



31 January 2025

Hon Stephen Jones MP
Assistant Treasurer and Minister for Financial Services
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600

Via email: prebudgetsubmissions@treasury.gov.au

Roads Australia 2025-26 Pre-Budget Submission

Dear Assistant Treasurer,

Roads Australia welcomes the opportunity to contribute to the development of the 2025–26 Federal Budget.

Roads Australia is the peak body for roads within an integrated transport system, representing more than **120 organisations** including Australia's transport agencies, major contractors and consultants, asset owners and operators, material suppliers and technology providers.

With a unique capability to bring together a diverse group of stakeholders from across the supply chain, we facilitate and curate important conversations between senior government and industry leaders and work to support a high-performing transport sector.

To help achieve this, our **national policy priorities** focus on boosting productivity, supporting transport sector decarbonisation, unlocking the potential in our workforce and reducing fatalities and injuries on our roads.

The success and ongoing investment into Australian transport is central to our nation's productivity.

According to the Australian Bureau of Statistics (ABS), the transport sector contributed approximately \$164.4 billion to the Australian economy in 2020-21, representing 7.9 percent of total GDP (ABS, *Australian Transport Economic Accounts 2020-21*) and directly employing approximately 1.2 million Australians (ABS *data on employment in the transport, postal and warehousing sector 2020-21*).

Given the development of Australia's land-based transport systems has historically been critical in fostering communities, productivity and development, Roads Australia encourages the Australian Government to continue investing in the sector. Doing so will drive economic growth, improve access to jobs, housing and education and maintain living standards as our population grows.

Roads Australia has prepared this submission highlighting our sector and members' key concerns over the short-medium term, requiring the Australian Government's urgent focus.





Summary of recommendations

- 1) Increase investment in Australia's transport system to support economic growth, maintain living standards and accelerate decarbonisation.
- 2) Drive reform of infrastructure procurement processes to support adoption of productivity-enhancing innovation.
- 3) Address the culture of violence, intimidation and poor productivity on infrastructure construction sites.
- 4) Advance a nationally harmonised approach to accelerate transport decarbonisation.

I would be pleased to further discuss Roads Australia's submission and respond to queries or feedback. I can be reached by phone or email on [REDACTED] or [REDACTED]

Yours sincerely

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CEO, Roads Australia





National transport priorities

1) Increase investment in Australia's transport system to support economic growth, maintain living standards and accelerate decarbonisation.

Roads Australia urges the Australian Government to increase investment in transport and infrastructure projects across the nation and continue its focus on community outcomes alongside productivity, sustainability, resilience and social equity.

Multi-decade planning and a rolling pipeline of transport investment is key to support Australia's economic growth and maintain living standards in our cities and regions. Transport infrastructure brings enormous community benefits, connecting people with housing, jobs, education and essential services and creating vibrant public spaces.

Despite this, Infrastructure Australia's 2024 Infrastructure Market Capacity report shows that the investment pipeline for transport has declined by 10 per cent in the past 12 months, representing a \$32 billion reduction on the previous year's outlook.

In our view, the Australian Government should both grow the pipeline and increase investment in existing projects across the nation. In particular, projects that enable greater mode-shift are critical to reduce carbon and congestion.

Investing in transport infrastructure delivers significant economic and productivity gains. Improved infrastructure reduces freight transport costs, making Australian goods more competitive in both domestic and international markets. This increased competitiveness leads to reduced logistics costs for businesses, boosting their profitability and contributing to overall economic growth. Moreover, efficient transport systems reduce travel times for both freight and passengers, enhancing productivity across various sectors of the economy.

This will also ensure that Australia's transport sector retains the highly skilled and experienced workforce required to deliver the infrastructure and innovation our nation needs. With more certainty, industry will have confidence to build and invest in capacity and capability for the project pipeline, have greater certainty on timing, costs, and risks; and be energised to bring innovation and efficiency in project planning and delivery.

Furthermore, achieving a quick, low-cost, and smooth net zero transition needs the right settings for how we plan, fund, construct and maintain transport. An important part of the puzzle is focusing attention and investment where the greatest decarbonisation impact will be felt – reducing private car and light commercial freight reliance.

The biggest impact the transport sector can make is transitioning to more sustainable modes, including public and active transport, rail freight and low impact freight movement, and decarbonising transport for people who rely on cars. This requires coordination between transport and urban planning, and strong leadership from government and industry.





To maximise the return on investment and ensure the most effective allocation of resources, we also recommend the following:

- **Prioritise Long-Term Planning:** Develop a long-term national transport strategy that considers future economic and population growth, climate change, and technological advancements, and implement more opportunities to work with industry to ensure government is well-informed of innovations.
- **Prioritise Strategic Investments:** Focus on projects with the highest economic and social returns, such as upgrading key freight corridors, expanding and improving public transport networks in major cities and regional areas, enhancing regional connectivity, and investing in smart transport technologies like autonomous vehicles and intelligent traffic management systems.
- **Streamline Project Delivery:** Streamline approval processes, improve project planning and delivery, and leverage innovative construction techniques to accelerate project timelines and reduce costs.
- **Invest in Skills and Training:** Ensure the availability of a skilled workforce to support the design, construction, and maintenance of transport infrastructure.

2) Drive reform of infrastructure procurement processes to support adoption of productivity-enhancing innovation

Australia's construction industry productivity continues to decline, dropping from 0.3 to -0.8 over the last 12 months. Adoption of productivity-enhancing measures, such as digital twins, artificial intelligence, machine learning and robotics, remains low. Australia recently slipped from 14th to 16th in the World Digital Competitiveness Ranking.

Rigid government procurement processes are hampering the adoption of innovation. Well-meaning policies and processes are having unintended consequences that negatively affect the nations productivity. This is driving up construction costs and impacting delivery of the infrastructure pipeline and the sustainability of our industry.

Our members regularly share their frustration that some government clients continue to put up barriers, rather than support, innovation. Difficulties in adopting innovation at the project level, including the use of new methods and recycled materials within the existing contracting approach, persist.

There are worrying examples across the transport sector of firms who have invested substantively in innovative technologies and materials that are consistent with government policy at a strategic level, only to face barriers when it comes to implementation.

Addressing these barriers must be a national priority. Effective public and private sector collaboration focused on boosting productivity will be essential for Australia's future economic growth. There are significant opportunities to improve infrastructure procurement to unlock innovation, deliver better value for Australia's growing communities and support a sustainable infrastructure sector.



3) Address the culture of intimidation and poor productivity on infrastructure construction sites

A productive and sustainable workforce is key to delivering Australia's pipeline of infrastructure projects. While labour productivity has fallen 18.1 per cent in the construction sector in the last decade, unacceptable and at times criminal behaviour on infrastructure construction sites has become more prevalent.

The widely reported incidence of violence and intimidation are particularly disappointing as they directly undermine efforts to develop a more diverse and inclusive workforce, including the significant collaboration between government and industry through the Culture in Construction Taskforce.

Roads Australia supports decisive action to address the culture of violence, intimidation and poor productivity that has become commonplace on infrastructure construction sites across the country. With our economic competitiveness and sustainability of our future workforce at stake, we urge Australia's Governments to embrace the current opportunity to drive lasting reform.

We support mandatory incident reporting for all behavioural breaches at infrastructure construction sites, including for instances of unauthorised attendees on-site. This is critical to re-set expectations about acceptable behaviour on construction sites and establish a zero-tolerance culture for violence and intimidation. Having a safe, compliant workplace and a sensible and efficient approach to how we build infrastructure is a key priority for Roads Australia and our member organisations.

4) Advance a nationally harmonised approach to accelerate transport decarbonisation

Transport's greenhouse gas emissions are the nation's third largest and fastest growing, contributing 21 percent as the third largest contributor of national carbon emissions. Without effective intervention the sector is projected to be Australia's largest emitter by 2030. It is time for transformative change in how we move Australia's people and goods.

Consistent, adequate carbon value and assessment needs to sit at the centre of appraising and prioritising transport proposals. Agreed modelling assumptions are crucial in getting 'best bang for emissions buck' by calculating the economic and community cost of rising climate impacts alongside the benefits and savings of decarbonisation.

Current economic evaluation tools and methods, standards, procurement models and risk management procedures need to become fit-for-purpose in a decarbonising world. Outcomes-based procurement and operational models are needed to remove barriers to innovation, introduce whole-of-life considerations and reframe business-as-usual as both a cost and a risk.

Meeting the decarbonisation challenge in a financially constrained environment needs an unrelenting focus on productivity and efficiency. The right technology, data, skills and collaboration cultures are non-negotiable to optimise efficiency and operations, and to prolong existing asset life. The transition cannot penalise people and businesses without the means to 'avoid' or 'shift'.

Whole-of-government direction on decarbonising the transport network gives industry confidence and clarity, underpinned by consistent expectations. A collaborative industry stance on the necessary conditions to unlock investment and innovation supports government's ability to set the necessary processes for generating desired outcomes. Together, government and industry can then work with communities to deliver place-specific progress towards our national decarbonisation goals.

