

Planning in Australia – where has it gone?

1 Introduction

This paper outlines some of my opinions formed over many years' direct experience as a transport planner in Australia and overseas. My focus is mainly on transport planning, but I have touched on some broader and related issues which I think apply.

This is not a scholarly paper; I have not included comprehensive references although I do provide a few suggestions for further reading at the end. Research generally bears out what I have written herein, although it is true that one can select evidence to promote any point of view.

I have structured my thoughts as follows. After a short summary of current practice in government investment and appraisal, I outline my experiences on the West Gate Tunnel Project, then cite some other examples of questionable planning. Finally, I summarise some problems with governance and suggest some reforms that I think are needed.

2 Government investment and economic appraisal

Investment of taxpayers' funds ought to be done with full transparency and accountability. We need to demonstrate that funds are spent wisely and with suitable returns.

In many areas of public investment, economic appraisal has evolved as the accepted way of doing this (either alone, or as part of a multi-criteria analysis). Economic appraisal is concerned primarily with the benefit-cost ratio; the ratio between the expected economic returns on an investment over its future life, and the cost of implementing it.

In recent times, the use of a 'business case' for an investment has evolved, however this is somewhat of a misnomer. In business, a business case is usually prepared to inform shareholders or other stakeholders on the projected fiscal returns on a financial investment. When and why did it become the name for a document purporting to demonstrate the economic worth of a public investment?

Does economic appraisal adequately cover all considerations for public investment? Probably not, but it is a reasonable indicator of the economic returns and, when calculated consistently between different initiatives, it is a good way to prioritise between them. This can have two purposes, firstly to help choose the best solution to a problem, and secondly to prioritise spending between disparate initiatives (or even between portfolios).

Economic appraisal has been used for years in transport planning. It is a specialised form of economics and needs to be done by highly competent people. Guidance recognises that 'optimism bias' exists and provides ways to avoid or reduce its influence; key amongst these is the use of expert peer review as the work proceeds.

Transport cost-benefit analysis was first undertaken formally in the UK in the 1970s, primarily during the post-motorway period when emphasis shifted to trunk roads and the town bypass programme. The basis for the analysis was that the travel time savings generated by road

improvements could be valued by applying consumer surplus principles to establish their value. This could then be offset (alongside operating cost and accident savings) against the cost of the road improvements using discounted cash flow techniques. The basis for this has not changed, but the complexity of the appraisals has ballooned considerably. Urban areas with extensive, multi-modal transport networks have become the focus. Transport and land use interaction, and the wider effects on the economy of transport improvements, have been added to what started as a simple concept. Appraisal has come a long way but the guidance is always playing catch-up and mistakes are often made.

Transport modelling has also grown in complexity and detail. Models are very large and require specialised algorithms and software to operate them. They need to be tailored and calibrated to local conditions to provide confidence in their results for any given project. Training in transport modelling is vital but often lacking, and there is seldom enough checking of results, given the effort required to produce them in the first place. Peer reviews have been routine in some places (notably the UK and New Zealand) for many years, but have seldom been done in Australia.

3 West Gate Tunnel

The West Gate Tunnel Project (formerly the Western Distributor) is the latest of many examples of political expediency overriding proper planning and investment decision-making in transport.

Under contract to the Department of Economic Development, Jobs, Transport and Resources in 2015, I was required to review the transport modelling and economic appraisal being undertaken for the ‘business case’ for the project, amongst others. This was at the time the Andrews Government was purporting to assess the worth of the Western Distributor as a private-sector proposal from Transurban to widen parts of the West Gate Freeway and construct a new tunnel/bridge link from there into Melbourne’s CBD.

I worked alongside John Allard, an externally-appointed peer reviewer for the transport modelling. My experiences are documented in my submission to (and subsequent interview with) the Federal Senate Economics Committee’s Inquiry into Toll Roads in August 2017. Concerns included:

- Addition of other projects – including widening the Monash Freeway beyond Eastlink – apparently to boost the benefits
- Unconventional transport modelling (not agreed to by the peer reviewer) to increase the growth of traffic in future years
- Over-statement of economic benefits through addition of unconventional and unproven benefit types.

After raising these problems with the study team (who strongly resisted changing them), I expressed my concerns to the State Treasurer, who I knew from previous work. I was then removed from the project without explanation to work on other activities until my contract period and budget was used.

None of the concerns were dealt with. The business case still contains the overstated benefits, without which I am convinced the project’s benefit-cost ratio would be less than one. The transport modelling still uses unconventional, incorrect techniques as demonstrated during the EES inquiry. No-one has satisfactorily explained why the Monash Freeway widening was added to the project for the business case, nor how much it contributes to the viability of the Western Distributor.

The Andrews Government has resisted all attempts to have John Allard's report made public. John also (concurrently) reviewed the transport modelling for Melbourne Metro; his report for that project was a lot more favourable than that for the Western Distributor. It was released under a freedom of information request.

4 Other examples

There are many other examples of government-led initiatives that do not stand up to scrutiny in their planning process and development. Some key examples worthy of mention include:

- WestConnex – Sydney's extensive tollway project was conceived outside the context of city planning. It has attracted great controversy and political manipulation, including the Baird Government's extraordinary moves to sack Councils who opposed it.
- East West Link – The political history of the East West Link must be remembered. The Kennett Government planned to build it, but the Bracks Government was elected on a promise to do a new transport study (NCCCS, which said it should not be built). Later, the Brumby Government put it back on the agenda and initiated the East West Link Needs Assessment (Eddington study, which put it at a low priority, behind Regional Rail Link and Melbourne Metro). The Baillieu government said they would not build it, but it resurfaced again under Napthine. A business case for the project gave it a benefit-cost ratio of 0.4, but the Napthine Government pressed ahead and signed contracts which the incoming Andrews Government later cancelled. Incidentally, the same team of public servants and consultants subsequently produced the business case for the Western Distributor, which the Andrews Government is rushing to implement. Will history repeat itself at next year's state election?
- CityLink – the Kennett Government implemented CityLink. Transurban was established to run the tollway under highly favourable contract terms including an unprecedented non-compete agreement (preventing projects that might attract traffic off the tollway in the future). They subsequently paid the Bracks Government \$10m to be released from their 'single-purpose' obligation, enabling them to expand their operations interstate and overseas.
- Plan Melbourne – produced by the Ballieu Government as a replacement for Labor's *Melbourne 2030*, Plan Melbourne was prepared and released despite opposition from its own Advisory Committee. The plan has since been rewritten again by the Andrews Government. Politics has unduly influenced the outcome. As a result, there is little or no consistency, no established direction or targets for sustainable development and the Plan is little more than a guide to the land uses needed to accommodate continued growth with arguably inadequate transport, water and energy provisions.

The Melbourne experience is echoed in all the other major urban areas in Australia. Land use and transport plans were developed for most of them in the 1950s-1970s. They provided largely coherent structure plans for urban development, including land use densities and layouts, transport corridors, public open spaces and limits to urban sprawl. Most had a 30-50 year time frame, which has long since passed. Arguably, they were very successful, seeing as they were produced mainly to cater for burgeoning car use; Australian cities are amongst the most car-dependent anywhere. We have no equivalent to them today. Plan Melbourne and its alter-egos in other cities are simply extending the principles of those days without recognising that things have changed – we need different thinking and new plans to guide the continued development of urban Australia.

The current state of emissions, energy and climate policies are all driven by political expediency rather than long term visionary planning. Successive governments see-saw ideologically without acknowledging the global imperatives.

Meanwhile, the Australian economy has shifted from a resources and industry base to a service economy. The growth now comes from development for human habitation, rather than exporting raw and processed materials. How will these changes play out, what will be the basis for the economy and how will its performance be measured in the future?

5 Governance limitations

Others can document the broader history, but my view is that today in Australia, and to varying degrees in the past, the governance state of affairs includes:

- Excessive corruption and undue influence – politicians are often exposed for their questionable dealings. The Fitzgerald Inquiry showed this in Queensland, as have the revelations around Eddie Obeid in New South Wales. Politicians regularly get caught and punished, but the system remains largely unreformed.
- Lack of accountability – in recent years we have seen legislation developed which takes community engagement backwards. Major projects legislation
- Absence of long term context – the short-term view of politicians is inadequate to address longer-term issues. Upper houses do little to help. In the UK, for better or worse, the House of Lords has greater permanence and provides a much stronger check on the lower house.

There has been a systematic deconstruction of strategic and long term planning in favour of political expediency. Statutory plans are often overridden by commercial imperatives. So-called ‘market-led’ proposals are given inconsistent treatment and political favouring.

There is little or no concern for the long-term future of urban areas. Decision makers hold no vision beyond their own ideology or self-interest. Leadership is sorely lacking, despite the urgent challenges faced by us all. Visionary leadership has shifted to corporations (Gates, Branson, Jobs, Musk, etc).

6 What is needed?

Much discussion and re-thinking is required and a new consensus needs to be built, but some key needs are suggested as follows:

- A national vision, plan or framework for jurisdictions to work in
- Binding targets for continued growth and sustainability of human activity, accounting for – and facilitating – technological change
- Strategies for climate change avoidance and adaptation
- Development plans for city and country (including new cities where and when appropriate)
- Sustainable transport plans to accommodate economic activity and foster more sustainable land uses

There are many institutional changes needed before this can be done.

7 Selected further reading

In the Google age, it is very easy to do one's own research, so please do so beyond the links below.

Submissions to Senate Economics Committee Toll Roads Inquiry:

http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/TollRoads/Submissions (my submission is number 37).

Public hearings for Senate Economics Committee Toll Roads Inquiry:

http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/TollRoads/PublicHearings (transcript of my interview starts on page 7 of the Melbourne hearings).

Victorian Government market led proposals guidance: <http://www.dtf.vic.gov.au/Infrastructure-Delivery/Market-led-proposals>

Australian Transport Assessment and Planning Guidelines: <https://atap.gov.au>

Victorian Auditor-General's report into East West Link: <https://www.audit.vic.gov.au/report/east-west-link-project>

Age article on Transurban: <http://www.theage.com.au/victoria/transurban-the-making-of-a-monster-20160512-gotjm9.html> - there are many more articles relating to Transurban and the West Gate Tunnel

SMH comment on political corruption in Australia: <http://www.smh.com.au/comment/we-need-a-royal-commission-into-the-corruption-and-decay-of-australian-politics-20170613-gwqi5u.html>