**Roads – another year of inaction and congestion-causing deficits**

*Spending on roads continues to vastly outstrip road revenues, increasing our national debt and stopping road reform - as stated in a post in Pearls and Irritations last year:* <https://johnmenadue.com/john-austen-roads-another-year-of-congestion-causing-deficits/>.

Since that post, nothing has changed – at least not for the better.

The latest figures confirm Australian road spending has exceeded road revenues by billions of dollars for years. Again Dr Michael Keating AC and roads expert Mr Luke Fraser are almost the only voices drawing attention to this.

Again, the ‘roads industry’ won’t admit it. Nor will the federal Minister for Urban Infrastructure, despite the statistics coming from his Department. He seems to be in denial telling ABC listeners of revenues substantially higher than spending: <http://minister.infrastructure.gov.au/pf/interviews/2018/pfi001_2018.aspx>

Despite the initial impression created by the relevant publication, where the road revenue table includes many items which should not be considered road related – and tellingly omits a total revenue figure - the roads fiscal deficit continues. In 2015-16 it was $7.5billion, public spending exceeded revenue by 41%. This is a jump from the $4.4billion of the previous year due to increased spending: <https://bitre.gov.au/publications/2017/files/yearbook_2017.pdf>

The cumulative road deficit in the 5 years to 2014-15 was $32.5billion. Public spending was 41% higher than revenue.

To reiterate:

1. these figures understate the level of road subsidies and the true road deficit
2. there should be a large roads fiscal surplus.

Moreover, there has been no progress in addressing other issues identified in previous posts on road reform – such as misdirected spending.

At the time of those posts nobody could have been confident about the quality of road spending, particularly on vast projects. Subsequent information such as cursory project assessments from Infrastructure Australia (<https://johnmenadue.com/john-austen-doubts-about-infrastructure-go-beyond-sydney-metro/> ) and policy proposals that seem less than bona fide (<https://johnmenadue.com/luke-fraser-road-reform-bureaucracy-style-no-economic-benefit-higher-prices-for-users-and-an-easier-ride-for-already-unaccountable-agencies/>) suggest road spending quality is going even further backwards as the amounts – and deficits - escalate.

Despite these burning problems, idle talk about some nirvana of ‘pricing reform’ continues apace.

It’s well past the point of calling time on road policy inaction. A decade has passed since road reform became a ‘priority’ and there is little to show – except for a few number plates using the colours of football teams.

The reason is the road lobby and road/transport departments are indulging in fantasies such as: there is no road fiscal deficit; (therefore) universal road ‘pricing’/’reform’ – charges for every road user, every road, every time, to support their uninhibited spending desires - is a simple technical matter.

This is rubbish. Their version of road reform is manifestly infeasible and uneconomic. Moreover, if it started today road users would pay much, much more. Expecting anybody to agree with that is delusional.

It doesn’t matter what any Minister says, what eminence gets on board, how loudly lobbyists bleat, how earnest are the pleas for ‘reform’, what amazing technology has made road pricing possible or how often the insiders initiate ‘processes’. The roads deficit kills any chance of their vision of road bliss.

The roads deficit, which should be dealt with as a matter of prudent economic management in any event, must be addressed before universal road charges could be considered. Spending must be brought under control. The arithmetic shows cuts of 30% are in order.

Also necessary are published proper assessments of spending programs and major projects - to prevent the otherwise inevitable perception that ‘reform’ is just a cover for a gigantic rip-off by the infrastructure club.

Last January’s post on the issues had the Minister presaging yet another review into road reform. Nothing happened.

It is sad the Minister yet again – this year - says he wants to kick-start some process without facing up to the real problems.

His comments are a green light for lesser parts of the bureaucracy and lobbyists to mill around for years, talk a big game, confuse themselves, disappoint our leaders, do nothing useful and lead the country down more dead ends. Worse, this type of prattle will be used to try and stop the few people trying to make some real progress, for example via sensible limited trials in some States.

Road charging reform is necessary, but for 10 years Ministers and bureaucrats have pulled the wrong rein. They have failed because of ludicrous over-reach.

There are two paths towards reform:

1. the official version: the big bang of universal road pricing – all roads, all road users, all times, all at once. Even if we ignore problems such as it being uneconomic, the enormous road fiscal deficit, the need for unprecedented Commonwealth-State cooperation and the likely creation of an enormous new bureaucracy nobody seems to have any idea how such a scheme might work in practice. Even if it was just for trucks. As it is impossible to conduct real-world trials of such a scheme, Australian road users would become guinea pigs in an extraordinary experiment;
2. a less ambitious version: direct charges for trucks on highways that compete with railways, congestion pricing in a few central city locations, and economic regulation for existing and new tollways. Each of these elements addresses a real economic and social problem, each could be implemented independently, none generate interminable Commonwealth-State buck passing and each can be practically tested beforehand.

Only option b. has any chance of working in a reasonable timeframe. Yet it is assiduously ignored; there is even a pretence it is unknown.

It is well over a year since the Minister first announced he would appoint an eminent person to lead road reform. It is over six months since Pearls etc. suggested the Commonwealth start the ready-made trial on Australia’s most important highway, the Hume . <https://johnmenadue.com/john-austen-infrastructure-misuse-and-mistakes-the-hume-highway/>

How much waste of time, money and congestion can Australia afford while Ministers chase grandiose mirages spun by bureaucracies that shun reality?

It should be a matter for the Prime Minister now. Anything else is worse than fiddling while big money – your money – burns as you sit in traffic jams caused by stupid road spending.