

## 6.1 INFRASTRUCTURE INVESTMENT PROGRAM

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### Summary

The 2013-14 Infrastructure Investment Program (the Program) continues to build and transform Canberra into a thriving and liveable city, with world class services. The Program responds to the needs of a growing city by enhancing our productive capacity and providing a foundation for improved services to the community. The total Infrastructure Investment Program over four years is \$1.270 billion.

A substantial part of the 2013-14 Program continues to deliver works in progress that commenced in previous years, whilst many of the newer initiatives reflect Government commitments during and since the election. This Program provides a focus on feasibility and forward design funding for major new projects. The Government is also improving delivery of the Program through project planning and procurement, and progressing the policy framework for Public Private Partnerships (PPPs) on major projects in the Territory.

In 2013-14, further progress will be made towards meeting the goals of Transport for Canberra and making Canberra a truly sustainable and creative city. This budget provides an initial investment of \$5 million to complete early design work for Capital Metro, a light rail network in Canberra, the first stage of which would transform the City to Gungahlin corridor. This initial investment will provide important scoping work for the project while the Government has also provided recurrent funding of \$12 million over four years to establish the Capital Metro Agency. A further \$1.4 million will also be invested for the preparation of a light rail master plan for Canberra.

The Program supports new health projects with a capital value of \$68.4 million over four years. These projects build on the already substantial investments in enhancing health infrastructure to meet the growing demands placed on the ACT Health system. This includes an \$8.3 million investment toward establishing the sub-acute Public Hospital being co-located with the University of Canberra.

In addition, the Government is currently consulting on the City to the Lake project. This Budget will progress necessary feasibility works required relating to changes to Parkes Way. It will also progress the business case for the Australia Forum.

The Government has provided infrastructure funding of \$40.9 million over four years to support continued land release in the 2013-14 Budget to assist in delivering affordable housing and establishing an inventory of serviced land. In addition, the Government is investing \$7.4 million in specific public housing projects, to address the needs of more vulnerable members of the community.

The Government will strengthen Justice and Community Safety with an investment of \$17.4 million to construct a new fire station in South Tuggeranong as part of the emergency services facilities upgrade and relocation program. It will also explore the business case to invest in New ACT Court Facilities under a Public Private Partnership arrangement, as later discussed under the Capital Planning, Delivery and Management heading in this Section.

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 Government is investing in improving urban amenities in newer suburbs and in more established parts of Canberra by upgrading schools, ovals and sporting facilities. The Urban Improvement Program will continue to improve recreational facilities, upgrade our parks and shopping centres, and support improvements to roads, paths and cycling infrastructure. The Government will invest \$49.1 million through the Capital Upgrades Program to improve the Territory's existing assets in 2013-14.

To support the Territory's ICT Systems, the Government is investing \$12 million in the replacement of critical network infrastructure to support the delivery of business operations and services to the community across the Territory.

The Government is also investing \$10.1 million over the next three years in sustainable digital learning directed toward maintaining a modern schools ICT network, and a refresh of hardware, including computers, interactive whiteboards and wireless access points.

### **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.

### **2013-14 Infrastructure Investment Program**

The 2013-14 Budget provides for new investments in infrastructure of \$272.198 million over four years. This comprises new Capital Works, including feasibility and forward design (\$193.546 million), Plant and Equipment (\$4.692 million) and ICT (\$24.862 million). The Capital Upgrades Program will provide \$49.098 million.

The value of works in progress flowing from previous years (excluding P&E and ICT) is \$859.987 million over four years, with \$538.186 million available for expenditure in 2013-14. The total Infrastructure Investment Program over four years is \$1.270 billion.

Significant infrastructure investment commitments made in the 2013-14 Budget include:

- Clinical Services and Inpatient Unit Design and Infrastructure Expansion (\$40.780 million);
- Cravens Creek Water Quality Control Pond (\$21 million);
- ESA Station Upgrade and Relocation – South Tuggeranong Station (\$17.360 million);
- Canberra College Cares – New Building at Phillip Campus (\$14 million);
- Whole of Government Digital Network (\$10.887 million);
- Sustaining Smart Schools (\$10.1 million);

- University of Canberra Public Hospital (Design) (\$8.252 million);
- Horse Park Drive Water Quality Control Pond (\$7.5 million);
- Common Ground Supportive Housing (\$7 million);
- Capital Metro (Design) (\$5 million);
- Manuka Oval – New Spectator Facilities and Media Infrastructure (\$4.056 million);
- Woden Bus Interchange Redevelopment (Finalisation of Design) (\$2.5 million);
- Childcare Centre Upgrades – Stage 2 (\$2 million); and
- ACT Light Rail Master Plan (Feasibility) (\$1.4 million).

## Summary of the 2013-14 Budget Infrastructure Program by Type

**Table 6.1.1**  
**Capital Program – by Type**

	2013-14 Allocation \$'000	2014-15 Allocation \$'000	2015-16 Allocation \$'000	2016-17 Allocation \$'000	Total Value \$'000
<b>Capital Works</b>					
Feasibility Studies	4,280	2,550	0	0	6,830
Forward Design	25,556	4,332	0	0	29,888
Construction	78,530	65,918	8,715	3,665	156,828
Capital Upgrades	49,098	0	0	0	49,098
<b>Sub-Total (Capital Works)</b>	<b>157,464</b>	<b>72,800</b>	<b>8,715</b>	<b>3,665</b>	<b>242,644</b>
Information and Communication Technology (ICT)	17,186	4,454	3,222	0	24,862
Plant and Equipment (P&E)	2,681	2,011	0	0	4,692
<b>Sub-Total (ICT and P&amp;E)</b>	<b>19,867</b>	<b>6,465</b>	<b>3,222</b>	<b>0</b>	<b>29,554</b>
<b>TOTAL NEW CAPITAL PROGRAM</b>	<b>177,331</b>	<b>79,265</b>	<b>11,937</b>	<b>3,665</b>	<b>272,198</b>
<b>Works in Progress</b>					
2012-13 and Prior Year Programs	458,070	166,440	30,006	4,442	658,958
2012-13 Rollovers/Re-profiling	80,116	100,308	20,605	0	201,029
<b>Sub-Total (Works in Progress)</b>	<b>538,186</b>	<b>266,748</b>	<b>50,611</b>	<b>4,442</b>	<b>859,987</b>
Information and Communication Technology (ICT)	37,439	25,076	11,000	0	73,515
Plant and Equipment (P&E)	22,557	14,255	14,255	13,659	64,726
<b>Sub-Total (ICT and P&amp;E)</b>	<b>59,996</b>	<b>39,331</b>	<b>25,255</b>	<b>13,659</b>	<b>138,241</b>
<b>TOTAL WORKS IN PROGRESS</b>	<b>598,182</b>	<b>306,079</b>	<b>75,866</b>	<b>18,101</b>	<b>998,228</b>
<b>TOTAL CAPITAL PROGRAM</b>	<b>775,513</b>	<b>385,344</b>	<b>87,803</b>	<b>21,766</b>	<b>1,270,426</b>

In addition to the 2013-14 Budget Infrastructure Program, significant works are delivered each year through the Territory's Public Trading Enterprises (PTEs) and other agencies. Those are financed through own-source revenue or debt and are largely related to land servicing, water and wastewater works and public housing. The value of off-budget works for 2013-14 is \$222 million. This will be delivered by Housing ACT, ACTEW Corporation, the Land Development Agency and ACT Public Cemeteries Authority.

## **Financing the Program**

The Government will continue to finance its investment in high quality infrastructure assets through borrowings to ensure a stable construction sector and the development of assets that help to increase the productive capacity of the economy. These assets will continue providing benefits to the community over a long period of time.

General government borrowings for capital expenditure totalled a net \$794 million in 2012-13.

The 2013-14 Budget and forward years anticipates new general government sector borrowing for capital purposes of \$192 million. The continued investment in infrastructure will assist the ACT economy, consumer confidence, and enhance service delivery for ACT residents.

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

### *Improving Capital Works Planning and Delivery*

Over recent years, the Government has improved how capital works projects are planned and managed. In 2013-14, the Government will continue this work, for example, enhancing the up-front planning process for capital works to improve:

- service and asset planning, and business case development;
- project definition and scope, through processes such as:
  - expanded use of Investment Logic Mapping workshops (a methodology developed by the Victorian Government) for significant projects during early planning;
  - greater use of Value Management Workshops during the design phase of projects;
  - improved project documentation; and
  - contingency workshops in which risk estimates for capital projects are clearly identified to establish higher budget certainty before project approval.
- risk and project management through:
  - engaging specialist expertise;
  - using information technology tools;
  - continuing to develop appropriate skills and knowledge in project teams; and
  - selecting an appropriate delivery model and contract type.

Delivery models and contracts that may be utilised include Design and Construct, which may include Maintain and Operate elements; Managing Contractor; and Public Private Partnership models.

The selective use of Gateway reviews (such as the Gate 2 Delivery Strategy Review of Majura Parkway) will continue.

The Government is also undertaking detailed analysis of the roles and responsibilities in delivering capital works across Directorates so that the people and skills employed for each role align as effectively and efficiently as possible.

The recommendations of the 'Getting Home Safely' Report are being implemented. For example, active certification and safety as a weighted criterion will be implemented for 2013-14. The Active Certification Process and a Weighted Assessment Criterion applies to government construction contractors within the construction industry.

The objective of Active Certification is to determine, using safety audits and a demerits point system, whether organisations have an adequate safety record to retain eligibility (prequalification) to apply for significant Government projects. 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.

The Weighted Assessment Criterion ensures consideration of a Principal Contractor's ability to provide a safe work environment compliant with relevant legislative, policy requirements and codes of practice. Essentially this system will reward those who have chosen to invest in effective health and safety systems.

Finally, the Territory continues to participate in the Council of Australian Governments' Infrastructure Working Group (COAG IWG), which is progressing a program of reform aimed at promoting productivity and quality outcomes in infrastructure projects. Under the auspices of the Australasian Procurement and Construction Council, jurisdictions are collaborating to further improve mutual recognition of pre-qualification arrangements for non-residential construction, to develop skills and capabilities in assessing complex procurement, and develop a national framework for traditional contracting of infrastructure, promoting best practice procurement.

### *Capital Metro Agency*

Transforming Canberra's public transport services and improving residents' transport choices is a priority for the Government. Capital Metro, a light rail network in the Territory, will contribute to the achievement of the Government's Transport for Canberra objectives through the provision of scheduled route services, initially through the first stage between the City and Gungahlin.

The Government is establishing the Capital Metro Agency, with the principal objective of delivering the first stage of a light rail network. The Government is providing recurrent funding of \$12 million over four years to establish the Agency. The business and corporate strategies of the Agency provide the framework within which activity can be focussed on the delivery of key priorities. These priorities include developing a delivery strategy for the first stage of light rail as well as preliminary design studies and preparatory works to ensure the project is a success.

### *Public Private Partnerships*

Public Private Partnerships (PPP) are a method of infrastructure delivery that includes financing in the delivery model. They have been used widely in other Australian jurisdictions for major projects. Under this model, project risks are allocated to the party who is best placed to manage these risks. A PPP arrangement can increase the likelihood of a project being delivered on time and on budget, as the contractor is not paid until the asset is commissioned and accepted. They also have a greater focus on whole-of-life costs. However, PPPs can require considerable up-front planning and may involve higher bid costs and procurement costs, as well as longer procurement lead times than traditionally delivered construction projects.

The Government is setting up a specialist team to develop a policy framework and guidance notes for PPP delivery in the Territory. The Government will draw on the National Public Private Partnership Policy and Guidelines endorsed by the Council of Australian Governments in November 2008, as well as best practice from other governments. This work will provide a firm basis for considering the appropriateness of PPPs as a delivery model for major infrastructure investment in the Territory, both now and in the future. As a result, the Government expects to be able to significantly improve value for taxpayer funds, whilst fostering economic and industry growth.

During 2013-14, the Government will be evaluating the potential business case for developing the New ACT Court Facilities under a Public Private Partnership arrangement, amongst other delivery methodologies. Interstate experiences with PPP arrangements for court facilities will also be considered as part of this evaluation.