

**Division 20: Infrastructure WA, \$5 246 000 —**

Ms A.E. Kent, Chair.

Mr M. McGowan, Premier.

Mr P. Helberg, Chief Executive Officer.

Mr A. Brender-A-Brandis, Chief Financial Officer.

[Witnesses introduced.]

**The CHAIR:** The estimates committees will be reported by Hansard. The daily proof *Hansard* 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 only be examined in relation to their portfolio responsibilities.

A minister may agree to provide supplementary information to the committee. I will ask the Premier to clearly indicate what information he agrees to provide and will then allocate a reference number. Supplementary information should be provided to the principal clerk by close of business Friday, 3 June 2022. If the Premier suggests that a matter be put on notice, members should use the online questions on notice system.

The member for Moore.

**Mr R.S. LOVE:** I refer to the heading “Development, Monitoring and Reporting on Implementation of the State Infrastructure Strategy” under “Services and Key Efficiency Indicators” on page 291 of the *Budget statements*. The strategy was released on 21 July 2021. As the document says, it is currently being finalised following a period of public consultation, which, I understand, was completed in September last year. Can the Premier give me an understanding of why it will take until October this year, apparently, for the final strategy to be released?

**Mr M. McGOWAN:** I will let Mr Helberg explain the process.

**Mr P. Helberg:** Thank you, Premier and chair. As the member mentioned, the draft strategy was published on 21 July 2021 and we then undertook public consultation, which lasted for about eight weeks. We updated the document and finalised the strategy in January 2022 after collating and analysing the feedback that we received from the public following an extensive process of visiting all the regions. The document was submitted to the Premier at the end of January this year. Under our act, the Premier has 60 days to either accept the strategy in its final form or refer it back to Infrastructure WA for further consideration. The Premier exercised that option to refer it back to us for further consideration. That is currently where the strategy is at. We are in the process of updating the document with a view to handing it back to the Premier once it is finalised. Under the act, the Premier has to accept the strategy and table it in Parliament within 28 days of acceptance. I cannot give the member an exact date for that, obviously, but, at this stage, our target date is to finalise the document around July this year.

**Mr R.S. LOVE:** I note that Infrastructure WA has other things to do. It has assessments and the like in the budget. Can Mr Helberg explain to me when he thinks he will present the document to the Premier, because he has not actually outlined a potential date for that, other than we have been told it will be in October at some point?

**Mr M. McGOWAN:** It will be July.

**Mr R.S. LOVE:** Will it go to the Premier in July?

**Mr M. McGOWAN:** The expectation is that it will be July.

**Mr R.S. LOVE:** Will the Premier then have one month?

**Mr M. McGOWAN:** There will be 28 days from acceptance for me to table it in Parliament.

**Mr R.S. LOVE:** Then it would have to be tabled in August.

**Mr M. McGOWAN:** If it is accepted on 1 July, it might be tabled in late July. The expectation is that the final strategy will be given to the Premier in July and within 28 days it will be tabled in Parliament, so it will most likely be in August.

**Mr R.S. LOVE:** The assessment of major infrastructure proposals on page 292 of the *Budget statements* reads —

Infrastructure WA assesses major infrastructure proposals with a capital cost of \$100 million or more ... and provides relevant advice to the Government to support informed investment decisions.

Is any of that advice to be made public; and, if so, where will it be provided?

**Mr M. McGOWAN:** Infrastructure WA assesses major infrastructure proposals. Under the act, it is required to assess major infrastructure proposals prior to an investment decision. This includes proposals with a capital cost of

\$100 million or any proposal nominated by the Premier. The guidelines require agencies to comply with the strategic asset management framework. A summary of IWA's assessment is required to be published within six months of the advice being provided to the Premier. Due to the commencement of the function on 1 January 2022, there was insufficient time to assess the majority of the major infrastructure proposals considered as part of the 2022–23 state budget process. IWA will work with government agencies to develop the final guidelines through late 2022. From 2023 onwards, the major infrastructure proposals assessment interim guidelines will also apply to programs.

**Mr R.S. LOVE:** I think that in the last year \$570 000 was provided in the budget for assessment procedures for infrastructure projects that have been assessed already. I note that in the budget this year there is an allocation of \$2.614 million to undertake those assessments. How many projects have already been assessed? Given that there is no actual cogent state infrastructure strategy, against what criteria is the Premier assessing them?

**Mr M. McGOWAN:** The project that has been assessed to date is the Geraldton port maximisation project. Funding of \$332 million for that was announced in the budget. The assessment made the following observations: the business case and supporting information was of sufficient standard to support an investment decision; it presents a sound case for investment; the proposal will underpin broader economic benefits and business investment; and the project still has some risks, which need to be managed, including current tight construction market conditions. I can table the summary assessment report today and it will be made available on the Infrastructure WA website. That is it.

I will ask Mr Helberg to comment on the actual guidelines and what they were assessed against, but I will table this summary assessment report into the Geraldton port maximisation project, which is a \$332 million investment.

[3.30 pm]

**The CHAIR:** Premier, you can provide it for reference.

**Mr M. McGOWAN:** I will provide it for reference.

**Mr P. Helberg:** Infrastructure WA developed interim guidelines that provide guidance to proponent agencies on how we will assess major proposals. Essentially, at this stage, it is being assessed in accordance with the Department of Treasury's strategic asset management framework, but we also give due consideration for Infrastructure Australia's assessment framework to make sure there is alignment in terms of the assessment itself. Once the strategy has been responded to by government to the extent that it has accepted those recommendations, we will add a further layer of assessment. We will test it against the final strategy's recommendations. We have opted to publish interim guidelines in the absence of this process around the strategy being finalised so that when it is finalised, we will publish updated guidelines, which will then provide the assessment against the strategy itself.

**Ms M.J. DAVIES:** I think that the Premier mentioned there is a unit within Treasury that overlooks major projects. How does that interact with Infrastructure WA and its assessment?

**Mr M. McGOWAN:** I will let Mr Helberg explain.

**Mr P. Helberg:** The Department of Treasury has always had a role of assessing proposals for the purposes of informing government on investment decisions. That applies to all projects, not just major infrastructure proposals. I am not aware of a specific major proposals unit within the Department of Treasury, but to answer the member's question, we are constantly liaising with Treasury in terms of not only the assessment of major project proposals, but also the development of agency strategic asset plans to provide our feedback into that process and, over time, to help inform government investment decisions.

**Mr R.S. LOVE:** I have a question again on the assessments that have been undertaken. Has an assessment been done on any of the Metronet programs put forward; and, if so, which ones?

**Mr M. McGOWAN:** No, because the investment decisions were made before this function in IWA came into effect.

**Mr R.S. LOVE:** I have one more question to follow up on that. Was the Bunbury Outer Ring Road project assessed by Infrastructure WA?

**Mr M. McGOWAN:** No, for the same reason.

**Ms S.E. WINTON:** I refer to page 290 of budget paper No 2, volume 1. In the service summary table, the first line item reads "Development, Monitoring and Reporting on Implementation of the State Infrastructure Strategy". I know that the state infrastructure strategy is still being finalised and we saw a draft back in July, but are there recommendations in that draft strategy that the government has already progressed or adopted?

**Mr M. McGOWAN:** The strategy is being finalised. We will receive it shortly. The draft received in July last year was very useful. It included 88 recommendations. We have since delivered two budgets. We have already adopted and progressed many of the recommendations, some of which include planning and business case development for an additional desalination plant, and we announced \$1.4 billion for a third desal plant in 2021–22. We are addressing the loss of future fuel excise revenue by working on a fair and compatible regime for zero-emission vehicles. That is

the distance-based road-user charge for zero and low-emission light vehicles commencing from 1 July 2027. New South Wales, Victoria and, I suspect, other states are doing the same.

We have improved Aboriginal housing outcomes by commencing the delivery of sustained investment in Aboriginal housing, including a \$350 remote communities fund, which we announced in the state budget. We are continuing to plan and develop a business case to deliver the Aboriginal cultural centre in Perth. We have committed \$50 million towards the centre and we are pleased that the new federal government has committed another \$50 million.

We are doing further strategic planning to complement Westport by identifying the future location of non-container trades currently based at the Fremantle inner harbour and looking into the feasibility of relocating livestock, motor vehicles and the like. We are implementing a structured approach to planning and consideration of public contributions for an expansion of the state's freight rail network, including the agricultural supply chain improvements. We have announced a joint \$200 million package with the commonwealth on that, which includes our \$22 million for four rail sidings at Moora, Brookton, Cranbrook and Broomehill; \$46 million for seven additional grain rail siding upgrades; \$60 million for the Midland line main line upgrades; and \$72 million for the progressive recommissioning of the Narrogin-Kulin rail line, which I think was one of the ones closed as part of the tier 3 closures.

We are also leveraging government land assets, providing financial incentives for social and affordable housing and investing in planning in new heavy rail infrastructure and high-capacity signals. As the member can see, that is a lot.

**Mr R.S. LOVE:** A few minutes ago, the Premier read out a list of projects that have been assessed by Infrastructure WA. I believe that to be the list he just read out. Is that right?

**Mr M. McGOWAN:** No, these were not assessed. These projects were recommended as part of the draft state infrastructure strategy, which was released in July last year. These were some of the recommendations contained within it and these are things that we have done. IWA assessed the Geraldton port project that we announced in the budget for \$332 million. I provided that paper a moment ago.

**Mr R.S. LOVE:** Was IWA's first assessment on the Geraldton port project?

**Mr M. McGOWAN:** Yes, and I provided the summary of that a moment ago.

**Mr R.S. LOVE:** Since the midyear review, the government has announced projects such as the Armadale line extension. Why was that not also subject to an assessment under Infrastructure WA?

**Mr M. McGOWAN:** We announced that extension to Byford years ago.

**Mr R.S. LOVE:** It was announced in the last couple of months.

**Mr M. McGOWAN:** I think the member is talking about some of the level crossing removals.

**Mr R.S. LOVE:** I am talking about when the Minister for Transport announced that there would be a shutdown of the line, that various sections of track would be elevated, that certain stations would be removed and that the Byford extension would be part of that program. That whole package was worth nearly \$2 billion. It was mooted in earlier documents but then substantially increased in scope when it was finally announced, yet it did not go through Infrastructure WA. I am wondering why.

[3.40 pm]

**The CHAIR:** Can you direct me to the actual line item?

**Mr R.S. LOVE:** We are talking about the assessments of major projects.

**Mr M. McGOWAN:** The function of Infrastructure WA came into effect only this year. These things were endorsed prior to that. To explain, the Armadale line is 128 years old, or something like that. The extension to Byford was announced by the government before coming to office five and a half years or so ago. Some of the upgrades, including the level crossing removals, were part of the original plan—Denny Avenue and some of the ones through Victoria Park. Of course, the commonwealth was very interested in further level crossing removals, particularly through the Victoria Park and Cannington areas. We worked with the commonwealth to remove more level crossings. If the member goes to that area, he will see that we are now removing in total six or seven level crossings. All these things were decided before this function kicked in with IWA. With the commonwealth wanting to fund half or more of these projects, my view was that it was too good an opportunity to miss, so we grabbed it.

**Mr R.S. LOVE:** I have a further question, once again on major projects and the assessment. Westport was another project that did not fit under Infrastructure WA's umbrella in its initial decision, but what about some of the ancillary programs that might lie beyond that, like the development of further industrial land and infrastructure corridors to Westport? Will Infrastructure WA be making recommendations around those matters? I know, for instance, that in Kwinana there is a view that there should be another rail corridor along the Anketell Road route rather than using Spearwood. Is that something that Infrastructure WA would look at?

**Mr M. McGOWAN:** If an investment decision has not already been made and the standalone project is more than \$100 million, I understand that, yes, under the law, it goes to Infrastructure WA. Remember that a lot of these decisions have already been made. That is what has happened. I know that area well; some of the road upgrades through there will happen and are probably pretty needed.

**Mr R.S. LOVE:** I move to a different part of this. When the assessment of a project is done, is there any ongoing monitoring of the project to ensure that it is delivered in a way that still reflects the cost–benefit analysis that the government undertook through Infrastructure WA?

**Mr M. McGOWAN:** I will let Mr Helberg explain.

**Mr P. Helberg:** Thank you, Premier. Under the act, we are responsible for conducting a post-project review whereby we will obviously look at how the project was delivered and whether it achieved the benefits it set out to do in the first place. In terms of timing, that would be well down the track for us, because we only started the process of assessing those major projects. Once they go through delivery and get handed over, that is when we will do that post-project review and assessment.

**Mr R.S. LOVE:** When Infrastructure WA is assessing a project, does it take into account things such as the condition of the economy and the demand for construction, like the quite white-hot construction environment at the moment? Might Infrastructure WA make recommendations about the timing of projects? I note the Premier’s announcement of smoothing the projects a year or so ago. Is that something that Infrastructure WA might also recommend, regarding the timing of the development of these projects?

**Mr M. McGOWAN:** I will let Mr Helberg comment.

**Mr P. Helberg:** Absolutely. If the member refers to the Geraldton port expansion example, he will note that in our commentary we specifically highlighted the issue of market capacity and the risk around market capacity. As part of our assessment, we look at deliverability of a project as well, which includes things such as market capacity and significant risk that the project might face, and we make commentary as part of our assessment. That in itself would not necessarily constitute not supporting a particular proposal, but it will form part of our advice to government.

**Ms M.J. DAVIES:** I refer to page 292 and the assessment of major infrastructure proposals, which does somewhat follow on from the conversation we have been having around the projects that the Premier listed earlier that are part of the draft infrastructure strategy. Will they be assessed? They are already announced and in the budget. Is there likely to be an assessment and advice to government on those projects?

**Mr M. McGOWAN:** They would be assessed if an investment decision had not been made. The ones that were read through before were recommended as part of the draft infrastructure strategy we tabled last year. The additional desalination plant, the fuel excise arrangement for electric vehicles and the remote communities fund—all those ones I spoke about before—were recommended as part of the draft infrastructure strategy in July last year. I will let Mr Helberg give an example around the desalination plant we announced in last year’s budget.

**Mr P. Helberg:** The desalination plant is one that the Water Corporation has already put on notice that we will need to assess. We have already engaged with Water Corporation and are getting an early insight into how that proposal is developing at the moment, with the view that we will do our assessment before it is considered by government for investment. That is just one example. Some of the other examples the Premier mentioned, like fuel excise, may or may not be assessed if they meet our criteria of \$100 million plus and in terms of the size of the project. In that case, it could be a policy decision and that would not necessarily qualify for an assessment. It all depends on whether it meets the criteria of our function kicking in, which is basically that an investment decision has not been made yet and the project or program is valued at \$100 million plus.

**Ms M.J. DAVIES:** The Premier mentioned the Narrogin–Kulin line as part of the tier 3 project. The funding that is in the budget and part of the strategy is only for investigations; it is not actually an investment decision. Can we assume, then, that once investigations are undertaken, this will be subject to Infrastructure WA assessing it if it meets the criteria?

**Mr M. McGOWAN:** If it meets the criteria, under the law it will be required to go to IWA.

**The appropriation was recommended.**

[3.50 pm]