

Introduction

Budget Paper No. 4 details the Territory's Infrastructure Program for 2009-10. The program comprises capital projects, both capital works and capital grants, repairs and maintenance and infrastructure-related payments for all Territory agencies and the Power and Water Corporation. The 2009-10 infrastructure program is significantly larger than any previous capital works program and includes a record level of expenditure which equates to around 20 per cent of the Territory's total Budget.

Total infrastructure payments will be \$1.299 billion in 2009-10, \$414 million higher than 2008-09 and \$588 million higher than 2007-08. This is a significant increase and is in part due to the level of ongoing infrastructure investment required in a developing economy, but is largely the result of the Government's decision to invest in infrastructure to support economic recovery and sustain jobs in the Territory during the global financial crisis. This commitment to jobs has been supported by the Commonwealth through the Nation Building and Jobs Plan package announced in February 2009 and other funding programs resulting from Council of Australian Governments initiatives.

Total Infrastructure Payments

In 2009-10 the Territory's total infrastructure payments are estimated to be \$1.299 billion. This includes \$1.015 billion for capital projects, \$276 million for repairs and maintenance and \$8 million infrastructure-related expenses. For 2008-09, the comparable estimate is \$885 million in total payments.

Table 1: Total Infrastructure Program and Payments

	2008-09		2009-10	
	Program	Cash	Program	Cash
	\$M	\$M	\$M	\$M
BUDGET SECTOR				
Capital Works	841	356	1 077	654
Grants ¹		131		154
Repairs and Maintenance		190		182
Infrastructure-Related		8		8
TOTAL BUDGET SECTOR¹		685		998
GOVERNMENT OWNED CORPORATIONS				
Power and Water Corporation				
Capital Works		200		247
Repairs and Maintenance		50		54
TOTAL INFRASTRUCTURE PAYMENTS¹		885		1 299

¹ Grants are included in Total Budget Sector when paid to Power and Water Corporation (PWC) but not included in Total Infrastructure Payments until they are expended by PWC.

The Infrastructure Program for 2009-10 focuses on investment in economic and social infrastructure, with a particular focus on the Territory's regional and remote areas. In addition to the Territory's significant investment in schools, hospitals, roads, land development and housing, the Commonwealth's fiscal stimulus package, Nation Building and Jobs Plan, will contribute around 10 per cent to the program in 2009-10.

The Power and Water Corporation (PWC) has again increased its infrastructure investment estimates, with \$1.4 billion expected to be spent over the next five years, including \$301 million in 2009-10. These infrastructure investments in electricity, water and sewerage assets will meet increased customer demand and improve supply reliability and systems security.

Capital Works for the Budget Sector

The 2009-10 Capital Works Program for the Budget Sector is \$1.077 billion, \$236 million higher than the revised estimate for 2008-09. Since the 2008 Budget, there have been a number of additions to the program, either as a result of bringing forward projects to allow them to commence earlier than originally planned, sometimes to enable tenders to proceed, or inclusion of new projects, subsequent to Commonwealth funding being received. The total program increase during the year is \$207 million. The additional projects include:

- Rosebery Primary and Middle schools (\$54.5 million);
- Palmerston Super Clinic and Early Learning and Care Centre (\$10 million);
- bringing forward stage 2 of accommodation at the Correctional Centres (\$8 million);
- first round of Nation Building and Jobs Plan projects (\$13 million);
- Community, Beef and Mining Roads (\$14 million);
- Darwin Business Park, additional land development (\$18 million); and
- various other Commonwealth-funded projects (\$17 million).

Given that some of these projects have been added later in the financial year, they will contribute to a larger revote into 2009-10. This, plus the continuation of large multi-year projects such as the Tiger Brennan Drive extension (\$77 million) and the East Arm Wharf overland conveyor (\$34 million), have an effect on the 2009-10 Capital Works Program through the comparatively high revote into 2009-10. These items contribute around half of the total revote. During 2009-10, many of these projects will be either completed or nearing completion.

The cash allocation in 2009-10 is \$654 million, \$298 million more than 2008-09. Additional capacity has been provided to the Construction Division, the Government's program manager, to assist it to effectively manage such a large program. The high level of cash provided will result in the revote out of 2009-10 being \$62 million lower than the revote into 2009-10. It also returns the revote to a more usual proportion, at 39 per cent of the total capital works program.

In addition, to ensure projects are tendered and contracts let quickly, efficiently and fairly, procurement arrangements have been streamlined and thresholds lifted. Additional funding has been also provided to the Development Consent Authority to ensure the planning process progresses more quickly.

Capital Projects in the Budget

Given the importance to the economy of increasing investment levels during the global financial crisis and the requirement to improve services throughout the Territory, new infrastructure projects have been approved to support all areas of service delivery as set out in Table 2.

Table 2: 2009-10 Capital Works Projects by Functional Category

	Total Program
	\$M
Total Capital Works – Budget Sector	
Transport	359.5
Housing	231.5
Education	196.8
Health	81.7
Land Release and Community Infrastructure	108.6
Community Safety	51.9
Lifestyle and Environment	35.7
Other	10.9
Total Budget Sector	1 076.6

Transport

Roads across the Territory are again a major focus in 2009-10 with a total infrastructure program of \$322 million, including \$97 million in new major works, \$133.8 million in revoted works, \$6.4 million in minor new works, \$8 million in program delivery and \$77.1 million in repairs and maintenance. Major projects include:

- continuing works on the Tiger Brennan Drive extension, including the Berrimah Road rail overpass (\$89.5 million);
- improvements to community, beef and mining roads (\$19 million);
- National Network strengthening and widening (\$12 million);
- additional duplication and passing lanes on Tiger Brennan Drive (\$10.3 million);
- heavy vehicle diversion around Katherine CBD (\$10 million);
- Darwin to Katherine additional overtaking lanes (\$5 million); and
- Jenkins Road upgrade to seal from Stuart Highway to Channel Island Road (\$4.5 million).

In addition to roads, work is continuing at the East Arm Wharf (\$59.9 million) on the overland conveyor and the two hard stands, with new works of \$2.4 million planned for 2009-10 at both the East Arm and City wharves.

Housing

The total housing capital works program for 2009-10 is \$231.5 million, more than double the program in 2008-09. When the total infrastructure for housing is considered (includes repairs and maintenance and capital grants), the program increases to \$390 million, with estimated cash expenditure of around \$360 million. Housing infrastructure in the 2009-10 Budget includes the following new projects:

- Strategic Indigenous Housing Infrastructure Program (\$176.7 million);
- other public housing and government employee housing (\$46.5 million);
- Nation Building and Jobs Plan social housing (\$22.7 million); and
- Bellamack Seniors Village (\$10 million).

Education

In addition to continuing works on the \$54.5 million Rosebery Primary and Middle schools which commenced during 2008-09, significant education and training developments to begin in 2009-10 include:

- \$101.9 million for Nation Building and Jobs Plan projects in schools across the Territory;
- \$6.25 million for remote education with upgrades to various schools;
- \$4.7 million to establish the dual campus Alice Springs Middle School;
- \$3.2 million for stage 3 upgrades to Ross Park Primary School;
- \$3 million each for Dripstone Middle School and Tennant Creek High School;
- \$2 million for various homeland learning centres; and
- \$1.3 million for the Tennant Creek Trade Training Centre.

Health

New projects totalling \$22.2 million support health and community services infrastructure throughout the Territory. Alice Springs Hospital will benefit through the provision of an additional six beds through the extension of the existing mental health facility under the secure care facilities program at a cost of \$2.5 million. A further \$7.3 million will be spent at the Alice Springs Hospital on essential upgrade and rectification works. Increased renal facilities, based in Tennant Creek, will cost \$2.4 million.

The Northern Territory Government will spend \$2 million on short-term accommodation for radiation oncology patients and their carers. In addition to this, \$2 million will be spent at Royal Darwin Hospital (RDH) on secure care facilities providing an additional five beds through renovation of the existing mental health facility. Staff accommodation at RDH will also be upgraded.

Land Release and Community Infrastructure

Investment in land release community infrastructure is \$108.6 million and includes:

- land release and development (\$74.8 million);
- continuing works for the Darwin Waterfront redevelopment (\$15.1 million); and
- upgrades to aerodromes (\$8.5 million).

Community Safety

Projects on the 2009-10 Capital Works Program for community safety initiatives include \$6 million for an upgrade to the Alice Springs Police Station, \$2 million to convert the Numbulwar Police Post to a fully operational Police Station and \$21 million for headworks for the new 1000-bed Doug Owston Correctional Facility.

In addition, work is continuing on the Alice Springs and Darwin correctional centres to provide an additional 240 beds in the short to medium term.

Lifestyle and Environment

Work on the new Palmerston Water Park will begin in 2009-10 at a cost of \$5 million. Further stages of works also continue at the West MacDonnell Visitors Centre (\$1.5 million), Litchfield National Park visitor facilities (\$1 million) and Hidden Valley Motor Complex (\$1.75 million) to improve recreational infrastructure across the Territory.

A new \$8 million four-year program will also commence, with \$2 million in 2009-10, to upgrade park infrastructure across the Territory. The Araluen Centre for Arts and Entertainment air-conditioning system will be replaced at a cost of \$4.5 million and a total of \$5 million will improve recreational fishing infrastructure, including \$4 million to upgrade the Palmerston boat ramp.

Minor New Works and Capital Grants

The total minor new works planned for 2009-10 is \$60.7 million, made up of \$41.2 million in new minor new works and \$19.5 million of revoted works. Minor new works are projects of up to \$300 000 in value and provide agencies with the flexibility to undertake construction projects to improve the serviceability of assets.

Capital grants are provided to fund the construction or upgrade of significant assets that are owned by entities outside the budget sector (grant recipients). The major capital grants total \$113.9 million in 2009-10 and \$96.2 million in 2008-09. A key component of this grant is the SIHIP program, along with \$18.9 million for essential power, water and sewerage services to Indigenous communities.

Nation Building and Jobs Plan

The Commonwealth's \$42 billion stimulus package, Nation Building and Jobs Plan, released on 5 February 2009 included \$21.5 billion to the states and territories for education, social housing and road and rail infrastructure.

The package, which will result in around \$350 million flowing to the Territory, targets schools, housing, roads, railway crossing safety and other infrastructure. The Nation Building and Jobs Plan program has commenced in 2008-09, however the majority of works will be undertaken in 2009-10 and continue through to 2011-12.

Table 3 sets out the expected impact on the Territory's 2009-10 infrastructure program over four years. In addition to Territory Government infrastructure, the Commonwealth is also providing \$76 million for defence housing and around \$5 million to local government for community infrastructure in the Territory.

Table 3: Nation Building and Jobs Plan

	2008-09	2009-10	2010-11	2011-12	Total
	\$M	\$M	\$M	\$M	\$M
Building the Education Revolution					
Primary Schools for the 21st Century	8.2	91.0	71.8		171.0
National School Pride Program	4.7	11.0			15.7
Science and Language Centres ¹			4.0		4.0
Social Housing					
Stage One	0.9	6.2			7.1
Stage Two		14.4	19.2	19.2	52.8
Repairs to existing public housing stock	2.1	2.1			4.2
Black Spots, Boom Gates					
Black spots	1.5	1.0			2.5
Boom gates	0.8	1.7			2.5
Repairing regional roads	12.0				12.0
Total	30.2	127.4	95.0	19.2	271.8

¹ Estimate included for completeness, but program is yet to be determined by the Commonwealth

Building the Education Revolution

Building the Education Revolution is a \$14.7 billion long-term investment to improve the quality of facilities to better meet the needs of 21st century learning and is divided into three key programs:

- Primary Schools for the 21st Century is for the construction or upgrade of large scale infrastructure, such as libraries and multipurpose halls in every primary school and special school in Australia, and schools will receive up to \$3 million, based on the size of the school;
- National School Pride Program will provide grants to every school up to \$200 000, based on the size of the school, for maintenance and minor building works; and
- Science and Language Centres for 21st Century Secondary Schools is to construct around 500 new science laboratories and language learning centres in high schools (these will be assessed by the Commonwealth).

Social Housing

The Social Housing initiative aims to:

- increase the supply of social housing through new construction and the refurbishment of existing stock that would otherwise be unavailable for occupancy;
- provide increased opportunities for persons who are homeless or at risk of homelessness to gain secure long-term accommodation; and
- stimulate the building and construction industry, both through funding additional dwellings and increasing expenditure on repairs and maintenance.

Of the Commonwealth's \$6.4 billion provided for this program, the Northern Territory has been allocated, in 2009-10, \$6.24 million for stage 1 works and \$14.37 million for stage 2 works, together with \$2.058 million for repairs to existing public housing stock.

Black Spot, Boom Gates and Repairing Regional Roads

The Black Spot Program is part of the Commonwealth's commitment to reduce vehicle accidents on Australian roads. By funding measures such as traffic signals and roundabouts at dangerous locations, the program reduces the risk of crashes. The Commonwealth has included \$90 million for Black Spot funding with the Northern Territory allocated \$1 million for 2009-10.

The Boom Gates for Rail Crossings Program is part of the Nation Building program and provides funding for the installation of boom gates and other safety measures at over 250 high risk rail crossings across Australia. Under this program the Commonwealth is providing \$150 million nationwide and the Northern Territory has been allocated \$1.68 million for 2009-10. The Northern Territory has received \$12 million in 2008-09 for additional maintenance projects on the National Land Transport Network comprising the Stuart, Victoria and Barkly highways to address specific maintenance issues and focusing on asset preservation, rideability and safety.

Repairs and Maintenance

Total repairs and maintenance for 2009-10 is \$276 million and includes \$182 million for the Territory program, \$40 million in grants and \$54 million for Power and Water Corporation. This is an increase of \$27 million on the original 2008-09 Budget of \$249 million. The Territory repairs and maintenance program has increased during

2008-09 by \$24 million, largely due to disaster maintenance on the Barkly and Victoria highways (\$8 million) and one-off Commonwealth funding under the Nation Building and Jobs Plan Package (\$12 million).

The significant repairs and maintenance allocations are:

- Territory Roads – \$57.1 million;
- schools and education facilities – \$27.3 million;
- National Network – \$20 million;
- hospital and health facilities – \$19.6 million;
- public and government employee housing – \$16.9 million; and
- natural resources, arts and sport – \$11 million.

Repairs and maintenance grants, of \$39.9 million in 2009-10 and \$34.5 million in 2008-09, are also provided for Indigenous housing and Indigenous essential services.

Infrastructure-Related Expenses

The infrastructure-related expenses are:

- Green Street Program – \$2 million to fund landscaping and streetscape projects along major urban traffic routes to reflect a commitment to sustainability within our major arterials;
- asset planning studies – \$2 million to fund strategic asset studies and masterplans, including phase two of the ten-year infrastructure plan in 2009-10; and
- operational program delivery costs – \$3.959 million for delivery and consultancy costs that are not specific to an asset and therefore are required to be expensed.

Government Owned Corporations

The Power and Water Corporation, as a government owned corporation, determines its own capital investment program based on the Corporation's objective needs and capacity to ensure that current service standards for supply reliability are met and exceeded where possible.

The Corporation's projected capital investment has increased significantly from \$200.1 million in 2008-09 to \$247 million for 2009-10, which is part of a significant capital investment program over the next five years, totalling some \$1.1 billion. This investment will benefit customers and Territory industry through the provision of better services. Significant Power and Water Corporation projects are included in Appendix 1 of this Budget Paper. In addition, the Corporation's planned payment for repairs and maintenance in 2009-10 is \$54 million, which is part of a \$269 million program over the next five years.

Information Presented in this Budget Paper

Total Infrastructure Payments – the main summary table showing payments for the infrastructure program across all sectors (budget sector and government owned corporations sector) for 2008-09 and 2009-10. This is the primary infrastructure budget table, with subsequent tables illustrating increasingly disaggregated information that forms part of the overall total.

Capital Works and Estimated Capital Expenditure – summary tables for Budget Sector capital works for both 2008-09 and 2009-10, categorised into three sections:

- Department of Planning and Infrastructure Managed;
- Department of Local Government and Housing Managed; and
- Darwin Port Corporation Managed.

Previously Territory Housing was a separate government business division (GBD), however during 2008-09 the majority of the Territory Housing functions were merged into the Department of Local Government and Housing. This has resulted in the Department of Local Government and Housing managing its own capital program.

These summary tables provide information on the following components:

- Revote In – estimated value of capital works not completed in the previous year;
- Minor New Works – projects of a capital nature, with an estimated cost of \$300 000 or less;
- Major New Works – capital projects with an estimated cost greater than \$300 000;
- Program Delivery – the cost of delivering capital projects, including design and project management costs;
- Total Capital Works – totals the above components;
- Cash – the amount of capital works cash allocated to the program; and
- Revote Out – the balance of total capital works not completed at the end of the year. This is the difference between the total capital works and the cash columns.

A new section has been included below the summary tables to separately identify the effect of the Commonwealth's fiscal stimulus package on the capital works program. The total program for the Budget Sector is at the end of the second table.

Capital Works Summary – provides a list of all agencies with capital projects (major and minor) and the total value of the capital works projects attributed to them. Information is provided for both 2008-09 and 2009-10.

Grants Summary – provides a list of all capital and repairs and maintenance grants. It includes the value of capital grants and repairs and maintenance grants made by an agency to other entities to fund the recipient's infrastructure costs. Only grant programs of more than \$500 000 are included. Programs that provide for a mix of funding for equipment, operational or infrastructure support are not included.

Repairs and Maintenance Summary – provides repairs and maintenance costs for each agency, including 2008-09 and 2009-10 repairs and maintenance expenses directly recorded by the agency.

Program Details by Agency – provides details of each agency's 2009-10 infrastructure program, including the agency's capital projects and repairs and maintenance. Each major capital project is identified, with the total program identified for minor capital projects. Revoted and new works are separately presented within each agency. Capital grants provided by agencies to other entities are also identified in the agency section. Estimated costs within major repairs and maintenance categories are disclosed, where relevant.

Committal Target Dates for Major Capital Projects – details significant major new works of \$1 million or more, and provides the indicative timing for project commencement. Target dates are listed on a quarterly basis providing flexibility for finalising arrangements and reflect the period in which a project is planned to commence. Arrangements may vary due to changes in circumstances during the year, which can require a rearrangement of priorities.

Appendix 1: Power and Water Corporation – provides details of Power and Water Corporation’s significant infrastructure program components.

Appendix 2: Explanatory Terms – provides a guide to further explain more technical or specific terminology used in this Budget Paper.

Where appropriate summary tables have been rounded to one decimal place.