



"Infrastructure: a National Issue, by any gauge" – Opinion Piece  
by  
ACCI Chief Executive Peter Hendy

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The classic example of failure in federal-state relations in Australia is railway lines. As a nation, we are still paying for those poor infrastructure decisions made more than 100 years ago.

Business does not want similarly fragmented decisions taken on electricity lines, gas lines and even water pipelines. But it could happen. And why is that?

Today the Council of Australian Governments meets in Canberra. On the agenda we have energy market reform, a national greenhouse strategy and water reform. These are three highly significant issues confronting Australia and issues that demand a national response and long-term vision.

Business expects that the leaders of the federal, the six state and the two territory governments, as well as the Australian Local Government Association, will grasp the opportunity to make decisions that benefit business competitiveness and the community generally.

In June 2001, COAG agreed to establish a national energy framework and to an independent review of energy market directions. The report of the Parer review has now been considered by the Ministerial Council on Energy and it has made recommendations to COAG.

At the COAG meeting, business wants governments to endorse the recommendations on governance, economic regulation, including the establishment of a new statutory regulator, electricity transmission planning and development and increased natural gas penetration.

The Australian Chamber of Commerce and Industry has long called for a national competitive energy market in the generation, transmission and sale of all forms of energy to provide business with secure, reliable, cost-effective energy to facilitate growth.

We understand that COAG will also be looking at a national greenhouse strategy. ACCI has been an active participant in the greenhouse debate, working with the federal government to devise long-term strategies to address the issue.

We accept that there is a substantial amount of scientific finding to suggest a link between human activity, an increase in greenhouse gas concentrations in the atmosphere and global warming.

ACCI believes that greenhouse gas abatement is a community issue demanding a community-based solution, and that while industry should take its fair share of responsibility in addressing the problem, it should not be made to shoulder all of it.

Although the Australian government has not ratified the Kyoto Protocol, both it and industry have committed to achieve the 108 per cent target (of 1990 Australian greenhouse gas levels) agreed to in Kyoto in 1997.

In achieving that target, we would prefer to see governments nationally address multiple sustainable development challenges, by looking for synergies with related issues; for example, carbon sinks and dry-land salinity. While supporting, in principle, emissions trading as an option to abate greenhouse gases, we note that more work needs to be done to develop an appropriate and comprehensive model, taking into account the effect on international trade-affected industries and sectors.

In the absence of an agreed model for an emissions trading scheme, we support broad-based mechanisms such as research and development incentives, accelerated depreciation and investment allowances, and negotiated agreements (for example, extending the Greenhouse Challenge Program). We are opposed to a carbon tax.

What we do not want is different state-based approaches to abatement. We already have schemes in NSW and Queensland. COAG must agree to adopt a national approach to reducing greenhouse gases to avoid the inefficiencies of fragmented and inconsistent policy responses.

Greenhouse gas reduction is a national problem deserving a nationally consistent solution.

As with climate change, ACCI regards a national strategy on water policy as critical. Access to water and its use is not only affecting the productive capacity of Australia's land and directly affecting those communities that rely upon sustained primary production, but increasingly it is affecting communities in major metropolitan cities. Quite rightly it is a national issue demanding a national visionary response.

COAG will be considering whether to agree to develop a national water initiative. The issue is not whether it should, but how quickly it can identify and implement actions to improve the health and flow of our river systems and to ensure management of our water systems for the benefit of all Australians.

Securing water property rights and creating a more effective market mechanism for water consumption will be important elements of any national water initiative. Business urges COAG to get it right this time.

While the COAG agreement in 1994 agreed to a set of reforms as part of the National Competition Policy process, what has happened is that the interpretation and implementation of water property rights has been inconsistent across the different jurisdictions. Hence business has had to deal with a railway-gauge problem on water property rights.

ACCI urges COAG to think and act long-term, strategically and from a national-interest perspective. Let's get our lines right this time!