



LEGISLATIVE ASSEMBLY

STANDING COMMITTEE ON PUBLIC WORKS

REPORT

**THE NATIONAL CONFERENCE OF
PARLIAMENTARY PUBLIC WORKS AND
ENVIRONMENT COMMITTEES 2000 DARWIN,
NORTHERN TERRITORY**



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CHAIRMAN'S FOREWORD

The National Conference of Parliamentary Public Works and Environment Committees 2000 was held in Darwin. It addressed a number of important issues relating to capital works procurement and the environment.

These annual conferences serve a number of important purposes.

Firstly, they allow committees from across the country to exchange information on the issues which are current in their jurisdictions. This cross-fertilisation is very beneficial, as a number of examples highlight. South Australia carried out an inquiry into the benefits of a Sustainable Energy Authority after having learnt of the operation of this NSW organisation at the NSW conference in 1998. Last year, the ACT Urban Services and Planning Committee returned from Hobart full of praise for the land information system in operation in Tasmania. A similar system is now being implemented in the ACT.

Secondly, the conferences provide the opportunity for a Committee, in carrying out an inquiry, to learn from others who have already inquired into the issue. This helps to focus on the essential issues and better develop a methodology for any such inquiry.

Thirdly, Committees can compare administration and management approaches employed by the various Committees. In this way it is possible to identify techniques which can be adopted to further enhance the efficient and effective operation of the Committee. By way of example, the Queensland Public Works Committee, at this year's conference, outlined cost savings it has made with report formatting as well as utilising the Internet to reduce printing and advertising costs.

Finally, the conferences allow committee staff to develop networks and contacts they can utilise during the time between conferences.

On behalf of the Committee, I would like to thank our hosts from the Northern Territory Sessional Committee on the Environment for organising such an interesting, informative and enjoyable conference and I look forward to next year's conference in Canberra.

Diane Beamer MP
Chairman

THE HISTORY AND FUNCTIONS OF THE COMMITTEE

The Standing Committee on Public Works was originally established in New South Wales in 1887. Its operations were suspended in 1930.

It was re-established by Motion of the Legislative Assembly on 25 May 1995 with the following Terms of Reference:

That a Standing Committee on Public Works be appointed to inquire into and report from time to time, with the following terms of reference:

As an ongoing task the Committee is to examine and report on such existing and proposed capital works projects or matters relating to capital works projects in the public sector, including the environmental impact of such works, and whether alternative management practices offer lower incremental costs, as are referred to it by:

- *the Minister for Public Works and Services, or*
- *any Minister or by resolution of the Legislative Assembly, or*
- *by motion of the Committee.*

The terms of reference were renewed on 3 June 1999 by the 52nd Parliament.

The Committee comprises seven members of the Legislative Assembly:

- Ms Diane Beamer MP, Chairman
- Mr Matthew Brown MP, Vice Chairman
- Mr Paul Gibson MP
- Mr Kerry Hickey MP
- Mr Andrew Humpherson MP
- Mr Adrian Piccoli MP
- Mr Tony Windsor MP.

The Hon Paul Whelan, Minister for Police and Leader of the Government in the Legislative Assembly, expanded on the role envisaged for the Committee by the Parliament in a speech to the House on 25 May 1995:

The Committee may inquire into the capital works plans of State-owned corporations and joint ventures with the private sector. The Committee will seek to find savings in capital works programs whilst achieving a net reduction in environmental impacts by public sector developers. The Committee's work is expected to provide incentives to the public sector to produce more robust cost-benefit analyses within the government budgetary process and to give more emphasis to least-cost planning approaches. The Committee will be sufficiently resourced to enable it to conduct parallel inquiries into specific projects and capital works programs generally.... it will have sufficient resources to inquire into the capital works program of all government agencies whose capital

works programs affect the coastal, environmental and transport sectors.

The Standing Committee on Public Works absorbed the functions of the Standing Committee on the Environmental Impact of Capital Works, which had been established by the 50th Parliament.

In the Fifty-First Parliament, the Committee examined health, education, Olympics, waterways and transport infrastructure as well as urban and environmental planning issues. It also investigated the development and approval processes for capital works procurement across the public sector.

In the current Parliament, the Committee has tabled three reports:

- *Report on Capital Works Procurement* (Report No.1, September 1999).
- *Report on the National Conference of Parliamentary Public Works and Environment Committees 1999, Hobart, Tasmania, and*
- *Inquiry into Infrastructure Delivery and Maintenance: Volume One- Report on Office Accommodation Management*

Currently, the Committee is conducting the following inquiries:

- Infrastructure Delivery and Maintenance (Project Management and Technical Services), various volumes¹
- Sick Building Syndrome.
- Government Energy Targets.

¹ This inquiry will generate multiple reports including Government Office Accommodation, Plant and Equipment, Asset Maintenance Systems, Capital Procurement Issues, and the Role and Performance of the Department of Public Works and Services.

THE CURRENT INQUIRY

The National Conference of Parliamentary Public Works and Environment Committees 2000 was held in Parliament House, Darwin, Northern Territory from 17-19 July 2000.

The conference is an annual event which brings together Committees from all States, Territories and the Commonwealth to discuss their activities and wider issues relating to infrastructure delivery and the environment.

The Public Works Committees Conference

The Conference was held over two days on 17-18 July 2000. The agenda is contained at Appendix One. Sessions at the conference included:

- Reports by each Committee on activities during the past year
- Australasia Railway Project (Alice Springs to Darwin)
- Briefing and site inspection of East Arm Port (Darwin's new port)
- Private Building Certification in the Northern Territory
- Northern Territory Land Information System

The report to the conference by the New South Wales Committee is contained at Appendix Two.

A summary of the powers and functions of Public Works and Environment Committees is contained in Appendix Four.

The Environment Committees Conference

The Conference was held on 19 July 2000. The agenda is contained at Appendix One. Sessions at the conference included:

- Reports by Committees on activities during the past year
- Northern Territory National Parks Master Plan
- A number of environmental issues including Uranium Mining at Ranger

The report to the conference by the New South Wales Committee is contained at Appendix Three.

A report of the Public Works Committees' conference is provided in Chapter One and the Environment Committees' conference in Chapter Two.

The conferences will be hosted by the Federal Parliament next year.

CHAPTER 1

PUBLIC WORKS CONFERENCE

1.1 INTRODUCTION

The National Conference of Public Works Committees was held over two days.

The conference commenced with a key note speech on the Alice Springs to Darwin Railway (the Australasia Railway Project.).

This was followed by reports from all the Committees on matters relating to their activities over the last year as well as issues of interest and planned activities.

Committees were then briefed in detail on the following issues:

- The new port facilities at East Arm Port (including site inspection)
- Private Building Certification in the Northern Territory
- The Northern Territory Land Information System

The Committee reports on each of these topics below.

1.2 AUSTRALASIA RAILWAY PROJECT

For over a century the dream of north-south transcontinental rail connection has existed.

Between 1975 and 1980, the Federal Government built a new standard gauge line between Tarcoola and Alice Springs. Yet Darwin remained the only mainland capital city not linked by the national rail network.

In October 1999, the Federal, Northern Territory and South Australian Governments reached agreement on the financial arrangements to complete the final rail link between Alice Springs and Darwin.

The railway is being developed as a BOOT project. AustralAsia Railway Corporation is managing the project on behalf of the Northern Territory and South Australian Governments. The Asia Pacific Transport Consortium is expected to construct the line. However, all three governments are making significant financial contributions- with \$165 million each from the Northern Territory and Commonwealth governments (through the Federation Fund) and \$150 million from the South Australian government. This financial commitment recognises the significance of this trade route which links Asia and Darwin to the southern and eastern regions of Australia, regional benefits and defence benefits.

The project is the construction of 1410 kilometres of single track standard gauge railway. The estimated cost is \$1.2 billion.

In raw numbers, the project will require:

- 155,000 tonnes of steel rail
- 3,500 tonnes of structural steel
- 15,000 metres of culvert pipe
- 9.2 million steel spring fasteners
- 100,000 cubic metres of pre-stressed concrete
- 2.2 million cubic metres of ballast
- 15 million cubic metres of earthworks
- 2.3 million sleepers.

It is essentially being constructed as a freight line linking Melbourne and Adelaide with key north Asian ports in Korea, Japan, and China. The trade is anticipated to reach 50,000 containers per year after five years and 100,000 within the next five. Cargo will be time sensitive and high value commodities.

The line is essentially a freight corridor but it may carry some passenger traffic.

The economic and employment benefits of the project were estimated by Access Economics in 1999 as:

- increase in national GDP by \$660 million over the construction period and \$4.5 billion over 25 years;
- increase in Northern Territory GSP (gross state product) by \$200 million over the construction period and by \$3 billion over 25 years;
- increase in South Australian GSP by \$360 million over the construction period and by \$3 billion over 25 years;
- increase national employment by 7,100 jobs in 2001/2002 as a direct result of the project, with up to 2000 jobs created during construction.

The benefit cost ratio of the project is estimated to be 1.88:1

The railway will be connected to the new Darwin Port, a three stage project which is already under construction. (See below).

It was necessary to construct the new port in Darwin because it was deemed impractical to run large trains (over one kilometre) through the city to the old port. As well, the new site is the only natural deepwater port in the region. (for more details see 1.3 below)

The broad timeline for the project has been:

August 1997	National and international advertising
December 1997	Registration of Expressions of Interest
April 1998	Three consortia invited to submit detailed proposals
March 1999	Detailed proposals submitted
June 1999	Preferred Consortium announced
May/June 2000	Contractual close
June/July 2000	Financial close

2000 Construction begins
2003 Construction completed

1.3 NEW PORT FACILITIES AT EAST ARM PORT

A vital part of the new rail line is the new Darwin Port. Located at East Arm, the port is planned to be a highly efficient transshipment hub for regional trade.

This was the site inspection for the conference.

The port is being developed in two stages with the potential for a third stage development if warranted.

Stage One was completed and commenced operations this year at a cost of \$97 million. (A copy of the Masterplan can be found in Appendix 5).

The East Arm port site, which is Darwin's only deepwater port, is adjacent to a 1700 hectare greenfield site which includes Darwin's Trade Development Zone and industrially zoned land suitable for export based industries. In fact a number of operations with export potential had already been established in this area. In order to ensure the most appropriate development in this area, a land use management plan has been developed.

The site is well away from urban developments and has the potential for considerable expansion in the future.

Stage One of the project has established 490 metres of land-backed wharf to cater for live cattle trade, rig tenders, bulk imports and general cargo. The port is useable in all conditions, with the depth of the approach channel at low tide being 12 metres. The general purpose wharf provides one 13 metre berth and a 14 metre berth.

Stage Two is to be developed in two phases.

Stage 2A will comprise:

- Extension of the general purpose wharf to 600 metres
- Construction of a 220 metre container wharf and intermodal terminal
- Provision of dedicated bulk liquids berth
- Construction of the railway access embankment

Stage 2B will comprise:

- Extension of the container terminal wharf to 300 metres and storage area
- Reclamation of further land behind the general purpose wharf
- Provision of bulk solids exports facilities (with a low tide berth depth of 15 metres this wharf will be able to accommodate large vessels)

Stage Two will include a sophisticated high-capacity container handling facility, which will ultimately have the capacity to handle up to 500,000 containers per year.

Long term developments will provide for ship repair and maintenance, gas and oil supply services and bulk ore exports.

It is planned that the East Arm Port, in conjunction with the new rail line, will play a vital role in regional, national and international cargoes. It is expected to provide an efficient and time saving alternative to current services. These two linked infrastructure projects complete “a seamless transport system, linking Australia’s southern centres of economic activity and the world’s fastest growing region – Asia”.

1.4 PRIVATE BUILDING CERTIFICATION IN THE NORTHERN TERRITORY

Prior to 1993 the operation of building certification in the Northern Territory was similar to the rest of Australia in that certification was the responsibility of government. Thus, the Northern Territory was directly responsible for a process which included approvals, inspections, enforcement and records. It was estimated that the cost to the building industry and the general community of this bureaucratic involvement and over-regulation was in the order of \$1 billion per annum.

The Building Act of 1993 provided for the full private building certification.

Building practitioners were given full legal responsibility for carrying out inspections and issuing Building Permits and Occupancy Permits and, where necessary, building notices and orders for enforcement.

The Act has changed the Government’s role from operational enforcement to supporting private sector professionals in ensuring appropriate building standards. It does this by:

- providing a technical advisory service to industry, Government and the public;
- developing policy and legislation to ensure that the regulatory framework meets contemporary requirements;
- monitoring, auditing and enforcing the Building Control system;
- maintaining the central Building Records system; and
- providing administrative and technical support to Statutory Bodies.

The Act established three bodies:

- **Building Advisory Committee:** it advises on the administration of the Act and approves building products and systems;
- **Building Practitioners Board:** it is responsible for determining the qualifications to be held by building practitioners, registers building practitioners and reviews performance of practitioners;
- **Building Appeals Board:** determines appeals and disputes on the application of the regulations.

A major review of the Building Act is currently underway.

1.5 NORTHERN TERRITORY LAND INFORMATION SYSTEM

The conference was given a briefing on and demonstration of the Northern Territory Land Information System.

The Land Information System is defined as a “ dynamic system of inter-related knowledge and expertise, spatial data and information, policies, procedures and standards and information technology and communications”.

In practical terms it is a cooperative arrangement between Northern Territory Government agencies (and potentially other governments and the private sector) to optimise their spatial data resources for the government, the community and industry.

Spatial Data is the basis for planning, land development, natural resource management and environmental protection. Decisions in these areas are critical to economic and social development, involve many organisations and affect all sections of the community.

The system has been built on a series of discrete information developments since the early 1980s. (see page 4)

The key spatial data sets in the Northern Territory are:

- reference data
- cadastre
- land tenure
- topography
- administrative boundaries
- natural resources
- administrative interests
- aerial photography
- development activity

The essential requirements of the spatial data system are:

- comprehensive
- consistent
- captured to acceptable standards
- able to be located
- accessible
- useable
- useable for multiple purposes
- well managed

Coordination is one of the keys to making this work. Cabinet nominated a lead agency which had its role agreed by other agencies and endorsed by the Government. This was formalised by means of a Memorandum of Understanding

A number of specific policies were identified for Spatial Data. These were:

- Custodianship of Corporate Land Information

- Information about data sets
- Access to Corporate Land Information
- Copyright and Intellectual Property
- Data Supply Agreements
- Commercial Supply of Data
- Management of Liability

1.6 COMMITTEE REPORTS

1.2.1 Australian Capital Territory (Standing Committee on Planning and Urban Services)

The Committee advised that it shadowed the Minister for Urban Services and, therefore, had responsibility for the portfolio issues of public works, planning, environment, transport, housing, building and municipal services. The Committee is currently conducting ten inquiries, having produced 28 reports last year. Most of these reports relate to planning issues. The Committee has been experimenting with report formats. It found the Queensland model to be of interest and has adapted it to the Committee's circumstances. To highlight the value of these conferences, the Committee reported that it was so impressed by the land information system it had inspected at the last conference Tasmania, that it was being used as a model for the ACT.

1.2.2 Commonwealth (Joint Standing Committee on Public Works)

The Commonwealth advised the conference that it had tabled 14 reports, five of which related to the Department of Defence and four to the CSIRO. The replacement of the Lucas Heights Reactor had been the most controversial project reviewed by the Committee. In total, the Committee had reported on capital works projects with a total value of more than \$540 million.

1.2.3 New South Wales (Standing Committee on Public Works)

The Committee reported on the outcome of the Committee's joint inquiry into public sector procurement, which outlined the existing framework for capital works procurement in the New South Wales public sector and identified the areas the Committee felt warranted further investigation during this Parliament. The Committee completed the first report in a series on infrastructure delivery and maintenance, a reference it received from the Minister for Public Works and Services. This first report looked at the management of public sector office accommodation and recommended a number of ways in which this could be more effectively managed. (full text can be found in Appendix 2)

1.2.4 Queensland (Public Works Committee)

The Committee reported that it had completed eight reports since the last conference and that it was currently undertaking six inquiries. While a number of inquiries had been routine, project-based activities, it had also carried out a number of non-routine inquiries. For example, it had looked at some programs (rather than projects), such as the maintenance of the state road network and the capital maintenance program of the Queensland Cultural Centre. Other activities included inquiries into projects where the Government, while not the constructing authority, had made a major contribution by way capital grant. It had also looked at public projects with private sector investment. The Committee has changed a number of its administrative practices in order to

accommodate a reduced budget. It has adopted a new report format – much shorter and better focused. These are posted on the Internet. Those who have expressed interest in a particular report are advised by email of its availability on the Internet. Advertising costs have been halved by better using the Internet.

1.2.5 South Australia (Public Works Committee)

The Committee Chair outlined for the conference some of the operational problems it was encountering in the carrying out of its functions. The Committee was not able to effectively scrutinise projects as they were announced prior to any Committee consideration. Any changes recommended by the Committee could affect project costs. As well, the Government was often locked into completion dates and resented delays which scrutiny might impose. The Government at times sought to avoid scrutiny by claiming particular projects were not subject to the relevant Act. The Committee also expressed concern at the proliferation of consultancies employed on public works and the secrecy relating to their activities.

1.2.6 Tasmania (Standing Committee on Public Works)

The Committee advised that it had completed five reports since the last conference. Its main concerns at the moment were jurisdictional and it identified a number areas where thought could be given to expanding the Committee's operations which would make it more effective. For example, the earlier involvement in planning and development stages of a project; a role in the construction stage; and assessment of completed projects.

1.8 COMMENT

The issues raised by Tasmania and South Australia relating to their functions and effectiveness are similar. They arise by virtue of the nature of the functions of these Committees, in that they are obliged to review all capital works projects above a threshold value. (The roles and functions of all Public Works Committees are summarised in Appendix 4). This is very much a process driven approach which can make the Committee a "rubber stamp". This is not an issue for the NSW Public Works Committee because the Committee's terms of reference do not require it to operate in this way. Instead it looks more broadly at capital works related issues. The Committee can of course look at specific projects if it so decides.

From these Committee reports it is clear that there is a considerable range in the number of inquiries carried out by each Committee during any one year. However, the number of reports completed in a year is not a particularly useful means of judging performance for a number of reasons. The nature of each Committee's functions, which varies across jurisdictions, is one reason. Committees obliged to look at all projects above a trigger value are, by the very nature of that approach, likely to complete more reports than a Committee that does not operate in that way. Another reason is the scope of inquiries. Committee's which look at capital works issues or programs (as opposed to projects) will be investigating larger, more complex matters which are not suitable to a template approach. Accordingly, unless massively resourced, they will tend to produce fewer reports.

From an operational point of view, the Committee was particularly interested in the approaches to report formatting and information dissemination via the

Internet as detailed by the Queensland Committee. The Secretariat will make use of these experiences where appropriate in future activities.

CHAPTER 2

ENVIRONMENT CONFERENCE

2.1 INTRODUCTION

The National Conference of Environment Committees was held over one day, following on from the Public Works Committees' conference.

The conference commenced with a key note speech on the Northern Territory Parks Masterplan.

This was followed by reports from all the Committees on matters relating to their activities over the last year as well as issues of interest and proposed future activities.

Committees were also briefed in detail on:

- Black Striped Mussels
- Ranger Uranium Mining
- Mimosa Pigra

The Committee reports on each of these matters below.

2.2 NORTHERN TERRITORY PARKS MASTERPLAN

The keynote address for the conference was presented by the Director of Parks and Wildlife, Dr Bill Freeland, who briefed the conference on the Northern Territory Parks Masterplan.

The Northern Territory park system is founded upon a land of extraordinary contrasts extending from the red deserts and mountain ranges of the Centre to the rainforests, wetlands and tropical seas of the north.

The primary goal of the Masterplan is to develop the Northern Territory's park system to the highest international standards.

A vision for the Territory's parks has been developed (Year 2010 Vision), which identifies the parks as a key agent for:

- Protection of bio-diversity
- Inspiration, instruction and enjoyment (Nature based tourism)
- Co-operation with aboriginal owners

Protection of Biodiversity

The Northern Territory Government is an active participant in national moves towards the conservation of biodiversity and the establishment of a system of parks and reserves representing significant areas of Australia's major environments and habitats. The Territory is particularly fortunate in this regard with only 0.1% of its native vegetation cover cleared. (By comparison, other states have 30 – 60 % of their native vegetation cleared). This provides a unique opportunity to develop a comprehensive (ie containing as many elements of biological diversity as possible), adequate (ie parks which are large enough to be viable with wildlife populations being likely to survive for future generations) and representative (encompasses the variation of biogeographical regions, vegetation types and populations of particular species) park system.

The foundation of ensuring biodiversity is the establishment of a system of parks, in which management for conservation in perpetuity is a primary and explicit aim. The parks should reflect a representative sample of the Territory's key environments. Subsidiary actions included ecologically sustainable management of the Territory's lands, community education, and protection of sites of environmental significance.

At the moment, there is a degree of imbalance in the Territory's park system with some environments, such as grasslands, acacia shrublands and marine environments, being poorly represented.

Nature-based Tourism

The Territory park system is a vital part of the economy, as the parks are the core tourism destination for visitors. This requires a balancing act.

The Parks and Wildlife Commission must ensure that its prime objective of conservation is achieved while at the same time ensuring that, as an active participant in the tourism industry, the tourists' experience is enjoyable and inspirational without impacting adversely on the viability and sustainability of the parks.

The Mastepplan presents a strategy to achieve these objectives.

Aboriginal Involvement

The aboriginal community controls around 50 per cent of the land in the Northern Territory, a proportion which could further increase. Conservation of biodiversity will not be achieved unless this land is appropriately managed and a comprehensive and adequate park system will not be possible without cooperative arrangements with the Aboriginal communities of the Territory.

There has been to date a useful conjunction between the general aboriginal concern for "caring for country" and the more conventional objectives of the Parks and Wildlife Commission. This should continue to be a focus of future initiatives on aboriginal land.

It is proposed to recognise in legislation the important role of the aboriginal people as major stakeholders in the future conservation of biodiversity, as well as the skills and expertise they can bring to park management. Accordingly, it is proposed to amend the Territory Parks and Wildlife Conservation Act to establish "Indigenous Protected Areas". The amendment will also establish mechanisms to encourage traditional owners to bring

those areas of high cultural, natural or tourism value into the Territory's park system while still remaining masters of their own destiny.

REGIONAL MASTERPLANS

This Masterplan is being supplemented by four Regional Parks Masterplans.

2.3 OTHER ENVIRONMENTAL ISSUES

2.3.1 Black Striped Mussels and Mimosa Pigra

Both are introduced species which threaten the Australian environment. A representative from the Northern Territory Department of Territories explained to the conference how Black Stripe mussels had been introduced to Darwin's waters in 1999 by international vessels. The Department had successfully dealt with the investment but there had been considerable potential risk to the environment due to the extraordinary rate of reproduction of the mussels, which clog drains and pipes. Of note also were the claims of compensation against the Northern Territory Government, which, however, were unsuccessful.

The story of Mimosa Pigra is not such good news. The weed was introduced into Australia last century and was declared a weed of national significance last year. It creates an impenetrable canopy up to six metres high under which no plants survive. Most forms of control have been tried but to date none have proved effective.

From the Territory's perspective, Mimosa Pigra has potentially negative impacts on tourism due to its presence near Kakadu.

2.3.2 Ranger Uranium Mining

The Director of Mines in the Northern Territory detailed an incident at the Ranger Uranium Mine which highlights the importance of transparency in the reporting process on sensitive sights. In 1999 a small equipment failure resulted in the release of ammonium into a culvert. There was ultimately no environmental damage. The reporting of minor incidents is not mandatory and ERA did not report the matter. This showed, according to the Director, poor judgement on the part of ERA because when details of the incident became known there was an overreaction caused by an hysterical media response.

2.4 COMMITTEE REPORTS

2.4.1 Australian Capital Territory (Standing Committee on Planning and Urban Services)

The Chairman outlined to the conference a number of the environmentally focused inquiries the Committee had completed or was carrying out. By far the largest and most controversial was the proposal for the Gungahlin Drive extension (John Dedman Parkway). The Chairman pointed out that, although the road was first planned in the 1960s, it was important to consider this transport decision not in the context of the 1960s or 1970s but in the current political context of greenhouse emissions and sustainability. Among other factors, the inquiry was considering whether further environmental assessment of the proposal is required, the desirability of improving the use of public transport and other non-car modes of transport; and a cost-benefit analysis of the two options for the route of the Gungahlin Drive extension. Ultimately the inquiry

was trying to balance the demands of road access with the need for the preservation of a nature reserve. Over 900 submissions had been received.

2.4.2 Commonwealth (House of Representatives Standing Committee on the Environment and Heritage)

The Chair reported on two inquiries the Committee was currently conducting. The first into Catchment Management is looking at the management of Australia's water resources, particularly regarding the health of urban and rural waterway and water quality standards. The matter was first outlined in the annual report and identified by the committee in its review as a topic warranting further examination. The Committee initiated the inquiry, in June 1999. It is a particularly broad and comprehensive inquiry. The second inquiry is looking at the impacts of public-good conservation measures on landholders and farmers and looking at ways to ensure the associated costs are shared equitably by all members of the community.

2.4.3 New South Wales (Standing Committee on Public Works)

The Chairman identified the two current inquiries of the Committee which relate directly to environmental issues. These are the Government Energy Reduction Targets and Sick Building Syndrome (SBS). The Chairman focused on the Sick Building Syndrome Inquiry pointing out some of the main points which have been raised in submissions and at public hearings. These included that SBS increases absenteeism and reduces productivity. Its causes are multifactorial and include polluted air, thermal discomfort, poor lighting, noise, poor management practices, and workplace stresses. Based on overseas studies, 40 to 50 per cent of occupants find air stuffy and uncomfortable and are better when they are away from the building. Translating overseas experiences to the Australian situation, suggests that the annual cost of poor indoor air would be between \$1.7 billion and \$11 billion. Solutions suggested to the Committee include more personal control of the workspace, an Australian standard for pollutants in the air, a database on the pollutant emission performance of materials, and energy efficient design of buildings. (full text of the speech can be found in Appendix 3)

2.4.4 South Australia (Environment, Resources and Development Committee)

The Chairman reported that the Committee had tabled two reports since the last conference. Most of the effort of the Committee over the last year had been given to an in depth review of environment protection in South Australia. It was a major inquiry which investigated the Environment Protection Authority, Agency and Act and looked at the adequacy of the legislation, resources and monitoring and policing. Evidence was taken from over eighty witnesses. The report made 40 recommendations including the need for more human resources and amendments to the legislation. The Committee is currently looking at the interaction between native fauna and agriculture as well as ecotourism. The Chairman also advised the conference that South Australia was reviewing container deposit legislation and in this regard was looking at cartons and other takeaway containers.

2.4.5 Victoria (Environment and Natural Resources Committee)

The conference was advised by the Chairman that the Committee was relatively new and had not at the time of the conference completed any reports. It was working on a number of inquiries. The Utilisation of Victorian Flora and Fauna had been inherited from the previous Committee. Considerable work had been carried out during the year on the inquiry into Control of Ovine John's Disease in Victoria, including public hearings

and field inspections in regional Victoria as well as study tours in NSW and the ACT. An inquiry into Sustainable Management of Abalone and Rock Lobster Fisheries is being carried out concurrently with one into Fisheries Management. The Committee is in the early phase of an inquiry into Allocation of Water Resources for Agriculture and Environmental Purposes.

2.4.6 Western Australian (Standing Committee on Ecologically Sustainable Development)

A representative from the Committee sketched for the conference three inquiries carried out by the Committee in the last year. The subject matter of all the inquiries had direct and relevant impacts on the WA community. The Committee had completed two inquiries into forest management which had resulted in amendments to two pieces of legislation. The inquiry into the western rock lobster had proved timely. In concluding, Mr Davies spent some time on detailing for the Conference the threat that salinity posed to Western Australia. He asserted that it was a major crisis which tree planting alone would not solve. What in fact was needed was a century of comprehensive and coordinated approaches.

Comment

As with the Public Works Committees, a considerable variation in the content and activities of the Environment Committees is to be found. Again this tends to reflect the functions assigned to each Committee by its Parliament.

For, example, there is a similarity between the ACT Urban Services Committee and the NSW Public Works Committee in terms of the scope of their work. The two committees tend to focus on both infrastructure and environmental issues. Thus for these committees the resolution of development and sustainability issues are often matters of primary consideration.

This in turn suggests that ongoing contact between these committees could be fruitful.

The Committee also noted the comments of the delegation from Western Australia on the problems of salinity. The New South Wales Government is acutely aware of this issue, having held a summit in Dubbo earlier this year and more recently establishing a select committee to look at a number of aspects of the problem.

Appendix 1.

AGENDA NATIONAL CONFERENCE OF PARLIAMENT PUBLIC WORKS AND ENVIRONMENT COMMITTEES

PUBLIC WORKS COMMITTEES MONDAY, 17 JULY 2000

- 9:00am Registration
 Reception Hall/ Government Lobby (Tea and Coffee)
- 9:30am Parliamentary Chamber
 Welcome
 Hon TR McCarthy Speaker
- 9:35am Key Note Address
 Mr Barry Francis Coulter
 Chairman, Darwin Port Corporation
- 10:30am Morning Tea
- 11:00am Committee Reports
- 12:30pm Lunch
- 2:00pm Assemble at the front of Parliament House to board bus for visit to
 New Port facilities at East Arm Port.
 Mr Dick Norris, Territory Ports Corporation
- 5-6:00pm Official reception for delegates and partners hosted by Speaker of the
 Legislative Assembly. Venue Speaker's Office.

AGENDA

NATIONAL CONFERENCE OF PARLIAMENTARY PUBLIC WORKS AND ENVIRONMENT COMMITTEES

PUBLIC WORKS COMMITTEES TUESDAY, 18 JULY 2000-10-24

8:45am Chamber Government Lobby (Tea and Coffee)

9:00am Reconvene – Litchfield Room, Level 3

Session One

Mr John Gronow (Deputy Secretary of Dept. of Lands,
Planning and Environment)
Private Building Certification

10:15am Morning Tea

10:30am Mr Vic Stephens (Assistant Secretary of Land Information) and
Mr Phillip Rudd (Director of Information Management)
Land Information System practical demonstration

12:30pm Lunch

2:00pm Presentation of papers (continued)

4:00pm Concludes

AGENDA

NATIONAL CONFERENCE OF PARTIAMENTARY PUBLIC WORKS AND ENVIRONMENT COMMITTEES

ENVIRONMENT COMMITTEES WEDNESDAY, 19 JULY 2000

- 8;30am Registration
Government Lobby Chamber (Tea and Coffee)
- 9:00am Chamber
Welcome
Dr Richard Lim MLA
Chairman, Sessional Committee on the Environment
- 9:05am Official Opening Key Note Address
Dr Bill Freeland
Director of Parks and Wildlife
- Parks master plan establishing parks in close proximity to major residential areas, Charles Darwin. Environmental issues associated with the Master Plan.
- Question session
- Session One
- 9:30am Committee Reports/Papers
- 11:00am Morning Tea – Government Lobby
- 11:15am Committee Papers
- 12:30pm Lunch

2:00pm Reconvene Litchfield Room, Level 3

Dr Rex Pyne (Department of Fisheries), presentation

- Black Striped mussels
- Mr Tony McGill (Director of Mines) presentation
- Uranium Mining, Ranger

Mr Ian Miller, Principal Weed Argonomist
(Department of Primary Industry), presentation

- Mimosa Pigra

5:00pm Concludes

Appendix 2

Public Works Conference New South Wales Committee Report Monday 17 July 2000

I am delighted to be back at my second Public Works Committee Conference as Chairman of the New South Wales Public Works Committee.

I want to start today by describing a Report of capital Works Procurement, proved to be a road map for some of the Committee's current and future work.

The inquiry had its genesis in 1998 in the previous New South Wales Parliament and it arose out of an approach by the Public Boodies Review Committee to conduct a joint inquiry into procurement in the New South Wales public sector.

A joint inquiry between the two committees was proposed because it provided the scope to look at all aspects of procurement - both goodand services and capital works.

The Public Works Committee agreed and focused, naturally, on the capital works aspects of procurement.

The inquiry was a logical progression from earlier reports, such as the *First Report on Development and Approval Processes for New South Wales Capital Works and the State Asset Overview*.

OBVIOUSLY SUCH A BROAD INQUIRY HAD THE POTENTIAL TO BE AN UNDERTAKING BEYOUND

the resources of the Committee. It was decided, therefore, to adopt a broad, strategic approach to the topic, using the inquiry as an opportunity to review contemporary capital works procurement policies in the NSW public sector.

The result was a report which condensed a large amount /of material into a single, straightforward document. It summarised the histroy of capital works procurement as well as identifying all the current relevant policy instruments in New South Wales.

The Committee was impressed with the sustained commitment to the reform in asset management over the last decade by the Department of Public Works and Services and the Construction Policy steering Committee. The reforms had achieved much and needed to be acknowledged.

However, there is always room for improvement and the Committee identifies seven strategic issues which would merit more detailed examination by it in the future.

For the information of delegates, these issues are:

- ◆ Capital Works Strategic Planning
- ◆ Public Sector Skills in asset management
- ◆ Project Delivery systems
- ◆ Design and Documentation
- ◆ Tendering
- ◆ Maintenance, and
- ◆ Role of the Department of Public Works and Services

The Committee's report proved to be intuitive and timely.

Just as it was completing this report, the Minister of Public Works and Services referred to the Committee an inquiry into Infrastructure Delivery and Maintenance in the NSW Public sector. This conveniently provided a mechanism with which to formally address some of the issues the Committee had identified.

The Minister requested that the Committee examine and report on the acquisition and maintenance of building and infrastructure, focusing on the provision of management and technical services to government agencies.

In particular, the Minister wanted the Committee to look at best practice in service delivery; the allocation of resources by agencies; overlap or duplication across agencies; and the application of government policies.

I briefed the conference on the possible directions this inquiry would take last year and will now briefly bring delegates up to date.

The Committee determined that the only way it could adequately handle an inquiry of such scope was to break it up into distinct tasks.

The Committee has just completed the first volume in what will be a series of reports in this inquiry.

This first report looked at Government Office Accommodation Management.

The Committee found that:

The Cost of government accommodation is a significant outlay for the taxpayer. After wages and salaries, accommodation costs are the largest expenditure item for agencies.

The government is a significant player in the Sydney office accommodation market, occupying over 10 per cent of the office space.

From the late 1980's office accommodation costs ballooned because agencies were given too much latitude in managing their own accommodation.

By 1994 the amount of office space for each public sector employee had increased from 20 square meters of office space.

In 1996 New South Government agencies were spending a total of \$385 million on over one million square meters of office space.

In the same year the Government introduced its Accommodation Reform Program.

The average floor space ratio per employee has now been reduced to 19.3 square meters. If the 1994 figure of 24 square meters per employee had been maintained, the government's annual rental expenditure today would have been \$63 million higher.

Since 1995, the actual cost of accommodation per public sector employee has been reduced by over 15 per cent. This represents real savings of approximately 35 per cent (present value), after factoring in the average rental growth in the property market over the same period.

An essential element of the success of the reform program has been that a single agency, the Department of Public Works and Services has been charged with coordinating and overseeing the public sector asset management process. In terms of office accommodation, this has ensured better whole of government results by offering expertise assistance and utilising the considerable market power of the government accommodation portfolio.

However, there is still room for improvement.

The Committee found that some agencies lacked expertise in managing accommodation. Some were not complying with Government policy for a number of reasons.

The Committee came to the view that it was important that professional expertise permanently in-house. They just need it to be available at the right time and agencies must know when, where and how to obtain it.

Staff/space ratios can be reduced further. Initially the reform program identified a target of 18 square meters per employee. This has now been reduced to 15. A "back of the envelope" calculation indicated that a further \$75 million per annum could be saved by reaching the 15 square metre target across the board.

The notion that all government agencies need to be located in the Sydney CBD has well and truly been rejected. Some agencies are located in Sydney's CBD when their core constituents live in Western Sydney or regional centres.

Locating agencies outside the Sydney CBD gives the Government the opportunity to stimulate local and regional communities, where, happily accommodation costs are much lower. So the benefits actually accumulate. The communications revolution strengthens the argument for non – CBD locations.

As well as wielding the big stick of policy imperative, the Committee felt that agencies needed incentives, recommending that a proportion of the savings made through better management of their office accommodation should be retained by the agencies.

there are merits in the ownership of office accommodation, which the Government should consider, particularly in areas where the Government has a significant, long- term presence.

Currently, Public Trading Enterprises and State Owned Corporations are not bound by the accommodation reformed policy, yet they represent a considerable part of the public sector accommodation portfolio. Without hindering their performance, the Committee believes they should be strongly encouraged to be part of the strategic, targeted approach being directed by the Department of Public Works and Services and the Government Asset Management Committee.

The Committee undertook an analysis of the Department of Public Works Service's office accommodation database. It identified a range of lease arrangements which were still excessively expensive or well above the staff/space ration targets. By immediately addressing these particular leases the government would achieve savings in the order of eleven million dollars per year.

An interesting aspect of this report is that it highlights the connection between capital and recurrent expenditure. Office leasing is a recurrent cost, yet the issue of office accommodation management has asset management and capital expenditure implications.

It is my view that the New South Wales Public Works Committee, as a capital works watchdog,

We need to adopt a more overarching and holistic approach to asset management. If, for example, we identify areas where increased capital works investment will result in a reduction in recurrent expenditure down the line, we should be prepared to step up and say no.

IN CONCLUSION

The Committee's own investigations, in conjunction with the Minister's reference, has provided the direction for an ongoing look at some fundamental aspects of public sector capital works which will keep the Committee busy over the next few years.

These will not be the Committee's only inquiries and I will refer to some of these at the Environment Conference on Wednesday.

Appendix 3

Environment Conference New South Wales Public Works Committee Report Wednesday 19 July 2000

We don't actually have a separate or dedicated environment in the New South Wales Parliament.

Our role as an environment committee comes out of the terms of reference for the Public Works Committee, which as I mentioned on Monday, set on Monday, was set up in 1995.

The establishment of this Committee had brought to an end a 60 year interval during which the Parliament had no Public Works Committee.

When the Public Works Committee was re-established in 1995, it absorbed the functions of the Standing Committee on the Environmental Impacts of Capital Work s which had been established in the previous Parliament but was not itself reconstituted in 1995.

As a consequence then, our terms of reference include a requirement to look into the environmental impact of capital works projects or matters relating to capital works projects.

So there is a link between our environment function and our capital works role.

I must say we interpret our environmental role as broadly as possible.

The Committee currently has two inquiries underway which focus on environmental issues. Of course, the capital works implications are always there in the background to some degree. One of these inquiries is looking at the Government's energy reductions targets and a related policy, the Government Energy Management Plan.

The second is looking at Sick Building Syndrome and I would like to spend a few of minutes on this inquiry.

The Committee has just completed public hearing and, subject to some further research, will soon have a draft report for consideration. So the Committee has not come up with a final view on the situation nor developed any recommendations but I thought delegates might be interested in hearing the detail of some of the material we have received.

For some time now we have, as a community, been very concerned about external air quality.

We have developed a whole range of approaches to reduce pollution and to improve the quality of the air for the sake of our health. Yet we spend a considerable part of our lives indoors in artificial environments.

With this in mind, the Committee thought it might be useful to take a look at Sick Building Syndrome, its causes and costs to the economy and the community; how it might be avoided; and the cost of any remediation or prevention.

Unfortunately, it can be a bit difficult to get a handle on Sick Building Syndrome.

Definitions for it vary as do the criteria for diagnosis. The most commonly agreed definition would be a group of health effects that cannot be traced to any definite cause which occur at a much higher frequency in a proportion of buildings. The symptoms tend to disappear on leaving the building.

The available literature suggests that:

- SBS increases absenteeism
- SBS reduces productivity
- the cause of SBS are multifactorial and include:
 - Polluted air
 - thermal discomfort
 - poor lighting
 - noise
 - poor management practices, and
 - workplace stresses

It seems that SBS emerged as an issue in 1980s as a consequence of the energy crisis when, to save energy, ventilation rates in building were reduced and pollutant rates started to increase.

Not surprisingly then it has been found that SBS is closely related to indoor air quality and that mechanically ventilated buildings seem more affected than naturally ventilated.

Compared with overseas, there is a lack of comprehensive and reliable data on SBS here in Australia. It would seem that detailed research is needed.

How many people are affected ?

Well, based on overseas studies, 40 to 50 per cent of occupants find air quality on health

and productivity. It was estimated that the cost was somewhere between 0.3 per cent and

2 per cent of gross domestic product. If we were to translate that same factor to the Australian

economy, the annual cost of poor indoor air would be between \$1.7 billion and \$11 billion.

That is assuming we have the same experience and the same problems.

This likely as we tend to construct our building in much the same way.

Another approach suggested to the Committee was to look at productivity losses due to SBS. Some overseas studies have indicated productivity losses in the order of 6 per cent due to poor indoor air quality. Based on this and a number of other assumptions, the productivity loss in Australia has been estimated to be 2.9 billion a year.

Either way, we could be looking at substantial costs.

Another possible cost concern is litigation.

There are potential occupational health and safety issues here.

The Committee heard that there has been some legal action related to SBS and we are chasing that information now.

Some solutions suggested to the Committee include:

- ⇒ More personal control of the workplace environment (Sydney Uni example).
- ⇒ a standard method of measuring pollutant emissions with a database of how products used in buildings perform, so that architects and building specifiers can make informed selections of products, an Australian Standard for levels of pollutants in the air
- ⇒ an Australian Standard for level of pollutants in the air,
- ⇒ government can take the lead in the design of its own building stock which is by nature suited to some innovative design. Happily, it seems that design solutions which improve energy efficiency of building also reduce the incidence of SBS,

WE HEARD OF RESEARCH IN AMERICA WHICH HAS IDENTIFIED SICK SCHOOL SYNDROME. UNHEALTHY SCHOOLS I THINK WOULD BE A CONCERN FOR ALL OF US AND IS OBVIOUSLY AN AREA WHERE GOVERNMENT CAN BE DIRECTLY INVOLVED.

I cannot say what the Committee will come up with. My personal feeling is that there are some immediate steps we can probably take when designing and constructing new buildings. Such things as:

- ⇒ using natural or low emitting materials for construction and furnishings,
- ⇒ ventilating to effective standards
- ⇒ proper maintenance of ventilation systems
- ⇒ design which reduces dependence on artificial lighting and ventilation
- ⇒ good housekeeping with non-toxic cleaning agents
- ⇒ more personal control of the indoor environment

But before we can justify the expense of rehabilitating existing buildings we need to get some detailed research done.

A number of contributors to the inquiry told us how timely the inquiry was and I am confident the Committee can make a significant contribution to progressing the issue.

One other matter I would like to mention is the following up of Committee reports... We put a lot of energy and resources into our inquiries and we come up with a range of recommendations.

In the Legislative Assembly in New South Wales there is no obligation on the Government to respond to Committee reports. I think it is important that we do get a response.

It should also tell the Committee when and how it plans to implement those recommendations it does accept.

The Committee has already agreed that it will follow up on its reports to determine the Government's response. If that means holding public hearings to find out, then that is what the Committee will do.

Where will the Committee go after these inquiries are completed?

Members have shown they are interested in water requires costly infrastructure and can have pretty major impacts on the environment. Alternative approaches to managing the whole water cycle are emerging which merit consideration. So I think we might be going down that path in the not too distant future.

THE STRUCTURE AND POWERS OF COMMITTEES

1. INTRODUCTION

The wide range and high volume of inquiries undertaken by Public Works Committees around Australia reflect the diversity of infrastructure types being delivered by government as well as the obligations imposed by the specific terms of reference of each Committee.

The following sub-sections provide an overview of the work of these Committees.

2. NSW STANDING COMMITTEE ON PUBLIC WORKS

New South Wales pioneered parliamentary scrutiny of public works proposals through a Public Works Committee.

The Terms of Reference in Part 2 of the New South Wales Public Works Act 1912 still provide the basis for the functions and operation of Committees in other states and the Commonwealth.

Section 24 contains a trigger for the Committee to consider public works once the estimated cost exceeds a designated dollar value; in this case, one million dollars.

Section 34 (1) states that no public work shall be commenced until a process of parliamentary scrutiny involving the Committee is completed.

The NSW Standing Committee on Public Works no longer operates with the Terms of Reference contained in the Public Works Act.

The Committee is established by Motion of the Legislative Assembly with the following Terms of Reference:

That a Standing Committee on Public Works be appointed to inquire into and report from time to time, with the following terms of reference:

As an ongoing task the Committee is to examine and report on such existing and proposed capital works projects or matters relating to capital works projects in the public sector, including the environmental impact of such works, and whether alternative management practices offer lower incremental costs, as are referred to it by:

- *the Minister for Public Works and Services, or*
- *any Minister or by resolution of the Legislative Assembly, or*
- *by motion of the Committee.*

The speech by the Leader of the House, the Hon Paul Whelan MP, in support of the Motion to reactivate the Committee in 1995 considerably clarified its powers to:

- examine inner and outer budget sector projects and capital works programs
- assess the quality of project development and selection criteria (such as cost-benefit analyses) and encourage least-cost planning
- conduct multiple, concurrent inquiries.

The Terms of Reference of most Public Works Committees around Australia include a compulsory reference trigger once a project has passed a set dollar value. For example, the Commonwealth Public Works Committee examines all projects over \$6 million. In some instances, no capital funds can be committed to construction until Committee consent has been received.

There are specific circumstances in New South Wales which mitigate against the effectiveness of this type of compulsory review mechanism.

The responsibility of the states for major infrastructure investment relating to education, health, law and order, roads and public transport dramatically increases the number of projects in New South Wales that would exceed the threshold of \$6 million used for the Commonwealth Public Works Committee.

There were more than 70 new projects above \$6 million in the 1998/99 NSW State Asset Acquisition Program, including 33 projects in the Budget Sector. In 1999/2000 there were 65 new projects above \$6 million with 33 projects in the Budget sector.

In addition, the Roads and Traffic Authority (RTA) - by the far the largest construction agency in NSW – was undertaking 79 projects in 1998/99 and 81 projects in 1999/2000 that were in excess of \$6 million. Twenty-three projects in 1999/2000 had budget allocations above \$6 million in that single financial year. While these projects are not noted as new works in the NSW State Asset Acquisition Program (Budget Paper No.4), many involve the construction of new segments of ongoing projects and can be considered new works for this assessment.

Any committee compelled to investigate such a large number of capital projects would be reduced to little more than a rubber stamp.

In addition, a trigger established by a dollar value means that there is no scrutiny of infrastructure programs if individual projects fall beneath the threshold. The Committee's *Report on School Facilities* is a good example of an important and expensive program in which the cost of individual items was well below any such threshold.

Instead, the NSW Committee has power to initiate its own inquiries. This is a powerful potential tool.

It provides the Committee with the ability to launch wide-ranging inquiries and break new ground, rather than becoming project-based and reactive.

Capital procurement policy, planning, administration and delivery systems can be considered as well as emerging issues and potential innovations.

The NSW Public Works Act (1912) still provides the basic model for terms of reference for most Public Works Committees around Australia.

However, the motion reactivating the NSW Committee in 1995 altered this model significantly to provide the power to launch its own inquiries unencumbered by any obligation to report on projects that passed a set dollar value.

These Terms of Reference reflect specific conditions for capital procurement in New South Wales.

3. THE COMMONWEALTH STANDING COMMITTEE

on Public Works

The Commonwealth Standing Committee on Public Works was established in 1913 and is one of the oldest investigative committees of the Commonwealth Parliament.

It is a Joint Committee of nine members with six from the House of Representatives and three from the Senate. There are four Liberals (including the Chairman), four Labor members and one National Party member.

The Public Works Committee Act 1969 requires that all capital works where expenditure exceeds \$6 million be referred to the Committee. Work cannot commence on these projects until the Committee reports. Any subsequent change in the scope of the work must be reviewed by the Committee. For a number of years, the Committee has considered the question of whether the \$6 million threshold should be raised, and has concluded that there are not adequate grounds to do so.

On 28 August 1998, the Minister for Finance and Administration, the Hon John Fahey MP, advised the Committee that the Government proposed to exempt a number of airport corporations from the purview of the Public Works Committee Act. Subsection 6A(3) of the Act provides that:

Where the Governor-General is satisfied that an authority of the Commonwealth is engaging in trading or other activities, or is providing services in competition with another body or bodies, or with persons, the Governor-General may make regulations declaring that this Act does not apply to that authority.

The corporations in question were:

- Sydney Airports Corporations Limited
- Bankstown Airport Limited
- Camden Airport Limited
- Hoxton Park Airport Limited
- Essendon Airport Limited.

Justification for exempting the corporations from the provisions of the Public Works Committee Act was stated by the Minister in the following terms:

In the environment promoted by the Airports Act, the corporatised airports are required to compete with Phase 1 and Phase 2 airports in the delivery of economically and operationally efficient services to airport users and the general community. The Phase 1 and Phase 2 airports are not subject to the requirements of the PWC Act. Consequently, the corporatised airports are disadvantaged in the performance of their obligations to the Government, airport users and the community by the requirement that significant airport developments are subject to an approval process, in addition to the already exhaustive process under the Airports Act, which does not apply to their competitors.

The Committee is currently considering this issue.

The Committee's inquiry process requires sponsoring departments to provide the Committee with submissions which address each of the Terms of Reference under section 17(3) of its Act. These submissions are circulated to interested parties.

The Committee tabled five reports in 1996, twelve in 1997, five in 1998 and ten in 1999. The total estimated cost of projects examined by the Committee was \$560.67 million.

The range of projects includes offices, defence projects, CSIRO facilities, defence housing and overseas projects such as embassies and accommodation.

The Chairman, the Hon Judi Moylan MP, noted at the 1999 Public Works Conference that the growth in the outsourcing of capital works projects to the public sector raised two key issues:

First, how in a deregulated environment, it is possible to monitor all construction activities when there is no centralised body responsible for preparing a consolidated works program and, secondly, it raised the issue of an expanded role for committees involved in scrutinising expenditure on public works ... A related concern is that project delivery methodology may directly influence project costs and it is very difficult for the Committee to assess the importance of the project procurement process in determining the total cost of a proposal.

These are issues which the NSW Public Works Committee has taken up in its recent Report on Capital Works Procurement and its current Inquiry Into Infrastructure Delivery and Maintenance in the NSW Public Sector.

4. QUEENSLAND PARLIAMENTARY COMMITTEE ON PUBLIC WORKS

The Queensland Committee was established by the *Public Works Committee Act 1989*. It comprises six members: three ALP (including chairman), two National Party and one Liberal.

The QPWC's areas of responsibility are:
public works undertaken by an entity that is a constructing authority for the work if the committee decides to consider the work

- any major GOC work if the Committee decides to consider the work.

In deciding whether to consider a public work the Committee may have regard to:

- the stated purpose of the work and apparent suitability of the work for the purpose
- the necessity for, and advisability of, the work
- value for money achieved, or likely to be achieved, by the work
- revenue produced by, and recurrent costs of, the work or estimates of revenue and costs for the work
- the present and prospective public value of the work, including, for example, consideration of the impact of the work on the community, economy and environment
- procurement methods for the work
- the balance of public and private sector involvement in the work.
- the performance of
 - the constructing authority for the work; and
 - the consultants and contractors of the work; with particular regard to the time taken for finishing the work and the cost and quality of it
- the actual suitability of the work in meeting the needs and in achieving the stated purpose of the work.

It can initiate its own inquiries or receive them from the Governor in Council or Parliament. It is also able to examine projects at any stage from inception to post-completion.

The Act previously provided for it to inquire into any work over a value of \$2.4 million. However, the lower limit of this financial restriction was lifted as part of a review of the Committee's functions.

The QPWC is an active Committee which produces reports ranging over schools, hospitals, rail infrastructure and highways. For example, it produced eleven reports in 1997/98. Expenditure of \$225,000 included \$132,230 for staff and \$25,000 for travel expenses.

5. SOUTH AUSTRALIAN PUBLIC WORKS COMMITTEE

The South Australian Committee was established in 1927 but deactivated in 1991. It was reconstituted in 1994 after the need for parliamentary scrutiny of expenditure on public works was recognised.

Section 12C of the Parliamentary Committees Act 1991 defines the functions of the Public Works Committee as:

- (a) to inquire into and report on any public work referred to it by or under this Act, including:
 - (i) the stated purpose of the work;
 - (ii) the necessity or advisability of constructing it;

- (iii) where the work purports to be of a revenue-producing character, the revenue that it might reasonably be expected to produce;
 - (iv) the present and prospective public value of the work;
 - (v) the recurrent or whole-of-life costs associated with the work, including costs arising out of financial arrangements;
 - (vi) the estimated net effect on the Consolidated Account or the funds of a statutory authority of the construction and proposed use of the work;
 - (vii) the efficiency and progress of construction of the work and the reasons for any expenditure beyond the estimated costs of its construction;
- (b) to perform such other functions as are imposed on the Committee under this or any other Act or by resolution of both Houses.

The Committee may have matters referred to it by resolution of the House of Assembly, by the Governor, or of the Committee's own motion.

Following the findings of the first SAPWC inquiry, agencies are required to notify the Committee in writing should there be substantial changes to the nature of the project or the evidence provided to the Committee *at any stage in the project*. If the basis on which the Committee has reported to Parliament alters in a manner which renders the report inaccurate or misleading, the proposing agency is obliged to inform the Committee immediately. To enable appropriate monitoring of the project, the proposing agency must also advise the Committee of Cabinet approval, the day on which construction begins, and provide quarterly reports on progress of construction.

The SAPWC further requires that, prior to the completion of the proposed work, agencies forward a statement to the Committee pursuant to section 12C (vii) of the above Act which outlines the efficiency and progress of construction, and provides an explanation of any expenditure beyond the estimated costs quoted in this report. Evidence of any substantial changes to, or the withdrawal of, any approval, provisional or otherwise, must also be relayed to the Committee immediately with an appropriate explanation, and an assessment of the probability of a suitable resolution.

Section 16A of the Parliamentary Committees Act 1991 provides that a public work be referred to the Committee "if the total amount to be applied for the construction of the work will when all stages of construction are complete, exceed \$4 million.

In the last year, the Committee has become aware that certain projects in excess of the \$4 million threshold had commenced without being put before the Committee. Crown Law opinion was that "Section 16A applies only if the money contributed by the State exceeds \$4 million". The SAPWC is considering recommending changes to the Act to close this loophole.

During the period December 1997 to December 1998 the SAPWC met on forty-three occasions with a total of 128 meeting hours. The total value of the work considered by the Committee was in excess of \$245 million and during the reporting period the Committee tabled eighteen reports.

Of particular interest is the inquiry into the development of Hindmarsh soccer stadium, Stage One of which the Committee believed would be adequate for the city to secure some of the Olympic soccer matches.

The Committee was met with obstacles in examining both Stages One and Two, particularly in relation to obtaining evidence. Further information promised to the Committee was often not forthcoming, making it “impossible for the Committee to assess the financial viability of the project or to establish whether it was a requirement for Adelaide to complete the additional work at the stadium to secure the Olympic soccer games”.

Further, “both the Public Works Committee and the House were given misleading and contradictory information in evidence and debate on this matter”.

These issues resulted in the Committee being unable to recommend that the Stage Two works proceed, a unique recommendation for the Committee.

In December 1998 the SAPWC, as reconstituted following the general election, sought advice from the Auditor General Mr Ken McPherson regarding the role and function of the Committee, specifically its relationship and communications with Executive Government.

This occurred as a result of both the 1997 Auditor General's Report and the concerns of Committee Members that appropriate checks and balances were not occurring within Government in relation to Committee projects. Based on the Auditor General's advice, the Committee began to request “acquittals” from Executive Government for every project it considered. These acquittals were designed to give the Committee assurances in the following areas:

- *Department of Treasury and Finance*: advice on the effect of proposed public works on the Consolidated Account or the funds of a Statutory Authority (as per Section 12C(a)(vi) of the Parliamentary Committee Act 1991);
- *Department of the Premier and Cabinet*: advice on compliance with established Prudential Management and other Procedural Frameworks to provide assurance of procedural regularity within Executive Government;
- *The Crown Solicitor*: advice on legality of processes that have been adopted.

6. TASMANIAN STANDING COMMITTEE ON PUBLIC WORKS

The Tasmanian Committee was established under its own Act in 1914 as a joint Committee with two Council and three Assembly Members. The Act requires projects over \$1 million to be investigated by the Committee.

The Committee considers:

- the stated purpose of proposed public works
- the necessity and advisability of their construction
- the revenue it is expected to generate (where relevant)
- the present and prospective public value of the work.

The Committee has the power of veto over projects.

The Committee has recently raised the following issues for consideration:

Possible need for earlier involvement of the Committee in the planning and development stage of a project – highlighted by the recent reference of the Ashley Youth Detention Centre

Project management aspect – is the involvement of the Committee in the construction stage of a project a legitimate, or indeed, desirable role for Public Works Committees?

Project review – for the Tasmanian Committee, once a project has been approved and the Committee reports, there is no opportunity for the Committee to make any assessment of the completed project. In Tasmania such review could be undertaken by the Standing Committee on Public Accounts, but it could be easily argued that this function would be a logical and proper extension of the role of the Public Works Committee.

Lease contracts/arrangements by-passing Committee – The trigger for an inquiry by the Committee is \$1 million on the condition that such money is expended by the government from the Consolidated Fund. This is sometimes bypassed by agencies through lease agreements. An example of the issue is when –

- a private developer provides infrastructure, the specifications of which are prescribed by the government, on the basis that such infrastructure will be leased by the government
- the cost may well exceed the \$1 million trigger
- the government leases the infrastructure
- parliamentary scrutiny is avoided as the investigation of such works are beyond the jurisdiction of the Act.

7. ACT STANDING COMMITTEE ON URBAN SERVICES

The ACT Committee has existed (with revisions in name and duties) since self-government was established in 1988.

Standing Committees in the ACT Legislative Assembly have recently been restructured so that each Committee reflects an entire ministerial portfolio. The ACT Committee formerly known as the Standing Committee on Planning and Environment is now the Standing Committee on Urban Services. At the Public Works Committees Conference, the Chairman, Mr Harold Hird MLA, indicated that under the restructure, responsibility for the scrutiny of the capital works program may be moved to Treasury, reflecting the dominant role which Treasury now plays in the preparation of the capital works program. The Committee's Terms of Reference are:

To examine planning and lease management, road and transport services, housing and housing assistance, government purchasing and public utilities purchasing, electricity industry and regulation, construction industry policy, parks and forests, private sector

employment inspectorate, building services, environment, heritage, and municipal services and any other matter under the responsibility of the portfolio minister.

The Committee comprises three Members: one Liberal (Chairman), one Labor and one Independent.

The ACT is the only State or Territory jurisdiction which permits a parliamentary committee to consider the full list of capital works proposed by the Government for the forthcoming year, and to consider it *before* the budget, thus giving time for the Government to amend its draft program in light of the Committee's recommendations.

The Committee's scrutiny of the process has resulted in many of its recommendations for changes to the draft capital works program being adopted, regardless of the political persuasion of the Government of the day.

The ACT's Draft 1999-2000 Capital Works Program amounted to \$89 million, a very small program when set against that of the States. The Committee received the draft capital works program on 18 February 1999 and released its report on 13 April, in which time three public hearings were held. The Government agreed to all but four of the Committee's 27 recommendations.

Among its recommendations were that:

- appropriate measures be instituted to reduce the backlog of capital works from year to year, to which the Government responded that all minor new works would be completed in the year of approval
- government agencies have a sufficient number of projects on stand-by, which can be substituted for those that encounter problems
- two privately funded projects estimated to cost \$36 million, not included in capital works budget, be constructed as BOOT (build, own, operate and transfer) and BOO (build, own and operate) projects.

The Committee operates as a quasi-estimates committee. It also promotes clearer, simpler and more public explanation of proposals in the draft Capital Works Program. This may provide some model for the NSW Committee.

- undertake meaningful inquiries given the large quantity of work imposed by a compulsory review mechanism set at a fixed dollar value
- gain access to meaningful information about proposed works
- ensure constructive assessment of recommendations and prompt feedback by agencies.

The Terms of Reference of most Public Works Committees around Australia include a compulsory reference mechanism. Indeed, in some instances no capital funds can be committed to construction until Committee consent has been received.

This process has the following benefits:

- it puts the onus on agencies to structure project timelines to include scrutiny by the parliamentary committee
- it provides impetus for agencies to deliver sufficient documentation to the committee to justify proposals, thereby expediting the review process.

In summary, it can be a system which imposes a high level of public accountability on capital works proposals.

However, it was noted in Section 1.2 that the specific circumstances in New South Wales mitigated against the effectiveness of such terms of reference given the large number of expensive capital works.

Instead, the New South Wales Committee enjoys the power to initiate its own inquiries on any subject related to capital procurement. This means that it can examine policy, administration, planning, project delivery systems and emerging issues. This makes it potentially more pro-active than a project-based Committee.