

Article Information

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Australian Infrastructure Projects

Infrastructure projects worth over AUD\$50 billion are currently being planned in Australia, representing a major opportunity for participants in the infrastructure and construction industries.

What is happening?

Ambitious infrastructure projects and a continued push towards privatisation remain key areas of focus for business in Australia for the conservative Abbott Government elected in May 2014.

Initiatives include an AUD\$5 billion Asset Recycling Initiative which has enabled the federal (national) government to offer incentives to its state and territory counterparts to sell government-owned assets and use the proceeds to pay for new productive infrastructure.

New South Wales

New South Wales in particular has taken up this offer. It has an explicit current mandate to invest AUS\$20b in new productive infrastructure by recycling capital from leased electricity network businesses.

This asset recycling project, known as the "Rebuilding NSW" initiative, provides a 20 year State Infrastructure Strategy. It includes:

- an additional \$1.1 billion to invest in the northern and southern extensions to WestConnex along with the Western Harbour Tunnel
- an extra \$7 billion for Sydney Metro, to fully fund a second harbour rail crossing
- \$2 billion for schools and hospitals
- \$4.1 billion for regional transport
- \$1 billion for regional water security
- \$300 million for regional tourism and the environment
- more funds to Sports and Cultural infrastructure, up from \$500 million to \$1.2 billion

The timing and nature of these infrastructure projects varies.

Western Australia

Western Australia has also allocated \$24.1 billion to infrastructure over the period 2015-16 to 2018-19 under its "Asset Investment Program". New infrastructure investment in the 2015-16 Budget includes:

- an additional \$191 million over four years to new and expanded schools
- \$140 million in 2015-16 for Western Power (wood pole and electrical conductor management programs)
- \$53 million over four years for a new \$120 million radio system for rail services
- \$43.5m to improve road safety
- \$40.3 million on upgrades to sections of the Great Northern Highway
- \$28 million to alleviate traffic congestion on metropolitan roads
- \$25 million to improve access to the new \$57 million Aubin Grove Train Station.

Tasmania

The Tasmanian Government's budget for 2015-16 has allocated \$1.806 billion to infrastructure over the forward estimates including:

- \$728 million for the State's roads and bridges
- \$228 million on a 10-Year Action Plan for a more efficient Midland Highway
- \$270 million over the next four years to maintain existing road infrastructure
- \$32 million to begin construction on the Brooker Highway, Elwick Road, Goodwood Road and Howard Road intersections.

Northern Territory

The Northern Territory has committed to spending \$1.39 billion in its 2015-16 infrastructure program including:

- \$282 million in the Territory Generation and Power and Water Corporation (PWC)
- \$250.2 million for Territory roads
- \$101.9 million to construct new schools
- \$40 million for the staged refurbishment of Royal Darwin Hospital's main tower building
- \$26 million for upgrades to sports facilities.

Who is likely to be interested?

Primarily, contractors, sub-contractors and other suppliers either individually or as part of a joint venture or consortium arrangement.

Our experience

Piper Alderman has extensive experience acting for foreign entities, public companies and private sector participants in infrastructure projects. Our experience includes advising on infrastructure projects and related transactions including the establishment of joint venture and similar structures.