

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

***ATTENDANCE
OF THE
STANDING COMMITTEE ON PLANNING AND ENVIRONMENT
AT
THE 1997 NATIONAL CONFERENCE
OF
PARLIAMENTARY
PUBLIC WORKS AND ENVIRONMENT COMMITTEES***

**REPORT NO.32
OF THE
STANDING COMMITTEE ON PLANNING AND ENVIRONMENT**

AUGUST 1997

STANDING COMMITTEE ON PLANNING AND ENVIRONMENT

Resolution of appointment 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.

[Further, that] if the Assembly is not sitting when the Standing Committee on Planning and Environment has completed consideration of a report on draft Plan variations referred pursuant to Section 25 of the *Land (Planning and Environment) Act 1991* or draft Plans of Management referred pursuant to Section 203 of the *Land (Planning and Environment) Act 1991*, the Committee may send its report to the Speaker or, in the absence of the Speaker, to the Deputy Speaker, who is authorised to give directions for its printing and circulation.

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

Committee Membership

Mr Michael Moore MLA (Chair)
Ms Roberta McRae, OAM MLA (Deputy Chair)
Ms Lucy Horodny MLA
Mrs Louise Littlewood MLA

Secretary: Mr Rod Power

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The Changing of the Guard: Private Sector Ownership of Public Infrastructure

1. This is a report to the Legislative Assembly on the attendance by members of the Standing Committee on Planning and Environment at the Brisbane Conference of Public Works and Environment Committees held on 14-16 July 1997.

Value of the Conference

2. The committee finds great value in this annual Conference, as it provides an opportunity for parliamentarians from around Australia to meet and discuss matters of mutual interest. This year, delegates attended from the Commonwealth and all Australian States (except Western Australia) and Territories. A list of delegates to the conference is at Appendix A.

3. The Conference is actually two conferences rolled into one. The first conference dealt with issues affecting the work of Public Works Committees. The second dealt with issues affecting the work of Environment Committees. Because the Standing Committee on Planning and Environment covers both types of issues, members find it directly relevant to the committee's role and responsibility.

4. In particular, the Planning and Environment Committee considers that holding the two conferences together helps an understanding of the important balance, or inter-relationship, between getting capital works done and protecting the environment. It is becoming increasingly important for a Public Works Committee to keep abreast of relevant environmental issues. This is exemplified by the report of the South Australian Public Works Committee on a proposal to construct approximately 450 kilometres of drain throughout the south-east of the State to control salinity and flood management. The project will affect an area of about 60 kilometres by 110 kilometres and is described as:

The management plan... is part of a proposal that combines four key elements to achieve the best possible solution. There were surface water and wetland management, coordinated drain schemes, agricultural production and on-farm measures, and revegetation. In particular, the plan for managing wetlands that is incorporated as part of this project is unique in that it is proposed to create a wetland chain and associated habitat corridor along the entire watercourse... [which will be] a world-class wetlands management plan and will have the potential to increase... ecotourism...¹

5. Whilst not every public works project has such obvious environmental implications, the Conference certainly highlighted the tremendous overlap between these areas.

¹ Transcript of the 1997 National Conference of Parliamentary Public Works Committees p40

Themes of the Conference

6. The theme of the Public Works Conference was the role and repercussions of private sector involvement in providing public infrastructure. The host committee (the Queensland Public Works Committee) circulated in advance a Discussion Paper entitled *The Changing of the Guard: Private Sector Ownership of Public Infrastructure*. The Paper stimulated discussion about the many issues involved in the increasing trend among Australian governments to use the private sector to build, own and (sometimes) operate projects which in the past were funded, owned and operated by the State.

7. There were several themes in the Environment conference. One concerned the impact of environmental groups on the policy process. This session incorporated an address by Mr Goss MLA (former Premier of Queensland), which was highly topical and informative. Another theme of the Environment Conference was State of Environment reporting. A third theme was an update about how Queensland is handling several key environmental issues: air quality in the south-east region, coastal management, contaminated land management and Aboriginal involvement in park management.

8. A copy of the Conference program is at Appendix B.

9. In view of the significance of the issues raised in the Discussion Paper prepared by the Queensland Public Works Committee, it is reproduced as Appendix C. The key terms used in the Paper are summarised in Box 1.

10. A Hansard transcript of the Conference proceedings was taken by the host committee. It includes all Conference speeches, as well as the questions asked by delegates. References in this report to matters discussed at the Conference are identified by a footnote showing the relevant page of the transcript.

Box 1: Key terms used in the Discussion Paper

BTO = build, transfer and operate (the private sector builds the infrastructure, then transfers the ownership to the public sector which operates it).

BOOT = build, own, operate and transfer (private sector builds and operates the infrastructure, then transfers it to the public sector after some time)

BOO = build, own and operate (the private sector builds, owns and operates)

Governments often supplement project costs or revenues by a grant of land or a concessional loan or equity (leading to 'joint ventures'). This can be said to recognise the wider social benefits of the infrastructure.

Issues arising out of the Public Works Conference

11. Arising out of the Public Works Conference, the committee draws attention to several specific points.

12. First, there is an increasing trend by governments to use the private sector to provide public infrastructure.

13. Some examples include, in New South Wales, the Sydney Harbour Tunnel, the Port Macquarie Hospital, the Sydney Airport rail link, the Hawkesbury Hospital, the Eastern Distributor, tollways such as the M4, M5 and M2²; in Victoria, the Yan Yean water reservoir outside Melbourne and numerous other projects; in Queensland, a sewage treatment plan in Noosa³, the Woodford prison in Queensland and proposals for new hospitals at Robina and Noosa and for a new power station near Mount Isa⁴; in South Australia, the Berri Bridge as well as a private hospital attached to the Flinders Medical Centre, a hospital at Port Augusta and a sewage treatment scheme⁵; in the Northern Territory, the proposed rail link between Darwin and Alice Springs.⁶ International examples include the Eurotunnel under the English Channel.⁷

14. The reasons for this trend include a desire by governments not to add to State debt⁸ and a belief that the private sector can construct and operate public infrastructure more efficiently than can the State itself.⁹ The latter especially applies to the cost of operating public infrastructure.

15. The trend raises issues of public accountability, in that some - if not most - of these projects do not undergo the traditional scrutiny by parliamentary committees.¹⁰ Also, as financing issues become pre-eminent, there may be a need for parliamentarians to question the conventional arrangement whereby a Public Accounts Committee looks at financial aspects and a Public Works Committee examines the physical elements of infrastructure proposals.¹¹

16. Also, there also is a trend for the private sector to take over traditional public assets (an example is water resources in South Australia).¹²

17. In relation to providing public infrastructure, it can be said that it is becoming harder to ensure cooperation between the various elements, or arms, of government -

² *ibid* p18

³ *ibid* p15

⁴ *ibid* p16

⁵ *ibid* p19

⁶ *ibid* p15

⁷ *ibid* p16

⁸ *ibid* p19 for comments by the Tasmanian and South Australian delegates; and again on p44 by the Tasmanian committee

⁹ *ibid* p16

¹⁰ *ibid* p19 and p37 - also, p40 and p45

¹¹ *ibid* pp47-49

¹² *ibid* p3

especially in light of corporatisation and commercialisation. A good example relates to the operations of the Lake Illawarra Authority in NSW.¹³

18. The Conference was told there are specific problems with in-house bids and Chinese walls, which to some extent are eased by the use of a probity auditor and clear policy guidelines.¹⁴

19. The Conference was told about Queensland's ten-year Hospital Rebuilding Program, which has several interesting features. One is its size (\$2.18 billion including 50 projects costing over \$10m). Another is its purpose (to replace the existing infrastructure which has reached the end of its economic life of about 40 years). A third is its funding (\$1.5 billion of the cost will be met via the normal budgetary process with the balance coming from savings out of recurrent funding in the future and from the growth component of budget projections). A fourth is the use of value management principles to assess the design planning stage. (This technique has been recommended by this committee in its reports on the A.C.T.'s Draft Capital Works program and has been adopted by the Government for large projects.) A fifth is the nature of the delivery systems (small projects are being delivered by the traditional system, medium-sized projects by the construction management technique and larger projects by the 'managing constructor' technique).¹⁵

Issues arising out of the Environment Conference

20. The committee particularly noted the following matters arising out of the Environment Conference.

21. First, decisions on capital works that affect the environment can be very difficult for governments to make, in part because 'the environment has become, for a time, the new outlet for radical aspirations'.¹⁶ In this regard, governments can allow the consultation process to run too long.¹⁷ The decisions are particularly difficult if successive governments have failed over a long period to plan population growth in a region.¹⁸

22. Second, the South Australian Environment, Resources and Development Committee has recommended that the State extend its container deposit legislation by applying a deposit 'on containers that are significant components of the litter stream'.¹⁹

23. Third, the Commonwealth Parliament's House of Representatives Standing Committee on the Environment, Recreation and the Arts is concerned that an important recommendation of the Auditor-General is not being taken up. The

¹³ *ibid* p4 and p12. For the Lake Illawarra Authority, see p19.

¹⁴ *ibid* p12, pp22-23 and p31

¹⁵ *ibid* pp28-30

¹⁶ Transcript of the 1997 National Conference of Parliamentary Environment Committees p2 and p9 (Mr Goss MLA)

¹⁷ *ibid* p6 and p8

¹⁸ *ibid* p8

¹⁹ *ibid* p15

recommendation was for a clear and coordinated Commonwealth policy on contaminated land which could guide land managing entities in dealing with environmental matters such as pollution prevention and site contamination. The new Environment Australia has stated that it will not undertake this task due to changes to its priorities following budgetary allocations.²⁰

24. The same Commonwealth committee has an Internet address and places its reports on the Internet, along with information about the Committee and terms of reference, details on how to make a submission and advice about appearing as a witness.²¹

25. Fourth, the Queensland Government is developing core environmental indicators for seven sectors including the atmosphere; land and soil resources; minerals and energy resources; fresh water; forestry and biodiversity; marine, coastal and estuarine; natural and cultural heritage; and the urban environment - human settlements.²²

26. The Queensland Minister of Environment is required (under the *Environmental Protection Act 1994*) to report every four years. The report must include an assessment of the condition of Queensland's major environmental resources, identify significant trends in environmental values associated with those resources, review programs in the state and evaluate the efficiency and effectiveness of environmental strategies.²³

27. The Queensland report cannot contain recommendations for action - rather, it tries to provide key data about the condition of the environment for decision-makers.²⁴ This contrasts to the situation in Tasmania which has two reports: the first on the condition of the environment and the second containing recommendations for action.²⁵ This is possible because the Tasmanian report is overseen by a body, the Sustainable Development Advisory Committee, that is independent of government.

28. Fifth, Brisbane City Council has developed its first State of the Environment report, which can be 'an incredibly powerful tool if used correctly in establishing the dynamics between pressure, state and response to our environment'.²⁶ The intention is to 'bring together at some stage the environmental aspects, the economic aspects and the social aspects, but we foresee that is going to be some way down the track'.²⁷ This year the document was used 'to set the direction in strategic and corporate planning for environmental management'.²⁸

29. The Conference was told that preparation of the Council's report requires a great deal of time and effort, and that it is very difficult to coordinate the number of

²⁰ *ibid* p17

²¹ *ibid*

²² *ibid* pp27-29

²³ *ibid* p27

²⁴ *ibid* p28 and p37

²⁵ *ibid* p36

²⁶ *ibid* p31

²⁷ *ibid* p33

²⁸ *ibid*

people involved in the process.²⁹ The Council's first report revealed great deficiencies in data.³⁰ It was decided that developing indicators 'was too hard' and so 'we decided we would get the data and look at the data after we had published our first report, see whether there were some useful indicators in that documentation and wait for the great train of indicators that was coming down from national and State levels to help us in defining some of those indicators'.³¹

30. Sixth, Queensland has worked on a south-east region air quality strategy which has reached the stage of a Cabinet submission being formulated.

31. Seventh, Queensland's Department of Environment maintains a register of all contaminated sites in the State. The register is said to be about 95% accurate, thus increasing public confidence in the data.³² Queensland is currently amending its *Environment Protection Act* to incorporate the *Contaminated Land Act* so that there is one single body of legislation.³³

Members of the Standing Committee on Planning and Environment at the Brisbane Conference (with the Gateway Bridge in the background): Ms McRae OAM MLA (at left), Mr Moore MLA and Mrs Littlewood MLA (on right)



²⁹ *ibid* p32

³⁰ *ibid*

³¹ *ibid*

³² *ibid* p45

³³ *ibid* p44

Conclusion

32. The committee has pleasure in presenting this report, as it builds on the three reports prepared by the committee following last year's national Conference - which was organised by the Standing Committee on Planning and Environment on behalf of the Legislative Assembly for the A.C.T. The 1996 Conference was held in the chamber of this Assembly on 5-7 August 1996. The three reports are:

- Report No.16: *Organisation of the 1996 National Conferences of Australian Parliamentary public Works Committees and Environment Committees* (September 1996);
- Report No.17: *Issues Raised at the 1996 National Conferences of Australian Parliamentary Environment Committees* (September 1996); and
- Report No.18: *Issues Raised at the 1996 National Conferences of Australian Parliamentary Public Works Committees* (November 1996).

33. The committee hopes this present report will widen public understanding of the inter-relationship of environmental issues and the traditional concerns of Public Works Committees. It provides a guide to the manner in which the members of parliamentary committees about Australia are viewing these matters.

34. The Planning and Environment Committee is pleased to have attended the Conference and to bring down this report.

Michael Moore MLA
Chair

22 August 1997