# **Election 2016: will the infrastructure promises meet Australia’s needs?**

## The argument

A recent piece in the Conversation questioned whether federal election infrastructure promises would meet Australia’s needs and offered a seemingly simple way forward:

*It should be simple. All parties should commit to (*Infrastructure Australia’s*) “project” list – in part or in full – and then stop spending. These “projects” have been properly assessed and found to be worth doing, and specifically worth doing by the federal government because they have some national significance.[[1]](#endnote-1)*

The proposition that governments should limit major project spending to proposals that have been properly and publicly assessed is unarguable. So too, a body independent of - with nothing to gain from - the infrastructure industry such as Infrastructure Australia, should conduct such assessments under proper instruction and with appropriate powers.

However, beyond this the answers aren’t as simple as relying on bureaucracies, advisers or even experts. Artificial rules to attempt to constrain politicians do not rest on terra firma.

Previous articles stated concerns with limiting (or forcing) government spending to those projects advisers consider worthwhile. Among these concerns are: the implicit transfer of power from elected representatives to unelected advisers (not matched with transfer of accountability); questionable competence and practices underlying some of the advice that is public.[[2]](#endnote-2)

Nothing since has diminished these concerns. Rather than re-run that discussion, it might be useful to consider some other points to show that committing to ‘the project list’ is too simple and too lenient to work. These points demonstrate: a more stringent approach should be adopted by the Commonwealth; commentators should take a much tougher view.

## Questioning the simple approach

The efficacy of dealing with national infrastructure needs by the Commonwealth funding projects recommended by (a body such as) Infrastructure Australia depends on 4 conditions:

1. a comprehensive set of possibilities from which recommended projects are drawn;

2. appropriate tests to identify which projects should be recommended;

3. the federal government having a legitimate role in funding recommended projects;

4. Commonwealth financial support being decisive in meeting Australia’s infrastructure needs.

None of these conditions have been met in the past, are being met at present, or are likely to be met while current arrangements and attitudes prevail.

1. *A comprehensive set of possibilities?*

The set of project possibilities considered by Infrastructure Australia is incomplete. The most recent set was formed with little input by the Commonwealth, no apparent thought of infrastructure standardisation or defence, and arguably is biased towards capital cities and car use of roads.

Infrastructure Australia itself recognised this type of problem in recommending development of policies for freight and road pricing. Such policies would generate different and new project possibilities from the ones now on offer.

1. *Application of appropriate tests?*

Infrastructure Australia has made a significant contribution on this matter, but there is vast room for improvement.

One concern is the *projets sans politiques* approach, for example not testing road proposals ‘as if there was road pricing’.

Another is reluctance to publicly address allegations about misleading entreaties such as in the case of the former East-West link proposal. How to deal with the damage to public confidence from claims of ‘malfeasance’ associated with the proposal? Leave it to those who wail that the real problem is termination of a project the case for which had seen headlines of allegations of ‘fraud on an epic scale’?[[3]](#endnote-3)

Significant as these are, they are dwarfed by issues arising in the Freight Link advisory debacle.

Freight Link was one of the few projects recently recommended (as ‘threshold’) by Infrastructure Australia. Yet a Senate Committee subsequently unanimously slammed the project and recommended withdrawal of Commonwealth funding.

Obviously the Committee did not agree with tests and evidence used by Infrastructure Australia.

More remarkable is the role reversal: the politicians as protectors of public monies rather than vote chasers.

The difference in opinion and role reversal must create problems including for community trust. Who should the schoolkids in Liverpool library believe: Senate Committee or Infrastructure Australia? The lack of comment or action about the case doesn’t help.

1. *Federal Government role?*

Commonwealth Government decisions on financial support for projects should be consistent with a Constitutional head of power, without reliance on s.96 (conditional state grants, the power for which lies with Parliament not the Government alone).

Recent federal elections have seen a proliferation of promises about Commonwealth involvement in state issues; issues beyond the Government’s power. No wonder many consider the Government to run a gigantic and ever-increasing pork barrel; they see so many others asking for money for anything. The practice is not limited to transport – there are pleas and promises for football stadiums, tennis courts etc. The problem cannot be addressed just by new rules for transport infrastructure.

Failure to clamp down or even comment on the practice may have been excusable until the Williams (2) decision in mid 2014; up to that time the common view was the Government could fund anything it liked. The Williams decision swept that assumption away; candidates for Government should now limit themselves to promises regarding what they can deliver - Commonwealth responsibilities.

Equally it is a mistake to argue that ‘national significance’ should determine the appropriateness of Government funding; that national significance makes something a Commonwealth responsibility. The High Court rejected that argument. Moreover, it is an argument that tilts the field towards the big end of town; distorting attention from cost effectiveness to grandeur.

1. *Decisive in meeting infrastructure needs*

It is not plausible to suggest that the limited amounts promised in the election campaign, $6billion or $7billion for major projects, would decisively deal with infrastructure needs. Such amounts, indeed multiples of them, are almost trivial in comparison with the stock of infrastructure assets.

However, the amounts in question are material in terms of opportunities foregone. Even a single billion, a fraction of the spending on current mega projects, would make a big difference to maintenance backlogs, road traffic flows via intelligent management, our international reputation, or the well-being and future prospects of Australia’s disadvantaged. Little wonder some lobbyists urge hypothecation of funds to make sure ‘road money’ is not at risk from such comparisons.

## A better approach

While it should be agreed that there be full public review and exposure of any project under consideration for Commonwealth funding, other aspects of the proposal should be replaced with ideas more consistent with Australia’s federation.

The Constitution is the cornerstone of governance in Australia; ignoring it and Australia’s federal character is the cause of major problems in infrastructure. There is no point in seeking to improve national ‘governance’ for infrastructure, or indeed for anything else, if federation principles are discarded.

The concerns du jour, about federal pork barrelling, should first be addressed by the Commonwealth Government limiting itself to funding matters within its powers. The major failure of the debate until now has been neglect of this principle and consequences of its breach.

This failure, and inflated views of Commonwealth influence and power over infrastructure, starts with the wrong assumption that the Commonwealth is an upscaled state government or special purpose financier to the states. Such an assumption positively encourages pleas for the pork barrel we have just seen.

Proposals for application of technical economic, accounting, gateway, business case or other bureaucratic rules for transport projects miss the point; the pork barrel is rolled out for many things other than infrastructure. The problem stems from widespread attitudes. Transport and its infrastructure should be part of, not isolated from or considered too special for, general public policy. Least of all should it have a special call on public funds.

Funding for matters outside Government power should be decided by Parliament; there should be separate legislation for each such funding decision/project. The Senate Committee system, the taking of formal submissions, evidence and questioning of proponents, with a presumption of publication of all material, assisted by a body such as Infrastructure Australia, would do much to improve community confidence.

For those who think this too restrictive for a democratically elected (lower house) Government: you should draft and support a referendum to seek an increase in the Commonwealth Government’s responsibilities.

Even were such a referendum successful, the Government should avoid mega land transport projects in big cities for quite some time. The issues in these cities and the matters lying behind the projects are complex, often with byzantine sub-agendas. It is notable that many proposals undermine necessary policies like road pricing or interoperability, or mask uncomfortable realities such as road use being heavily subsidised today.

Terra firma for the Commonwealth is to limit project funding to matters within its Government’s powers, second tier cities or investigative and exploratory matters such as rail options in western Sydney. And insist on an ‘as if there was road pricing’ test.

All of this has been said before.[[4]](#endnote-4)

## The answer

**The question posed was: Election 2016, will the infrastructure promises meet Australia’s needs?**

**The simple answer is: no.**

No amount of Commonwealth project funding will meet Australia’s infrastructure needs. Arguably at current levels it won’t make much of a dent because, scale aside, policy is far more important than projects. As national governance is all but ignored and national transport policy is virtually a stranger to the Commonwealth, even the best internal processes and most rigorous cost-benefit analyses will struggle to stem the wasteful spending we now see and are being promised.

**So the better answer to the question is: no; promises of federal funding for projects never can; at present Australia will be lucky if the election promises turn out to be a step forwards rather than several steps backwards.**

John Austen

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1. <https://theconversation.com/governments-still-choosing-the-wrong-transport-projects-report-57114> [↑](#endnote-ref-1)
2. A better mousetrap at thejadebeagle.com [↑](#endnote-ref-2)
3. http://www.abc.net.au/news/2014-12-15/east-west-link-victorian-goverment-business-case/5966938

   The East West link proposal has a substantial history, including attempts by the Commonwealth to keep alive the project after it was rejected by Victoria (in what the then Prime Minister described as a ‘referendum’ on the project). This continued into 2016 despite what at times seemed to be a competition among some to denounce the project as damningly and loudly as possible. The topic can be followed via a search of east-west link, internet news.

   [↑](#endnote-ref-3)
4. Articles at thejadebeagle.com [↑](#endnote-ref-4)