The privatisation of services in Australian cities has weakened public control of key infrastructure. This is likely to accelerate as governments look to market-led proposals to provide infrastructure.

For nearly three decades, the rationale for privatisation has been competition . Competition was expected to keep costs down, foster innovation and ensure the public interest was preserved.

Read more: ***Stumbling into the future: living with the legacy of the great infrastructure sell-off***

Now, the increasing resort to market-led infrastructure proposals means even the minimal safeguard of “competition” is disappearing. These unsolicited proposals by private firms have not been subject to competitive assessment.

Market-led proposals present a risk for how our cities function. If infrastructure is built in the interests of private actors, the outcomes will favour them, not citizens. Privatising key public assets that are natural monopolies , such as railways, opens the door to rent-seeking .

While allowing governments to conveniently avoid the capital costs appearing on public balance sheets, market-led proposals seem engineered to deliver monopoly rents from users to private interests.

To stop this exploitation, governments need to reassert the public interest in procuring and operating key infrastructure. This includes ensuring new infrastructure is integrated with existing networks and meets the needs of all citizens. Governments must explicitly guard against financial or user-charging arrangements that disguise exploitative rents to private operators.

A lack of transparent government oversight will result in even more public protest and resistance in the planning of cities.

Read more: ***Sidelining citizens when deciding on transport projects is asking for trouble***

Who plans the future city?

Concerns about market-led proposals are important because the planning of Australian cities and regions is no longer the sole domain of government. Often market-led proposals emerge where governments have vacated policy and planning by simply not having a plan.

At the national scale, a consortium of property interests has proposed the CLARA (Consolidated Land and Rail Australia) project to build high-speed rail between Melbourne and Sydney. The scheme would give the consortium the monopoly right to develop land, building new "CLARA" cities along the route.

In the capital cities, private consortia are filling voids in government planning by proposing, planning and building "city-shaping" infrastructure. We see this in Melbourne, where market-led proposals to build an airport rail link and the West Gate Tunnel have appeared in the absence of a metropolitan transport plan.

Read more: ***Victoria needs a big-picture transport plan that isn't about winners v losers***

Although the Victorian government has been considering preferred options for an airport rail line, a private consortium has produced an unsolicited proposal along an alternative route.

Comprising Melbourne Airport, Southern Cross Station, Metro Trains Australia and IFM Investors, AirRail Melbourne’s A$5 billion bid is being assessed under the Victoria government's market-led proposal guidelines .

If approved, the AirRail model would hand control of a key link in Melbourne’s metropolitan rail network to a private company, allowing monopoly pricing and servicing that puts profit before public interest. The consortium is proposing a fare of up to A$20, thus placing the link outside the zone-based public transport ticketing system. Currently, travel is viewed as a public service available to all passengers at a uniform fare.

In both Sydney and Brisbane, privatised airport rail lines operate on separate fare structures that reflect their private financing.

Lack of transparency is a problem

According to the Victorian guidelines , unsolicited proposals are meant to follow "a transparent and fair process while maintaining the highest level of probity and public accountability".

But there are plenty of examples of problems wrought by market-led proposals.

For instance, just last week the state auditor-general was highly critical of the A$6.7 billion West Gate Tunnel project, which was approved in 2017. This project has been criticised before for lacking transparency about the financial benefits – more than A$37 billion in additional toll revenue – reaped by its proponent , Transurban.

This lack of transparency raises questions about the impacts market-led proposals have on the integrity and effectiveness of infrastructure planning. How can the public interest be defended if the mechanisms in place to ensure this are compromised?

An earlier auditor-general's report concluded:

In terms of transparency, government has yet to finalise how it communicates the costs, funding, rationale and expected benefits of committed unsolicited proposals. Current approaches to reporting on infrastructure projects do not adequately convey this information to the community.

The auditor-general's report on market-led proposals last week also raised doubts about the assessment process for the West Gate Tunnel. The project was nominally "bundled" with the Monash Freeway widening, with the latter gifting its higher benefits to the tunnel project.

Concerns have also been raised at the national level.

In 2016, the chair of the Australian Competition and Consumer Commission, Rod Simms, warned against a model of privatisation that gives monopolies and oligopolies control over pricing the maintenance of what are really public assets.

Read more: ***Making sense of the global infrastructure turn***

Public interest planning must be restored

We haven't yet lost all public control of our cities. But if we are not paying attention, the path we are on is a worrying one.

A sure way to avoid further erosion of the public good in infrastructure planning is to abandon the approach of market-led projects. These shadowy, inequitable processes are surely undermining public confidence in the governance of cities, and in government in general.

We urge governments not to further privatise more public, especially monopoly, assets, as proposed in the airport rail bid. Governments must ensure infrastructure is built in the public interest, not shaped by the needs of private capital.

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Read more http://theconversation.com/market-led-infrastructure-may-sound-good-but-not-if-it-short-changes-the-public-127603