INFRA-FISCAL RADAR · WEEKLY

Week of 11 August 2026 · Issue 01

Four infra-fiscal cases this week. One lesson.

Across four continents this fortnight, the same pattern: the real fiscal risk isn't on the headline balance sheet — it's in the **commitments, guarantees, overruns and state-owned enterprises the framework doesn't see.**

A quick technical read on four live cases — what happened, and the one governance fix each one needs.

Austral Fiscal & Infrastructure Intelligence · drawn from public reporting, with the Austral research series referenced throughout.

UNITED KINGDOM · MEGAPROJECT

HS2: £102.7bn — and up to 13 years late.

HS2 (“High Speed 2”) is Britain’s flagship high-speed rail line, meant to link London, Birmingham and the North. It has become the reference case for how public megaprojects go wrong.

£102.7bn up from ~£33bn at approval; opening slipped to **2036–2039**, the northern legs scrapped, £2.7bn written off

The Public Accounts Committee called it *“a casebook example of how not to run a major project.”* **A third of the overrun is pure inflation** — estimates that were simply not refreshed as the project ran.

> **The fix isn’t the engineers — it’s the gate.** Overruns like this are predictable, not bad luck: they show up as red flags at approval, and inflation can be stress-tested before commitment. Screen for both *at the gate*, not after the cranes arrive.
>
> Austral papers → ***The Intelligent Gate*** · ***The Indexation Ceiling***

GLOBAL · THE BLIND SPOT

Your fiscal framework is a flow statement.

Almost every fiscal rule watches **flows** — the deficit, the primary balance, debt-to-GDP. But a government's biggest risks are **stocks**: guarantees, PPP commitments and state-owned-enterprise exposures that sit **off the balance sheet** and stay invisible until they fire.

6% of GDP

the average fiscal hit when a contingent liability is realised — and **debt jumps ~15% of GDP** (IMF)

A deferred subsidy or an implicit guarantee behaves like debt — but is reported, if at all, only in a footnote. Investors already price it; the framework does not.

> **Move from flows to the balance sheet.** Record deferred commitments on an accrual basis as the liabilities they are, and disclose and price the contingent tail — so the anchor covers the whole perimeter, not just the visible part.
>
> Austral papers → ***The Anchor and the Perimeter*** · ***The Recognition Rule***

INDONESIA · GETTING IT RIGHT

Recalibrating the toll-road guarantee.

Indonesia funds much of its motorway network through PPPs backed by a **minimum-revenue guarantee (MRG)** — the State promises to top up the concessionaire's income if traffic falls short. It unlocks private capital, but it also hands the government a **demand-risk liability that can balloon quietly.**

Its new rules — **Public Works Regulation No. 2 of 2026** — tighten unsolicited proposals and the MRG framework. A rare case of **fixing the tool before the crisis**, not after a bailout.

> **A guarantee is leverage, not free money.** The discipline is the same everywhere: price the tail (what could the top-ups actually cost?), cap the exposure, and disclose it on the books — then the guarantee mobilises capital without the moral hazard.
>
> Austral papers → ***The Third-Party Guarantee Decision*** · ***Stress-Testing Portfolios***

GHANA · THE OTHER GOVERNMENT

SOE losses, post-IMF, threaten the debt path.

Ghana exited an IMF programme, but its **state-owned enterprises** — power, utilities — keep running losses. Because everyone assumes the State will stand behind them, those losses are an **implicit guarantee**: unpriced, off-budget, and quietly compounding onto the sovereign balance sheet.

It is the classic pattern: the exposure is **discovered too late**, when a bailout is already unavoidable and the fiscal cost is large.

> **Rules before rescue.** Make guarantees and transfers conditional on binding SOE performance gates, and track each SOE's financial health with an early-warning lens — so budget pressure is seen years before it becomes a crisis.
>
> Austral paper → ***Stress-Testing Portfolios*** (SOE fiscal-risk monitoring)

THE THROUGH-LINE

The risk is on a balance sheet nobody keeps.

Overruns, guarantees, SOEs, deferred commitments — four faces of one gap: **frameworks built for flows, blind to the stock of risk.** The tools to see it exist:

VfM value for money	Choose the delivery mode on whole-life cost and risk.
FARO PPP fiscal risk	Quantify the commitment and the contingent tail.
GFS accrual accounting	Record the deferred commitment as the liability it is.

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