

Office of the Coordinator-General

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28 January 2026

Senate Finance and Public Administration Committees
PO Box 6100
Parliament House
Canberra ACT 2600
fpa.sen@aph.gov.au

Dear Sir/Madam,

Financial Support for State and Territory Infrastructure Projects

Thank you for the opportunity to provide a response to the Finance and Public Administration References Committee's inquiry into financial support for State and Territory infrastructure projects.

The Office of the Coordinator-General (OCG) is Tasmania's principal entity to attract and support investment in the state. Our Office provides a single point of contact for businesses looking to establish, expand or relocate to Tasmania. We work across a variety of sectors in three distinct areas: investment attraction, red tape reduction and strategic project facilitation.

In this context we work with international, national and local businesses across all sectors, including providing case management services to help companies navigate support pathways at state and local government level, as well as providing advice on opportunities for Australian Government assistance.

As such, we have extensive experience in assisting businesses seeking access to Commonwealth funding support for infrastructure development. In certain circumstances we are also the proponent for major infrastructure projects, and have considerable direct experience of Commonwealth funding policies, programs and practice.

We note the scope of the inquiry:

1. the criteria and processes used by the federal government to assess, prioritise and allocate infrastructure funding;
2. the transparency, consistency and accountability of federal funding decisions;
3. how the viability and appropriateness of state and territory projects receiving federal funding is assessed, including the adequacy of business cases, rural and regional distribution impacts, and use of independent assessments;
4. how the economic, social, cultural and community impacts of federally supported infrastructure projects are considered during assessments;
5. federal oversight mechanisms used to track progress and performance of a state or territory project receiving federal funding and opportunities to improve governance, oversight and public reporting; and
6. any other related matters.

The OCG offers a recommendation that Australian Government financial support for State and Territory infrastructure projects can be most effectively delivered across all these areas of inquiry through:

Continuity

The OCG acknowledges the absolute right of the Australian Government to alter programs, especially following elections and changes of government. However, program continuity or the development of alternative programs for which approved proposals are eligible (but which can still include re-evaluation to ensure appropriateness), is critical to the successful development of major infrastructure projects which span electoral cycles.

For example, the Australian Government's decision to curtail the previous government's Community Development Grant (CDG) program by bringing forward the date by which projects must have been completed resulted in a meritorious project becoming ineligible for funding support, with no alternative funding option being developed.

Consistency and Clarity

It is important that decision-making is consistent, with the rationale clearly outlined. Inconsistent decision-making undermines confidence and credibility in programs (and by extension, the government).

By way of example, in 2024 the Australian Government committed infrastructure funding to support the planning of a key access initiative intended to enhance transport capacity and visitor movement within a sensitive, high-value environment.

Subsequently, the Australian Government advised that the same initiative was not eligible for Commonwealth infrastructure funding support for construction, on the basis that it did not meet legislative requirements. This later position appears inconsistent with the earlier approach.

In addition, there is ongoing significant inconsistency with the level of detail required for funding applications. In the past 18 months the OCG has submitted one funding application seeking less than \$3 million that required three months of preparation and information gathering and the completion of a 48-page application plus extensive supporting information, and another application seeking \$7.5 million which required an application of two pages (maximum) and limited supporting information. Both applications were for planning and infrastructure development.

Communication

The OCG has noted ongoing challenges with the level of communication provided regarding the status and advancement of funding applications. This is especially impactful when attempting to keep project stakeholders up to date, and damages credibility.

In mid-2025, the Tasmanian government was invited by a federal agency to prepare and submit an application for funding under a new national initiative, with a short turnaround timeframe. During discussions with the Commonwealth, it became apparent that separate parts of the federal system were developing similar initiatives without full awareness of each other's work. This was subsequently resolved, and it is understood that the programs were consolidated. This highlighted an opportunity for improved internal coordination within the Commonwealth regarding program design and rollout.

An application was prepared involving manufacturers and suppliers, major industrial users, local government and industry bodies. That is, the OCG was able to rapidly engage with strategic stakeholders and prepare an application that met the program criteria as well as addressing critical needs for regional housing in Tasmania.

Since lodgment there has been one generic email indicating that the program was being reviewed. This situation is disheartening for all participants and has had a material impact on housing supply as stakeholders are unwilling to commit to other proposals until they have clarity on the outcome of this program application. This hesitation is not due to assumptions about the application being

successful; rather, stakeholders have finite resources and require timely advice from the Commonwealth to make informed decisions about their forward planning.

Consultation and Collaboration

It has been the OCG's experience that infrastructure development success is improved where there is genuine collaboration and consultation between Australian and State governments in the design and implementation of funding programs. Local knowledge is critical to understanding specific project challenges (supply chain, workforce, regional pricing variation, worker accommodation and many other matters that directly impact project cost and viability).

With extensive local knowledge and experience, the OCG is well placed to provide input into both program design and delivery, as the following example illustrates:

A national infrastructure grant was provided to a private operator to support upgrades to aspects of its operations. The funding was intended to assist the operator to modernise parts of its facility and strengthen its overall systems and processes.

While internal upgrade work has progressed well, another component of the project encountered significant delays. These delays arose from the complexity of the approval requirements and differing understandings among the organisations involved regarding the sequence of information needed. This resulted in a prolonged administrative stalemate.

The issue was brought to the attention of the OCG in late 2025 by a local authority. Around the same time, the Australian Government also contacted the OCG seeking assistance to resolve the impasse, noting that extended delays could put the grant at risk.

A meeting was held in early January 2026 during which the Australian Government outlined its concerns about the stalled approval processes. Following this, the OCG engaged with the relevant bodies within 24 hours, prompting renewed communication and coordination among the organisations involved.

As a result, a pathway to progress the outstanding matters was identified, and follow up discussions were scheduled for the following week, with the OCG available to continue providing coordination support as needed. The OCG subsequently updated the Australian Government on the progress and clarified the factors that had contributed to the delays.

The OCG would value more regular and consistent engagement with the Australian Government to strengthen collaboration and better support and facilitate future Commonwealth investment in Tasmania.

Capacity

The OCG strongly supports the delivery of project support through planning and implementation/construction phases. This allows for continuous improvement and adjustment, especially for those infrastructure projects that are complex and/or have long build times.

However, it is essential that such programs are appropriately budgeted, with sufficient contingency to cover cost increases and unavoidable delays. Several infrastructure programs (for example, the regional Precincts and Partnerships Program) have been delivered (and modified) in ways that may suggest oversubscription and budgetary challenges for the implementation phases of proposals that have successfully applied for planning funding.

The OCG also notes the increased expectation that proposals are able to quantify the economic, social, cultural and community impacts of federally supported infrastructure projects. It has, however, been the OCG's experience and that of the proponents with whom it works, that there is little guidance (and little consistency within that guidance) as to how such impacts should be meaningfully measured and subsequently evaluated. The OCG believes that there should be consideration of investing in the development of consistent measurement metrics of these impacts to support proponents and more effectively measure impacts.

Related to this aspect of Australian Government expectations is the increased requirement to incorporate co-benefits for Australia's aboriginal people in project proposals. To be clear, the OCG does not dispute the critical importance of ensuring Australian Government-funded projects deliver benefits to indigenous Australians. But at present, there does not appear to be either consistency in how this requirement is expected to be delivered, nor a recognition that the capacity for indigenous participation varies regionally, and that determining the appropriate level of participation and the nature of co-benefits should involve indigenous Australians at the regional level.

Thank you again for the opportunity to provide a response on this important matter.

Yours sincerely

Dennis Hendriks
Acting Coordinator-General