

# Funding and Cost

The works are funded under the Great Eastern Drive Tourism Support – Additional Packages project, which has a commitment of \$25 million from the Tasmanian Government and \$100 million from the Australian Government.

The current cost estimate is summarised below.

Item	P50 estimate	P90 estimate	Notes
Base Estimate	\$40,594,400	\$40,594,400	Works including investigations, design, community engagement, approvals, acquisition (including related compensation), project management and construction.
Contingency	\$4,899,900	\$14,132,900	Contingency 12 % (P50) to 35 % (P90) of base estimate.
Escalation	\$784,700	\$919,500	Escalation 1.8 % - 2.0 % of base estimate. Note that escalation is not applied to the forecasted spend for 2023/'24 so the % uplift to the base estimate is not the % escalation applied. Refer below for discussion
Total	\$46,279,000	\$55,646,800	

This demonstrates that the works are currently forecast to be delivered well within budget. Additional works yet to be determined are expected to make up the balance of funding.

## Contingency

The contingency allowance provides for contingent events – that is events which may or may not occur. For this project, key contingent risk items include:

- geotechnical risk (unsuitable material and slope instability)
- market risk with contractor availability
- material costs
- service relocations
- design complications to incorporate conforming accesses to businesses.

## Escalation

The escalation allowance is a provision in costs for changes in economic and market conditions over time.

Estimates of escalation are not intended to be precise forecast of future prices; they are approximations intended to represent the average trends for a large group of projects in a broad region.

The escalation rate for Australian and Tasmanian Government funded projects is determined by the Australian Government and is included in the project cost estimates as part of funding submissions.

For Tasmanian Government funded projects, the escalation has been determined in line with the Australian Government Escalation Index Series.