

1 Approach and highlights

Features

- The Palaszczuk Government is delivering a significant capital works program, including both productivity-enhancing economic infrastructure and essential social infrastructure, to support Queensland's growing population.
- With the State's population having grown to more than five million, the Palaszczuk Government's infrastructure program will generate jobs, drive economic growth, enhance the productive capacity of the State's business and industries, and improve the quality of life enjoyed by Queensland families and communities.
- Over the forward estimates period, the Palaszczuk Government has allocated a total of \$45.769 billion to fund essential infrastructure and capital works to build the State's cities and support the growth of Queensland's regional economies.
- In 2018-19, the Palaszczuk Government will deliver a \$11.583 billion capital program, up from \$10.171 billion allocated for the 2017-18 capital program in last year's Budget.
- To meet the needs of Queensland's growing population, the Government's 2018-19 capital works program includes a \$4.950 billion investment in roads and transport infrastructure.
- Key transport funding in 2018-19 includes: \$147.3 million towards M1 Pacific Motorway upgrades; \$534.3 million towards the Toowoomba Second Range Crossing; \$200 million to duplicate the Bruce Highway from four to six lanes, from Caloundra Road to the Sunshine Motorway; and \$733 million for the Cross River Rail Delivery Authority to continue to progress the planning, procurement and development associated with the \$5.409 billion Cross River Rail project.
- Capital purchases for the health portfolio total \$985.5 million in 2018-19, including \$84.8 million as part of the Enhancing Regional Hospitals program and \$53.3 million as part of the Rural and Regional Infrastructure package.
- The education portfolio will make \$674.3 million of capital purchases in 2018-19, including \$125.2 million for new classrooms and infrastructure in state secondary schools to accommodate the six full cohorts in 2020 and \$94.5 million as part of the \$808 million Building Future Schools Fund.
- The energy and water portfolios will make capital purchases of \$2.178 billion and \$277 million respectively in 2018-19 to deliver cost effective, safe, secure and reliable energy and water supply across the State.
- The Budget also includes significant investments to support the delivery of priority justice and public safety services in Queensland communities in 2018-19, including \$107 million out of a total \$241 million to provide 348 additional cells at Capricornia Correctional Centre and \$55 million in 2018-19 to refurbish, upgrade or replace police facilities across the State.

- Key capital investments in social housing in 2018-19 include \$339.1 million to construct new dwellings and upgrade existing properties and \$103.6 million of capital grants to assist non-government organisations to construct and upgrade social housing dwellings.
- A key element of the Government's capital program is providing grants to local governments to ensure they can deliver the essential infrastructure needed to support communities across Queensland. The Government's 2018-19 capital grants program of \$1.661 billion includes \$147.8 million for Works for Queensland, providing councils with the resources to deliver small priority infrastructure projects throughout the State.
- The Government is providing \$9.5 million of additional disaster resilience spending in 2018-19 (\$38 million over four years), recognising the importance of building the resilience of local communities to ensure they recover more quickly after a disaster and ensure essential services and transport links are maintained.
- The Government has implemented a clear focus on improving the timely delivery of essential infrastructure for Queensland. This has resulted in an improvement in the amount of capital expenditure delivered, with the proportion of budgeted capital purchases actually delivered in 2016-17 being the highest in the past five years. Further improvement is anticipated in 2017-18, with more than 90 per cent of budgeted capital purchases expected to be delivered, compared with the average of 85 per cent for the past five years from 2012-13 to 2016-17.

1.1 Introduction

The arrival of the five millionth Queenslander in May 2018 highlighted the challenges and opportunities that the State faces with a growing population. The 2018-19 capital statement outlines how the Queensland Government will meet these challenges by building new infrastructure, including new schools and hospitals and better transport networks, which will help Queenslanders and local businesses succeed.

In addition to meeting the challenges of a growing population and maintaining world-class essential services, the Government's vision for infrastructure is about generating jobs and building a strong and sustainable modern economy for all Queenslanders. Whether it's sports stadiums, schools or hospitals, infrastructure will support the social and economic activity of future Queenslanders.

Projects such as the Western Roads Upgrade Supplement, Bruce Highway and M1 Pacific Motorway upgrades, and Cross River Rail will provide the vital transport links which will be the catalyst to unlock communities and expand economic activity across the State. Infrastructure assessment by Building Queensland ensures the right infrastructure is being built at the right time and with quantifiable returns. The Government's detailed infrastructure strategy is outlined in the regularly updated State Infrastructure Plan.

The Government's substantial infrastructure investment directly generates significant employment during construction. It is estimated that the \$11.583 billion capital works program in 2018-19 will directly support more than 38,000 jobs, equating to around 33,000 full time equivalent jobs.

In addition to the more immediate construction-related jobs generated through the capital works program, the resulting infrastructure will support and create future jobs, by attracting and encouraging private sector investment, increasing the productivity, efficiency and competitiveness of the State's businesses and industries, and expanding the long-term productive capacity of the economy.

1.2 Capital planning and prioritisation

1.2.1 State Infrastructure Plan

The State Infrastructure Plan (SIP) provides a clear vision for planning, investment and delivery of infrastructure in Queensland. The SIP underpins the Government's commitment to support jobs and the economy, by ensuring the State is investing in the right infrastructure, in the right place and at the right time. The implementation of the SIP is led by the Department of State Development, Manufacturing, Infrastructure and Planning.

The SIP is designed to provide confidence and certainty to industry, local government and the community by confirming the Government's investment program over the next four years.

SIP Part A, released in March 2016, sets out the Government's medium-term agenda. This forms the basis of the regularly updated SIP Part B which details the current investment program. The 2018 SIP Part B update will align with the 2018-19 State Budget and reflect the Government's current capital investment program. The update will continue to give the private sector and all levels of government confidence to invest in the State. The update is a critical tool to align and integrate national, state, regional and local infrastructure planning.

1.2.2 Building Queensland

Building Queensland is a statutory body that provides independent, expert advice on major infrastructure to Queensland Government departments, government-owned corporations and nominated statutory authorities. Established under the *Building Queensland Act 2015*, its core functions are to develop and independently prioritise the State's infrastructure proposals.

Building Queensland leads the development of detailed business cases with an estimated capital cost of delivery over \$100 million and assists with proposals between \$50 million and \$100 million. Building Queensland also develops the Infrastructure Pipeline Report to assist the Government in determining the projects that will best address the State's infrastructure priorities. The Infrastructure Pipeline Report provides transparency of key Government proposals under development.

Detailed business cases completed by Building Queensland include the following projects:

- Beerburrum to Nambour Rail Upgrade
- Bruce Highway: Cairns Southern Access Corridor Stage 3 (Edmonton to Gordonvale)
- Bruce Highway: Cairns Southern Access Corridor Stage 4 (Kate Street to Aumuller Street)
- Bruce Highway: Caboolture/Bribie Island Road to Steve Irwin Way
- Bruce Highway: Maroochy Interchange Upgrade
- Cross River Rail

- European Train Control System
- Five Schools Package
- Lower Fitzroy River Infrastructure Project
- Public Safety Regional Radio Communications
- Arthur Gorrie Correctional Centre
- The Smithfield Transport Corridor Upgrade
- Townsville Eastern Access Rail Corridor

1.2.3 Queensland Transport and Investment Program (QTRIP)

QTRIP is an annually published program of works that outlines the Department of Transport and Main Roads' current and planned investments in road and transport infrastructure over the next four years. It includes roads, railways, active transport, marine infrastructure and public transport solutions. The strategic intent of QTRIP 2018-19 to 2021-22 is shaped by the SIP Part A and the Transport Coordination Plan 2017-2027.

QTRIP is developed in accordance with funding allocations identified by the Queensland and Australian Governments, which align to both governments' policy objectives. QTRIP 2018-19 to 2021-22 four-year total is now \$21.7 billion, an increase of approximately \$700 million compared to QTRIP 2017-18 to 2020-21.

1.3 Innovative funding and financing

1.3.1 State Infrastructure Fund

The \$2.2 billion State Infrastructure Fund (SIF) was established to boost infrastructure investment, increase business confidence and fund priorities in both the SIP and Building Queensland's Infrastructure Pipeline. Components of the SIF include:

- \$200 million for the Priority Economic Works and Productivity Program. Funding has been allocated to the Department of Transport and Main Roads to deliver six high priority transport projects. Located around Queensland, these projects will be progressively delivered through to December 2020.
- \$180 million for the Significant Regional Infrastructure Projects Program, now delivering 25 significant social and economic infrastructure projects or programs in key regional centres across Queensland. All projects are forecast for completion by the end of June 2019.
- \$30 million for the Maturing the Infrastructure Pipeline Program, which comprises \$20 million from the SIF and \$10 million from the 2017-18 State Budget. This program facilitates councils to progress projects through the infrastructure planning pipeline so that required infrastructure can be identified, planned, funded and built sooner. This program has enabled maturity assessments of all 141 'proposals raised through consultation' and will support 92 'future opportunities' identified in the 2016 SIP Part B, which inform both state and local government infrastructure planning and budgetary processes.

Further, during 2017-18, the Department of State Development, Manufacturing, Infrastructure and Planning undertook needs analysis and options assessment for an additional 40 infrastructure projects submitted by 22 local governments. The remainder of

the initial \$20 million SIF allocation and the additional \$10 million now funds a new local government infrastructure grant program. This will support local governments to undertake either strategic planning for infrastructure, or business cases and/or detailed design for infrastructure proposals.

- \$800 million allocated towards the delivery of Cross River Rail and a further \$50 million to establish the Cross River Rail Delivery Authority. These initial allocations for Queensland's number one infrastructure project align with the Government's priorities to attract investment, build infrastructure and foster innovation.
- \$200 million for round one of the Works for Queensland program approved in 2016-17. This stage of the program prioritised regional areas outside South East Queensland which are experiencing higher unemployment rates. The program is delivering jobs through priority maintenance and minor infrastructure works for 65 local governments across Queensland.

The 2017-18 State Budget allocated an additional \$200 million over two years for a second Works for Queensland funding round, which was then supplemented by a further \$200 million during 2017-18. This brings the total program funding over the five-year period from 2016-17 to 2020-21 to \$600 million.

Table 1 shows the programs which are receiving funding through the SIF.

Table 1 State Infrastructure Fund

| Program | Total \$ million |
|--|------------------|
| Maturing the Infrastructure Pipeline Program (MIPP) ¹ | 20 |
| Priority Economic Works and Productivity Program ² | 200 |
| Significant Regional Infrastructure Projects Program | 180 |
| Works for Queensland Round One ³ | 200 |
| Cross River Rail ⁴ | 850 |
| Pacific Motorway (Mudgeeraba - Varsity Lakes) | 44 |
| Smithfield Bypass | 69 |
| Centenary Motorway Upgrade package | 48 |
| Tourism infrastructure | 50 |
| Woodford | 1 |
| Bruce Highway | 128.5 |
| M1 Action Plan | 55 |
| Building Better Hospitals ⁵ | 352.6 |
| Unallocated | 1.9 |
| State Infrastructure Fund total | 2,200 |

1. A further \$10 million was added to the MIPP as part of the 2017-18 State Budget, but this is not being funded through SIF.

2. \$100 million reallocated to the Bruce Highway and M1 Action Plan projects.

3. A further \$200 million was added to the Works for Queensland program as part of the 2017-18 State Budget, but this is not being funded through SIF.

4. SIF contribution to the \$5.409 billion Cross River Rail project.

5. SIF contribution to the \$679 million Building Better Hospitals commitment.

1.3.2 Market-Led Proposals

Market-Led Proposals (MLPs) were introduced in the 2015-16 Budget as part of the Government's plan to create jobs and stimulate the economy. An MLP is a submission from the private sector seeking a commercial arrangement with Government to provide a service or infrastructure that will meet a community need.

MLPs are intended to provide benefits to Government and the Queensland community. They are preferably “low risk – low cost” to Government and must present a clear case for direct negotiation as an alternative to seeking value for money through a competitive process.

The Government needs to be satisfied that no other proposal addressing the same need – or proposing a similar outcome – is under active consideration by the State and that the proposal is a genuine commercial proposition.

Projects which are wholly, or largely, privately funded and of economic or social significance to Queensland or a region, such as those that support a large number of jobs or will generate significant economic activity beyond the project, are highly regarded.

As a result of the recent machinery-of-government changes, MLPs are now administered by the Department of State Development, Manufacturing, Infrastructure and Planning.

Criteria for success

A proposal must meet the following assessment criteria for initial consideration:

- Satisfy a community need and align with Government’s priorities.
- Demonstrate that the public interest is best served by Government negotiating directly with the proponent, rather than by engaging in a competitive process.
- Deliver a value-for-money outcome to the State, which can be determined in the absence of a competitive market.
- Have a proponent with the financial and technical capacity, capability, and experience to deliver the outcome successfully.

If progressed to detailed proposal, this will be assessed to determine that:

- There is an allocation of costs and risks between the proponent and the Government that is acceptable to the State.
- The proposal is technically, commercially, and practically feasible.

A successful MLP will result in the Government contracting directly with a proponent rather than offering the opportunity to the market through a competitive process.

MLPs - Approved proposals

Two MLPs have reached contractual close and are in delivery phase:

Logan Motorway Enhancement Project

Transurban Queensland (TQ), which operates and maintains the Logan, Gateway and Gateway Extension motorways under a long-term agreement with the State, was the first proponent in Queensland to progress to contract award under the Queensland Government’s MLP framework.

TQ’s \$512 million enhancement to the Logan and Gateway Extension motorways will provide a range of improvements to the motorways and surrounding roads to improve driver safety, reduce travel times, relieve traffic congestion and enhance connectivity with other major road networks.

The project is expected to support around 1,300 jobs during the two-and-a-half-year construction period and generate around \$1 billion (present value) in economic benefits over 30 years.

TQ will fully finance the costs of the works and will predominantly fund the project through moderate toll increases for trucks using the Logan and Gateway motorways. There will also be a new toll facility for motorists if they choose to use new south-facing ramps at Compton Road to access and exit the Gateway Extension Motorway.

The project is expected to be completed in mid-2019.

Brisbane International Cruise Terminal

The Port of Brisbane Pty Ltd (PBPL) is capitalising on its experience, capabilities and location to build and operate a new \$158 million cruise ship terminal on government land across the river from the existing freight port.

The terminal will cater to the new generation of mega cruise ships, which are unable to access existing infrastructure upstream of the Gateway Bridge. This will provide for an expansion of the cruise ship market in Queensland, stimulating the economy and bringing more tourists to the State.

Over its two-and-a-half-year construction period, the project is expected to support an average of 245 jobs a year and, once operational, safeguard up to 1,250 existing cruise industry jobs and support a further 49 jobs a year.

PBPL has programmed a completion date of April 2020.

MLPs - Projects in the detailed proposal stage

A further five proposals have been assessed as meeting the MLP criteria and have progressed to Stage 2: Detailed planning.

1.3.3 Public-private partnerships

The Queensland Government is engaged in a range of public-private partnerships (PPPs) that often involve the private sector constructing an asset, which is then leased to the public sector.

Whilst a PPP transfers construction and maintenance risk to the private sector, given the arrangement has the public sector effectively retaining the risks and rewards of ownership of an asset, the Government's financial statements recognise an acquisition under a finance lease and a corresponding finance lease liability. The liability for the proportion of expenditure related to financing and ongoing costs is treated as a borrowing in the State's balance sheet.

Acquisitions under finance leases and finance lease liabilities are typically recognised once construction has been completed and the lease commences, rather than recognising expenditure and associated borrowings across the construction period as occurs under traditional delivery.

In 2018-19, the value of acquisitions under finance leases is \$864 million. Given the significant value of acquisition under finance leases in 2018-19, it is important that this method of infrastructure delivery is recognised as part of the Capital Statement.

Cross River Rail, the Queensland Government's highest priority infrastructure project, is being delivered through several works packages with a PPP for the Tunnels, Stations and Development Package currently in procurement. This approach optimises risk allocation and provides opportunities for the private sector to provide innovation in relation to the delivery and maintenance of tunnels, stations and over station development to improve outcomes.

1.3.4 Other infrastructure investment facilitated by the State

Building our Regions

Building our Regions is a \$445 million targeted regional infrastructure program for local government projects. The purpose of the program is to provide funding for critical infrastructure in regional areas of the State that meet the specific needs of communities and supports economic development, including generating jobs.

Of this funding, \$150 million was allocated to the Transport Infrastructure Development Scheme (TIDS) to increase the funding delivered through TIDS to regional local governments. These funds are managed by the Department of Transport and Main Roads.

The remaining \$295 million has been allocated to the Department of State Development, Manufacturing, Infrastructure and Planning. Of this, the program has allocated almost \$225 million across 174 projects, with a further \$70 million available under Round 4. Projects that have been shortlisted at the expression of interest stage in Round 4 are expected to be announced mid-2018. Councils will then be invited to submit a detailed application for shortlisted projects.

Works for Queensland

The Works for Queensland program supports local governments outside South East Queensland by funding job-creating maintenance and minor infrastructure projects relating to assets owned or controlled by local governments.

The 2017-18 State Budget allocated an additional \$200 million over two years for a second Works for Queensland funding round, which was then supplemented by a further \$200 million during 2017-18. This brings the total program funding over the five-year period from 2016-17 to 2020-21 to \$600 million.

In 2018-19, \$147.8 million will be delivered from these additional funds.

Disaster Resilience Program

Queensland is prone to natural disasters and, while rebuilding after a disaster is important, increasing resilience of our infrastructure to lessen the impacts of natural disasters means that communities can recover more quickly after a natural disaster strikes. Therefore, a critical element of the Government's infrastructure investment is improving existing infrastructure to improve the resilience of the State's communities.

To help foster this enhanced resilience, \$9.5 million is allocated in 2018-19 to the Disaster Resilience Fund, a State-funded program delivering \$38 million over four years and administered by the Queensland Reconstruction Authority, to support delivery of disaster-mitigation projects and initiatives that build resilience to natural disasters.

1.4 Key projects

This section provides an overview of key Queensland Government infrastructure projects and capital works programs.

1.4.1 Delivery phase

Bruce Highway upgrades

Many Queenslanders are dependent on the Bruce Highway for their livelihood and lifestyle. With the Bruce Highway connecting cities and towns over a distance of almost 1,700 kilometres from Brisbane to Cairns, it is essential to maintain and upgrade the Bruce Highway to ensure freight, travel and commuter traffic is safe and efficient.

The Queensland Government will continue to work with the Australian Government to deliver the Bruce Highway Upgrade Program, aimed at improving safety, flood resilience and capacity along its length. Projects are regularly being added to the program's scope of works, delivering greater benefits for Queensland motorists and businesses.

M1 Pacific Motorway upgrades

A safe, efficient and reliable M1 Pacific Motorway plays an important role in driving productivity and competitiveness across South East Queensland. The Government is delivering several major projects underway on the M1, including the Pacific Motorway/Gateway Motorway Merge project and the Mudgeeraba to Varsity Lakes project, both of which are due for completion in 2020.

In addition, as part of the 2018-19 Budgets, the Queensland and Australian Governments have committed funding for two key projects on the M1 Pacific Motorway: Tugun to Varsity Lakes and Eight Mile Plains to Daisy Hill.

The 10 kilometre section of the M1 Pacific Motorway between Varsity Lakes and Tugun on the Queensland and New South Wales border carries approximately 85,000 vehicles per day, including around 7,500 heavy vehicles. Business case development for the widening of the section from four to six lanes will continue during 2018-19. The indicative total estimated cost for the project of \$1.030 billion is subject to review through business case development.

The section of the M1 Pacific Motorway between Eight Mile Plains to Daisy Hill carries in the order of 150,000 vehicles per day, including approximately 12,000 heavy vehicles. Building Queensland is developing a detailed business case for this stretch of the M1 Pacific Motorway, investigating the widening from six to eight lanes, at a total estimated cost of \$749 million.

Toowoomba Second Range Crossing

The Toowoomba Second Range Crossing (TSRC) project is a \$1.606 billion, 41 kilometre bypass route to the north of Toowoomba, running from the Warrego Highway at Helidon in the east to the Gore Highway at Athol in the west, via Charlton. The project is being jointly funded by the Queensland and Australian Governments on a 20:80 basis.

The project will support up to 1,800 full-time jobs during construction and is expected to improve road and driver safety, reduce travel time across the Range by up to 40 minutes for heavy commercial vehicles and relieve pressure on local roads by redirecting trucks away from Toowoomba's CBD.

In 2015, the Nexus consortium was awarded the contract to deliver the TSRC and will be responsible for its design, construction, financing, operation and maintenance for a period of 25 years following completion, which is expected in 2019. The contract was structured as an availability-based Public Private Partnership, with the State providing upfront funding contributions during the construction stage and ongoing service payments over the 25 year operation and maintenance stage, with the latter dependent on performance.

The TSRC will be a toll road and its use will be mandated for heavy vehicles without a Toowoomba destination.

North Queensland Stadium (NQ Stadium)

The \$250 million NQ Stadium project will deliver an iconic, 25,000-seat stadium in Townsville in time for the 2020 NRL season.

The NQ Stadium is a joint project of the Queensland Government, Australian Government, and Townsville City Council and is supported by both the National Rugby League and the North Queensland Cowboys. The stadium forms part of the Townsville City Deal signed in December 2016.

The NQ Stadium is expected to support up to 750 jobs during the construction phase as well as on-going jobs in hospitality, new tourism opportunities and major events. The stadium will also be a catalyst for urban renewal and regeneration for Townsville's inner city and waterfront.

Construction work has commenced.

Building Better Hospitals

As part of its Building Better Hospitals commitment, the Government will invest \$679 million to redevelop three of South East Queensland's busiest hospitals in Logan, Caboolture and Ipswich, commence planning and business case development for the Wide Bay region and refurbish three Cancer Council Queensland lodges. This investment will help to deliver the critical infrastructure needed to meet the increase in current and future demand for hospitals and other healthcare services in these fast-growing areas.

In rural and regional Queensland, the Government will continue to deliver a range of hospital expansions and upgrades through the Enhancing Regional Hospitals Program, the Advancing Queensland's Health Infrastructure Program, and the Rural and Regional Infrastructure package.

Building Future Schools and Renewing our Schools

The Government has increased the \$500 million Building Future Schools Fund by an additional \$308 million, to cater for enrolment growth in high population growth areas. Through the now \$808 million Building Future Schools Fund, the Government will build seven new secondary schools, a new special school in the Caboolture area and a new primary school at Ripley. The Government will also begin planning for four additional primary schools, two special schools and a new state high school in growth regions across the State.

For existing state high schools, the Government's Renewing Our Schools Program will provide an additional \$235 million over four years to 2021-22 to substantially refurbish 17 state high schools across the State.

Queen's Wharf Brisbane

The Queen's Wharf Brisbane development is a private investment of \$3.5 billion in the urban renewal of the former government precinct, located on the Brisbane River, that was offered to the market by the Queensland Government, to create an iconic world class tourism offering.

The successful proponent, Destination Brisbane Consortium, will deliver five new premium hotels, three residential towers, in excess of 100 food and beverage and retail outlets, around 12 football fields (11 hectares) of enhanced public open space, the adaptive re-use of heritage buildings in the precinct and the construction of a pedestrian bridge to South Bank.

Consistent with the Government's focus on job creation, the project will provide significant economic development opportunities for Queensland by supporting more than 2,000 jobs during construction and 8,000 ongoing jobs.

Demolition of the old government office buildings has been completed with excavation works now underway. The integrated resort is expected to open in 2022.

1.4.2 Procurement and planning phase

The Government is committed to the following projects and is currently undertaking procurement and planning works in order to deliver critical infrastructure for Queenslanders.

Cross River Rail

Cross River Rail is a 10.2 kilometre rail line from Dutton Park to Bowen Hills, with 5.9 kilometres of tunnel under the Brisbane River and CBD. Cross River Rail will see four new high capacity and two upgraded stations developed at Boggo Road, Woolloongabba, Albert Street, Roma Street, Dutton Park and the Exhibition showgrounds.

This second rail river crossing will deliver additional trains more often, ease congestion, improve network reliability and increase accessibility to the Brisbane CBD. The Government recognises the significant potential of this infrastructure to boost jobs and economic growth, and add value to commercial and residential development sites across the region. The Government is committed to maximising the benefits that can be achieved through integrated transport and land use development.

The Cross River Rail project's total cost of delivery is forecast to be \$5.409 billion over the period 2016-17 to 2023-24. The Queensland Government is fully funding the delivery of Cross River Rail and has provided the necessary funding, whilst continuing to call on the Australian Government to provide a contribution that reflects the national importance of this project.

During the 2017-18 financial year, the Cross River Rail project has progressed to the early works and procurement phase, with delivery and procurement overseen by the Cross River Rail Delivery Authority. Contractors have been shortlisted for the two major works packages – the Tunnel, Stations and Development PPP and the Rail, Integration and Systems alliance.

In this Budget, \$733 million is allocated in 2018-19 for the Delivery Authority to continue to progress the planning, procurement and development associated with the Cross River Rail project. The Government has also continued its commitment to fully fund the Cross River Rail project, with the allocation of \$914 million in 2021-22, bringing total funding to \$3.726 billion to the

end of the forward estimates. A further \$1.683 billion will be allocated in future budgets, over the period to 2023-24, to finalise delivery of the project.

European Train Control System (ETCS) – Inner City

Implementation of ETCS through the centre of Brisbane's train network will improve safety and provide capacity to run additional rail services. ETCS – Inner City is critical to facilitate the Cross River Rail project and meet passenger demand while it is being delivered.

The Government has allocated \$634.4 million in its capital works program for delivery of ETCS between Milton and Northgate stations. The procurement of ETCS – Inner City has progressed in 2017-18, with the current Early Contractor Involvement procurement process expected to enable contract award in late 2018.

Rookwood Weir

The Rookwood Weir project presents an opportunity to supplement urban water supplies and enhance agricultural and industrial development in the Fitzroy Basin and Gladstone region. The weir could add 76,000 megalitres of water for agricultural production along the Fitzroy River and augment urban and industrial supply for Gladstone, Rockhampton and Livingstone Shire.

Significant steps have been taken throughout the year toward the construction of Rookwood Weir. During 2017-18, Building Queensland publicly released the detailed business case. The Queensland Government has allocated \$176 million of funding across the next four years and has welcomed the Australian Government's matching commitment. This means the capital costs of \$352 million for the project are fully funded.

The Queensland Government continues to engage with the Australian Government to formalise the details of the arrangement and to agree on an appropriate split of operational costs for the Rookwood Weir so that procurement can commence in 2018. This would allow construction to commence in 2019.

New Performing Arts Venue at the Queensland Performing Arts Centre

The Queensland Government has committed to deliver a new \$150 million state-of-the-art theatre for Brisbane, investing \$125 million over four years from 2018-19.

This investment in a new theatre follows the recommendations of the detailed business case for a 1,500 to 1,700 seat theatre at the Playhouse Green site, to be operated by the Queensland Performing Arts Centre (QPAC), which will contribute \$25 million to the new venue.

QPAC, which schedules over 1,000 performances annually to which 1.3 million people attended in 2017, is nearing full capacity with a strong forward program of bookings to 2022 and beyond.

The unique opportunity exists to invest in QPAC's growth to create Queensland's largest performing arts centre, with five outstanding venues that will further bolster Queensland's cultural vibrancy, support our local arts sector and drive cultural tourism.

With QPAC operating the new theatre, it can program across all venues to ensure Queensland companies are supported by the best sized theatre and season duration, while also meeting growing demand for musicals.

A national design competition will be undertaken to deliver an outstanding architectural solution for the new theatre. The addition of this new theatre will see QPAC become Australia's largest

performing arts centre with the potential to welcome an additional 300,000 visitors each year when fully operational from 2022.

Brisbane Live

Brisbane Live proposes the establishment of a world class integrated entertainment and transport precinct at Roma Street, including a 17,000-seat entertainment arena, to be developed in conjunction with the precinct redevelopment for Cross River Rail.

An allocation of \$5 million in 2018-19 will enable the Cross River Rail Delivery Authority to progress the Brisbane Live proposal as part of its precinct planning for Roma Street. Building Queensland will undertake an independent business case assessment of the proposal, with support from the Delivery Authority.

Port of Townsville Channel Capacity Upgrade

The Port of Townsville Limited (POTL) is proposing to widen the existing Platypus Channel and Sea Channel connection to the Port to allow larger vessels safe access, at an estimated cost of \$193 million. The Queensland Government is investing \$75 million into the project and is seeking matching funding from the Australian Government, with POTL funding \$43 million.

As well as widening the channels, associated works include construction of rock walls and revetments to form receiving ponds for the beneficial re-use of dredge material, establishing a quarry to supply marine-grade armour rock required for rock walls and revetments, and installing navigation aids aligned with the new channel configuration. The POTL intends to beneficially re-use capital dredge material consistent with the *Sustainable Ports Development Act 2015*.

North Coast Line - Beerburrum to Nambour Rail Project

The Queensland Government is providing \$160.8 million over four years towards the Beerburrum to Nambour rail duplication project to address the infrastructure and capacity constraints on this section of the North Coast Line. Detailed design will commence in 2018-19, with construction to be delivered in stages based on further negotiations with the Australian Government. The Australian Government has provided an initial \$390 million over five years towards the project.

New Public Transport Ticketing System

The State has provided \$371.1 million for a new public transport ticketing system that will be delivered across public transport over the next four years. The system will add new customer facing functionality including payment by contactless debit and credit cards, mobile phones and wearables in addition to *go card* and paper tickets.

1.5 Highlights by asset class

This section provides highlights by asset class for the 2018-19 capital program. The asset classes are based on the SIP.

1.5.1 Transport

In 2018-19, the total capital program for transport is forecast to be \$4.950 billion including total capital grants of \$239.3 million. This includes the Department of Transport and Main Roads, Queensland Rail, Far North Queensland Ports Corporation Limited, Gladstone Ports Corporation Limited, North Queensland Bulk Ports Corporation Limited, Port of Townsville Limited, RoadTek, the Gold Coast Waterways Authority and the Cross River Rail Delivery Authority. The Department of Transport and Main Roads will spend \$89.2 million in 2018-19 for the new public transport ticketing system.

Roads

Highlights of the 2018-19 roads capital program include:

- \$147.3 million towards M1 Pacific Motorway upgrades, including:
 - \$70 million to construct additional lanes on the Pacific Motorway between Mudgeeraba and Varsity Lakes, in partnership with the Australian Government, at a total estimated cost of \$197.5 million.
 - \$50 million to upgrade the Pacific Motorway/Gateway Motorway Merge, in partnership with the Australian Government, at a total estimated cost of \$190 million.
 - \$17 million to upgrade approximately nine kilometres of the Pacific Motorway between Eight Mile Plains and Daisy Hill to reduce congestion and travel times, in partnership with the Australian Government, at a total estimated cost of \$749 million.
 - \$5 million for the widening of the section from four to six lanes between Varsity Lakes and Tugun, at a total estimated cost of \$1.030 billion.
- \$200 million to duplicate the Bruce Highway from four to six lanes, Caloundra Road to the Sunshine Motorway, at a total estimated cost of \$812.9 million, in partnership with the Australian Government.
- \$115 million to construct the Mackay Ring Road (Stage 1), at a total estimated cost of \$497.4 million, in partnership with the Australian Government.
- \$45 million to widen the Gateway Motorway North to six lanes, at a total cost of \$1.143 billion, in partnership with the Australian Government.
- \$44.1 million to widen the seal and to apply wide centre line treatment at various locations on the Warrego Highway between Dalby and Miles, at a total cost of \$63.6 million.
- \$40 million to duplicate from two to four lanes on the section of the Bruce Highway (Rockhampton Northern Access) between Rockhampton-Yeppoon Road intersection and Terranova Drive, North of Rockhampton, at a total cost of \$121 million, in partnership with the Australian Government.
- \$534.3 million to continue the Toowoomba Second Range Crossing project, a bypass route to the north of Toowoomba, approximately 41 kilometres in length, running from the Warrego

Highway at Helidon to the Gore Highway at Athol, via Charlton, at a total cost of \$1.606 billion, in partnership with the Australian Government.

- \$70 million of infrastructure development grants to local governments including Aboriginal and Torres Strait Islander community assistance.
- \$68 million to provide a three kilometre upgrade of the Ipswich Motorway between Granard Road, Rocklea and Oxley Road, Oxley at a total cost of \$400 million, in partnership with the Australian Government.

Rail

The 2018-19 rail capital program totals \$1.807 billion. Highlights of the program include:

- \$733 million to continue to progress the planning, procurement, and development associated with the Cross River Rail project.
- \$472.3 million to continue delivery of 75 new six-car sets and services over a 32-year period for the New Generation Rollingstock to meet growing demand for rail services in South East Queensland, as well as further \$35.3 million to support the delivery of the New Generation Rollingstock into service.
- \$237.4 million for network investment including track infrastructure, civil structures, signalling and other network assets.
- \$88.8 million for rail operations investment including rollingstock overhauls, operational facilities, and other rail operations assets.
- \$43.3 million to upgrade (or improve) station accessibility at various train stations including Strathpine, Boondall, Morayfield, Southbank, Dakabin, Cannon Hill, Buranda, Fairfield, Albion, East Ipswich and Loganlea Stations, at a total estimated cost of \$230.9 million.
- \$35.4 million to implement the European Train Control System – Inner City, at a total estimated cost of \$634.4 million.
- \$21.9 million to upgrade the capacity of the North Coast Rail Line to increase productivity and efficiency of freight transport, at a total estimated cost of \$82.7 million.
- \$19.6 million to improve customer experience, maintain service continuity and build network resilience on the Townsville - Mount Isa Rail Line.
- \$14.7 million to revitalise and modernise Brisbane's Central Station to improve the customer experience and cater for future growth, at a total estimated cost of \$65.9 million.
- \$14.4 million out of the Queensland Government's contribution of \$160.8 million towards the Beerburrum to Nambour rail duplication project to address the infrastructure and capacity constraints on this section of the North Coast Line.

Ports

The 2018-19 ports capital program totals \$181.2 million. Highlights of the program include:

- \$83.5 million towards ongoing development of the Port of Gladstone and additional works at the Port of Bundaberg and the Port of Rockhampton, including \$35.6 million towards continuing upgrades at the RG Tanna Coal Terminal at the Port of Gladstone, at a total cost of \$220.3 million.
- \$75.1 million towards ongoing development at the ports of Townsville and Lucinda, including \$44.3 million of a Queensland Government contribution of \$75 million to continue

preparatory and initial works to widen Townsville's shipping channel to allow larger vessels to access the Port of Townsville, at a total project cost of \$193.5 million.

- \$15 million to continue port planning and development initiatives to meet industry requirements for export facilities at North Queensland ports.
- \$7.5 million towards new and continuing development of ports in Far North Queensland, including \$2 million to continue to develop the Tingira Street Precinct in Cairns, at a total cost of \$17.9 million.

1.5.2 Energy

The 2018-19 energy capital program is \$2.178 billion. The capital program supports the Government's commitment to deliver cost-effective, safe, secure and reliable energy.

Highlights of the energy portfolio's 2018-19 capital program include:

- \$1.461 billion of capital purchases by Energy Queensland Limited as a part of its commitment to providing a safe, secure and highly reliable electricity supply to all Queensland customers that is both cost effective and dependable. This includes \$29 million in 2018-19 to continue work on the multi-stage SunCoast Power Project to increase network capacity and improve reliability on the Sunshine Coast.
- \$232.7 million of capital purchases by Powerlink, Queensland's high voltage electricity transmission entity, predominantly focused on refit or replacement of aged equipment and assets. This includes the \$8.7 million refit in 2018-19 of the Collinsville-Proserpine Transmission Line in North Queensland, to ensure continued reliable supply of electricity.
- \$225.5 million of capital purchases by CS Energy, reflecting its continued commitment to ongoing reliability and efficiency of generation plant at its power station sites. This includes \$104.6 million in 2018-19 to improve the Callide Power Station and \$90.5 million in 2018-19 to improve the Kogan Creek Power Station.
- \$208.6 million of capital purchases by Stanwell Corporation, which primarily relates to replacement, refurbishment and upgrades to plant and equipment at the various Queensland power station sites, such as the planned \$39.9 million major overhaul of the Tarong Power Station in 2018-19.
- Up to \$50 million to support the development of concentrated solar thermal with storage projects to provide clean and baseload power.

1.5.3 Water

The 2018-19 water capital program is \$277 million. The capital program supports the Government's commitment to deliver cost-effective, safe, secure and reliable water supply.

Highlights of the water portfolio's 2018-19 capital program include:

- \$147.2 million of capital purchases by Seqwater to continue a safe, secure and reliable water supply for South East Queensland, as well as providing essential flood mitigation services and managing catchment health.
- \$66 million to commence construction of Rookwood Weir to supplement urban water supplies and enhance agricultural and industrial development in the Fitzroy Basin and

Gladstone region to provide drought contingency supplies, out of a \$352 million total capital spend.

- \$25.6 million of capital purchases by SunWater with a focus on the continuation of a reliable bulk water supply for regional Queensland and ensuring SunWater's dams are enhanced to meet the extreme weather events that the State can experience.
- \$31.8 million of capital purchases by the Gladstone Area Water Board and Mount Isa Water Board to continue effective operations of the water boards' property, plant and equipment.

1.5.4 Health

Total capital purchases in 2018-19 for the health portfolio are \$985.5 million. The 2018-19 capital program includes investment in health infrastructure, capital works and purchases across a broad range of areas including hospitals, ambulance stations and vehicles, health technology, research and scientific services, mental health services, staff accommodation and information and communication technology.

Highlights of the 2018-19 capital program for the health portfolio include:

- \$84.8 million as part of the Enhancing Regional Hospitals Program, to continue upgrades to the Hervey Bay and Gladstone Emergency Departments, repurpose the Caloundra Health Service and redevelop the Roma Hospital.
- \$80 million under the Priority Capital Program to be distributed across Hospital and Health Services and Health Support Queensland for a range of capital works projects to enhance, refurbish or replace existing infrastructure and to sustain and improve business and service level continuity.
- \$53.3 million to continue delivery of projects as part of the Rural and Regional Infrastructure package, including redevelopment of Blackall Hospital, Sarina Hospital, Kingaroy Hospital and Townsville Hospital Clinical Services, construction of a new Cairns Mental Health Unit, Mer (Murray) Island Building and staff accommodation across the State, and delivery of a Maryborough Hospital Emergency Department and Specialist Outpatients Department.
- \$28.7 million as part of the \$679 million Building Better Hospitals program, to redevelop Logan (including a new maternity ward), Caboolture and Ipswich hospitals, commence planning and business case development for the Wide Bay region and refurbish three Cancer Council Queensland lodges.
- \$28.1 million to establish a new Adolescent Extended Treatment Facility at The Prince Charles Hospital, two new Adolescent Step Up Step Down units in Brisbane, and to refurbish two Adolescent Day Program spaces at Logan and the Gold Coast, at a total estimated cost of \$68.2 million.
- \$26.6 million as part of the Advancing Queensland's Health Infrastructure Program, at a total estimated cost of \$230 million. The program facilitates essential upgrades to health facilities and supporting infrastructure across Queensland, including repurposing of the Nambour General Hospital, redevelopment of Atherton Hospital Emergency Department and operating theatres and redevelopment of the Thursday Island Hospital.
- \$15.1 million for the Queensland Ambulance Service to invest in vehicles and stretchers including commissioning 85 new and replacement ambulance vehicles and continuing the rollout of power-assisted stretchers.

1.5.5 Education and Training

The education portfolio will make capital purchases of \$674.3 million in 2018-19. This includes the construction and refurbishment of school educational facilities, early childhood education and care services.

Total capital purchases for the training portfolio, including the Department of Employment, Small Business and Training and TAFE Queensland, are \$57.4 million in 2018-19.

Highlights of the education and training capital programs include:

- \$125.2 million as part of the \$250 million for new classrooms and other infrastructure in state secondary schools to accommodate the six full cohorts in 2020.
- \$122.5 million to undertake new stages for recently opened schools and provide additional classrooms at existing schools in growth areas throughout the State.
- \$98.5 million in capital grants to the non-state schooling sector and student hostels.
- \$94.5 million as part of the \$808 million Building Future Schools Fund to deliver world class learning environments for students and address enrolment growth pressures in state schools.
- \$84.2 million to replace and enhance facilities at existing schools.
- \$47 million as part of \$97 million in total funding for the Advancing Clean Energy Schools program to upgrade and install solar and energy efficiency measures in state schools.
- \$30 million out of the up to \$85 million over three years, committed as part of the election commitment for the Advancing Our Training Infrastructure initiative to redevelop, refurbish and expand key high-need TAFE facilities.
- \$17.3 million to renew and grow Queensland's training assets required for delivery of priority skills training that supports workforce and economic development.
- \$15 million as part of \$235 million in total funding for the Renewing Our Schools program to substantially refurbish and upgrade 17 schools across the State.
- \$8 million as part of \$25.6 million in total funding to conduct upgrades and renewal works at 31 state schools.

1.5.6 Digital

The 2018-19 capital program features a range of projects designed to facilitate improvements in the State's digital infrastructure.

Highlights across Government include:

- \$164.2 million to be invested in 2018-19 prioritised information and communication technology categories to ensure continued efficiency of the Queensland Health system. This will include investment in core infrastructure to support digital hospitals, replacement and enhancement of core clinical systems to support frontline health service provision and decision making at the point of care.
- \$22.6 million to help deliver a modern statewide Laboratory Information System, at a total estimated cost of \$60.9 million.

- \$8.9 million to support Queensland Ambulance Service information and communication technology.
- \$8.5 million to acquire new and/or replace state-of-the-art scientific equipment by the Queensland Institute of Medical Research.
- \$8.4 million to expand and upgrade existing audio visual capacity in the justice system, which includes video conferencing and in-custody court appearances.
- \$8.3 million to implement an online Blue Card application system.
- \$2 million to design and plan a single TAFE Queensland IT network and Wi-Fi upgrade.

1.5.7 Justice and Public Safety

The 2018-19 Budget provides significant investment in capital purchases to support the delivery of essential justice and public safety services to Queensland communities.

Highlights of the 2018-19 justice and public safety capital program include:

- \$55 million to refurbish, upgrade or replace police facilities across the State.
- \$44.3 million for replacement and new urban and rural fire appliances.
- \$31.8 million to continue to replace rotary-wing aircraft, which deliver aeromedical retrieval and transfer services and perform search and rescue and disaster response operations.
- \$30 million for new and replacement police service vehicles.
- \$29.8 million to replace or upgrade urban and rural fire and emergency and state emergency services facilities across Queensland.
- \$19 million to support the transition of 17 year olds into the Youth Justice system (including for zonal fencing and an additional 12 beds at the Cleveland Youth Detention Centre), at a total estimated cost of \$26 million.
- \$13.9 million to upgrade courthouses at Rockhampton, Beenleigh and Townsville, at a total estimated cost of \$32 million.
- \$10.6 million to continue construction of the Counter-Terrorism and Community Safety Training Centre at Wacol, at a total estimated cost of \$46.7 million.

In addition, \$167.8 million of capital purchases will be provided in 2018-19 primarily for prison infrastructure, perimeter security upgrades, correctional centre enhancements and security management system upgrades. These capital purchases include:

- \$107 million to provide an additional 348 cells at Capricornia Correctional Centre, at a total estimated cost of \$241 million.
- \$20.5 million to continue upgrading perimeter security at a number of correctional centres, at a total estimated cost of \$76.6 million.
- \$3.7 million to redevelop the Borallon Training and Correctional Centre, at a total estimated cost of \$126.9 million.

1.5.8 Arts, Culture and Recreation

Significant investment is provided in 2018-19 for arts, culture and recreation. Highlights of this investment include:

- \$120 million to develop the North Queensland Stadium.
- \$37.3 million under the Get Playing Places and Spaces and Get Playing Plus programs and other various grants to provide for new or upgraded sport and recreation infrastructure and participation projects to support Queensland children and healthy communities.
- \$26.6 million in 2018-19 to support sport and recreation clubs at the grassroots through the delivery of infrastructure projects including the Underwood Sports Park, the University of the Sunshine Coast Stadium and the Zillmere Sports Centre.
- \$15.6 million out of a total estimated cost of \$44 million to complete construction of the Queensland State Netball Centre, in partnership with the Australian Government.
- \$13.5 million to redevelop the Mon Repos Turtle Centre.
- \$9.5 million to meet the Queensland Government's contribution toward the \$35 million refurbishment of the Thomas Dixon Centre and to manage costs and associated works required to maintain and preserve the heritage-listed centre.
- The Government is providing additional funding of \$8 million over two years, held centrally, to the Rockhampton Regional Council for the construction of the new Rockhampton Art Gallery, subject to the confirmation of a \$10 million contribution from the Australian Government.
- \$7.5 million to support ecotourism opportunities and tourism recovery in the Whitsunday Islands National Park.
- \$5.8 million for the Great Keppel Island Recovery Package to deliver major tourism infrastructure improvements such as power and water connections to the mainland.
- \$5 million to build a new \$150 million performing arts venue at the Queensland Performing Arts Centre, benefitting Queensland artists and audiences.
- \$5 million capital grant towards the construction of the Cairns Performing Arts Centre.
- \$4.9 million to address critical infrastructure upgrade works at the Queensland Museum and installation of two further cooling towers within the Central Energy Plant at the Queensland Cultural Centre, South Bank.
- \$4.7 million to enhance critical infrastructure to support ecotourism activities at Glasshouse Mountain National Park, Noosa National Park and D'Aguilar National Park.

1.5.9 Social Housing

Social housing is provided by the Queensland Government and non-government organisations to assist people who are unable to secure and sustain accommodation in the private market. The Government's capital investment in social housing in 2018-19 includes:

- \$339.1 million towards construction of new dwellings and upgrades to existing social housing properties.
- \$103.6 million of capital grants to assist non-government organisations and Aboriginal and Torres Strait Islander communities to construct and upgrade social housing dwellings.

This capital investment includes \$124.2 million for social housing in Aboriginal and Torres Strait Islander communities to deliver social housing dwellings, upgrade existing housing, and support transfer of social housing for home ownership on Indigenous land. Delivery of social housing in Aboriginal and Torres Strait Islander communities may need to be amended in recognition of the end of the National Partnership on Remote Housing funding, pending further negotiations with the Australian Government.

Under the *Queensland Housing Strategy 2017-2027*, the Department of Housing and Public Works delivers a range of programs that support the supply and improvement of social housing dwellings. In particular, the Housing Construction Jobs Program will fund the commencement of up to 599 social housing dwellings in 2018-19.