

## **CHAPTER 5**

### **INFRASTRUCTURE AND CAPITAL**

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## 5.1 INFRASTRUCTURE INVESTMENT IN THE ACT

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### Overview

The Government's infrastructure investment in the ACT is a key element of its successful fiscal strategy of maximising economic growth while maintaining a strong operating balance over the medium term and ensuring that the benefits are shared by all Canberrans.

This strategy is working well, with the ACT economy continuing to grow through a period of sustained expenditure cuts and fiscal consolidation by the Commonwealth Government. Our investment in Canberra's infrastructure has supported economic growth, employment and business confidence. Moreover, it continues to make Canberra the most liveable city in the world, as recognised by the Organisation for Economic Co-operation and Development.

The Government's vision for Canberra is a city of innovation and sustainable living that is truly part of the global economy. The 2016-17 Budget continues to provide a significant targeted and integrated Infrastructure Investment Program that encourages investment in major infrastructure and urban renewal while also providing the services and facilities that enable our city to grow.

Over \$2.9 billion will be spent on infrastructure investment for Canberra over the four years to 2019-20. This has two components which include:

- funding of over \$2 billion for expenditure under the 2016-17 Infrastructure Investment Program; and
- \$763 million in capital works associated with the construction of the Light Rail – Stage 1 and the ACT Law Courts Facilities, to be undertaken as public private partnerships.

The key elements of this investment program include:

- the first stage of a world class integrated public transport system that works in synergy with modern urban infrastructure to provide a seamless connection between our places of work, home and leisure. The Light Rail – Stage 1 project commenced its delivery phase in 2015-16 with a design and construction value of \$707 million inclusive of Territory-retained risk amounts. In addition, \$43 million is being provided over four years to modernise ACTION's bus infrastructure and facilities;
- the construction of the \$160 million new ACT Law Courts Facilities (\$141 million in the four years to 2019-20) that will meet the Territory's needs for the next 50 years;
- continued focus on urban renewal with funding of \$493 million over four years for the Urban Renewal Program (URP);
- the most significant component of the URP is public housing redevelopment, which accounts for \$393 million of this funding;

- investment of \$256 million over four years in road infrastructure linking urban centres, commercial centres and transport hubs to promote mobility, commercial activities and economic growth;
- further investment in our education and health care infrastructure and facilities. Funding of \$129 million and \$404 million over the four years to 2019-20 has been allocated to Education and Health, respectively. This will ensure that facilities are in place to produce a highly skilled and productive workforce, and provide better health care for all Canberrans; and
- working in partnership with the Commonwealth Government to care for our environment as a legacy for future generations. Funding of \$77 million over four years has been allocated to projects to improve the long-term water quality in the ACT's lakes and waterways, and the overall environmental health of the Murrumbidgee River system.

The Government recognises the need to ensure that our assets are well managed to maximise their productive capacity and reduce future costs. The 2016-17 Budget provides \$95 million over four years to maintain Health assets. This investment will minimise service delivery interruption and deliver remedial works in a safe, efficient and planned way.

The Government is also making use of the Asset Recycling Initiative (ARI) agreed with the Commonwealth Government. This initiative allows the Territory to benefit from a 15 per cent bonus from the Commonwealth on the proceeds of asset sales where these proceeds are allocated to agreed new infrastructure investment. The Light Rail – Stage 1 project is being funded in part by assets sold under the ARI. Further details can be found in Asset Recycling (Chapter 5.5).

Maximising economic and social outcomes from infrastructure investment requires the selection of projects with high expected rates of return and prudent asset management, as well as the cost-effective delivery of capital works. This is being achieved through the implementation of *The Capital Framework* and *The Partnerships Framework* which have seen the adoption of more cost-effective and efficient integrated delivery models involving the private sector. The Territory has now embarked on its first two Public Private Partnerships (PPPs) for the construction of the ACT Law Courts Facilities and Light Rail – Stage 1.

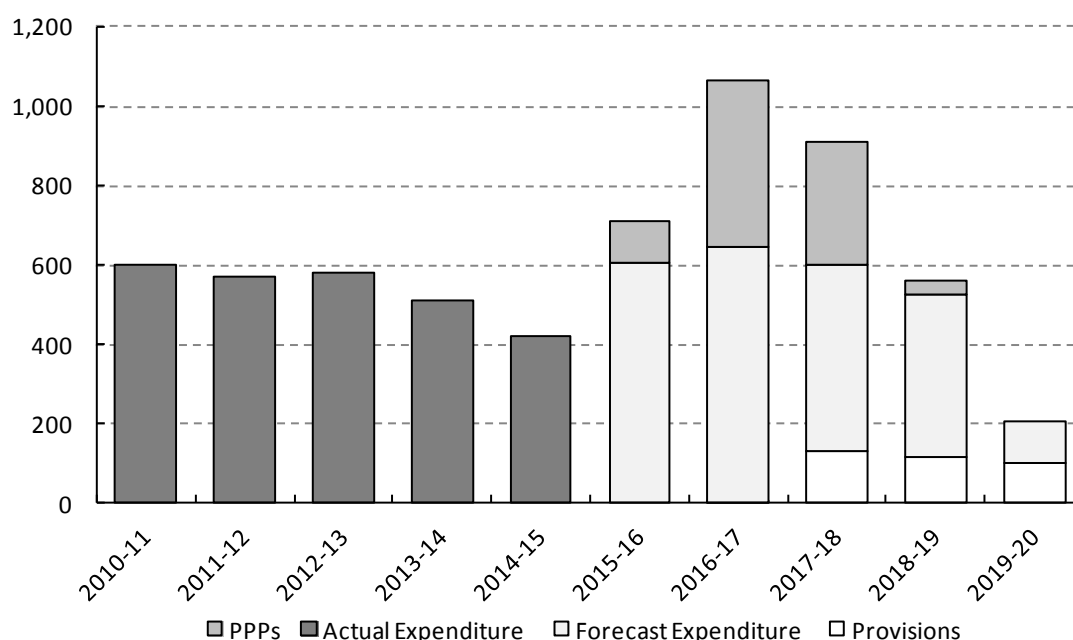
In the long term, this integrated approach to innovative and prudent infrastructure investment offers significant benefits in leveraging scarce public resources for capital investment through more effective project planning and management, increased private sector involvement, and better use of assets.

## Infrastructure Investment Trends and Forecasts

The 2016-17 Budget continues the significant investment in infrastructure in the Territory in recent years. Over \$2.9 billion will be invested over the four years to 2019-20. This includes over \$2 billion in the Infrastructure Investment Program and \$763 million in capital expenditure associated with the public private partnerships for the Light Rail – Stage 1 and the ACT Law Courts Facilities. This includes projects covering urban infrastructure, public transport, roads, land development, education, health, community facilities, and measures to protect our environment. Their combined effect will enable Canberra to maximise its growth potential and strengthen its position as the commercial, social and cultural hub of the region.

Figure 5.1.1 below shows infrastructure investment in the ACT excluding expenditure in Information and Communication Technology (ICT) and Plant and Equipment (P&E) for the period from 2010-11 to 2019-20.

**Figure 5.1.1: Infrastructure Investment 2010-11 to 2019-20**



**Note:** Forecast expenditure includes the adjusted profile associated with the Capital Delivery Provision discussed under Capital Provisions in this chapter.

### 2016-17 Infrastructure Investment Program

The Infrastructure Investment Program accounts for over \$2 billion of the \$2.9 billion investment in infrastructure in the ACT. The Program includes \$983 million for New Capital Works and Capital Upgrades over four years, \$646 million for Works-in-Progress from previous years, \$161 million for ICT, \$44 million for P&E and capital provisions of \$345 million.

Table 5.1.1 shows a summary of the 2016-17 Infrastructure Investment Program.

**Table 5.1.1: Summary of 2016-17 Infrastructure Investment Program**

	2016-17 Allocation \$'000	2017-18 Allocation \$'000	2018-19 Allocation \$'000	2019-20 Allocation \$'000	Total Investment \$'000
<b>New Capital Works</b>					
Business Case Development	1,835	250	0	0	2,085
Forward Design	1,000	0	0	0	1,000
Construction	246,331	285,935	216,194	11,000	759,460
<b>Sub-Total New Capital Works</b>	<b>249,166</b>	<b>286,185</b>	<b>216,194</b>	<b>11,000</b>	<b>762,545</b>
Urban Renewal Component	160,958	129,200	91,019	11,000	392,177
<b>Capital Upgrades</b>					
Urban Renewal Component	53,188	54,406	55,726	57,286	220,605
	11,662	0	0	0	11,662
<b>TOTAL NEW WORKS</b>	<b>302,354</b>	<b>340,591</b>	<b>271,920</b>	<b>68,286</b>	<b>983,150</b>
Urban Renewal Component	172,620	129,200	91,019	11,000	403,839
<b>Works-in-Progress</b>					
Urban Renewal Component	450,114	164,675	30,971	0	645,760
	74,952	14,026	0	0	88,978
<b>TOTAL CAPITAL WORKS PROGRAM</b>	<b>752,468</b>	<b>505,266</b>	<b>302,891</b>	<b>68,286</b>	<b>1,628,910</b>
Infrastructure Investment Provision	996	129,700	114,635	100,000	345,331
Capital Delivery Provision <sup>1</sup>	-109,366	-36,455	109,366	36,455	0
<b>CAPITAL WORKS PROGRAM FORECAST</b>	<b>644,098</b>	<b>598,511</b>	<b>526,892</b>	<b>204,741</b>	<b>1,974,241</b>
<b>Information and Communication Technology (ICT)</b>					
New Works	18,218	13,249	2,897	205	34,569
WIP	77,132	34,188	8,926	5,861	126,107
<b>Total ICT</b>	<b>95,350</b>	<b>47,437</b>	<b>11,823</b>	<b>6,066</b>	<b>160,676</b>
<b>Plant and Equipment (P&amp;E)</b>					
New Works	9,680	2,407	0	0	12,087
WIP	18,379	5,264	4,185	4,185	32,013
<b>Total P&amp;E</b>	<b>28,059</b>	<b>7,671</b>	<b>4,185</b>	<b>4,185</b>	<b>44,100</b>
<b>Sub-Total (ICT and P&amp;E)</b>	<b>123,409</b>	<b>55,108</b>	<b>16,008</b>	<b>10,251</b>	<b>204,776</b>
<b>TOTAL INFRASTRUCTURE INVESTMENT PROGRAM INCLUDING PROVISIONS<sup>2</sup></b>	<b>767,507</b>	<b>653,619</b>	<b>542,900</b>	<b>214,992</b>	<b>2,179,017</b>

**Notes:** Numbers may not add due to rounding.

1. The Capital Delivery Provision is applied to the Capital Works Program. This provision indicatively re-profiles approximately 14 per cent of the 2016-17 Capital Works Program into 2018-19 and 7 per cent of 2017-18 into 2019-20, providing forecast program expenditure based on historical trends.
2. The Infrastructure Investment Program does not include the value of the PPPs for the ACT Law Courts Facilities and Light Rail – Stage 1. A discussion of the budget treatment of PPPs is provided in the section titled Public Private Partnerships in Progress below.

### **Public Private Partnerships**

In addition to the Infrastructure Investment Program, capital expenditure totalling \$763 million will also be undertaken under the PPPs for the ACT Law Courts Facilities and Light Rail – Stage 1 in the four years to 2019-20. The total capital investment for PPPs is \$867 million from 2015-16 to 2019-20.

Table 5.1.2 below shows the capital expenditure schedules for the two projects. Information on the accounting treatment and financial impact on the Territory of PPPs is provided later in this chapter and in Accounting Treatment for Public Private Partnerships (Appendix C).

**Table 5.1.2: Public Private Partnerships – ACT Law Courts Facilities and Light Rail – Stage 1 – Capital Expenditure Schedule**

Project	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	Total \$'000
ACT Law Courts Facilities	19,662	62,027	59,456	19,088	0	160,233
Light Rail – Stage 1 <sup>1</sup>	84,128	357,406	249,626	15,353	190	706,703
<b>Total</b>	<b>103,790</b>	<b>419,433</b>	<b>309,082</b>	<b>34,441</b>	<b>190</b>	<b>866,936</b>

**Note:**

1. Figures for Light Rail – Stage 1 are pre-financial close estimates.

### Key Features of the 2016-17 Infrastructure Investment Program

Urban renewal continues to be the Government’s major focus with funding of \$248 million in 2016-17 and \$493 million over four years allocated to the Urban Renewal Program (URP). This includes the development of new public housing properties at a cost of \$192 million in 2016-17 and \$393 million over four years. Further details of the URP are provided in Capital Works Program (Chapter 5.2).

Another Government priority is to provide for an innovative public transport system that facilitates more efficient and cost-effective travel, and encourages active living. A major overhaul of our public transport system is underway and this will work in synergy with urban renewal, including the transformative City to the Lake Development, to make Canberra an even better place to live and work.

The Government has also created the Transport Canberra and City Services Directorate to lead and reform public transport in the ACT, and \$43 million over four years to 2019-20 will be spent to modernise ACTION’s bus infrastructure and facilities. Projects in this area include:

- a new Bus Depot for Woden;
- an integrated public transport electronic ticketing system at bus interchanges;
- continued renewal of the existing ACTION bus fleet;
- further redevelopment and upgrade of the Woden Bus Interchange and public transport facilities;
- a Park and Ride facility at the Wanniasa shops; and
- an Electric Bus Trial to determine the operational viability of electric buses for the ACTION fleet.

A capital provision has been included in the 2016-17 Budget for the procurement and installation of the preferred ticketing solution once it is developed through the 'proof of concept' phase.

To provide critical road infrastructure to support urban development and commercial activities, the Government is also investing \$119 million in 2016-17 and \$256 million over four years on road projects to:

- facilitate continued land release and new urban developments in Molonglo, Gungahlin, Belconnen and Central Canberra;
- upgrade arterial roads linking commercial centres and urban developments across the city;
- continue works on the link road from Majura Parkway to Majura Road; and
- prepare for the construction of Light Rail – Stage 1.

Our investment in education and training prepares our people for the opportunities and challenges of a modern society. The Government has allocated \$129 million over the four years to 2019-20 for capital works in education. This includes the construction of new schools in Gungahlin and Molonglo, modernising Belconnen High and the expansion of the Caroline Chisholm School to incorporate a Centre for Innovation and Learning. Another \$36 million will be spent on school information and communication technology infrastructure to support contemporary learning and teaching.

The Government is continuing to build a world-class health care system in the Territory while maximising the productive capacity of our assets. This is being achieved through a \$404 million investment program in Health capital works over the four years to 2019-20.

The key projects in this program include:

- the development of the University of Canberra Public Hospital, which will be a sub-acute facility encompassing teaching and research;
- critical capital works to extend the productive life of existing assets;
- completion of the Secure Mental Health Unit;
- expansion and upgrade of Calvary Public Hospital facilities; and
- continued implementation of the Health Infrastructure Program (HIP), including significant enhancements at the Canberra Hospital.



The 2016-17 Budget recognises the need to care for our environment as a legacy for future generations. Approximately 25 infrastructure projects, including rain gardens, wetlands, ponds, swales and creek stabilisation works will be undertaken across Canberra to improve water quality flowing into the Murrumbidgee River. These projects are supported by funding from the Commonwealth under the Water for the Future – Sustainable Rural Water Use and Infrastructure Program. The 2016-17 Budget provides total funding of \$77 million over the three years to 2018-19 for these projects, which includes a contribution from the ACT Government of \$2.6 million. The ACT Government will also be responsible for the maintenance and operation of these new assets into the future.

The Government is also making major investments in justice and safety for Canberra. These are being achieved through the construction of the new ACT Law Court Facilities under a Public Private Partnership and the completion of the detainee industries and activities facilities at the Alexander Maconochie Centre. Works to upgrade the Territory Radio Network are also continuing; these will provide essential communication infrastructure for use by the Emergency Services Agency and other government agencies.

## **Capital Provisions**

Consistent with past practice, the 2016-17 Budget includes an Infrastructure Investment Provision of \$345 million over the four years to 2019-20. This Provision provides for some high value capital works projects for which budgets are yet to be settled or which are commercially sensitive. These projects include:

- Australia Forum;
- Better Public Transport for Woden and Weston Creek – New Woden bus depot;
- Better Public Transport – Integrated bus and light rail ticketing – One Ticket, One Fare, One Network;
- Better Roads – Airport road network improvements; and
- Reforming Emergency Services – Better fire fighting capability in Tharwa village.

As planning or procurement progresses, future budgets will contain further specific financial details for some of these projects.

The \$345 million Infrastructure Investment Provision includes a Future Works Provision of \$100 million for each of the three years to 2019-20. This is a general provision for new initiatives in the forward years and is not allocated to any specific project.

The 2016-17 Budget also includes a Capital Delivery Provision to improve the accuracy of the overall budget estimates. While agencies are funded to deliver each capital project according to agreed timelines, there remain risks to the delivery of each project. Reflecting these risks, but recognising that it is not possible to identify when they will eventuate for any given project, the Government has adjusted the forecast of the aggregate Capital Works Program. The adjustment is based on past outcomes and risk analysis. This Provision is included at a whole of government level and will not affect the timely delivery of any project.

## **Public Private Partnerships in Progress**

Public Private Partnerships (PPPs) have increasingly been used by governments in Australia, and around the world, to deliver a range of social and economic infrastructure where such partnerships achieve value for money for taxpayers. These are long-term contracts with private sector consortia to design, finance, construct, maintain and/or operate the required social infrastructure assets. The Government will make service payments over the life of the contracts, intended to cover the costs incurred by the consortia in constructing, maintaining and/or operating the assets. At the end of the contracts, the infrastructure assets will be Territory assets.

The key benefits of a PPP approach include government harnessing private sector efficiencies and innovation that can be achieved during construction, whole-of-life cost efficiencies, outcome-focused service delivery, and effective management of project risks between the public and private sectors.

In the ACT, PPPs have been adopted for two major projects: the ACT Law Courts Facilities; and Light Rail – Stage 1.

### **ACT Law Courts Facilities**

The ACT Law Courts Facilities is the first PPP project for the ACT. The contract for the project was awarded to Juris Partnership, a consortium of companies that includes Laing O'Rourke Australia Construction Pty Ltd, Macquarie Capital Group Limited, Programmed Facility Management Pty Ltd, and Lyons Architecture.

Under the contract, Juris Partnership will be responsible for the design, construction, financing and maintenance of the ACT Law Courts Facilities for the next 25 years.

The project represents a total capital investment of \$160 million over four years to 2018-19, with site establishment works having commenced in February 2016. Completion of stage one (the new building) is planned for late 2017 with stage two (refurbishment of the existing building) in late 2018.

The staged approach will reduce costs by allowing court operations to continue during the construction period without the need to move to a temporary facility.

## **Light Rail – Stage 1**

Canberra Metro was announced on 1 February 2016 as the successful bidder for the PPP to deliver the first stage of Canberra’s light rail network, the corridor from Gungahlin to the City.

The winning consortium includes Pacific Partnerships, CPB Contractors, John Holland, Mitsubishi Corporation, Aberdeen Infrastructure Investments, Deutsche Bahn and CAF, which will supply and maintain the light rail vehicles over the life of the PPP contract.

A contract was signed with Canberra Metro on 17 May 2016 and provides for the delivery of 12 kilometres of light rail track, 13 stops, 14 light rail vehicles, a depot and 20 years of operation and maintenance.

## **Budget Provisions for PPPs**

The ACT Government made provisions for the costs of the ACT Law Courts Facilities and Light Rail – Stage 1 within the Infrastructure Investment Program in the 2014-15 and 2015-16 Budgets as if they were being delivered under a traditional procurement model. The Government subsequently made a decision to proceed with a PPP for the delivery of these projects, but the provision remained until such time as there was sufficient certainty about these costs and conditions of the agreement (at either financial or contractual close). As this is now the case, the provisions have been removed and the budget adjusted for the obligations associated with the service payments. These service payments under the PPP contracts will commence in 2017-18 for the ACT Law Courts Facilities and 2018-19 for Light Rail – Stage 1 following completion of the construction phase for the projects.

In the case of Light Rail – Stage 1, payments by the Government for the project include a \$375 million capital contribution funded by asset sales and contributions from the Commonwealth Government as part of the Asset Recycling Initiative. This upfront capital contribution will be provided to Canberra Metro after construction is finished and will reduce the service payments.

A detailed discussion on the accounting treatment and financial impact on the Territory of PPPs is set out in Accounting Treatment for Public Private Partnerships (Appendix C).

## **Capital Project Planning, Delivery and Management**

### **The Partnerships Framework**

*The Partnerships Framework – Guidelines for Public Private Partnerships* continues to guide the Territory’s approach to PPPs and Design Construct Maintain Operate (DCMO) delivery models. It also addresses the process as to how unsolicited proposals are considered in relation to the Territory’s infrastructure program. The Partnerships Framework reflects current best practice in PPP delivery, and consistency with the National PPP Guidelines.

The Framework seeks to reduce the costs of delivery under PPPs for both the Government and bidder by seeking to short-list two proponents at the Request for Proposal stage and by making non-evaluated documentation a condition subsequent to preferred bidder status.

Since the Framework's inception, the Territory has embarked on its first two PPP projects, the ACT Law Courts Facilities and Light Rail – Stage 1 (see above). As a mark of the Framework's attractiveness to market, these projects attracted six and four expressions of interest, respectively.

The Guidelines for Unsolicited Proposals (the Guidelines), which form part of the Framework, are also in their third year of operation. To date, nine proposals have been received under the Guidelines. In addition, Invest Canberra has received fifteen unsolicited bids through their investment led proposals process, with five still actively being supported by Invest Canberra. Through the Framework and these guidelines, the Territory remains committed to encouraging appropriate private investment and innovative entrepreneurship in the delivery of public infrastructure and services. The Unsolicited Proposals Guidelines are available at: [www.investcanberra.com/resources.aspx](http://www.investcanberra.com/resources.aspx).

## **The Capital Framework**

The Government has continued to plan, manage and review capital works projects under *The Capital Framework*. The Framework seeks to improve business case development, service and asset planning, and project definition and scope. *The Capital Framework* has been reviewed and revised to ensure that it reflects current best practice in capital project development and delivery.

The focus on more cost effective and efficient integrated delivery models has seen a continuing focus on more complex delivery models such as Design and Construct, and Design Construct and Maintain. The importance of achieving innovation in design and the best outcomes in terms of whole-of-life cost are significant objectives of the Government.

The Coombs P-6 School is an example of the successful adoption of the Design Construct and Maintain model. This model will be extended to the procurement of the new North Gungahlin P-6 School at Taylor based on new schools' output specifications and including an interactive tender process.

## **Active certification and safety in Government construction**

Active certification and safety as weighted criteria for Government construction contracts were implemented in 2013-14 as part of the Government's response to the *Getting Home Safely Report*. They are now an established and accepted practice, and have contributed to a decrease of 27 per cent in the accident rate per million dollars on ACT construction sites, and a 50 per cent drop in formal notices issued by WorkSafe ACT inspectors. In comparison, the accident rate in other Australian jurisdictions over the same period was generally constant.

The objective of Active Certification is to determine whether organisations have an adequate safety record to retain eligibility (prequalification) to apply for significant Government projects, using safety audits and a demerits point system. Principal contractors will still be required to fulfil their work health and safety responsibilities, as covered under the *Work Health and Safety Act 2011*, *Work Safety Regulations 2011*, all relevant Codes of Practice, Australian Standards, and applicable guidelines.

To emphasise the importance placed on work health and safety, the Government has also introduced a comparative assessment of contractors' safety records and capacities in the tender evaluation stage of Government construction projects. This requires the application of a default weighting of 30 per cent for work health safety performance on tenders for new ACT Government works.

### **Capital Works Programs by Public Trading Enterprises**

In addition to the Infrastructure Investment Program funded through the Budget, capital works are also delivered through the Territory's Public Trading Enterprises (PTEs) and other agencies which are financed through own-source revenue or debt. Capital investment by PTEs is largely related to land servicing, water and wastewater works, and public housing. The value of PTE works for 2016-17 is \$306 million which will be delivered by Housing ACT, Icon Water, the Land Development Agency and the ACT Public Cemeteries Authority. A summary of capital investment by these PTEs is provided in Table 5.2.6.



## 5.2 CAPITAL WORKS PROGRAM

### 2016-17 Capital Works Program

The Territory's Capital Works Program (the Program) is a component of the total Infrastructure Investment Program. Capital Works relate to fixed physical infrastructure which excludes Information and Communication Technology (ICT), and Plant and Equipment (P&E).

The budget allocation for the 2016-17 Capital Works Program, including capital upgrades, is \$1.6 billion over the four years to 2019-20 and comprises:

- \$763 million for New Capital Works;
- \$221 million for Capital Upgrades; and
- \$646 million for Works-in-Progress.

In addition, the Government has included capital provisions of \$345 million over the four years to 2019-20. This is to ensure that the forward estimates present a fair view of the Government's planning in regard to a number of large commercially sensitive projects, as well as an ongoing Infrastructure Investment Program.

The Government has also embarked on the Public Private Partnerships (PPPs) for the ACT Law Courts Facilities and Light Rail – Stage 1. An amount of \$763 million will be spent on these projects over the four years to 2019-20, taking total infrastructure investment in the ACT in this period to over \$2.9 billion.

A discussion of the budget and accounting treatments of PPPs is provided in the section headed Public Private Partnerships in Progress (Chapter 5.1) and Accounting Treatment for Public Private Partnerships (Appendix C).

A summary of the 2016-17 Capital Works Program for individual agencies is provided in Table 5.2.1 below.

**Table 5.2.1: Summary of 2016-17 Budget Capital Works Program**

Agency	Financing 2016-17 \$'000	Financing 2017-18 \$'000	Financing 2018-19 \$'000	Financing 2019-20 \$'000	Total Investment \$'000
<b>Canberra Institute of Technology</b>					
New Capital Works	0	0	0	0	0
Capital Upgrades	2,578	2,642	2,709	2,776	10,705
Works-in-Progress	1,800	0	0	0	1,800
<b>Total</b>	<b>4,378</b>	<b>2,642</b>	<b>2,709</b>	<b>2,776</b>	<b>12,505</b>

<b>Agency</b>	<b>Financing 2016-17 \$'000</b>	<b>Financing 2017-18 \$'000</b>	<b>Financing 2018-19 \$'000</b>	<b>Financing 2019-20 \$'000</b>	<b>Total Investment \$'000</b>
<b>Chief Minister, Treasury and Economic Development Directorate</b>					
New Capital Works	174,283	147,450	112,889	11,000	445,622
Capital Upgrades	9,335	9,568	9,808	10,053	38,764
Works-in-Progress	99,193	22,112	0	0	121,305
<b>Total</b>	<b>282,811</b>	<b>179,130</b>	<b>122,697</b>	<b>21,053</b>	<b>605,691</b>
<b>Community Services Directorate</b>					
New Capital Works	0	0	0	0	0
Capital Upgrades	385	395	404	415	1,599
Works-in-Progress	1,356	0	0	0	1,356
<b>Total</b>	<b>1,741</b>	<b>395</b>	<b>404</b>	<b>415</b>	<b>2,955</b>
<b>Cultural Facilities Corporation</b>					
New Capital Works	0	0	0	0	0
Capital Upgrades	388	398	408	418	1,611
Works-in-Progress	1,386	792	0	0	2,178
<b>Total</b>	<b>1,774</b>	<b>1,190</b>	<b>408</b>	<b>418</b>	<b>3,789</b>
<b>Education Directorate</b>					
New Capital Works	7,950	8,650	0	0	16,600
Capital Upgrades	14,570	14,934	15,308	15,690	60,502
Works-in-Progress	22,747	21,312	8,190	0	52,249
<b>Total</b>	<b>45,267</b>	<b>44,896</b>	<b>23,498</b>	<b>15,690</b>	<b>129,351</b>
<b>Environment and Planning Directorate</b>					
New Capital Works	14,423	39,479	27,153	0	81,055
Capital Upgrades	664	681	698	715	2,757
Works-in-Progress	7,565	2,688	0	0	10,253
<b>Total</b>	<b>22,652</b>	<b>42,848</b>	<b>27,851</b>	<b>715</b>	<b>94,065</b>
<b>Health Directorate</b>					
New Capital Works	21,459	41,267	35,352	0	98,078
Capital Upgrades	4,965	5,089	5,216	5,347	20,617
Works-in-Progress	187,593	90,450	7,291	0	285,334
<b>Total</b>	<b>214,017</b>	<b>136,806</b>	<b>47,859</b>	<b>5,347</b>	<b>404,029</b>
<b>Housing ACT</b>					
New Capital Works	360	0	0	0	360
Capital Upgrades	0	0	0	0	0
Works-in-Progress	0	0	0	0	0
<b>Total</b>	<b>360</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>360</b>
<b>Justice and Community Safety Directorate</b>					
New Capital Works	5,770	1,089	0	0	6,859
Capital Upgrades	1,727	1,770	1,814	1,859	7,170
Works-in-Progress	14,906	2,974	181	0	18,061
<b>Total</b>	<b>22,403</b>	<b>5,833</b>	<b>1,995</b>	<b>1,859</b>	<b>32,090</b>



Agency	Financing 2016-17 \$'000	Financing 2017-18 \$'000	Financing 2018-19 \$'000	Financing 2019-20 \$'000	Total Investment \$'000
<b>Office of the Legislative Assembly</b>					
New Capital Works	0	0	0	0	0
Capital Upgrades	250	144	108	278	780
Works-in-Progress	1,030	0	0	0	1,030
<b>Total</b>	<b>1,280</b>	<b>144</b>	<b>108</b>	<b>278</b>	<b>1,810</b>
<b>Transport Canberra and City Services</b>					
<b>Directorate</b>					
New Capital Works	24,921	48,250	40,800	0	113,971
Capital Upgrades	18,326	18,784	19,254	19,735	76,099
Works-in-Progress	112,538	24,347	15,309	0	152,194
<b>Total</b>	<b>155,785</b>	<b>91,381</b>	<b>75,363</b>	<b>19,735</b>	<b>342,264</b>
<b>Total All Agencies</b>					
New Capital Works	249,166	286,185	216,194	11,000	762,545
Capital Upgrades	53,188	54,405	55,726	57,286	220,605
Works-in-Progress	450,114	164,675	30,971	0	645,760
<b>TOTAL CAPITAL WORKS PROGRAM</b>	<b>752,468</b>	<b>505,265</b>	<b>302,891</b>	<b>68,286</b>	<b>1,628,910</b>

**Note:** Numbers may not add due to rounding.

## New Capital Works

New Capital Works comprises of construction, business case development and forward design projects. These projects cover all aspects of infrastructure investment including urban development, health, education, training, justice and community safety, roads and transport.

The 2016-17 Budget provides for New Capital Works totalling \$249 million in 2016-17 and \$763 million over the four years to 2019-20 (see Table 5.2.2). This Budget continues to focus on the Urban Renewal Program (URP), with funding allocations of \$248 million in 2016-17 and \$493 million over the four years to 2019-20.

Development of new public housing properties forms the bulk of the URP, accounting for \$192 million in 2016-17 and \$393 million over four years. Details of the URP are provided later in this chapter.

### *New Construction Projects*

Construction projects account for \$759 million (or 99.6 per cent) of the New Capital Works (excluding Capital Upgrades) in the 2016-17 Budget.

Significant new construction projects include:

- Better Public Housing – New public housing properties (\$357 million);
- Better Health Services – Upgrading and maintaining ACT Health assets (\$95 million);
- Caring for our Environment – Water Quality Improvement – Contributions to the Basin Priority Project (\$77 million);

- Better Roads for Gungahlin – Horse Park Drive duplication (Mulligans Flat Road to the Federal Highway) (\$57 million);
- Better Services – Weston Creek and Stromlo swimming pool and leisure centre (\$33 million);
- Improving Our Suburbs – New Molonglo Valley infrastructure (\$33 million);
- Better Roads for Weston Creek – Cotter Road duplication (Tuggeranong Parkway to Yarralumla Creek) (\$29 million);
- Better Schools – Investment in Gungahlin school infrastructure (\$17 million);
- Better Roads for Belconnen – Aikman Drive duplication (\$10 million); and
- Caring for our Environment – Lake Tuggeranong Water Quality Improvement – Stage 2 (\$9 million).

Financing information for new construction projects in individual agencies is provided in Table 5.2.2 below.

**Table 5.2.2: Summary of 2016-17 Budget – New Construction Projects**

Agency	Financing 2016-17 \$'000	Financing 2017-18 \$'000	Financing 2018-19 \$'000	Financing 2019-20 \$'000	Total Investment \$'000
<b>Chief Minister, Treasury and Economic Development Directorate</b>					
Better Public Housing – New public housing properties	155,983	121,200	80,019	0	357,202
Better Roads for Gungahlin – Gungahlin Town Centre road network improvements	4,500	0	0	0	4,500
Better Services – Dickson Motor Vehicle Inspection Station	800	0	0	0	800
Better Services – Weston Creek and Stromlo swimming pool and leisure centre	3,000	8,000	11,000	11,000	33,000
Caring for our Environment – Lake Tuggeranong Water Quality Improvement – Stage 2	0	2,500	6,500	0	9,000
City to the Lake – New Civic pool	400	0	0	0	400
Improving Our City – Woden bus interchange improvements	300	0	0	0	300
Improving Our Suburbs – New Molonglo Valley infrastructure	5,600	13,000	14,370	0	32,970
Narrabundah Ballpark Upgrade – Best little ballpark in Australia	1,000	2,500	1,000	0	4,500
National Arboretum Canberra – Water Security – Stage 2	1,700	0	0	0	1,700
<b>Total</b>	<b>173,283</b>	<b>147,200</b>	<b>112,889</b>	<b>11,000</b>	<b>444,372</b>

<b>Agency</b>	<b>Financing 2016-17 \$'000</b>	<b>Financing 2017-18 \$'000</b>	<b>Financing 2018-19 \$'000</b>	<b>Financing 2019-20 \$'000</b>	<b>Total Investment \$'000</b>
<b>Education Directorate</b>					
Better Schools – Investment in Gungahlin school infrastructure	7,950	8,650	0	0	16,600
<b>Total</b>	<b>7,950</b>	<b>8,650</b>	<b>0</b>	<b>0</b>	<b>16,600</b>
<b>Environment and Planning Directorate</b>					
Caring for our Environment – Establishing the Molonglo River Reserve – Stage 3	300	440	258	0	998
Caring for our Environment – Improving species and habitat protection	473	789	1,174	0	2,436
Caring for our Environment – Tharwa fish habitat improvement	150	200	0	0	350
Caring for our Environment – Water Quality Improvement – Contributions to the Basin Priority Project	13,500	38,050	25,721	0	77,271
<b>Total</b>	<b>14,423</b>	<b>39,479</b>	<b>27,153</b>	<b>0</b>	<b>81,055</b>
<b>Health Directorate</b>					
Better Health Services – Upgrading and maintaining ACT Health assets	20,000	40,000	35,328	0	95,328
Supporting Good Mental Health – Support for people with mental health issues to recover and live in the community	1,099	1,267	24	0	2,390
<b>Total</b>	<b>21,099</b>	<b>41,267</b>	<b>35,352</b>	<b>0</b>	<b>97,718</b>
<b>Housing ACT</b>					
Supporting Affordable Housing – Infrastructure upgrade at the Narrabundah Long Stay Park	360	0	0	0	360
<b>Total</b>	<b>360</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>360</b>
<b>Justice and Community Safety Directorate</b>					
ACT Corrective Services – Accommodation fit out	1,636	0	0	0	1,636
Alexander Maconochie Centre – Building upgrade	1,250	0	0	0	1,250
Reforming Emergency Services – Aero-medical services and hangar upgrade	395	0	0	0	395
Reforming Emergency Services – Fyshwick Fire and Rescue Station upgrade	602	0	0	0	602
Reforming Emergency Services – Guises Creek Rural Fire Station upgrade	220	0	0	0	220
Reforming Emergency Services – New SES station for Tuggeranong	1,667	1,089	0	0	2,756
<b>Total</b>	<b>5,770</b>	<b>1,089</b>	<b>0</b>	<b>0</b>	<b>6,859</b>

Agency	Financing 2016-17 \$'000	Financing 2017-18 \$'000	Financing 2018-19 \$'000	Financing 2019-20 \$'000	Total Investment \$'000
<b>Transport Canberra and City Services Directorate</b>					
Better Public Transport – Active travel for schools and shopping centres	2,500	500	0	0	3,000
Better Public Transport for Tuggeranong – Park and ride facility for Wanniasa	500	1,000	0	0	1,500
Better Public Transport for Woden and Weston Creek – New Woden bus depot <sup>1</sup>	775	NFP	NFP	0	775
Better Roads for Belconnen – Aikman Drive duplication	5,801	4,000	0	0	9,801
Better Roads for Canberra – Stronger bridges to transport freight	2,400	2,300	1,800	0	6,500
Better Roads for Gungahlin – Horse Park Drive duplication (Mulligans Flat Road to the Federal Highway)	5,000	24,000	28,000	0	57,000
Better Roads for Tuggeranong – Ashley Drive duplication (Ellerston Avenue to Johnson Drive)	500	3,000	0	0	3,500
Better Roads for Weston Creek – Cotter Road duplication (Tuggeranong Parkway to Yarralumla Creek)	4,450	13,450	11,000	0	28,900
Better Roads for Woden – Intersection safety upgrades	1,520	0	0	0	1,520
<b>Total</b>	<b>23,446</b>	<b>48,250</b>	<b>40,800</b>	<b>0</b>	<b>112,496</b>
<b>Total New Construction Projects</b>	<b>246,331</b>	<b>285,935</b>	<b>216,194</b>	<b>11,000</b>	<b>759,460</b>

Note:

1. NFP indicates not for publication. A provision has been included for the cost of this initiative in the budget.

### *Business Case Development*

Funding for business case development, including feasibility studies, recognises the long lead times involved in major construction activities, and provides agencies with the capacity to undertake planning and policy development work associated with larger, more complex proposals. It also provides the additional resources required for more comprehensive assessment of the viable options and alternatives, including linkages to the Government's service delivery objectives.

A total of \$2.1 million over four years has been provided to develop business cases on new road infrastructure for Gungahlin and Central Canberra, supporting the ACT electricity supply, projects to improve community facilities in Tuggeranong, health services in the city and local shopping centres in many locations across Canberra.

Summary information on the funding allocation for business case development in the 2016-17 Budget is provided in Table 5.2.3 below.

**Table 5.2.3: Summary of 2016-17 Budget Business Case Development**

Agency	Financing 2016-17 \$'000	Financing 2017-18 \$'000	Financing 2018-19 \$'000	Financing 2019-20 \$'000	Total Investment \$'000
<b>Chief Minister, Treasury and Economic Development Directorate</b>					
Better Roads for Gungahlin – Horse Park Drive pedestrian overpass	400	0	0	0	400
Better Roads for the Inner South – Yarralumla Estate	250	0	0	0	250
Improving Community Facilities – Building refurbishments and upgrades in Tuggeranong	100	0	0	0	100
Securing Electricity Supply in the ACT – Second supply network	250	250	0	0	500
<b>Total</b>	<b>1,000</b>	<b>250</b>	<b>0</b>	<b>0</b>	<b>1,250</b>
<b>Health Directorate</b>					
Better Health Services – City Health Centre – Feasibility	360	0	0	0	360
<b>Total</b>	<b>360</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>360</b>
<b>Transport Canberra and City Services Directorate</b>					
Improving Our Suburbs – Local shopping centre upgrades	475	0	0	0	475
<b>Total</b>	<b>475</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>475</b>
<b>Total New Business Case Development</b>	<b>1,835</b>	<b>250</b>	<b>0</b>	<b>0</b>	<b>2,085</b>

*Forward Design*

Formal planning and design of large infrastructure projects enables detailed specifications and scope to be fully developed. This helps mitigate potential risk associated with delays and/or cost escalations during the construction phase of a project.

The Budget allocates \$1 million for design and construction preliminaries for two landfill cells at the Mugga Lane Resource Management Centre. The additional capacity will help ensure that the Territory has adequate landfill capacity beyond 2020.

Table 5.2.4 outlines the 2016-17 Forward Design projects.

**Table 5.2.4: Summary of 2016-17 Budget Forward Design Projects**

Agency	Financing 2016-17 \$'000	Financing 2017-18 \$'000	Financing 2018-19 \$'000	Financing 2019-20 \$'000	Total Investment \$'000
<b>Transport Canberra and City Services Directorate</b>					
Caring for our Environment – Essential waste management infrastructure	1,000	0	0	0	1,000
<b>Total Forward Design Projects</b>	<b>1,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,000</b>

## Urban Renewal Program

Urban renewal remains a cornerstone of the Government's economic and sustainable growth strategy. The 2016-17 Budget provides \$248 million in 2016-17 and \$493 million over the four years to 2019-20 for the Urban Renewal Program (URP).

Urban renewal is also about providing the necessary infrastructure for Canberra as the social, cultural and commercial hub for the region. Targeted urban renewal allows the better provision of public housing, services and improved access to community and leisure activities. It also reduces economic and social stress for those who are most vulnerable, thereby increasing participation and independence.

The development of new public housing properties is the single largest component of the URP, with funding of \$192 million in 2016-17 and \$393 million over the four years to 2019-20. The new properties will replace older public housing properties, enhancing the effective management of the public housing portfolio into the future.

This funding builds on the capital investment of \$91 million in the 2015-16 Budget to support the relocation of tenants from Allawah Court, Karuah, Owen Flats and the Red Hill Housing Precinct. Together, these investments support the Public Housing Renewal Program which will see the replacement of 1,288 public housing dwellings along the Northbourne Avenue corridor and in other key locations around Canberra. These existing public housing properties no longer meet the needs of tenants, and they do not support families, ageing in place, or disability access.

Funding for the Public Housing Renewal Program will be used to build and purchase properties for use as public housing, and to provide ongoing support and assistance to tenants during their relocation to improved accommodation. The new properties will better meet the needs of tenants now and into the future, while the program will provide a stimulus to the local economy and construction industry.

The Government is also providing funding of \$33 million over four years for the construction of an aquatic centre at Stromlo Forest Park. Another \$62 million will be spent over the four years to 2019-20 to provide better urban infrastructure and amenities – including active transport and public transport network, upgraded local shopping centres and new sport and leisure facilities.

The City to the Lake project will develop the West Basin as a premium waterfront leisure, sport, commercial and residential precinct. The 2016-17 Budget has funded a feasibility study into the provision of swimming and aquatic facilities in Central Canberra.

To support continued land release in new developments and urban infill locations, the Budget includes \$5 million in 2016-17 and \$7 million over four years to upgrade and enhance road networks for Gungahlin (enhanced town centre road network) and Dickson (intersection upgrades). Works will continue on the construction of the \$10 million link road between Majura Parkway and Majura Road to allow access to new commercial land sites.

A summary of the URP in individual agencies is provided in Table 5.2.5 below.

**Table 5.2.5: Urban Renewal Program**

Agency	Financing 2016-17 \$'000	Financing 2017-18 \$'000	Financing 2018-19 \$'000	Financing 2019-20 \$'000	Total Investment \$'000
<b>Chief Minister, Treasury and Economic Development Directorate</b>					
<b>New Works</b>					
Better Public Housing – New public housing properties	155,983	121,200	80,019	0	357,202
Better Services – Dickson Motor Vehicle Inspection Station	800	0	0	0	800
Better Services – Weston Creek and Stromlo swimming pool and leisure centre	3,000	8,000	11,000	11,000	33,000
City to the Lake – New Civic pool	400	0	0	0	400
Improving Our City – Woden bus interchange improvements	300	0	0	0	300
<b>Works-in-Progress</b>					
Better Roads for Gungahlin – Enhanced Town Centre road network	4,200	2,000	0	0	6,200
Dickson Group Centre Intersections – Upgrade	550	0	0	0	550
Isabella Weir Spillway Upgrades	1,300	6,935	0	0	8,235
Majura Parkway to Majura Road – Link road	6,500	2,426	0	0	8,926
Urban Renewal Program – Better Public Housing	626	0	0	0	626
Urban Renewal Program – Better Public Housing – Allawah Court	16,921	0	0	0	16,921
Urban Renewal Program – Better Public Housing – Karuah	6,992	0	0	0	6,992
Urban Renewal Program – Better Public Housing – Owen Flats	956	0	0	0	956
Urban Renewal Program – Better Public Housing – Red Hill housing precinct	10,145	0	0	0	10,145
Urban Renewal Program – City to the Lake – West Basin infrastructure	9,243	0	0	0	9,243
Urban Renewal Program – Civic and Braddon public realm improvements	1,325	0	0	0	1,325

<b>Agency</b>	<b>Financing 2016-17 \$'000</b>	<b>Financing 2017-18 \$'000</b>	<b>Financing 2018-19 \$'000</b>	<b>Financing 2019-20 \$'000</b>	<b>Total Investment \$'000</b>
Urban Renewal Program – Melrose football precinct	5,858	495	0	0	6,353
Urban Renewal Program – Molonglo 3 infrastructure	750	1,670	0	0	2,420
Urban Renewal Program – Phillip Oval upgrade	3,863	500	0	0	4,363
Woden Bus Interchange – Redevelopment Stage 1	1,635	0	0	0	1,635
<b>Capital Upgrades Program</b>					
Exhibition Park	540	0	0	0	540
Facilities Improvement Program	1,315	0	0	0	1,315
GIO Stadium	485	0	0	0	485
Manuka Oval	380	0	0	0	380
Pools Improvement Program	785	0	0	0	785
Stromlo Forest Park	160	0	0	0	160
Water System Upgrade Program	540	0	0	0	540
<b>Total</b>	<b>235,552</b>	<b>143,226</b>	<b>91,019</b>	<b>11,000</b>	<b>480,797</b>

#### **Environment and Planning Directorate**

##### **Capital Upgrades Program**

Restoration of Heritage Sites	127	0	0	0	127
<b>Total</b>	<b>127</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>127</b>

#### **Transport Canberra and City Services Directorate**

##### **New Works**

Improving Our Suburbs – Local shopping centre upgrades	475	0	0	0	475
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##### **Works-in-Progress**

Local Shopping Centre Upgrades Program	300	0	0	0	300
Shopping Centre Upgrade Program – Red Hill and Lyons	343	0	0	0	343
Urban Renewal Program – Acton – Sullivans Creek cycle path upgrades	900	0	0	0	900
Urban Renewal Program – Erindale Group Centre – Gartside Street (south) development – Stage 1	780	0	0	0	780
Urban Renewal Program – Oaks Estate river corridor heritage walk improvements – Stage 1	180	0	0	0	180
Urban Renewal Program – Playground repairs	40	0	0	0	40
Urban Renewal Program – Tuggeranong – Anketell Street (north) upgrade – Stage 1	390	0	0	0	390
Urban Renewal Program – Tuggeranong Valley and Kaleen age friendly facilities	375	0	0	0	375



Agency	Financing 2016-17 \$'000	Financing 2017-18 \$'000	Financing 2018-19 \$'000	Financing 2019-20 \$'000	Total Investment \$'000
Urban Renewal Program – Weston Group Centre – Brierly Street and Trenerry Square upgrades	780	0	0	0	780
<b>Capital Upgrades Program</b>					
Armour Cable upgrade	500	0	0	0	500
Fitness Equipment Upgrade	330	0	0	0	330
Footpath and cycling improvements	1,500	0	0	0	1,500
Public Toilet Upgrade Program	785	0	0	0	785
Public Transport Canberra Upgrades	1,000	0	0	0	1,000
Residential street improvements	600	0	0	0	600
Road barrier improvements	200	0	0	0	200
Road safety measures	500	0	0	0	500
Safety Improvements lighting	500	0	0	0	500
Stormwater improvement program	1,415	0	0	0	1,415
<b>Total</b>	<b>11,893</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,893</b>
<b>Total Urban Renewal Program</b>	<b>247,572</b>	<b>143,226</b>	<b>91,019</b>	<b>11,000</b>	<b>492,817</b>

## Capital Upgrades

Funding of \$53 million has been allocated in 2016-17 and \$221 million over four years for capital upgrades that extend the useful life or improve the service delivery capacity of existing Territory physical infrastructure assets. Upgrades are distinct from routine repairs and maintenance, which receive separate funding.

The Capital Upgrades Program includes projects in all areas including urban infrastructure and facilities, roads, health, education, and justice and community safety. Details of capital upgrade projects, by agency, are provided in Capital Works – Capital Upgrades Program (Appendix E).

### Works-in-Progress

The Budget provides for a significant work program from previous years, with Works-in-Progress (WIP) totalling \$450 million in 2016-17 and \$646 million over four years to 2019-20.

The significant WIP projects include:

- the construction of the University of Canberra Public Hospital (\$188 million over the four years to 2019-20);
- road projects to support urban development, link suburban and commercial centres and improve arterial roads. These include major projects such as Gundaroo Drive duplication – Stage 1, Ashley Drive duplication – Stage 2, Horse Park Drive duplication, projects funded under the Commonwealth Government Roads to Recovery Program and Majura Road to Majura Parkway – Link Road Construction (\$118 million over four years);

- the continued redevelopment, expansion and upgrade of Canberra and Calvary Hospitals, and ACT Health facilities (\$61 million);
- the construction and renewal of schools in North Gungahlin, Molonglo, Belconnen and Chisholm (\$52 million);
- public housing renewal in City and Red Hill precincts (\$36 million);
- measures to improve our environment including Cravens Creek Water Quality Control Pond, Isabella Weir Spillway Upgrades and Enhancing the Protection of Endangered Species and Habitat (\$24 million);
- the construction of a Secure Mental Health Unit (\$19 million);
- the construction of the Melrose Football precinct and Phillip Oval Upgrade (\$11 million);
- provision of detainee industries and activities facilities at the Alexander Maconochie Centre (\$9 million); and
- continued funding for the procurement and contract management of the New ACT Law Courts Facilities under a Public Private Partnership (\$6 million).

Financing information for all WIP projects in individual agencies is provided in Capital Works – Works-in-Progress (Appendix G).

## Public Trading Enterprises Capital Works Program

In 2016-17, Public Trading Enterprises (PTEs) are expected to undertake new works totalling \$306 million. These works are those financed by PTEs through own-source revenue and/or borrowing.

**Table 5.2.6: Summary of Public Trading Enterprises Capital Works**

Agency	Financing 2016-17 \$'000	Financing 2017-18 \$'000	Financing 2018-19 \$'000	Financing 2019-20 \$'000
ACT Public Cemeteries Authority	392	166	0	0
Housing ACT	41,396	33,167	26,981	27,839
Icon Water	111,082	99,612	70,554	59,500
Land Development Agency	153,554	147,130	149,948	128,378
<b>Total PTEs</b>	<b>306,424</b>	<b>280,075</b>	<b>247,483</b>	<b>215,717</b>

### **ACT Public Cemeteries Authority**

The ACT Public Cemeteries Authority will undertake a program of works to upgrade and enhance the Territory's public cemeteries. Planned works include the following:

- Gungahlin Cemetery – irrigation upgrades, new burial areas and road works; and
- Woden Cemetery – Extension to cemetery grounds, new burial areas and road works.

## ***Housing ACT***

Housing ACT undertakes a program of constructing or buying properties each year, as well as upgrading and refurbishing properties to ensure that they continue to meet the needs of tenants and are maintained at an acceptable standard. The funding for this program is derived from the proceeds from the sale of properties and, if available, funds from operations.

The redevelopment of the public housing properties is essential to the effective management of the portfolio to better meet the needs of tenants and future tenants, including applicants on the Social Housing Register currently waiting to be housed.

The Housing Capital Program focuses on constructing properties to deliver a range of housing options for tenants. Properties to be constructed or purchased include larger sized housing of four or more bedrooms, and a number of smaller scale multi-unit two-bedroom developments. This structured and consistent approach to the long-term management of the portfolio improves the performance of the public housing portfolio, and the effectiveness, efficiency and quality of services delivered to tenants.

The 2016-17 Housing Capital Program, consisting of \$32.8 million for the purchase or construction of dwellings, is below the activity levels of the past few years but is in line with the longer-term program. A further \$8.6 million will be spent on refurbishing and upgrading existing properties to bring them up to standard. This annual Housing Capital Program is augmented by the Public Housing Renewal Program that will see the replacement of 1,288 public housing dwellings along the Northbourne Avenue corridor and in other key locations around Canberra.

Since the 2015-16 Budget, the Government's total capital investment in the Public Housing Renewal Program is \$490 million. In addition, a further \$60 million has been provided to prepare sites for sale and to facilitate the relocation of tenants into their new homes.

## ***Icon Water Limited***

Key capital works projects for Icon Water in 2016-17 include upgrading the Lower Molonglo Water Quality Control Centre, and Icon Water Information Technology infrastructure.

Significant investment continues in the Main Rehabilitation Programs for both sewer and water, as well as the Water Meter Replacement Program. There will also be an increase in funding for the renewal and upgrade of electrical and instrumentation control systems across Icon Water facilities.

## ***Land Development Agency***

The Land Development Agency sells and develops land on behalf of the Government. Infrastructure works to be undertaken in 2016-17 and the forward estimates include roadworks, road lines and signs, stormwater, water supply to blocks, sewerage infrastructure to blocks, utility connections, data cabling, landscaping, parks and recreational areas, concrete paths linking parts of an estate, driveways, and street lighting.

The bulk of the works will be undertaken at the major land developments in the suburbs of Moncrieff, Taylor and Throsby in Gungahlin, Coombs and Denman Prospect in Molonglo, and Lawson in Belconnen. Works will also be undertaken in Greenway, Parkes, Phillip and at the Kingston Foreshore.

## 2015-16 Budget-Funded Capital Works Estimated Outcomes

The 2015-16 Budget allocated \$699 million to capital works projects which included New Works, Capital Upgrades and Works-in-Progress. This budget appropriation was adjusted for the rollover of 2014-15 program funding, opening financial year adjustments, and revisions to Commonwealth funding. These adjustments provided total funds of \$747 million available for expenditure in 2015-16.

The Territory's annual capital works expenditure for 2015-16 is estimated at \$607 million (excluding Information and Communications Technology and Plant and Equipment). Table 5.2.7 shows a summary of forecast capital works expenditure between 2015-16 and 2019-20.

**Table 5.2.7: Capital Works Expenditure 2015-16 to 2019-20<sup>1</sup>**

2015-16 Estimate \$'000	2016-17 <sup>2</sup> Estimate \$'000	2017-18 <sup>2</sup> Estimate \$'000	2018-19 <sup>2</sup> Estimate \$'000	2019-20 <sup>2</sup> Estimate \$'000
606,631	648,506	598,511	526,892	204,741

**Note:**

1. The Capital Works Program does not include the value of the Public Private Partnerships for the ACT Law Courts Facilities and Light Rail – Stage 1. A discussion of the budget treatment of PPPs is provided in Infrastructure Investment in the ACT (Chapter 5.1).
2. Estimates include capital provisions for commercially sensitive projects.

### ***Project Re-profiling and Savings***

Over the course of 2015-16, agencies reviewed their infrastructure, upgrades and other projects in light of expenditure to date and identified where the re-profiling of their projects was appropriate. This process also included bringing forward planned out-year expenditure to accelerate some existing projects and returning savings to the Budget.

A total of \$90 million has been re-profiled from 2015-16 to 2016-17 and the forward years. Program savings of \$50 million have also been identified for return to the Budget.

Table 5.2.8 provides a summary of expected outcomes for individual agencies for 2015-16, compared to total funds available for the Capital Works Program.

Details of savings and re-profiling for individual projects are provided in Capital Works – 2015-16 Savings and Project Variations (Appendix H) and Capital Works – 2015-16 Re-profiling (Appendix I).

**Table 5.2.8: Summary of 2015-16 Capital Works Estimated Outcome**

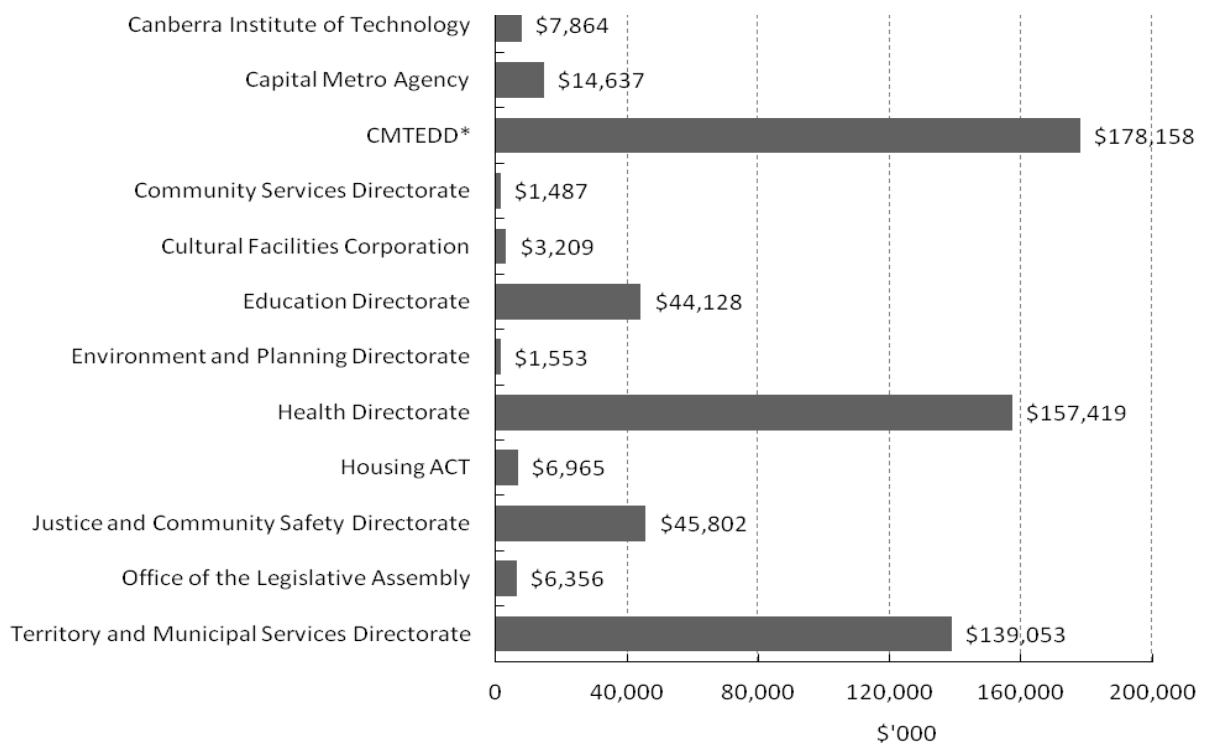
	<b>Total Financing 2015-16 \$'000</b>	<b>Project Savings 2015-16 \$'000</b>	<b>Financing Re-profiled 2015-16<sup>1</sup> \$'000</b>	<b>Estimated Outcome 2015-16 \$'000</b>
Canberra Institute of Technology	7,189	0	675	7,864
Capital Metro Agency <sup>2</sup>	16,137	0	-1,500	14,637
Chief Minister, Treasury and Economic Development Directorate	251,664	-32,647	-40,859	178,158
Community Services Directorate	2,843	0	-1,356	1,487
Cultural Facilities Corporation	3,209	0	0	3,209
Education Directorate	56,348	-7,690	-4,530	44,128
Environment and Planning Directorate	2,351	0	-798	1,553
Health Directorate	157,741	0	-322	157,419
Housing ACT	6,965	0	0	6,965
Justice and Community Safety Directorate	68,177	-6,269	-16,106	45,802
Office of the Legislative Assembly	6,356	0	0	6,356
Territory and Municipal Services Directorate <sup>2</sup>	168,318	-3,624	-25,641	139,053
<b>Total</b>	<b>747,298<sup>3</sup></b>	<b>-50,230</b>	<b>-90,437</b>	<b>606,631</b>

**Note:**

1. Financing from 2015-16 is re-profiled into 2016-17 and the outyears. Some projects have also been accelerated.
2. These agencies will be amalgamated to form the Transport Canberra and City Services Directorate from 1 July 2016.
3. This figure includes Section 16B rollovers from 2014-15 to 2015-16. Refer to Capital Works – 2014-15 to 2015-16 Section 16B Rollovers (Appendix J) for further detail.

Figure 5.2.1 shows estimated capital works expenditure for 2015-16 by agency. The Chief Minister, Treasury and Economic Development Directorate has the largest forecast spend (\$178 million) followed by the Health Directorate (\$157 million) and the Territory and Municipal Services Directorate (\$139 million).

**Figure 5.2.1: Estimated Capital Expenditure by Agency in 2015-16**



**Note:** \*CMTEDD – Chief Minister, Treasury and Economic Development Directorate.

## 5.3 SUPPLY AND RELEASE OF LAND

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The ACT Government plans for the supply and release of land, taking into account factors such as forecast population changes, household changes, demand for land, and the capacity to deliver key infrastructure and services cost effectively.

The four year Indicative Land Release Program (ILRP) is one of the Government's economic and social strategies for the community. The ILRP assists the Government to achieve its financial and environmental objectives:

- promoting economic and social development of the Territory;
- meeting the demand for land in the Territory;
- establishing an appropriate inventory of serviced land;
- facilitating the provision of affordable housing; and
- achieving satisfactory returns from the sale of unleased Territory land.

The Land Development Agency (LDA) is on track to release in excess of 4,000 dwelling sites in 2015-16, exceeding the target of 3,513. This includes the building of new public housing properties to replace ageing houses sold by the Territory under the Commonwealth Government's Asset Recycling Initiative which commenced in 2015-16.

The 2016-17 ILRP includes a sales target of 17,780 dwelling sites between 2016-17 and 2019-20. This is a net increase of 590 dwelling sites on the program published with the 2015-16 Budget. This net increase reflects a rise in the number of dwelling sites expected to be released from 3,713 to 4,550 in 2016-17, a fall from 4,566 to 4,430 in 2017-18, a decline from 5,398 to 4,700 in 2018-19, and a release target of 4,100 in 2019-20.

The higher land release target for 2016-17 is a response to sound market conditions. The ILRP includes sites across three greenfield development fronts and many infill locations. A key Government priority is development along the light rail corridor, including the redevelopment of ageing public housing properties.

Demand for detached housing remains strong and the Government continues to increase the supply of standard residential sites in greenfield estates in the ILRP. Detached housing sites in Taylor and Throsby are programmed for release in 2016-17. To increase the rate of land servicing and compress the time between releases and shovel ready sites, concurrent civil contracts are continuing to be let in most greenfield areas; this is expected to continue.

The ILRP also includes 16 sites (involving 4,812 individual dwelling sites as well as significant commercial and mixed use releases) that the Territory is selling under the Commonwealth Government's Asset Recycling Initiative.

The Indicative Commercial Land Release Program seeks to ensure that adequate and affordable commercial land is available to support the needs of a growing economy. The Program includes a target of 95,777 square metres of dedicated commercial land, and a further 249,198 square metres as part of mixed use developments that facilitate residential infill.

The Indicative Industrial Land Release Program includes a release target of 166,000 square metres of industrial land over the next four years in Hume, Symonston, Fyshwick and Pialligo.

The Indicative Community and Non-Urban Land Release Program identifies a range of community facility sites, including aged care and child care sites. The Program includes a target of 383,897 square metres of community and non-urban land over the next four years.

The 2016-17 Budget makes significant capital investments to support the objectives of the Indicative Land Release Program. Projects supporting developments across the Territory include:

- **Better Roads for Gungahlin – Gungahlin Town Centre road network improvements (\$5 million):** the construction of Ernest Cavanagh Street extension is essential to facilitate the release of land within the light rail corridor and is required to alleviate traffic congestion caused by the construction of the light rail project;
- **Improving Our Suburbs – New Molonglo Valley infrastructure (\$33 million):** this project is for the construction of necessary transport and utility infrastructure to support the urban development of Molonglo 3 and the new suburb of Whitlam; and
- **Caring for our Environment – Lake Tuggeranong Water Quality Improvement – Stage 2 (\$9 million):** additional construction funding for the already approved Isabella Weir upgrade project (see below) will ensure the Weir meets the recently introduced ACT Dam Safety Code. It will also provide for the construction of wetland areas within Isabella Pond to improve water quality in Tuggeranong Pond and Lake Tuggeranong, and downstream in the Murrumbidgee River.

A number of projects related to land release funded in the 2014-15 and 2015-16 Budgets will continue to be delivered throughout 2016-17, including:

- **Better Roads for Gungahlin – Enhanced Town Centre road network (\$14 million):** construction of the Valley Avenue and Manning Clarke Crescent extensions, as well as an access road off the Manning Clarke Crescent extension which will provide access to the east side of Gungahlin Town Centre;
- **Better Roads for Gungahlin – Horse Park Drive duplication (\$17 million):** construction of the first stage of the duplication of Horse Park Drive between Anthony Rolfe Avenue and Well Station Drive and associated infrastructure will facilitate land release in Throsby;



- **Isabella Weir Spillway Upgrades (\$10 million):** upgrade of the Isabella Weir spillway to provide flood protection for development on the shores of Lake Tuggeranong. This project is the early stage of the program of works to improve the water quality of Lake Tuggeranong; and
- **Majura Parkway to Majura Road – Link road (\$10 million):** construction of a road linking Majura Parkway and Majura Road will allow direct vehicular access to the Majura West Precinct, Canberra Airport – Majura Park and allow for access to new commercial land sites.

In addition to the substantial capital investments being made by the Government in the 2016-17 Budget to support its land development activities, the LDA is also budgeting for significant infrastructure works in its program. In 2016-17, the value of works to be funded by the LDA is in the order of \$154 million.

The 2016-17 Budget maintains a strong focus on ensuring that urban developments are sustainable. Over the last year, the LDA has continued to incorporate the principles of environmentally sensitive development into its activities.

A summary of the ILRP is set out in Table 5.3.1.

**Table 5.3.1: Indicative Land Release Program**

***Indicative Residential Land Release Program 2016-17 to 2019-20***

<b>Location</b>	<b>2016-17 Number of Dwelling Sites</b>	<b>2017-18 Number of Dwelling Sites</b>	<b>2018-19 Number of Dwelling Sites</b>	<b>2019-20 Number of Dwelling Sites</b>
Asset Recycling Initiative	1,940	1,890	982	0
Belconnen	300	1,300	500	850
Central Canberra	648	350	460	1,135
Gungahlin	908	650	1,043	635
Molonglo	230	180	1,540	1,230
Tuggeranong	524	0	25	0
Woden and Weston	0	60	150	250
<b>Total</b>	<b>4,550</b>	<b>4,430</b>	<b>4,700</b>	<b>4,100</b>

***Indicative Commercial Land Release Program (site area) 2016-17 to 2019-20***

<b>Location</b>	<b>2016-17 m<sup>2</sup></b>	<b>2017-18 m<sup>2</sup></b>	<b>2018-19 m<sup>2</sup></b>	<b>2019-20 m<sup>2</sup></b>
Asset Recycling Initiative	3,515	3,446	0	0
Belconnen	1,070	0	0	0
Central Canberra	3,024	0	20,599	8,622
Gungahlin	0	15,476	10,170	16,985
Molonglo	0	0	0	0
Tuggeranong	0	7,668	0	0
Woden and Weston	5,202	0	0	0
<b>Total</b>	<b>12,811</b>	<b>26,590</b>	<b>30,769</b>	<b>25,607</b>

**Indicative Industrial Land Release Program (site area) 2016-17 to 2019-20**

<b>Location</b>	<b>2016-17 m<sup>2</sup></b>	<b>2017-18 m<sup>2</sup></b>	<b>2018-19 m<sup>2</sup></b>	<b>2019-20 m<sup>2</sup></b>
Fyshwick	0	30,000	7,000	7,000
Hume	20,000	20,000	20,000	20,000
Majura/Pialligo	0	0	10,000	5,000
Symonston	10,000	5,000	5,000	7,000
<b>Total</b>	<b>30,000</b>	<b>55,000</b>	<b>42,000</b>	<b>39,000</b>

**Indicative Community and Non Urban Land Release Program (site area) 2016-17 to 2019-20**

<b>Location</b>	<b>2016-17 m<sup>2</sup></b>	<b>2017-18 m<sup>2</sup></b>	<b>2018-19 m<sup>2</sup></b>	<b>2019-20 m<sup>2</sup></b>
Belconnen	3,638	3,503	0	100,000
Central Canberra	1,996	0	0	0
Gungahlin	80,000	47,751	40,156	440
Molonglo	0	0	0	34,500
Tuggeranong	41,897	0	8,000	0
Woden and Weston	3,873	18,143	0	0
<b>Total</b>	<b>131,404</b>	<b>69,397</b>	<b>48,156</b>	<b>134,940</b>

**Indicative Mixed Use Land Release Program (site area) 2016-17 to 2019-20**

<b>Location</b>	<b>2016-17 m<sup>2</sup></b>	<b>2017-18 m<sup>2</sup></b>	<b>2018-19 m<sup>2</sup></b>	<b>2019-20 m<sup>2</sup></b>
Asset Recycling Initiative	61,505	54,715	13,633	0
Belconnen	0	8,304	13,612	9,465
Central Canberra	16,000	12,968	0	35,282
Gungahlin	0	10,000	0	5,000
Molonglo	8,714	0	0	0
Tuggeranong	0	0	0	0
Woden and Weston	0	0	0	0
<b>Total</b>	<b>86,219</b>	<b>85,987</b>	<b>27,245</b>	<b>49,747</b>

## 5.4 THE TERRITORY'S INFRASTRUCTURE

### The Territory's Asset Base

The Territory's physical assets largely consist of public housing, stormwater infrastructure, roads, community and heritage assets and schools, as well as the land on which they are situated.

Table 5.4.1 below shows the Territory's physical asset base split between the General Government Sector and the Public Trading Enterprise sector. Over the 12 months to 30 June 2015, the total value of physical assets – net of depreciation – has increased by \$796 million to \$21.2 billion. Factoring in the combination of capital works projects reaching completion and asset revaluations, it is expected that the value of the Territory's total physical assets will increase further to \$21.8 billion by June 2016.

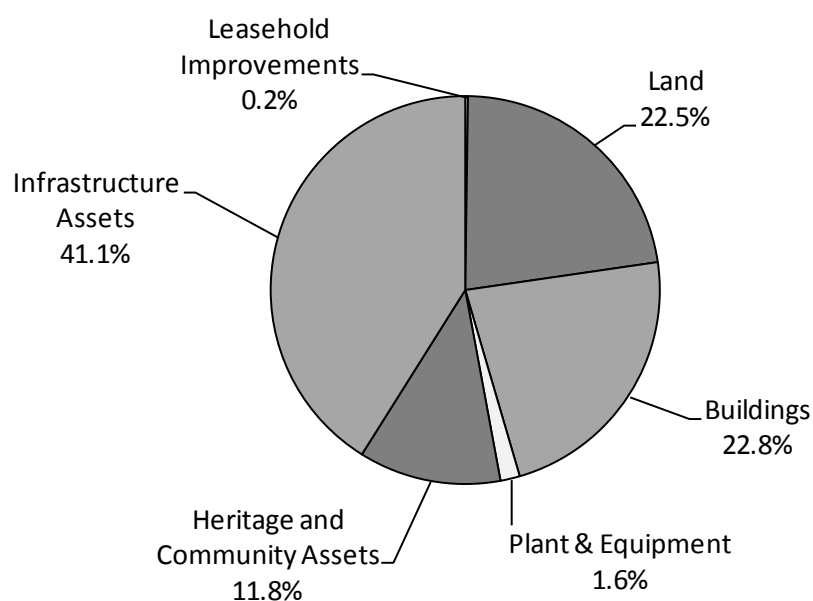
**Table 5.4.1: Total Territory Physical Assets – Value by Sector**

As at 30 June	2012 Actual \$m	2013 Actual \$m	2014 Actual \$m	2015 Actual \$m	2016 Estimate \$m	2017 Estimate \$m
General Government Sector	13,021	13,653	13,874	14,535	14,944	15,037
Public Trading Enterprise Sector	5,787	6,430	6,506	6,642	6,833	7,163
<b>Total Territory</b>	<b>18,808</b>	<b>20,084</b>	<b>20,380</b>	<b>21,176</b>	<b>21,777</b>	<b>22,200</b>

**Note:** Numbers may not add due to rounding.

Figure 5.4.1 below shows that, as at 30 June 2015, the Territory's assets were mostly classed as infrastructure assets (41 per cent), buildings (23 per cent) and land (23 per cent).

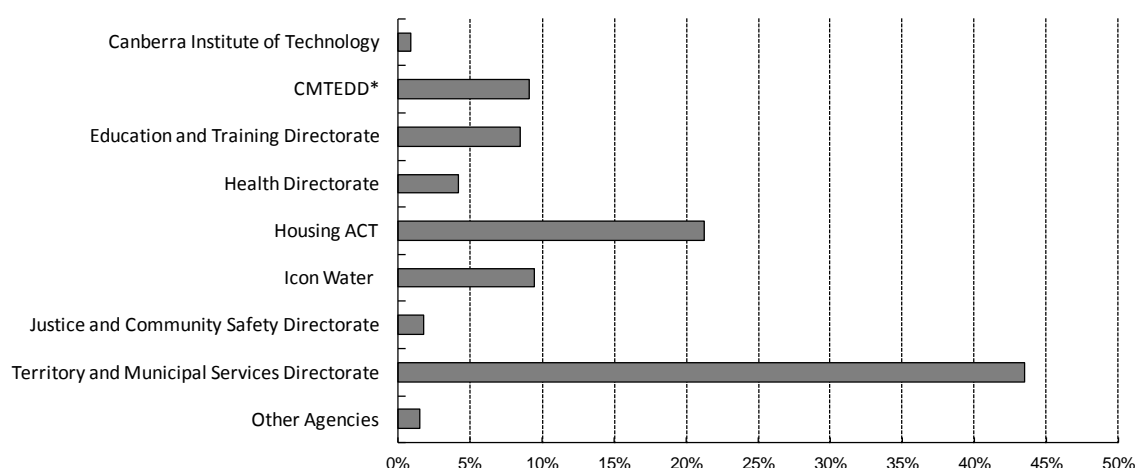
**Figure 5.4.1: Total Territory Physical Asset Value – Distribution by Category as at 30 June 2015**



### Distribution of the Territory Assets by Agency and Type

Reflecting their functions in the provision of municipal and transport services, as at 30 June 2015 the Territory and Municipal Services Directorate held 44 per cent of the value of the Territory’s physical assets. The majority of these assets will be transferred to the Transport Canberra and City Services Directorate from 1 July 2016. Housing ACT had responsibility for 21 per cent of the Territory’s asset base, Icon Water held 9 per cent, while the Chief Minister, Treasury and Economic Development Directorate held 9 per cent (see Figure 5.4.2 below).

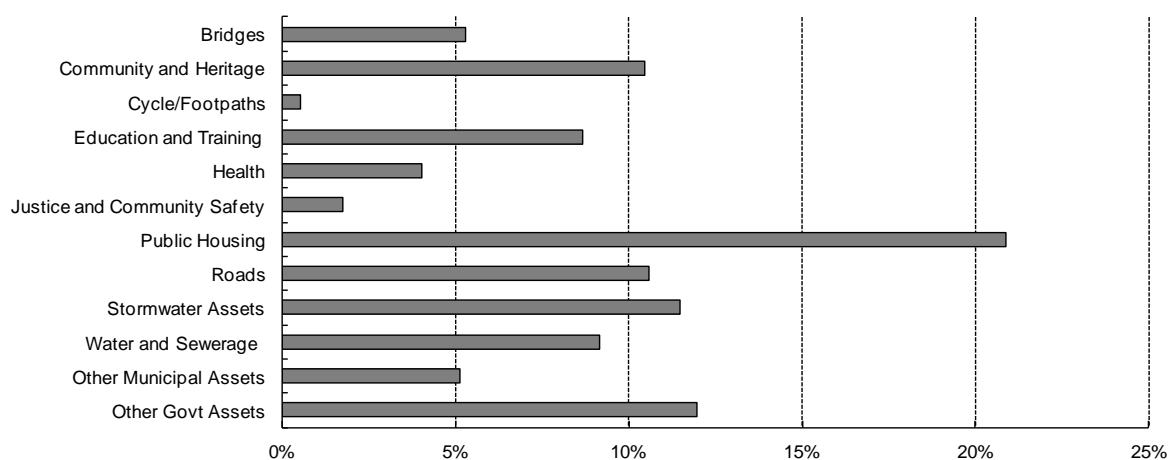
**Figure 5.4.2: Total Territory Physical Asset Value – Distribution by Agency as at 30 June 2015**



**Note:** \*CMTEDD – Chief Minister, Treasury and Economic Development Directorate.

The largest component of the Territory’s assets relate to the provision of public housing. Other significant asset holdings relate to road infrastructure and municipal, community and heritage, and education services (see Figure 5.4.3 below).

**Figure 5.4.3: Total Territory Physical Asset Holding – Distribution by Asset Type as at 30 June 2015**



## Asset Management

As noted in the Capital Works Program (Chapter 5.2), budget-funded agencies with physical assets are provided funding for capital upgrade projects that extend the useful life or improve the service delivery capacity of existing Territory physical infrastructure assets.

Recurrent funding is also provided for routine maintenance to ensure that assets are of an operational standard. The 2016-17 Budget provides \$53 million for capital upgrades and \$192 million for repairs and maintenance.

Details of capital upgrade funding by agency are provided at Capital Works – Capital Upgrades Program (Appendix E). A summary of the Territory's repairs and maintenance funding is provided in Table 5.4.2 below.

**Table 5.4.2: Total Territory Repairs and Maintenance Funding**

<b>2012-13 Actual \$'000</b>	<b>2013-14 Actual \$'000</b>	<b>2014-15 Actual \$'000</b>	<b>2015-16 Estimate \$'000</b>	<b>2016-17 Estimate \$'000</b>	<b>2017-18 Estimate \$'000</b>
153,992	145,205	153,534	183,330	192,370	200,826



## 5.5 ASSET RECYCLING

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### The Asset Recycling Initiative

The Commonwealth Government's Asset Recycling Initiative (ARI) aims to encourage investment in productivity enhancing new infrastructure by providing financial incentives for the States and Territories to sell assets and re-invest the proceeds in productive infrastructure. Under the ARI, all assets to be sold and proposed infrastructure projects must be agreed with the Commonwealth before 1 July 2016.

Following negotiations, in February 2015, the Commonwealth Government agreed to a list of assets to be sold, and to light rail as the productive infrastructure project to receive investment.

The assets to be sold as part of the ARI are listed in the schedule to the National Partnership Agreement (NPA) and include ACTTAB (sold in 2014-15), ageing public housing assets, and office accommodation. The Government will be progressing sales under the ARI program until 2018-19. The schedule was updated in April 2016 to include additional public housing assets, to reflect changes to the estimated timeline of sales and actual sale values of some assets (increasing expected incentive payments by \$8.22 million in total).

All proceeds of the asset sales (currently estimated at \$448 million) and incentive payments from the Commonwealth (15 per cent of asset sale values, currently estimated at \$67 million) will be invested in Light Rail – Stage 1, making a total contribution of \$515 million.

As part of the NPA, the ACT Government reports on ARI funding received and receivable along with associated sales and payments towards Light Rail – Stage 1 in each financial year (Table 5.5.1). In 2015-16, \$3.923 million in incentive payments from the Commonwealth and \$4.7 million from deposits for asset sales were added to the funding pool. As no payments have yet been made under the Light Rail – Stage 1 contract, the closing balance of Table 5.5.1 represents funds held for this purpose.

**Table 5.5.1: Asset Recycling Initiative Accrued Funding Pool**

	<b>2015-16</b>
	<b>\$'000</b>
<b>Opening Balance<sup>1</sup></b>	<b>113,410</b>
Proceeds of Net Asset Sales (Deposit)	4,700
Incentive Payments from the Commonwealth (Incentives)	3,923
<b>Sub-Total (Sales and Incentives)</b>	<b>8,623</b>
Payments towards Light Rail – Stage 1	0
<b>CLOSING BALANCE</b>	<b>122,033</b>

**Note:**

1. Adjusted opening balance.

Further incentive payments are expected to be received in 2016-17, when construction of Light Rail – Stage 1 is due to commence and the schedule for asset sales progresses. Corresponding figures across the forward estimates are provided in Federal Financial Relations (Chapter 7).

## **Streetlights**

In the 2014-15 Budget, the Government announced that it would consider the sale of the Territory's streetlights as part of asset recycling. During 2015-16, the Government called for expressions of interest to determine an appropriate strategy for the future ownership and ongoing management of the Territory's streetlights.

The Government received significant interest from respondents, both from Australia and internationally.

Following a detailed and rigorous evaluation process, the Government has decided to retain ownership of the streetlight assets and approach the market through a Request for Tender process which will seek a complete management solution for the streetlights, including energy efficiency and other upgrades over the life of the contract. Further information is provided in the 2016-17 Budget update of 'A Sustainable Territory'.

The 2015-16 Budget contained a general provision for asset sales, including the potential sale of streetlight assets. As this sale is no longer proceeding, the provision has been adjusted accordingly.