# ***[Taxpayers lose out when governments rush transport projects](https://www.smh.com.au/national/taxpayers-lose-out-when-governments-rush-transport-projects-20210705-p586z5.html)***

##### SMH  [Marion Terrill](https://www.smh.com.au/by/marion-terrill-p4yw28) and Lachlan Fox July 6, 2021

Australia’s state and federal governments have developed a costly habit of rushing major transport projects to market. The premature decisions are often made for political purposes, but invariably the taxpayer is left to pick up the tab.

The pork barrelling and cost blowouts on [suburban train station carparks](https://www.smh.com.au/link/follow-20170101-p586oa) are only the latest example. A recent [Auditor-General report](https://www.theage.com.au/national/victoria/costs-blow-out-on-coalition-parking-projects-funded-without-full-scoping-20210701-p585zb.html) on the selection and funding of carpark projects through the $4.8 billion federal Urban Congestion Fund concluded that the approach used “was not designed to be open or transparent”, and the steps taken to identify and fund projects were “not appropriate”.

Instead of making proper assessments, the Morrison government rushed. In a search for votes, it paid $42 million up front for four commuter carpark projects, “prior to any of the four projects being fully scoped”.

Rushing to market means risks are not identified or mitigated, and problems are not fixed.

[Grattan Institute research](https://grattan.edu.au/report/megabang-for-megabucks/) shows that 28 per cent of major infrastructure projects – those valued at $1 billion or more – end up costing more than governments claimed when contracts were signed, and when they do the average blowout is more than $600 million. The price of a quick political win is often a long, slow and unnecessary budget sink.

When governments pursue risky infrastructure projects, they must at least set themselves up for success by doing adequate planning and discovery. Failing to do so only leads to expensive mistakes that could have been dealt with far more cheaply at the project’s conception.

Governments rush projects for various reasons. Winning votes is certainly one. In the case of the commuter carpark funding, the decision was made the day before the 2019 federal election was called, and the money was overwhelmingly directed at Liberal or marginal seats.

But governments also rush projects in the pursuit of the image that they [“gets things done”](https://www.facebook.com/watch/?v=1538962006214592++https%3A%2F%2Ftwitter.com%2Fabcnews%2Fstatus%2F1023541294059012097%3Flang%3Den++https%3A%2F%2Fwww.premier.vic.gov.au%2Fgetting-it-done-metro-tunnel-fully-funded), and because they cannot tie the hands of future governments. If a government fails to get a pet project started within its term of office, there’s every chance the next government might cancel the project altogether.

Whatever the reason, as the commuter carpark scheme reminds us, a decision to rush only leads to hurt in the long run. The scheme has already blown out by $20 million before construction has even begun on three of the four projects.

This example of rushing projects instead of scoping and planning is not an isolated incident.

The West Gate Tunnel project has had significant delays and cost increases.

The Victorian government [failed to notify utilities](https://www.theage.com.au/national/victoria/3-billion-overruns-on-west-gate-tunnel-20200921-p55xkf.html) of the West Gate Tunnel project’s status under the Major Transport Projects Facilitation Act 2009. The result has been significant delays and cost increases, which have led to arbitration between the government, Transurban and the construction consortium.

In Sydney, the [NSW Auditor-General](https://www.audit.nsw.gov.au/sites/default/files/pdf-downloads/2016_Nov_Report__CBD_and_South_East_Light_Rail_Project_0.pdf) criticised the CBD and South East Light Rail project’s “inadequate planning and tight timeframes”, after the construction company claimed the government failed to pass on crucial information about underground conditions. In June 2019, the NSW government paid the contractors an extra $576 million in compensation.

The Queensland government rolled out its [New Generation Rollingstock trains](https://www.traininquiryngr.qld.gov.au/assets/custom/docs/coi-final-report-2018.pdf) in December 2017, to meet a timetable dictated by the 2018 Commonwealth Games. It was too hasty: the trains failed to comply with the government’s own disability legislation, and ultimately required refitting, at a cost of $361 million.

Governments sometimes suggest that if they didn’t move quickly, nothing would ever get built. But when governments rush to market it’s often unclear whether there is a genuine imperative to build the project

Cost increases caused by rushing to market may mean that the cost-benefit equation used to justify building the project in the first place no longer stacks up. As Grattan Institute has shown, cost overruns are [far more likely](https://grattan.edu.au/report/the-rise-of-megaprojects-counting-the-costs/) than cost underruns, and this is particularly the case when projects are rushed.

What can be done to break this costly habit of rushing megaprojects to market? Instead of grasping for votes, governments need to assess projects on their merits and only fund those that can withstand scrutiny. Problems often arise due to site conditions, such as contaminated soil. Governments should do better discovery of underground conditions prior to building, and should certify these results to potential bidders. Where it is economical to reduce future risks and costs, governments should also conduct more early work on sites.

Governments have a responsibility to spend public money wisely. Rushing into political projects or “nation building” megaprojects neglects this responsibility. To get value for money on transport projects, we need governments to go back to basics – to plan, prepare and justify before a shovel even hits the dirt.