

CHAPTER 5

INFRASTRUCTURE AND CAPITAL

Chapter	Page
5.1 Overview	197
5.2 The 2018-19 Infrastructure Investment Program	199
5.3 Public Trading Enterprises capital works program	213
5.4 Supply and release of land	217
5.5 The Territory's assets	223
5.6 Asset recycling	227

5.1 OVERVIEW

In this Budget we will continue our successful strategy of investing in Canberra to meet the needs of our growing community, support economic growth, and continue making this city even more liveable.

Over the past few years, the ACT Government has stepped up our investment in infrastructure for Canberra, with our program growing by \$357 million over the two years to 2016-17, compared with \$46 million over the previous three years. Infrastructure investment grew to \$1 billion in 2017-18, bringing total expenditure in the Territory since 2015-16 to \$2.8 billion.

This investment has focused on delivering the transport, health and education infrastructure Canberra will need as our city grows. Major projects take time to plan and deliver, so by investing today we will be ready with fast and easy public transport, more hospitals and health facilities and even more great local schools when these are needed in the years ahead.

The 2018-19 Budget continues to grow our investment in major infrastructure by delivering projects worth \$2.8 billion over the four years to 2021-22.

We will invest \$302 million in infrastructure for school education and Canberra Institute of Technology over four years, continuing to deliver on the commitments we made during the 2016 election. We are building and expanding schools across the city to ensure all Canberra kids can find a place at a great school, close to home. This will include a new P to 6 school in Molonglo, and places for 600 more students at local Gungahlin schools. We are also continuing to roll out the \$85 million school infrastructure upgrade program that commenced in 2017, and providing all secondary students in ACT public schools with their own laptops to support their learning.

Our health system has already seen a major overhaul of hospital and clinical facilities in recent years through the Health Infrastructure Program, which has delivered a new Emergency Department for The Canberra Hospital and the new University of Canberra Hospital which will start treating patients in July this year. Now we are looking ahead to the next phase of growth in our health system, which will include establishing the new Surgical Procedures, Interventional Radiology and Emergency (SPIRE) Centre, expanding the Centenary Hospital for Women and Children and scoping a future northside hospital. The 2018 Budget makes further provisions for these works which will significantly boost our capacity to care for a growing city in the years to come.

The Budget also invests in transport infrastructure to keep Canberra moving, with \$249 million for roads, public transport and active travel projects. We are investing in planning and preparatory works for Stage 2 of Light Rail to Woden, and delivering better cycling and footpath links throughout our major town centres, including the Belconnen Bikeway. We are also starting work to duplicate William Slim Drive from Ginninderra Drive to the Barton Highway, along with early planning and design on the extension of John Gorton Drive and a bridge across the Molonglo River.

At the moment, other State and Territory governments are also stepping up their own investment in infrastructure. This means the ACT must manage our significant investment program in the context of a national infrastructure pipeline worth in excess of \$140 billion¹ over the four years to 2021-22. We will achieve this by staging the delivery of individual projects to ensure that they can be delivered on time and cost effectively.

In delivering this significant program, we will also seek to maximise the opportunities created for local workers and businesses so that our investments today deliver lasting benefits through building a more skilled workforce and stronger local industries.

¹Infrastructure Partnerships Australia: <http://infrastructure.org.au/chart-group/government-infrastructure-investment/>. Accessed on 17 May 2018.

5.2 THE 2018-19 INFRASTRUCTURE INVESTMENT PROGRAM

Infrastructure investment trends and forecasts

The 2018-19 Budget continues the Government's infrastructure investment program to provide better services for our community and help our economy grow faster.

The Government will invest \$2.8 billion in infrastructure in the ACT over the next four years, similar to the then record infrastructure investment program announced in the 2017-18 Budget.

The Territory's Infrastructure Investment Program has three main components.

- The Capital Works Program: we will provide funding of \$1.6 billion over the four years to 2021-22. The program includes all projects undertaken by the ACT Government for physical infrastructure, as well as investment in Information and Communications Technology (ICT), and Plant and Equipment (P&E).

Physical infrastructure works include:

- new projects approved in the 2018-19 Budget;
- works-in-progress on projects commenced in previous years; and
- improvements to existing infrastructure under the Better Infrastructure Fund, to extend the useful life, or improve the delivery capacity, of existing physical assets.

ICT and P&E expenditure is enabling investment to better facilitate government service delivery in the Territory.

- Capital provisions: these provisions apply to the Capital Works Program and have two elements:
 - Infrastructure Investment Provisions: these provisions total \$1.1 billion over four years. They set aside funding for significant capital works projects for which budgets are yet to be settled, or which are commercially sensitive; and
 - Capital Delivery Provision: this provision has a zero net impact over the four years to 2021-22. It forecasts the cash flow profile of the aggregate Capital Works Program within the four year period, based on past expenditure trends. The provision is made at a whole of government level and will not affect the timely delivery of any project.

- Public Private Partnerships (PPPs): the ACT is currently engaged in two Public Private Partnerships projects: the ACT Law Courts Facilities and Light Rail – Stage 1 which are expected to be completed over the course of 2018-19. The contracts for the projects allow for a total investment of \$867 million over the five years from 2015-16. These projects are long-term contracts with private sector providers to design, finance, construct, maintain and/or operate infrastructure assets. The Government will make service payments over the life of the contracts, intended to cover the costs incurred by the private sector provider in constructing, maintaining and/or operating the assets. At the end of the contracts, the infrastructure assets will be owned by the Territory.

Projects funded under the Infrastructure Investment Program are identified, assessed and developed in accordance with [The Capital Framework](#) for the delivery of infrastructure projects in the ACT.

Summary information on the Capital Works Program is provided in Table 3.3.2 of Infrastructure and capital initiatives (Chapter 3.3) for new works, Appendix D for the Better Infrastructure Fund, and Appendix E for works-in-progress.

More detailed information on the program can be found at

<http://apps.treasury.act.gov.au/budget/budget-2018-2019/capital-works-program>

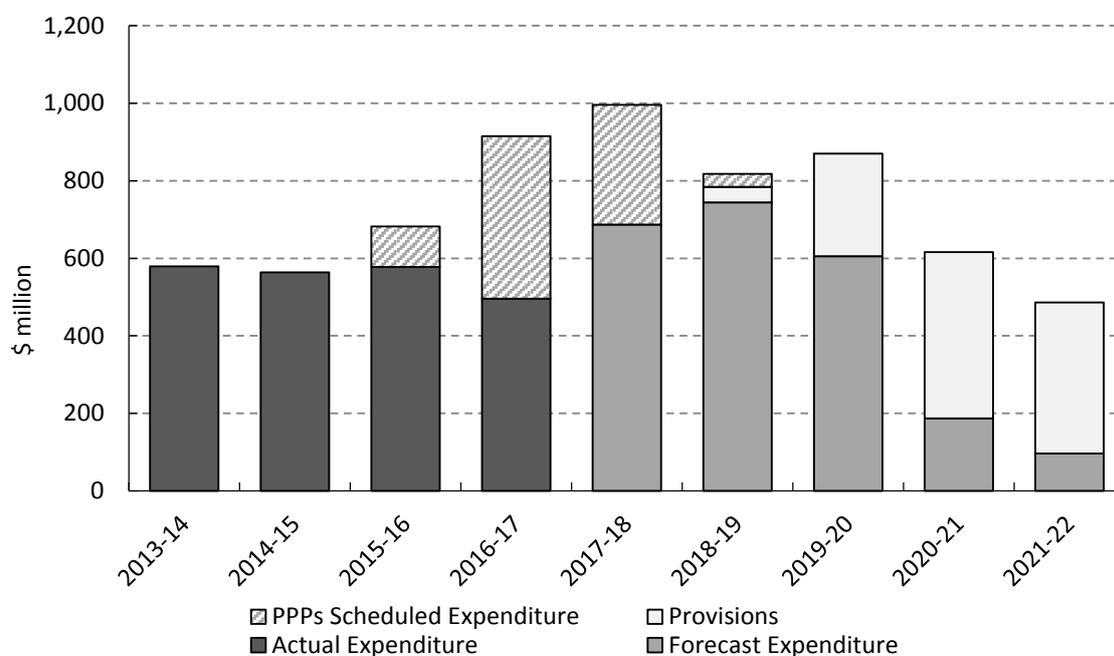
Investment forecasts

The 2018-19 Budget maintains the momentum of the Government’s significant infrastructure investment in recent years to grow services for our city. The Government will deliver \$2.8 billion in infrastructure investment over the four years to 2021-22.

Figure 5.2.1 shows actual and forecast infrastructure investment in the ACT from 2013-14 to 2021-22. Most of the increase in investment over the two years to 2017-18 reflects scheduled expenditure associated with the ACT Law Courts Facilities and Light Rail – Stage 1 projects.

For the four years to 2021-22, the higher levels of forecast expenditure in the first two years reflect both continued work on existing projects and the commencement of new initiatives introduced in the 2018-19 Budget. The higher levels of provisions in the last two years are associated with both the Infrastructure Investment and Capital Delivery provisions (see Table 5.2.1).

Figure 5.2.1: Infrastructure investment 2013-14 to 2021-22¹



Notes:

1. Data for Provisions exclude the Capital Delivery Provision. Actual and forecast expenditure includes Information and Communications Technology, and Plant and Equipment.

Table 5.2.1: Summary of 2018-19 Infrastructure Investment Program

	2018-19 Allocation \$'000	2019-20 Allocation \$'000	2020-21 Allocation \$'000	2021-22 Allocation \$'000	Total Investment \$'000
New Capital Works					
Early Planning	32,646	1,200	125	0	33,971
Forward Design	2,000	0	0	0	2,000
Construction	61,379	93,975	40,854	11,247	207,455
Information and Communications					
Technology	22,003	11,858	1,307	252	35,420
Plant and Equipment	7,202	5,053	228	100	12,583
Capital Grants	1,165	2,435	7,700	0	11,300
Sub-Total New Capital Works	126,395	114,521	50,214	11,599	302,729
Better Infrastructure Fund¹	55,218	69,497	64,437	60,166	249,318
TOTAL NEW WORKS	181,613	184,018	114,651	71,765	552,047
Works-in-Progress	564,792	421,154	72,330	24,212	1,082,488
TOTAL CAPITAL WORKS PROGRAM	746,405	605,172	186,981	95,977	1,634,535
Infrastructure Investment Provisions	40,419	264,733	429,083	389,652	1,123,887
Capital Delivery Provision ²	-148,000		148,000		0
CAPITAL WORKS PROGRAM FORECAST	638,824	869,905	764,064	485,629	2,758,422
Public Private Partnerships					
ACT Law Courts Facilities	22,658	0	0	0	22,658
Light Rail – Stage 1 ³	15,353	190	0	0	15,543
TOTAL PUBLIC PRIVATE PARTNERSHIPS	38,011	190	0	0	38,201
TOTAL INFRASTRUCTURE INVESTMENT PROGRAM INCLUDING PROVISIONS⁴	676,835	870,095	764,064	485,629	2,796,623

Notes:

1. The large increase in Better Infrastructure Fund (BIF) in 2019-20 reflects the re-profiling of funds from 2018-19 into that year. The decrease in BIF in 2021-22 reflects the conclusion of additional investment through the *Better schools for our kids – Public school infrastructure upgrades* initiative which was introduced in the 2017-18 Budget.
2. The Capital Delivery Provision is applied to the Capital Works Program. This provision indicatively re-profiles approximately 20 per cent of the 2018-19 Capital Works Program into 2020-21, providing forecast program expenditure based on historical trends.
3. The spend estimates for Light Rail – Stage 1 are derived from the original program set out in the contract. The ultimate spending profile for the project is the responsibility of the primary contractor.
4. Numbers may not add due to rounding.

Capital Works Program

The Capital Works Program forms the largest component of the Infrastructure Investment Program, with funding of \$744 million in 2018-19 and \$1.6 billion over the four years to 2021-22. This includes:

- \$126 million in 2018-19 and \$303 million over four years for new capital works;
- \$565 million in 2018-19 and \$1.1 billion over four years for works-in-progress; and
- \$55 million in 2018-19 and \$249 million over four years for the Better Infrastructure Fund.

Since the 2017-18 Budget, this program includes expenditure on ICT and P&E. Inclusion of these components provides more comprehensive information on government capital spending and allows improved transparency in reporting.

Health and education continue to be our high priorities. Funding for health infrastructure totals \$132 million in 2018-19 and \$268 million over four years. The Government has also made significant provisions for future health infrastructure delivery, as identified below under capital provisions. We will also provide \$90 million and \$302 million in capital investment for school education and the Canberra Institute of Technology over the same periods.

We will continue to make significant investment in city and urban development, transport and road infrastructure, public housing and environmental measures. Together, projects in these areas account for \$496 million in 2018-19 and \$994 million over the four years to 2021-22.

To ensure that the benefits of our progressive and vibrant city are shared by all Canberrans, the Capital Works Program includes initiatives to better support those in need and promote social inclusion, such as emergency assistance, community services, justice and community safety. Investment in these areas totals \$29 million in 2018-19 and \$70 million over four years.

Information on some of the significant projects is provided in the discussion on new works and works-in-progress below. A summary of the 2018-19 Capital Works Program for individual agencies is provided in Table 5.2.2.

Table 5.2.2: Summary of the 2018-19 Budget Capital Works Program

Agency	Financing 2018-19 \$'000	Financing 2019-20 \$'000	Financing 2020-21 \$'000	Financing 2021-22 \$'000	Total Investment \$'000
Canberra Institute of Technology					
New Capital Works	1,000	0	0	0	1,000
Better Infrastructure Fund	2,707	2,776	2,846	2,917	11,246
Works-in-Progress	1,257	1,257	1,257	1,257	5,028
Total	4,964	4,033	4,103	4,174	17,274
Chief Minister, Treasury and Economic Development Directorate					
New Capital Works	9,508	9,620	2,550	1,552	23,230
Better Infrastructure Fund	7,956	7,794	7,988	8,188	31,926
Works-in-Progress	65,998	78,192	20,745	2,244	167,179
Total	83,462	95,606	31,283	11,984	222,335
City Renewal Authority					
New Capital Works	2,750	1,458	0	0	4,208
Better Infrastructure Fund	0	0	0	0	0
Works-in-Progress	15,911	21,050	5,888	0	42,849
Total	18,661	22,508	5,888	0	47,057
Community Services Directorate					
New Capital Works	1,934	0	0	0	1,934
Better Infrastructure Fund	402	415	426	436	1,679
Works-in-Progress	1,339	0	0	0	1,339
Total	3,675	415	426	436	4,952
Cultural Facilities Corporation					
New Capital Works	1,795	340	375	0	2,510
Better Infrastructure Fund	408	418	428	439	1,693
Works-in-Progress	0	0	0	0	0
Total	2,203	758	803	439	4,203
Education Directorate					
New Capital Works	10,201	35,570	26,204	8,623	80,598
Better Infrastructure Fund	14,600	27,900	21,800	16,485	80,785
Works-in-Progress	60,060	35,714	16,248	11,419	123,441
Total	84,861	99,184	64,252	36,527	284,824
Elections ACT					
New Capital Works	196	240	0	0	436
Better Infrastructure Fund	0	0	0	0	0
Works-in-Progress	0	0	0	0	0
Total	196	240	0	0	436
Environment, Planning and Sustainable Development Directorate					
New Capital Works	3,871	2,182	1,024	504	7,581
Better Infrastructure Fund	765	1,025	1,051	1,077	3,918
Works-in-Progress	134,929	77,004	72	72	212,077
Total	139,565	80,211	2,147	1,653	223,576
Health Directorate					
New Capital Works	41,060	32,538	14,147	320	88,065
Better Infrastructure Fund	4,852	5,347	5,480	5,595	21,274
Works-in-Progress	85,694	73,271	0	0	158,965
Total	131,606	111,156	19,627	5,915	268,304

Agency	Financing 2018-19 \$'000	Financing 2019-20 \$'000	Financing 2020-21 \$'000	Financing 2021-22 \$'000	Total Investment \$'000
Housing ACT					
New Capital Works	4,510	4,043	2,766	0	11,319
Better Infrastructure Fund	0	0	0	0	0
Works-in-Progress	5,000	5,000	5,000	5,000	20,000
Total	9,510	9,043	7,766	5,000	31,319
Justice and Community Safety Directorate					
New Capital Works	8,995	3,462	0	0	12,457
Better Infrastructure Fund	1,678	1,860	1,907	1,955	7,400
Works-in-Progress	14,774	27,085	1,006	2,122	44,987
Total	25,447	32,407	2,913	4,077	64,844
Office of the Legislative Assembly					
New Capital Works	0	0	0	0	0
Better Infrastructure Fund	958	278	285	292	1,813
Works-in-Progress	35	35	35	35	140
Total	993	313	320	327	1,953
Transport Canberra and City Services Directorate					
New Capital Works	40,575	25,068	3,148	600	69,391
Better Infrastructure Fund	20,892	21,684	22,226	22,782	87,584
Works-in-Progress	179,795	102,546	22,079	2,063	306,483
Total	241,262	149,298	47,453	25,445	463,458
Total All Agencies					
New Capital Works	126,395	114,521	50,214	11,599	302,729
Better Infrastructure Fund	55,218	69,497	64,437	60,166	249,318
Works-in-Progress	564,792	421,154	72,330	24,212	1,082,488
TOTAL CAPITAL WORKS PROGRAM	746,405	605,172	186,981	95,977	1,634,535

Note: Numbers may not add due to rounding.

New capital works

The 2018-19 Budget continues the expansion of infrastructure investment in recent years with new capital works totalling \$126 million in 2018-19 and \$303 million over the four years to 2021-22. This investment program will focus particularly on providing infrastructure and facilities for our growing suburbs in Molonglo Valley and Gungahlin, as well as meeting the needs of our community across Canberra.

Health and education continue to be our priorities, with new capital works allocations of \$88 million and \$82 million respectively over four years. Together, projects in city and urban development, transport and road infrastructure, public housing and environmental measures account for \$119 million. Justice and community services also receive \$14 million.

The 2018-19 New Capital Works Program includes \$22 million in 2018-19 and \$35 million over four years for new ICT projects. This funding includes \$20 million over the three years to 2020-21 for upgrading both the ACT Health information system and ACT Pathology Laboratory information system.

Some of the significant new capital works projects include:

- More schools, better schools – Delivering Molonglo P-6 (\$42 million);
- Better healthcare for a growing community – ACT Health critical assets upgrades (\$25 million);
- Keeping our growing city moving – Better infrastructure for active travel (\$22 million);
- More schools, better schools – More places at Gungahlin schools (\$20 million);
- More schools, better schools – Roof Replacement Program (\$18 million);
- Better healthcare for a growing community – ACT Health ICT upgrades (\$13 million);
- Better healthcare for a growing community – Surgical Procedures, Interventional Radiology and Emergency (SPIRE) Centre – (\$13 million); and
- Better healthcare for a growing community – More mental health accommodation (\$12 million)².

Details of new capital works projects are provided in the Infrastructure and capital initiatives section of Chapter 3.3 (Table 3.3.2).

Works-in-progress

The Government's significant work program from previous years will continue, with works-in-progress (WIPs) totalling \$565 million in 2018-19 and \$1.1 billion over the four years to 2021-22.

Health and education also continue to be our priorities in works from previous years, with funding of \$159 million and \$128 million respectively for the four years to 2021-22. Together, projects in city and urban development, transport and road infrastructure, public housing and environmental measures account for \$749 million. Justice and community services account for \$46 million.

This work program will see the completion of the Public Housing Renewal initiative which will invest in 1,288 new homes across Canberra.

The program also provides funding for existing ICT projects totalling \$108 million over the four years to 2021-22, including \$32 million for improving ICT in our school system and the continued roll out of laptops for secondary students in ACT public schools.

Some of the significant works-in-progress projects to be funded over the four years to 2021-22 include:

- Better Public Housing – New public housing properties (\$149 million);
- Better Health Services – Upgrading and maintaining ACT Health assets (\$64 million);

² Another \$11 million has been allocated for expenses associated with this initiative, bringing total funding for the initiative to \$23 million over four years.

- Better Roads for Gungahlin – Horse Park Drive duplication (Mulligans Flat Road to the Federal Highway) – (\$39 million);
- Expansion of the rapid bus network (\$38 million);
- Building a better city – City Renewal Authority – Canberra's lakeside (\$36 million);
- University of Canberra Public Hospital (\$35 million);
- Better Services – Weston Creek and Stromlo swimming pool and leisure centre (\$32 million);
- Building a better city – Gundaroo Drive duplication – Stage 2 (\$29 million);
- Better services in your community – Rehabilitating landfill sites (\$28 million); and
- Improving Our Suburbs – New Molonglo Valley infrastructure (\$27 million).

Summary information on works-in-progress projects is provided in Appendix E. Further detailed information on the projects can be found at <http://apps.treasury.act.gov.au/budget/budget-2018-2019/capital-works-program>.

Better Infrastructure Fund

The Better Infrastructure Fund provides annual funding for improving existing Territory physical infrastructure assets, to extend their useful life or enhance existing service delivery capacity. Improvements to existing infrastructure are distinct from routine repairs and maintenance which are funded separately.

The 2018-19 program includes projects in the areas of city and urban infrastructure, roads, health, education, justice and community safety, and caring for the environment.

The Better Infrastructure Fund allocation amounts to \$55 million in 2018-19 and \$249 million over the four years to 2021-22. This includes \$64 million for public school infrastructure upgrades over the three years to 2020-21, taking total investment in this election commitment to \$85 million over four years.

Summary information on Better Infrastructure Fund projects is provided in Appendix D. Further detailed information on the projects can be found at:

<http://apps.treasury.act.gov.au/budget/budget-2018-2019/capital-works-program>.

Capital provisions

Infrastructure Investment Provisions

Consistent with past practice, the 2018-19 Budget includes Infrastructure Investment Provisions of \$1.1 billion over the four years to 2021-22. These provisions provide for significant capital works projects for which budgets are yet to be settled, or which are commercially sensitive. The more significant of these projects include:

- Better healthcare for a growing community – Surgical Procedures, Interventional Radiology and Emergency (SPIRE) Centre;
- Keeping our growing city moving – John Gorton Drive and Molonglo River Bridge Crossing – Early design;
- Better healthcare for a growing community – Expanding Centenary Hospital – More services for women and children;
- Keeping our growing city moving – William Slim Drive duplication;
- Keeping our growing city moving – Monaro Highway upgrade; and
- Building a better city – Light Rail Stage 2 – City to Woden – Design and procurement.

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

The \$1.1 billion Infrastructure Investment Provisions include a Future Works Provision of \$100 million for each of the three years to 2021-22. This is a general provision for new initiatives in the forward years and is not allocated to any specific project.

Capital Delivery Provision

The 2018-19 Budget also includes a Capital Delivery Provision to improve the accuracy of the overall budget estimates. While agencies are funded to deliver capital projects 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 within the four years to 2021-22. 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 individual project.

Public Private Partnerships

Public Private Partnerships 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.

The key benefits of this 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, Public Private Partnerships have been adopted for two major projects: the ACT Law Courts Facilities and Light Rail – Stage 1. The contracts for the projects allow for a total investment of \$867 million over the five years from 2015-16 (see Table 5.2.3).

Table 5.2.3: Public Private Partnerships – ACT Law Courts Facilities and Light Rail – Stage 1 – Capital Expenditure Schedule

Project	Previous Years \$'000	2018-19 Forecast \$'000	2019-20 Forecast \$'000	2020-21 Forecast \$'000	2021-22 Forecast \$'000	Total \$'000
ACT Law Courts Facilities	137,575	22,658	0	0	0	160,233
Light Rail – Stage 1 ¹	691,160	15,353	190	0	0	706,703
Total	828,735	38,011	190	0	0	866,936

Note:

1. The spend estimates for Light Rail – Stage 1 are derived from the original program set out in the contract. The ultimate spending profile for the project is the responsibility of the primary contractor.

ACT Law Courts Facilities

The ACT Law Courts Facilities was the first Public Private Partnerships 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.

Light Rail – Stage 1

The construction of Light Rail – Stage 1 is being delivered by Canberra Metro, a consortium which includes Pacific Partnerships, CPB Contractors, John Holland, Mitsubishi Corporation, Aberdeen Infrastructure Investments, Deutsche Bahn and CAF.

Under the light rail Project Agreement, Canberra Metro will be responsible for the design, construction and operation of the first stage of Canberra's light rail system for a 20 year operating period.

2017-18 Capital Works Program estimated outcome

Funds available

The 2017-18 Budget allocated \$888 million to capital works projects which included new works, works-in-progress and infrastructure improvements. This Budget appropriation was adjusted for the rollover of 2016-17 program funding, opening financial year adjustments, and revisions to Commonwealth funding. These adjustments resulted in total funds of \$1.0 billion being available for expenditure in 2017-18.

Project savings and re-profiling

Over the course of 2017-18, agencies reviewed their infrastructure investment projects in light of expenditure to date and identified where the reprofiling of their projects was appropriate. This process also included both bringing forward planned expenditure in the out years to accelerate some existing projects, and returning savings to the budget. A total of \$344 million has been re-profiled from 2017-18 to 2018-19 and the forward years.

Details of savings and re-profiling for individual projects can be found at:

<http://apps.treasury.act.gov.au/budget/budget-2018-2019/capital-works-program>

Table 5.2.4 provides a summary of expected outcomes for individual agencies for 2017-18, compared to total funds available for the Capital Works Program.

The table also shows estimated capital works expenditure for 2017-18 by agency. The Environment, Planning and Sustainable Development Directorate has the largest forecast spend (\$186 million), followed by the Transport Canberra and City Services Directorate (\$150 million), Health Directorate (\$123 million), the Education Directorate (\$91 million) and the Chief Minister, Treasury and Economic Development Directorate (\$75 million).

Table 5.2.4: Summary of the 2017-18 Capital Works Estimated Outcome

	Total Financing	Program Savings and Adjustments	Financing Re-profiled	Estimated Outcome
	2017-18¹ \$'000	2017-18 \$'000	2017-18² \$'000	2017-18 \$'000
Canberra Institute of Technology	4,792	0	0	4,792
Chief Minister, Treasury and Economic Development Directorate	110,341	-1,770	-33,463	75,108
City Renewal Authority	21,324	0	-8,211	13,113
Community Services Directorate	5,985	0	-1,175	4,810
Cultural Facilities Corporation	1,820	-300	0	1,520
Education Directorate	121,629	0	-31,000	90,629
Elections ACT	235	0	0	235
Environment, Planning and Sustainable Development Directorate	286,222	-9,617	-90,687	185,918
Health Directorate	210,221	7,126	-94,000	123,347
Housing ACT	5,700	0	0	5,700
Justice and Community Safety Directorate	54,121	0	-30,858	23,263
Office of the Legislative Assembly	985	0	0	985
Transport Canberra and City Services Directorate	200,100	5,145	-54,863	150,382
Total	1,023,475	584	-344,257	679,802

Notes:

1. Total financing includes Section 16B rollovers from 2016-17 into 2017-18 and technical adjustments to program funding.
2. Financing from 2017-18 is re-profiled into 2018-19 and the forward years. Some projects have also been accelerated.

5.3 PUBLIC TRADING ENTERPRISES CAPITAL WORKS PROGRAM

In 2018-19, Public Trading Enterprises are expected to undertake new works totalling \$285 million. These works are not funded through the budget and are financed by the enterprises through own-source revenue or borrowing.

Table 5.3.1: Summary of Public Trading Enterprises' capital works

Agency	Financing 2018-19 \$'000	Financing 2019-20 \$'000	Financing 2020-21 \$'000	Financing 2021-22 \$'000	Total \$'000
ACT Public Cemeteries Authority	270	0	0	0	270
City Renewal Authority	798	5,642	4,942	4,242	15,624
Housing ACT	36,934	33,699	34,807	35,945	141,385
Icon Water	107,512	104,973	96,840	68,999	378,324
Suburban Land Agency	139,270	157,043	114,795	90,397	501,505
Total PTEs	284,784	301,357	251,384	199,583	1,037,108

ACT Public Cemeteries Authority

The ACT Public Cemeteries Authority will continue work to upgrade and enhance the Territory's public cemeteries. The planned work in 2018-19 includes the replacement of irrigation wiring at Woden Cemetery, roadworks and a new car park at Gungahlin Cemetery.

City Renewal Authority

The City Renewal Authority will lead, manage and facilitate the delivery of major redevelopment projects within the City Renewal Precinct. In partnership with the community, private sector and other government agencies, the City Renewal Authority will create a vibrant and vital city heart through the delivery of design-led, people-focused urban renewal with a commitment to social and environmental sustainability. In addition to leading urban renewal within the precinct, the City Renewal Authority buys and sells leases of land on behalf of the Territory with development occurring over the forward estimates for future releases within the City Centre.

Housing ACT

Housing ACT undertakes a program of building and purchasing properties each year, as well as upgrading and refurbishing properties to ensure they continue to meet the needs of tenants. The funding for this program is primarily derived from the proceeds from the sale of properties and, if available, funds from operations.

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

Housing ACT focuses on building properties to deliver a range of housing options for tenants. Properties to be constructed or purchased include larger homes with 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 effectiveness, efficiency and quality of services delivered to tenants.

In 2018-19, Housing ACT will invest \$37 million to purchase, construct and refurbish properties. This is similar to the activity levels of the past few years and is in line with the longer-term program. This investment by Housing ACT is in addition to the Public Housing Renewal Program funded through the budget that will invest in 1,288 new homes across Canberra.

Icon Water Limited

Icon Water Limited is an unlisted public company owned by the ACT Government. Icon Water owns and manages the assets and operation of water and sewerage services to the ACT and bulk water to Queanbeyan. Icon Water also has an investment in the ACT's energy distributor and retailer ActewAGL, through a joint venture of two partnerships with each of Jemena Limited and AGL Energy Limited. Key capital works projects being undertaken by Icon Water in 2018-19 include:

- the continued upgrade of the Lower Molonglo Water Quality Control Centre. The Centre was constructed in the 1970s and elements of the plant now require substantial upgrading
- upgrading Icon Water information technology infrastructure. Icon Water will renew legacy systems and hardware to support a 10-year renewal program of the operational technology systems which are at end of life
- ongoing investment to rehabilitate both water and sewer networks to replace old and damaged pipes, ensuring a more reliable water supply and wastewater services to the community. This is part of a rolling program to maintain over 3,200 kilometres of water mains and sewer networks. In 2018-19, Icon Water plans to replace six kilometres of water mains, 16 kilometres of sewer mains and approximately 7,000 water meters
- renewal and upgrading of 498 electrical and instrumentation control systems across 93 Icon Water facilities for improved safety, reliability and maintenance effectiveness
- installation of solar photovoltaic technology at a number of Icon Water sites to take advantage of unused rooftops and land. This will reduce Icon Water's exposure to energy price volatility and decrease net greenhouse gas emissions.

Suburban Land Agency

The Suburban Land Agency develops residential, commercial, industrial and community land on greenfield sites and through urban renewal projects.

The Suburban Land Agency buys and sells leases of land on behalf of the Territory, delivers a mixture of public and private housing in new suburbs, aims to increase the supply of affordable and community housing, and carries out development of land in an environmentally sustainable way. The Suburban Land Agency's projects build people-focused and inclusive communities that provide positive social, environmental and economic outcomes to benefit all Canberrans.

Major estate developments in 2018-19 include the suburbs of Taylor and Gungahlin Town Centre in Gungahlin; Coombs, North Coombs, North Wright and Whitlam in Molonglo Valley; and Lawson and Ginninderry in Belconnen. The Suburban Land Agency will also undertake works in Greenway, Hume West and the Kingston Foreshore.

Further details of the ACT Government's future land release program via the Suburban Land Agency is available in the *ACT Indicative Land Release Program 2018-19 to 2021-22*.

5.4 SUPPLY AND RELEASE OF LAND

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.

Now delivered through the Suburban Land Agency and the City Renewal Authority, the four-year Indicative Land Release Program is one of the Government's key economic and social strategies for the community. This program helps the Government achieve its social, environmental and financial objectives by:

- meeting the demand for land in the Territory and stimulating urban renewal;
- supporting investment in the Territory economy;
- facilitating the provision of affordable and community housing;
- establishing an appropriate inventory of serviced land; and
- achieving satisfactory returns from the sale of unleased and surplus Territory land.

The Government has decided to increase the four-year residential target in the 2018-19 to 2021-22 Indicative Land Release Program (Table 5.4.1) to 17,000 dwellings. This target is a significant increase from the previous four-year target of 16,250.

Demand for detached housing blocks remains high, and the Government aims to maintain a supply of standard residential sites in greenfield estates consistent with the ACT Planning Strategy. In 2018-19 the Government plans to release detached housing blocks in Taylor, Throsby, Wright, Whitlam and Strathnairn.

The Indicative Land Release Program includes four remaining sites listed for sale by the Territory as part of the Commonwealth Government's Asset Recycling Initiative. These sites at Lyneham, Griffith, Narrabundah and Lyons contribute 1,895 multi-unit dwellings to the 2018-19 residential release program. From 2019-20 onwards the Government will shift the focus of urban renewal to the City and the Kingston – East Lake urban renewal area.

The Indicative Mixed Use Land Release Program (Table 5.4.2) reflects the delivery of urban renewal initiatives and urban infill housing in commercial areas. Over the next four years the Government plans the release of a further 236,990 square metres of mixed use commercial land.

The Indicative Commercial Land Release Program (Table 5.4.3) seeks to ensure viable commercial land is available to support the needs of a growing economy and the convenience of Canberra communities. The Government has set a release target of 117,604 square metres of dedicated commercial land over four years.

The Government has included a release target of 110,000 square metres of industrial land (Table 5.4.4) over the next four years comprised of the remaining land inventory in Hume and new estates in Symonston, Fyshwick and Pialligo.

The Government's Indicative Community and Non-Urban Land Release Program (Table 5.4.5) includes the release of land for three new government schools in Gungahlin, Belconnen (as part of the Ginninderry Joint Venture) and Whitlam; a non-government school site in Wright; and land for a range of other community facilities such as aged care and retirement living accommodation. This program has a release target of 333,000 square metres of community and non-urban land over the next four years.

A summary of the Indicative Land Release Program is set out in the tables below.

Table 5.4.1 Indicative Residential Land Release Program

Region	2018-19	2019-20	2020-21	2021-22	Total
	Number of dwellings				
Gungahlin	674	1,764	1,334	872	4,644
Molonglo	1,126	806	1,035	953	3,920
Belconnen	335	850	800	800	2,785
Central Canberra	1,191	350	880	1,535	3,956
Woden and Weston	704	480	150	250	1,584
Tuggeranong	30	0	50	0	80
Other	0	0	31	0	31
Total	4,060	4,250	4,280	4,410	17,000

Table 5.4.2 Indicative Mixed Use Land Release Program

Region	2018-19	2019-20	2020-21	2021-22	Total
	m²	m²	m²	m²	m²
Gungahlin	5,740	27,799	10,519	15,528	59,586
Molonglo	12,261	6,582	0	13,015	31,858
Belconnen	2,712	6,700	19,668	12,000	41,080
Central Canberra	13,633	0	42,500	30,900	87,033
Woden and Weston	0	11,200	0	0	11,200
Tuggeranong	0	0	0	0	0
Other	0	0	6,233	0	6,233
Total	34,346	52,281	78,920	71,443	236,990

Table 5.4.3 Indicative Commercial Land Release Program

Region	2018-19 m ²	2019-20 m ²	2020-21 m ²	2021-22 m ²	Total m ²
Gungahlin	0	40,432	21,843	0	62,275
Molonglo	0	0	15,000	10,000	25,000
Belconnen	1,559	0	0	0	1,559
Central Canberra	0	15,900	0	0	15,900
Woden and Weston	0	0	5,202	0	5,202
Tuggeranong	0	0	0	7,668	7,668
Other	0	0	0	0	0
Total	1,559	56,332	42,045	17,668	117,604

Table 5.4.4 Indicative Industrial Land Release Program

Region	2018-19 m ²	2019-20 m ²	2020-21 m ²	2021-22 m ²	Total m ²
Hume	20,000	20,000	0	0	40,000
Symonston	0	0	30,000	10,000	40,000
Fyshwick	0	0	0	20,000	20,000
Majura/Pialligo	0	0	0	10,000	10,000
Total	20,000	20,000	30,000	40,000	110,000

Table 5.4.5 Indicative Community and Non-Urban Land Release Program

Region	2018-19 m ²	2019-20 m ²	2020-21 m ²	2021-22 m ²	Total m ²
Gungahlin	8,952	19,097	58,237	5,005	91,291
Molonglo	68,055	5,141	0	50,000	123,196
Belconnen	0	0	100,000	0	100,000
Central Canberra	0	0	0	0	0
Woden and Weston	0	0	0	0	0
Tuggeranong	10,513	0	8,000	0	18,513
Other	0	0	0	0	0
Total	87,520	24,238	166,237	55,005	333,000

The 2018-19 Budget invests in capital works projects that support the objectives of the Indicative Land Release Program, including:

- **More services for our suburbs – Parkwood estate rehabilitation (\$5.0 million)** – The Government will undertake rehabilitation works at the Parkwood Road Recycling Estate to support the continued development of the Ginninderry residential development;
- **More services for our suburbs – Establishing the Molonglo River Reserve (\$3.2 million)** – The Government is investing in the protection of our native species and their habitat by undertaking ecological conservation works in the Molonglo River Reserve. As part of the Molonglo Valley Plan for the Protection of Matters of National Environmental Significance;

- **Keeping our growing city moving – John Gorton Drive and Molonglo River Bridge Crossing – Early design (\$1.3 million)** – The Government will undertake phased design and construction of the remaining 1.7 kilometres of John Gorton Drive and a bridge crossing of the Molonglo River to facilitate future land releases in the Molonglo Valley;
- **More jobs for our growing city – Establishing environmental offsets (\$2.2 million)** – The Government will undertake activities to protect our native species and improve their habitat as part of the Matters of National Environmental Significance within the Eastern Broadacre Strategic Assessment zone. The funding is dependent on the finalisation of the Eastern Broadacre Strategic Assessment in 2018; and
- **More jobs for our growing city – Urban renewal in Kenny – Early planning (\$0.6 million)** – The Government will commence early planning works to examine future land developments in Gungahlin and the inner north to expand the supply of land in Canberra.

A number of other projects related to land release that were funded in previous budgets will continue to be delivered throughout 2018-19, including:

- **Gundaroo Drive Duplication (Stage 2) (\$30 million)** – This project is to complete the duplication from Gungahlin Drive through to the Barton Highway. Connecting the two previous investments in the Gungahlin area (signalisation of the William Slim Drive/Barton Highway intersection and Gundaroo Drive Duplication Stage 1), the project is expected to reduce congestion and improve road conditions in response to the increases in population density of the area;
- **Better Roads for Gungahlin – Horse Park Drive duplication (Mulligans Flat Road to the Federal Highway) (\$57 million)** – Horse Park Drive is a key access road to Gungahlin and the project will better manage traffic flow increases associated with Majura Parkway and new developments in Gungahlin;
- **Improving Our Suburbs – New Molonglo Valley infrastructure (\$33 million)** – This project is to develop road and water infrastructure, which facilitates land releases for the new suburb of Whitlam in the Molonglo Valley;
- **Better Roads for Weston Creek – Cotter Road duplication (Tuggeranong Parkway to Yarralumla Creek) (\$29 million)** – The duplication of Cotter Road between the Tuggeranong Parkway and Yarralumla Creek will improve traffic flow from the Molonglo region;
- **Molonglo East-West arterial roads early planning (\$0.3 million)** – This early planning will investigate the realignment of the East-West arterial road at Molonglo from John Gorton Drive to the Tuggeranong Parkway;
- **Bindubi Street Extension Road – Early Planning (\$0.3 million)** – This early planning will explore the extension of Bindubi Street from William Hovell Drive to John Gorton Drive in Molonglo; and

- **William Hovell Drive – Early Planning (\$0.3 million)** – This early planning will investigate transport network improvements for West Belconnen and Molonglo. The study will include an options assessment of upgrading William Hovell Drive between Drake Brockman Drive and Coulter Drive.

In addition to the substantial capital investments being made by the Government in the 2018-19 Budget to support land release activities, both the Suburban Land Agency and City Renewal Authority will deliver significant infrastructure works through their respective capital programs. In 2018-19, the estimated combined value of capital works to be funded by these two agencies is \$140 million. Table 5.3.1 provides further detail of these investments.

5.5 THE TERRITORY'S ASSETS

The Territory's asset base

The ACT Government's physical assets largely consist of public housing, public works infrastructure such as bridges, roads, cycleways and pathways, water, sewerage and stormwater assets, community and heritage assets, as well as schools, along with the land on which they are situated.

Table 5.5.1 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 2017, the total value of physical assets, net of depreciation, has increased by \$656 million to \$21.8 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 \$25.7 billion by June 2019.

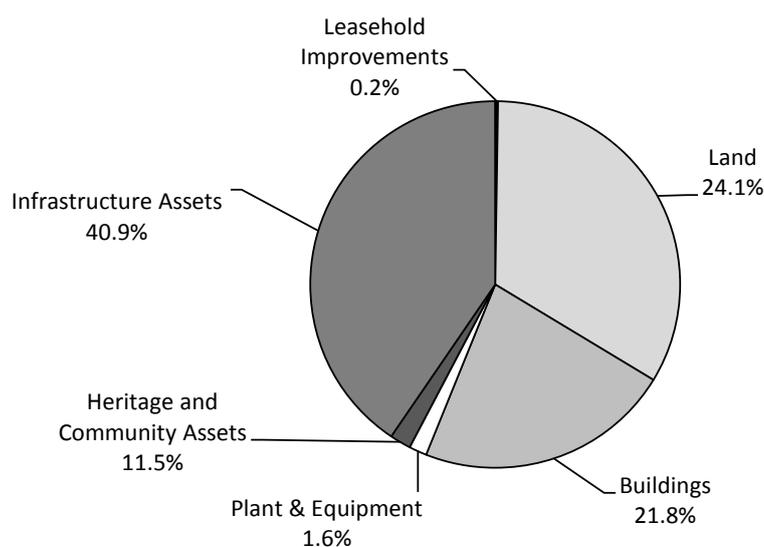
Table 5.5.1: Total Territory physical assets – value by sector

As at 30 June	2014 Actual \$m	2015 Actual \$m	2016 Actual \$m	2017 Actual \$m	2018 Estimate \$m	2019 Estimate \$m
General Government Sector	13,653	13,874	14,535	14,888	16,087	17,099
Public Trading Enterprise Sector	6,430	6,506	6,642	6,945	8,200	8,582
Total Territory	20,083	20,380	21,177	21,833	24,287	25,681

Note: Numbers may not add due to rounding.

Figure 5.5.1 below shows that, as at 30 June 2017, the Territory's assets were mostly classed as infrastructure assets (41 per cent), land (24 per cent) and buildings (22 per cent).

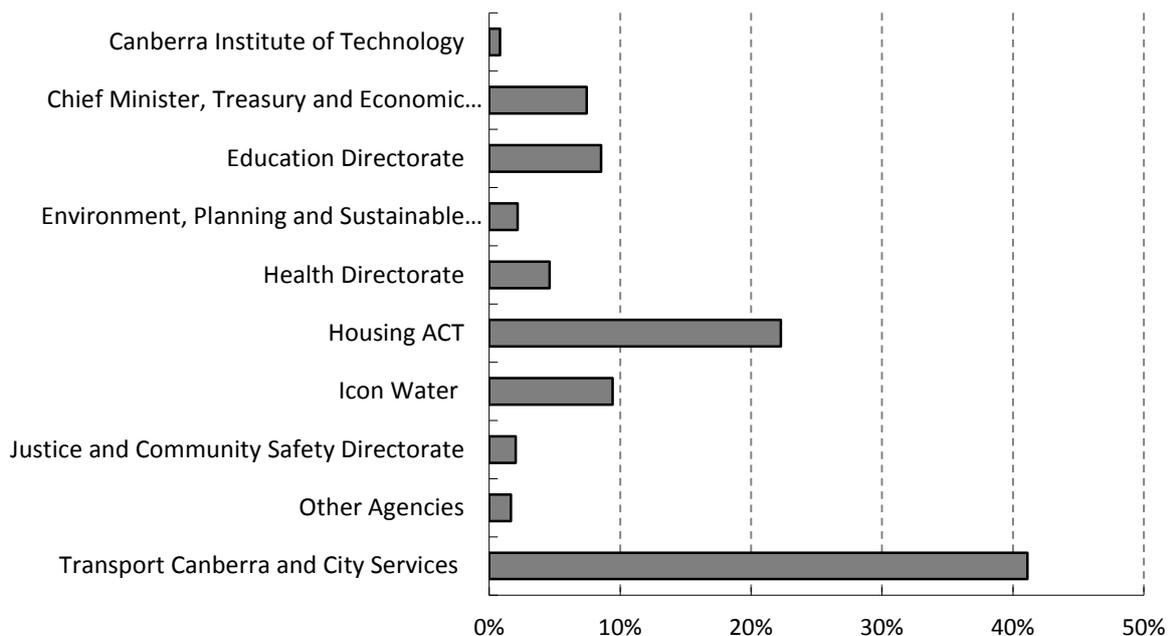
Figure 5.5.1: Total Territory physical asset value – distribution by category as at 30 June 2017



Distribution of Territory assets by agency and type

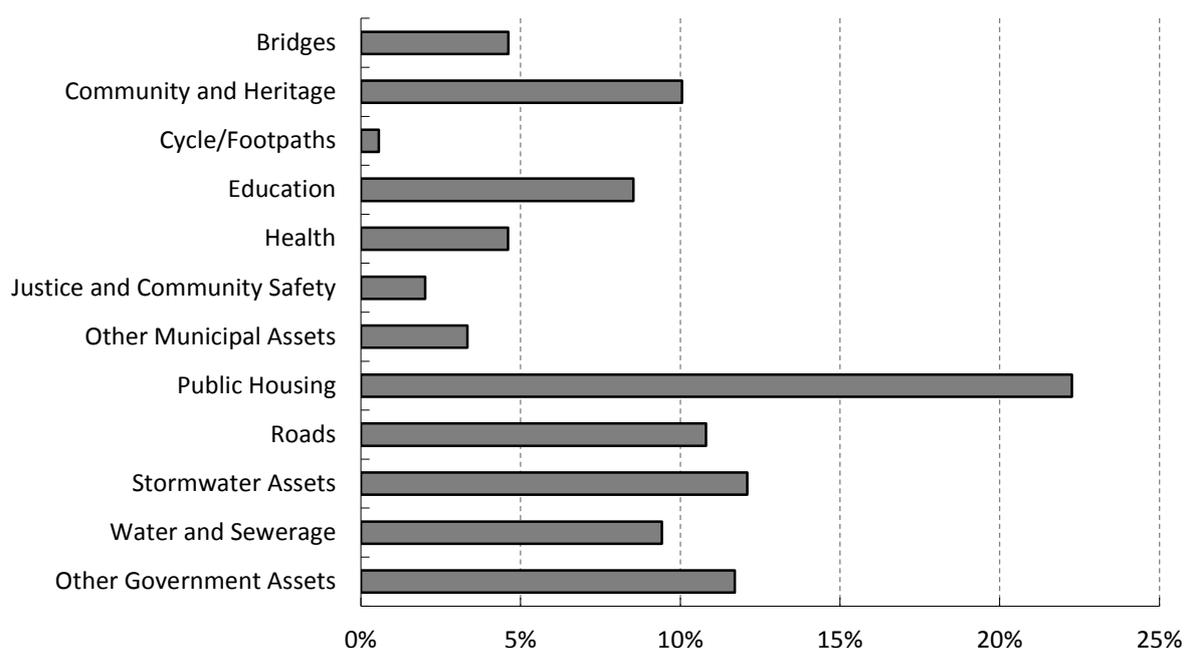
As at 30 June 2017, the Transport Canberra and City Services Directorate held 41 per cent of the value of the Territory's physical assets. Housing ACT had responsibility for 22 per cent of the Territory's asset base, the Education Directorate held 9 per cent, Icon Water held 9 per cent, while the Chief Minister, Treasury and Economic Development Directorate (CMTEDD) held 7 per cent (see Figure 5.5.2 below).

Figure 5.5.2: Total Territory Physical Asset Value – Distribution by agency as at 30 June 2017



The largest physical component of the Territory's assets relate to the provision of public housing. Other significant asset holdings relate to road, stormwater, community and heritage, and education services (see Figure 5.5.3 below).

Figure 5.5.3: Total Territory physical asset holdings – distribution by asset type as at 30 June 2017



Asset management

As noted in the 2018-19 Infrastructure Investment Program (Chapter 5.2), the Government provides agencies with funding for projects that extend the useful life or improve the service delivery capacity of existing Territory physical infrastructure assets.

The Government also funds routine maintenance to ensure that assets are of an appropriate standard. The 2018-19 Budget delivers \$55 million for the *Better Infrastructure Fund* and \$178 million for repairs and maintenance.

Details of projects that improve the Territory's existing infrastructure are provided at Capital Works – Better Infrastructure Fund (Appendix D). A summary of the Territory's repairs and maintenance funding is provided in Table 5.5.2 below.

Table 5.5.2: Total Territory repairs and maintenance funding

2014-15 Actual \$'000	2015-16 Actual \$'000	2016-17 Actual \$'000	2017-18 Estimate \$'000	2018-19 Estimate \$'000
153,534	167,257	164,192	173,402	177,574

5.6 ASSET RECYCLING

The Asset Recycling Initiative

The Commonwealth Government's Asset Recycling Initiative encourages investment in productivity enhancing new infrastructure by providing financial incentives for the States and Territories to sell assets and re-invest the proceeds into productive infrastructure.

In February 2015, the Commonwealth Government and the Territory agreed to a list of assets that will attract incentive payments when sold, with all sales proceeds and incentive payments to be invested into Light Rail – Stage 1.

The Territory expects to receive \$114.91 million from asset sales in 2017-18. The accompanying Asset Recycling Initiative incentive payments from the Commonwealth Government are expected to be received in 2018-19.

As part of the National Partnership Agreement, the ACT Government reports in each budget on Asset Recycling Initiative funds received and allocated towards Light Rail – Stage 1 (Table 5.6.1). The Territory expects to receive further Asset Recycling Initiative incentive payments as asset sales progress in 2018-19, the final year of the program.

Table 5.6.1: Asset Recycling Initiative accrued funding pool

		2017-18
		\$'000
Opening Balance¹		199,945
Proceeds of Net Asset Sales ²	114,905	
Payments from the Commonwealth (Incentives) ³	0	
Sub-Total (Sales and Incentives)		114,905
Payments towards Light Rail – Stage 1 ⁴	0	
CLOSING BALANCE		314,850

Notes:

1. Adjusted opening balance to reflect actual sales revenue and incentive payments received in 2016-17.
2. Proceeds of net asset sales includes revenue received from asset sales in 2017-18 and estimated revenue receivable by the end of the financial year. Estimated revenue is subject to potential contract exchange and settlement activity still under negotiation at the time of finalising the Budget.
3. As at the time of the preparation of the 2018-19 Budget, the ACT has not received any incentive payments from the Commonwealth Government for the 2017-18 financial year. Total incentive payments prior to 2017-18 were \$22.75 million.
4. The Asset Recycling Initiative funds received will form part of the Territory Contribution and ongoing availability payments for the Light Rail – Stage One project. The first payment towards the Territory Contribution is due after the Certificate of Services Completion is issued, which is scheduled during the course of 2018-19.

