# Infrastructure priorities 2020

***Infrastructure Australia’s 2020 priority list doesn’t recognise – let alone address fundamental problems.***

Legislation tasks Infrastructure Australia with considering nationally significant infrastructure - with national significance relating to improving ‘national productivity’.[[1]](#endnote-1)

Every year, Infrastructure Australia releases lists of proposals it considers national ‘priorities’.[[2]](#endnote-2)

One list – ‘projects’ - comprises proposals whose assessed economic benefits exceed costs and Infrastructure Australia considers ready to proceed. Another list – ‘initiatives’ – relates to good ideas which deserve further development.

Transport dominates both lists – e.g. 20 of 23 projects - no doubt due to reliance on taxpayer funding. Yet from the outset, Infrastructure Australia sought to diversify the lists.

The most recent attempt at diversification is in the 2020 lists which include water security, coastal inundation, waste recycling, remote housing and electricity market etc. as ‘initiatives’. At present there are no proponents for these initiatives and Infrastructure Australia would like somebody to come forward with project ideas.[[3]](#endnote-3)

Lack of specifics make these difficult to understand – three general observations follow: road charging; infrastructure club influence; national direction.

## Road charging

Some 10 of the 12 newly recommended ‘projects’ are roads – 8 in Queensland with capital costs around $4.1bn compared with $5.4bn total for all projects.

It is not clear how recommended ‘projects’ would stack-up if there was road charging. The suspicion is many wouldn’t fare well. An example of one which might not pass an ‘as if road charging’ test is the increase from 6 to 8 lanes on the M1 near the Gold Coast. [[4]](#endnote-4)

An ‘as if road charging’ test would mitigate inbuilt biases towards roads. The key evaluation tool used by Infrastructure Australia is benefit: cost (ratio). This relates to ‘economic welfare’ which for roads is dominated by ‘travel time savings’ e.g. 76% of the M1 project’s benefits.

However, few time savings translate into productivity via producing income or reducing costs. Hence benefit: cost results of road projects overstate productivity gains – more so for untolled roads like the new ones on the list.

Infrastructure Australia continues to eschew its advice of years ago – transport projects should be assessed as if there was road charging. Such advice is needed to consider whether spending on big road projects lifts – rather than damages – productivity. [[5]](#endnote-5)

## Club influence

Lack of assessment specifics, ex-facie absurd proposals and reliance on government proponents lead to suspicions of Infrastructure Australia having an interest in placating industry, infrastructure bureaucrats and State etc. politicians – aka the infrastructure club.

One example is Infrastructure Australia’s suggestion to reserve a high-speed rail corridor identified in the latest $20m ‘study’. That study appeared to entail almost fraudulent inventions by the Federal Infrastructure Department. The corridor is idiotic – going into downtown Sydney and Melbourne at prohibitive cost, but bypassing Newcastle, growth areas and putting Canberra on a dead-end supposedly to minimise (orders of magnitude lower) costs. [[6]](#endnote-6)

Another example is (another) Princes Highway bridge ‘project’ at Nowra, Gilmore electorate. Travellers in this area know of congestion, albeit minor compared with any city. The observable cause is not the bridges but roundabouts and traffic lights up to several km away. The assessment doesn’t mention this. The bridge project can only move – not fix – any congestion problem and, in any event, is not a national priority under the legislation. [[7]](#endnote-7)

A much more concerning case is the Sydney Metro extension, political flagship of the NSW Government. Readers may recall Infrastructure Australia’s extraordinary recommendation of the project in mid-2017 – without saying what the project does or cost (other than being over $12bn!) and noting options had not been properly considered – just a week before NSW let a $2.8bn tunnelling contract. [[8]](#endnote-8)

The endorsement continues to be repeated – unlike other under-construction projects, say WestConnex. Yet it overlooks the project’s $4.3billion-$5.3billion (34% to 46%) cost blowout, publicly reported three weeks prior to the list. This reduces the claimed benefit: cost ratio to well below 1.0 – i.e. no economic merit. [[9]](#endnote-9)

Even ignoring its grave strategic problems, Metro does not meet the legislative definition of national significance. Worse, questions about significant criminality arise from the NSW Minister’s claimed ignorance of the blowout until after the State election – the overrun was identified many months before.

One project part – Sydenham-Bankstown – is subject of a NSW Parliamentary Inquiry considering the ‘adequacy of the business case’ – what Infrastructure Australia supposedly assessed. The Inquiry heard conflicting evidence – NSW claims were challenged – and is due to report by end March.

Hence Infrastructure Australia’s views are highly significant to a political debate but are otherwise redundant, a fact reinforced by the project go ahead being announced well before, yet escaping mention in, the 2017 assessment.[[10]](#endnote-10)

The unique treatment of the project is ever more curious if not improper. This surely needs exploration by the Australian National Audit Office and is a first candidate for any Commonwealth integrity commission.

Infrastructure Australia’s almost total reliance on information from Governments, meek acceptance of ludicrous commercial-in-confidence claims, conduct of assessments behind closed doors, documents showing proponent claims rather than thorough analysis of benefits and costs and apparent disregard of issues that publicly cast long shadows over proposals – such as authoritative criticisms or monumental cost blowouts – speaks more of appeasing, rather than being independent from, project proponents.

Instead, its published evaluations show proponent claims while lacking facts essential to interpretation e.g. business and leisure travel time savings, time savings per trip, time valuations, effects on wider network traffic, ramp-up periods.

## National direction

Despite words about ‘audits’ and attempts to broaden horizons beyond roads, Infrastructure Australia’s lists are almost entirely the result of trawls of State Premier’s Departments and, in turn, road agencies.

The States’ only interest in Infrastructure Australia is as a hurdle to be jumped to get Commonwealth funding. As against this is political risk – of Infrastructure Australia passing adverse reflection on pet projects. By action, if not word, States reject Infrastructure Australia’s claims to identify or assess priorities which are nationally significant and lift productivity.

As Dr Keating suggests, little if anything on the ‘project’ list could ever remotely increase national productivity – despite such lifting being a legislative requirement. Some ‘projects’, like Sydney Metro, lower productivity. Infrastructure Australia has drifted away from legislative intent.[[11]](#endnote-11)

Put simply: how good is a process that recommends just a few piecemeal road projects in Queensland as the new priorities to improve national productivity?

The answer to the conundrum of Infrastructure Australia’s reliance on the States and its associated drift has been clear since the organisation’s inception in 2007.

In 2014, the High Court pointed to the answer by saying national significance does not provide the Commonwealth with power e.g. to spend public monies. The reason: as all matters acted on by the national government – the Commonwealth – are nationally significant, determining power on the basis of national significance would allow the Commonwealth to define its own scope – inconsistent with Federation. Hence its scope is:

‘narrower than “all those matters that are reasonably capable of being seen as of national benefit or concern”.’ [[12]](#endnote-12)

Hence, Infrastructure Australia’s legitimacy is limited to infrastructure significant to the Commonwealth, rather than (all) nationally significant infrastructure.

If Infrastructure Australia believes the Commonwealth should do more than the Constitution directly permits – via s.96 State grants or through referendums / transfers of power say on energy or water – it must articulate this role before starting an ‘audit’ or developing any list.

Enunciation must be far better than drivel like ‘foster cooperation among all levels of government’ – which the High Court said doesn’t meet Constitutional requirements:

‘Consultation between the Commonwealth and States coupled with silent, even expressed, acquiescence by the States does not supply otherwise absent constitutional power….’

Infrastructure Australia continues to squib that foundation issue. It disregards the substantial narrowing of legislative intent implied by High Court decisions. Instead of becoming tightly focussed on the Commonwealth it is foraging even further afield.

Infrastructure Australia also seems unaware of other serious problems in its legislation – mentioned in previous posts – such as inconsistency between its corporate form and proper ‘independence’.[[13]](#endnote-13)

## Conclusion

The Commonwealth’s infrastructure role is the base for Infrastructure Australia’s tasks.

These tasks include creating public confidence that its assessments are so thorough,

independent and even-handed that they are the authoritative guides to projects the Commonwealth might support.

If the latest infrastructure lists are any guide, Infrastructure Australia’s failure to advise that current legislation is fatally flawed and the Commonwealth must set a different – appropriate and legally defensible – role will generate big problems.

These types of problems can be seen in other Commonwealth funding programs that also cite Constitutionally-irrelevant and ill-defined ‘national significance’ – like sports and regional infrastructure. Worryingly, these too are based on proponent trawls, albeit of local government areas and electorates. The notorious issues of these programs stem from advisers believing Commonwealth functionaries should be guided by Jack Sparrow’s compass – which justifies whatever the holder desires. [[14]](#endnote-14)

Ports, regional and infrastructure funding – who except the jealous could object? Certainly not the beneficiaries.

Yet the very point of public service – especially statutory organisations like Infrastructure Australia – is to protect the public from beneficiary interests.

It is clear infrastructure advice is taking the wrong direction.

J Austen

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1. <https://www.legislation.gov.au/Details/C2014C00639> [↑](#endnote-ref-1)
2. <https://www.infrastructureaustralia.gov.au/publications/infrastructure-> [↑](#endnote-ref-2)
3. <https://www.infrastructureaustralia.gov.au/sites/default/files/2020-03/2020_infrastructure_priority_list_low_resolution_-_updated.pdf> [↑](#endnote-ref-3)
4. <https://www.infrastructureaustralia.gov.au/projects/m1-pacific-motorway-eight-mile-plains-daisy-hill> [↑](#endnote-ref-4)
5. <https://johnmenadue.com/john-austen-the-roads-club-is-having-a-great-spend/> [↑](#endnote-ref-5)
6. <https://johnmenadue.com/john-austen-high-speed-rail-bite-the-bullet-please/> [↑](#endnote-ref-6)
7. <https://www.infrastructureaustralia.gov.au/projects/nowra-bridge-project> [↑](#endnote-ref-7)
8. <https://johnmenadue.com/john-austen-infrastructure-advice-worse-than-expected/>

<https://www.railexpress.com.au/2-8bn-sydney-metro-tunnel-contract-awarded/> [↑](#endnote-ref-8)
9. <https://johnmenadue.com/john-austen-sydney-metro-developments/>

<https://johnmenadue.com/john-austen-infrastructure-advice-worse-than-expected/> [↑](#endnote-ref-9)
10. <https://johnmenadue.com/john-austen-sydney-and-the-mock-metro/>

<https://www.sydneymetro.info/citysouthwest/project-overview> [↑](#endnote-ref-10)
11. <https://johnmenadue.com/michael-keating-continuing-economic-stagnation/> [↑](#endnote-ref-11)
12. <https://johnmenadue.com/?s=williams++high+court> [↑](#endnote-ref-12)
13. <https://johnmenadue.com/john-austen-revolving-doors-at-the-infrastructure-club/> [↑](#endnote-ref-13)
14. <https://johnmenadue.com/david-solomon-sports-rorts-illegal-unconstitutional-and-shonky/> [↑](#endnote-ref-14)