

**Australian Council for  
Infrastructure Development  
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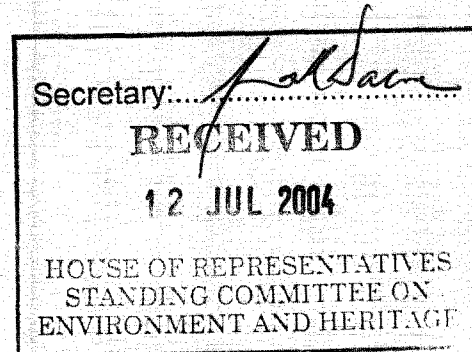
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9 July 2004

Dr A Dacre  
Environment and Heritage Committee  
House of Representatives  
Parliament House  
CANBERRA ACT 2600



Dear Dr Dacre

#### **Inquiry into Sustainable Cities 2025**

Further to your query last month about a possible submission from AusCID to this Inquiry, I am pleased to provide the following comments. While general in nature, they may be applied to urban issues as much as to regional.

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

The Council formed in 1993 and currently has 89 members (membership list attached), drawn comprehensively from all economic infrastructure sectors including electricity generation, transmission and distribution, gas transmission and distribution, roads, rail, telecommunications, water, airports and ports.

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.

AusCID does not represent urban or strategic planners and thus does not necessarily represent views about optimal outcomes in those realms. That said, however, AusCID members have a wealth of experience in project investment, operations and outcomes and have formed views on optimising project selection, delivery and operation based on achieving better triple bottom line (TBL) results.

## ***Sustainability Framework for the Future of Australia's Infrastructure***

To this end, AusCID invested in 2002 in a project to identify sustainability indicators applicable across key infrastructure sectors. Published in May 2003 as the *Sustainability Framework for the Future of Australia's Infrastructure – Handbook 2003*, the document is available from our website – [www.auscid.org.au](http://www.auscid.org.au) – using the links, Papers & Media, and AusCID. The Framework drew on the Global Reporting Initiative (GRI) to identify a wide array of indicators and then, after careful assessment, selected a core set of 11 indicators across all three bottom lines which were considered most appropriate. The project also identified Australian case studies which demonstrate application of TBL principles to industry and infrastructure projects.

We invite the Committee to draw on the *Handbook* at will, with appropriate attribution. A hard and soft copy of the *Handbook* are enclosed.

As time and resources do not permit a detailed submission, AusCID would like to draw to the attention of the Committee the following propositions in relation to considering appropriated designed, scoped and timed infrastructure delivery as the essence of sustainable (TBL) outcomes for our key economic services in transport, water and energy.

### **2001 Infrastructure Report Card**

This research, undertaken by some 20 industry, community and interest groups, identified inadequacies in the stock of Australia's existing infrastructure, urban and regional. These inadequacies, particularly in land transport, water and energy drive poor sustainability outcomes.

The Report Card study highlighted the problem caused by the lack of "whole of asset life" approach to asset purchasing by governments where capital and recurrent spending are separated within budgets, leading to sub-optimal allocation of finances.

AusCID formed the view that sustainable outcomes are more likely if a hierarchical strategic planning process is implemented which first acknowledges the need to apply triple bottom line assessment methods to identify regions which can sustain more intensive development with a reduced ecological footprint. In many cases, apart from securing areas with appropriate natural attribute, this will mean using state-of-art, affordable technology for better performing infrastructure. The process should start with optimised infrastructure planning and delivery, not with housing land allocation strategies.

Because Australian cities are for the most part over 100 years old, it is unrealistic to think that we can wipe clean the planning slate. We can, however, increment the growth and amenity of these cities better than before.

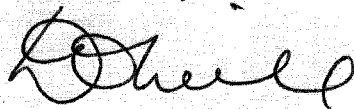
The vision articulated for a sustainable city in the Committee's Discussion Paper seems very reasonable.

Some unanswered questions are posed however:

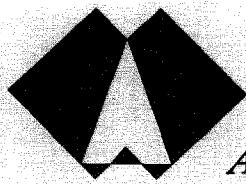
- ◆ What role is envisaged for the Commonwealth Government in influencing the achievement of sustainable functionality in Australian cities? Given their size and economic influence, cities like Sydney and Melbourne, should they become dysfunctional, will impact negatively on the Commonwealth's revenue;
- ◆ Current policy would have it that the Commonwealth has no role and that the States and Territories, with the GST, have now a growth tax with which to fund urban infrastructure needs;
- ◆ There are policy challenges at the federal level which go directly to lack of sustainability in cities (eg, failure through uneven custom excise rates to curb growth in 4WD use, leading to higher fuel consumption, safety and emission issues);
- ◆ With the development of National Competition Policy in the mid-1990's, progress towards development of national utility markets has nevertheless been slow, in turn delaying new investment which would provide better TBL outcomes;
- ◆ Delays in resolving water access rights and in promoting a role for private investment in new urban water supply risk contributing to a precarious water situation in a number of capital cities;
- ◆ The role of realistic pricing of services, to include externalities, must be expanded, particularly if private investment in desired outcomes is to be encouraged. For too long, infrastructure services in Australian cities have been excessively subsidised. The social dimension, to ensure equity, can also be resolved in smarter ways;
- ◆ Better TBL outcomes in cities will require rationalisation of planning demarcation between state and local governments as well as ongoing and improved methods for public consultation;
- ◆ TBL assessment methods require early application to the strategic planning process so that a "top down" process which seeks optimal outcomes at each step is implemented. At present we seem to have an ad hoc incrementalist approach.

In short, AusCID considers that a sustainable future for Australian cities should start with TBL scoping and delivery of key infrastructure. It lies closely bound to increasing the role for private sector innovation and investment, using leading edge technology and maintaining a persistent level of required investment. It does not lie in excessive central planning, increased red tape, heavy handed regulation and unsustainably low pricing of services.

Yours sincerely



Dennis O'Neill  
Chief Executive Officer



**AusCID**

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JULY 2004**

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**ADDITIONAL INFORMATION HELD BY THE COMMITTEE**

**ATTACHMENT TO SUBMISSION NO. 191**

**ATTACHMENTS, APPENDICES AND PHOTOGRAPHS PROVIDED WITH  
SUBMISSIONS ARE HELD IN THE COMMITTEE OFFICE**