# Federal Infrastructure – another approach needed

## 1. Introduction

Mr Menadue recently put posts about transport infrastructure on his Pearls and Irritations website. They correctly identified a central problem with policy in Australia – it is creating junk at tremendous fiscal cost, half a trillion dollars in Sydney and Melbourne alone.[[1]](#footnote-1)

The posts argued the Commonwealth, while not having direct responsibility, is a major cause of the problem. It must be part of any solution. I agree.

The posts called the new Government’s performance on dealing with the problem ‘mixed’. I think that is too charitable - a better description is ‘bad’.

This note demonstrates that by reiterating and adding to comments in Tipfire D - infrastructure. As ever, comments and corrections are welcome.[[2]](#footnote-2)

## 2. Mess

True, as the Minister, the Hon Catherine King MP, claimed, she inherited a mess.[[3]](#footnote-3)

For years, my posts in Pearls argued [just her predecessors were creating just that.](#_top)[[4]](#footnote-4)

The root cause is use of Disney pirate Jack Sparrow’s compass – which points at whatever the holder likes – to steer the Commonwealth. Successive Commonwealth Ministers spent on whatever they liked, unconstrained by economic, social or legal criteria. Election promises have been similarly undirected and unconstrained.[[5]](#footnote-5)

Since 2014 – the date of the High Court’s decision in Williams (2) - this has been inexcusable.

No wonder there are widespread allegations of ‘pork-barrelling’ – use of public monies to buy votes. And that these allegations stimulated talk of a corruption commission.

## 3. Disjuncture

The Minister’s complaint about inheriting a mess was accompanied by a boast of spending $123bn on infrastructure over the next decade. That attempted segue was strange. More so given the Minister’s announcements of enormous outlays for disparate projects.[[6]](#footnote-6)

It signalled a disjuncture between the complaint and the Government’s actions. The severity of the disjuncture is highlighted by the fact a review into Infrastructure Australia was yet to report. The review was supposed to restore the organisation to be the prime adviser on how the Government might spend public monies on infrastructure. What is left to advise about?[[7]](#footnote-7)

That the Minister claimed to consider the former Government’s infrastructure budget ‘*line by line’* underlines the confusion. An implication is Infrastructure Australia did not assist the consideration. The Minister’s criteria for decisions to retain or reject items from the budget did not accompany her claim.

Together with the enormous outlays, the many project announcements and constrained Budgetary outlook, the claim suggests Infrastructure Australia is redundant save for the possibility of portfolio roles of de facto lobbyist and sinecure for mates. These factors make pointless the review of Infrastructure Australia. Among the consequences: confusion about roles in the portfolio, compounding the mess the Government inherited.[[8]](#footnote-8)

## 4. Doubling-down damage

That is not the only compounding factor. Some of the Government’s decisions to continue with its predecessor’s spending items damage the Budget, economy and its own reputation.

Take continuation of the Coalition’s $5.2bn commitment to the western Sydney airport Metro.[[9]](#footnote-9)

The commitment, indeed the Metro, is a supremely idiotic idea – rejected by even Metro-friendly Infrastructure Australia and lambasted by a respected local Federal Labor MP as ‘*pork-barrel politics’* last year.[[10]](#footnote-10)

The Metro involves a railway between the new airport and the outer suburb of St Marys unable to be linked with other railways. It prevents orders-of-magnitude superior options. The given ‘reason’ – single-deck trains needed for the airport cannot operate on the same tracks as double-deck trains - is so ludicrous as to suggest both a wish to disguise true reasons and contempt for the public.

Public transport will suffer as crowding increases on adjacent rail lines. Such crowding arises from airport passengers needing to change trains up to four times in western Sydney. Underlining the idiocy of the project – and ‘reason’ - those passengers will need to be on double-deck trains for most of their journey.

The NSW government expected the project to inflict a net economic loss of $1.8bn. That is optimistic – it assumed a $7.3bn capital cost yet $10.4bn is committed to the project. There are claims – by NSW Labor - of a further $2.0bn cost blowout. Adjusting for these might see economic losses of at least $5bn and a benefit:cost ratio below 0.5:1.0.[[11]](#footnote-11)

Yet the Commonwealth Minister – also of the Labor party - said the project would *‘benefit western Sydney communities for years to come”.* As a resident I can assure her western Sydney – like everywhere else – can do without such ‘benefits’.

Indeed, identified benefits are largely land revaluations near the airport – which should ring alarm bells given the interest of integrity bodies and Legislative Council in certain nearby land dealings.[[12]](#footnote-12)

The excuse for this wreck? an election promise.[[13]](#footnote-13)

Melbourne suffers a similar case - $5.0bn for a rail line to Tullamarine airport. ‘Controversial’ elements of the scheme blindsided airport management, apparently jeopardise regional rail and will stymie development of Victoria’s second tier cities. The benefit:cost ratio is 0.5:1.0, with prospective economic losses of at least $3.8bn. The proposal was rejected by Infrastructure Australia but ‘saved’ by an election promise.[[14]](#footnote-14)

Commonwealth funding for just these two projects is expected to destroy at least $10bn of economic value while damaging transport systems in Australia’s biggest cities.

So much for the Government’s [*‘integrity and fairness’*](https://www.smh.com.au/politics/federal/minister-puts-integrity-and-fairness-in-the-infrastructure-pipeline-20220608-p5as2x.html?btis)pledge of ditching election promises that don’t stack-up under merits-based reviews.[[15]](#footnote-15)

## 5. More damage

The new Government has made more damaging infrastructure decisions. Mr Menadue’s post noted several.

Advancing the peak stupidity of high-speed rail is one. At least $500m is being wasted on pointless legislative symbolism there – a new statutory authority to perform Departmental tasks.[[16]](#footnote-16)

And despite the Minister saying Sydney-Newcastle will be the start to a high-speed rail system, there remains no recognition the bizarre decade-old study relied on by her boss and herself had the Newcastle station 20km or more than 30 minutes from the city – presumably an insider joke. To make it worse, the train speeds on that segment are intended to be well below high-speed standards.[[17]](#footnote-17)

Another is the $2.2bn gift to the meritless Melbourne rail loop is another. It has been called the worst infrastructure project of all time. While that call is a typical Victorian exaggeration that overlooks the overwhelming inferiority of Sydney Metro, it contains an element of truth.[[18]](#footnote-18)

Timing of that announcement is just one factor behind suspicions the Government is trying to buy votes for its Victorian counterpart in the forthcoming State election – like the Abbott Government did in 2014.[[19]](#footnote-19)

Financial cost of those two projects could eventually exceed $350bn.[[20]](#footnote-20)

## 6. Little pork-barrels

Against the sums mentioned above, the former Government’s pork-barrelling on ‘rats and mice’ like the Woy Woy car park – while offensive, probably corrupt and likely illegal - was pretty puny.[[21]](#footnote-21)

Yet the Government is messing-up that too - in replacing its predecessor’s bits-n-pieces pork-barrel by two new bits-n-pieces ‘programs’ with essentially the same features.

The difference: instead of a National Party Minister using Jack Sparrow’s compass to steer funds to local sports facilities etc, a Labor Minister will hand the compass to local governments, community groups etc. to guide spending towards the same type of things.[[22]](#footnote-22)

Recent announcements suggest outcomes of the new approach will align with the former scheme: examples include swimming pool and soccer-ground canteen renovations - thankfully both near Woy Woy. Election promises again.[[23]](#footnote-23)

With a cute twist perhaps further indicating awareness of issues with the legality of the promises and spending.[[24]](#footnote-24)

## 7. Alarm

Even some Labor supporters are sounding the alarm:

*‘so this is the way*[*the government*](https://www.smartcompany.com.au/finance/economy/financial-markets-australias-budget/)*will run infrastructure policy: it all depends on the “relationship” you have with Labor, and projects without any clear benefit will get funded if they’re in the right seat’.[[25]](#footnote-25)*

And that assumes – probably wrongly – every aspect of the approach is lawful.[[26]](#footnote-26)

## 8. Saved at the Summit?

In late November, the Financial Review held its annual infrastructure ‘summit’. Reports had little or no commentary along the above lines.

The Minister presented a headline speech. It was telling in two respects.[[27]](#footnote-27)

First, it set out what the Minister saw as problems:

*‘politicisation, the fights between the states and the Commonwealth and the delayed and trouble-prone major projects, with Inland Rail foremost amongst them’.*

Second, it outlined the Government’s purported intentions:

*‘ending the rorts, reinvigorating Infrastructure Australia, working more closely and collaboratively with states and territories and doing our part to get to Net Zero’*.

The remarks were problematic. Earlier sections of this note argued overt politicisation has increased under the new Government, admitted by the Minister’s admission of having a better relationship with Victoria’s Labor Government than the NSW Coalition Government at least when she was in Opposition.

Fights between the Commonwealth and States are to be expected, even welcomed to some extent, as the Constitution had charged them with different fields of responsibility and there is a vertical fiscal imbalance. Simply, Australia’s system of government requires the Commonwealth and States to have different, competing and at times conflicting, interests.

Inland Rail is not among the most trouble-prone projects involving the Commonwealth. There are far greater and more costly problems for the National Broadband, energy grids, Sydney Metro, Melbourne loop, urban motorways etc. Arguably Inland Rail is foremost to the Minister because it was proposed by her political opponents – it rather than say the Sydney airport Metro being subject to review being further evidence of politicisation.

Given announcements to date, ‘rorts’ – which I would call use of public funds for reasons not dominated by economic or social merit – have not ended. Indeed, it appears rorts, and the systems that generate them, have increased.

At best, there has been little or no observable progress towards addressing the identified problems. Worse, the identified concerns are not among the main problems that afflict infrastructure policy.

Ms Hewett of the Financial Review speculated Infrastructure Australia had, in the Minister’s eyes, ‘won’ a new mandate to make it more relevant – and to concentrate on nationally significant infrastructure.[[28]](#footnote-28)

Supposedly, that opinion was based on the review which sits on the Minister’s desk, rather than being in the public domain. Submissions have not been published by the review team. The appearance is of a ‘closed-shop’. Again, as is the case with the ‘line by line’ review to decided what spending goes ahead, the opaque practice conflicts with promises of transparency.

The closed shop is said to have determined there should be different people on the ‘board’ and new legislation.

That would help to restore the ‘vision’ that:

*‘has become increasingly debased over the past 14 years as politicians regularly*[*announced projects ahead of any assessment*](https://www.afr.com/politics/rob-stokes-don-t-lock-in-marquee-projects-to-buff-legacy-20221121-p5bzyz)*by IA or any inclusion or ranking on potential priority lists.’*

That sounds very similar to the claims of Mr Abbott in 2013-14. Also similar is the debasement by election promises and budget commitments made just prior to such comments. Cognitive dissonance or following the example of St Augustine’s youth?[[29]](#footnote-29)

## 9. Conclusion

The reason given for this profligate mess - ‘election promises’ – looks like a prayer for exculpation. It is pathetic and will not wash in any bona fide review, integrity inquiry or with the public. For one thing, how and why were such stupid promises made? Readers may recall the process Labor used to develop many of its 2019 election promises was then copied by the Coalition Government - the results of that imitation led to the pork-barrel allegations – Woy Woy car park included.[[30]](#footnote-30)

The signs of how the new Labor Government will deal with infrastructure issues are not ‘mixed’ but disturbing.

The above are just some examples of how it is continuing the lamentable performance of the Morrison – and Abbott – Coalition Governments.

It is: locking in billions of dollars to idiot projects dreamt up by Premiers’ back-offices as if that was some sort of plan; pork-barrelling both large and small; bloating an already excessive and inefficient bureaucracy that has far too many organisations; initiating a series of meaningless reviews. Meanwhile necessary reforms, like rail and sea-port planning, road charging and proper truck access to roads languish.

Federal Labor’s infrastructure policy embodies the Rip van Winkle approach. It has not apparently done anything of substance or merit since at least 2019; probably since losing office in 2013. Its offering for the 2022 election was largely the same trash promised in 2019. Implementing those promises has forced policy backwards into confusion which is having substantial adverse economic, social and reputational effects.

What Federal Labor should have done during nearly a decade of Opposition it now needs to urgently do in Government: radically overhaul every aspect of its infrastructure policy.

J Austen

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1. <https://johnmenadue.com/with-interest-rates-rising-sydney-and-melbournes-half-trillion-dollar-junk-infrastructure-addiction-becomes-an-even-bigger-waste-of-money-part-2-of-2/> [↑](#footnote-ref-1)
2. <https://www.thejadebeagle.com/tipfire-d---infrastructure.html> [↑](#footnote-ref-2)
3. <https://www.aph.gov.au/Parliamentary_Business/Hansard/Hansard_Display?bid=chamber/hansardr/26230/&sid=0000> [↑](#footnote-ref-3)
4. <https://johnmenadue.com/car-parks-certainly-corrupt-and-probably-illegal/> [↑](#footnote-ref-4)
5. <https://pirates.fandom.com/wiki/Jack_Sparrow%27s_compass> [↑](#footnote-ref-5)
6. <https://www.aph.gov.au/Parliamentary_Business/Hansard/Hansard_Display?bid=chamber/hansardr/26230/&sid=0000> [↑](#footnote-ref-6)
7. <https://johnmenadue.com/john-austen-infrastructure-australia-review/> [↑](#footnote-ref-7)
8. <https://minister.infrastructure.gov.au/c-king/interview/transcript-tv-interview-sky-news-newsday-tom-connell>. [↑](#footnote-ref-8)
9. <https://johnmenadue.com/the-curious-case-of-the-new-airports-metro/> [↑](#footnote-ref-9)
10. <https://southwestvoice.com.au/metro-rail-link/> [↑](#footnote-ref-10)
11. <https://www.infrastructureaustralia.gov.au/sites/default/files/2021-03/SMWSA%20Evaluation%20Summary.pdf>;

    <https://www.smh.com.au/national/nsw/secret-documents-cast-doubt-over-cost-of-sydney-s-new-airport-rail-line-20220729-p5b5o5.html> [↑](#footnote-ref-11)
12. <https://www.anao.gov.au/work/performance-audit/purchase-the-leppington-triangle-land-the-future-development-western-sydney-airport>; <https://www.parliament.nsw.gov.au/lcdocs/inquiries/2698/Report%20No.%2017%20-%20PC6%20-%20Acquisition%20of%20land%20inquiry.pdf> [↑](#footnote-ref-12)
13. <https://minister.infrastructure.gov.au/c-king/media-release/investing-australias-future> [↑](#footnote-ref-13)
14. <https://www.infrastructureaustralia.gov.au/sites/default/files/2022-10/Evaluation%20Summary%20-%20Melbourne%20Airport%20Rail.pdf> [↑](#footnote-ref-14)
15. <https://www.smh.com.au/politics/federal/minister-puts-integrity-and-fairness-in-the-infrastructure-pipeline-20220608-p5as2x.html?btis> [↑](#footnote-ref-15)
16. <https://minister.infrastructure.gov.au/c-king/media-release/high-speed-rail-gathers-speed> [↑](#footnote-ref-16)
17. <https://johnmenadue.com/john-austen-fast-rail-apologies-please-from-perpetrators/> [↑](#footnote-ref-17)
18. <https://www.3aw.com.au/former-chief-economist-slams-worst-infrastructure-project-of-all-time/> [↑](#footnote-ref-18)
19. <https://www.theguardian.com/australia-news/2014/nov/26/tony-abbott-warns-victoria-build-east-west-link-or-lose-3bn> [↑](#footnote-ref-19)
20. <https://www.afr.com/policy/economy/high-speed-rail-dreaming-is-a-fast-track-to-nowhere-20211123-p59bgc>; <https://www.afr.com/politics/victoria-s-suburban-rail-loop-will-blow-out-to-more-than-200b-report-20220818-p5bavl> [↑](#footnote-ref-20)
21. See note 4 above. [↑](#footnote-ref-21)
22. <https://minister.infrastructure.gov.au/c-king/speech/transcript-minister-catherine-king-regional-budget-statement> [↑](#footnote-ref-22)
23. <https://minister.infrastructure.gov.au/c-king/media-release/improving-infrastructure-central-coast>; <https://minister.infrastructure.gov.au/c-king/media-release/delivering-central-coast> [↑](#footnote-ref-23)
24. Cute twist: the relevant press release for the soccer ground referred to female changing facilities. This was one of the few exceptions to the general illegality of Commonwealth grants noted in Twomey’s paper on Government spending disregarding the rule of law: *‘The external affairs power in section 51(xxix) of the Constitution96 would, therefore, support the implementation of this treaty obligation with respect to funding for change rooms for women or facilities and access for persons with a disability. However, this is not sufficient to support the whole of the grants program, given that grants were made for many other purposes, such as upgrading playing surfaces or providing lighting’.* An implication being that funding for improvements to the canteen are illegal, unless provided to the NSW Government <https://www.cjccl.ca/wp-content/uploads/2021/05/10-Twomey.pdf>.

    Further indicating: the legislation for high-speed rail specifically refers to Constitutional constraints – implying the Government is aware of the issues. See note 2 above. [↑](#footnote-ref-24)
25. <https://www.crikey.com.au/2022/10/17/labor-infrastructure-funding-middle-arm-nsw-pork-barrelling/> [↑](#footnote-ref-25)
26. <https://johnmenadue.com/restoring-integrity-to-commonwealth-infrastructure-spending/> [↑](#footnote-ref-26)
27. <https://minister.infrastructure.gov.au/c-king/speech/afr-infrastructure-summit-2022> [↑](#footnote-ref-27)
28. <https://www.afr.com/companies/infrastructure/infrastructure-australia-wins-new-mandate-20221121-p5c02b> [↑](#footnote-ref-28)
29. <https://www.thejadebeagle.com/nifrastructure-australia-review-2022.html> [↑](#footnote-ref-29)
30. <https://johnmenadue.com/john-austen-post-election-infrastructure-review/> [↑](#footnote-ref-30)