an indicator of the policy's overall impact on the state budget which is more appropriate for comparing policy costings. A positive change indicates that this policy would improve the net position of the state budget.

Source: Parliamentary Budget Office.