



Australian Government



# INFRASTRUCTURE INVESTMENT PROGRESS

## Message from the Minister for Infrastructure and Transport and the Minister for Urban Infrastructure

Infrastructure Australia's national *Infrastructure Plan* together with its *Infrastructure Priority List* provides a reform vision and pipeline of projects for investment over the next 15 years. The Plan identifies 78 recommendations for developing more productive cities and regions, efficient infrastructure markets, sustainable and equitable infrastructure investment and better decisions and delivery of projects.

In response to key recommendations in the *Australian Infrastructure Plan*, the Australian Government will progress a number of new initiatives and reforms including: a national freight strategy; the development of urban rail plans in Australia's five largest cities; a study on the potential benefits and impacts of road reform; acceleration of heavy vehicle road reform; using technology and data to optimise existing infrastructure; and accelerating planning and development work.

These new measures will enable better, more informed decision making in future investments. This will build on the Turnbull Government's record \$50 billion investment in urban rail, freight, roads and airport infrastructure currently being delivered around the country, which is leveraging over \$100 billion in government investment.

The Turnbull Government's investments will continue to deliver major improvements to our transport networks and boost long-term productivity and growth in Australia.

## The Australian Government's infrastructure agenda

The Australian Government is investing a record \$50 billion in land transport infrastructure that is changing and saving lives.

Right across Australia, this investment is delivering a **fair share for all Australians**.

Since the Coalition came to government 26 projects have been evaluated by Infrastructure Australia. We have already committed funding towards **14 of the 15 projects** on the *Infrastructure Priority List*.

We have made new investments in the Western Sydney Infrastructure Plan, Sydney Metro and Parramatta Light Rail, Pacific Highway upgrade, WestConnex and NorthConnex in New South Wales, Perth Freight Link and Forrestfield Airport Rail Link in Western Australia, Northern Connector and Flinders Link in South Australia, Toowoomba Second Range Crossing, Bruce Highway upgrades, upgrades to the M1 at Gateway Merge and Mudgeeraba to Varsity Lakes, and Gold Coast Light Rail Stage 2 in Queensland, Monash

Freeway, M80 Ring Road, Murray Basin Rail, Latrobe Valley and Tullamarine Freeway Widening in Victoria and both the Northern Australia Roads Package and Northern Australia Beef Roads.

We have also committed funding to planning works in Victoria for the Baxter and Waurn Ponds rail upgrades, Cross River Rail in Brisbane and a study into the rail needs of Western Sydney.

We are working with state and local governments through City Deals under the Smart Cities Plan, announced earlier in 2016. The Australian Government will support change in the planning and operation of Australia's cities through customised City Deals, which will support **coordinated governance, strategic planning, investment and reform** to address the unique challenges and opportunities in particular cities or urban areas, including those in regional Australia.

The Government's Asset Recycling Initiative has provided for considerable additional investment into productivity enhancing infrastructure, especially urban transport.

The Australian Government continues to **make strong progress on important national projects such as Western Sydney Airport and the Inland Rail**. In 2016-17 Budget, the Australian Government provided \$593.7 million in additional equity to the Australian Rail Track Corporation to conduct preconstruction works and land acquisition. For the Western Sydney Airport project, the Environmental Impact Statement has been finalised and the determination of the Airport Plan will authorise the construction and operation of the Stage 1 development.



The Australian Government has **delivered significant reforms** to the public infrastructure sector including the first serious commitment to innovative funding and financing; and reform to Infrastructure Australia.

## Building for the Future: Our forward vision

The Australian Government is committed to building a stronger and more prosperous Australia through our **National Economic Plan for Jobs and Growth**.

Infrastructure is one of the key pillars that supports this ambition.

Australians rely on our transport infrastructure every day in their daily commute.

The right investment in transport infrastructure unlocks congestion, makes our cities and regions work better and daily commute less stressful, enables business to work more efficiently and move freight seamlessly around the country and to markets around the world.

**Our world is changing rapidly.** Australia's population is ageing but also growing at a fast pace, our economy continues its transition to broader-based growth and technology is quickly advancing. These developments all offer significant opportunities and challenges.

The Australian Government will continue to make significant investment in our nation's infrastructure. We must, however, continue with positive and progressive reforms to drive better investment outcomes to deliver high-quality infrastructure and value for money for the end-users of our infrastructure: **the individuals, families and businesses of Australia**.

## More informed investment to deliver for all Australians

Following our response to the *Australian Infrastructure Plan 2016*, the Australian Government's forward infrastructure agenda will continue the positive reform journey over the coming years through:

- **More informed investment** to make sure taxpayer's money is invested in the right infrastructure to deliver the maximum economic and social outcomes from projects for the end-user.
- **Taking a strategic approach** to support joint investments in planning and financing strategies for projects between the Australian Government, state and territory governments and the private sector.
- **Increased private sector participation** - there is more demand for infrastructure than funding available; we continue to explore innovative financing and funding measures including value capture.
- **Better integrated planning** to ensure that transport infrastructure decisions are not made in isolation from urban planning decisions.
- **Enabling microeconomic reform** by continuing to work with the state and territory governments to progress road transport and other reforms to benefit the end-users of our infrastructure.
- **Adapting for technological change** in our rapidly changing world to harness the opportunities to use our existing infrastructure more wisely, and improve safety outcomes for all end-users.

In 2016 the Australian Government announced key measures to **drive our infrastructure reform agenda**.

## Productive Cities and Productive Regions

### Our Cities Agenda

Most Australians live in our major cities and regional centres and it is in these areas that most of our economic activity occurs.

Our cities also bear the brunt of our major productivity constraint: congestion. The Bureau of Infrastructure, Transport and Regional Economics has estimated the **avoidable cost** of congestion was over **\$16 billion** in 2015-16.

The Australian Government acknowledges that cities are a key driver of Australia's economy. In our response to recommendations 2.1 to 2.8 of the *Australian Infrastructure Plan*, the Australian Government also recognises that there is a need for better planning so that congestion issues that face international cities do not occur in Australia.

We have committed to getting our cities moving and making them more liveable.

The **Smart Cities Plan** released earlier this year sets a renewed focus on cities. The **City Deals**, starting with Townsville, Launceston and Western Sydney will foster collaboration between all levels of government.

The \$50 million **Smart Cities and Suburbs Program** will also support local governments to fast-track technology solutions to long-standing urban problems, including congestion and accessibility.

We will also invest \$100 million a year in the **Sustainable Cities Investment Fund** to support clean energy projects that improve the productivity, accessibility and liveability of our cities.



## Western Sydney Airport



The **Western Sydney Airport** project presents a once-in-a-generation opportunity for new jobs and long-term growth in Western Sydney.

This is one of the biggest infrastructure projects Australia has seen in decades. Since the Australian Government's decision that Badgerys Creek would be the site of a Western Sydney Airport, the Environmental Impact Statement has been finalised and the Airport Plan will soon be determined – authorising the construction and operation of the Stage 1 development.

The Australian Government committed \$115 million in the 2016-17 Budget to fund planning and preparation work for the project and the proposed Western Sydney Airport is expected to take its **first passengers in the mid-2020s**.

A Western Sydney Airport will have a positive transformational role in the lives and the economy of the people of Western Sydney. The Western Sydney Airport would **generate tens of thousands of direct and indirect jobs** during the construction and operational phases.

An airport would spur further investment and jobs growth in the Western Sydney region, and support business and workers by giving them access to Australian and international markets. This would encourage development of an “aerotropolis”, with businesses and jobs clustering around the airport site and transforming the Western Sydney economy.

As set out in our response to recommendation 1.3 of the *Australian Infrastructure Plan* regarding operating restrictions on infrastructure, the Australian Government’s planning for a Western Sydney Airport is based on **maximising the economic potential** for this nationally significant infrastructure, meaning it would operate without a curfew. The area around the airport site has been protected from urban development for over three decades, making it well-placed to maximise the economic benefits.

## Public transport

Public transport is essential **to our cities’ mobility**, connecting people to jobs and improving liveability.

The Australian Government recognises the importance of meeting the demands of population growth and ensuring communities, including the outer regional areas of our major cities, are connected through the most appropriate mix of land transport options.

The Australian Government has made new investments in public transport including \$490 million for Forrestfield-Airport Link in Western Australia, \$595 million for Redcliffe Peninsula Line in Queensland, \$43 million towards Flinders Link in South Australia and \$10 million to early planning works for the Cross River Rail in Brisbane; as well as \$1.7 billion provided through the Asset Recycling Initiative for Sydney Metro City & Southwest in New South Wales.

The Australian Government supports recommendations 2.3, 2.6 and 3.3 of the Australian Infrastructure Plan about our cities and public transport. **Urban rail infrastructure has the potential to transform key parts of**



**our largest cities**, efficiently connect large numbers of residents and jobs, move freight from road to rail reducing congestion, and enable private sector investment particularly through value capture approaches.

To better understand current and future rail needs, the Commonwealth will work with state governments to **develop urban rail plans for Australia's five largest cities** (including their surrounding regions). This work will include examining global trends and drivers of urban rail (including technology developments and changing demographic patterns) and linkages between rail and urban planning, and its outcomes will better inform Government investment.

In addition, the Australian and NSW governments are undertaking a Joint Scoping Study into the rail needs of Western Sydney, to determine the need, timing and best route options to service Western Sydney and a Western Sydney Airport.

## Fair share for the regions

Our infrastructure investment is **delivering a fair share for the regions**. The Australian Government's response to recommendations 4.1, 4.2, 4.3 and 8.1 of the *Australian Infrastructure Plan*, concerning our regions and remote areas, makes clear this commitment.

We established the **Building Better Regions Fund** to support and better target regional communities; creating jobs, driving growth and building communities for the future.

This follows the successful **National Stronger Regions Fund** which is providing funding to 229 priority infrastructure projects in regions to provide economic benefits and address disadvantage across Australia.

A strong north means a strong nation. The Northern Australia Infrastructure Facility is now operational with its headquarters in Cairns and will provide **up to \$5 billion of concessional finance** to encourage and complement private sector investment in infrastructure in our north. This Government is also delivering the \$500 million National Water Infrastructure Development Fund, announced through the White Papers on developing Northern Australia and Agricultural Competiveness, and the \$2 billion National Water Infrastructure Loan Facility, announced in the 2016-17 Federal Budget.

The Australian Government has built a powerful network of international trade agreements with our major export and import partners. It is critical that Australian businesses are able to maximise the economic benefits of these agreements in terms of trade in goods and services. The Australian community relies on safe and efficient transport services and the building of infrastructure capacity for the future to fully capture the benefits of trade and to sustain Australia's prosperity.

The Australian Government is focussed on increasing freight and supply chain productivity and investing in the growth of the Australian economy through projects such as the Melbourne to Brisbane Inland Rail project, with additional funding of \$593.7 million allocated in the 2016-17 Budget for further detailed pre-construction works and land acquisition for the Inland Rail corridor as well as further investment in upgrading the capacity of our national highway network.

Linking people to markets is an essential enabler of economic growth. Australia's domestic freight task is forecast to increase by **80 per cent by 2030 from 2010 levels**. Coupled with population growth, we must undertake a comprehensive examination of the freight network and supply chain across Australia.



The Australian Government supports recommendations 3.4, 3.5 and 4.5 of the *Australian Infrastructure Plan* about addressing freight and supply chain issues and will undertake an independent inquiry to analyse how best to **lift the productivity and efficiency of Australia’s freight and supply chain** infrastructure to and from ports, airports and considering first and last mile issues.

The inquiry’s findings will inform a long-term national freight and supply chain strategy.

## Competitive market reforms

Consistent with the response to the Harper Competition Policy Review, the Australian Government is working with state and territory governments to **accelerate heavy vehicle road reform**.

The first phase of the COAG Transport and Infrastructure Council’s Heavy Vehicle Road Reform is now complete, and is delivering improved transparency around road expenditure, investment and service delivery through the publication of heavy vehicle infrastructure asset registers and expenditure plans.

However, **there is significant room for more reform** to provide more efficient and fairer outcomes for both taxpayers and end-users.

The Australian Government will progress next steps for heavy vehicle reform with states and territories through the development of a forward looking cost base; and a discussion paper to inform consultation on options for an independent price regulator.

As identified in the Plan, there are pressures on Australia’s current road funding and management model. Market reform of road services has the potential to significantly improve the efficiency and sustainability of arrangements for providing and funding road services.

The Australian Government is also committed to understanding the impacts of broader market reform, encompassing user charging for all vehicles. The Australian Government will establish a study, led by an eminent Australian, into the potential benefits and impacts of road user charging for light vehicles. The study will be vital to all governments’ consideration of this potential major microeconomic reform.

## Innovative funding and financing

As our population grows it will place additional demands on government budgets in areas such as infrastructure. The Australian Government recognises Infrastructure Australia’s findings that demand for transport infrastructure is likely to increase in coming years, as will the cost of meeting these demands.

Government budgets do not have the capacity to fund all of the infrastructure projects that would benefit the community.

This is why in response to recommendations 5.8 and 5.10 of the *Australian Infrastructure Plan* concerning innovative financing the Australian Government emphasises the importance of considering all potential funding sources to pay for infrastructure, including value capture.

Earlier this year we announced the ***Principles for Innovative Financing*** which sets out the Australian Government’s commitment to best practice project assessment and selection for major land transport investments and making use of innovative funding and financing solutions where effective.

Value capture is an innovative funding source which is already being applied in some projects.



The Australian Government has released the *Discussion Paper: Using Value Capture to Help Deliver Major Transport Infrastructure* that outlines a range of value capture approaches and seeks feedback on how the Australian Government could further stimulate use and development of this funding source.

## Sustainable and equitable infrastructure investment

### Targeted investment in planning works



As an informed investor, the Australian Government is looking to get involved in project planning earlier.

The Australian Government supports recommendation 9.5 of the *Australian Infrastructure Plan* to undertake project development studies prior to a funding decision for investments. Earlier this year the Australian Government **announced \$50 million to accelerate planning and development work** on major transformational land transport infrastructure projects.

Earlier involvement will ensure broader Australian Government objectives are being considered, including whether alternative funding or financing measures can be used to support the project. The Australian Government will fund planning and development works for projects which **have clear strategic merit** but which are not yet 'shovel ready'.

One example of this is the Australian Government's commitment in October 2016 of \$10 million to progress planning and early works for Brisbane's Cross River Rail, and to support the establishment of the Cross River Rail Delivery Authority. This funding complements the \$50 million allocated to the project by the Queensland Government.

### Data and technology

Technology is changing rapidly, offering opportunities for growth and to maximise existing infrastructure.

The Australian Government is committed to completing a high speed communications network to drive growth throughout the Australian economy. The National Broadband Network will mean all Australian homes and businesses can order a high speed broadband connection by 2020, fostering productivity and providing a platform for innovation to deliver economic and social benefits for all Australians.

The Australian Government is committed **to optimising the use of existing infrastructure**, including the adoption of new technologies. This is clear in the Australian Government's support for recommendation 1.7 of the *Australian Infrastructure Plan* regarding increasing funding for investments in projects and technologies that make better use of existing infrastructure.

In the future, the Australian Government will **better leverage data for infrastructure investment decisions**, such as analysing big data for network optimisation and improving safety. This will help us understand and **capitalise on technological disruptions**.

The Government is actively adapting to technological change, allowing us to make smarter use of our existing infrastructure. Smart ramp signals and sensors at the Bruce Highway between the Gateway Motorway and Caboolture aim to maximise road capacity and improve safety and traffic flow, while decreasing travel times on this section of the road.

There is also a safety benefit to emerging transport technology. The Australian and New South Wales governments are jointly funding a large scale test project of vehicle-to-vehicle and vehicle-to-infrastructure communications in heavy vehicles, on 42 kilometres of accident prone road between Port Kembla and the Hume Highway.

In August 2016, the Council of Australian Government’s Transport and Infrastructure Council agreed to a **National Policy Framework for Land Transport Technology** which sets out shared policy principles and an agreed role for governments to respond to the challenges of emerging transport technologies, particularly automated and connected vehicles.

This provides the technology industry with a clear signal that Australia is committed to deploying innovative new transport products, which will benefit all Australians.

## Safety

The Australian Government is committed to reducing the road toll. Road deaths have continued to increase in 2016 (1,271 for the 12 months to October 2016) and serious injuries also appear to be increasing.

In November, the Australian Government chaired a national Road Safety Ministers’ Forum in Perth to assess trends and examine opportunities for **stronger national action to reduce deaths and serious injuries**.

The Australian Government also remains committed to delivering programs such as Roads to Recovery, Black Spot and the Heavy Vehicle Safety and Productivity Program, which are critical to the sustainability of Australia’s extensive local road network and **ensure better safety and access** for local communities.

## Better Decisions and Better Delivery

### Taking a strategic approach to investment

Integrated, long-term planning is critical to ensuring that government investment in infrastructure provides maximum benefits. Long-term planning must be supported by a robust pipeline of projects.



The Australian Government supports recommendation 9.6 of the *Australian Infrastructure Plan* about allocating increased funding for project development work for initiatives identified on the Infrastructure Australia *Infrastructure Priority List*. The Government’s \$50 million planning fund will accelerate planning and development works on major projects **to bring forward business cases listed on the Infrastructure Priority List**.

The Australian Government recognises the importance of ensuring that future infrastructure needs of are well-planned for and that economic infrastructure is protected appropriately from incompatible uses. The Australian Government supports recommendation 9.4 of the *Australian Infrastructure Plan* to establish protection mechanisms for infrastructure corridors and important work is already underway with the COAG Transport and Infrastructure Council agreeing to develop a work program to protect corridors and precincts.

The Australian Government, along with state and territory governments, is also **progressing important work on procurement and cost benchmarking**. As indicated in the response to Recommendation 10.1 the Infrastructure Benchmarking Report, published in 2015 under the auspices of the Transport and Infrastructure Council, provides the findings of the first benchmarking process and outlines plans for continued and improved future monitoring of infrastructure procurement performance and construction costs. The Council has committed to ongoing benchmarking in this sector with the next report due in 2017; and to extending benchmarking to the water sector.

This work aims to improve and simplify procurement benchmarks and consider additional information to benchmarking costs, to better understand all factors potentially influencing infrastructure project costs. This work will help drive **improved value for money**.

## Infrastructure agenda: How has our investment performed?

The Australian Government’s infrastructure agenda, \$50 billion investment and forward vision for reform is **delivering real outcomes for end-users**: the individuals, families and businesses of Australia.

### Roads

Australians rely on our road networks for mobility in their everyday lives and going about their business.

Our **\$5.6 billion commitment** to the Pacific Highway duplication in New South Wales is now 70% complete and saving lives with **fatal crashes halved** from more than 40 each year to about 20 annually since the project commenced.

These upgrades have already saved an estimated 1.5 hours from the travel time between Sydney and Brisbane and, once complete, is **expected to save 2.5 hours** unlocking significant productivity gains.

Work continues on the Bruce Highway, with **ten major projects completed** along the highway’s length.

Projects such as the Toowoomba Range Second Crossing, which commenced major construction in April 2014, **will support an estimated 1800 jobs** over the life of the project.

Across Australia, the successful Roads to Recovery program has funded the repair and upgrade of over **53,000 road sites** since 2001 – roads used daily by Australians as they go about their lives.

The Black Spot Program continues to reduce the risk of accidents at dangerous locations on our roads, with **a total of 561 road safety projects** having been approved for funding in 2016-17.



### Rail



Australia’s rail network provides a vital means of transport within and between our cities and regional areas.

With a \$490 million commitment from the Australian Government, construction recently began on the Forrestfield-Airport Link in Western Australia to **improve travel times** for commuters and relieve congestion.

The Redcliffe Peninsula Line, with an Australian Government contribution of \$595 million, opened in October 2016 and now provides **a more reliable, economical and faster alternative to**

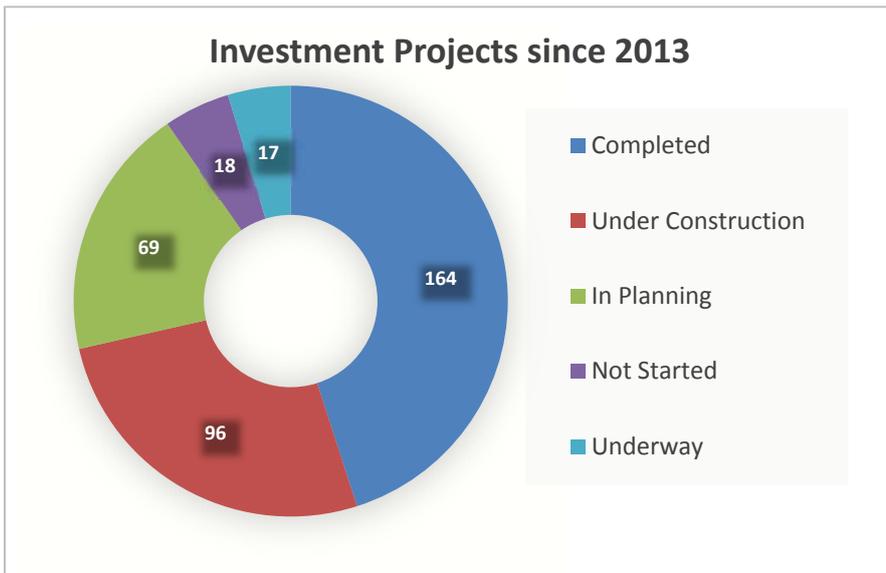
**driving** to Brisbane’s CBD in peak hours.

We continue to progress the **\$10.7 billion Inland Rail** project, which will provide a 1700-kilometre-long freight rail link between Brisbane and Melbourne reducing transit time between the two to under **24 hours**. The line will support faster and more efficient movement of goods and improve safety on our inland roads by **removing the equivalent of 200 B-Double trucks** from the roads each day by 2050.

## Australian Government Infrastructure Investment (as at 30 September 2016)

Significant progress has been made on projects funded through the Australian Government’s Infrastructure Investment Program from 2013.

Since Infrastructure Australia’s February 2016 *Infrastructure Priority List*, which listed two priority projects, one project has commenced and 13 new projects have been added. **Of 15 projects** in the List, the Australian Government has **committed funding towards 14**.



These projects represent a **significant and increasing Australian Government contribution** to land transport infrastructure across Australia.

**A further 112 projects** committed to during the 2016 Federal Election will be added to the Investment Program in coming months.

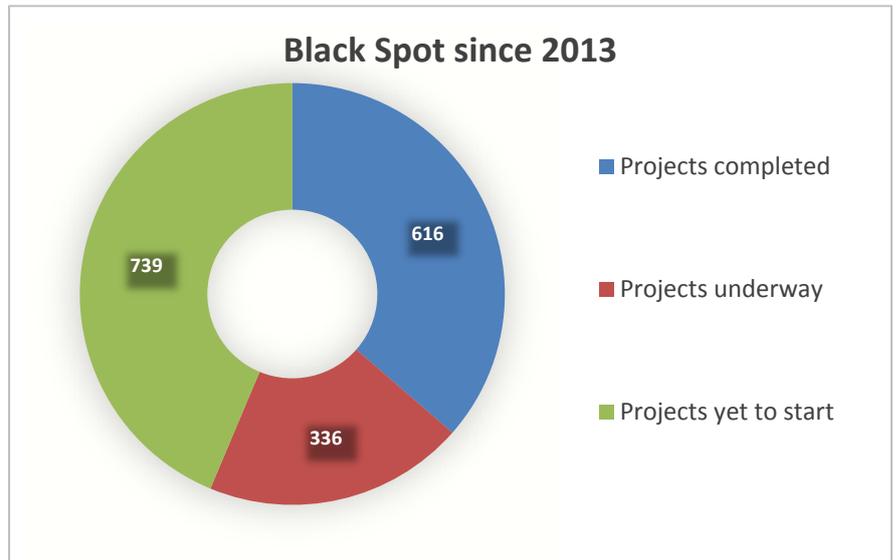
## Black Spot Program (as at 30 September 2016)

The Black Spot Program is estimated to be **reducing casualty crashes at treated sites by 30%**.

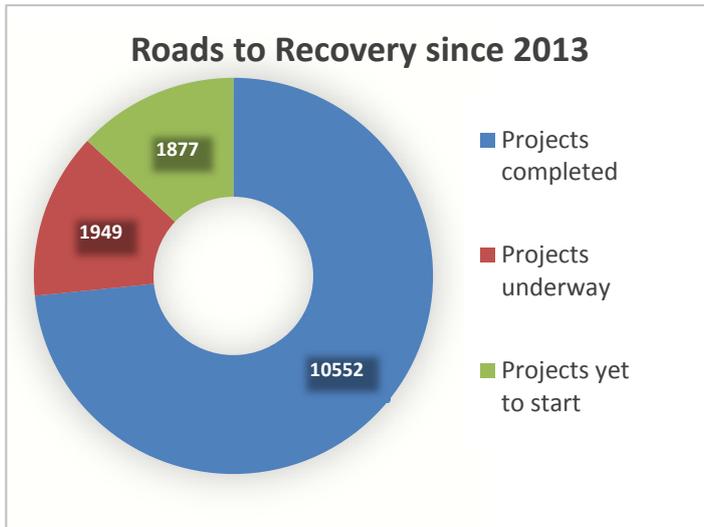
In addition, every \$1 invested in the Black Spot Program has led to an **estimated \$7 reduction in road trauma costs** to communities.

The Australian Government has committed **\$500 million** from 2014-15 to 2018-19.

In the 2016-17 Budget, the Australian Government **extended the Black Spot Program** and will provide \$60 million per annum from 2019-20 onwards.



### Roads to Recovery Program (as at 30 September 2016)



The Roads to Recovery Program helps local governments in delivering vital infrastructure.

The Australian Government has committed **\$3.2 billion** to Roads to Recovery from 2014-15 to 2018-19. In the 2016-17 Budget, the Australian Government **extended the Roads to Recovery Program** with a further \$50 million funding per annum from 2019-20 onwards.

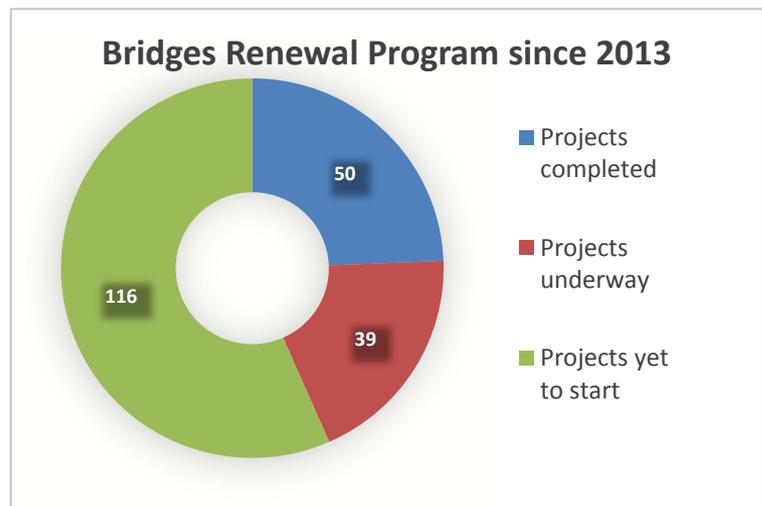
### Bridges Renewal Program (as at

### 1 November 2016)

The Bridges Renewal Program upgrades and repairs bridges to **enhance access for local communities** and facilitate higher productivity vehicle access.

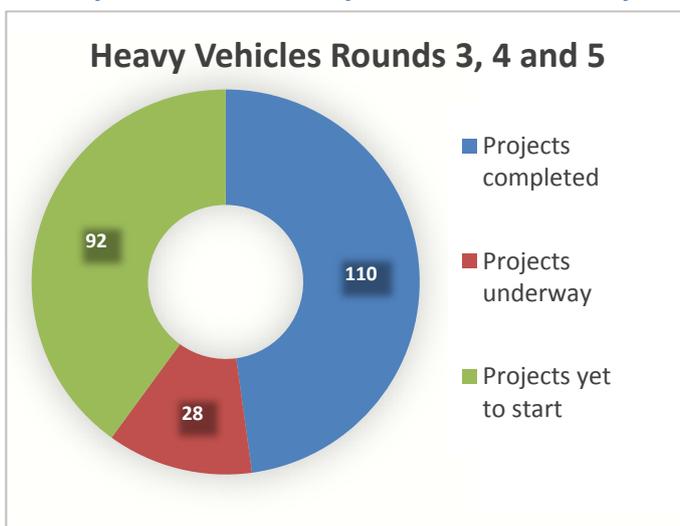
The Australian Government will provide \$360 million of funding between 2015-16 and 2019-20 for the program.

Round three of the Bridges Renewal Program is expected to open late in 2016.



### Heavy Vehicle Safety and Productivity Program

### (as at 1 November 2016)



The Heavy Vehicle Safety and Productivity Program **increases the productivity and safety of heavy vehicles** by enhancing the capacity of existing roads and improving connections to freight networks.

Round Five projects were announced on 1 September 2016, 86 projects will receive \$98 million in Australian Government funding. Documentation is now being finalised prior to projects commencing.

## Other investments

The \$100 million **Northern Australia Beef Roads Program** and \$600 million **Northern Australian Roads Program** will help get products to domestic and international markets efficiently.

The **Western Sydney Infrastructure Plan**, with \$3.6 billion of combined New South Wales and Australian Government funding, is delivering for Western Sydney with new and upgraded roads to support integrated transport in the region and capitalise on the economic benefits from a Western Sydney Airport at Badgerys Creek.

## The Regional Program

The Australian Government is supporting growth in regional Australia through a significant regional development grant program totalling **over \$1.9 billion** between 2013-14 and 2019-20.

A total of \$632.2 million for 229 projects have been announced under the **National Stronger Regions Fund**, including round three.

In the coming months the new Building Better Regions Fund will be added to the regional program (as part of our \$1.9 billion

investment), along with the remainder of our commitments made during the 2016 Federal Election.

