3.6 Infrastructure budget

Background

Investment in infrastructure is the key to creating jobs across Australia, removing infrastructure bottlenecks and boosting economic growth via projects that are planned and built over many years.

The present Coalition Government's first budget in 2014 outlined a $50 billion expenditure and investment program over the next seven years through until 2019/2020. This figure has subsequently increased to $70 billion, extended to 2020/2021 and added one per cent of Gross Domestic Product (GDP) annually – helping to offset the slowdown within Australian mining sector.

The bulk of this investment will be spent on projects such as the Western Sydney Airport and associated infrastructure, rail projects such as the Perth Metronet, regional passenger lines in Victoria and the Inland Rail project to move freight from Melbourne to Brisbane.

An Asset Recycling Fund (ARF) has been established drawing on amounts in the Building Australia Fund, the Education Investment Fund and proceeds from the sale of Medibank Private. The ARF also provides new infrastructure incentives from the Commonwealth for state and territory governments to privatise non-essential assets or reduce debt in order to fund future infrastructure investment.

This budget provided additional incentives for small and medium enterprises with a cut in the company tax rate with further budgets continuing to offer relief for small businesses.

Key issues and recommendations

Shortage of economic infrastructure

Australia has a critical shortage of economic infrastructure and we believe further leadership is required to address and remove infrastructure bottlenecks across the country.

The bulk of the Government's investment will be delivered in New South Wales and Queensland. With half of Sydney residents expected to live in Western Sydney by 2030 and Queensland's population growth continuing to expand in its South East, the investment appears to be well directed.

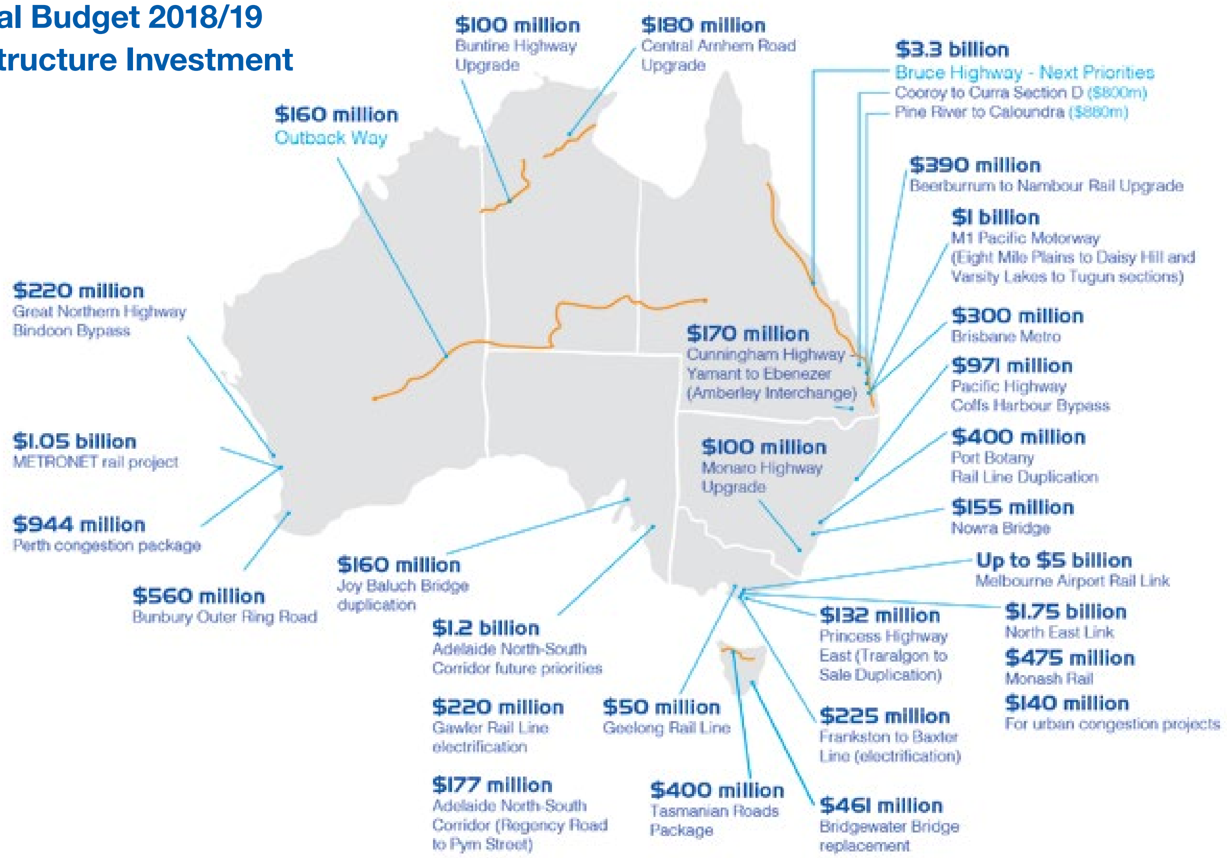
While the infrastructure budget is designed to offset some of the slowdown in the mining sector across Australia's resource rich states, further heavy lifting will be required by those state and territory governments to construct and deliver infrastructure investments over and above these Federal announcements – despite the financial difficulties inherent across most state and territory budgets.

Ongoing investment in critical economic infrastructure will present opportunities for the electrical contracting industry in the years ahead.

R30: NECA supports the intent of the 2014/2015 Federal Budget that sets infrastructure delivery as a key investment in boosting economic growth by one per cent of Gross Domestic Product (GDP) – boosting the construction sector whilst attempting to offset the slowdown in the mining sector.

R31: NECA supports the establishment of an Asset Recycling Fund (ARF) created from the sale of Federal Government enterprises and other funds, with additional incentives for state and territory governments to pay-down government debt by privatising non-essential assets so they could fund further infrastructure investment.

Federal Budget 2018/19 Infrastructure Investment



[10] *Source: www.budget.gov.au*