

7.1 2012-13 INFRASTRUCTURE INVESTMENT PROGRAM

Summary

The 2012-13 Infrastructure Investment Program supports the economy and supports jobs. It continues to respond to the needs of a growing city and provide the necessary infrastructure to support an increasing level of essential services to the community. The total infrastructure investment program over four years is \$1.7 billion.

As the city grows, infrastructure upgrades and renewals are important to ensure that the vibrancy and sustainability of the city are maintained and enhanced. The new Urban Improvement Program provides \$96 million across the Budget and Forward Estimates (\$22 million in 2012-13) to improve recreational facilities, upgrade our parks and shopping centres, and respond to the growing urban environment, including investments in our roads, paths and cycling infrastructure. This new program is funded from revenues raised from the Lease Variation Charge.

New health initiatives with a value of \$55.3 million are supported in the 2012-13 program. These projects build on the already substantial investments in enhancing health infrastructure to meet the growing demands placed on the ACT Health system.

Further progress will be made towards meeting the goals of the *Transport for Canberra Plan* and making Canberra a truly sustainable and creative city. An additional \$63.7 million is provided in the Budget to modernise our bus fleet, improve accessibility at bus stops, improve walking and cycling infrastructure, as well as a range of other measures.

Infrastructure funding of \$119 million to support continued land release in Gungahlin and Molonglo has been included in the 2012-13 Budget to assist in meeting housing demand and establishing an inventory of serviced land. Initiatives arising from the Government's *Affordable Housing Action Plan* are also taken into account in delivering the program.

The corridor between Gungahlin and the City presents not only an opportunity for rapid transit options but also for compatible redevelopment along much of its length down Northbourne Avenue. The renewal of the corridor is the Government's major redevelopment focus and will drive significant investment and deliver enormous economic, social and environmental benefits. The redevelopment will be overseen by the new Gungahlin to City Project Office which will coordinate the transit and urban planning as well as developing financial and delivery options.

Justice and Community Safety will be strengthened with \$36.3 million provided to progress the construction of a new joint fire and ambulance station at Charnwood as part of the emergency services facilities upgrade and relocation program, improve Courts and Tribunal Information and Communication Technology (ICT) Case Management Systems and a range of other upgrades to Emergency Services, Policing and Corrective Services infrastructure assets.

To support the Territory's ICT Systems, an investment is being made in the lease of a reliable, scalable, flexible and highly available data centre. Investment is also made in the replacement of critical network infrastructure to support the delivery of business operations across the Territory, and a new service to monitor information technology will improve the performance of critical business systems.

Objectives of the Program

The objectives of the infrastructure investment program are to:

- increase the productive capacity of the economy by expanding infrastructure capacity;
- reduce future (social, environmental and economic) costs; and
- provide for growth in the economy and maintain a competitive edge against other urban centres.

2012-13 Infrastructure Investment Program

The 2012-13 Budget provides for new investments in infrastructure of \$429.498 million over four years. This comprises new Capital Works, including feasibility and forward design (\$267.495 million), Plant and Equipment (\$50.822 million) and ICT (\$22.534 million). The Urban Improvement Program and the Capital Upgrades Program together will provide \$88.647 million.

The value of works in progress flowing from previous years is almost \$1.3 billion over four years, with \$714.850 million available for expenditure in 2012-13. The total Infrastructure Investment Program over four years is \$1.7 billion.

Significant infrastructure investment commitments made in the 2012-13 Budget include:

- Enhancing Hospital Facilities (\$43.619 million);
- ESA Station Upgrade and Relocation – Charnwood Station (\$21.318 million);
- Mugga Lane – Landfill Extension – Stage 5 (\$19.850 million);
- Molonglo 2 – Uriarra Road Upgrade (\$17 million);
- Molonglo 2 – Sewer and Stormwater infrastructure (\$15.9 million);
- Rectification and Upgrade of Taylor Primary School (\$12.930 million);
- Horse Park Drive Extension from Burrumarra Avenue to Mirrabai Drive (\$11.5 million);
- North Weston – Road Intersection Reconstruction (\$10.5 million);
- Gungahlin Enclosed Oval Grandstand Construction (\$6.5 million);
- Manuka Oval Lighting Upgrade (\$5.347 million);
- Expansion of Social Housing (\$5 million);
- Carbon Neutral Government (\$5 million) / Carbon Neutral Schools (\$3.5 million); and
- Canberra Theatre Centre Upgrades (\$3.109 million).

Summary of the 2012-13 Budget Infrastructure Program by Type

**Table 7.1.1
Capital Program – by Type**

	2012-13 Allocation \$'000	2013-14 Allocation \$'000	2014-15 Allocation \$'000	2015-16 Allocation \$'000	Total Value \$'000
Capital Works					
Feasibility Studies	3,900	1,601	0	0	5,501
Forward Design	6,935	1,925	0	0	8,860
Construction	103,370	118,891	26,154	4,719	253,134
Urban Improvement Program	22,000	12,073	4,083	2,500	40,656
Capital Upgrades	47,991	0	0	0	47,991
Sub-Total (Capital Works)	184,196	134,490	30,237	7,219	356,142
Information and Communication Technology (ICT)	9,797	7,584	5,153	0	22,534
Plant and Equipment (P&E) ¹	18,305	12,367	10,075	10,075	50,822
Sub-Total (ICT and P&E)	28,102	19,951	15,228	10,075	73,356
TOTAL NEW CAPITAL PROGRAM	212,298	154,441	45,465	17,294	429,498
Works in Progress					
2011-12 and Prior Year Programs	476,058	202,777	117,561	20,500	816,896
2011-12 Rollovers/Re-profiling	153,466	132,963	19,196	3,707	309,332
Sub-Total (Works in Progress)	629,524	335,740	136,757	24,207	1,126,228
Information and Communication Technology (ICT)	55,399	23,000	16,000	1,000	95,399
Plant and Equipment (P&E)	29,927	5,215	4,180	4,180	43,502
Sub-Total (ICT and P&E)	85,326	28,215	20,180	5,180	138,901
TOTAL WORKS IN PROGRESS	714,850	363,955	156,937	29,387	1,265,129
TOTAL CAPITAL PROGRAM	927,148	518,396	202,402	46,681	1,694,627
Unallocated Capital Provisions					
Future Works Provisions	0	119,751	119,751	119,751	359,253
Urban Improvement Program	0	10,927	20,917	23,500	55,344
Capital Upgrades	0	49,191	50,420	51,682	151,293
Total Provisions	0	179,869	191,088	194,933	565,890
TOTAL BUDGET CAPACITY	927,148	698,265	393,490	241,614	2,260,517

Note:

1. An additional \$10.079 million provided for the ACTION Bus Replacement Program in 2016-17.

In addition to the 2012-13 Budget Infrastructure Program, significant works are delivered each year through the Territory's Public Trading Enterprises (PTEs) and other agencies. Off budget works are those financed through own-source revenue or debt. These works are largely related to land servicing, water and wastewater works and public housing. The value of off budget works for 2012-13 is \$264.9 million. These works will be delivered by the agencies shown below:

- Housing ACT – \$41.4 million.
- ACT Public Cemeteries Authority – \$0.7 million.
- ACTEW Corporation – \$141.7 million.
- Land Development Agency – \$81.1 million.

Financing the Program

It is widely recognised as prudent for governments with strong balance sheets to incur some borrowings, provided that the borrowings are used to finance high quality assets which increase the productive capacity of the economy. These assets provide benefits to the community over a long period of time.

The estimated outcome for 2011-12 new borrowings is \$350 million. It is estimated that new borrowings of up to \$790 million will be required over 2012-13 to 2013-14. This is an increase of \$490 million from the 2011-12 Budget. It is forecast that \$490 million will be repaid by the end of 2015-16 reflecting only a short term need for additional borrowings.

Capital Planning, Delivery and Management

Gungahlin to City Project Office

Providing improved public transport for the fastest growing area of Canberra is a priority for the ACT Government. The corridor between Gungahlin and the City presents not only an opportunity for rapid transit options but also for compatible redevelopment along much of its length down Northbourne Avenue. The Avenue is an important gateway to the Nation's Capital. It is the first thing the majority of visitors to Canberra will see and it must represent the best that Canberra has to offer – including the best standards of planning and design. The renewal of the corridor is the Government's major redevelopment focus and will drive significant investment and deliver substantial economic, social and environmental benefits.

Work on transforming the corridor has already begun. The City to Gungahlin Transit Corridor Study is currently investigating the feasibility of replacing the existing bus service between Gungahlin and the City with a light rail transit or bus rapid transit corridor along Northbourne Avenue and Flemington Road. The Government has also completed a design competition for the redevelopment of Northbourne Flats and work is progressing on the renewal of Allawah and Bega Courts and Currong Apartments nearby.

To deliver the best outcomes for this important gateway, the ACT Government will establish a new division within the Land Development Agency – the Gungahlin to City Project Office. It will oversee the redevelopment of the transit corridor between Civic and Gungahlin. The primary focus of the Project Office's work will be the redevelopment of Northbourne Avenue and the associated rapid transit corridor to Gungahlin. This office will coordinate the transit and urban planning as well as developing financial and delivery options.

Enhancing Capital Works Delivery Systems

The Government has implemented a wide range of reforms over recent years which have enabled the delivery of progressively larger capital works programs every year. The reforms have aimed to address issues such as project documentation, project management skills and resourcing and enhanced industry consultation.

In 2011-12, the Government commenced delivery of the Bonner and Franklin schools utilising the GC21 form of contract, a cooperative contract developed by the NSW Government for use in construction projects. This model has proven effective and the Government will be increasing the use of this form of contract, or modifying it for other delivery models in 2012-13. A variety of other procurement models are available to be utilised, such as Design and Construct and implementing Managing Contractor, Design Construct and Maintain and Design Construct Maintain and Operate contracts. This approach will assist in delivering value for money outcomes for the Territory and better deal with uncertainty in scope and price by allocating risk to the party that is best placed to carry it.

- The ACT continues to participate in the National Prequalification System (NPS). There are two NPS categories, Civil (Roads and Bridges) and Non-Residential Building for construction contractors. The purpose of the national system is to reduce red tape and promote a seamless national economy. Organisations wishing to be prequalified in multiple jurisdictions can now apply for mutual recognition in other States and Territories once they have registered with their home jurisdiction.
- The ACT, along with all Australian State and Territory Governments, is participating in the National Infrastructure Construction Schedule.
- The Government is participating in the Council of Australian Governments' Infrastructure Working Group (COAG IWG), which is progressing a program of regulatory reforms aimed at cutting red tape and promoting efficiency in the delivery of infrastructure projects. Under the auspices of the Australian Procurement and Construction Council and Austroads, the IWG is developing a building and construction procurement options guide, which will be predominantly for the civil and non-residential construction industry.
- The Call Tender Schedule continues to be updated monthly to provide industries with information about upcoming tenders. In 2011-12, the format of the Schedule was improved to make it more user-friendly for industries. The Schedule now includes a map that provides project locations and can be filtered to include projects at a particular stage, for example, feasibility and design, or construction.

