Infrastructure Wollongong’s green paper pans wasteful spending

COAG control, trust keys to way forward

Exclusive

Jenny Wiggins

Some state treasurers have backed calls for improved co-operation with the federal government on infrastructure projects after a university research group criticised “wasteful spending”, saying the statutory advisory agency Infrastructure Australia should be quarantined from federal politics.

The University of Wollongong’s SMART Infrastructure Facility has recommended IA be governed and funded by the federal-state-territory Council of Australian Governments, which IA advises, in a green paper by the group that criticises the nation’s “wasteful spending”.

NSW Treasurer Mike Baird said states and federal agencies needed to work more collaboratively on assessing economic priorities.

“I don’t really think it’s a funding issue, it’s a co-operation issue,” Mr Baird told The Australian Financial Review.

“The former [state] Labor government was spending a lot of time working on projects that really didn’t have a lot of economic merit to them,” Mr Baird said.

“A good example of where that fell apart was the CBD Metro [rail project in NSW]. The former state government went all in on a project that really had no economic sense or structure to it.”

The former state government scrapped plans for a $5 billion metro system in Sydney in 2010 in favour of expanding the state’s heavy rail system, with the change of plans costing taxpayers about $500 million.

Garry Bowditch, chief executive of SMART Infrastructure, said more “trust” was needed between the federal government and states to encourage the exchange of information.

“Let’s quarantine infrastructure from dysfunctional federalism and start to get it right,” he said. “Conditions of trust and co-operativeness clearly don’t exist.” Queensland Treasurer Tim Nicholls said that while co-ordination with the federal government was important, states were best placed to identify their own infrastructure needs.

“The federal government, with its greater resourcing capacity, needs to fund the states with untied grants that can be used for local priorities,” Mr Nicholls said.

Calls for more trust between governments come as tensions were exposed by IA head Michael Deegan last week in a submission to a Senate inquiry on the Coalition’s proposed changes to the advisory body.

State and territory governments had resisted efforts to “rigorously document” their infrastructure plans and project proposals, Mr Deegan said. “The reluctance of proponents to open their proposals to reasonable inquiry smacks of a ‘just trust us’ approach.”

Federal ministers have disputed claims by Mr Deegan that planned changes to IA’s governance structure, which could see Mr Deegan lose his job, would make it less independent.

“We think having an independent board [appoint a new chief executive] makes it far more independent,” Assistant Infrastructure Minister Jamie Briggs said.

But some urban planners also believe IA needs to be isolated from federal politics.

“Australia needs an end to political selection of infrastructure projects and some transparent governance processes and selection criteria to get the right projects for the nation at the right price,” Tim Williams, chief executive of the business and professional group the Committee for Sydney, said.

SMART’s green paper makes more than 30 recommendations, including calling for greater transparency of cost-benefit analyses.

Roger Black, executive director of the Infrastructure Association of Queensland, criticised a lack of common standards, noting some cost-benefit analyses were developed to make projects “stack up.”