

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

***ISSUES RAISED
AT
THE 1996 NATIONAL CONFERENCE
OF
AUSTRALIAN PARLIAMENTARY
PUBLIC WORKS COMMITTEES***

REPORT NO.18
OF THE
STANDING COMMITTEE ON PLANNING AND ENVIRONMENT

NOVEMBER 1996

Resolution of appointment [by the Legislative Assembly] of the Standing Committee on Planning and Environment:

[that] a Standing Committee on Planning and Environment [be established] to examine matters related to planning, land management, transport, commercial development, industrial and residential development, infrastructure and capital works, science and technology, the environment, conservation, heritage, energy and resources...

[And that the committee] inquire into and report on matters referred to [it] by the Assembly or matters that are considered by the committee to be of concern to the community.

Minutes of Proceedings (Third Assembly) No.1 - 9 March 1995, amended 22 June 1995

Committee Membership

Mr Michael Moore MLA (Chair)
Mr Trevor Kaine MLA (Deputy Chair)
Ms Lucy Horodny MLA
Ms Roberta McRae OAM, MLA

Secretary: Mr Rod Power
Assistance: Mrs Anne Munns

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I. BACKGROUND

On 5-6 August 1996 the Standing Committee on Planning and Environment, on behalf of the A.C.T. Legislative Assembly, hosted the 1996 National Conference of Parliamentary Public Works Committees. The Conference was held in the Chamber of the Assembly.

The following parliamentary committees were represented:

- Commonwealth Public Works Committee
- New South Wales Standing Committee on Public Works
- Queensland Public Works Committee
- South Australian Public Works Committee
- South Australian Environment, Resources and Development Committee
- Tasmanian Standing Committee on Public Works
- Australian Capital Territory's Standing Committee on Planning and Environment
- New Zealand Planning and Development Committee.

This report highlights the main points raised by speakers at the Conference. Quotations are taken from the *Transcript of Proceedings* of the Conference, which was authorised for publication by delegates.

A copy of the Conference Program is appended to this report, as is a list of delegates.

Layout of the report

The second Chapter of the report summarises the activity of the parliamentary committees represented at the Conference. A great range and number of inquiries are shown to be taking place around Australia at the moment.

The third Chapter of the report sets out the highlights of a key address to the Conference, made by a senior officer of A.C.T. Electricity and Water Corporation. The address stressed the need for public works to take account of environmental factors, especially the need for organisations responsible for the design and operation of public works to adjust the very basis of their thinking to ensure natural resources are handled in a sustainable manner.

The remaining Chapters contain information about the manner and nature of public works in the A.C.T. It is the view of members of the Planning and Environment

Committee that delegates from inter-State, and from the Commonwealth, might find useful lessons in the A.C.T.'s experience.

Associated reports

Information about the organisation of the Conference is contained in Report No.16 of the Planning and Environment Committee entitled *Organisation of the 1996 National Conferences of Australian Parliamentary Public Works Committees and Environment Committees* (September 1996).

Information about the issues raised at the National Conference of Parliamentary Environment Committees - which took place in the Assembly Chamber on 6-7 August 1996 - is contained in this Committee's Report No.17 entitled *Issues Raised at the 1996 National Conference of Australian Parliamentary Environment Committees* (September 1996).

Next Conference

The Queensland Public Works Committee offered to host the 1997 Conference of Parliamentary Public Works Committees. It was agreed to accept this invitation.

Further, the New South Wales Public Works Committee expressed interest in hosting the 1998 Conference. It was noted that delegates to this Conference would have the opportunity to view capital works associated with the Olympic Games. Delegates appreciated the New South Wales offer for 1998.

Acknowledgment

Delegates thanked the Legislative Assembly for the A.C.T., especially the members and staff of the Standing Committee on Planning and Environment, for hosting the 1996 Conference.

2. **REPORTS OF PARLIAMENTARY COMMITTEES**

Commonwealth Public Works Committee

Mr Andrew MP (Chairman) addressed the Conference.

History of the Committee

The Commonwealth Public Works Committee has a very proud history, running back to 1913, when it was first formed. It was modelled at that stage on the New South Wales Public Works Committee. It is... one of the oldest investigative committees in the Commonwealth Parliament.

Bipartisan manner of working

It acts in a very bipartisan manner.. because it is principally dealing with tangible issues... Being bipartisan has been something that has successfully characterised the committee over its entire history...

[There is provision for] a dissenting report [and one was produced in 1995].

Referral point

For the Commonwealth Public Works Committee the referral point - the point at which works become the focus of the committee - is the sum of \$6m. There is a range of definitions under the Act of those Commonwealth public works that must be referred to the committee when the expenditure exceeds \$6m. They can be referred to the Public Works Committee by either chamber or by the Executive Council.

The Committee process

After referral, sponsoring departments seeking to have the work done provide a written submission outlining the need for the work, the proposal that they are advocating, the cost and the potential of that work to generate money for the Commonwealth.

Following the referral by either chamber, the committee then advertises the inquiry; calls for public submissions; and arranges inspections and a public hearing. That procedure normally takes about five or six weeks following the referral.

At the public hearing, the sponsoring department and the design team appear and give evidence and are open to questions. Any other witnesses who have sought the opportunity to give evidence to the committee are able to do so. All of the evidence is recorded in *Hansard*.

Following that process, the secretariat... prepares a draft report [which] is considered, adopted by the committee and then tabled in the Parliament. In the tabling process, which is undertaken normally by the Minister for Administrative Services or his nominee, the House agrees that it is expedient to undertake the particular work.

Activity of the Committee in 1996

Since May 1996 we have been involved in two inspections on behalf of the Federal Airports Corporation - one, of the airport facilities at Melbourne; and the other, at Sydney - both of them looking at extensions to either airport buildings or tarmacs. We had an extensive inquiry into noise attenuation in Sydney as a result of the Kingsford Smith Airport changes and the effects that the airport noise was having particularly on Newington College.

[As well, the Committee is inquiring]... into the risk of rock fall on Christmas Island, since there has been rock movement from the cliff face behind the village at Christmas Island and it was felt that the rock movement posed a threat to those who were residents in the village.

This inquiry brought a whole new dimension to the role of the Commonwealth Parliamentary Public Works Committee. We were called on - not to consider the wisdom of a particular form of work, as in bricks and mortar - but to make a risk assessment about whether or not the villagers at Christmas Island were at risk as a result of the geologist's assessment of the potential for rock fall.

The committee faced the challenge of determining whether or not it was responsible to relocate those who were resident in two multistorey buildings on Christmas Island - a relocation estimated to cost somewhere in the vicinity of \$15m to \$20m - or to take some other steps. The committee, frankly, has not made a final determination on this. But the inquiry posed a whole new challenge for committee members, because we were involved in an exercise of assessment...

There are a couple of other inquiries currently pending before the Commonwealth committee. There are major defence works, particularly in defence housing in Darwin and Townsville. They are the sorts of inquiries that are ongoing, from a Commonwealth Public Works Committee point of view.

Activity of the Committee in 1995

In 1995, reflecting the normal workload of the Commonwealth Parliamentary Public Works Committee, the Committee prepared 29 reports; it approved the expenditure of \$1.5 billion on Commonwealth public works; it held 32 public hearings across Australia; it convened 98 meetings. The sorts of works that it approved covered law courts, CSIRO laboratories, defence housing, office accommodation and airfield construction.

Overseas travel and scrutiny of overseas projects

The committee has no right to overseas travel. In fact, it has not... ever been able to travel overseas in order to inspect proposals from the Overseas Property Group for changes to existing Commonwealth buildings. However, there have been occasions when either the Chairman or members of the committee have been overseas for other reasons and have undertaken inspections. Three weeks ago, both the Deputy Chairman and I were, for other reasons, in England and undertook an inspection of Australia House, where the Commonwealth is currently proposing to spend somewhere between \$14m and \$20m on a refurbishment...

Environmental considerations

There have been a number of environmental issues that have also directly affected the Commonwealth Public Works Committee. Here in Canberra, for example, we were responsible for the decision to change the site of a proposed building because there was an endangered species, known as the earless dragon, present on the proposed site...

The other environmental issue that has been of particular fascination to the Commonwealth Public Works Committee has been the clean-up of the Maralinga site in South Australia. The clean-up of Maralinga involves the expenditure of \$105m, half of it to be met by the British Government.

This decision to undertake the decontamination of the soil on the Maralinga site probably covers one of the most interesting inquiries that the Committee has been involved in over the last 18 months

The [proposal] involves cutting-edge scientific technology. What we have approved and what is proposed by the clean-up authority is what is called "in situ vitrification"... [which in effect means] taking two carbon arc rods and getting an electric current to travel between them...

We have agreed to a proposal, using American technology, which will mean that wherever there are contaminated sites - principally, the previous burial grounds of material, which the British knew about, because they were towers and areas where there had been atomic testing..., carbon rods will be inserted and an electric current generated sufficient to get an arc between those two rods.

That arc will mean that soil and all of the material in that soil will be initially molten and then, as it cools, it becomes glacified and becomes like a glacified block and therefore immobile

We also have, in environmental terms, a number of major concerns about polluted sites. We have a munitions dump in Melbourne which has posed a major problem for the Public Works Committee as we have endeavoured to be realistic in the way it is cleaned up, without expecting to achieve the impossible. That munitions clean-up will take up some of the Committee's time in the ensuing 12 months.

New South Wales Standing Committee on Public Works

Mr Crittenden MP (Chair) addressed the Conference.

Strands to the Committee's activity

There were two strands to the committee's work in its re-establishment year [1995], roughly equating to macro and micro focuses.

On the macro level, the committee initiated an ongoing review of the development and approval processes used by Government agencies for both individual infrastructure projects and capital works programs. This inquiry is designed to gather information which will help the committee to refine its long-term objectives and establish constructive dialogue with other major Government agencies.

On the micro level, the committee has sought to undertake constructive reviews of individual infrastructure projects which concentrate on the real bottom line, which is cost-efficiency. Rigorous assessment of the necessity for projects, and a level of coordination in planning projects, have already yielded important benefits for the people of New South Wales.

The Committee's first inquiry and report

The committee's first reference [was into] the State infrastructure requirements for the proposed Sydney West Airport at Badgerys Creek. That report was tabled in November 1995.

The inquiry took six months, and the report made 122 recommendations, which covered the entire range of capital works, including the capacity of the proposed road network and the route of the initial rail link as well as sensitive environmental issues such as aircraft noise and air and water quality.

[The report]... established [the committee's] credentials, both in the Parliament and amongst Government agencies. The report consolidated the dislocated planning then taking place in the Airport sub-region into a comprehensive blueprint for sustainable urban development which will maximise economic benefits and minimise the environmental impacts of Sydney's second international airport.

Central to the committee's recommendations was the creation of the Sydney West Airport Development Corporation to oversee development and promotion in the Airport region. It will take up the committee's blueprint and implement its recommendations. In fact, the New South Wales Minister for Urban Affairs and Planning established that development corporation in May 1996.

Current Committee activity

The committee is now conducting four concurrent inquiries which deal with different aspects of public works proposals in the education, transport and environment portfolios.

The committee recently conducted a site inspection and public hearing in Wollongong, as part of its inquiry into the Lake Illawarra Authority. This involved a four-hour inspection of Lake Illawarra, followed by a public hearing the next day.

The committee is reviewing the capital works program of the Lake Illawarra Authority over the last eight years to determine whether the Authority's engineering management solutions have been cost-effective and environmentally appropriate.

Central to the inquiry is the environmental impact of proposed commercial sand extraction and works which will clear a permanent Lake entrance.

The inquiry into New South Wales school facilities is examining least-cost construction strategies, with specific reference to the relative merits of demountable versus lightweight school accommodation. It will also look at the capacity of schools to promote high technology learning, education strategies for high growth areas and energy management techniques to promote ecological sustainability.

The committee also has received a reference from the Minister for Transport on the proposed upgrading of Wyong Bus Interchange. This inquiry will act as a case study for the bus-rail interchange system throughout New South Wales.

In addition to these individual reviews, the committee is conducting an ongoing inquiry into how Government agencies develop their capital works programs. The committee is about to consider the first report from this inquiry, which deals with capital works programs of the major construction agencies (such as Health, Education, and the Roads and Traffic Authority) ... and the level of Treasury scrutiny to which they are exposed.

Today, there is recognition of the need for a holistic approach to respond to urban planning and the environmental pressures, especially in the Sydney Basin. The committee has gathered enough evidence to make recommendations to improve coordination between agencies and to facilitate greater scrutiny, by both Parliament and Treasury, especially at the conceptual stage.

Power to initiate inquiries

The committee's power to initiate its own inquiries is a potentially powerful tool, if early access to capital works programs and land use plans can be ensured.

Its initial report on State infrastructure requirements for Sydney West Airport is an excellent example of the benefits of Parliamentary scrutiny at the conceptual stage.

Referral point

The New South Wales committee is not obliged by its terms of reference to review every public works proposal which passes a certain dollar amount, as is the case with most public works committees around Australia.

Such a compulsory reference mechanism has obvious benefits.

It puts the onus on the agency to structure the project development process so that it includes a period of time set aside for scrutiny by the parliamentary committee. It provides impetus for the agency to deliver sufficient documentation to the committee to justify its proposal and to expedite the review process. It is also, needless to say, a system which imposes public accountability on the actions of Government agencies.

However, there are specific circumstances in New South Wales which preclude the use of this type of compulsory review mechanism.

The responsibility of the State for such infrastructure items as correctional facilities, education facilities, hospitals, public transport and roads means that there are many more large-scale projects in New South Wales than in other States and even the Commonwealth. For example, the Commonwealth Public Works Committee reports on all public works projects over \$6m, as the Chairman mentioned. It received 14 references in 1994 and 25 references in 1995. By comparison, there were more than 50 projects over \$6m in the last New South Wales budget. Any committee with such a workload will be little more than a rubber stamp.

It might be argued that a review of projects over \$10m would sufficiently reduce the burden on the committee. However, there were still 30 projects with a value above \$10m in the last New South Wales budget. Furthermore, such an arbitrary review mechanism would allow important projects under \$10m to avoid scrutiny.

What is required is a structure which exposes projects to the committee without imposing a compulsory review. That is why the committee is investigating the concept of a capital works review unit located in Treasury. The prospect of expert assessment by Treasury and **possible** public scrutiny by the Standing Committee on Public Works would act as an important incentive to New South Wales Government agencies to produce thoughtful and comprehensive documentation on their infrastructure proposals. It is an incentive for Government agencies to do things smarter, so that more funds are available for other projects.

Queensland's Public Works Committee

Mr Stephan (Chairman) addressed the Conference. He noted that the Committee 'has been in place for about eight years'. Also, he pointed out that more members of the committee would have attended the Conference if the House had not been sitting.

The Chair stated that the committee tabled two reports in July 1996 dealing with the redevelopment of Cairns Hospital and the expansion of the Lotus Glen prison.

During the Cairns Hospital inquiry, the committee came across several noteworthy issues, the more significant of which were whether the development should be on a greenfield site or on-site; the effectiveness and fairness of the planning process; and procedures for consultation with the local community.

There was considerable local interest in the project. The regional health authority had argued for a greenfield site while the Department of Health preferred on-site development. In the end, the Government went with the on-site development. While it believed on-site development was not an ideal solution, the committee found that it would serve the community well. In reaching this decision, the committee took into account financial considerations as well as the possible policy outcomes...

Another problem with confusion over the planning process is the effect it has on public expectation. Initial plans for redeveloping Cairns Hospital emerged in 1989. As a final decision has just been made, it has taken close to seven years for construction to begin. During this time, there has been an election and a change of Government, which has created great uncertainty in the community.

The committee believes that this process has taken too long and that, in future, Government should act to reduce planning lead times.

On the other hand, the expansion of the Lotus Glen correctional centre farm was a good example of how Government agencies should manage small construction projects. The expansion was fit for purpose and came in under budget and on time.

Future inquiries

During [the above] inquiry, several issues arose which the committee may look at in the future. In Queensland there has been some discussion on the best way

to provide correctional facilities in remote areas, particularly in relation to Aboriginal and Torres Strait Islander communities. The committee will look at this issue early in 1997. Also, the committee is concerned with the number of prisoners accommodated at the prison farm. Current numbers are okay; but, if the Queensland Corrective Services Commission increases them any more, the farm may not be able to provide prisoners with full and worthwhile work for the day. That has to be looked at fairly closely. The committee will monitor the situation to make sure that they do have something to do for the full day.

The committee has two current inquiries. Our inquiry into the redevelopment of the Princess Alexandra Hospital has only just begun...

The committee's other current inquiry, into the construction of the prison at Woodford, has raised many interesting issues. In this project, the public sector - the Queensland Corrective Services Commission - made an in-house bid in a public tender process for the job, and it won. Given that it was a tender evaluation committee set up by the Queensland Corrective Services Commission which awarded the contract, there is an understandable disquiet among private sector developers who put in tenders.

The inquiry has thrown up many crucial issues which... are common to all tender processes where there is an in-house bid.

These issues are how public sector agencies should organise tender evaluation processes, particularly if they are involved in an in-house bid; how private sector companies can be sure that the Queensland Corrective Services Commission has adequately quarantined costs for the Woodford prison bid and how the private sector can be satisfied that this is the case; how Government should arrange its relationship with Government agencies which win in-house bids; in other words, how Government ensures that Government agencies meet their contractual responsibilities; and what the Government does if they do not.

The Government employed a probity auditor on this project. This is a relatively new development for Queensland. Even with a probity auditor involved, the private sector appears unsatisfied with the process. The committee is acutely aware that the private sector must perceive the process as being fair. Some companies have told the committee that they would no longer submit a tender if an in-house bid was involved in the project. The committee will consider these and many other issues associated with in-house bids during its deliberations.

To help in its deliberations, the committee will consult industry on the central issues. We are particularly interested in industry providing the committee with options on how to address problems with the tender process. No-one is suggesting any dishonesty in the process. What the committee will aim to achieve is a tender process where in-house bids are involved which satisfies Government and private industry requirements.

The committee has planned a [further] inquiry in early 1997... [namely] a major inquiry into the provision of infrastructure in the Cape York and Gulf of Carpentaria regions. In addition to law and order infrastructure, the committee will look at the health and education infrastructure and housing.

Prior to undertaking this inquiry, the committee will get a legal opinion on where the boundaries of its responsibilities lie, as the committee may face some

jurisdictional problems with looking at areas of policy rather than at an actual work. For example, while the committee may look at the construction of a watch-house at an Aboriginal settlement, it may not be able to look at the policy governing the construction of watch-houses.

Also, we would like to clear up any confusion over where the committee's responsibilities stand in regard to looking at maintenance expenditure. Once again, as maintenance is not an actual work, the committee may have jurisdictional problems there. In the past, the committee has got around this problem by looking at a particular work and then making general comments. If the committee does have problems in this area, we will move to have the Legislative Assembly amend committee legislation to correct that particular problem.

The Committee process

The committee has improved the inquiry process by increasing the opportunity for participation by the public and by using forms of gathering evidence other than submissions and public hearings.

As a matter of routine, we now, with the usual precautions for confidentiality and matters of privilege, authorise for publication all submissions as we receive them and all transcripts of evidence, making them available to all who want them. We hope that this will increase participation in public works inquiries. Previously, transcripts and submissions only became available when the committee tabled its report in Parliament. We see this as an important change. We are slowly educating inquiry participants that submissions and transcripts are available during inquiries, not at the end of them.

South Australian Public Works Committee

Ms Oswald MP (Presiding Member) addressed the Conference.

Members and staff

The Committee has two staff - a secretary and a research officer.

There are six members of the committee, which meets once a week. Also, some members put in additional time of their own if the program warrants it (up to two or three days a week). The Chair was the Minister for two years and personally knew the details of most of the projects being examined by the Committee

Referral point

The South Australian *Parliamentary Committees Act* requires the Committee to consider any public work over \$4m

Committee activity

Since the last Parliamentary Public Works Conference in November 1995, the Committee has tabled some 15 reports, or, on average, one report every 2½ weeks...

The Committee has considered a wide range of projects including two bridges over the River Murray, a very large holiday resort on the coast south of Adelaide and the Mile End railyards project. The projects have sometimes been very sensitive, for example, developments which impinge on sites of Aboriginal and

heritage significance and the habitat of endangered wildlife (a road was actually shifted marginally to accommodate the future of the pygmy lizard)..

Environmental considerations are increasingly important in the Committee's inquiries...

The Mile End railyards project is a major redevelopment about two kilometres from the CBD of Adelaide [involving] extensive site remediation, the construction of a major connector road, 60 residential dwellings and two very large sporting stadiums. The site is the old, abandoned Australian National site, which is contaminated with arsenicals, weedkillers and spilt hydrocarbons. Hence it is necessary to remediate the soils and the ground water.

Approximately 8,500 cubic metres of contaminated soil is being remediated. It has been excavated and stockpiled in three separate piles. These bio-piles have been watered, injected with nutrients and aerated in order to activate the micro-organisms that are already inherent in the soil. Reports to date indicate that this process is working most effectively. It is expected that the soil will be of acceptable quality by October, with the aim then being to return the soil to the site to be used for the housing. There will also be some on-site containment of low-level contaminated soils, which will be used to cover the car parks and sporting stadiums.

Tests of the site show the presence of free phase and dissolved phase hydrocarbon contamination of the shallow aquifer, which is generally found at depths ranging between nine and 15 metres, and the salinity concentrations make it unsuitable for human consumption. The proposed remediation program includes a pump and treat system to remove both free and dissolved phase hydrocarbons.

Overall, this section of the inquiry proved to be very interesting, if not somewhat difficult, as members had to be educated in the whole process of soil remediation and what pump and treat systems were all about, in order to be able to sit down and finally write the report.

The committee found the methods proposed to be credible, but insisted on further testing of the site after remediation works were complete so as to check that they were environmentally successful'.

Another project with a strong environmental aspect is the West Beach recreation reserve development. This development also has a Building Better Cities component. It involves site remediation, realignment of a creek and the relocation of a golf course and other sporting facilities to facilitate the extension of the Adelaide Airport runway.

The site remediation for this project is necessary as a large portion of the land earmarked for development previously operated as a rubbish tip. Although the site has been capped, the presence of any vegetation there is minimal. There are no shrubs. There is some grass but not much more. Consequently, rubbish bags and other debris keep becoming exposed. Also, other studies have revealed that landfill gas is present, and uncontrolled excavation of the site could become hazardous. As a result, the existing clay lining on the site will be impact-rolled and graded, with capping layers of sandy soil placed on top. In addition, a

methane gas extraction system, involving a network of venting wells, will be installed.

[One element of the remediation is particularly interesting, namely, that affecting Patawalonga Lake.] The Patawalonga Lake [at Glenelg] was identified as the worst black spot, as far as environmental hazard is concerned, in the whole of the Commonwealth. After much discussion with the Commonwealth, it was accepted as a Building Better Cities project to enable the work to proceed to clean it up. That work has now been undertaken... [The] Lake drains one-third of metropolitan Adelaide. Over 150 years, for one-third of metropolitan Adelaide, all the run-off from the streets, including from commercial activities, has been deposited on the bottom of that Lake.

As a result, this Lake is unfit for human recreation. It produces foul odours and is generally unsightly. Every time we have rain anywhere in the catchment, we get all the rubbish down there at Glenelg. The poor condition of the Patawalonga prompted a dramatic clean-up. Over recent months, literally tens of thousands of tonnes of polluted sand and silt have been dredged from the Lake, at a cost of some \$13m, and have been deposited in ponds adjacent to the end of the runway.

The West Beach recreation reserve project has provided a use for this polluted material. Rather than just being dumped and distributed, we are drying it out. This material, once it is dried, will be used to cap the old rubbish dump, and then we will put the golf course over the top of it...

The Building Better Cities money was absolutely crucial, particularly for the Patawalonga clean-up. The State Government initially allocated \$4m to that project but the Commonwealth contributed \$9m. The State then added a further \$7m in to build another ferry terminal and harbour at Glenelg to service Kangaroo Island: 'We are now talking about a \$120m redevelopment of the whole of the Glenelg area. It is quite significant.

Private enterprise input into public works

We [have] found, with our capital works program over the next two or three years, that a lot of the works just would not happen unless we went to the private sector. We did not have the money to do it this year or next year. But Treasury has [a] rolling program whereby we can build now and pay later, and we are doing that with several of our projects now. It is on the basis that, in two or three years' time, things will come back on stream and we will be able to pay our bills. But, at the moment, finances are very tight, and it is a very good way of getting projects up and running this year...

A significant proportion of the committee's time has been spent investigating projects of either a BOO or BOOT nature - build, own and operate or build, own, operate and transfer - or on public works that are looking to use private capital.

An excellent example of the injection of private capital into a particular project is the resort development at Wirrina Cove, located some 80 kilometres south of Adelaide. This resort is fully owned by the Malaysian MBfl group of companies, of which MBfl Resorts is the development company. Although the resort has been fully operational for some time, it originally had no mains water or mains sewage connected. As a result, public funds have been used to provide

the infrastructure for both the supply of mains water to the resort and a waste water treatment plant to be located within the confines of the resort.

In addition, through a combination of private and public funds, a marina complex and public access road will be constructed at the resort. The public funds will be directed towards construction of the infrastructure required, and MBFI will be responsible for developing the marina complex. This segment of the project came before the committee in May this year and is currently under construction, with development occurring on a combination of both privately owned and Crown land.

The committee has also looked at several other projects with private sector involvement... [including] the Port Augusta Hospital. This proposal is particularly interesting, as the facilities are to be constructed by the private sector and leased back to the Government. In this case, a combination of private sector development and public sector management was considered the most viable option.

In another case, the Government has entered into a contract with a private company to build a bridge in the Riverland. That company will be responsible for the planning, design and construction of the structure, with funding being provided by the private sector until the completion of construction. At that point, the Government will purchase the bridge. In this case, it is a build, own and transfer arrangement, as at no time will the private developer operate the facility...

Future inquiries

In the coming months, the committee will be considering the netball stadium which will form part of the Mile End development and several MFP developments and a major highway to Kangaroo Island.

Tasmanian Public Works Committee

The Hon Mr Wilson (Chair of the Committee) addressed the Conference.

History of the Committee

The Tasmanian Public Works Committee is the result of a 1914 Act, which was based upon the Commonwealth's 1913 Act... and followed on New South Wales's adoption of a Public Works Committee system back in 1914. Our legislation has not changed markedly in that time.

Referral point

We require a referral from the Governor, and all projects in the State of a capital nature which would incur expenditure over \$1m are referred to us. The only option would be that the two Houses of Parliament could pass a resolution approving those projects, if they wanted to bypass their Public Works Committee.

Membership

The committee has five members and the current Chair is an Independent member.

Under the Act we have two members from the Upper House. Traditionally, they have been members who are the longest serving, who do not have any other

statutory roles; but that is very much a traditional in-house thing. There are three appointed to it under the Act from the House of Assembly.

Current activity

The Committee has examined a new Antarctic Centre behind Salamanca Place on the waterfront in Hobart. It is part of a private development, by a private operator, at a cost of about \$56m or \$58m. There will be a series of inner city apartments, together with a shopping centre and some office facilities. A large proportion of the development's floor area has been allocated to the Antarctic Centre, which the State is not building. It is part of the overall private development, but the State has had to approve, naturally, about \$6m to fit it out so that it can operate as an Antarctic Centre. That was a little different because of the nature of the project and because it will, hopefully, bring an emphasis on the Antarctic to our Hobart waterfront.

[Another inquiry,] which we have only just dealt with and dealt with as expeditiously as we could, was to provide for technical education facilities right adjacent to International Catamaran, which...builds and constructs catamarans for sale around the world, most of which are in the 76 to 80-metre length class. That... is a growing industry in Tasmania.

It is well to have some growing industries, because it is hard enough to create employment for younger people coming on. One of the problems that In-Cat has faced is being able to employ enough skilled tradespersons, with skills in aluminium, either fitting or welding, or pattern making. They have provided a small facility for technical education, to train some of their employed staff in those areas. Most of the work that they are doing, although part of a TAFE program, is also part of the construction of components for the catamarans.

In-Cat are rather keen to expand their development. They currently have the capacity to construct three catamarans in their existing building. They are in the process of duplicating that so that they can have six catamarans in various stages of construction. With that, there is a significant increased demand for skilled tradespeople...

The important component is that if, in due course, the demand for the metal trades which are associated to a fair degree with International Catamaran's existing facility and other engineering businesses in the State tends to decline, then the site that has now been purchased and on which construction is now commencing will enable the building and some of its facilities to be constructed and designed in such a way that it could be available for light or heavy industry, particularly where it relates to metal trades. In other words, not only will the facility that is just starting to be constructed now be used as a training facility for however long that is required, in a fairly specialised area, but it has also been designed with a future use - another use - in mind when the training facility does not have the same demands on it.

Preservation of historic infrastructure

[The Committee is likely to be examining] how many of our older historic buildings... we continue to retain in their current usage and what sorts of scarce funds we can put towards the increasing maintenance of those, or substantial renovation in some cases where the use may need to change [such as] Government House and the Executive Buildings in the middle of Hobart, in Franklin Square:

With all buildings that have been in use for the best part of 150 years or more, there is a need to upgrade all the plumbing and, of course, the electricals and some of the facade. Certainly, after a while, they no longer accommodate the requirements and needs of the occupants, so some internal changes need to be made. That can be quite costly, certainly in terms of sandstone buildings of 150 years or more. So that has been one of those challenges.

In that area we have been supplied with, and are asking for, rather detailed management and maintenance proposals over a long period of time before deciding whether it is in the State's interests to continue to use those buildings for the uses that they have had historically - in other words, an analysis as to whether or not, at some time in history, the amount of money that has to be spent on them to keep them in full use is justified or whether it is better to start from scratch. That has been an interesting exercise and... one that other States also have had to tackle.

[The committee has many] highway pavement renovation and rehabilitation projects coming before us. Many of us are becoming mindful of the fact that it is going to become increasingly difficult in the future, with current funding, to be able to maintain the rather substantial network of roads and highways we have developed over the years without some on-going program of maintenance of them.

So we are finding that, because of the lack of funds available, some are having to be left until they deteriorate to an extent that a major renovation is required; hence the reason for them coming back into the capital Program... A small State like Tasmania, with a fairly small population and a rather significant network, has to reassess how many new roads it is able to construct when it has a major problem maintaining the asset that has been created in the past.

A.C.T. Standing Committee on Planning and Environment

Mr Moore (Chair) addressed the Conference.

Membership

There are four members of the committee and they cover the political spectrum: We consider that if we can produce a unanimous report the Government is more likely to treat our recommendations seriously. Indeed, all our reports bar one... [have been] unanimous reports.

On that occasion, we came up with a report that identified our areas of disagreement rather than trying to get a report that was divided two all, because that really did not make much sense and was not a particularly useful exercise for the Assembly. We perceive our role as being to assist the Assembly in dealing with the issues that are before us.

Powers of the committee

The Planning and Environment Committee is a standing committee of the Assembly...

We have a very broad resolution of appointment covering not only capital works, environment and planning issues, but also transport; commercial, industrial and

residential development; science and technology; heritage; conservation and energy matters.

Our committees are not necessarily dependent upon the Assembly sitting when we table a report [since committees can be given]... the power to table reports out of session. The Assembly has been quite forthcoming about allowing committees to do that in order to ensure that we can keep the processes moving. If we can table in session we do, but otherwise we table out of session. I would think we have tabled about half our reports out of session.

[The committee also uses its power to make] statements in the Assembly. So far we have tabled three or four statements in the Assembly...

We have found that to be a quite useful device when we do not want to take on an inquiry into something. If people have approached us about a particular issue and the committee believes that the Government should take a specific approach to it, we will table a statement...

Current inquiries

We have formal inquiries at present into a strategic plan for the Australian Capital Territory, and into the *1995 State of the Environment Report* by the A.C.T. Commissioner for the Environment, Dr Joe Baker... We have an inquiry into how best to protect amenity rights in the ACT, such as the right to sunlight and views. That also includes looking at the role of Telstra and Optus and the cable issue that is bugging quite a number of local councils at the moment. We have an inquiry into retail policy measures and a follow-up on an Auditor-General's report on contaminated sites.

Committee scrutiny of public works

Each year the Committee scrutinises the Government's Capital Works Program which comprises:

the usual mix of Government projects: hospital refurbishment, development of an industrial estate, traffic works, stormwater augmentation in our older suburbs, a bus interchange, a new police station, public toilets, exotic plant control, residential land development and cycle paths, a cultural centre..., sporting grounds and schools...

The Committee calls for public comment on the Government's Draft Program and summarises the public submissions in its report:

This time around the submissions came from a community council, a Commonwealth department, a residents association, the Master Builders Association and the National Parks Association.

Our committee has now adopted the practice generally of including a summary of submissions in most of its reports. We think it is a useful exercise. It shows the public that we have seriously considered what people have presented to us, and also helps us to identify key issues that the public has brought to our attention.

[The Committee identified] five broad themes we felt emerged from looking at the Government's Draft Program... - the nature of documentation, the timing of the capital works process, priority areas for capital works, the management of

public assets and... what to expect next year in relation to the capital works process...

[The Committee then went on to comment on] specific projects contained in the Government's Draft Program...

Staff

In terms of resources, we have basically one committee staff...

Recently we approached the Chief Minister and drew her attention to the fact that the Government had referred to us quite a number of inquiries and that our staffing limitations were really limiting what the committee could achieve. We have now been able to second from the department a secretary to look specifically at the *State of the Environment Report* so that we can then determine what needs to be done in terms of the Government's response to that report.

New Zealand House of Representatives: the Planning and Development Committee

Mr Bagnall (Clerk of the Committee) addressed the Committee.

Principal activity of a New Zealand parliamentary committee

The main activity of a select committee in New Zealand is the consideration of Bills... Virtually all legislation proposed is referred to a select committee.

Generally, select committees are given legislation which falls within their subject areas, but that is not necessarily the case. Select committees have fairly strong inquiry powers. They can self-initiate any inquiry that falls within their terms of reference. Then we have the annual financial cycle. All committees consider estimates of Government departments and agencies that fall within their terms of reference, and they also, after a financial year, conduct a financial review of a department's performance. They also consider petitions. All petitions that go before the House are referred to a committee for comment...

Committees do not necessarily do much with petitions [but] they quite often do seek submissions from the petitioners. Also, where those petitioners are complaining about the activities of particular Government agencies, they will then seek comment from those agencies as well and then they will report back to the house.

Any recommendations included in a report by a committee must be responded to by the Government within 90 days of that report being presented. It is the same with the inquiries. Any report on an inquiry that contains recommendations to the House must be responded to by the Government within 90 days.

Absence of a specific Public Works Committee

There is no Public Works Committee in New Zealand. There is also no formal mechanism for approval of public works by any select committee in New Zealand.

The main reason, I guess, is that there has been a real decentralisation of responsibility for these activities...

Basically, the emphasis is on the outputs supplied by different agencies rather than on the particular infrastructure requirements of those departments to meet those outputs, because that is their responsibility on the whole.

That is not to say that committees cannot investigate these public works projects through their inquiry function. They deal with particular issues that arise within their subject areas. The Planning and Development Committee's subject area has to do with conservation, environment, surveying, land information, valuation and also construction and development work...

The Planning and Development Committee in the last six months has considered two pieces of legislation that could be considered to be public works issues. One was the Local Government Amendment Bill No. 6 [which]... is a Bill... [to enable] the Auckland Regional Services Trust to be involved in planning facilities for the America's Cup....

The committee was quite careful to make sure that facilities which had public money put into them are retained by the local councils because the Bill, as introduced, really required the Auckland Regional Services Trust to sell those facilities according to some business practice and so on, which is not necessarily consistent with having those facilities held onto by the public. They also directed that the Trust look into the provision of public access to the Auckland waterfront at the conclusion of the regatta, because that also is a big issue in Auckland.

[The second piece of legislation considered by the Planning and Development Committee was] the Survey Amendment Bill. The Department of Survey and Land Information was restructured this year. The committee, in considering the piece of legislation which enabled that restructuring to take place, looked at the general roles of the Surveyor-General and how that might continue in the future...

Regional and territorial authorities probably are responsible for the bulk of major public works exercises in New Zealand, and quite often that requires empowering legislation. This is very often considered by the Internal Affairs and Local Government Committee. For example, there is a proposal for a major new stadium on the Wellington waterfront to replace the athletic park and a Bill has been introduced which empowers the Wellington Regional Council to be involved in that project. The committee's consideration of that Bill really has boiled down to the desirability of the site and other planning issues.

So empowering legislation is one way that committees can look at public works.

As for building projects administered by central government agencies, the annual financial cycle... provides an opportunity for committees to look at public works activities initiated by departments within the last financial year...

[For example,] in the last year there has been considerable interest in the public works activities of the Department of Conservation in New Zealand. The Department of Conservation manages the conservation estate throughout the entire country. It is a fairly major portfolio. In April 1995 there was a major catastrophe on the West Coast. A viewing platform collapsed and 14 people lost their lives. As a result, there has been considerable inquiry into the activities of that department. The project management systems that it had in place were

found to be quite inadequate and the committee has seen its role as continuing to review that department's improvement of its project management systems...

Another example of a public work which was considered by the committee under this heading, the financial review of the department, was the refurbishment of the old Government buildings in Wellington, a \$20m project. The old Government buildings used to house the entire New Zealand Public Service. A large wooden building next to the Parliament is being refurbished completely and it is now the home of the Wellington Law School. The department was able to organise this. They claim that there is no net cost to the Government because of an on-going lease arrangement with the Law School. Eventually that project will pay for itself entirely.

Transport infrastructure is slightly different. There is a Government agency called Transit New Zealand which is responsible for allocating funding for national road projects up and down the country. They are given a set of criteria by the Government. They work out cost benefit ratios and as soon as a particular project's cross benefit ratio meets the level required it is put in the waiting list. Transit New Zealand is an agency that is reviewed on an annual basis by the Transport Committee.

Members and staff

There are five permanent members of the Committee. Generally each committee has one and a half staff, which is now being increased to two for each committee.

The committee system after the October elections

There is going to be... further emphasis placed on the select committee system [after the October election]. The emphasis has increased since 1985. One particular increase in the powers of the committees will be an inquiry function, and committees will no longer simply be restricted to the activities of Government agencies. They can initiate inquiries into basically anything which falls within their terms of reference.

3. SUSTAINABLE RESOURCES AND THEIR INFRASTRUCTURE

Mr Perkins (Deputy Chief Executive Officer, A.C.T. Electricity and Water Corporation) addressed the Conference.

The ACTEW model

I represent a utility which is fairly new but fairly successful. I represent a Territory which is fairly new and very small, but it seems to me that in the best traditions of Harvard case studies there are many examples of models built here which are transportable, particularly when hard-pressed Ministers of State are burdened by the baggage of bureaucracies which have been in place for 150 to 200 years, and this has never been more so than in public works.

I say that with some authority because I have had the privilege, or the depression, of studying public works policy not only here but also in New York, China and Japan.

I want to share with you a simple example of water infrastructure and treat that as public works because I think it typifies the issues which Public Works Ministers have to confront. The issues do not have to be judgmentally negative. They are a problem of institutions, priorities and looking to the future rather than the past.

Sustainable development in businesses

My organisation follows the principles of sustainable development. I normally get into trouble with this because half of the Australian population thinks it is some whacko green thing. I have to tell you that the sustainable development movement is run by big business - at least, enlightened big business - around the world.

The principles of sustainable development are exactly the same as the principles of quality management... Why would any business not follow the principles of sustainable development? I would argue that we should.

If your departments around Australia are telling you it is too hard and it should be put off for 20 years, do not believe them. If you believe in a competitive economy - and we must be a competitive economy if we are to continue to compete in global markets - we had better learn to adopt best practice, and that includes sustainable development, because the principles are exactly the same as the principles of the total quality management movement.

My organisation has just finished putting ISO 9000 accreditation through all of the public interfaces, and in a few weeks' time the Federal Minister will announce that we are among a group of companies and utilities to be the first in Australia to have the ISO 14000. Dead simple! We save millions by doing it together. It can be done. It is a principle of sustainable development...

The principles that we are applying in the reform of Government business lead us to the view that any business - read "any sustainable city" or "any sustainable economy" - must do two things if it is going to remain in business.

The level of real activity over time must increase marginally and the rate of return on investment - and this is more so for us Government-type people, and

public works are certainly in that category - must go from a negative return to a positive return over time.

We said that the level of aggregate activity had to increase marginally, but we also know that the level of activity must decrease whilst we are reforming the process. Therefore, if we are going to get an increase in return on investment, we really have to find a way to add value in our investments and so on.

The water cycle and the investment process

When [ACTEW was] established, we realised that we faced environmental problems, public perception problems and money problems, so we adopted sustainable development and we applied it holistically to the water cycle first.

Although most people in Australia say you cannot treat waste water to the standard they treat it in Canberra because that was paid for by the Government or is over-engineered or any number of other things, the reality is that you can.

The reality is that the waste treatment here is the best in the world for a medium-sized city. We actually make a real rate of return on it in financial terms as well as economic terms. We actually make money and pay a dividend to Government based on financial performance in real terms. There is no need for rationing. It is a question of financing and planning for the future rather than catching up from the past.

In addressing the water cycle, we have tried to combine the reform process with the investment process. The first thing we did was to cut out the \$10m a year that was invested in engineering reports and studies and divert that to focus on strategic things which were needed in the future. The result is simple.

Look at the whole of the water cycle, not just waste or water supply by themselves. We go from the catchment through to normal cycle to homes and industry. Some stormwater goes to direct discharge to streams and some goes through sewage treatment plants. That is the traditional cycle.

We are all in trouble - not just Australia but everywhere in the world - with that model.

Under a holistic approach water recycling here is paid for by our consumers without Government support. We have developed an environment improvement plan that for an investment of \$100m allows us to keep our waste water treatment at world-best technology for as far ahead as we can predict technology. We think - and this is just a view - that is about 15 years.

At the same time, that investment of \$100m will deliver something of the order of \$22m in direct applied research and development of new products which will not only help keep that cycle at that level but also provide products to sell in the world, improved performance and so on. We already have the first of those patented, and one is being marketed. It also provides the benefit of putting off the need for augmentation of water supply to Canberra for about 20 years. That is a saving in investment terms of \$200m. If you look at the big picture, the investment comes out right.

I have tested this on a number of occasions in China, in Malaysia and with merchant bankers here in Australia, and they all agree that the model is right if

you take an investment approach to long-term strategic planning rather than a rationing catch-up approach as we tend to do because of our institutional arrangements. The net result is excellence in engineering...

[Also] it represents community involvement and de-politicisation of the issue. The time we whacked a levy on the consumers of Canberra for this process coincided with an election. All of our surveys and all of the indications during that election were that sewage treatment was not an issue. I suggest to you as Parliamentarians that that was not a bad result. It de-politicised the issue.

We have excellence in engineering and excellence in environmental performance. We set ourselves the commercial target of ensuring that no discharge to receiving waters should be anything less than the existing quality of the receiving waters. All discharge of waste water in Canberra must be better than the ambient quality of the river it goes into.

International competition

I suggest to you that if we are not aiming that high with quantified things like that then we are going to lose our business and our industry to the French and the European Community people, who are confronting those standards right now. They are confronting them because they have environmental problems in their industrialised cities. They are setting the standards. If we do not set them in our public works functions here, then in the end we will lose our competitive position.

My organisation has done it in one segment of public works in such a way that the model produces an economic return, an environmental return and a political return for our political masters...

Accounting systems

We all have a problem of accounting systems. No accounting system presently in place in Australia takes into account that the fact that to put off building water supply for 15 to 20 years is a bonus. If you take an economic sum, there is a gain. For five years our consumers paid a levy of \$40 per household. That funded not only the revenue expenses but also the R and D and the capital investment in the transitional cycle.

The difficulty with that is the same with public works everywhere. You have a problem of taxation and levies as opposed to financial accounting or investment accounting. I would argue that in the long run, if you are looking at inter-generational equity and so on, it costs nothing in the process. It is a question of investing something now and finding the source to invest in. It was done as a levy here because it was politically expedient and because our customers were happy to pay it, probably because of the experience in Sydney, where the levy was twice as much. There was not an issue of us borrowing money or investing money in the short-run to do it, but that would have been an equally good solution. That is the solution being applied in Singapore, Hong Kong and California on the same cycle.

Effect on local businesses

No builders have gone broke [because of ACTEW's investment policy], because on the one side of the equation we were investing \$100m to save investing \$200m. Ironically, one of the environmental requirements to keep our performance at best practice was to build a dam next to the sewage treatment

plant in Canberra so that even when there is bad weather you can hold stuff there rather than discharge it to the river. It just so happens that the people who build that dam would be the people who would be building the next civil infrastructure for water supply.

I suggest that if you look at the public works cycle in a big enough sphere then you can get offsetting investments on one side of the equation.

The problem that is faced in the bigger bureaucracies - China is probably the best example I can think of, although Japan is just as bad - is that you have all these pigeonholes and a long history of doing things in little functional silos. They have a stream of money that they will tell public works committees must be spent each year and if it is not, contractors and builders will go broke. That is true in so far as it goes, but with a little massaging around or integrating of the systems you can find ways to ensure that the local economy does not go broke.

4. PUBLIC WORKS IN THE A.C.T. - OVERVIEW

Key factors

The background to decisions about public works in the A.C.T. includes the following:

- the A.C.T. is the only State or Territory to publish a Draft Capital Works Program listing all major works proposed by Government for the coming year
- it is the only State or Territory to make this Draft Program available to an Assembly committee (the Standing Committee on Planning and Environment) before the Budget is finalised. The Planning and Environment Committee then scrutinises the Program and reports to the Assembly
- it is particularly important to involve committees in the work of executive government in the A.C.T. because of the operation of has minority government in the Territory
- expenditure on capital works has declined from about \$155m pa in 1989 (when self-government was introduced) to just over \$90m
- a particular problem is the cost of maintaining the extensive capital works infrastructure established by former Federal Governments
- ‘Capital works projects and their delivery have been significantly affected by recent changes in public administration, such as agencies taking responsibility for the creation and management of their own assets in producing service delivery-based outputs; the introduction of a capital charge regime to permit the cost of asset use to be identified; considering asset depreciation as part of the cost of service delivery; possible retention of the proceeds of asset sales, in appropriate cases; and ownership agreements between the chief executives of agencies and Ministers in order to have a much more business-like management of taxpayers’ funds invested in agencies’.¹ Also, services within Government are now being provided on a fee-for-service basis (to facilitate a better appreciation of the cost of the services).
- accrual accounting is being introduced in all agencies, requiring them to identify all assets and liabilities (including physical infrastructure). Agencies are considered to produce goods and services that are ‘purchased’ by the Government.

Key Government agencies

The key Government agencies involved in decisions affecting capital works are the Capital Works Group, Works and Commercial Services and Construction and Maintenance Services.

¹ Mr Humphries MLA (Minister for the Environment, Land and Planning)

The Capital Works Group

The Capital Works Group is an inter-departmental group of officials that examines the documentation before projects are placed on the Draft Capital Works Program.²

[It] takes a whole-of-Government perspective and assists the Office of Financial Management [OFM] in its role of providing ownership advice to the Government. It comprises six senior officers from across the large organisations that deal with capital works in the Territory, including OFM and the Department of Urban Services [DUS] (which has two representatives, one dealing with the strategic view of assets and another officer dealing with technical issues in regards to capital works). It is not a full-time group but comes together only when there is a need - for example, in the lead-up to the Budget.

[It] assesses proposals based on the Government's agreed criteria and guidelines. It also monitors progress during the year against the approved Program. It scrutinises the draft Program of public works that goes to the Government. In addition, it assists some of the smaller agencies to develop proposals for specific capital works, particularly if the agencies do not have a regular annual rolling program of capital works like some of the larger organisations do.

The Group facilitates a long-term planning focus for capital works, particularly by taking a whole-of-life view of the assets (involving maintenance and management of those assets during their life). It assists in developing guidelines for capital investment.

[The Group examines about 100 specific proposals:] Not all are accepted - perhaps less than half got through in the first go in the past year. Many were sent back to agencies because they did not the [evaluation] criteria.

The Capital Works Group prepares progress reports, for consideration by Cabinet, on the implementation of the Capital Works Program. It arranges for attendance at hearings, be they Planning and Environment Committee hearings or other public forums, and it also coordinates the Government's response to the Planning and Environment Committee reports.

In recent years... there has been a particularly poor performance in relation to the delivery of capital works... The Capital Works Group, as a support forum for the Planning and Environment Committee and the Government, has realised some improvements in the delivery of capital works... There is a greater focus on transparency, both within the Legislative Assembly... and with the community.

Works and Commercial Services

Works and Commercial Services has no in-house design capacity nor any in-house construction capacity (this is done by the private sector), but it selects which private companies do the work and provides advice about a project is delivered. Also, it monitors the project budget and may assume maintenance responsibilities (it spends about \$70m on maintenance each year, of which 80 per cent is spent within the private sector).

Works and Commercial Services has an industry policy role, trying to improve productivity of what has become very broadly known as micro-economic reform.

² Mr Ellis (Director, Financial and Budgetary Management, Office of Financial Management [formerly Treasury])

Works and Commercial Services seeks to reduce litigation, which was prevalent in the 1980s and which, apart from adding to costs, was debilitating for management and for industry. It encourages improved risk management, whereby the risk, both to Government and to industry, is reduced significantly. It tries to ensure that contractors have the ability, both technical and financial, to complete the jobs they have been contracted to do. This involves the issue of security of payment, as well as of pre-qualification criteria.

Works and Commercial Services also assists agencies (especially small agencies without in-house expertise) to develop a business plan for the way assets are handled. It is the case that the functional brief required for tendering purposes requires specialised expertise that few agencies possess. Further, agencies are generally not in a position to be confident that the estimates provided in a business plan are robust and well based. Nor are they usually up to speed with how to schedule the delivery of projects.

Construction and Maintenance Services [CAMMS]

CAMMS provides a total asset management service for agencies, on a fee-for-service basis, either simply for the delivery, or for both the delivery and operation and maintenance of an agency's asset. [CAMMS uses] two methods of project delivery: lump sum contract and project management.

Evaluative criteria used by the Capital Works Group

Mr Ellis (Director, Financial and Budgetary Management, OFM) addressed the Conference.

There are three major areas examined by the Capital Works Group when evaluating projects. These are the project details; the management and the operational issues; and the business case.

The first criteria involve a general description of the project, including its functional requirements and physical dimensions. There should be information on location and site availability. The user requirements brief is particularly important so that there is a clear understanding on the part of the client, in the delivery of that project, of what its functional requirements are.

It is important to examine timing of the proposed works so as to be confident that it can be completed on time. Some feasibility studies are undertaken, particularly in the use of value management studies, and there is some detail dealing with the delivery methodology and timing of those projects.

The second criteria involve environment and heritage issues, including ecologically sustainable development, to ensure that the project fits within appropriate environmental guidelines and the completion of Environmental Impact Statements, as appropriate. It also involves a strong community consultation process in terms of getting input across portfolios, between agencies, and also with the community in general.

The third criteria, involving the business case, includes an executive summary that tries to bring the essence of the project down into a single page to summarise what exactly it is going to achieve and deliver in the A.C.T. There is a strategic planning and justification section that allows the opportunity to provide a justification for that project to proceed, which will allow the Capital Works

Group, the Government and the Planning and Environment Committee to make an assessment to rank the relative merits of one project against another. Finally, there is a section that analyses any other residual options in terms of the business case.

The business case then has a number of sections that deal with the justification of various methods of delivery. It takes a preferred position and recommends what is the best method of delivery of that particular capital work. That then flows through to the appropriate means of funding that investment and the ongoing and financial implications of the management and maintenance of that asset over its life, which, in some respects, may move out of the balance sheet of the organisation that is managing the asset and into its ongoing operational costs.

Further, there is a fairly detailed risk assessment that looks at the various means of delivering the project and the risks inherent in pursuing that particular capital works initiative.

Prospective projects are required to have a clear justification and definition. This includes a clear program of community consultation, including liaison with industry. Many projects are required to have whole-of-life costings and there is a greater use of value management techniques in the strategic planning stage of those projects. Projects above \$1m in value are required to demonstrate a rigorous cost-benefit analysis.

Functional briefs for projects are required early in the process prior to funding being committed. This facilitates an early commitment of work, which is an important consideration in ensuring that projects are completed on time. It also allows choice to be exercised as to delivery methods, and reduces the risk of unreasonable time demands being placed on the industry.

5. **STRATEGIC ASSET MANAGEMENT IN RELATION TO CAPITAL INVESTMENT**

Ms Marsden (Director, Policy and Programming, Department of Urban Services) addressed the Conference.

Value of the A.C.T.'s built assets

The total estimated value of the A.C.T.'s built asset portfolio is about \$9 billion - which may be about that controlled by Brisbane City Council. The A.C.T.'s population is about the size of that of the greater Wollongong area - 300,000. For us, I suppose that is an advantage. At least we are not dealing with a massive portfolio, as are States the size of Victoria and New South Wales.

Basis for Federal decisions on assets (prior to self-government)

Prior to self-government, all our assets belonged to the Federal Government, and capital investment in the A.C.T. was funded from the Federal budget. Decisions on capital investment were made in the context of Federal funding and from the perspective of the development of the A.C.T. as a national capital.

Gough Whitlam's statement that the A.C.T. would be a social paradigm for the rest of Australia ensured that the process begun by Sir Robert Menzies in the A.C.T. in the late 1950s would continue until self-government; that is, money was no object in creating the city. This approach, while delivering a beautiful city, has bequeathed a problematic legacy to the A.C.T. under self-government.

The major problem in managing the A.C.T.'s built assets

The major problems facing the A.C.T. and the management of its built assets are overcapitalisation and an ageing and poorly described portfolio.

The majority of the assets in the A.C.T. were constructed between the 1960s and the late 1970s. In consequence, we have an ageing portfolio. We are hitting the hard part of it at this point. We have very high community expectations. The public sector perception is that capital is a free good. That is not an unusual public sector perception. Until recently, it was true across the Western world...

In addressing these problems, the Government has been constrained by a limited revenue base... We have reducing Commonwealth funding through the transitional phase, and this has an impact on our capital program.

Behind the rest of the country, we are in an economic downturn which is likely to continue for the immediate future...

Under these continuing constraints we need to be very sure we get value for money out of our built assets and that they are the right assets in the right place at the right cost.

Strategic capital investment planning

Therefore, as part of the implementation of strategic asset management, we are putting a major effort into focusing on the front end, long-term strategic capital investment planning, that is, development of skills and tools to assist agencies in achieving desired outcomes. This approach places great emphasis on agencies being able to determine their future capital needs as an integral part of their business planning, linking creation and management of existing assets to delivery of their outputs.

We have paid great attention to the work that has been going on in other States. In the project initiation processes, I think I can refer to the work of South Australia, Western Australia and New South Wales as being extremely interesting to us. We participate in all of the external forums because we face the same problems as other States, even though we are of a smaller magnitude...

Assets exist only to support service delivery. Asset planning is a key corporate activity, to be considered along with planning for human resources, information technology and finance.

Non-asset solutions, full life cycle costs, risks and existing alternatives must be considered before deciding to build assets. Responsibility for assets should reside with the agencies that control those assets. Strategic asset management within agencies must reflect the whole-of-Government asset policy framework. The full cost of providing, operating and maintaining assets should be reflected in agency budgets...

We are currently working with agencies on the development of strategic asset management and long-term capital investment plans...

Questions to ask in justifying a project

Essential matters which must be considered in the lead-up to developing capital investment proposals include strategic planning. What are the Government outcomes which will be met by this project? What is the relevance of the project to the agency service provision strategy?

A description of the level and quality of services outputs should be provided and, most importantly, the need for the asset should be justified. This entails analysis of alternative solutions to that of asset creation/acquisition. For example, are there existing assets which can be used to deliver the service? This means looking at the rationalisation of facilities, services, et cetera. Are there other ways of delivering the service? Instead of building a new school, could we bus students to an existing school with spare capacity?

Can the service be provided by the private sector? Can it be provided by a joint venture? In fact, we have just completed one for the primary schools at Nicholls in our latest satellite district. The school shares infrastructure and a library with the Catholic Education Office. That has been an interesting exercise. Are we delivering just a school or are we delivering something else? South Australia, in an interesting approach, built medium-density housing that they used as an interim school. That was one way of handling community demand.

Do we really need the service? This requires challenging community attitudes and managing demand - not an easy thing to do when communities, this community particularly, have very clear views on what they need and what they should get. Has there been an assessment of existing building assets? For example, what is the current efficiency utilisation of existing assets? What is the functional suitability of these assets? Will the existing assets be adequate for future service requirements?

What are the existing assets costing? What will they cost in the future? At which point will they become uneconomic, and then what will we do with them?

It is all very well to talk about selling them, but you have to have the market to sell them into.

What is the likely impact of technology on future assets as a function of service delivery? Is education always going to be delivered from a school? With today's technology, that is a good question to ask. Will there be a learning node of some sort at a community centre? If the decision is to build, what are the full life cycle costs of the building and what are the recurrent costs?

What are the risks associated with the decision? Environmental risks, financial risks, project delivery risks, disposal at the end of the life of the building - all of these have to be assessed.

How will it be financed - from the sale of existing assets, internal funding from cash reserves, external resources or the A.C.T. Budget? Where should it be located? Is there a need for community consultation? Has community consultation been undertaken? What sort of building should it be - permanent, or would transportables be adequate? Can it be used outside business time by other agencies or by the community? Are we always going to have schools that operate from nine until three and then sit silently for the rest of the day and all day for three months a year? That is a very difficult issue to cope with.

What is the impact on the Territory Plan?... There are great constraints placed upon what we do in the A.C.T. because of the connection between the Federal Government and the A.C.T....

This list of questions is not exhaustive. You will appreciate that the process agencies are required to go through is complex, is time consuming and requires a questioning, analytical approach to their existing and future assets, focusing on outputs and service delivery.

Changes to bureaucratic culture

In common with the majority of other jurisdictions, we realise that long-term strategic asset planning is not easy to implement. It requires a change in the perceptions of our managers, the Government and the community. This is best achieved in small incremental steps. It requires the introduction of new approaches to built asset management and the development of systems and tools to support that management.

Accrual accounting is one of those. It requires agencies to measure and report on the performance of their assets and to make strategic planning decisions in the light of that performance against explicit standards of service delivery... It requires the introduction in the public sector of incentives such as capital use charges, return to agencies of proceeds of sale of surplus properties and funding for depreciation of assets. Most importantly, it requires at the highest levels an understanding of the need to change and a commitment to the process of change.

6. TECHNIQUES OF PROJECT DELIVERY

Mr Sullivan (Director, Construction and Maintenance Management Services, DUS) addressed the Conference.

Lump sum contracts

Lump sum contracts are appropriate for conventional projects with an ample lead time for design documentation and, where conditions permit, appropriate allocation of responsibility to the contractor and to the design consultant. CAMMS appoints a consultant to design, document and superintend the contract. Public tenders are called on the basis of detailed design documentation, specification, tender, and contractual conditions. Tenders offer a lump sum for the execution of all the work documented. Tenderers are assessed against each other and against pre-tender estimates provided by the consultant. Tenderers must be pre-qualified for their tenders to be received.

The significant advantages of lump sum contracts are that they are market competitive; they minimise the principal's administrative costs; costs are established when the contract is awarded; and, if the correct choice is made, they pose the least risk to the principal for most applications of the contract.

The disadvantages of lump sum contracts are that they require a lead time to design and document before any construction commences; there is limited flexibility once the contracts are let and changes may be costly in terms of time and money; there is limited control over the manner in which subcontractors are treated, even though they are covered in terms of payment and quality assurance; and a depressed market may encourage contractors to tender low, cut corners or be aggressive with claims

A slight variation which we have used once and which we are currently out to tender with for a high school is a lump sum design and construction contract. It is appropriate where projects are not conventional, where there is low cost design and where performance to the requirements can be readily specified and can be measured in terms of the end product. CAMMS defines the end product, including any special requirements. Tenders, usually pre-qualified, are called for a total package which includes managing the design and the construction of the works. Tenders offer a lump sum for the design and execution of the work, and tenders are assessed against each other for design, quality, program and cost.

The advantages of the document, design and construct lump sum tender are similar to the lump sum ones. They are market competitive; there is good potential for good design and construction coordination; quite often you can get multiple design options; and, in theory, price certainty, design and documentation are part of the lump sum and reduce the risk of contractual disputes over documentation and design matters.

The disadvantages of document and construct are that there is very limited flexibility or changes without variations and those variations can be quite costly; it reduces the client's influence in the design by virtue of the fact that you must be able to clearly articulate what you want in terms of the end product without actually producing the design; the design quality may be limited and, due to difficulty in performance specifying, may not be fully suitable; it imposes stress on the industry in terms of the extra time and effort and resources for which no payment is made; and intellectual property rights become an issue.

Project management

The second type of contract that we use [is] project management. I think in some jurisdictions they call it works management or construction management... Such contracts are appropriate for complex and large projects with tight design and construction programs, where fast-tracking is possible and flexibility for changes is necessary.

They are appropriate for conventional projects in or around occupied sites and buildings where careful programming and on-going liaison are required.

CAMMS appoints an external professional project manager who has responsibility for design, documentation, programming, cost control, integration and coordination of the works, contract supervision, administration and handover. Design and construction can overlap with packages of work being separately prepared and tendered. The project manager is engaged on a fixed lump sum which includes profit and support management.

The advantages of project management are that market competitive rates can be obtained for the individual trade packages; it enables fast-tracking, that is, construction can actually commence before the full design has been completed; it maximises design change flexibility; it maximises potential for an ongoing client input into the brief and design, which may increase construction expertise input into the design process, so that you end up with buildings designed to be more buildable; it maximises flexibility in budget and time control; and it enables control over treatment of trade suppliers.

The disadvantages of project management are that the project management fee must be carefully managed; it requires detailed understanding of the brief and preliminary design work to ensure responsible project cost plans; and risk sharing needs to be carefully managed. In effect, CAMMS becomes the head contractor under a project management arrangement.

The project management delivery method allows a lot of our local contractors to carry out works which previously would have been outside their range. They are able to use a lot of local subcontractors, because they are pricing a much smaller job than a lump sum project would give them.

The Assembly building was delivered under that method: 'You can quite often swap between it and the lump sum method. You can take your design right through and have a project manager deliver the construction phase. You get some of the advantages of project management in flexibility from the client's perspective.

Comparison of project management and lump sum

Under project management you can adjust the scope of the goods, depending on the prices that you receive for the various trade packages as you put them out. On the other side of that equation, because the construction commences before the design is completed, the total amount of financing the particular project versus a lump sum would be less. It is hard to put a percentage on it. I suspect they are pretty much lineball.

It is more a matter of where the risk lies. With lump sum, you limit the risk because you fully document the project before it goes to tender. With project management, you commence construction before the tender is put out and

therefore we take on the role of a head contractor in managing that risk ourselves.

There are no real incentives for the project manager other than performance. Through our pre-qualification process, we report on every stage of the job. Some benefits are gained through project management. Trade packages over a certain value close with us. We let the contract, rather than a private sector head contractor. We have been told by quite a few subcontractors that because of the certainty of payment through us rather than through a lump sum contractor they reduce their prices for those trade packages. The project manager is engaged on very strict cost and time requirements. The project manager reports directly to CAMMS, not to the agency and not to the Minister.

Of A.C.T. public works, the new Magistrates Court (about \$25m) was delivered under project management; the hospital project (about \$170m) was also delivered in multiple stages using project management; Lanyon High School... is another project that was delivered on time using project management principles; [whereas] many projects in the Tuggeranong Town Centre were delivered under the lump sum method.

7. **PRE-QUALIFICATION AND SECURITY OF PAYMENTS**

Mr Greenhalgh (Manager, Construction Industry Policy, DUS) addressed the Conference.

The construction industry

The construction industry is an acknowledged high-risk industry. Most capital works in the A.C.T. traditionally have been delivered by contracts with the private sector. They have been outsourced for a long time...

Industry reform is difficult in the construction industry due to the numbers, size and nature of the clients and suppliers involved.

[Other]... topical issues of industry reform [include] training skills development and industrial relations... It is critical that these reform issues be championed by Governments and public works authorities. Without commitment from Governments as major purchasers in the industry, best practice will not be adopted and the old industry culture will prevail.

Pre-qualification

In response to decisions by previous Governments, Works and Commercial Services initiated a system of pre-qualification for capital works contractors and consultants. This scheme commenced in 1994.

There are three basic areas of pre-qualification expected of contractors. The first is quality assurance, involving either second or third party certification. The second is the financial capacity of contractors (trying to ensure that they can meet their obligations). The third is the technical capacity.

This pre-qualification process means that on an individual, tender-by-tender basis, Works and Commercial Services no longer needs to look at the bidders. They have already been assessed and it is known who tenders can be accepted from.

Because the A.C.T. has always had centralised capital works delivery, there is a single, consistent approach to the application of industry reforms such as pre-qualification in the delivery of capital works. The scheme is based on the Construction Industry Development Agency, CIDA, which has now been succeeded by the ACIC. Their original national code of practice became a set of seven primary pre-qualification criteria. Technical capacity, financial capacity and quality assurance... are the ones we look at in detail. We have a specific set of checks. The others are all self-assessed.

We have also established a program which gives us staged implementation within categories and within criteria... The project value is \$1m for contractors and \$50,000 for consultants...

Other stages are proposed over the next couple of years. We have just been through a consultation process with the industry, and we are now putting proposals to the Minister to approve continuation of the implementation program.

Technical capacity is assessed on information supplied by the business on the resource of the company structure, the management systems and the past performance of the business and allows some scope for the business to expand.

Financial capacity is assessed from the business's own financial records against pre-determined financial ratios and benchmarks. Once again, we have a set of ratios. We have just engaged a consultant who has done a review of what we have and how we apply it. We are circulating that within the industry for comment.

Quality assurance capabilities are assessed by independent audit. QA provides evidence that the supplier has established management business processes which can assure some consistency and production quality.

Before asking industry to adopt quality assurance, we adopted it ourselves. CAMMS, which was previously ACT Capital Works, was third-party certified in 1993. Under our scheme suppliers have two options to meet our pre-qualification requirements for QA.

Second party certification, which we did ourselves for 12 to 18 months before we outsourced it, is just a check by us against the elements that we consider critical to our activities. Third party certification, if a firm has it, is acceptable. All we do is check the scope and the currency of the certificate. The other four criteria are done by self-assessment.

Pre-qualification is carried out independent of any specific project and it is independent of those public employees who administer the projects. This is aimed at eliminating any time pressures on the assessment and at demonstrating the probity and equity of the process. Others, such as various Commonwealth agencies, do similar checks but through an extended or two-stage tender process rather than a pre-qualification system.

When a project goes to tender the delivery method, type of project and the estimate of cost will determine the required level of pre-qualification. Contract documentation will then specify the requirement, and the press advertisement will carry a message that only those contractors with a specified level of pre-qualification may tender... That contributes to a more productive industry, as those without the necessary credentials do not waste time in preparing tenders.

For the purpose of pre-qualification, the industry is separated into agents and contractors.

Agents are various types of consultants, depending on their expertise and their staffing.

Contractors are residential building contractors, non-residential building contractors, civil contractors and the like.

We further subdivide the industry, based on our assessment of financial capacity and on a set of pre-defined fields of work... We specify and give pre-qualification against those particular fields of work. Our consultants are often also engaged to superintend lump sum contracts.

We maintain databases on industry suppliers and their current registration pre-qualification status.

Project officers administering projects access the data to aid in selection or to check pre-qualification. No consultant or project manager is short-listed for consideration without reference to the database. No contractor is recommended without a registration pre-qualification status check. Bear in mind that that is above the various pre-qualification thresholds at any particular time. A tender is declared informal if the tenderer does not have the required level of pre-qualification.

Performance reporting is an integral part of pre-qualification.

Performance reports are required to be submitted on all suppliers at various project milestones such as practical completion, or completion of design for consultants. This completes a feedback loop. These reports are also entered into the databases and are utilised in assessing pre-qualification status. The supplier always has access to reports on him.

... security of payment is a prominent issue in the [construction] industry. There are many small players and over \$15 billion is involved. In a \$52 billion industry, 30 per cent or so is involved in payments to subcontractors... While there were 230 registered contractors initially, about 140, or 56 per cent of them, were pre-qualified. At the next annual check or renewal, 13 per cent dropped out, so we are down to about 120. Of the 72 pre-qualified agents - that is, project managers and consultants - 55 per cent have third party QA certification, and only six dropped out at the initial renewal.

Where quality assurance is required due to the estimated costs of the project, standard clauses have been developed by Works and Commercial Services for insertion in contract documents. These clauses set out the verification evidence required to be submitted by the contractor. The clauses cover such issues as project quality plans, work stages, quality records and progress claims. The clauses are aimed at ensuring that proper planning becomes an integral part of project delivery.

On quality assured contracts, the supervisory effort changes to a planning, surveillance and monitoring role. Simple projects have simple requirements, and an appropriate amount of planning and reporting is required. While pre-qualification is part of an overall risk management approach, specific risk assessment is carried out on any projects identified as carrying a high risk or sensitivity...

By adopting \$100,000 as our lower limit, we manage risk on 95 per cent of our expenditure, whilst still leaving 40 per cent of our projects by number exempted from pre-qualification. We are very aware of the number of smaller players in the industry. We do not want to be anti-competitive, but we do want to apply these pre-qualification requirements.

Our scheme is focused on those processes we consider critical to the delivery of construction projects, dependent on the role of the supplier and the level of risk.

The most notable difference between our scheme and those of the majority of public works authorities is in the level of the lower limit of pre-qualification.

Our scheme has lower limits aimed at matching the number and types of projects we commonly let to tender. We share a pool of industry resources mainly with New South Wales and other Federal agencies locally. We therefore closely monitor the programs of their public works authorities. As we have most in common with New South Wales Public Works and Services, we do comparison checks regularly.... We both introduced a Stage 1 requirement in quality assurance in 1994. We are intending to go to a Stage 2, which is a substantial level of quality assurance, in 1997. We both do checks on consultants and contractors. We do not intend to pre-qualify subcontractors at this stage. The head contractor is considered responsible for the quality of subcontracted services and products and must manage those he engages to deliver a quality service or product.

Security of payments

The construction industry is characterised by its fragmented nature, with few contractors actually performing work with their own staff, preferring to subcontract it. The result is a pyramid of head contractors, primary subcontractors and a consequent payment chain. There is a flow of services up the pyramid and there is a flow of money back down the pyramid.

The security of payment problem is simply that money paid in at the top of the pyramid does not always reach the bottom. There are two primary causes. Firstly, the contractor does not have the capacity to complete the contract, in which case he will collapse, resulting in non-payment of unsecured creditors, including subcontractors. Secondly, the contractor does not pay, maybe because he does not have sufficient cash or maybe because the money is retained to support the cash flow on other projects. Separate remedies are required for each of these causes.

The Construction Industry Development Agency, CIDA, identified security of payment as a significant problem. CIDA identified a series of measures, including contractual, administrative and legislative change, to help overcome the problem. More recently the National Public Works Council, NPWC, has developed a set of principles and strategies to overcome the problem. These were endorsed by a meeting of Federal, State and Territory construction Ministers in January 1996. Those construction Ministers are meeting again in October 1996 to continue deliberations.

Works and Commercial Services, as the ACT's primary capital works delivery agency, has taken an active role in the eradication of the problem.

We have implemented a number of measures to give effect to most of the strategies recommended by both CIDA and NPWC to date. Specific strategies implemented include the adoption of AS2124-1992... This is actually a set of general conditions of contract, but it includes provisions that address security of payments, such as provisions that subcontractors should be paid within a specific time and contractors should certify that payment to subcontractors has been made. It also addresses issues such as the equitable allocation of risk between parties and provides the opportunity to resolve disputes without litigation. In other words, it sends it down the mediation path first.

The second strategy is the introduction of a range of contract clauses to supplement the provisions of AS2124, ensuring that unfair contract clauses are

not inserted in subcontracts and that subcontractors are not pressured to reduce price after the contract has been awarded.

The third strategy is the adoption of the Australian Standard Code of Tendering. This contains a set of ethical principles excluding things like anti-competitive behaviour.

Fourth is the implementation of pre-qualification schemes that include rigorous assessment of capabilities and management systems as previously discussed.

We believe the most effective remedies, like the causes, are twofold. The problem of contractor failure is best dealt with by early detection of marginal contractors. That is where a pre-qualification system comes in. The second, non-payment by a viable contractor, is less easily remedied. We currently use contract conditions under which we can require a head contractor to provide a statutory declaration that all sums due and payable under the contract have been paid. We are also examining a number of more rigorous systems to ensure that payment is passed down the contractual chain. What if the head contractor will not pay? In the A.C.T. we operate a contractor hotline which encourages subcontractors to report non-paying or slow-paying contractors. This is notified at the foot of the Government tender advertisements.

8. THE LEGISLATIVE ASSEMBLY BUILDING

The A.C.T. Legislative Assembly occupies the refurbished South Building, formerly used for office accommodation. The project involved the construction of a new chamber and a total change of office accommodation to provide a home for the Legislative Assembly. The project was oversighted by the Speaker and the Assembly's Standing Committee on Administration and Procedures.

The building houses the Executive (four Ministers); non-Executive members of the Assembly (including the Speaker); the Secretariat; a library for the A.C.T. Public Service and for MLAs; and offices for local media.

The entrance is all glass and is welcoming. All the committee rooms are on the ground floor. All the public entrance spaces are readily accessible. We had the notion that they could be entered at different times of the day or night and used.

It has room for 24 parliamentarians in the future. It now houses 17, so we are hoping to get at least 25 years if not longer out of it...³

The refurbishment of the building was managed by Works and Commercial Services, which concentrated on the lead-up work - gathering information and putting it in a form whereby contracts could be let or briefs could be put out, using design expertise or construction expertise that the private sector has to offer.

The architects for the project were Mitchell/Giurgola Thorp. The project manager was John Hindmarsh ACT Pty Ltd. Funds were included in the Capital Works Programs for 1992-93 and 1993-94 at a cost of \$12.7m.

The time frame for the project was tight: 'From the time of the decision to appoint a project manager to the time the Assembly moved in was a little under 17 months'.⁴ This did not allow for the normal tender process to be followed, which would have involved 12-month design period before calling for a lump sum tender and then commission a builder. The architect was appointed before there was a full and definitive brief.

The brief was then developed in three stages under the project manager, the first stage being a very broad-brush approach to enable some of the conceptual planning to proceed and so that the architect could kick off with his conceptual work. In this period we got to a point where further brief information was passed on in order to reach the first stage when we would call for preliminary sketch plans which, essentially, set the major decisions as to where things would be. The client could then consult and we went on from there. The third stage in the brief is essentially all the really fine detail which is not needed in the earlier design process. All of these activities could normally happen more sequentially. It is a telescoping of all of these things.

Similarly, with construction, there was effectively that amount of construction time whatever you did because of the amount of work that had to be done in the

³ Ms McRae OAM MLA

⁴ Mr Hindmarsh (John Hindmarsh Pty Ltd - Project Manager)

building. There was a need to get in and do some early demolition. We were, in fact, starting on demolition, based on these sorts of decisions, and still having these sorts of areas that the final sketch plans resolved. That enabled an early start to construction before we had very much of the building documented. It was what you would call a very tight program, but only really achievable under these sorts of arrangements...⁵

[The project had three major challenges. The first was how] to convert what was an inefficient office building into something that was useable for a House of Assembly, and placing the chamber in the interior courtyard proved an excellent solution.

The two other major challenges were the budget - that was predetermined prior to commencing the task - and the timeframe...

The key elements for success in this project... are that a full project management approach was decided upon literally before the brief was undertaken. Had that not been done there was no way that the project could have been completed within the time. The second ingredient was that there was a political will and decisiveness, both prior to that decision and certainly throughout the process. Thirdly, there was a professionalism and a high level of response in the relationship between the project manager, the client and the designers.

From the time of the decision to appoint a project manager to the time the Assembly moved in was a little under 17 months...⁶

Michael Moore MLA
Chair

18 November 1996

⁵ Mr Thomas (Program Manager, CAMMS)

⁶ Mr Hindmarsh

APPENDIX 1 - CONFERENCE PROGRAM

Monday 5 August 1996

From 9.00am Registration in the foyer of the A.C.T. Legislative Assembly (Public Entrance) and tours of the A.C.T. Assembly

- 10.00am **Formal welcome to the A.C.T. Legislative Assembly**
- Mr Greg Cornwell MLA (Speaker)
- Introduction to Standing Committee on Planning & Environment**
- Mr Moore MLA (Chair)
- 10.15am **A.C.T. Public Works - Overview**
- Mr Gary Humphries MLA (Minister for the Environment, Land & Planning)
- 10.30am **The Public Works Process**
PANEL (10mins each speaker)
 Role of the Office of Financial Management [OFM] (including the impact of Financial Management Reforms)
- Mr Geoff Ellis (Director, Financial & Budgetary Management, OFM)
 Role of the Government's Works & Commercial Services Group
- Mr Bruce Dockrill (Executive Director, Works & Commercial Services, Department of Urban Services (DUS))
 Role of the Government's Capital Works Group
- Mr Geoff Ellis OFM
 Role of the Standing Committee on Planning & Environment
- Mr Moore MLA
- 11.10am Questions/comment
- 11.25am **Morning tea in the Reception Hall**
- 11.45am **Public Works: Issues**
PANEL (10mins each speaker)
 Delivery of Projects
- Mr Mike Sullivan (Director, Construction & Maintenance Management Services (CAMMS), DUS)
 Strategic Asset Management
- Ms Helen Marsden (Director, Policy & Programming, DUS)
 Construction Industry Policy
- Mr Steve Greenhalgh (Manager, Construction Industry Policy, DUS)
 Sustainable Resources and their Infrastructure
- Mr Paul Perkins (Deputy Chief Executive Officer, A.C.T. Electricity & Water Corporation (ACTEW))
- 12.25pm Questions/comment
- 12.55pm **Lunch in Reception Room**

2.00pm **Inspection of A.C.T. Public Works**

Bus tour: 2.00pm-2.45pm inspect the new Magistrates' Court, then visit National Capital Planning Exhibition [to 3.15pm], travel to Tuggeranong Town Centre (showing Town Park, Indoor Pool, Dam and Lake, Bus Interchange, College and Library, etc), then at 4.15pm drive past Government infrastructure in south Tuggeranong (eg Gordon Child Care, Condor 1 Distributor) to Lanyon High School for afternoon tea. Short briefing on the School especially the environmental aspects investigated or trialed there. Briefing on Conder Playing Fields, Point Hut Pond (impact on Murrumbidgee River) and (from 5.00pm) commence drive back to Civic, passing Bonython Primary (designed for a post-school phase use), the former Holder High School (post school-use as a community facility) and Curtin Emergency Service Centre (prior use as a primary school).

5.30pm Return to Assembly

7.15pm for 8.00pm **Conference dinner at Parliament House**

Tuesday 6 August 1996

9.00am **The A.C.T. Assembly Building**

PANEL (10mins each speaker - Chaired by Ms Roberta McRae OAM MLA (Speaker in the last Assembly - which made the decision to construct this building - and currently Deputy Speaker, and member of the Committee on Planning and Environment)

Standing

Overview: What the Client Wanted

- Ms McRae OAM MLA

Design, Construction and Management of the Project

- Mr David Thomas (Program Manager, CAMMS) with assistance from Mitchell, Giurgola & Thorp (Architects) and John Hindmarsh Pty Ltd (Project Manager)

Assessment

- Ms Roberta McRae OAM MLA

9.45am Questions/comment

10.00am **Morning tea in the Reception Hall**

10.15am **Update by Each Committee of its Activities in the Past Year: the A.C.T.'s Standing Committee on Planning and Environment, the Commonwealth's Public Works Committee, the NSW Public Works Committee, the QLD Public Works Committee, the SA Public Works Committee, the TAS Public Works Committee and a brief comment by Mr Bagnall (NZ)**

origins One delegate from each committee to report on committee inquiries, the of those inquiries, any problems tossed up by those inquiries, adequacy of resources, future directions likely to be taken by the committee, and any other item of possible interest to delegates

12.20 **Closing Session**

Consider where to meet for the next conference (note that the conference was held in Brisbane 1992, Canberra (hosted by the Commonwealth) 1993, Hobart 1994, Adelaide 1995)

12.30pm Close of the Public Works Conference

APPENDIX 2 - DELEGATES

Delegates attending the Public Works Conference included:

HOSTS: A.C.T. Legislative Assembly - Standing Committee on Planning and Environment

Mr Michael Moore MLA (Chair) [Independent - Molonglo]
Mr Trevor Kaine MLA (Deputy Chair) [Liberal Party - Brindabella]
Ms Lucy Horodny MLA [Greens - Ginninderra]
Ms Roberta McRae OAM, MLA [ALP - Ginninderra]
Mr Rod Power (Secretary)

Commonwealth Parliament - Public Works Committee

Mr Neil Andrew MP (Chair) [Liberal Party - Wakefield, SA]
Mr Michael Hatton MP [ALP - Blaxland, NSW]
Senator Shayne Murphy [ALP - TAS]
Mr Peter Roberts (Secretary)
Mr Mike Fetter (Assistant Secretary)
Mr Bjarne Nordin (Incoming Secretary)

New South Wales Parliament - Standing Committee on Public Works

Mr Paul Crittenden MP [ALP - Wyong]
Mr John Price MP [ALP - Waratah]
Mr Gerry Sullivan MP [ALP - Wollongong]
Ms Diane Beamer MP [ALP - Badgerys Creek]
Mr Andrew Humpherson MP [Liberal Party - Davidson]
Mr Bill Rixon MP [National Party - Lismore]
Mr Tony Stewart MP [ALP - Lakemba]
Mr Bill Dunbar (Research Director)

Queensland Parliament - Public Works Committee:

Mr Len Stephan MLA (Chairman) [National Party - Gympie]
Mr Bill D'Arcy MLA (Deputy Chairman) [ALP - Woodridge]
Mr Les Dunn (Research Director)

South Australian Parliament - Public Works Committee:

Mr John Oswald MP (Presiding Member) [Liberal Party - Morphett]
Mr Colin Caudell MP [Liberal Party - Mitchell]
Ms Lea Stevens MP [ALP - Elizabeth]
Ms Lyn Van Der Ploeg (Secretary)

South Australian Parliament - Environment, Resources & Development Committee

Ms Annette Hurley MP [ALP - Napier]
Mr Ivan Venning MP [Liberal Party - Custance]
Ms Gabrielle Artini (Secretary)

Tasmanian Parliament - Parliamentary Standing Committee on Public Works:

Mr Jim Cox, MHA [ALP - Bass]
Mr Bruce Goodluck, MHA [Independent - Franklin]
Hon Stephen Wilson, MLC [Independent - Monmouth]
Hon Don Wing, MLC [Independent - Launceston]
Mr Peter Alcock (Secretary)

New Zealand Parliament:

Mr David Bagnall (Clerk of the Planning & Development Committee, NZ House of Representatives)