# Harden up!

*Chopper: this is Theresa and her dog has a psychiatrist. How about this Theresa, Doctor Chopper prescribes for you: harden the f### up[[1]](#endnote-1)*

## Introduction

This is the third in a series of articles on road policy. The first, ‘tar baby’, outlined some issues with roads including a large fiscal deficit and potential cross subsidies. The second, ‘cause and consequence’, identified dissociation of responsibility as a root cause of the problems.[[2]](#endnote-2)

This third article offers some suggestions to address the matters. It starts with an update.

## Update

Two significant papers have been put in the public domain since ‘tar baby’: Infrastructure Australia’s national infrastructure audit report; by Dr Michael Keating AC and Luke Fraser on infrastructure.

Infrastructure Australia’s audit argued that urgent attention is warranted to transport given current and prospective road congestion, claiming that road congestion could cost $53billion (pa?) by 2031. It points to the modern governance of energy as part of the solution.[[3]](#endnote-3)

Some press items preceded release of the report and others followed. Most suggested more infrastructure is needed and some user charges may be required as government could not fund all.[[4]](#endnote-4)

The audit is worth considering in depth and will be the subject of a later article. This current article limits comment on the audit to three points. First; the ‘headline’, roads are the largest problem, confirms previous Infrastructure Australia advice.[[5]](#endnote-5)

Second; the 2007 Bureau of Transport and Regional Economics projection of congestion costs, cited by the audit, is almost certainly wrong and overstated.[[6]](#endnote-6)

Third; the audit overlooks some suggestions in previous Infrastructure Australia reports such as: a test for the merit of a road project should be whether it is justified if road pricing was in place.[[7]](#endnote-7)

Implications include that the $53billion congestion cost figure may be an exaggeration.

Keating and Fraser raise concerns with several infrastructure sectors. Their greatest reservations are about roads where projections of accumulated contributions to public sector debt could total $140billion within 10 years. They posit pricing and application of competition policy style principles as reforms central to addressing excessive cost and overuse of roads.[[8]](#endnote-8)

## Further consideration

The two papers agree on the problems of and long term answers for roads. Yet their language and interpretation suggest to me a disagreement.

My reading is that Infrastructure Australia tends to support more infrastructure whether or not there are ‘reforms’; a key purpose of reforms is to fund more infrastructure.[[9]](#endnote-9)

Keating and Fraser see ‘reform’ as needed to bring balance to demand for and supply of infrastructure. Their context is economic and social goals that extend beyond roads, indeed beyond infrastructure. In their view the question of infrastructure need; what, when and where road projects might be needed, cannot be fully answered without the types of reform they propose.[[10]](#endnote-10)

## Issues

The scale of the apparent deficit and potential cross subsidies suggests too much is spent on road building and on the wrong projects. The arithmetic solution is to cut spending, redirect what is spent, and / or significantly increase road charges. Simple.

Introduction of efficient universal road pricing would tend to such a solution. But to reiterate; the problems of deficit and potential cross subsidies call into question the acceptability of such pricing. There is little value in further bureaucratic studies of road pricing that ignore these problems.[[11]](#endnote-11)

The cause and consequence article set out three types of problems of the current system that make the simple difficult: political; power; proximity. Groups of issues within the first two problem types, politics and power, are raised in the two recent papers and previous articles. Current practice in these groups could give unjustified road spending an easy passage and overlook real road needs.

To address the third type of problem, proximity, it would be necessary to change who does what; to more accurately align the exercise of influence with public perceptions of responsibility. This is a true governance issue; one deserving attention in the federation debate. It is briefly outlined later.

In any event, there are basal questions arising from the failure to recognise substantial issues such as: contribution of roads to financial deficits; exaggeration of road and reform benefits; errors in fact and analyses; frustration of experts that governments do not tackle (their perception of) road problems. Given these, it may be useful to re-examine the evolved practices of road policy.

Re-examination, with a view to bringing practices into closer alignment with mainstreams, could well be a necessary step for any serious road reform. In my view, relevant practices include those affecting: confidence; language; advisory governance; research. The following table aims to stimulate some thinking.[[12]](#endnote-12)

**Table 1: Example issues table**

|  |  |  |
| --- | --- | --- |
| **Field / issue** | **Example** | **Start to address issue by?** |
| 1. Confidence / lack of trust | Claims of fraud, whether true or not | Publish all material used to seek or decide public funds pre and post decision. Consider (Commonwealth) criminal code for some false statements |
| 2. Language / Inaccurate language that may mislead | Economic welfare represented as economic (income generating activity) | Recast terminology to ensure consistency with other sectors and normal meaning |
| 3. Advisory governance / Differentiating private or industry organisations from public sector | Departmental officials on non-government ‘peak’ or ‘voice’ organisation boards in their portfolio’s industry | Regularly consider and publicly explain reasons, role and activities of the organisation and of the officials |
| 4. Research / Obvious questions not addressed | Whether highway funding undermined railways | Statutory authority to identify questions not addressed |
| 5. Analysis / Deficient or wrong | Assertion that access regime does not apply to roads | Publish analysis and retraction of errors |
| 6. Evaluation / Lack of robustness | Failure to identify implications of road pricing on project identification | Test policy and projects by scenarios. Publish proposal details |
| 7. Politics / Uninformed political parties | Opposition makes promises about projects on which it knows(?) little | Plan for roads to be developed for Parliament by statutory authority rather than departments |
| 8. Market influence / Absence of mechanism | No attempt to seek funds from capital markets other than for toll roads | Presume project proposals could be entirely funded privately, onus of proving otherwise with government |
| 9. Commonwealth / Lack of responsibility | Commonwealth provides public funds to matters outside its responsibility | Commonwealth to be responsible for roads to which it provides funds |
| 10.National policies / Overreach and under achievement | National heavy vehicle regulator | Apply national directions first to roads for which the Commonwealth is responsible |

Most of the suggestions in the table 1 are self-evident and reinforce each other. To illustrate detail, this article considers the last two (highlighted) in a little more depth.

It is particularly useful to deal with these national issues because the proximity problem, raised above, is a major challenge for the Commonwealth.

### Lack of Commonwealth responsibility

The end position here could be:

* withdrawal of Commonwealth funds for roads; or
* funds to be tied by Parliament explicitly to Constitution s.51 purposes; or
* Commonwealth ownership of roads to which it provides funds.

To avoid deficit and cross subsidy issues, the latter two positions would need any Commonwealth funding for a road to be supported by revenues from the use of only that road.

In my view, Commonwealth ownership of some roads is the best and most stable of these positions. It answers the challenge of lack of Commonwealth proximity. It is the one most consistent with self-proclamations of ‘infrastructure Prime Ministers’.

The logical roads for initial Commonwealth ownership are highways that compete with rail segments controlled by the Commonwealth’s Australian Rail Track Corporation. Not only is this the most logical approach in economic and practical senses, it is the approach most consistent with democratic accountability because it is obvious and readily understandable by the electorate.

A suitable organisation to control the roads on behalf of the Commonwealth could be an Australian Roads Corporation with a similar role and structure to the rail track company. States could offer relevant roads to the roads corporation. This would assist both the development of the inland rail route and the sale of the Australian Rail Track Corporation.[[13]](#endnote-13)

The current review of federal arrangements should provide an opportunity for progress, even if roads are not (yet) seen as among its high priorities. If progress on federal road arrangements is not considered one could wonder whether policy making is behaving more like ‘infrastructure girlie men’ than ‘infrastructure heroism’, to paraphrase the Minister for Finance.[[14]](#endnote-14)

Commonwealth funding for any road it does not own should have specific Parliamentary approval, with proposals for program and project amounts beyond a certain threshold, say $100 million, being subject to approval by Parliament on a case by case, project by project, basis.

Project by project approval with specific accountability to Parliament would make the Commonwealth more proximate to the roads it seeks to support.[[15]](#endnote-15)

Unspent Commonwealth road related revenues could be distributed to the States along the lines of the goods and services tax.

### National arrangements

Commentators almost universally condemn lack of progress with national road reform, many depicting the States as recalcitrant.[[16]](#endnote-16)

This series of articles indicates a likely reason; at least some reform attempts have sought to divorce power from responsibility. The States call this ‘cost shifting’.

Mechanisms to objectively assess or address cost shifting have been ignored. Governments have preferred bilateral negotiations with individual States rather than transparent analyses and multilateral agreements.[[17]](#endnote-17)

Incentives for national cost shifting would end for Commonwealth owned roads.

There is a further point. The historical records, operating conditions, engineering, asset requirements, optimal technology, forecast use and future needs are most easily and confidently obtained for the types of roads the Commonwealth might own; the main highways. The potential for cost shifting would no longer be possible for these roads. The Commonwealth could press for national transport arrangements with greater moral authority by being a model jurisdiction.

### To conclude

Table 1 has matters extending beyond the Commonwealth. Australia’s approach to roads can be improved. Widespread improvements are needed to address already substantial economic and social issues.

It would be unsurprising for beneficiaries of current arrangements to dismiss this series of articles as a ‘rant’. True, the articles identify a long list of issues; it would be easy to raise many more.[[18]](#endnote-18)

Taken together the issues illustrate a pattern of behaviour. The pattern is a response to a system that appears less than desirable at least by its result of unnecessarily adding to fiscal challenges.

The system controls vast sums of public funds. Access to much more money is being advocated, yet few voices sound caution apart from suggesting that road users should prepare to pay more.

The situation could be considered daunting until it is recognised that, just as the problems emanate from what we have created, the answers are within our reach.

In my view, this is essentially a challenge of character; of the will to put a tar baby in its proper place.

To do so, taking heed of chopper’s admonition, I suggest ‘Australia should harden the f### up’ in relation to roads.

A start would be a Commonwealth Parliament that takes some direct responsibility.

**J Austen**

**July 2015**

*The author notes his previous 5 year employment by the Commonwealth to assist Infrastructure Australia. He retains the utmost respect for the organisation and its people.*

*He has no current and wants no future paid interest in roads policy issues.*

*Again he thanks fellow Australians for subsidising his leisure trips on roads.*

1. From: Chopper: harden up Australia <https://www.youtube.com/watch?v=mh6pZQX22CQ> [↑](#endnote-ref-1)
2. Available at: thejadebeagle.com [↑](#endnote-ref-2)
3. Costs of congestion of $million per lane km are presented for a list of urban roads. See: <http://www.infrastructureaustralia.gov.au/policy-publications/publications/Australian-Infrastructure-Audit.aspx>

   Reforms in the electricity sector have revealed too much, overinvestment in, infrastructure. The potential for a similar revelation in roads is not canvassed in the audit. [↑](#endnote-ref-3)
4. See: <http://www.smh.com.au/nsw/53-billion-congestion-crunch-looms-warns-infrastructure-australia-20150521-gh6rzy.html>. Most of these reports recited what Infrastructure Australia claimed, and added some comments about a need to spend more on roads. Several articles, however, analysed what has been claimed in a little more detail. See: <http://www.afr.com/opinion/columnists/more-and-better-infrastructure-means-costbenefit-analyses-20150526-gh9q9q>, and <http://www.crikey.com.au/2015/05/25/report-shows-how-abbott-can-become-the-real-infrastructure-pm/?wpmp_switcher=mobile>. [↑](#endnote-ref-4)
5. For example, publications on land freight, urban transport and state of play in infrastructure sectors. See: http://www.infrastructureaustralia.gov.au/policy-publications/publications/index.aspx?query= [↑](#endnote-ref-5)
6. Tar baby, note 8. [↑](#endnote-ref-6)
7. The suggestion of identifying and assessing projects as if there was road pricing was made in Infrastructure Australia’s urban transport strategy paper at p.19.

   Road pricing is likely to reduce the amount of (road) infrastructure needed. Were road pricing introduced, some road capacity may be stranded. Construction of road assets that become stranded would create further opposition to road pricing; unwise if road pricing is seen as a desirable ‘reform’.

   Also, some infrastructure may be useful and even necessary to support road pricing, for example public transport alternatives to car use.

   The suggestion regarding ‘as if road pricing’ is not novel; the methodology was used in the past UK transport plans. It is consistent with previous infrastructure Australia work and themes such as ‘getting the fundamentals right’, reform and investment framework etc. which imply reform first, or at least investment which is supportive of ‘reform. [↑](#endnote-ref-7)
8. See: http://johnmenadue.com/blog/?p=3719 [↑](#endnote-ref-8)
9. Prior to the 2015 audit report Infrastructure Australia recommended a reform and investment approach, in which investment was to be in the context of reform.

   The first of its yearly reports to the Council of Australian Governments (2010) was titled: *Getting the fundamentals right for Australia’s infrastructure priorities*.

   Its 2012 report (summary) put it:

   *‘Governance and reform: improvements to existing policy and regulatory arrangements so that infrastructure markets can be more responsive to community needs and market demands’*.

   Its 2013 report said:

   *‘The national infrastructure plan is not a long list outlining 50 years’ worth of projects. It is a plan focused on the changes we should make to the way in which we use, invest in and deliver economic infrastructure. It is reforms, often simple and sensible in their ideology but challenging in their execution, which are our priorities’*.

   Infrastructure Australia’s state of play report (2013) identified three factors influencing provision of infrastructure and therefore identification of ‘need’: policy and economic frameworks; planning and predictability of investment; capacity and performance. On each of these roads were out of step with other sectors. The report commented:

   *‘externalities and tax subsidisation of motorists is much more important to efficient pricing and regulation in roads than in other infrastructure sectors. To date this appears unacknowledged in transport reform efforts which have aimed primarily at securing revenue sources for road renewals. By comparison, this was a key issue identified in Australia’s future tax system report in 2010 and is subject to much academic research to date.’*

   Note (vii) above indicates Infrastructure Australia’s earlier suggestion on how investments should assume road reform. Also, Infrastructure Australia’s assessment method was titled the ‘reform and investment framework’. [↑](#endnote-ref-9)
10. See note (vii) above. Pricing has three potential effects on infrastructure priorities:

    it may raise revenue enabling (more) infrastructure to be built; relevant to funding;

    it may moderate the use of infrastructure and affect the optimal timing of adding new infrastructure; relevant to overall demand;

    it may change the pattern of demand, such as demand at different times of the day (peak pricing) or demand at different locations (congestion pricing). This aspect affects the level, location and type of optimal infrastructure; relevant to identification of needs which, for transport infrastructure, are location specific.

    While both Infrastructure Australia’s audit and Keating and Fraser refer to (i), there is less emphasis on (ii). Neither specifically refer to (iii). [↑](#endnote-ref-10)
11. To date the ‘official’ reviews touching on road arrangements have not addressed these issues. These include reviews for: Auslink; Nation Building; Australia’s future tax system; National (Road) Transport Commission; competition policy; by the heavy vehicle charging initiative; Commonwealth finances; federal arrangements; by the Productivity Commission. Few have identified that such issues may exist. In fairness, the most recent Productivity Commission review was completed prior to the release of the data which show a very substantial deficit.

    It may be that language is a contributing factor; see note (xii) below. [↑](#endnote-ref-11)
12. This paragraph introduced a new issue; exaggeration of road and reform benefits.

    Financial failure of motorways means that the financial and economic benefits of the road had been exaggerated.

    An example of exaggerated ‘reform’ benefits is in the regulatory impact statement for the national heavy vehicle law. The vast majority of the $20billion in benefits depended on changes in access decisions which are beyond the national law, and beyond the heavy vehicle regulator’s powers. Several separate initiatives have claimed the same benefits, most recently the heavy vehicle charging initiative, throwing into question whether the benefits are in fact achievable. See: <http://ris.dpmc.gov.au/files/2012/02/03-Heavy-Vehicle-National-RIS1.pdf>, and <http://www.pc.gov.au/__data/assets/pdf_file/0020/131744/sub077-infrastructure.pdf>.

    *Confidence / lack of trust*. An example is the claims of ‘fraud’ regarding aspects of the East West link arrangements. Whether true or not, they would undermine confidence.

    *Language / inaccurate language that may mislead*

    The example given is of economic welfare (travel time savings) put as economic (income generating) activity. The potential misrepresentation comes from claims that a road project will strengthen the economy provided its benefit: cost ratio exceeds 1; benefits being economic welfare.

    At one level such claims appear incorrect as some matters included in economic welfare, for example leisure time, do not add to economic activity.

    Arguments that government funding is needed for projects support the view that such claims are wrong. Funding is only needed when potential internal revenue streams are unable to support projects (and therefore the revenue streams will be significantly less than welfare gains).

    This is not to say that welfare gains are unimportant; rather it is to point to this as an example of the economic problem, financial capability limiting the achievement of welfare gains throughout society. Limits to national income limit economic welfare.

    However, the case for urban roads may be more complex. It is possible that proper use of the national assessment guidelines effectively equates economic welfare and economic activity so that there is no national income constraint to building roads whose assessed benefits exceed costs.

    Any financial constraint would be a result of money being in the wrong place, rather than not being there at all. If so, there are several corollaries undermining a case for public funding of road projects.

    First an economic road project would be able to support itself; a choice to draw on public funds would be political not economic. Government funding would represent transfers from people who do not use the road to those that do.

    Second a financial failure of a road would be an economic failure. It would not simply be a problem for the initial road owner; it would mean national income has been reduced. This weakens economic arguments for ‘availability’ etc. payments to reduce risk to private financiers; such payments do not affect the economic risk to national income.

    Other examples of ‘roads’ language that could mislead include:

    ‘Access’; in roads parlance access refers to limits to the types of vehicles able to use a road eg. limits to the weight or length of a vehicle. In other infrastructure industries the term ‘access’ refers to the ability to use the services of a facility. Differences arising include a supposition in roads that access charges relate only to heavy vehicles rather than all vehicles, and that an access regime needs to deal with trucks rather than use of roads. See: Infrastructure Australia’s state of play report (cited above). The roads terminology may have led to the incorrect assertion that the national access regime does not and is not intended to apply to the services of any road.

    ‘Feasibility’; the Council of Australian Governments road reform plan advised that mass distance location charging is feasible. There is no public evidence as to the feasibility of establishing the metrics, measurement, and underlying asset and use data needed for such charging even were it accepted that location means road class. This is shown in the Juturna reference in ‘Trial’ below. One obvious problem was the assumption that all roads would be covered; it is virtually impossible to test the feasibility of this. There is no evidence of a desktop or field trial or trial of a necessary accounting system.

    ‘Location’; the cause and consequence article note xii showed that policy advisers for the roads sector had used the word ‘location’ to denote ‘road class’.

    ‘National land freight strategy’; two documents with this title published by Infrastructure Australia were referred to as such by the Minister in 2011 and 2012 see: <http://www.abc.net.au/site-archive/rural/news/content/201102/s3145767.htm> and <http://anthonyalbanese.com.au/keynote-address-to-the-ipa-partnerships-2012-infrastructure-investment-conference-building-the-infrastructure-agenda-the-national-land-freight-strategy>. The documents are available at: <http://www.infrastructureaustralia.gov.au/policy-publications/publications/index.aspx?query>=

    In 2013 the Department of Infrastructure, on behalf of the Transport and Infrastructure Council, published a different document bearing essentially the same title. See: <http://www.transportinfrastructurecouncil.gov.au/publications/files/National_Land_Freight_Strategy_Compressed.pdf>.

    In this context the cover of Infrastructure Australia’s second document could be seen as mischievous; it was a collage of some of the many freight reports recently released.

    The consultation draft of the 2015 Labor national platform indicates that Infrastructure Australia’s land freight strategy will be the starting point for renewed work. See: <https://d3n8a8pro7vhmx.cloudfront.net/australianlaborparty/pages/2403/attachments/original/1430796114/2015_Consultation_Draft_Labor_National_Platform_1_.pdf>. at p55.

    ‘National network’; The National Land Transport Network is said to be *‘a defined national network of important road and rail infrastructure links and their intermodal connections’.* See: <http://investment.infrastructure.gov.au/whatis/network/>.

    However, in NSW the national road network is not linked to the Harbour Bridge, NSW’s main intermodal terminal (Chullora), the ports of Newcastle and Port Kembla or RAAF bases at Richmond and Williamtown, at least on maps available at the time of writing. See: <http://investment.infrastructure.gov.au/whatis/network/images/Sydney_Urban_National_Land_Transport_Network_Road_update_2014.pdf> and <http://investment.infrastructure.gov.au/whatis/network/images/NSW_National_Land_Transport_Network_Road_Corridors_update_2014.pdf>.

    There also is a national freight network, but this does not coincide with these maps and has its own idiosyncrasies for example, a circuitous route to the Chullora rail terminal that avoids a road section recently improved with Commonwealth and State funding for freight purposes. See: <http://www.transportinfrastructurecouncil.gov.au/publications/files/freight_route_maps/Sydney_Urban_Map_A3_ROAD.pdf>. and <http://anthonyalbanese.com.au/improving-access-to-the-chullora-intermodal>.

    ‘Productivity’; in roads parlance relates to truck size, rather than the usual definition of the rate of transformation of inputs into outputs. Hence ‘higher productivity vehicle’ means a larger truck. The relationship between a truck and the usual definition of road transport productivity depends on a range of factors beyond size including: impact on road infrastructure, fuel utilisation, speed, utilization (hours), utilization (average loads). Beyond this there are other relevant road productivity factors such as emissions, accident rates, and impact on other road users via physical road occupancy (eg. acceleration, deceleration) and psychological effects (eg. cars tend to avoid travelling close behind or alongside trucks).

    ‘Regulator’; the national heavy vehicle regulator does not (exclusively) regulate the use of roads by heavy vehicles; it does not control access, but can relay government regulatory decisions on access to other parties.

    ‘Trial’; in 2011 Juturna for Infrastructure Australia demonstrated that trials, in the normal sense of the word, had not been conducted for ‘incremental pricing’ notwithstanding claims to the contrary. See http://www.infrastructureaustralia.gov.au/policy-publications/publications/files/COAG\_Road\_Freight\_Incremental\_Pricing\_Trials.pdf

    *Advisory governance / Differentiating private or industry organisations from the public sector*

    The example given is of departmental officials sitting on ‘boards’ of non-government ‘peak’ or ‘voice’ organisations of their portfolio’s industry.

    While there is an organisation of road transport and traffic agencies, Austroads, officials from transport and infrastructure departments sit on ‘boards’ of at least two non-government organisations who claim to represent, be a peak forum for, or a voice of infrastructure industries; the advisory board of Infrastructure Partnerships Australia and Roads Australia. See: http://www.infrastructure.org.au/Content/aboutus.aspx and <http://www.infrastructure.org.au/Content/ourboard.aspx> ,

    and <http://www.roads.org.au/aboutus> and <http://www.roads.org.au/About-Us/Our-Board>.

    Other transport sectors have peak groups which have statutory authorities or government corporations among their members, and senior authority/corporation staff on their boards. Examples are Australian Logistics Council, Ports Australia and the Australasian Railways Association; such staff are not departmental officials.

    Government officials do sit on advisory boards for university transport institutes; for example the Institute of Transport and Logistics Studies University of Sydney, and the Institute of Transport Studies Monash University. They also sit as committee members for the international association of public transport, UITP. [↑](#endnote-ref-12)
13. A scoping study for the sale of the Australian Rail Track Corporation was announced in the 2015-16 Budget. The corporation operates in three geographic market segments: Hunter Valley, coal; ‘east west’, Melbourne/Sydney and Perth; ‘north south’ Melbourne and Sydney and Brisbane.

    The north south faces very strong competition from road transport due to its cost factors such as history (some old alignments that originally served river ports), geography (terrain and rainfall), distance (shorter than east west) and due to modernised highways (Hume fully duplicated, Pacific to be duplicated, motorways to pass through Brisbane, Melbourne and Sydney). The strong competition is reflected in a low rail ‘market share’. See: <http://www.freightweek.com.au/Portals/6/Documents/Presentations%20for%20web/Rail%20Trends%20900%20McNamara.pdf>.

    Strong competition is likely to be putting pressure on the profitability of the north south segment. Completion of the Pacific Highway duplication, Northconnex in Sydney and improvements to the Newell highway would add further pressure.

    In addition to existing profitability is the question of risk. Whilever there is a policy of grant funding for highways, or State control, potential investors will likely place a risk premium on the Corporation’s north south corridor. This would be particularly so if there was an obligation on a privatised entity to keep the corridor available to certain train operating conditions eg. remain open even if it proves unprofitable.

    The inland rail route as currently conceived, Melbourne to Brisbane, may have better profit prospects than the existing north south corridor due to newer alignments, better terrain, longer distances etc.

    However, investors would face similar types of risks to those in the existing corridor arising out of completion of plans for the Pacific Highway and Northconnex. Moreover, as the inland rail route is more or less adjacent to the Newell highway, it faces some uncertain risk until long term plans for that highway are settled. [↑](#endnote-ref-13)
14. And with similar lack of intention to offend women. See: http://www.theguardian.com/australia-news/2014/oct/19/mathias-cormann-denies-his-economic-girlie-man-insult-is-sexist [↑](#endnote-ref-14)
15. It may be appropriate to set a minimum threshold of outlays for this purpose.

    However, for other purposes such as assessment, the relevant measure should be benefits or economic gains. For example, instead of the current Infrastructure Australia national significance test of $100m in financial cost of a project, a better test might be $150m of gross benefits or $50m of net benefits. This would assume a benefit cost ratio of at least 1.3:1.0, a financial cost of $100m and other costs of around $20m. [↑](#endnote-ref-15)
16. Almost every Australian adviser who has mooted road ‘reforms’ assumed that each reform should attach to all roads. A result has been attempts to deal centrally with myriad local issues. For example, ‘access reform’ attempts were substantially focussed on the ‘last mile’ rather than highways or rail terminals, assuming that asset protection was the motive behind refusal to permit larger trucks to use particular roads. This overlooked potential social reasons for restricting access such as the safety and public amenity justifications often offered for town by-passes; large trucks near schools, hospitals etc. See: <http://www.pc.gov.au/__data/assets/pdf_file/0020/131744/sub077-infrastructure.pdf> at p12.

    The exceptions are Juturna and Infrastructure Australia who mooted adoption of reforms for only some major roads at this time; they argue among other things that if reform there is unachievable, it will not be achieved elsewhere and it would be best to find this out quickly so as avoid wasting efforts. In 2012 Infrastructure Australia’s report to the Council of Australian Governments put it:

    *‘The Hume Highway and Chullora rail terminal are ideal test cases for reform… conversely unwillingness to identify and resolve productivity impediments at these places would be seen as lack of commitment to necessary reforms…’*

    and see: <http://www.infrastructureaustralia.gov.au/policy-publications/publications/files/Competition_Reform_of_the_Road_Sector.pdf>. [↑](#endnote-ref-16)
17. Affleck and Alpin’s 2002 review of the National Road Transport Commission recommended a national transport advisory committee to complement the National Transport Commission in, among other things, assessing the incidence of the costs and benefits of ‘reforms’.

    This recommendation was not accepted. Fred Affleck and Neil Aplin, "Review Report," *Review of National Road Transport Commission Act 1991* (2002). [↑](#endnote-ref-17)
18. A short sample of other issues could include: conditions for optimality of separating traffic into streams according to vehicle characteristics (such as occurs with all other transport modes); accumulation of small personal travel time savings into large amounts; induced traffic and road equilibrium conditions; the impact of traffic calming on congestion; the validity of arguments that motorways create agglomeration benefits; parking; effect of current fuel storage policies on road demand risk. [↑](#endnote-ref-18)