

PUBLIC ACCOUNTS COMMITTEE

*Ninth Report — “Inquiry into Project Planning and Funding Applications for
Major Western Australian Infrastructure Projects” —
Tabling*

MR J.C. KOBELKE (Balcatta) [10.07 am]: I present for tabling the ninth report of the Public Accounts Committee entitled “Inquiry into Project Planning and Funding Applications for Major Western Australian Infrastructure Projects”.

[See paper 2869 and 2870.]

Mr J.C. KOBELKE: As a rapidly growing and physically large state, Western Australia faces enormous infrastructure demands. The 2010–11 state budget included \$7.6 billion in its asset investment program. However, there are many important and worthwhile projects that have to wait their turn on the priority list. There are also several major projects to which the current government has committed without allocating the funds necessary to bring them to fruition. To maintain our high standard of services, meet the growing demands for these services and facilitate the rapid expansion of the Western Australian economy, it is essential to build the required infrastructure. Given that Western Australia does not have the financial capacity to meet all its required infrastructure demands, it is important that maximum value is derived from our infrastructure investment and that there are robust processes to aid priority setting and decision making. To fail to do this will hold back the state’s development and result in lower standards of services than we could expect.

To augment the state’s capacity to build essential infrastructure, governments look for funding assistance from the federal government and the private sector. In both cases, the state enhances its opportunity to acquire additional funding sources if it has an appropriate set of processes for the planning and acquisition of that required infrastructure. Infrastructure Australia makes recommendations to the federal government on funding for the states based on the projects having strong business cases. Given a common view that Western Australia has not always received a commensurate fair share of the commonwealth funds distributed to the states, it would serve our interests to ensure that funding submissions from Western Australia are of the highest standard. In recent years, the state government has been developing the policies and organisational structures and recruiting the skilled people needed to achieve better outcomes. The state government is implementing the strategic asset management framework, which I will refer to as SAMF, which requires agencies to undertake a five-stage process for capital investment. This has been followed by the works reform program, which includes organisational changes to drive the SAMF processes. This report devotes considerable effort to summarising these policies, processes and structures. With SAMF and works reform still being implemented, it is not possible to judge their effectiveness at this time. That being said, the committee was impressed with SAMF and works reform and is keen to see them fully implemented and the promised benefits achieved.

Full utilisation of these policies will give greater confidence that projects can be delivered on budget and on time. Having more accurate and reliable information at the time of the decision to commit to a project will deliver more value-for-money outcomes and provide a more informed basis for setting priorities between competing projects. The decision to commit funding to a major project is always a political decision, and so it should be. No matter how detailed and accurate the analysis and planning for a project, there is usually a large element of subjective judgement in proceeding with one project before another. WA Police gave an example of this dilemma. Limits on funding require a choice to be made between replacing an aging helicopter, or upgrading information and communications technology essential to effective policing, or replacing an old and inadequate police station. Such decisions are not easily reduced to a number that measures efficiency or best outcomes between competing demands. Determining the priority for funding these projects requires a decision at the political level. An infrastructure project targeted at developing a vast resource-rich state may involve a considerable financial risk to the state. However, based on a thorough assessment of the benefits and risks, a bold political decision can well serve the state’s long-term interests.

In the 1890s the commitment to deliver the water to the Goldfields from Mundaring was estimated to cost \$2.8 million, which represented 80 per cent of the then state budget. I take a short quote from page 22 of the Appleyard report, which reads —

To put the G&AWS —

The Goldfields and agricultural water supply —

scheme into context, it was originally designed to deliver 5 million gallons/day (approximately 8 GL/year) over a distance of 540 km, using a 760mm diameter steel pipe, and eight steam-powered pumping stations. The cost was to be recovered by charging three shillings and six pence (3/6) per 1000 gallons for water delivered to the Goldfields. ... However, because of the relatively high cost of the

water, demand did not match supply, leading government to double the price of water, exacerbating the problem and causing financial difficulties for the government for a number of years.

Similarly, the commitment in the 1970s to bring natural gas from the Pilbara to Perth, underpinned by a take-or-pay contract, initiated the gas developments, which are now a major contributor to the state and national economies. Both this project and the Goldfields water project have been significant contributors to economic development, while placing very high levels of financial risk on the state, which subsequent governments had to manage. Projects with popular appeal, if committed to politically without evaluations provided by SAMF, can result in scarce money being spent on ineffective or even wasteful projects. The Liberal election promise in 2005 to build a canal to bring water from the Kimberley to Perth was costed at \$2 billion. A more thorough study showed the price was likely to be \$14.5 billion and it would carry a high level of risk. We are not being political here, because governments of all persuasions have similarly suggested that we embark on projects without doing the study. Labor's 2001 election promise to build a sealed road from Tom Price to Karratha in the Pilbara was expected to cost \$100 million. Labor won that election, and after spending in the order of \$180 million on the new road, we have found that it was only partly constructed. Populist decisions can easily put sound economic management at risk. The 2008 election commitment to construct a gas pipeline from Bunbury to Albany and the decision to inject \$678 million of public money into the Oakajee Port and Rail project are instances when the benefit of the expenditure cannot be assessed, as no analysis was done prior to the commitment. If business cases have been completed for these projects, the committee was given no evidence of it. The commonwealth government, by committing half of the \$678 million to the Oakajee port project, has made it subject to a business case and rate return on the equity contribution. The state government has made its commitment without any similar caveat. It is concerning when the decision making for a large and costly project is purely political in the sense that it is decided without thorough planning or a business case study.

An infrastructure pipeline, or plan, outlining the government's upcoming projects was highlighted by industry as a means to help it better prepare and align its resources. This would allow industry to participate more efficiently in the infrastructure construction market. Such a pipeline may also assist in providing political parties with a list of well-defined and worthwhile projects from which to make political promises.

Some infrastructure projects are primarily developed to achieve specific social outcomes. However, if no analysis of all the options is done, including for non-infrastructure solutions, it is dubious whether the state is getting real value for money and the project can be guaranteed to achieve the desired social outcomes. When the objective of a project is primarily to meet social needs and has a marginal direct economic benefit, it is incumbent on the decision makers to determine the mechanism by which the social outcomes will be delivered and the results measured. For all major infrastructure projects, it is essential that the costs and benefits are identified by proper planning and the preparation of a robust business case.

This report does not assess the worthiness of any particular project. It does, however, make recommendations that go to the need for a better level of evaluation of the costs and benefits of every project and the need to follow the strategic asset management framework to the greatest extent possible, even for fast-tracked projects. This report may be too technical to have a wide readership. However, I believe its value will be in supporting the fullest possible implementation of SAMF and the works reform. The report can be seen as being directed to senior public servants, ministers, members of Parliament and the media. It may be a forlorn hope, but if media coverage can look more at value for money and the thoroughness of project planning development rather than simplistic cost blow-outs and construction delays, our state and its people will be the beneficiaries.

I wish to express my thanks to all the members of the committee for their contributions to our work, particularly to the work they put into this inquiry. On behalf of the committee, I also thank Dr Loraine Abernethie, our principal research officer and Mr Matthew Bates, our research officer, for the work they have invested in this report. I also acknowledge the assistance on Ms Isla Macphail, who was the principal research officer at the commencement of this inquiry.

MR A. KRSTICEVIC (Carine) [10.13 am]: I too rise to make a brief statement on the "Inquiry into Project Planning and Funding Applications for Major Western Australian Infrastructure Projects" that is presented today by the Public Accounts Committee. On 25 November 2009, the committee resolved to conduct an inquiry to examine the best approaches to decision making for major infrastructure projects in Western Australia, with particular reference to the robustness of project planning and assessment processes and whether the funding cases are appropriately developed and presented to maximise access to federal government funding. Some 12 months later, and after what I would describe as a wide-ranging, comprehensive, informative and occasionally complex inquiry, we are finally ready to present our report to the house today.

I hope members will find time to read our report and reflect on the importance of robust project planning and assessment processes to achieve efficient and effective project outcomes. The committee examined the following projects in our report: the Oakajee Port and Rail project; the Perth Police Complex; the Perth City Link; the Ord

– East Kimberley Expansion Project; the Australian Marine Complex; the Ravensthorpe Nickel Operation; the Bunbury to Albany gas pipeline; the new Perth–Bunbury Highway; Gateway WA; the Muja A and B refurbishment; Midwest Energy Project stage2; and the Collie to Perth Transmission Enforcement Project. The committee has also agreed to continue to examine projects relevant to our terms of reference and to report the findings in our annual report. I look forward to learning much more about the finer details of many more major infrastructure projects being undertaken in the state in years to come.

I will not cover the issues already covered by the chairman, and no doubt other members of the committee. I specifically bring to the attention of the house our minority report. The minority report submitted by the member for Jandakot and I was necessary to address a significant omission from the committee’s report. We found it necessary to correct the incorrect conclusions drawn about the Oakajee port development. Although we supported the majority of the findings and recommendations outlined in the report, we did not agree with all the findings, particularly the finding and recommendations concerning the public funding for the development of the Oakajee port. Political debate over the merits of public funding for the Oakajee development has been ongoing since the election of the Liberal–National government. Our minority report seeks to restate the case for public funding for common-user infrastructure. The commonwealth has recognised the economic benefits this project produces for Western Australia and the nation and has offered bipartisan support for it. The commonwealth government has agreed to contribute 50 per cent, or \$338 million, towards the project on an initial estimate of \$678 million. The former Prime Minister, Kevin Rudd, during a visit to Geraldton in the May 2009 said that the Oakajee port was a very good project and that the whole nation should pause for a moment and reflect on where this great project takes not just the great state of Western Australia, but also Australia itself in the decades ahead.

Oakajee is proposed to be a multi-user, multifunction port. This is clearly different from the other ports being developed in Western Australia, which largely have a single product and single-user focus. The government has traditionally been either a part or whole owner of common-user infrastructure at multi-user, multifunction ports, including Fremantle, Port Hedland, Esperance, Broome, Albany, Dampier and Geraldton. I am of the view that without state government investment and the resultant leverage that occurs from this investment, there is a risk that third party exporters may be either excluded or hindered from access to the facilities at Oakajee port.

The development of the Mid West also includes a heavy industry site that will eventually require panamax-sized berths. Once again, it is important to note that the Oakajee project has bipartisan support from the commonwealth government and will generate thousands of jobs for the state and a huge amount of revenue.

Getting back to the substance of the report, I bring members’ attention to the obvious finding that the best way to achieve the desired outcomes from infrastructure projects is through robust, long-term planning. I would like to note that the Western Australian government does have a robust and effective methodology in assessing infrastructure projects. Our infrastructure procurement mechanism is the strategic asset management framework. SAMF requires agencies to undertake a five-stage process for capital investment and consists of 11 policies and guidelines that are designed to improve asset management and capital investment. It is designed to ensure value-for-money outcomes and it is accepted that it provides a robust framework for planning and delivering infrastructure. The full implementation of the strategic asset management framework across all government agencies will lead to better informed decision making and greatly improved outcomes.

I also thank the committee staff for the amazing job they have done over the past 12 months. I can only imagine the heartache and pain they had to go through with all the requirements the committee has put on them, and they have done an absolutely fantastic job. I mention our principal research officers during that period, Ms Isla Macphail and Dr Lorraine Abernethie and our research officer Mr Matthew Bates. I commend them as very efficient and effective members of this Parliament. In conclusion, I encourage all members of the house to become familiar with our report.

MR C.J. TALLENTIRE (Gosnells) [10.19 am]: I rise to contribute to the presentation of the ninth report of the Public Accounts Committee titled “Inquiry into Project Planning and Funding Applications for Major Western Australian Infrastructure Projects”. Obviously a key role of any government is to provide the necessary mechanisms and funding to ensure that major infrastructure projects are developed in the state to achieve economic and social dividends for all our citizens. Ensuring that the right choices are made through an appropriate process is critical to getting the right outcomes. With that in mind, I would like to turn to a few specific cases that we examined during the course of the committee’s inquiry.

One particular project that was examined was the Ord – East Kimberley development plan. This is about the development of some 8 000 hectares of land on the Weaber Plain in the East Kimberley. Much of the justification for the \$220 million of state government funding is about the social benefits that will be achieved. It is important to note, though, that it is a development covering 8 000 hectares at a cost of \$220 million, which represents a development cost to the state of some \$27 500 per hectare. That cost is going towards the establishment of roads and an extension of the actual water delivery irrigation system. The channel expansion is

necessary to make this land viable for horticultural pursuits. On a world scale, developing irrigation land at \$27 500 per hectare represents an extremely heavy cost. It is justifiable, perhaps, if we can be confident that a social dividend will arise from that investment. However, I believe the committee's inquiry found that there was an insubstantial amount of evidence to justify or prove that there would be a social dividend. Naturally, we all want to see a rise in the quality of living standards for Indigenous people of the East Kimberley; however, there was no substantial evidence presented that showed that the Indigenous people of the Kimberley would become the future landholders of the area or involved in the horticultural pursuits of this new 8 000 hectares of land, or that they would necessarily want to work in various fruit picking or other horticultural-related industries. They also may not want to be involved in some of the downstream processing activities that could arise from the development of this land. A question mark hangs over the social dividend of this project.

Nevertheless, the strategic asset management framework process for examining the viability of projects that my colleagues have spoken of is one that, in theory, can tease out the viability of a project and examine whether we have a real social dividend. We have to make sure that our projects are properly tested and that the social impact analysis is thorough and far reaching. Indeed, the committee raised that point in its report; that is, we have to see that there are far-reaching benefits and that there is an expected duration and timing to spread the impact to properly determine whether the extent of specific target groups in the community will be affected positively or adversely. We also have to consider political sensitivity and public interest in particular projects.

I would also like to turn to another project that we examined; that is, Muja A and B. The Muja A and B coal-fired power stations are 40 years old. During this term of the Barnett government, in May 2009 in fact, there was a decision made that the company named Innovative Aluminium Company, INALCO, would be allowed to bring back into operation this 40-year-old plant technology. We know that the reinstatement of the plant will see no improvement at all in its greenhouse gas emissions. In fact, we are seeing here public money used to bring back into play technology that is 40 years old; yet the CEO of Verve Energy has made comments that currently there is necessary due diligence underway for that project.

Another project that we examined was of course the Oakajee Port and Rail project. One of the committee's key recommendations was that the state development agreement for the Oakajee Port and Rail project be made public. Likewise, the committee also recommended that the Minister for State Development publish the differences between the private and public arrangements of Oakajee port common-user infrastructure, together with the needs analysis underpinning the decision to provide public funds. Previously there was an arrangement in place that would have allowed the private sector to develop that project if the private sector thought it was viable; instead, the state of Western Australia is making a 50 per cent contribution, to the total cost of \$678 million, to the project for the provision of this common-user infrastructure that could have been provided by the private sector. There is a question mark over the viability of some of the mines that would benefit from the Oakajee Port and Rail project. There is also a question mark over the viability of some magnetite deposits. Are they really economic? Will they need this government subsidy through the provision of the port to make them viable? That is the sort of thing that a proper application of the SAMF will help us determine in the future, and that is why we need a rigorous application of the SAMF process.

Another project that we examined was the Perth City Link project; the public transport hub. That project increases in cost each time there is a review of the costings provided. Presently, I think the total estimated cost is \$609 million. This is a project that has many, many positives to it. The undergrounding of the rail line will be a very useful contribution to the development of Perth. However, one aspect of the project that is of concern is the undergrounding of the Wellington Street bus station. There will be constraints on the potential for the expansion of the bus station because of that decision to underground the bus station. There are some concerns there. Again, we have to ask questions about the rigorous use of the SAMF process.

Many positives came through in the committee's considerations and deliberations. The development of the new Perth-Bunbury Highway was one, which was a potentially contentious project in some regards. Some very innovative mechanisms were used for community engagement, including a project target-cost approach that called in different tenderers to ensure they were working towards the best project target cost, and the best one was selected for the job. We need to learn from some of the mistakes that have been made. There is plenty of evidence to suggest that we have been doing a good job of developing major infrastructure projects in Western Australia. Ultimately of course there are political decisions that have to be made. Those are best enhanced by a rigorous application of the strategic asset management framework.

MS R. SAFFIOTI (West Swan) [10.27 am]: I rise to speak to the ninth report of the Public Accounts Committee into infrastructure spending in Western Australia. The main thrust of the report has been outlined; that is, major infrastructure: how can we do it better? There are always issues regarding the time frame and the budgeting of major projects in Western Australia and across the nation. The report looks at how we can do these

projects better and how we can ensure that the processes are good processes and are adhered to, to minimise taxpayer exposure.

I want to touch on a few things in the committee's report. My colleagues have gone through some of the major ideas that came through in the report. One of them was that an evaluation be undertaken of works reform to ensure it is delivering benefits. One of the best reforms undertaken started in early 2008. Some changes have been made to it that have probably made it even stronger. I refer to the establishment of the Office of Strategic Projects, now the strategic projects division within Treasury, headed by Richard Mann. That office was established to ensure that the government retained expertise, much of which came from the management of the MetroRail project, and that there was a centre of excellence within government to manage major projects. My experience is that different departments manage projects differently. For example, Main Roads manages major infrastructure projects on a daily basis and has expertise in doing so. However, other departments, such as the Department of Culture and the Arts, do not manage major projects on an everyday basis and do not have the expertise to manage complex projects. The establishment of the Office of Strategic Projects in early 2008 was a key reform in trying to retain expertise and to have a centre of excellence. The issue is: what projects fall under that office? I have some concerns that some of the newer projects, such as the Perth waterfront project, do not fall under that office, so some of the lessons and expertise that have been gained by that office are not being applied to some of the major high risk projects that are currently being planned and delivered.

As has been noted, the strategic asset management framework is a good framework; again, a key issue is to try to ensure that it is applied wherever possible, and to ensure that departments are aware of that framework and go through the steps. Another key issue is identifying the need for the project and the scope of the project. When we talk about budget blowouts or projects that do not go according to plan, we find that it is mainly because of the scoping issue. It is because not enough analysis is taking place at the beginning of the project and not enough time is being spent to identify the need for the project and its outcome. When there are major changes in scope, there are major changes in costs. That is one of the key lessons we learnt through the inquiry: identifying the scope of the project is a key part of delivering infrastructure in a timely manner and according to budget. Some of the major blow-outs have come about as a result of not identifying the scope early on, or because there have been major changes in scope as a result of either contracting or planning practices. The committee believes that identifying the scope is a key part of the process.

I have some concerns about two of the major projects currently being undertaken by the government. No proper cost estimate has yet been tabled in Parliament for the Perth waterfront project, even though it has been announced that drilling has started. There is potentially a lot of exposure there for the taxpayer, because I do not believe that the scoping or costing has been undertaken in a serious way. Similarly, the member for Gosnells referred to the Perth City Link project. The sinking of the Wellington Street bus station seems to have been an afterthought added onto the Infrastructure Australia bid. Again, the scope and the complexity of the project were not clearly identified. As we have already seen, the cost of the Perth City Link project has escalated by \$100 million before the project has even commenced. These are two projects that create significant exposure for the taxpayers of Western Australia. That is not to say that the projects should not be done, but if we are to learn the lessons of the past, we need to apply those lessons to our current projects, and that involves sitting down and clearly identifying the scope and need for the projects, and bringing some robust estimates to the budget process in this place.

The member for Gosnells also touched on the Oakajee port, which again is a contentious project; the funding for it is the subject of even more contention. I make mention of the committee's second recommendation, which was for the state development agreement for the Oakajee Port and Rail project to be made public. The government has made a decision to put public funding into the Oakajee port, and at the end of the day, that is the government's prerogative. But it is also up to the government to provide some accountability for that decision and to make public the obligations on the state for the Oakajee port. It was the view of the majority of the committee that the state development agreement should be made public. State agreements are brought into the Parliament every day. These are agreements between the private sector and the state government for mining or other projects throughout the state. Through the mechanism of a state agreement, we could debate the issue, and the obligations of both the private sector and the government could be made public. The state development agreement is not public, and the committee believes, given the significant contribution to the project by the state and federal governments of nearly \$400 million, which represents a significant commitment by taxpayers, that taxpayers deserve to know the state government's obligations. That was one of the committee's strong recommendations—that agreements be made public.

Another key component of the inquiry was the issue of the pipeline of projects, and ensuring that government makes the pipeline of projects clear to the private sector, so that the private sector can be ready to come in and assist the government in delivering projects. The committee recommended an infrastructure plan for the state to provide certainty and clarity to the private sector. One of the key issues that emerged from some of the private

sector organisations the committee spoke to was that they believed that they could deliver better outcomes for government and consistency of workload if they knew what the pipeline of projects were. Without that pipeline, they would be operating in a vacuum. Additionally, we sometimes have labour shortage issues, which is another reason that the committee has called for an infrastructure plan to be developed for the state. Victoria is one of the better examples of a state that has a strong infrastructure plan, which benefits both the government and the private sector.

The last matter I want to touch on is commonwealth government funding. This is an area in which Western Australia has not done that well; one issue amongst many others is the reality that Western Australia has not in the past prepared good business cases and has not put forward good arguments for its projects. When the state government put forward its proposals for funding to Infrastructure Australia in late 2008, none of the projects put forward was project-ready. Other states had projects that were project-ready, and they were able to secure more commonwealth funding than we could. We need to ensure that our planning is sufficiently robust so that, when the commonwealth government comes to us to say that there is a pool of funding available, as it did in late 2008, we have a good list of projects that are ready to go. The government needs to put more effort into that area to ensure that if and when the commonwealth government comes back to us with a pool of money, we have projects ready to go. We need to ensure that we can compete with a state such as Victoria, which is very good at that process. We need to be able to ensure that we get a better share of funding.

I will finish by thanking my colleagues on the committee. I would also like to thank the committee staff, Dr Loraine Abernethie, Isla Macphail and Mathew Bates. They work incredibly hard and are always there, helping us. They also worked hard on weekends and after hours to ensure that our report could be tabled.

MR J.M. FRANCIS (Jandakot) [10.37 am]: I thank the Acting Speaker (Mrs L.M. Harvey) for her assistance in allowing me to address the house.

I will start by saying that I find it a little bemusing that we have before the house a report that draws attention to the need to bring state government standards a little higher, when we have a federal government that seems to have fairly low standards for infrastructure projects and accountability. I do not want to harp on this because I promised to play nice! But at the moment, we have a federal government that is trying to bulldoze through a \$43 billion national broadband network project, which is perhaps the biggest infrastructure project in Australian history. The business case was produced only last week and the federal government has not yet released it; it expects the federal Parliament to vote on these issues, including the split of Telstra and related matters, without having any access to the business case. I find it a little bemusing that the federal government has very low standards of accountability for major infrastructure projects.

However, I want to get on to the report. A minority report is attached to the Public Accounts Committee's ninth report that is before the house that relates to the ongoing debate about public funds being committed to Oakajee port. I make the point that members should be under no illusion on this issue. I know we have disagreement on that and I think it is healthy to have that debate, but it is my belief that there is very little chance Oakajee would have proceeded without the kick-start commitment of both the state and federal government in committing funding to the common-user infrastructure at the port. The Premier and the government are clearly very aware of this issue, as is the federal Labor government. The only people who seem to be in denial on this issue are, obviously, members of the opposition, but that is their right and I respect their right to oppose it.

I will make a few comments about the rationale for why we need funding, and I will quote from an Oakajee Port and Rail press release from May 2009 that welcomed the federal government funding. The press release states —

Oakajee Port and Rail ... welcomes the commitment by the Federal Government to allocate \$339 million over the next four years towards the development of common user facilities at the deepwater port at Oakajee.

This investment decision, announced yesterday as part of the 2009–10 Federal Budget, was in response to a request for support from Western Australian Premier Colin Barnett.

Mr Barnett announced late last year that the State Government would become a direct participant in the port through funding and ownership of common use infrastructure and sought a commitment from the Federal Government to share the development cost.

Mr Barnett has pointed to Oakajee as potentially the single-most important project for WA's economic development over the next 50 years.

OPR Chief Executive Officer Christopher Eves said the combined Federal and State Government's commitment gave the Oakajee project unprecedented support for a major Australian infrastructure development.

Mr John Kobelke; Mr Tony Krsticevic; Mr Chris Tallentire; Ms Rita Saffioti; Mr Joe Francis

“Direct financial support for Oakajee from both the Federal and State Governments provides a massive boost for the project ...

“It indicates the widespread support for this project in Australia and demonstrates the highest levels of commitment to see the port and rail infrastructure developed as quickly as possible.

“OPR is very appreciative of the Federal Government’s commitment and the ongoing leadership of Premier Colin Barnett to secure the funding.

“We wholeheartedly agree with both levels of government that this is a project of strategic and national importance.”

Obviously, OPR is the main player in the development of the port, but it is worth noting that that was its view in May last year. It is also worth noting the compelling assessment the project was given by the Premier just recently at the economic and resources summit in Geraldton. The Premier said —

“The Oakajee Mid-West Development Project, which includes an integrated port, rail and industrial area, provides a once-in-a-generation opportunity for Western Australia to achieve a significant milestone in its economic development.

“Western Australia’s economy has entered a long-term period of economic expansion, built on its abundant resources and rising demand from China, Japan and Korea—and India is set to follow.

I recommend that members read the transcript of the Premier’s speech if they want a better understanding of the rationale behind the Oakajee project and why public funds have been committed to it. However, I particularly draw members’ attention to the minority report attached to the back of the ninth report, which goes through the history of state investment in Oakajee port and, in particular, the rationale for government funding of the Oakajee common-user infrastructure. I will read a few lines from that minority report, which states —

Oakajee will be a multi-user, multi-function port. This is clearly different from other ports being developed in Western Australia, which are largely single-product and single-user, or have a defined small number of users.

There is solid precedent for part or wholly State-owned ports in Western Australia, including: Port Headland, Broome, Dampier, Geraldton, Fremantle, Albany and Esperance.

Furthermore, Cape Preston—the state’s only essentially private port, which comes under operational control of Dampier Port Authority—is, as a result, limited in expansion to further export organisations, driving the requirement to develop a further port at Anketell.

Therefore, it is a natural conclusion that without State investment and the resultant leverage that occurs from such investment, there is a very real risk that third-party exporters may be excluded from or hindered in their access to facilities at Oakajee Port.

Additionally, government has traditionally owned CUI infrastructure at multi-user, multi-function ports (including Geraldton).

The Mid-West iron ore industry is characterised by a number of smaller operators. Unlike other port developments, such as iron ore ports in the Pilbara, none of the companies or mining projects are sufficiently large or commercially robust enough to justify investment in the port in their own right.

That is one of the main reasons that we objected to the findings of the rest of the committee on this particular issue. It is a bit of a no-brainer to come to the conclusion that without public funds in the common-user infrastructure Oakajee had very, very little chance of ever going ahead. Government funding, be it state or federal, sends a message to the developers and investors in that facility that if the government is willing to put up the money, their money looks a lot safer.

Our conclusion in this minority report states —

The federal Labor government and state Liberal–National government in Western Australia have both committed a total of \$678 million towards 50/50 funding for Oakajee Port CUI. This project is forward thinking. It has bi-partisan support from the federal government. Rather than attempt to catch up once the next upward trend in the mining sector has started, this anticipates the needs of the mining industry and will underpin the broader development in the Mid-West region of Western Australia. It is predicted that by 2020, 100 million tonnes —

That is, net —

of iron ore will be shipped through Oakajee. The project will generate thousands of direct jobs during the construction and development phase, as well as being the keystone to the growth of the local iron ore industry.

The finding is —

There is a clear risk that without State investment and the resultant leverage that this provides government as a part-owner of Oakajee Port, future access for other exporters may be excluded or hindered. Government investment in part of the port, in particular the Common Use Infrastructure, allows the State to control fair access to the development into the future.

In conclusion, it is a fairly thick report and, as the Chairman said, it is a fairly technical report. There is a lot of interesting reading in it. I encourage all members to look at this report. Certainly, throughout the process over almost the past year, I have learnt a hell of a lot about infrastructure in Western Australia. I think it was a fairly worthwhile process to go through and look at this issue. Well done to the member for Balcatta for encouraging us to have a deeper understanding of the processes of this state.

Finally, I thank the staff who have all been mentioned before. I know over the past three or four months that the staff of the Public Accounts Committee have done an exceptional job, working long hours, going well above and beyond the call of duty, and they should be commended for that. All the committee staff are outstanding servants of the public of Western Australia and they should be congratulated. I commend the report to the house—have a read, members—and I thank the Chairman and my fellow committee members.