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Mr R Little
Secretary
Sustainability Charter Inquiry
Standing Committee on Environment and Heritage
House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Mr Little

Inquiry into a Sustainability Charter

AusCID is the principal industry association representing the interests of companies and organisations investing, owning, operating, building, financing, maintaining and otherwise providing advisory services to Australian public infrastructure.

The Council formed in 1993 and currently has 76 members (membership list attached), drawn comprehensively from all economic and social infrastructure sectors including electricity generation, transmission and distribution, gas transmission and distribution, water and waste water, roads, rail, telecommunications, airports and ports, hospitals, schools, convention centres and sports stadia.

As a result of its membership base, AusCID is in a unique position to consider the views of infrastructure owners, equity investors and debt financiers and combine them with the views of infrastructure operators.

In this brief submission, we will address a number of points in headline form across each of the target areas specified in the discussion paper and are prepared to appear at subsequent public hearings to elaborate on these preliminary views.

The Concept of a Sustainability Charter

The concept of a Charter offers much to support, particularly if expressed in terms which commend it to national application in all jurisdictions through CoAG.

As this Council set out in its *Sustainability Framework for the Future of Australia's Infrastructure – Handbook 2003*, new infrastructure for Australia will deliver a reduced ecological footprint if Triple Bottom Line (TBL) principles are established at the strategic planning stage for determining land allocation, particularly for urban development, and the supply of supporting economic and social infrastructure.

We invite the Committee to draw on the *Handbook* at will, with appropriate attribution. A hard and soft copy of the *Handbook* was submitted to the Committee in 2004.

Conceptually, the Council does not have a fixed view on the setting of targets but urges caution as quantitative measures hold many traps for the unwary. It would be a matter, after all, of what is being measured. Absolute measures may prove far more important than relative measures (eg, total national Greenhouse impacts rather than per capita impacts). Thus, it may be more appropriate as an initial step for a Charter only to address aspirational statements.

It would also be desirable that research be initiated by bodies such as the Productivity Commission to identify the economic trade-offs, including externalities, involved among each of the elements in the TBL approach for particular target setting.

The question of aggregation and disaggregation of outcomes at a geographic level is also most important. For example, should stationary Greenhouse impacts and targets be measured at personal, project, local, regional, state or national levels? AusCID would favour application of measures here that are consistent with international developments such as the Global Reporting Initiative (GRI).

Sustainability is after all a journey, not a destination, and the use of targets could imply a destination as much as staging points on the way to an ultimate (and ever distant) destination. Those staging points would need to be achievable, credible, relevant and, from a community perspective, supportable. Above all their economic impact would need to be affordable in the context of social equity and global competitiveness of the Australian economy.

A successful Charter would, however, need to address infrastructure strategic planning processes and outcomes in advance of setting sector targets. For example, should water use targets by industries or individuals be expressed at all until planning processes in all jurisdictions have established a "level playing field" for sustainable supply and demand in a functioning water market or series of markets?

In principle, the National Competition Policy framework appears to be an adequate model for providing incentive payments for sustainable outcomes. However that model is subject to political filtering at the Commonwealth level and private investors have downgraded its credibility. Whether new NCP agreements forged via CoAG will deliver more credible outcomes remains to be seen.

The approach adopted over the last decade by resource companies in their sustainability reporting perhaps offers a way forward by pointing at inputs to and outputs from the

minerals production process and reporting changes to these to establish a time series of data which can represent gains or losses in the sustainability journey. Their goal seems very much to be based on doing better each new year than the last and to explain why gains are not achieved. This approach seems eminently more workable than the setting of performance targets.

1. *The Built Environment*

AusCID considers comment on this aspect is better left to organisations representing urban developers and the property development sector. That said, strategic qualitative targets relating to provision of critical infrastructure (transport, health, education) in advance of urban developments seem appropriate.

2. *Water*

Again AusCID would defer to commentary from sector specific associations. However, in absence of development of realistic price signals which reflect the scarcity value of water, and a policy framework which provides for inter- and intra-basin trading other measure and targets become meaningless. Currently the National Water Initiative falls short in this respect, largely due to irrational political lines in the sand.

3. *Energy*

Similar issues pertain here as for water. In the absence of carbon pricing and trading opportunities which would allow the development of a market-driven rational mix of energy sources within the natural constraints of Australia's energy endowment, it seems premature to consider any targets for a sustainable mix of energy sources let alone consumption patters. Again price signals are a vital aspect of the solution and, while governments apply price caps to the retail market, it is inappropriate to consider targets.

4. *Transport*

Better land use planning to centralise core retail, commercial, health, education and child care services around transport nodes and hence reduce unnecessary trips seems eminently achievable and appears to be a focus in Sydney, for example, of the remit of the Growth Centres Commission for new land release areas.

In its recent *Transport and Liveability* policy statement, the Victorian Government has adopted a longer term planning horizon with reporting against KPI's to match. This is highly desirable as it will hold this and future governments more accountable to deliver against the identified outcomes. The Victorian statement pragmatically acknowledges the need to provide for safe and expanded car use while also expanding public transport opportunities.

More realistic road access and road use charges, including selected use of congestion charging, will also need to play a preliminary role in achieving a more sustainable balance between public and private transport choices. The tax system can be used more effectively in this respect, such as to neutralise the benefit through the FBT system of taking packaged cars versus full cost public transport ticketing.

Measurement of total trips, their length and duration and fuel consumption may provide a basis for targets. However, it is important to acknowledge that retro-fitting of desired land use patterns into settled areas will be near impossible in the short term.

Too little attention, other than in an crisis situation, is paid to road trauma as an indicator of social cost of our road system. Again the overarching metric would need to be more refined than total deaths or injuries.

5. Ecological Footprint

See earlier comments above.

6. Waste Management

This is a sector also deserving of attention in relation to urban sustainability. The recent Productivity Commission report will no doubt offer some insights on how to progress better outcomes here.

Conclusion

AusCID considers that a Sustainability Charter should start with TBL scoping and delivery of key infrastructure before target metrics are identified and put in place. To do otherwise would result in the equivalent for sustainability of the IT saw – GIGO (garbage in garbage out).

Yours sincerely

A handwritten signature in black ink, appearing to read "D O'Neill". The signature is fluid and cursive, with a large initial "D" and "O".

Dennis O'Neill
Chief Executive Officer