Build faster, bring costs down: Baird

Jenny Wiggins
The public sector and industry in NSW are being urged to build infrastructure projects faster as the state government investigates how to cut the costs.

"The procurement we're currently undertaking shows that competition is helping, but is there structurally something that we have to do as well?" NSW Treasurer Mike Baird told The Australian Financial Review at the University of Wollongong's symposium for next-generation infrastructure in Sydney.

"What's missing more broadly across the public service is an understanding that time is money," Mr Baird said, adding government needed to work with industry to reduce the time taken to build projects.

"There's a view from industry that there is a capacity to bring down that cost and that is something that we're keen to pursue."

Mr Baird acknowledged that better long-term planning, such as setting aside corridors for the development of roads and rail projects, could help cut costs by reducing the need for tunneling underneath development areas.

The NSW Coalition government's proposed $30 billion WestConnex road project, which will run through heavily urbanised neighbourhoods in Sydney, will create Australia's longest road tunnel.

The government will encourage private-sector participation on WestConnex, which will cost about $1.5 billion in federal funding to build the first section and charge tolls to help fund later stages.

"We expect future private-sector involvement such as superannuation funds taking out the state government's equity position," Mr Baird said, adding the proposed model created a brownfield asset that would be attractive for pension funds to invest in.

David Edwards, director-general for the Queensland Department of State Development, Infrastructure and Planning, said the state was focusing on projects that were affordable and which could be managed.

Queensland, which along with NSW is investigating why infrastructure costs are so high, historically had an "uncoordinated and piecemeal" approach to projects, and built too many "Taj Mahals" during the resources boom, he said.

The government is planning on prioritising projects, such as a freight corridor to the Port of Brisbane. Despite the financial collapse of toll roads such as the Clem Jones Tunnel and Airport Link in Brisbane, Queenslanders did not have an inherent aversion to paying tolls, Mr Edwards said.

Instead traffic figures had been over-estimated in planning. "Sometimes when the bankers and financiers get involved, we do see a bit of an awkwardness in some of these traffic figures," he said.

Former NSW Premier Nick Greiner agreed poor performance of public-private partnerships such as Sydney's Cross City Tunnel, which went into receivership for the second time last month, was driven by "competitive juices" pushing up costs. But he said the model should not be abandoned.

"What was wrong was the way they were structured," he said.

Shirley Irvt Veld, a board member at CSIRO and a non-executive director at ports group Asciano and energy utility Duet Group, said a combination of factors extended project timetables and costs, including talent shortages, poorly designed equipment and sabotage.

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