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John Menadue: Pearls and Irritations

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'The white elephants of NSW'

By ALEX MITCHELL | On 12 June 2020

Recent economic policy in NSW requires the nimbleness of musical chairs. One day everyone is in favour of neoliberalism and austerity, then they change the minds and everyone adopts Keynesian big spending. As a result, billions of dollars have been wasted on projects that don't stack up.

NSW Treasurer Mike Baird, later to become Premier, pulled a golden rabbit from his 2016 Budget hat – \$3.8 BILLION on new, re-opened and renovated prisons. Even “string-‘em-up”, “law-‘n’-order” and “flog ‘em” Coalition backbenchers were astonished. They went off to members’ bar to celebrate.

The desalination plant at Cronulla was another heart-stopper. Labor and the Liberals spent a total of \$1.8 BILLION on this monstrosity, almost twice the original estimate.

Have you ever drunk a glass of desal water? Probably not. The plant opened briefly during the long drought and then shut down again. This week NSW Treasurer Dominic Perrottet said he would flog it. It's called corporate euthanasia.

The other big budget item was football stadiums at Parramatta, Penrith and Sydney's Moore Park costing billions of dollars – all underwritten by public money. Taxpayers forked out the cash while football directors shared free drinks, food and tickets.

The initial budget for Sydney Football Stadium, to be torn and down replaced, was \$720 million. Then it rose to \$828 million and now with “weather delays and the pandemic” the cost has risen a shiver away from \$1 BILLION.

In all three cases – prisons, desalination plant, and football stadiums – public money has been squandered on projects of dubious or uncertain value.

Let's start with prisons. The number of inmates in NSW corrections facility is FALLING. The crime rate is DOWN. Responding to the fall in numbers, the Department of Corrective Services is closing facilities at Brewarrina and half a dozen other places.

In other words, NSW taxpayers have the bizarre situation of falling prison numbers and falling crime rates accompanied by a prison-building programme of historic proportions. Is this a colossal waste of public money or what? Who is to blame? When different sectors of the economy are crying out for money, wouldn't it be sensible to hold a Royal Commission, or some form of public inquiry, into where the money went and who got it?

The new rationale for lavish spend is jobs, jobs, jobs. But on every major infrastructure project to date, costs have blown out without any commensurate increase in jobs: light rail, WestConnex, the Powerhouse project. How many more jobs at either of these projects? None. There are less jobs than before.

An efficient public service would be able to intervene to limit the overspend. But the public service has been emasculated by the mania for getting costs off the books, i.e. reducing staff and getting rid of valuable experience.

A case in point is light rail, an outstanding project which was implemented arrogantly, amid much secrecy and ultimately a disaster. If the Public Works Department hadn't been abolished, someone might have been able to point out that Spanish contractor Acciona hadn't been fully briefed about the underground power lines that caused the delay and the cost overrun.

It is conservatively estimated that 3,000 public service jobs have been lost in the current financial year. The result of the purge is that staff are so terrified of losing their own jobs that no one is giving independent advice. It's the television comedy Utopia on steroids.

We now have a Department of Planning that has become the tool of Coalition politics, and an "Independent" [sic] Planning Commission that rubber-stamps Government-preferred projects.

With the budget in tatters as a result of the bushfires and COVID-19, the NSW Government has now announced a \$3 billion "acceleration fund" for what Premier Berejiklian calls "shovel-ready" projects.

But the choice of projects makes no sense at all. Why abandon the ANZ Stadium rebuild, but go ahead with the demolition of the Powerhouse Museum in Ultimo and put up a completely unsuitable new building in Parramatta? It's the wrong building for the Western Sydney city; it can't house the museum's collection; and it's already known that the costs will blow out to at least \$1.6 billion.

All the new Keynesian spend will go into the pockets, ahem, balance sheets, of private developers and big building companies. If jobs are the priority, create them in the public sector – more health workers, more teachers, more fire fighters etc etc.

You wouldn't trust this lot to build your garden shed, let alone State significant infrastructure. NSW politicians are fond of saying "Money doesn't grow on trees" and they're right. Except when the money is ours.

Alex Mitchell is a former Sydney Sun-Herald State Political Editor whose commentary appears every Friday. His latest book is Murder in Melbourne – The Untold Story of Palestinian exchange student Aiaa Maarsarwe. Available [here](#).