

Engineering Construction – Trends in Funding and Provision

Infrastructure NSW

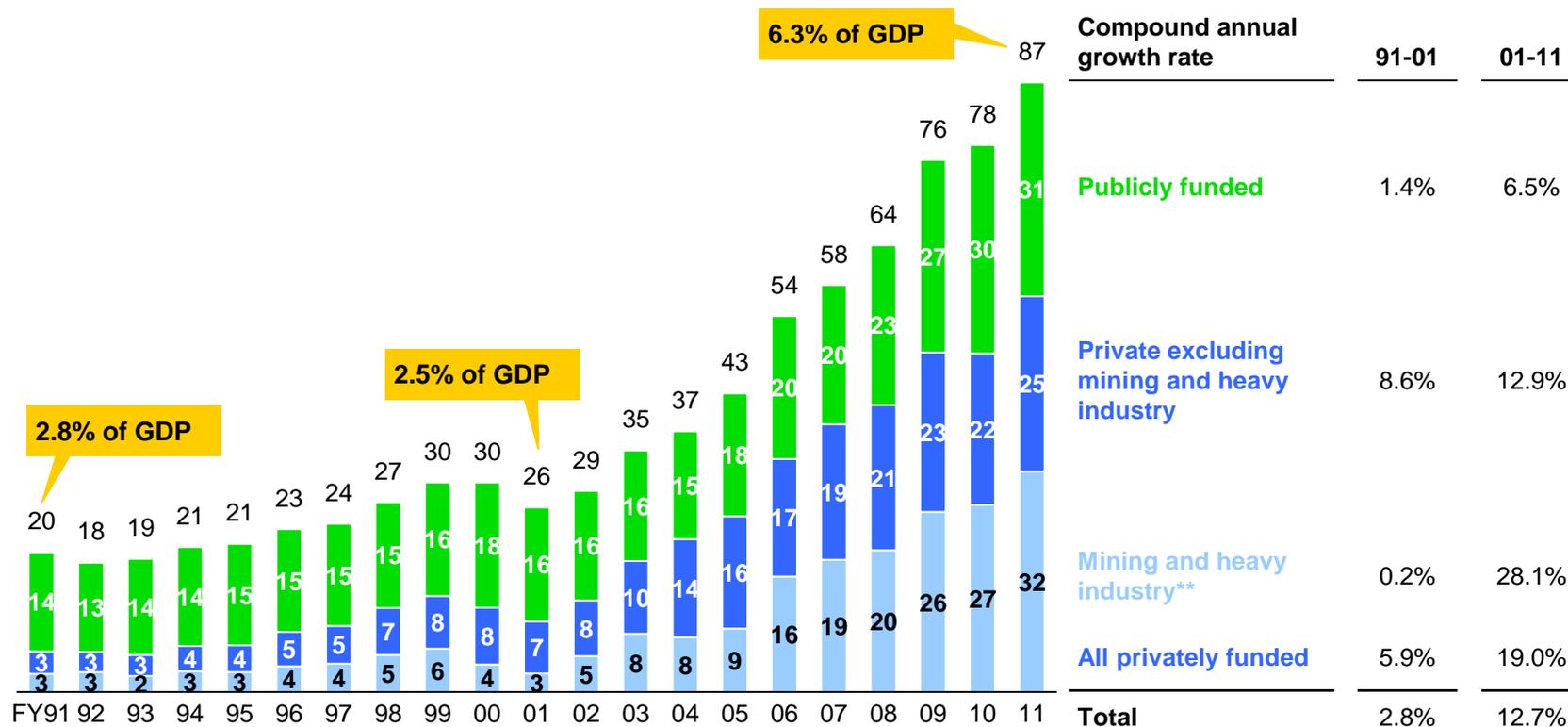
9 January 2012

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From FY01 to FY11 there was a sharp increase in both publicly and privately funded Infrastructure, with privately funded infrastructure growing the fastest

TOTAL ENGINEERING CONSTRUCTION BY FUNDING SOURCE*

Value of work done, \$ Billions (Real, 2008/2009)



* Engineering construction covers: roads, highways and subdivisions, bridges, railways, harbours, water storage and supply, sewerage and drainage, electricity generation, transmission and supply, pipelines, recreation, telecommunications, mining and heavy industry, and other

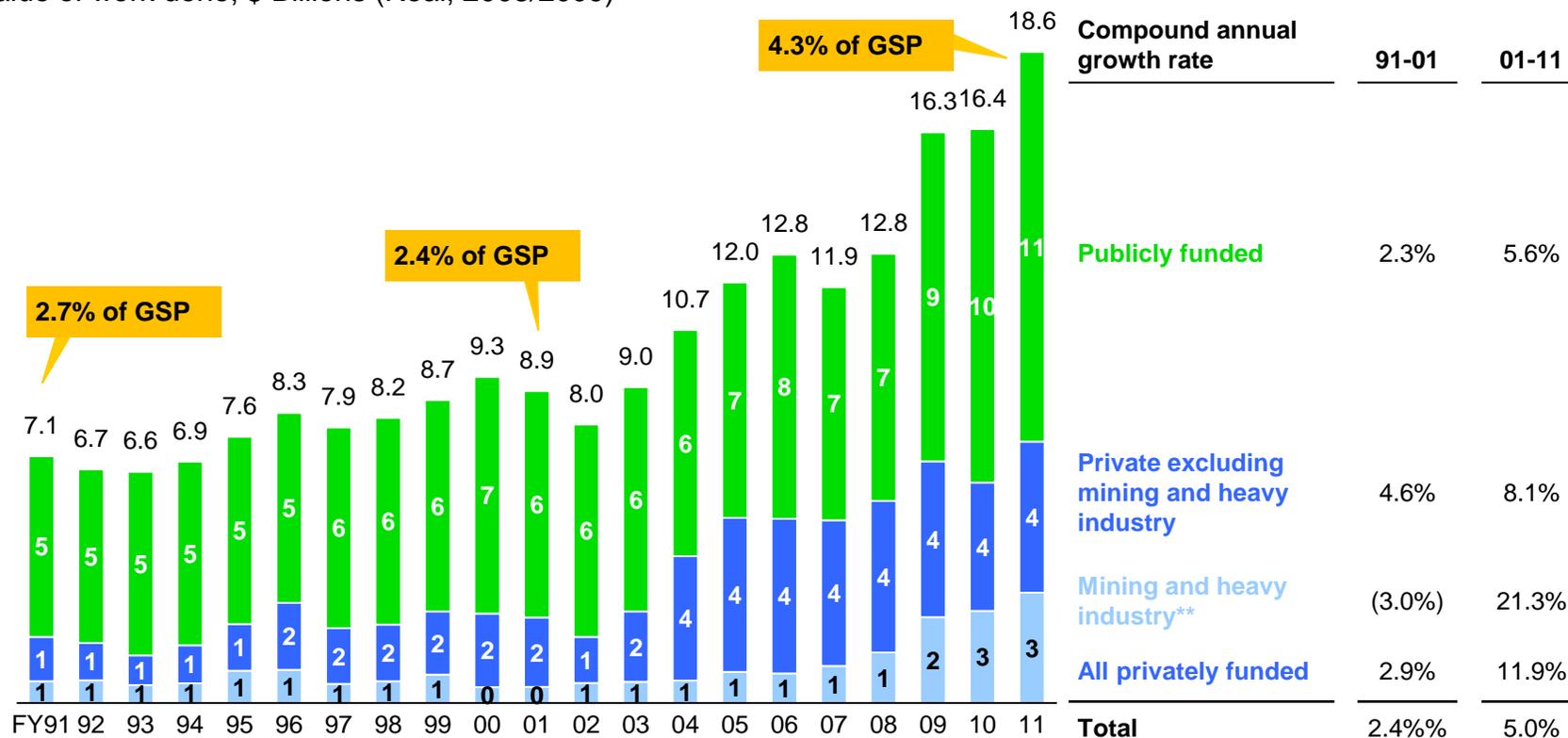
** Mining and heavy industry is almost entirely funded by the private sector

Source: BIS Shrapnel Engineering Construction in Australia, March 2011; Australian System of National Accounts ABS 5204.0, table 1

NSW shows similar trends to Australia, but has seen lower growth in the last decade and has a larger proportion funded by the public sector

NSW ENGINEERING CONSTRUCTION BY FUNDING SOURCE*

Value of work done, \$ Billions (Real, 2008/2009)



* Engineering construction covers: roads, highways and subdivisions, bridges, railways, harbours, water storage and supply, sewerage and drainage, electricity generation, transmission and supply, pipelines, recreation, telecommunications, mining and heavy industry, and other

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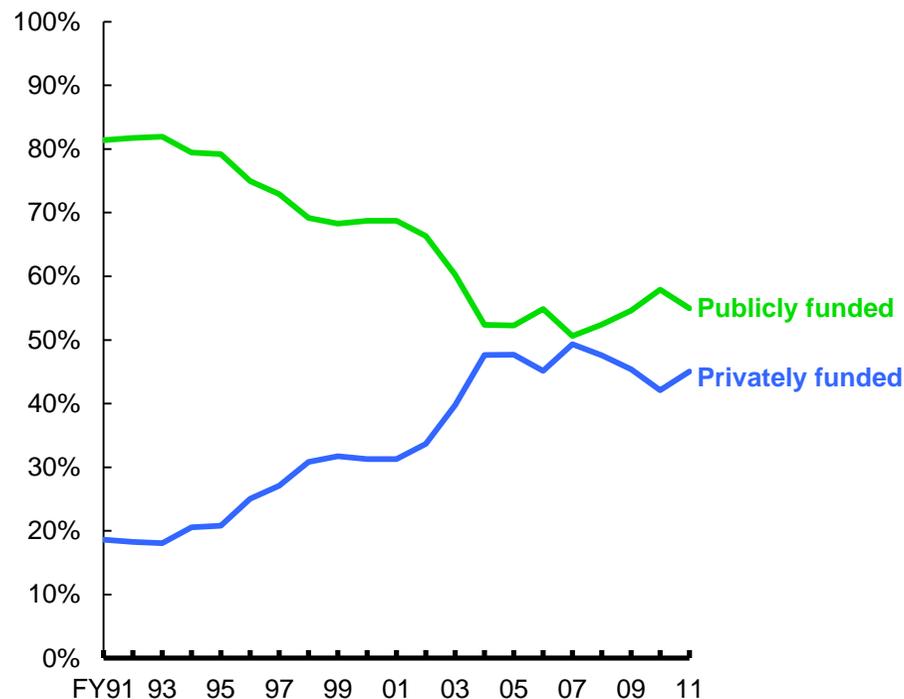
Source: BIS Shrapnel Engineering Construction in Australia, March 2011; Australian System of National Accounts: State Accounts ABS 5220.0, table 1

Even excluding the mining and heavy industry sector, the source of infrastructure funding and how it is constructed have changed dramatically over the last two decades. Privately funded and constructed economic infrastructure now represent 45% and 72% of all investment respectively

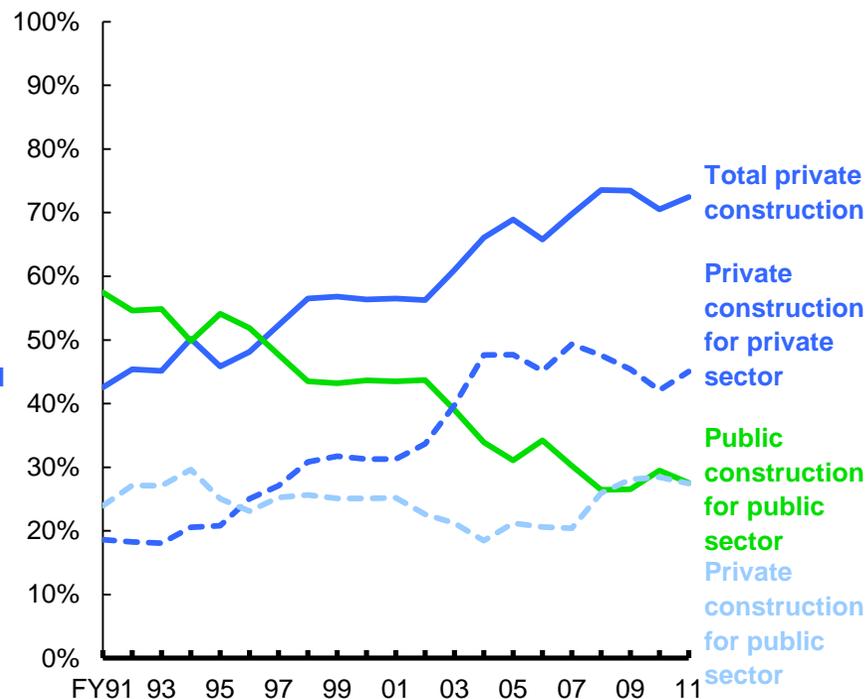
ENGINEERING CONSTRUCTION—EXCLUDING MINING AND HEAVY INDUSTRY*

Percent of total

Engineering construction by funding source



Engineering construction by contractor



* Engineering construction covers: roads, highways and subdivisions, bridges, railways, harbours, water storage and supply, sewerage and drainage, electricity generation, transmission and supply, pipelines, recreation, telecommunications, and other

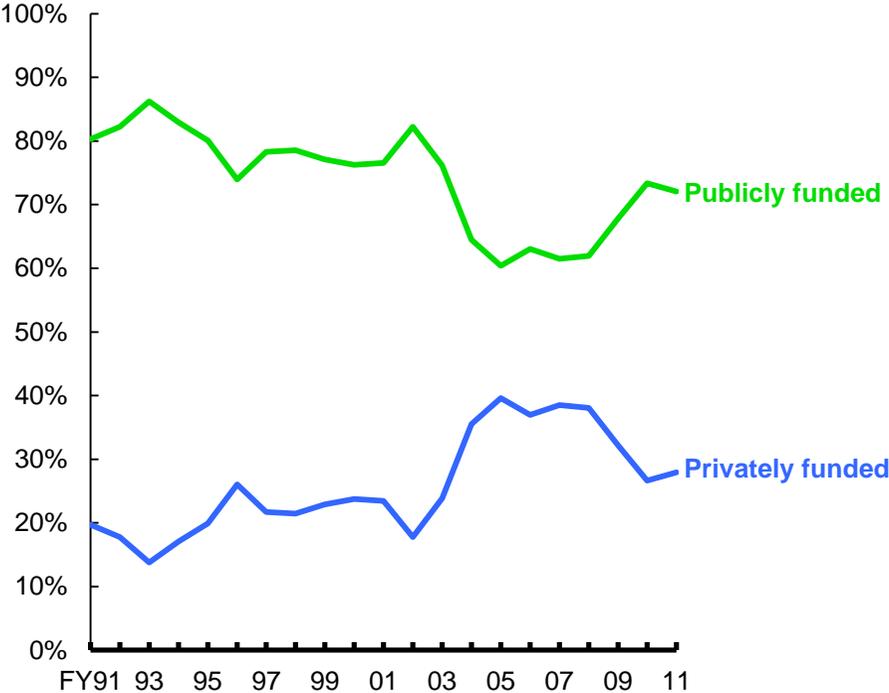
Source: BIS Shrapnel Engineering Construction in Australia, March 2011

NSW currently has around 72% of infrastructure funded by the public sector and has not seen the same level of outsourcing to the private sector as the national average

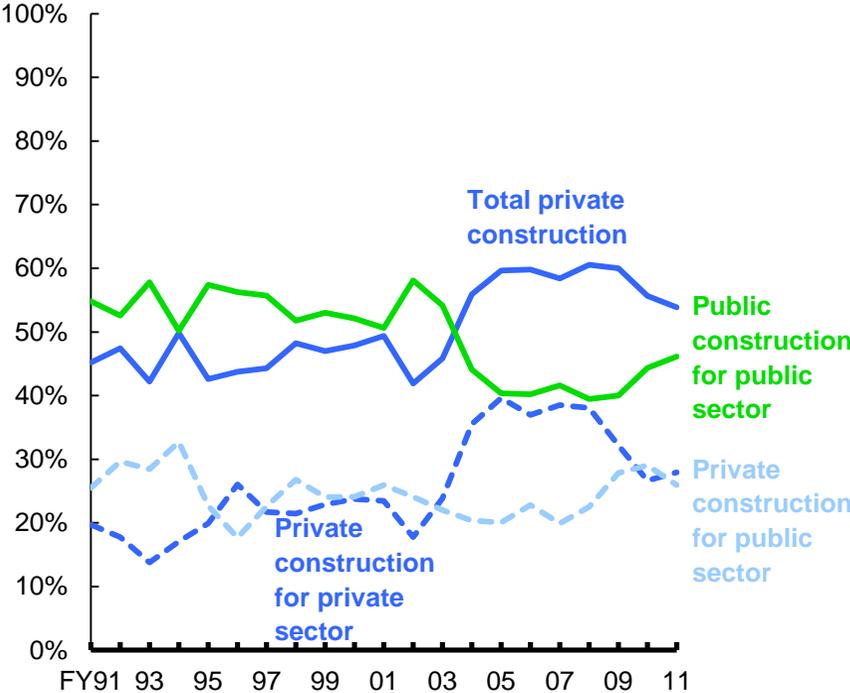
NSW ENGINEERING CONSTRUCTION—EXCLUDING MINING AND HEAVY INDUSTRY*

Percent of total

Engineering construction by funding source



Engineering construction by contractor



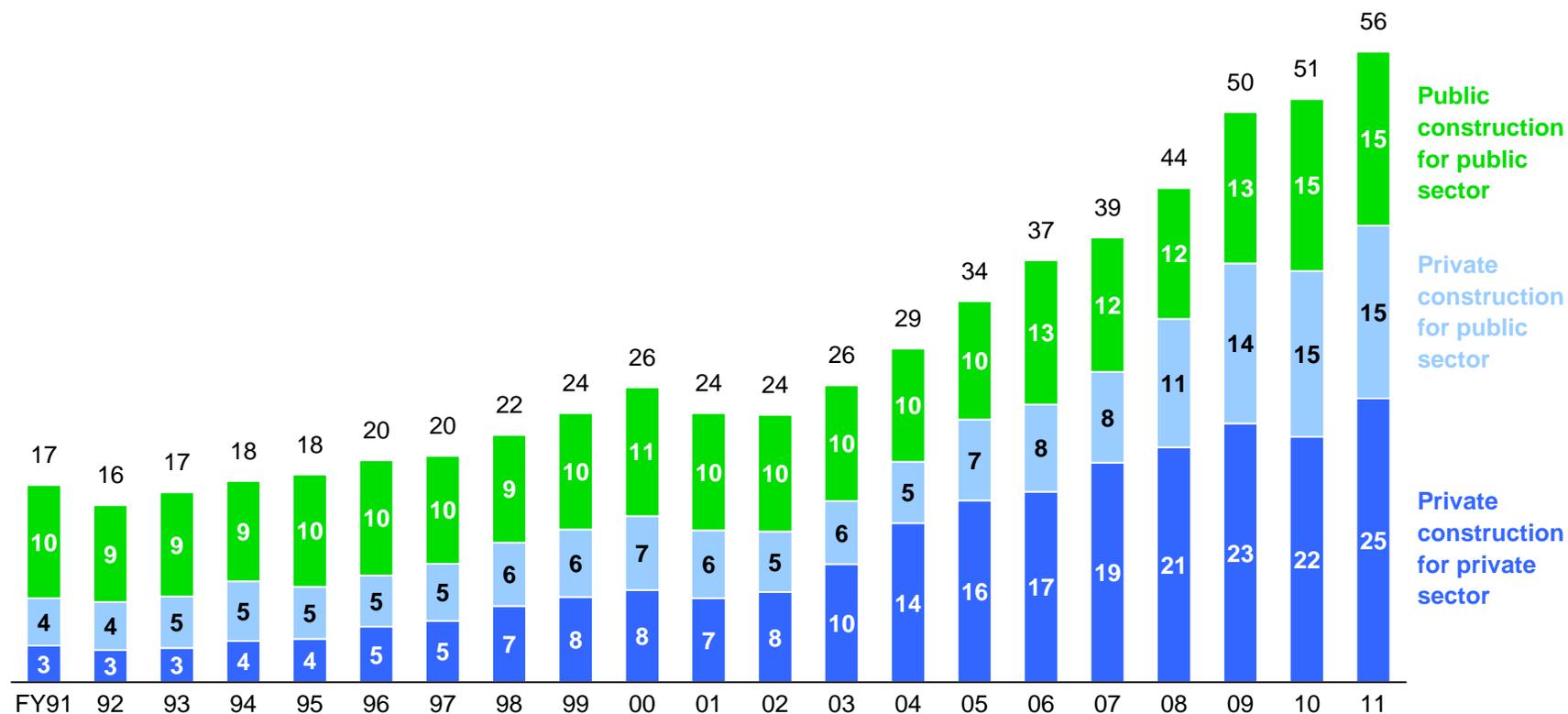
* Engineering construction covers: roads, highways and subdivisions, bridges, railways, harbours, water storage and supply, sewerage and drainage, electricity generation, transmission and supply, pipelines, recreation, telecommunications, and other

Source: BIS Shrapnel Engineering Construction in Australia, March 2011

Even excluding mining and heavy industry, the value of construction performed by the private sector has increased much more rapidly than that being performed by the public sector

ENGINEERING CONSTRUCTION BY CONTRACTOR—EXCLUDING MINING AND HEAVY INDUSTRY*

Value of work done, \$ Billions (Real, 2008/2009)



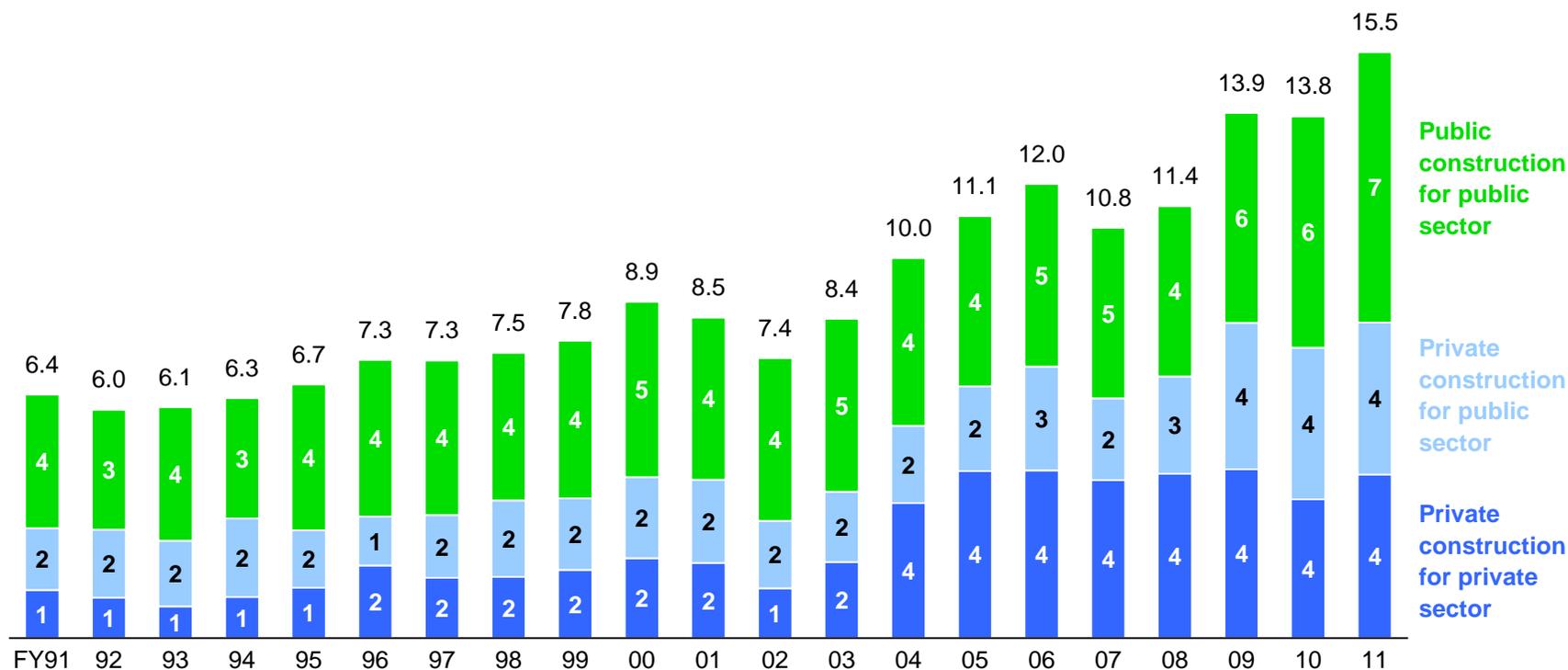
* Engineering construction covers: roads, highways and subdivisions, bridges, railways, harbours, water storage and supply, sewerage and drainage, electricity generation, transmission and supply, pipelines, recreation, telecommunications, and other

Source: BIS Shrapnel Engineering Construction in Australia, March 2011

In NSW, private construction for the private sector grew strongly between FY02 and FY05 but shrunk between FY05 and FY11, while the national average grew over this period

NSW ENGINEERING CONSTRUCTION BY CONTRACTOR—EXCLUDING MINING AND HEAVY INDUSTRY*

Value of work done, \$ Billions (Real, 2008/2009)



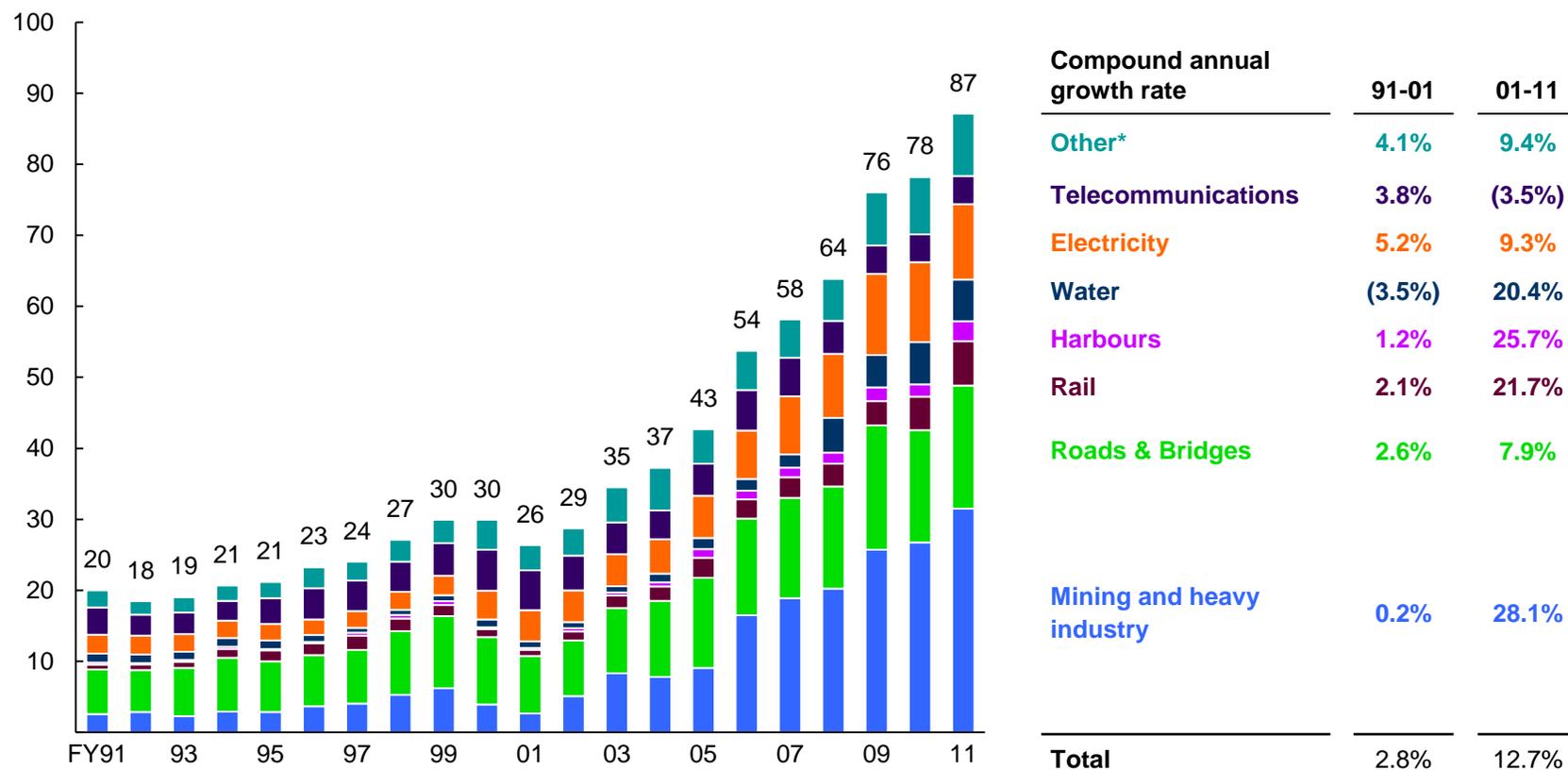
* Engineering construction covers: roads, highways and subdivisions, bridges, railways, harbours, water storage and supply, sewerage and drainage, electricity generation, transmission and supply, pipelines, recreation, telecommunications, and other

Source: BIS Shrapnel Engineering Construction in Australia, March 2011

Mining and heavy industry is the largest individual sector and grew the fastest over the last decade

TOTAL ENGINEERING CONSTRUCTION BY SECTOR

Value of work done, \$ Billions (Real, 2008/2009)



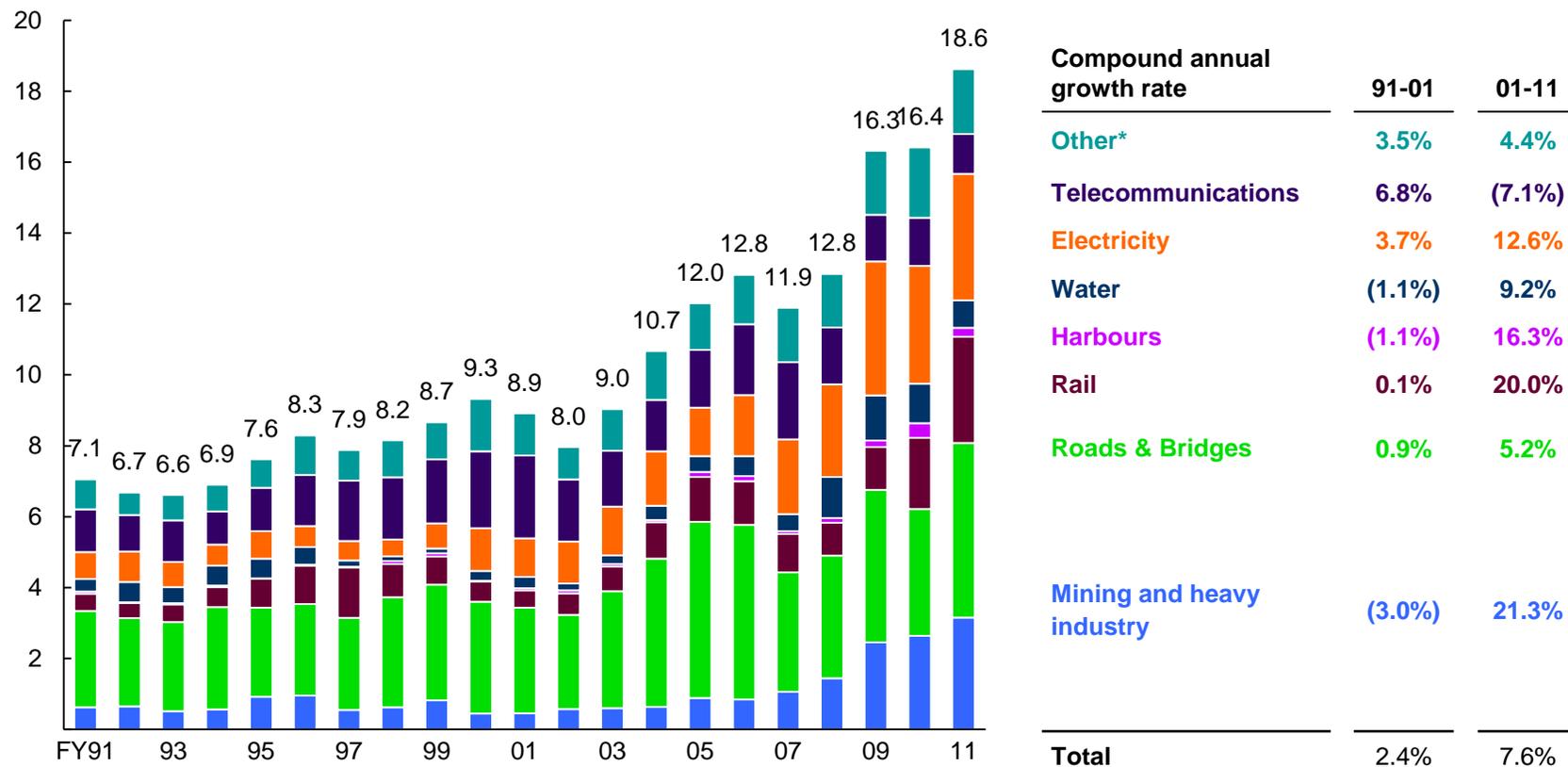
* Other includes sewerage and drainage, pipelines, recreation, and 'other'

Source: BIS Shrapnel Engineering Construction in Australia, March 2011

NSW has had similar high growth sectors to Australia, but has had higher growth in electricity than the national average

NSW ENGINEERING CONSTRUCTION BY SECTOR

Value of work done, \$ Billions (Real, 2008/2009)



* Other includes sewerage and drainage, pipelines, recreation, and 'other'

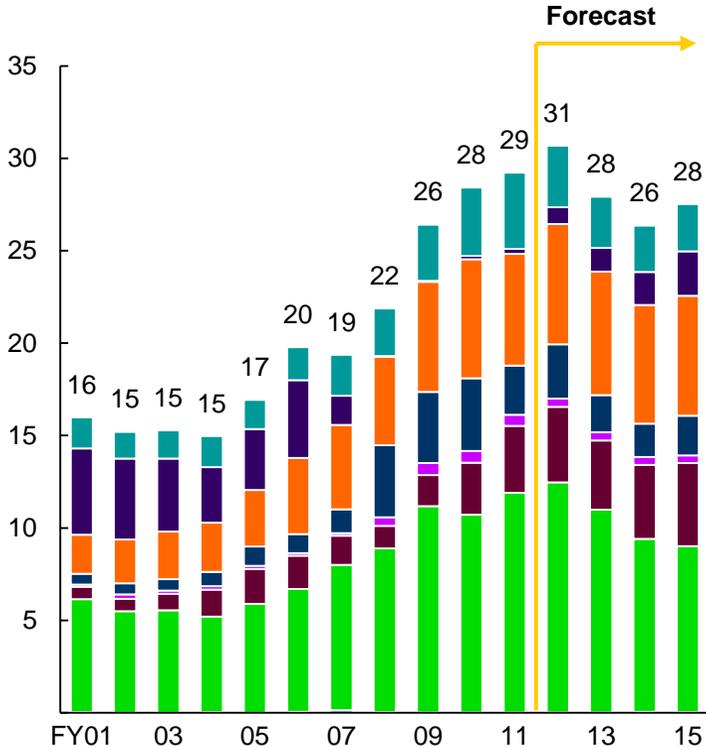
Source: BIS Shrapnel Engineering Construction in Australia, March 2011

Of construction spending not related to mining, the public sector has funded more than the private sector in recent years in all categories except for heavy industry, telecommunications

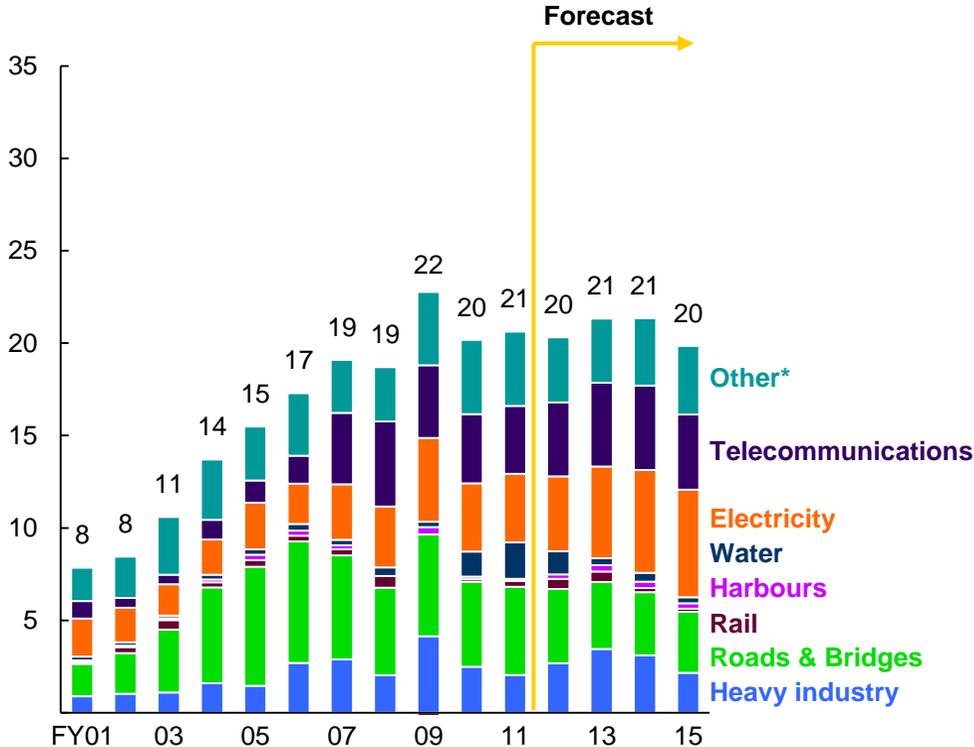
ENGINEERING CONSTRUCTION NOT DIRECTLY RELATED TO MINING—BY SECTOR

\$ Billions (Real, 2008/2009)

Publicly funded engineering construction



Privately funded engineering construction



* Other includes sewerage and drainage, pipelines, recreation, and 'other'

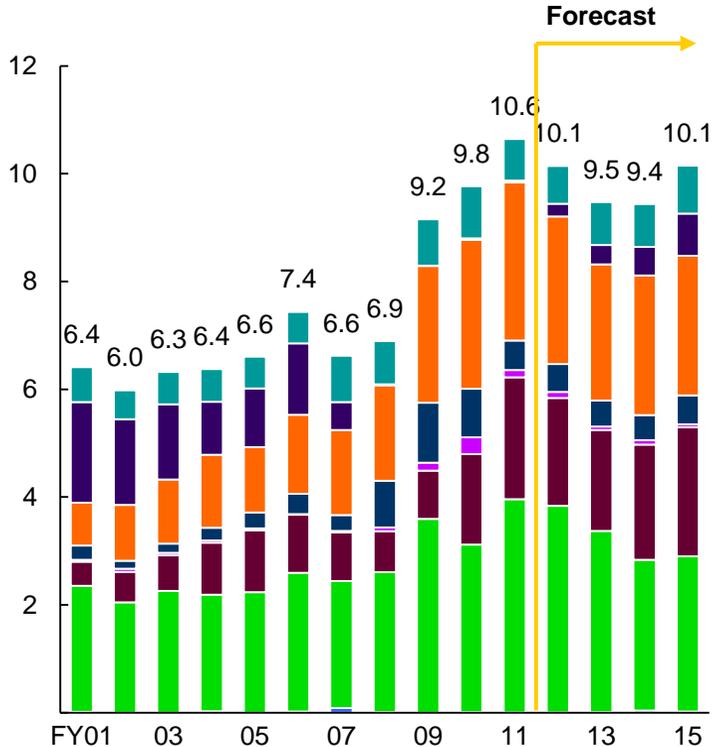
Source: BIS Shrapnel Engineering Construction in Australia, March 2011

NSW shows the same trends, and the difference between public and private sector funding for electricity is much larger

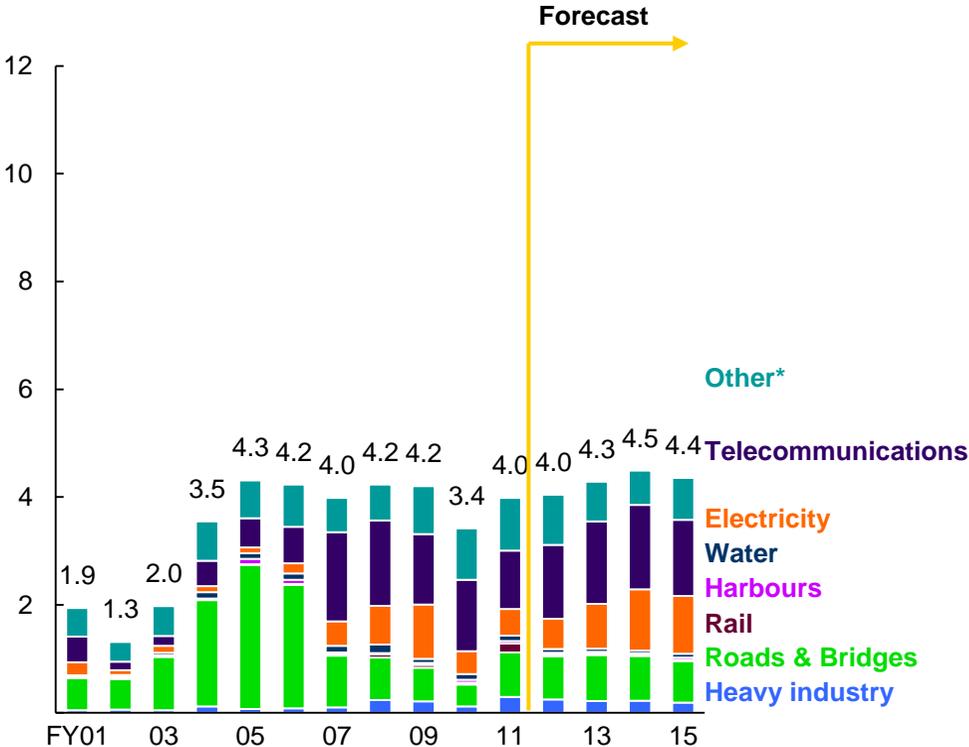
NSW ENGINEERING CONSTRUCTION NOT DIRECTLY RELATED TO MINING—BY SECTOR

\$ Billions (Real, 2008/2009)

Publicly funded engineering construction



Privately funded engineering construction



* Other includes sewerage and drainage, pipelines, recreation, and 'other'

Source: BIS Shrapnel Engineering Construction in Australia, March 2011