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Record infrastructure spend the new normal, 2019 Australian Infrastructure Audit warns

A new wave of investment and reform is needed to ensure Australia’s infrastructure continues to support our quality of life and economic productivity over the next 15 years, according to the ***2019 Australian Infrastructure Audit*** published today by Infrastructure Australia, the nation’s independent infrastructure advisor.

“Changing and growing demand, and a mounting maintenance backlog is putting unprecedented pressure on the infrastructure services each and every Australian relies on. The current infrastructure program must do more than plug the immediate funding gap, but instead deliver long-term changes to the way we plan, fund and deliver infrastructure,” said Infrastructure Australia Chair, Julieanne Alroe.

“Rather than a short-term boom, the historic level of activity we are seeing in the sector must, and is likely, to continue for the next 15 years and potentially beyond. This must be the new normal if we are to meet the challenges and opportunities ahead,” Ms Alroe said.

The *2019 Australian Infrastructure Audit* presents a forward-looking view of our infrastructure challenges and opportunities over the next 15 years and beyond. It is the second national Audit Infrastructure Australia has undertaken, after the first was published in 2015, and examines the infrastructure needs of the Australian community and industry – covering the major infrastructure sectors of energy, transport, telecommunications, water – and for the first time, social infrastructure and waste.

“Since the last *Australian Infrastructure Audit* we released in 2015, Australia’s governments have made important progress to promote reform, improve planning and address infrastructure gaps. More than $123 billion of construction work has commenced since 2015, with a committed forward pipeline of over $200 billion. However, there is much more to do to ease the pressures of growth, catalyse development and enable our businesses to compete on a global stage,” Ms Alroe said.

“The 2019 Audit finds that infrastructure in our four largest cities – Sydney, Melbourne, Brisbane and Perth – is failing to keep pace with rapid population growth, particularly on the urban fringe.With our population projected to grow by 24% to reach 31.4 million by 2034, our largest cities are expected to see pressure on access to infrastructure.

“The dominance of infill development in Sydney, Melbourne and Brisbane will require investment in high capacity public transport, enhancements to existing energy and water infrastructure, improved shared spaces and a renewal of inner city health and education services.

“In contrast, the growing outer suburbs of the other major cities, including Perth, where greenfield development will dominate, is are expected to see pressure on their road networks, as well as expansion of utility networks, new shared and recreation spaces as well as cultural facilities.

“The costs of inaction are significant. If investment were to stop, the cost of road congestion is projected to grow by $18.9 billion to $38.7 billion in 2031. This impacts quality of life, as well as our economic productivity and competitiveness as a nation,” said Ms Alroe.

The 2019 Audit puts the community at the centre of infrastructure planning, using user-focused measures of access, quality and cost, it also highlights how service quality varies greatly for Australians depending on where they live.

“Infrastructure quality is high in our urban centres, including our smaller cities and regional centres.
However unlike our larger cities, there is often little choice of the types of services that people can access. These centres are also growing as regional service hubs as smaller towns shrink and people relocate to these larger centres. This in turn places greater importance on high quality transport links,” said Ms Alroe.

“Improvements in digital connectivity have helped, providing access to new services like on demand transport and electric vehicles, while improving access for people in regional areas through tele-health and improved communications. However, we need to do more to ensure small towns and regional communities also benefit from these advancements.

“Satellite cities – such as Wollongong, Newcastle, Geelong, the Sunshine Coast and Gold Coast – benefit from high levels of infrastructure access and quality as a result of their proximity to their larger neighbours. While these cities have the capacity to support growth, additional investment will be needed to ensure services are of an appropriate scale to support increased population.

“Poorer access to infrastructure services in our remote communities is reinforcing disadvantage. In many parts of the country, service provision falls below what is acceptable for a highly developed nation, including remote communities experiencing social housing overcrowding, limited access to drinking water, inadequate transport and poor telecommunications, which in turn translates to poorer health standards and quality of life for their residents.

“For industry, well-targeted infrastructure investment is critical to support international competitiveness. Our supply chains, and key inputs like water and energy, are well understood products of infrastructure, however the health and education of the workforce are highly dependent on social infrastructure and subsequently so too is national productivity,” Ms Alroe said.

New analysis of the Household Expenditure Survey conducted for the Audit found the average household spent over $314 each week on infrastructure in 2015/16 – or $16,000 annually.

“Australians earning the lowest 20% of incomes across the country spend around a third of what they earn on infrastructure. This is above a level that would be considered affordable.

“Australian’s perceptions of affordability are mixed, and often perceptions do not align with actual service costs. While concerns about rising energy prices are widely held, the proportion of household incomes spent on energy is relatively low, 2-6%, in contrast to transport which accounts for between 10-22%.

“Data on infrastructure affordability is poor and outdated, and more needs to be done to provide transparency to the community on infrastructure access and quality,” said Ms Alroe.

The 2019 Audit also finds that constant and rapid change is creating challenges for the way we plan, design and deliver infrastructure.

“A clear challenge that emerges from the 2019 Audit is that our current tools are not well placed to deal with many of the new infrastructure problems we are facing in today’s rapidly changing environment. Our population is growing and changing, the structure of the economy is shifting, our communities and environment are experiencing weather extremes, and rapid technology change is fundamentally reshaping our day-to-day lives.

“Growing social, economic and environmental interdependencies have added complexity to planning, delivering and operating our infrastructure.

“Projects across Australia are getting larger and increasingly complex, and will require new approaches if they are to be effectively delivered. So-called mega projects – projects larger than $1 billion in value – are becoming the default, increasing the burden on the sector, and in some cases exceeding industry capacity. If we are going to continue to be productive and accommodate change, we need to grow industry skills and capacity.

“The 2019 Audit finds that engagement with customers and the broader community on project planning, needs to increase across most sectors and jurisdictions. A failure to engage can carry substantial costs to projects, and it is estimated that around $20 billion worth of infrastructure projects was delayed, cancelled or mothballed due to community opposition over the past decade.

“Better engagement with communities and businesses can help to establish a social licence for projects as it provides an opportunity to incorporate their feedback through project planning and delivery. Establishing genuine community buy-in for need to reform must be a priority for government and industry alike as we embark on a new era of investment and reform to meet Australia’s changing and growing infrastructure needs,” Ms Alroe said.

Consultation

Infrastructure Australia is calling for feedback and submissions in response to 136 challenges and 44 opportunities identified in the 2019 Audit. Submissions will be open until 31 October 2019.

Submissions are accepted via the Infrastructure Australia website, and will inform the approach and recommendations for reform identified in the forthcoming Australian Infrastructure Plan. Submissions identifying projects and initiatives for the 2020 Infrastructure Priority List are also open until 31 August.

For more information, visit [www.infrastructureaustralia.gov.au](http://www.infrastructureaustralia.gov.au).