



PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney 2000

Election Costing Request Form

Details of request	
Party:	Liberals / Nationals
Name of Policy:	Rebuilding NSW
Date of request:	12 March 2015

Description of policy	
Summary of policy (please attach copies of relevant policy documents):	Refer to attached: <ol style="list-style-type: none">1) 'Rebuilding NSW State Infrastructure Strategy 2014' (November 2014);2) 'Rebuilding NSW State Infrastructure Strategy 2014 – Update (February 2015);3) Rebuilding NSW - Update on electricity networks (December 2014)
What is the purpose or intention of the policy?	Rebuilding NSW is a plan to turbocharge New South Wales with \$20 billion of new, productive infrastructure that will create more than 100,000 new jobs, deliver downward pressure on electricity prices for consumers and will boost the New South Wales economy by almost \$300 billion over 20 years.
Has the policy been publicly released yet?	

Your estimated costing of the policy ¹						
	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	4 Yr Total \$'000	Other years ² \$'000
Impact on General Government Sector (GGS) net operating result ³						
Impact on GGS capital expenditure ⁴						
If different from above, impact on total State Sector net financial liabilities ⁵						

Note: Has the policy been costed by a third party?

NSW Treasury engaged financial advisors Deutsche Bank and UBS to conduct a scoping study into the proposed lease which found that the network businesses were likely to attract a broad range of domestic and international investors due to their long-term strategic value as regulated assets. Both NSW Treasury and the independent financial advisors have confirmed that funding the \$20 billion Rebuilding NSW program is achievable on the basis of the assumptions about sources of funds outlined in the scoping study.

Infrastructure NSW has made 30 investment recommendations to Government on the next round of critical infrastructure for NSW. These were accepted by the Government and set out in the State Infrastructure Strategy. The recommendations are for infrastructure projects and programs valued at \$20.0 billion—priorities that will reduce congestion, support population growth and stimulate productivity across Sydney and regional NSW.

Independent modelling by **Deloitte Access Economics** has found that Rebuilding NSW would increase the Gross State Product by a cumulative \$300bn over 20 years and add over 100,000 more jobs.

If yes, can you provide a copy of this costing and its assumptions?

Refer to attached.

Key assumptions made in the policy	
Does the policy relate to a previous announcement?	-

¹ Amounts should be expressed in nominal dollars. GGS - General Government Sector.

² Please provide information on other years if spending occurs outside the forward estimate years and will be required to cost the policy.

³ Negative for a saving that reduces expenditure

⁴ Negative for a reduction in capital expenditure.

⁵ Only required if proposal is outside GGS. Negative for a reduction in net financial liabilities.

If yes, which announcement?	
What assumptions have been made in deriving the financial impacts in your estimated costing? <i>(See checklist)</i>	<p>NSW Treasury has confirmed that funding Rebuilding NSW is achievable on the basis of assumptions outlined in the scoping study.</p> <p>The scoping study is of a commercial-in-confidence nature and as such cannot be attached here. However, detailed briefings have been provided by NSW Treasury officials to the PBO regarding the scoping study.</p>
Is there a range for the costing or any sensitivity analysis that you have undertaken?	<p>Final decisions on infrastructure projects and programs – on their precise scope, budget, timing and means of procurement – will be guided by final business cases. This is an important element of good governance in infrastructure planning and a number of Infrastructure NSW’s recommendations (accepted by Government) relate to the development of detailed business cases.</p>
Are there associated savings, offsets or expenses? If yes, please provide details.	<p>The infrastructure spending in Rebuilding NSW is fully funded by the 49% long term lease of the network businesses.</p> <p>NSW PBO “Costing Request Guidelines” outline that proceeds conditional upon asset transactions are not included in the forward estimates until a transaction is complete. Additionally, infrastructure spending under this policy is conditional upon the proposed 49% lease.</p> <p>As a result, Rebuilding NSW has no impact on the forward estimates.</p>

Administration of policy	
Intended date of implementation:	From April 2015.
Intended duration of policy:	2015-2025.
Who will administer the policy (e.g. Government entity, non-government organisation, etc.)?	NSW Government.
Are there any specific administrative arrangements for the policy that need to be taken into account?	-
Are there transitional arrangements associated with policy implementation?	-

If the policy is mainly an expenditure ⁶ commitment	
Demand driven or capped amount:	Refer to attached.
Eligibility criteria or thresholds:	-

If the policy is mainly a revenue commitment	
Transaction based or capped:	-
Thresholds and/or exemptions:	-
Collection method:	-
Additional expenditure associated with collection:	-

If the policy is mainly a capital costs ⁷ commitment	
Type of work, size and capacity:	Refer to attached.
Proposed start and completion date of work:	From April 2015.
Intended construction schedule/cashflow:	Refer to attached.
Offsetting expenditure savings:	-
Associated asset sell off (if any):	Refer to attached.
On-going maintenance, depreciation and operational expenses:	Refer to attached.
Third party funding involvement:	-

Checklist for key assumptions (please be comprehensive and include all relevant assumptions). Assumptions could include, but are not limited to, questions such as:

- What is the expected community impact?
- How many people will be affected by the policy?
- What is the likely take up or other behavioural response you expect?
- Is there a cap on total spending proposed, a funding formula, resource agreement or other mechanism of this nature associated with the policy?
- Will third parties have a role in funding or delivering the policy (e.g. Commonwealth Government)?
- Will funding/program cost require indexation?
 - If yes, do you have any assumptions about the index that should be applied?
- What assumptions have you made about costs of administering the policy?
 - For example, will additional staff be needed in the agency responsible for the policy?
 - If you have assumptions on this, how many and at what approximate levels?

⁶ Expenditure is operating expenses, e.g. salaries, interest cost and grants. Expenditures are fully included in the impact on operating balance.

⁷ Capital costs differ from expenditure in that only depreciation will be included in the impact on operating balance. The capital cost of the asset to be acquired will however be included in net financial liabilities.

- Are there other administrative resources required?
- Alternatively, are you assuming administrative costs will be absorbed within the agency?

Please note that:

- The costing will be on the basis of information provided in this costing request.
- The PBO is not bound to accept the assumptions provided by the requester. If there is a material difference in the assumptions used by the PBO, the PBO will consult with the requester in advance of the costing being completed.
- Where the details of the policy costing request differ from the announced policy, the costing will be on the basis of the information provided in the costing request.
- These guidelines are intended to facilitate requests for costing election policies. Persons preparing such requests who wish further assistance are invited to contact the staff of the Parliamentary Budget Office.



Rebuilding NSW

State Infrastructure Strategy 2014





Disclaimer

While every reasonable effort has been made to ensure that this document is correct at the time of printing, the State of NSW, its agents and employees, disclaim any and all liability to any person in respect of anything or the consequences of anything done or omitted to be done in reliance upon the whole or any part of this document.





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Premier's Message

In June 2014, the Government announced Rebuilding NSW – a plan to turbocharge NSW. This is a plan to invest \$20 billion in new productive infrastructure, including a second Harbour rail crossing and a third Harbour road crossing.

It is a plan that will create more than 100,000 jobs and deliver downward pressure on electricity prices for consumers.

It is a plan that will boost the economy by almost \$300 billion in just over 20 years.

Releasing capital from leasing the State's electricity businesses means projects that improve our quality of life can get moving now, rather than years into the future.

Following a period of extensive analysis and consultation, the Government has fully adopted the recommendations proposed by Infrastructure NSW to deliver this new State Infrastructure Strategy.

This Strategy highlights the importance of sustaining productivity growth in our major centres and our regional communities, as well as supporting population growth toward almost 6 million people in Sydney and more than 9 million people in NSW.

Already, congestion costs Sydney \$5 billion per annum and this will grow to \$8 billion per annum by 2020 if nothing is done. Rebuilding NSW tackles this head-on.

Rebuilding NSW will ensure that, as our community and economy grow, NSW residents have the best in water, transport, education, health, sports and arts infrastructure.

Rebuilding NSW will:

- > Reserve \$1.1 billion to invest in the WestConnex northern and southern extensions, and the Western Harbour Tunnel.
- > Reserve \$7 billion for Sydney Rapid Transit, to fully fund a second Harbour rail crossing.
- > Recognise the importance of sporting and cultural assets by increasing the commitment of a Sports and Cultural Fund from \$500 million to \$1.2 billion, capitalising on our existing iconic assets and precincts, and increasing the presence of facilities in Western Sydney.
- > Reserve an even greater investment in regional transport of \$4.1 billion, to underpin economic growth across the whole State.
- > Reserve \$1 billion for regional and metropolitan schools.
- > Reserve \$1 billion for regional and metropolitan hospitals.
- > Reserve \$1 billion for water security for our regional communities.
- > Reserve \$300 million for regional tourism and the environment.

This investment is possible only by recycling capital from our leased electricity network businesses. The Government is committed to a transaction that puts the public's interests first and ensures consumers are protected.

We thank the many hundreds of organisations and individuals who have played a part by having their say through our Rebuilding NSW consultation process. Our plan for NSW is better for your contributions. *Let's get NSW moving.*

Mike Baird
Premier

Rebuilding NSW

Sector	Project/Program	Reservation	Regional NSW	Funding from
Urban public transport	Sydney Rapid Transit	\$7,000m		2016-17
	Sydney's Rail Future 2 Upgrades	\$1,000m		2015-16
	Parramatta Light Rail	\$600m		2017-18
	Bus Rapid Transit and Bus Priority Infrastructure	\$300m		2016-17
	Subtotal	\$8,900m		
Urban roads	WestConnex northern and southern extensions; Western Harbour Tunnel	\$1,100m		2015-16
	Pinch Points & Clearways	\$400m		2015-16
	Smart Motorways	\$400m		2015-16
	Gateway to the South	\$300m		2015-16
	Traffic Management Upgrades	\$200m		2015-16
	Subtotal	\$2,400m		
Regional transport	Regional Road Freight Corridor	\$2,000m	\$2,000m	2015-16
	Regional Growth Roads	\$1,000m	\$1,000m	2015-16
	Fixing Country Roads	\$500m	\$500m	2015-16
	Fixing Country Rail	\$400m	\$400m	2018-19
	Bridges for the Bush	\$200m	\$200m	2015-16
	Subtotal	\$4,100m		
Water security	Regional Water Security and Supply Fund	\$1,000m	\$1,000m	2017-18
Education	Future Focused Schools	\$700m		2016-17
	Regional Schools Renewal program	\$300m	\$300m	2016-17
	Subtotal	\$1,000m		
Health	Hospitals Growth Program	\$600m		2018-19
	Regional Multipurpose Facilities	\$300m	\$300m	2015-16
	Care Co-location Program	\$100m		2016-17
	Subtotal	\$1,000m		
Culture & Sport	Culture and Arts	\$600m		2017-18
	Sports Stadia	\$600m		2017-18
	Regional Environment and Tourism Fund	\$300m	\$300m	2017-18
	Subtotal	\$1,500m		
Other opportunities	Corridor Identification and Reservation	\$100m		2016-17
TOTAL		\$20,000m	\$6,000m	



NSW Government Response

The NSW Government has reviewed the investment recommendations put forward by Infrastructure NSW, and accepts the recommendations, as summarised below. The design and delivery of all projects for which funding is reserved will be subject to thorough examination and scrutiny.

Urban Public Transport	Response
Reserve \$7 billion for Sydney Rapid Transit.	✓
Reserve \$1 billion of funding for Sydney's Rail Future Phase 2.	✓
Reserve an additional \$600 million for Parramatta Light Rail.	✓
Reserve \$300 million for Bus Rapid Transit and Bus Priority Infrastructure.	✓
Consider non-capital options to relieve pressure on the rail system during peak periods.	✓
Assess how Sydney Light Rail could be extended over a 10 - 20 year timeframe.	✓
Develop a program to reduce travel time between Sydney - Central Coast, Sydney - Illawarra.	✓
Commence feasibility studies for the long-term future augmentation of the rail network, and reserve relevant corridors	✓
Prepare a long-term transport improvement program for the Parramatta CBD and Western Sydney.	✓
Urban Roads	
Invest in the Western Harbour Tunnel.	✓
Invest in the WestConnex northern/southern extensions.	✓
Reserve \$400 million to progressively implement Smart Motorways.	✓
Reserve \$300 million to unblock critical constraints, creating a Gateway to the South.	✓
Complete investigations for larger-scale investment in the F6 and A6 corridors.	✓
Reserve \$300 million for the Urban Roads Pinch Points program.	✓

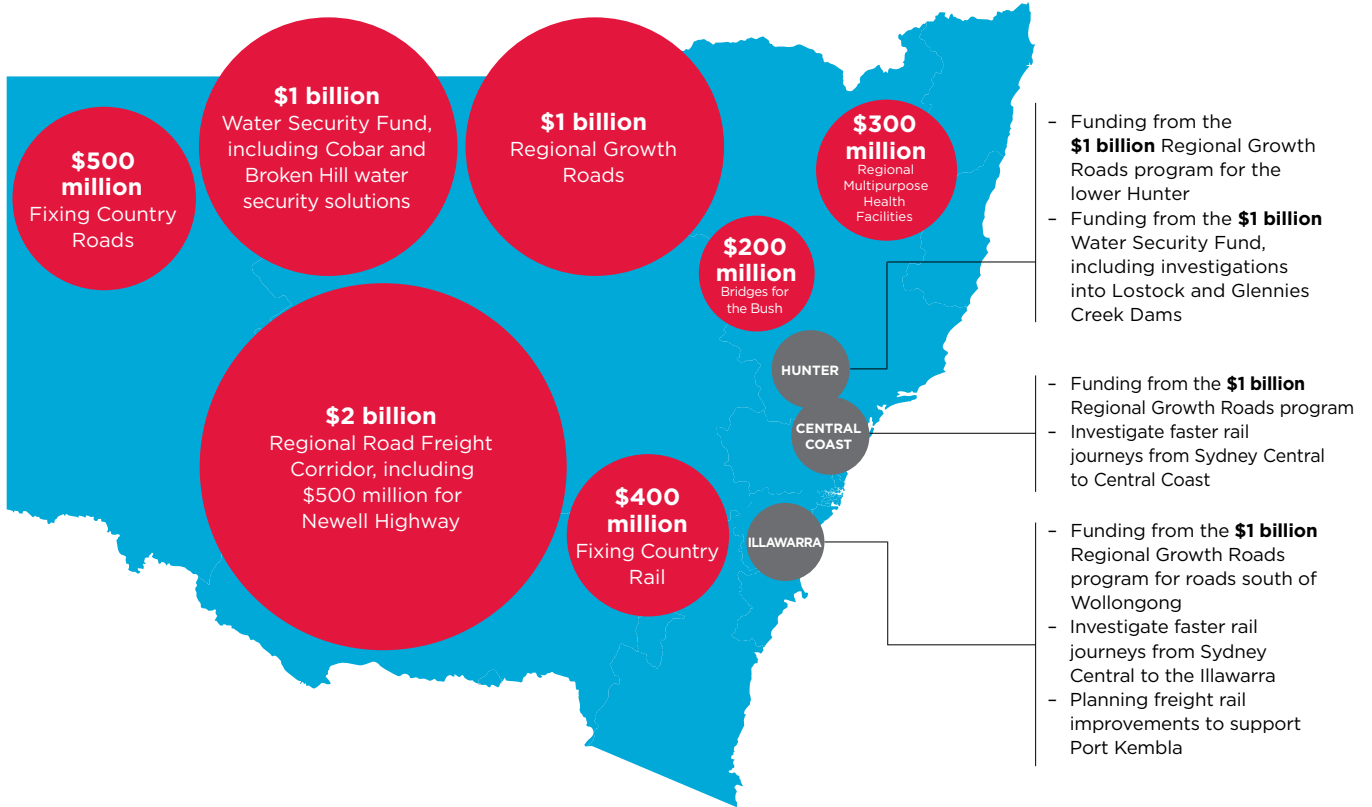
Urban Roads - Continued	Response
Reserve \$200 million for the Sydney Coordinated Adaptive Traffic System (SCATS) and the Transport Management Centre.	✓
Reserve \$100 million for the Expanded Clearways program.	✓
Further review and develop Beaches Link.	✓
Develop a program of customer empowerment initiatives (e.g. smart parking technology).	✓
Identify Outer Sydney Orbital and Bells Line of Road - Castlereagh Connection corridors.	✓
Progressively implement an integrated infrastructure planning, funding, and delivery framework.	✓
Include explicit provisions for growth infrastructure funding requirements in capital plans.	✓
Regional Transport	
Reserve \$2 billion for a Regional Road Freight Corridor program.	✓
Reserve \$1 billion for a Regional Growth Roads program.	✓
Reserve \$500 million for the Fixing Country Roads program.	✓
Reserve \$400 million for a Fixing Country Rail program.	✓
Reserve \$200 million to turbocharge the Bridges for the Bush program.	✓
Complete the Newell Highway corridor strategy and develop corridor strategies for the Golden, New England, and Great Western Highways by mid-2016.	✓
Investigate private, Local and Australian Government co-contributions for regional road upgrades.	✓
International Gateways	
Assess connections from Port Botany and Sydney Airport to WestConnex for road freight.	✓
Assess projects that support rail freight from Port Botany to the Moorebank Intermodal precinct, and the reconfiguration of the roads around the precinct.	✓
Encourage the Australian Rail Track Corporation to increase capacity on the Southern Sydney Freight Line.	✓
Continue work to reserve the corridor/site and commence assessment for the Western Sydney Freight Line and Eastern Creek Intermodal Terminal.	✓
Assess projects that secure freight paths for regional exporters at Port Kembla.	✓
Gauge private sector interest in construction and operation of the Maldon Dombarton rail link.	✓
Assess and prioritise further road and rail projects to serve Badgerys Creek airport, and preserve site capacity	✓
Continue work to reserve the Lower Hunter Freight Corridor.	✓

Water	Response
<p>A \$1 billion reservation for a Regional Water Security and Supply Fund to:</p> <ul style="list-style-type: none"> > Develop final business cases to select a mix of investment in the priority catchments of the Gwydir, Macquarie and Lachlan Rivers. > Identify investments to take advantage of unutilised flows and underutilised infrastructure in the Upper Hunter. > Develop final business cases for 71 water quality and waste water backlog projects for country towns. > Develop options to deliver water security to Cobar and Broken Hill. 	✓
Maintain and further develop the catchment needs assessment framework.	✓
Develop a 20 year capital plan for NSW bulk water.	✓
Request IPART to advise/review how costs can be recovered for water security.	✓
Respond to the expert report on the Hawkesbury-Nepean Valley, following completion of the report in July 2015.	✓
Education	
Reserve \$700 million for 10-year Future Focused Schools program for education infrastructure.	✓
Reserve \$300 million to create a 10-year Regional Schools Renewal program.	✓
Prepare a funded School Asset Strategic Plan that manages projected requirements to 2031.	✓
Ensure that NSW planning policies enable delivery of the Strategic Plan.	✓
Expedite demonstration projects in metropolitan and regional areas.	✓
Explore PPP opportunities with non-government providers, innovative school models.	✓
TAFE NSW to prepare a Strategic Asset Management Plan.	✓
Health	
Reserve \$600 million for new health facilities in the Hospitals Growth Program targeting Western Sydney hospitals.	✓
Reserve \$300 million to accelerate the delivery of multipurpose health facilities in smaller country towns.	✓
Reserve \$100 million to invest in up to 19 'one stop shops' facilitating health care in metropolitan and regional areas.	✓
Pursue a mix of not-for-profit/private sector delivery of infrastructure and public health services.	✓
Prioritise configurations that implement best practice clinical redesign and reduce operating costs.	✓
Continue to pursue partnerships for a better mix of services with the not-for-profit and private sectors.	✓
Continue to pursue system-wide reforms to deliver more efficient and effective health services.	✓

Sports and Cultural Infrastructure	Response
Reserve \$600 million for stadia upgrades.	✓
Reserve \$600 million for a Cultural Infrastructure Program.	✓
Reserve \$300 million for a Regional Environment and Tourism Program for both national parks and regional tourism.	✓
Establish a defined cultural precinct in the Sydney CBD, including the Opera House, Walsh Bay Arts precinct, and the Art Gallery of NSW: Sydney Modern.	✓
Continue work on a purpose built Indigenous Cultural Centre at Barangaroo Headland Park.	✓
Deliver greater collaboration between institutions housing indigenous collections to maximise access.	✓
Invest in the Australian/Powerhouse Museums' alignment with sector strategic direction.	✓
Develop a Parramatta cultural precinct, and investigate moving Powerhouse Museum collections to that site.	✓
Develop opportunities for co-investment in new arts infrastructure for Western Sydney, in partnership with local councils. Develop cultural hubs in Newcastle and Wollongong and other regional centres.	✓
Complete master planning for the Moore Park sporting precinct.	✓
Review opportunities around Parramatta/Homebush for a rectangular stadium and commence planning for an outer Western Sydney stadium. Examine options for a multi-use indoor arena in a strategic Sydney location.	✓
Develop a master cultural infrastructure strategy for the sector as a whole, including sharing of collections between institutions	✓
Review investment decisions through a standardised investment framework.	✓
Energy	
Develop an appropriate regulatory regime for gas projects.	✓
Key Themes and Opportunities – Planning for our Future	
Reserve \$100 million for a Corridor Reservation program for identified strategic projects.	✓
Infrastructure NSW to enter into a long term partnership with National ICT Australia to develop ICT and innovation options.	✓
Innovative funding to be considered for projects.	✓
Recycling of public assets to support generational improvements to infrastructure stock.	✓

Rebuilding NSW Funding by Location

Regional Investment



Education & Health
\$600 million



Regional roads
\$3.7 billion



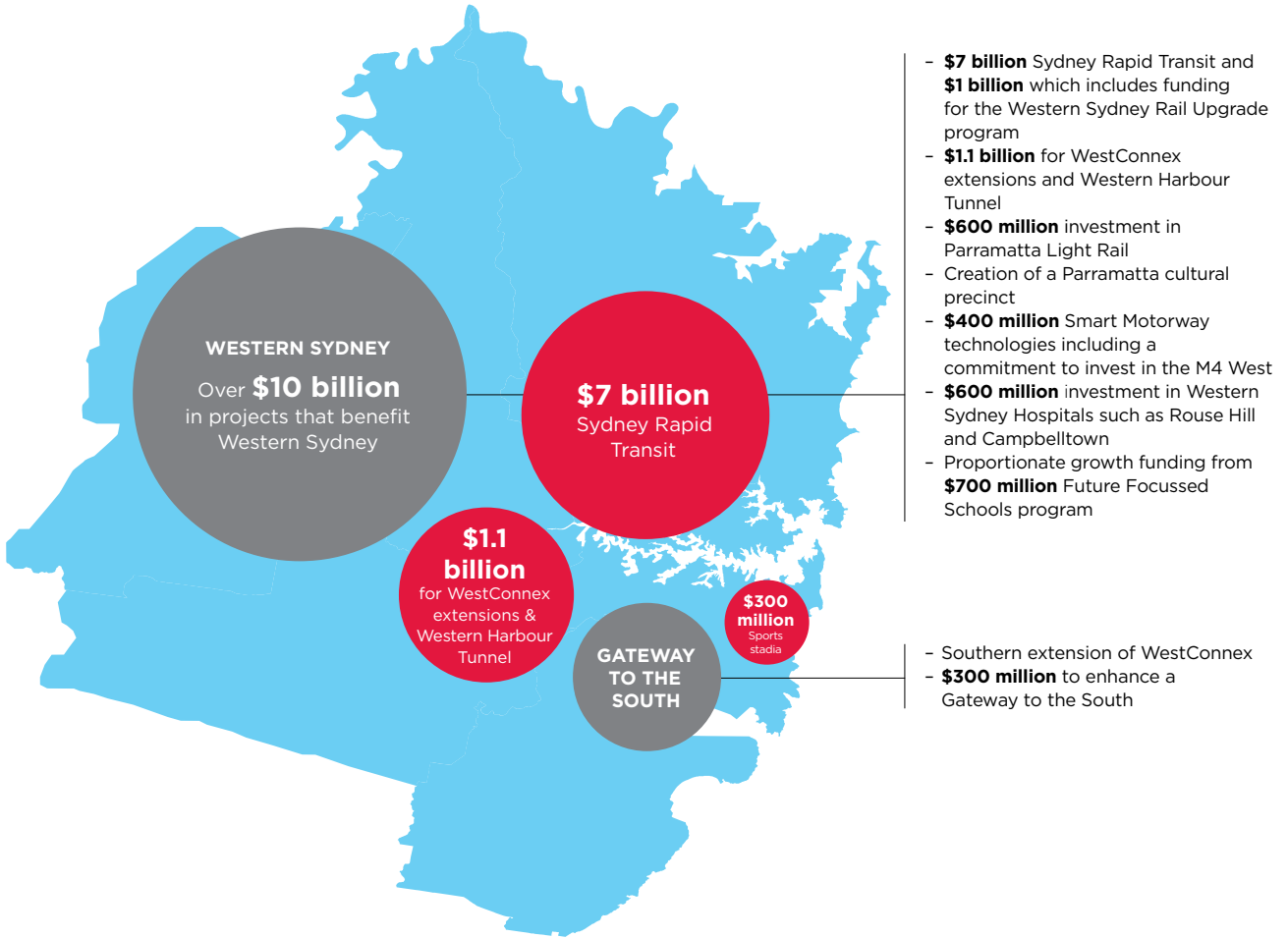
Fixing Country Rail
\$400 million



Water security
\$1 billion

Rebuilding NSW Funding by Location

Metropolitan Investment



Urban public transport
\$8.9 billion



Urban roads
\$2.4 billion



Education and Health
\$1.4 billion



Parramatta Light Rail
\$600 million



Sport and Culture
\$1.2 billion



Bus Rapid Transit
\$300 million

Economic Benefits of Infrastructure

The cost of doing nothing

Following the hard work of the Government since 2011, NSW is set to grow over coming decades. This growth creates jobs and economic opportunity, but it does require investment to ensure that congestion is addressed, in order to protect quality of life and sustain productivity. Congestion in Sydney currently costs \$5 billion per annum and is expected to grow to \$8 billion per annum by 2020, if nothing is done.

Increased investment in productive infrastructure

The Government will fund an additional \$20 billion for productive infrastructure investment from capital that will be unlocked from the partial lease of the electricity network. This investment will include additional incentives of at least \$2 billion through the Commonwealth's asset recycling fund.

The Government commissioned Deloitte Access Economics to examine the economic benefits of Rebuilding NSW. Deloitte has concluded that Rebuilding NSW will boost the economy by almost \$300 billion in just over 20 years.

The economic benefits initially come from increased capital expenditure in the build-stage of infrastructure development. But once in place, ongoing benefits are generated by increases to productivity, participation and population. These are the three Ps that are the foundation of economic growth.

Benefits to households and businesses

Rebuilding NSW is expected to generate more than 100,000 jobs.

The proposed investment program is also estimated to lower transport costs associated with travel time in Sydney and regional NSW.

Increased investment in water infrastructure is estimated to result in water savings of 320 GL. This amount of water could support an increase in agriculture and mining output in the range of \$1-2 billion a year and also increase water availability for environmental uses.

Deloitte also found additional benefits will accrue to households and businesses from increased investments in schools, hospitals and sporting and cultural assets. These investments will lead to improved social outcomes, such as a more educated and healthy population as well as improving the tourism economy.

Reaping the benefits of productivity

NSW and Australia face a productivity challenge and declining terms of trade. This challenge will become more apparent as our economy transitions further away from the mining investment boom and record high prices for our mineral exports subside.

Increasing the productivity of the NSW economy will drive growth, create new jobs, improve standards of living and boost our competitiveness in the international economy. It also means businesses can make long term investments and undertake new job creating ventures with the confidence that the infrastructure will be there to support their operations.

A productive and growing economy allows our society to provide for the most vulnerable members of our community and deliver government services more efficiently and effectively.

Rebuilding NSW Consultation

A plan to rebuild NSW

Rebuilding NSW included a commitment to undertake three key planning activities to prepare for the delivery of our \$20 billion infrastructure program:

- > updated recommendations for a **State Infrastructure Strategy** prepared by Infrastructure NSW in response to additional funds that will be made available by the transaction
- > a **scoping study** prepared by NSW Treasury. This includes options to implement the partial lease of the State's electricity networks that protects consumer interests while maximising the expected transaction proceeds for taxpayers, available for reinvestment
- > a **community consultation**: by the Department of Premier and Cabinet (DPC). This included gathering community views on the implementation of Rebuilding NSW.

Wide community involvement

The consultation involved a number of opportunities for the community to have its say:

- > a two-round **submission process**, commencing on 14 August and concluding on 30 October, with nearly 350 written submissions received
- > **consultation meetings** held with a broad range of stakeholders including consumer organisations and business groups. Meetings were organised in local communities across the State to give regional stakeholders an opportunity to have their say
- > **publishing reports** that provide additional information on issues relevant to Rebuilding NSW, such as electricity price regulation, network reliability standards and infrastructure project funding. Further information will be released as it becomes available.

Valuable community feedback

The key infrastructure themes to emerge from the consultation process include:

- > **support for infrastructure investment** – stakeholders overwhelmingly supported a step change in infrastructure investment, and provided many proposals for consideration as the plan is rolled out
- > **planning for the long term** – taxpayer investment in new infrastructure must be undertaken in the context of a long term vision for the State. There was strong support for the role of Infrastructure NSW in ensuring projects are selected on the basis of rigorous analysis
- > **ensuring that Sydney remains a liveable city** – community feedback was strongly informed by the understanding that Sydney needs infrastructure to accommodate a growing population. This includes improving our roads to reduce congestion, and building new public transport to align with housing and jobs. The Government's commitment to investing in schools, hospitals, and sporting and cultural infrastructure was also supported
- > **connecting regional NSW to markets and opportunities** – regional communities were highly engaged in this process, with the highest priority being enhanced connectivity to secure the future prosperity and vitality of regional and rural NSW. The Government's commitment to investing in regional areas was strongly supported, including many proposals for new road, rail, water and tourism projects.

The Government also received valuable feedback on the overall plan. Stakeholders encouraged the Government to adopt a broad view of infrastructure in regions and ensure strong consumer protections are maintained.

Recommendations provided in submissions and at stakeholder meetings continue to be considered and will be evaluated against the further development of the investment program proposed.



WestConnex Extensions and a Western Harbour Tunnel

WestConnex will be extended

The Government will deliver northern and southern extensions to WestConnex.

Extensions to the WestConnex scheme would see the motorway connect to the Anzac Bridge and Victoria Road to the north, and near Kogarah to the south.

These extensions will relieve pressure on the existing orbital road network, and reduce journey times.

Together with WestConnex, the northern and southern extensions will provide a western bypass for the Sydney CBD. This will:

- > alleviate pressure on Southern Cross Drive and the Eastern Distributor
- > reduce journey times from Sydney's south and west
- > improve the connectivity between Sydney's west and the Harbour Bridge.

The two extensions are being further assessed as part of the development of WestConnex Stage 3, which is the final stage of the project. Stages 1 and 2 are already in the market for procurement.

Delivering new cross Harbour road capacity

After the completion of WestConnex, the Western Harbour Tunnel project will be the next major motorway for development, to be commenced around the beginning of the next decade. It will see the construction of an additional Harbour road crossing of approximately 7 kilometres, connecting the WestConnex northern extension around Rozelle with the Gore Hill or Warringah Freeways.

The Western Harbour Tunnel will relieve congestion on the Harbour Bridge and Tunnel, potentially diverting around 2,000 vehicles an hour. Feasibility work and final business case development for the project will now commence in detail.

Together the WestConnex extensions and the Western Harbour Tunnel will facilitate a new north-south route through Sydney that avoids the Sydney Harbour Bridge & Tunnel, CBD, Eastern Distributor and Anzac Bridge.

Investment strategy

The Government will reserve \$1.1 billion from Rebuilding NSW to invest in the northern and southern extensions of WestConnex and the Western Harbour Tunnel.

This contribution will allow the Sydney Motorway Corporation to proceed with finalising business cases for these projects and set delivery timeframes.

The funding model is consistent with the asset recycling model being used for Stages 1 and 2 of WestConnex, including private investments.

Potential further contributions from the Commonwealth Government may also enable further acceleration.

All investment decisions will be subject to final business cases and will be undertaken in a manner consistent with the maintenance of the AAA credit rating as required by the Fiscal Responsibility Act.

Sydney Rapid Transit

Delivery of Sydney's Rail Future has been accelerated

The North West Rail Link, Australia's largest public transport infrastructure project, is under construction. When completed in 2019, it will form the first part of Sydney Rapid Transit. This line will be extended under the Harbour, forming Sydney's second Harbour rail crossing.

Under the 2012 State Infrastructure Strategy a Harbour rail crossing may not have been built for up to 20 years. Rebuilding NSW significantly accelerates delivery of a second Harbour crossing, with funding now expected to flow from 2016-17, and construction expected to commence in 2017.

Transforming the whole rail network

Sydney Rapid Transit is the next phase in the evolution of Sydney's rapid transit system. In extending North West Rail Link services under Sydney Harbour and through the Sydney CBD, onto the Bankstown Line, significant new capacity will be delivered for the whole rail network.

The Government will reserve \$7 billion from Rebuilding NSW for Sydney Rapid Transit. This is in addition to funding already earmarked for the project over the next 10 years. Infrastructure NSW estimates \$10.4 billion as a reasonable mid-range cost and, with funds already earmarked, this is now a fully funded project. The aim will be to have the full line operational within 10 years, by 2024.

Sydney Rapid Transit will deliver benefits across the entire rail network. When complete, it will provide a step change in the capacity of the rail system by delivering the first new heavy rail capacity through the Sydney CBD in 45 years. Combined with the Western Sydney Rail Upgrade program, Sydney Rapid Transit will allow:

- > a 60 per cent increase in the number of trains accessing the CBD during the peak hour
- > the capacity for an additional 100,000 passengers per hour
- > the cutting of expected crowding on T1 Western Line trains and on trains from the south west by up to 50 per cent

- > more trains and more capacity for people travelling from Penrith, Blacktown, Westmead and Parramatta
- > five new Sydney Rapid Transit stations to be built including Central, Pitt Street, Martin Place, Victoria Cross and St Leonards/Crows Nest
- > have the capacity to operate up to 30 trains an hour (once every two minutes) - each way. That's a total of 60 rapid transit trains across the CBD every hour.

The expansion in capacity will provide relief to overcrowding and improve the reliability of Sydney's train system. Ultimately, this will also mean fewer cars on the road and less congestion.

Delivering major benefits

Initial analysis for Sydney Rapid Transit shows the project has the potential to transform Sydney, with major economic benefits. At this early stage of analysis, it is estimated that Sydney Rapid Transit will:

- > reduce travel times
- > remove over 17 million car trips from the road each year
- > enable growth of around 40,000 additional jobs in Sydney
- > trigger significant increase in economic 'value-add' generated by businesses along its route, reaching over \$5 billion per year.

Planning for delivery continues

Delivering projects of the scale and significance of Sydney Rapid Transit requires exhaustive planning and diligence. That work continues and is being accelerated in line with the State Infrastructure Strategy. It will further refine the economic benefits, determine best delivery approaches, and test a number of sub-options for the project. It will also identify potential urban renewal, and additional employment and housing opportunities that the new line will facilitate.

Options under investigation include the viability of additional stations at Barangaroo and at either Waterloo, or Victoria Park/University of Sydney.

Urban Public Transport

\$8.9 billion for urban public transport

In total, \$8.9 billion in Rebuilding NSW funds will be reserved for urban public transport to support Sydney's population, that is expected to reach almost 6 million by 2031. This is a historic investment in public transport, unprecedented in its scale, that will transform Sydney.

Delivering on and expanding long term plans

Public transport is critical to urban productivity, expanding employment opportunities by connecting people to jobs, reducing congestion, and supporting delivery of urban renewal.

In 2012 the Government released the NSW Long Term Transport Master Plan. Together with mode specific plans, it lays out the strategic priorities pursued by the Government in this critical infrastructure area.

The Government is now delivering on that plan, and extending it further. Improving travel times and delivery of new bus and light rail options were highlighted during the Rebuilding NSW consultation process. Work on these will be further advanced.

Massive investment in rail infrastructure

Two passenger trains can move more people than a motorway lane can move over an hour. The Government is investing massively in new rail infrastructure, that will benefit the entire network.

\$7 billion in Rebuilding NSW funds will be reserved for the Sydney Rapid Transit project, including a second Harbour rail crossing, new CBD stations and the conversion of the Bankstown line to rapid transit. This project, together with the Western Sydney Rail Upgrade program, will unlock capacity across the rail network.

Sydney Rapid Transit will:

- > reduce travel times
- > remove over 17 million car trips from the roads each year
- > enable growth of around 40,000 additional jobs in Sydney.

To further expand the capacity of the existing network, **\$1 billion will be reserved for Sydney's Rail Future Stage 2.**

This includes the Western Sydney Rail Upgrade program, which will:

- > target capacity constraints on the T1 Western and Northern Lines to deliver more services
- > upgrade power supplies, to allow improved train operations on the T1 line
- > introduce advanced train control systems, to improve service frequencies and capacity.

To enable future planning and corridor reservation, augmentations to the rail network beyond Sydney's Rail Future will also be identified.

Boosting Parramatta as a second Sydney CBD

Parramatta is Sydney's second CBD, and a major centre for Western Sydney. The Government has already reserved \$400 million towards Light Rail through Parramatta, with four options currently under consideration.

The Government will now commit a further \$600 million in funds for light rail in Parramatta, bringing the total to \$1 billion.

Bus rapid transit

Bus Rapid Transit projects can facilitate high quality connections on some of Sydney's existing corridors at a relatively low cost. These buses can operate at high frequencies throughout the day, at high speeds and with improved reliability.

The Government will reserve \$300 million for Bus Rapid Transit and bus priority infrastructure upgrades, for bus corridors which may include Victoria Road and Parramatta Road, in addition to Northern Beaches Bus Rapid Transit.

Urban Roads

\$1.3 billion to unlock capacity of existing infrastructure

Congestion costs Sydney around \$5 billion a year, and is set to grow to \$8 billion a year by 2020 if nothing was done.

The Government has already committed to programs that target pinch points and clearways, to get traffic flowing more freely.

A total of \$1.3 billion will be reserved for congestion busting through the productivity improvements to Sydney's roads:

- > **\$400 million for Smart Motorways, including investments on the M4**
- > **\$300 million for the Urban Road Pinch Points program**
- > **\$300 million to unblock critical constraints, creating a Gateway to the South**
- > **\$200 million for improvements to SCATS and the Traffic Management Centre**
- > **\$100 million for the Expanding Clearways program.**

Not only is the Government investing more, it is also investing in a smarter way. Innovative initiatives, such as Smart Motorways, making use of innovative ICT solutions, and upgrades to the traffic management system will help to improve how traffic flows and unexpected delays are managed.

This type of investment in the State's infrastructure has a very high payoff for road users. These high impact and highly targeted investments will remain a core element of the Government's strategy to tackle congestion. The recently announced Premier's Innovation Initiative, which has sought innovative ideas to address congestion from the non-Government sector, is expected to deliver more improvements along these lines.

Delivering WestConnex and NorthConnex

Major new motorway capacity in Sydney will see significant benefits for road users. WestConnex will deliver savings of up to 40 minutes between Western Sydney and the airport, while NorthConnex will save up to 15 minutes for users of the Pennant Hills corridor, each day, every day in both directions.

These two new road tunnel projects will also directly benefit the communities they will run beneath, with an estimated 3,000 trucks a day removed from Parramatta Road, and up to 5,000 trucks a day off Pennant Hills Road. This will not only provide improved journey times, but will also deliver significant amenity benefits for local residents including the revitalisation of Parramatta Road.

Tendering of the first two stages of WestConnex – the upgrade and extension of the M4, and the duplication of the M5 – is already underway.

Western Harbour Tunnel

The Government will commence work on a third Harbour road crossing and a north-south route through Sydney that avoids the CBD.

Work will also continue to identify and preserve new road corridors such as the Outer Sydney Orbital and the Bells Line of Road – Castlereagh Connection to the M7. This will ensure that the roads can be delivered cost effectively when the economic case and funding become available.

Gateway to the South

The Government is committed to enhancing a Gateway to the South. The Government has commissioned scoping studies for large scale investment options on the F6 and A6 corridors, which are yet to be finalised. In the interim, in addition to funding the southern extension of WestConnex, the Government will commit \$300 million to address pinch points across the A1, A3 and A6 corridors.

Regional Transport

Demand for roads in regional NSW

Rebuilding NSW recognises the importance of regional transport by reserving **\$4.1 billion** to upgrade regional freight corridors, build new infrastructure in growth areas, enhance and expand existing road and bridge programs and improve regional rail.

Regional road and rail upgrades were a prominent theme in the Rebuilding NSW consultation. Good transport infrastructure helps people get to where they are going quickly and safely, and ensures regional producers can get goods to market on time and cost effectively.

By 2031, the amount of freight travelling in NSW will nearly double. The transport freight industry is critical to the NSW economy. It is an enabler of almost all economic activity, supporting many industries and jobs.

This investment in better roads will deliver an economic dividend to regional communities as they become better connected. Individuals will have greater access to employment opportunities, be closer to essential services and spend less time on the road when visiting friends and family. It is also critical to attracting business investment and front line workers to regional NSW.

Freight will also move more easily and more safely. This will bring agricultural products and other goods produced in our regions closer to markets and export facilities. This will deliver a significant economic dividend to our regional economies.

\$3.7 billion to be reserved for regional roads

To meet the challenge and improve the productivity of our regional economies, the Government will invest in the Newell Highway - which provides the major freight route between Queensland and Victoria, and connects dozens of regional centres and communities along its 1060km corridor.

Corridor strategies will also be developed for the Golden Highway, the New England Highway and the Great Western Highway to guide the investment priorities.

To deliver upgrades on these roads, the **Government will reserve \$2 billion** for a Regional Road Freight Corridor program.

The Government will also deliver the upgrade of the Pacific Highway by 2020.

Infrastructure NSW has acknowledged the success of programs such as Bridges for the Bush and Fixing Country Roads.

A total of \$700 million will be reserved to expand those programs. The NSW Government will also seek to leverage funding from councils, the Federal Government, and the private sector in delivering this work.

The Government will also improve the connectivity within and around regional centres, building on the major projects already underway. There will be a **\$1 billion reservation to accommodate roads in regional growth areas.**

Improving regional rail freight

The growth of regional economies and populations will need to be supported. There are too many constraints on the rail network which reduce the efficiency of freight connections between regional NSW and key markets.

\$400 million will be reserved for Fixing Country Rail. Transport for NSW will be directed to complete final business cases for the program by mid-2016. This will support our primary producers who make a vital contribution to our economy.

International Gateways

Connecting the NSW economy to the world

The Government will ensure that the transport network serving our international gateways is operating efficiently and effectively. Connections to international trade supports jobs and economic growth.

The import and export of goods is vital to the NSW economy. Our infrastructure facilitates \$127 billion of international trade. Ports and airports play a pivotal role in the freight supply chain that keeps business moving and shelves stocked. The freight and logistics industry contributes approximately \$58 billion (14%) of the NSW Gross State Product and directly employs 128,000 people. Furthermore, it is estimated that each 1% of additional efficiency in the freight sector saves the economy \$1.5 billion. Industry needs highly efficient links to the international economy, and we are committed to further improving those links.

Delivering better access to Port Botany and the airport precinct

WestConnex will provide major new motorway capacity to link the Port Botany precinct to west and south-west Sydney. This will be combined with enabling works in the precinct to improve access to the new motorway.

There are also measures underway that will improve rail productivity in and around the precinct. The operation of the Enfield intermodal terminal, and the proposed Moorebank intermodal precinct, will enhance the ability of rail freight to move containers to and from Port Botany. This will reduce congestion and get trucks off our road.

Currently Western Sydney is dependent on heavy vehicles for its freight needs. By 2036, 4.3 million truck kilometres could be saved through the Western Sydney Freight Line and Eastern Creek intermodal precinct. The Government will continue work to reserve the corridor and site for this important project.

The Government is also improving passenger links to Sydney Airport. Timetable changes have already enhanced airport rail services. There are now at least eight trains an hour between Sydney Airport and City Circle stations from 7am to 9pm during weekdays, cutting wait times down from a maximum of 15 minutes to nine minutes. Other public transport improvements, including to the bus network, are being progressed.

Improving connections to Port Kembla and the Port of Newcastle

Both road and rail projects that improve connectivity into these ports will be developed and assessed on an economic needs basis.

Corridors will be preserved in the Hunter to support future growth needs and recommendations will be adopted to support the continued development of Port Kembla. Capacity constraints at either port cannot be allowed to hinder the economic growth of our State.

Supporting Badgerys Creek as a catalyst for development

The NSW and Federal Governments have committed to road network upgrades for a number of major roads supporting the Badgerys Creek airport precinct. The NSW Government will also investigate additional infrastructure, including a rail extension, as demand necessitates.

This will support the development of Sydney's second airport and the economic benefits it will deliver.

Education

Building new schools to meet growth

The Government will reserve \$700 million in Rebuilding NSW funds to create a 10-year Future Focused Schools program for education infrastructure.

This infrastructure will service growing student populations and provide new and innovative school designs which rethink how schools work, how teachers teach and how students learn into the future. Work will commence shortly to prepare final business cases supporting these projects.

The number of children enrolling in NSW public schools is expected to increase by 23% by 2031, with the strongest growth occurring in Western and South Western Sydney. Funding from Rebuilding NSW will help the State to meet our expected need for new schools in the public education system, which Infrastructure NSW estimates to be equivalent to demand for 6,250 more classrooms. This investment, along with more efficient utilisation of existing facilities will ensure NSW can continue to provide high quality public education to the State's students.

Future Focused Schools will include connected teaching and learning spaces that will enable flexible, collaborative and problem-based teaching and learning. Future Focused Schools will offer a differentiated and individualised learning environment designed to meet the learning needs of a broad cohort of students.

Renewing regional schools

The Government will reserve \$300 million in Rebuilding NSW funds to create a 10 year Regional Schools Renewal program to upgrade schools to become future focused learning environments. Work will commence shortly to prepare final business cases supporting these projects.

The condition of schools has an impact on the quality of education our students receive, and building maintenance costs are likely to continue to increase each year due to ageing infrastructure. Capital investment under the program will lead to better maintained schools.

In future, schools will be technology rich spaces that allow group collaboration as well as cross border and cross-sectoral learning opportunities. A greater emphasis on technology in rural and remote schools has the opportunity to reduce the challenges faced by many students in regional and rural NSW.

Planning for growth

The Government will prepare a funded School Asset Strategic Plan that manages the projected capital expenditure requirements for teaching space supply to 2031 and seeks to realign its asset portfolio to better match demand. This work will build on commitments in this Strategy to explore a range of options to improve asset utilisation. The new approach will also require greater coordination between schools planning and the State's planning policies.

Innovative community partnerships

The Government will explore partnership opportunities with non-government providers and innovative school models through public-private partnerships. This could expand the pool of funds available for investment in education infrastructure, including through partnerships with local councils, universities, and other providers.

Flexible governance arrangements will also be required so that schools can partner with local councils and non-government providers for greater resource sharing. Benefits to the community could include improved access to out of school hours care, libraries, halls and playing fields.

Modernising TAFE NSW asset management

TAFE NSW will prepare an asset management plan that enables the asset portfolio of each institute to keep pace with the competitive market for vocational education and training, including having the flexibility to invest in facilities that expand online delivery of courses.

Building on record investment

In addition to the record health infrastructure investment, Rebuilding NSW will allow an additional \$1 billion to be invested in health.

Investing in Western Sydney hospitals

The Government will reserve \$600 million in Rebuilding NSW funds for a Hospitals Growth Program targeting Western Sydney, with investigation of specific options such as Rouse Hill and Campbelltown, in addition to new paediatric capacity in South Western Sydney.

These investments build on work underway since 2011, including Stage 1 of the Blacktown and Mount Druitt Hospitals Expansion Project, with new facilities already delivered including mental health, clinical services and additional car parking. Significant investment is also occurring at Campbelltown Hospital and at Westmead Hospital.

New models of service delivery

The Government will reserve \$100 million in Rebuilding NSW funds for the Care Co-location Program to accelerate the Primary and Integrated Care Strategy. New 'one stop shops' in 19 regional and metropolitan communities will bring together a variety of healthcare providers to improve patient access to services and increase overall efficiency. This is expected to improve health outcomes for vulnerable members of the community, and will attempt to create partnerships with not-for-profit providers where possible. Services to be co-located include mental health, early childhood and youth, nursing, and Aboriginal health services.

The Government will prioritise facility reconfigurations that implement best practice clinical redesign and reduce operating costs. This includes changing work practices to manage patient care more efficiently, reduce delays, and improve service quality. A program to accelerate the modernisation of metropolitan, regional and rural facilities will be developed to deliver improvements over the next 20 years.

Integrated regional health services

The Government will reserve \$300 million in Rebuilding NSW funds to accelerate delivery of the Regional Multipurpose Health Facilities program.

This investment will secure the sustainability of smaller rural facilities by integrating healthcare services, with a focus on innovation and flexibility in service delivery. Locations prioritised for new investment will be those with smaller populations that may not be able to sustain separate hospital, residential care, community health, and home care services. The program will also focus on improving coordination of health and aged care services appropriate for isolated communities.

Partnering with non-government providers

The Government will consider opportunities for partnerships with the not-for-profit and private sectors. This will help NSW to achieve a better mix of providers involved in the delivery of health infrastructure and services and to deliver health care more efficiently and effectively. The delivery of the new Northern Beaches hospital under a \$1 billion public-private partnership is an important step already underway to achieve this. A provider was selected in October 2014 to design, build, operate and maintain the hospital, with completion expected in 2018.

The Government is also identifying additional projects that could be progressed in partnership with non-government providers to deliver a more productive health system for NSW.

Driving innovation in health systems

The Government will continue to reform the State's health system through greater contestability in service provision and more efficient asset management. NSW will also continue to invest in eHealth technology, particularly for patients in regional communities.

Establish a dedicated \$1 billion fund to respond to water challenges

Our communities can prosper only with reliable water supplies, and with the confidence that reliability engenders. This \$1 billion fund will be used to address challenges including deficiencies in drinking water quality, capacity to meet water demand from growing populations, drought security, dam safety and inadequate wastewater treatment.

Focus on priority river systems to support mining and agriculture

The Government will focus on the Hunter, Gwydir, Macquarie, and Lachlan river systems as the highest priority catchments for infrastructure investment.

Allocations from the \$1 billion Regional Water Security and Supply Fund will depend on the assessment of different options for each of the catchments, focusing on options that deliver the most efficient and sustainable outcomes and contribute to productivity growth.

The Government will examine the options proposed by Infrastructure NSW:

Upper Hunter – modelling to identify water delivery efficiency investments, including in respect of the Lostock and Glennies Creek Dams.

Gwydir River Valley – a re-regulating dam at Gravesend or a new dam on the Horton River.

Macquarie River Valley – augmentation of Burrendong Dam or a re-regulating dam on the Macquarie River.

Lachlan River Valley – a new dam on the Belubula River.

In addition to these projects, Infrastructure NSW recommend considering other possible delivery efficiency projects in these catchments. The Government will examine a state-wide delivery efficiency program to identify optimum additional delivery efficiency projects.

These investments will help improve State productivity and create stronger regional communities by enabling economic activity that would otherwise be constrained by a lack of water security.

Deliver long term solutions for Cobar and Broken Hill

Cobar and Broken Hill will be targeted as high priority locations for the development of sustainable water security solutions.

Final business cases will be developed to assess the best way of delivering long-term solutions and will examine the specific options identified by Infrastructure NSW, including a pipeline from the Murray River to Broken Hill and a new pipeline to Cobar.

Bringing water quality and waste water up to standard in all regional towns

As part of the \$1 billion Regional Water Security and Supply Fund, the Government will also respond to challenges faced by some regional towns. One of the messages from consultation on Rebuilding NSW was the need for investment to go, not just towards improving water security, but also towards waste water services.

The Government will invest in the completion of 71 projects already identified through the Country Town Water Supply and Sewerage program. Final business cases will be developed for each project and may include the provision of sewerage services to currently unserved communities in locations such as Ulmarra (North Coast) and Bowning (near Yass).

These projects will ensure towns' water supplies meet minimum water quality standards and waste water services meet environmental standards.

Flood mitigation options for the Hawkesbury Nepean Valley

As recommended by Infrastructure NSW, funding sources will be identified to deliver flood mitigation and evacuation works when the Hawkesbury Nepean Valley Task Force reports to the Government in mid-2015.

Sports and Cultural Infrastructure

\$1.2 billion reserved for sports and cultural infrastructure

The Government will reserve **\$1.2 billion for sports and cultural infrastructure**, including:

- > \$600 million allocation for a cultural infrastructure program
- > \$600 million for stadia.

The Government **will also reserve \$300 million** for regional environment and tourism.

A new whole-of-Government cultural infrastructure plan will be developed to provide the context and priorities for future investment decisions.

Investing in sports infrastructure

The Government will reserve a minimum of \$600 million to invest in sporting infrastructure, with funding available from 2017-18. The focus of this investment will be on Moore Park and Western Sydney.

- > The Sydney Cricket and Sports Ground Trust will be tasked with finalising upgrade plans for Allianz Stadium.
- > The Government will assess options for rectangular stadia at Parramatta/Sydney Olympic Park.

The Government will also look at:

- > identifying long term options for the construction of an outer Western Sydney Stadium, with the appropriate capacity and facilities to house high-profile events
- > options for a multi-use indoor stadium in Sydney.

Developing an arts precinct in the Sydney CBD

As part of a new cultural infrastructure plan, the Government will focus future investments on creating a geographically confined arts precinct in the Sydney CBD.

Not only will this re-affirm Sydney as a major centre for the arts, it will also enhance collaboration between institutions and promote better use of collections and facilities.

Priority will be given to investment in:

- > Sydney Opera House
- > Walsh Bay Arts Precinct
- > Art Gallery of NSW: Sydney Modern.

Future investment in the Australian Museum and NSW State Library will be considered in long-term plans.

Showcasing indigenous art and culture

A new Indigenous Cultural Centre is proposed for Barangaroo, as part of the CBD arts precinct. This new facility would provide a focal point for the expression of Indigenous art and culture. The Government will further develop work on this important project.

Investing in cultural infrastructure in Western Sydney

The Government will create a Parramatta Cultural Precinct as a component of current urban renewal activities in the area, where there is a range of cultural and heritage assets that could be better connected and utilised. As part of this, the Government will investigate the relocation of the Museum of Applied Arts and Sciences (the Powerhouse) collection to Parramatta.

In line with better collaboration and flexibility among institutions, CBD-based collections will be shared with new facilities at Parramatta and across Western Sydney. This will mean more people will experience the State's art and cultural collections.

The Government will also engage with Western Sydney councils, particularly in Liverpool, Penrith and Campbelltown, to identify co-investment proposals for cultural infrastructure. Engagement will commence immediately.

Supporting regional tourism and the environment

As part of Rebuilding NSW, a further **\$300 million will be reserved for investment in both environmental and tourism** related assets in regional NSW, supporting regional heritage and the visitor economy.

Western Sydney

Better transport infrastructure in Western Sydney is essential

With a population of over 2 million people, Western Sydney is now bigger than many of Australia's capital cities. **This State Infrastructure Strategy provides at least \$10 billion that will have a benefit for Western Sydney.**

Public transport connects people to jobs, and also improves liveability by providing access to key destinations. The Government will reserve \$1 billion for Sydney's Rail Future Stage 2, including the Western Sydney Rail Upgrade program. This will specifically target the capacity constraints on the T1 Western Line. Together with the \$7 billion contribution reserved for Sydney Rapid Transit, new rail capacity will be unlocked across the rail network – including on the Western, South, and Airport and East Hills lines which serve Parramatta, Penrith, Richmond, Campbelltown and Macarthur.

Benefits for Western Sydney

Western Sydney provides a key hub for Sydney's freight industry. The road network is central to the industry. It also supports Sydney as a multi-centred city, connecting regional centres in Western Sydney, as well as linking them to other major economic precincts such as Port Botany and Sydney Airport.

Improving those linkages – better connecting western and south western Sydney with the Sydney CBD, port and airport – is one of the primary reasons for the WestConnex motorway. Programs such as the reservation of \$400 million to implement Smart Motorways, including on the M4, and investments in pinch point upgrades, are also specifically targeted to improve traffic flows and reduce congestion in Western Sydney.

Long term planning for the west

In the long term, land will be reserved for future Western Sydney road corridors which may include the Outer Sydney Orbital and the Bells Line of Road – Castlereagh Connection to the M7 and an extension to the South West Rail Link. This will ensure that the Government is positioned to deliver infrastructure to Sydney's growing western suburbs efficiently and effectively when it is needed.

Parramatta is Sydney's second CBD, and requires a transport system that will provide Western Sydney residents with access to jobs and services. The Government has already put aside \$400 million in funds to develop light rail for this major centre, and will now commit a further \$600 million in funding for this project.

The Government will create a Parramatta Cultural Precinct as a component of current urban renewal activities in the area. It has a range of cultural and heritage assets that could be better connected and utilised. As part of this, consideration will be given to relocating the Museum of Applied Arts and Sciences (the Powerhouse) collection to Parramatta.

In line with better collaboration and flexibility among institutions, CBD-based collections will be shared with new facilities at Parramatta, and other Western Sydney locations.

The Government will also engage with Western Sydney councils, particularly in Liverpool, Penrith and Campbelltown, to identify co-investment proposals for cultural infrastructure. Engagement will commence immediately.

Sporting infrastructure for Western Sydney

Opportunities for a rectangular sports stadium in Western Sydney with appropriate capacity and facilities to house high-profile events will be explored, to be funded from the \$600 million sports fund. This will include identifying options for an outer Western Sydney stadium in the longer term.

Building more hospitals and schools in Western Sydney

In addition to ongoing health and education investments, Rebuilding NSW will allow the Government to deliver health and education infrastructure projects to match population growth. Final business cases will be developed for hospital investments at Rouse Hill and Campbelltown, as well as for additional paediatric capacity in South Western Sydney. The Government will also expedite the Parramatta Education Precinct that co-locates primary and secondary school students and partners with the University of Western Sydney to embed best practice teaching and technology.

Regional NSW

Delivering for regions

This Strategy outlines new investment programs that will ensure regional and rural communities share the benefits of Rebuilding NSW. The Government will reserve \$6 billion for regional infrastructure, including:

- > \$3.7 billion on regional roads
- > \$1 billion on water security
- > \$600 million for schools and hospitals
- > \$400 million for rail freight
- > \$300 million for a regional tourism and environment fund.

Missing highway links for Western NSW

The Government will secure future growth for Western NSW with investment in freight productivity on the Golden Highway, New England Highway, and Great Western Highway corridors, with funding from the **\$2 billion** Regional Road Freight Corridor program.

This will include a commitment of at least **\$500 million** of funding for the Newell Highway which is expected to deliver additional overtaking lanes, heavy duty pavement construction from Narrabri to Moree, pavement upgrades from Mungleback Creek to Boggabilla, the Parkes Bypass and road widening from Coonabarabran to Narrabri.

Regional growth roads

Funds available from the **\$1 billion** Regional Growth Roads program will be directed towards road network improvements that support regional centres experiencing strong population growth. This investment will focus on the Central Coast, Lower Hunter works to improve traffic efficiency, southern Illawarra, and the North Coast.

Improving road freight productivity

Infrastructure NSW has recognised the success of the Fixing Country Roads program, and an additional **\$500 million** will be invested. This will fund projects that remove constraints on local roads to support the use of high productivity vehicles, eliminate unnecessary diversions and improve 'last mile' access, including to the rail freight network.

Bridges for the Bush

Infrastructure NSW has recognised the success of the Bridges for the Bush program, and an additional **\$200 million** will be invested. Targeted investments in bridge strengthening or replacement can open up hundreds of kilometres of highway for high productivity vehicles.

Regional rail freight

The **\$400 million** Fixing Country Rail program will target regional rail freight improvements to support primary producers and regional jobs.

Water security

Upgrades to the Gwydir River Valley, Macquarie River Valley and Lachlan River Valley are priorities for the **\$1 billion** Regional Water Security and Supply Fund. Funding will also be available for backlog water quality and wastewater projects in identified communities.

Regional health and education

Schools and health facilities in regional NSW will be eligible for new funding through the **\$300 million** Regional Schools Renewal program and the **\$300 million** Regional Multipurpose Health Facilities program.

Investment in cultural and tourism infrastructure

Funding from the **\$600 million** Cultural Infrastructure program will be available for the development of arts and cultural hubs in regional NSW. **\$300 million** will also be set aside for regional environmental and tourism facilities to support local economies.



Long Term Infrastructure Planning for our Community

Ensuring good infrastructure planning processes are in place

The Government strongly supports solid infrastructure planning and delivery processes. All new infrastructure projects are already subject to a rigorous selection process by Infrastructure NSW and NSW Treasury, including evaluating economic impacts. This is essential to ensure that taxpayers' money is invested efficiently for the benefit of the whole State.

Projects will also be considered carefully against strategic priorities contained within long term planning documents. This requires identifying long term trends and assessing any infrastructure gaps that may emerge. The State Infrastructure Strategy is part of the Government's strategic planning process, along with other long term planning documents, including the Long Term Transport Master Plan and Regional Growth and Infrastructure Plans.

Supporting a corridor reservation fund

The Government supports the Infrastructure NSW recommendation to establish a corridor reservation fund. This will allow long term planning to manage growth and support the efficient delivery of future infrastructure projects. This is a prudent policy to ensure we have the space to grow.

Potential corridors for reservation include:

- > Western Sydney Freight Line (including the Eastern Creek Intermodal precinct)
- > Outer Sydney Orbital
- > Bells Line of Road - Castlereagh Connection
- > Lower Hunter Freight Corridor.

Promoting social inclusion and economic opportunity

Investment in social infrastructure, such as social housing, was a consistent theme that emerged in the Rebuilding NSW consultation.

The Government's social infrastructure portfolio delivers a range of benefits to the community and ensures that the benefits of prosperity are shared. The right investments in social infrastructure to support social inclusion and economic participation will deliver benefits to the entire NSW community. It would also improve the opportunities and lives of some of the most vulnerable members of our community.

The Government has recently released a discussion paper on social housing policy with a view to engaging the community and housing providers on how to best sustain the provision of suitable and fairly allocated social housing. In addition, the Government has released an Expression of Interest on Social Housing under the Premier's Innovation Initiative, designed to increase the availability and suitability of services in a cost effective and sustainable manner. Submissions will be sought on both documents over coming months.

Harnessing technology in infrastructure

New technology, such as advances in information and communications technology, have the potential to deliver efficiencies in infrastructure planning, construction, operations, maintenance and pricing. The Government will seek a long-term non-exclusive partnership with National ICT Australia to develop ICT options that could be applied to public infrastructure.

NOVEMBER 2014



Rebuilding NSW

State Infrastructure Strategy 2014 - Update

FEBRUARY 2015





Premier's Message

In June 2014, the Government announced Rebuilding NSW – a plan to turbocharge NSW with \$20 billion of new, productive infrastructure. It is a plan that will create more than 100,000 jobs and deliver downward pressure on electricity prices for consumers.

It is a plan that will boost the New South Wales economy by almost \$300 billion in just over 20 years.

Releasing capital from leasing the State's electricity businesses means projects that improve our quality of life can get moving now, rather than years into the future.

In November 2014 the Government presented the recommendations of Infrastructure NSW – all of which the Government has adopted – along with high level details of the infrastructure investments Rebuilding NSW will prioritise. These included:

- › \$7 billion reserved for the Sydney Rapid Transit, to fully fund a second Harbour rail crossing
- › \$1.1 billion reserved to invest in the WestConnex northern and southern extensions, and the Western Harbour Tunnel
- › Increasing the Sports and Cultural Fund from \$500 million to \$1.2 billion to ensure we capitalise on our iconic sporting and cultural precincts and increase the presence of facilities in Western Sydney
- › Reserve an even greater investment in regional transport of \$4.1 billion to underpin economic growth across the whole State
- › \$1 billion reserved for regional and metropolitan schools
- › \$1 billion reserved for regional and metropolitan hospitals
- › \$1 billion reserved for water security for our regional communities
- › \$300 million reserved for regional tourism and the environment

Three months later, I am pleased to provide the people of New South Wales with a further update, including projects which are now further progressed.

This investment is only possible if we recycle capital from our leased electricity network businesses.

The Government is committed to a transaction that puts the public's interests first and ensures consumers are protected.

Let's improve the lives of people in our great state. Let's get New South Wales moving.

Mike Baird

Premier



Education & Health

\$2 billion



Fixing Country Rail

\$400 million



Urban public transport

\$8.9 billion



Sport and Culture

\$1.2 billion



Regional roads

\$3.7 billion



Water security

\$1 billion



Urban roads

\$2.4 billion



Parramatta Light Rail

\$600 million



Bus Rapid Transit

\$300 million

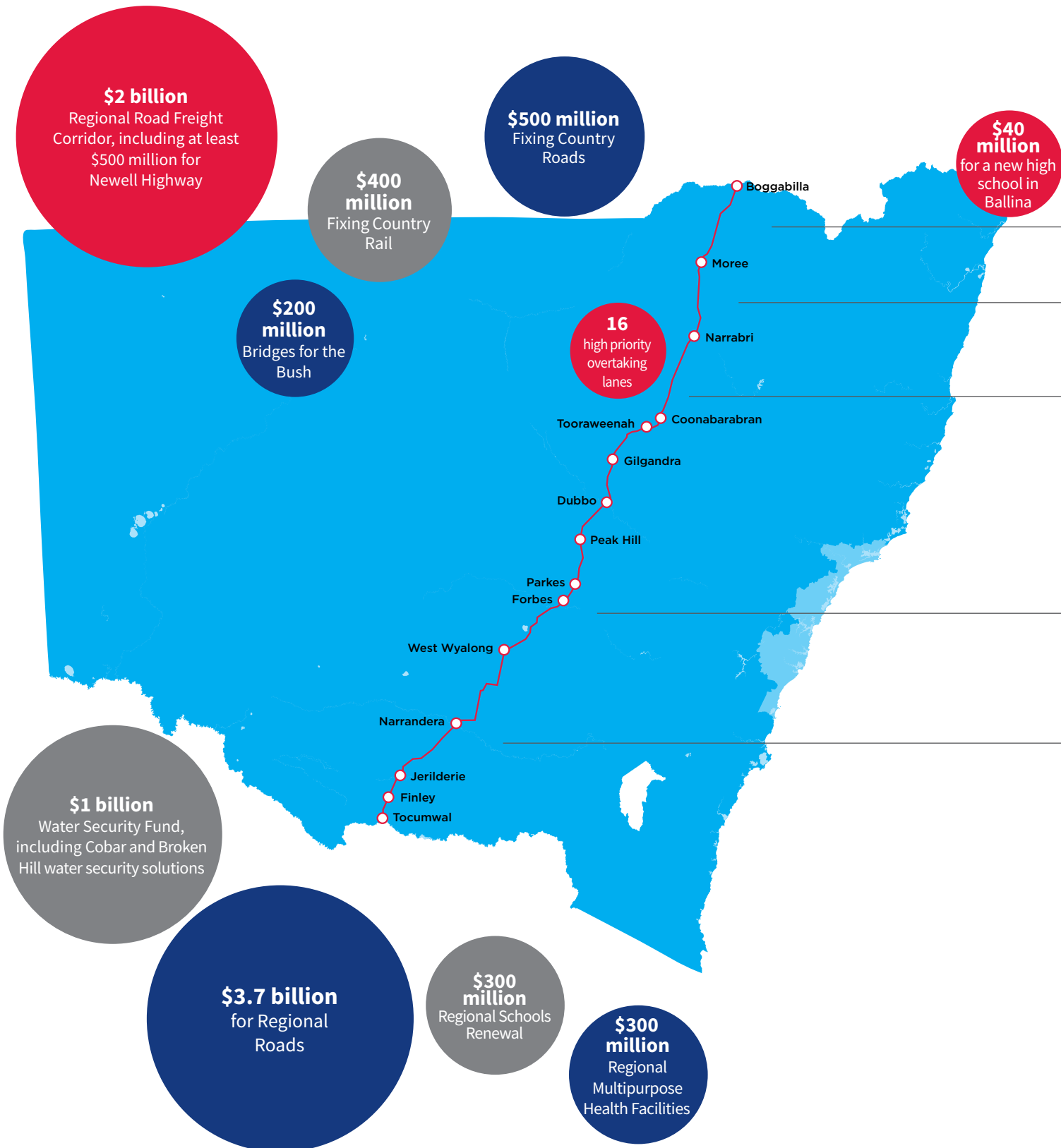


Road Pinch Points

\$300 million

Rebuilding NSW Funding by Location

Regional NSW Investment



Regional Road Freight Corridor Program

At least \$500 million for the Newell Highway, including the following investments:

Boggabilla realignment - Bruxner Highway/Newell Highway
Road widening between Boggabilla and Goondiwindi
Pavement upgrades Mungleback Creek to Boggabilla

Overtaking lanes between Moree and Boggabilla
Heavy duty pavement - North Moree
Heavy Vehicle inspection station at Moree

Overtaking lanes between Narrabri and Moree
Heavy duty pavement - Narrabri to Bellata
Heavy Vehicle inspection station - Narrabri
Overtaking lanes between Coonabarabran and Narrabri
Road widening at Pilliga - Gowang to Narrabri

Improvements through Coonabarabran
Overtaking lanes between Gilgandra and Coonabarabran
Improvements through Dubbo
Trewilga Realignment

Upgrades at Parkes
Heavy Vehicle inspection station - Daroobalgie
Overtaking lanes between West Wyalong and Forbes
Overtaking lanes between Jerilderie and Narrandera

**Turbo
charging the
economy with
\$20 billion
of new,
productive
infrastructure
for the
entire state**

**The plan
will create
more than
100,000 jobs**

Gateway to the South

\$300 million for the 'Gateway to the South' Sydney to Illawarra Pinch Point program unblocking critical constraints

\$45 million commencing 2015-2016 to fix pinch points at key intersections:

Intersection of President Avenue and the Princes Highway, Kirrawee

Intersection of Princes Highway, Old Princes Highway and Acacia Road North, Kirrawee

Intersection of Princes Highway and Oak Road, Kirrawee

Intersection of Princes Highway and King Georges Road, Blakehurst

Intersection of The Grand Parade and President Avenue, Monterey

Intersection of Princes Highway and Rockdale Plaza Drive, Rockdale

Intersection of Princes Highway, Forest Road and Wickham Street, Arncliffe

Intersection of Princes Highway and Railway Road, Sydenham

Intersection of King Georges Road, Broadarrow Road and Ponyara Road, Beverly Hills

Heathcote Road, between the Princes Highway and New Illawarra Road, Waterfall to Lucas Heights

Intersection of Fairford Road, Stacey Street and Macauley Avenue, Bankstown

Intersection of Stacey Street, Stanley Street and Salvia Avenue, Bankstown

Port Hacking Road, Sylvania between Melrose Avenue and the Princes Highway

A further **\$240 million** worth of projects identified to fix pinch points along key Sydney road corridors including the Princes Highway, King Georges Road, New Illawarra Road, Heathcote Road and Alfords Point Road, commencing in 2016-2017

Metropolitan Investment

\$300 million for Road Pinch Points

Campbelltown Road (Campbelltown to the Cross Roads) **\$2 million**

Elizabeth Drive (Cecil Hills to Liverpool) **\$2 million**

Henry Lawson Drive/ Woodville Road (Picnic Point to Parramatta) **\$10 million**

Narellan Road (Narellan to Campbelltown) **\$4 million**

Cumberland Highway (Warwick Farm – Northmead) **\$18 million**

Devlin Street – Homebush Bay Drive (Ryde to Homebush) **\$12 million**

Blaxland Road (Epping to North Ryde) **\$4 million**

Pennant Hills Road (North Parramatta to M2) **\$7 million**

Pennant Hills Road (M2 to Wahroonga) **\$2 million**

M1 Motorway Connections (Normanhurst to Wahroonga) **\$8 million**

\$300 million for Road Pinch Points

Pacific Highway (North Sydney to Pymble) **\$23 million**

Mona Vale Road (Pacific Highway, West Pymble to Kitchener Street, St Ives) **\$10 million**

Mona Vale Road (Kitchener Street, St Ives to Pittwater Road, Mona Vale) **\$8 million**

Boundary Street/ Warringah Road (Roseville to Beacon Hill) **\$1 million**

Eastern Valley Way (Northbridge to Castle Cove) **\$13 million**

Centennial Avenue/ Burns Bay Road (Lane Cove to Huntleys Point) **\$5 million**

Fairford Road/Rookwood Road (Padstow to Yagoona) **\$2 million**

Great Western Highway (Eastern Creek to Wentworthville) **\$13 million**

Erskine Park Road/ Roper Road/ Carlisle Avenue (Orchard Hills to Mount Druitt) **\$2 million**

Hoxton Park Road (West Hoxton to Liverpool) **\$18 million**

Old Windsor Road (Constitution Hill – Seven Hills) **\$15 million**

Hume Highway (The Cross Roads to Warwick Farm) **\$4 million**

Richmond Road/ Blacktown Road (Blacktown to Richmond) **\$1 million**

Hume Highway (Woodville Road, Villawood to Parramatta Road, Summer Hill) **\$2 million**

James Ruse Drive (Granville to Northmead) **\$1 million**

Parramatta Road (Strathfield to Leichardt) **\$22 million**

Coronation Parade/ The Boulevard/ Concord Road (South Strathfield to Rhodes) **\$1 million**

Punchbowl Road/ Georges River Road (Punchbowl to Ashfield) **\$7 million**

Newbridge Road, Milperra Road, Canterbury Road, New Canterbury Road, Stanmore Road, Enmore Road (Liverpool to Newtown) **\$7 million**

The Kingsway (Gymea to Cronulla) **\$11 million**

Taren Point Road/ Rocky Point Road (Caringbah to Kogarah) **\$11 million**

Heathcote Road (Lucas Heights to Moorebank) **\$2 million**

WESTERN SYDNEY

Over \$10 billion in projects that benefit Western Sydney

An additional **\$1 billion** reserved to expand the capacity of the rail network, including funding for the Western Sydney Rail Upgrade program

An additional **\$600 million** investment in Parramatta Light Rail, bringing our total investment to **\$1 billion**

\$100 million for a new high school and primary school in Parramatta and **\$60 million** for a new Sydney inner-city high school

\$400 million for Smart Motorways, including for the M4 between Church St, Parramatta and Russell St, Emu Plains, reducing travel time by up to 7 minutes over this 14km stretch of road

\$7 billion
Sydney Rapid Transit

\$1.1 billion reserved WestConnex extensions & Western Harbour Tunnel

\$300 million
Gateway to the South

\$600 million

Western Sydney Hospitals such as Rouse Hill and Campbelltown

\$600 million
Sports Stadia

\$600 million reserved for cultural infrastructure including:

- Up to **\$202 million** reserved for the Sydney Opera House Stage 1 Renewal Project
- Up to **\$140 million** reserved for the Walsh Bay Arts Precinct
- Powerhouse Museum to be relocated to Parramatta

Sector	Project/Program	Reservation	Regional NSW	Funding from
Urban public transport	Sydney Rapid Transit	\$7,000m		2016–2017
	Sydney's Rail Future 2 Upgrades	\$1,000m		2015–2016
	Parramatta Light Rail	\$600m		2017–2018
	Bus Rapid Transit and Bus Priority Infrastructure	\$300m		2016–2017
	Subtotal	\$8,900m		
Urban roads	WestConnex northern and southern extensions; Western Harbour Tunnel	\$1,100m		2015–2016
	Pinch Points & Clearways	\$400m		2015–2016
	Smart Motorways	\$400m		2015–2016
	Gateway to the South	\$300m		2015–2016
	Traffic Management Upgrades	\$200m		2015–2016
	Subtotal	\$2,400m		
Regional transport	Regional Road Freight Corridor	\$2,000m	\$2,000m	2015–2016
	Regional Growth Roads	\$1,000m	\$1,000m	2015–2016
	Fixing Country Roads	\$500m	\$500m	2015–2016
	Fixing Country Rail	\$400m	\$400m	2018–2019
	Bridges for the Bush	\$200m	\$200m	2015–2016
	Subtotal	\$4,100m		
Water security	Regional Water Security and Supply Fund	\$1,000m	\$1,000m	2017–2018
Education	Future Focused Schools	\$700m		2016–2017
	Regional Schools Renewal program	\$300m	\$300m	2016–2017
	Subtotal	\$1,000m		
Health	Hospitals Growth Program	\$600m		2018–2019
	Regional Multipurpose Facilities	\$300m	\$300m	2015–2016
	Care Co-location Program	\$100m		2016–2017
	Subtotal	\$1,000m		
Culture & Sport	Culture and Arts	\$600m		2017–2018
	Sports Stadia	\$600m		2017–2018
	Regional Environment and Tourism Fund	\$300m	\$300m	2017–2018
	Subtotal	\$1,500m		
Other opportunities	Corridor Identification and Reservation	\$100m		2016–2017
TOTAL		\$20,000m	\$6,000m	

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Rebuilding NSW

Update on Electricity Networks

Long-term Lease of the Electricity Network

The NSW Government has confirmed it will proceed with the long-term lease of 49% of the NSW electricity network, introducing private investment into TransGrid, Ausgrid and Endeavour Energy (the “Network Businesses”). This follows the Government’s consideration of a Scoping Study into the proposal.

The regional distribution network, Essential Energy, will remain 100% Government owned.

The Government’s decision also follows the completion of a community consultation process which found overwhelming support for its \$20 billion infrastructure plan, *Rebuilding NSW*, which will be funded by the lease proceeds.

The Government has reaffirmed it will not proceed with any transaction unless it receives a mandate from the people of NSW at the March 2015 State Election.

Key Findings and Recommendations

Attractive Investment Opportunity

The 99-year lease of the Network Businesses provides a rare opportunity to invest in regulated energy assets and will likely attract a range of domestic and international long-term investors, including superannuation or pension funds.

\$20 Billion Infrastructure Fund Confirmed

The Government has a 10 year \$20 billion infrastructure plan - Rebuilding NSW.

This investment is only possible with the proceeds generated by recycling capital locked up in the electricity networks. Proceeds from the transaction will be supplemented by an estimated \$2 billion from Commonwealth asset recycling incentive payments, and earnings from transaction proceeds that will be invested until required for Rebuilding NSW projects. Investment earnings on the transaction proceeds are based on an investment strategy to deliver strong returns, commensurate with appropriate risk management and liquidity needs, as well as the drawdown over a 10 year delivery timeframe for Rebuilding NSW projects.

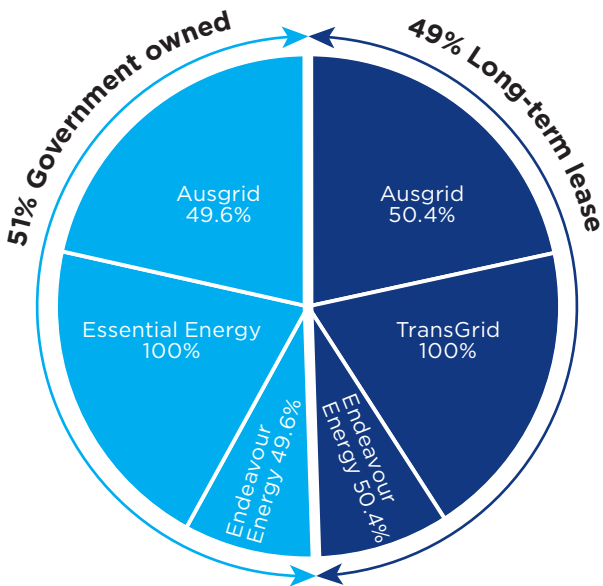
The Government has separately reserved \$2 billion from existing Restart NSW funds to provide additional assurance for the delivery of Rebuilding NSW.

NSW Treasury has confirmed that funding a \$20 billion Rebuilding NSW program is achievable on the basis of the sources of funds outlined above.



Transaction Structure and Sequencing

The Government will proceed with a 99-year lease of 49% of the Network Businesses, with a trade sale recommended for TransGrid, Ausgrid and Endeavour Energy, but with the flexibility to undertake one transaction as an Initial Public Offering (IPO) if market conditions change.



TransGrid, which owns, operates and manages one of the largest high-voltage transmission networks in Australia, will be the first business to be leased.

The sequencing of Ausgrid and Endeavour Energy will be confirmed in due course, subject to market conditions and the outcome of the Australian Energy Regulator's (AER's) regulatory price determination process.

Protecting the Value of Retained Interests

The State's interests in the leased Network Businesses will be overseen by a special independently governed holding entity. The new holding entity will have a mandate to protect the value of taxpayers' interest in the leased assets through the exercise of reserved shareholder rights.

Essential Energy will remain a State-Owned Corporation and will not be transferred to the holding entity.

AER Process

The AER released draft determinations regarding allowed revenues for the Network Businesses on 27 November 2014. The Government will continue to monitor the regulator's process, with final determinations from the AER expected to be released by 30 April 2015 following consultation with the Network Businesses, the community, Government and other stakeholders.

Benefits of the Transaction

The long-term lease of the Network Businesses will deliver real and lasting benefits to the everyday lives of people across NSW through downward pressure on electricity prices and transformative infrastructure investment.

Downward Pressure on Electricity Prices and Consumer Protection

The facts on electricity prices are clear and are again confirmed by the AER draft determinations:

- > Electricity network prices and household bills are on their way down in NSW and will continue to fall as a result of the AER determination;
- > This is because the AER has benchmarked against privately owned networks (VIC and SA) which are significantly more efficient than government-owned networks (NSW and QLD);
- > NSW residents currently pay more than they should and do not receive the benefits of efficiency that flow to households and businesses in Victoria and South Australia;
- > Electricity network price increases have been the lowest in states that have private ownership of the networks; and
- > As network prices are regulated by the AER, there is no risk of a private operator unilaterally increasing prices.

Typical residential customers could receive the following average annual savings on their electricity bills under the AER draft determination proposals:

Network Distribution Area	Potential Saving on a Typical Household Bill		
	Distribution	Transmission	TOTAL
Ausgrid	\$189	\$24	\$213
Endeavour Energy	\$159	\$24	\$183
Essential Energy	\$346	\$24	\$370

The draft determinations have been released as part of a consultation process and the final outcomes will not be known until 30 April 2015.

Standards such as reliability and safety are protected by legislation and will continue to be enforced through licences.

Turbocharging the Economy

The lease of the Network Businesses will unlock \$20 billion to fund once-in-a-generation infrastructure through the Government's Rebuilding NSW plan.

Deloitte Access Economics estimates the Rebuilding NSW Plan will boost the economy by almost \$300 billion in just over 20 years and will generate more than 100,000 jobs over that period.

The funds released from the long-term lease of Network Businesses will be added to by an expected \$2 billion from the Commonwealth asset recycling incentive scheme.

Conditions of the Transaction

The Government is committed to the following strict conditions for the partial lease of the Network Businesses that it outlined in June 2014:

- > All net proceeds will be invested in new productive infrastructure, through the Restart NSW Fund;
- > The transaction will have no adverse impact on electricity reliability;
- > The regional presence of the Network Businesses will be maintained; and
- > Essential Energy will remain in full public ownership.

The Government committed to providing a 1% discount off network prices. The AER's draft determinations, if implemented, would discount network prices by over 20%, which far exceeds the Government's commitment. For households, this could mean cuts to average annual electricity bills by \$183 to \$370 (or between 9% and 14%).

The Government will ensure that the costs associated with the transaction will not be borne by electricity consumers, a matter raised during the Rebuilding NSW consultation.



All consumers will benefit from greater efficiency and strong regulation in electricity networks and that will be embedded in the partial leasing.

Regional communities expressed a desire for lower electricity network prices and the AER draft decision confirms that this is expected. The Government will take steps to pursue efficiency in its retained business, Essential Energy.

The Government will liaise with the Network Businesses about how it will respond to the AER's determinations regarding employment. The transitional employment arrangements for employees will be finalised once the AER releases its final determination.

State Infrastructure Strategy

The State Infrastructure Strategy highlights the importance of sustaining productivity growth in NSW's major centres and regional communities as well as supporting population growth.

Releasing capital from the Network Businesses will make this strategy a reality, allowing for:

- > A \$1.1 billion investment in the WestConnex northern and southern extensions and the Western Harbour Tunnel;
- > A \$7 billion investment in Sydney Rapid Transit to fully fund a second Harbour Rail Crossing;
- > Increasing the Government's commitment to the Sports and Cultural Infrastructure Fund from \$500 million to \$1.2 billion;
- > Reserving \$4.1 billion for regional transport;
- > Reserving \$1 billion for regional and metropolitan schools;
- > Reserving \$1 billion for regional and metropolitan hospitals;
- > Reserving \$1 billion for water security for regional communities;
- > Reserving \$300 million for regional tourism and the environment.

The Consultation Process

The Government has undertaken a number of key planning activities to prepare for the delivery of its \$20 billion infrastructure program Rebuilding NSW.

It consulted a wide range of stakeholders to ensure the community had its say, receiving nearly 350 written submissions over a two-and-a-half month period. It also conducted consultation meetings with a broad range of stakeholders including consumer organisations, business groups, councils and local communities across the State.

Some of the themes arising from the Rebuilding NSW consultation are reflected in this statement, and include:

- > Overwhelming support for infrastructure investment;
- > Ensure prices do not rise further;
- > Ensure the costs of the transaction are not passed on to consumers;
- > Support for vulnerable households, regardless of any transaction; and
- > Ensure that taxpayers receive good value for money.

A number of independent expert reports were released on electricity pricing and reliability to share information on consumer protections.

The Government also sought expert advice regarding its proposal to lease the Network Businesses. It appointed Deutsche Bank and UBS as financial advisers in July 2014 to oversee a scoping study to determine the best structure for the transaction, in order to maximize the return for NSW taxpayers.

