

# Infrastructure Australia COVID-19 Market Survey

## September Results Summary

The September Infrastructure Australia COVID-19 Market Survey is the first of a regular survey exploring the impact of COVID-19 on the project pipeline, project risk, and the supply chains across the infrastructure sector. These results provide a broad-based assessment of current sentiment, opportunities and challenges.

These collective insights support the development of the 2021 Australian Infrastructure Plan and advice in responding to COVID-19 in this context.

The survey received 129 responses from senior leaders across sectors (including energy, social infrastructure, telecommunications, transport, waste and water) between 31 August and 22 September 2020.

Organisations indicated involvement in contracts of all sizes across the states and territories (from less than \$10m to over \$1 billion), and at all stages of the infrastructure lifecycle, from financing through to design, construction, operation and maintenance.

## Highlights from respondents:

- Productivity is down across 50% of the sector. Cash flow, profit and revenue impacts vary across sectors with greater negative impact reported further down the supply chain, for example with sub-contractors and suppliers.<sup>1</sup>
- Those primarily delivering private contracts have been most heavily impacted to date, however also report the greatest optimism regarding the possible speed of recovery.<sup>2</sup>
- The impacts are broad and are being experienced across sectors, through supply chains, and reduced access to interstate and international workforces.<sup>3</sup>
- Two-thirds of respondents indicated that the pace of government-funded infrastructure projects coming to market was too slow.<sup>4</sup>

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<sup>1</sup> See responses to Question 16.

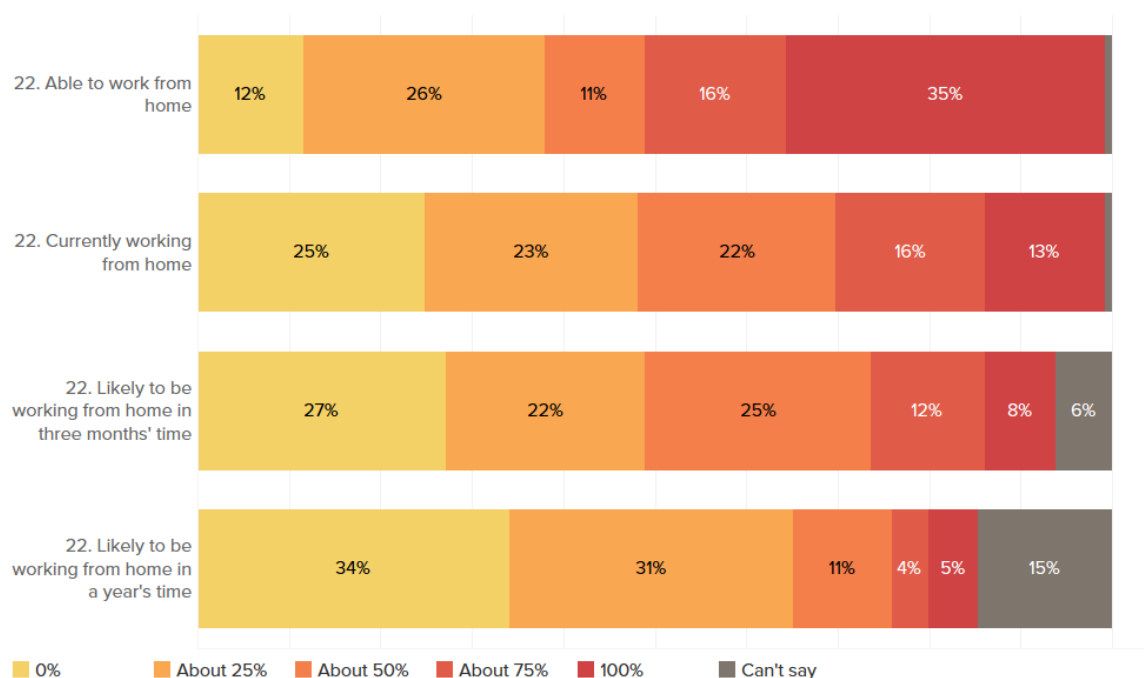
<sup>2</sup> See responses to Questions 20-21.

<sup>3</sup> See responses to Questions 16.

<sup>4</sup> See responses to Questions 37-38.

## Workforce productivity

- Most organisations indicated a negative impact from COVID over the last three months, with 38% of respondents indicating up to 20% reduction in productivity, and 11% indicating over 20% reduction in productivity.<sup>5</sup>
- Negative responses were noted for the vast majority of respondents with respect to availability of workforces. 28% of respondents indicated a reduction in the availability of their workforces within the state, and more noted the reduced availability of interstate (56%) and international (44%) workers.<sup>6</sup>
- 45% of respondents indicated between 5-20% lost work days due to COVID-19 over the last three months, and 17% indicated greater than 20% of days lost.<sup>7</sup>
- 45% of respondents indicated that they expect 50% or more of staff to be working from home in three months' time, with 20% indicating 50% or more of staff still working from home in a year's time.<sup>8</sup>



<sup>5</sup> See responses to Question 16.

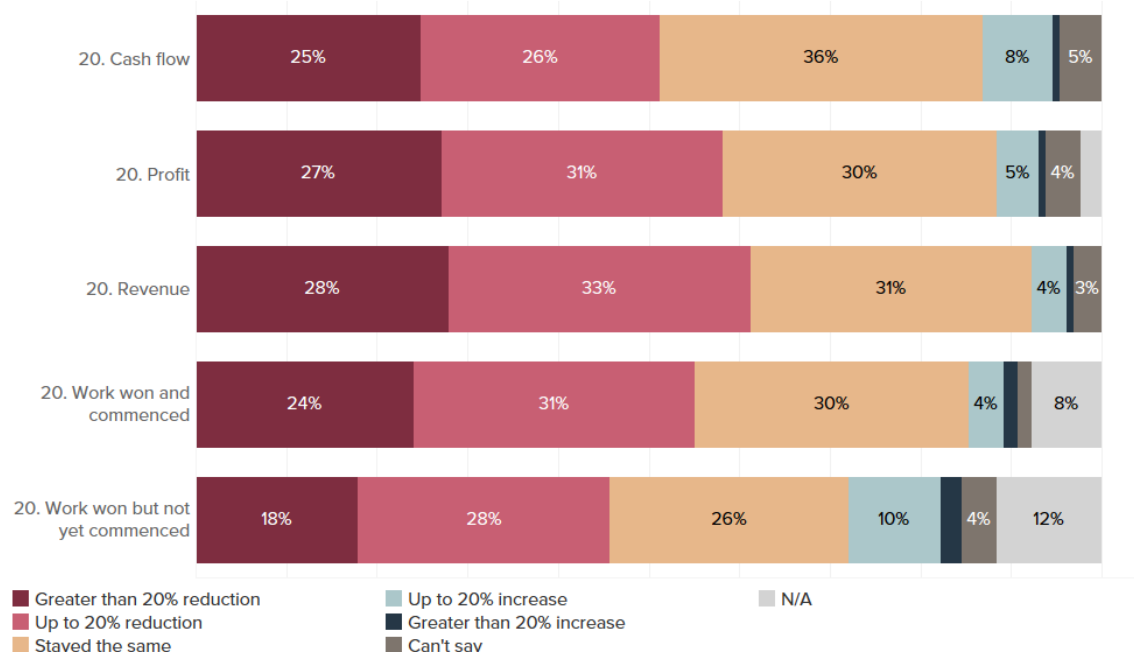
<sup>6</sup> See responses to Question 16.

<sup>7</sup> See responses to Question 17.

<sup>8</sup> See responses to Question 22.

## Business performance

- Considering, cash flow, revenue, profit, work won and not yet commenced and work won and commenced: Between 45% - 61% of respondents indicated a reduction across each of these indicators, while 35% - 44% of respondents indicated cash flow, revenue, and profit had stayed the same or increased over the same period; 44% - 56% expect further reductions in the next three months across these areas; while 37% - 43 % expect the status quo or up to a 20% increase.<sup>9</sup>



- 26% of respondents expect a 20% reduction in headcount in the coming three months, alongside over 71% expecting headcount to stay the same or increase. 27% of respondents expect to see skills shortages.<sup>10</sup>
- Some respondents indicated impacts from COVID-19 in meeting capital project milestones or project requirements, with 24% indicating they had missed milestones, and 37% indicating other parties with whom they contract had been unable to fulfil obligations over the last three months.<sup>11</sup>

## Insurance

- 40% of respondents indicated the cost of insurance had increased over the last three months, over 50% were expecting the cost of insurance to increase in the coming three months with 24% expecting difficulties accessing insurance going forward.<sup>12</sup>

<sup>9</sup> See responses to Questions 20-21.

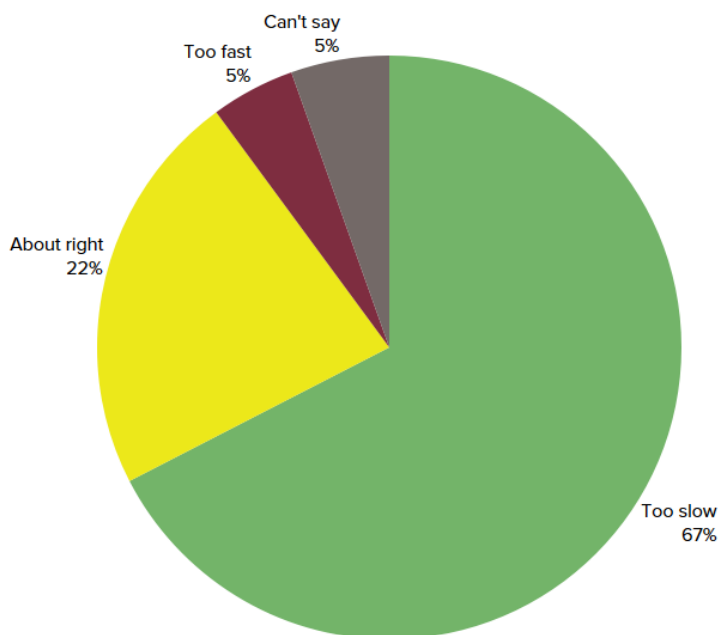
<sup>10</sup> See responses to Questions 23-24.

<sup>11</sup> See responses to Questions 28-29.

<sup>12</sup> See responses to Questions 34-36.

## Stimulus spending

- Two-thirds of respondents indicated that the pace of government-funded infrastructure projects coming to market was too slow, with close to 50% indicating that bringing more projects to market should be the government's primary infrastructure sector focus in its response to COVID-19.<sup>13</sup>



- In an environment where over 90% of respondents indicated that jobs and economic growth should be the focus of the government's infrastructure agenda in the COVID-19 recovery, over 65% indicated no benefit from COVID-19 stimulus. Close to 20% of respondents indicated that they had benefited from COVID-19 streamlining or stimulus spending in the last three months.<sup>14</sup>

<sup>13</sup> See responses to Questions 37-38.

<sup>14</sup> See responses to Questions 40-41.