

13 July 2017

Senator Chris Ketter
Chair
Senate Economics Reference Committee

Dear Chair,

Please accept this very brief submission to the Committee's Inquiry into the operation of existing and proposed toll roads.

I welcome the opportunity to make a contribution on this crucial area of public policy, as it is something I have been looking at in detail as part of my PhD research with Swinburne University.

Over the last two years I have conducted over 100 in-depth interviews as part of that research, including with senior public servants at the state and federal level, former state premiers and ministers, private sector policy consultants and economists, as well as industry stakeholders and advocacy groups. My research has focused particularly on how megaprojects are chosen and prioritised and follows Melbourne's East-West Link as a key case study.

This case offers many lessons for policy-makers looking at toll roads more widely, particularly on the matter of how these projects are chosen and developed by state governments and the role played by the federal government in funding them.

Based on my research on East-West Link, and on my survey of the international literature on toll roads and mega infrastructure projects more broadly, I can report three preliminary conclusions about the process through which these projects come to be priorities:

- They are not being chosen on policy merits. The selection and prioritisation process for major projects at the state level is a political one and subject to lobbying by vested commercial interests. Projects are chosen first and cases built second.
- Business cases and policy justifications for these projects are products of a compromised process. Evidence is stretched to fit the priorities already arrived at by the government of the day, or to fit the vested interests of the consultants carrying out the work.
- The safeguards in place to stop unmeritorious projects getting federal funds have broken down. In particular, Infrastructure Australia has comprehensively failed in its mission to make infrastructure funding evidence-based. Its recommendations are regularly

bypassed when funds are being distributed. It has no significant impact on infrastructure policy anymore.

I believe exploration of these problems would be a crucial part of Section C of the Committee's Terms of Reference for this inquiry.

Regrettably this inquiry has caught me away from the office for an extended period and I have been unable to put together a more substantive submission looking in proper detail at each of these points ahead of the submission deadline – my apologies for the brevity here.

I would, however, be very happy to speak to these issues in more detail when public hearings commence, should the Committee feel it may be of use.

Thank you again for the opportunity to make this contribution.

Yours,

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