Crucial to get balance right

THE headline figures of the infrastructure expenditures being promised by the major parties are astonishing. A billion dollars here, a billion dollars there

Analysis by ASHLEY MANICAROS

PROMISES on infrastructure spending seem like an endless pot of money. Unfortunately it isn’t.

So this makes the decisions on where to spend the money even more crucial. On this front, both major parties are failing. There are two types of infrastructure critical to the Territory. There is the social infrastructure which we need to live. These include health centres, schools, common roads, housing and pretty much any other type of government service. Then there is revenue infrastructure, investments which create a return. It is a road built to service a mine, namely Ranger uranium mine. It also happens to service the town nearest example in the Top End to turn. The Arnhem Highway is the only feasible route for tour operators to get to Kakadu.

Investments which create a revenue is the key to good infrastructure programming because it delivers long-term job builders. But none of these projects are long-term job builders. They give a “sugar hit” boost to the Property Council of the NT describes it and then will become an ongoing cost through repairs and maintenance.

The flip side is the $100 million Defence funding for locals. They give a “sugar hit” boost to the Property Council of the NT describes. Why do we need them? Well, these types of investments generate much-needed revenue.

The Northern Territory raises about 30 per cent of all its budget from revenue. The rest comes from federal government grants. There are five key growth areas in the Territory, all of them need critical infrastructure. Only one of them — agriculture — is booming right now. Territorians need them all to boom for jobs and the government needs them to boom for revenue. Sealing a road to a community or improving access to a health clinic is a necessity. No argument there. And they generate short-term jobs, but they don’t generate long-term sustainable revenue.

Infrastructure investment is about the right balance. An all-weather beef road connects a cattle station to a main highway network. The cattlemen asked for key roads — the Buntine Highway in the North; the Barkly Stock Route in the Centre; the Plenty Highway in the Alice Springs Region to be upgraded and money spent on them.

The Buntine is impassable for roughly six months of the year. But in those six months about 250,000 head are moved with a value of about $266 million. The cattlemen can’t put a value on what that would increase to should the road become all weather, but there are substantial flow-on factors should it occur. If it were all-weather, the stations would invest in infrastructure that allows them to increase productivity and ultimately sell more stock because of better access to market as well as infrastructure to allow better utilisation of the road.

As a result stations would employ almost full staff components all year round rather than the seasonal now. More staff means more payroll tax revenue.

Trucking companies like RTA, who stand down their entire fleet for nearly three months each year, would be able to keep drivers employed and run trucks all year generating more tax revenue and helicopter companies and mustering contractors could work all year instead of laying off all their staff for three months.

The same can be said for an upgraded Tanami Rd. A road which unlocks access for the beef industry, the mining industry, the tourism industry and opens the doors for the indigenous communities. There’s an important balance between revenue potential infrastructure and social infrastructure.

You need both. Territory Labor has promised to keep $100 million from the infrastructure Development Fund in order to fund more infrastructure and create jobs. But none of these projects are long-term job builders. They give a “sugar hit” boost to the Property Council of the NT describes it and then will become an ongoing cost through repairs and maintenance.

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