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Federal funding will fix infrastructure

Infrastructure Australia describes the need for new action on funding for infrastructure as "imperative". Nick Greiner, head of Infrastructure NSW, expresses a similar view.

The attached paper details **my proposal** for a safe federal borrow and build program which would solve our transport infrastructure problems completely within 20 years.

The central idea is that, rather than letting net debt run down as a proportion of GDP as the latter increases year by year, the federal government should borrow to maintain the debt/GDP ratio at its current very safe level – 10%.

This borrowing would generate around $10 billion a year, which would allow federal spending on land transport infrastructure to be more than doubled. The program could start virtually immediately; certainly before the end of this year. It would generate $100 billion in 10 years and $230 billion in 20 years (in 2012 dollars).

If on reading the paper you support the broad concept, I ask you to take whatever action you can to foster the idea of federal borrowing.

This should not be a partisan political issue. Every member of the community, from the far left to the far right, would benefit from dramatic improvements in our national and urban road and rail systems.

We must recognise that politicians in Canberra are currently working in a very tense environment. Accordingly, however much they might agree with the idea, they might find it hard to put forward a proposal for borrowing without evidence of a groundswell of understanding and support for the idea.

To encourage this I have sent the attached paper to you, and to a carefully targeted selection of over 2000 others. It has gone to all Australian politicians, both federal and state, to all local councils, financial journalists, industry leaders, engineers, academics, economists, trade associations, trade unions, town planners, transport experts, lobby groups, banks, investment banks, superannuation funds, developers, political parties, motoring groups, rail groups and a number of other influential individuals in the community.

I am paying for this campaign personally.

If you support this proposal, I ask you please to write to the people listed overleaf, on your own behalf, and on behalf of your organisation.

To make the job easier when communicating, I suggest you call the idea **"the federal borrow and build proposal"**, and refer to the attached paper.

Federal borrowing would bring huge benefits to millions of Australians. I ask for your active help please in getting the idea accepted.

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YOU MAY WISH TO CONTACT
SOME OR ALL OF THE FOLLOWING:

FROM THE GOVERNMENT

The Prime Minister
The Hon Julia Gillard MP

The Treasurer
(Deputy Prime Minister)
The Hon Wayne Swan MP

The Minister for Infrastructure and Transport
(Leader of the House)
The Hon Anthony Albanese MP

FROM THE OPPOSITION

The Leader of the Opposition
The Hon Tony Abbott MP

The Shadow Treasurer
The Hon Joe Hockey MP

The Shadow Minister for Infrastructure and Transport
(Deputy Leader of the Opposition)
The Hon Warren Truss MP

FROM THE GREENS

Senator Christine Milne
Leader of the Greens

YOU MAY ALSO WISH TO CONTACT

Federal Independents

Your local State Premier, State Treasurer
and appropriate State Minister for Transport/Infrastructure

Your Local Member

Appropriate Local Government Representatives

Federal funding will fix infrastructure

by Ian Spring

A safe borrow and build program to double spending on transport infrastructure.

Table 1: Borrowing and spending under the program ($ billions).

Nominal dollars					Constant dollars	
Year ending June	GDP	Borrowing & Spending	Net debt	Net debt as % of GDP	Annual spending 2012 dollars	Sub-totals spending 2012 dollars
2012	1500	–	150	10	–	
2013	1590	9	159	10	9	
2014	1685	10	169	10	9	
2015	1786	10	179	10	9	
2016	1894	10	189	10	9	
2017	2007	10	200	10	9	45
2018	2127	12	212	10	10	
2019	2255	13	225	10	10	
2020	2391	14	234	10	11	
2021	2542	15	254	10	11	
2022	2686	15	269	10	11	99
2023	2847	15	284	10	11	
2024	3018	17	302	10	12	
2025	3199	18	320	10	12	
2026	3394	20	330	10	13	
2027	3595	21	360	10	13	160
2028	3810	21	381	10	13	
2029	4039	23	404	10	13	
2030	4281	24	428	10	14	
2031	4538	26	454	10	15	
2032	4811	27	481	10	15	230

Australia's poor transport infrastructure is flattening productivity growth, ruining lifestyles, and threatening our future. Traditional ways of funding infrastructure are drying up.

Outlined below is a safe and sensible federal borrowing program which would raise extra funding of some $10 billion a year, without any increase in net national debt as a proportion of GDP.

With prompt action by Government, borrowing and spending could start this year.

The scheme would solve our transport infrastructure problems completely in less than 20 years.

This paper explains how the borrowing program would work, lists its benefits, and spells out the serious situation we would be in if we did not borrow.

It also shows how most of the arguments commonly raised against federal borrowing have no validity.

The borrowing program

The budget indicates that net national debt will peak this year at just under 10% of GDP. This is widely recognised to be a very safe figure. GDP grows regularly at over 6% per annum, part real growth, part inflation.

My proposal is that as the economy grows, rather than just letting net debt melt away as a percentage of GDP, the Federal government should borrow enough each year to maintain the debt at 10%. It should then commit these new borrowings to capital spending, principally on transport infrastructure.

With this program, both debt and debt servicing costs would stay in the same proportion to GDP as they are at present: an absolutely comfortable budgetary position. Table 1 shows the pattern.

This borrow and build program would generate an extra $9 billion for infrastructure in the first year and total funds available for spending would grow, in

Table 2: Potential extra funds available to individual states ($ 2012 billions).

	NSW	VIC	QLD	WA	SA	TAS	ACT	NT	TOTAL
% of population	32	25	20	10	7	2	2	1	
First year 2012-13	3	2	2	1	1	0.2	0.2	0.1	9
Five years to 2017	14	11	9	4.5	3	1	1	0.5	45
10 years to 2012	32	25	20	10	7	2	2	1	100
15 years to 2017	51	40	32	16	11	3	3	2	160
20 years to 2022	74	58	46	23	16	5	5	2	230

current dollar terms, to $45 billion in five years, $100 billion in 10 years and around $230 billion in 20 years.

Extra funds from ongoing federal expenditure, some state expenditure, and contributions from the private sector, should lift this to at least $300 billion: which would be enough to fix all our transport infrastructure problems and most of our other infrastructure problems as well.

It would be wise to expect to continue the program beyond the 20 year period in order to maintain Australia's infrastructure at a high standard.

Infrastructure Australia's estimates around $80 billion is needed for priority major national road, rail and freight handling assets.

This estimate does not take into account the funds necessary for an extra Sydney Harbour crossing, a high-speed Newcastle-Sydney-Wollongong rail link, and sundry other projects around the country. Adding these will bring funds required for major transport infrastructure to well over $150 billion. Please see website for details.

There is simply no hope of finding this kind of money from traditional methods of funding.

The borrow-and build process would be easy to subject to transparent public audit to ensure that funds were properly committed to long-term capital expenditure.

The benefits

Access to federal borrowing would mean that, perhaps for the first time in our history, funding would not be the limiting factor on transport infrastructure building.

Across the community generally the benefits of the borrow and build program would be dramatic. This program would permit the construction, within a generation, of all of the transport infrastructure projects on the various states' wish lists, and leave money over for other infrastructure spending.

This new means of raising money for infrastructure would enable us to escape from the endless round of plans-and-proposals-and-promises, so many of which have ended in disappointment due to lack of funding. New funding would mean rapid progress.

With prompt action by government, borrowing could start in 2012. Table 2 shows the funds which would be available for spending in the various states.

In the first two or three years, work could start on shovel ready projects, and other transport infrastructure with shorter lead times, such as rural roads and bridges. Quick action to borrow and build could even possibly forestall the predicted 2012-13 slowdown.

The early years of the program would be the time for focus to be placed on planning, tender processes and land acquisition, ready for the wave of new ground transport construction.

Top priority should be given to preparation necessary for urgently needed motorway links in the major cities: these could be built by 100% public funds, or by heavily federally subsidised public-private partnerships (PPPs). The objective should be to achieve road tolls at less than half present levels.

Similarly, a quick start could be made on expanding urban rail networks.

Commuters, currently suffering from the daily grind of traffic gridlock, should start to get worthwhile relief within 5 years and would see big improvements in 10 years.

For example, in Sydney the three major missing motorway links, the M5 to the city, the port, and the airport, the F3 to M2 link, and the M4 East, would take some years to build, but could all be 100% funded with the equivalent of 5 or so years contribution to NSW projects from the borrow and build program. All the building could be done by private enterprise.

Funds available from the borrowing program would be sufficient for construction of a new Sydney Harbour rail crossing within 10 to 15 years. Construction time, not finance availability, would be the limiting factor.

An extra Sydney Harbour crossing would enable construction of the Northwest, West, Parramatta to Epping and Southwest rail links to be completed to a standard fully compatible with the existing rail network. This would give "no-change" access to and through central Sydney across the whole metropolitan network.

Corresponding projects all around the nation would all be either completed, or well on their way to completion, in the first 5 to 10 years. Readers in the various states can use the totals of funds available to relate to local needs.

The whole program will bring major employment benefits. Tens of thousands of new, steady, direct and indirect jobs would be generated over the 20 year life of the program; most of them in the job hungry south-east of the country. There will be new opportunities for very significant numbers of the unemployed.

Later on, the program would help take up the tens of thousands of workers left jobless at the end of the resource infrastructure boom.

Retail costs and prices would fall as transport was freed up. It is estimated that congestion costs the nation around $700 for every man woman and child in the country.

With new investment we would have a three-speed economy, with infrastructure spending being the steady third speed.

GDP, productivity and standards of living would all receive a significant boost.

Financial markets have technical reasons for the welcoming the issue of extra bonds, and Australian bonds would provide a steady investment base, denominated in Australian dollars, for Australian superannuation monies.

In the short term, the budget would benefit from tax paid by those engaged in infrastructure construction. Taking into account multiplier effects, this could amount to10/15/20 per cent of total project costs. In the longer term, new investment will permanently strengthen the budget. The dollar costs and debt servicing costs for individual infrastructure assets will stay the same, but the dollar value of tax revenue from successful infrastructure investments, will grow with inflation year by year. It will come to exceed debt servicing costs, and bring a "profit" to the budget.

New initiatives will be encouraged. With around $10 billion of new federal funds being generated each year, there will be scope for private investors to come forward with proposals seeking federal financial support for projects where anticipated toll/ticket revenues are not sufficient for a full commercial operation.

Good roads and public transport in major cities would help provide equality of access to education and employment. It is impossible to provide social equity without good public transport.

Clearly, the borrow-and-build program would also provide major support to the heavy construction industry, and would greatly improve prospects for maintenance of our secondary industry base, by lowering industry's costs.

Other benefits would include the establishment of higher public infrastructure standards for both metropolitan and regional areas. Suburban roads in many areas have been described as being of Third World standard. Strongly enhanced federal assistance would make a big difference to councils, roadbuilding efforts, and maybe help keep rates down.

The overall pattern of national transport infrastructure spending can be seen in table 3. The first thing to note is the very poor spending efforts during the past coalition term in office.

This period was a disaster for the cities. Sadly, the Howard/Costello government spent very little on urban roads and nothing during its whole term on urban rail.

The emphasis during the Howard/Costello years was on politically popular tax reductions, and middle-class welfare, rather than on physical infrastructure. In fact, their policy could fairly be described as "anything but infrastructure".

We can only hope that any future coalition government will be more positive about the huge funds which will have to be spent on both road and rail to save the cities from gridlock.

Labor in government has seen a more than doubling of transport infrastructure spending, and evidence abounds of successful on-time on-budget completion of projects right across the nation.

However, reliance on traditional methods of funding has left spending still far too low. As the table shows, a borrow and build program would double this again. This will enable striking progress.

Another benefit of the borrow-and-build program is that generous federal funding should eliminate the need for desperation privatisation giveaways, with their long-term extra costs to consumers.

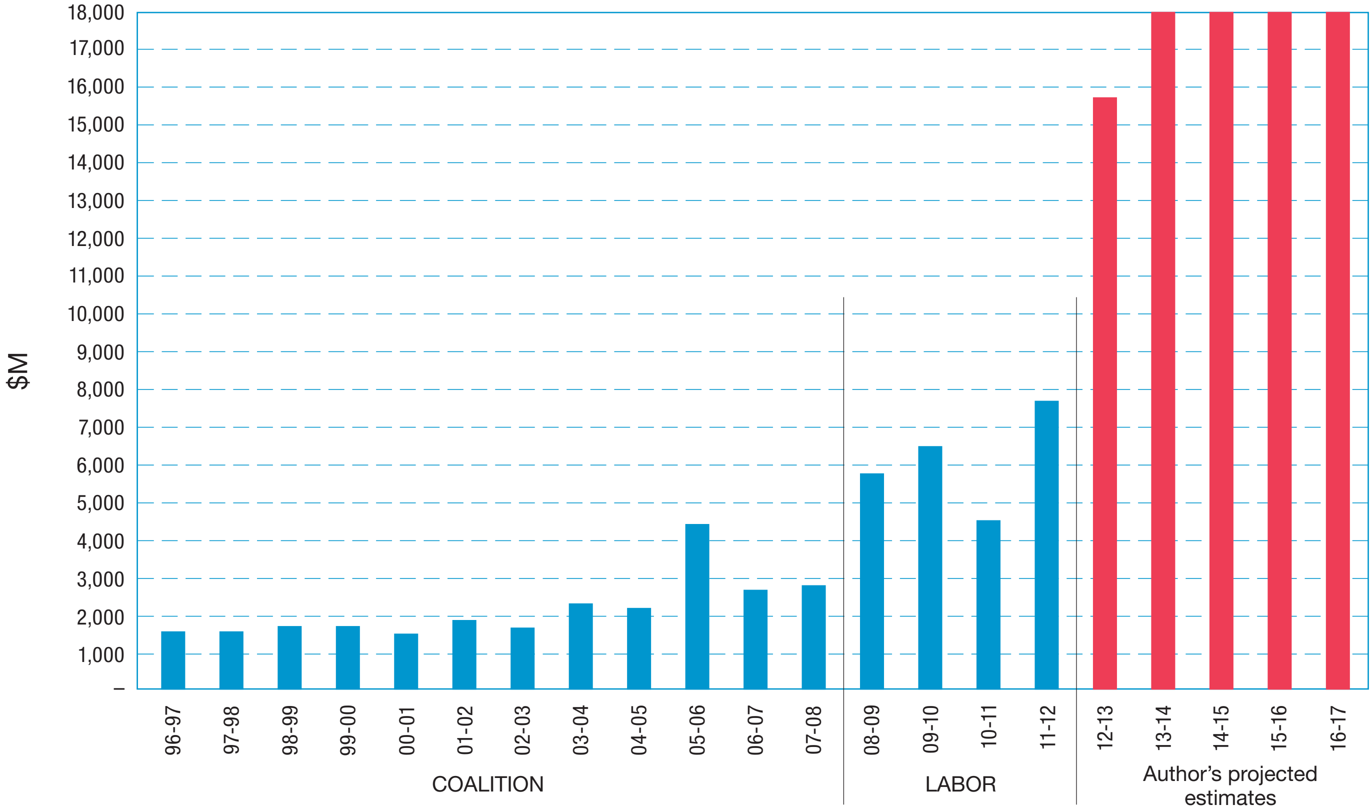
The big mistake

Our infrastructure problems can be traced back to events 70 years ago.

After World War I, the states had income taxing powers and primary responsibility for infrastructure. Thus when new infrastructure boosted the state economy and lifted state income taxes, there was an effective offset to borrowing costs. Some states, NSW particular, were able in the 1930s to borrow and build huge projects, like the Sydney Harbour Bridge.

Australia's problems with infrastructure began in 1942 when, as a wartime

Table 3: Australian Government Land Transport Infrastructure Outlays (nominal dollars): 1996-97 to 2011-12 with author's projected estimates 2012-2017.



Source: Office of the Infrastructure Coordinator analysis of data from Department of Infrastructure and Transport.*

* The amounts behind the chart reflect all Australian Government land transport infrastructure-related outlays, including those for major road and rail projects, smaller programs such as the "Blackspot" program and road-specific revenue sharing grants to Local Government.

measure, the Curtin federal government temporarily took over all income taxing powers. After the war, despite protests from the states, that became permanent.

Then came the big mistake: primary responsibility for providing infrastructure was left with the states.

Stuck with this responsibility, but without the necessary concomitant taxing powers, the states have floundered ever since; and 70 years of underinvestment has left us in our present mess.

The program being recommended here would largely reverse this mistake.

We need high-quality infrastructure

With funds more readily available we can aim for excellence.

For example, injection of, say, 50% Federal funds as a direct subsidy to the PPP building the proposed north-west rail project, would mean that we could build a high quality full-sized double-decker system: the type reportedly becoming the choice for cities overseas with similar networks.

This system contrasts sharply with the passenger unfriendly, many platform changes, often standing-room-only, narrow tube single-deck system currently being contemplated by the state government for the north-west rail link.

To be fair, as things are going at present a new harbour rail crossing is decades away, and this seems to be the big factor underlying the single-decker choice. If the federal borrowing program is adopted, and an early centrally funded harbour rail crossing is possible, they would have grounds to change their plans.

This would be good, as any lack of full compatibility between elements of the CityRail system would lead to problems as severe as the many-different-gauges folly of the 1800s. Two different systems would lead to intractable problems far into the future.

A pack-em-in network may work in Hong Kong, Singapore or Tokyo, but in Sydney, where distances are greater, and commuters have the option of road travel, a mostly-standing system would not draw many passengers.

Sydney's new transport arrangements must achieve a proper balance between options for commuters, a comfortable convenient rail trip, or commuting on an acceptable expressway system. An injection of new Federal funding would enable this balance to be achieved.

Too many 100% privately funded NSW and interstate projects have failed. Keyed to a commercial return, they have been too small the day they were opened, and have required expensive disruptive reworking within a few years.

The M5 East fiasco, while a public build, shows the unwisdom of el cheapo solutions.

A general pattern, built around a direct 50% Federal free capital subsidy to new projects, should ensure new projects are fit for purpose, and should keep tolls and ticket prices within acceptable limits.

New initiatives

In the early stages funds would become available faster than projects could be prepared for construction. During this period there may be scope to take advantage of other opportunities.

The federal government might choose to purchase existing toll road operating companies on generous terms. Then with government ownership, lower borrowing costs, no need to support higher shareholder returns, and no need to repay debt, tolls could be reduced very considerably; to maybe half.

This certainly beats reintroduction of tolls on existing roads as is currently being contemplated in NSW and Victoria.

In any case, road tolls at full commercial rates, on the user pays principle, are a cruel imposition on those least able to afford them. The latter are often new families starting up life on the edge of major cities. Toll fatigue, and concerns at the huge bite that tolls take out of net income, are heavy burdens on this section of the population.

High tolls also impede the settlement of further-out regions, depressing prospects for the public works and residential building industries, and causing unnecessary destruction in existing suburbs in order to pack people in.

The key point is that with new funds becoming available, there will be scope for new possibilities.

What will happen if we don't borrow?

State and federal budgets are under extreme pressure, state borrowing prospects are fading, and private investment funds are scarce, so even the present low levels of spending on public infrastructure may not be capable of being maintained.

We are currently very low on the OECD's list for public infrastructure spending, and are seeing the effects of this neglect everywhere. For a prosperous country our infrastructure is a disgrace.

New immigrants keep arriving and the population is growing rapidly, but we have failed to provide enough infrastructure spending to match this growth.

Without a massive increase in funding for capital works, which can only be provided by federal borrowing, we face lower incomes, increasing congestion, loss of secondary industry, lower productivity and high social costs for commuters.

All this is borne out in Infrastructure Australia's June 2011 report to COAG, where they said:

> *"The matters above – productivity growth, funding, policy reform and planning – are clearly the main areas where governments must take a stronger leadership position and, frankly, show some courage. Failure to do so will leave the country in future generations much the poorer."*

This is commendably strong language for a government agency, and underlines the urgency of the problem we are facing.

Borrowing or not borrowing is a make or break decision for Australia. We have to get our house in order before the resource boom fades.

Possible objections to borrowing

History, ideology, timidity, mistaken ideas, poor economic theories, lack of leadership, and split responsibilities within the federal system have all played a part in shaping what has been widely described as Australia's obsessive opposition to federal government borrowing. There is a lot of debt phobia about.

We seem to be beset by deep down fears of federal debt. I haven't seen any serious commentator, or any political party, have the courage to raise this issue for discussion – though surely they must all have given some thought to this obvious option.

If the borrowing program is to be achieved politically we must face the fact that there will be widespread fears of using federal debt to fund infrastructure. Analysis of these fears shows that virtually none has any real foundation.

Top of the list is **the fear that it was debt that got Europe into trouble,** and we would be mad to go down the same path.

This is a false parallel. Our circumstances could hardly be more different from those of Europe. Their problems were caused by uncontrolled budget deficits and bubble spending. Our state and federal budgetary arrangements are at close to balanced levels.

Different circumstances require different policy approaches.

Europe has unsustainable budgets, stable or falling populations, broadly adequate infrastructure, and huge debt as a proportion of GDP.

We have tight but well-controlled budgets, a rapidly growing population, very poor infrastructure, and a very low level of net national debt.

Currently Europeans wish to avoid further borrowing. By contrast, we must start borrowing and building immediately to assure jobs, productivity, growth, manufacturing industry survival and international competitiveness for the future.

Effects of extra spending on inflation should not be a significant concern. Extra spending will only be around 0.6% of GDP each year. This is tiny when compared with the rate of capital expenditure during the current resource infrastructure boom. Also it must always be remembered that government borrowing and spending is no more inflationary than private borrowing and spending.

Lack of skills and capacities for infrastructure building may be a problem in the early years, but skills can be built up with the promise of steady long-term employment under the program. Also, most of program expenditure would occur in states relatively unaffected by the mining boom, and after the mining infrastructure boom had passed its peak.

The crowding-out argument where new investment is claimed to crowd existing investment out of labour and capital markets is, with the exception of the item immediately above, mostly only theoretical speculation, with limited practical relevance.

Concern about the **effect of capital raising on interest rates** would have been appropriate before the world became globally interconnected, effects now should be negligible.

Our credit ratings would actually benefit from modest borrowing committed to patently sound infrastructure expenditure.

False fears arise where there is a **failure to distinguish between the two major reasons for borrowing.** The first, borrowing to cover deficits due to overspending, and/or over-reduction in taxation are recurring, and reining back a further debt build-up is difficult. Hence the European and US problems.

The second, borrowing for capital expenditure on long-term productive assets, is not recurring, and is much easier to keep under close control.

Fears that debt servicing costs would increase alarmingly under the program are not soundly based. Debt servicing costs would be unchanged as a proportion of GDP, and should present no difficulty at all. Except for the physical evidence of increased building, the whole program would be invisible to the man or woman in the street.

Also, as time goes by, debt servicing costs will be increasingly offset by the broadening of the tax base the new infrastructure will bring. Eventually the budget will see a "profit" from infrastructure.

There will certainly be **fears that borrowing now will mean extra taxes in the future to pay off the debt.** There is no justification for these fears, as there will never be a need to repay the debt.

Individuals have to repay debt because of their life cycle. Business and government do not have to repay debt. They maintain debt at safe levels and use it to gear progress and development.

For governments, failing to borrow is akin to businesses trying to grow out of retained profits. It is a failing strategy, like trying to pull yourself up by your own bootstraps. Prudent government borrowing spreads costs and benefits of development fairly across the generations.

In the very long term **debt melts away.** The iconic Sydney Harbour Bridge cost $8 million in the 1930s, equivalent to 0.00057% of current GDP, or three or four houses in an expensive suburb.

The statement that the **budget should be balanced across the cycle** is correct in relation to maintaining budget discipline in terms of current revenue and expenditure. It has no direct relevance in relation to borrowing and spending on productive long-term capital works. We do our fiscal accounting in a funny way and this leads to misunderstandings.

Unless debts are very high indeed, or inflation very high, **paying off debt is a waste of precious taxpayer dollars.** With the borrowing rate at around 6% and the inflation rate around 3%, paying down debt would not be worthwhile to gain a very small 2 or 3% per annum saving.

Fears that "borrowing will burden the next-generation" are not justified where the borrowing is controlled and funds applied to good productivity-increasing infrastructure. The thought that such activity would burden the next-generation is one of Australia's classic economic furphys.

Rather than getting a burden, the next-generation would get the benefits of up to date infrastructure and very low debt. Debt which they will never have to repay.

Given that our background debt under the program is 10% of GDP, there might be scope for quite sensible **concerns that total net debt might run away if we have another global financial problem.** In fact, these concerns would not be justified.

In the last emergency the federal government had to borrow an extra 10% of GDP, and seem to have got the economic stimulus plan just right, at least in terms of the overall quantum borrowed and spent.

Thus the worst likely scenario under the program would be for a similar increase in net debt bringing it to a new level of 20% of GDP. This would still be quite safe, and the extra debt would work itself down as a proportion of GDP over a relatively few years. See graph on page 6.

What if interest rates rose suddenly and higher debt servicing costs put pressure on the budget? Only long-term bonds would be issued for the program, so cyclical interest-rate increases should have low/no effect on the budget.

One perennial fear is of poor decision-making by governments **trying to "pick winners".**

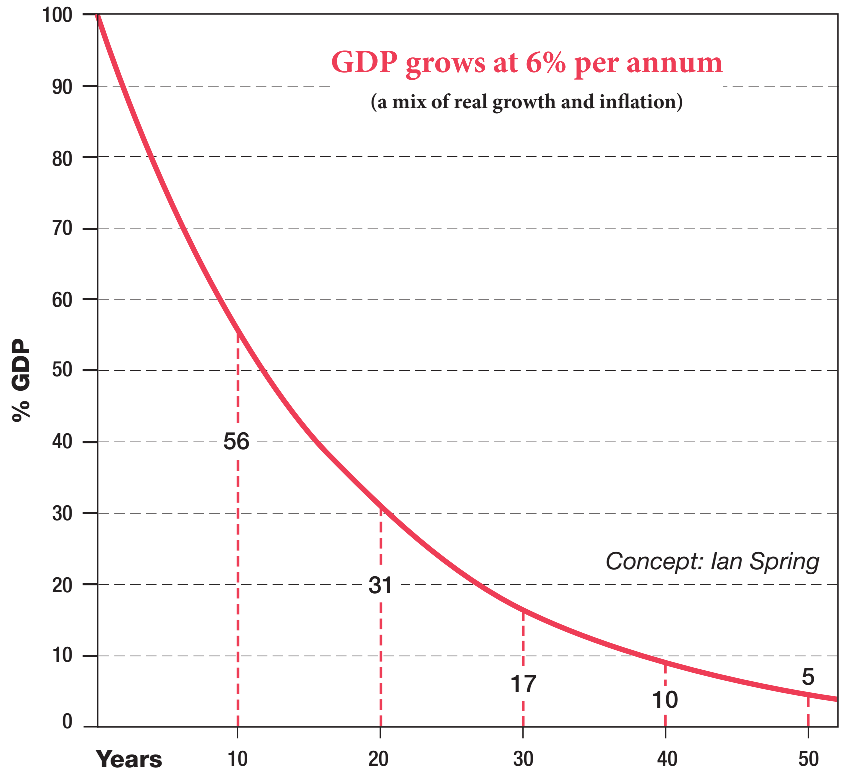
Surely this reflects a lack of confidence/courage on the part of those with this fear. The great majority of government investment decisions over the years have been sensible.

Perhaps this fear is only an expression of market-only ideology, where choices made by government, rather than the market, are automatically "illegitimate"? The thought process seems to be "if this thing were worth doing, the market would have already found a way to do it".

This is wrong thinking. Some essential infrastructure such as major secondary roads and other similar items can never show a commercial return. While desperately needed, such projects are uncommercialisable (new word), and can only be built with partial or full government funding.

Actually picking winners should not

Any given borrowing melts away as a percentage of GDP.



be a problem in the future. The very substantial machinery established through Infrastructure Australia, and Infrastructure NSW etc., and the transparency inherent in the borrow and build program, should give good assurance against unwise choices.

No doubt the question will be asked **if this is such a good idea why haven't we done it before?** The answer is that overcoming strong fears of Federal debt is much easier when an existing debt is being maintained, albeit as a proportion of gross domestic product, rather than when a new debt is being created.

Are we smart enough to take up this opportunity?

The carefully controlled federal borrowing and building program being recommended here offers a straightforward, risk-free, pain free, and relatively easy to explain, solution to our infrastructure problems.

The benefits to the community of building our stock of useful capital assets should be obvious. When it is properly explained, people should readily understand the proposition that while debt in dollar terms is going to increase, the vital debt/GDP ratio is going to stay the same.

Surely it should not be too hard to convince the community that an extra $10 billion or so a year for infrastructure for no increase in debt/GDP ratio, or debt servicing costs, in proportion to GDP, is a good thing.

There are however, all the fears mentioned above. Over the last few years these fears have been sharpened by political rhetoric and media hype. Ideological opposition to the public sector is also in play.

In reaction to the Global Financial Crisis the whole political mood has changed. In business terms, the cost-cutters seem to be in the saddle, rather than the business-builders.

There is no doubt there will be initial opposition to federal borrowing, and some of this will be trenchant. Nonetheless, the arguments in favour of borrowing and building are so strong that they should force a new policy approach.

Perhaps pressure for change will have to come from the bottom up rather than top down. One example, commuters using current metropolitan tollways, and not wanting any added toll burden, would give a huge welcome to the relief a sensible borrow and build program would give, and can be expected to press for it politically once it is put forward as a possibility.

With the community's current intense interest in infrastructure matters, any political party which can put forward a convincing offer of quick progress on transport infrastructure will command enormous attention.

The coalition's recent period in office was marked by relative neglect of infrastructure, with funds from asset sales and economic buoyancy being diverted into tax reductions, and middle-class welfare. This was an opportunity lost.

The Labor Party's record has been very much better. In many areas it has spent high multiples of the amount spent by the coalition; particularly on rail and urban transport.

Of course, a lot of this was made possible by government borrowing in the context of counter cyclical action to stave off recession, but their record on infrastructure is nonetheless outstanding.

Which of the parties will become the "party of infrastructure"? It is to be hoped that all three of them will see the benefits of Federal borrowing, and have enough commitment to the future to adopt a borrow and build policy.

In 20 years time, in 2032, our population should be around 30 million. We have a generational responsibility to provide these Australians with a good infrastructure base, and should have no qualms about asking them to accept a very modest level of debt as part of the package.

In the meantime we must make sure that our current policies reflect our needs and opportunities, and must get the best result we can from our present prosperity.

We are a young and rapidly growing country, and must not allow political and media scaremongering to inhibit sensible action in the country's interest.

The big question is whether our political system can summon up the good sense, determination, and powers of persuasion to start a program to **borrow and build.**

Ian Spring, BEc (Hons) Sydney, is a retired economist/business manager who has set out to encourage action to solve our infrastructure problems.
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