

## **Deep green parlour-pink anti-development government**

By Greg Sheridan, The Australian, 16 April 2015

The Daniel Andrews government is the worst in modern Australia. It will do immense damage to the Victorian economy and to the Australian economy as well.

### **Folly unseen for decades in Australia**

Its [decision to spend something between half a billion and a billion dollars](#) in order not to build a road represents a kind of grandeur of folly unseen for decades in Australia.

There is a sheer, unrelenting stupidity to this decision, a kind of epic imbecility that combines Monty Python with Karl Marx in a distinctively Melbourne disharmony.

In repudiating contracts signed by the previous Victorian government, the Andrews government says it will spend \$339 million in money the consortium that was going to build the East West Link has already spent. And none of this is compensation, so we are told. If we are to take this at face value, it suggests the project was a very long way under way already.

The Victorian opposition says it had already spent \$400m of government money on the project. Federal Assistant Infrastructure Minister Jamie Briggs says there are at least another \$200m in costs in getting out of all the financial arrangements.

The Victorian government says there are \$80m of financial arrangements costs but these can be used to finance future infrastructure projects, though no such projects currently exist.

### **A crippling blow to Australia's reputation**

The reason this issue attracts the attention of a foreign editor is because it is a crippling blow to Australia's reputation as a place to do business.

It is a savage blow to Victoria but it also reinforces the growing international perception of Australia as an extremely high cost, uncompetitive, difficult place to do business, just as we used to be before the reforms of the 1980s and 90s. One of our great traditional strengths, political stability and legal and contractual reliability, is now under question.

Jennifer Westacott, chief executive of the Business Council of Australia, concludes: "The level of sovereign risk and uncertainty created by the decision not to proceed with the East West Link project is simply unacceptable."

### **Unacceptable sovereign risk**

That is a very big call. The BCA wants to attract foreign businesses to Australia. But it is forced to warn them that doing business with the Andrews government carries unacceptable sovereign risk, the two most toxic words international investors can hear.

Depressing Victorian politics seem to represent a new paradigm for Australia.

A Liberal-Nationals government gets elected to the intense hostility of the chattering classes. In policy terms it governs reasonably well but totally mismanages the politics, with internal instability and much harum-scarum nonsense. This leads to its replacement by a Labor government that broadly has the support of the chattering classes, manages the politics much better, but utterly monsters and ruins the economy.

### **A kind of deep-green ideological hatred of all development**

It is worth pausing for a moment to consider the scale of the East West decision in its own terms. Traffic congestion is getting worse in Melbourne every day. It is not on the level of Sydney but it is a significant inconvenience and a growing break on productivity. The East West link is obvious common sense. No one thinks it smart to have a freeway running straight into the CBD, forcing traffic to pass through congested central Melbourne when it could be linked up to the freeway system on the other side of the city. The benefit is so obvious that it takes a kind of deep-green ideological hatred of all development to oppose it.

The entire Victorian government contribution was supposed to be about \$2bn. The rest of the money would have come from the federal government and the private sector.

One day — God knows when — the Andrews government may have another infrastructure project to put to the feds. But that is years away. Federal money delayed is the same as federal money forgone.

The Andrews government has thus spent nearly half of the money it would have spent to get the road, in order to get nothing. Most of our state politicians are unsophisticated and little travelled, especially in Asia. Does Andrews have the faintest idea of how this madness looks to Asia?

### **Anti-business pattern of decisions**

The other critical aspect of the policy is the way, sadly, it confirms the ideological, anti-business pattern of the early decisions by the Andrews government.

This is a deep green/parlour pink anti-development government. Its worst decisions have been taken to appease the worst elements in the trade union movement, especially the CFMEU. The Andrews government abolished the construction code and the related compliance unit. It abolished compulsory drug and alcohol tests on building sites only to find that the union itself had changed its mind and decided these tests weren't a bad thing after all.

Building costs in Victoria are higher than anywhere else in Australia and a crippling enemy to jobs. The criminal element in the building industry in Victoria ought to be the subject of inquiry by some speck of the ABC's vast editorial budget.

In a nation reeling from uncompetitiveness, with the prices of our main exports in free fall, the Andrews government decided that we needed a new public holiday, on the Friday before AFL grand final day.

### **The government vetoed private floor for Cancer Centre**

In an act of ideological spite, the government vetoed a private floor for the new Victorian Comprehensive Cancer Centre, what would have been a 42-bed “Peter Mac Private” hospital. This overturned existing plans and overruled the independent governance structure of the hospital. Peter Mac board chairwoman Wendy Harris resigned in disgust.

The private hospital was meant to subsidise the public hospital. However, as Harris pointed out, the late decision also meant the hospital lost tens of millions of dollars of philanthropic funding that had been promised to the old model. The taxpayer must make that up and the philanthropic dollars may well leave Victoria.

This is all incredible. Andrews says he will introduce new legislation to stop governments from signing contracts near to elections. This just extends the caretaker period. Will Labor in future feel free to repudiate contracts signed just before the new legislated period before the caretaker period?

This is appalling government and will cost Australia dear.