**Time to call time on Infrastructure Australia?**

*The latest, 2021, Australian Infrastructure Plan avoids the key issue: Commonwealth (lack of) direction. It seems aimed at bureaucratic empire building and should herald the end of the current version of Infrastructure Australia.*

## Origins

Infrastructure Australia was established in 2007 as a statutory authority-council to advise - the Commonwealth - on nationally significant economic infrastructure. [[1]](#footnote-1)

At the time, it was expected to review big State projects in ‘need’ of Federal funding. Yet Governments could not show their project proposals were reasonable. [[2]](#footnote-2)

Up to 2013, Infrastructure Australia spent much of its time attempting to address this failure. This culminated in a policy-based national infrastructure plan and a rigorous procedure to sort project proposals into four merit-based categories, only one of which was considered suitable for public funding. Very few proposals made [the grade](https://www.thejadebeagle.com/audit.html).

## The ‘new’ Infrastructure Australia

After the Abbott Government took office, in 2014, Infrastructure Australia became a quasi-corporation. [[3]](#footnote-3)

It implicitly eased project assessments by collapsing the four categories into two. A result: later serious [problems](https://johnmenadue.com/john-austen-doubts-about-infrastructure-go-beyond-sydney-metro/) including dubious project assessments.

## The ‘new law’ for Commonwealth funding

Also in mid-2014, the [High Court](https://johnmenadue.com/john-austen-the-high-court-the-williams-case-and-transport/) upended the central assumption behind Infrastructure Australia. It ruled national significance is not a purpose for Commonwealth Government funding. Rather, relevant purposes are more limited – matters identified in the Constitution or uniquely suited to a Federal government.

Rectifying shortcomings in State infrastructure (budgets) is not such a purpose, even if the Commonwealth Parliament can make (conditional) grants to State projects.

As Commonwealth purposes are a mixture of means and ends, this has implications for policy aims.

## Implications of the ‘new law’ for Infrastructure Australia

The ‘new law’ should have made Infrastructure Australia’s task clearer and led it to rethink advice. It should have resulted in that advice advancing Commonwealth purposes, rather than reacting to lobbying from States, local MPs or ‘industry’.

If it held a view the Commonwealth should seek a particular goal, for example productivity or economic development, advice should have focused on Commonwealth purposes that would contribute.

For example, for a productivity goal advice should call for a policy of interoperable – standardised – transport networks to support interstate and international trade and commerce. That would have called forth projects for access to air and sea ports, rail gauge standardisation and highways for high productivity vehicles, under consistent single-point national regulation.

## The actuality

However, the opposite occurred. The new Infrastructure Australia ignored policy - more accurately, it advanced the distorted view that policy is a way to spend more on infrastructure unrelated to Commonwealth purposes.[[4]](#footnote-4)

Its approach to (another) national infrastructure plan in [2016](https://www.thejadebeagle.com/australian-infrastructure-plan.html) was to try to identify ‘gaps’ and create worries e.g. that traffic congestion would gridlock cities without Federal funds.

Among the consequences: that plan [lacked purpose.](https://johnmenadue.com/john-austen-infrastructure-in-australia-the-continuing-policy-confusion-and-advisory-mess) It supported a falsehood: the Commonwealth’s primary infrastructure purpose is to give money to projects States (claim they) couldn’t afford. [[5]](#footnote-5)

Little wonder, Commonwealth politicians – from all sides – escalated their [infatuation](https://johnmenadue.com/car-parks-certainly-corrupt-and-probably-illegal/) with sports facilities, footpaths, carparks and the like. They backed idiot schemes like Sydney Metro and promoted fantasies like high-speed rail and ‘congestion busting roads’. With tacit – sometimes [explicit](https://johnmenadue.com/john-austen-infrastructure-advice-worse-than-expected/) – approval from Infrastructure Australia.

Such behaviour is contrary to the theme – if not the law – laid down by the High Court. Worse, dedication to such (at best) tangents was at the expense of Commonwealth purposes - matters like nationally consistent highway regulation.

That Infrastructure Australia was to re-do its plan every five years gave it an opportunity to correct that mistake and provide guidance to the Commonwealth.

## Infrastructure Australia’s latest plan

Alas, the [latest plan](https://www.infrastructureaustralia.gov.au/publications/2021-australian-infrastructure-plan) – released in August 2021 – did not grasp that opportunity. Worse, it compounds the failure of its predecessor. Instead of providing focus, it further disperses attention into all sorts of non-Commonwealth curios - like ‘place-based planning’ and ‘social infrastructure’.

In so doing, the latest plan virtually invites more promises for whatever politicians like - commuter car parks etc. – promises which will contribute to endemic Federal corruption.[[6]](#footnote-6)

The remainder of this note outlines a few of the plan’s transport comments to illustrate some problems arising.

## Latest plan – transport aspects

I found the transport part of the plan riddled with bureaucratese and impenetrable. The headline ideas – getting the most out of investments, connecting regional and remote Australia, mobility choice made possible, a fairer price for every journey – are to the extent not misguided, so vague as to be meaningless. [[7]](#footnote-7)

It referred to causes considered chic by some officials – electric vehicles, digital technology, work from home etc. Concepts like a ’30 minute’ city, demand responsive public transport, equitable pricing and freight were tossed around, but not understood. [[8]](#footnote-8)

The plan implied the Government should forget about subsidiarity, be near omnipotent and become extraordinarily busy ‘sponsoring’ implementation of motherhood recommendations such as:

‘*Maximise the overall benefits of transport investments by aligning transport programs with place-based objectives*.’

The long list of tasks descended to triviality and resembled a school homework list e.g.

*‘Where required, bring forward the completion of cross-boundary local transport networks that meet users’ short journey needs and prioritise funding support under place-based agreements for partnerships of two or more councils working together’.*

The impression is rote recitation rather than understanding.

That impression is reinforced by internal contradictions.

One example: assertion that networks are defined by end-to-end journeys conflicts with them being related to – and projects assessed with reference to - vehicle classes. A door-to-door definition is of little analytic use. As it implies a network can include breaks of gauge, it leads away from Commonwealth purposes – and allows for creation of technical and economic inefficiency and rent seeking. [[9]](#footnote-9)

Another: the proposal to treat air and seaports as (limited) precincts is inconsistent with proposals for networks. The National Ports Strategy, drafted by (the old) Infrastructure Australia asks for ports to be treated as functions rather than places to overcome the key problem facing ports - road, rail and sea channel access to precincts.

If that was understood, the plan would have commented on the most urgent port-priority in Australia – removal of State Government inspired restrictions on Newcastle developing a container terminal. [[10]](#footnote-10)

Another: the proposed principle that travel prices cover all costs conflicts with another proposal that infrastructure be (part) funded from land value uplift. If the travel prices cover costs, then land value uplifts provide economic rents to infrastructure owners.

For all the talk about covering costs and ‘reform’, the activity list did not include the ['as if road pricing'](https://johnmenadue.com/john-austen-priorities-for-infrastructure-australia/) test for transport projects – would a (road) proposal have merit if there was a policy of road pricing? The test can be applied now, even if actual road pricing is not implemented. [[11]](#footnote-11)

Yet again, Infrastructure Australia overlooked the single biggest contribution to transport it could make – even if dreaded by the infrastructure club for its potential to expose many demands as a fraud on future generations. [[12]](#footnote-12)

## Conclusions

Infrastructure Australia’s latest plan nominated many others, notably the Commonwealth Department, for an array of further activities. However, it seldom nominated itself.

That is perhaps the most defensible part of the plan.

The transport section is a mess.

Failure to identify and explain Commonwealth purposes, seven years after guidance from the High Court, and amid turmoil about that issue in associated domains – including infrastructure spending scandals, the pandemic and [decay of democratic institutions](https://johnmenadue.com/john-menadue-our-democracy-is-decaying-from-within/) – is such a deficiency as to cast doubt on whether the organisation should have any future.

The plan’s claim to represent an ‘industry consensus’ makes the situation worse. ‘Industry’, with powerful lobby groups and ‘think tanks’, is more than capable of representing itself. Australia does not need a statutory authority to help them. [[13]](#footnote-13)

The mistake can be traced to the Abbott Government’s perverse idea of the organisation – that ‘independence’ only meant independent of government rather than genuinely independent of all outside influences including lobby groups etc. [[14]](#footnote-14)

If Infrastructure Australia is to have a future it should:

* be far more limited than what it is attempting;
* focus on Commonwealth purposes;
* be more open and conduct its work via public inquiries;
* be in a portfolio – like Finance - which has some conception of the role of a Federal Government and is prepared to stand up to infrastructure lobbying.

**5 October 2021**

1. As it was established by the Commonwealth Parliament, independently of States, its proper function is to advise the Commonwealth. Later, and separately, several States established their own infrastructure advisory agencies. See: <https://www.thejadebeagle.com/infrastructure-principles---august-2018.html> [↑](#footnote-ref-1)
2. A short history of its origins is at <https://www.thejadebeagle.com/audit.html>

 [↑](#footnote-ref-2)
3. The corporate nature of the new Infrastructure Australia is discussed in <https://www.thejadebeagle.com/governance.html> [↑](#footnote-ref-3)
4. For example, in the new Infrastructure Australia road charging/pricing is primarily seen as a mechanism of collecting funds to be spent on transport infrastructure. The question of dealing with adverse external effects of transport – and road use – such as emissions, noise, community severance and accidents – is not addressed by such charging. [↑](#footnote-ref-4)
5. Indicated by most transport ‘needs’ and project responses falling within Constitutional responsibilities of States. [↑](#footnote-ref-5)
6. Nor does the plan address the question of unlawful – deliberately misleading – misrepresentations to the Commonwealth (or Infrastructure Australia) for the purpose of acquiring Commonwealth funds for infrastructure projects. See e.g. <https://www.thejadebeagle.com/above-the-law-infrastructure-claims.html>

 [↑](#footnote-ref-6)
7. Misguided: for example, connection of transport and land-use (planning) – espoused by the plan - typically relates to accessibility (reaching opportunities in places) rather than mobility (speed of movement).

 [↑](#footnote-ref-7)
8. 30 minute city see e.g. <https://johnmenadue.com/john-austen-and-luke-fraser-urbane-transport-policy-part-1/> Freight see e.g. <https://www.thejadebeagle.com/freight-chainsaw-3.html> [↑](#footnote-ref-8)
9. For transport infrastructure, a network is defined by vehicle interoperability e.g. standard gauge and narrow gauge railways are separate networks. Economic rents are sought via network discontinuities – principal reasons for the break of railway gauge in Australia were for each colony to have greater control over infrastructure and to ‘capture’ traffic for its capital and port. [↑](#footnote-ref-9)
10. A point reinforced in <https://www.theaustralian.com.au/special-reports/freight-future-needs-certainty-on-planning/news-story/880c7fdc2db28a603cb3abd6ef680195>. Newcastle: <https://johnmenadue.com/newcastle-port-decision-overreach-misunderstanding-or-both/>, <https://www.thejadebeagle.com/newcastle-port-case.html>

 [↑](#footnote-ref-10)
11. That proposal was identified in the (old) Infrastructure Australia’s 2013 urban transport strategy <https://www.infrastructureaustralia.gov.au/sites/default/files/2019-06/infrastructureaus_rep_urbanstrategy.pdf>. It does not appear to have been referred to since. [↑](#footnote-ref-11)
12. The suggestion was made in 2013, and in submissions to Infrastructure Australia e.g. 2015 <https://www.thejadebeagle.com/submission-to-infrastructure-australiarsquos-national-infrastructure-audit.html> and 2020 <https://www.thejadebeagle.com/infrastructure-priorities-2020.html> [↑](#footnote-ref-12)
13. Among the ‘think tanks’ is Infrastructure Partnerships Australia. Previously, it and Infrastructure Australia apparently co-produced a report on urban transport franchising – the content was trenchantly criticised by academic experts <https://johnmenadue.com/john-austen-does-infrastructure-australia-understand-its-ideas-for-public-transport-franchising/> and e.g. <https://johnmenadue.com/john-menadue-infrastructure-rent-seekers-and-lobbyists/>. Commonwealth officials no longer sit on its advisory board, however NSW, Victorian and New Zealand officials reportedly do <https://johnmenadue.com/john-austen-does-infrastructure-australia-understand-its-ideas-for-public-transport-franchising/> [↑](#footnote-ref-13)
14. <https://www.thejadebeagle.com/infrastructure-priorities.html> and see note 3. [↑](#footnote-ref-14)