

MUJA POWER STATION PROJECT

94. Ms S.E. WINTON to the Minister for Energy:

I refer to the \$300 million Muja power station project, which, according to the special inquirer, suffered from significant shortcomings in decision-making.

Dr M.D. Nahan interjected.

The DEPUTY SPEAKER: Leader of the Opposition, I have warned you.

Ms S.E. WINTON: Madam Deputy Speaker, shall I start again? My question is to the Minister for Energy. I refer to the \$300 million Muja power station project, which, according to the special inquirer, suffered from significant shortcomings in decision-making. Can the minister advise the house whether there was a business case for the project, as then Minister for Energy told this place in 2013, and can the minister outline what the special inquirer found in regards to whether this and other projects managed by the previous Liberal energy ministers demonstrated value for money for taxpayers?

Mr B.S. WYATT replied:

I thank the member for the question. I begin my answer by acknowledging somebody who I have enjoyed working with of late and that is the acting Prime Minister, Senator Mathias Cormann. I wish him all the best for the faith that has been placed in him by the federal government. I have to say that I am not surprised that Senator Cormann is a powerbroker in the Liberal Party. He is effective and easy to deal with. However, I must say I do have some confusion about why Hon Peter Collier is described as a powerbroker in the Liberal Party, but I will come to that in a minute.

I was interested in the Leader of the Opposition's interjection saying that Muja started under us in May 2008.

Dr M.D. Nahan: In May 2008, you signed the contract with Vinalco.

Mr B.S. WYATT: I think the Leader of the Opposition needs to go through pages 28 and 29 of the Langoulant report, because I found his responses in the media and in this place about the report somewhat garbled and confusing, and I dare say that is going to continue to be the case. Ultimately, what we saw with Muja has been well ventilated in this place over the course of the last couple of years. I am delighted in the new-found interest in business cases from the opposition. From the outset of the project there was no business case prepared to support any of the decisions made. The most comprehensive planning document prepared —

Dr M.D. Nahan interjected.

Point of Order

Mr D.A. TEMPLEMAN: The Leader of the Opposition continues to interject and I think you should call him to order.

The DEPUTY SPEAKER: I quite agree with you, minister. Leader of the Opposition, you have been warned twice; I call you for the first time. Go ahead, Treasurer.

Questions without Notice Resumed

Mr B.S. WYATT: The reason that business cases are valuable is that they show the risk involved in decisions and how risk may be responded to. That is why Mr Langoulant said that about the risk management procedures when the Leader of the Opposition was Treasurer and energy minister—although I will say most of this was under Hon Peter Collier. Having said that, I am interested in the Leader of the Opposition, because once this had been ventilated in this place, once the former government had been eviscerated by the work of the member for Cannington during our time in opposition, once all the wash-up of this mess had happened, this is what the Leader of the Opposition said in April 2014: I quote the Leader of the Opposition —

... I am confident that the state government has taken the difficult but correct decision to bring Muja AB back on line and that the project will ultimately prove profitable over its service life.

Unfortunately, its service life was short because he then announced that it would be shut down not long thereafter.

Of course, I turn to another couple of projects under the reign of Hon Peter Collier, powerbroker of the Liberal Party. I want to go to one that has been, perhaps, one of the classics and that is the feed-in tariff. Ultimately, this is one of those classic ones that really showed the failure of governance under the former government. Hon Peter Collier, to be frank, can be described only as sloth-like in his policy response movements. This is what was found by Mr Langoulant and we do recall this. What started as a \$23 million project will become, over its life, probably a half-a-billion-dollar spend on this particular policy. Mr Langoulant states —

The Office of Energy briefed the Minister —

Hon Peter Collier —

on 28 July 2010, less than a month after the scheme commenced, that there was a higher uptake of the scheme than had been anticipated in calculating the budget.

Extract from Hansard

[ASSEMBLY — Thursday, 22 February 2018]

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Ms Sabine Winton; Mr Ben Wyatt; Mr David Templeman

And there was a dramatically increased uptake —

The Office of Energy proposed to commence the review ... There was no documentation provided to the Special Inquirer to suggest that the Minister for Energy responded to this recommendation or that this was followed up by the Office of Energy.

The findings of Mr Langoulant highlight the fact that Hon Peter Collier really did not do much at all and there was a range of different policy failures under his watch. Again, one that I did not know a lot about—perhaps because the size meant that it was not one that captured the imagination—is the Woodlands transmission line, which I know the member for Scarborough has some interest in. For those members who are interested in these things, we all have members of our constituency who would like to see powerlines underground, do we not? We would love to be able to do it everywhere, but, unfortunately, we do not get the right to say to Western Power, “Can you underground that for us? Can you wear the cost of undergrounding this?”, unlike the member for Scarborough, who had access to that sort of power, apparently. Hon Peter Collier and the member for Scarborough, on 17 December 2012—what happened three months after that? There was a state election, of course. Mr Langoulant goes on to state —

On 17 December 2012, Western Power’s Acting Chief Executive Officer, in the presence of the Minister for Energy and the Member for Scarborough, announced to the community that the transmission line would be placed underground. The Special Inquirer can find no evidence that this decision was based on a business case, thorough options analysis or value for money assessment. This contention is reinforced by the fact that the business case was not produced by Western Power until 1 June 2014.

That is some two years later. What did that business case find? It found that the option pursued by the member for Scarborough and the then Minister for Energy, Hon Peter Collier, was the most expensive option possible—to the tune of \$300 000 per constituent who was benefited by it. Yes, in the scheme of things, \$2.5 million may or may not be small, but we do not get the right to say to Western Power, “I have a constituent problem; can you fix this for us? Can you use the revenue of Western Power to do so?” Hon Peter Collier’s fingerprints over the first term that he was energy minister proves that the man was a complete menace as energy minister, and the fact that he can be described as a powerbroker says all we need to know about the Liberal Party and, I dare say, has a lot to do with why the member for South Perth —

Dr M.D. Nahan interjected.

The DEPUTY SPEAKER: It is not okay to have a series of conversations while the minister is on his feet.

Mr B.S. WYATT: In conclusion, let me say this: the days of using utilities to solve electricity problems, regardless of the cost, regardless of the process and regardless of the fact that all taxpayers bore the burden of fixing that up for the member for Scarborough—despite the fact that there clearly was no process designed behind it other than simply a business case that came out two year later to justify the Western Power spend, which it did not—highlight that what happened under the period of the former government will go down in infamy.