

AUSTRALIAN INFRASTRUCTURE BUDGET MONITOR

2020-21



About Infrastructure Partnerships Australia

Infrastructure Partnerships Australia is an industry think tank and an executive member network, providing research focused on excellence in social and economic infrastructure. We exist to shape public debate and drive reform for the national interest.

For more information, please contact:

Adrian Dwyer

Chief Executive Officer

T: (02) 9152 6000

E: adrian.dwyer@infrastructure.org.au

Prabash Sedara

Senior Analyst

T: (02) 9152 6021

E: prabash.sedara@infrastructure.org.au

Jon Frazer

Director, Policy and Research

T: (02) 9152 6017

E: jon.frazer@infrastructure.org.au

Jack Bateman

Project Analyst

T: (02) 9152 6000

E: jack.bateman@infrastructure.org.au

For all media enquiries please contact:

Michael Player

Director of Communications and Engagement

T: (02) 9152 6016

E: michael.player@infrastructure.org.au



For more information on the projects mentioned in this report please visit infrastructurepipeline.org



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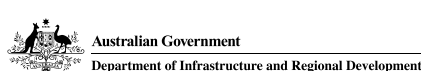


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MESSAGE FROM THE CEO

The 2020-21 Budgets delivered by Australia's Federal, State and Territory Governments have been perhaps the most important in living memory.

Although the Budget season was delayed by six months, governments have responded decisively to the COVID-19 crisis, with \$225 billion allocated for general government sector infrastructure funding over the four years to FY2023-24. This is nearly a \$46 billion or 26 per cent increase over last year's Budgets.

The infrastructure investments progressed through these Budgets will underpin the Australian economy over the coming years, boost aggregate demand, ensure construction boots hit the ground and deliver a lasting legacy of better, productive infrastructure.

In line with Infrastructure Partnerships Australia's advice at the start of the pandemic, collectively Australia's governments have made infrastructure a cornerstone of the economic response. In the short term, governments have focused their new expenditure on smaller-scale projects that can be deployed over the near term, while planning has been progressed for larger projects, providing a robust pipeline of work over the next decade. Pleasingly, governments have also resisted some short-sighted calls to change course on the existing program – a response which would have had a devastating and long-lasting impact.

In early October, the Federal Government laid out a record four-year spend, with infrastructure investment boosted by 68 per cent compared to last year's Budget. Over the following eight weeks, seven states and territories answered the call to arms, with each jurisdiction boosting their infrastructure spending above last year's levels and an overall increase of 26 per cent higher than in last year's Budgets.

New South Wales and Victoria continue to drive Australia's infrastructure pipeline, once again landing in first and second position in our infrastructure rankings for the third year in a row. For NSW, this is the fourth year in a row on top of the rankings. Both jurisdictions are leading the pack in terms of their share of infrastructure funding

as a proportion of total general government expenditure, as well as their total infrastructure spending.

The Northern Territory has risen to third place off the back of an expanded pipeline. A mix of small-scale infrastructure stimulus in the immediate term alongside several major investments over the coming years sees South Australia also jump one position into fourth place. In fifth place, Tasmania has improved its ranking by two spots since last year.

Dropping down the rankings is Queensland, sliding from third to sixth place. Despite a 10 per cent increase in general government infrastructure funding compared to last year's Budget, Queensland's fiscal stimulus has been measured. This reflects a relatively constrained balance sheet and a continuing political reluctance to pursue reforms such as asset recycling.

Illustrating how the bar has risen for public infrastructure investment, Western Australia registered a \$2.2 billion increase in its four-year spend compared to last Budget, but again trails the pack with only 8.4 per cent of its general government expenditure directed to infrastructure. This is some distance off the other jurisdictions and its own 10-year average.

The Australian Capital Territory is yet to release its 2020-21 Budget, and our analysis will be updated following its release in early 2021.

We hope you find the 2020-21 Australian Infrastructure Budget Monitor useful. If you are interested in learning more about the infrastructure pipeline in Australia you can find more information on our [Australia and New Zealand Infrastructure Pipeline](#) (ANZIP) and subscribe to our monthly Pipeline Reports. More detailed analysis of each jurisdiction's Budget is available exclusively for Infrastructure Partnerships Australia members.

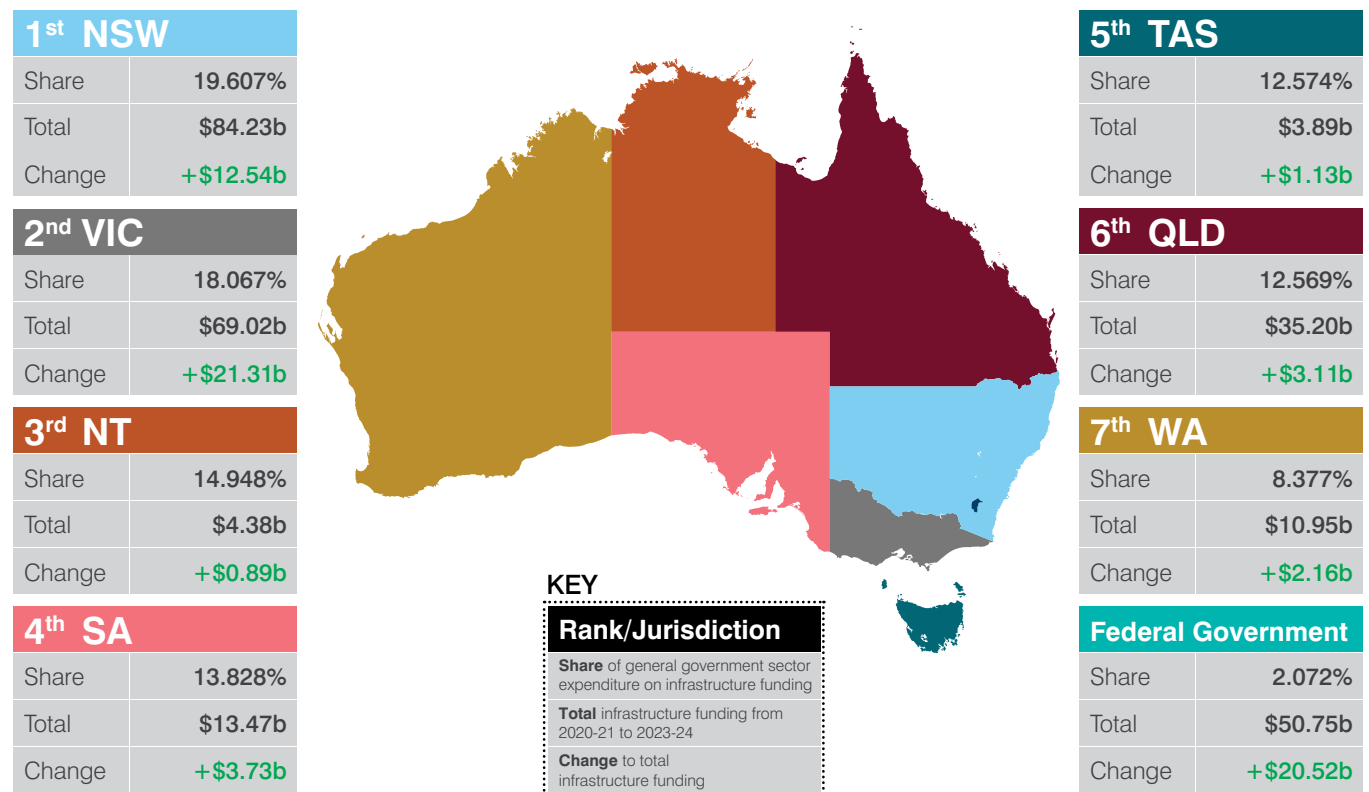


Adrian Dwyer
Chief Executive Officer



INTRODUCTION

Figure 1: 2020-21 Australian infrastructure funding levels, ranked by share of Budget expenditure



* The Federal Government primarily funds state infrastructure projects. As such it is not formally included in the rankings. We include it in the report to provide a comprehensive view of funding commitments.
Source: Infrastructure Partnerships Australia calculations, based on 2020-21 and 2019-20 Budgets

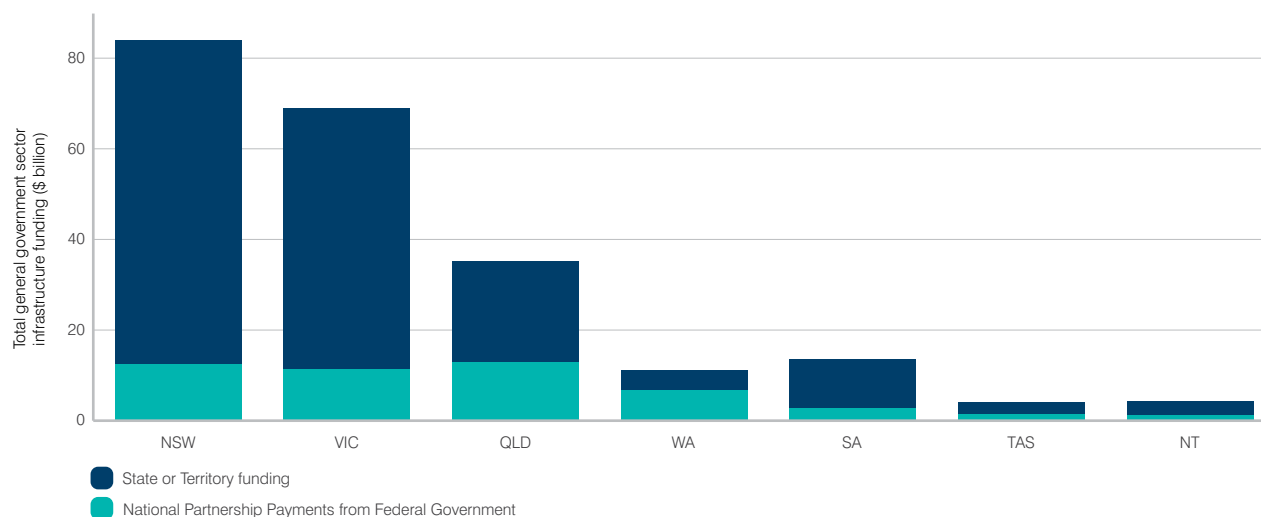
Analysis

- Nearly \$225 billion has been allocated for general government sector infrastructure funding over the four years to FY2023-24 – a 26 per cent increase over last year's Budgets
- The increase in infrastructure expenditure accounts for 29 per cent of the increase in total general government expenditure nationally, with governments looking to infrastructure to underpin the economic recovery from COVID-19
- New South Wales and Victoria collectively account for 68 per cent of total general government infrastructure spending – similar to last year
- Average per capita expenditure on infrastructure is now \$8,777 – increasing by 24 per cent over last year's planned expenses

This year's Budgets saw a record total of \$225 billion in general government infrastructure funding allocated over the four years to FY2023-24. This is an increase of nearly \$46 billion – or 26 per cent – compared to the planned spending in last year's Budgets. This figure does not include spending by the Australian Capital Territory – which is slated to release its 2020-21 Budget in February 2021.

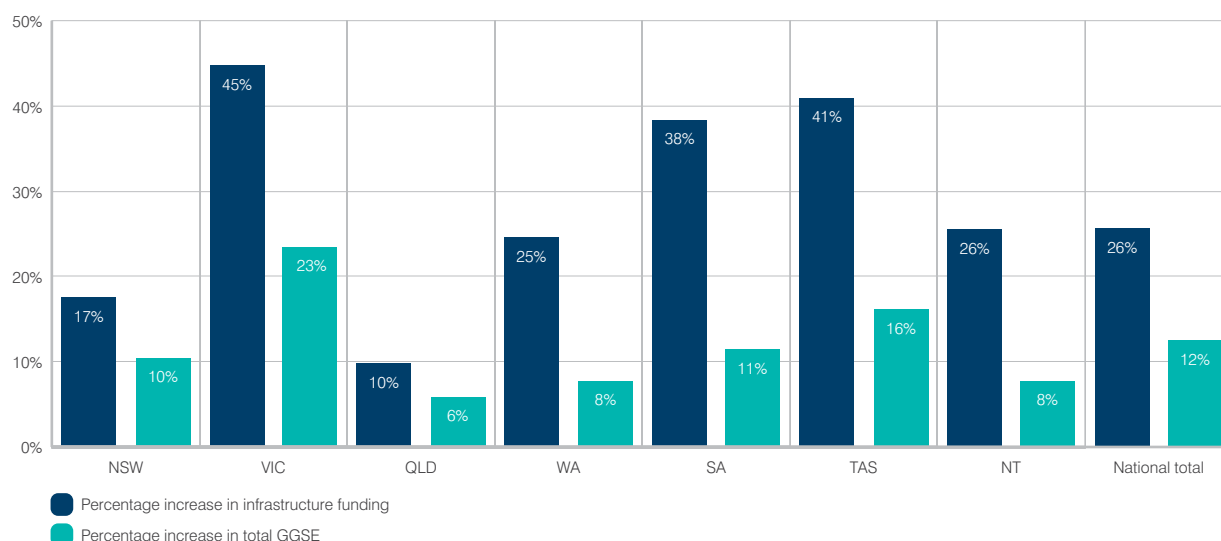
Figure 2 shows the breakdown of infrastructure funding in each State and Territory Budget, and how Federal Government funding bolstered State and Territory commitments.

Figure 2: Comparison of total infrastructure funding across jurisdictions, and Federal contributions



All jurisdictions have increased their infrastructure funding at a substantially higher rate than the total growth in general government sector spending (Figure 3). These commitments show how governments have shifted their focus from surviving the crisis to rebuilding the post-COVID economy, and the critical role infrastructure spending will need to play in this recovery effort.

Figure 3: Percentage increase in infrastructure funding and total general government sector expenditure (GGSE)



These Budget commitments will provide an important degree of continuity in the infrastructure pipeline. The importance of this continuity was reinforced during the pandemic, when project finalisation slowed considerably.

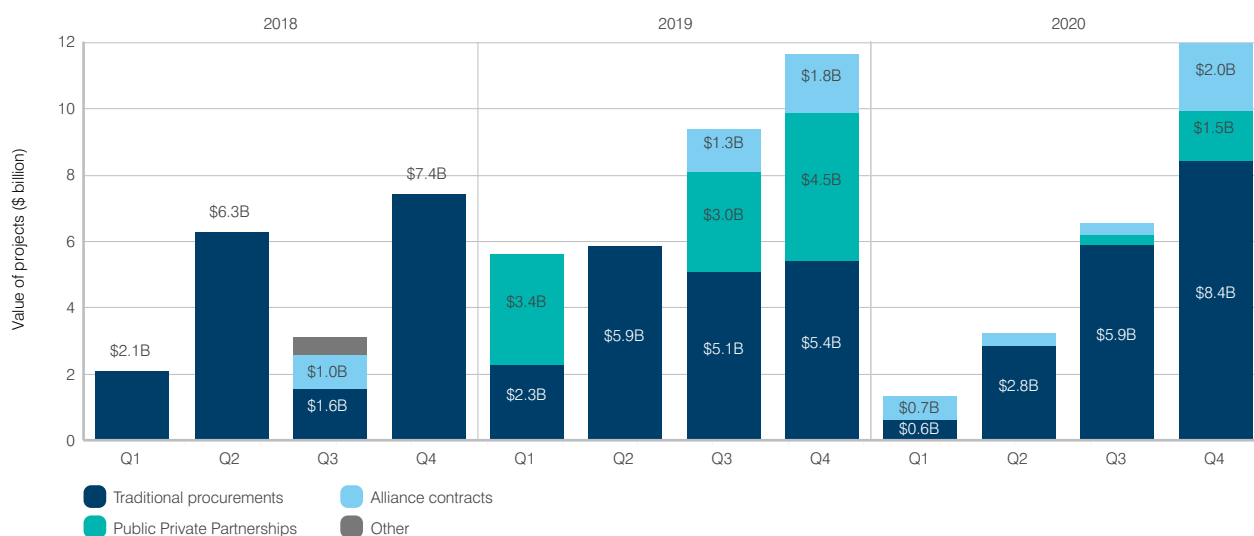




Encouragingly, [ANZIP](#) data shows governments' focus on an infrastructure-led recovery is already starting to transform into action, with a number of projects closing through the delayed Budget season. As with many other factors in 2020, this year was one of extremes, with both record highest and lowest quarters for contract finalisations in the last three years. The value of contracts that drew to a close in the fourth quarter alone – roughly \$12 billion – was larger than the prior three quarters of this year combined (Figure 4).

With a robust forward pipeline of work flowing from this year's Budgets, this activity is likely to settle at an elevated level in 2021 and remain above-trend for the foreseeable future.

Figure 4: Value of construction contracts that have reached contractual close or preferred bidders have been selected



Jurisdiction rankings

Despite the dramatic and widespread impacts of COVID-19 on the economy, the domination of the south-eastern States continues.

New South Wales again ranks first for its focus on infrastructure, increasing their infrastructure funding levels beyond last year's share. Over the next four years, 19.6 per cent of New South Wales's general government expenditure will be spent on infrastructure.

In a strong second place finish, Victoria increased its spending on infrastructure by 45 per cent – the most for any State or Territory year-on-year, bringing its infrastructure funding levels to 18 per cent. Together, the top two states account for 68 per cent of the total infrastructure spend nationally.

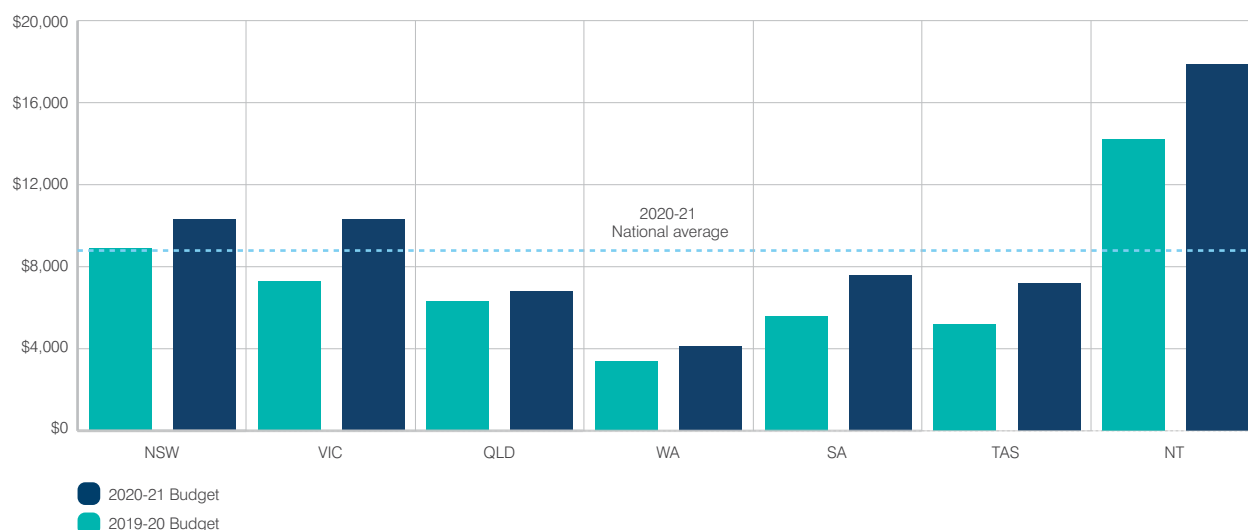
Northern Territory has moved up to third place with nearly 15 per cent allocated for infrastructure over the next four years. Bringing its four-year share of total spending on infrastructure to 13.8 per cent, South Australia has moved up a place to take the fourth place in rankings this year.

With the second highest proportionate increase on infrastructure spend, Tasmania now ranks in fifth place – with a photo finish ahead of Queensland by just 0.005 percentage points. While the Queensland Government has increased its aggregate infrastructure spend by 10 per cent, its share of total general government sector expenditure remains at similar levels to last year's Budget, and only just above its decade-average. Queensland's slide has been a consistent trend over recent years, with the State missing out on the fiscal boost enjoyed by its southern neighbours through balance sheet reform.

Western Australia increased its funding on infrastructure by over \$2 billion in this year's Budget. However, the State remains in last place in our Budget Monitor for the fourth consecutive year. Western Australia is also the only jurisdiction to spend less than ten per cent of its Budget on infrastructure.

Beyond the rankings, each State and Territory has lifted their per capita infrastructure spend above last year's Budget's (see Figure 5). At the higher end of this scale, Northern Territory is slated to spend over \$17,800 per person on infrastructure over the next four years – four times as much as Western Australia. The national average per capita spend has also increased by 24 per cent, to \$8,777.

Figure 5: State and Territory per capita infrastructure funding



ABOUT THE BUDGET MONITOR

Overview

Infrastructure Partnerships Australia's Australian Infrastructure Budget Monitor measures infrastructure funding commitments by jurisdictions for the current Budget year and forward estimates (FY2020-21 to FY2023-24). This report collates information from the latest Budget papers from Federal, State and Territory Governments to provide insights into their infrastructure investment programs beyond the headline figures. This report does not include figures from the Australian Capital Territory as its 2020-21 Budget has been deferred to early next year.

Purpose

The purpose of the Australian Infrastructure Budget Monitor is to inform the community, industry and researchers about historical and projected public infrastructure investment in Australia. It allows readers to compare and evaluate the commitments by governments to building infrastructure. This is especially important in a year when all governments face the unifying challenge of rebuilding the economy in the medium-term, and providing the foundation for a longer-term recovery in a post-COVID world.

Methodology

The strength of each jurisdiction's infrastructure program is assessed according to the total infrastructure funding commitment over the period FY2020-21 to FY2023-24 as a proportion of total general government sector expenditure. This methodology allows for comparison of small and large jurisdictions and provides insights into the relative importance of infrastructure as a government priority over time.

Infrastructure funding figures reported in government Budgets are used where available. In other cases, the sum of purchases of non-financial assets and finance leases (such as expenditure from governments to private consortia through Public Private Partnership contracts) is used as a proxy. This seeks to account for the diversity of budgetary approaches across the nation.

The analysis uses total general government sector expenditure as a consistent measure of total government spending. Total expenditure is calculated by adding total expenses and net acquisitions of non-financial assets, and accounts for spending on non-commercial aspects of the government.

This means spending by government-owned corporations (for example, water utilities and government-owned ports) is excluded from this analysis. This provides a sound basis for comparison, and appropriately isolates the analysis to infrastructure that is paid for by taxes rather than through user charges. If this rule was not applied, jurisdictions with a higher proportion of infrastructure owned by the government would appear disproportionately higher.

For this reason, the figures found in the Australian Infrastructure Budget Monitor may differ from the headline figures governments use in media releases and interviews related to infrastructure funding.

When analysing Federal Government funding levels, we have included National Partnership Payments for infrastructure, as well as capital provisions within the National Water Infrastructure Development Fund. Outside these payments, the Federal Government provides notable funding for States and Territories through the National Housing and Homelessness Agreement. However, as this funding is not tied solely to capital works, and often spent on wages and broader social programs, these allocations have not been included in the Budget Monitor.

All project costs and funding commitments quoted in the Australian Infrastructure Budget Monitor are provided in real terms. To account for inflation, we have used the Australian Bureau of Statistics' Consumer Price Index for the March quarter of 2020.¹

In calculating per capita expenditure for last year's and this year's Budgets, Australian Bureau of Statistics' estimates for 2019 March and 2020 March quarters are used.²

1. Australian Bureau of Statistics, 2020, [Consumer Price Index, Australia September 2020](#), Table 1.
2. Australian Bureau of Statistics, 2020, [National, state and territory population](#), Table 5.



1ST PLACE: NEW SOUTH WALES



New South Wales again sits atop the Australian infrastructure funding tree

NSW remains the highest-ranked jurisdiction for infrastructure spending, with almost 20 per cent of general government expenditure allocated to infrastructure. It does so with despite only 15 per cent of this funding coming from the Federal Government's National Partnership Payments – the smallest of any jurisdiction in proportional terms.

The NSW Government has allocated \$84.2 billion in general government expenditure to infrastructure over the next four years – an increase of around \$12.5 billion, or 17 per cent, from last year's Budget. The 19.6 per cent of the Budget to be spent on infrastructure over the next four years is a marked increase on the decade-average of 14 per cent.

Funding for city-shaping transport projects continues to flow

With \$35 billion committed to rail projects, NSW accounts for more than half of the \$65 billion national total of rail track and fleet capital works committed by governments in this year's Budgets.

Projects across the [Sydney Metro](#) program have received \$28 billion in Budget commitments over the next four

years. This includes \$10.4 billion for [Sydney Metro West](#), \$9.2 billion for [Sydney Metro – Western Sydney Airport](#), and \$8.3 billion to complete the [Sydney Metro City and Southwest](#) project.

The NSW Budget also included \$9.9 billion over four years for a range of Sydney motorway upgrades, including the [M6 Extension Stage One](#), [Western Harbour Tunnel](#) and [Warringah Freeway Upgrade](#), and the [Sydney Gateway](#). There is a \$3.1 billion allocation over four years to continue delivery of WestConnex, including the M4-M5 Link tunnels and Rozelle Interchange, and \$1.2 billion over four years for the [M12 Motorway](#).

The NSW Budget allocated over \$23 billion for social infrastructure

Alongside \$750 million directed to the [Royal Prince Alfred Hospital Redevelopment](#), \$699 million has been allocated to the [Shellharbour Hospital Redevelopment](#), \$673 million for the [New Tweed Hospital](#) and \$608 million for the [Children's Cancer Centre and Randwick Children's Hospital Rebuild](#).

A total spend of \$7.7 billion on education infrastructure includes funding for around 200 new and upgraded government schools, alongside delivery of a range of capital works programs. Funding for social housing has increased to \$812 million this year. This is likely to be spent through the NSW Land and Housing Corporation.

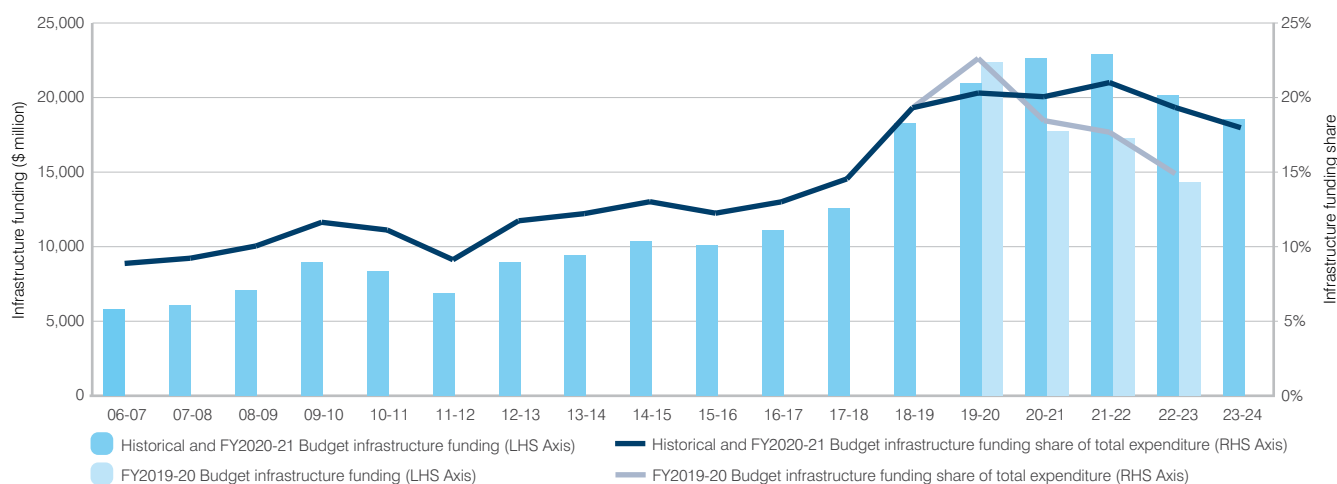
NSW also took the lead on reform, proposing a major overhaul of stamp duty

Following the recommendations of the NSW Productivity Commission's Green Paper and the David Thodey-led Federal Financial Relations Review, the NSW Budget has committed to moving away from stamp duty and implementing an annual property tax.

The proposed change to stamp duty taxes will see buyers of property in NSW given the choice of paying a new annual property tax or the existing stamp duty. The NSW Government expects the reform to result in lower revenues in the short term, but over the long term, the property tax would be revenue neutral with the existing regime and is expected to underpin a boost to productivity.



Figure 6: New South Wales general government infrastructure funding



New South Wales infrastructure statistics:

Value	Description
19.6%	Share of general government expenditure dedicated to infrastructure
14.0%	Decade-average share of Budget dedicated to infrastructure
▲ \$24.1b	Above decade-average infrastructure funding level over four years to FY2023-24
\$84.2b	Total infrastructure funding over four years to FY2023-24
+\$12.5b	Increase in infrastructure funding in this Budget

Major new funding allocations in New South Wales:³



RAIL

\$28 billion
for Sydney
Metro program



ROADS

\$9.9 billion
for Sydney
motorways

\$8.7 billion
for regional roads
and transport



HEALTH

\$10.7 billion
for health
infrastructure



EDUCATION

\$7.7 billion
for education and
skills infrastructure

3. All listed funding allocations are total commitments for each project/sector over the four-year period to FY2023-24



2ND PLACE: VICTORIA

Victoria's Budget propels infrastructure expenditure to record highs

The 2020-21 Victorian Budget allocates approximately \$69 billion in general government expenditure for infrastructure over the next four years. This is an increase of \$21 billion – or 45 per cent – compared to the previous Budget. This is the largest jump in planned infrastructure spend for any State or Territory. Infrastructure now accounts for 18 per cent of total government expenditure for Victoria. This is well above its 10-year average of 11 per cent.

A major focus on social housing will underpin Victoria's stimulus approach

The Victorian Budget laid out a \$6 billion [Big Housing Build](#) Program, with a targeted investment program to support employment in the near to medium-term.

This funding will see 12,000 new social and affordable homes built, with 9,300 of those to be social housing, and 1,100 older units to be replaced. A further 2,900 affordable and low-cost homes will also be built. The program will see the expansion of the [Social Housing Growth Fund](#), with 4,200 new social housing dwellings delivered via partnerships with community housing providers.

A suite of ambitious rail projects across Victoria sees a major boost in funding

A total rail program of \$19 billion over four years is headlined by \$2.2 billion for early works of Stage One of the [Suburban Rail Loop](#). The Victorian Budget also moves the [Geelong Fast Rail](#) closer to construction with a \$2 billion State allocation, matching the Federal Government's commitment from October. This even funding split will also be applied to the [Melbourne Airport Rail Link](#), with each government allocating \$5 billion to the project.

The Victorian Government has also committed \$1.5 billion for the purchase of 100 locally manufactured [Next Generation Trams](#). This new fleet will enable the retirement of the high-floor tram fleet, improving accessibility across the network.

Outside of Melbourne, the Victorian Government has committed \$3.8 billion through its [Regional Rail Revival](#) program, including, \$899 million for [Warrnambool Line Upgrade](#) Stage Two, \$400 million for the [Shepparton Line Upgrade](#) Stage Three, and \$260 million for the [Warrnambool Line Upgrade](#) Stage Two.

Victoria continues its health infrastructure upgrades and looks to accelerate renewables

The 2020-21 Budget outlines \$7.8 billion towards health infrastructure across the next four years. The Budget also provides funding for the \$1.5 billion [New Footscray Hospital](#) and \$562 million [Frankston Hospital Redevelopment](#), which will be each developed as PPPs.

The Budget also provides government funding intended to unlock private investment in energy. These commitments are headlined by \$682 million to develop Victoria's Renewable Energy Zones, which will include funding for transmission upgrades and new generation projects.

Victoria leads the way on road funding reform

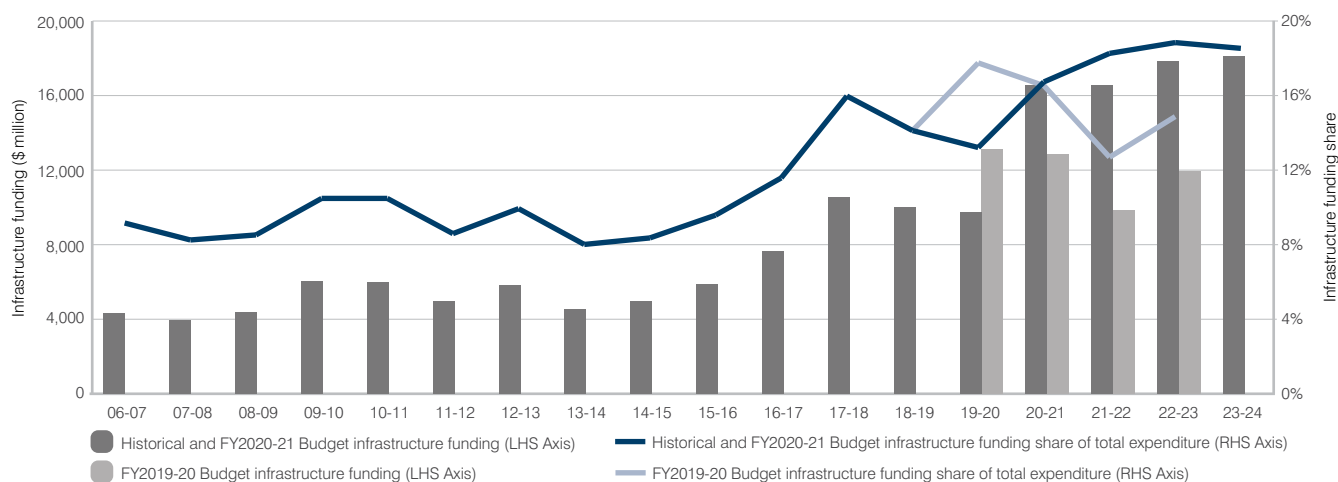
As part of its Budget, the Victorian Government announced it would move to implement a distance-based road user charge for Electric Vehicles, with the new regime scheduled to begin on 1 July 2021.

In the proposed landmark reform, vehicles not paying Fuel Excise will be charged for their use of the roads, with Electric and other Zero Emissions Vehicles to pay 2.5 cents per kilometre, and Plug-in Hybrid Electric Vehicles paying 2 cents per kilometre. The Budget confirms that more than the net revenue raised over the forward estimates will be re-invested in measures to accelerate the adoption of zero and low emission vehicles.

Infrastructure Partnerships Australia has been a consistent voice for road reform for over a decade, with [our most recent work on the subject](#) providing the catalyst for this change.



Figure 7: Victoria general government infrastructure funding



Victoria infrastructure statistics:

Value	Description
18.1%	Share of general government expenditure dedicated to infrastructure
11.2%	Decade-average share of Budget dedicated to infrastructure
▲ \$26.4b	Above decade-average infrastructure funding level over four years to FY2023-24
\$69.0b	Total infrastructure funding over four years to FY2023-24
+\$21.3b	Increase in infrastructure funding in this Budget

Major new funding allocations in Victoria:⁴



SOCIAL

\$6 billion
for the Big
Housing Build



RAIL

\$19 billion
for rail, including
Melbourne Airport
Rail Link, Suburban
Rail Loop and
Geelong Fast Rail



HEALTH

\$7.8 billion
for health
infrastructure



EDUCATION

\$1.9 billion
for skills and training
infrastructure

4. All listed funding allocations are total commitments for each project/sector over the four-year period to FY2023-24



3RD PLACE: NORTHERN TERRITORY

The Northern Territory Government prioritises infrastructure spending through COVID response

The NT Government has allocated \$4.4 billion to infrastructure works over the next four years, representing an increase of \$891 million or 26 per cent on its four-year projection in last year's Budget. This brings the projected spend to 14.9 per cent, above its 10-year average of 14.0 per cent.

The increase in infrastructure spending accounts for 43 per cent of the government's total increase in general government expenditure – the most for any Australian jurisdiction – reflecting the importance the Territory has placed on infrastructure as a post-pandemic recovery mechanism.

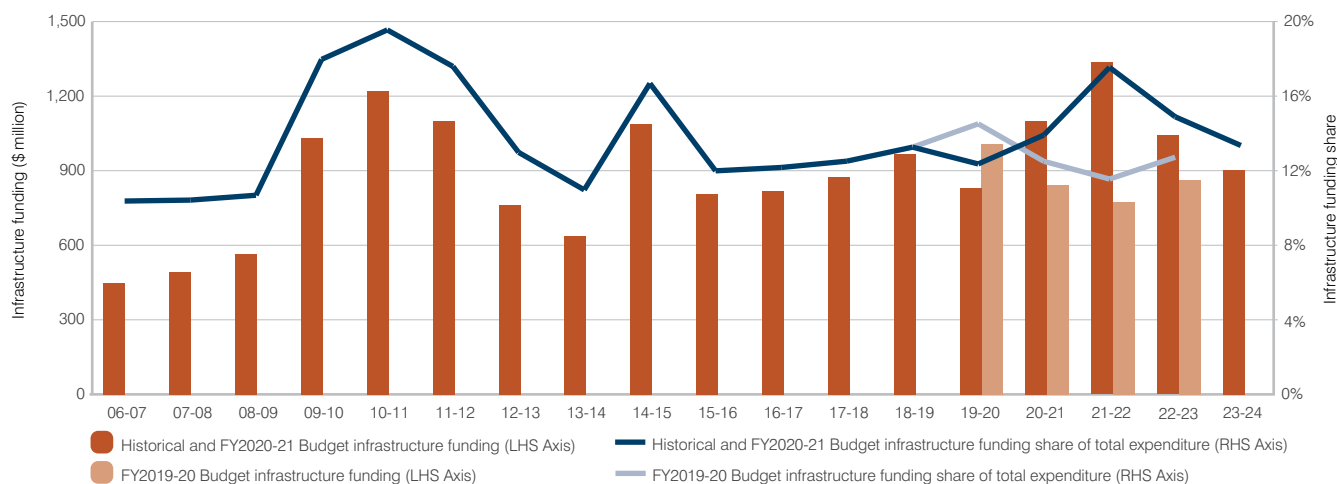
Northern Territory infrastructure spending is distributed across a range of initiatives

The NT's capital program is focused on transport projects, with a total transport program (reflecting what the government has approved, as opposed to budgeted) totalling \$1.1 billion. This spending is headlined by \$150 million allocated in FY2020-21 to the Carpentaria Highway upgrade. There is also \$93.2 million in FY2020-21 for the [Darwin Ship Lift Facility](#).

The Budget includes a number of investments in social infrastructure, including, \$268 million to housing and community amenities and \$75 million to education.



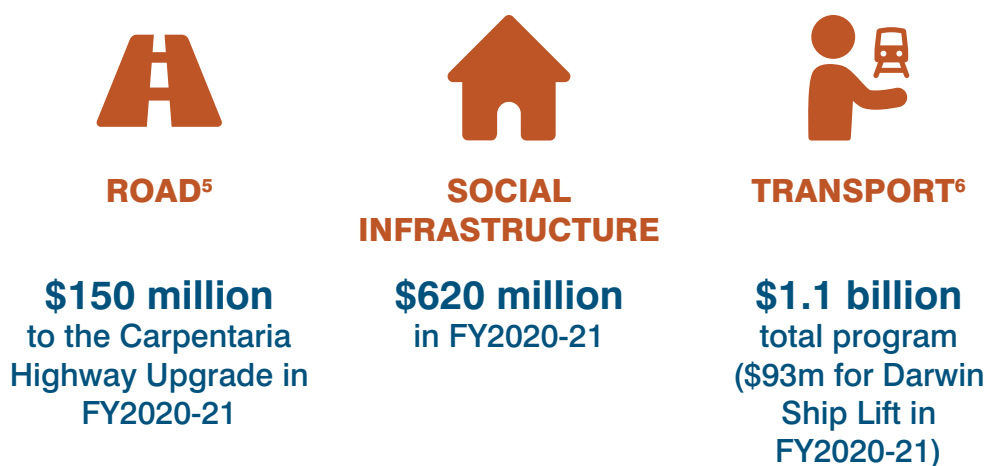
Figure 8: Northern Territory general government infrastructure funding



Northern Territory infrastructure statistics:

Value	Description
14.9%	Share of Budget dedicated to infrastructure
14.0%	Decade-average share of Budget dedicated to infrastructure
▲ \$288m	Above decade-average infrastructure funding level over four years to FY2023-24
\$4.4b	Total infrastructure funding over four years to FY2023-24
+\$891m	Increase in infrastructure funding in this Budget

Major new funding allocations in Northern Territory:



5. The Northern Territory Budget does not provide funding profiles over the forward estimates, therefore all project funding allocations only represent FY2020-21.

6. The majority of this funding will be provided by the Federal Government through a five year National Partnership Agreement on Land Transport Infrastructure Projects.

4TH PLACE: SOUTH AUSTRALIA

Targeted stimulus spending moves the SA up the infrastructure rankings

The 2020-21 SA Budget increases infrastructure spending by around \$3.7 billion or 38 per cent over last year, bringing the funding share to 13.8 per cent. Approximately \$13.5 billion in general government expenditure has been allocated to infrastructure over the next four years. This sees South Australia move up a place in this year's Budget Monitor.

The boost in infrastructure spending compares to an increase of only 11 per cent in total general government sector expenditure in the State, reinforcing the importance of infrastructure in the government's response to COVID-19.

Transport spending headlines the government's pandemic response strategy

The SA Budget includes \$6.9 billion for road infrastructure and \$772 million for public transport over the next four years.

This includes a pledge to commence work on the \$8.9 billion final section of the [North-South Corridor](#) from River Torrens to Darlington, which is due for completion by 2030. When completed, this project – to be jointly funded with the Federal Government – would be the biggest and most complex infrastructure project in the State's history, and will complete a continuous 78-kilometre road corridor between Gawler and Old Noarlunga.

Smaller initiatives will underpin aggregate demand in the near term

Alongside the larger projects, the SA Budget includes a number of programs aimed at supporting employment and economic activity over the coming years. Among these commitments is a \$100 million road maintenance package, as well as \$793 million for the South Australian Housing Authority.

Education infrastructure sees a \$1.3 billion commitment, with spending to be distributed across the State, as well as supporting the [SA Schools PPP](#), which was awarded last year, and a \$100 million new Whyalla Secondary School.

The Budget provides a total of \$1.7 billion for health infrastructure. This includes an increased provision for the [New Women's and Children's Hospital](#) and an additional \$50 million for [Queen Elizabeth Hospital Redevelopment Stage Three](#).

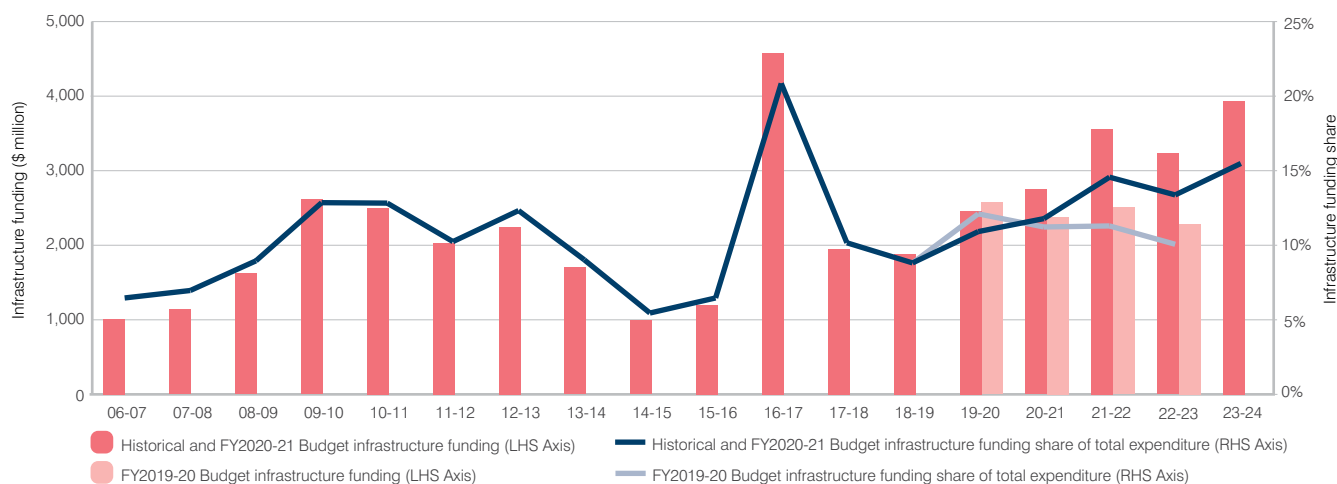
South Australia leads the way on road funding reform

Alongside the Victorian Government's commitment, the SA Government has committed to introduce a distance-based road user charge on Plug-in Electric and Zero Emissions Vehicles as part of its Electric Vehicle Action Plan.

The charge will include a fixed component (similar to a registration charge) and a variable charge based on distance travelled, with the rate yet to be decided. Subject to the reform clearing SA Parliament, the new regime would commence on 1 July 2021.







Figure 9: South Australia general government Infrastructure Funding



South Australia infrastructure statistics:

Value	Description
13.8%	Share of Budget dedicated to infrastructure
10.9%	Decade-average share of Budget dedicated to infrastructure
▲ \$2.9b	Above decade-average infrastructure funding level over four years to FY2023-24
\$13.5b	Total infrastructure funding over four years to FY2023-24
+\$3.7b	Increase in infrastructure funding in this Budget

Major new funding allocations in South Australia:

			
ROAD⁷	PUBLIC TRANSPORT	HEALTH	EDUCATION
\$8.9 billion for <u>North South Corridor</u> – River Torrens to Darlington	\$772 million for public transport upgrades	\$1.7 billion for health infrastructure	\$1.3 billion for skills and education infrastructure

7. All listed funding except North-South Link are total commitments for each project/sector over the four-year period to FY2023-24. North South link contains funding up to 2030.

5TH PLACE: TASMANIA



Historically high infrastructure spending moves Tasmania up by two positions

The 2020-21 Budget increases infrastructure spending by a firm 41 per cent over last year's forecast, bringing the funding share to 12.57 per cent, up from the ten-year average of 9.1 per cent. This edges Tasmania ahead of Queensland by just 0.005 percentage points.

The Tasmanian Government has allocated \$3.9 billion for infrastructure expenditure over the four years to FY2023-24, representing an increase of \$1.1 billion from last year's Budget. This 41 per cent increase in infrastructure funding reflects the importance the Tasmanian Government has placed on infrastructure, representing a quarter of the increase of general government expenditure from last year's Budget.

Tasmania is looking to a mix of infrastructure projects to support the local economy

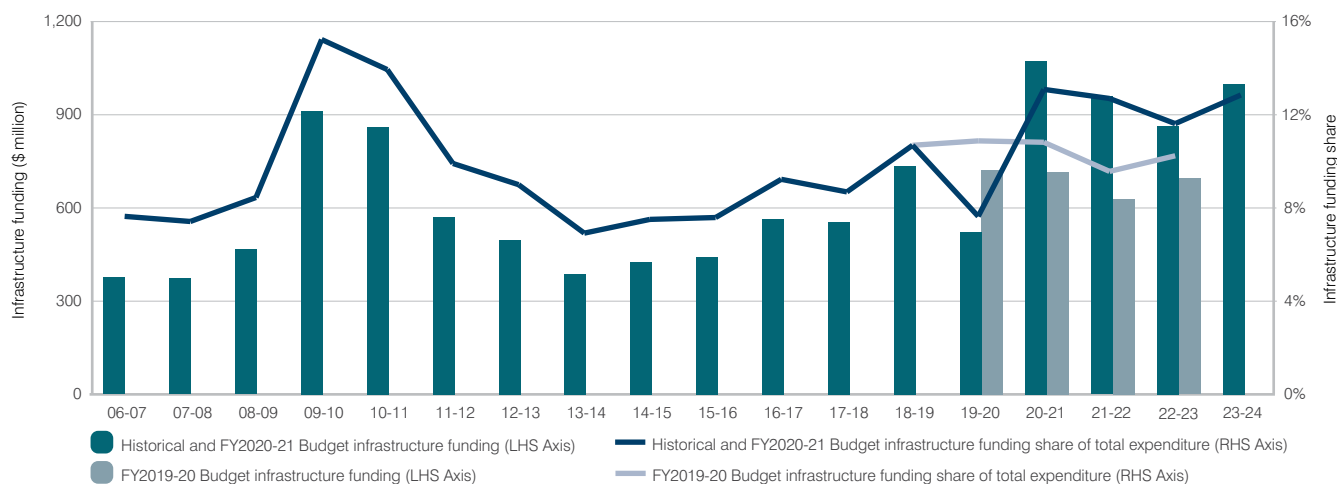
The Budget includes \$2.4 billion for roads and bridges. This funding is headlined by \$620 million for the Roads of Strategic Importance program, and \$441 million for the [New Bridgewater Bridge](#) over the next four years. This major project – the largest single transport investment in the State's history – has been proposed for many years and the \$576 million is finally getting underway with a \$461 million commitment from the Federal Government.

Beyond transport, the Budget includes \$143 million for the completion of Hobart Hospital's redevelopment as part of a total spend of \$370 million for health infrastructure. There is also \$50 million for the construction of new social housing projects as part of a total \$297 million for human services and housing.

The Tasmanian Government has also flagged an interest in developing a hydrogen industry through the establishment of the \$25 million Renewable Hydrogen Fund. This funding will be directed to a range of measures, including feasibility studies, pilot projects, renewable hydrogen production, and end use applications.



Figure 10: Tasmania general government Infrastructure Funding



Tasmania infrastructure statistics:

Value	Description
12.6%	Share of Budget dedicated to infrastructure
9.1%	Decade-average share of Budget dedicated to infrastructure
▲ \$1.1b	Above decade-average infrastructure funding level four years to FY2023-24
\$3.9b	Total infrastructure funding over four years to FY2023-24
+\$1.1b	Increase in infrastructure funding in this Budget

Major new funding allocations in Tasmania:⁸



ROADS

\$441 million
for New
Bridgewater Bridge⁹



SOCIAL

\$297 million
for social housing



HEALTH

\$143 million
for Hobart Hospital
Redevelopment



ENERGY

\$25 million
for Tasmanian
Renewable
Hydrogen Fund

8. All listed funding except the New Bridgewater Bridge are total commitments for each project/sector over the four-year period to FY2023-24.

9. This allocation forms part of the project's \$576 million total estimated cost. The project is being funded on an 80:20 basis between the Federal and Tasmanian Governments

6TH PLACE: QUEENSLAND

Queensland delivers a measured lift in infrastructure funding

Weighed by the reality of a heavily constrained balance sheet, the Queensland Government has increased its infrastructure funding to \$35 billion over the forward estimates, \$3 billion or 10 per cent higher than in the 2019-20 Budget.

This sees the Queensland Government's infrastructure share of general government expenditure move to 12.6 per cent. This is only a slight increase on the ten-year average of 12.3 per cent, and sees Queensland fall down the Budget Monitor rankings by three places. Infrastructure accounts for one-fifth of the increase in total general government expenditure in this year's Budget.

Our valuation for the total infrastructure spend is lower than the Queensland Government's claimed \$56 billion infrastructure program over four years. This is because our analysis does not include spending by state-owned enterprises – such as energy generators and water utilities – for which capital spend is primarily funded by user charges. This approach means the Budget Monitor can be used to compare accurately between jurisdictions, and over time, irrespective of reform progress.



Election commitments feature prominently in the Queensland Budget

After being returned for a third term, the Palaszczuk Government has used the 2020-21 Budget to fulfill election commitments in road, rail, and health, with many seeking to stimulate the economy post-COVID.

In roads, the funding commitments are headlined by the \$3.4 billion [M1 Pacific Motorway](#) upgrade program, the \$1.5 billion [Coomera Connector - Stage One - South](#) and the [Bruce Highway upgrades](#). The proposed cost of the Queensland Inland Freight Route – dubbed the 'Second Bruce' is \$1 billion, however funding for this project will not commence until FY2022-23, with only \$200 million allocated in this Budget.

In rail, \$1.5 billion will be spent on continuing the construction of Cross River Rail, while there is \$647 million allocated across the next four years for the \$710 million [Gold Coast Light Rail Stage Three](#), as well as \$535 million for Stage One of the [Beerburrum to Nambour Rail Upgrade](#).

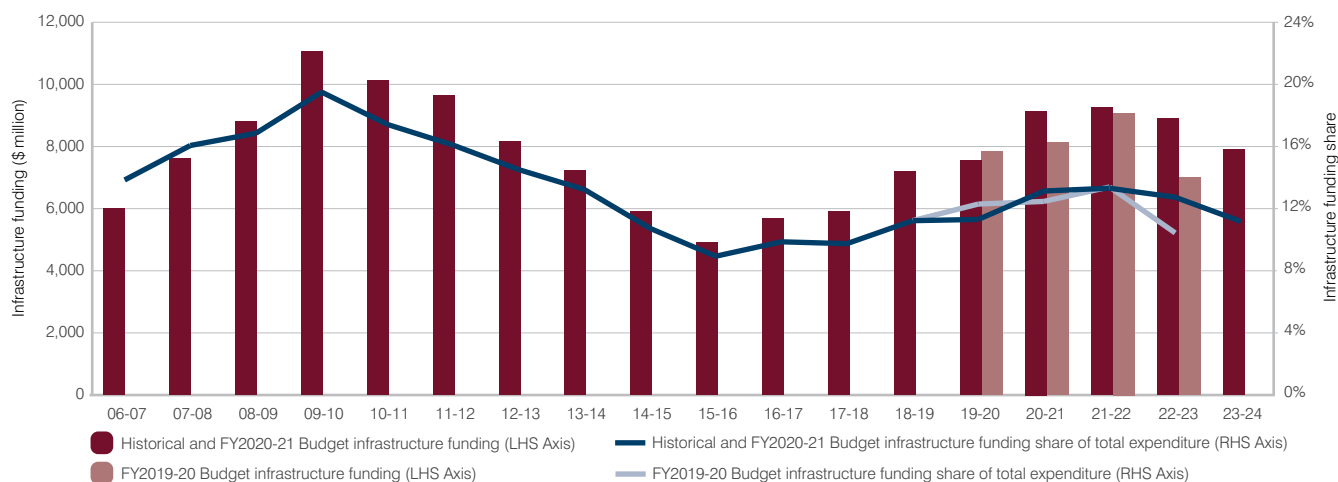
Social infrastructure remains a key priority for the Queensland Government

The Queensland Budget includes \$1.6 billion for health infrastructure. This includes funding for another key election commitment, the Building Better Hospitals program, with Logan, Caboolture and Ipswich Hospitals and Logan Maternity Services all allocated funding for expansion or upgrades. While funding has been allocated for planning of the construction of seven satellite hospitals across South East Queensland.

The Queensland Budget also outlines \$1 billion for the Great Schools, Great Future program, \$335 million for construction and refurbishment of all-purpose social housing, \$110 million to begin construction on the \$654 million [Southern Queensland Correctional Precinct](#) Stage Two project.



Figure 11: Queensland general government Infrastructure Funding



Queensland infrastructure statistics:

Value	Description
12.6%	Share of general government expenditure dedicated to infrastructure
12.3%	Decade-average share of Budget dedicated to infrastructure
▲ \$805m	Above decade-average infrastructure funding level over four years to FY2023-24
\$35.2b	Total infrastructure funding over four years to FY2023-24
+\$3.1b	Increase in infrastructure funding in this Budget

Major new funding allocations in Queensland:¹⁰



ROAD

\$3.4 billion
for M1 Pacific
Highway Upgrade¹¹



EDUCATION

\$1 billion
for Great Schools,
Great Future
program



JUSTICE

\$654 million
for Southern
Queensland
Correctional Precinct
Stage Two



HEALTH¹³

\$1.6 billion
for health
infrastructure

¹⁰ The Queensland Budget does not provide funding profiles over the forward estimates, therefore all key funding allocations except for the health sector represent project funding for the FY2020-21 and beyond

¹¹ The M1 Pacific Highway program of works is jointly funded between the Queensland and Federal Governments

¹² The Coomera Connector is being funded on a 50:50 basis between the Queensland and Federal Governments

¹³ This figure represents funding for FY2020-21

7TH PLACE: WESTERN AUSTRALIA



Despite more funding for infrastructure, Western Australia remains at the back of the pack

The 2020-21 WA Budget sees general government infrastructure funding increase by 25 per cent compared to last year's Budget. However, at 8.4 per cent, the share of spending on infrastructure leaves WA behind all other jurisdictions.

General government infrastructure spending is forecast to be \$10.9 billion over the forward estimates, increasing by \$2.2 billion compared to last year's Budget. This figure remains well-below the \$14.9 billion (in real terms) infrastructure spend recorded ten years ago.

The Budget includes a headline \$27.1 billion for infrastructure spending over the next four years, with much of this spending provisioned through Non-Financial Public Corporations (NFPC). As is the case in Queensland, this expenditure is not included in Infrastructure Partnerships Australia's analysis of taxpayer-funded infrastructure investment, because the cost will be borne by users not taxpayers.

With additional funding for transport, the WA Recovery Plan is a focal point

The WA Budget saw few new announcements, though a range of spending priorities had been outlined in the government's post-COVID economic recovery plan over the previous months.

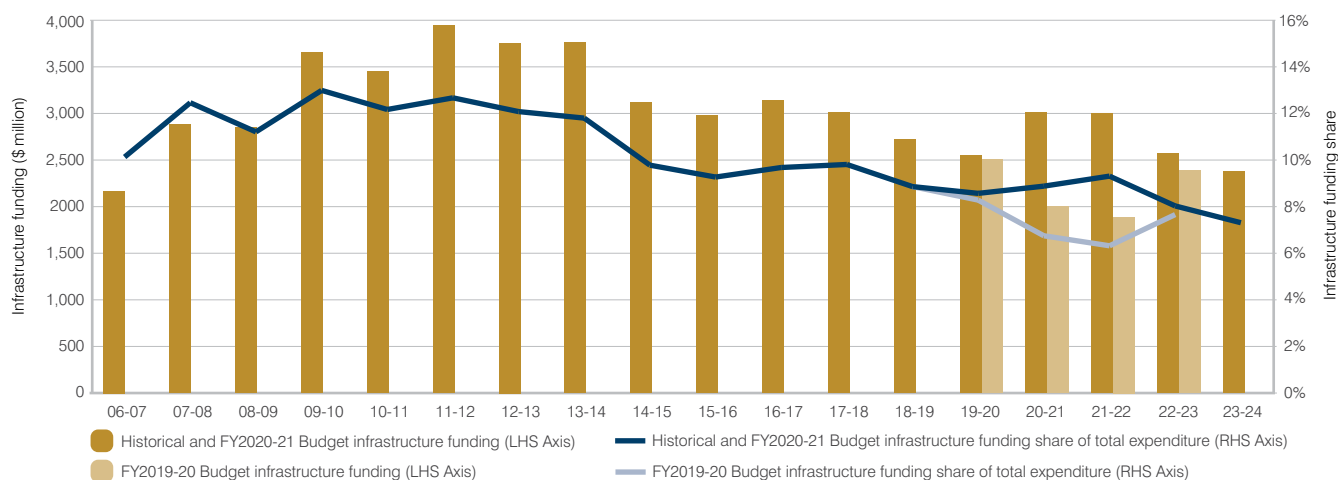
The 2020-21 Budget sees an additional \$1.9 billion in funding for various [METRONET](#) projects, bringing total METRONET spending to \$5.7 billion over the four years to FY2023-24. This includes additional funding for the [Morley-Ellenbrook Line](#), [Byford Rail Extension](#), Midland Station Redevelopment, and [High-Capacity Signalling Project](#).

The Budget includes a \$571 million increase in funding for roads since the Mid-Year Review. This includes \$227 million for the [Tonkin Highway Corridor Upgrades](#), and \$176 million for six new road and bridge projects under the Federal Government's Infrastructure Stimulus Package.

Beyond transport, an additional \$449 million for schools and \$275 million for social housing has been allocated as part of the WA Recovery Plan. This brings the total schools and social housing spend to \$1.5 billion and \$1.7 billion respectively over the next four years.



Figure 12: Western Australia general government Infrastructure Funding



Western Australia infrastructure statistics:

Value	Description
8.4%	Share of general government expenditure dedicated to infrastructure
10.5%	Decade-average share of Budget dedicated to infrastructure
▼ \$2.7b	Below decade-average infrastructure funding level over four years to FY2023-24
\$10.9b	Total infrastructure funding over four years to FY2023-24
+\$2.2b	Increase in infrastructure funding in this Budget

Major new funding allocations in Western Australia:¹⁴



RAIL

\$5.7 billion
for METRONET over
four years



ROAD

\$227 million
in additional funding
for Tonkin Highway
upgrades



HEALTH

\$213 million
in additional funding
for WA health



EDUCATION

\$449 million
for education
infrastructure

14. All funding allocations listed except the education sector are additional commitments bringing forward funding that had previously sat outside the forward estimates

FEDERAL GOVERNMENT

Record Federal infrastructure spending sets course for Australia's post-pandemic recovery

The Federal Government's role in driving infrastructure investment has historically been relatively limited, with the bulk of spending driven by the States and Territories. However, this year saw the Federal Government rise to the challenge of supporting the national recovery effort from COVID-19, providing \$50.8 billion for infrastructure over the four years to FY2023-24.

This constitutes a substantial jump of \$20.5 billion or 68 per cent compared to the projected four-year spend last year. Federal infrastructure funding levels are set to increase each year over the forwards, from \$10.6 billion in FY2020-21 to \$13.7 billion in FY2023-24. This brings infrastructure investment as a share of overall general government expenditure to 2.1 per cent – well above the decade average of 1.37 per cent.



Major transport infrastructure remains the Federal Government's key focus

Boosted by \$10.6 billion in additional and accelerated funding, this year's Budget allocates around \$36 billion for roads and \$10.5 billion for rail projects over the four-year horizon.

Additional funding includes \$7.5 billion for land transport projects, \$2 billion for the *Road Safety Program* to support small-scale road safety projects, and \$1 billion for the recently established *Local Roads and Community Infrastructure Program*.

In the short term, expenditure is focused on smaller capital, including \$3 billion over the next two financial years for road safety and local roads projects.

The 2020-21 Budget also sees funding for a number of the Federal Government's proposed rail megaprojects, which were previously outside of the forward estimates, which will enable works to get underway in the next four years. Additional funding announced for Sydney Metro –Western Sydney Airport Line and [Regional Rail Revival](#) as part of COVID-19 stimulus measures, headlines rail spending for FY2020-21. Further funding beyond FY2020-21 is allocated for Sydney Metro –Western Sydney Airport Line, Melbourne Airport Rail Link and Geelong Fast Rail.

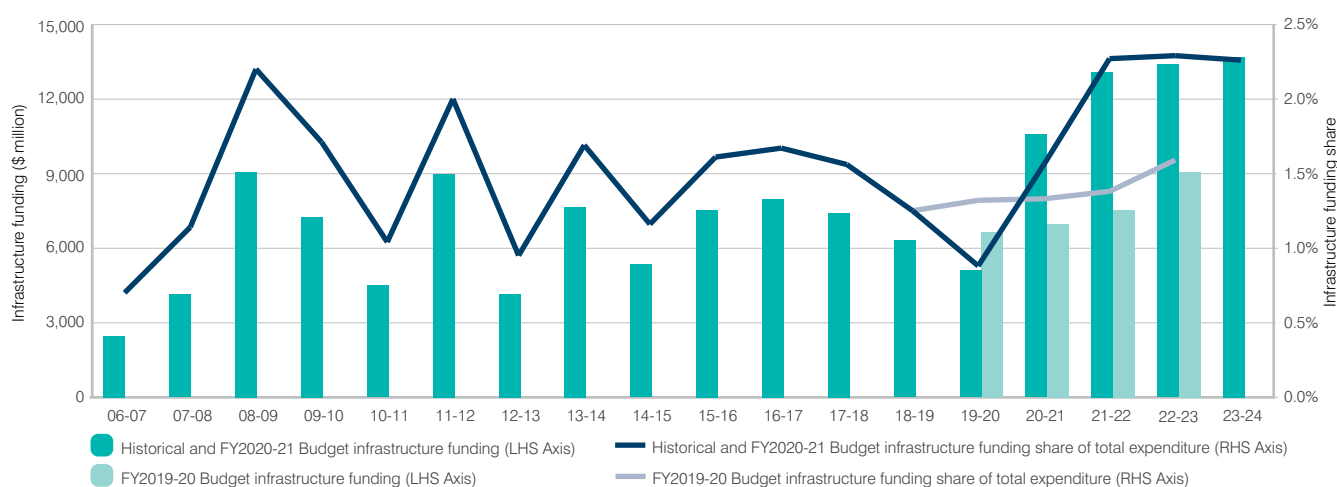
Funding is also framed around programs to improve resilience

Key investments of close to \$4 billion in energy and water sees a renewed focus on the Federal Government's national programs and policies aimed at improving resilience.

Supporting its Technology Investment Roadmap's priority areas of 'clean' hydrogen, energy storage, and carbon capture and storage, the Federal Budget provides \$1.9 billion over twelve years for energy infrastructure, with much of this to be distributed by the Australian Renewable Energy Agency. The National Water Infrastructure Development Fund sees an increase of \$2 billion in this Budget, more than doubling its previous allocation.



Figure 13: Federal general government Infrastructure Funding



Federal Government infrastructure statistics:

Value	Description
2.1%	Share of general government expenditure dedicated to infrastructure
1.4%	Decade-average share of Budget dedicated to infrastructure
▲ \$17.2b	Above decade-average infrastructure funding level over four years to FY2023-24
\$50.8b	Total infrastructure funding over four years to FY2023-24
+\$20.5b	Increase in infrastructure funding in this Budget

Major new funding allocations for the Federal Government:



ROAD¹⁵

\$36 billion
total investment in
roads



RAIL

4
megaprojects
in Sydney and
Melbourne
commencing in the
next four years



WATER

\$2 billion
allocated through
the National Water
Infrastructure
Development Fund



SOCIAL HOUSING

\$6.3 billion
in total payments
through the
National Housing
and Homelessness
Agreement¹⁶

15. This figure represents the funding allocation for the sector over the four-year period to FY2023-24

16. The capital funding allocation within this figure has not been specified.



Infrastructure Partnerships Australia

Suite 3.03, Level 3, 95 Pitt Street
Sydney NSW 2000
PO Box R 1771
Royal Exchange, NSW 1225
infrastructure.org.au