

**Division 20: Infrastructure WA, \$5 413 000 —**

Ms C.M. Collins, Chair.

Mr M. McGowan, Premier.

Mr P. Helberg, Chief Executive Officer.

Mr A. Brender-A-Brandis, Chief Financial Officer.

Mr C. Clark, Deputy Director General, Infrastructure, Economy and the Environment, Department of the Premier and Cabinet.

[Witnesses introduced.]

**The CHAIR:** The estimates committees will be reported by Hansard and the daily proof will be available online as soon as possible within two business days. The chair will allow as many questions as possible. Questions and answers should be short and to the point. Consideration is restricted to items for which a vote of money is proposed in the consolidated account. Questions must relate to a page number, item or amount related to the current division, and members should preface their questions with those details. Some divisions are the responsibility of more than one minister. Ministers shall be examined only in relation to their portfolio responsibilities.

A minister may agree to provide supplementary information to the committee. I will ask the minister to clearly indicate what information they agree to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by noon on Friday, 2 June 2023. If a minister suggests that a matter be put on notice, members should use the online questions on notice system to submit their questions.

Are there any questions? Member for Central Wheatbelt.

**Ms M.J. DAVIES:** I refer to page 277 of budget paper No 2, volume 1. Under “Development, Monitoring and Reporting on Implementation of the State Infrastructure Strategy”, I note that the cost of reporting on the infrastructure projects that the government has proceeded with is budgeted at \$3.581 million and there is a staff of 12. Can the Premier advise what these staff actually do, given that there are departmental decisions on infrastructure projects and departmental employees within each individual department to carry the project forward? Is there a duplication of information provision and effort?

[4.20 pm]

**Mr M. McGOWAN:** Thanks for the question. The state infrastructure strategy was formally submitted to government in 2022. We tabled our response in February 2023. Infrastructure Western Australia provides support, as necessary, to assist state agencies and government trading enterprises in implementing relevant recommendations. It is working in consultation with the Department of the Premier and Cabinet to develop a monitoring and reporting framework on the process for collating required progress updates and information from responsible agencies, which the government has asked the department to coordinate. It has a role to report annually on government progress implementing the strategy’s supported recommendations. It has a role in assisting agencies across the board with their infrastructure programs. They are the functions that IWA is busy with.

**Ms M.J. DAVIES:** Does the requirement for FTE change? The Premier has said that the infrastructure plan is now done. Is there a requirement for staff to be dispersed into government departments? What ongoing effort is required within Infrastructure WA?

**Mr M. McGOWAN:** It changes its focus over time to monitor the implementation of the strategy and to advise government on the state infrastructure program, which, as the member knows, is very large. It leads the implementation of some of the recommendations. Thirteen staff are assigned to do those roles.

**Ms M.J. DAVIES:** So 13 staff are overseeing the implementation of the recommendations of the report across government; am I understanding that correctly?

**Mr M. McGOWAN:** Yes, and that includes support staff.

**Ms M.J. DAVIES:** How do they interact with the department?

**Mr M. McGOWAN:** With which department?

**Ms M.J. DAVIES:** I am referring to the departments responsible for the projects that they are overseeing. To whom do they report? Is the director general required to report to them? What kind of reporting system is there? Is it reported to cabinet? Can the Premier give me an understanding of how this works?

**Mr M. McGOWAN:** I will get Mr Helberg to explain that.

**Mr P. Helberg:** The staff mentioned engage directly with the responsible agencies to lead implementation of the individual recommendations and they liaise with them to track progress and to then monitor progress. In terms of

formal reporting, the agencies report on progress to the Department of the Premier and Cabinet, which then advises us of the formal progress to help inform the report.

**Ms M.J. DAVIES:** The agencies formally report to the Department of the Premier and Cabinet, which then reports to Infrastructure WA. Then what happens to that information? How is it captured and what happens to it?

**Mr M. McGOWAN:** IWA is responsible for publishing its progress in the annual report. A separate report is tabled here on an annual basis. It is published. That report is in progress.

**Ms M.J. DAVIES:** Because that was published only last year, has there not been a progress report published to date?

**Mr M. McGOWAN:** Not yet. The first one is due in November this year.

**Ms M.J. DAVIES:** Is that the most efficient way to deal with this program? That is 13 FTEs who seem to just be keeping tabs on the remainder of the Premier's departments, which are already reporting to the Department of the Premier and Cabinet on a strategy that has been made public.

**Mr M. McGOWAN:** They do more than that. They advise on the infrastructure program to the Department of the Premier and Cabinet and others, and some of the recommendations are assigned to them to implement. It does not sound like a lot of people to me for a \$10 billion infrastructure program. I know that other states' infrastructure bodies are significantly larger than ours, even taking into account population.

**Ms M.J. DAVIES:** What can we anticipate in the progress report? Will it be detailed against each of the projects that are listed in Infrastructure WA's strategy? What can we anticipate in the public reporting?

**Mr M. McGOWAN:** There are 93 recommendations and some sub-recommendations and there is progress on each of those.

**Ms M.J. DAVIES:** Will that be published in Parliament or will it just be a public document?

**Mr M. McGOWAN:** It will be published in November on the IWA website and a statement will be put out. I assume it will be published here. I would have to look at the law to see whether it is required to be tabled here. It can be published here. It is put on the website.

**Ms L. METTAM:** I refer to service 2, "Assessment of Major Infrastructure Proposals", on page 278 of the budget papers. In some respects, it is an extension of what the member for Central Wheatbelt has been asking. Government agencies involved in infrastructure development such as the transport department, Main Roads WA and various utilities all have in-house expertise. What is the role of Infrastructure WA in this respect? Will it also look at decisions such as that in relation to the women's and babies' hospital?

**Mr M. McGOWAN:** The major proposal assessment guidelines outline that proposals above \$100 million in value are assessed by Infrastructure WA. There are three key themes: strategic fit, societal impact and deliverability. These align with the Department of Treasury's strategic asset management framework. IWA assessments focus on whether the business case supporting a proposal is sufficient to inform a government investment decision and whether it meets the information requirements listed in the strategic asset maintenance framework business case guidelines, thereby providing assurance and due diligence around infrastructure planning. There is lots more information there. That investment decision was made before this function came into effect under the law.

**Ms L. METTAM:** Will Infrastructure WA have a role in assessing how the decision that we have heard about recently in relation to the women's and babies' hospital was made and in looking at the business case, which is yet to be made public?

[4.30 pm]

**Mr M. McGOWAN:** There is nothing under the existing law that requires it to be assessed by IWA, because the decision was made before Infrastructure WA's functions commenced.

**Ms L. METTAM:** Would the more recent decision for the hospital to be built 20 kilometres south on a new site with a new scope warrant oversight by Infrastructure WA?

**Mr M. McGOWAN:** No, not under the existing law. That is not something that is required under law. The women's and babies' hospital business case, subject to the removal of commercial-in-confidence information, will be made public as soon as we can. I do not accept the member's argument about it being 20 kilometres south. Perth is a big place and a lot of people live all over Perth, and a lot of people live in the regions. It will be closer for people who live in the regions, considering where the Royal Flying Doctor Service lands. It is a more central location for 25 per cent of women and babies in regional WA who are in an urgent situation. From the member's electorate, the new location is much easier and quicker to get to than the Sir Charles Gairdner Hospital site. It is a better site for regional women and babies. The site has much easier access off the freeway than the Sir Charles Gairdner site. I know both of them extremely well and I can tell the member which one is easier to get to.

Finally, the build will be much quicker, cleaner and more effective with much less disruption than the Sir Charles Gairdner site. It is an absolute no-brainer. The problem was that the QEII site was a long-term plan that was never adjusted following the location of Perth Children's Hospital there. Once the children's hospital was located there, the plans should have been adjusted, and they were not. The business case process picked up the issue, looked at all the options and all the ways through it. When we hear the arguments about all the people having to be decanted, as Health puts it, out of the existing buildings, and the walls being ripped off and all the disruption, as the build would take another five years, and the difficulties associated with that, which would have been a nightmare for whoever was Premier and health minister for the next 12 years, and the workforce, it was a complete no-brainer to put it at Fiona Stanley Hospital. I suppose that if the opposition is successful in 2025, it can move it back, because that will be at its discretion.

**Ms L. METTAM:** Does the Premier understand that over 93 per cent of births that are deemed to be high risk, which includes parents from the regions, occur at King Edward Memorial Hospital for Women, so that travel has already happened? The considerable risk with the 20-kilometre travel is about moving a neonate. Ahead of a cabinet decision being made, has the Premier been briefed about the clinical risk of very vulnerable neonates?

**The CHAIR:** Member for Vasse, these questions are moving away from the portfolio around infrastructure. Would the Premier like to answer that question?

**Mr M. McGOWAN:** There are neonate services at Fiona Stanley Hospital and that hospital is the largest, and newest, tertiary hospital in Western Australia. One could argue that the more modern facilities, and the fact that it already has all these services, and the fact that the government is upgrading facilities at Osborne Park Hospital, means that there will be no disadvantage to anyone. We are building a brand new, state-of-the-art, best in the world hospital at a site that is far easier to build on and far less disruptive and will result in a far quicker outcome of five years and, as a consequence, will probably save lives.

**Ms L. METTAM:** But it is still 20 kilometres from Perth Children's Hospital where those babies would require support. The gold standard was meant to be that the children's hospital would be alongside the women's and babies' hospital. The question was: has the Premier been briefed about the implications of this major infrastructure decision?

**Mr M. McGOWAN:** Yes, because cabinet made the decision —

**Ms L. METTAM:** By clinicians?

**Mr M. McGOWAN:** — consequent to advice from Health about which was the best site. The member will find that there are divided opinions among clinicians. Those services are available at Fiona Stanley Hospital—state-of-the-art children's hospital services and neonate services and neonate beds. All those things are there. It is a relatively short distance, certainly considering helicopter access from Fiona Stanley Hospital to the children's hospital should that be required. I make the point that if we could redesign the QEII site and add another couple of city blocks to it, that would be fine. But it is an incredibly constrained site. Anyone who drives there understands that the parking and traffic issues are diabolical. That would impact people going there in any event. The parking and traffic issues, and access issues, will be far simpler at the Fiona Stanley site compared with the Sir Charles Gairdner site.

**Ms M.J. DAVIES:** Is there anything stopping the Premier from referring the project to Infrastructure WA?

**Mr M. McGOWAN:** I do not think so.

**Ms M.J. DAVIES:** My understanding is that Infrastructure WA is designed to cast a ruler over major projects to make sure that the state is getting bang for its buck. I am trying to think of a more parliamentary way of saying it, but that is essentially what it is. It was specifically designed for projects over \$100 million, so big projects. Given that it was a controversial decision—the Premier would concede that at the very least—would it not make sense to refer it to Infrastructure WA for assessment and inclusion in its forward plan so that officers within IWA oversee it and monitor and report back? Surely that is a belt-and-braces concept that the Premier as Treasurer would be supportive of?

**Mr M. McGOWAN:** Once we publish the business case and it is there for all to see, we can consider that. We will publish the business case before such time as we consider it. There is no requirement by law for us to do it at this point in time.

**Ms L. METTAM:** My understanding is that when the Langoulant report was produced, the establishment of Infrastructure WA was on the premise that there would be no surprises in how governments made decisions. It is fair to say that the implications of this decision really rocked the clinicians and the medical world. Backing up the question from the member for Central Wheatbelt, surely this is a good example of a project —

**The CHAIR:** Member for Vasse, can you ask the question, please?

**Mr D.R. MICHAEL:** And not the same question.

**The CHAIR:** A different question.

**Ms L. METTAM:** No, given the purpose of Infrastructure WA, does the women's and babies' hospital not best fit as such a project to be assessed?

**Mr M. McGOWAN:** Firstly, as I said, it is not required because a decision was made before Infrastructure WA's function commenced. Secondly, the government will publish the business case and all members can look at it. Infrastructure WA's role is to ensure the timely provision of infrastructure that is cost effective and best value for money for the state. This decision achieves those things—significantly so. The decision was not made because it is a greenfield site. As everyone who builds on a greenfield site knows, it is not as expensive as a brownfield constrained site. That was not the reason behind the decision. As I outlined to the member, the reason was that it was almost impossible to build it on the Sir Charles Gairdner Hospital site without completely disrupting the entire health system. It is a decision that achieves the objective that Infrastructure WA was set up for.

[4.40 pm]

**Ms M.J. DAVIES:** I presume Metronet falls into the same category. Are the new projects that have been announced by the government within the Metronet category being referred to Infrastructure Western Australia or is the same rationale being used that, "It was already announced so we shall never refer Metronet projects to Infrastructure Western Australia"? The reason I am asking is that it is about having no surprises so that all the supporting infrastructure is aligned. I presume that includes the Water Corporation, Synergy, Western Power and all the other infrastructure requirements. I remember the debate. It was around aligning infrastructure investment to make sure there were no unnecessary disruptions so that we knew what was on the horizon, yet it seems the government is making announcements and using the rationale or the cover that "It was already announced under Metronet so we don't have to announce or refer that project", much like the Premier has just explained around the women's and babies' hospital.

**Mr M. McGOWAN:** That is just complying with the law. We are complying with the law we put in place. It was my policy I took to the 2017 election to establish Infrastructure Western Australia, but it has taken a while to establish it. If we went back to look at every project that was announced before and work has started, that is not the point of it.

**Ms M.J. DAVIES:** These are new announcements, Premier.

**Mr M. McGOWAN:** Which ones?

**Ms M.J. DAVIES:** The women's and babies' hospital.

**Mr M. McGOWAN:** That decision was made before.

**Ms M.J. DAVIES:** It has been significantly changed and would have had to be significantly reworked for all the groundworks, infrastructure requirements and transport planning. The Premier cannot tell me that has not had a significant impact on other departments that would warrant or benefit from having Infrastructure Western Australia oversight. It is the same for Metronet projects that have been announced within this budget.

**Mr M. McGOWAN:** The decision we have made brings the project forward by five years. It achieves all those things.

**Ms M.J. DAVIES:** You did not want to flick it through Infrastructure WA just in the spirit of the legislation you introduced yourself?

**The CHAIR:** Member, please seek the call through the chair if you have a question.

**Ms M.J. DAVIES:** Sorry, chair.

**Mr M. McGOWAN:** We are complying with the law and it just delays the decision that was already made before the function commenced.

**Ms M.J. DAVIES:** On page 278 under the assessment of major infrastructure proposals, where in the planning process for cabinet or government is a project referred to Infrastructure Western Australia?

**Mr M. McGOWAN:** Infrastructure Western Australia engages with agencies and they refer the projects to it for assessment.

**Ms M.J. DAVIES:** Is that while they are doing the business case or after it has been through cabinet?

**Mr M. McGOWAN:** It varies but IWA encourages engagement as soon as possible.

**Ms M.J. DAVIES:** What has been referred in the last 12 months?

**Mr M. McGOWAN:** It has assessed a whole range of projects. Some had their assessments published. IWA is not the approval authority.

**Ms M.J. DAVIES:** No, I understand that.

**Mr M. McGOWAN:** The cabinet and the government are elected. The projects are as follows. The Geraldton port maximisation project, from memory, is a \$350 million project to improve the productivity of Geraldton port. There is the Lumsden Point general cargo facility and logistics hub; from memory again, we got \$540 million out of the

commonwealth for that project to improve the import–export performance of Port Hedland. The new Department of Primary Industries and Regional Development labs at Murdoch University were referred; as well as the St John of God Midland Public Hospital expansion; the state hockey centre; the Water Corporation energy procurement plan battery storage; the renewable wind energy Flat Rocks wind farm stage 2; Graylands Hospital redevelopment; and the Bentley Hospital Surgicentre.

**Ms M.J. DAVIES:** So I am clear, are those the projects that have been assessed by IWA and in what time frame? Is that in total, or just in the last 12 months?

**Mr M. McGOWAN:** Some have been assessed and some are currently undergoing assessment.

**Ms M.J. DAVIES:** Is the Premier able to advise how many assessments IWA has undertaken?

**Mr M. McGOWAN:** Some are being assessed and some are under assessment. Those nine assessments are complete.

**Ms M.J. DAVIES:** How many projects have been assessed by IWA?

**Mr M. McGOWAN:** It is those nine.

**Ms M.J. DAVIES:** Is it just nine in total?

**Mr M. McGOWAN:** Since the function commenced, yes. It had to do the state infrastructure strategy first.

**Ms M.J. DAVIES:** Yes. Was the softwood estate investment of \$350 million something that was considered? It is infrastructure to a point.

**Mr M. McGOWAN:** That is a 10-year program and that is because there was there was an underinvestment in softwood timber—pine—for years. What is it called? It is pinaster and canasta! Anyway, I do not know.

**Ms M.J. DAVIES:** The two, yes. Radiata and —

**Mr M. McGOWAN:** It is pinaster and the other sort. That is backfilling a hole because none was planted, so we have to backfill. That is an ongoing program. That is basically a 10-year program for—is it \$50 million?

**Ms M.J. DAVIES:** It is \$350 million.

**Mr M. McGOWAN:** Yes, it is \$350 million and I think we are spending \$30 million or \$40 million a year. No, it was not assessed, but the decision was made years ago. It has been drawn down so the acquisition of land and the planting has commenced. That program is absolutely essential.

**Ms M.J. DAVIES:** Further to this assessment, what happens if a project starts at just under \$100 million and then tips over because there is a cost escalation? There have been a number of examples. Is there a requirement for it to go to Infrastructure Western Australia?

**Mr M. McGOWAN:** There is not.

**Ms L. METTAM:** What is the average time frame for assessments of these major projects?

**Mr M. McGOWAN:** As in how long?

**Ms L. METTAM:** Yes, how long?

**Mr M. McGOWAN:** It is four to six weeks.

**Ms L. METTAM:** On the assessments of the projects, a broad range of different projects are obviously being assessed. How many FTE are dedicated to that effort and what is the expertise of those involved in the assessments?

**Mr M. McGOWAN:** It is seven to nine FTEs. Their qualifications include architects, engineers and economists.

**Ms M.J. DAVIES:** Over the forward estimates, what does the Premier anticipate the output for IWA to be? How many assessments will there be? I do not know whether that is in the budget. Is there an estimate for how many assessments may be required to be undertaken?

**Mr M. McGOWAN:** There is not a number. It is whatever is appropriate and meets the criteria.

**Ms M.J. DAVIES:** It is difficult for staff to plan when they do not know, I would imagine.

**The CHAIR:** Do you have a follow-up question, member for Central Wheatbelt?

**Mr M. McGOWAN:** We engage agencies early to get a feel for it, for asset planning and so forth. If we need to scale up, I suppose we will scale up.

[4.50 pm]

**Ms L. METTAM:** The member for Central Wheatbelt talked about the cost of a project going over \$100 million. If the scope of a project changes, will that warrant investigation or reassessment by Infrastructure WA?

**Extract from *Hansard***

[ASSEMBLY ESTIMATES COMMITTEE A — Tuesday, 23 May 2023]

p47b-52a

Mr Mark McGowan; Ms Mia Davies; Ms Libby Mettam; Chair

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**Mr M. McGOWAN:** In both cases, the answer is no.

**Ms L. METTAM:** I refer to page 278 of budget paper No 2, in particular, the budget target of nine full-time equivalents for 2023–24. What is the expertise of the nine FTEs in Infrastructure WA?

**Mr M. McGOWAN:** They are the nine FTEs we were referring to earlier. They are economists, engineers and architects.

**The appropriation was recommended.**

*Meeting suspended from 4.51 to 5.00 pm*