

Infrastructure Expenditure.... an alternative data source

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February 2006



Changed Infrastructure Economy



- Pre-National Competition Policy (early 1990's)
 - Virtually 100% Budget sector in all states
- Post-National Competition Policy (2005)
 - Mixed Budget and Private sector investment
- Going Forward
 - Private sector to grow?



If you can't measure it.....?



- What are we measuring?



- Changed expenditure patterns

- Poor data = poor policy outcomes



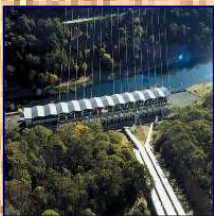
- What do we need?

- New proxy for infrastructure investment



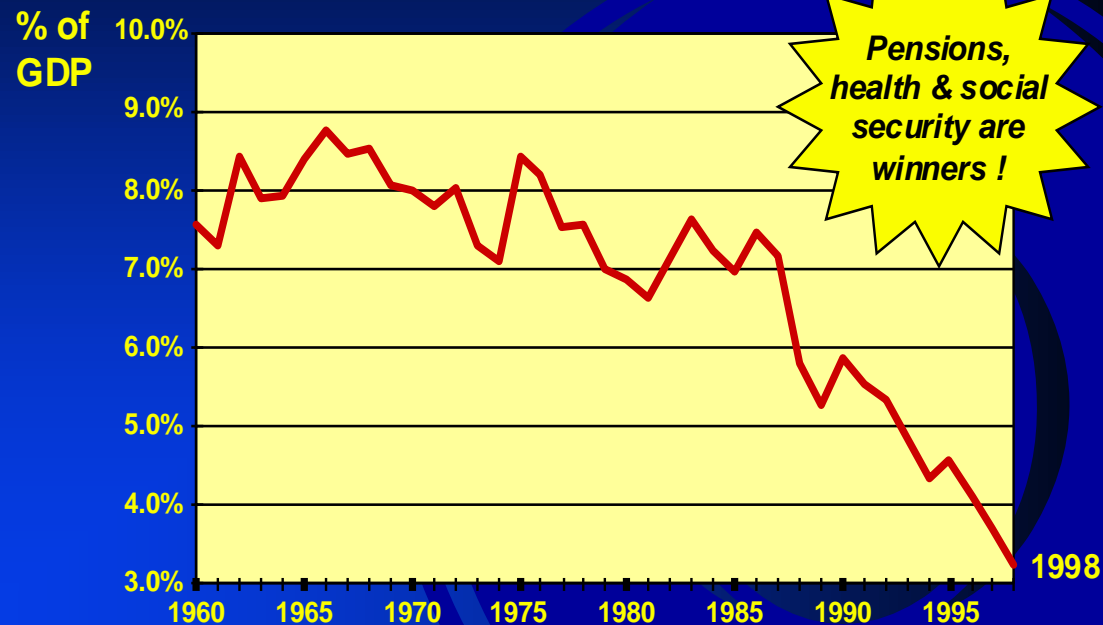


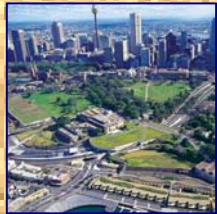
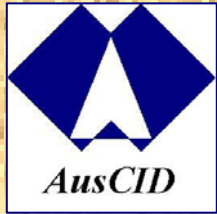
What we measured Gross Fixed Capital Formation



What Is Driving Private Investment?

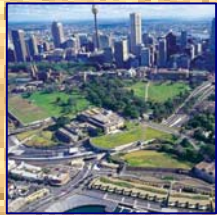
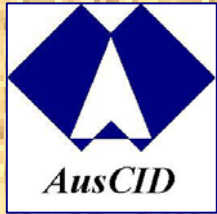
Public Investment as % of GDP





Gross Fixed Capital Formation.....defects

- Does not reveal commercial/market relationships
- Meaningful disaggregation hard
- Does not include maintenance

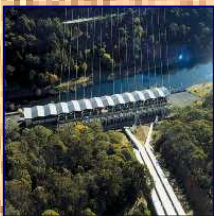


What we measure.... Engineering Construction

- Additional expenditure insights
- but not value of stock of assets
- Greater disaggregation
- Some light on commercial relationships
- Maintenance included



Engineering Construction...drawbacks



- Building construction excluded
- Physical, not economic, classification of data
- No separation according to level of government
- Rather, geographical split based on location of expenditure



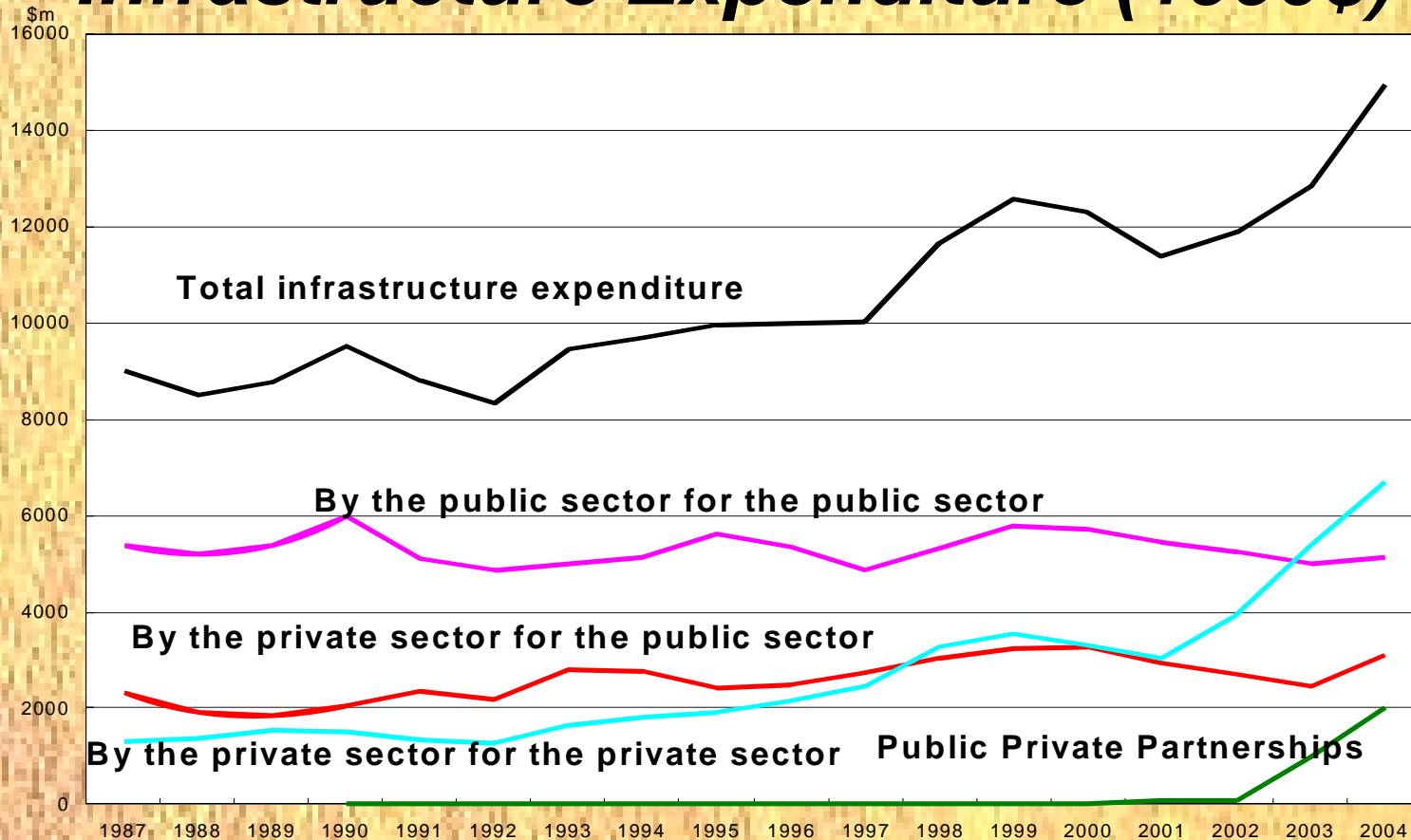
Observations

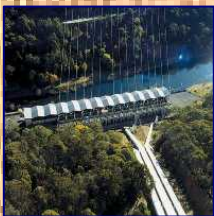


- Private spending the driving force now
- Half of all private sector expenditures were on roads
- Telecommunications had the fastest growth rate - 22.4%pa
- Public sector spending negative or low relative to private
- All jurisdictions grew bar Tasmania and ACT

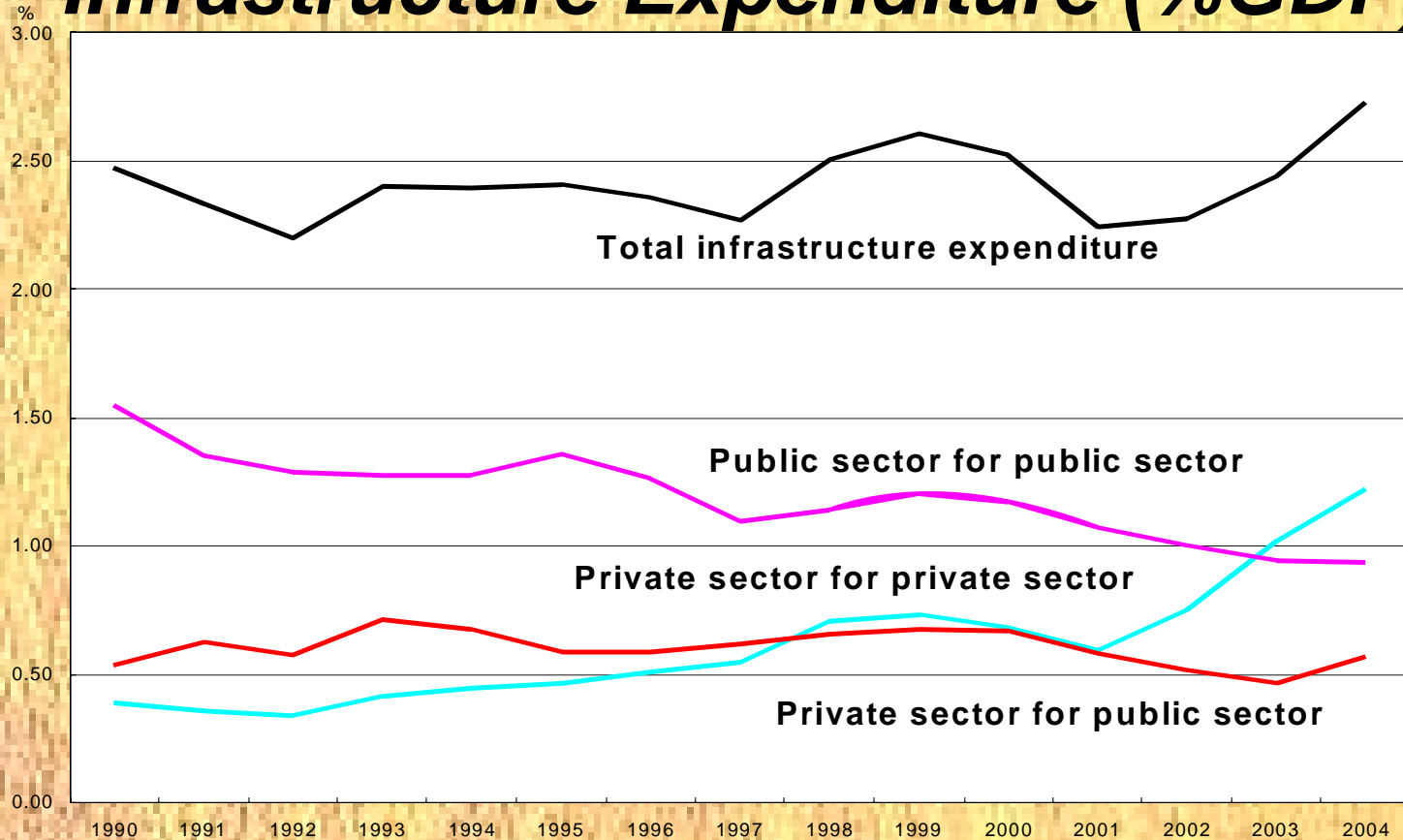


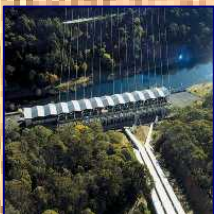
Public and Private Economic Infrastructure Expenditure (1990\$)





Public and Private Economic Infrastructure Expenditure (%GDP)



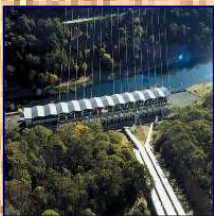


Share of total economic infrastructure outlays by the public and private sectors

	Private for private	Private for public	Public for public	Total for public
1987	14.5%	25.8%	59.7%	85.5%
2004	44.9%	20.8%	34.3%	55.1%



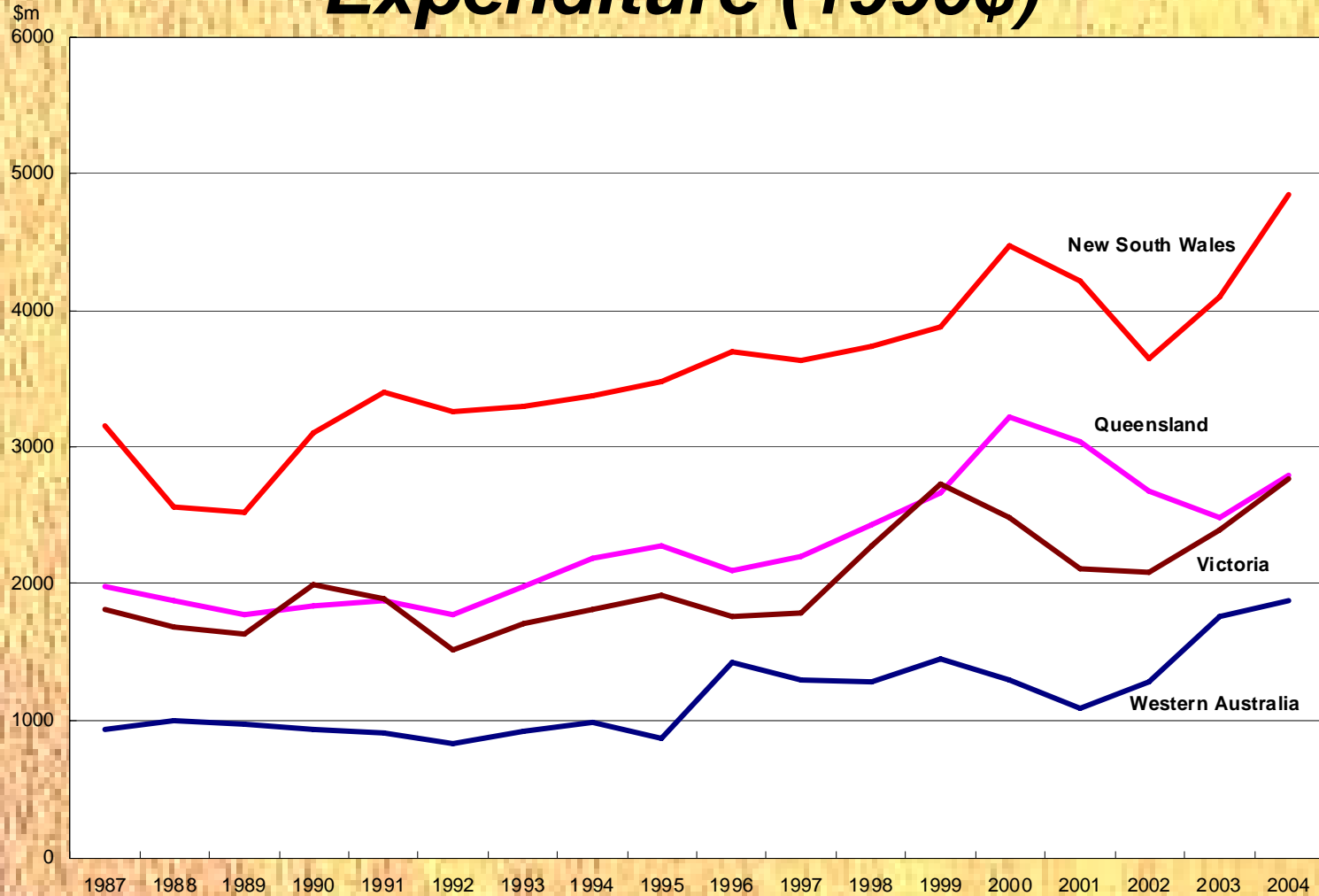
Cumulative Average Growth Rates by Sector 1987-2004



	<i>Private Sector</i>	<i>Public Sector</i>	<i>Total</i>	<i>Real GDP</i>
Roads	9.8%	1.1%	4.2%	
Water	7.6%	-0.9%	0.6%	
Telecommunications	22.4%	-1.2%	0.5%	
Bridges, railways and harbours	5.0%	3.1%	3.7%	
Energy	12.8%	0.5%	4.3%	
Total	10.1%	0.4%	3.0%	2.1%

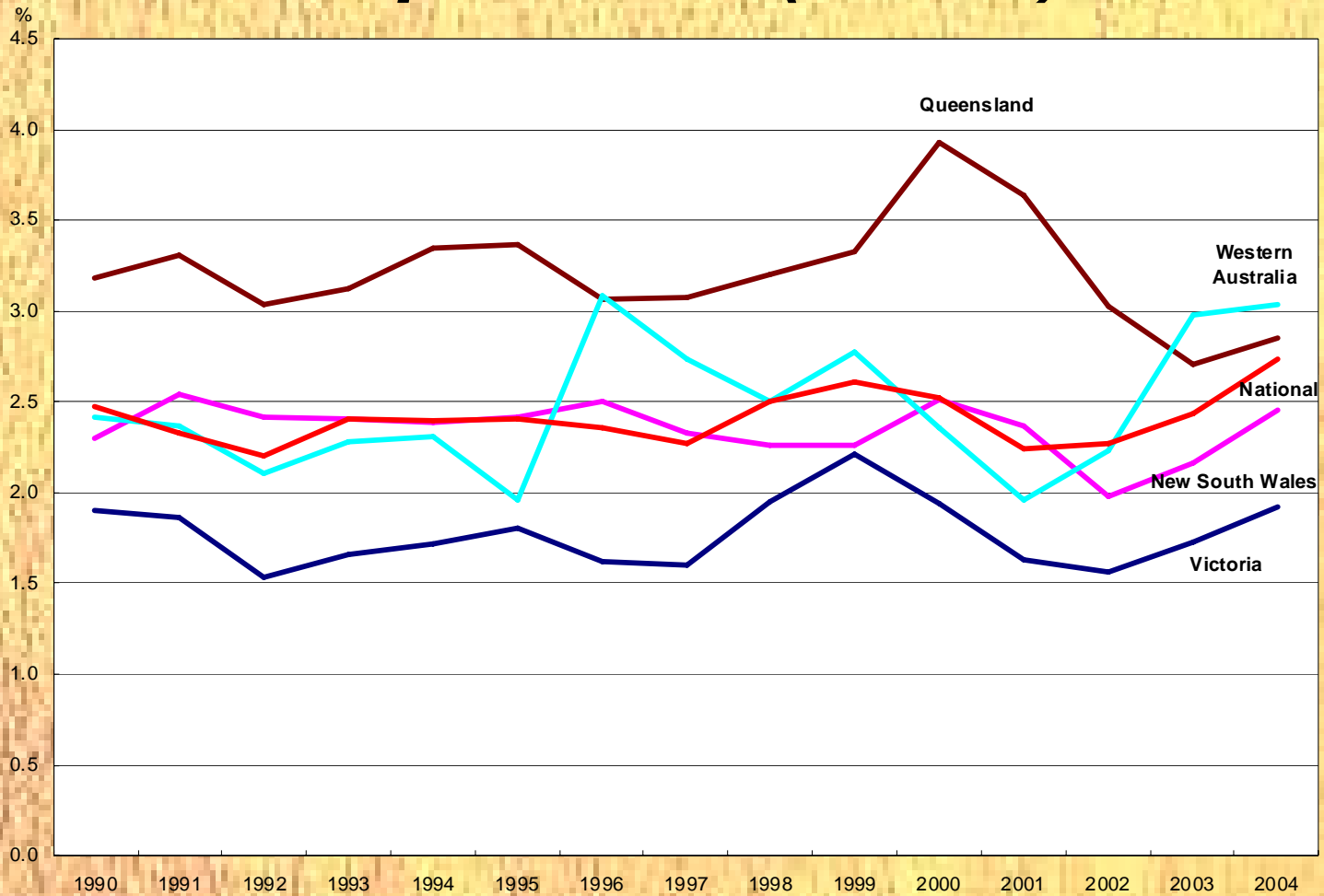


Total State Economic Infrastructure Expenditure (1990\$)



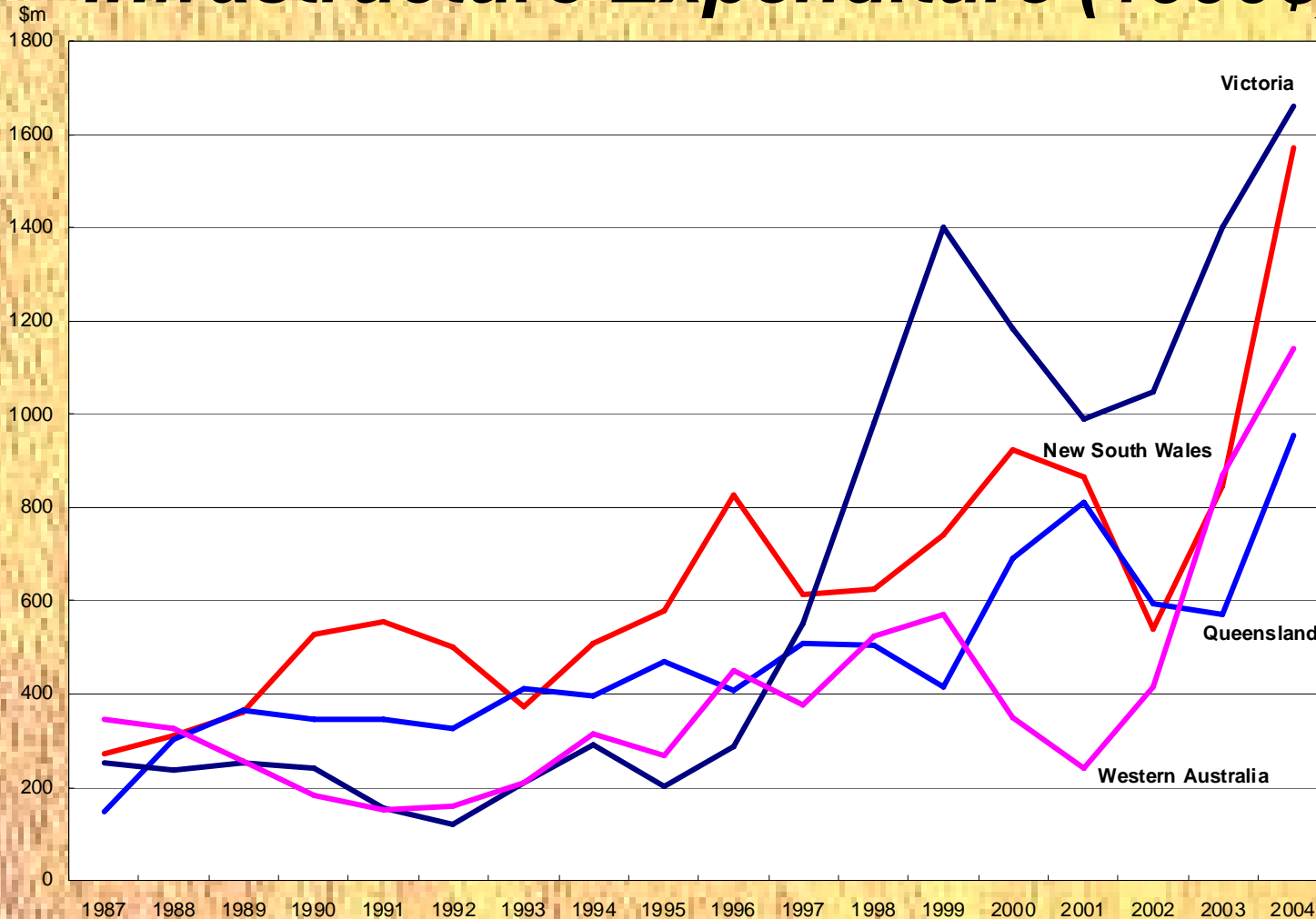


Total State Economic Infrastructure Expenditure (%GSP)



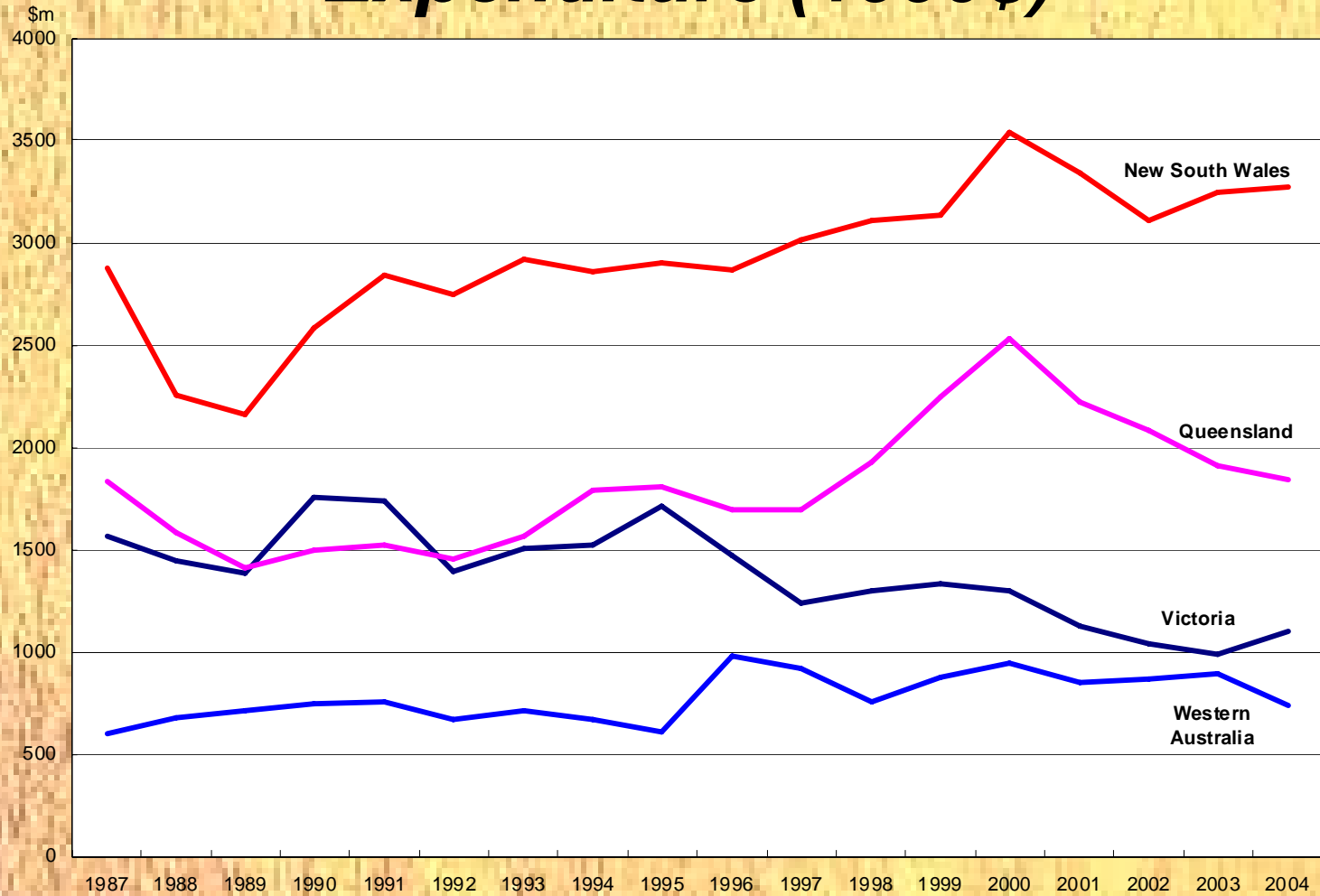


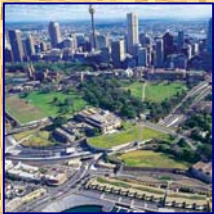
State Private Economic Infrastructure Expenditure (1990\$)





State Public Economic Infrastructure Expenditure (1990\$)





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