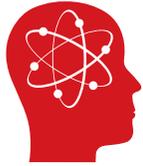


STRENGTHENING AUSTRALIA'S CREAKING INFRASTRUCTURE

47 BILLION REASONS WHY
A NATIONAL APPROACH IS OVERDUE

Findings from the *2015 State of the Assets Report* suggest Australia's ageing infrastructure networks are struggling to remain effective. Historically, infrastructure planning and funding across Australia has been fragmented and reactive, the results of which are increasingly frayed social cohesion and inequity in some regions. There is never been a better – or more urgent – time to engage in a national discussion. The dialogue has already begun: the Commonwealth Government has launched its Smart Cities Plan, which promises to unlock billions of dollars in train, tram and public infrastructure funding to enable a 30-minute city model. IPWEA's National Thought Leadership Series (NLS) will bring decision-makers from around the nation together to continue this vital discussion.

**THE GROSS
REPLACEMENT
VALUE** OF LOCAL
GOVERNMENT INFRASTRUCTURE
FOR ALL AUSTRALIAN COUNCILS
IS ESTIMATED AT
\$438 BILLION
(11%) \$47 BILLION
OF ASSETS ARE IN POOR
OR VERY POOR CONDITION



Bringing all levels of government together to implement a coordinated Australia-wide infrastructure strategy is not only achievable but critical, top asset management expert Jeff Roorda says.

Roorda will discuss solutions to Australia's fragmented and unsustainable infrastructure practices as keynote speaker for IPWEA Australasia's upcoming **National Thought Leadership Series**.

IPWEA Australasia CEO Robert Fuller, together with principal partner TechnologyOne, invites senior decision-makers to attend the series of luncheons, set for Melbourne, Brisbane, Perth and Sydney throughout May and June. The thought leadership series will examine aligning infrastructure plans across all levels of government, standardising nationwide asset management systems and processes and moving toward an equitable national funding model.

"Infrastructure at the moment is one of the top agenda items for all governments," Fuller says. "It's being led by the Commonwealth Government, with the announcement of the Smart Cities Plan."

As a peak body representing the public infrastructure industry, IPWEA Australasia President Ross Goyne and CEO Robert Fuller both participated in the Prime Minister's Summit. A collaboration of key infrastructure industry organisations are lobbying to ensure that the planning and funding of infrastructure and evidence-based decision making needs to be taken to a higher level.

"It is essential IPWEA is leading the national dialogue and intellectual discussion about how we better fund and manage our public infrastructure around Australia," Fuller says.

To date, IPWEA's NLS has received strong support from the Western Australian and Victorian Governments, with

Fuller confident the Queensland and NSW Governments will also lend their weight to the discussion. The Victorian Budget, released in April, demonstrated the re-focusing on the critical nature of infrastructure by funding \$924 million for school buildings, \$365 million for roads and \$2 billion in rail improvement capital works projects over the next twelve months.

"Given the *State of the Assets Report* and the dollars involved surrounding the amount of infrastructure which is in need of significant maintenance, we certainly have to collectively look at this in a different paradigm," Fuller adds.

The *2015 National State of the Assets Report*, compiled by Jeff Roorda and Associates on behalf of the Australian Local Government Association, estimates \$47 billion worth of infrastructure assets managed by local government are in poor condition.

"There is clearly a substantial proportion of infrastructure that is at or near the end of its life," Roorda says. "People have known this for some time – it aligns with past patterns of growth and a baby boomer demographic that has focused on building new infrastructure."

Roorda believes there has never been a better time to engage in a thought-leadership discussion on the future of Australia's infrastructure. "We are seeing a very strong push from both the Commonwealth Government and State Governments, saying we need to apply some thought leadership to the problem – IPWEA is the right organisation to lead this dialogue," he says.

"This is very much about input from local and state government as to what our alternatives are. It's very important for people to be a part of this conversation. It gives not only infrastructure a voice in the national decision-making, it also gives smaller councils and communities a voice, and that hasn't happened before."





THE NEED FOR A NATIONAL INFRASTRUCTURE STRATEGY

Roorda says planning, building and maintaining infrastructure without a big picture perspective is counterintuitive. “The key thing we have to overcome is the fragmentation between different levels of government,” he stresses. “It doesn’t mean governments have to combine, but it means there has to be a common approach to strategy.

“Drawing boundaries around a national road network and saying, ‘We’ll only manage roads within each council or each state’ doesn’t make sense. What we actually have to plan for is how we get our primary produce to an international market, and how we support our service industries such as tourism in an

international market.”

With each successive government bringing in different plans, Roorda says infrastructure planning is not only politicised, but also fragmented. “There’s been a lot of focus on broken infrastructure – and that’s really important – but there needs to be a stronger focus on what we need to do to support our economic prosperity for the next generation,” he says.

Infrastructure is an inter-generational asset, and needs to be planned as such. “A national infrastructure strategy looks at what level and type of infrastructure do we need for the next generation,” Roorda says.

Roorda says evidence has shown amalgamations are not necessarily a solution to local government infrastructure problems. “The current solutions available to Commonwealth and State Governments to better manage local government infrastructure have not been very successful,” he adds.



AN IPWEA SPECIAL REPORT

STATE OF PLAY

THE ANALYSIS IN THE *STATE OF THE ASSETS REPORT* FOUND THAT

OF THE **\$73.7 BILLION**

OF ROADS UNDER MANAGEMENT,

\$8.2 BILLION (11%)

ARE IN A POOR TO VERY POOR STATE.

COUNCILS REPORT

\$30.3 BILLION OF

BUILDINGS & FACILITIES UNDER MANAGEMENT,

\$3.1 BILLION (10%)

ARE IN A POOR TO VERY POOR STATE.

COUNCILS REPORT

\$7.9 BILLION OF

PARKS & RECREATION ASSETS UNDER MANAGEMENT, WITH

\$0.7 BILLION (9%)

IN A POOR TO VERY POOR STATE.



AN IPWEA SPECIAL REPORT

STATE OF PLAY

COUNCILS REPORT THAT OF THE

\$33.3 BILLION

OF STORMWATER ASSETS UNDER MANAGEMENT,

\$3.1 BILLION (9%)

ARE IN A POOR TO VERY POOR STATE.

COUNCILS REPORT THAT OF THE

\$33.5 BILLION

OF WATER & WASTEWATER ASSETS UNDER MANAGEMENT,

\$4.1 BILLION (12%)

ARE IN A POOR TO VERY POOR STATE.

COUNCILS REPORT THAT OF THE

\$0.8 BILLION

OF AIRPORTS & AERODROMES ASSETS UNDER MANAGEMENT,

\$0.1 BILLION (12%)

ARE IN A POOR TO VERY POOR STATE.

EQUITABLE, SUSTAINABLE FUNDING

The traditional model of funding infrastructure projects is bust, Roorda says.

“The key issue is governments are increasingly running out of money,” he says. “To continue to do what we’ve done, which is constantly saying that there’s a big infrastructure ‘backlog’, and then expect somebody to come up with large amounts of state or commonwealth funding to solve it, is becoming increasingly unrealistic.”

Roorda says Australia needs to find solutions to balancing affordable service levels of infrastructure with fair revenue systems.

“The mechanism for the redistribution of funding from both the GST and other forms of taxation has tended to decline over time. While

that’s been happening we have ageing infrastructure, and a growing expectation from local communities for higher levels of social cultural and recreational infrastructure.

“That has resulted in local and state governments having to become increasingly reactive to just prioritise balancing their budgets, and that’s become progressively more difficult for many governments.”

Roorda says a range and mixture of funding avenues need to be explored, including debt and charging for infrastructure use.

“We can have conversations with our communities about how we can provide these things in a fair way,” he says. “The view of debt as a bad thing has come out of some historic experience that was very painful. I think debt is neutral.

“Infrastructure strategy looks at balancing what we need with how we pay for it. Debt’s just another



30-MINUTE CITIES

The Australian Government's Smart Cities project is a major infrastructure push, which proposes using value capture and government debt to fund priority infrastructure projects.

Central to the policy is the idea of a 30-minute city: One where, no matter where citizens live, they can easily access the places they need to visit on a daily basis.

- The Plan's key commitments include:
- \$50 million for infrastructure planning. The Federal Government will provide \$50 million to accelerate planning and development works on major infrastructure projects.
 - Establishment of an Infrastructure Financing Unit. The IFU will work closely with the private sector in developing funding and financing solutions to deliver key government projects.
 - State and Territory Governments will be invited to partner with the Federal Government on 'City Deals'. 'Deals' will be made that drive national priorities tailored to local needs. Governments will develop collective plans for growth and commit to the actions, investments, reforms and governance needed to implement them.

way of spreading the finances across a long period of time – it's neither good nor bad inherently, it's part of the mix of how you manage funding."

Charging for the use of infrastructure can be effective, but needs to be undertaken as part of a whole infrastructure strategy to avoid inequality.

Infrastructure Australia's 15-year *Australian Infrastructure Plan* released earlier this year recommended charging drivers for using roads as a way of reducing congestion and helping fund major projects.

"User pays models are very effective mechanisms to manage peak load and peak demand," Roorda says. "They need to be applied very carefully to avoid taxes that are unfair to people that are least able to afford them.

"If you start taxing people by user charges who are going to work – and they've already got childcare

costs and they do not have a public transport alternative – that's unfair.

"User charges have got to be accompanied by a whole infrastructure strategy. If public transport is affordable and economical, then after that, putting in a user-pays system is a very effective strategy, because you can change people's behaviour and you've provided them with a fair alternative."

TECHNOLOGY

Technology that can reveal the way people use infrastructure will be a valuable enabler for future planning. "We can now monitor what time heavy vehicles are using our roads, and where are they going," Roorda explains. "We can track what the trends look like. It allows us to start to plan national strategies by looking at a map of where we've got constraints and congestion."



The answer to may not be to build more infrastructure, but rather to manage demand. "If we look at the future, we can create a lot of efficiency with infrastructure planning and management by looking at peak loads, and in a number of other countries that's been used efficiently," Roorda continues. "We can manage the behaviour so the peak can be spread out. A key to that is technology.

"Does everyone need to go to the office at the same time, working a 9-5 shift? In the past they did, but does that need to be the future? I don't think so.

"The way we manage our cities and towns is going to change from how we've done it in the past. That's where the role of technology becomes particularly important, to deliver robust decision supports systems to manage asset information and predict future trends and underpin a national infrastructure strategy."

JOIN THE DISCUSSION AT IPWEA'S NLS

TechnologyOne Group General Manager for Local Government and Asset Intensive Industries Peter Suchting says the group is delighted to partner to IPWEA for the NLS.

"TechnologyOne is delighted to be the inaugural national partner to IPWEA for this important initiative.

"As part of our ongoing engagement with industry decision makers, we look forward to being part of a national dialogue on how to improve the management of Australia's major infrastructure."

CEOs and GMs in both the public and private sector are warmly invited to attend, together with elected councillors, directors and senior decision makers dealing with Australia's infrastructure.

THOUGHT LEADERSHIP SERIES

The IPWEA National Thought Leadership Series will be held in Melbourne 25 May, Brisbane 26 May, Perth May 31, and Sydney 21 June.

To be part of this national dialogue register online now

REGISTER

MELBOURNE

WEDNESDAY 25 MAY

Sheraton Melbourne Hotel

Single Registration: \$150 pp (ex GST)

Table of 8: \$1050 (ex GST)

BRISBANE

THURSDAY 26 MAY

Gambaro Hotel

Single Registration: \$150 pp (ex GST)

Table of 8: \$1050 (ex GST)

PERTH

TUESDAY 31 MAY

Parmelia Hilton Perth

Single Registration: \$120 pp (ex GST)

Table of 8: \$840 (ex GST)

SYDNEY

TUESDAY 21 JUNE

Four Seasons Hotel Sydney

Single Registration: \$150 pp (ex GST)

Table of 8: \$1050 (ex GST)

NATIONAL PARTNER

