

INFRASTRUCTURE: INVESTMENT & REGULATION CONFERENCE 2011

Transport Session

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Presentation overview

- About IPA
- The issues we face in transport
- The reform agenda
- Potential solutions



Infrastructure Partnerships Australia



- Peak industry body, established December 2005
- National advocacy and research
- Focus on policy reforms and priority projects
- Membership exceeds 150 public & private companies and agencies

- Further information:
www.infrastructure.org.au

The Size of the Infrastructure Challenge

- IPA Study - 160 Priority Projects - >\$700 billion
- ANZ - > \$600 billion
- Citigroup - >\$770 billion
- Whatever the accurate figure – it is clear the challenge is **enormous**



Growing Congestion



- Congestion costs Sydney \$5 billion a year today
- By 2020 congestion will strip more than \$20 billion a year from the Australian

Growing Population

- Soon to be 23 million
- 37 million by 2050
- 90 per cent of growth in *existing* urban areas
- 7 million in Sydney
- 7 million in Melbourne
- 4 million in Brisbane



Growing Freight Task



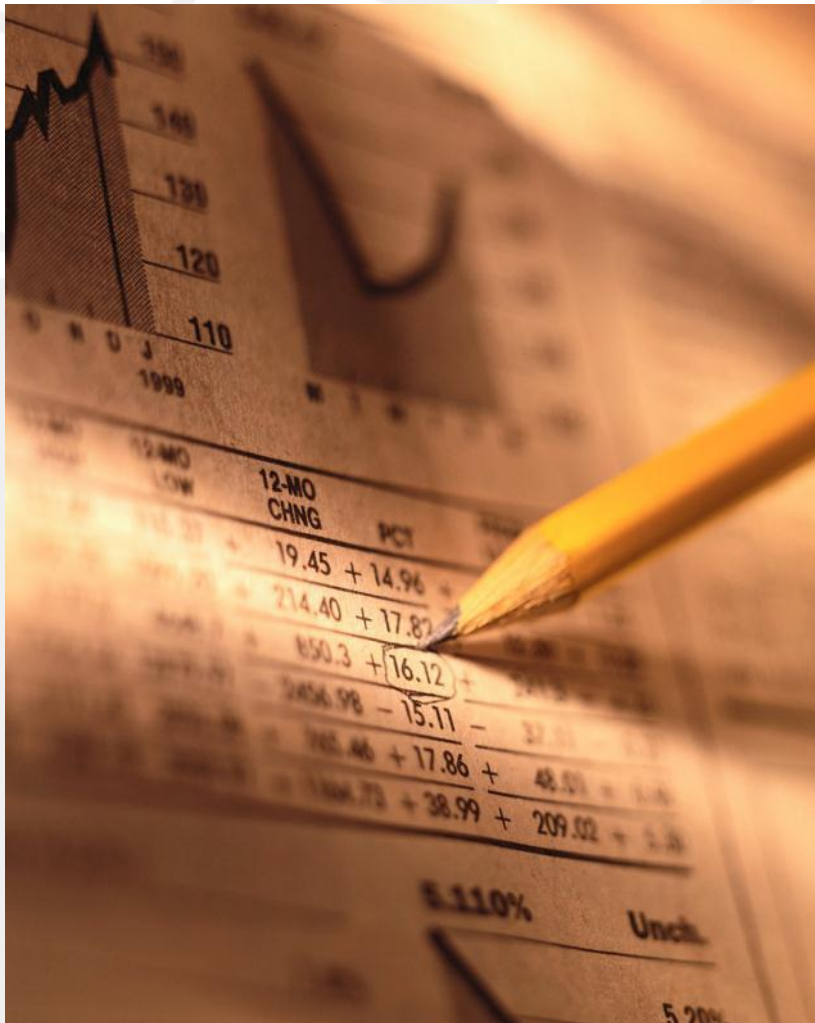
- IPA's paper: *Meeting the Freight Challenge 2050*
- Tripling of freight task to 1,540 billion tonne km's

Long-term Planning

- *Infrastructure Australia*
- *Infrastructure NSW*
- Infrastructure QLD?



Constrained Balance Sheets



- Growing state government debt levels
- Unfunded Superannuation liabilities
- Spending in welfare and health outstripping revenue growth

Limited Funding

- \$86 billion of projects ready to go...
- ...but no magic funding pudding



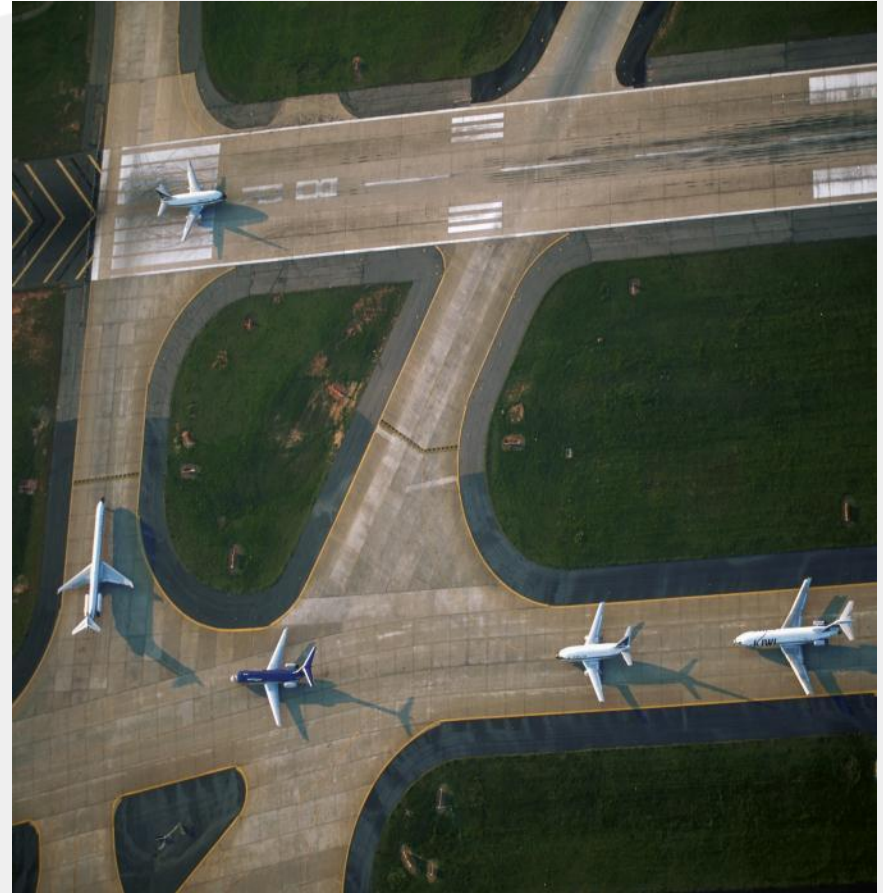
Reform Agenda



- Manage demand and increase efficiency
- Unlock capital for investment
- Intelligent and efficient investment

Build it bigger?

- Increasing capacity alone won't solve the problem
- Demand management



Managing Demand



Rational Road Pricing



- Mass, Distance, Location, Time
- Replaces inefficient state and Federal charges
- Cost borne by those who benefit
- \$11 billion infrastructure funding boost

Asset Sales

- Queensland Asset Sales Programme
- Unlocked more than \$15 billion for reinvestment
- QLD Government avoids \$10 billion in planned capital investment



NSW Electricity Assets



- Tamberlin Inquiry
- Liberate between \$50 billion and \$58.5 billion for infrastructure investment
- Six North West Rail Links, M5 East 12 times over...

Not Just Flagship Projects

- All road maintenance programmes subject to competitive tender
- Governments could save between \$700 million and \$2.8 billion

Road Maintenance: Options for Reform



Procurement



- ‘Horses for courses’
- Getting the risk balance right in PPP’s
- Benefiting from savings and innovation

Great Expectations



Questions

