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Herculean task for Turnbull

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Illustration: Eric Lobbecke Source: TheAustralian

NEXT year, Australians will invest an estimated \$2000 each on public infrastructure, from roads and electricity poles to trains and the National Broadband Network. If the Coalition wins on September 7, it needs to bring greater discipline to that spending, ensuring users and taxpayers get value for money. Creating a new department with responsibility for all commonwealth infrastructure decisions should be part of those reforms.

In transport, where 75 per cent of infrastructure investment is funded by the states and territories, fiscal constraints are already forcing a search for efficiencies.

NSW, for example, is transforming its rail system, which has costs one-third above world's best practice, yet can't meet reasonable service standards.

Queensland too has important reforms under way, although it still has to address a public transport system that even in the state's densely populated southeast covers barely a quarter of its operating costs.

But despite those steps, much remains to be done to ensure major investment decisions are taken on the basis of rigorous project evaluation. And everywhere, co-ordination of infrastructure and land-use planning is inadequate, so development often proceeds without transport services in place or transport corridors reserved for future needs.

Yet, however poor transport decisions may be, they shine compared to telecommunications. Having confused vision and hallucination, former communications minister Stephen Conroy has left the country with a nightmare. Ill-conceived, badly implemented and distorted by cronyism at every turn, the NBN has not even been able to wire up new estates, let alone make serious headway in upgrading existing areas. But although difficulties were apparent from the outset, NBN Co's board, with the connivance of Conroy and Finance Minister Penny Wong, announced targets that were plainly unachievable.

And Conroy and Wong recklessly allowed NBN Co to enter into long-term contracts worth billions of dollars, with taxpayer guarantees to boot. Cleaning out those Augean stables will be an immense challenge.

Labor's regulatory legacy is no less squalid. In telecommunications, the rules were changed to allow NBN Co to establish a monopoly and set monopoly prices. In coastal shipping, Anthony Albanese paid off the maritime unions with regulations suppressing competition, raising costs to users by up to 100 per cent. And in road freight, Albanese's Road Safety Remuneration Tribunal promises to do the same for the Transport Workers Union.

To make matters worse, the institutions supervising these areas are not up to scratch.

While Infrastructure Australia has brought some consistency of approach to state bids for commonwealth funding, it has lacked the analytical capability to secure real improvements in cost-benefit appraisals.

Nor has it done enough to limit federal intervention to where there is a compelling national interest, leaving other decisions to the states. And it has failed to increase transparency, making it easier for the Labor government to ignore its recommendations and take one pork-barrel decision after the other.

As for the Australian Competition & Consumer Commission, its role in the NBN saga has been a disgrace. As well as tarnishing the ACCC's reputation, that role exposed the risks inherent in combining responsibility for utility regulation with that for competition and consumer protection, eliminating the check each imposes on the other. While ACCC chairman Rod Sims has made creditable efforts to address the ACCC's problems, its structure and span of control must be reconsidered.

That adds up to a vast reform agenda. Unfortunately, it is one the commonwealth bureaucracy could not implement.

The Department of Communications is particularly weak, with its ever-lengthening acronyms disguising an ever-shrinking policy capability. Even in the Howard years, it struggled to provide quality advice. Under Conroy's stewardship, one could drive a Hummer through its output without fear of hitting a fact, much less a coherent concept.

The situation is similar to that which the Hawke government faced in 1987 as it embarked on infrastructure reform. It was apparent the Department of Communications lacked the grunt needed.

So Bob Hawke abolished it, merging communications into a "super department" with transport. That gave telecommunications reform access to a much larger talent pool, including exceptional administrators such as Mike Hutchinson, Vanessa Fanning and Tony Shaw.

No less important, the super department allowed a common emphasis across all types of infrastructure on establishing clear objectives, proper reporting and effective accountability.

The case for such a super department is even stronger today. With the NBN a quagmire wrapped in a minefield, telco reform is orders of magnitude harder. Nor are the challenges limited to telecommunications, as a culture of rigour, openness and efficiency needs to be imposed on infrastructure policy across the board.

And the aim should be not only to reform individual areas, but also to avoid the distortions that arise when one kind of infrastructure is regulated differently from another.

While the Coalition has plenty of high-calibre parliamentarians, no one could question Malcolm Turnbull's credentials to run a department spanning the entirety of the government's infrastructure assets. As well as a myriad other skills, Turnbull would bring his background in investment banking, which will be crucial to better tapping private finance. Access to that finance is indispensable for future investment, including in the creaking transport and logistics chains of our major export industries. Labor recognised that imperative but did nothing about it; Turnbull would push it forward.

And especially given his experience with the NBN, Turnbull would inject desperately needed probity into infrastructure decision-making.

Infrastructure is the sinew of nations. Good on Tony Abbott for wanting to be an "infrastructure prime minister".

But without fundamental reform, including of the structure of government, and a renewed focus on value for money, that goal will remain a pipedream.

