# Another year of record waste on roads

Every year your faithful beagle reports on how road spending vastly exceeds road related revenue even though road use has not much increased. This perversion of public policy helps the infrastructure elite at the expense of Australia.

Statistics for the latest year suggest this continues unabated*.*

The statistics are in the Bureau of Transport and Infrastructure Economics Infrastructure Yearbook 2019 published – as usual – just before Christmas last year.[[1]](#endnote-1)

The latest figures for spending and revenue are for 2017-18. Public spending was a record $30.2bn – a real increase 9% on the previous year. Road related revenue – properly defined – was $23.0bn, a real increase of 5% on the previous year.

The 2017-18 roads fiscal deficit – road revenue less spending - was $7.2bn compared with $6.obn in the previous year. Over a ten-year period, Australia amassed a roads fiscal deficit of $35.9bn.

In my view, proper policies should have led to a substantial roads fiscal surplus. The ongoing deficit is an indictment of Australian transport policy, and indicates a very substantial misdirection of national resources.

The cause of the rising deficit is road spending. It is not a fall in road revenues. Real revenues rose by 12% over the last decade. Yet spending increased by 30% - far faster than population growth of 18%.

The States account for most road spending – around 60%. Over the last decade the Commonwealth’s share increased from 15% to 20%. This was largely at the expense of local government – whose real spending remained virtually static. The pattern is consistent with worries about a local-roads maintenance problem. Simply, there is a concern about asset stripping of local roads to (partly) offset grandiose motorway projects.

Commonwealth road spending increased by 84% in real terms over the decade despite it not having any direct Constitutional responsibility for roads. Commonwealth spending on rail, for which it does have responsibilities, is around 40% of its road spending.

With such gross subsidisation of roads who could be surprised at over-use of roads i.e. congestion, and the build-up of maintenance deficits?

Yet aggregates do not easily explain ongoing moans about traffic jams. Road use, as indicated by vehicle kilometres travelled (vkt) has not kept up with population – let alone spending – growth. Vkt per capita declined by 1% over the decade to 2017-18. Car vkt per capita declined by 5% in the same period.

Road use - vkt - declined in absolute terms by 0.5% in 2018-19. This might be compared with estimated population growth of 1.5%.

The picture is of an increasingly costly, indulgent road sector whose growth serves the infrastructure club rather than the public. Given the massive outlays to counter the effects of the current health crisis, that must change.

Spending on roads and other infrastructure needs to be wound back to productive levels – where it more or less pays its way. That would include paying for negative ‘spillover’ - external - effects and not just the costs of construction and maintenance of assets.

Don’t believe me? Look at the spreadsheets in on this ‘page’.

J Austen

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1. <https://www.google.com/search?q=infrastructure+yearbook+2019&rlz=1C1CHBF_enAU754AU754&oq=infrastructure+year&aqs=chrome.0.0j69i57j0l6.17971j0j7&sourceid=chrome&ie=UTF-8> [↑](#endnote-ref-1)