

# Introduction

## Background

Budget Paper No. 4 details the Territory's Infrastructure Program for 2004-05.

The Infrastructure Program includes the development and maintenance of the Territory's infrastructure. The Program comprises capital projects, both capital works and capital grants, that may span more than one Budget year, and repairs and maintenance across all Territory Government sectors.

## Total Infrastructure Expenditure

Infrastructure expenditure for the total Northern Territory Public Sector includes capital works expenditure on projects for budget sector agencies, capital grants provided by those agencies, and capital expenditure of PowerWater which is a Government Owned Corporation. In addition to capital projects, infrastructure-related spending also includes repairs and maintenance expenditure and grants for capital purposes which are classified as recurrent expenses.

Total infrastructure expenditure is lower than the Infrastructure Program as the Program is undertaken over a period longer than the budget year, whereas infrastructure expenditure reflects the amount estimated to be spent in the budget year.

Expenditure for the total Infrastructure Program in 2004-05 is estimated to be \$441 million, with some 62 per cent (\$274 million) assigned to capital projects and the remaining \$167 million funding repairs and maintenance activities.

**Table 1: Total Infrastructure Program and Expenditure**

	2003-04		2004-05	
	Program	Cash	Program	Cash
	\$M	\$M	\$M	\$M
<b>CAPITAL</b>				
Budget Sector				
Capital Works	282	164	279	182
Capital Grants		51		40
Government Owned Corporations				
PowerWater		52		52
<b>Total Capital</b>		<b>267</b>		<b>274</b>
<b>REPAIRS AND MAINTENANCE</b>				
Budget Sector				
Repairs and Maintenance Expense		121		115
Repairs and Maintenance Grants		12		12
Government Owned Corporations				
PowerWater		38		39
<b>Total Repairs and Maintenance</b>		<b>171</b>		<b>167</b>
<b>Total Infrastructure Expenditure</b>		<b>438</b>		<b>441</b>

Total infrastructure expenditure continues at high levels in both 2003-04 and 2004-05 and demonstrates the Government's continued commitment to a sustained high level of infrastructure spending, both to provide the necessary economic stimulus and to continue developing infrastructure critical to the delivery of core Government services across the Territory.

While the budget sector capital works program is consistent between 2003-04 and 2004-05, the estimated cash is significantly higher in 2004-05, primarily due to additional funding for major works at East Arm Port and for expanding the Government employee housing program. Commonwealth funds for remote health centres and the Desert People's Centre are also incorporated.

Capital grants are higher in 2003-04, reflecting a number of grants for specific non-government capital projects to assist important community initiatives and facilitate the development of required infrastructure. These grants include:

- Indigenous Essential Services – \$4 million additional grant funds to improve sewerage systems at Milingimbi, relocate the power station at Daly River and extend power along Woolianna Road;
- power to Dundee Beach – \$3.8 million to PowerWater to extend the power grid to the Dundee Beach community;
- Charles Darwin University – \$2.5 million contribution towards the construction of a higher education centre at the University's Alice Springs campus and \$2 million to facilitate the relocation of the Palmerston Magpies Football Club to the University's Palmerston campus; and
- sporting facilities – \$0.5 million to install lighting at the Katherine sports ground and \$0.74 million to commence construction of a grandstand at Traeger Park in Alice Springs.

Repairs and maintenance expense is higher in 2003-04 due to the provision of additional funds for:

- housing maintenance – \$4 million additional for Housing Business Services to address specific maintenance requirements; and
- roads maintenance – \$3 million additional for the Department of Infrastructure, Planning and Environment to meet maintenance needs for roads in central Australia.

## Capital Works for Budget Sector

The 2004-05 capital works program for budget sector agencies (excluding PowerWater) is \$279 million with a cash allocation of \$182 million. This represents a further rise in the cash to program ratio to 65 per cent. Overall, the estimated program for 2004-05 is consistent with the 2003-04 program.

The Government's capital works focus for the 2004-05 program continues to be on initiating and progressing the development of key projects that will facilitate a longer term economic stimulus for the Territory. Examples of such projects include the Mereenie Loop and the Litchfield Loop roads which will improve access to important tourist attractions and thereby assist the tourism industry. In addition, a range of mid-size projects have been incorporated on the program to ensure that a sufficient flow of work is maintained to assist the construction and small business sectors.

The Department of Infrastructure, Planning and Environment has primary responsibility for delivering the Territory Government's capital works program. This Department is the principal construction authority and manages capital works projects for all agencies except Housing Business Services. In addition, Darwin Port Corporation is a construction authority for some projects, although major East Arm Port construction to date has been managed by the Department of Infrastructure, Planning and Environment.

The total program managed by the Department of Infrastructure, Planning and Environment is \$214 million in 2004-05 and features:

- around \$65 million for roads across the Territory, with a focus on major tourism routes such as the Mereenie Loop and the Litchfield Loop;
- \$6 million for Darwin City Waterfront redevelopment;
- \$2.5 million for a cruise ship terminal on Fort Hill Wharf;
- \$8 million for a low security facility at the Darwin Correctional Centre; and
- around \$3.8 million combined for a number of key headworks projects as required precursors to future important projects, including Palmerston Recreation Centre, Darwin Soccer Stadium, Katherine Cultural Precinct and Mt Johns Valley subdivision in Alice Springs.

## Capital Grants

Capital grants are provided to fund the construction or upgrade of assets that are owned by non-government entities (grant recipients). Capital grants are generally provided in one of two main ways:

- projects managed by grant recipients – funds provided directly to the grant recipient which manages the construction project and acquits the grant; or
- projects managed by Government for grant recipients – funds are held by the Department of Infrastructure, Planning and Environment, which manages the construction project on behalf of the grant recipient, and hands the asset over to the recipient on completion.

For projects in this latter category, the Government will let tenders and contracts and supervise construction work, observing the same procedures and requirements as for Government's own capital works projects.

The major capital grants in 2004-05 are:

- Indigenous housing – \$24.2 million grant to the Indigenous Housing Authority of the Northern Territory for the construction and upgrade of Indigenous housing across the Territory;
- Indigenous essential services – \$10 million grant to PowerWater to provide power, water and sewerage infrastructure to remote Territory communities;
- undergrounding powerlines – \$3 million grant to PowerWater to continue the long-term project to underground electricity lines in Darwin; and
- sporting facilities – \$1.7 million grant to complete construction of a grandstand at Traeger Park in Alice Springs.

## Repairs and Maintenance

As the Territory progresses with the development of infrastructure assets, its repairs and maintenance programs increase in prominence and greater focus has been given to this important area by inclusion in this Budget Paper. In some instances, agencies provide grants to non-government entities specifically to allow these entities to fund the repair and maintenance of their assets.

Repairs and maintenance programs are generally funded to a consistent basis although the repairs and maintenance expense in 2003-04 is escalated by the inclusion of two funding increases to address specific maintenance issues for housing and Territory roads, as described above.

Both repairs and maintenance costs for Government assets and grants are treated as operational expenses.

## Government Owned Corporation

PowerWater, as a Government Owned Corporation, determines its own capital program consistent with its commercially-oriented priorities. PowerWater's projected capital expenditure in 2004-05 is consistent with its 2003-04 estimate, both around \$52 million.

PowerWater's planned expenditure for repairs and maintenance remains similarly stable across 2003-04 and 2004-05 at around \$39 million.

## Information Presented in this Budget Paper

**Total Infrastructure Expenditure** – the main summary table showing expenditure for the Infrastructure Program across all sectors (budget sector and government owned corporations sector) for the 2003-04 and 2004-05 years. This is the primary infrastructure budget table, with subsequent tables illustrating increasingly disaggregated information that forms part of the overall total.

**Capital Projects and Estimated Capital Expenditure** – summary tables for budget sector, capital works and capital grants for both 2003-04 and 2004-05, categorised into the general government and public non financial corporations sectors, and capital expenditure for the government owned corporations sector (comprising PowerWater). Details are presented according to the functional classification for the construction activity.

The capital works section of the tables provides 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 \$150 000 or less;
- Major New Works – capital projects with an estimated cost greater than \$150 000;
- Program Delivery – the cost of managing the current year's capital program, including the capacity to design and document projects for future capital works;
- Total Capital Works – totals the above components;
- Estimated Cash Expenditure – 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 works and the level of cash provided.

For capital grants and PowerWater projects, capital expenditure is shown. All grants are paid during the year and, as such, a revote item is not required.

Information for 2003-04 has been revised since the original 2003-04 Budget to reflect updated estimates.

**Capital Projects Summary** – provides a list of all agencies with capital projects (major and minor), including both capital works and capital grants projects. This table presents a different disaggregation for budget sector capital projects to previous tables.

**Repairs and Maintenance Summary** – provides a list of repairs and maintenance costs for each agency, including both repairs and maintenance expenses directly recorded by the agency and grants made by the agency to other entities to fund the recipient's repairs and maintenance costs.

**Program Details by Agency** – provides details of each agency's 2004-05 Infrastructure Program. Each major project is identified, with the total program provided for minor projects. Revoted and new works are separately presented for

each agency. Capital grants provided by agencies to other entities to construct assets are also identified in the agency section, categorised according to whether the Government or the grant recipient undertakes the project management function. Estimated costs within major repairs and maintenance categories are disclosed.

**Committal Target Dates for Major Capital Projects** – details significant major new works of \$1 million or more, and provides an indicative project commencement date. These dates may vary due to changes in circumstances during the year, which can require a rearrangement of priorities.