

## Annual Report

- 1.1 Under Section 16 of the *Public Works Committee Act 1969* (the Act), the Parliamentary Standing Committee on Public Works must table in each House of the Parliament a report of its proceedings from 1 January to 31 December for the preceding year.
- 1.2 All public works that have an estimated cost exceeding \$15 million must be referred to the Committee. Public works cannot commence until the Committee has made its report to Parliament, and the House of Representatives resolves that it is expedient to carry out the work.<sup>1</sup>
- 1.3 The Act states that in considering and reporting on a public work, the Committee shall have regard to:
  - the stated purpose of the work and its suitability for that purpose;
  - the necessity for, or the advisability of, carrying out the work;
  - the most effective use that can be made, in the carrying out of the work, of the moneys to be expended on the work;
  - where the work purports to be of a revenue-producing character, the amount of revenue that it may reasonably be expected to produce; and
  - the present and prospective public value of the work.<sup>2</sup>
- 1.4 During 2013 the Committee reported on 14 works.<sup>3</sup> The combined cost of works approved was \$1.6 billion. A list of the works and their individual costs is at Appendix A.

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1 *Public Works Act 1969* (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*.

2 The Act, Part III, Section 17(3).

3 The reports dealt with works referred in 2012 and 2013. Some referrals made in 2013 will be reported on in 2014.

- 1.5 In accordance with long established practice, the Committee requires agencies to notify it of proposed expenditure on public works with an estimated value of between \$2 million and \$15 million (medium works). This practice has arisen because, in the past, some agencies divided proposed works into several smaller components each costing less than the referral threshold, to avoid scrutiny.
- 1.6 The Committee reviews medium work notifications to determine if it has any concerns or objections to works proceeding. Medium works must not proceed until the Committee has given its approval. In 2013, the Committee approved 35 medium works with a combined value of \$306.7 million. A list of medium works approved by the Committee can be found at Appendix B.
- 1.7 A list of all Committee meetings and hearings held during 2013 is at Appendix C. The Committee's reports, submissions to each inquiry and transcripts of associated public hearings are available on the Committee's website. The Committee's website also provides previously tabled reports, and the Public Works Committee Procedure Manual which assists agencies to prepare projects for Committee review.<sup>4</sup>

## **Inquiries and reports**

- 1.8 The Act requires the Committee to consider and report on each referred work 'as expeditiously as is practicable'.<sup>5</sup> Therefore the Committee endeavours to ensure that all inquiries are completed as quickly as possible, without compromising the rigour of scrutiny.
- 1.9 The standard inquiry process allows time for public comment on proposed works, and for the Committee to inspect the proposed work site(s) prior to holding public and in-camera hearings to take evidence about the works.
- 1.10 In 2013 the average time from referral of works to report tabling was around 12 weeks. However timeframes varied considerably between individual projects, with the Committee completing one inquiry in only three weeks, with 42 weeks being the maximum time from referral to tabling.<sup>6</sup>

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4 Parliament of Australia, viewed at [www.aph.gov.au/pwc](http://www.aph.gov.au/pwc).

5 The Act, Part III, Section 17(1).

6 The 42 week inquiry was for the Proposed new National Archives Preservation Facility for the National Archives of Australia (NAA) at Mitchell, ACT. The project, was initially referred to

- 1.11 When planning inquiry timetables, the Committee and proponent agencies must consider the parliamentary sitting calendar. Generally referrals are initiated only when the House is sitting, and reports need to be tabled in both houses of the Parliament.<sup>7</sup> Furthermore, 2013 was an election year. All Committee business ceases when the House of Representatives is dissolved prior to an election, and is resumed following the election when the government has been established and committee members have been appointed.
- 1.12 Referrals and inquiries in 2013 were managed with this in mind. As a result, at the end of the 43<sup>rd</sup> Parliament when the House was dissolved on 5 August 2013 prior to the 7 September 2013 election, there was only one lapsed inquiry.<sup>8</sup> The lapsed project was referred again to the Committee for inquiry at the beginning of the 44<sup>th</sup> Parliament, along with five new referrals.

## Medium works

- 1.13 The Committee publishes a list of medium works notifications on its website. The current list includes works approved since the beginning of the 43<sup>rd</sup> Parliament.
- 1.14 The Committee reminds Australian Government departments, agencies and authorities of their obligations under the medium works process. The medium works process forms an important part of the parliamentary scrutiny of Commonwealth public works expenditure.
- 1.15 The Committee approved 35 medium works in 2013. Approval for some medium works projects was received only after proponent agencies had provided additional information, either in writing or via a private briefing, at the Committee's request.

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the PWC on 24 May 2012. The Committee's report 6/2012, tabled 26 November 2012, did not recommend expediency for this project. In early 2013 the Committee was asked to re-open its consideration of the project. Following receipt of additional information from the NAA and the Department of Finance and Deregulation, the Committee was able to recommend expediency in report 1/2013 which was tabled on 18 March 2013.

- 7 In any event, a work cannot commence until after the Committee has reported to both houses and the House of Representatives has resolved that the work can commence – the latter of which can only occur when the House is sitting.
- 8 Australian Taxation Office, Integrated fit-out of new leased premises for the Australian Taxation Office at the site known as Site 5 and 6, the Revitalised Central Dandenong Project, Dandenong, Victoria.

## Urgent and security sensitive projects

- 1.16 There is provision in the Act for individual projects to commence without referral to the Committee. Projects may not be referred to the Committee for scrutiny due to the urgent nature of the work or when the work is for defence purposes and reference to the Committee would be contrary to the public interest.<sup>9</sup> These determinations are made by resolution of the House of Representatives and by the Governor-General respectively.
- 1.17 While acknowledging that from time to time there are some situations when Committee scrutiny is not practical or appropriate, over successive parliaments the Committee has consistently expressed the view that these situations should involve exceptional circumstances.
- 1.18 The Committee's capacity to expeditiously and appropriately scrutinise projects which are urgent and/or security sensitive is well illustrated by its handling of its inquiry into Defence's remediation of the multi-national base at Tarin Kot prior to transfer of the base to Afghan control.
- 1.19 The Committee completed its inquiry for this project, from referral to reporting, in three weeks. Interestingly, as sittings of the House had adjourned until 14 May 2013, the project was referred by the Governor-General through the Executive Council on 24 April 2013 and in accordance with Section 18(4) of the Act which enables the Governor-General to:
- ...refer a public work to the Committee when the Parliament is not in session, or when the House of Representatives is adjourned for more than one month or indefinitely.
- 1.20 This demonstrates the value of this provision in the Act which enabled referral when the House was not in session, thereby facilitating timely review of an urgent project which might have been delayed otherwise.
- 1.21 Another interesting aspect of the Committee's inquiry into this project relates to handling of sensitive information. The Committee is empowered to direct that an inquiry into a work shall take place in public or in private.<sup>10</sup> Due to the security sensitive nature of information associated with this project, the Committee determined that only limited information would be made public. However, the Committee received a detailed private briefing on the project from representatives of the Department of Defence. This process allowed the Committee to be satisfied that the

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9 The Act, Part III, Section 18(8)(b) and (c).

10 The Act, Part III, Section 18(A)(1).

project would meet its objectives while providing value for money, and to report back to the Parliament accordingly.

## **Public Works Committee Act exemptions**

- 1.22 The Act recognises that there are certain circumstances, when government owned bodies are ‘corporatised’ and competing directly with private entities, that the additional scrutiny of the PWC might create a situation of commercial disadvantage relative to competitors which are not subject to such scrutiny.
- 1.23 Under these circumstances government authorities can seek exemption from Committee scrutiny. This requires approval of the Governor-General, who must be satisfied that the authority is engaged in trading or other activities, or is providing other services, in competition with other bodies.<sup>11</sup>
- 1.24 During 2013 two government business enterprises were exempted from PWC scrutiny on this basis. The first, the Moorebank Intermodal Company Limited (MICL), was registered ‘as an exempt Commonwealth authority’ on 30 April 2013.<sup>12</sup> The second, Defence Housing Australia (DHA), was registered as exempt authority on 16 December 2013.<sup>13</sup> Importantly though, housing developments on Defence bases that are for Department of Defence purposes but project managed by DHA, will continue to be referred to the Committee for inquiry.<sup>14</sup>

## **Post-implementation reports**

- 1.25 In accordance with a recommendation of the Australian National Audit Office (ANAO), and supported by Committee resolution, all public works

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11 The Act, Part 1, Section 6A(3).

12 Select Legislative Instrument 2013 No 60. MICL, incorporated on 13 December 2012, was established to facilitate the development and operation of the intermodal terminal (IMT) at Moorebank in south western Sydney. The IMT is intended to improve the management of freight movements to and from Port Botany, and transfer of containers from road to rail and vice versa.

13 Select Legislative Instrument 2013 No 266. DHA, provides housing and related services to Defence members and families, and operates in competition with other property developers and providers of property investment and leaseback services.

14 Select Legislative Instrument 2013 No 266, Explanatory Statement.

projects referred to the Committee from March 2010 onward must provide a post-implementation report on completion. The purpose of the report is to inform the Committee whether the project remained within the advised scope, cost and timeframe. Information on the following should also be included in the report:

- the extent to which the expected business benefits, including environmental benefits, have been or are expected to be achieved;
- user satisfaction with the delivered works;
- consultations with neighbouring communities that may be impacted by the works; and
- lessons learned.

1.26 As noted in the last year's Annual Report, to encourage rigour and consistency in relation to information provided, agencies are expected to complete a post-implementation report template. The template is available on the Committee's website.<sup>15</sup> The template comprises a summary of information on cost, scope, timeframes and lessons learned which will be published, and a more detailed confidential component which is for the Committee's information only.

1.27 In May 2013, all government agencies that had referred projects to the Committee since its March 2010 resolution, received correspondence reminding them of their obligation to provide post-implementation reports. The Committee intends to monitor receipt of post-implementation reports, and follow-up with individual agencies where it appears that these reports may be outstanding.

1.28 Committee reports now routinely include a statement reminding agencies of their obligation to provide post-implementation reports when public works have been completed. In 2013 the Committee received post-implementation reports for five public works. The list of post-implementation reports received for completed projects is at Appendix D.

## **100<sup>th</sup> Anniversary**

1.29 In 2013 the Committee reached a significant milestone; 100 years since its establishment, making it one of the Federal Parliament's oldest committees.

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15 Parliament of Australia website, Parliament of Australia, viewed at [www.aph.gov.au/pwc](http://www.aph.gov.au/pwc).

- 1.30 The impetus for establishing a federal Public Works Committee can be traced back to 3 November 1911, when Mr McWilliams (Member for Franklin) raised concerns regarding proposed expenditure on the new federal capital in Canberra. During the course of debate Mr McWilliams observed:

We are asked to vote lump sums without any official reports or other information as to details; and I am sure there is not a business man in the community who would permit such a method in his own affairs. The sooner we realise the seriousness of the position, and appoint a Public Works Committee, the better it will be for Australia.<sup>16</sup>

- 1.31 Some two years later, on 12 December 1913 when introducing the bill to establish a federal Public Works Committee, the Prime Minister, Mr Joseph Cook, observed:

I think it is patent to everyone at this time of day that the methods of conducting our Public Works policy are crude, inefficient, and altogether inadequate for the purpose of securing the taxpayers against loss and waste.<sup>17</sup>

- 1.32 As Mr Cook went on to explain:

It is in order to remedy that defect, as well as to ensure a more efficient spending of the money, and the wiser disposition of our public works policy, that the [Public Works] Committee is proposed.<sup>18</sup>

- 1.33 Following debate the Bill was passed by both houses of the Parliament, and the *Commonwealth Public Works Committee Act 1913* was enacted into law, receiving Royal Assent on 19 December 1913.

- 1.34 Since its establishment the Committee has executed its role with rigour, diligence and integrity. The Committee's inquiry process, in combination with other complementary processes administered by the Department of Finance (DoF), provides a robust quality assurance framework that assists government agencies to achieve optimal outcomes in relation to expenditure on public works.

- 1.35 When it comes to major expenditure of public money by Commonwealth departments and agencies on public works, the Committee inquiry process ensures that government remains accountable to the Parliament

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16 *House of Representative Official Hansard*, 3 November 1911, p 2268.

17 *House of Representatives Official Hansard*, 13 December 1913, p 4244.

18 *House of Representatives Official Hansard*, 13 December 1913, p 4245.

and to the people. Uniquely, it provides a means for the public to have input by contributing their views on proposed public works.

- 1.36 In the words of Mr Cook, the Committee was established as ‘the eyes and ears of the Parliament’.<sup>19</sup> Just as it always has in the past, the Committee of today continues to perform this function so that the Parliament and the people can be assured that major expenditure by Commonwealth departments and agencies on public works is justified, that they are fit-for-purpose and that they provide best value for money.

## Conclusion

- 1.37 The Committee thanks everyone who has assisted or participated in the Committee’s inquiries in 2013. The Committee appreciates input from all interested parties, including members of the public.
- 1.38 The Committee makes particular acknowledgement of the contribution made by the Special Claims and Land Policy Branch, DoF. This branch assists agencies with their preparation of proposals for consideration by the Committee, and assists the Minister for Finance or delegate (in the 43<sup>rd</sup> Parliament the Special Minister for State, and in the 44<sup>th</sup> Parliament the Parliamentary Secretary to the Minister for Finance) with management of referrals and expediency motions as required under the *Public Works Committee Act 1969*.

**Mrs Karen Andrews MP**  
**Chair**

**5 February 2014**

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<sup>19</sup> *House of Representatives Official Hansard*, 13 December 1913, p 4246.