

3-1-2003

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Recommended Citation

Hilder, Cecilia (2003) "Why Australia needs a long-term national infrastructure strategy," *Public Infrastructure Bulletin*: Vol. 1 : Iss. 1 , Article 2.

Available at: <http://epublications.bond.edu.au/pib/vol1/iss1/2>

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WHY AUSTRALIA NEEDS A LONG-TERM NATIONAL INFRASTRUCTURE STRATEGY

Expensive duplication of infrastructure is a feature of Australian federalism, but Australia must outgrow the worst features federalism and the political cycle as a planning timeframe argues Cecilia Hilder.

Vision without action is a daydream. Action without vision is a nightmare.

- Japanese Proverb

Infrastructure assets are characterised by long lead times and substantial costs. Infrastructure needs and deficits cannot be addressed quickly. Roads, railway tracks, power lines and gas pipelines run across local, state, territory and federal boundaries and yet we plan for them, at each of these levels of government, in an uncoordinated and unnecessarily duplicated manner that fails to deliver the best and most cost-effective infrastructure to the community.

A long-term strategy outlining infrastructure requirements assists government to budget in a more transparent and efficient way. By defining and outlining future infrastructure needs and designing their implementation better, more informed decisions can be made at each point. This minimises surprises and results in lower costs. It also enables governments to better deal with unforeseen failures or natural disasters that inevitably place demands on limited resources.

An additional benefit in an era when the private sector is increasingly working with government to meet the infrastructure needs of the community, is

that an infrastructure strategy, and clear articulation of that strategy, has the potential to create greater certainty. The regularity of deals enables infrastructure delivery companies (construction companies, financiers, consultants and service providers) to better organise their staffing, financial and technical resources. Greater certainty of future infrastructure needs can also assist governments and the private sector to work together to develop expertise and knowledge to address potential problems.

WHY THE LACK OF A STRATEGY?

It is worth considering some of the possible reasons why Australia lacks a national long-term infrastructure strategy. The most obvious is Australia's federal structure; it is difficult to get agreements across so many levels of government with so many competing interests.

Federalism, however, is not the only reason. The criticism is regularly made that by looking too far ahead governments are diverting attention and are not addressing current issues. This can oftentimes be an accurate and fair criticism. The need in Australia is to do both. Long-term planning of infrastructure can no longer afford to be deemed 'pie in the sky', but it also cannot be used to detract from current implementation issues. The time has come, with competing demands, limited resources and massive costs of infrastructure for decision makers to articulate the future strategy and take action on current implementation issues.

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Politicians tend to be averse to developing long-term strategies for a few reasons. First, because they are often about projects that are likely to become newsworthy (and potentially vote worthy) in a time beyond their political life. Second, a well thought out and structured infrastructure strategy and program threatens to disrupt political propensities to announce projects in marginal electorates.

The media often dismiss long-term strategies as they do not provide for easy and immediate pictures. They also tend to focus on specific projects, wanting information on expensive roads and bridges for example, and large, tangible and new projects. Issues surrounding sustainability, better use of existing infrastructure and changing community attitudes towards traditional infrastructure utilisation and expenditure are overlooked. This is partly because the issues are complex, partly because infrastructure and its provision is perceived as boring.

Interest groups tend to avoid the issue of long-term strategies because it is seen as not meeting the short-term objectives of their constituencies. Interest groups play an increasingly significant role in the public policy process and should see it as their responsibility to work together with government and their constituencies to undertake research about future infrastructure requirements.

SIGNS OF CHANGE

There have been some promising signs of late, although more needs to be done. The Victorian Government appointed an Infrastructure Planning Council consisting of financiers, engineers, sustainability experts, business professionals, local government and union representatives, and academics, which released its report released in September 2002. The report examined Victoria's infrastructure requirements for the next 20 years in the areas of energy, water, transport and communications.¹ The government now needs to act on the report's recommendations.

In December 2002 the New South Wales Government released its State Infrastructure Strategic Plan.² This is a ten-year plan with the stated purpose of 'renewing the State's capital base' and will be updated every year 'in light of changing community needs and priorities.'

The Queensland Government released its State Infrastructure Plan in 2001 stating that it offers a 'comprehensive and integrated approach to long-term strategic infrastructure planning and, as a result, will foster stronger economic growth and investment, more jobs and better value public investment for Queensland.'³

At a federal level, Minister Anderson has announced the national land transport plan, AusLink, with the stated aim of 'developing ... a rolling five-year national plan for the national network ... A longer planning horizon of up to 20 years will be utilised to expand understanding of future challenges and opportunities.'

Prime Minister Howard spoke of the importance of national coordination of transport in November 2002:

Transport policy, another of our key priorities, is an area where policy coherence is critical because more than in any other issue, transport infrastructure is the concern of each of the three levels of government. The States have much of the direct responsibility, but in an area so vital to Australia we can't overlook the necessity of a strong national focus. ... AusLink will develop an integrated network of land transport links of strategic importance to the nation.⁴

THE CHALLENGE OF FEDERALISM

Despite these positive steps forward, Australia's federal system poses the most significant challenge. While governments around Australia are attempting to address the long-term strategy infrastructure problem, significant and costly coordination issues exist. Expensive duplication is the consequence of a failure to work together.

At least four of the Labor state transport ministers have already said they will not accept Minister Anderson's proposed AusLink plan for land transport due to concerns over funding. The plan is currently only at the Green Paper stage.

The Council of Australian Government Energy Market Review, headed by Warwick Parer, highlights the problems Australia faces. The report concluded that 'a striking feature of Australia's energy market is its confused governance arrangements.'⁵ Getting the states to agree with the Federal Government on proposed reforms is an unfolding challenge.

With six state Labor governments and two Labor territory governments, Australia currently has, at a political level, an excellent opportunity to address the duplication problem, at least amongst the states.

ECONOMIC IMPORTANCE OF A STRATEGY

In late 2002 the Prime Minister of Canada, Jean Chretien, spoke of the importance of coordinated infrastructure and announced the establishment of a long term strategic infrastructure strategy for Canada. Chretien highlighted the importance of modern infrastructure to the Canadian economy and to the

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country's environmental objectives. It is worth remembering that Canada too is a federation and in that way faces similar issues to Australia.

A modern infrastructure is key to our economic and environmental objectives. It is simply impossible, for example, to build a road or transit system in the period of time for which governments normally budget. Every single provincial premier has urged me to make our infrastructure spending a long term program. So that they can plan their capital spending. So that they can work with mayors on their urban planning. So that we can all do our environmental planning ... A comprehensive urban strategy for the 21st century requires everything from roads and transit, to affordable housing. We will establish a long term, strategic infrastructure plan... This will help us meet our social, economic and environmental objectives ⁶

Australia now has two examples, in the crucial areas of transport and energy, where the Federal Government is working to develop a coordinated national approach. The challenge now lies in these sectors with the states to approach the issues in a mature fashion. This sectoral approach however is not enough. Australia needs a national coordinated overall infrastructure strategy.

The Federal Government has made an important contribution at a sectoral level. The obvious next step is to lead the way in the overall infrastructure strategy, but the task is not that alone of the Federal Government. The states are already putting long-term strategies for their jurisdictions in place. What they need to do is to be willing to work with the Federal Government and genuinely share this information to develop a truly national and coordinated national infrastructure strategy.

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Notes:

1. Victorian Infrastructure Planning Council, Final Report, September 2002, <http://www.dpc.vic.gov.au/ipc>
2. New South Wales State Infrastructure Strategic Plan, Infrastructure Coordination Unit, <http://www.nsw.gov.au/wwg>
3. Queensland State Infrastructure Plan - Strategic Directions 2002, Department of State Development, <http://www.statedevelopment.qld.gov.au>
4. Prime Minister, the Hon John Howard MP, address to the Committee for Economic Development of Australia, "Strategic Leadership For Australia Policy Directions In A Complex World", Sydney, 20 November 2002.
5. Council of Australian Governments Energy Market Review, *Towards a Truly National and Efficient Energy Market*, December 2002 <http://www.energymarketreview.org/FinalReport20December2002.pdf>
6. Address by Prime Minister Chretien in Reply to the Speech from the Throne, 1 October 2002, <http://www.pm.gc.ca>