

Fast-tracking is like skipping the details of the foundations of a building

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CORRUPTION is far more than simply money paid for a favour, even though that's what gets the public's attention. Benefits can also include overseas trips, promotions, indirect funding for favourite causes and many other perks.

For the corporations, favours such as rezoning land can mean billions and the individuals who give them are small players in comparison. As a major donation to a political party that's critical for a party's survival is trivial in terms of the value of a major project, a limit on political donations is essential to democracy.

But a larger problem is the massive public funding that is directed into unjustified projects that waste money, undermine the environment, place a drain on the future economy and corrupt whole groups of people.

Fast-tracking is a major contributor to this problem because by bypassing the checking process, cost variations down the track become almost inevitable.

The proposer's excuse will be that the project was fast-tracked and the government's that it, as would be expected, wasn't aware of any future variations.

Environmental damage creates costs for others in the future and the belated argument of "that's the price for progress" is false because the eventual economic cost invariably outweighs initial benefits.

The real costs aren't identified up front but someone in the future - and it may be the same generation of taxpayers - has to pick up the mess and the "progress" becomes regress, to the detriment of the economy. If the regulatory process does have unnecessary checks, they should be fixed in advance because they are preventing the government and the corporation from doing their jobs.

Fast-tracking is like skipping the details of the foundations of a building because we want to get going on the walls. Often there are cheaper, faster and more effective alternatives than large capital projects but they do not have the same high capital component and therefore are not as commercially attractive to the donors who are expected to tender.

Nor do they have the high political profile of a major capital investment and usually do not have to be fast-tracked because there is no reason not to fully plan them in advance.

Therefore they are not open to the same opportunities for cost escalations, which are the main sources of profit for developers.

Stormwater recycling and water savings - which are distributed solutions as compared with the high capital cost of a desalination plant - are classic examples. The classical supply-chain problem shows

that rules alone are not enough: There have to be ethical practices as well for the system to work. In the same way, the wider economy needs integrity at the top, as opportunities for corruption are far too complex to be controlled by simple financial procedures.

People will accept responsibility if they trust the system and we have to ensure the system justifies this.

This means better oversight of the political process through such mechanisms as the Upper House or other independent bodies, greater political independence of government departments and emphasis on their primary expertise and leadership in their fields.

This will give a reliable base for private enterprise, and Australia, to prosper. Alternatively, if the rules can be twisted for personal or party benefit, the system becomes unworkable.

KEY ROLE FOR GOVERNMENT

- Despite what some politicians say, the Government does have a key role in the market.
- It has to talk to business because it sets the rules and taxes.
- Government also gives grants and financial support in hard times.
- It decides what land can be developed and negotiates for business at an interstate regulatory level, such as for water and electricity.
- There is also an important diplomatic role for government in the area of overseas trade.

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