



Infrastructure cost drivers study

Understanding the causes of rising transport infrastructure costs in Australia.

SMART Infrastructure Facility (SMART) has conducted a major study to understand the causes of rising transport infrastructure costs in Australia over the past 15 years/ Researchers have undertaken a detailed comparison of public road and rail transport infrastructure costs over time, across three jurisdictions (New South Wales, Queensland and Victoria), and by project scale (from small projects of less than \$10 million to multi-billion dollar mega-projects).

Researchers identified a range of challenges faced by the three participating jurisdictions in delivering public infrastructure cost effectively, highlighting unique complexities in road and rail projects and their cost implications.

This project included collecting cost data from transport departments by individual project and cost driver (such as design, planning, construction (materials, labour, etc.)), undertaking econometric analysis of trends, and cross-checking that analysis with publicly available data from the Australian Bureau of Statistics and the Bureau of Infrastructure, Transport and Regional Economics, and other public data sources.

Over the study period (2000 to 2014), researchers found the main driver of rising costs has been the mining boom. During this time public infrastructure investment competed with private infrastructure for a limited supply of design, engineering and construction services, as well as capital and construction-site labour.

Other significant cost drivers include: jurisdictions specifying their own design and technical standards, environmental requirements, and limited competition for 'Tier 1' type projects.

This study provides several recommendations designed to address these issues. For instance, large projects should be broken up into smaller projects to generate more competition for the work. Also, jurisdictions should establish review mechanisms for large projects so that projects can be reconsidered and re-prioritised as needed.



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