MEDIA RELEASE

CONSULT AUSTRALIA

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Billions of dollars to help fund public infrastructure are being ignored

Time to sharpen the infrastructure funding tools

‘22 June 2015: According to a new report from integrated infrastructure firm AECOM and Consult Australia, billions of tax payer dollars are being put at risk by Commonwealth and State Governments who are failing to adopt more innovative funding models for transport infrastructure projects.

The indirect beneficiaries of projects in Australia, such as property owners located close to new train stations, receive a substantial unearned and untaxed financial windfall which are effectively subsidised by the public.

According to the report’s author and AECOM technical director, Joe Langley, a significant proportion of this could be captured to repay the loans or infrastructure bonds that are used to fund the project.

The ***AECOM and Consult Australia Value Capture Road Map***, identifies billions of dollars that could be lost if Australia continues to ignore the additional indirect value created as a result of publically funded infrastructure.

In New South Wales there is over $60billion worth of committed projects which the Government plans to fund from the leasing of public assets.

AECOM’s Joe Langley comments; “Using value capture methods on just these NSW projects could save the tax payer at least $6 billion (10%).”

“New stations for the planned Melbourne Metro and Sydney Metro will deliver significant financial windfalls to local property owners and businesses, but under current legislation they do not have to pay a cent towards them. That just doesn’t make sense when there’s a tried and tested way of leveraging this value to reduce the overall cost to the tax payer.”

“Well planned public transport can increase land market values by up to 50%. The extent of the uplift depends upon a number of factors including the nature of the infrastructure, the proximity to the property in question, accessibility and urban design amenities.”

Consult Australia CEO Megan Motto said, "Countries around the world are realising the massive productivity uplift benefits of infrastructure, but traditional financing models will constrain their development."

"We need Australian governments to embrace Value Capture, as part of a range of innovative financing mechanisms, if we are going to deliver the roads, trains and ports that will make living, working and doing business easier," said Ms Motto.

"In London, the $29.6 billion Crossrail project utilised value capture from a range of indirect beneficiaries such as local employers and commercial property owners, to finance $7.6 billion or 26% of the overall project cost," continued Ms Motto. "Why can't Australian beneficiaries contribute in the same way?"

Mr Langley believes the lack of innovation around funding of key transport infrastructure projects is preventing a better return to the people of Australia.

The report identifies a number of potential pilot precincts that offer an ideal opportunity for New South Wales to test value capture. They include Camellia on the Parramatta River which requires significant environmental remediation and the Central Eveleigh precinct in Sydney.

Mr Langley says, "It is reasonable to assume that a well-conceived and managed value capture program here could contribute between 10% and 30% directly related infrastructure costs within a defined improvement area."

"With so much new infrastructure planned over the coming decade the Commonwealth and State governments have a once in a generation opportunity to look beyond the blunt funding tools they currently use such as levies, tax increases or rate hikes," concluded Mr Langley.
An executive summary of the report can be downloaded from the Consult Australia website.

Ends
June

For further information or to arrange an interview, please contact Consult Australia's CEO, Megan Motto on 0411 104 458 or via email at megan@consultaustralia.com.au.

About Consult Australia

Consult Australia is the industry association that represents the business interests of consulting firms operating in the built and natural environment.

Our member firms include: AECOM, GHD, Jacobs, Calibre Consulting, Golder Associates, Kellogg Brown & Root, Opus International Consultants, Aurecon, Rider Levett Bucknall, WSP/PB and WorleyParsons.

We represent an industry comprising some 48,000 firms across Australia, ranging from sole practitioners through to some of Australia's top 500 firms. Collectively, our industry is estimated to employ over 240,000 people, and generate combined revenue exceeding $40 billion a year.