

**Division 20: Infrastructure WA —**

Mrs M.R. Marshall, Chair.

Mr R.H. Cook, Premier.

Mr P. Helberg, Chief Executive Officer.

[Witness 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 these 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, 31 May 2024. If a minister suggests that a matter be put on notice, members should use the online questions on notice system to submit their questions.

I give the call to the member for Cottesloe.

**Dr D.J. HONEY:** I will start with the spending changes table on page 284. The public sector wages policy is outlined on the second line from the bottom of that table. It has a \$152 000 increase every year, which looks unusual. How is that derived and where are those moneys allocated?

**Mr R.H. COOK:** I assume that simply reflects the one uplift, and, having paid it this year, we have to pay it the following year and the following year. That is why it appears in spending changes across the forward estimates.

**Mr R.S. LOVE:** The significant issues statement on page 284 mentions that the government has published the first annual *State infrastructure strategy: Implementation progress report*. I refer to page 12 of that report, under “Achievements”, which states —

- launching PeopleWA, which connects de-identified data from a range of social services, providing a secure e-research environment

As PeopleWA is not specifically mentioned in the budget documents, could the Premier outline a bit about that service, the costs of it and its provision?

[12.40 pm]

**Mr R.H. COOK:** I might ask Mr Helberg to answer that one. I am advised that we do not have that granularity of detail for today. I am happy to provide it by way of supplementary information.

**Mr R.S. LOVE:** Thank you.

**The CHAIR:** Does the Premier agree to provide the supplementary information; and, if so, please state exactly what information will be provided?

**Mr R.H. COOK:** Yes, I knew you would ask me that! Could the member summarise his question again?

**Mr R.S. LOVE:** It is the cost of the service that is launching the program PeopleWA and whom it is provided for.

**The CHAIR:** Premier, can you please confirm what information you will provide?

**Mr R.H. COOK:** Yes, that sounds like a great idea.

[Supplementary Information No A3.]

**Dr D.J. HONEY:** On page 284, paragraph 2 under the significant issues impacting the agency reads —

Infrastructure WA continues to assess major infrastructure proposals with a capital cost of \$100 million ...

Does that threshold include proposals such as provision of housing or housing construction? I will cut to the chase; the one I am particularly thinking of is Pier Street. The government has committed \$145 million to that apartment construction. For example and specifically, is that type of project, and was that project, referred to Infrastructure Western Australia for review?

**Mr R.H. COOK:** In general terms, it represents capital infrastructure that, of itself, does not cross-examine or oversee a program of activity. On whether that particular proposal would come under the purview of Infrastructure WA, I will ask Mr Helberg to clarify those points.

**Mr P. Helberg:** Thank you, Premier. It certainly does and that particular project, Pier Street, was evaluated and assessed by IWA.

**Dr D.J. HONEY:** Through the Premier, the government is purchasing 110 units. I think the individual cost per unit is now \$1.4 million. I have had, I think, reliable information from major property developers and major apartment developers in Western Australia that the cost of building that style of unit is around \$600 000. Did Infrastructure WA believe that \$1.4 million per unit was a reasonable cost for government to contribute to that project or not?

**Mr W.J. JOHNSTON:** How does that relate to the budget papers?

**Mr R.H. COOK:** Let me be clear in relation to this. It is not Infrastructure WA's work to comment on government policy in relation to implementing something.

**Dr D.J. HONEY:** No, this is not policy.

**Mr R.H. COOK:** It is there to make sure that the business case is constructed in a way that is appropriate and provides effective decision-making to projects. Obviously, there is also the aspect that Pier Street, of itself, is a mixed residential facility involving some build-to-rent and some build-to-purchase apartments. It is a partnership with the commonwealth government. That is a policy decision in relation to the housing portfolio, not a policy decision in relation to Infrastructure WA. As Mr Helberg indicated, the business case was submitted to Infrastructure WA to make sure it provided appropriate insight in order for people to make a policy decision, and it undertook that work.

**Dr D.J. HONEY:** What is the role for Infrastructure WA, then? It would seem that the government is paying at least twice the market rate for those apartments.

**Mr W.J. JOHNSTON:** That is not in front of the committee.

**Dr D.J. HONEY:** I do not need the side comments. I am directing my comments to the Premier, not through you.

**Mr W.J. JOHNSTON:** It is a false analysis. It is a straw-man argument.

**The CHAIR:** Member.

**Dr D.J. HONEY:** No. You can critique it all you like, but I am asking the question, not you.

**Mr W.J. JOHNSTON:** Why do you not ask a real question instead of a rubbish one?

**Dr D.J. HONEY:** Premier, it would appear that the government is paying at least twice the market value that the private sector would pay for those apartments. I am wondering what the role of Infrastructure WA is in relation to a project such as that. If it is simply reviewing the business case, is it also saying whether or not that is good value for the taxpayer? For example, an apartment in the luxury block of high-rise towers in Cottesloe near Eric Street, the Grove Residences, can be bought for \$800 000. What useful role does Infrastructure WA play in giving advice to government on value for government money? Is that its role or does it have some other role?

**Mr R.H. COOK:** Thank you, member. Essentially, Infrastructure WA has two key roles. One is to provide long-term planning support to the government to understand the infrastructure needs for Western Australia into the future. It provides a 10-year projection on infrastructure, so it guides the long-term planning and thinking of the government of the day. The other key role it plays is to provide support and advice to government on the development of infrastructure across different departments. The support and advice it provides in the context of that is to give government confidence that valuations are properly undertaken, information and advice is sought from the appropriate experts for a particular proposal and the business case stacks up in its competence as a business case. On the decision about whether to proceed with a particular infrastructure development, that is fundamentally a policy question for government. In this context, the question would best be put to the Minister for Housing as part of his cross-examination in estimates.

**Dr D.J. HONEY:** I refer to that same paragraph at the bottom of page 284 under significant issues impacting the agency. I appreciate that the Premier made the distinction between programs and projects, so I will focus on projects. Is the Premier confident that all projects greater than \$100 million are being reviewed by Infrastructure WA or do we continue to see agencies progressing projects that do not go before Infrastructure WA that meet that threshold?

**Mr R.H. COOK:** I am aware that, occasionally, a department fails to have it checked simply by oversight, not by way of trying to avoid the scrutiny of the experts in Infrastructure WA. I might ask Mr Helberg. I have notes, but he has notes, too, so he can take us through it.

**Mr P. Helberg:** Thank you, Premier. I would argue that the vast majority of proposals are referred to IWA for assessment. There would usually be a number of reasons why a proposal may not be assessed. One is as programs, which the member already pointed out. The other one is that they do not meet the requirements or the definition within our act—\$100 million being one of the requirements. Another reason might be that the actual investment decision was made by government prior to this function coming into effect under our act, which was in January 2022. There is also the odd occasion when oversight by an agency results in a proposal not being submitted. We would then follow that up with the agency. Essentially, we are trying to be proactive and engage with agencies to understand

their strategic asset planning in more detail so we can understand how these proposals evolve and develop and we can track them throughout their progression. We can engage with the agencies early to not only remind them, but also work with them to help develop those proposals.

[12.50 pm]

**The CHAIR:** I remind members of the time. We have 10 minutes left for this division and the off-budget authority Lotteries Commission.

**Mr R.S. LOVE:** Is the role of Infrastructure WA informing government about investments limited just to government projects or does the Premier think there is a role for the assessment of some private proposals not purely delivered by government agencies that may have cost impacts for the government down the track? I am looking at the second line item, “Assessment of Major Infrastructure Proposals”, on page 285.

**Mr R.H. COOK:** As Mr Helberg said, the act under which IWA acts came into being in January 2022, so as far as the government is concerned, it is a fairly new instrumentality or agency. I think it has an evolving role. It was initially envisaged that it would primarily be just undertaking that long-term planning mechanism, but if we are developing expertise inside a government agency, particularly the development of business cases and having a broader infrastructure understanding, we draw upon it, which is the reason the agency also has this other role to examine proposals of over \$100 million.

Turning to broader advice to government, I am very interested in exploring other roles for IWA within government. Obviously, an act of Parliament governs its roles and responsibilities, but, as a fairly new agency, there are opportunities to explore what else can be incorporated into its roles and functions.

**Mr R.S. LOVE:** The Western Australian Planning Commission used to have the infrastructure coordinating committee—I think it was called that—across government, and it also looked outside government requirements going forward. We will presumably see a lot of investment in energy that is partly from government and partly privately funded. Is there a role for IWA in helping to coordinate that so we do not fall over ourselves duplicating infrastructure unnecessarily, as we have seen in other circumstances in industry development?

**Mr R.H. COOK:** It is an interesting point, and we could continue to explore it. The member is right that with the decarbonisation associated with the energy transition in Western Australia, we will see a significant uplift in public and private infrastructure, as the member says, and there is potentially a risk that some of the players could trip over each other in the rush to get their projects developed. Indeed, there might be a need to understand the level and nature of the investment required by government to facilitate their private investment as well. As I said, it is a new agency. It is performing really well and is providing a great service to the government, particularly in making sure that we are driving a standard of business case and rigour in the infrastructure development projects we are doing. As I said in my previous response, I am keen to understand how else we can draw upon the expertise in IWA to further enhance our infrastructure investments.

**Dr D.J. HONEY:** I refer to footnote (b) under the income statement at the bottom of page 287 of budget paper No 2, which states that full-time equivalents will rise from 18 to 21. I wonder what that is driven by.

**Mr P. Helberg:** Essentially, our budget has always allowed a progressive increase as we establish the operations of IWA. As the Premier mentioned, we are a fairly new agency, and it was always envisaged that the functions required of us under the act would be implemented progressively. The FTEs associated with the implementation of those functions would increase in a similar way up to a point at which they would stabilise. We are now at the point of our FTE numbers stabilising at 21. In this case, it reflects an increase in the number of proposals and business cases that the team has had to assess during the last year in particular.

**Mr R.S. LOVE:** I refer to the provision of infrastructure advice to government on page 286 of budget paper No 2. There is a table with the total cost of service and it outlines that there has been a lift in full-time equivalent numbers from 10 in 2022–23 to 15 last year and this budget year. The average cost per FTE is \$300 000 per employee, which seems to be quite a level of cost. What level are these employees at? Could some guidance about levels of staff be provided by way of supplementary information?

**Mr P. Helberg:** The \$300 000 reflects the total cost of service divided by the number of FTEs, so it does not necessarily equate to the remuneration only of the FTE, but incorporates all the other costs to operate and run the agency, including office accommodation, other expenses and so forth. It is the complete cost of service divided by the number of FTEs.

**Mr R.S. LOVE:** Nonetheless, if it is possible, I would like a breakdown of the staff within IWA.

**Mr R.H. COOK:** That information will be provided in the annual report in the normal course of events.

**The appropriation was recommended.**