



Report 7: 2022-23 | 2 November 2022

OPINION ON MINISTERIAL NOTIFICATION

Tom Price Hospital Redevelopment and Meekatharra Health Centre Business Cases



**Office of the Auditor General
Western Australia**

National Relay Service TTY: 133 677
(to assist people with hearing and voice impairment)

We can deliver this report in an alternative format for
those with visual impairment.

© 2022 Office of the Auditor General Western Australia.
All rights reserved. This material may be reproduced in
whole or in part provided the source is acknowledged.

ISSN: 2200-1913 (print)
ISSN: 2200-1921 (online)

The Office of the Auditor General acknowledges the traditional custodians throughout Western Australia and their continuing connection to the land, waters and community. We pay our respects to all members of the Aboriginal communities and their cultures, and to Elders both past and present.

Image credit: janews/shutterstock.com

WESTERN AUSTRALIAN AUDITOR GENERAL'S REPORT

Opinion on Ministerial Notification: Tom Price Hospital Redevelopment and Meekatharra Health Centre Business Cases

This page is intentionally left blank



**THE PRESIDENT
LEGISLATIVE COUNCIL**

**THE SPEAKER
LEGISLATIVE ASSEMBLY**

**OPINION ON MINISTERIAL NOTIFICATION: TOM PRICE HOSPITAL
REDEVELOPMENT AND MEEKATHARRA HEALTH CENTRE BUSINESS CASES**

This report has been prepared for submission to Parliament under the provisions of section 24 of the *Auditor General Act 2006*.

It deals with a decision by the Minister for Health, the Hon Amber-Jade Sanderson MLA, not to provide information to the Legislative Council's Standing Committee on Estimates and Financial Operations as part of the 2022-23 Budget Estimates hearings.

A handwritten signature in black ink, appearing to read 'C Spencer'.

CAROLINE SPENCER
AUDITOR GENERAL
2 November 2022

Contents

Introduction	5
What we did	5
Opinion	5
Background	5
Key findings	6
Response from the Department of Health.....	8

Introduction

This report deals with a decision by the Minister for Health, the Hon Amber-Jade Sanderson MLA (the Minister), not to provide information to the Legislative Council's Standing Committee on Estimates and Financial Operations (the Committee) as part of the 2022-23 Budget Estimates hearings. The requested information was the business cases for the Tom Price Hospital redevelopment and Meekatharra Health Centre projects.

Section 82 of the *Financial Management Act 2006* (the FM Act) requires a Minister who decides that it is reasonable and appropriate not to provide certain information to Parliament, to give written notice of the decision to both Houses of Parliament and the Auditor General within 14 days of the decision.

Section 24 of the *Auditor General Act 2006* requires the Auditor General to provide an opinion to Parliament as to whether the Minister's decision was reasonable and appropriate.

What we did

The Audit Practice Statement on our website (www.audit.wa.gov.au) sets out the process we follow to arrive at our section 82 opinions, including:

- a review of relevant State government entity documents
- a review of advice provided to the relevant Minister by entities
- interviews with key entity persons including discussions about our draft findings and the Auditor General's opinion.

Our procedures are designed to provide sufficient appropriate evidence to support an independent view to Parliament on the reasonableness and appropriateness of the Minister's decision.

We have not performed an audit; however, our procedures follow the key principles in the Australian Auditing and Assurance Standards.

Opinion

The decision by the Minister not to provide Parliament with the business cases for the Tom Price Hospital redevelopment and Meekatharra Health Centre projects was reasonable and therefore appropriate.

The two requested business cases were prepared and submitted to Cabinet to inform the Expenditure Review Committee (ERC) meetings held on 2 November 2020 and 2 July 2021.

None of the key information contained in the Tom Price Hospital Redevelopment Business Case including the appendices was publicly available. Three appendices from the Meekatharra Health Centre Business Case were publicly available when the question was asked. However, the information was supplementary in nature and only formed a small part of the business case.

Background

In the Questions Prior to Hearings for the Committee on the 2022-23 Budget Estimates held on 21 June 2022 the Hon Martin Aldridge MLC asked the Minister, for the following information as part of Question 13:

I refer to page 326 of Budget Paper 2 and the Meekatharra Hospital, and I ask:

- a) Please table the business case for the project;

Answer: As the release of the business case may impact or disadvantage the Government, advice from central agencies is currently being sought. Following a response, the Minister will advise in due course on whether the business case for the Meekatharra Hospital can be released.

In a separate question to the Minister, Hon Martin Aldridge MLC requested the release of the Tom Price Hospital Redevelopment Business Case:

I refer to Budget Paper 2 Volume 1, page 327 and under Other Works in Progress: Tom Price Hospital, and I ask:

- a) Has the Minister now received advice from 'central agencies' on providing the business case to the Committee;

Answer: Yes. Advice has been received from central agencies. Upon review of their advice, WA Health is now seeking legal advice, which is in progress. A full response to this question will be provided upon receipt of this legal advice.

- b) If yes to (a), what was the advice provided to the Minister;

Answer: See response to question a.

- c) Can the Minister now table the business case;

Answer: See response to question a.

On 16 August 2022 the Minister gave notice to both Houses that she was declining to provide the information requested. The notice advised that the Meekatharra Hospital and Tom Price redevelopment business cases formed part of submissions to Cabinet and the ERC for funding of the projects and as such were Cabinet-in-confidence.

The Minister notified the Auditor General of her decision not to provide the requested information for both questions in accordance with section 82 of the FM Act on 17 August 2022.

Key findings

The decision by the Minister not to provide the requested information was reasonable and therefore appropriate.

The Minister properly sought advice from the Department of Health (the Department), which in turn sought advice from three central entities (the Department of the Premier and Cabinet, Department of Treasury and Department of Finance) and the State Solicitor's Office.

Based on its own analysis and advice from the three entities the Department advised the Minister that it was appropriate not to disclose the information as its primary purpose was for Cabinet and the ERC. The Minister's response in Parliament reflected the Department's advice.

We assessed whether the information requested was Cabinet-in-confidence using the following criteria:

Is part or all of the information publicly available?

The advice provided to the Minister by the Department noted that there may be a small amount of the information in the business cases that was publicly available. We found no

evidence that any part of the Tom Price Hospital Redevelopment Business Case submitted to Cabinet was publicly available or ascertainable at the time the Minister declined to provide it.

Three of the appendices for the Meekatharra Health Centre Business Case were made public after the Cabinet decision as part of a tender process. This information was supplementary in nature and did not disclose the deliberations or decisions of Cabinet.

Was the information created for the purpose of informing Cabinet or being discussed in Cabinet?

The requested information was clearly created for the purpose of informing Cabinet and contained options and recommendations for the redevelopment of both hospitals. The release of the business cases would reveal the deliberations and decisions of Cabinet.

The appendices for the Meekatharra Health Centre Business Case that were subsequently used in a tender process were project design documents that were included as supplementary information to the business case and their public disclosure does not affect the Cabinet confidentiality of the business case. They formed only a supplementary part of the business case.

Did the Minister consider providing any sections of the information that would not reveal deliberations and decisions of Cabinet?

The option to provide sections of the information was considered. The Minister was advised that releasing sections of the business case was likely to reveal the deliberations and decisions of the ERC and Cabinet. As a result, the Minister did not table any sections of the business case.

Some appendices from the Meekatharra Health Centre Business Case were subsequently used in a public tender process. They do not reveal the deliberations or decisions of Cabinet and do not affect the Cabinet confidentiality of the business case.

Response from the Department of Health

The Department of Health notes that the decision by the Minister for Health not to provide Parliament with the business cases for the Tom Price Hospital and Meekatharra Health Centre projects was considered reasonable and appropriate by the Office of the Auditor General. The Department of Health supports these findings.

Auditor General's 2022-23 reports

Number	Title	Date tabled
6	Compliance Frameworks for Anti-Money Laundering and Counter-Terrorism Financing Obligations	19 October 2022
5	Financial Audit Results – Local Government 2020-21	17 August 2022
4	Payments to Subcontractors Working on State Government Construction Projects	11 August 2022
3	Public Trustee's Administration of Trusts and Deceased Estates	10 August 2022
2	Financial Audit Results – Universities and TAFEs 2021	21 July 2022
1	Opinion on Ministerial Notification – Wooroloo Bushfire Inquiry	18 July 2022

**Office of the Auditor General
Western Australia**

7th Floor Albert Facey House
469 Wellington Street, Perth

T: 08 6557 7500
E: info@audit.wa.gov.au

www.audit.wa.gov.au



@OAG_WA



Office of the Auditor General
for Western Australia