Shifting mindsets:
Evolution & trends in infrastructure we need to create

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THE UNIVERSITY OF SYDNEY
John Grill Centre for Project Leadership
Diese Flasche wurde über Bord geworfen
am 18
in Breite
und Länge von Greenwich
von Schiffe:
Heimat:
Kapitän:
auf der Reise von nach

Der Finder wird erreicht den darauffolglichen Zeit, nachdem die auf umliegender Seite geschriebenen Angaben vervollständigt sind, an die

Deutsche Seewarte in Hamburg
zu wenden oder auch an das nächste deutsche Kosmalk zur Befreiung auf jene Behörde abzugeben.
Australia’s top 10 goods and services exports

- Iron ore
- Coal
- Education travel services
- Gold
- Natural gas
- Personal travel services
- Aluminium
- Education travel services
- Beef
- Gold
- Professional services
Closing the gap

Total in-land transport infrastructure investment, % of GDP, 2014

Source: OECD 2014
The IMF, G20 and OECD:

'nations must invest in infrastructure to drive up productivity, growth and jobs'

But this requires governments
✓ to select the right projects,

......which they find is very difficult to do.

Gary Banks (2012)
Chairman, Productivity Commission

Poor infrastructure decisions have a high opportunity cost and can be a long-term drag on the economy’s productivity.
Scope for improvement is enormous

– All nations experience ‘hit & miss’ with their infrastructure.
– There is an unusually wide set of experiences in infrastructure.
– When a project misses its basic objective of improving economic output, waste and inefficiency prevails.
– Straub (2008) estimates about 30% infrastructure spending has no impact on economic output in developed nations, and 55% for developing nations.
– There is no reason Australia is immune to these problems, anymore than CAF client nations.
Over riding theme ‘Customers & Stakeholders’

Customers matter and are the key to better governance, better yields and lower risk.

...what customers care about is not the infrastructure itself – but the services which are delivered to them using that infrastructure
Transforming infrastructure projects into businesses

Airports, Australia’s success story post-privatisation.

21 years privatisation experience

✓ Operational efficiency
✓ Profitability
✓ Investment levels
✓ Traffic diversity
✓ Resilience
Do customers think they matter?

- BIG SCALE infrastructure rates poorly for customer satisfaction*
- PPP perform OK, privatised entities perform much better

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<thead>
<tr>
<th>Change in customer focus of operators</th>
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<tr>
<td>Uber</td>
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<td>Private hospitals</td>
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<tr>
<td>Airports</td>
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<td>Trains</td>
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<td>Public hospitals</td>
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<tr>
<td>Gas distribution companies</td>
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<tr>
<td>Electricity distribution companies</td>
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<td>Tolled motorways</td>
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- They are becoming a lot more customer focused
- They are not changing their level of customer focus
- They are becoming a little more customer focused
- They are becoming a little less customer focused
- They are becoming a lot less customer focused

* Newgate Australia was commissioned by John Grill Centre, University of Sydney in August 2016 to undertake a national survey on community perceptions to customer service in Australia. Further details available upon request.
Creating trust

Infrastructure cycle of trust

- Relationships
- Reciprocity
- Participation first

Helping to ensuring infrastructure is timely, scaled and feasible
Customer Stewardship Maturity Model [coming soon]

Enhance asset (investment) performance

Instils & champions customer stewardship mindset

Measure & differentiate ‘actors’ [Customer stewardship rating]

Create incentives & sanctions
- Less regulation
- More discretion with customers
- Win more investment mandates

Call out unhelpful ownership, regulatory, contractual practices

Strengthen social licence
In conclusion

“Between the idea, and the reality…
…Falls the Shadow”

T.S. Eliot, Hollow Men
Thank you

For more information

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Better Infrastructure Initiative publications

Paper 1:  

Paper 2:  

Paper 3:  

Paper 4:  