INFRASTRUCTURE PARTNERSHIPS AUSTRALIA

AUSTRALIA NEW ZEALAND INFRASTRUCTURE PIPELINE

AUSTRALIAN INFRASTRUCTURE BUDGET MONITOR 2022-23



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.

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MESSAGE FROM THE CEO

The 2022-23 Budget Season saw state and territory governments across Australia outline their fiscal plans for the next four years amongst growing economic and geostrategic uncertainty.

Despite this uncertainty, another high watermark in infrastructure spending was set, with $254.8 billion in general government expenditure allocated to infrastructure over the four years to FY2025-26. This is $6.8 billion or 2.7 per cent higher than the 2021-22 Budget Season.

For the second year running, Victoria has taken out top spot in Budget Monitor rankings with an $85.3 billion four-year allocation to infrastructure, which constitutes 22.7 per cent of the State's total general government expenditure. Despite being $4.9 billion lower than its FY2021-22 allocation, Victoria's allocation is comfortably above second place - New South Wales – which made an $88.4 billion allocation to infrastructure, equivalent to 17.9 per cent of general government expenditure.

Analysis of the infrastructure investments committed by Australian governments in the 2022-23 Budgets finds several strategies aimed at countering uncertainty. Most jurisdictions have reacted by only marginally increasing their spend, aiming to make more targeted investments that accompany the growth of their economies. Others have entered into newly expanded investment programs or maintained similar levels of high investment, acknowledging the difficulties in delivery in the current environment and accepting any underspends or reprofiling that may occur. Only two jurisdictions reduced their infrastructure allocations this year.

This year's infrastructure allocations are also an accurate reflection of the cyclical nature of infrastructure investment, with most allocations directed to existing projects. The majority of new allocations have been directed to smaller, more manageable investments. The presence of a sustained major projects pipeline, appropriately complemented by smaller projects, should be a source of pride for the sector as it demonstrates a sophisticated market able to recognise capacity challenges and respond appropriately.

While uncertainty may be an overarching macro theme this year, this may herald upside for the infrastructure sector. Historically, governments have looked to infrastructure for ballast in navigating uncertainty. By developing and implementing important reforms – such as minimising embedded carbon in project construction or improving visa-conditions for skilled migrants – the infrastructure sector can lead the way in solving complex, persistent problems, and move the broader Australian economy forward.

We hope you find the *2022-23 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*. Further detailed analysis of each jurisdiction's Budget is available exclusively for Infrastructure Partnerships Australia members at our 2022 Budget Hub.

Adrian Dwyer
Chief Executive Officer



Figure 1: 2022-23 Australian Infrastructure Funding Levels, ranked by share of Budget Expenditure

1st VIC	
Share	22.7%
Total	$85.3b
Change	-$4.9b

5th TAS	
Share	13.5%
Total	$4.9b
Change	+$1b

2nd NSW	
Share	17.9%
Total	$88.4b
Change	+$2.8b

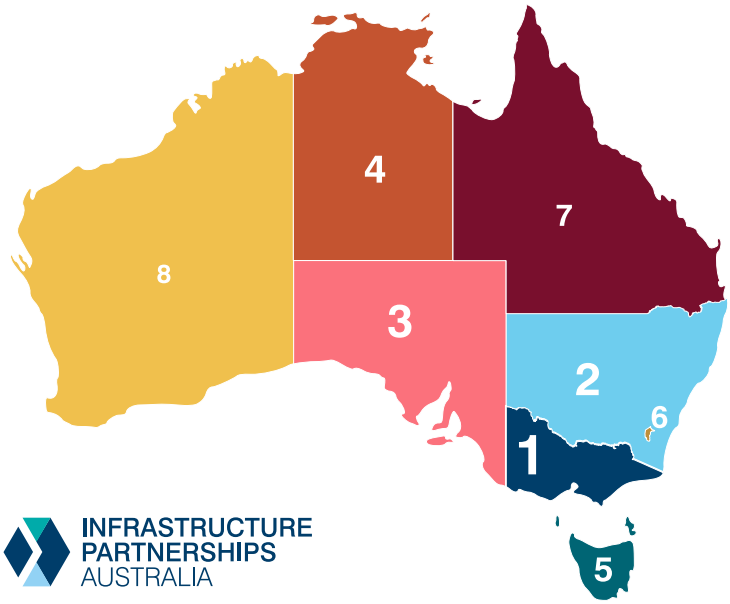
6th ACT	
Share	12.8%
Total	$4.4b
Change	+$0.2b

3rd SA	
Share	14.3%
Total	$15.3b
Change	+$0.6b

7th QLD	
Share	11.6%
Total	$37.6b
Change	+$5.7b

4th NT	
Share	13.8%
Total	$4.1b
Change	-$0.3b

8th WA	
Share	9.9%
Total	$14.9b
Change	+$1.8b



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Federal Government*	
Share	2.2%
Total	$61.3b
Change	+$4.4b

KEY Rank/Jurisdiction

Share of budget expenditure on infrastructure funding
Total infrastructure funding (over forward estimates)
Change to infrastructure funding program

*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



KEY INSIGHTS



A total of **$255 billion** in general government expenditure has been **allocated to infrastructure** over the four years to FY2025-26 – a **three per cent increase** over last year's allocations.

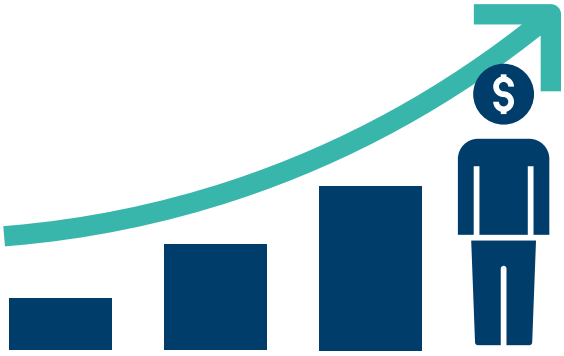
For the second consecutive year, **Victoria remains on top of the rankings**. The Victorian Government will spend **23 per cent** of its total general government expenditure on infrastructure over four years, a slight reduction on the 24 per cent share in last year's Budget.





Victoria and NSW continue to dominate the pipeline of committed funding, **accounting for 68 per cent** of total general government sector infrastructure spending over four years.

Average per capita expenditure on infrastructure over four years is now $9,842 – an increase of two per cent on the planned spend in last year's Budgets.



Infrastructure wave continues to build with yet another high watermark set in the 2022-23 Budgets

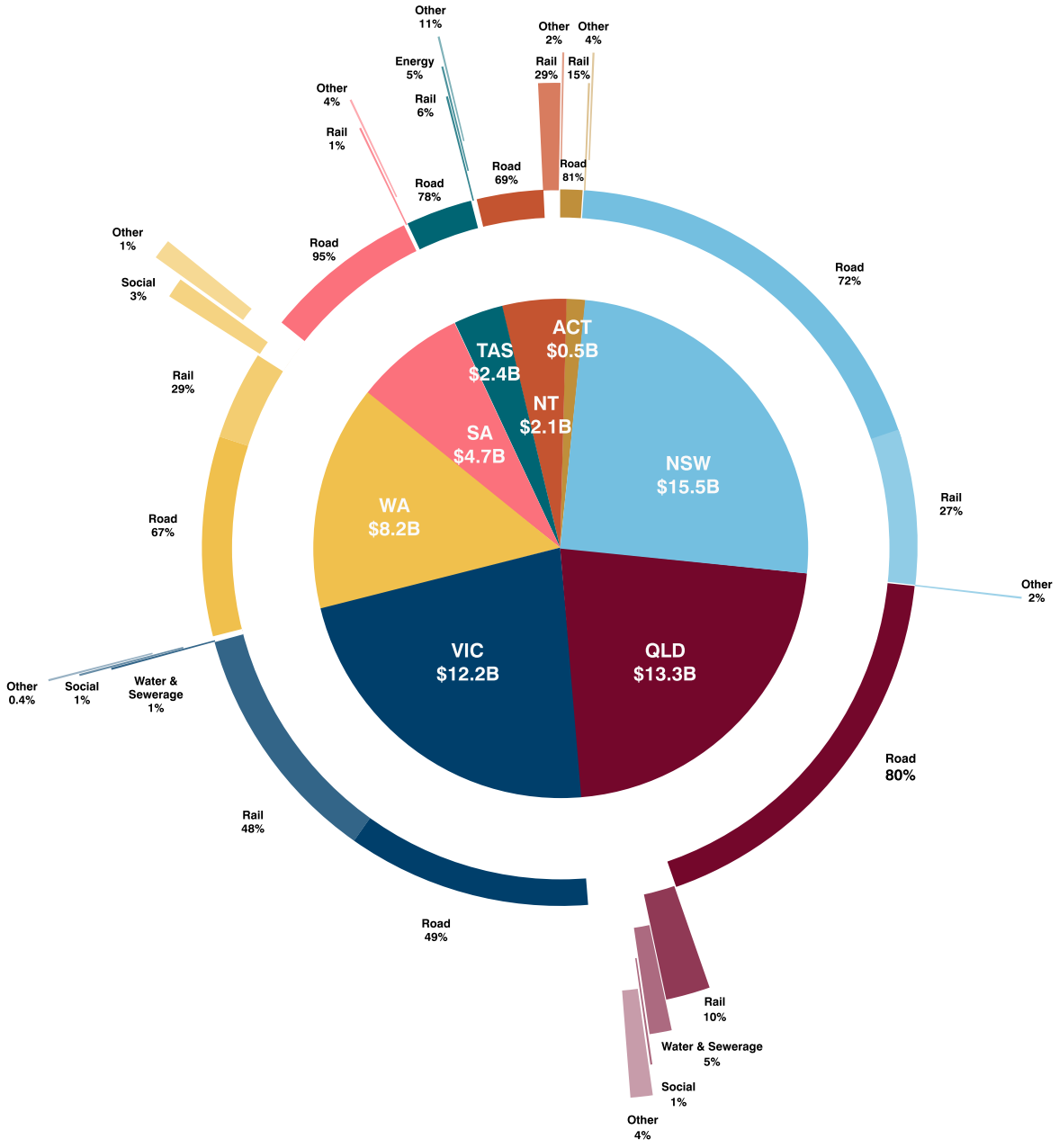
By allocating $254.8 billion of general government expenditure over the four years to FY2025-26, this year's Budgets have eclipsed last year's infrastructure spend of $248 billion – by 2.7 per cent.

While not included in the rankings, the Federal Government has again raised its infrastructure funding substantially – allocating over $61 billion in general government expenditure to infrastructure projects across the country.

Federal Government allocations to infrastructure have now increased 91 per cent since the 2019-2020 Budget.

The inside ring of Figure 2 shows each state and territory's allocation of Federal funding, while the outer ring breaks down each jurisdiction's funding by infrastructure asset class.

Figure 2: Federal Budget infrastructure allocations by jurisdiction and asset class



Jurisdiction Rankings

After taking top spot last year for the first-time, Victoria has once again finished in first place in the *Budget Monitor* rankings with an $85.3 billion allocation to infrastructure – representing a 22.7 per cent of the State's total general government expenditure. Victoria defends its position in top spot despite moderating its four-year allocation by $4.9 billion in response to a heated infrastructure market.

New South Wales takes second place allocating $88.4 billion in general government expenditure to infrastructure over four years. This represents a $2.8 billion or three per cent increase on the State's 2021-22 four-year allocation, however due to a 10 per cent increase in total general government expenditure, the State's share of general government expenditure has declined from 19 per cent to 17.9 per cent.

South Australia and the Northern Territory have swapped places in this year's rankings, with South Australia moving up to third place after increasing its four-year share of total spending on infrastructure to 14.3 per cent, while the Northern Territory takes fourth place by decreasing its share from 15 per cent to 13.8 per cent.

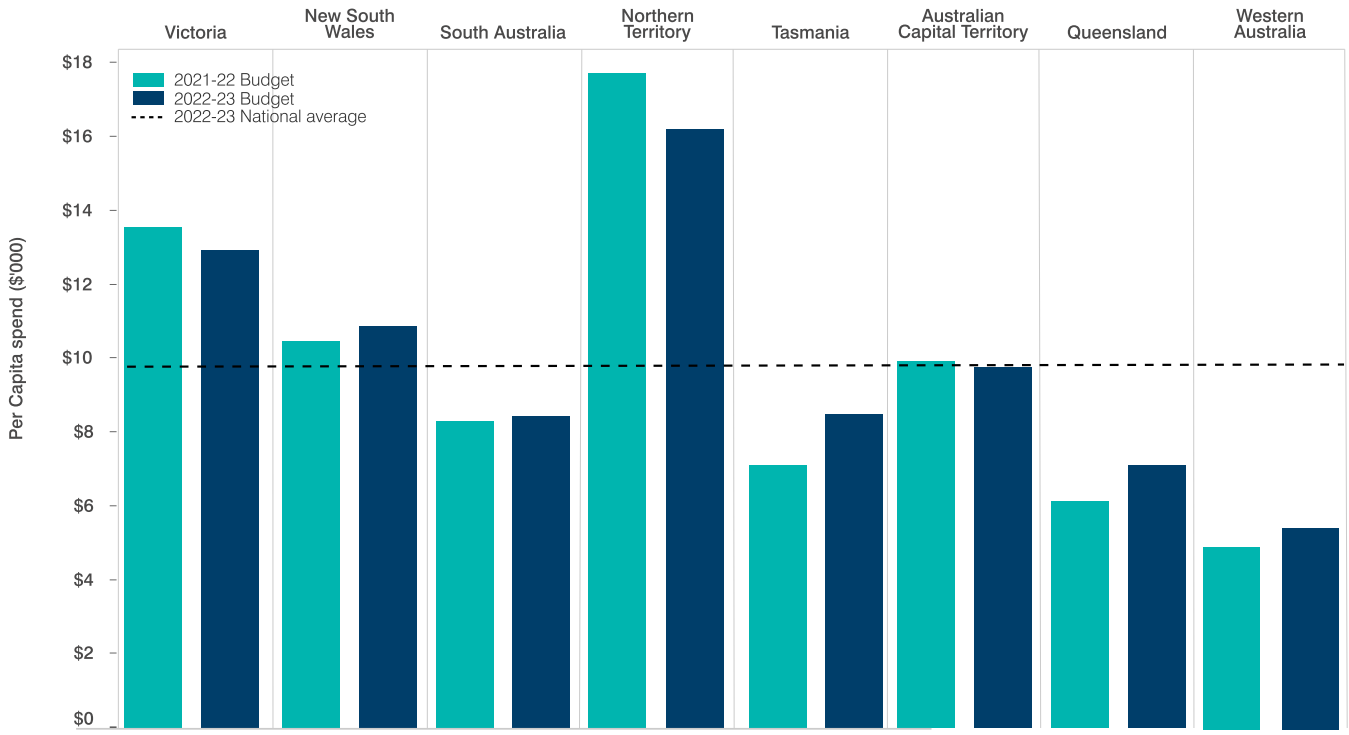
Similarly, Tasmania and the Australian Capital Territory have traded places, with Tasmania taking fifth place in its 13.5 per cent allocation to infrastructure. The Australian Capital Territory finishes in sixth place at 12.8 per cent, down from 13.1 per cent last year.

Queensland remains in seventh place with 11.6 per cent allocated for infrastructure over four years. Queensland's rank comes despite a $5.8 billion, 19 per cent increase in infrastructure spending. The Western Australian Budget delivered an infrastructure funding share of 9.9 per cent of general government expenditure – above the 10-year average of 9.5 per cent. However, the State remains in last place in the rankings for the sixth consecutive year.

Per Capita Infra Spend Anaylsis

This year's Budget season sees mixed results for per capita infrastructure spend, with most states delivering minor increases. A $1,400 per person increase in Tasmania and a $1,500 per person decrease in the Northern Territory provide exceptions to this rule. Despite this decrease, the smaller population and large geography of the Northern Territory sees it deliver the highest per capita infrastructure spend again. The moderation of infrastructure spending sees a $600 decline per person in Victoria, however this remains significantly higher than the historical average after the $3,000 increase delivered in the 2021-22 Budget. Figure 3 shows per capita infrastructure investment across Australia over the last two years.

Figure 3: Per capita infrastructure funding by state and territory



ABOUT THE BUDGET MONITOR

Background

Infrastructure Partnerships Australia's *Australian Infrastructure Budget Monitor* (*Budget Monitor*) measures infrastructure funding commitments by jurisdictions for the current Budget year and forward estimates (being FY2022-23 to FY2025-26). 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. The purpose of the *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 as all governments face the unifying challenge of navigating away from the economic disruptions of the last two years and into the rebuilding task ahead in the medium- to long-term.

Methodology

The strength of each jurisdiction's infrastructure program is assessed according to the aggregate general government sector infrastructure funding commitment over the period FY2022-23 to FY2025-26 as a share 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 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 and energy 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 *Budget Monitor* may differ from the headline figures governments use in media releases and interviews related to infrastructure funding.

As government priorities evolve, we include new vehicles and sources of infrastructure funding across governments' broad remits and portfolios. For example, from the 2021-22 Federal Budget we commenced tracking a number of additional funding measures, ensuring we capture capital expenditure on all forms of infrastructure. We ensure all funding items and associated measures are traced back and added to previous years' aggregates where necessary to retain comparability. All costs and funding commitments quoted in the *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 2022.[1] In calculating per capita expenditure for the 2021-22 and 2022-23 Budgets, Australian Bureau of Statistics' population estimates for the first quarters of 2021 and 2022 have been used.[2]

Following a change of Government in May, the new Federal Government handed down its first Budget in October. As the pre-election Budget handed down in March by the previous Federal Government was never legislated, it can be considered the 'Budget that never happened'. For this reason, this edition of the Budget monitor only references the October Federal Budget.

1. Australian Bureau of Statistics, 2022, Consumer Price Index, Australia, March 2022, Table 1.
2. Australian Bureau of Statistics, 2022, National, state and territory population, Time series spreadsheet: Population - states and territories.

1ST PLACE: VICTORIA

Victoria sits atop the Budget Monitor rankings for the second year running

The 2022-23 Victorian Budget continues Victoria's investment in a major pipeline of projects, with an $85.3 billion four-year allocation to general government infrastructure expenditure. This represents approximately $1.8 billion per month in infrastructure spending and equates to 22.7 per cent of general government expenditure.

Acknowledging the challenges of a heated infrastructure market, the four-year allocation for infrastructure is a $4.9 billion reduction in infrastructure funding from the record levels set in last year's Budget. This is compounded by a $5.3 billion or 22 per cent underspend on the planned outlay in FY2021-22. Despite this reduction, Victoria remains at the top of *Budget Monitor* rankings after overtaking NSW for the first time last year.



Transport spending is headlined by previously announced and under delivery projects

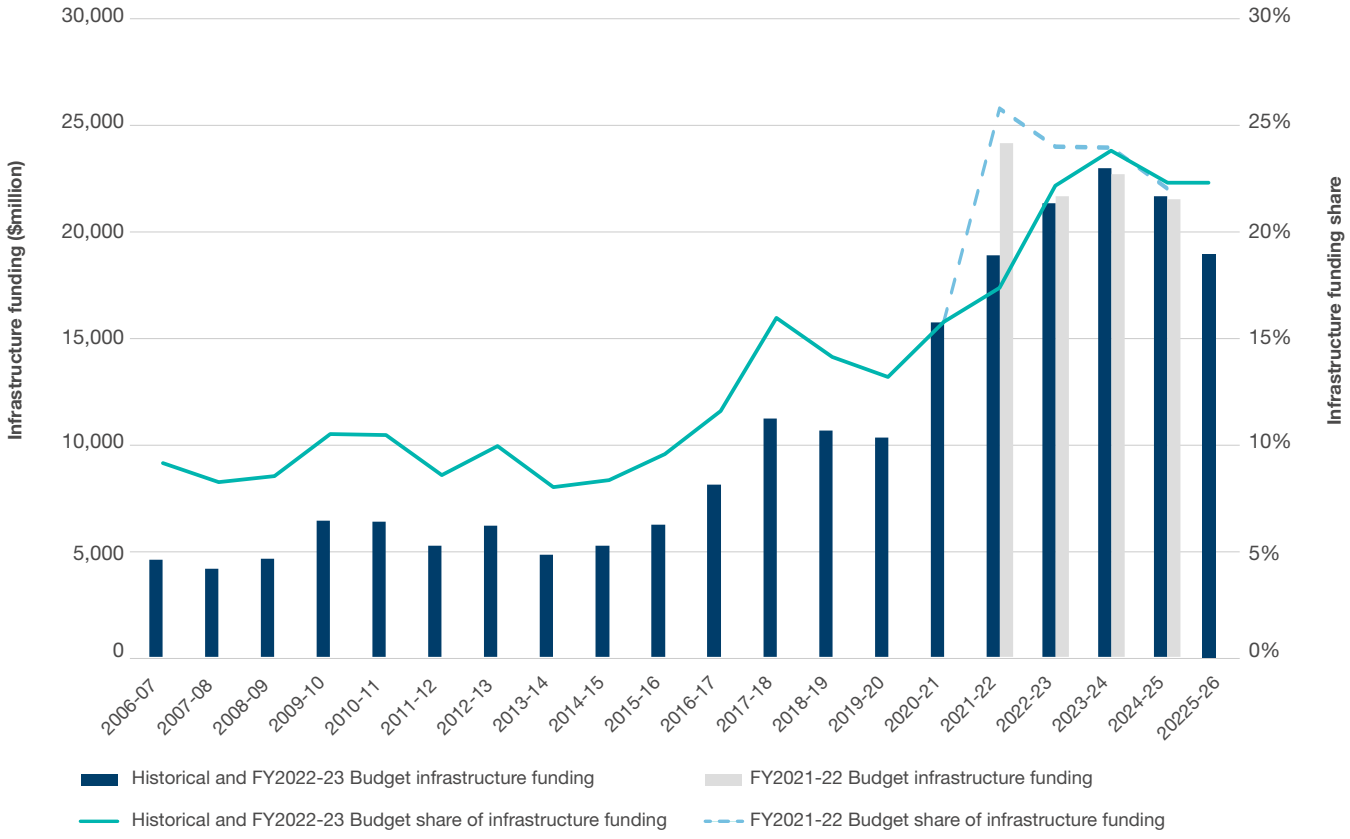
The Budget includes few new major commitments in road and rail infrastructure, with the majority of funding flowing to previously announced projects or those already under delivery. The West Gate Tunnel was allocated $2.2 billion in FY2022-23 with project completion expected by 2025. North East Link received $1.9 billion in FY2022-23 with completion expected in FY2028-29. In rail, the Level Crossing Removal Project continues with a total of $2.6 billion in capital spending planned in FY2022-23. The Suburban Rail Loop – Initial and Early Works package was progressed, with $372 million in funding allocated for FY2022-23. The total estimated cost for the full Suburban Rail Loop - East project has now increased from $30 billion to $34.5 billion.

Social infrastructure remains a key priority

The 2022-23 Victorian Budget includes a major focus on health, with $2.9 billion allocated for new and upgraded health infrastructure over the next four years. As part of this investment program, $1 billion has been committed toward the new Melton Hospital project, $525 million to the Barwon Women's and Children's Hospital, and $236 million to Emergency Departments Expansions at Casey Hospital and Werribee Mercy Hospital.

The Budget also includes a focus on enhancing elective surgery availability, with an additional $513 million allocated to the Frankston Hospital Redevelopment, bringing the project's total estimated cost to $1.1 billion. Separately, an additional $504 million has been allocated toward the New Footscray Hospital project, bringing that project's total estimated cost to $2 billion.

The Budget allocates $1.6 billion in capital investment in education and skills infrastructure – a $200 million increase on last year. This includes $527 million for construction of 13 new schools across the State, and additional stages at four existing schools. In housing, $260 million has been allocated towards the Ground Lease Model Project Two PPP, and an additional $1 billion was made available in low interest loans and government guarantees to community housing agencies to deliver social and affordable housing.



Victoria infrastructure statistics

Value	Description
22.7%	Share of general government expenditure dedicated to infrastructure
12.9%	Decade-average share of Budget dedicated to infrastructure
▲ $36.6b	Above decade-average infrastructure funding level over four years to FY2025-26
$85.3b	Total infrastructure funding over four years to FY2025-26
-$4.9b	Decrease in infrastructure funding in this Budget

Major new funding allocations in Victoria:

HEALTH

$1 billion
for the
New Melton Hospital

EDUCATION AND SKILLS

$527 million
for new schools

HOUSING

$260 million
for the Ground Lease Model Stage Two

RAIL

$250 million
for new V'Locity trains

2ND PLACE: NEW SOUTH WALES

Breaking last year's state record, New South Wales allocates a historic $88 billion to infrastructure spending

The NSW Budget allocates $88.4 billion in general government infrastructure expenditure over the next four years. This is a $2.8 billion, or a three per cent, increase on the planned outlay in last year's NSW Budget. At 17.9 per cent of total general government spending, the government's concentration of funds on infrastructure remains well-above the 10-year average of 15.3 per cent.

The Budget provides commentary on a range of constraints and risks in delivery of the upcoming pipeline, underscored by a project infrastructure expenditure underspend of $3.5 billion or 15 per cent in the 2021-22 financial year. Despite these constraints, NSW remains in a comfortable second position in *Budget Monitor* rankings.

Spending is mostly directed toward the existing pipeline of work with few new allocations

In line with Infrastructure NSW's recommendation in their *2022-2042 State Infrastructure Strategy*[3], the 2022-23 Budget contains no new megaproject investments, instead focusing on the delivery of the existing pipeline of major projects, in addition to smaller and medium-sized capital investments, digital upgrades, and network enhancements.

New projects receiving funding are headlined by the $340 million Mona Vale Road Duplication and the $266 million Mulgoa Road Duplication, as well as $99 million in FY2022-23 for the NSW Ambulance Infrastructure Program. In rail, new funding in this year's Budget is headlined by the Digital Systems Program – Tranche Two, aimed at improving the efficiency of the suburban Sydney rail network. The project will deliver new signalling and train control systems, with $661 million allocated over the next four years.

$602 million has also been committed for the first phase of Parramatta Light Rail – Stage Two.

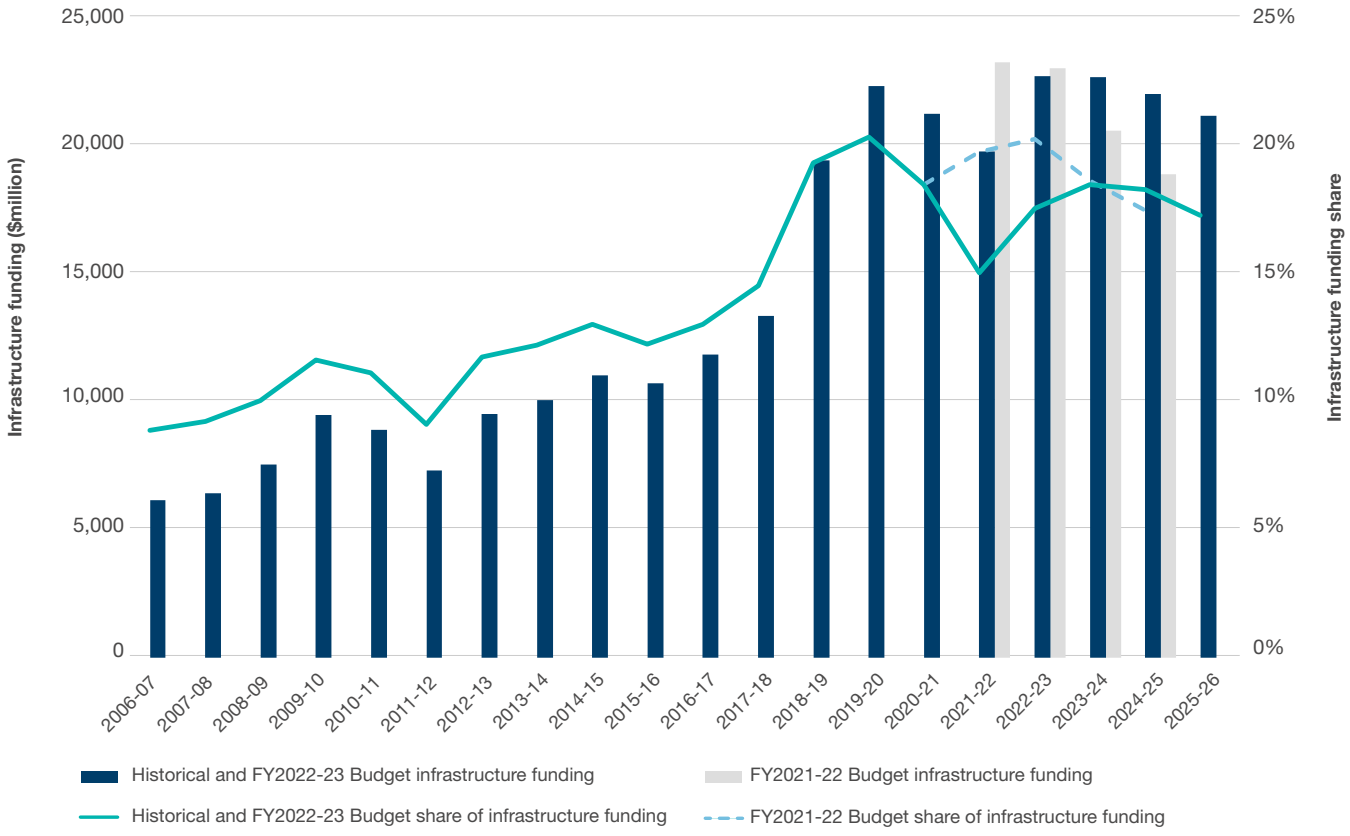
Sydney Metro dominates expenditure allocation to existing projects

With $25.9 billion in planned capital expenditure over the four years to FY2025-26, Sydney Metro remains the key focus of NSW's infrastructure program. Of this, $12.4 billion has been allocated over the next four years to Sydney Metro – West, with the Central and Western Tunnelling packages set to commence construction in January 2023. $8.4 billion was allocated over the years to FY2025-26 for the Western Sydney Airport package, jointly funded with the Federal Government, while a separate $60 million was also allocated to planning for the Western Sydney Airport Line Stage Two. The City and Southwest line has also seen further allocations of $5.1 billion, bringing the total cost to $18.1 billion.

The Budget provides continuation of funding for major road projects over the next four years to FY2025-26, including $3.2 billion for the Great Western Highway Upgrade, $2.3 billion for the M6 Extension Stage One, and $1.9 billion for the Princes Highway – Jervis Bay to the Victorian Border. $4.1 billion was also allocated over four years for the Western Harbour Tunnel Upgrade and Beaches Link planning, however the Budget Papers revealed that the Beaches Link received only $1 million of this in FY2022-23 with no specified delivery timeline. Other existing projects with substantial funding include the $1.3 billion Bankstown-Lidcombe Hospital, and the Bradfield City Centre Stage One Enabling Works, which was allocated $870 million.



3. Staying Ahead: State Infrastructure Strategy 2022-2042, Infrastructure NSW, May 2022, p. 161.



New South Wales infrastructure statistics

Value	Description
17.9%	Share of general government expenditure dedicated to infrastructure
15.3%	Decade-average share of Budget dedicated to infrastructure
▲ $12.8b	Above decade-average infrastructure funding level over four years to FY2025-26
$88.4b	Total infrastructure funding over four years to FY2025-26
+$2.8b	Increase in infrastructure funding in this Budget

Major new funding allocations in New South Wales

HEALTH

$11.9 billion

for health infrastructure

EDUCATION

$9.2 billion

for education and skills infrastructure

RAIL

$602 million

for the Parramatta Light Rail Stage Two

HOUSING

$554 million

for new and upgraded social housing

3RD PLACE: SOUTH AUSTRALIA

South Australia increases spending and rises to third place in Budget Monitor rankings

The SA Budget includes an infrastructure investment of $15.3 billion, or 14.3 per cent of general government expenditure over the next four years, including $3.5 billion in FY2022-23. The four-year infrastructure spending represents a $573 million increase on the previous SA Budget. The 14.3 per cent share of total government expenditure for infrastructure over the next four years is significantly higher than the 10-year average of 10.8 per cent.

Budget spending targeted at additional funding for number of new and existing road projects

The Budget includes a range of additional funding allocations for new and existing road projects, including $400 million over five years (including $50 million outside the forward estimates) for the new Marion Road – Anzac Highway to Cross Road upgrade, and an additional $125 million over two years from FY2023-24 to fully duplicate Main South Road between Seaford and Sellicks Beach and for other upgrades on Main South Road.

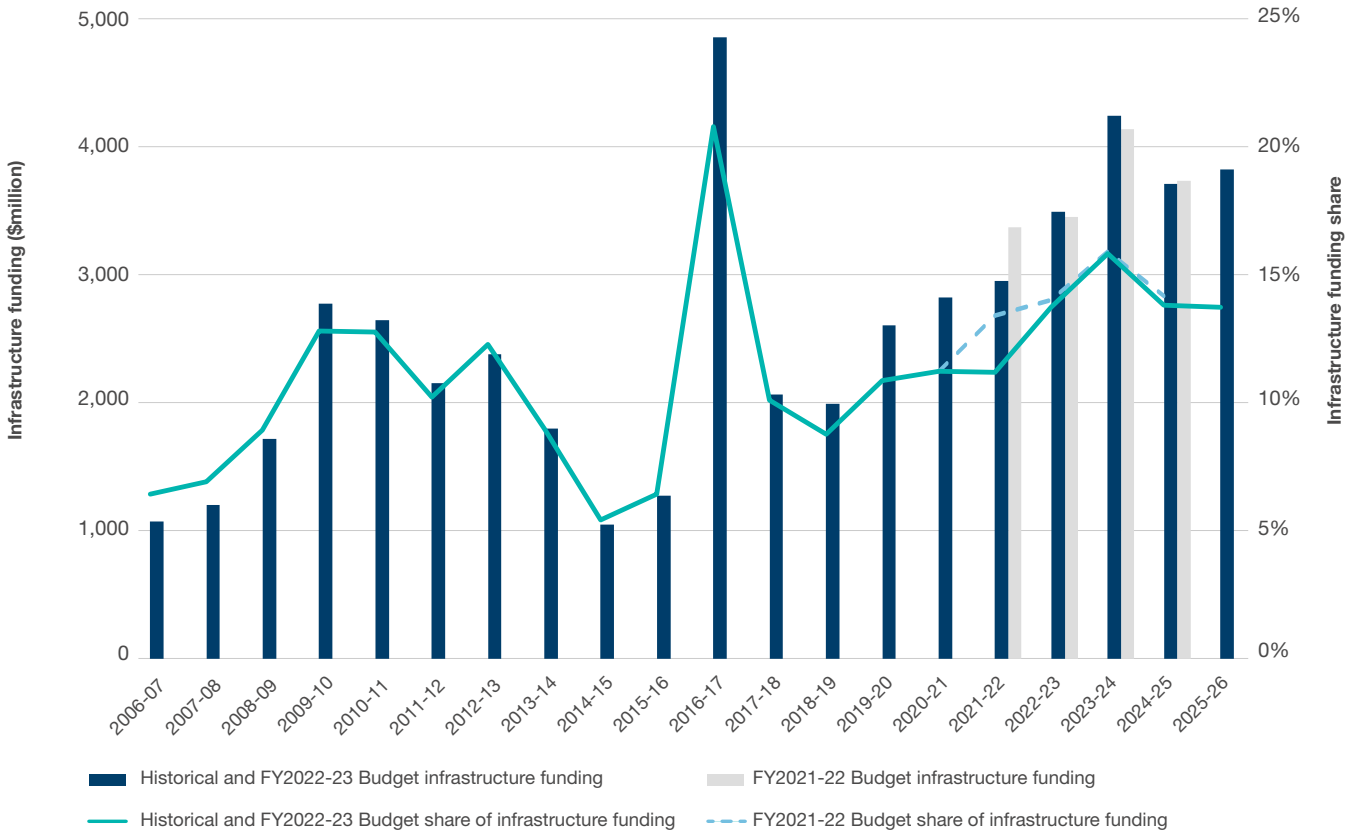
The funding profile for other previously announced projects sees $390 million allocated for the $9.9 billion North-South Corridor – Torrens to Darlington project in 2022-23. $228 million is allocated in FY2022-23 for the $560 million Fleurieu Connections Package, including the additional funding for duplication of Main South Road listed above.

Social infrastructure allocations are headlined by a $400 million commitment, jointly funded by the Federal and SA Governments, to deliver the Flinders Medical Centre upgrade and expansion, however, only $161 million has been profiled over the next four years, with the remainder lying outside the forward estimates. The New Mount Barker Hospital has been allocated $127 million over the next four years, including $5 million in FY2022-23.

In line with election commitments, the new Government of South Australia commences roll back of public transport franchises and Riverbank Arena

The newly elected Labor Government, led by Peter Malinauskas, has followed their election commitments not to move ahead with the Adelaide Metro Train, Tram and Bus contracts. $1 million was allocated in FY2022-23 for a Commission of Inquiry to advise the government on how to execute this commitment. The government has also cancelled the $662 million Adelaide Riverbank Arena project.





South Australia infrastructure statistics

Value	Description
14.3%	Share of general government expenditure dedicated to infrastructure
10.8%	Decade-average share of Budget dedicated to infrastructure
▲ $3.7b	Above decade-average infrastructure funding level over four years to FY2025-26
$15.3b	Total infrastructure funding over four years to FY2025-26
+$573m	Increase in infrastructure funding in this Budget

Major new funding allocations in South Australia

ENERGY

$593 million

for the Hydrogen Jobs Plan

ROADS

$400 million

for the Marion Road - Anzac Highway to Cross Road upgrade

HEALTH

$400 million

for the Flinders Medical Centre upgrade

EDUCATION

$175 million

for five new technical colleges

4TH PLACE: NORTHERN TERRITORY

The Northern Territory moves down a ranking to fourth place

The NT Government allocated $4.1 billion in general government infrastructure expenditure over the next four years, including $1.1 billion in FY2022-23. This allocation is a 7.2 per cent decrease on the last Budget's record allocation of $4.4 billion. Despite this decrease, infrastructure expenditure as a share of total government expenditure equates to 13.8 per cent and remains higher than the 10-year average of 12.8 per cent – representing a $287 million boost over the long-term trend.

Road and housing expenditure underpins Northern Territory Government's expenditure

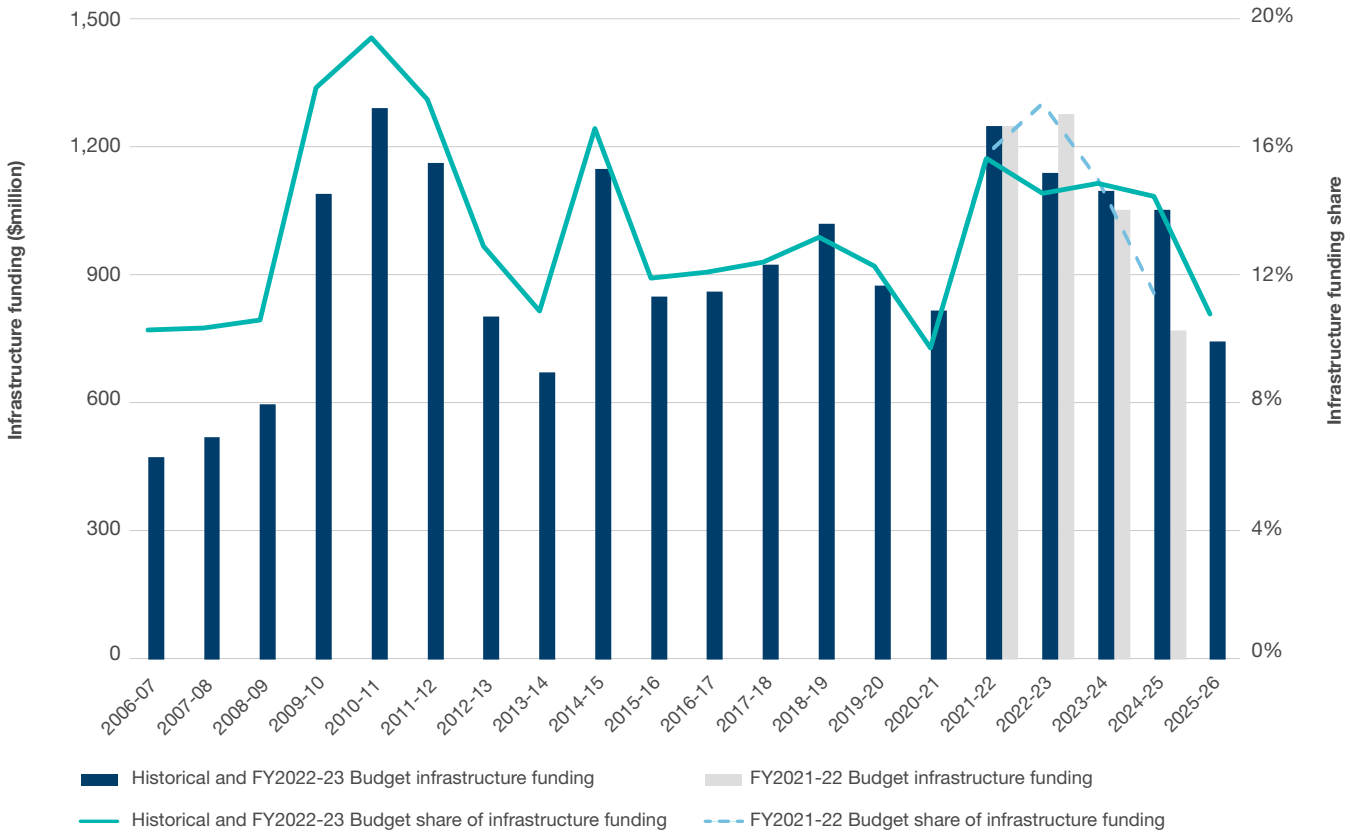
The NT's capital program includes a continued focus on transport, comprising 50 per cent of committed infrastructure expenditure. Investments in housing and community assets account for 27 per cent of infrastructure spending, with other social infrastructure sectors making up 11 per cent.

The Budget sees $1.7 billion committed to transport spending over four years, including $143 million for upgrades to the Carpentaria Highway, $121 million for the Central Arnhem Road upgrade, $110 million for the Tiger Brennan Drive and Berrimah Road intersection, as well as $74 million towards the Outback Way Upgrade. Additionally, the Darwin Ship Lift Facility was allocated $121 million in FY2022-23.

$897 million has been allocated for housing and community amenities, an increase of $144 million on last year's Budget. This allocation includes $690 million over four years to build and refurbish remote Aboriginal housing across the Territory.

In health, $123 million has been allocated to construct and upgrade hospitals and health facilities, with $36 million allocated to the continuing expansion of the mental health inpatient unit at Royal Darwin Hospital, and $25 million allocated to a new ambulatory care centre at Alice Springs Hospital.





Northern Territory infrastructure statistics

Value	Description
13.8%	Share of general government expenditure dedicated to infrastructure
12.8%	Decade-average share of Budget dedicated to infrastructure
▲ $287m	Above decade-average infrastructure funding level over four years to FY2025-26
$4.1b	Total infrastructure funding over four years to FY2025-26
-$315m	Decrease in infrastructure funding in this Budget

Major new funding allocations in Northern Territory

TRANSPORT

$1.7 billion

for transport infrastructure

HOUSING

$690 million

for remote Aboriginal housing

CULTURAL

$187 million

for recreation and cultural infrastructure

HEALTH

$123 million

for health infrastructure

5TH PLACE: TASMANIA

Tasmania makes considerable infrastructure investment this year and rises back up the rankings to fifth place

The Tasmanian Budget allocated $4.9 billion to general government infrastructure spending over the next four years, including $1.3 billion in FY2022-23. This four-year infrastructure spend is a significant $1 billion or 26 per cent higher than the previous Tasmanian Budget. The increase means that 13.5 per cent of the Tasmanian Government's general government expenditure is apportioned to infrastructure, 1.8 percentage points higher than last year and significantly higher than the state's ten-year average of nine per cent.

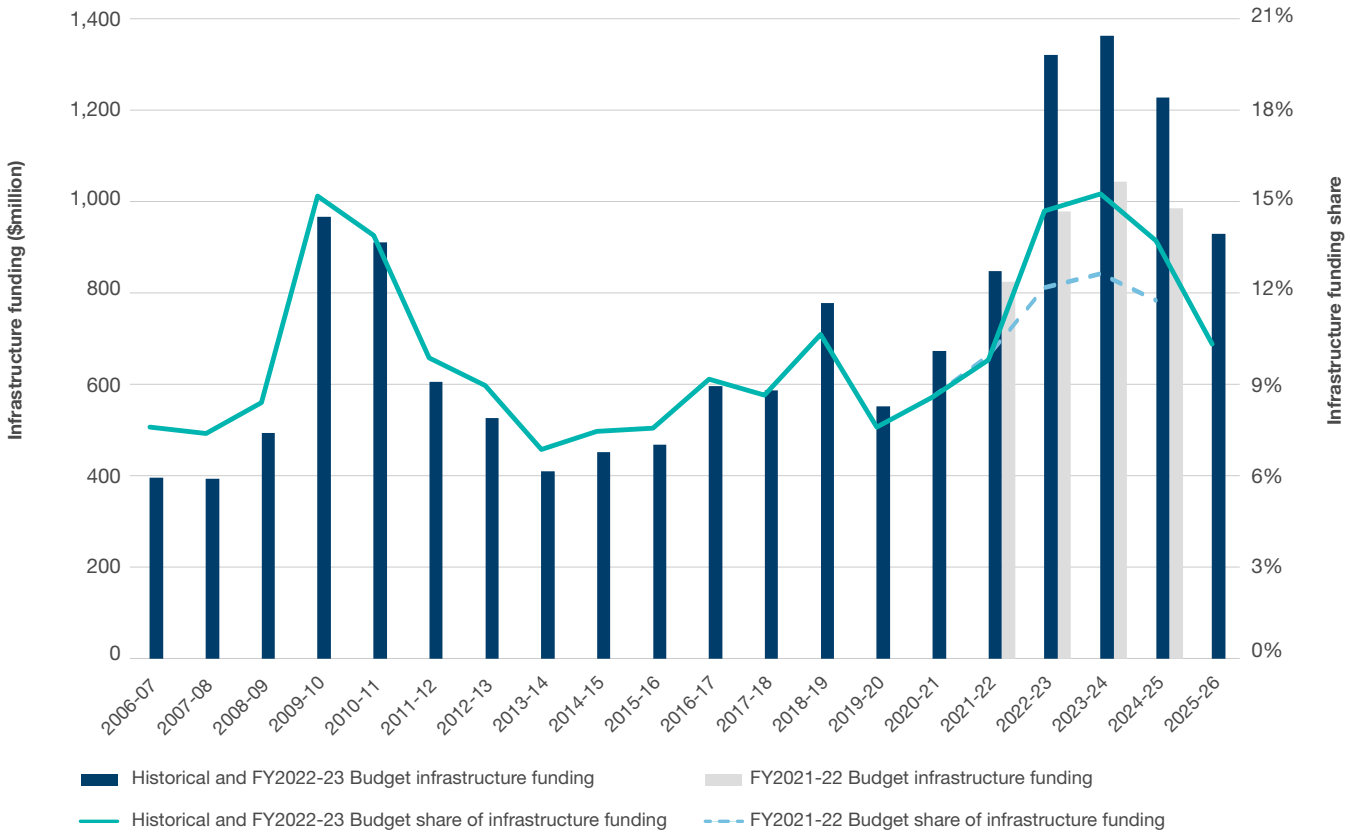
Despite increased levels, the majority of funding is allocated to existing projects

In transport, there are few new funding commitments within the $2.7 billion allocated to roads and bridges over the next four years. This includes $731 million over the next four years for the $786 million New Bridgewater Bridge project, with $251 million in FY2022-23 – completing the project's funding profile.

$538 million was committed to housing in this Budget, with the initial $35 million allocation for a $1.5 billion New Housing Package expected to provide an additional 10,000 social and affordable housing by 2032. The Budget also allocates $141 million to the existing Extended Social Housing Build program, which has an estimated total cost of $280 million.

In health, $150 million over four years has been provided towards the Digital Health Transformation program. The Budget also allocates funding to the previously announced $667 million Launceston General Hospital Redevelopment, with $38 million over three years for Stage One and $50 million over four years for Stage Two. $183 million has been allocated to the Royal Hobart Hospital Redevelopment – Stage Two, including $26 million in FY2022-23.





Tasmania infrastructure statistics

Value	Description
13.5%	Share of general government expenditure dedicated to infrastructure
8.6%	Decade-average share of Budget dedicated to infrastructure
▲ $1.8b	Above decade-average infrastructure funding level over four years to FY2025-26
$4.9b	Total infrastructure funding over four years to FY2025-26
+$1b	Increase in infrastructure funding in this Budget

Major new funding allocations in Tasmania

ROAD

$2.7 billion
for roads and bridges

HOUSING

$538 million
for housing projects

HEALTH

$490 million
for health infrastructure

EDUCATION

$314 million
for education infrastructure

6TH PLACE: AUSTRALIAN CAPITAL TERRITORY

The Australian Capital Territory maintains a steady pipeline, but drops to 6th place as other jurisdictions increase spend

The 2022-23 ACT Budget includes an infrastructure investment of $4.4 billion in general government expenditure over the four years to FY2025-26. This capital commitment to infrastructure is $163 million more than the 2021-22 Budget, representing an increase of four per cent. The share of total government expenditure on infrastructure is now 12.8 per cent, down from 13.1 per cent last year, but remaining above the ten-year average of 11.8 per cent.

This year's Budget continues to follow a five-year budgeting and reporting cycle for its capital works program, including for general government sector infrastructure spending – with the five-year total infrastructure commitment being $5.4 billion. However, to maintain comparability of commitments – both as a share of total spending, and across State, Territory and Federal levels – the *Budget Monitor* will continue to apply the standard four-year budgetary forecast, accounting for the current Budget year and the three forward estimate years.

Under delivery projects receive the bulk of the Australian Capital Territory's infrastructure funding

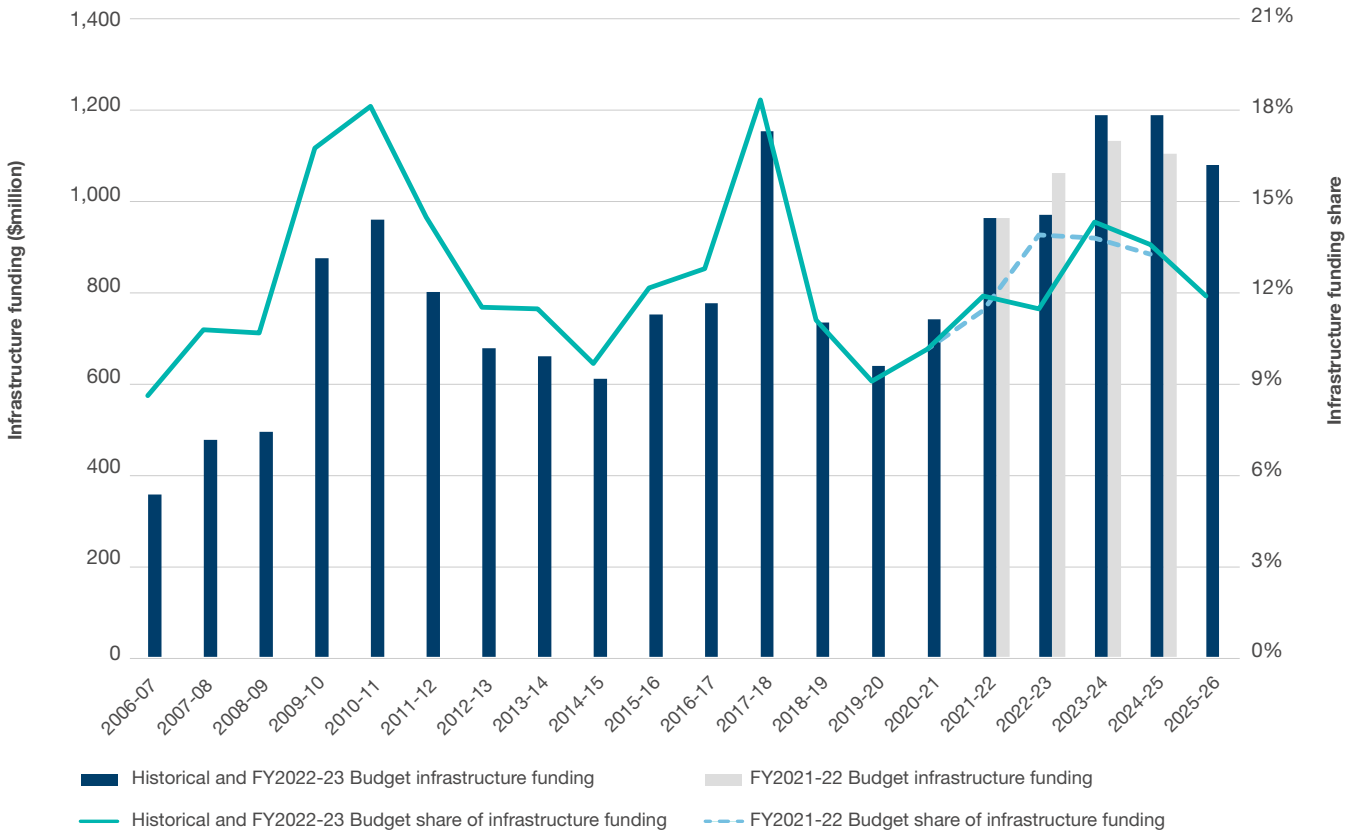
The $4.4 billion commitment over the next four years includes $683 million for new capital works in this year's Budget, $315 million to improve existing infrastructure, $2.5 billion to continue capital works currently under delivery, as well as a further $1.2 billion in provisions for projects yet to receive final approvals.

In transport, $74 million has been allocated to enabling works for the ACT Light Rail Stage Two – Raising London Circuit over the two years to FY2023-24. Separately, $50 million has been committed to ACT Light Rail Stage Two and associated enabling works in FY2022-23. In total, Canberra's Transport and City Services Directorate has been allocated $1 billion over the next four years.

In health, the Canberra Hospital Expansion has been provided $453 million over four years, including $190 million in FY2022-23. The ACT Health Directorate and Canberra Health Services has been allocated a combined $344 million for capital expenditure over the four years to FY2025-26.

In education, $285 million over four years has been announced for the new Canberra Institute of Technology campus in Woden and Bus Interchange, including $44 million in FY2022-23. The Education Directorate has also been allocated $681 million for capital expenditure over the four years to FY2025-26.





Australian Capital Territory infrastructure statistics

Value	Description
12.8%	Share of general government expenditure dedicated to infrastructure
11.8%	Decade-average share of Budget dedicated to infrastructure
▲ $363m	Above decade-average infrastructure funding level over four years to FY2025-26
$4.4b	Total infrastructure funding over four years to FY2025-26
+$163m	Increase in infrastructure funding in this Budget

Major new funding allocations in Australian Capital Territory

TRANSPORT

$1 billion

for the Transport and City Services directorate

EDUCATION

$681 million

for education infrastructure

HEALTH

$453 million

for the Canberra Hospital expansion

HEALTH

$344 million

for other health infrastructure

7TH PLACE: QUEENSLAND

Queensland infrastructure allocation recovers last year's lost ground but remains in 7th place

The 2022-23 Queensland Budget allocates $37.6 billion in general government expenditure to infrastructure over the next four years. This is a $5.7 billion, or 18 per cent, increase from last year's Budget. However, at 11.6 per cent of general government expenditure, this commitment lands only slightly above the ten-year average of 11.4 per cent.

Capacity Expansion Program headlines new allocations, while transport program sees few new allocations

The Queensland Government's health capital program includes $1.5 billion in FY2022-23, with the Budget laying out a six-year $9.8 billion Queensland Health Capacity Expansion Program to deliver approximately 2,200 additional overnight beds. Of this, $5.7 billion has been profiled over the next four years, and includes delivery of new hospitals in Bundaberg, Toowoomba and Coomera and the $750 million Queensland Cancer Centre.

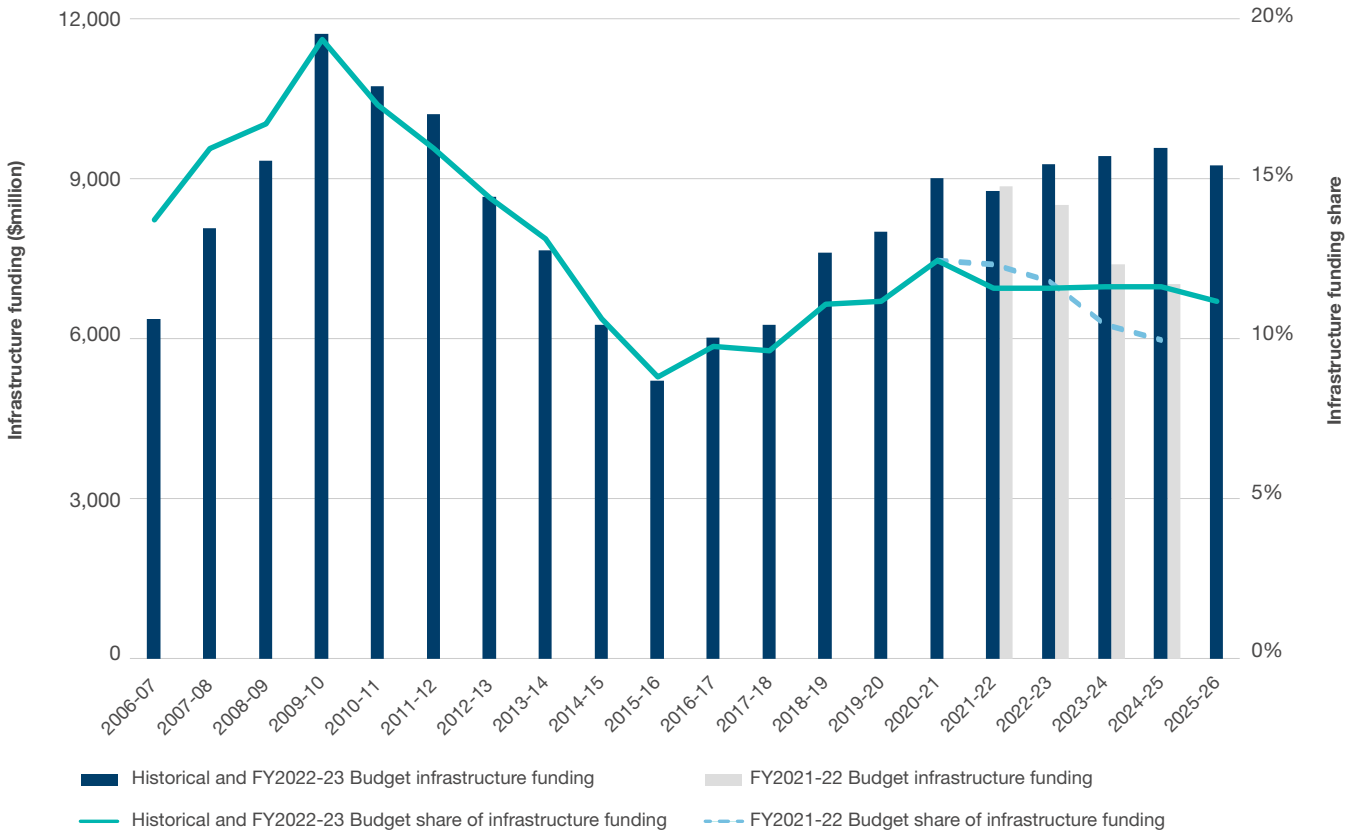
In transport, the Queensland Budget consists of few new funding commitments for roads, with a number of major priorities announced in previous years receiving funding allocations as they approach delivery. $150 million was allocated for the construction of the $450 million Brisbane Metro – Woolloongabba Station. The new station will integrate with Brisbane Metro into the Woolloongabba precinct and improve linkages with Cross River Rail.

As with road infrastructure, the vast majority of rail funding is directed to existing programs and projects. The Budget confirms the Queensland Government's $1.1 billion commitment made in February this year to the Logan and Gold Coast Faster Rail Improvements, completing the funding profile for the project.

Olympic Games commitments remain out of sight

Despite the looming 2032 Olympic Games, the 2022-23 Queensland Budget allocates only $59 million over four years to further planning. While it outlines a series of key priorities for the Organising Committee for the Brisbane 2032 Olympic and Paralympic Games, including securing 'third party' funding for major capital investments, the Budget provides no detail on the full scope of such projects. In an increasingly sparse labour market, the Queensland Government will need to move quickly on the planning of Olympics-related infrastructure, including capital commitment, to ensure their timely delivery.





Queensland infrastructure statistics

Value	Description
11.6%	Share of general government expenditure dedicated to infrastructure
11.4%	Decade-average share of Budget dedicated to infrastructure
▲ $748m	Above decade-average infrastructure funding level over four years to FY2025-26
$37.6b	Total infrastructure funding over four years to FY2025-26
+$5.7b	Increase in infrastructure funding in this Budget

Major new funding allocations in Queensland

HEALTH

$5.7 billion

for the Capacity Expansion Program

RAIL

$2.6 billion

for the Logan and Gold Coast faster rail improvements

HOUSING

$1.9 billion

for housing projects

EDUCATION

$1.5 billion

for education infrastructure in FY2022-23

8TH PLACE: WESTERN AUSTRALIA

Western Australian Government lifts spending again but remains at the bottom of the rankings in last place

The WA Government's 2022-23 Budget made an allocation of $14.9 billion to infrastructure over the next four years, including $3.6 billion in FY2022-23. This represents a $1.8 billion, or 14 per cent, jump in funding compared to last year's four-year projection, and equates to 9.9 per cent of general government expenditure over the next four years. This year's increase is above both the 2021-22 allocation of 9.3 per cent and the ten-year average of 9.5 per cent.

However, despite another year of increased spending, this year marks the sixth consecutive year that WA has come in last place in *Budget Monitor* rankings.

METRONET sees range of funding allocations, while existing road projects see additional funding

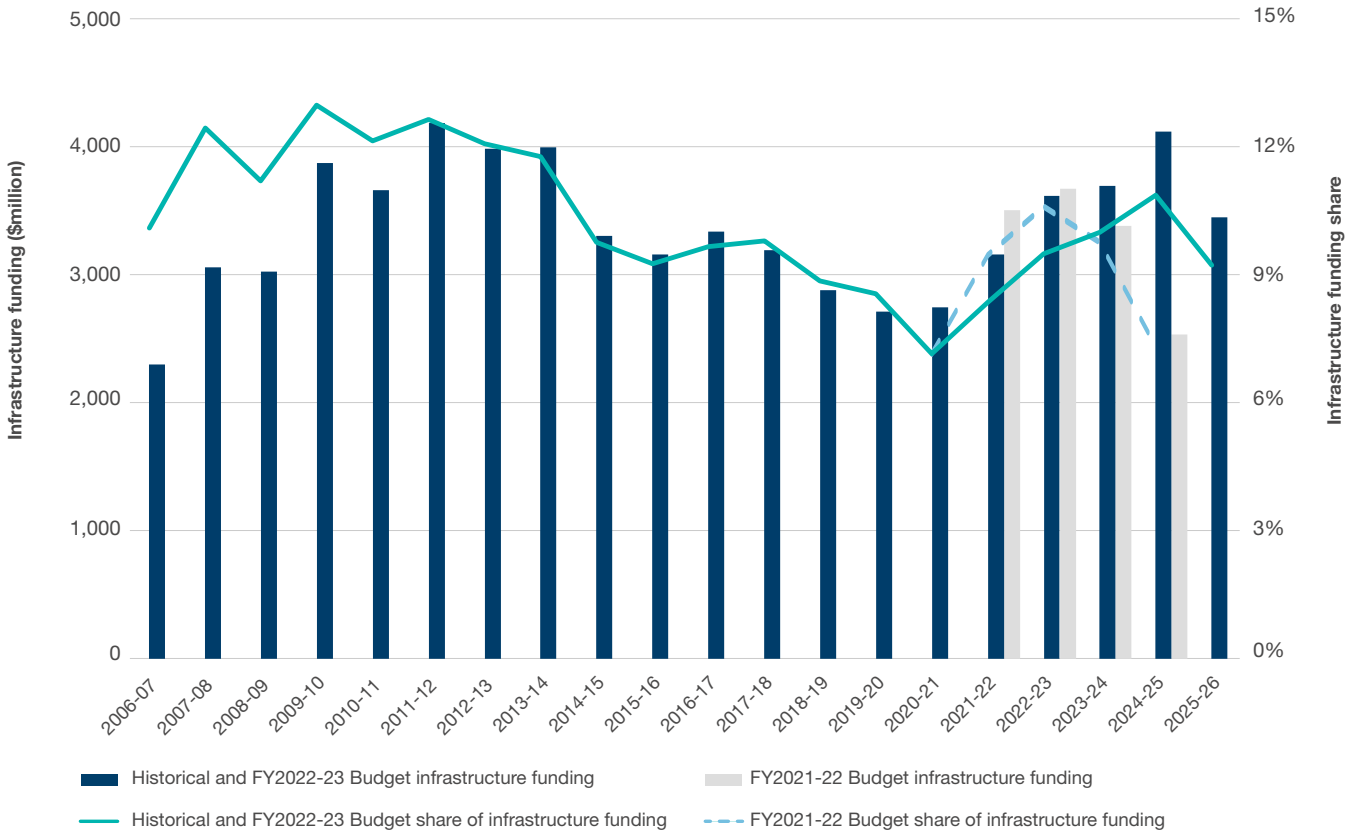
A total of $6 billion was provided to the METRONET program over the next four years, with the funding for the $168 million Canning Bridge Bus Interchange being the only new commitment.

An additional $380 million has been allocated toward the Thornlie-Cockburn Link and the Yanchep Rail Extension, which the WA Government has attributed to cost escalations and supply constraints having impacted the broader construction market.

For METRONET projects under development, the WA Government has allocated $633 million in provisional funding for the High-Capacity Signalling program and Morrison Road Level Crossing Removal project. Funding commitments for these projects will be made following final investment decisions.

The Budget provides few new road infrastructure commitments, with additional funding allocations for existing projects including $400 million toward the Bunbury Outer Ring Road, bringing the project's total estimated cost to $1.3 billion and $250 million toward the Tonkin Highway Grade Separations at Hale, Welshpool and Kelvin Roads and Stage Three Extension projects, bringing the project's total estimated cost to $1.6 billion.





Western Australia infrastructure statistics

Value	Description
9.9%	Share of general government expenditure dedicated to infrastructure
9.5%	Decade-average share of Budget dedicated to infrastructure
▲ $627m	Above decade-average infrastructure funding level over four years to FY2025-26
$14.9b	Total infrastructure funding over four years to FY2025-26
+$1.8b	Increase in infrastructure funding in this Budget

Major new funding allocations in Western Australia

RAIL

$6 billion

for the METRONET program

SOCIAL

$1.8 billion

for community services

EDUCATION

$1.7 billion

for education infrastructure

HOUSING

$941 million

for social housing projects

FEDERAL GOVERNMENT

October Federal Budget plots out new Government's fiscal strategy

As the first representation of the Albanese Government's fiscal strategy, the October Federal Budget takes a no-frills approach to infrastructure investment and contains a number of changes to the 2022-23 Budget delivered by the Morrison Government in March.

The October 2022-23 Budget allocates $61.3 billion over the four years to FY2025-26, which represents 2.2 per cent of total general government spending. It is also $4.5 billion less than the 2022-23 March Budget, which was $8.9 billion – or 16 per cent – higher than the allocation in the 2021-22 Budget.

Once legislated, this Budget will act as a high watermark for Federal spending on infrastructure and is another example of the meteoric rise in Federal allocations to infrastructure. Since the 2019-20 Budget Federal allocations to infrastructure have risen by 91 per cent.

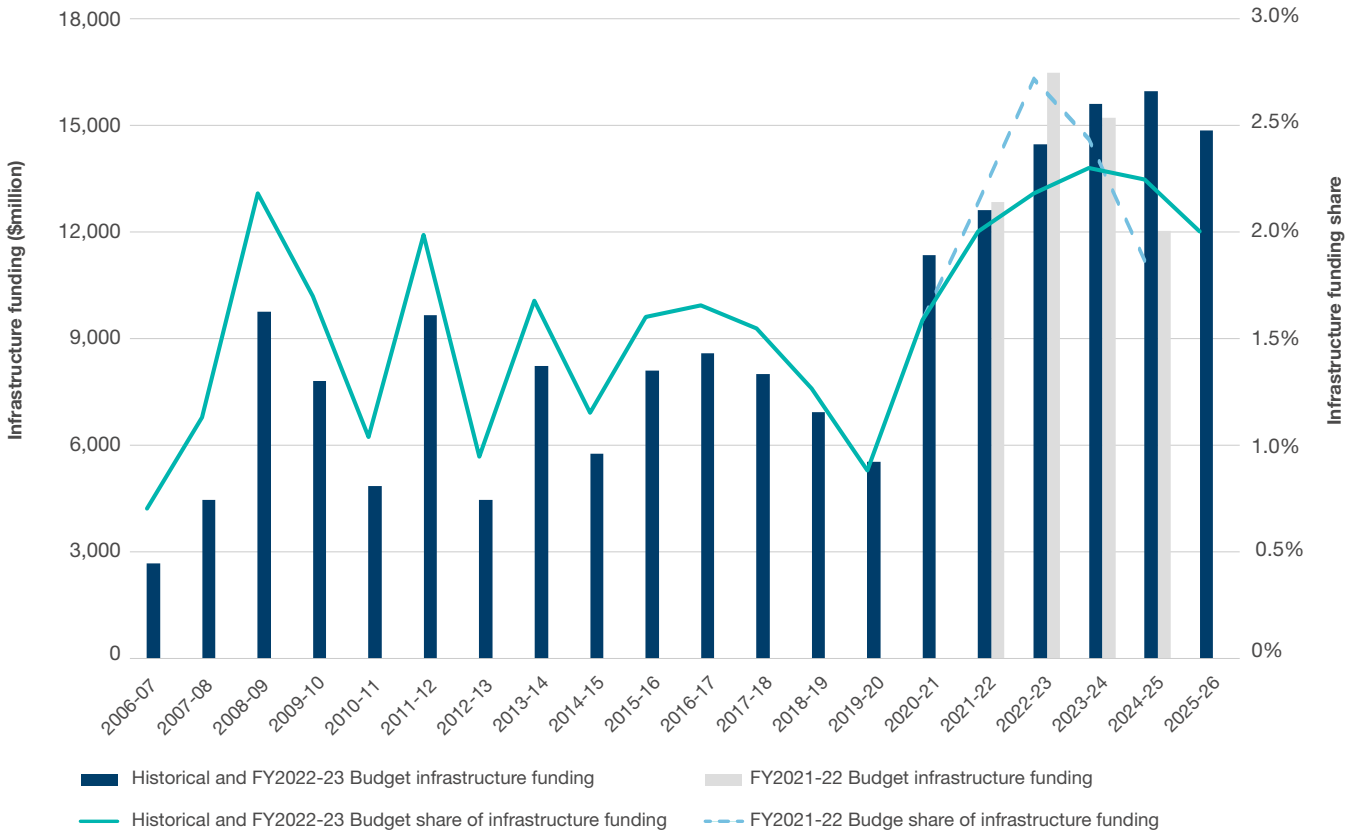
Transport projects continue to be a strong focus, delivery of election promises also commences

The 2022-23 October Federal Budget maintains a strong Federal focus on transport infrastructure, headlined by $2.2 billion for the Suburban Rail Loop East, representing the first Federal support for project, as well as $500 million for planning of Sydney to Newcastle High Speed Rail. This Budget also broadens the Federal Government's focus across the infrastructure sector, including an additional $2.4 billion in equity for the National Broadband Network (NBN) to expand its fibre rollout. The Albanese Government's headline commitments in housing and electricity are also confirmed in this Budget, but remain largely unfunded within the forward estimates.

New Government cuts commitments made by the previous Federal Government

Chief among the reprofiling on project funding is the $5.4 billion Hells Gate Dam that will no longer proceed, while a further $1.1 billion in water funding has been withdrawn or reprofiled pending the completion of project business cases. In practice, few believed these projects – which were uniformly sub-economic – would proceed. Meaning their exclusion is more of a reset to reality than a genuine cut to investment. In transport, the Albanese Government has scrapped or reallocated $2.8 billion of projects, including the Urban Congestion and Commuter Carpark funds, while a further $6.5 billion in transport spending has been pushed beyond FY2025-26 with the aim of mitigating current labour market and supply chain pressures.





Federal infrastructure statistics

Value	Description
2.2%	Share of general government expenditure dedicated to infrastructure
2.3%	Decade-average share of Budget dedicated to infrastructure
▲ $20.8b	Above decade-average infrastructure funding level over four years to FY2025-26
$61.3b	Total infrastructure funding over four years to FY2025-26
+$4.4b	Increase in infrastructure funding in this Budget

Major new funding allocations

ROADS
$41.9 billion
for road infrastructure

RAIL
$14.3 billion
for rail infrastructure

WATER
$1.7 billion
for water infrastructure

HEALTH
$1.4 billion
for health infrastructure



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