

Figures don't fly for proposed airport rail link

[Economics & Deregulation](#) | [Alan Moran](#)
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The Premier, Denis Naphine, has committed to building an airport-to-city rail link. While opposition to this has featured pollution and flyovers, the key issue is the costs and the benefits.

These are to be revealed by Victorian Treasurer Michael O'Brien in next Tuesday's state Budget.

Meanwhile, Dr Naphine is in Canberra today where, aside from promoting a tax on single-use bottles, he is seeking support for infrastructure funding, especially on transport facilities.

The focus on infrastructure spending by governments is a welcome change from the policy approach five years ago.

During the 2008 global financial crisis Australian politicians and their advisers were calling for massive Budget deficits to stimulate demand.

Former Labor prime minister Kevin Rudd was elected as a John Howard style fiscal conservative with a younger "compassionate" face.

But he soon rebadged himself as a conventional Labor spendthrift who would tame the financial tornado by increasing spending at a rate that would bring blushes to the faces of previous vote-buying politicians.

So we had the cash handouts, new school halls, home insulation plans and other measures.

The federal Budget went from former Liberal PM John Howard's \$20 billion surplus to a \$55 billion deficit. And we never saw the self-sustaining recovery that the spending was supposed to trigger.

Unlike hand-outs to individuals, government infrastructure spending can lift productivity, thereby offering a prospect of genuine economic growth.

Unfortunately, government infrastructure spending often ends up in creating unproductive white elephants.

We see this with the National Broadband Network on which \$15 billion has been wasted to date and little can be expected from the remaining \$45 billion of planned spending.

So we should pay particular attention to scrutinising a proposal like the airport rail link that the State Government has described as a "landmark" and "fantastic".

The airport link's cost is yet to be revealed but is likely to be some \$2 billion. In arguing for it, Dr Naphine says rail is becoming more competitive than road even over short distances and it is necessary because we need additional capacity.

Rail, however, is finding it increasingly difficult to compete with road. That's largely because virtually all cities are becoming less concentrated both in terms of homes and workplaces.

Fifty years ago, half of all Melbourne's work travel was to the city centre. Today it is only 12 per cent.

Fixed-track rail is inherently inflexible compared to road. It is far inferior in door-to-door service and the gradually more diffuse nature of travel patterns places it at an inevitable disadvantage.

This increasingly dispersed trip pattern also disadvantages airport rail links. Brisbane illustrates this.

Compared with Melbourne, it has less effective road network connections to the airport and its rail link is half the distance required by the Melbourne link.

Even so, rail carries only 5 per cent of the airport's traffic at a ticket cost of \$16. For Melbourne the SkyBus at \$18 would be cheaper and faster.

The Tullamarine Freeway's capacity can be readily expanded, as illustrated by the Government's announced \$850 million, 30 per cent capacity upgrade.

Michael O'Brien is among the more capable Victorian ministers. But he has an awesome task to explain how the Tulla rail link can make economic sense.

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