

INFRASTRUCTURE WESTERN AUSTRALIA BILL 2019

Second Reading

Resumed from 20 February.

DR D.J. HONEY (Cottesloe) [12.20 pm]: I do not rise as the lead speaker for the opposition on this debate. Unfortunately, our lead speaker, the member for Riverton, our leader, is attending a funeral and cannot be here. At the outset I indicate support for the overall intention of the Infrastructure Western Australia Bill; however, I have significant reservations about the way the bill is currently structured. We all know that this bill arose from the “Special Inquiry into Government Programs and Projects: Final Report”, widely known as the Langoulant report. We can see the genesis of that in this legislation. That report was not an apolitical exercise; it was a political exercise. It focused only on the term of the previous government. The person who was chosen to chair that inquiry was known as someone who had deep disagreement with the previous Premier on a number of matters going back some time, including back to the time when the previous Premier was the Minister for Education in the Court government. I think Langoulant was the Under Treasurer at the time—I stand to be corrected—and he had deep disagreement with him about spending on schools. The report did not come from a dispassionate place, and that is evident in the language used here. I am not going to go through the whole thing, because that is not the point of this debate and there is limited time. Page 8 of the introduction in the first paper of the report refers to several major infrastructure projects having problems and states that the opening of Elizabeth Quay was marred by problems with the waterpark. That was not a dispassionate analysis of the project. Much of the report was written as though it was written by the government, not by a dispassionate bureaucrat.

The other thing that comes through loud and clear in the report is that the principal author has a deep dislike of government and seems to have a belief that Treasury is all-knowing in various matters. A number of comments are made in the report and some of them do not reflect the reality of the time; in particular, the forecast. Treasury did not predict the forecast boom in iron ore prices and it was also overly bullish about iron ore prices. I have been reminded by some of my own members that once the oil price had been up, Treasury was overly optimistic on iron ore prices and, in fact, the government of the day chose to take a more conservative estimate of iron ore prices. We all know that even that conservative estimate was dramatically exceeded, or at least dramatically missed, because even on that conservative estimate it went down to about \$35 a tonne based on a forward estimate of about \$60 a tonne. The other thing that comes through in this report loud and clear is that we cannot trust ministers. We cannot trust government. We cannot trust this place. It is all-knowing bureaucrats who have some foresight and wisdom in being able to predict what should and should not be done in carrying out those assessments. This legislation has not come from a dispassionate analysis. It has come from a very particular view of the ascendancy of bureaucrats and from a disdain for this place and for ministers and departments.

The prudent allocation of the state’s capital is important; in fact, it is one of the most important functions carried out by government and by this Parliament. The Premier highlights this in the second reading speech where he says —

Therefore, the government’s decision-making on infrastructure should be based on robust and evidence-based planning and not on short-term political gains. Quality infrastructure planning and decision-making based on sound analysis should not be left solely to politics; indeed, it should be something that every member of this place, regardless of their political persuasion, should get behind.

It is made very clear in the second reading speech that this is very important. That is part of the justification the Premier uses for the introduction of this legislation.

The objectives that are outlined are laudable. They are summarised in the explanatory memorandum. Infrastructure Western Australia’s principal objectives are to provide advice and assistance to the government on matters relating to infrastructure; to assist in enhancing the efficiency and effectiveness of infrastructure planning and coordination; and to promote the adoption and use of policies, practices, information and analysis to support sound decision-making in relation to infrastructure. That sounds really good. I think most members in this place would say that that sounds pretty reasonable. The real question is whether this bill limits itself or targets those stated objectives.

A very large part of what any government delivers during its term in office is the delivery of capital projects. In many ways, the legislative program is largely invisible to the general community. Capital projects, however, are something in which the community takes a keen interest. Perth Stadium is the poster child for that, but capital projects are the things that people see, the various projects that occur, and in many ways that is how governments are judged. I doubt that many, other than the most dedicated political observers, have any understanding, recognition or recall of the outstanding legislative program the previous government carried out. Perhaps to the disappointment of members opposite, I doubt that very few members of the public could tell us much at all about their legislative program.

However, almost everybody can tell us about the tremendous delivery of state building capital projects. Projects such as Gateway WA transformed commuter and commercial traffic around and to and from the airport and the eastern suburbs generally. Elizabeth Quay, which utterly transformed the riverside of the city, has been a boon for a range of commercial and tourist activities, generating substantial revenue for the state economy. Perth Stadium has been one of the few bright lights in a crumbling state tourism industry, something the government should hang its head in shame over. There is now broad and enthusiastic acclaim for the visionary decisions of the Barnett government delivering those outstanding assets for the state. Interestingly—this is extremely relevant to this bill—only one of those projects was recommended by Infrastructure Australia, which was the gateway project.

Perth Stadium, which is widely acclaimed and regarded as an outstanding asset for the state, was in fact not recommended by the bureaucrats; that should be a warning for us. I suspect that in retrospect, all those projects are regarded as critical infrastructure to the state. The point is that we cannot fool ourselves that a so-titled independent statutory body will have any greater prescience than a democratically elected government in identifying the correct priorities. In fact, it is the role of government—at the moment that is members opposite—to identify and decide the capital priorities of the state.

As a new member in Parliament and someone who is now taking a much keener interest in the ways of government, one thing that has become very clear to me and that I hear lots of comments about is the extreme frustration that ministers express about their ability to carry their legislative ideas through the business of their departments. It seems that ministers are increasingly constrained by the bureaucrats to the point that it is difficult for them to achieve their expectations and the expectations of their electors. The reality is that bureaucrats will rarely, if ever, be held publicly accountable for their decisions. However, every time an election is held, we see how ministers and members in this place can pay a significant price for the views formed by members of the public about their actions. When we consider the Infrastructure Western Australia Bill 2019, we need to be absolutely certain that the proper role of government is not being subverted by a bureaucratic body.

When I look at the projects that are carried out under a capital program, I think that this government should focus on the area of project delivery. Overwhelmingly, that is where money is lost. We have seen that happen with a range of projects. We have seen it happen with the government taking over the completion of the Perth Children's Hospital, whereby the state is now exposed to anything upwards of \$600 million in additional charges from the engineering contractor. We are seeing it happen with the Forrestfield tunnel; there are major problems in the execution of that contract. Again, that is likely to cost the taxpayers of the state hundreds of millions of dollars because the government does not have the proper ability to manage projects. In fact, that would be a better focus. I say that as someone who not only is making general observations, but also has extensive personal involvement in major capital projects.

In terms of the scope of this bill, the simple truth is that government departments already conduct significant high-quality, long-term planning. It is in fact appropriate to collate and coordinate those plans from the various departments; that makes sense. It provides the opportunity to check whether there is proper coordination between departments. A very simple example is the extension of the freeway, whereby one would consider the extension of other services such as sewerage, water and the like. In fact, that occurs very well already. Nevertheless, it is an example of why that sort of coordination is important. I have not seen it in this bill, but it is also very important to ensure that the background data, such as population estimates, age demographic changes and the like, that needs to go into these various evaluations already carried out by departments is collected in a consistent way.

In his second reading speech, the Premier indicated that the role of this body will go well beyond what I see as the key roles and into the areas of policy and regulatory reform. That is a significant scope increase that goes well beyond sensible coordination and ensuring that we have sensible planning inputs. The Premier's second reading speech states —

In preparing the strategy, Infrastructure WA will look at not only investment in new infrastructure, but also how to get more out of the infrastructure we already have. It will also look at ... other options such as policy and regulatory reform ...

Members can see that the role of that particular body is broadening. I am concerned that the roles outlined in the explanatory memorandum are far too broad. At page 3 of the explanatory memorandum, the list sort of starts out okay with infrastructure related to transport, including public transport, airports and so on. It then refers to infrastructure that relates to the following purposes: cultural, recreational and tourism; education and training; water, wastewater and drainage—yes, we can see that there; solid waste management; energy; justice, corrections and emergency services; health and human services, including housing; information, technology and communications; and environmental infrastructure. When we look at that list, we start to see that this is almost the whole of government. We are sort of getting away from looking at the poles and wires, stadiums, swimming pools or whatever. All of a sudden, this scope is broadening out to the whole of government—this is sort of like

Yes Minister on steroids. We are going to have a body that will comment on just about everything that government does. I find that really disturbing and a devolution of the purpose of the role.

Further on in the same memorandum under “Clause 8: Functions”, it states —

- j) promoting public awareness on matters relating to infrastructure;

Hang on! Now this body will have a public communication role as well. It will be out there, carrying out its own communication. I believe that that is the role of government. I am very concerned that this independent statutory body will suddenly start to go out and proselytise on its own, but apparently that is one of the intentions of this legislation.

Under this bill, the time available for government to respond to the overall five-year plan that is presented seems to be ridiculously short.

[Member’s time extended.]

Dr D.J. HONEY: The time available for the government to respond to the plan that is presented is some 60 days. This is a body of 20 people and a whole team of consultants with whom the government is able to engage. The government has a range of bodies of various abilities available to it and it is being given 60 days to respond. That is a very short period of time in which the government has to respond. In fact, the Premier will effectively be left with no option but to accept the report, given that the Premier can reject the strategy only once. If that group has a particularly strong-willed chair who says, “Tough! We think this is the best thing”, guess what? There will be no choice; that will be the plan. It will be an offer that the Premier cannot refuse.

I have a real concern. I might not always agree with members opposite, but I do respect the fact that the Premier and members opposite are trying to do the right thing by the state. They are trying to make the best decisions in their view for the wellbeing of this state. If we look at the response, we see that the government is answerable to a statutory authority, an authority that has limited or no accountability to this department, because the government will have to justify whether or not it agrees. I find that perverse. That is the role of the government and planning and other ministers, not a statutory authority. A statutory authority can give advice, information and guidance. The government should not be answerable to a statutory authority. That is fundamentally wrong.

Having gone through the Infrastructure Western Australia Bill 2019, I pity future ministers because they if they do not feel as relevant as they think they should be, they will become significantly less relevant in making major decisions. Infrastructure WA and the Premier will effectively have total control over all critical infrastructure planning and priorities. The powers of the board seem extremely broad. In fact, the board seems to have unfettered scope to make changes at will. For example, under clause 17, “Amendment”, Infrastructure WA can, at any stage, simply change its mind if there is a new priority. The Premier will have the opportunity to reinstate consideration but Infrastructure WA—not a minister—can do it any time it likes. Ministers can forget it—there are a couple here—because they will not have that right. Infrastructure WA will be able to tell ministers what to do because they will not be quite up to the job.

The preparation and publication of the government’s state infrastructure program seems to make sense, given that it is the catalyst for the collation of various departmental plans. I think that will aid transparency. The systematic review of major infrastructure proposals, especially for economic assessments, could be valid. Again, I have a real concern about this point. The Treasurer is sitting across the chamber. We know that that role is already carried out by Treasury; that is already the function of Treasury. One of Treasury’s main jobs on any infrastructure project is to get the information and make an assessment against a prescribed set of rules to assess whether the project is financially viable. All of a sudden, we will have what seems to be a duplication or even a conflict between the statutory authority and what has been, and what I think is, the proper role of Treasury. I am concerned that the requirement that the Premier publicise the assessment could be undesirable. Given that members in this place, in particular government members and ministers, live or die by the capital program, amongst other things, I anticipate there could be a number of reasons why governments will not wish to publicise various parts of the assessment. In my view, that should be the right of the government. The government at the moment is not the government of my choosing because quite obviously I am standing on the other side of the house. But I respect the role of the government and the role of the government to govern. By and large, the general governance provisions seem reasonable.

I am concerned by the long tenure of board members of up to 10 years. In fact, it is more than up to 10 years because the clause describes 10 years of continuous service. If a board member has, for example, a year’s break, they could get another five years and then another five years. As the bill is written, it measures only continuous service. Given that most appointments will go for at least five years, the board will overlap the tenure of the next government and, in some cases, the full term of the next government. If, as we predict, this is a one-term government—it is heading down that path at a great rate of knots—we will inherit a board appointed by this

government; and, if its track record is anything to go by, the board will comprise people from, let us say, their side of politics, and they will have enormous powers to constrain what the next government can do. I note that in part 4, section 30(4), the Premier can terminate board memberships. We all know that in truth that will be extremely difficult. Having said that, I foretell that it may be necessary.

There is a problem with the underlying philosophy of the bill that current processes are fundamentally flawed and that for some unstated reason, a group of people who will essentially be unanswerable to our community and this place—they will be answerable only to the Premier—have prescience in coming to better conclusions about long-term infrastructure planning. I disagree with that conclusion. The Langouant report highlighted some concerns; however, I do not believe that the analysis in that report justifies the fullness of this response. I have met very few senior bureaucrats who do not believe that they have a better understanding of their particular brief than does the government and the minister, and that includes ministers opposite. There are very few people I speak to in various government departments who do not think they know better than ministers what should or should not be done. To a degree that is human nature. However, I do not wish to live in a community governed by bureaucrats. I do not want to live in the European Union where centralised decisions are destroying the economies of sovereign nations. I may not agree with the Premier all the time—sometimes I agree with him—and I may not always agree with members opposite, but I trust that they are doing their best to manage for the future wellbeing of the state.

I believe that we can demonstrate that in fact this state is extremely well managed across many governments. Very substantial capital projects have delivered and continue to deliver considerable benefits to our community. For example, over the two terms of the previous government, the state's population increased by around 500 000. Members can dwell on that for a minute. That was a 25 per cent increase in the state's population in the two terms of the former government. That is a phenomenal increase. Was there chaos or some great problem? There was not. In fact, the government departments and ministers at that time can take an enormous amount of credit for coping with that in an effective and utterly seamless way. There was a population increase of 500 000, but every single child had a classroom to go to and every classroom had a teacher at the start of the year. What a fantastic job the former Minister for Education and the Department of Education did! Every house had sewerage, gas, power and water. All the roads were there. The freeway capacity was expanded to meet the population increase. It was phenomenal. The state's population expanded by the population of Tasmania in eight years, and this state coped with it with an A+++ . It was a fantastic outcome. The system is not broken. I understand the nuances of this legislation to coordinate things better, but this wholesale change of effectively removing the government's power on these matters and, in this case, devolving power away from government departments, is a profound risk.

I do not believe in the mythical capacity of people from the private sector to provide any greater wisdom on proper expenditure. Given the time, I will move ahead a little on this. I will give members the example of BHP. I have great respect for BHP as do, I suspect, other members in this place. But I remind members that despite BHP being a well-esteemed company with well-esteemed managers, the HBI plant at Port Hedland, the Beenup mineral sands project and the Ravensthorpe nickel project were completely written down, with the accumulated losses for those projects around \$7 billion. So the private sector does not do it any better than the government. Private individuals and private managers do not do it any better than the government does it. In fact, the record of governments collectively—not just Liberal governments but also Labor governments—is substantially better than that. I believe we can trust the government to do this. I cannot accept that the 10-member board will have any greater vision or foresight than this Parliament. In fact, as I have said, I trust members to do their best to do this job properly. I believe the government should be adopting a much more cautious approach to establishing this function. A better approach is to have a coordinating body that enhances the best of current government planning processes, as opposed to this very far-reaching statutory authority.

Debate interrupted, pursuant to standing orders.

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