



Cabinet-in-Confidence

Table 1: PROJECT CASHFLOW AND ESCALATION CALCULATION TABLE														
	TOTAL Pre-FY 13/14 Program Period Costs	Pre-FY 13/14 Program Period		TOTAL FY 2013/14 to 2018/19 Period Costs	FY 2013/14 to 2018/19 Period						TOTAL Post FY 2018/19 Period Costs	Post FY 2018/19 Period Costs		TOTAL Project Costs
		Scoping Phase	Development Phase		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6		YEAR 7	YEAR 8	
					2013/14	2014/15	2015/16	2016/17	2017/18	2018/19		2019/20	2020/21	
Base Estimate (or True Cost if applicable)	0			6,643,656,071	\$224,255,721	\$1,478,448,982	\$1,579,346,990	\$1,430,319,648	\$1,169,770,924	\$761,513,806	0	\$0	\$0	6,643,656,071.00
Annual Escalation Rate %		0.00%	0.00%											
Escalation %		100.00%	100.00%		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%		100.00%	100.00%	
Cumulative Escalation Factor (%)		1.00	1.00		1.00	1.00	1.00	1.00	1.00	1.00		1.00	1.00	
*Competitive Project Estimate (\$)	0.00	0.00	0.00	6,181,782,184.00	\$224,255,721	\$1,358,376,707	\$1,462,520,447	\$1,292,420,985	\$1,109,044,190	\$735,164,134	0.00			6,181,782,184.00
Escalation (\$)			0.00		0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	
Competitive Outturn Cost (\$)	0.00	0.00	0.00	6,181,782,184.00	224,255,721.00	1,358,376,707.00	1,462,520,447.00	1,292,420,985.00	1,109,044,190.00	735,164,134.00	0.00	0.00	0.00	6,181,782,184.00
*Conservative (Budget) Project Estimate (\$)	0.00	0.00	0.00	6,643,656,071.00	\$224,255,721	\$1,478,448,982	\$1,579,346,990	\$1,430,319,648	\$1,169,770,924	\$761,513,806	0.00			6,643,656,071.00
Escalation (\$)			0.00		0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	
Conservative (Budget) Outturn Cost (\$)	0.00	0.00	0.00	6,643,656,071.00	224,255,721.00	1,478,448,982.00	1,579,346,990.00	1,430,319,648.00	1,169,770,924.00	761,513,806.00	0.00	0.00	0.00	6,643,656,071.00

\* For Pre-FY 13/14 Program Period Costs, the Competitive and Conservative Project Estimates and Outturn costs will be identical if the costs are actual costs. If the costs are not actuals then please include appropriate Competitive and Conservative Estimate values along with the applicable escalation rates and the calculated escalation value. Note that because the template for Pre-FY 13/14 Program Period refers to prior phases rather than financial years the user will need to separately calculate escalation and enter this into the table at cells D97 and D101.

Use Table 2 only to calculate escalation rates, if they are not known, to populate Table 1. The calculated values of Annual escalation rate is produced in Yellow highlighted cells. Please enter the Project Estimates and the Outturn Costs to generate the Annual Escalation Rates. Note that ideally the Annual escalation rates using Competitive or Conservative values would be the same.

Table 2: ANNUAL ESCALATION CALCULATION TABLE (Input Project Estimate and Outturn Cost)													
	TOTAL Pre-FY 13/14 Program Period Costs	Pre-FY 13/14 Program Period		TOTAL FY 2013/14 to 2018/19 Period Costs	FY 2013/14 to 2018/19 Period						TOTAL Post FY 2018/19 Period Costs	Post FY 2018/19 Period Costs	
		Scoping Phase	Development Phase		YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6		YEAR 7	YEAR 8
					2013/14	2014/15	2015/16	2016/17	2017/18	2018/19		2019/20	2020/21
Competitive Project Estimate (\$)	0	0	0	0							0		
Annual Escalation Rate		0.00%	0.00%		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		0.00%	0.00%
Escalation Factor		0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Escalation (\$)		0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Competitive Outturn Cost (\$)	0	0.00	0.00	0							0		
Conservative (Budget) Project Estimate (\$)	0	0.00	0.00	0							0		
Annual Escalation Rate		0.00%	0.00%		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%		0.00%	0.00%
Escalation Factor		0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Escalation (\$)		0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00
Conservative (Budget) Outturn Cost (\$)	0	0.00	0.00	0							0		

Predominant Method of Risk Assessment (Drop List):

Please provide details of cost estimation approach used below if required (particularly where a mix of approaches were used):

During the preparation of the East West Link business case, various raw capital cost estimates have been prepared:

- The John Holland Leighton Dragados Joint Venture (JHLD-JV) capital cost estimate completed in October 2012,
- Aquentia capital cost estimate completed in February 2013, and
- APP's assessment of a capital cost range completed in March 2013.

This assessment is based on the JHLD-JV cost estimate with adjustments identified by APP. In particular, APP advised that their cost estimate represents, "the price submitted to the Government by the D&C contractor to design and construct the scope of works". APP identified the following scenarios in relation to the range of cost estimates:

- D&C Tender Price – Low range estimate
- D&C Tender Price – Mid range estimate

Because of the low levels [of] infrastructure works being tendered or [at] advanced planning stages and likely to come to market in the short to medium term, current market pricing levels are highly competitive with prices and margins low. The APP D&C Tender Price Low is based on the highly competitive market conditions continuing through the tender and letting phases of the project.

This assumes that the volume of work coming to the market at the time tenders are called is at reasonable levels comparable to a mid-point in a 'boom and bust' industry cycle."

The JHLD-JV raw capital cost estimate was adjusted (in light of the APP review) to develop two estimates:

- A competitive estimate – which provides the lower range cost estimate representing a more aggressive estimate of the cost to design and construct the Project, and
- A budget estimate – which provides the upper range cost estimate representing a conservative estimate to be used in the Business Case for budget funding request purposes.

For the purpose of this "Project Cost Breakdown", the Base Case was assumed to be the Competitive Estimate