

Introduction

- 1.1 Under the *Public Works Committee Act 1969* (the Act), the Parliamentary Standing Committee on Public Works is required to inquire into and report on public works referred to it through either house of Parliament. Referrals are generally made by a delegate of the Minister for Finance.
- 1.2 All public works that have an estimated cost exceeding \$15 million must be referred to the Committee and cannot be commenced until the Committee has made its report to Parliament and the House of Representatives receives that report and resolves that it is expedient to carry out the work.¹
- 1.3 Under the Act, a public work is a work proposed to be undertaken by the Commonwealth, or on behalf of the Commonwealth concerning:
- the construction, alteration, repair, refurbishment or fitting-out of buildings and other structures;
 - the installation, alteration or repair of plant and equipment designed to be used in, or in relation to, the provision of services for buildings and other structures;
 - the undertaking, construction, alteration or repair of landscaping and earthworks (whether or not in relation to buildings and other structures);
 - the demolition, destruction, dismantling or removal of buildings, plant and equipment, earthworks, and other structures;
 - the clearing of land and the development of land for use as urban land or otherwise; and

¹ The Act, Part III, Section 18 (8). Exemptions from this requirement are provided for work of an urgent nature, defence work contrary to the public interest, repetitive work, and work by prescribed authorities listed in the Regulations.

- any other matter declared by the regulations to be a work.²
- 1.4 The Act requires that the Committee consider and report on:
- the purpose of the work and its suitability for that purpose;
 - the need for, or the advisability of, carrying out the work;
 - whether the money to be expended on the work is being spent in the most cost effective manner;
 - the amount of revenue the work will generate for the Commonwealth, if that is its purpose; and
 - the present and prospective public value of the work.³
- 1.5 The Committee pays attention to these and any other relevant factors when considering the proposed work.

Matters addressed in this report

- 1.6 Works considered in this report were referred to the Committee between May and June 2009.
- 1.7 In considering the works, the Committee analysed the evidence presented by the proponent agency, public submissions and evidence received at public and in-camera hearings.
- 1.8 In consideration of the need to report expeditiously as required by Section 17(1) of the Act, the Committee has only reported on major issues of concern.
- 1.9 The Committee appreciates, and fully considers, the input of the community to its inquiries. Those interested in the proposals considered in this report are encouraged to access the full inquiry proceedings available on the Committee's website.⁴
- 1.10 Chapter 2 addresses the proposed fitout of Anzac Park West in Parkes, ACT by the Department of Finance and Deregulation (Defence) on behalf of the Department of Defence. This project is estimated to cost \$45.5 million.
- 1.11 Chapter 3 addresses the proposed fitout of Tuggeranong Office Park in Tuggeranong, ACT by the Department of Families, Community, Housing and Indigenous Affairs. The project is estimated to cost \$29.89 million.

2 The Act, Section 5.

3 The Act, Section 17.

4 <www.aph.gov.au/pwc>

- 1.12 Submissions are listed at Appendix A and Appendix B lists inspections, hearings and witnesses.

Issues of concern

- 1.13 At several times during the inquiries referred to in this report, the Committee was told that certain works were separate from the major building works and were being 'funded internally.'

- 1.14 The Committee makes it clear that public works are considered to be funded from monies expended by the Commonwealth and thus fall within the Act regardless whether they are funded from a specific appropriation, from internal agency budgets or savings, or through lease incentives. The Committee reminds agencies of section 5AA of the Act:

5AA Meaning of *public work*

- (1) A *public work* means:
- (a) a work to which subsection (2), (3) or (5) applies; or
 - (b) a work declared by the regulations to be a public work.

However, a *public work* does not include:

- (c) a work that is proposed to be carried out within the Parliamentary zone; or
 - (d) a work that is proposed to be carried out by or for the Commonwealth by way of assistance to an overseas country; or
 - (e) a work declared by the regulations not to be a public work.
- (2) This subsection applies to a work:
- (a) that is proposed to be carried out by or for the Commonwealth, either within or outside Australia; and
 - (b) either:
 - (i) in respect of the carrying out of which moneys appropriated by the Parliament are proposed to be expended by the Commonwealth; or

- (ii) in relation to which moneys appropriated by the Parliament are proposed to be expended by the Commonwealth.
 - (3) This subsection applies to a work:
 - (a) that is proposed to be carried out, either within or outside Australia, by or for an authority of the Commonwealth to which this Act applies; and
 - (b) either:
 - (i) in respect of the carrying out of which moneys appropriated by the Parliament, or moneys of the authority, are proposed to be expended by the authority; or
 - (ii) in relation to which moneys appropriated by the Parliament are proposed to be expended by the Commonwealth or the authority.
 - (4) For the purposes of subsections (2) and (3), it does not matter whether or not the work concerned is a work of which the Commonwealth, or an authority of the Commonwealth to which this Act applies, is proposed to become the owner.
 - (5) This subsection applies to a work:
 - (a) that is proposed to be carried out, either within or outside Australia, otherwise than by or for the Commonwealth or an authority of the Commonwealth to which this Act applies; and
 - (b) of which the Commonwealth, or an authority of the Commonwealth to which this Act applies, is proposed to become the owner; and
 - (c) in relation to which moneys appropriated by the Parliament are proposed to be expended by the Commonwealth or an authority of the Commonwealth.
- 1.15 In addition, the quality of the cost plans presented for the three inquiries the Committee examined on 4 August 2009 varied markedly.
- 1.16 There are currently no consistent guidelines for agencies preparing cost plans for the Public Works Committee. The Committee is aware that the

Auditor-General's Report 20/2008-09: *Approval of Funding for Public Works* made a number of recommendations aimed at improving the information provided in cost plans. Finance is currently developing guidance for agencies on how to improve cost plans presented to the Committee.

- 1.17 The Committee looks forward to the completion of these guidelines and will be requesting a briefing from Finance on the implementation of these recommendations to assure itself that the guidance provided to agencies is appropriate.