

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

Presented to CAF Conference: Infrastructure for the
Development of Latin America

Banco De Desarrollo De America, Latina
Buenos Aires, Argentina
25 April 2018

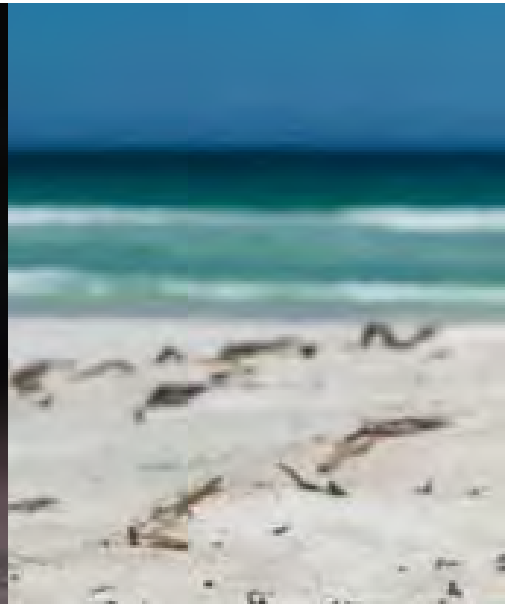
Garry Bowditch
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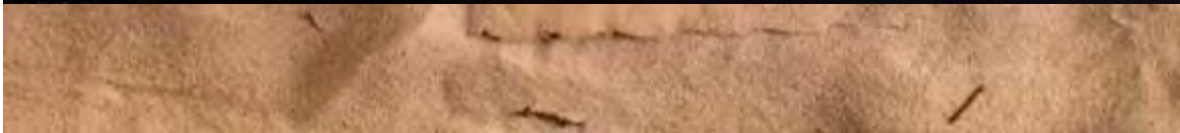
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am *ten* *18*

in *°* *Breite*

und *°* *Länge von Greenwich*

von *Schiffe:* *Heimath:* *Kapitän:*

auf der Reise von *nach*

Der Finder wird ersucht den darin befindlichen Zettel, nachdem die auf umstehender Seite gewünschten Angaben vervollständigt sind, an die

Deutsche Seewarte in Hamburg

zu senden oder auch an das nächste deutsche Konsulat zur Beförderung an jene Behörde abzugeben.



Australia's top 10 goods and services exports



Iron ore



Natural gas



Aluminium



Coal



Personal travel services



Education travel services



Wheat



Beef



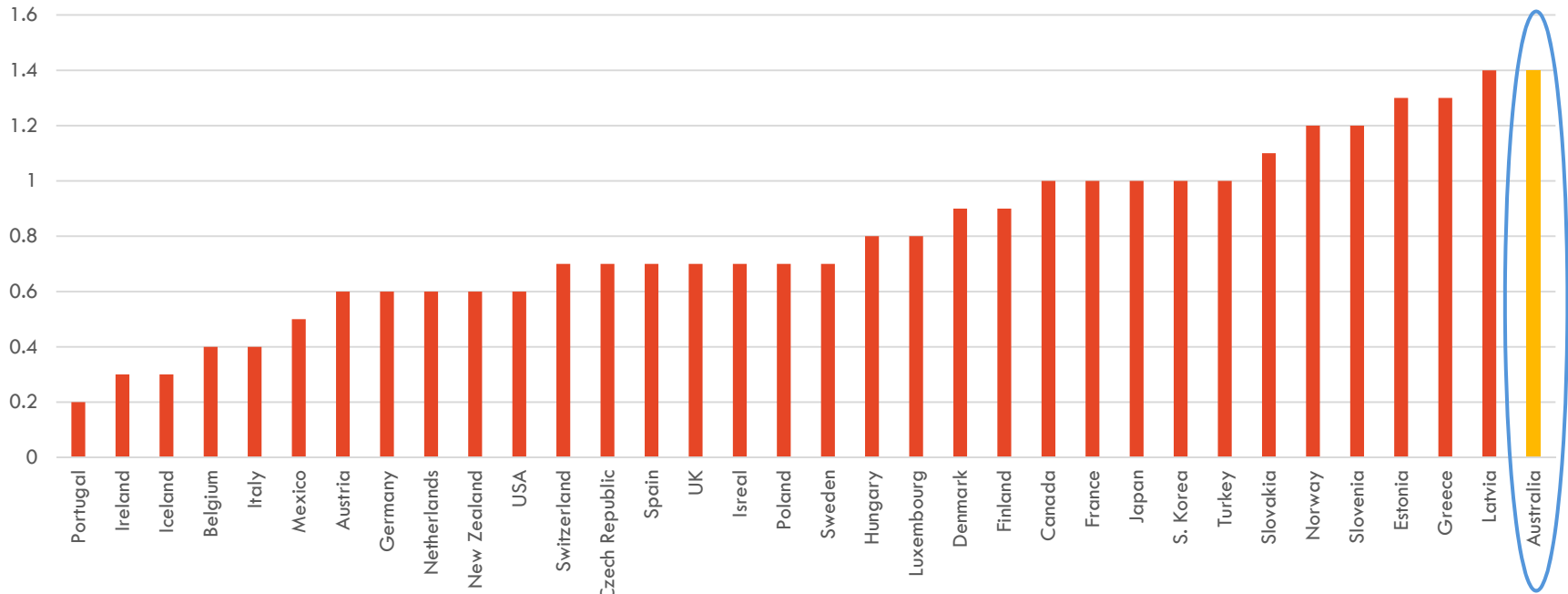
Gold



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

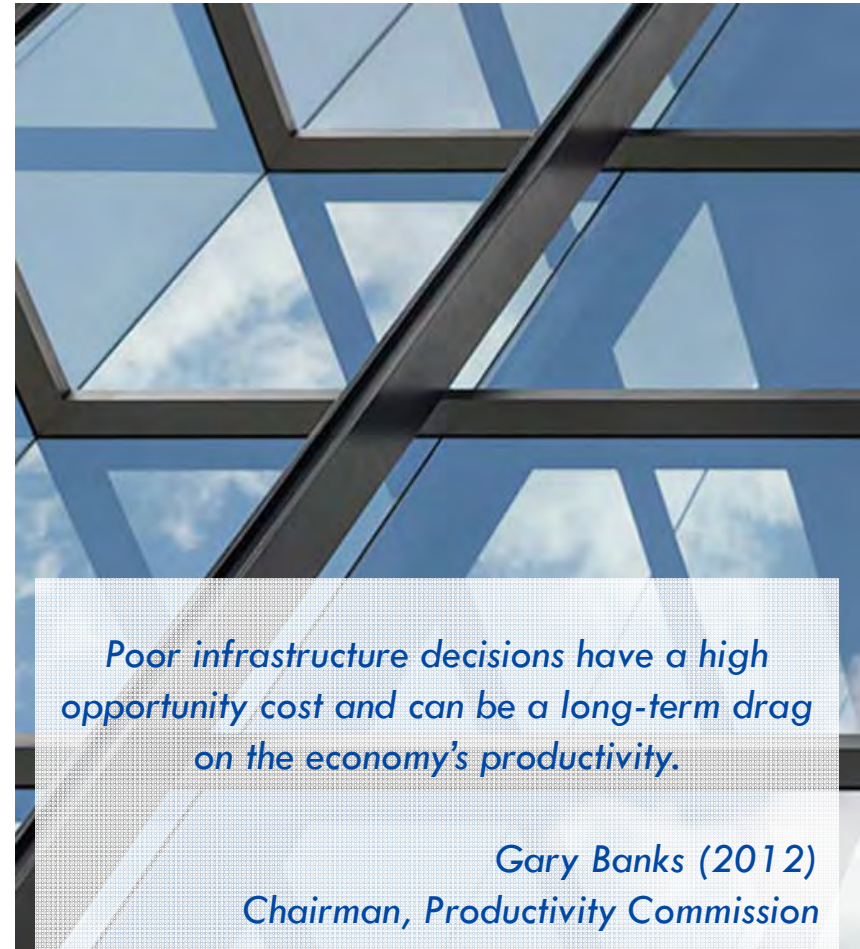
✓ **to select the right projects,**

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



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Poor infrastructure decisions have a high opportunity cost and can be a long-term drag on the economy's productivity.

*Gary Banks (2012)
Chairman, Productivity Commission*

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'



The University of Sydney

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

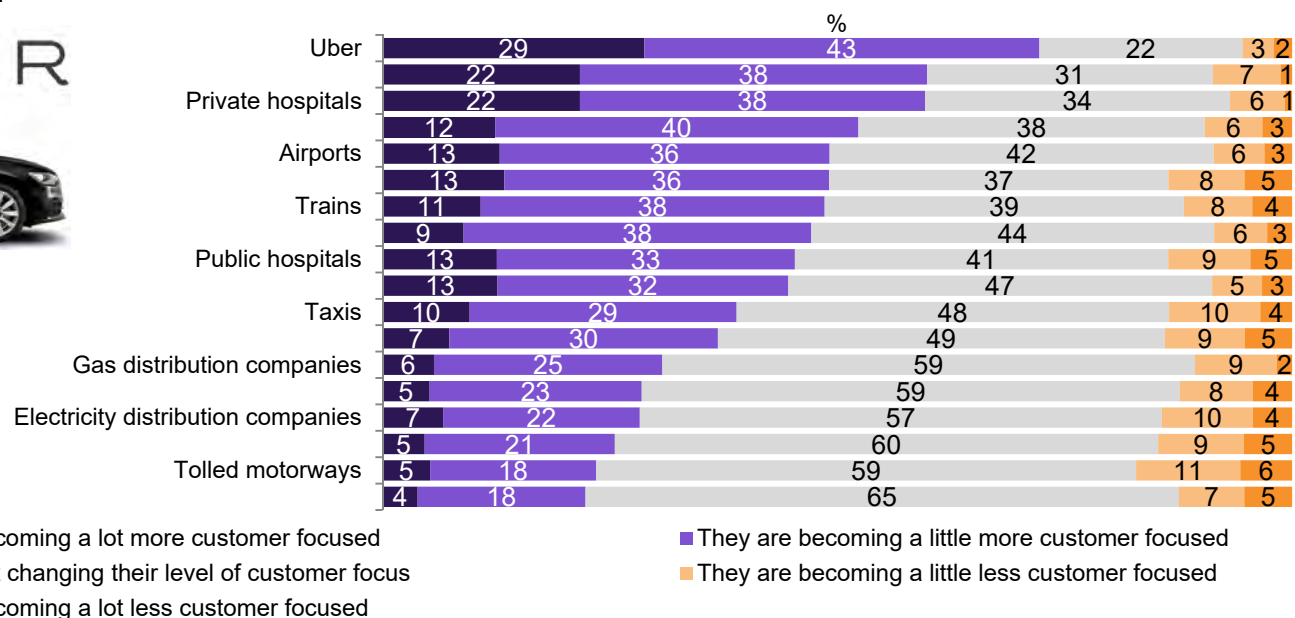
- ✓ Operational efficiency
- ✓ Profitability
- ✓ Investment levels
- ✓ Traffic diversity
- ✓ Resilience



Do customers think they matter?

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

Change in customer focus of operators

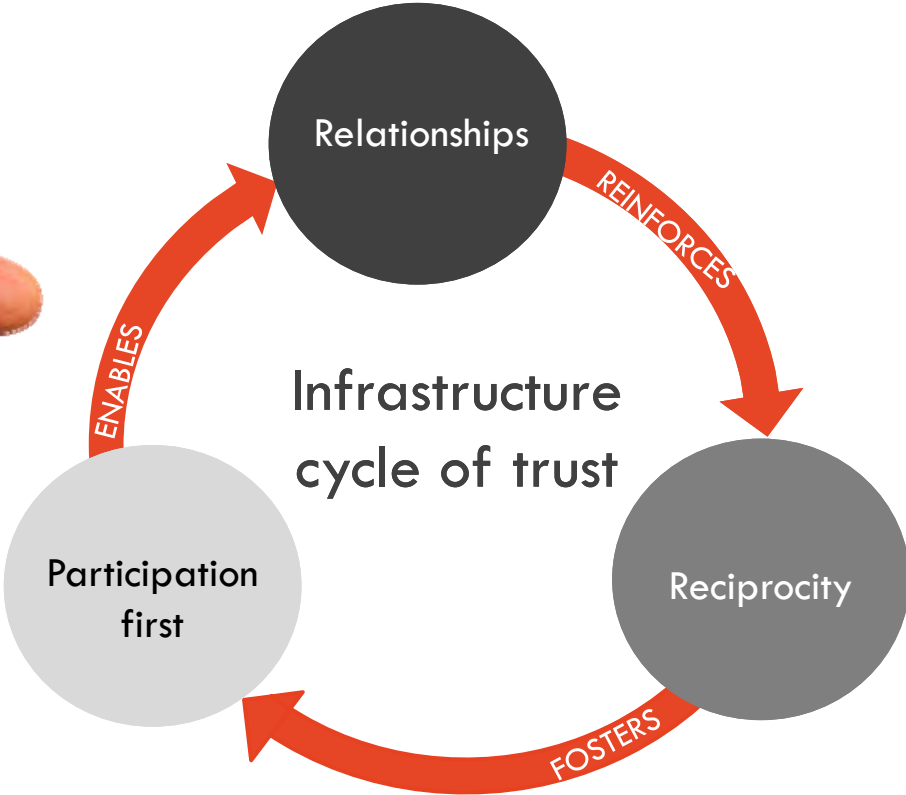


* Newgate Australia was commissioned by John Grill Centre, University of Sydney in August 2016 to undertake a national survey on community perceptions to customer service in Australia. Further details available upon request.



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Creating trust



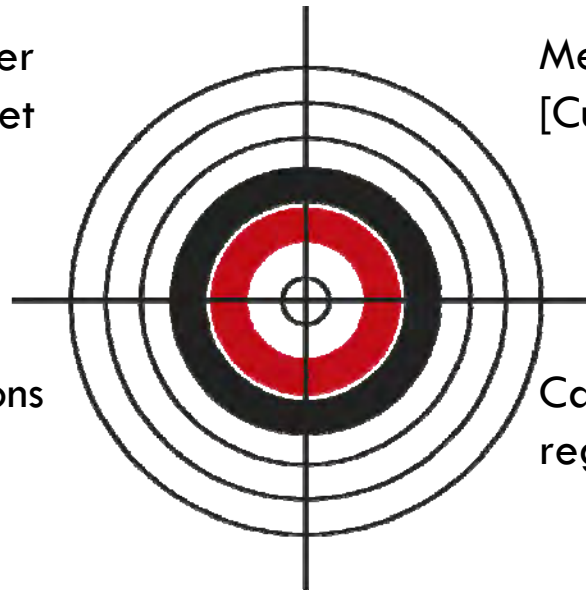
Helping to ensuring infrastructure is timely, scaled and feasible

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

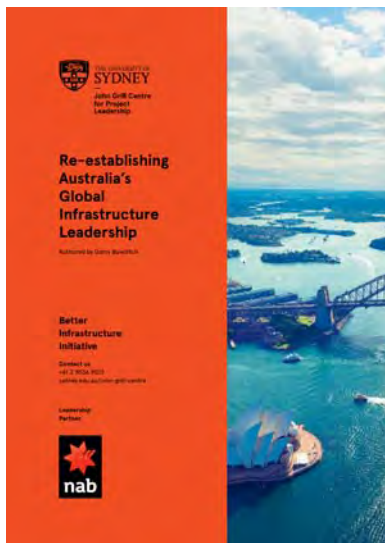
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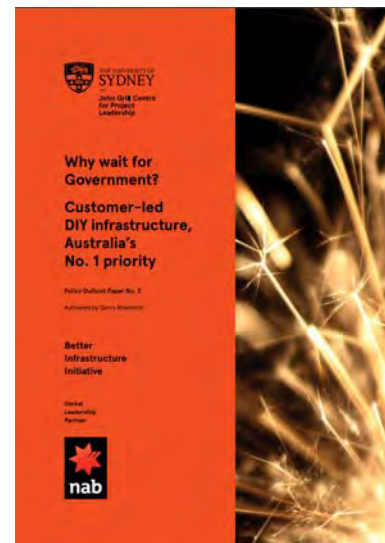
Better Infrastructure Initiative publications



Paper 1:
<http://bit.ly/2HxbqZU>



Paper 2:
<http://bit.ly/2cwcZFZ>



Paper 3:
<http://bit.ly/2C9chK9>



Paper 4:
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