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POLITICS, FUNDING AND TRANSPORT – THE NEED FOR SYSTEMATIC REFORM

This paper reviews the decision making system for transport infrastructure in Australia, for both project approval and funding. Australia's overall transport sector efficiency and project delivery performance is compared to other OECD nations. We examine the evolution of the system over successive governments, and underlying drivers for change. A sample of the largest delivered projects in Australia in that time is examined and compared for their cost, delivery performance, fitness for purpose, and benefits. We note trends towards a smaller number of larger projects, less stability in government funding, greater reliance on Commonwealth funds, selection of transport modes on ideological grounds, and projects evidently being planned to satisfy economic or political objectives rather than meet transport objectives. In conclusion we discuss where reforms are needed for transparency and community involvement, as well as governance.

1. Introduction

This paper considers trends in funding of transport infrastructure in Australia over the period 2001 to 2013, the political processes controlling it, and the effectiveness of the funding decisions and those processes. The focus is on land transport infrastructure, primarily road and rail. Other transport infrastructure such as ports and airports and special purpose infrastructure such as mining railroads are increasingly either privately owned or corporatized. These are not considered within the scope of this paper as they are run on commercial lines with user charges sufficient to fund their operations.

2. Transport funding – the macro level

2.1 Land transport infrastructure funding since 2001

The funding of land transport infrastructure in Australia has undergone a roller-coaster ride since 2001. In the decade up to 2007 funding as a percentage of GDP was well below historical norms. It increased to higher than average in the period after the global financial crisis (GFC) (2008-2012), when funding was increased as part of the stimulus package to respond to the GFC. However in State and Federal budgets transport funding has reduced to below trend again in 2014.

Various attempts to have "dedicated" funding for transport infrastructure have been made in in the past. The Commonwealth Fuel Tax Levy was originally intended to fund road construction. It is now added into consolidated revenue. Fuel levy revenue has declined since 2000 because indexing of the levy was abolished, with inflation eroding its value since.

Infrastructure funding in real terms from 1986 to 2013 is shown in Figure 1. It should be noted that there is some danger of overstating actual road and rail infrastructure investment. In the past decade the gross value of infrastructure capital investment has been increased by the addition of massive investments in supporting access works for large scale mining projects. Public investment in urban transport infrastructure has grown much less rapidly, with much of it supplemented by private equity in toll roads.

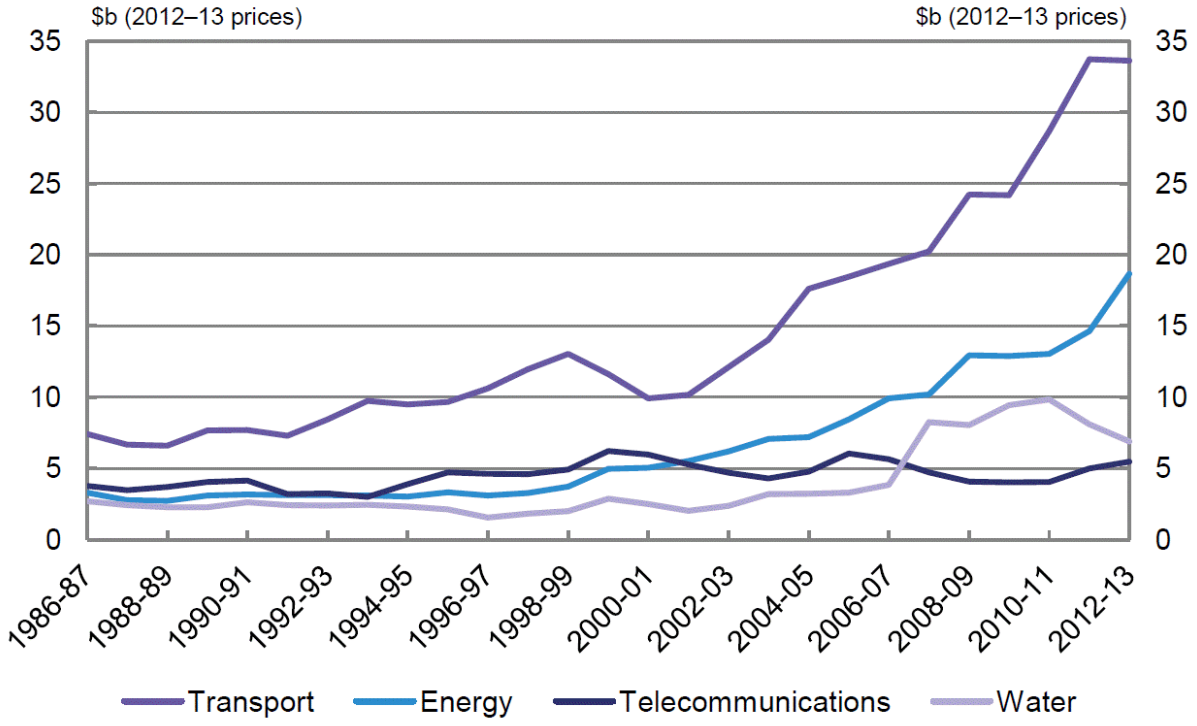


Figure 1 Australian infrastructure funding 1986 to 2013[1]

2.2 Population and economic growth since 2001

Funding for transport infrastructure in Australia needs to be considered in the context of demand, which is linked to growth in population and economic activity. Australia has been one of the fastest growing countries in the OECD in the past decade, with population increasing 1.5% per annum between 2000 and 2010. Only four of the 34 OECD nations grew faster[2].

[1] Price Waterhouse Coopers for Business Council of Australia, 2013.

[2] Department of Infrastructure and Transport, 2013.

The Australian economy has also been growing faster than the OECD average for the decade since 2001. For the period 2001 to 2013, real GDP growth has averaged 2.6% per annum, well above the OECD average of 1.7%[3].

This growth pressure is located predominantly in Australia's largest cities. Australia is the most urbanised country in the OECD, with more than 75% of the population living in cities with a population of greater than one million. A comparison of urbanisation rates in OECD countries is shown in Figure 2.

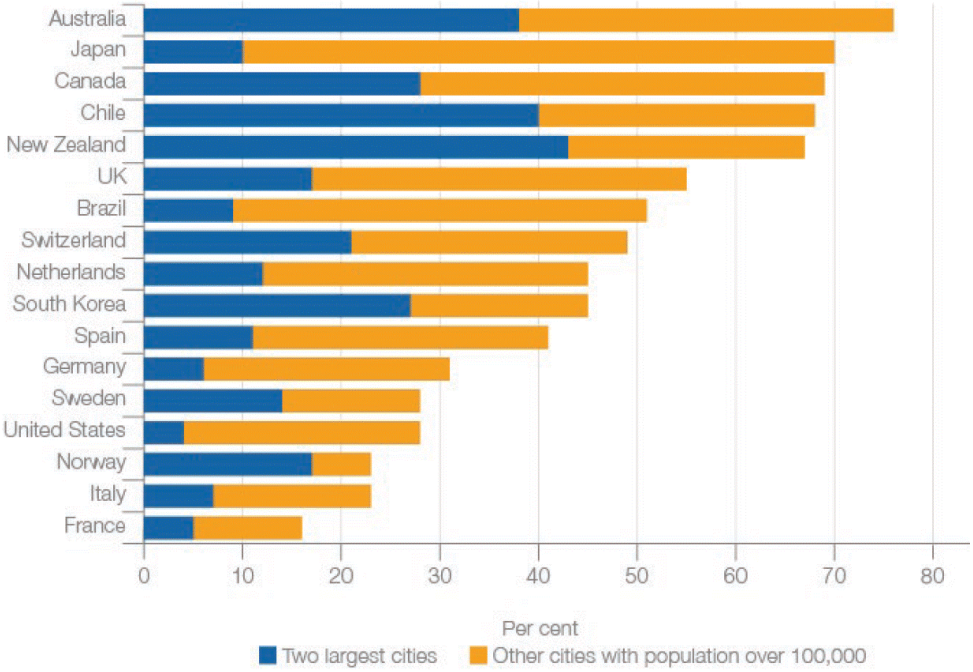


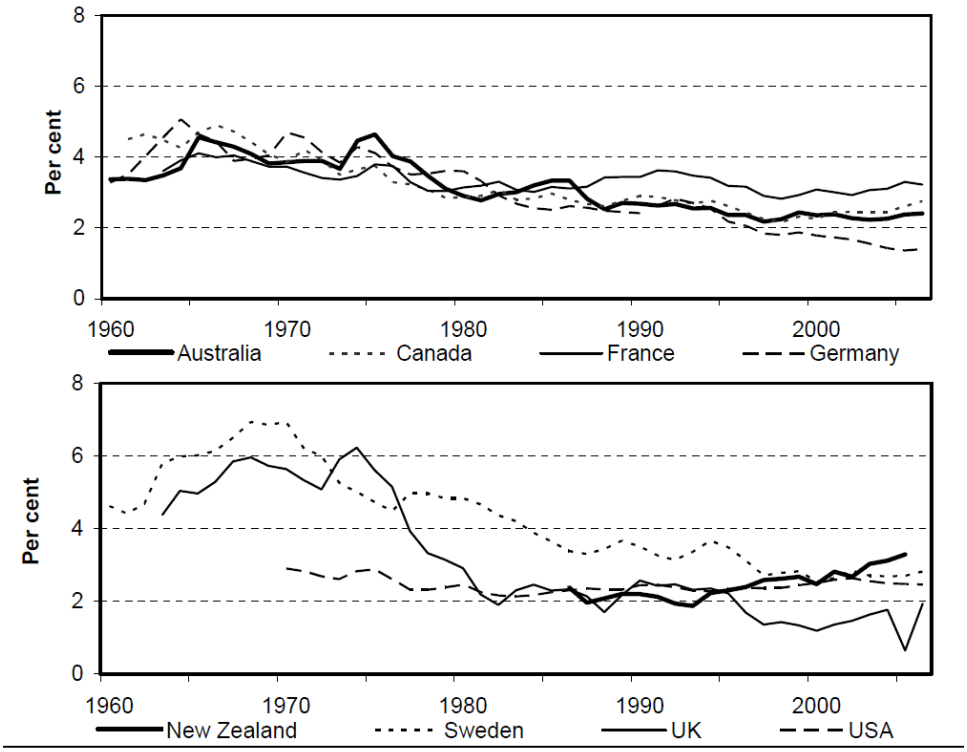
Figure 2 International comparison of urbanisation[4]

2.3 International comparisons

The funding of economic capital investment, including transport infrastructure, has been declining in OECD nations over recent decades. A combination of an ageing population, rising health and pension costs, and a contradictory desire to lower tax rates has reduced government's ability to afford capital investment. Rates of capital investment as a percentage of GDP for Australia, Canada, France and Germany since the 1970s, are shown in Figure 3. This chart shows the rate of combined private plus public capital investment. Private capital investment has increased due to increasing reliance on private service delivery and public private partnership (PPP) funding. The decline in public investment in economic capital is therefore likely to be even larger than demonstrated by Figure 3.

[3] OECD, 2014.

[4] Department of Infrastructure and Transport, 2013.



Source: Australian data are from ABS, Australian System of National Accounts, 2006-07. US and New Zealand data are from OECD Annual National Accounts. Other data are from OECD, Economic Outlook, No. 83 (June 2008).

Figure 3 Government spending on investment in selected nations (% of GDP)[5]

Infrastructure investment rates in Australia were low prior to 2006, especially for a country experiencing high population growth. Infrastructure investment rates in Australia since 2006 have been comparatively high by the norms of other advanced OECD countries, although they dropped sharply in 2013. Against this, population growth in Australia has also been higher than OECD norms, increasing demand. This has resulted in a growing shortfall of funds available against approved projects requiring funding. The Infrastructure Australia 2013 infrastructure priority list required funds totalled $82 billion to $91 billion[6].

In summary, Australian transport infrastructure funding in the past decade may be seen to be highly inconsistent, ranging from well below historical norms to well above. Overall government funding has been declining in the long term and is average by OECD standards. Against this, Australia's economic and population growth has been well above average, creating a growing shortfall of funding for transport infrastructure, especially in urban areas.

[5] Productivity Commission (2009).

[6] Infrastructure Australia (2013).

3. Choosing the right project: modes and ideologies

3.1 Road versus rail

The 'road versus rail' debate is not new, but nor is it dead.

The argument is that, in cities, rail (along with other forms of public transport) promotes a more compact, sustainable, walkable and liveable urban form, whilst over-reliance on roads and private vehicles promotes urban sprawl and road congestion. This argument has been played out many times in Australian cities since the 1970s at least, often with strong community protest (Figure 4).

Figure 4 Anti-road protests in Melbourne, 1977 and 2014

Since the 1960s or thereabouts, cost-benefit analysis (CBA) has been used extensively to evaluate and prioritise infrastructure investment. CBA techniques were developed initially for road projects (and in particular, road bypasses of small towns) and traded off the capital and maintenance costs of new roads against the future value of time, vehicle operating cost and accident cost savings. These techniques were later extended to cover public transport, including rail. In doing so the assessments became more complex but still basically compared capital and operating costs with a stream of economic benefits, of which time savings were usually the biggest. In most cases, however, the travel demand forecasts on which the CBAs were based did not allow for induced travel (extra activity generated by the improved transport infrastructure itself), resulting in higher benefit-cost ratios (BCRs).

More recently, CBA of transport investment has been extended to include the economic consequences of:

- environmental and social benefits such as reduced emissions, improved air quality, improved public realm;
- 'wider economic benefits' (WEBs), namely the impact on the wider economy including effects on agglomeration, increased competition, increased output in imperfectly-competitive markets and economic welfare benefits arising from improved labour supply.

Generally speaking these benefits, though real and also generally favouring rail over road (especially WEBs), are not included in benefit-cost ratios. Current UK and Australian

appraisal guidance specifically excludes WEBs from BCRs, apparently on the basis that the methodology is still under development.

In the recent example of Melbourne's East West Link, the Victorian Government included an estimate of WEBs in the BCR (against Infrastructure Australia guidance of the day), which resulted in a BCR of 1.6. Although not published we are led to believe that the WEBs component is about 50% of the benefits, leaving a BCR without WEBs of about 0.8 (the East West Link Needs Assessment gave it a BCR of 0.5 in 2008, and the Northern Central City Corridor Study 0.7 in 2003).

3.2 Urban versus rural

This paper focuses on urban transport examples, as this is where the majority of transport demand and expenditure occurs. Nevertheless these issues also apply to debates over urban versus rural transport expenditure. Labor governments tend to spend more on urban transport and Liberal governments more on rural transport. This limits the ability to examine each on their merits. There is the danger that projects are funded for the sake of building something in a particular region, and not because they are needed. The Darwin to Alice Springs railway (2004) is a good example of this trend.

3.3 The politics of transport

In today's political environment, the major parties compete for votes through their manifestos and election promises. Transport has been a strong element of this in recent years, with most parties promising, but not always delivering, on major transport initiatives. There are increasing inconsistencies in the political preferences for transport funding of the two major parties. This may result in waste and delay as project priorities change upon changes of government. We will examine the recent Victorian situation as a case study, then highlight examples in other States to demonstrate the widespread nature of the problem.

3.3.1 Victorian politics

In Melbourne, the Bracks Labor Government was elected in 1999 with a promise to study transport needs in Melbourne's inner northern suburbs, rather than building a tunnel linking the Eastern and Tullamarine Freeways, which was the commitment of the preceding Liberal/National Government under Jeff Kennett. The study[7] concluded that public transport improvements, including a new rail line to Doncaster, were a much higher priority than the road tunnel.

When John Brumby took over from Steve Bracks as Premier in 2007, the road tunnel was suddenly put back on the agenda. Sir Rod Eddington was commissioned to undertake a new study[8], which recommended new east-west rail and road projects and a package of associated initiatives. Timing-wise, the rail project was given priority over the road link. Sir Rod went on to chair the Federal Government's advisory body Infrastructure Australia, in which capacity

[7] Victorian Department of Infrastructure (2003).

[8] Victorian Department of Infrastructure (2008).

he advocated Commonwealth funding of the rail project. The Regional Rail Link was then granted $3.3B in the 2009/10 budget as the biggest part of a record package of Federal investment in urban transport. A further $40M was allocated to commence planning and design of the East West Rail Tunnel (later called 'Melbourne Metro') through the Melbourne CBD.

In 2010 the Liberal-National Party was elected with Ted Baillieu as Premier and commitments to study several new rail links in Melbourne. Most of the studies were done, but the key ones depended on Melbourne Metro, on which progress was hesitant and funding was minimal. Meanwhile the East West Link was fast-tracked with an intention to start building it before the October 2014 election. Denis Napthine replaced Baillieu as Premier in 2013 and later declared that Melbourne Metro (renamed as the 'Melbourne Rail Capacity Project') would incur unacceptable construction disruption in Swanston Street. At the time of writing, a new version of the project is anticipated which will run around, rather than through, the CBD; instead it will serve the proposed new development of Fishermans Bend to the south-west of the CBD. This is part of a package of road and rail project promises to be announced in the lead-up to the next election, including:

- the Cranbourne-Pakenham (Dandenong line) upgrade recently announced;
- the revised Melbourne Rail Capacity project described above;
- the western part of the East West Link; and
- a rail link to the airport (announced without funding or timing commitments on 13 April 2014)

It is expected that *Plan Melbourne*, released in December 2013 to replace the previous Government's *Melbourne 2030* plan, will be altered to incorporate this package of projects.

Meanwhile the Labor opposition released its own transport proposals which centred on the sale (lease) of the Port of Melbourne to raise funds towards transport projects, and a preference for Bay West (over the current Government's commitment to Hastings) as Melbourne's next port.

The uncertainty and confusion created by these overtly political decisions and counter-decisions has significantly set back progress on Melbourne's infrastructure development, which had been gathering momentum prior to 2011.

3.3.2 Examples in other States

There are examples of highly politicised changes to transport priorities in all States. In Queensland the Beatty Labor government through the 1990s and into the start of the past decade had a policy to improve public transport services into the Brisbane CBD. This culminated in the construction of the South East Busway (2001) and Inner Northern Busway (2004). Both projects increased public transport patronage and CBD accessibility more generally. Car commuting to the CBD was discouraged.

In 2004 the Liberal Lord Mayor of Brisbane proposed Transapex, a system of five tolled bridge and tunnel road links that had been planned separately. These have subsequently been constructed, with one tunnel yet to be completed as of May 2014. Work on a central city rail tunnel was deferred. The first two road tunnels completed (2010, 2012) both suffered lower than forecast patronage and became bankrupt, after private expenditure of $7 billion. Planning is now proceeding for a revised cross-river rail and bus tunnel that will cost a further $5

billion. Regardless of which approach was best, it seems difficult to believe that pursuing both strategies in parallel was efficient.

In South Australia there has been broad support for the upgrading of the South Road corridor in Adelaide. There have been political disagreements over the timing of which sections of the 22km long corridor should be upgraded first. The State Labor government has proposed the Torrens to Torrens section in central west Adelaide. The Liberal opposition and Federal Liberal government has proposed the Darlington section in southern Adelaide. As a result of these differences, there is uncertainty over the funding of works and when essential pre-construction activities such as service relocations will commence. There is no dispute that both sections require upgrading, but in the absence of published planning reports it is impossible to know which priority is preferable from a technical or community viewpoint. Again, the politicisation of the planning process undermines public confidence in decision making.

In NSW, Sydney's transport future has been changed radically through the announcement of WestConnex, hailed as Australia's largest transport project and comprising 33km of motorway connecting the western, inner western and southern suburbs. It was the main initiative to emerge from transport reports prepared by Infrastructure NSW and Transport for NSW simultaneously. It has attracted similar controversy to the East West Link in Melbourne, and a funding commitment (of $1.8B) from the Federal Government, again with no publicly released business case. Most of the objection to the project is centred on the road versus public transport issue, and the proponents' assertions that it will 'fix' congestion in the corridors it serves.

Other examples of highly politicised transport decision making leading to waste or delay include Badgerys Creek Airport (NSW), NW Sydney Rail Line (NSW), Perth Light Rail (WA), Pacific Highway upgrading (NSW) and Alice Springs to Darwin Railway (NT).

3.3.3 Federal politics

In parallel with the recent events in Victoria, there has been an about turn in Federal transport policy following the election of the Abbott Government in 2013. Tony Abbott has promised Federal funding of $1.5B to the East West Link, without seeing the full business case, despite giving an earlier commitment that "we won't spend more than $100 million on any single infrastructure projects without a published cost benefit analysis." He also stated before being elected that his Government would no longer fund urban rail: "Now the Commonwealth Government has a long history of funding roads. We have no history of funding urban rail and I think it's important that we stick to our knitting, and the Commonwealth's knitting when it comes to funding infrastructure is roads." (Tony Abbott, April 2013).

In his book 'Battlelines' (Tony Abbott, 2009), the real reason for these views is apparent:

'Most people would be happy to use public transport if it went from near where they are to near where they wanted to go, quickly and regularly. On the other hand, busy people are understandably reluctant to use public transport if it means planning their day around once-an-hour bus timetables. In Australia's big cities, public transport is generally slow, expensive, not especially reliable and still a hideous drain on the public purse. Part of the problem is inefficient, overmanned, union-dominated, government-run train and bus systems. Mostly, though, there just aren't enough people wanting to go from a particular place to a particular destination at a particular time to justify any vehicle larger than a car, and cars need roads.

It's easy to understand the official prejudice against private transport. Cars are expensive and polluting. Roads are expensive and can blight the urban environment. People who can afford to live in the inner city or on a train line, or who have access to a cab charge that someone else pays for, often puzzle over others' attachment to their own car and passion to drive. They underestimate the sense of mastery that many people gain from their car. The humblest person is king in his own car. Drivers choose the destination, the route, the time of departure, the music that's played and whether to have company. Women, especially, tend to value the sense of security that a car can give. For people whose lives otherwise run largely at the beck and call of others, that's no small freedom. It should not be underestimated or sneered at by senior policy makers who are more accustomed to getting their own way.'

Tony Abbott, 'Battlelines', 2009

These overtly biased and ideological approaches to transport fly in the face of years of considered opinion and community sentiment, world-wide, that cities need much-improved public transport to offset continued reliance on private car use. They are holding back the continued economic development of the country as the economy shifts to more productive jobs in the services sector in city centres. As The Age's economics editor, Peter Martin, stated recently: "Pushing more knowledge workers into our city centre and in to each other is our best bet of producing more. Slow roads to the centre and a train system stretched beyond its limits slows that down… It is these things rather than "roads to nowhere" that'll do the most to lift productivity and lift incomes." (P. Martin, The Age, 22 April 2014).

4. Delivering the project right

4.1 Construction price inflation

Overall productivity at delivery of transport infrastructure projects in Australia has declined in the past decade. Unit costs in road construction have risen faster than inflation in the period since 2000. This was especially the case during the Federal stimulus response to the global financial crisis in 2008-09. Overall road construction costs rose 3.5% per annum between 2003 and 2013, compared to an inflation rate over the same period of 2.5% per annum. The BITRE Road Input Cost Index for the period since 2000 is shown in Figure 4.1

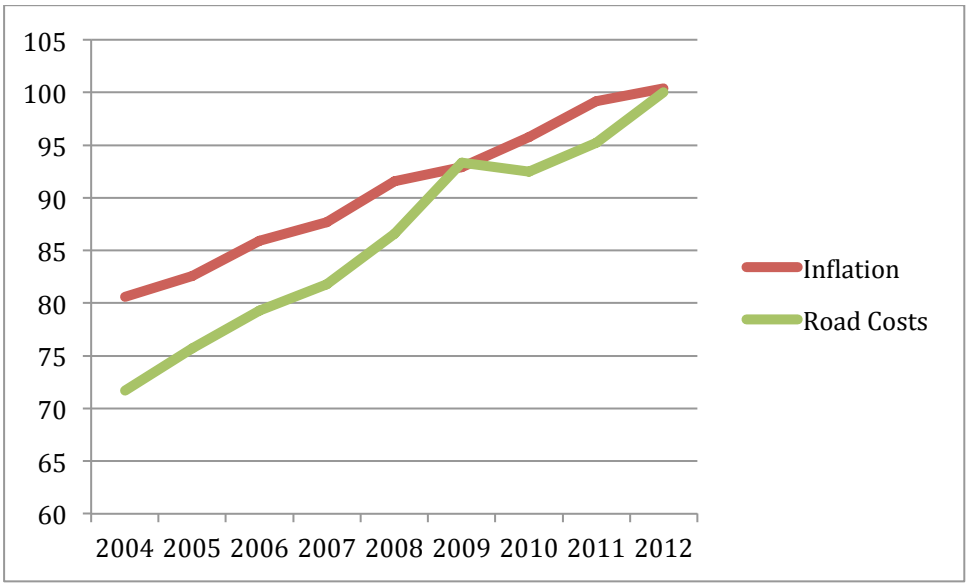


Figure 5 Road Input Cost Index 2004 – 2012 (data: BITRE, ABS)

If the conventional economic explanation of price movements – supply and demand – is adopted, then it may be concluded that the inconsistency of infrastructure funding in Australia in the past decade has had undesirable consequences. As infrastructure investment has spiked, so to has the price of infrastructure construction. There is a potential benefit in efficiency of delivery from having a more stable funding mechanism for transport infrastructure than exists at present.

4.2 Megaprojects and risk

In "Megaprojects and Risk" (2003), Bent Flyvbjerg studied the delivery performance of very large infrastructure projects in Europe in the 1990s, such as the Channel Tunnel and the Danish-Swedish Oresund link. He found that these very large "megaprojects" tended to become politicised, and became so critical to the survival of the delivery agency that they were not adequately scrutinised. They had much worse delivery and performance outcomes than smaller projects. Costs typically overran official estimates by 50% to 100%, and user revenue or patronage was usually 20% to 70% less than forecast. Flyvbjerg recommended four instruments for better accountability in such projects: public sector decision making independent of the project proponents (governance), public scrutiny (transparency), a more rigorous regulatory regime (accountability), and inclusion of a proportion of unguaranteed risk capital (avoiding risk transfer).

In Australia in the past decade there has been a noticeable increase in the incidence of very large infrastructure projects. Many are now in the multi-billion dollar range Flyvbjerg considered. They each represent a very large proportion of the capital budget of their promoting agency, and they are often crucial to maintaining stable workload in the construction and engineering sectors. A list of major urban road and rail projects completed in Australia since 2004 is contained in Table 1.

Table 1 Major urban road and rail projects since 2004

Project	PPP	Year	Cost ($M)	Real Cost (2012 $M)	PPP Outcome
Cross City Tunnel, Sydney	Yes	2005	680	900	Bankrupt
M7 Motorway, Sydney	Yes	2006	1,600	2,020	Profitable
Regional Fast Rail, Vic	No	2006	840	1,060	
Perth Mandurah Rail, Perth	No	2007	1,700	2,080	
Lane Cove Tunnel, Sydney	Yes	2007	1,100	1,350	Bankrupt
Liverpool Parramatta T-Way, Sydney	No	2007	990	1,210	
East Link, Melbourne	Yes	2008	2,500	2,890	Write off
Epping Chatswood Link, Sydney	No	2009	2,200	2,360	
Forrest Highway, Perth	No	2009	705	760	
Clem 7 Tunnel, Brisbane	Yes	2010	3,200	3,460	Bankrupt
Gateway Upgrade, Brisbane	No	2010	1,880	2,030	
West Gate Freeway Upgrade, Melbourne	No	2010	1,390	1,500	
Airport Link, Brisbane	Yes	2012	4,800	4,800	Bankrupt
Logan Motorway, Brisbane	No	2012	1,950	1,950	
Western Ring Road, Melbourne	No	2013	980	970	
Peninsula Link, Melbourne	Yes	2013	760	750	On budget

There has been an increasing reliance on the use of private finance for infrastructure projects during the past decade. One of the consequences has been that a growing proportion of infrastructure has been delivered via public private partnership (PPP) delivery models. This has been especially the case for urban freeway projects, with toll concessions used to repay the private finance. This is consistent with Flyvbjerg's recommendation to incorporate a proportion of at risk capital in large projects.

The use of private finance and toll concessions is not new in Australia. Tolls have been used to fund major projects, especially large bridges, since at least the 1930s. Likewise private finance has been used to fund projects since at least the 1960s, such as the Bribie Island and Hindmarsh Island bridges. The use of complex structured PPP arrangements is more recent, starting with Sydney and Melbourne toll roads in the 1990s.

Contrary to Flyvbjerg's recommendations, these PPP deals have not been transparent, and with government agencies acting as promoters as well as than regulators. At first the PPP road projects were largely successful, such as Melbourne CityLink and Sydney M2. Rail projects were less so, with Brisbane and Sydney Airport rail lines both failing. In the past decade there have been multiple financial failures, especially in freeway tunnels. Of seven PPP projects in Table 4.1, five became bankrupt or have suffered major financial losses. This must be regarded as an extremely poor record in project governance for the controlling agencies. Economically the fact that the capital lost was private rather than public is irrelevant. The bankruptcies still represent a major loss for the Australian economy.

4.3 Transparency and independence

A particular failing in Australian PPP projects in the past decade has been the lack of transparency and independent scrutiny of decision making. This has been the case for both the project assessment phase and for contractual arrangements for the PPP in operation. Infrastructure Australia (IA) assesses projects independently of State government delivery agencies, and makes recommendations on whether they should receive Commonwealth funding. However these recommendations are not binding on either party. States may proceed with projects without IA support (e.g. Melbourne East West Link) and Federal governments may choose to fund projects without IA support (e.g. Adelaide South Road, Darlington).

Following the financial collapse of so many PPP toll roads in the past decade, reviews have been undertaken of both the nature of the contracts and the patronage and revenue forecasting for them. These have focused on optimism bias in forecasting (Bain, 2009) and assessment processes (DIT, 2012). Recommendations have been made to reduce forecasting bias. However the governance structures and perverse incentives in PPPs have received less attention. Proposals to provide government guarantees of risk in PPP projects would appear to increase the likelihood of optimism bias, by reducing one of the disincentives to practice it.

The degree to which project assessment documents have been made public varies from State to State. Some such as the "TransApex" tunnel projects in Queensland have had details of assessment including impacts and patronage projections made public. Other jurisdictions, notably NSW tunnel projects, have not published assessment documents, declaring them Cabinet in Confidence to avoid scrutiny[9].

This tendency to limited transparency and lack of independent scrutiny shows little sign of improving. At the time of writing the two largest PPP road projects proceeding in Australia are the Sydney WestConnex ($8 billion) and Melbourne East West Link ($5+ billion) tolled freeway tunnels. Commercial details for the PPP contracts have not been revealed for either project. Impact assessment and patronage details have been released for WestConnex, but not for East West Link. Even the full cost of East West Link has not been confirmed, despite a guarantee of government support for patronage risk. This latter aspect of the project is directly contrary to Flyvbjerg's 2003 recommendations.

4.4 Wither maintenance?

In a time of rapid growth the political focus is on constructing new infrastructure. Nevertheless maintenance of existing infrastructure remains of equal importance, though is less glamorous. The shift from departmental budgets under the control of transport agencies to more project specific funding puts pressure on the ability of transport agencies to fund adequate maintenance. The Australian Local Government Association has estimated that the shortfall in road maintenance funding in Australia is $12 billion annually.

[9] Matthew Moore (2005).

5. A better approach

As we have demonstrated, transport planning and investment in Australia has a number of serious problems:

- lack of consistency in funding and activity levels, leading to inefficient delivery;
- lack of bipartisan support for transport planning processes, leading to inconsistent political decisions on the infrastructure to be delivered, resulting in waste and delay; and
- lack of consideration of transport as a system, and focus on individual projects, with inadequate attention to systemic issues such as maintenance, research and planning.

Many of these issues are long-standing but they have been significantly exacerbated by the increasing politicisation of transport planning policy and even individual projects. This makes long term planning impossible and delays urgently-needed infrastructure while decisions are made and reversed with increasing frequency. It also completely undermines the work of transport planners, economists and engineers who have developed their techniques over many years in an attempt to provide a level playing field for consistent decision making.

We all know what makes better transport and better cities; the debate has raged for decades. As appraisal techniques become more comprehensive and robust, they tend to reinforce these views and add support to more sustainable and integrated transport investment.

Finally, and possibly of the greatest importance of all, there is a new and very substantial shift happening in transport delivery through the convergence of new technologies, supported by sociological changes, throughout the world and particularly in Australia. To go into full details would require another paper, but the advent of self-driving vehicles, electric vehicles, renewable energy sources and new car sharing or ownership models promises to completely blur the boundaries between public and private transport. This is combined with strong attitudinal and social changes, especially the rapidly increasing number of younger people choosing not to get driving licences and cars, but living in inner city areas and using public and active transport instead. In this fast-changing environment, the future cannot be predicted as straight-line continuances of the recent past with any certainty, and planning based on such simplistic projections is too one-dimensional. The old ‘road versus rail’ or ‘public versus private’ transport debates may well become a thing of the past; to continue with the current highly politicised and dumbed-down approach is to miss some of the biggest opportunities to revolutionise transport and cities and modernise the Australian economy.

5.1 An independent statutory body for infrastructure

The obvious solution to the lack of bipartisan political support for transport planning processes is to place the decision making power for approving and funding major transport projects in an independent statutory body. This would operate in a similar fashion to the board of the Reserve Bank of Australia, with board members appointed by government for fixed terms, usually on the basis of relevant skills and background. This would remove major project decision from the political cycle, and encourage long term planning.

Infrastructure Australia has the obvious potential to be the forerunner of this body, as it already undertakes project assessment and prioritisation. However it has no power to do other than make recommendations and, as we have already seen, its advice may be ignored.

Many other countries already place transport planning decisions in the hands of independent statutory bodies. This may be done at a national level, such as in several European countries, or at state or municipal level, such as in the United States.

The statutory body also needs to be empowered to develop a coordinated national approach to the future of transport, cities and the economy, and the changing relationship between them as driven by technological developments, environmental imperatives and economic opportunities. This needs to be embedded in the planning system at the highest level to provide a framework so that decisions can be made in the national interest and free of the politics of the day.

5.2 Financial and project governance reforms

There are a number of reforms that are required to improve efficiency of delivery and quality of project selection:

- Guidelines for Public Private Partnership (PPP) and privately financed projects generally, need to be expanded to include governance arrangements. These need to mandate transparency, independence of decision making, and risk allocation, as well as financial parameters.
- Transport based revenue and funding for infrastructure needs to be separated from consolidate revenue and allocated in a consistent manner. The lack of continuity in policies such as fuel excise indexation reduces the ability for them to influence transport demand, as well as reducing transport based revenue.
- Policy for issues such as road pricing, infrastructure levies and developer contributions need to be developed in a holistic and consistent manner. The current accretion of historically approved toll roads tends to limit the ability to introduce consistent road pricing schemes.

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7. Presenters' Bios

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Scott is an engineer economist who has worked for thirty years in transport planning in Australia, New Zealand and South East Asia. He has experience in network and concept planning, transport demand modelling, traffic capacity, business cases, wider economic benefits and financial analysis. He has worked for State and federal governments prior to joining Jacobs. Recent projects Scott has worked on include the Adelaide South Road corridor, Glenelg Tram extension, and Adelaide Northern Expressway.

WILLIAM MCDOUGALL

William is a transport planner and engineer with over 35 years' experience in Australia, the UK, New Zealand, Asia and the Middle East. He has extensive experience in strategy and multi-modal studies, economics and financial analysis, multi-criteria appraisal, stakeholder and community consultation, policy analysis, transport modelling and appraisal. He has conducted many significant transport studies, most recently including a major study into a redevelopment area in inner London, the Rowville Rail Study, a landside access strategy for Melbourne Airport and a review of the future for Melbourne's tram system. He also assisted in the national High Speed Rail Study.