

LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL
TERRITORY

STANDING COMMITTEE ON PUBLIC ACCOUNTS

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Inquiry into Auditor-General's Report No. 7 of 2008:

***Proposal for a gas fired power station and data
centre—
site selection process***

Submission by Mr Rodahn K Gibbon

The ACT Auditor-General's Office Performance Audit Report 'Proposal for a gas-fired power station and data centre - site selection process' of December 2008 raises some very significant and concerning issues, despite it's relatively limited scope.

Recent history has now confirmed the importance and relevance of some of the key findings, especially those relating to:

- the role of Government and especially the Chief Minister Department in supporting and promoting private commercial ventures;
- the relationship between the government, ACTEW corporation and ACTEW AGL;
- The importance of appropriate and independent business case assessments; and
- The importance of investigating the wider issues (carbon foot print, employment, community impact) relating to any development, but especially a commercial development.

Overall, the Audit Report perhaps raises a series of additional questions that should be fully investigated.

Why did the Government and especially the Chief Minister's Department offer so much public (and I presume private) support for this venture:

- When the data centre company (TRE) was only formed after the concept was formed and initial application submitted?
- When the data centre company (TRE) had never built or operated any Data Centres previously (which must have surely been considered extremely **high risk** given that the initial primary objective of the project was a power station)?
- When this type of data centre arrangement (i.e. cogenerated gas turbine power) has not been implemented anywhere else in the world (which again must have surely been considered **high risk**)?
- Without undertaking any independent business case analysis, including the investment estimates (noting that the majority of the capital investment in the infrastructure (gas turbines and data warehouses) would have gone overseas – as they are pre-fabricated units)?
- Without any concern that the **potentially** massive profits would have been returned to the international investors (not Canberra based), whilst increasing the ACT Carbon Footprint by a massive amount.
- Without any independent assessment of the potential employment opportunities (simple internet searches of comparative Data Centres around the globe show that the CTC would have employed around 30 – 50 people at full capacity, not the 200 – 400 purported by the TRE and ActewAGL – who have never built or operated any Data Centres)?
- Without any independent assessment of the impact on the current data centres in Canberra (TRE has since advised in the media that their data centres are far more efficient than current data centres especially in terms of operating) and the potential for job losses if many of the small data centres in the Government Departments were actually consolidated?

- Without any review of the claimed potential for international customers, especially considering that the company (TRE) was still trying to find potential customers for its proposed Sydney based data centre (which by the way did not have an independent gas turbine power station) for Development Approval had already been received (surely this would have set off some alarm that the proponents' claims were more puffery than reality)?
- Without any assessment on how this particular proposal would impact on the ACT Carbon Footprint (considering latest data – the ACT Government has no plan for managing this issue)?
- When the primary objective of the power station was found to be unsupportable from a financial perspective (why did this private consortium get so much support, when others have not)?

It appears to me that the Government and Chief Minister's Department put the private consortiums **potential** profits far ahead of the rights and well being of the community that it is supposed to represent, serve and protect. At no time during the site selection process were the issues relating to potential impact on the community raised or considered. Surely this is a primary concern of any government relating to any process and any decision. Why was the community neglected.

Further to this, it would appear to me that the Government has engaged in the reckless type of activity (blind support and no due diligence) that the current Prime Minister is blaming for the Global Financial Crisis.