

# Building Australia's Next Productivity Boom: Infrastructure, Investment and National Prosperity



Infrastructure is often discussed as construction. In reality, it is Australia's most powerful productivity engine. Every rail line, energy corridor, data network and water system determines how efficiently businesses operate, how quickly people move, where investment flows and how fast the economy grows.

For Australia, the question is how we deliver the infrastructure required to support a growing population, achieve our energy ambitions, unlock new industries and maintain our position as one of the world's leading economies.

Getting this right represents a critical opportunity for private and public investment to work together, to unlock long-term growth and to continue building the nation.

## **AUSTRALIA'S INFRASTRUCTURE ECONOMY AND THE MULTIPLIER EFFECT**

So how do we do it? We understand the importance of the infrastructure industry, but it is worth reviewing the scale of the challenge, the opportunity it represents and the approaches most likely to succeed.

Australia's construction industry is one of the country's largest economic contributors, generating 7 per cent of national GDP and employing around 1.3 million Australians in 2023–24. It is also a critical enabler of broader economic activity.



Future demand is significant. Infrastructure Australia values the five-year Major Public Infrastructure Pipeline at a record \$242 billion, an increase of \$29 billion in a single year, with major investment planned across transport, energy, water, social infrastructure and utilities.

Population growth is compounding that demand. Australia's capital cities added more than 324,000 residents in 2024–25, while regional Australia grew by almost 95,000 people. Perth recorded the fastest capital-city growth rate at 2.4 per cent, followed by Brisbane at 2.1 per cent. Every one of those new residents requires transport, housing, energy, water and digital connectivity.

Infrastructure delivers value far beyond its own sector. A new rail line reduces commute times and expands labour markets. A freight corridor lowers supply chain costs and improves export competitiveness. A major renewable energy project creates the conditions for advanced manufacturing, critical minerals processing and data centre investment. Improved digital infrastructure supports innovation, automation and new business creation.

That impact compounds over generations. Research consistently shows infrastructure investment delivers two forms of return. The first is immediate: construction activity stimulates employment, procurement and supply chains. The second is enduring:

better infrastructure lifts productivity and economic performance long after construction is complete. Few investments offer such a powerful combination of short-term stimulus and long-term transformation.

The scale of the opportunity, however, brings a corresponding challenge. A record pipeline is only valuable if the nation has the capital to fund it and the capacity to deliver it.

## **A NEW ERA OF COMPETITION FOR GLOBAL CAPITAL**

Australia is no longer competing only with other nations for investment. Today's infrastructure projects compete against global technology investments, logistics hubs, advanced manufacturing facilities, renewable energy projects and digital infrastructure.

Capital is increasingly mobile and increasingly selective. Investors seek more than opportunity; they seek certainty of delivery.

Certainty of delivery is earned, not asserted. It is built on a market with the depth, capability and experience to deliver complex projects predictably, which is why the strength and openness of Australia's contracting market is an economic asset in its own right.



## THE VALUE OF INTERNATIONAL EXPERTISE

Australia benefits from a highly competitive infrastructure market that attracts both local and international expertise. Global infrastructure companies bring experience from delivering some of the world's most complex transport, energy, water treatment and tunnelling projects, while Australian contractors contribute deep local knowledge, relationships and delivery capability. Together they strengthen the sector's capacity to deliver infrastructure at the scale the country requires.

The value of that international experience is best understood through the projects that have successfully tested the limits of engineering and project management, and through the delivery models those projects proved.

An open, competitive market drives innovation, accelerates the adoption of new technologies and enables the transfer of skills and global best practice across the industry. As Australia progresses a once-in-a-generation pipeline, international investment and expertise will be essential.

That expertise is needed now more than ever. Infrastructure Australia's latest analysis identifies workforce availability, productivity and material supply as the key challenges facing the sector, with the industry currently short an estimated 141,000 workers needed to deliver

the pipeline. At the same time the pipeline itself is evolving, with rising investment in energy and social infrastructure as governments respond to the housing challenge and the transition to a lower-carbon economy.

By remaining competitive and attractive to investment, Australia can strengthen its delivery capacity, enhance productivity and accelerate the infrastructure development required to support continued prosperity. Of those three challenges, one determines the others.

## PRODUCTIVITY: AUSTRALIA'S BIGGEST INFRASTRUCTURE OPPORTUNITY

The challenge is no longer whether Australia can fund infrastructure. The challenge is whether Australia can deliver enough of it at a cost the nation can afford. As project costs rise faster than productivity, every dollar invested buys less infrastructure than it did a decade ago. Unless this trend is reversed, even record levels of investment will struggle to meet the country's needs.

Consider two metro projects delivered over broadly the same period, both through pandemic conditions. These examples are not Webuild projects but are referenced as publicly reported international benchmarks for infrastructure delivery and productivity.



Copenhagen's M4 metro extension delivered five stations and 5.7 km of tunnel beneath the city's water table, on time, across six years, for a budgeted AUD \$1.8 billion. That is roughly \$316 million per kilometre.

Melbourne Metro delivered five stations and 9 km of tunnel over eight years at a cost of approximately AUD \$15 billion, or roughly \$1.7 billion per kilometre. More than five times the unit cost.

Geology, wages, standards and scope differ, and no two projects are identical. But a five-fold gap in cost per kilometre is not explained by ground conditions. It is explained by how the work is specified, packaged, procured and risk-allocated. That is a choice, and choices can be changed.

Changing them means adopting a new generation of delivery models built around:

- standardised, repeatable designs rather than bespoke assets on every project
- industrialised construction, including prefabrication and modern methods of construction
- digital engineering and AI-enabled project management
- collaborative contracting that places risk where it can genuinely be managed
- early contractor involvement, so constructability is resolved while it is still inexpensive to change

- nationally harmonised standards and long-term workforce development

These are not simply operational changes; they are economic reforms with the potential to transform the sector. Every percentage point of productivity improvement increases the volume of infrastructure Australia can deliver for the same level of investment. Analysis by Oxford Economics, for the Australian Constructors Association, estimates that stagnant construction productivity growth is already costing the country around \$62 billion in lost opportunity every year. Lifting construction productivity to the economy-wide average would enable more than 1,000 additional new schools, 10,000 kilometres of new road or 25,000 additional hospital bed to be constructed every year for no additional cost.

Lessons from the world's most complex projects show these gains are achievable. By combining proven international practice with Australian expertise and local supply chains, and by adopting more flexible approaches to design and delivery, Australia can create the conditions to lift productivity and build what the nation needs. Nowhere is that more urgent than in the energy transition.



## INFRASTRUCTURE AND THE ENERGY TRANSITION

The economic significance of infrastructure extends further still when viewed through the lens of Australia's energy transition.

Infrastructure Australia estimates public and private ambitions for renewable energy projects at \$163 billion over the next five years, driving demand for transmission networks, logistics corridors, ports and associated enabling infrastructure, much of it in regional Australia where workforce pressures are most acute.

This represents one of the greatest economic opportunities in Australia's history, and one of its greatest delivery tests.

The transition will not be achieved through generation assets alone. It requires a nation-building program spanning transmission, pumped hydro, ports, rail, roads, water systems and digital infrastructure, delivered concurrently, in constrained locations, with a workforce that does not yet exist at the required scale.

Projects such as Snowy 2.0, transmission corridors and renewable energy zones are more than infrastructure investments. They are economic platforms that will support future industries, energy security and investment attraction for decades. Delivered the way Australia has historically delivered, that program is difficult to close. Delivered with standardised designs, repeatable methods and industrialised construction, it becomes achievable.

## A VISION FOR AUSTRALIA'S FUTURE

Infrastructure has shaped every period of economic growth in Australia's history. The next chapter will be defined not by how much we build, but by how boldly we change the way we build it.

Australia has the demand, the capital, the pipeline and access to world-class delivery capability. Few nations have all four at once. What it does not have is the workforce, the productivity trajectory or the cost base to build the next decade the way it built the last.

If the country continues with bespoke design, prescriptive specification, fragmented governance and procurement that rewards the lowest price rather than the best method, the outcome is already visible in the data: we will pay more, wait longer and build less.

The choice is stark. Either we modernise our delivery model, or we limit our own future.

Flexibility is the key to modernising. It is the difference between infrastructure that strains budgets and infrastructure that strengthens the nation. It is the difference between importing global expertise and using it. It is the difference between incremental progress and transformational productivity.

Australia stands at a turning point. The decisions made over the next decade will determine whether infrastructure remains a constraint on growth or becomes a catalyst for a new era of national prosperity. The opportunity is not simply to build more infrastructure. It is to build a more productive, more competitive and more resilient Australia. Those nations that modernise how they deliver infrastructure will attract investment and accelerate growth. Australia has every advantage required to lead. The question is whether it is prepared to seize the opportunity.

– ENDS –





Construction contributed

**7.0%**

of Australia's GDP in 2023–24  
and employed approximately

**1.3 million**

Australians

The five-year Major Public  
Infrastructure Pipeline is a  
record

**\$242 billion**

up \$29 billion (14%)  
in a single year,

within more than

**\$1 trillion**

of tracked demand.



Transport represents

**\$129 billion (53%)**

of the pipeline;



buildings

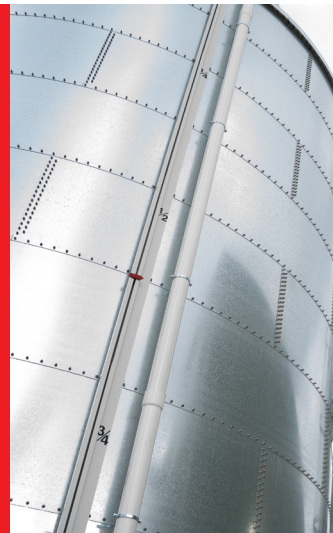
**\$77 billion**



utilities

**\$36 billion**

more than double the prior outlook.



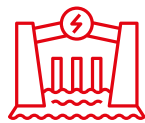
The industry is short

**141,000**

workers needed to deliver the  
pipeline; regional shortages  
are forecast to

**quadruple**

between 2025 and 2027.



Renewable energy projects  
are estimated to total

**\$163 billion**

over the next

**five**

years.

Construction labour  
productivity grew

**17%**

over the

**29 years**

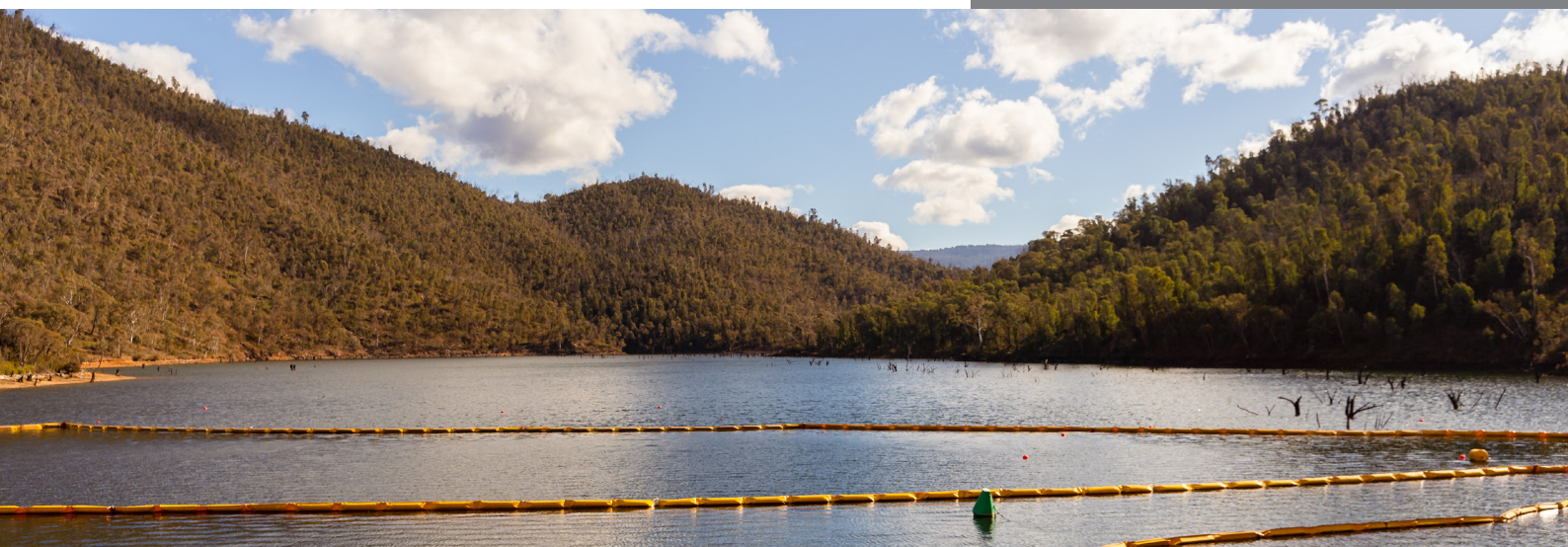
to 2023–24, versus

**64%**

across market-sector  
industries and

**58%**

in manufacturing.





Stagnant construction productivity is estimated to cost Australia

**\$62 billion**

in lost work every year.

Lifting construction to economy-wide average productivity would unlock

**\$56 billion**

a year in additional capacity — over

**1,000**

schools

**10,000 km**

of road or

**25,000**

hospital beds.

Transport projects over

**\$20 million**

delivered in the past two decades exceeded their promised cost by

**21% (\$34 billion);**

projects over

**\$1 billion**

overran by

**30%**

on average.



Copenhagen's M4 metro extension\* cost approximately

**\$316 million**

per kilometre;

Melbourne Metro\* approximately

**\$1.7 billion**

per kilometre.

Prefabricated and modular construction can reduce costs by up to

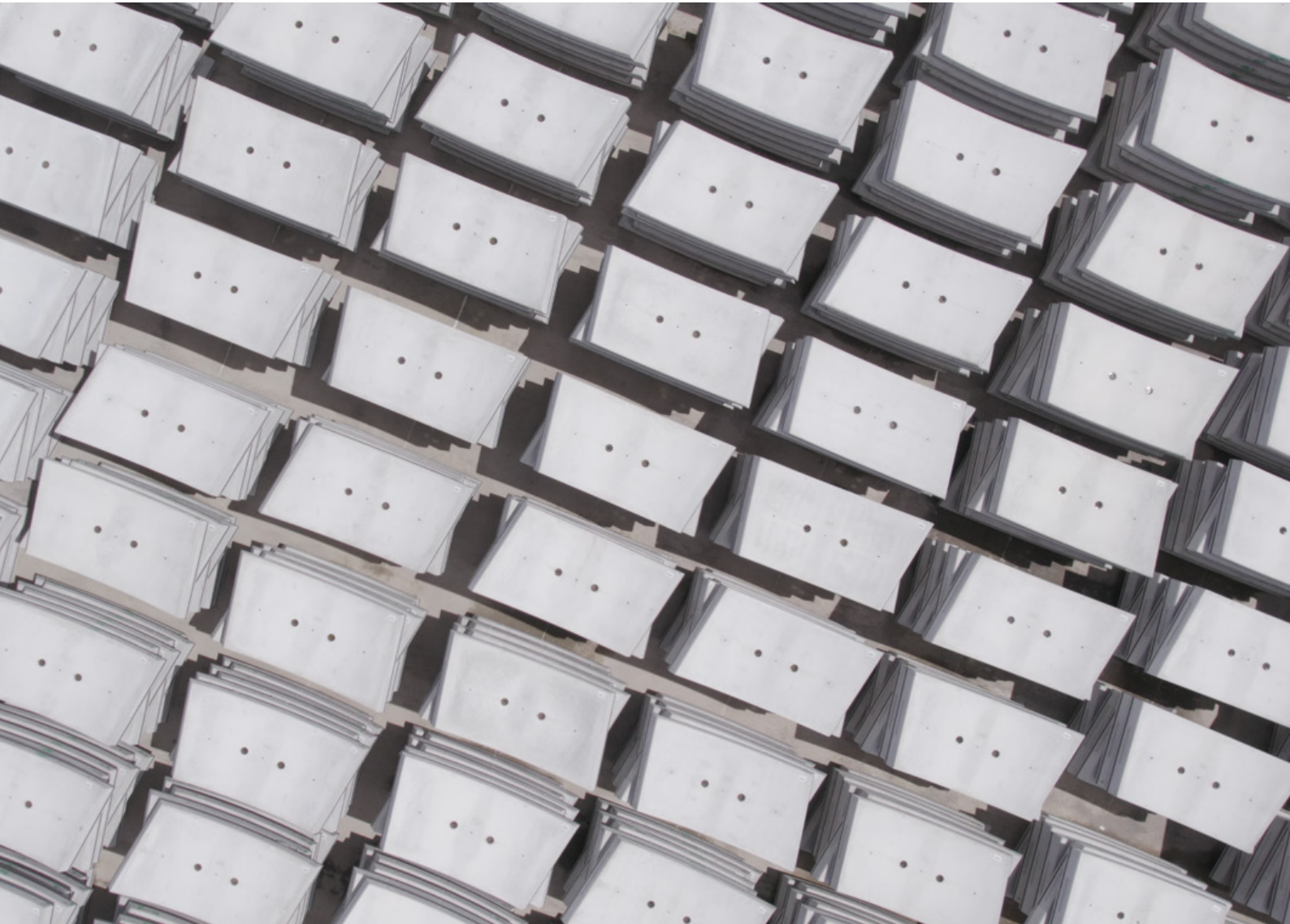
**20%**

and be up to

**50%**

faster than traditional methods.

\* These examples are not Webuild projects but are referenced as publicly reported international benchmarks for infrastructure delivery and productivity.



## Sources

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