

Infrastructure investment

Australia's huge cities and declining physical and digital infrastructure are combining to undermine our way of life – investment must focus clearly on the long term



Our population is growing strongly



Our cities are already too large



Rail infrastructure is transformational



Digital connectivity must be improved

As many Australian politicians have discovered, it's much easier to talk about infrastructure than to get it built. Politician after politician has promised major infrastructure improvements, but few have delivered.

Given Australia's huge landmass, it is somewhat bizarre that 90% of the population is concentrated in a small handful of large cities. Roughly 20% of the entire population lives in each of Sydney and Melbourne.

Australia's challenge is that it's island nation status is replicated by its cities – each a huge megapolis separated from its neighbours by vast distances.

This compares to just 2.6% of Americans who live in New York. Sydney and Melbourne would each rank as America's second largest city, and Brisbane, Perth and Adelaide would all make the top ten.

America is, of course, no longer any paragon of infrastructure virtue - its roads, bridges, airports and utilities are literally falling apart, and few States have the resources to effect the renewals that are so desperately needed. So learning the lessons from its infrastructure failures is as important as those of its earlier successes.

Part of America's challenge is that it was early to build long distance rail infrastructure that opened up the nation, and followed this with highway infrastructure

in the 1950s and 1960s. Its failure, however, was that States failed to plan far enough ahead of urbanisation and phenomenal population growth, and as a result many overlooked the importance of effective urban rail transport networks.

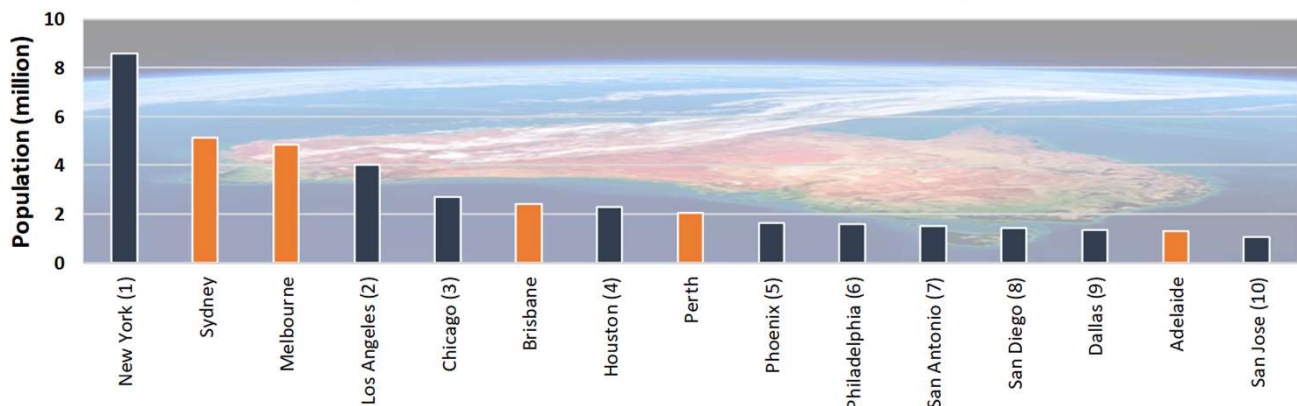
As an example, the fastest way to cover the 17 miles from New York city centre to JFK remains the car, though the journey frequently takes an hour or more. Shanghai's maglev train covers a similar distance in just eight minutes.

Meanwhile, Australia's digital infrastructure is fast becoming a road-block to success. Fixed line broadband download speeds now rank Australia 59th, far below our economic position, and well behind many of our Asian counterparts. We do have decent wireless download speeds, but these are no match for fibre for business connectivity.

Soundbites don't improve commuting times or connect communities, so it's essential that Australia introduces new measures to prioritise, design and deliver the infrastructure required to fund long-term growth.

Bold, long-term thinking is required if ever Australia's infrastructure is to be reshaped to create a much better connected nation, both physically and digitally.

Comparison of Australian and US cities (US ranking)

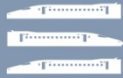




Create a "Reserve Bank" equivalent for infrastructure



Take urgent measures to create new population centres



Build high speed rail between Sydney, Melbourne and Brisbane



Invest to improve broadband connection speeds dramatically



Invest in tourism-related infrastructure and related services



Embrace new funding, financing and delivery models

These six key measures are of critical importance.

Create a "Reserve Bank" equivalent for infrastructure.

Just as interest rate decisions have been placed in the hands of an independent reserve bank, decisions regarding the prioritisation and extent of Federal subsidy for larger infrastructure projects should be put in the hands of an independent National Infrastructure Commission. In practice, this could be built on the foundations of Infrastructure Australia. It's mandate would be to assess the readiness of projects put forward by the States and Territories, prioritise these projects, and (where appropriate) providing a level of funding support for them, using money allocated to the Commission year by year out of the Federal Budget.

This body would also provide a central repository of best practice and expertise for project design, development, funding and delivery. Thus Federal Governments would choose the amount of money to be devoted to large scale infrastructure projects over the course of their terms, but decisions regarding where and how that money was invested would be placed in the hands of a more independent body.

Act urgently to create new population centres. The huge concentration of Australia's population in a small number of cities has made housing unaffordable for many in society, and is creating increasingly difficult infrastructure challenges. Federal, State and City Governments need to work together to encourage the growth of new centres of both population and employment opportunity outside the major capital cities. The ongoing digitisation of the workplace makes this increasingly easy to achieve, so long as the right transport systems are in place to connect remote workers and populations with the major centres.

Build high speed rail between Melbourne, Sydney and Brisbane. The Sydney - Melbourne and Sydney - Brisbane air routes are among the busiest in the world by passenger traffic. Despite some of the opposing commentary, the demographics and economics are

well-suited to high speed rail, and indeed Japan's JR Central has maintained an Australian office for over 20 years, waiting for Australia to realise HSR's potential.

The creation of this network would dramatically improve the connectivity of all the intervening cities too, opening up new areas of the country to development (where water availability permits). And, before you say that Australia's too small or too poor to afford high speed rail, click to [watch my presentation](#) at Parliament House a couple of years ago.

Improve broadband connection speeds. The shameless politicisation of Australia's NBN Project has led to a series of short-sighted policy choices, many based on religious conviction rather than technical fact. Australia's fixed line connection speed ranking has now fallen to 59th globally. Speeds are a quarter of the US average and a little more than half the world's average. Better connections are provided free on New York's subway system. Australia will be left behind in the digital age if it clings to out-of-date technology.

Invest in tourism-related infrastructure and services. Inbound tourism remains one of Australia's most important exports, and has the potential to expand substantially over the medium to long term. However much of the existing travel infrastructure is geared towards Australia's major population centres and domestic travel needs. Many of Australia's more spectacular natural wonders are not well served, and much of rural Australia has poor air connectivity. There are economically and environmentally viable ways to address these challenges, and their implementation would benefit both local communities and Australia's economy as a whole.

Embrace new models for funding infrastructure. With all major infrastructure projects, the burning question is how to fund the associated cost. In other words, which end consumer(s) will eventually pay for the cost of the infrastructure concerned? There are many potential solutions to these challenges, as we outline in our [Building Australia](#) white paper.

