

# UNDERSTANDING INFRASTRUCTURE MARKET CAPACITY CONSTRAINTS IN AUSTRALIA

## Australia—

- Australia has undergone a significant period of growth in public infrastructure investment that has placed pressure on the construction sector across all Australian states and territories.
- In response to emerging market constraints, Infrastructure Australia – the Australian Government’s independent infrastructure advisor – developed the [Infrastructure Market Capacity Report](#). The report forecasts the demand and supply of labour, material and equipment required to deliver Australian federal, state and local governments infrastructure pipeline.
- The report helps to identify market constraints to inform private and public sector decision-making and better match infrastructure resource supply with demand. The report also provides recommendations to improve the capacity of the infrastructure market.

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### ● Keyword

Themes: Economic and community development | Tags: Skills and labour shortages, Data, evidence and evaluation | Geographic scale: City / metropolitan area, Region/ State, Country

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Country

### ● Keyword

Skills and labour shortages | Sector strategies | Data, evidence and evaluation

### ● Theme

Economic and community development

### ● Countries

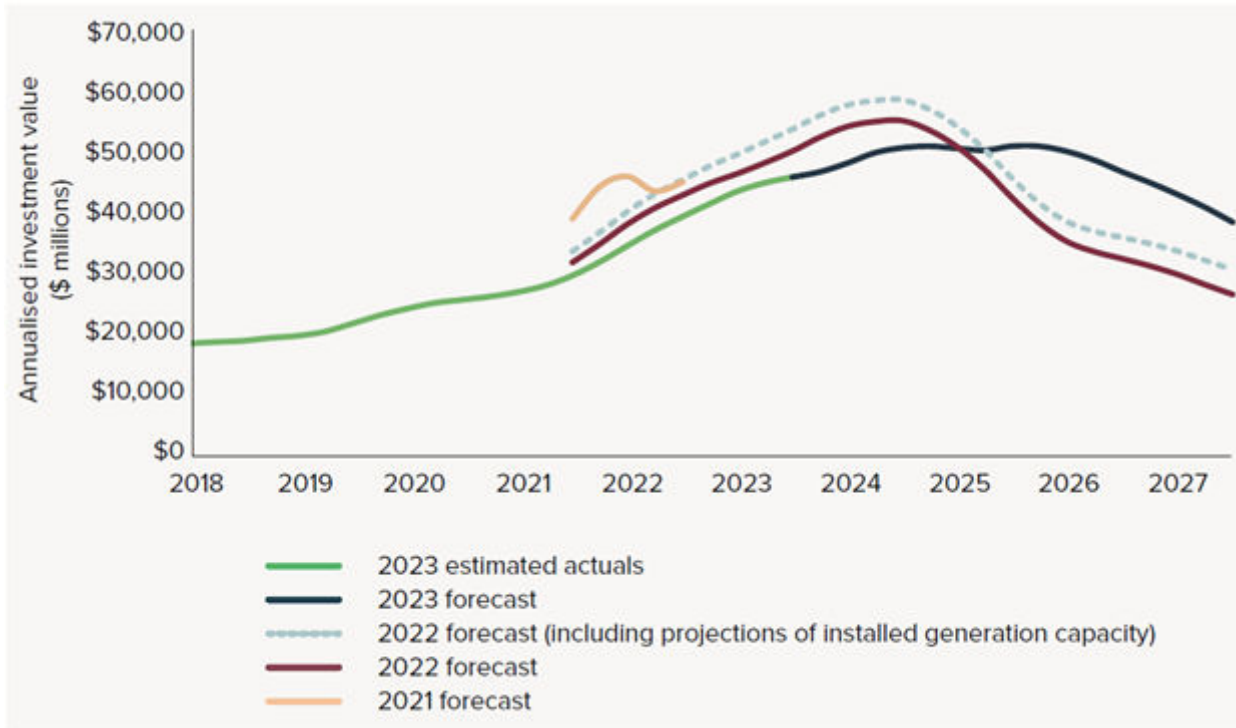
[Australia](#)

## What are the objectives?

**In recent years, Australian governments have significantly increased levels of infrastructure investment.** Total public investment grew from around 3.1% of GDP in the early 2000s to 4.1% of GDP in 2022. Much of this increase in public investment was driven by state and territory governments, who are responsible for around three quarters of public investment in Australia. These governments have been actively investing in new infrastructure to accommodate population growth and address existing infrastructure gaps. The significant increase in

investment has subsequently increased demand for labor, raw materials and equipment, leading to challenges across Australia in accessing local building materials and a shortfall of 229 000 public infrastructure workers.

### Change in five-year major public infrastructure investment forecasts from 2021 to 2023



Source: Infrastructure Australia (2023)

**In response to the growth in public investment and emerging construction sector constraints, Infrastructure Australia – the Australian Government’s independent infrastructure advisor – commenced developing the Market Capacity Report in 2021.** Now in its third edition, the [Infrastructure Market Capacity Report](#) – and the accompanying [Public Infrastructure Workforce Supply Dashboard](#) – provide a forward-looking perspective of infrastructure resource supply and demand across Australian states and territories. The report helps to support the identification of potential constraints to inform private and public sector decision-making and help better match supply and demand. Based on the analysis, the report also provides recommendations to improve the capacity of the infrastructure market.

## How does it work in practice?

**The Infrastructure Market Capacity Report is prepared by collecting and analyzing public and private data on planned infrastructure projects and on available labor and material supply.** Infrastructure Australia prepares an updated ‘Major Public Infrastructure Pipeline’, which

includes a database of identifiable publicly funded infrastructure projects. Preparation of the pipeline is supported by interviews and surveys with key stakeholders, including state and territory governments and the Australian Department of Infrastructure, Transport, Regional Development, Communications and the Arts. Project data is classified depending on sector, phase and funding source. International standards are then used to estimate resource demands from the relevant projects.

**The Infrastructure Market Capacity Report has continued to evolve throughout its three editions.**

The latest edition includes advanced analysis of current and emerging market influences, including energy demand, availability of construction materials, key productivity roadblocks and career pathways. It also includes regional level analysis of supply constraints, highlighting that shortages are much more acute in some regions within Australia, such as in Mid North Coast, New South Wales where demand for infrastructure resources has grown by 98% between 2022 and 2024, increasing labour demand from 600 to 1 600 worker.

## What has been the impact?

**Since its first edition in 2021, the Infrastructure Market Capacity Report has been closely followed by government and industry stakeholders who use the report to inform their decision-making.**

While the direct impact is hard to measure, the report has received positive feedback from key stakeholders. Based on a survey conducted about the report, 96% of stakeholders who responded, and 88% of Federal government employees or elected officials, were satisfied with the report overall. Federal and state governments have also subsequently adjusted the project pipeline, resulting in a reduction in forecast peak in public infrastructure investment.

**Impact is also achieved through the specific recommendations.** The 2023 report provides 14 recommendations across four key areas: actively manage demand; boost material supply; boost labor supply; and improve construction productivity. These recommendations include enhancing coordination between federal and state and territory governments to manage demand, increasing quarry and steel supply, analyzing the production of local and recycled materials, establishing a national infrastructure workforce strategy and enhancing the supply of apprentices and trainees.

**All levels of government can learn from this initiative and apply it within their jurisdictions.** Many capacity constraints are local. Developing a deeper understanding of planned infrastructure investments in a region or city, and actively forecasting potential capacity constraints will support more effective infrastructure investment by better matching investment demand to supply.

## What can other communities learn from this example?

- Systematically collecting and analysing data on planned infrastructure projects can enable governments at all levels to identify potential market capacity constraints.
- Publishing an infrastructure pipeline and analysing the markets capacity to deliver that pipeline can help to inform private and public sector decision-making.

## Further information

- [2023 Infrastructure Market Capacity report | Infrastructure Australia](#)
- [Annual Reports | Infrastructure Australia](#)

## OECD resources

OECD (2023), *Financing Cities of Tomorrow: G20/OECD Report for the G20 Infrastructure Working Group under the Indian Presidency*, OECD Publishing, Paris, <https://doi.org/10.1787/51bd124a-en>.

OECD (2022), *G20-OECD Policy Toolkit to Mobilise Funding and Financing for Inclusive and Quality Infrastructure Investment in Regions and Cities*, OECD Publishing, Paris, <https://doi.org/10.1787/99169ac9-en>.

OECD (2022), "Making the most of public investment to address regional inequalities, megatrends and future shocks", *OECD Regional Development Papers*, No. 29, OECD Publishing, Paris, <https://doi.org/10.1787/8a1fb523-en>.

OECD (2021), *Unlocking infrastructure investment: Innovative funding and financing in regions and cities*, OECD Publishing, Paris, <https://doi.org/10.1787/9152902b-en>.

OECD (2020), *OECD Compendium of Policy Good Practices for Quality Infrastructure Investment*, <https://www.oecd.org/finance/oecd-compendium-of-policy-good-practices-for-quality-infrastructure-investment.htm>

OECD Recommendation on Effective Public Investment Across Levels of Government | [Online Toolkit](#) | [Monitoring report](#) | [Implementation brochure](#)