

NBN: the national boondoggle network



Boondoggle is a word introduced into Australian politics by Kim Beazley. In November 2000 the Coalition government said it would allocate \$1.6 billion to local councils to upgrade local roads. Beazley thundered against it as "boondoggles in the bush".

A "boondoggle" is an unnecessary or wasteful project. If you live near a road that has been upgraded then it is not a boondoggle to you – it is a very sensible investment in infrastructure.

The trouble is to decide which road gets upgraded in which areas. Beazley had little sympathy for rural roads but he never took that attitude to roads in his own electorate.

The traditional way of making sure there is some fairness in the process of allocating money for infrastructure is to let local councils allocate priorities for local roads, state governments to do so for arterial roads, and the national government to fund the national highway. Each level of government should be accountable in its own area of responsibility.

Since the national government has decided to get into infrastructure in traditional state government areas – such as building school halls, promising metropolitan rail lines and the like – it has established a national body called Infrastructure Australia to report

to state and federal governments on the nation's infrastructure needs and to develop a priority list "to guide billions of dollars" of taxpayers' money. With an independent body assessing each project, they should be assessed on merits and ban the boondoggle.

Sir Rod Eddington is the chairman of Infrastructure Australia, whose members include public servants, superannuation fund advisers and the ubiquitous Heather Ridout. It has been going a couple of years but none of its proposals are near completion – in fact they are not remotely near commencement, such as Sydney's south-west rail link to Leppington.

Which is not to say that the Gillard government does not have infrastructure projects of its own. It's just that its proposals scorn the recommendations of Infrastructure Australia.

During the election campaign Gillard promised to build a rail link from Parramatta to Epping in NSW. She is going to spend \$2.1 billion on it. Infrastructure Australia has lots of rail priorities. But this is not one of them.

And the biggest project of all has never been to Infrastructure Australia for priority assessment. It has never been assessed for commercial viability or wider cost-benefit to the economy.

Commenting on the \$43 billion national broadband network in its June report to Australian governments, it said it would observe developments on the network and "continue to be interested in whether Australian telecommunications networks provide a strong basis for the continued growth and productivity of the Australian economy". That carried all the enthusiasm of a warm lettuce leaf. It is as close as a government-appointed body will ever go in condemning a project while trying to keep its job: "For \$43 billion we will be interested to see if things work."

You might think someone would look at whether it would work before spending \$43 billion. You might even wonder what else could work with \$43 billion. You might compare the value of alternative purchases as you would in a supermarket. But our government is not as careful about \$43 billion as you would be with \$43.

The high point of this farcical process came after the election when the government announced that construction on the network would be jumpstarted in rural areas where there are fewer customers rather than metro areas where there are more. Guess where the installation is to commence? Would it surprise you to know priority will be given to the electorates held by the independent MPs Rob Oakeshott and Tony Windsor, whose votes are critical to the government?

The Minister for Communications, Senator Conroy, has figured out how to turn the national broadband network into the national boondoggle network.

What surprises me is the silence from the board of NBN Co. This is the least commercial way of planning the build-out. The point of having a board is to get independent and commercial oversight of operations. If this board is not up to that, then it might as well fold.

The government is showing as much respect for the board as it does for Infrastructure Australia – which is a lot less than it shows for swinging voters in key regional electorates.

Peter Costello was treasurer between 1996 and 2007.