



Infrastructure choices: evaluation and politics

**John Daley, CEO, Grattan Institute
Property Council of Australia and Urbis, Perth
5 September 2019**

Infrastructure is large and popular

- Public spending on infrastructure has jumped over the last 3 years
- Elections are increasingly about very big transport infrastructure announceables

Election promises are usually driven by politics more than evidence

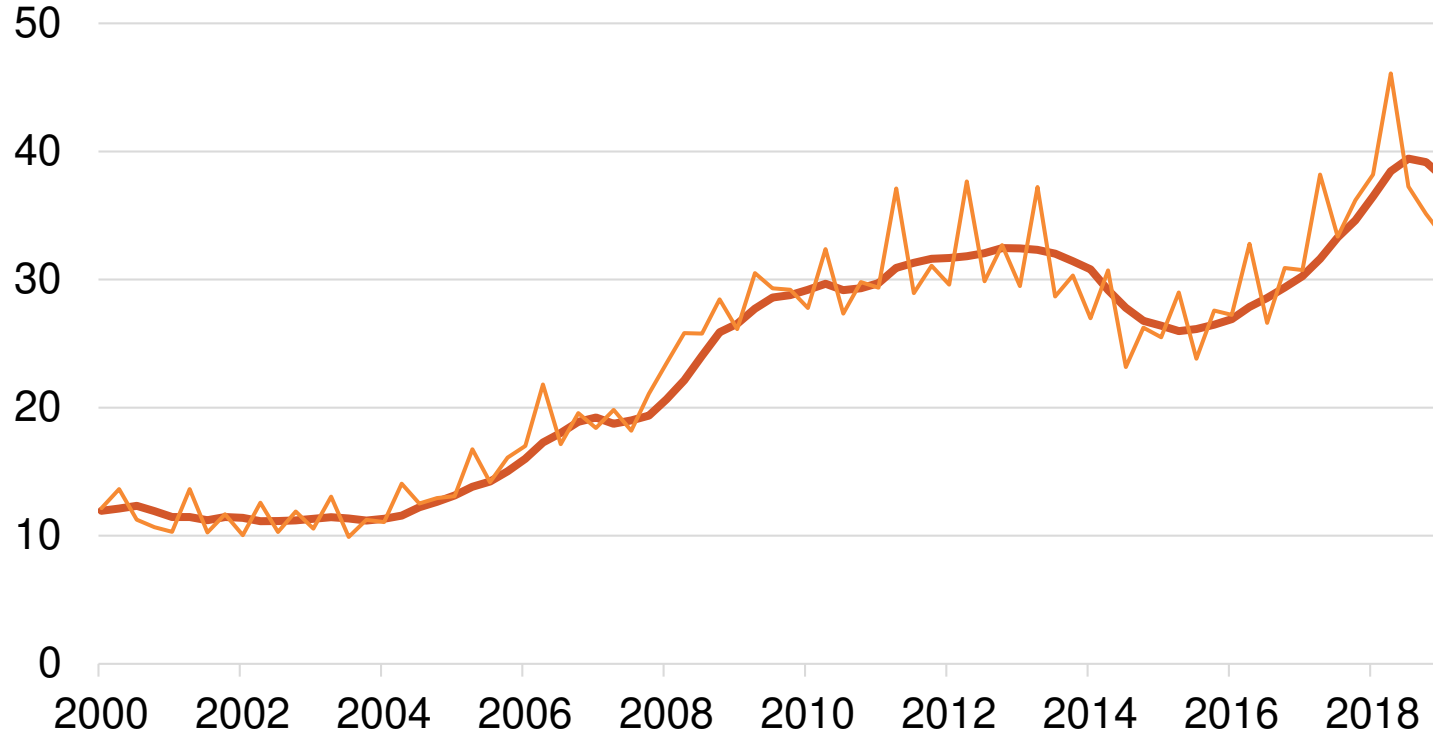
- Promises don't show much influence from the advice of I-bodies
- Promises are made well before business cases have been completed

Political philosophy has some influence on transport project selection

- The Coalition tends to promise more roads, and more regional spending
- There is more consensus between the parties in NSW than in Victoria

Government spend on infrastructure has jumped –but turned down the last 9 months

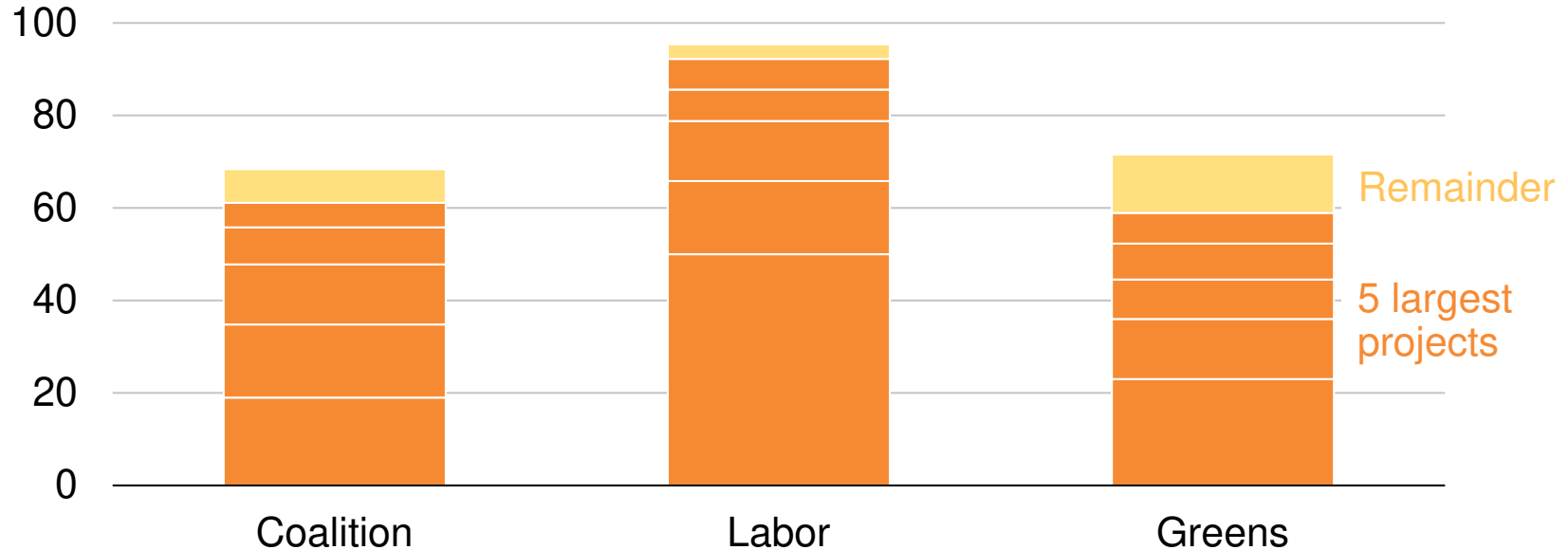
Engineering construction work done for the public sector, 2019\$b, 4 quarter trail ave.



Large “announceables” dominate election commitments about transport in Victoria...

Victorian election transport infrastructure commitments, 2018

Value (\$billion)

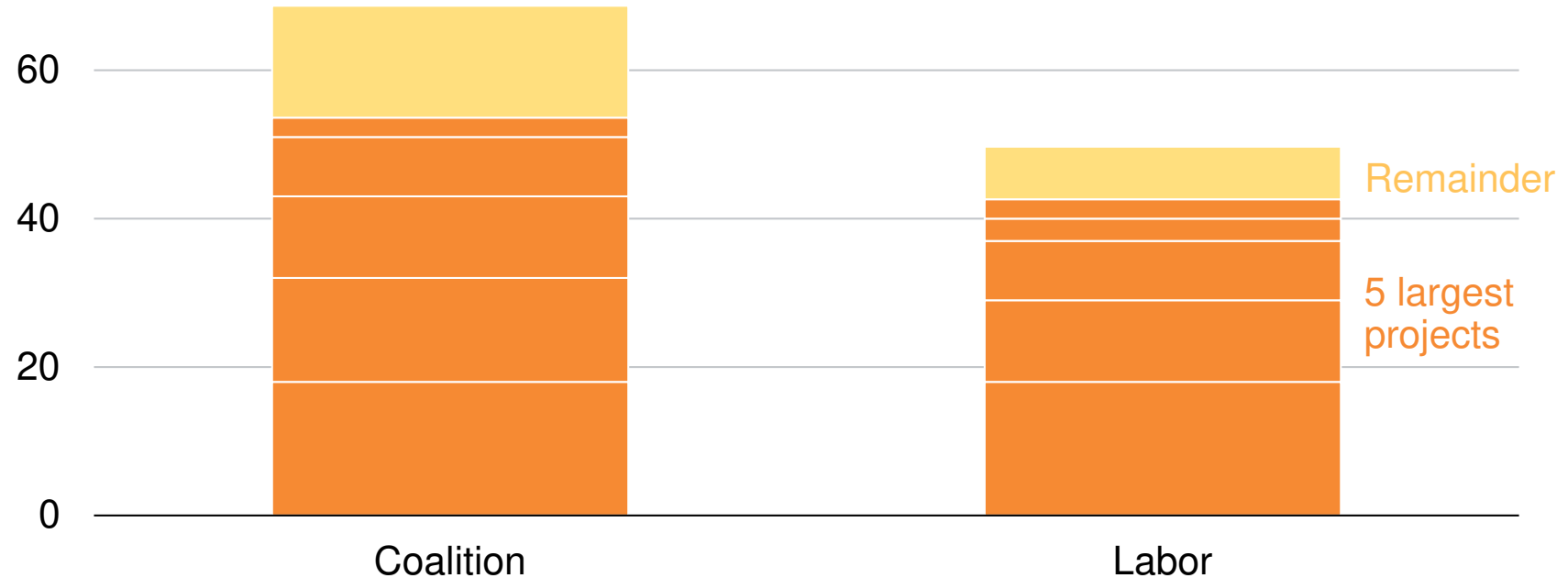


Notes: The Greens have a “Turn up and go” policy for train and tram services that could cost billions of dollars but is yet to be costed by the Parliamentary Budget Office. The Coalition has multiple level-crossing removal promises that have not been costed, as well as Geelong Metro. Only commitments made before Saturday, November 17th (one week from election day) have been analysed.

Sources: 2018 election media releases and websites of the three major parties.

... and NSW elections are similarly dominated by large “announceables”

NSW election transport infrastructure commitments, 2019
Value (\$billion)



Note: Several projects do not have cost estimates and have been excluded. These include the Liberals' commitments to extra bus, ferry and express train services, and to plan for regional fast rail; the Nationals' commitment to 13 new regional bus routes; and Labor's commitments to reduced Airport Access Fees and refunds for avoidable delays.

Sources: Based on commitments made publicly, in media releases or in policy platforms on party websites as of Monday, March 11.

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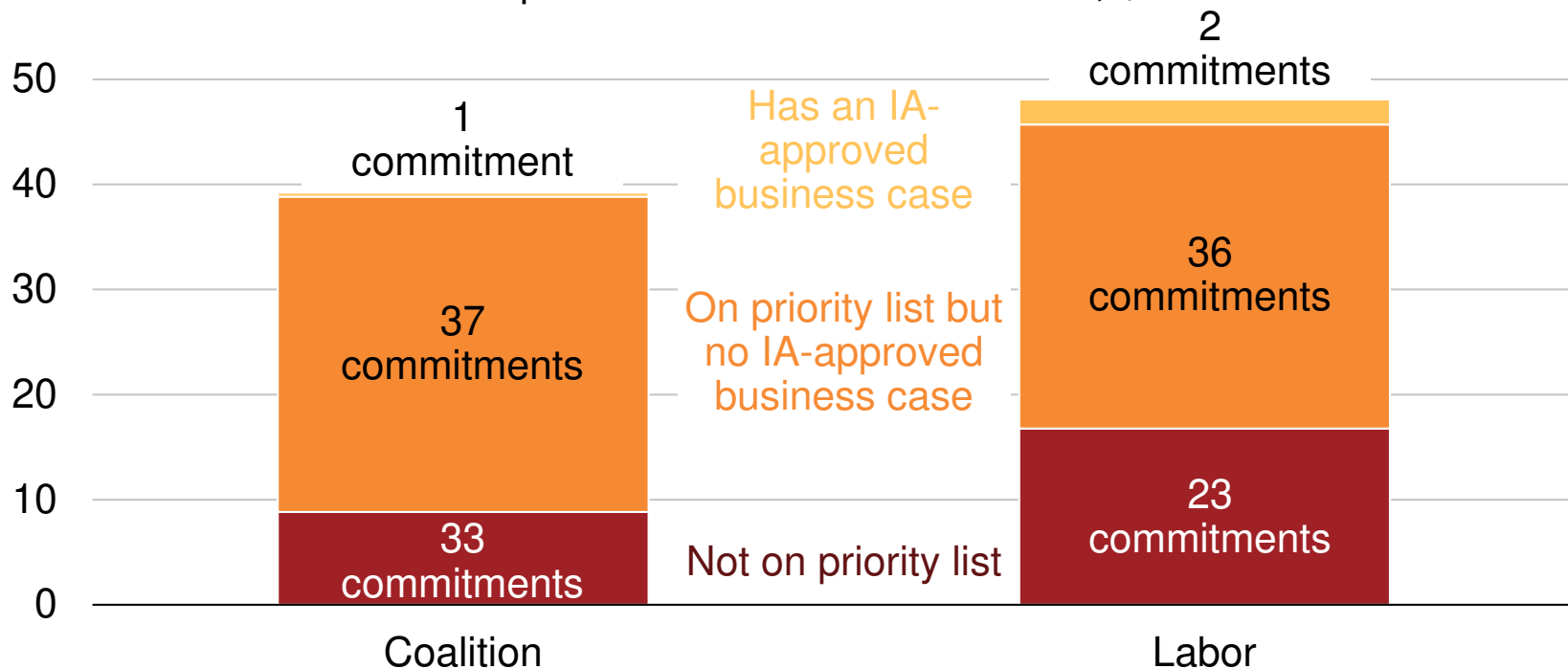
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Most Commonwealth election commitments lacked a business case approved by IA

Commonwealth election transport infrastructure commitments, \$billions



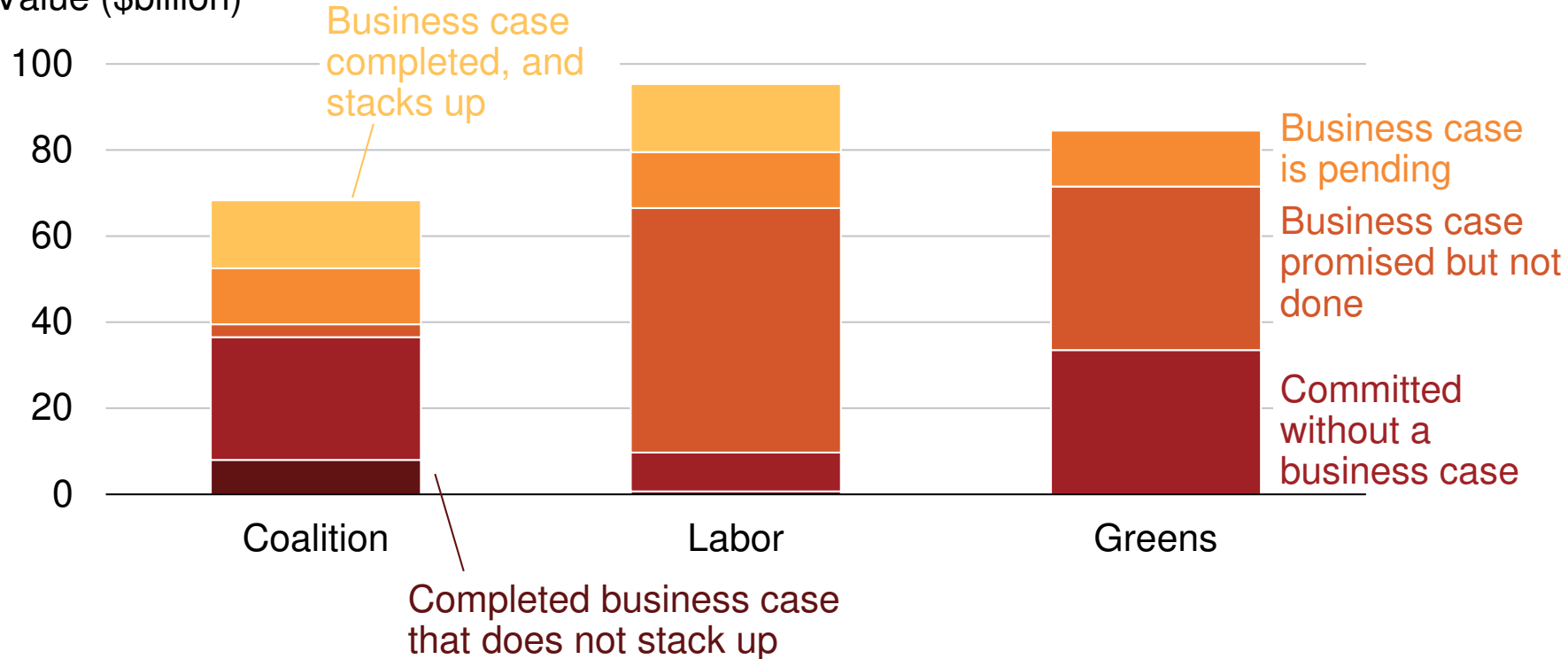
Notes: Only commitments worth \$50 million or more have been included. 'On priority list but no IA-approved business case' includes commitments to projects and packages that are not specifically on the priority list, but appear closely related to items that are. We could not determine whether a number of commitments to improving regional roads would satisfy IA priorities on regional road safety so these are included in 'Not on priority list'. Based on commitments of at least \$50 million, made in the 2019 budget, media releases, news articles, or policy platforms on party websites as of Sunday, May 12. We have generally excluded commitments to projects that had Australian Government funding announced in a previous year's budget and: have not been discussed in recent party materials; or are already under construction.

Sources: Infrastructure Australia's Infrastructure Priority List

Most Victorian election promises were made without a solid business case ...

Victorian election transport infrastructure commitments, 2018

Value (\$billion)



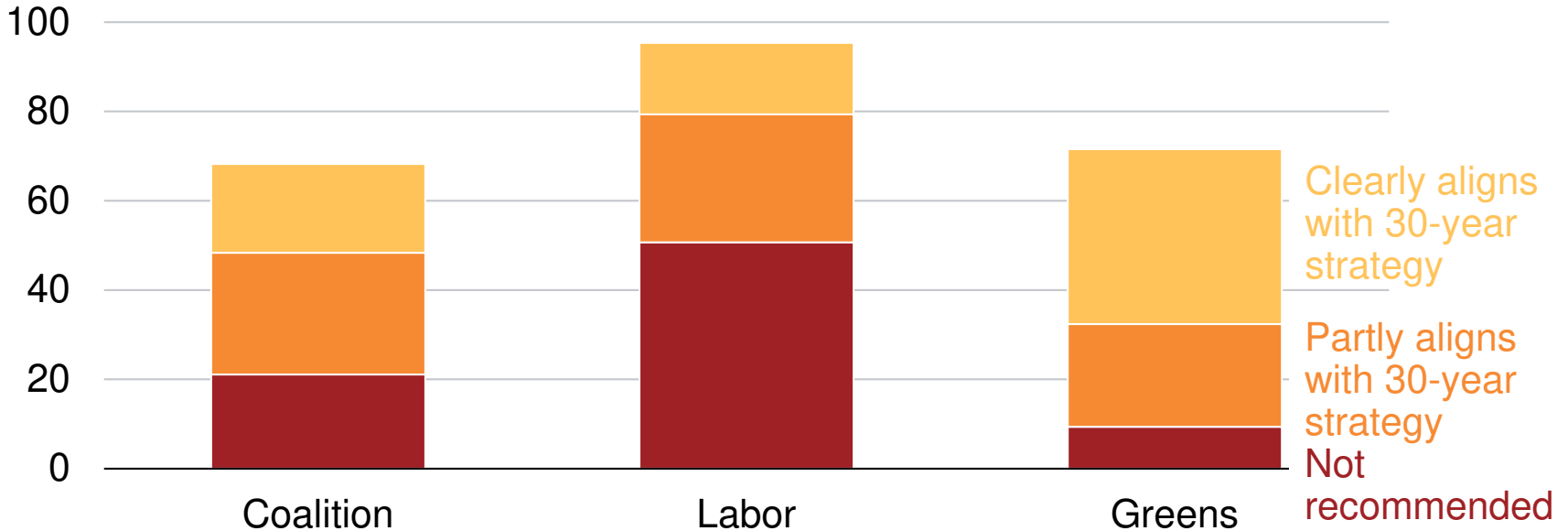
Note: Projects that stack up have a benefit-cost ratio greater than 1 – that is, the benefits outweigh the costs.

Sources: 2018 election media releases and websites of the three major parties, Infrastructure Australia's Infrastructure Priority List, Victorian Auditor-General's Office.

... and largely ignored Infrastructure

Victoria's advice

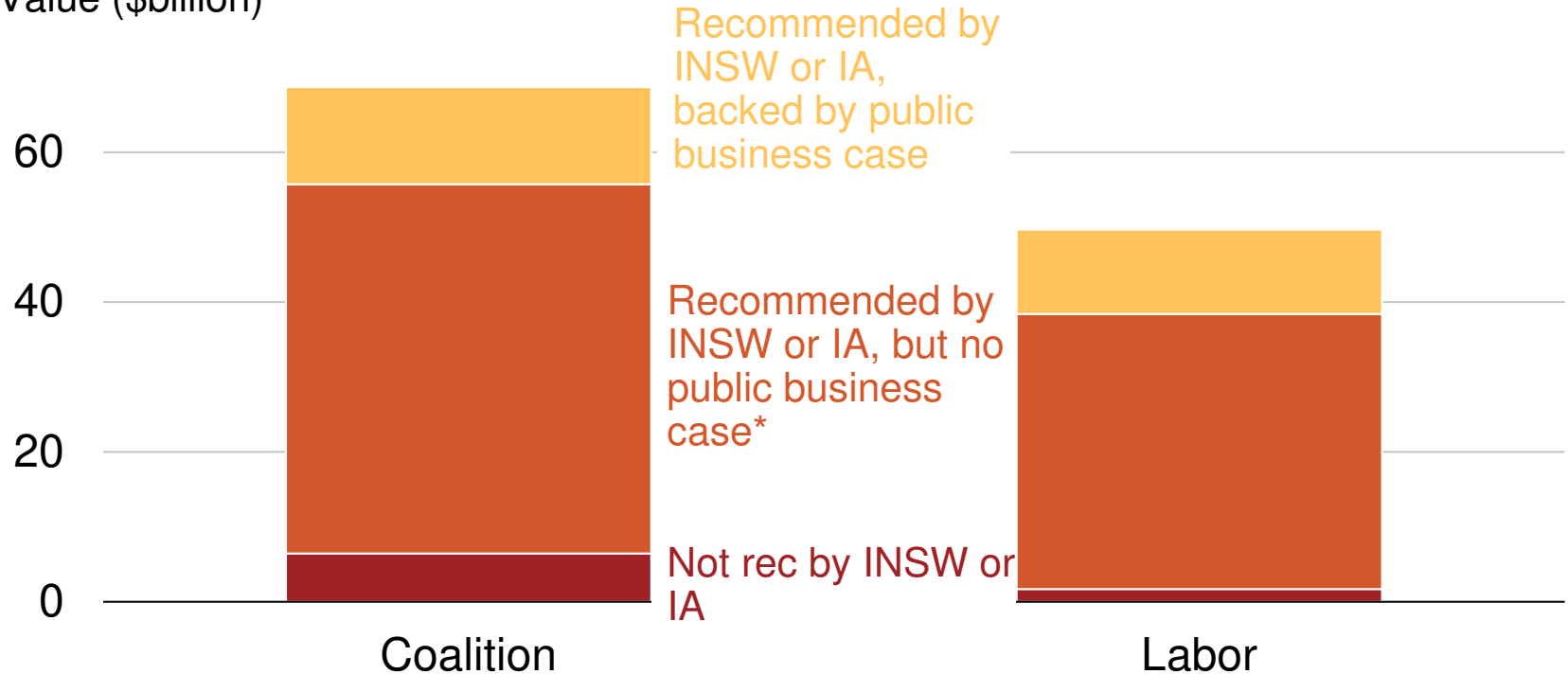
Victorian election transport infrastructure commitments, 2018
Value (\$billion) and number of projects



Notes: A promise to conduct a business case only (for example, Melbourne Metro 2) may align with IV's strategy, in which case the entire project value has been included in the 'Clearly aligns with 30-year strategy' category. Projects that IV recommends building but not right now have been included in the 'Partly aligns with 30-year strategy' category.
Sources: 2018 election media releases and websites of the three major parties, Infrastructure Victoria's 30-Year Infrastructure Strategy.

NSW election promises mostly didn't wait for the (public) advice of I-NSW

NSW election transport infrastructure commitments, 2019
Value (\$billion)



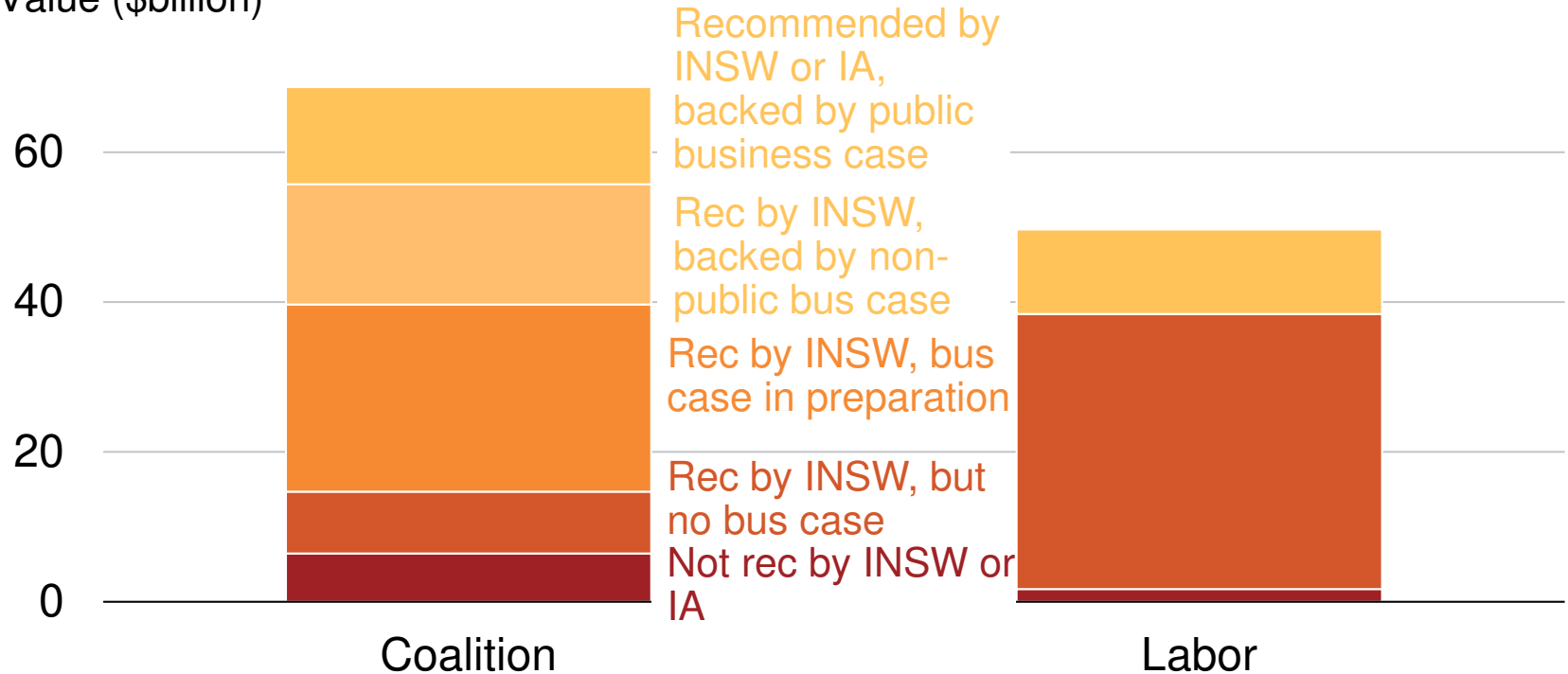
Notes: INSW is Infrastructure NSW, IA is Infrastructure Australia.

* Based on information publicly available Mar 2019. Business cases may have been completed but not publicly released.

Sources: Based on commitments made publicly, in media releases or in policy platforms on party websites as of Monday, March 11. INSW recommendations are taken from the State Infrastructure Strategy 2018-2038. IA recommendations are taken from The Infrastructure Priority List, February 2019.

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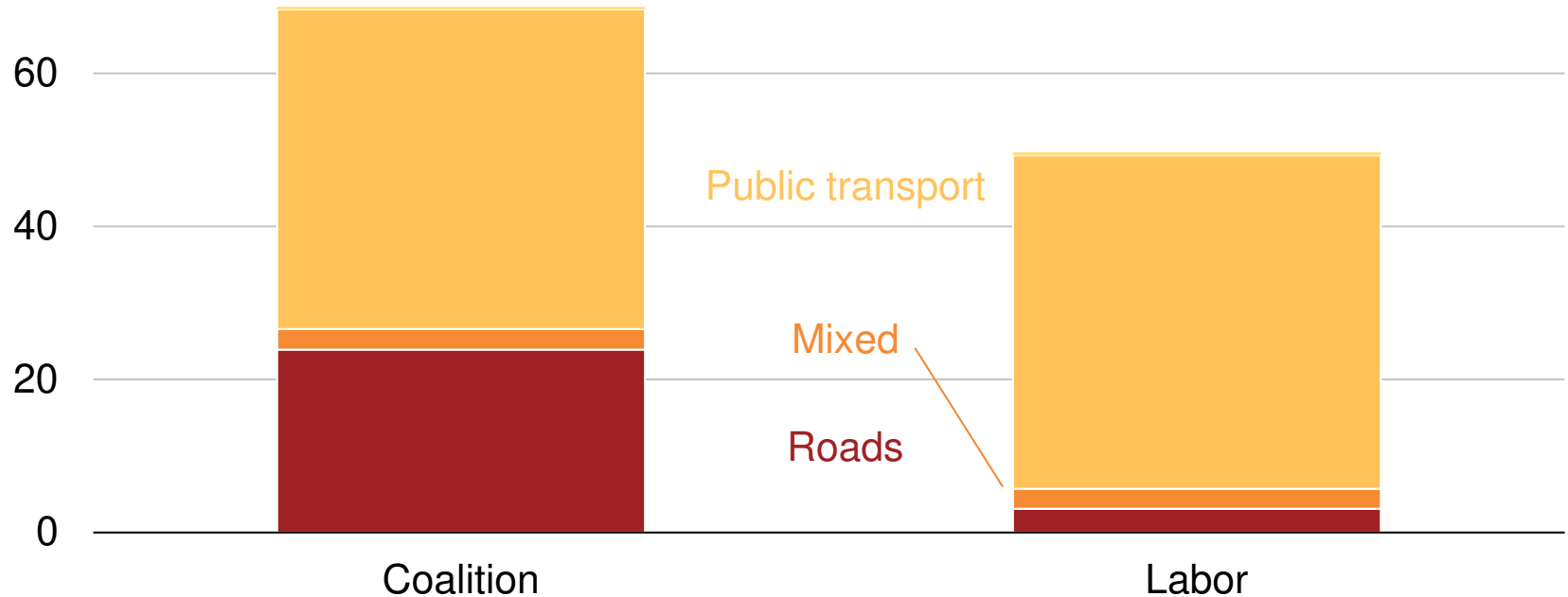
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The NSW Coalition is more interested in roads than the ALP

NSW election transport infrastructure commitments, 2019
Value (\$billion)

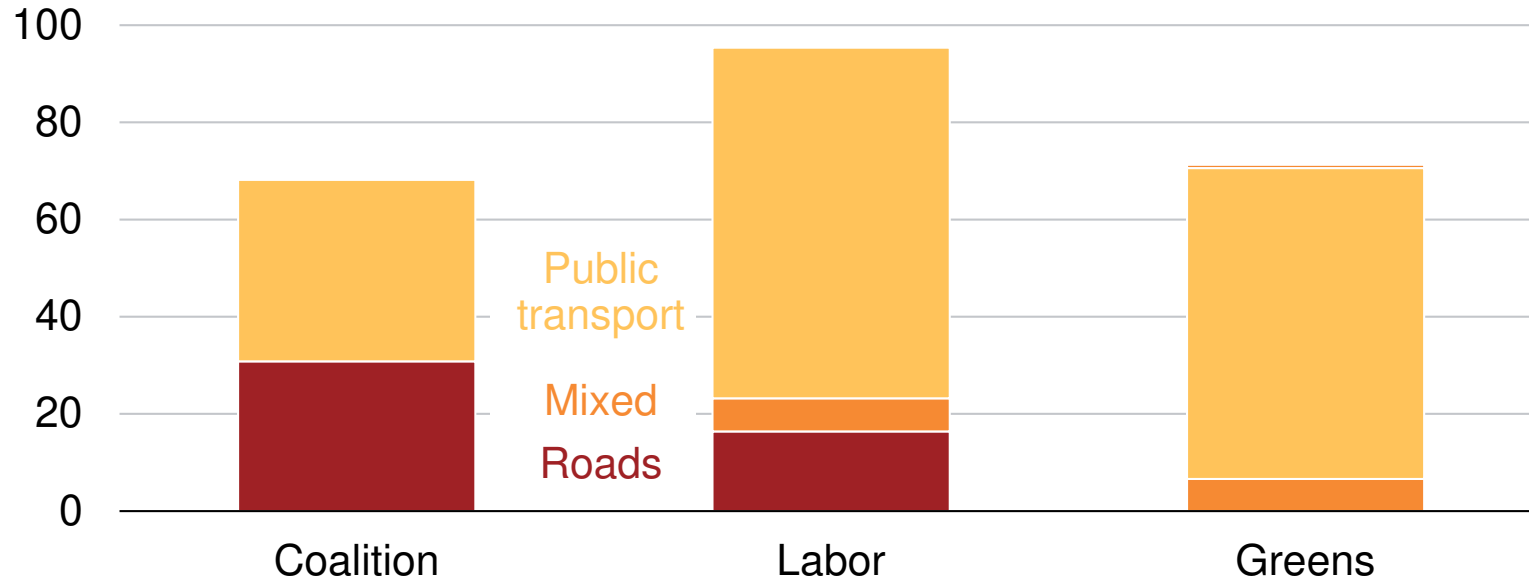


Notes: The Coalition has pledged \$330 million and Labor \$412 million to 'active' transport infrastructure (such as dedicated cycling lanes). The major mixed mode project is the \$2.6 billion Sydney Gateway, which includes road links and duplication of the Port Botany freight rail line.

Sources: Based on commitments made publicly, in media releases or in policy platforms on party websites as of Monday, March 11.

The Victorian Coalition is also more interested in roads than the ALP

Victorian election transport infrastructure commitments, 2018
Value (\$billion)

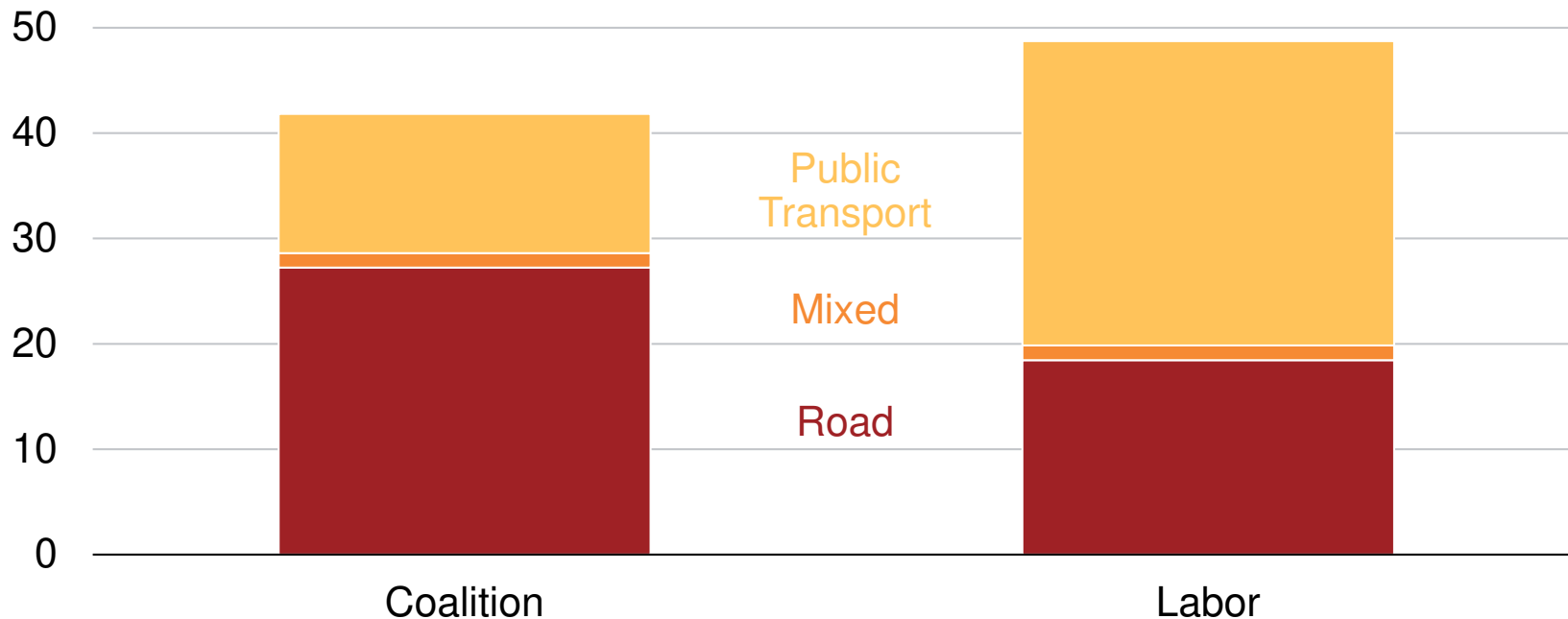


Notes: 'Roads' does not include funding for bus lanes/upgrades; these are included in 'Public transport'. Freight and cycling infrastructure have been excluded, but these total no more than \$1 billion per party.

Sources: 2018 election media releases and websites of the three major parties.

The Federal Coalition is even more focused on roads

Commonwealth election transport infrastructure commitments, \$billions

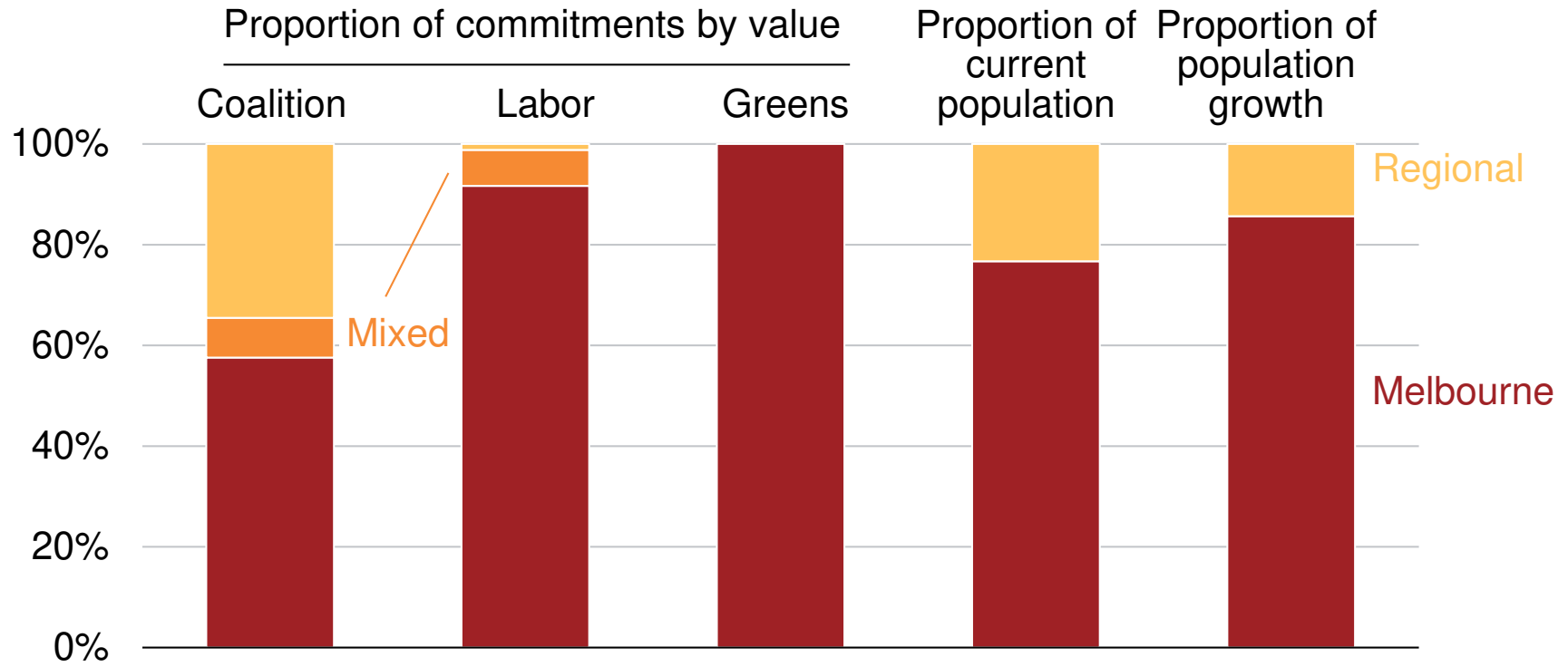


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Sources: Infrastructure Australia's Infrastructure Priority List

Vic ALP commitments reflected population growth; Coalition reflected population

Victorian election transport infrastructure commitments, 2018

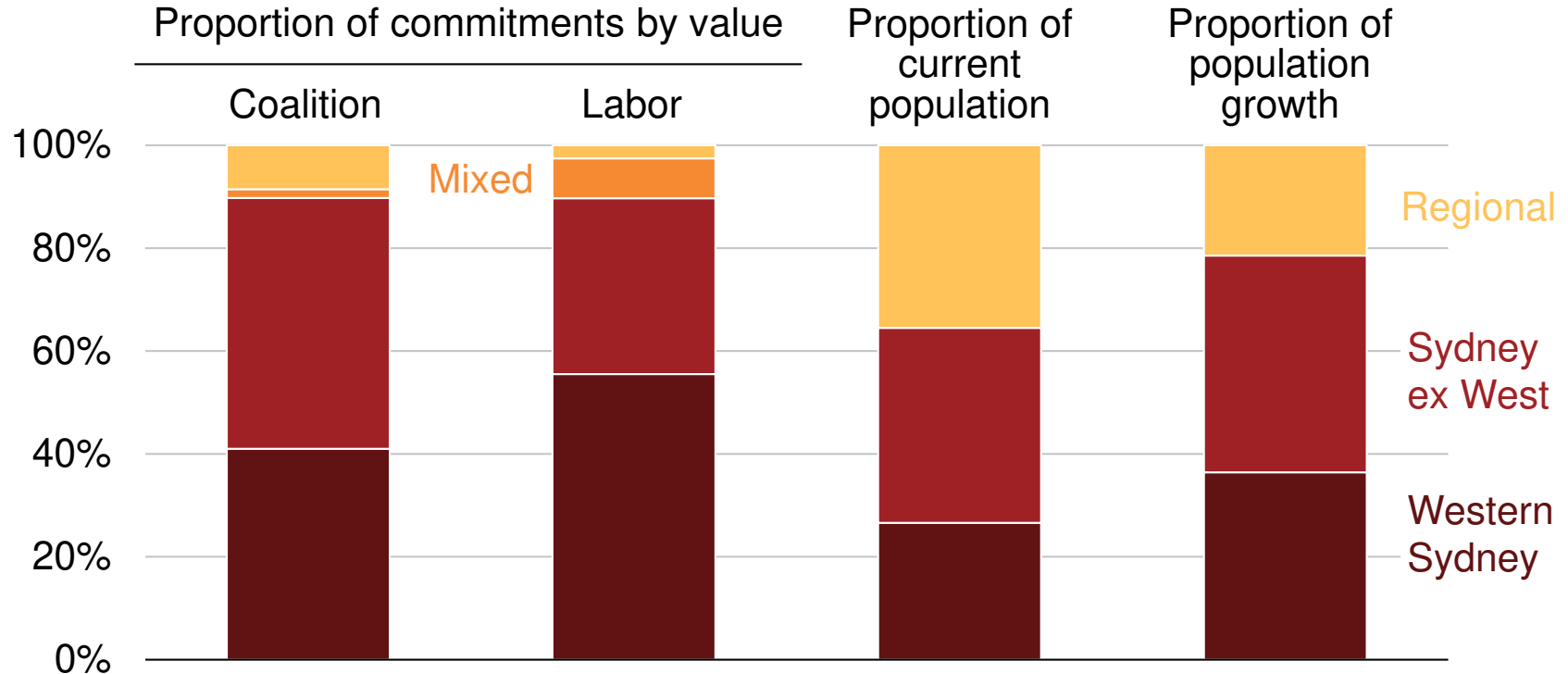


Note: High Speed Rail has been categorised as regional because most infrastructure would be constructed outside Melbourne, but if included in the 'Mixed' category it would decrease the regional proportion to 7%.

Sources: 2018 election media releases and websites of the three major parties, ABS Regional Population Growth 2016-17.

ALP focused more on Western Sydney; both parties promised more in the city

NSW election transport infrastructure commitments, 2019

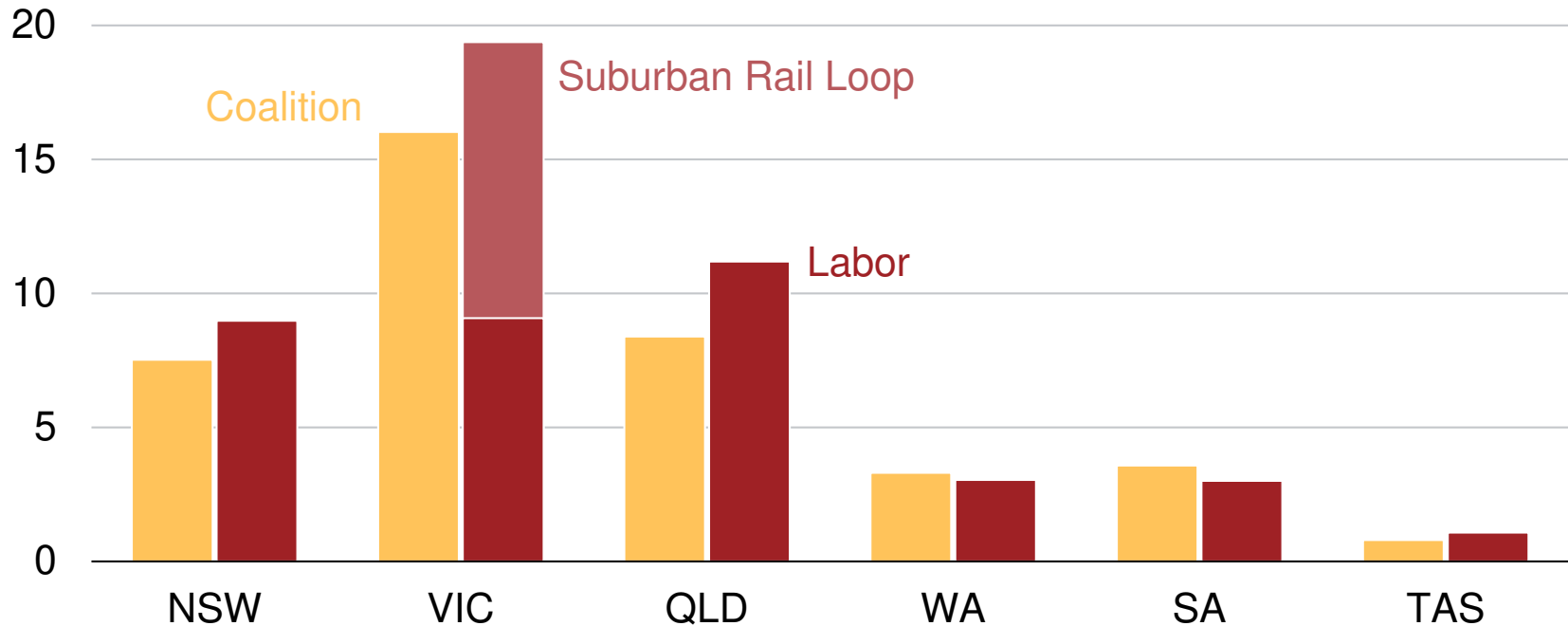


Note: Western Sydney is defined according to ABS Statistical Areas, as in NSW Treasury budget papers.

Sources: Based on commitments made publicly, in media releases or in policy platforms on party websites as of Monday, March 11. Population data from ABS 2016 Census

Promises in the last Commonwealth election, favoured Victoria and Queensland

Commonwealth election transport infrastructure commitments, \$billions

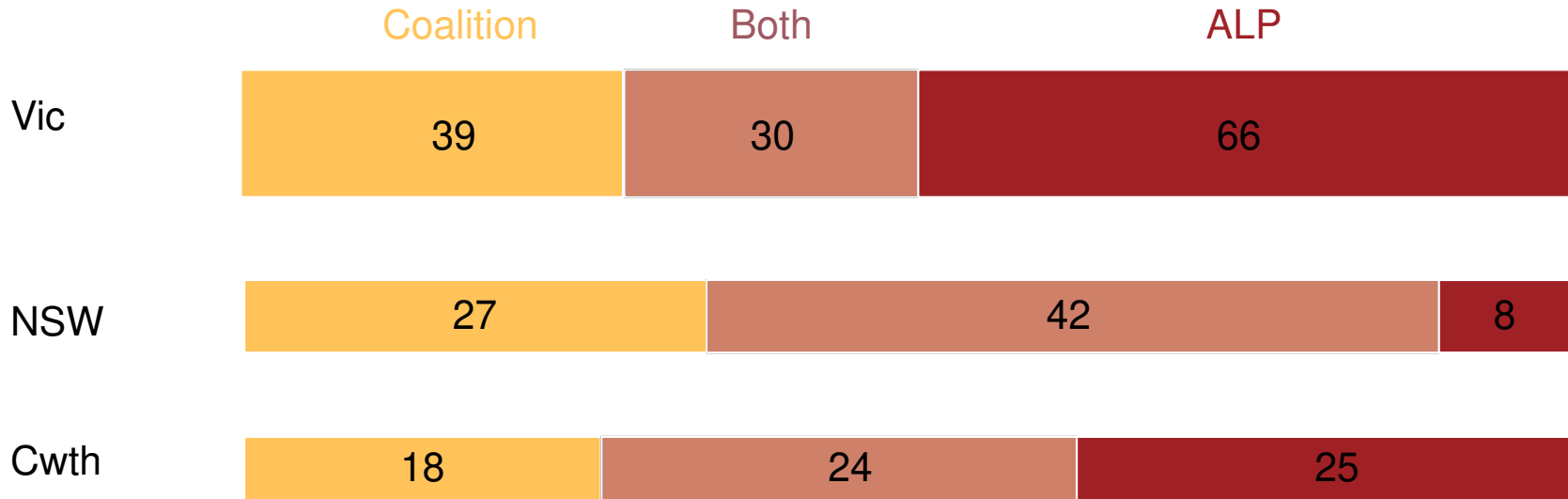


Note: National projects include infrastructure that crosses state boundaries.

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Parties had more common ground in NSW and Commonwealth than in Victoria

Election transport infrastructure commitments, \$billions



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Sources: Cwth 2019 election: 2019 budget, media releases, news articles, or policy platforms on party websites as of Sunday, May 12.

Vic: 2018 election media releases and websites of the three major parties.

NSW 2019 election: Based on commitments made publicly, in media releases or in policy platforms on party websites as of Monday, March 11.

References

Terrill and Ha, “How much will voters pay for an early Christmas? Eight charts that explain Victoria’s transport election”, *The Conversation*, 21 November 2018. <https://theconversation.com/how-much-will-voters-pay-for-an-early-christmas-eight-charts-that-explain-victorias-transport-election-106782>

Terrill and Ha, “How the NSW election promises on transport add up”, *The Conversation*, 14 March 2019. <https://theconversation.com/how-much-will-voters-pay-for-an-early-christmas-eight-charts-that-explain-victorias-transport-election-106782>

Moran and Ha, “Transport promises for election 2019: the good, the bad and the downright ugly “, *The Conversation*, 15 May 2019. <https://theconversation.com/transport-promises-for-election-2019-the-good-the-bad-and-the-downright-ugly-115138>

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