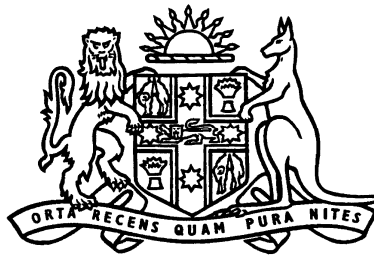


Infrastructure Statement

2007-08



New South Wales

Budget Paper No. 4

TABLE OF CONTENTS

Introduction	i
Chapter 1: OVERVIEW	
1.1 General	1 - 1
1.2 Value of Physical Assets	1 - 2
1.3 Capital Expenditure	1 - 4
1.4 Physical Asset Maintenance	1 - 9
Chapter 2: POLICIES	
2.1 Planning	2 - 1
2.2 The State Infrastructure Strategy	2 - 3
2.3 Asset Management and Procurement	2 - 5
2.4 Funding of Infrastructure Expenditure	2 - 7
2.5 Privately Financed Projects	2 - 8
Chapter 3: GENERAL GOVERNMENT INFRASTRUCTURE EXPENDITURE	
3.1 Overview	3 - 1
3.2 2006-07 Capital Expenditure	3 - 1
3.3 2007-08 Capital Expenditure	3 - 2
Chapter 4: PUBLIC TRADING ENTERPRISE INFRASTRUCTURE EXPENDITURE	
4.1 Overview	4 - 1
4.2 2006-07 Capital Expenditure	4 - 2
4.3 2007-08 Capital Expenditure	4 - 2
Chapter 5: AGENCY PHYSICAL ASSETS AND INFRASTRUCTURE EXPENDITURE PROGRAMS	
5.1 Introduction	5 - 1
5.2 Actual Value of Agencies' Physical Assets as at 30 June 2006	5 - 3
5.3 General Government Sector Projects	5 - 6
5.4 Public Trading Enterprise Sector Projects	5 - 67
Appendix A: AGENCY CONTACTS	A - 1

INTRODUCTION

The State's annual capital expenditure will increase in 2007-08 by 28.8 per cent from \$9.7 billion to \$12.5 billion. Of this amount, \$4.9 billion will be spent in the general government sector and \$7.6 billion in the public trading enterprise (PTE) sector.

Over the next four years, the State's capital expenditure will total \$49.6 billion. This is a substantial increase of \$17.8 billion, or about 55.8 per cent, compared with expenditure of \$31.8 billion in the prior four years.

This record increase in the forward four years is due to the following new projects and continuation of major initiatives in key Government priority areas (with estimated total costs of projects in brackets, unless and otherwise noted):

- ◆ *Water:* Sydney Water Desalination Plant (\$1.9 billion) and Hunter Water's Tillegra Dam (\$298 million) and implementation of the Metropolitan Water Plan 2006;
- ◆ *Rail Transport:* expansion of the rail network to growth areas of Sydney (\$56 million in 2007-08 for investigation and planning) and continuation of the Rail Clearways Program including the Schofields-Vineyard Rail Line Duplication (\$1.8 billion);
- ◆ *Roads:* funding for upgrades of Pacific Highway (\$830 million over four years), Princess Highway (\$375 million over four years), Central Coast roads (\$345 million over four years) and widening of the F3 and F5 Freeways (\$135 million over four years). Urban Transport Statement initiatives include an acceleration of bus priority works on strategic bus corridors (\$100 million), and a Network Management or "pinch point" strategy (\$100 million) and Victoria Road upgrades (\$100 million) to improve traffic flow and reduce travel times;
- ◆ *Ports:* Port Botany Expansion and new Intermodal Logistics Centre at Enfield in Sydney, Port Kembla Inner Harbour Expansion (\$162 million) and Newcastle Port Expansion (\$22 million);
- ◆ *Education:* additional funding for *Building Better Schools* initiative (\$280 million), *Connected Classrooms* initiative (\$119 million), and *School Sport* initiative (\$50 million);

- ◆ *Health:* Liverpool Hospital Redevelopment Stage 2 (\$392 million), Newcastle Mater Hospital Redevelopment (\$209 million), Royal North Shore Hospital Redevelopment (\$702 million), Orange Base Hospital (\$160 million) and the continuation of the Newcastle Strategy and Western Sydney Strategy;
- ◆ *Housing:* additional \$833 million expenditure by the Department of Housing over the next four years primarily due to the implementation of a State wide, long term plan for reconfiguration of public housing assets to better match client needs; and
- ◆ *Electricity:* an additional 5.1 billion expenditure on 667 megawatt gas turbine at Lake Munmorah and increased expenditure by electricity distributors and Transgrid for expanding and upgrading distribution networks in order to meet growth in customer demand, enhanced service and performance standards, and new time-of-use metering technologies.

Capital expenditure in 2007-08 will be partly funded by an increase in the State sector net debt of \$6.8 billion. Details of the Government's strategies for managing financial liabilities, including the funding of capital expenditure, are set out in Chapter 4 of Budget Paper No. 2.

The increase in net debt will be principally larger in the PTE sector, arising from infrastructure investment in businesses in the port, electricity and water sectors. These businesses are subject to commercial disciplines, earn a return on taxpayer's investments and are required to maintain a commercial capital structure with an appropriate mixture of debt and equity. Non-Commercial PTEs in rail transport and housing, mainly fund capital expenditure through a combination of service charges and capital grants from the budget.

CHAPTER 1: OVERVIEW

1.1 GENERAL

The State's infrastructure is provided by both the general government and public trading enterprise (PTE) sectors. General government sector agencies provide essential public services such as health, education, roads and police. Most general government agencies are dependent on the Budget for funding.

The PTE sector provides major economic services such as water, sewerage, electricity, housing and transport. Most PTE sector agencies have a commercial charter and generate revenue (through user charges) outside the Budget. Some PTEs (for example, the Department of Housing and the Rail Corporation New South Wales) are provided with Budget funding because they do not fully recover their costs when providing services required by the Government.

The State's physical assets are recorded at *fair value*, in accordance with accounting policies and standards. Where practicable, an asset's fair value is measured at its highest and best use. An asset with no feasible alternative use may be valued at fair value for its existing use.

A quoted market price for an asset in an active and liquid market is the best indication of fair value, but where this does not exist, market prices for similar assets can be used. Specialised assets are valued using the replacement cost of the remaining economic benefits. It is important to note that the economic benefits of most assets in the public sector do not depend on generating a net cash inflow.

Historical data and forecasts in this Budget Paper are presented on an accrual basis in nominal dollars.

The capital expenditure program represents planned expenditure at a point in time and, as with any plan, circumstances and priorities may change during the course of the financial year.

In past years there have been moderate variations, both increases and decreases, between the budgeted capital expenditure and the actual outcomes. These variations reflect a range of factors including construction schedule adjustments due to weather conditions, prices varying from pre-tender estimates as well as revisions to the scope of projects.

1.2 VALUE OF PHYSICAL ASSETS

The State's physical assets include public schools and TAFE education facilities, hospitals, police and court facilities, transport networks, public housing and recreation facilities, as well as infrastructure such as roads, electricity generation, transmission and distribution networks, water storage and supply networks, and ports facilities.

As shown in Table 1.1, the State's physical assets across both the general government and PTE sectors are estimated to have a value of \$183.2 billion as at June 2007. The table does not include the public financial enterprise sector which has very few physical assets. The general government sector controls \$92.6 billion of physical assets and the PTE sector \$90.6 billion. The general government estimates (in all years) in this Budget Paper exclude the value of land under State roads. Last year the value of land under State roads was included in Budget Paper No. 4 (at a value \$36.3 billion). The exclusion of land under State roads in Budget Paper No. 4 is consistent with the approach adopted in Budget Paper No. 2 Budget Statement, which adopts a more conservative approach to estimating State assets due to the uncertainties associated with the valuation.

The value of physical assets, net of depreciation and other adjustments, is expected to increase during 2007-08 by \$2.9 billion in the general government sector and \$6 billion in the PTE sector.

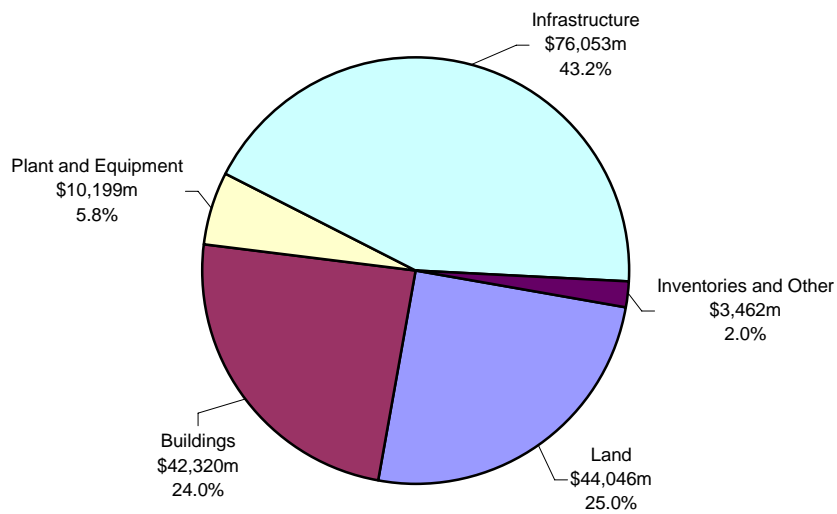
Table 1.1: State Owned Physical Assets: Value by Sector

<i>As at 30 June</i>	<i>2004 Actual \$m</i>	<i>2005 Actual \$m</i>	<i>2006 Actual \$m</i>	<i>2007 Estimate \$m</i>	<i>2008 Budget \$m</i>
General Government Sector	80,402	84,209	89,588	92,599	95,459
Public Trading Enterprise Sector	84,777	86,319	86,493	90,618	96,573
Total State Sector^(a)	165,179	170,528	176,081	183,217	192,032

(a) Total State Sector excludes public financial enterprise sector.

As shown in Chart 1.1, the majority of these assets were infrastructure systems (43.2 per cent), land (25 per cent), buildings (24 per cent), and plant and equipment (5.8 per cent) as at 30 June 2006. The land component value of physical assets has been separated from buildings, providing a clear delineation between built and non-built physical assets.

Chart 1.1: State Owned Physical Assets: Distribution by Category as at 30 June 2006^(a)

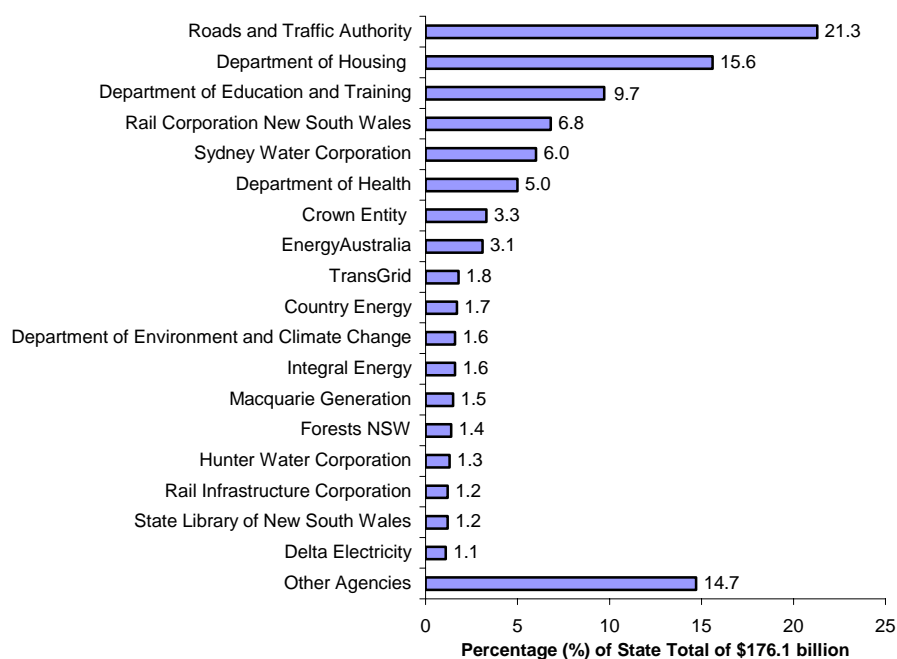


State Total = \$176.1 billion

(a) Excludes public financial enterprise sector.

Control of the State's physical assets is concentrated in a relatively small number of agencies. As shown in Chart 1.2, approximately 74 per cent is controlled by ten agencies.

Chart 1.2: State Owned Physical Assets: Distribution by Agency as at 30 June 2006^(a)



Source: 2005-06 Agency Annual Reports

(a) Excludes public financial enterprise sector and the value of land under State roads of the Roads and Traffic Authority.

1.3 CAPITAL EXPENDITURE

The State's annual capital expenditure will exceed \$10 billion for the first time in 2007-08. Table 1.2 summarises capital expenditure for the current and four forward years.

Table 1.2: State Capital Expenditure Summary^(a)

	2006-07		2007-08	2008-09	2009-10	2010-11
	Budget \$m	Revised \$m	Budget \$m	Estimate \$m	Estimate \$m	Estimate \$m
General Government Sector	4,387	4,275	4,937	4,664	4,555	4,197
Public Trading Enterprise Sector	5,559	5,459	7,604	7,743	7,894	7,985
Total	9,941	9,728	12,534	12,401	12,442	12,175

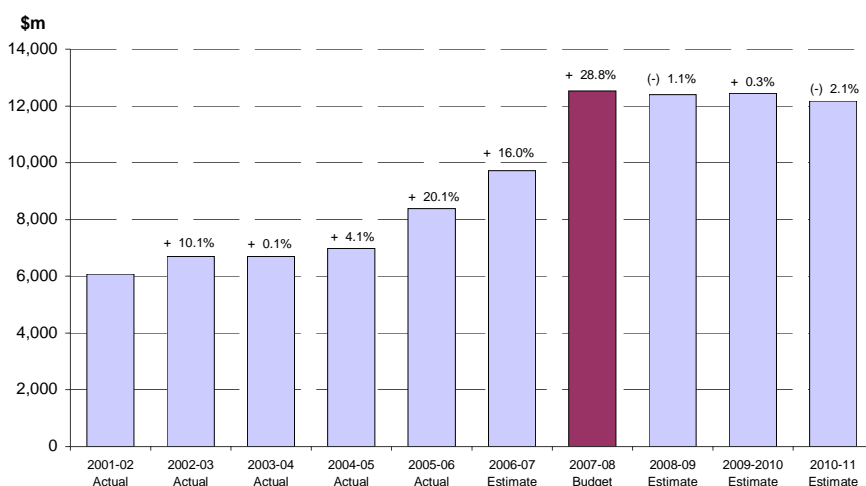
(a) Total State sector capital expenditure may not total general government and PTE sector acquisitions because of inter-sectoral purchases which cancel out on consolidation. Total State sector excludes public financial enterprise sector.

Capital expenditure in 2007-08 of \$12.5 billion is a substantial increase of \$2.8 billion or 28.8 per cent over estimated capital expenditure in 2006-07. The increase is particularly pronounced in the PTE sector. As illustrated in Chart 1.3, New South Wales is going through a step change in capital expenditure.

Over the four years to 30 June 2011 (2007-08 to 2010-11), the State's capital expenditure is expected to total \$49.6 billion. This is an increase of 55.8 per cent or \$17.8 billion on the \$31.8 billion expenditure over the four previous years to 30 June 2007 (2003-04 to 2006-07).

The increase in capital expenditure in the general government sector is primarily driven by greater investment in the hospitals, schools and roads that support the delivery of key frontline services. In the PTE sector, spending increases in rail and bus transport, ports, housing, water, sewerage and electricity infrastructure are significant. These increases reflect a timely response to emerging issues affecting these areas of government services, such as population changes, enhanced service and reliability standards for electricity supply, augmenting electricity and water infrastructure, increased use of technology, and infrastructure replacement and renewal.

Chart 1.3: Capital Expenditure Trend



Over the four year Budget period (2007-08 to 2010-11), total State capital expenditure is forecast to be higher than that estimated over last year's Budget period (2006-07 to 2009-10). The majority of the change is in the PTE sector. In the general government sector, the 2007-08 Budget estimate is approximately \$66 million higher, representing a less than 1 per cent increase over last year's Budget period. Capital expenditure in the PTE sector over the four year Budget period (2007-08 to 2010-11), however, is forecast to be approximately \$8.2 billion or 35 per cent higher than that estimated over last year's Budget period (2006-07 to 2009-10).

The \$3.3 billion increase in the water sector is mainly due to the inclusion of new projects in the 2007-08 Budget including the Kurnell desalination plant (\$1.9 billion), groundwater borefields (\$207 million), Tillegra Dam (\$245 million) and recycling projects including the Western Sydney return flows scheme (\$148 million). There has also been a significant increase in growth works to service new urban development in the North-West and South-West of Sydney (\$194 million).

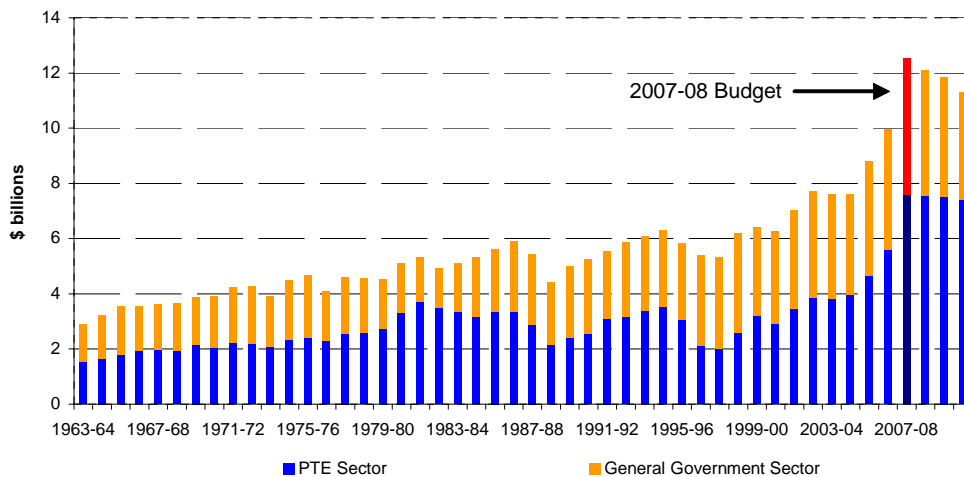
In the transport sector, the majority of the \$2.7 billion increase reflects the planned expansion of the rail network (around \$2.1 billion), as well as costs related to the acquisition of 626 new air-conditioned rail carriages and the extension to the Rail Clearways Program to duplicate the Richmond Line to Vineyard.

The \$1.4 billion electricity sector increase is mainly due to costs associated with the growth in electricity demand. An additional \$50 million is projected to be spent by Macquarie Generation on river pumps to assist with drought mitigation, while \$50 million relates to the re-phasing of expenditure on the Lake Munmorah gas fired power plant.

The remaining \$800 million increase in the PTE sector includes capital expenditure increases in the housing sector (\$434 million), property sector (\$91 million) and the Port Botany expansion.

As shown in Chart 1.4 below, capital spending is lumpy and is currently experiencing a strong period of growth. This growth reflects the need to supplement critical pieces of state infrastructure in line with the growth in economic activity.

Chart 1.4: State Capital Expenditure Program, 1963-64 to 2010-11 (real 2007-08 dollars)



Further details of the infrastructure spending on a policy area basis are in Chapters 3 and 4.

The capital expenditure estimates exclude all private sector infrastructure projects (such as toll roads) procured as privately financed projects (PFP) unless the risks and benefits of the project reside with the public sector. In this case the PFP is classified as a finance lease (such as the Newcastle Mater Hospital Redevelopment) and included in the State's capital expenditure program.

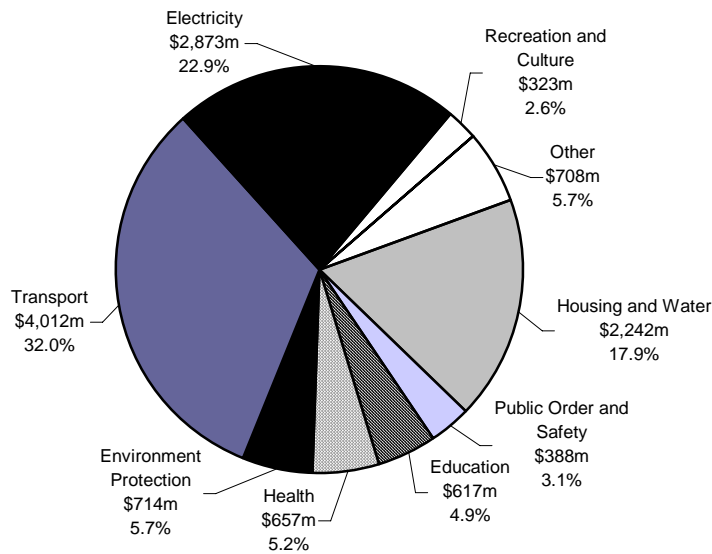
This distinction is drawn because typically the revenue risk on economic infrastructure projects is taken by the private sector while, for social infrastructure, this risk is borne by the Government.

Capital expenditure by policy areas for 2007-08, adapted from Australian Bureau of Statistics categories, is shown in Chart 1.5. This approach results in some agencies' activities being categorised over a number of policy areas with capital expenditure recorded accordingly. For example, the Department of Primary Industries' expenditure on agriculture and fisheries programs is included in the agriculture, forestry and fishing policy area, and mineral resources program expenditure is included in the other economic activities policy area.

Capital expenditure estimates on a policy area basis as shown in Chart 1.5 are preliminary estimates only. This is because program statements of some Budget dependent agencies are not available at this time due to the departmental restructures in April 2007.

The chart indicates that capital expenditure in the electricity, transport, and housing and water policy areas now account for 72.8 per cent of the State's infrastructure budget. This compares to 66.4 per cent in the 2006-07 Budget.

**Chart 1.5: Total State Sector Capital Expenditure, 2007-08:
by Policy Area^(a)**



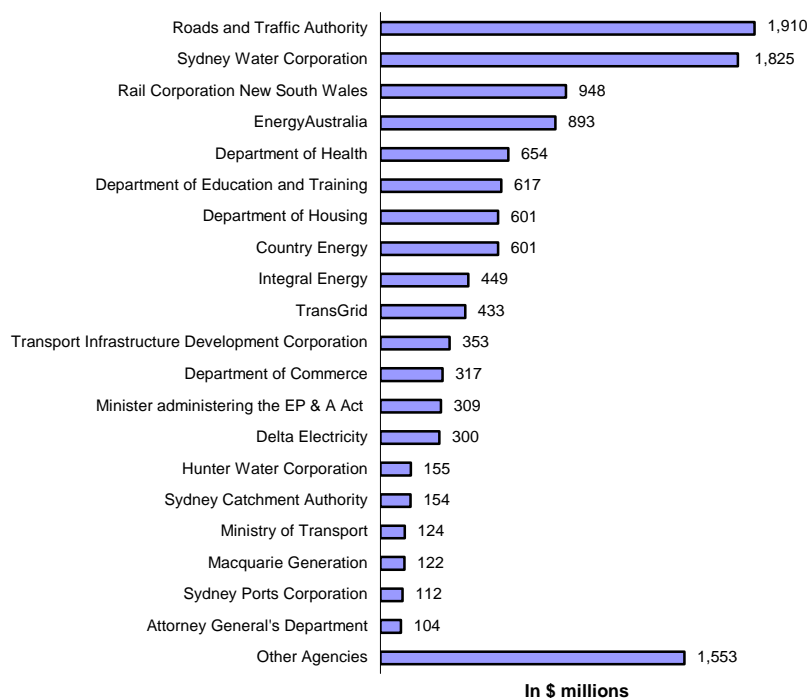
State Total = \$12,534 million

(a) Excludes public financial enterprise sector.

An analysis of capital expenditure by policy area for the general government and PTE sectors is presented in Chapters 3 and 4, respectively.

The allocation of capital expenditure across agencies in 2007-08 is shown in Chart 1.6.

Chart 1.6: State Capital Expenditure 2007-08^(a)



(a) Excludes public financial enterprise sector.

1.4 PHYSICAL ASSET MAINTENANCE

During 2005-06, NSW Treasury issued guidelines requiring that direct employee costs on asset maintenance activities be reported as part of an agency's maintenance expenditure. This was done to address the variability in and, in particular, understatement of reported maintenance expenditure. This requirement has resulted in a more comprehensive and consistent reporting of physical asset maintenance costs. With land value now separated from buildings, a better comparative analysis of the maintenance spend of agencies is possible. The maintenance expenditure estimates for the general government and PTE sectors under the new reporting regime are set out in Table 1.3.

Table 1.3: Maintenance Expenses^(a)

	2006-07		2007-08	2008-09	2009-10	2010-11
	Budget \$m	Revised \$m	Budget \$m	Estimate \$m	Estimate \$m	Estimate \$m
General Government Sector	1,775	1,732	1,669	1,723	1,818	1,892
Public Trading Enterprise Sector	2,064	1,871	2,122	2,063	2,100	2,121
Total	3,839	3,603	3,791	3,786	3,918	4,014

(a) Excludes public financial enterprise sector.

The 2006-07 estimate for maintenance does not include significant works in a number of agencies that were budgeted as maintenance but have since been reclassified as capital expenditure. Taking these reclassifications into account, the 2006-07 estimate does not differ materially from the budgeted maintenance spend.

Expenditure on asset maintenance in 2006-07 is approximately 2.7 per cent of the Government's total built asset holdings at 30 June 2007. This percentage is estimated to remain at 2.7 per cent at 30 June 2008.

CHAPTER 2: POLICIES

2.1 PLANNING

In November 2006 the Government released the *State Plan: A New Direction for New South Wales*. The State Plan sets clear priorities and targets for Government action, and establishes new accountability structures to deliver on the priorities. One of these priorities is 'P2 - Maintain and Invest in Infrastructure'.

A number of other State Plan priorities will drive infrastructure planning and decision making. The State's metropolitan and regional planning strategies are consistent with delivering State Plan Priorities E6 - Housing Affordability and E5 - Jobs Closer to Home. These planning strategies set the background for the ten year *State Infrastructure Strategy* and agencies' Total Asset Management plans. In due course, and with variations over time, these plans translate into actual expenditure on asset acquisition and the maintenance of existing assets.

To assist agencies with infrastructure planning, the Department of Planning provides information on:

- ◆ population projections at the State, regional and local levels;
- ◆ projections on new dwellings in established, greenfield and rural areas of the Greater Metropolitan Region through the Metropolitan Development Program;
- ◆ projections on potential stocks of employment lands across metropolitan Sydney through the Employment Land Development Program; and
- ◆ strategies to manage growth and change in the next 25 years.

The Department of Planning is also engaged in a program of reform to the NSW planning system to improve development assessment and strategic planning processes at the local and state level. These reforms aim to reduce the regulatory burden and assist infrastructure agencies in the timely delivery of projects.

METROPOLITAN STRATEGY

The *Metropolitan Strategy* is the Government's long term plan for efficient and sustainable growth in the Sydney region over the next 25 years and to maintain Sydney's status as Australia's primary global city.

Sydney is expected to grow by 1.1 million people, from 4.2 million in 2004 to 5.3 million in 2031. This implies 640,000 extra dwellings and 500,000 new jobs.

Almost half of the new jobs in New South Wales could locate in regional cities and specialised centres in Western Sydney. Another 30 per cent of all new jobs are expected to locate in the global economic corridor from the Airport via the City and North Sydney to Macquarie Park.

Approximately 60-70 per cent of new housing will be contained within the existing urban areas in Sydney and the Central Coast, focussed around centres and corridors.

New release areas will accommodate another 30 to 40 per cent of new housing growth, the majority of which will be located in the North West and South West growth centres of Sydney (over 220,000 dwellings over the next 30 years).

The *Metropolitan Strategy* will be further detailed in strategies for ten sub-regions, providing a focus on where housing availability and job opportunities might occur across Sydney.

REGIONAL STRATEGIES

Six government strategies have been released or are being finalised for regional New South Wales. They plan for increased population and job opportunities to 2031 as listed below.

<i>Region</i>	<i>Additional people</i>	<i>Additional dwellings</i>	<i>Additional jobs</i>	<i>Status</i>
Lower Hunter	160,000	115,000	66,000	released
Far North Coast	60,400	51,000	32,500	released
South Coast	60,000	45,600	25,800	released
Mid North Coast	91,000	58,400	47,000	exhibited for public comment
Illawarra	47,600	38,000	30,000	released
Central Coast ^(a)	64,250	36,000	35,300	exhibited for public comment

(a) *The Central Coast is also a sub-region of the Metropolitan Strategy.*

Work is also underway on a draft *Sydney to Canberra Corridor Regional Strategy*.

2.2 THE STATE INFRASTRUCTURE STRATEGY

The *State Infrastructure Strategy* (SIS) is a ten year strategy to plan and fund the infrastructure that supports growth in New South Wales and the services that the Government delivers. The SIS is guided by agency Total Asset Management plans and forms the link between the four forward years in this Budget Paper, the ten-year State Plan, and the 25 year metropolitan and regional strategies.

The initial SIS published in 2006 covers 2006-07 to 2015-16. Updated Strategies will be published every two years, with the next release due in 2008. The SIS forecasts the major expected capital priorities for the coming decade, with final project approval subject to completion of detailed planning and normal budget processes. The SIS is regularly reviewed within government, since infrastructure requirements and priorities can change.

The initial SIS put forward a substantial program of capital projects over the decade. Total capital expenditure to 2015-16 was forecast at \$110 billion, premised on a sustainable average increase in infrastructure expenditure of 4.6 per cent per annum. There have been a number of major infrastructure initiatives announced by the Government since the publication of the 2006 SIS, including the Sydney Water Desalination Plant, Hunter Water's Tillegra Dam, the *Urban Transport Statement* and a number of energy infrastructure projects.

These additional initiatives are now included in the four year capital expenditure estimates to 2010-11; however, expenditure commitments extend beyond this timeframe. With these new initiatives, total State capital spending of \$12.5 billion in 2007-08 will be 28.8 per cent higher than the \$9.7 billion spending in 2006-07. Over the four years to 30 June 2011 (2007-08 to 2010-11), the State's capital expenditure is expected to total \$49.6 billion. This is an increase of 55.8 per cent or \$17.8 billion on the \$31.8 billion expenditure over the four previous years to 30 June 2007 (2003-04 to 2006-07).

General government capital expenditure over the four year Budget period (2007-08 to 2010-11) is forecast to be \$66 million higher than that estimated over last year's Budget period (2006-07 to 2009-10), representing a less than 1 per cent increase. Capital expenditure in the PTE sector over the four year Budget period (2007-08 to 2010-11), however, is forecast to be approximately \$8.2 billion or 35 per cent higher.

An estimated \$4.9 billion of this increase will earn a commercial rate of return through regulatory pricing determinations in the water, electricity network and ports sectors. The balance, approximately \$3.3 billion, is forecast to be spent in non-commercial PTE sectors - transport and housing - and is largely budget funded (e.g. CityRail's fare revenue as a proportion of operating expenses, excluding depreciation, is estimated to be 23 per cent in 2007-08; for all non-commercial PTEs, total grants, are estimated to rise to over 60 per cent of revenue by 2008-09).

Since the budget result funds capital expenditure in the general government as well as the non-commercial PTE sectors, any shortfall is required to be funded by higher debt. Thus, the larger the gap between the capital program and the budget result, the greater is the pressure that is placed on the State balance sheet and triple-A credit rating.

Significant increases in infrastructure spending in both the general government and non-commercial PTE sectors are expected to extend beyond the forward estimates period, driven by several factors - including population growth, ageing and redistribution; advances in technology; and the need for infrastructure renewal in several sectors. Higher than expected capital cost inflation could add further pressure on the Budget, through higher debt associated with delivery of projects in general government and non-commercial PTE sectors, and lower dividends for commercial PTE spending.

In order to ensure ongoing sustainability, future infrastructure investment and the budget operating result that supports it will thus need to be carefully managed. To manage this potential risk to the medium-term fiscal outlook and to the State's triple-A credit rating, Treasury has refined the process by which agencies plan and budget for future capital investments. The objective underlying the changes is to increase the information available to Government to forecast capital requirements and prioritise investments on a whole of Government basis over the medium term. Further refinements to procurement policy are also underway, and are similarly expected to contribute to better management of the State's infrastructure program. The State Plan will play a key role in guiding the prioritisation of existing and future infrastructure and service delivery initiatives.

2.3 ASSET MANAGEMENT AND PROCUREMENT

ASSET MANAGEMENT AND THE BUDGET PROCESS

Sound management of existing and newly acquired infrastructure and other physical assets helps ensure that services are delivered efficiently and effectively over the longer term. This requires an appropriate balance between the acquisition of new assets and the efficient utilisation of existing assets, including disposal of those that are surplus.

This balance is achieved through application of the Government's Total Asset Management (TAM) policy, enabling closer integration of the physical asset planning for each agency with the budget process. Through TAM, agencies align their asset planning and management with their service delivery priorities and strategies. They review service delivery options, including addressing any bias towards acquisition of new capital assets at the expense of appropriate asset maintenance on a whole-of-life basis.

The TAM approach encourages agencies to reduce asset dependency through less asset-intensive solutions. TAM also encourages agencies to dispose of unnecessary and/or non-performing assets.

Agencies' Asset Strategies and supporting Capital Investment, Maintenance, Disposal, Office Accommodation and Information and Communication Technology (ICT) plans are used to inform the Government's decision making in resource allocation and development of the SIS and the Budget.

The Government has looked to improve agencies' TAM plan compliance, with a particular focus on improving the quality of asset planning. This includes agencies reviewing asset portfolios to more effectively support service delivery strategies that contribute to State Plan priorities, improving reported maintenance performance, and developing longer-term capital investment plans.

The Government is developing a new performance management and budgeting system for implementation in the 2008-09 Budget. The new process will require agencies to make budget submissions that use Results and Services Plans to identify how existing funding could be better applied to State Plan priorities.

Consistent with the 2008-09 Budget year, TAM plans will become more explicitly linked to agency capital programs for the current Budget year as well as being the instrument for agencies to indicate their longer term asset requirements for the SIS. These changes will not only help the Government forecast infrastructure requirements and prioritise investments, but will also improve the linkage between physical assets and service delivery.

PROCUREMENT POLICY

Government Procurement Policy is directed at value for money. The 2004 Procurement Policy reforms emphasise better upfront planning by agencies prior to funding decisions being made. They also focus on improved procurement discipline, risk management and agency accountability with the aim of reducing time and cost overruns on projects. Key elements of the reforms include simplification of existing policy, application of a Gateway review process, accreditation of agencies and enhanced Treasury monitoring. In 2006, further reforms were introduced to improve ICT governance. Improvements have been mainly in the planning and monitoring area, with better quality business cases and greater adherence to project budgets.

Simplification of Policy

Separate process maps for construction, goods and services and ICT procurement have reduced complexity and improved compliance by agencies. A process map for accommodation and property was included in 2006. Guidance on capital estimating, construction procurement valued under \$1 million, and ICT governance were completed in 2006 with other guidelines updated on an ongoing basis. Despite progress made to date, procurement policy remains complex and further opportunities to simplify policy will be reviewed and implemented in 2007-08.

The Gateway Review Process

The Gateway review process provides an independent analysis of a project at key stages of the procurement process. The Gateway review facility is provided to agencies by the Department of Commerce, acting on behalf of Treasury. Since 2004-05, Gateway reviews have been mandatory at the business case stage for all high value, complex or innovative procurements prior to the funding decision. To date 150 projects with a total value of \$7.6 billion have undergone Gateway reviews, mainly at the business case stage. All types of procurement (construction, ICT, goods and services) have been reviewed.

In 2006, mandatory Strategic Gateway reviews were introduced for high risk ICT projects. Recently the emphasis on early stage project planning and consideration of service delivery options was increased for all asset classes. To further improve the State's infrastructure program, Strategic Gateway reviews will become mandatory for all capital projects over \$10 million in the first four years of TAM plans and for all projects proposed for inclusion in the published SIS.

Agency Accreditation

Accreditation drives the effective use of internal and external expertise in procurement, ensuring that agencies whose core function does not include procurement have access to resources and/or expertise. Seven agencies are currently accredited for project delivery and thirteen for planning construction procurement. An accreditation scheme for goods and services procurement is being developed for implementation in 2007.

Treasury Monitoring

Treasury is pro-active in monitoring major or complex capital works projects, including reviewing business cases and Gateway reviews prior to submission for funding approvals, as well as reviewing reports on procurement options, pre-tender estimates, contract award recommendations, and exception reports during project delivery to confirm the validity of the initial business case.

2.4 FUNDING OF INFRASTRUCTURE EXPENDITURE

In 2007-08, total State capital expenditure will be \$12.5 billion, of which \$4.9 billion will be undertaken in the general government sector and \$7.6 billion in the PTE sector. This capital expenditure, which is a substantial increase on the \$9.7 billion being undertaken in 2006-07, will be partly funded by an increase in the total State sector net debt of \$6.8 billion.

Details of the strategies for managing the Government's balance sheet, including the funding of capital expenditure, are set out in Chapter 4 of Budget Paper No. 2 Budget Statement.

The increase in the net debt in the general government sector of \$2 billion in 2007-08 will partly fund the \$4.9 billion capital expenditure, with the remainder funded by State revenues.

The increase in the net debt in the PTE sector of \$5.1 billion will partly fund the \$7.6 billion capital expenditure, with the remainder funded from the PTE operating surplus.

Over the four years to 2010-11, total State capital expenditure will be \$49.6 billion, of which \$18.4 billion will be in the general government sector and \$31.2 billion in the PTE sector. It will be partly funded by an increase in net debt of \$20 billion. This increase in net debt compares to an increase of \$35 billion in the value of the State's physical assets after allowing for depreciation, valuation adjustments and asset sales.

State sector debt finances both the general government sector and PTE sector. The NSW Government's fiscal strategy is based on the source of funds available to each sector.

The general government sector provides services (schools, hospitals and police) which are largely without charge to recipients. These are funded from State revenue as well as borrowings. Any borrowings are on the basis that net debt remains at a sustainable level, with responsible debt/revenue and interest expense/revenue ratios. These ratios (historical and forecast) are included in the key fiscal indicators in Tables 1.1 and 1.2 in Budget Paper No. 2 Budget Statement.

In the commercial areas of the PTE sector (water, electricity and ports), capital expenditure is funded by service charges and borrowings. These businesses operate under commercial disciplines as contained in the Government's Commercial Policy Framework. Borrowing by commercial businesses in the PTE sector to fund capital investments is an important commercial discipline.

Non-commercial PTEs (such as in public transport and housing) fund capital expenditure through a combination of user charges, borrowing and capital grants from the Budget.

2.5 PRIVATELY FINANCED PROJECTS

Privately financed projects (PFP) are one of a number of options the Government uses to procure infrastructure. Private sector financing is only used where it provides the best value-for-money outcome. Such projects are conducted in strict accordance with the well established *Working with Government Guidelines for Privately Financed Projects* (WWG). Since June 2006, contracts for the following privately financed projects were awarded, in progress or completed:

- ◆ Bonnyrigg Living Communities Project (awarded);
- ◆ Rail Corporation Electric Passenger Rollingstock (awarded);
- ◆ Long Bay Prison and Forensic Hospitals (under construction);
- ◆ New Schools Project 2 (ten new schools) (under construction);
- ◆ Newcastle Mater Hospital Redevelopment (under construction);
- ◆ Chatswood Transport Interchange (under construction); and
- ◆ Lane Cove Tunnel (completed).

A number of reviews related to privately financed projects were concluded during 2006, including:

- ◆ the Joint Select Committee Inquiry into the Cross City Tunnel – first (interim) report released February 2006, second report in May 2006, and third report in August 2006;
- ◆ Post Implementation Review of the Eastern Creek Alternative Waste Treatment Plant released September 2006;
- ◆ the Auditor-General’s performance audit of the Cross City Tunnel released May 2006; and
- ◆ Public Accounts Committee (PAC) Inquiry into Public Private Partnerships (PPP) completed June 2006.

The Public Accounts Committee found that “a review of the current WWG guidelines is necessary, and that they should form part of a broader framework for PPPs.” The Committee also made a number of recommendations relating to (among other things) approval processes, disclosure policies and public interest evaluation.

The first report of the Joint Select Committee Inquiry into the Cross City Tunnel recommended incorporating policy review mechanisms into the update of the Guidelines. Several reviews also commented on the need for improvements in disclosure of Government contracts.

Many of the recommendations from the 2006 reviews and inquiries are consistent with earlier reviews (e.g., the *Review of Future Provision of Motorways in NSW* completed in December 2005).

In response to the recommendations by the various reviews, the Government issued an update of the *Working with Government: Guidelines for Privately Financed Projects* in December 2006. The updated Guidelines:

- ◆ make reference to new policies regarding disclosure of Government contracts with the private sector, as embodied in the *Freedom of Information Amendment (Open Government - Disclosure of Contracts) Act 2006* and Ministerial Memorandum 2007-01;
- ◆ reflect changes in government structure since the publication of the 2001 version of the Guidelines;
- ◆ now include in the Public Interest Evaluation an explicit value for money test from the perspectives of the users and taxpayers;

- ◆ require that at certain points throughout the tender process, updated Public Interest Evaluations be prepared and summaries publicly disclosed. Any significant changes are to be reported to the Budget Committee of Cabinet;
- ◆ include updated sections on the environmental approval process to reflect the introduction of Part 3A of the *Environmental Planning and Assessment Act 1979* (NSW);
- ◆ provide new guidance on (a) how agencies may use bidder engagement strategies (e.g. Best and Final Offers, pre-selection negotiation), and (b) the evaluation of non-conforming proposals; and
- ◆ provide greater clarity in relation to approval processes - for example, in regard to (a) the role of the boards of State owned corporations (SOCs) in PFP approvals, and (b) new requirements to seek further Budget Committee of Cabinet approvals in the event of significant project changes or renegotiation of a PFP contract.

CHAPTER 3: GENERAL GOVERNMENT INFRASTRUCTURE EXPENDITURE

3.1 OVERVIEW

General government sector agencies provide essential public services in areas such as health, education and public order and safety. The sector, in the main, comprises those agencies that receive funding from the Budget.

Processes are in place to ensure that the capital funding program for agencies in this sector reflects Government priorities and resource capabilities. These processes include strategic planning, total asset management (TAM) and procurement policy, as outlined in Chapter 2.

3.2 2006-07 CAPITAL EXPENDITURE

In 2006-07, capital expenditure in the general government sector is expected to be 2.6 per cent or \$112 million below Budget at \$4,275 million. This is primarily due to slower than expected acceptance of offers by land-owners for land acquisitions for the North West and South West Rail Corridors, and delays on some sections of Hume and Pacific Highway projects.

Major projects completed, or due to be completed, in 2006-07 (with estimated total costs) include:

- ◆ 38 school and fourteen TAFE projects including major upgrades/enhancements at Bulahdelah Central School, Kiama High School, and Mullumbimby High School; and Armidale, Mt Druitt, Newcastle, Padstow and North Sydney TAFEs (\$218 million);
- ◆ Royal Prince Alfred Hospital Stage 1 (\$295 million), Westmead Hospital Infill Building (\$34 million), and Hornsby Hospital Obstetrics, Paediatrics, and Emergency (\$21 million);
- ◆ redevelopment of Goulburn Correctional Centre (\$51.6 million);

- ◆ upgrades of Pacific Highway (\$247 million), Old Windsor Road (\$160 million), Windsor Road (\$163 million), Albury Wodonga Hume Freeway Project - Albury Bypass (\$305 million), Newell Highway (\$48 million), Murray River crossing at Euston (\$48 million) and Five Islands Road (\$49 million); and
- ◆ Lane Cove Tunnel as a privately financed project (\$1.1 billion).

3.3 2007-08 CAPITAL EXPENDITURE

Capital expenditure in the general government sector in 2007-08 is budgeted to be \$4,937 million which is 15.5 per cent or \$662 million above the 2006-07 estimate. Most of the increased expenditure is due to bringing forward land purchases for planned new rail projects.

Further, additional funds have been allocated to the Pacific, Hume and Princes Highways upgrades, M5 East Tunnel Filtration Trial, duplication of the Alford's Point Bridge and the F3 Sydney to Newcastle Freeway.

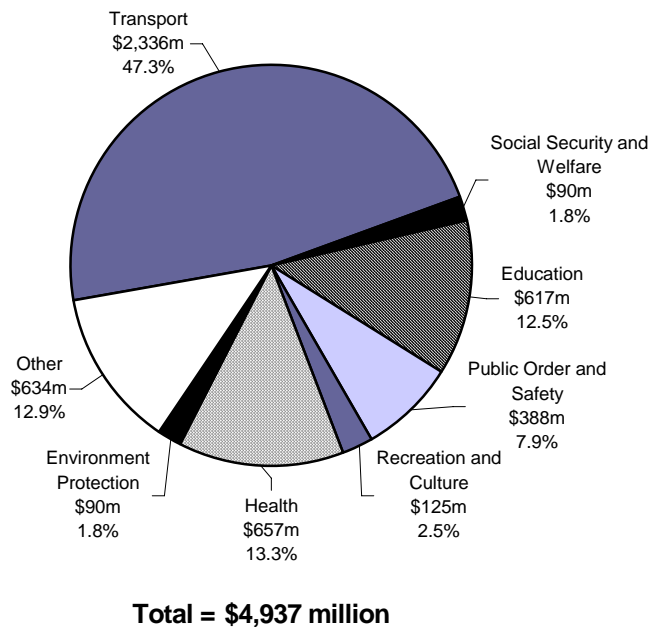
Major new projects commencing in 2007-08 (with the estimated total cost) include:

- ◆ 31 major new school projects (including new schools at Hamlyn Terrace, Ropes Crossing, Second Ponds Creek, Tullimbar and Denison Secondary College Kelso Campus) and 11 new TAFE projects (\$463 million);
- ◆ Mater Hospital at Newcastle as a privately financed project (\$157 million) and the Department of Health's Medical Imaging Project (\$62.9 million);
- ◆ Network Management "pinch point" strategy (\$100 million) and Victoria Road upgrades (\$100 million) to improve traffic flows and reduce travel time;
- ◆ 3 new police stations at Bowral, Camden and Leichhardt (\$47.7 million); and
- ◆ purchase of 265 new buses for use by the State Transit Authority and private bus operators in the metropolitan and outer metropolitan regions (\$120.7 million) as well as implementation of a real-time bus operations management system (\$23.7 million).

The above initiatives and other features of the general government sector's 2007-08 capital expenditure program are discussed in detail under policy areas in the sections below.

Health, transport (roads), education and public order and safety policy areas account for 81 per cent of the general government sector's 2007-08 capital program (refer Chart 3.1).

Chart 3.1: General Government Sector Capital Expenditure, 2007-08: by Policy Area



HEALTH

In 2007-08, capital expenditure in the health policy area will total \$657 million. In the prior year, budgeted capital expenditure was \$576 million, and the increase in 2007-08 is 14 per cent. The health policy area largely comprises the Department of Health's capital expenditure of \$654 million. The balance of the health policy area comprises capital expenditure by the Cancer Institute NSW (\$2 million) and NSW Food Authority (\$1.2 million).

The \$654 million capital expenditure for the Department of Health includes \$71 million for the privately financed Mater Hospital project in Newcastle, and represents an increase of 14 per cent over the prior year capital expenditure of \$573 million. In addition, the recurrent budget for the Department of Health each year includes \$60 million for expenditure on capital works, bringing the Department's total capital works program for 2007-08 to \$714 million.

Over the next four years, the Department of Health will undertake a substantial capital works program totalling \$2.4 billion. Of this, major new works commencing in 2007-08 account for \$162.9 million, with \$53.1 million of this directed to the following priority areas:

- ◆ *Equipment* - \$4.8 million to upgrade and enhance a range of medical imaging and patient monitoring equipment in Hospitals across New South Wales including Nepean, St George and the Children's Hospitals at John Hunter, Westmead and Randwick;
- ◆ *Information and Communication Technology* - \$15 million (\$100.3 million over four years) for the implementation of State-wide information systems to support clinical service redesign and corporate service delivery including Medical Imaging, Billing and the Business Information Strategy;
- ◆ *Hospital Upgrades* - \$4.5 million to upgrade Ryde Hospital including the refurbishment of wards and reconfiguring the Emergency Department, \$1.6 million for planning the redevelopment of Narrabri Hospital, and \$0.8 million (\$10 million over three years) to increase the capacity of the emergency department at Maitland Hospital;
- ◆ *Oral Health Strategy* – \$2 million to support the further introduction of water fluoridation in rural New South Wales, including Port Macquarie and Gosford, as well as the building of dental clinics;
- ◆ *Radiotherapy Services* - \$2.7 million to continue the State-wide planning for expansion of radiotherapy services and ongoing replacement of linear accelerators including those at St George, Royal North Shore and Liverpool Hospitals;
- ◆ *After Hours GP Care* - \$0.3 million (\$0.6 million over two years) for minor capital works associated with the establishment of twelve additional After Hours GP Clinics;
- ◆ *Ambulance Infrastructure Program* - \$0.4 million (\$3.5 million over four years) for the Ambulance Computer Aided Dispatch system, and new ambulance stations at Nelson Bay and Deniliquin;
- ◆ *Local Initiatives* – \$10 million to support local service delivery priorities such as equipment upgrades and minor refurbishments that can be funded by Area Health Services sources such as donations and asset sales; and

- ◆ *Breast Cancer Screening, Cancer Institute Program* - \$7.3 million (\$19.2 million over four years) to introduce digital imaging technology to provide improved breast cancer detection. This program is to form part of the NSW Health Asset Acquisition Program.

These priorities reflect the Government's commitment to meet the needs in population growth areas, improve clinical services in rural areas, streamline corporate and clinical services, and expand and improve cancer care.

In addition, \$506.3 million has been allocated to continue work on other major strategies and projects in 2007-08, including:

- ◆ *Auburn Health Services Redevelopment* - \$45.2 million for the construction of a new hospital on the existing Auburn Hospital site to provide a comprehensive range of services;
- ◆ *Bathurst Hospital Redevelopment* - \$32.6 million to continue the redevelopment of a new acute hospital on the current site including reuse of the existing heritage buildings;
- ◆ *Central Coast Health Access Plan* - \$12.3 million to continue the redevelopment of Gosford and Wyong Hospitals;
- ◆ *Central Sydney Resource Transition Program* - \$6.8 million to continue the upgrade of Royal Prince Alfred Hospital;
- ◆ *Liverpool Hospital Stage 2* - \$22.5 million to continue the major redevelopment of Liverpool Hospital to support the forecast service requirements of this growth area;
- ◆ *Multi Purpose Services and Integrated Primary Health Care* - \$7.1 million to address access and improve health services in rural areas;
- ◆ *Nepean Hospital Allied Health Relocation* - \$3.9 million to continue refurbishment of wards in North Block and provide a new building for Aged Care Rehabilitation;
- ◆ *Newcastle Strategy* - \$24.3 million to improve hospital and clinical services at John Hunter Hospital, Belmont Hospital, Newcastle Community Health Centre and for the costs relating to the privately financed project at Newcastle Mater Hospital that are the responsibility of the Department of Health;
- ◆ *Orange Hospital Redevelopment* - \$12.2 million for the construction of a new acute hospital and associated services on the Bloomfield Hospital site;

- ◆ *Queanbeyan Hospital Redevelopment* - \$17.6 million for redevelopment of the hospital on the current site including an increase in capacity;
- ◆ *Redfern/Waterloo Community Health* - \$3.6 million to redevelop the community health centre on the Redfern Police Station and Courthouse site;
- ◆ *Royal North Shore Hospital Redevelopment* - \$37.3 million for the total redevelopment of the main hospital campus to consolidate facilities and services. This project also includes community health services and a new research building;
- ◆ *Tweed Heads Hospital Clinical Education and Research Institute* - \$3 million to construct a clinical education and research facility on the Tweed Heads Hospital campus;
- ◆ *Western Sydney Strategy* - \$18.4 million to complete major redevelopment at Westmead Hospital including the refurbishment of the renal unit and the Women's Health and Newborn Care Centre and the Cancer Care Centre;
- ◆ *Improved Mental Health Facilities* - \$66.5 million to continue work on various projects that include the relocation of the Rozelle Mental Health Facility to Concord, Lismore Hospital Stage 1, Port Macquarie Hospital Mental Health Unit, Forensic and Tertiary Mental Health Units at Bloomfield Hospital, Child and Adolescent Units at the Sydney Children's Hospital and at Shellharbour, and Non Acute Mental Health Units at Sutherland, St George, James Fletcher and Coffs Harbour Hospitals;
- ◆ *Rural hospitals and health services* - \$56.7 million to redevelop or upgrade 13 rural hospitals and/or health services, including Batlow, Berrigan, Bombala, Junee, Merriwa, Tingha, Walcha, and Warialda. An additional \$24.1 million to progress a range of other rural projects including the Manning Base Hospital Emergency Department, Nyngan Health Service, Ballina Rehabilitation Unit and Bega Hospital Operating Theatres;
- ◆ *NSW Ambulance Service* – \$14.4 million to develop stations at Auburn, Dubbo, Liverpool, Port Macquarie and Ryde as well as fleet and medical equipment upgrades;
- ◆ *Cancer Care* - \$10.2 million to refurbish cancer wards at Westmead Hospital, replace linear accelerators and enhance breast screening services;
- ◆ *Information and Communication Technology* - \$50.5 million to upgrade patient, clinical and corporate services IT systems including the State-wide implementation of the Human Resource Information System, Financial Management Information System, and Procurement Systems;

- ◆ *Hyperbaric Chamber* - \$3.3 million (\$7.6 million over three years) to replace the hyperbaric chamber at Prince of Wales Hospital which is used for treating decompression illness and advanced wound management; and
- ◆ *Pathways Home Program* – \$10.6 million to continue improvements to ambulatory care, rehabilitation, transitional care and community health units at various locations throughout the State.

Planning funds have also been provided in 2007-08 for Mental Health Stage 4, Rural Hospital and Health Services Phase 4, and Nepean Hospital Redevelopment Stage 3.

Construction of the following privately financed projects (PFPs) will also continue in 2007-08:

- ◆ *Forensic Hospital* - a new 135 bed facility at Long Bay Correctional Centre, which is expected to come on-line in 2008-09 with a value of \$81.6 million; and
- ◆ *Newcastle Mater Hospital Redevelopment* - to include the existing hospital services as well as mental health services relocated from James Fletcher Hospital. The first stage of the project is expected to be completed in 2007-08 with a value of \$71.3 million. The final stages are due for completion in 2008-09 with a value of \$85.8 million.

The Department of Health will also assess proposals from the private sector for the redevelopment of Royal North Shore as well as the Orange Base and Bloomfield Hospitals during 2007-08.

EDUCATION

The Government is continuing to provide the best possible environment in our public schools and TAFE facilities to support students to learn, support teachers to teach, and provide employers with the skilled workforce they need. Capital expenditure in education will total \$617 million in 2007-08, compared to last year's budget of \$574 million.

Over the next four years, more than \$2 billion will be spent on delivering the largest public education and training capital works program ever undertaken in New South Wales. This includes funding for the following election commitments:

- ◆ \$280 million for the *Building Better Schools* initiative which includes the upgrading of 800 science laboratories; construction of a further 18 primary school halls and 10 high school gyms; and additional toilet upgrades, electrical upgrades and security fences;

- ◆ \$119 million for the *Connected Classrooms* initiative, focussed on the use of videoconferencing and interactive whiteboards, and tools that enable the sharing of information in interactive environments;
- ◆ \$50 million for the *School Sport* initiative to improve sport facilities and equipment in government schools;
- ◆ \$20 million for the *Climate Change* initiative to provide water tanks for government schools; and
- ◆ \$18.9 million for the *Learn or Earn* initiative, which includes the provision of an additional 15 new trade schools across schools and TAFE colleges.

In 2007-08, the Department will:

- ◆ commence 24 major new building projects in schools, at an estimated total cost of \$211 million (\$25 million in 2007-08), including various upgradings, replacement of demountable classrooms with permanent facilities, libraries, school halls and gymnasiums;
- ◆ spend \$60 million on major information technology projects, including the *Connected Classrooms* initiative;
- ◆ spend \$300 million on minor works, including continuation of air cooling projects, upgrading of student and teacher facilities and the purchase of computers for schools. This includes \$80 million from the Commonwealth under its Investing in Our Schools Program. Some of the projects in the capital works program will attract Commonwealth Government funding;
- ◆ continue the implementation of 42 major building works projects at schools commenced in previous years at an estimated total cost of more than \$319 million (\$93 million in 2007-08);
- ◆ continue the provision of new schools under a privately financed project arrangement at a total estimated cost of more than \$106 million. Eight more schools will be completed by 2009 including public schools at Elderslie, Hamlyn Terrace, Hoxton Park South, Ropes Crossing, Second Ponds Creek and Tullimbar; a high school at Rouse Hill and new school facilities for Denison Secondary College Kelso Campus;
- ◆ commence 11 new TAFE projects at an estimated total cost of \$55 million (\$10 million in 2007-08), including facilities at Blue Mountains (Katoomba), Dubbo, Newcastle, Nirimba (Schofields) and Randwick TAFE Colleges; and

- ◆ continue the implementation of 18 TAFE projects commenced in previous years at an estimated total cost of more than \$114 million (\$52 million in 2007-08). This includes works at Bankstown, Port Macquarie, Ryde, Tamworth and Wagga Wagga TAFE colleges.

PUBLIC ORDER AND SAFETY

The Government has allocated \$388 million capital expenditure in the public order and safety policy area in 2007-08. This is lower by \$91 million compared to estimated expenditure in 2006-07. The reduction is mainly due to decreased cashflow requirements for the NSW Police Force's currently approved information technology projects and for major works-in-progress within both the Department of Corrective Services and the Attorney General's Department.

The program provides for the following key initiatives:

- ◆ \$102.2 million for capital works by the NSW Police Force including:
 - \$51.4 million for new and continuing works to replace police stations at Burwood, Bowral, Camden, Granville, Kempsey, Port Stephens, Windsor, Wyong, Leichhardt, Campsie, Corrimal, Dubbo, Fairfield, Lake Illawarra, The Rocks in Sydney, Lismore, Yamba, Orange, St Mary's and Wagga Wagga;
 - \$10.1 million for improvements to the NSW Police Force's information technology systems, including \$1.9 million for the Computer Aided Dispatch System; \$1.5 million for the Alcohol Related Crime Information Exchange; \$2.8 million for portable electronic fingerprint devices; and \$3.9 million for a Forensic Services Digital Imaging System;
 - \$8.4 million to meet the ongoing costs of replacing the NSW Police Force's marine fleet and upgrading its motor vehicle fleet, including the acquisition of ten additional mobile police vans; and
 - \$2.4 million for forensics equipment, including a Robotic DNA Analysis Platform to automate DNA processing and speed up testing.

The Government has made a provision of \$50 million per annum to meet the costs of continuing improvements to information technology and communications systems. These funds are in addition to the NSW Police Force's capital allocation and will be progressively released during the year as detailed business cases for new projects are finalised and approved.

- ◆ \$97.1 million for capital works by the Department of Corrective Services including:
 - \$4.1 million to complete construction of the new 500 bed Wellington Correctional Centre;
 - \$59.3 million (estimated total cost of \$296.4 million) for the continued planning for the construction of an additional 1,000 inmate beds, including 250 beds at Cessnock, 250 beds at Lithgow and a new 500 bed facility modelled on the Kempsey and Wellington Correctional Centres which will be located on the South Coast of New South Wales at Nowra;
 - \$11.6 million to continue the redevelopment of the Long Bay and Silverwater Correctional Centres;
 - \$1.5 million towards the implementation of information technology systems to assist in electronic case management and to manage corporate and organisational information;
 - \$1.9 million for continuing refurbishment works at the Kariong Juvenile Correctional Centre; and
 - \$2.1 million for the completion of enabling works associated with the 85 bed prison hospital at the Long Bay Correctional Centre.

- ◆ \$97.7 million for capital works within the Attorney General's Department including:
 - \$52.3 million for the continuing development of the Parramatta Justice Precinct, including the completion of the Sydney West Trial Courts and the refurbishment of the Parramatta Court House;
 - \$17.8 million for the continued upgrading of court facilities under the Strategic Court Upgrade program;
 - \$5 million for the roll out of remote witness facilities in NSW Courts; and
 - \$2 million for continuing development and implementation of JusticeLink (formerly known as CourtLink Phase II) to provide an integrated multi-jurisdictional court administration system.

- ◆ \$40.1 million for capital works by the NSW Fire Brigades including:
 - \$11 million for continuation of an ongoing program to acquire and replace firefighting appliances;
 - \$5 million for renovations to fire station buildings at Bellingen, Brunswick Heads, Camden, Eastwood, Forster, Greenacre, Huntingwood, Jerilderie, Kyogle, Lidcombe, Miranda, Moama, Scarborough and Yamba;
 - \$2.4 million for community fire units; and
 - \$17.3 million for plant and equipment and information technology and communications equipment.

SOCIAL SECURITY AND WELFARE

The social security and welfare capital expenditure will total \$90 million in 2007-08. Funding will support the following key initiatives:

- ◆ \$64.2 million provided to the Department of Ageing, Disability and Home Care including:
 - \$6.8 million to reconfigure the Grosvenor and Lachlan Centres as specialist State-wide accommodation services for people with complex health care needs and challenging behaviours respectively;
 - \$8.8 million for the redevelopment of the Peat Island facility to a 100-bed aged care facility and a 20-bed cluster accommodation;
 - \$19 million for acquisition of supported accommodation places for new clients; and
 - \$15.2 million for improvements and replacement of the Department's various existing accommodation facilities.
- ◆ \$16.3 million provided to the Department of Community Services including \$13.4 million for accommodation of new and existing caseworkers; and
- ◆ \$5.5 million for the Attorney General's Department mainly towards the continuing construction of the Parramatta Justice Precinct to house the offices of the Public Guardian and Protective Commissioner, and the Victims Compensation Tribunal.

TRANSPORT

Capital expenditure in transport is a major item in both the general government and the PTE sectors. Capital expenditure in the general government's transport policy area is estimated to total \$2.3 billion in 2007-08 including the following significant works:

Roads

◆ Sydney Region

- undertake the \$100 million 'pinch points' program to improve traffic flow on key road corridors across Sydney (\$5 million in 2007-08);
- commence the Victoria Road upgrade program, and Iron Cove Bridge duplication (\$5 million in 2007-08);
- continue widening F3 Sydney to Newcastle Freeway between Mt Colah and Cowan (\$42 million in 2007-08);
- continue the M5 East Air Quality Improvement Plan, including the installation of tunnel filtration technology (\$30 million in 2007-08);
- continue the Alford's Point Bridge duplication (\$30 million in 2007-08);
- continue the major upgrades of Cowpasture Road (\$10 million in 2007-08), Camden Valley Way (\$4 million in 2007-08), Hoxton Park Road (\$12 million in 2007-08), and complete Narellan Road extensions (\$3 million in 2007-08);
- complete stage 2 of the North West Transitway Network (\$40 million in 2007-08); and
- commence construction of the Mamre Road, M4 overpass duplication (\$7 million in 2007-08).

◆ Pacific Highway

- continue the Bonville bypass upgrade to dual carriageways (\$105 million in 2007-08) and planning and preconstruction of Ballina bypass (\$14 million in 2007-08), jointly funded by the NSW and Commonwealth Governments;
- continue building dual carriageways on Pacific Highway between Tuggerah and Wyong (\$12 million in 2007-08);

- complete the dual carriageways from Karuah to Bulahdelah section 2 and 3 (\$78 million in 2007-08), dual carriageways from Brunswick Heads to Yelgun (\$14 million in 2007-08), and Tomago Road intersection upgrade (\$6.5 million in 2007-08); and
 - commence works, the dual carriageways on Bulahdelah bypass (\$20 million in 2007-08), Cooperook to Moorland (\$30 million in 2007-08), and Moorland to Herons (\$80 million in 2007-08) jointly funded by the NSW and Commonwealth Governments.
- ◆ Great Western Highway
- continue widening of the Great Western Highway to four lanes between Woodford and Hazelbrook (\$13 million in 2007-08);
 - complete widening of the Great Western Highway to four lanes between Leura and Katoomba (\$15 million in 2007-08); and
 - commence widening of the Great Western Highway to four lanes between Honour Avenue and Ride Street in Lawson (\$16 million in 2007-08) and between Tableland Road to Station Street in Wentworth Falls East (\$7.5 million in 2007-08).
- ◆ Hume Highway
- continue widening the Hume Highway to four lanes between Brooks Road to Camden Valley Way (\$20 million in 2007-08) works, jointly funded by the NSW and Commonwealth Governments; and
 - commence Southern Hume Highway Duplication in Albury (\$300 million in 2007-08), Coolac Bypass (\$60 million in 2007-08), and duplication of Sheahan Bridge at Gundagai (\$20 million in 2007-08) funded by the Commonwealth Government.
- ◆ Princes Highway
- continue upgrading the Princes Highway between Oak Flats to Dumore to dual carriageway (\$45 million in 2007-08);
 - continue the Wollongong Northern Distributor extension (\$30 million in 2007-08);
 - continue safety upgrades on Princes Highway between South Nowra and Jervis Bay Road (\$14.3 million); and
 - complete Pambula Bridge and approaches (\$9 million in 2007-08).

◆ Other Regional Roads

- continue widening Central Coast Highway to four lanes (\$14 million in 2007-08);
- commence upgrading Central Coast Highway from Carlton Road to Ocean View Drive (\$10 million in 2007-08);
- continue upgrading the Nowra to Nerriga route (\$25 million in 2007-08) jointly funded by the NSW, Commonwealth and Local Governments;
- continue works on the Commonwealth-funded Moree Bypass (\$22 million in 2007-08);
- in conjunction with the Commonwealth, a new national network linking the F3 to the New England Highway west of Branxton (\$20 million in 2007-08), and upgrading of Weakleys Drive interchange on New England highway (\$25 million in 2007-08); and
- replace the Tourle Street Bridge over the Hunter River on Nelson Bay Road (\$16 million in 2007-08).

Other Transport

- ◆ \$289 million will be available from the Sydney Region Development Fund (established under the *Environmental Planning and Assessment Act 1979*) for land acquisitions for the planned new rail projects;
- ◆ the Ministry of Transport's program includes new buses funded through the Metropolitan Bus System Contract arrangements. The total value of these buses is \$120.7 million for 134 buses for the State Transit Authority (STA), 5 "super metro" buses for use in a CBD trial to be conducted by the STA, 50 buses to be used by private operators in the metropolitan region and 76 buses to be used by private operators in the outer metropolitan area;
- ◆ \$23 million to the Maritime Authority of New South Wales for various works including upgrading of Sydney Harbour commuter wharves (\$5.7 million in 2007-08), enhancements to the Rozelle Bay Maritime Precinct (\$0.9 million in 2007-08), an upgrade and relocation of Circular Quay charter vessel wharf (\$2.4 million in 2007-08) and \$1.6 million for improvements to the cargo facilities at Eden; and
- ◆ \$0.4 million in 2007-08 for information technology systems for the Independent Transport Safety and Reliability Regulator, to assist in regulatory oversight.

Chapter 4 provides details of transport projects undertaken by rail, bus, ferry and port corporations, which are all in the PTE sector.

ENVIRONMENT PROTECTION

Capital expenditure in the environment protection policy area will total \$90 million in 2007-08. This is around \$9 million less than the 2006-07 Budget, primarily due to an adjustment of the regional open space program.

Funding in 2007-08 will support the following key initiatives:

- ◆ \$68.2 million for capital works by the Department of Environment and Climate Change including:
 - \$14.8 million for the purchase of water entitlements under the Riverbank program;
 - \$8.7 million for land acquisitions, including \$3 million to consolidate the Brigalow/Nandewar Community Conservation Area;
 - \$7.4 million for park establishment costs associated with recently acquired lands, including \$3 million for acquired lands in western New South Wales;
 - a further \$6.5 million to upgrade visitor facilities and other infrastructure as part of revitalising Sydney's national parks;
 - \$5.8 million for Kosciuszko National Park, including \$5 million to upgrade essential public infrastructure; and
 - \$5 million for high resolution satellite imagery to support natural resource decision making.
- ◆ \$19.5 million for the continued acquisition and improvement through the Sydney Region Development Fund (established under the *Environmental Planning and Assessment Act 1979*) of regionally significant open space land including the Western Sydney parklands, and land required for planning purposes within the Sydney metropolitan area; and
- ◆ \$0.9 million for remediation of minor dams by the Department of Lands.

RECREATION AND CULTURE

Capital expenditure in the recreation and culture policy area in 2007-08 will total \$125 million. Funding will support the following key initiatives:

- ◆ \$28.9 million for the Sydney Olympic Park Authority to further develop its significant public assets, including \$10 million (which will be funded by borrowings) for development of the Town Centre Car Park, and \$11.7 million for supporting infrastructure provided through developer funded works;
- ◆ \$28.7 million for the Australian Museum, including \$23.7 million to continue its gallery refurbishment and accommodation improvements program. This program will cost \$40.9 million over five years and will address a range of health, safety and security issues, and support the ongoing delivery of Museum services;
- ◆ \$19.9 million for the Department of the Arts, Sport and Recreation, including \$11.6 million to upgrade infrastructure at the Sydney Academy of Sport, Sydney International Equestrian Centre, Southern Highlands Regional Shooting Complex, and Jindabyne, Berry, and Borambola Sport and Recreation Centres, as well as \$5.5 million for asset maintenance at various centres and \$1.4 million for upgrading Wharf 4/5 and the Lilyfield arts facility;
- ◆ \$12.1 million for the Department of Environment and Climate Change to improve park infrastructure and visitor facilities;
- ◆ \$11.3 million for the State Library, including \$7.6 million for the acquisition of collection material including books, journals, pictures, maps, manuscripts and electronic resources, and \$2.8 million for major asset management;
- ◆ \$8.3 million for the Centennial Park and Moore Park Trust to continue its planned seven-year Park Improvement Plan. The Plan is in its sixth year;
- ◆ \$5.2 million for the Art Gallery of NSW including \$2 million for the acquisition of works of art and \$3.2 million for ongoing heritage building upgrade, replacement of escalators, an early warning system and minor works;
- ◆ \$4.2 million for the Royal Botanic Gardens and Domain Trust, including \$2.5 million for further redevelopment of the Trust's Central Depot, due for completion in 2007-08 at a total cost of \$7 million. The Trust will also spend \$0.3 million on the continuation of the Connection Garden works at Mount Annan Botanic Garden and \$0.4 million to complete the Education Centre at Mount Tomah Botanic Garden;

- ◆ \$2.7 million for the Western Sydney Parklands Trust, including \$2 million for a multi-purpose pathway network and \$0.6 million on environmental conservation works;
- ◆ \$2.1 million for the Museum of Applied Arts and Sciences, including \$1.1 million for collection maintenance; and
- ◆ \$1.4 million for the Historic Houses Trust primarily for improved security at Government House.

OTHER

Capital expenditure for other policy areas will amount to \$634 million in 2007-08. Major expenditure on each policy area covered in this category includes:

Agriculture, Forestry and Fishing

- ◆ \$21.1 million provided to the Department of Primary Industries, including:
 - \$5.6 million to purchase new and replacement plant and equipment, and marine craft;
 - \$5.7 million to rationalise and replace information, communications and technology infrastructure;
 - \$1.3 million to construct a new laboratory at Wagga Wagga for food evaluation, research and assessment;
 - \$4 million for Stage 1 of rationalisation and relocation of facilities from Narara to Somersby;
 - \$0.7 million to provide electronic surveillance on the Queensland border to monitor cattle movements into New South Wales associated with the control of cattle tick;
 - \$0.9 million for health, safety, environment and compliance upgrades of laboratories, buildings and infrastructure; and
 - \$0.9 million for Stage 2 of construction of a new joint office for the Department's Fisheries officers, the Marine Parks Authority and NSW Maritime.
- ◆ \$6.2 million provided to the Department of Water and Energy, including \$6.1 million for improved water monitoring and information systems.

Other Economic Activities

- ◆ A total of \$10.5 million for the WorkCover Authority which includes \$4.1 million to upgrade the agency's core business technology platform and upgrade computer hardware, \$2.5 million for the ongoing program to upgrade regional office accommodation, and the balance spread across specific system improvements and routine replacement of various plant and equipment;
- ◆ \$3.4 million for computer projects and equipment replacement for the Department of Commerce's Office of Fair Trading and Office of Industrial Relations;
- ◆ \$2.7 million for the Worker's Compensation (Dust Diseases) Board for the replacement and upgrade of plant and equipment;
- ◆ \$2.4 million for the Department of Water and Energy to for the renewal of computer equipment and software; and
- ◆ \$2 million mainly for the Department of Primary Industries for mineral resources information systems.

Housing and Community Amenities

- ◆ \$13.5 million for the Aboriginal Housing Office, including \$13 million to commence or acquire 31 new dwellings and to continue work on 30 dwellings; and
- ◆ \$3.8 million for the Department of Planning, including \$3 million for land acquisitions under the Coastal Land Protection Scheme.

Chapter 4 includes a discussion of capital expenditure on housing by the Department of Housing, City West Housing, Teacher Housing Authority and Landcom all of which are in the PTE sector.

Other Purposes

- ◆ \$89.9 million to the State Property Authority in 2007-08 for major government office building construction and refurbishment works including:
 - \$23.2 million to construct the Justice Office Building at Parramatta;
 - \$29.6 million to construct the Government Office Building at Queanbeyan;
 - \$28.5 million to construct the Government Office Building at Penrith;

- \$6.6 million for building refurbishments and miscellaneous minor works; and
- \$2 million for construction works at Bligh House.
- ◆ \$313.7 million provided to the Department of Commerce, including:
 - \$270.9 million for purchasing motor vehicles for StateFleet¹;
 - \$13.6 million for information system enhancements; and
 - \$3.2 million to continue the upgrade of the Government Radio Network.
- ◆ \$110 million allocation under the Treasurer's Advance in 2007-08 as a contingency allowance for changes in the scope, expenditure profile of projects and total costs, or other new initiatives.

¹ *These motor vehicles are for the use of general government agencies including NSW Police, the Department of Education and Training, the Department of Health and others for providing frontline service delivery. As a result of Commonwealth tax changes, leasing of cars through the Crown Finance Entity has now been phased out.*

CHAPTER 4: PUBLIC TRADING ENTERPRISE INFRASTRUCTURE EXPENDITURE

4.1 OVERVIEW

Public trading enterprise (PTE) sector agencies provide major economic services in areas such as water, electricity and public transport. The PTE sector, in the main, comprises those agencies that finance the bulk of their operations from their own revenues and borrowings. As a result, capital expenditure decisions are mainly driven by commercial considerations.

Some PTEs are provided with Budget funding to undertake services required by the Government. The Government provides budget funding to agencies for public rental housing (Department of Housing) and public rail transport (the CityRail and CountryLink services of the Rail Corporation New South Wales).

For commercial PTEs (electricity, water and ports), the Government's major objective is to ensure that assets and liabilities are managed efficiently and effectively to maximise value to the State. By targeting returns on the asset of the commercial enterprises, the Government's aim is to achieve an appropriate return on its equity in these enterprises.

Shareholding ministers negotiate performance agreements with each PTE. For commercial enterprises, these agreements specify, amongst other things, expected rates of return on capital and the expected level of dividends and tax equivalents payable to the Government. The commercial performance of these enterprises is then monitored against the agreements.

The broad approach to asset management is for investment decisions to be consistent with the principles underlying the Government's Total Asset Management policy. This includes financial appraisals conducted on any new capital projects or major refurbishment proposals and the requirement that proposed acquisitions meet the benchmark rate of return for the enterprise.

In addition, given the Government's role as shareholder in these enterprises, PTEs are required to submit any projects classified as Projects of State Significance for the Government's consideration. Projects in this category include any joint public/private sector capital projects, any projects with an estimated total cost in excess of \$100 million, complex or innovative projects with significant risks, or investments in interstate or overseas activities.

4.2 2006-07 CAPITAL EXPENDITURE

Capital expenditure in the PTE sector in 2006-07 is estimated to be marginally below budget at \$5,459 million.

Major projects completed, or due to be completed, in 2006-07 (with estimated total costs) include:

- ◆ Bondi Junction turnback, Macdonaldtown turnback and a new platform at Berowra as part of the Rail Clearways Program (more than \$100 million);
- ◆ Easy Access station upgrades at Bulli, Lakemba, Meadowbank, Mortdale, Helensburgh, North Wollongong, Merrylands and Penshurst (\$37 million);
- ◆ 955 units of general public housing, community housing, crisis accommodation and minor housing projects (\$154.5 million);
- ◆ 80 high capacity buses for State Transit Authority (\$51 million);
- ◆ Newcastle 33kV feeder system (\$30 million), low voltage network (\$32 million), 11kV feeder/feeder reliability works (\$57 million), and substations at Rothbury, Sydney CBD and Ku-ring-gai (\$20 million) by Energy Australia;
- ◆ power station upgrade projects by Eraring Energy (\$38.6 million); and
- ◆ substations at Coffs Harbour, Glen Innes, Wellington and other rural areas by Transgrid (\$71 million).

4.3 2007-08 CAPITAL EXPENDITURE

Capital expenditure in the PTE sector in 2007-08 is estimated to be \$7,604 million, which is \$2,145 million or 39.3 per cent higher than the 2006-07 estimate. This increase is primarily due to commencement of construction of the Sydney Water Desalination Plant, and increased levels of expenditure by the electricity generators, distributors and Transgrid to meet growth in demand and to enhance system reliability.

Major new projects commencing 2007-08 (with the estimated total cost where available) include:

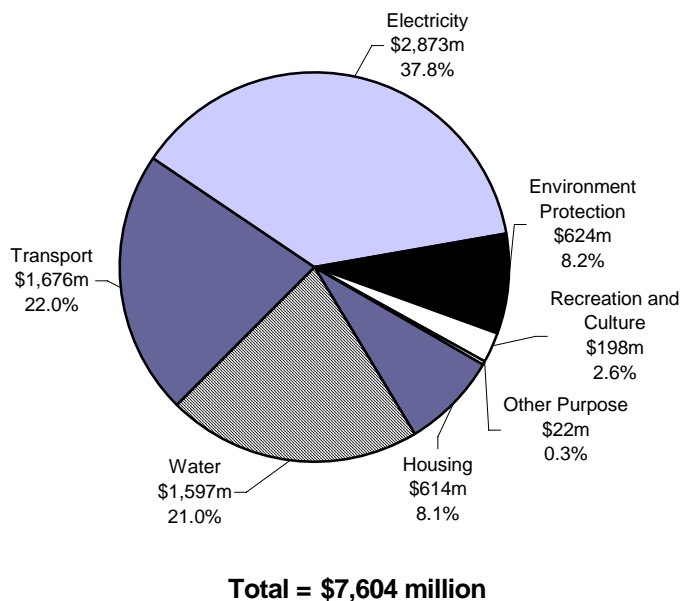
- ◆ Sydney Water Desalination Plant (\$1.9 billion) and Hunter Water's Tillegra Dam (\$298 million);

- ◆ Schofields-Vineyard Rail Line Duplication (\$316 million) and expansion of the rail network to growth areas of Sydney (\$56 million for investigation and planning);
- ◆ 667 megawatt open cycle gas turbine generating plant located at Lake Munmorah due for completion in November 2009 and 90 megawatt capacity upgrade of Mount Piper power station;
- ◆ 1378 new units of general public housing, community housing and crisis accommodation (\$224.7 million); and
- ◆ Port Botany Expansion and new Intermodal Logistics Centre at Enfield in Sydney (total costs are subject to approval and/or under tender process) and a multi-purpose berth at Newcastle Port (\$22 million).

The above projects and other features of the PTE sector's 2007-08 capital expenditure program are discussed in more detail under policy areas in the sections below.

As shown in Chart 4.1, transport and electricity businesses account for 59.8 per cent of the PTE sector's 2007-08 capital program.

Chart 4.1: Public Trading Enterprise Sector Capital Expenditure, 2007-08: by Policy Area



TRANSPORT

The transport sector's capital program in 2007-08 totals \$1,676 million. This is an increase of \$239 million over estimated 2006-07. The program includes:

- ◆ \$948.3 million for the Rail Corporation New South Wales (RailCorp);
- ◆ \$297.5 million for the Epping to Chatswood Rail Line and \$56 million for the planned further expansion of the rail network. The Transport Infrastructure Development Corporation is managing delivery of these projects;
- ◆ \$23.6 million for the Rail Infrastructure Corporation;
- ◆ \$72.7 million for the State Transit Authority;
- ◆ \$70.3 million for the Public Transport Ticketing Corporation;
- ◆ \$16.8 million for Sydney Ferries; and
- ◆ \$191.1 million for the NSW Port Corporations.

Rail Services

Major works included in RailCorp's \$948.3 million program for 2007-08 are:

- ◆ \$284.4 million for Rail Clearways including:
 - the planned completion of infrastructure works for turnbacks at Revesby, Homebush and Lidcombe, stabling facilities and a new platform at Hornsby station and stabling facilities at Macdonaldtown;
 - around \$115 million to continue duplication of the Cronulla line which, when completed, will provide upgraded facilities at Sutherland, Kirrawee, Woolooware and Cronulla stations and significantly improve peak capacity for Cronulla services; and
 - continuation of planning and delivery of the Liverpool turnback, the Kingsgrove to Revesby quadruplication, the Richmond line duplication and a new platform at Macarthur.
- ◆ \$232.1 million for rollingstock acquisitions including:
 - \$132.8 million to progress works associated with the new carriages for the suburban network. A privately financed project is underway to supply 626 new carriages for replacement of aging non air-conditioned trains on the suburban network;

- \$50 million to continue the acquisition of 122 new Outer Suburban carriages for intercity services. The first stage of 41 carriages is well advanced, whilst the second stage of 81 carriages is underway; and
 - other rollingstock initiatives including \$12.5 million for the upgrade of the long haul XPT and Endeavour fleet cars, \$23.8 million for rollingstock enhancements, \$5 million for passenger initiated egress, and \$6 million for rollingstock maintenance and servicing facilities.
- ◆ \$43 million for Easy Access station upgrades across the CityRail network including:
 - completion of upgrades already underway at Auburn, Belmore, Bowral, Carlton, Eastwood, Seven Hills, Turramurra and Werrington; and
 - commencement of works at Lindfield, Newtown and St James and investigations on eight other stations, as part of a \$127 million program to upgrade a further 11 stations. An accessibility upgrade at Cardiff station is also being planned.
 - ◆ \$99.2 million for various safety and reliability improvements to infrastructure and rollingstock, including consolidation of signal boxes, electrical traction power supply through new or upgraded sub-stations and high voltage transmission lines to meet the needs of new generation rollingstock and other safety systems;
 - ◆ \$26.1 million to continue redevelopment of North Sydney Station and \$6.9 million for Hurstville Station redevelopment. Funds will also be available to investigate redevelopment of Town Hall and Redfern stations. Planning is continuing on new stations at North Warnervale, University of Western Sydney and Glendale;
 - ◆ \$16.5 million for continuation of a pilot project for an automatic train protection system which is designed to take control of the train in circumstances where the train will otherwise exceed allowable speed limits or pass a red signal;
 - ◆ \$14.3 million to continue re-signalling between Oatley and Sutherland;
 - ◆ \$12.5 million to continue the upgrade of station passenger information systems to improve customer communications; and
 - ◆ completion of minor works, worth more than \$7 million, at 13 stations.

Spending on the Epping to Chatswood Rail Line is estimated at \$297.5 million in 2007-08. Construction is well advanced on the \$2.3 billion project, due for completion in the second half of 2008. The first stage of the Chatswood Transport Interchange was opened to the public in a temporary configuration in October 2006 and the Epping aerial concourse was opened to the public in April 2007.

In 2007-08 \$56 million will be available towards the proposed expansion of the CityRail network to growth areas of Sydney (in addition to \$289 million for land purchases).

The Rail Infrastructure Corporation is undertaking a \$32 million program to upgrade, over three years, signalling infrastructure and to introduce new train control systems on the country regional network. Mechanical signal boxes will be replaced with modern signalling technology to significantly enhance safe operations. Enhanced signalling systems will facilitate new train control and management systems on the network.

Bus Services

Contracted payments plus service revenue will allow for a \$72.7 million capital works program for the State Transit Authority in 2007-08 including:

- ◆ \$34.1 million for depot redevelopment including \$23.6 million toward the upgrade of Leichhardt Depot which will double its capacity and make it Australia's first "all green" bus depot, \$5.5 million to upgrade Ryde Depot and \$5 million to expand Brookvale Depot;
- ◆ \$19.4 million for passenger and driver security on-board buses;
- ◆ \$5.6 million on depot facilities and workshop modifications; and
- ◆ \$1.6 million for real-time passenger information and \$1.6 million to fit older buses with new emission reduction technology.

In addition, 60 standard CNG and 74 Euro 5 diesel buses for the Sydney and Newcastle networks (at a cost of \$63.4 million) and five super metro CBD buses (at a cost of \$4.3 million) will also be acquired for use by the STA. These buses will be financed by the Ministry and be treated as part of its capital program (as well as \$53.1 million for 126 buses for private operators). The super metro buses are part of a two year trial costing \$12 million which also includes infrastructure upgrades and improvements to service information.

Ferry Services

Sydney Ferries' \$16.8 million capital works program includes a number of initiatives designed to improve the Corporation's safety and service reliability performance. Key projects for 2007-08 include:

- ◆ over \$3 million to enhance fleet maintenance facilities at Balmain Shipyard;
- ◆ \$2.6 million for new engines for First Fleet vessels to improve safety, reliability and fuel efficiency and \$930,000 for installation of a vessel management system on all vessels;
- ◆ \$1 million for preliminary work on a Fleet Replacement Strategy as part of a Total Asset Management Plan; and
- ◆ \$350,000 to refurbish seats on vessels.

Tcard

An amount of \$70.3 million is available for the Tcard project. "Tcard" is a smartcard ticketing system being developed for public transport in the Greater Sydney Metropolitan Area. Tcard will provide the convenience of a single payment card for travel on all government and privately operated rail, bus and ferry services.

Ports

Over \$191 million will be invested in new or upgraded infrastructure in New South Wales ports in 2007-08.

Sydney Ports Corporation plans to spend \$112 million including:

- ◆ \$60.8 million on Port Botany expansion. The project is expected to go to tender later this year; and
- ◆ \$32.5 million on the Intermodal Logistics Centre at Enfield.

Port Kembla Port Corporation's \$60.9 million capital program includes \$43 million to construct new berths and storage facilities and improve road and rail access to the site to cater for the transfer of the car and other trades from Sydney Harbour.

Newcastle Port Corporation's \$18.2 million capital works program includes \$10.3 million towards the construction of the Mayfield No.4 berth and \$3.8 million for the redevelopment of infrastructure on Dyke Point. Both projects will accommodate increased demand for trade at the port.

ELECTRICITY

The capital expenditure program for the electricity sector for 2007-08 is estimated at \$2.9 billion.

Distribution

Over 68 per cent of the electricity sector's capital program in 2007-08 will be undertaken by the electricity distribution businesses. The main focus of their capital expenditure is on meeting growth, particularly in peak demand across the State and enhancing network reliability and security.

EnergyAustralia is projecting capital expenditure of \$892.7 million in 2007-08 which includes about \$751 million in network infrastructure projects. Major network infrastructure works planned for 2007-08 include:

- ◆ \$135 million to provide increased security to meet licence conditions, including works associated with 11 kV and individual feeder reliability works;
- ◆ \$78 million on distribution centres and mains replacement;
- ◆ \$35 million for expenditure on programs to add capacity to the low voltage network;
- ◆ \$7 million to complete the replacement of 132kV cables from Lindfield to Willoughby;
- ◆ \$42 million on development of a new integrated sub-transmission/zone substation at Argenton;
- ◆ \$23 million on replacement of Homebush sub-transmission and Auburn zone substations;
- ◆ \$8 million to commence the replacement Mayfield zone substation with Mayfield West zone substation formerly known as Mayfield North zone substation and the establishment of a new sub-transmission substation on Kooragang Island;
- ◆ \$15 million on development of Morisset zone substation and feeders; and
- ◆ \$57 million to replace infrastructure and increase capacity and reliability to meet increasing demand in Sydney's CBD.

Country Energy is expecting to spend \$601 million in total on capital investment in 2007-08, of which \$471.4 million will be spent on network infrastructure. This includes capital contributed network expenditure of \$69.9 million. Major network projects will include:

- ◆ \$5.2 million for a new zone substation at Bomen;
- ◆ \$5.7 million South West Rocks - 2nd line (4.5 km underground);
- ◆ \$5.7 million Glen Innes - zone substation - 66 kV Busbar upgrade for 2nd feeder installation;
- ◆ \$5.8 million Moonee - new zone substation - 66/11kV;
- ◆ \$6.4 million Dubbo - 66kV second line;
- ◆ \$6.6 million Lismore - zone substation;
- ◆ \$6.6 million Forbes to West Jemalong - construct 66kV line (40km length);
- ◆ \$7.4 million Dubbo South - construct 132 kV line (in conjunction with Dubbo -Narromine 132kV line relocation);
- ◆ \$8 million Tamworth to Quirindi - construct 132kV line (60km length);
- ◆ \$8.5 million Tweed Heads South - zone substation; and
- ◆ \$10.2 million Koolkhan to Maclean - construct 66kV line (40km length).

Integral Energy's forecast capital expenditure in 2007-08 is \$447.9 million. Major projects include \$126.4 million for capital refurbishment to help maintain customer service levels and improve the safety and environmental impact of the electricity system. Other projects include:

- ◆ \$30.6 million on the augmentation of the Penrith transmission substation, required to ensure sufficient capacity to supply all connected load at times of peak demand with the required level of security;
- ◆ \$18.5 million on the establishment of the Mungerie Park zone substation, required to meet electricity needs of the Rouse Hill Regional Centre;
- ◆ \$16 million on the augmentation of 132kV feeders to meet existing and future demand at the Parklea, West Castle Hill and other new zone substations in the North West sector;

- ◆ \$13.1 million on the construction of shared network assets to allow for the connection of new industrial and commercial customers;
- ◆ \$10.6 million on the establishment of the Rouse Hill switching station, required to implement the long term strategy for power supply to the North West growth centre;
- ◆ \$10 million on the installation of underground distribution lines and substations in new urban residential subdivisions;
- ◆ \$9.6 million on works specifically targeted toward improving reliability of supply in areas that have been subject to outage rates significantly higher than the system norm; and
- ◆ \$9 million on the high voltage distribution network development program.

Transmission

TransGrid is continuing substantial expansion and upgrading of the NSW high voltage electricity network. Work is being undertaken in areas to best meet the growing demand for electricity. TransGrid's 2007-08 capital program of \$432.8 million includes the upgrade of the Bayswater - Mt Piper - Marulan transmission system to 500kV operation and the upgrading of transmission lines, transformers and substations across New South Wales with a focus on Western Sydney and the Mid-North Coast.

Expenditure budgeted to be incurred during 2007-08 on major projects includes:

- ◆ \$93 million for the Western 500kV development - Stage 1 of the NSW 500kV ring;
- ◆ \$16 million for the construction of a new 330kV transmission line between Wollar and Wellington;
- ◆ \$14 million for the construction of a new 330kV substation in the Macarthur district;
- ◆ \$14 million to augment the Tuggerah 330/132kV substation;
- ◆ \$14 million to replace the 330kV transformers at Sydney South;
- ◆ \$11 million to rebuild the existing Yass to Wagga single circuit 132kV transmission line; and
- ◆ \$32 million for transformer additions and replacements at Beaconsfield, Finley, Kempsey, Port Macquarie, Sydney West, and Tomago.

Generation

Delta Electricity is forecasting capital expenditure of \$300.1 million for 2007-08. The expenditure is targeted at increasing generation capacity and optimising the efficiency and reliability of existing operations. Major projects include:

- ◆ construction of four open cycle gas turbines at Lake Munmorah;
- ◆ capacity upgrade at Mt Piper power station;
- ◆ coal unloader at Mt Piper power station;
- ◆ continued installation of fabric filter plant at Vales Point power station;
- ◆ completion of cogeneration plants with the NSW Sugar Milling Co-operative at Condong and Broadwater sugar mills; and
- ◆ installation of a reverse osmosis water treatment plant at Vales Point power station.

In 2007-08, Macquarie Generation will allocate \$122.4 million to capital projects which will provide:

- ◆ ongoing improvement in the efficiency of the Bayswater and Liddell power stations;
- ◆ additional water treatment capacity to manage salinity in Lake Liddell; and
- ◆ additional measures to mitigate the effects of drought.

Eraring Energy's forecast \$75.3 million capital expenditure in 2007-08 includes:

- ◆ completion of the gas turbine generator project for black start services;
- ◆ Eraring power station plant upgrade works; and
- ◆ IT developments and hardware purchases.

WATER

The 2007-08 capital expenditure for water businesses, excluding environment protection spending, is estimated at \$1,597 million. This is an increase of about \$1,170 million on 2006-07, mainly due to the Sydney Water desalination project. Excluding the desalination project, capital expenditure for water projects increased \$192 million or 51 per cent on 2006-07 driven by the Sydney Catchment Authority's borefield development program, increases in Sydney Water's recycling program, system renewals and new building costs associated with Sydney Water's move to Parramatta.

Expenditure highlights in 2007-08 associated with the *2006 Metropolitan Water Plan* include:

- ◆ \$1,030 million for the Sydney Water desalination project;
- ◆ \$66.3 million on water recycling projects in Sydney including the Western Sydney Replacement Flows project; and
- ◆ \$56.5m pilot test and borefield development in Upper Nepean and at Leonay.

Other expenditure highlights for 2007-08 include:

- ◆ \$121.5 million on renewing water distribution infrastructure in Sydney;
- ◆ \$43.1 million on Sydney Water's property management program;
- ◆ \$42.2 million on Sydney Water's IT projects including renewing ageing assets and introducing a new maintenance management system;
- ◆ \$15.9 million on renewing critical watermains in Sydney;
- ◆ \$33.2 million on the construction of Tillegra Dam in the Hunter; and
- ◆ \$10 million on the upgrade of Grahamstown Dam by Hunter Water.

In total, Sydney Water is planning to spend \$1,330 million in 2007-08 on the desalination project and projects designed to maintain, upgrade and ensure the security of the water treatment and distribution system.

The Sydney Catchment Authority's 2007-08 capital works program is \$154 million, an increase of \$61.6 million on 2006-07. The bulk of this increase derives from spending on 2006 Metropolitan Water Plan projects in particular the Upper Nepean and Leonay borefield development, and for the renewal of assets used to collect, store and deliver bulk water.

Hunter Water's budget for water-related works is \$97.2 million of which \$33.2 million is for the 450 billion litre Tillegra Dam. When constructed, the Dam will provide greater long term security for the water supply in the lower Hunter and the Central Coast.

State Water is planning to invest \$15.8 million on maintaining and upgrading its infrastructure assets, including major dams and weirs, to ensure efficient supplies for stock, domestic, irrigation and town water users in country New South Wales.

ENVIRONMENT PROTECTION

The projects included in this category focus on the upgrade of waste disposal, wastewater transport systems and treatment plants. Total expenditure in 2007-08 is expected to be \$624 million, which represents a \$54.7 million or 9.6 per cent increase on 2006-07.

The total cost of Sydney Water's environment protection related program in 2007-08 is estimated at \$495 million and includes:

- ◆ \$109.5 million for upgrading sewage treatment plants at Bondi, North Head, Liverpool, West Camden, Shellharbour, Warriewood, and completion of the Illawarra Wastewater Strategy;
- ◆ \$128.2 million for upgrading the sewer network;
- ◆ \$44 million for the sewer overflow abatement program to reduce dry and wet weather overflows in relation to the 27 sewerage systems serving Sydney, the Blue Mountains and the Illawarra;
- ◆ \$90.4 million for the Government's Priority Sewerage Program which connects areas that are a high environmental priority to the reticulated sewerage network, including the upper Blue Mountains (\$54.6 million), Brooklyn-Dangar Island (\$16.5 million), Mt Ku-ring-gai (\$7.1 million), and Mulgoa-Wallacia-Silverdale (\$1.4 million); and
- ◆ \$58.3 million for works to service new urban developments including Hoxton Park and Rouse Hill (largely provided by developers).

Hunter Water's environment protection related capital expenditure in 2007-08 is estimated at \$58 million and includes the upgrades of the Belmont sewerage plant (\$12.7 million), Morpeth wastewater system (\$13.8 million) and the Dora Creek waste water treatment works (\$8 million).

WSN Environmental Solutions continues to undertake various capital works in support of its waste disposal facilities. A \$51 million Macarthur Resource Recovery Park construction project, which includes an alternative waste treatment plant, commenced in 2006-07, at Jacks Gully. It is expected to be completed in March 2008.

HOUSING

Capital expenditure in the housing policy area will total \$614 million in 2007-08, an increase of \$75 million compared to last year. This is primarily due to the implementation of a State-wide long term plan for reconfiguration of public housing assets to better match client needs.

The policy area includes initiatives of the Department of Housing, City West Housing Pty Ltd, Teacher Housing Authority and Landcom.

The Department of Housing's capital program for 2007-08 will total \$601.3 million. This will include:

- ◆ \$213.2 million for the commencement of 1,013 units and works in progress for general public housing;
- ◆ \$76.2 million for the commencement of 339 units and works in progress for general community housing;
- ◆ \$7 million for the commencement of 26 units and works in progress for crisis accommodation;
- ◆ \$243.4 million allocated to the upgrading of existing public and community housing and crisis accommodation and to community improvement programs on large public housing estates; and
- ◆ \$61.5 million for other non housing related assets, eg information technology hardware and other administrative assets.

Additional housing is also provided through City West Housing. A total of \$6.2 million is allocated for affordable housing works in Green Square and the Ultimo/Pymont area, including the completion of 110 units in 2007-08.

RECREATION AND CULTURE

Capital expenditure for the recreation and culture policy area will amount to \$198 million in 2007-08. Significant capital expenditures for 2007-08 include:

- ◆ \$76.3 million by the Sydney Harbour Foreshore Authority on various public assets including initial infrastructure (\$12.5 million) and design (\$3.9 million) for the Barangaroo (East Darling Harbour Project), works at Ballast Point Park (\$10.1 million), capital improvements to property holdings (\$12 million), and upgrading and other capital works for the Sydney Convention and Exhibition Centre (\$13.9 million);

- ◆ \$57.2 million by the Sydney Cricket and Sports Ground Trust. Major projects include construction of a new Hill Grandstand (\$40 million) and new Trust Offices (\$10 million), upgrading of floodlighting (\$2.4 million) and a new video screen (\$1.1 million) at the Sydney Cricket Ground, and completion of the Waratahs Rugby Team's Centre of Excellence Office (\$1.6 million);
- ◆ \$30.4 million by the Sydney Opera House including \$13.6 million to continue the Venue Improvement Program, \$7.2 million for general building upgrade, \$4.6 million for fire service systems upgrade and \$2.5 million for other minor works;
- ◆ \$25.1 million by the Zoological Parks Board of New South Wales to continue a comprehensive program to construct new exhibits and redevelop Taronga Zoo and Western Plains Zoo; and
- ◆ \$7.6 million by NSW Lotteries for the upgrade of its IT-related and general office equipment.

OTHER

Capital expenditure in this area will amount to \$21.6 million in 2007-08 and all of it will be spent by State Forests for hardwood plantation, plant and equipment, and construction of roads and bridges.

In addition, State Forests will spend \$24.8 million on softwood plantation and related works which are classified as inventory purchases but included in the project listing in Section 5.4.

CHAPTER 5: AGENCY PHYSICAL ASSETS AND INFRASTRUCTURE EXPENDITURE PROGRAMS

5.1 INTRODUCTION

This Chapter provides the value of each agency's physical assets and the details of their capital expenditure program.

The value of each agency's existing physical assets as at 30 June 2006 is subdivided into Land, Buildings, Plant and Equipment and Infrastructure Systems. These details are provided in Section 5.2 and accord with current accounting standards.

Details of the general government and PTE capital expenditure are provided in Sections 5.3 and 5.4 respectively on an agency basis.

The capital expenditure program embraces a large number of projects, ranging from the acquisition of minor plant and equipment, through to construction of roads, rail, ports, hospitals, schools, dams, and other facilities. The sheer volume of projects being undertaken precludes a detailed listing of all projects.

Data provided on major works includes location, estimated start and completion, estimated total cost, estimated expenditure to date and expenditure in 2007-08. Major works refers to any specific project with an estimated total cost of \$250,000 or more. Major works are further subdivided into new works (projects which have been approved to commence in this budget year) and works-in-progress (projects which were commenced in earlier years but have not yet been completed).

Expenditure earmarked for minor miscellaneous works is for purposes such as the purchase of minor plant and equipment, and annual provisions for replacements. An aggregate allocation for minor miscellaneous works (those with an estimated total cost of less than \$250,000) is shown for each agency.

As with any plan, circumstances and priorities may change in the course of its implementation. In relation to Budget dependent general government agencies, Portfolio Ministers have the authority to vary project allocations provided they observe authorisation limit constraints (expenditure limits for the current and future financial years). Hence, the allocations shown against individual projects may alter during the course of the financial year.

In the case of PTEs, plans may vary as part of the annual negotiation of Statements of Business Intent or Statements of Corporate Intent.

All expenditures under project allocation for this budget year in the following pages are recorded on an accrual basis. The expenditure, therefore, is recognised at the time when work is performed rather than at the time of payment.

In view of the competitive nature of WSN Environmental Solutions, and the electricity sector agencies, information on individual capital projects for these agencies is regarded as commercial-in-confidence and is not provided in this paper. However, an aggregate total expenditure for these agencies is included under the competitive government sector in Section 5.4 and a brief description of their program is given under the relevant policy area in Chapter 4.

5.2 ACTUAL VALUE OF AGENCIES' PHYSICAL ASSETS AS AT 30 JUNE 2006

<i>Agency</i>	<i>Land \$000</i>	<i>Buildings \$000</i>	<i>Plant and Equipment \$000</i>	<i>Infrastructure \$000</i>	<i>Total Property, Plant and Equipment \$000</i>
General Government					
Aboriginal Housing Office	552,302	264,908	1,919	12,968	832,097
Art Gallery of New South Wales	17,250	116,197	630,264		763,711
Attorney General's Department	183,724	554,948	55,872		794,544
Audit Office of New South Wales		1,773	868		2,641
Australian Museum	21,000	127,561	552,108	1,315	701,984
Building and Construction Industry Long Service Payments Corporation			880		880
Cabinet Office			1,643	1,012	2,655
Cancer Institute NSW			2,540		2,540
Casino Control Authority			394		394
Catchment Management Authorities	4,005	1,261	1,999		7,265
Centennial Park and Moore Park Trust	339,746	107,388	991	266,973	715,098
Community Relations Commission		618	97		715
Crown Finance Entity			139,793		139,793
Crown Leaseholds Entity	5,773,265				5,773,265
Crown Property Portfolio	216,192	467,547	30		683,769
Department of Aboriginal Affairs			1,351		1,351
Department of Ageing, Disability and Home Care	297,839	153,366	29,716		480,921
Department of Commerce	32,492	8,584	534,663		575,739
Department of Community Services	43,390	31,853	52,179		127,422
Department of Corrective Services	153,905	1,211,035	68,355		1,433,295
Department of Education and Training	6,487,460	10,265,087	223,887		16,976,434
Department of Energy, Utilities and Sustainability			1,037		1,037
Department of Environment and Climate Change ^(b)	1,868,075	192,762	45,596	711,299	2,817,732
Department of Health	1,510,342	6,197,220	714,169	322,072	8,743,803
Department of Juvenile Justice	50,851	144,152	6,002	21,638	222,643
Department of Lands	7,414	8,899	4,916	15,675	36,904
Department of Local Government			631		631
Department of Natural Resources	44,423	47,842	21,535	23,669	137,469
Department of Planning	22,431		6,862		29,293
Department of Premier and Cabinet ^(b)			10,574		10,574
Department of Primary Industries	76,140	131,738	41,459	37,372	286,709
Department of Rural Fire Service			16,503		16,503
Department of State and Regional Development	4,304		4,543		8,847
Department of the Arts, Sport and Recreation	101,922	332,149	9,748		443,819
Growth Centres Commission		18	79		97
Health Care Complaints Commission		298	343		641
Historic Houses Trust of New South Wales	122,020	79,192	27,657		228,869
Home Care Service of New South Wales	20	441	4,615		5,076
Honeysuckle Development Corporation			321		321
Independent Commission Against Corruption		317	1,037		1,354
Independent Pricing and Regulatory Tribunal			741		741
Independent Transport Safety and Reliability Regulator		648	305		953
Judicial Commission of New South Wales			279		279
Land and Property Information					
New South Wales	27,000	37,372	12,256		76,628

<i>Agency</i>	<i>Land \$000</i>	<i>Buildings \$000</i>	<i>Plant and Equipment \$000</i>	<i>Infrastructure \$000</i>	<i>Total Property, Plant and Equipment \$000</i>
General Government (cont)					
Legal Aid Commission of New South Wales		6,162	4,027		10,189
Luna Park Reserve Trust	10,350	7,550		7,460	25,360
Maritime Authority of New South Wales	99,105	157,829	14,166	347,196	618,296
Minister administering the EP&A Act	1,360,978		69		1,361,047
Ministry for Police			1,200		1,200
Ministry of Transport		808	37,535	22,483	60,826
Motor Accidents Authority		807	200		1,007
Museum of Applied Arts and Sciences	33,135	83,359	419,588		536,082
Natural Resources Commission			684		684
New South Wales Coal Compensation Board			453		453
New South Wales Crime Commission	5,970	7,521	4,033		17,524
New South Wales Electoral Commission			1,884		1,884
New South Wales Fire Brigades	115,697	153,246	154,150		423,093
New South Wales Rural Assistance Authority			90		90
NSW Businesslink Pty Limited		4,348	8,832		13,180
NSW Film and Television Office		422	112		534
NSW Food Authority	1,470	5,167	1,509		8,146
NSW Police	304,162	643,848	248,803		1,196,813
NSW Self Insurance Corporation			491		491
Office for Children			1,095		1,095
Office of the Board of Studies		1,072	1,808		2,880
Office of the Director of Public Prosecutions			12,465		12,465
Office of Transport Safety Investigations		540	80		620
Ombudsman's Office			1,124		1,124
Police Integrity Commission		348	2,584		2,932
Public Trustee NSW	9,170	10,317	2,942		22,429
Redfern-Waterloo Authority		132,850	10,516		143,366
Roads and Traffic Authority		2,809,489	101,300	34,417,077	37,327,866
Royal Botanic Gardens and Domain Trust	156,460	45,578	29,714	38,695	270,447
State Emergency Service	11,012	1,366	19,677		32,055
State Library of New South Wales	62,000	175,968	1,884,617		2,122,585
State Records Authority	8,500	34,697	7,171		50,368
State Sports Centre Trust		970	1,461		2,431
Superannuation Administration Corporation	3,950	3,749	4,894		12,593
Sydney Olympic Park Authority	519,863	258,911	45,118	370,072	1,193,964
The Legislature	62,135	75,397	45,116		182,648
Treasury			34,118		34,118
WorkCover Authority	6,600	3,563	25,118		35,281
Workers' Compensation (Dust Diseases) Board		4,120	591		4,711
TOTAL GENERAL GOVERNMENT	20,701,069	25,077,156	6,346,511	36,616,976	88,741,712

Agency	Land \$000	Buildings \$000	Plant and Equipment \$000	Infrastructure \$000	Total Property, Plant and Equipment \$000
Public Trading Enterprises					
City West Housing Pty Ltd	66,215	87,465	21		153,701
Country Energy	43,991	74,914	155,857	2,700,278	2,975,040
Delta Electricity	26,281	38		1,853,926	1,880,245
Department of Housing - Land and Housing Corporation	16,857,872	10,538,964	16,723	134,496	27,548,055
EnergyAustralia	144,822	124,898	146,962	4,987,006	5,403,688
Eraring Energy	32,863	1,497	5,262	1,354,311	1,393,933
Forests NSW	719,246	27,282	32,260	114,132	892,920
Hunter Water Corporation	50,949		37,380	2,170,714	2,259,043
Integral Energy	68,484	92,854	87,178	2,506,293	2,754,809
Landcom	974	6,409	1,506		8,889
Macquarie Generation	19,034	1,768	18,281	2,456,651	2,495,734
New South Wales Lotteries Corporation	5,850	14,206	7,598		27,654
Newcastle Port Corporation	8,385	57,934	9,887	37,127	113,333
Parramatta Stadium Trust	9,750	26,337	170		36,257
Port Kembla Port Corporation	4,642	42,862	1,263	12,363	61,130
Rail Corporation New South Wales	2,916,144	2,298,444	2,714,938	3,978,925	11,908,451
Rail Infrastructure Corporation	45,202	10,093	2,487	2,126,045	2,183,827
State Rail Authority	101,592	12,437	2,246		116,275
State Transit Authority	102,542	42,769	261,767	13,133	420,211
State Water	14,038	2,779	11,058	318,982	346,857
Sydney Catchment Authority	38,156	1,449	9,203	819,500	868,308
Sydney Cricket and Sports Ground Trust	31,000	171,522	4,084		206,606
Sydney Ferries	13,710	4,074	69,584	7,784	95,152
Sydney Harbour Foreshore Authority	174,136	797,413	27,486	23,772	1,022,807
Sydney Opera House	75,000	1,680,489	65,637		1,821,126
Sydney Ports Corporation	126,477	627,844	24,105	140,346	918,772
Sydney Water Corporation	963,094	57,953	71,389	9,450,405	10,542,841
Teacher Housing Authority	19,707	92,063	124		111,894
TransGrid	295,214	41,532		2,773,442	3,110,188
Transport Infrastructure Development Corporation	92,837		38,114	1,439,463	1,570,414
Wollongong Sports Ground Trust	16,150	34,023	677		50,850
WSN Environmental Solutions	110,645	73,691	13,048	1,550	198,934
Zoological Parks Board	49,986	158,904	1,861	15,691	226,442
TOTAL PUBLIC TRADING ENTERPRISES	23,244,988	17,204,907	3,838,156	39,436,335	83,724,386
TOTAL GOVERNMENT^(a)	43,973,057	42,320,083	10,198,248	76,053,311	172,544,699

Notes: Unlike the value of Physical Assets shown in Table 1.1, Section 5.2 includes only the value of agencies' land and buildings, plant and equipment, and infrastructure systems, including the value of 'assets classified as held for sale' and investment properties. It does not include the value of other physical assets such as inventories, software and easements, which are included within Table 1.1. Due to public sector reporting policy, the above dissection may differ slightly to the classification in some agencies' financial reports. The totals will remain consistent with agencies' reported figures.

(a) Excludes public financial enterprise sector.

(b) As part of agency restructuring announced by the Government in April 2007, the Premier's Department has been renamed the Department of Premier and Cabinet and the Department of Environment and Conservation has been renamed the Department of Environment and Climate Change.