



Public Accounts Committee Inquiry – Further Information

Inquiry into the management and oversight of the Perth Children’s Hospital project

Complex projects are not delivered on time or on budget by accident. Success is almost always the result of hard work and meticulous planning overseen by a rigorous governance mechanism.

— Education and Health Standing Committee, [More than Bricks and Mortar](#), Report No. 2, April 2014.

Government infrastructure projects like the new Perth Children’s Hospital (PCH) are complex undertakings that require rigorous and effective governance.

Construction of the PCH started on 3 January 2012 with a budget of \$1.2 billion and an expected opening date of 30 November 2015. A multi-agency body—the PCH Commissioning and Transition Taskforce (the Taskforce)—was established to oversee the project under a dual-governance structure, with the Director General of Health responsible for managing commissioning issues, and the Department of Treasury’s Strategic Projects and Asset Sales division responsible for managing the building contract and construction activities.

The delivery of PCH has been plagued by numerous issues. These include the presence of asbestos in some of the building materials used; the initial installation of fire doorsets that did not comply with Australian Standards; and the presence of excessive levels of lead in the potable water supply. While most of these issues appear to have been rectified, the water contamination is yet to be resolved, the hospital’s opening date is yet to be fixed, and the final construction cost is yet to be confirmed. As a consequence, the PCH project has become a matter of significant public interest.

The Public Accounts Committee (the Committee) is authorised by the Legislative Assembly to inquire into and report on any matter ‘it considers necessary’ relating to the expenditure of public money. The failure to deliver a critical piece of public infrastructure such as a tertiary children’s hospital in a timely manner clearly falls within this remit. Hence, the Committee has determined it appropriate to inquire into the oversight and management of the PCH project by the responsible government agencies.

*Good governance is an essential precondition for successful implementation.*¹

The main focus of the Inquiry will be the governance arrangements that were established to deliver this project. Governance arrangements in this context refer to a clear decision-making, accountability, and reporting framework capable of promptly identifying and managing risks as they emerge. Ideally, sound governance arrangements should also ensure that a project has clearly

¹ Australian National Audit Office, [Successful Implementation of Policy Initiatives](#), October 2014, p. 11.

articulated outcomes against which progress can be measured. Under the terms of reference of the Inquiry, the Committee will consider the following questions:

1. Has the dual governance structure in place for the PCH project operated effectively in identifying and managing risks as they have emerged?
2. Have these risks been consistently conveyed through appropriate lines of reporting up to and including the Executive branch of Government?
3. Has the governance structure facilitated clear and informed decision-making by appropriate entities or individuals?
4. To what extent did the Taskforce interact with the Managing Contractor, and what input did the Taskforce have in decisions associated with construction issues?
5. Have clear lines of accountability existed within the governance structure?
6. Was there any departure from the governance structure that was used to deliver the Fiona Stanley Hospital and the Midland Hospital?
 - a. If so, what was the rationale for this departure?
 - b. If not, what factors have contributed to the significant issues in construction at PCH?
7. How have key decision-makers obtained assurance that the materials and practices used on the project meet required standards?

The Committee will also examine the risks and benefits to the State arising from the Government's decision to grant "practical completion" on 20 April 2017 with the water contamination issue unresolved.

While the Committee welcomes submissions from all interested entities and individuals, the Inquiry is likely to focus on examining the actions of the departments and agencies that have operated within the governance structure.

The Committee plans to report on its findings by 30 November 2017.

For questions regarding the Inquiry process including the preparation of submissions, please contact the Committee's Principal Research Officer, Mr Tim Hughes, on 9222 7496 or send an email to lapac@parliament.wa.gov.au.