

Essential public assets and infrastructure

It appears that up until the 1970s, Australian governments and industry were capable of conceiving spectacular nation building engineering works that significantly and purposefully added to the productivity and capital base of the country. These assets included power stations and transmission lines, ports, railways, roads, grain handling facilities, airports, and dams.

Since then, we have seen increasing divestment by all levels of government of public built and funded infrastructure and assets. The rationale that suggests that a commercial entity can better manage and maintain our essential assets than our Government, is an indictment on the quality of management in the public sector. Such a revelation should prompt the reform of the public asset management capacity, rather than a weak capitulation to inadequate public service and subsequent sale of essential assets.

Often, the public assets and essential services that are sold off by government provide monopolistic market power to the purchaser. The general trend is an immediate and short-term cost benefit to consumers as part of the purchase contract undertakings, but ultimately the cost of service or access increases disproportionately.

KAP is strongly opposed to the sale of essential public infrastructure. KAP is strongly opposed to the notion that a commercial entity with strong financial motivation to act in self-interest can better manage essential services in the national interest.

One of the main triggers for the sale of public infrastructure is the run down in these assets and associated ongoing maintenance and renewal costs. This results in depressed asset pricing at sale. Often the real strategic value of the assets is not realised which means the tax payer ends up paying for the initial asset and subsequently, once the asset is privatised, paying for it again to the new commercial owners who seek a handsome profit on an asset that has been subsidised to them by the tax payer.

The decision to sell assets is often short-term rationale in relation to election cycle budget timeframes. If this rationale had been at the front of mind of the nation at its inception, no nation building infrastructure would exist today. It is essential that this thinking be reversed to facilitate retention and maintenance of existing infrastructure and to deliver new projects of meaningful benefit to the nation. KAP is committed to ongoing investment in public infrastructure and the ongoing and timely maintenance of these assets for the benefit of all Australians now and in the future.

KAP is fully committed to investment in infrastructure for communications to ensure adequate capacity to support ongoing business investment across all of Australia and that rural and regional based people are not significantly disadvantaged. However, the political hype around the National Broadband Network (NBN), is a disturbing example of the politicisation of public investment with overstated benefits of fibre to home infrastructure and gross incompetence with underestimated costs and a subsequent blowout of over fifty billion dollars.

KAP will pursue policies that:

- promote the construction of new dams for irrigation and hydro electricity generation;
- deliver better road and rail infrastructure to facilitate regional investment;
- deliver more effective and efficient power transmission networks;
- mandate a national interest test to the privatisation of any public assets;
- prevent the sale of essential assets, public or private, including agricultural land and resource assets, to foreign companies and/or sovereign entities without caveats to protect the national interest; and
- establish and promote a government bond market with a guaranteed yield of 5% for Australian citizens and super funds to establish a pool of money specifically for investment in infrastructure.