

AN INFRASTRUCTURE PLAN FOR THE ACT





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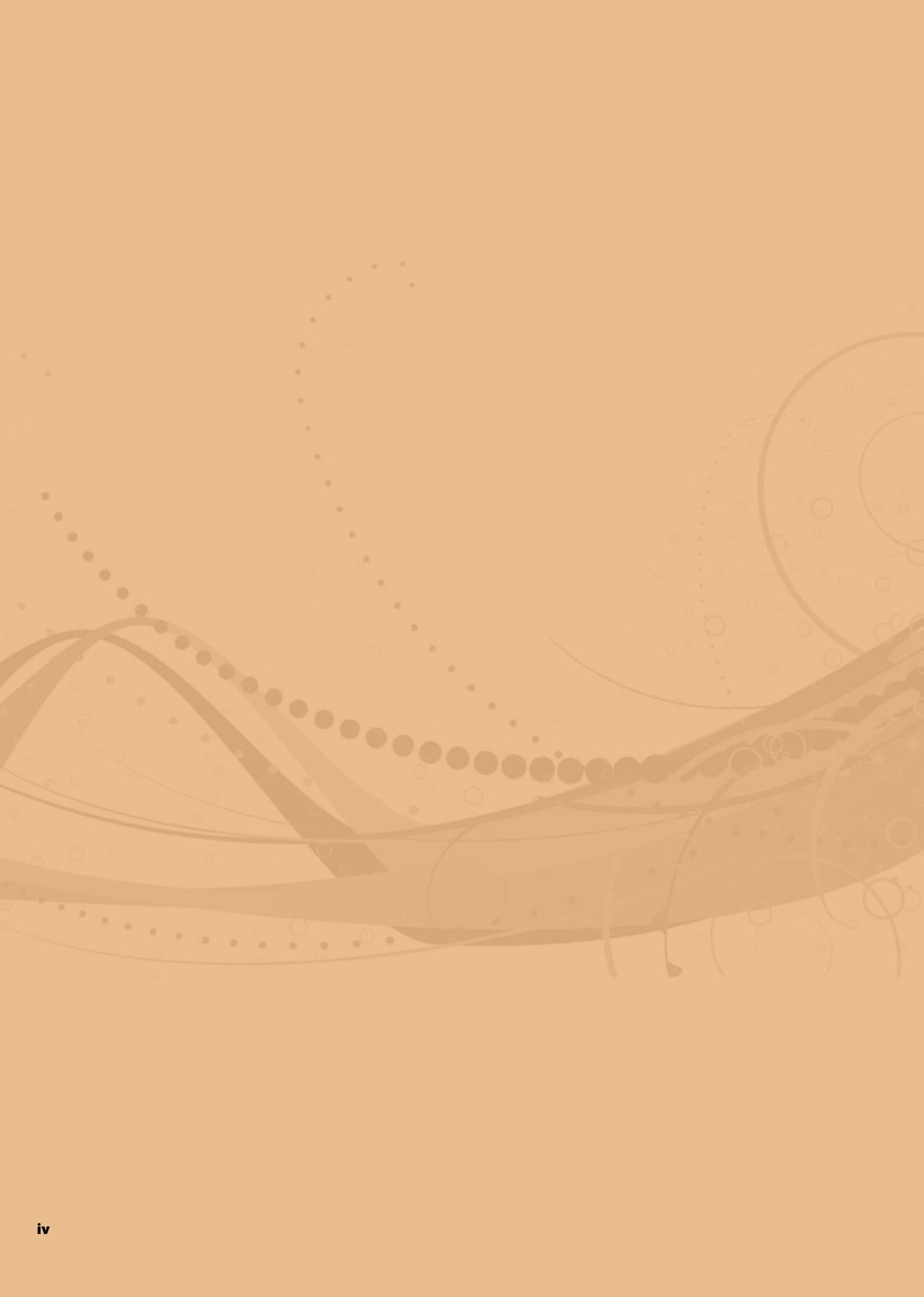
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Chief Minister's Foreword

Infrastructure is an essential support for the continuing economic growth and prosperity of the ACT. Beyond this important role, however, infrastructure also provides the basis for meeting our community's broader social and environmental needs, indeed for all the elements that make Canberra such a liveable city

It is for this reason that the ACT Government established its \$1 billion Building the Future infrastructure program as the cornerstone of the Government's 2008-09 Budget. The five-year Building the Future program will provide the necessary works and other infrastructure to meet the city's health, transport, urban amenity, environmental, social and economic development needs into the future.

This document, An Infrastructure Plan for the ACT, provides guidance and direction for the development of the first ACT Infrastructure Plan.

The document includes an outline of the ACT's existing asset base and a discussion of the legacy of Commonwealth Government contributions to ACT infrastructure.

It also outlines ACT infrastructure investments since self Government, and identifies current infrastructure priorities. Importantly, An Infrastructure Plan for the ACT also provides information on, and discusses the economic issues and drivers underlying the demand for infrastructure. These include changes in demography, changes in local, national and international economic circumstances, government policy, the implications of growth and development in the region surrounding the ACT, environmental considerations and financial issues.

The Government is proud to release this document as an aid to encouraging business and community understanding of, and engagement in, the development of the first ACT Infrastructure Plan.

I commend An Infrastructure Plan for the ACT to the people of Canberra.



Jon Stanhope
Chief Minister





Infrastructure and economic growth

Infrastructure is a vital component of economic growth and prosperity and is essential to providing for the broader social needs of the community – including our education, health, mobility and leisure.

In recent years there has been increased emphasis across Australia on the need to maintain and enhance our national infrastructure to facilitate the continued growth of our economy. The Australian Government has established the \$20 billion *Building Australia Fund* to enable this vital work.

The ACT Government is committed to maintaining our existing infrastructure. We are also committed to providing the new infrastructure that will be needed to enable continued economic growth and prosperity, and an unparalleled quality of life. The timely delivery of quality infrastructure is central to the ACT's economic development strategy. In order to ensure the timely delivery and financing of infrastructure, opportunities for partnerships between public and private organisations will be investigated.

For this reason, the ACT Government established the \$1 billion *Building the Future* fund as the centrepiece of the 2008-09 Budget. The five year *Building the Future* program is growing our capacities in the following key focus areas:

- Establishing a health system to serve the needs of the next decade
- Improving the transport system
- Meeting the challenges of climate change
- Improving urban amenities
- Investing in public service infrastructure
- Providing for the growth of Canberra and its economy.

An Infrastructure Plan for the ACT

Infrastructure development is expensive and can be in service for decades. At the same time, technologies are changing and improving rapidly. It is therefore very important that decisions on expenditure of the ACT's public funds for infrastructure are based on the best available information of the future needs of Canberrans.

Infrastructure investment decisions need to reflect the best strategic planning for the ACT's future, for transport through to education and health. For this reason, the ACT Government has committed to a comprehensive annual infrastructure planning process to inform the annual Budget cycle. In this way we will maximise the community benefits from our major infrastructure decisions and provide a framework for the development of the Territory's infrastructure over the next ten years and beyond.





2. The ACT's Infrastructure Legacy

Excellent infrastructure befitting a national capital

Before self-government, the Commonwealth Government built and maintained the ACT's infrastructure. Good infrastructure was central to developing Canberra as a showcase for Australia's national institutions. Canberra's assets were built to the highest standards, and our infrastructure was the envy of the rest of Australia.

In 1989 the newly self-governing ACT inherited this fortunate legacy: high quality roads and bridges, water supply and wastewater facilities, storm water drains, public housing, schools and health facilities.



The cost of maintaining this legacy

The new ACT Government faced a significant challenge — inheriting these facilities was both a blessing and a burden.

The new ACT Government knew that quality public sector assets were essential for the achievement of social objectives and economic growth. Canberra's road system, extensive public housing, and excellent schools and health facilities represented an asset of outstanding value to our city.

The problem facing the Territory was how to maintain this infrastructure. The ACT Government had far smaller financial reserves to draw on than the Commonwealth.

The new Government set about ensuring that the Territory's asset base was well maintained in the most cost effective way. The Government therefore established its budget programs in such a way as to ensure infrastructure and services could be funded on a financially sustainable basis.



3. Infrastructure investments to date

Major investments since self-government

Since the commencement of self-government in 1989, the ACT Government has consistently demonstrated its ongoing commitment to building Canberra as a strong, confident and prosperous community. The ACT Government has continued to invest considerable resources into Canberra's asset base and services.

Over the years, the Government's infrastructure investment has been guided by policies that give priority to economic and social development while striving for the highest standards of financial and environmental management. The ACT Government has also made sure that its infrastructure choices have benefited from local knowledge and reflected community preferences by conducting rigorous public consultation.

Some of the most important public investments since self government have included:

- development of the Gungahlin community and Tuggeranong Town Centre
- redevelopment of the Kingston Foreshore
- ongoing improvements to Canberra's transport infrastructure
- reconfiguration of the Canberra Stadium
- ongoing upgrades to facilities at the Canberra Hospital and Calvary Hospital
- construction of the Australian National University (ANU) Medical School
- creation and expansion of an extensive cycle path network and on-road cycling facilities
- regeneration of Civic as the City Centre
- development of district playing fields in new

- growth areas such as Tuggeranong and Gungahlin
- construction of the Belconnen Pool and Tuggeranong
- revitalisation of numerous shopping centres.

These significant achievements reflect the ongoing commitment of successive governments to Canberra's future.

New infrastructure investment to address the challenges of growth

This Government has made substantial investments in the Territory's infrastructure since coming to office in 2001 to ensure Canberrans continue to have access to the best facilities, including world class health care, transport, emergency services public safety and public education. Capital works expenditure has nearly tripled during this government from \$111 million in 2001-02, to \$314 million in 2007-08.

We have demonstrated our ongoing commitment to infrastructure investment in the ACT by:

- building the Gungahlin Drive Extension and upgrading the Glenloch Interchange
- implementing the school renewal program, with
 - \$90 million for school upgrades,
 - \$20 million for state-of-the-art information technology services and equipment,
 - \$45 million for an advanced primary-Year 10 school in West Belconnen, and
 - \$54 million for a new pre-school-Year 10 school in Tuggeranong

- investing \$18.6 million for emergency services headquarters in the ACT
- building a \$9.750 million specialised unit for elderly patients at Calvary Hospital, including a 20 bed psycho-geriatric unit
- delivering better facilities for cancer treatment including new bunkers and equipment worth \$20 million
- establishing the Gungahlin and Tuggeranong Child and Family Centres
- investing \$30 million in the refurbishment of the National Convention Centre
- developing the Civic Library, Canberra Theatre Lane, and Childers Street projects
- investing in the new Bimberi Youth Justice Centre
- investing \$16 million in the 'drought-proofing' of local sportsgrounds
- investing in a new \$9 million horticultural training facility at CIT's Bruce campus.

We have also introduced the Capital Upgrades Program to provide assured levels of funding to sustain the Territory's asset base and delivery of the capital works program. This program allows Government agencies to better prioritise and manage their upgrade programs according to key asset management needs.

Additionally, the Government has demonstrated its commitment to asset management reforms and is currently reviewing the Asset Management Framework. Although the fundamentals of the current framework are sound, a model set of Strategic Asset Management Plans will be developed and used across Government to ensure consistent approaches are being applied to Asset Management Planning.

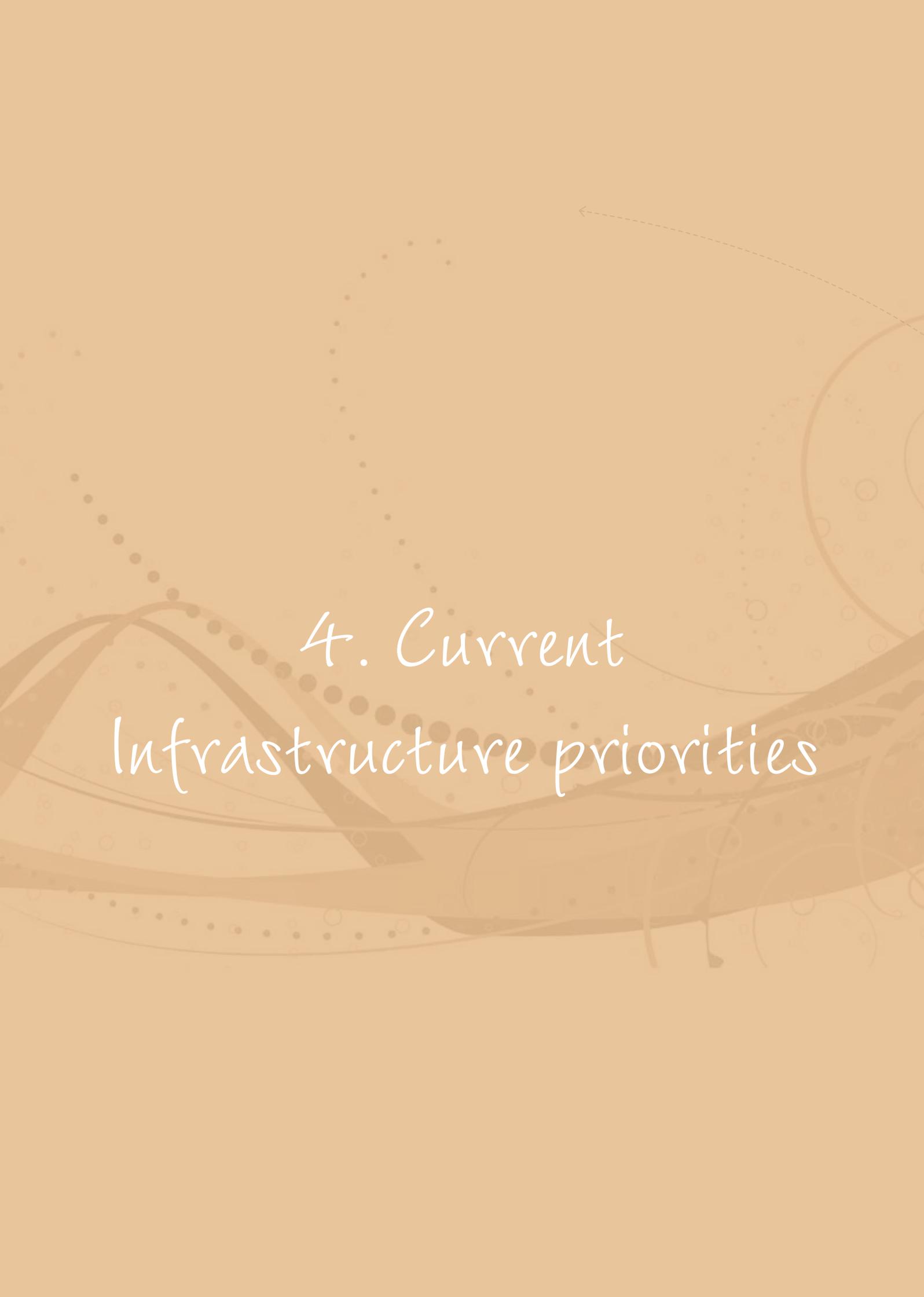
The ACT Government is also reviewing its procurement processes to simplify and streamline the procurement and tendering and provide greater clarity to contractors on government requirements.

The Government has substantially increased expenditure on repairs and maintenance during its term in office. Annual expenditure in this area has increased by more than 25 per cent over the past four years. In 2006-07, an additional \$5 million annual allocation was provided to increase the existing maintenance program for the Territory's road network and infrastructure assets. In 2007-08, there were further ongoing annual appropriations of \$5 million to provide added assistance to agencies to undertake significant targeted repairs and maintenance programs.

In 2006, the Government established the Capital Planning and Development Group (CPDG). The CPDG has an advisory role aimed at strengthening capital works planning and delivery. The CPDG reviews agency capital works business cases and also monitors the progress of capital works projects.





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4. Current Infrastructure priorities

Building Infrastructure for the Future

The ACT Government is committed to a sustained program of major new capital works and maintenance of existing infrastructure across the Territory. In the 2008-09 Budget, the ACT Government announced a strategic infrastructure investment program, *Building the Future*, which provides \$1 billion of investment over five years. The objectives of the program are to:

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

The \$1 billion program is targeted at:

- strengthening health infrastructure (\$300 million)
- improving the Territory's transport system (\$250 million)
- meeting the challenges of climate change (\$100 million)
- improving urban amenity (\$100 million)
- investing in information and communication technology (\$50 million)
- boosting the existing capital works program (\$200 million).

This \$1 billion investment is in addition to the annual provisions for capital works, public art and capital upgrades with a total capital investment of \$1.446 billion over the next 5 years.

A Health System to Serve the Needs of the Next Decade

The Government is allocating \$300 million from the *Building the Future* Program as a first tranche of a ten year program of investment to provide improved health services for Canberrans that use state of the art technologies and health care models. This investment will transform the hospital system and establish a network of community health facilities.

Significant health infrastructure initiatives in the 2008-09 Budget include:

- a suite of mental health facilities, including and Adult Acute Inpatient Unit, Secure Unit, and a Mental Health Assessment Unit (\$37.6 million), plus forward design of a young person's inpatient unit
- construction of a Women's and Children's Hospital at The Canberra Hospital (\$90 million)
- a new Community Health Centre in Gungahlin (\$18 million)
- an Intensive Care and High Dependency Unit at Calvary Hospital (\$9.4 million)
- development of a forward plan to build Early Childhood Schools as well as a third Child and Family centre in West Belconnen.

An Integrated Transport System

The ACT Government has recently adopted an Integrated Transport Framework, which sets out our commitment to providing Canberra with an efficient, accessible, sustainable and reliable transport system. The objectives of this Framework are to:

- provide net benefits for the economy by improving the efficiency of the transport system
- address traffic congestion
- improve social outcomes for the community
- minimise the level of transport emissions
- provide the community with better transport options.

These objectives are supported by an Integrated Transport Action Plan which outlines the key transport projects we will complete over the coming years to meet the transport needs of the ACT community.

Highlights include:

- accessible bus purchases: progressively upgrading the bus fleet to meet disability standards (\$49.5 million)
- exploring options for a rapid transport system such as light rail
- increasing the amount of parking supply available on a 24/7 basis (\$40 million for structured carparks)
- implementing ACTION network '08 (\$38.15 million)
- duplication of Athllon Drive, Tharwa Drive and rehabilitation of Cotter Road and duplication of Flemington Road (\$35.9 million)
- upgrade of Airport roads stage 2 and Horse Park Drive extension (\$15 million)
- building new bus lane and bus priority measures (\$3.5 million)
- Gungahlin Drive Extension duplication and forward planning for Majura Parkway and Parkes Way (\$83 million)

- Molonglo arterial road (\$11 million)
- improving Cotter Road on-road cycle connection (\$2.338 million).

In total, the 2008-09 Budget allocated \$250 million over five years for integrated transport system initiatives spanning roads, car parks, public transport services, emerging transport issues and cycle paths.

Meeting the Challenges of Climate Change

The ACT Government has made a commitment to meeting this challenge through its climate change strategy, *Weathering the Change*.

The *Building the Future* Program provides \$100 million to support the Government's commitment to improving environmental outcomes and adaptation to climate change. Initiatives funded through the program will minimise Canberra's carbon footprint by reducing greenhouse gas emissions and by removing carbon from the atmosphere. The funds will also adapt Canberra to future climate change by reducing our water and other resource use.

Significant climate change adaptation and abatement initiatives in the 2008-09 Budget include:

- planting of one million trees at the Canberra International Arboretum and Gardens (\$10.6 million)
- energy efficient street lights (\$3 million)
- additional future tree plantings across the Territory (\$20 million).

Improving Urban Amenities

To continue to attract high quality skilled workers, it is essential that Canberra continues to invest in maintaining Canberra as a highly desirable city to live, work and play. Quality municipal services and infrastructure already sets Canberra apart from other urban centres.

The Building the Future Program provides a significant boost to the city's appearance and its amenities, allocating \$100 million over five years.

Significant initiatives in the 2008-09 Budget targeted at improving urban amenities include:

- enhancements to the TAMS capital upgrade program (\$53 million), including:
 - upgrades to the Lake Ginninderra Foreshore and Bunda Street paving
 - improved playground safety
 - landscape upgrades
 - library upgrades
 - toilet refurbishments
 - weed eradication
- the community paths program (\$3.2 million).



Investment in Information and Communication Technology

The Government already operates a world class fibre optic network within Government facilities across the Territory. The Building the Future Program provides for an additional investment of \$50 million over five years for Information and Communication Technology projects to support a program of improvements, plan for replacement and avoid obsolescence. This will ensure the provision of high quality services to the community is maintained.

The information and communication technology investment program supports the approach of ensuring system continuity to maintain high quality service delivery.

Significant information and communication technology initiatives in the 2008-09 Budget include:

- Fibre Optic Cabling to ACT Government Primary Schools (\$7.7 million)
- installation of Closed Circuit Television security systems in Canberra (\$1.8 million)
- an upgrade of the ACT courts Case Management System (\$0.8 million).

Investing in Social and Community Infrastructure

The Government has provided significant funding for local community facilities with a \$29.9 million investment to revitalise community facilities on former school sites across the territory over the next two years. The funding commitment includes \$27 million for refurbishment and new building works, \$2.4 million for community parks, and \$300,000 for landscape plans on each site.

New Regional Community Facilities are to be established at Cook, Melrose, Weston and Holt, including:

- an Arts Hub at Cook
- a Health and Wellbeing Hub at Melrose
- a Community Services Hub at Weston.

Community Parks will also be developed at Macarthur, Rivett, Mt Neighbour, Cook, Melrose, Weston, Holt and Village Creek and it is anticipated they will contain play equipment for children, barbecues, paths, seating, lighting and green space.

Improving Emergency Services

The Government has recognised the importance of our emergency services and is committed to ensuring locations of emergency services facilities are optimised to meet both community demographics and operational response to emergencies. To this

end, in the 2007-2008 Budget, the Government allocated \$300,000 to the Emergency Services Agency to undertake a Feasibility Study.

It is envisaged that the decision in the relation to future emergency sites will impact on planning arrangements for the Territory.

The Government followed this by allocating \$2.2 million in the 2008-2009 Budget to commence the design and planning for refurbishment or construction of the initial batch of new facilities for fire, ambulance and emergency services.

Supporting the Growth of the Economy

The *Building the Future* Program also provides for a four-year augmentation of capital works provisions totalling \$200 million. This will primarily be targeted at supporting the growth of the city, in particular the future land release program, as well as investing in, and supporting the ACT community.

Significant capital works initiatives in the 2008-09 Budget include:

- improved regional community facilities and neighbourhood halls (\$24.6 million) in order to invest in, and support, community sector organisations
- construction of the new Belconnen Police Station (\$16.9 million)
- redevelopment of the Lyneham Sports Precinct (\$8.6 million).

In its response to the Skills Commission report, ACT Skills Future, the Government recognised that providing skills for the 21st century workforce requires investment in state-of-the-art equipment, and detailed in that response \$10.9 million in infrastructure investment at CIT.

Off-budget Capital Works Program

In addition to the significant infrastructure investments made as part of the 2008-09 Budget, the ACT Government, through a number of Public Trading Enterprises, has also committed to \$281.5 million of off budget new works for 2008-09 financed by own-source revenue or debt.

Housing ACT

Housing ACT undertakes a program of buying and selling properties, as well as upgrading and refurbishing properties each year. The funding for this program is derived from the sale of properties and funds from operations. The size of the program largely depends on the sales program, and in particular, whether any large multi-unit sites are targeted for sale or redevelopment.

Housing ACT has approximately 11,500 properties under its control that provides affordable accommodation to those most in need. Public housing comprises approximately 9 per cent of the total housing stock in the ACT. Its effective management is a core element of the Government's commitment to a supportive and caring ACT society.

ACTEW Corporation

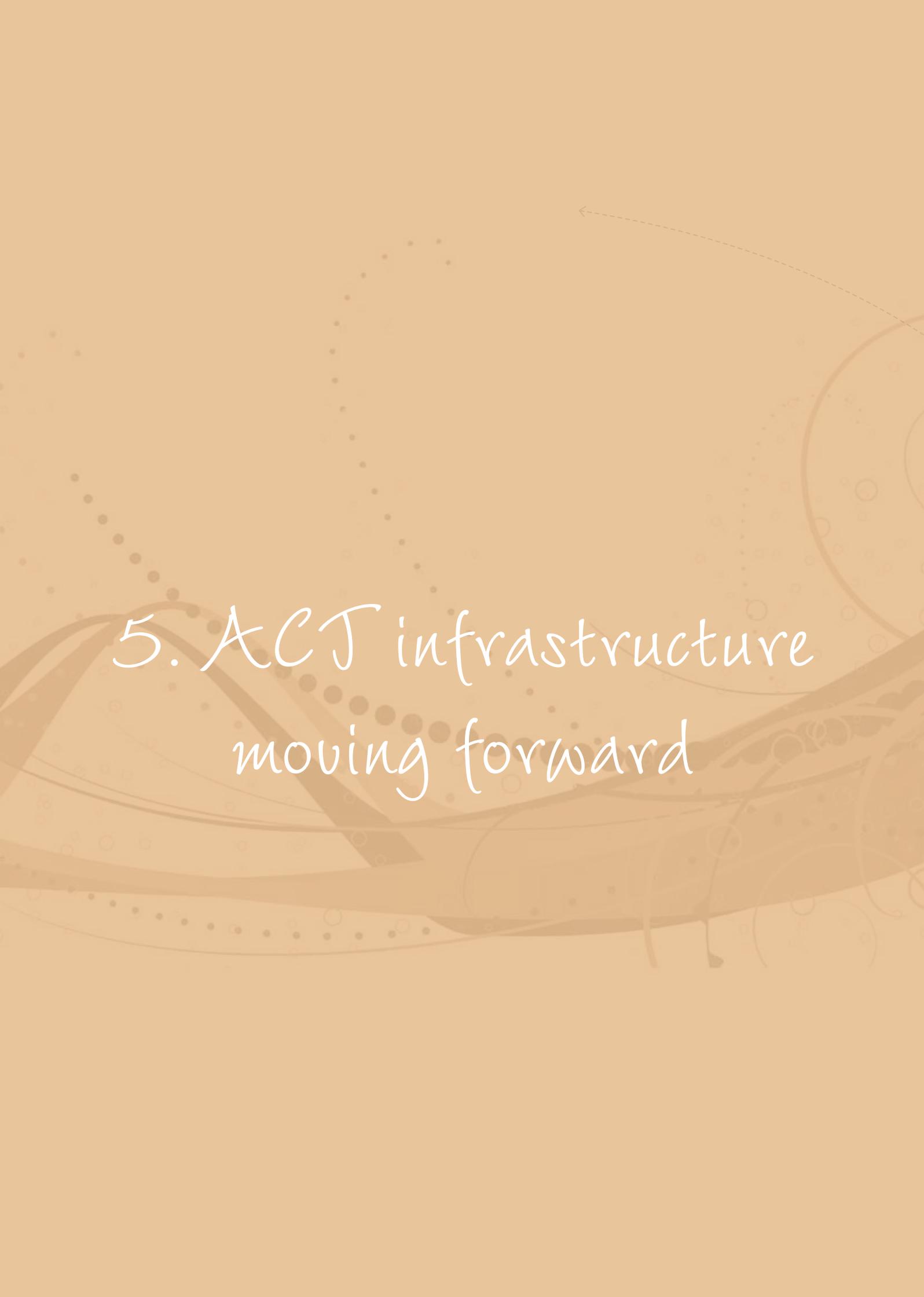
ACTEW Corporation is undertaking a large capital works program in 2008-09. Significant projects underway include:

- the enlargement of the Cotter Dam from its current capacity of 4 gegalitres (GL) to 78 GL
- the Murrumbidgee to Googong transfer
- designing of a Water Purification Plant
- the Lower Molonglo Secondary Treatment Augmentation
- the Googong Dam - Spillway Rock Protection
- an upgrade of the Fyshwick Sewerage Treatment Plant
- ACTEW's Asset Capture Project.

Land Development Agency

The Land Development Agency sells and develops land on behalf of the ACT Government. Infrastructure works undertaken include:

- roadworks
- stormwater
- lines and signs
- water supply to blocks
- sewerage supply to blocks
- electricity and gas
- computer cabling
- landscaping
- parks and recreational areas
- concrete paths linking parts of an estate
- driveways
- street lighting.



5. ACT infrastructure
moving forward

Drivers of future infrastructure needs

The demand for new infrastructure in Canberra is shaped by a number of key drivers. The first of these is the suite of demographic changes: Canberra's population is growing and its distribution across the Territory is changing. The average age of Canberrans, as well as our average longevity, is also increasing.

Responding to external economic situations and supporting our economic growth are also central to shaping our infrastructure planning. Canberra is at the heart of the thriving Australian Capital Region, providing services for a region much larger than the ACT.

The ACT Government must also support the diversification of our economy and private industrial and commercial developments that contribute to our development. Growing commodity prices are another important consideration, as they are increasing infrastructure construction costs.

Technological changes and improvements provide opportunities and create pressures for the ACT to remain prosperous and economically vibrant. Climate change is also relevant in driving adaptive changes to mitigate and respond to its impacts.

These key drivers flow from changing circumstances within the ACT, the broader region and globally. Along with labour supply constraints, these factors will place significant demands on the ACT's future infrastructure provisions. These changing circumstances require a continually evolving infrastructure plan to ensure the continued prosperity and sustainability of the Territory.



Demographic changes

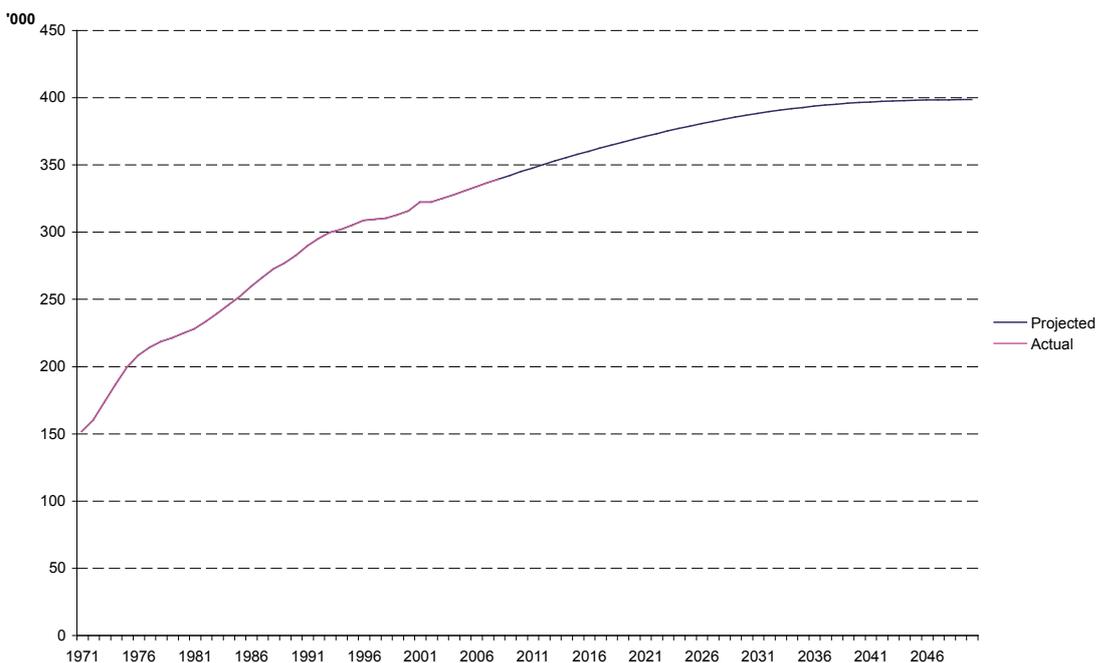
Population Growth & Distribution

Population growth and demographic changes place pressure on existing infrastructure and drive demand for new facilities through increased infrastructure utilisation.

Preliminary projections suggest that the ACT population can be expected to grow from current levels of around 340,000 to approximately 400,000 in 2050. However, the ACT is also providing services for a much larger population, with over 19,000 people travelling into the ACT each day for work and large numbers using ACT education and health facilities. Wider regional growth is expected to result in a total regional population of over 500,000 by 2050.



ACT Population, 1971 – 2050



North Tuggeranong and Gungahlin-Hall are expected to be the largest population districts in the ACT in 2014. North Canberra, South Canberra, West Belconnen and North Belconnen are projected to experience population growth.

Additionally, the population of Molonglo, where settlement is anticipated to commence in 2009, is estimated to reach 8,000 by 2014 driving demand for the provision of new infrastructure in this major new development centre.

Weston Creek, Woden Valley, South Belconnen and North Tuggeranong are expected to experience population decline. Urban densification around town centres of Canberra will reduce the requirement for new assets; however, the existing assets will have greater demands placed on them.

ACT Population Projections, 2004 and 2014

District	Population			Median Age (years)	
	2004	2014	Annual growth	2004	2014
North Canberra	40,450	44,400	1.0%	33.4	35.1
South Canberra	22,650	25,650	1.3%	38.8	40.3
Woden Valley	32,200	31,700	-0.2%	39.5	42.2
Weston Creek-Stromlo	23,400	22,150	-0.5%	39.2	39.3
North Belconnen	35,750	37,200	0.4%	34.1	37.5
South Belconnen	46,200	45,800	-0.1%	34.2	37.4
West Belconnen	4,750	7,400	5.6%	29.3	33.3
North Tuggeranong	53,500	49,200	-0.8%	34.4	40.6
South Tuggeranong	37,350	37,350	0.0%	30.8	36.5
Gungahlin-Hall	29,250	47,700	6.3%	30.6	34.0
Molonglo	-	8,000	-	-	-

Note: numbers in the tables have been rounded to the nearest 50 people. Some tables may not add to the totals because of rounding.

The growing population spread is likely to fuel greater infrastructure demand for expanded transport, health, education and police services in new urban areas. The creation of multi-use facilities can be used to mitigate the impact this demand and lower the need to construct or provide as many new assets. Moreover, urban infill and increasing population density, amongst many other possible trends, will increase pressure on urban community infrastructure.

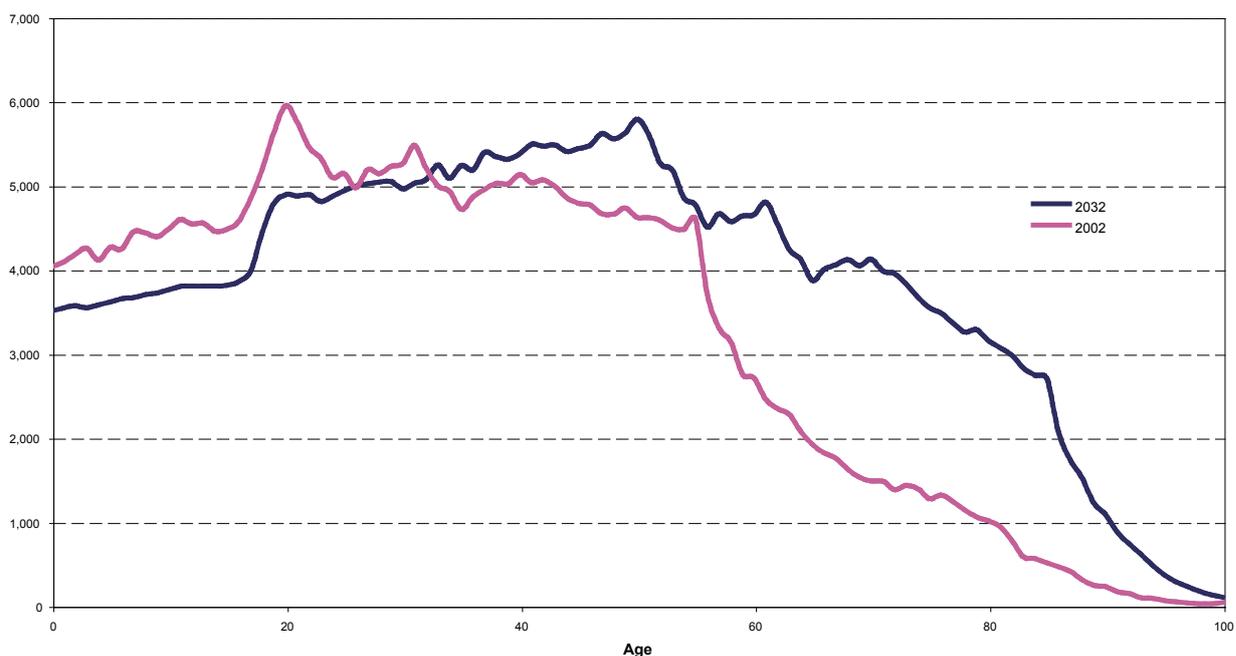
Ageing and Longevity

The composition of the ACT population is projected to change considerably over the next three decades,

due to increasing life expectancy and declining birth rates. The younger working aged population is projected to decline, while numbers of older workers and retirees are projected to grow strongly. Strongest growth is projected to occur among persons aged 85 and over, this age group increasing five-fold over the next three decades.

This ageing of the population will place growing demands on infrastructure, particularly hospitals and community services. It is estimated that health spending on those over 65 years is around four times higher than spending on those under 65.

Structure of the ACT Population (persons by age), 2002 - 2032



Most districts in Canberra are projected to age steadily over the coming decade, with the southern districts of Woden Valley, Weston Creek, and South Canberra having the oldest population profiles, and the districts of Tuggeranong and Belconnen displaying the most marked increase in the number of older persons.

Future capital infrastructure expenditure will need to accommodate these changing structural dimensions of the population. The increasingly ageing population will drive growing demand for health related infrastructure, social housing, transport, and other human services.

Economic Circumstances

Economic Projections

The ACT economy continues to be supported by strong employment, strong business profitability and strong wages growth. However, growth is currently constrained by the limited availability of labour. Labour constraints are more prevalent in the ACT than elsewhere in Australia. As such, while economic growth in the ACT is expected to remain strong, growth is expected to remain below the national average.

The strength of the national economy has made it more difficult for the ACT to attract labour from other states. Anecdotal evidence suggests the ACT's labour shortage is being exacerbated by the broader boom in infrastructure spending in the Australian economy, particularly in the mining sector.

Unlike some other states, the ACT, without major mineral extraction industries, will not gain significant benefit from recent increases in the export prices and volumes of minerals. This trend can instead place pressure on infrastructure material costs. In addition, lucrative jobs, particularly in the mining sector, appear to be luring potential workers away from the Territory's infrastructure projects.

Commonwealth Government spending also plays a central role in the ACT economy. Significant Commonwealth Government activity, including the recent construction of a number of new buildings, has been a major driver of economic activity and infrastructure demand in the ACT economy. This activity both feeds economic activity and places pressure on infrastructure input costs. Although Commonwealth Government activity will continue to be a dominant economic influence in the Territory into the future, any large changes in commonwealth expenditure (up or down) have significant flow-on effects to the rest of the economy.

Cost Pressures

Construction and other related costs will continue to escalate into the future, primarily due to the increasing cost of financial capital resulting from expectations of high interest rates, coupled with higher prices for raw materials and labour. This will put increasing pressure on the cost of infrastructure inputs into the future.

The Australian and ACT economies are performing close to full capacity, with record levels of output and near full employment. Consequences of this

economic success on the local market include increased costs for skilled labour and higher prices for raw materials. These price increases have led to recent construction costs outpacing the consumer price index. Industry analysts expect construction cost rises to remain higher than the consumer price index over the medium term.

In response to escalating construction costs, the Government has developed clearer planning strategies, project definitions and project coordination to achieve 'value for money' outcomes for significant infrastructure projects like ACTEW's \$300 million Alliance Agreement Water Security Major Projects. Nonetheless, the cost of major infrastructure construction is anticipated to continue to increase into the future.

Cross-Border Growth

The economic viability and sustainability of cross-border growth in the broader region surrounding the Territory is likely to have an increasingly significant impact on future infrastructure requirements.

As a land-locked jurisdiction within NSW, the ACT provides a range of services to nearby shires as the key employment and services centre for the region. Development in NSW regions surrounding the ACT has placed considerable additional pressures on the ACT's infrastructure and services, and is likely to continue to do so into the future.

Of the five fastest growing inland regions in NSW, three of these (Palerang Council, Yass Valley and Queanbeyan) share borders with the ACT. From 1996 to 2006 the ACT grew by 8.4 per cent, while growth in Queanbeyan was estimated at 29.3 per cent and was 91.8 per cent in Yass over the same period.

While sustained cross-border growth is also likely to positively affect the ACT by promoting increased economic activity, it places greater pressures on the Territory's resources, such as roads and health services. By way of example, there may be increased traffic commuting through the ACT, greater demand for freight services, and significant impacts on the provision of education services in the Territory.

Ongoing planning and negotiations which build and expand on current arrangements with NSW regional leaders are essential to the successful management of the impact to the Territory of future cross-border growth.

Private Investments

Industrial and Commercial Developments

An economy is driven by the creativity and skills of its businesses and labour force. However, the capacity of these productive factors to contribute to growth and development depends very much on the conditions they operate in.

Governments have a key role in helping to create the right economic conditions. Infrastructure to support industry is vital to the prosperity of the ACT economy as it encourages industry growth in the Territory as well as promoting an attractive environment for private investment.

Infrastructure expenditure on an integrated transport system for the Territory is designed to support economic growth and greater trade volumes, thus encouraging increased commercial operations within the ACT. Provision of efficient transport networks and intermodal links is crucial to industrial growth and development, and is likely to be a key driver of infrastructure expenditure into the future.

Additionally, there is likely to be growing demand for the future provision of industrial and commercial land. To this end, the ACT Land Release Strategy 2008-09 provides for the release of 100,000 square metres each for commercial and industrial land to facilitate continued economic and employment growth for Canberra in the short to medium term.

Knowledge-based activities are currently the greatest contributor to the Territory's Gross State Product. The ACT has the most skilled workforce in the nation, with nearly two thirds of ACT residents aged 15 years and over with a post school qualification. The Territory's ongoing commitment to a highly skilled workforce is likely to drive future demand for knowledge-based infrastructure, such as for education and research.

Technological Developments

Technological developments, as well as growing community acceptance of the use of technology, are placing increasing demands on capital expenditure.

Technological developments are changing the ways in which services are delivered by the Government. The effect is particularly evident in the health, education and justice sectors, where new technology improves service delivery whilst concurrently driving demand for improved infrastructure.

Infrastructure to support industry and continuing technological growth in the Territory is vital the prosperity of the ACT economy.

Government Policies

Diversification of the Economy

The ACT economy is heavily dependent on government activity, with government consumption expenditure representing around 52 per cent of State Final Demand (the ACT Government accounts for only a small proportion of this figure) and household consumption expenditure contributing a further 33 per cent.

The challenge of achieving a more diversified local economy, one which is less dependent on Australian Government spending and revenues from land sales and property taxes, will impact on the provision of infrastructure services within the Territory.

The need for infrastructure investments which are targeted at enhancing the productive capacity of the economy is likely to increase considerably into the future.

Similarly, demand for education and skills-related infrastructure and technological development enables opportunities for major business growth and a broader revenue base for the Territory, and thus increased resilience to changes in Australian Government policies and property market downturns, is expected to grow.

Infrastructure Renewal

Infrastructure maintenance and renewal is crucial to ongoing service delivery. In order to reduce potential future costs and support growth of the city, maintenance and renewal of Canberra's high quality existing infrastructure base is essential.

Renewal demands are particularly evident in public transport, electricity transmission and distribution, public housing, water, sewerage, major roads and bridges. New building and safety standards, as well as increasing demand, are also placing further pressures on the renewal costs of public housing.

The Government's set priorities for ongoing renewal and revitalisation of infrastructure, as exemplified by the Territory's urban forest replacement program and ACTION's bus fleet replacement strategy, will drive demand for infrastructure assets over the coming years.

Environmental Issues

Sustainability – Climate Change

The Government has made a commitment to sustainability to ensure that future generations have a quality of life that equals or surpasses our own. Meeting the challenge of climate change is part of that commitment and will shape infrastructure demand into the future.

The Territory has acknowledged the need to focus on adaptation to the climate change that is already occurring as well as emission reduction activities.

The ACT Climate Change Strategy, *Weathering the Change*, provides an overview of the Government's vision and direction for responding to climate change and sets out the approaches the Government will pursue to 2025 to support the broader community response to climate change.

The ACT Government has also expressed its commitment to securing the region's water supply. The continuing drought, resulting in dramatic and unforeseen declines in inflows into ACT water

catchment reservoirs, as well as increased climate variability are likely to result in ongoing water infrastructure demands into the future.

The ACT Government and ActewAGL have also recently finalised a feasibility study into a solar power plant in the ACT, which suggested that an ACT facility would be feasible. The Government has undertaken to market-test the project and seek proposals for the construction of a facility capable of powering at least 10,000 ACT homes.

Future Direction of Infrastructure in the ACT

In recognition of the increasing demand for infrastructure provisions throughout Australia, the Commonwealth Government, through Infrastructure Australia, is currently conducting a National Infrastructure Audit. The National Infrastructure Audit is identifying infrastructure projects which can materially impact on economic productivity growth. These projects will be considered for funding under the Commonwealth's \$20 billion Building Australia Fund.

The Building Australia Fund, announced as part the 2008-09 Commonwealth Budget, aims to build critical economic infrastructure such as roads, rail, ports and broadband connection to get goods to market as quickly and cheaply as possible, to equip households and businesses with the tools to take full advantage of the Internet, and to improve the quality and functioning of life within major cities and regional centres.

The ACT is an active participant in the shaping of the development of Australia's nationally significant

infrastructure through the Council of Australian Government's Infrastructure Working Group. After a thorough review of the Territory's future infrastructure needs and priorities, the ACT Government identified a number of projects for consideration through the National Infrastructure Audit.

The projects identified not only have benefits for the ACT, but also have economic benefits for the wider region.

The current and prospective infrastructure projects identified by the ACT for consideration in the National Infrastructure Audit primarily relate to transport infrastructure, as well as water and energy security to aid in the mitigation and adaption to climate change. The projects demonstrate the ACT Government's commitment to addressing the ongoing need for quality infrastructure in the Territory.

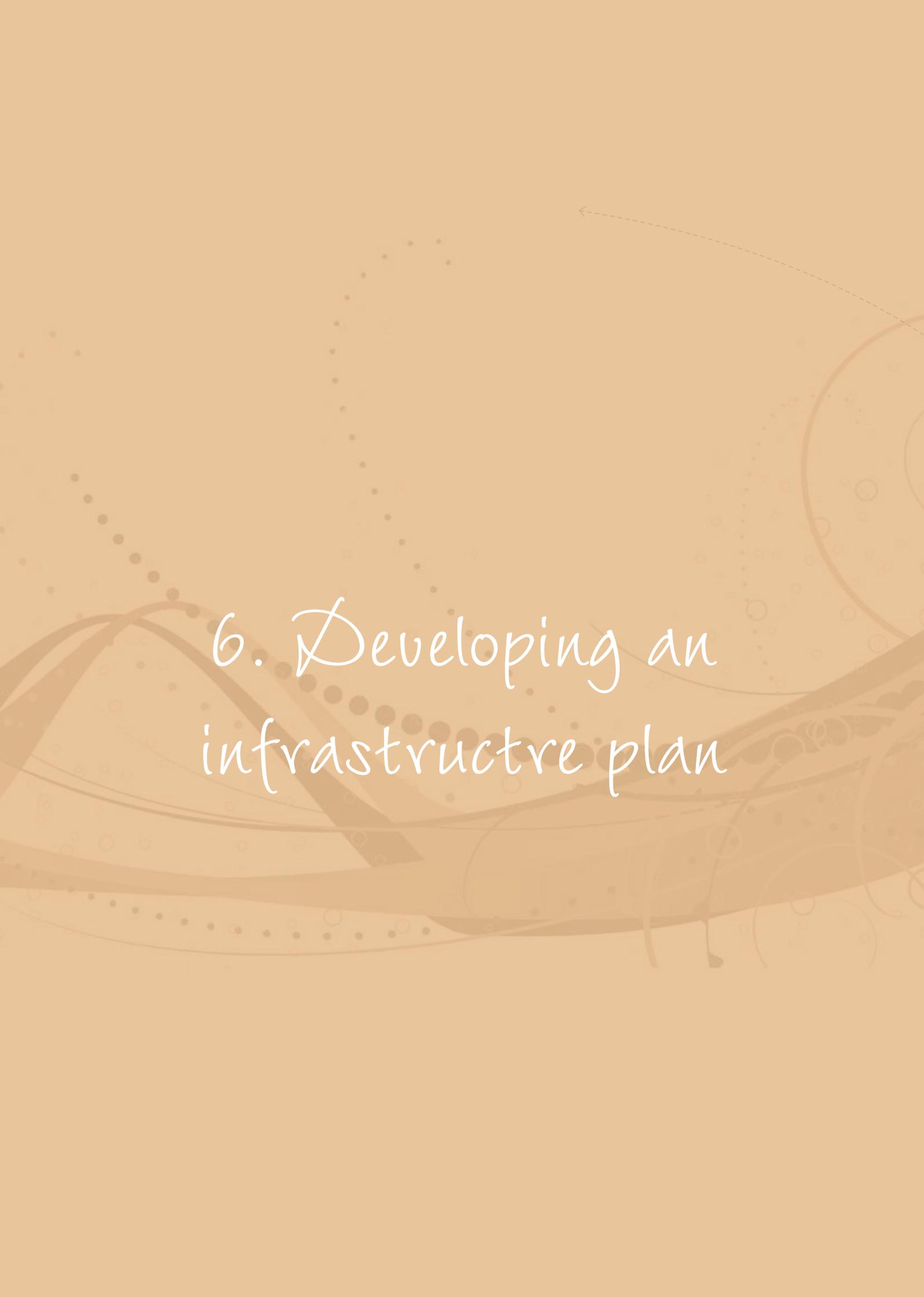
They include:

- regional transport initiatives such as:
 - the construction of the Majura Parkway, which would play an important role in any future development of the Canberra airport as a freight hub, as well as delivering significant benefits to local road users and road freight on the Monaro and Federal Highways
 - a system of inter-town public transport routes including the consideration of light-rail
 - a possible high speed rail project linking eastern Australian capital cities, including Canberra
- improved water security through:
 - the massive enlargement of the Cotter Dam, from its current capacity of 4 gigalitres (GL) to 78 GL
 - improved water security through the planned Murrumbidgee to Googong water transfer project

- increased security of energy supply through:
 - a back up power line into the ACT
 - construction of a high-pressure trunk gas main
- a solar farm for the ACT.
-

In support of these projects, the Government has recently finalised a feasibility study into an ACT solar power facility and is also commissioning the development of a business case and detailed implementation strategy for light rail in Canberra. The business case will be provided to Infrastructure Australia in support of the ACT's bid for Commonwealth co investment into an ACT light rail system





6. Developing an
infrastructure plan

As highlighted in the ACT Government's 2008-09 Budget Paper No. 5, infrastructure is an essential input to almost all economic activity. Its timely provision and optimal utilisation not only increase economic efficiency, but also serves the social needs of the community.

Infrastructure investment is the centrepiece of the 2008-09 ACT Budget and is also a significant component of the Australian Government's 2008-09 Budget, with \$20 billion allocated to the Building Australia Fund and the creation of Infrastructure Australia to drive this investment.

This document represents an important first step towards the development of a detailed ACT Infrastructure Plan, which will build on the Infrastructure Statement in 2008-09 Budget Paper No. 5 and the ACT Government's recent submission to the national Infrastructure Audit.

The ACT Infrastructure Plan will be released annually and establish ACT infrastructure priorities for the coming decade and beyond, including major investments that could be achieved in partnership with the Commonwealth once Infrastructure Australia has investigated projects of national significance. It will also provide a vehicle for reporting to the community and business sector on delivering major capital works.

The scope of the Plan will include key areas of infrastructure such as roads and transport, education and training, health, water, electricity and other energy. It will include an outline of the ACT's existing asset base, discussion of economic considerations and drivers of infrastructure demand and the presentation of the budgeted and longer term capital works programs.

Infrastructure planning is an essential element of Budget decision-making and expenditure. The ACT Government will therefore develop its first comprehensive Infrastructure Plan through the 2009-10 Budget process, delivering the Plan as a stand-alone document with other Budget papers when the Budget is released.

By December each year ACT Government agencies will identify their priority infrastructure projects for consideration for funding through the whole-of-government Budget development process. Through this process, the most important projects will be chosen for funding from the ACT Government's \$1 billion Building the Future fund.

The selection of new projects for inclusion in the Infrastructure Plan will be overseen by an Interdepartmental Committee of ACT Government Chief Executive.

Public input will be vital to the development of the Infrastructure Plan. The ACT Government will establish an Infrastructure Advisory Committee to seek the input of business and community leaders to provide further guidance on the ACT's highest infrastructure priorities.

