

*Standing Committee on Estimates and Financial Operations — Eighty-second Report —  
“The Local Projects Local Jobs Program and the Establishment of a Parliamentary Budget Office”*

Resumed from 25 June.

*Motion*

**Hon ALISON XAMON:** I move —

That the report be noted.

**Hon NICK GOIRAN:** Today is 4 November 2020. This is indeed a memorable day, because we are now at the stage when we can consider the report of the Standing Committee on Estimates and Financial Operations on the government’s Local Projects, Local Jobs program. The government has been very reluctant for us to get to this report. Therefore, I am pleased that we have finally arrived at this point.

Members will be well aware that the committee was tasked by this chamber with the responsibility of considering an inquiry into the Local Projects, Local Jobs program. That has now been manifested in the eighty-second report of the Standing Committee on Estimates and Financial Operations, which was tabled on 25 June this year, just before the winter recess and during these unprecedented coronavirus times. The committee was asked by this chamber to dive deep into what has been referred to as the Local Projects, Local Jobs program. It was also asked to consider a second issue, which, if my memory serves me correctly, was suggested by the Greens—namely, the establishment of a parliamentary budget office.

**Hon Alison Xamon:** That was suggested by Hon Diane Evers.

**Hon NICK GOIRAN:** Yes. I thank Hon Diane Evers very much for doing that. Therefore, the committee considered those two aspects in its inquiry.

No doubt members will have had the opportunity in the intervening period to consider the eighty-second report. I note that my colleague Hon Tjorn Sibma had the opportunity of chairing this particular inquiry. Hon Tjorn Sibma is ordinarily the hardworking deputy chair of this standing committee, but on this occasion he was tasked with the responsibility of chairing the inquiry. The inquiry manifested itself in this large report of almost 200 pages. I, for one, look forward to hearing more about this report from those members who served on the inquiry.

**Hon TJORN SIBMA:** I will open my remarks in a similar fashion to the way I opened my budget contribution yesterday, which was by saying, “Life comes at you fast!” I did not think—going on the contributions of members in committee report sessions over the last few sitting weeks—that I would get the opportunity in this business session to address the eighty-second report. Therefore, yesterday I took the opportunity of foreshadowing some areas of interest in this report. Although this report does not refer to this explicitly in either a finding or a recommendation, this report goes to the heart of honesty in government. It goes to the heart of the pledge that the Premier gave freely to the media on the day that he and his cabinet were sworn into that role. That pledge was along the lines that he hoped to run a government that was open, transparent and accountable. I say this not to score a point or to revisit history, but to put this report in its proper context.

It was a very difficult undertaking to get to the point of establishing this inquiry. We need to go back two parliamentary years to 2018, when the chamber gave its guidance that the Standing Committee on Estimates and Financial Operations, of which I am ordinarily the deputy chair, undertake an inquiry into certain facets of the Local Projects, Local Jobs scheme, and, added to that, explore in all its permutations the concept of establishing a parliamentary budget office. That latter point not only is an important element of this report, but also contributed to the chamber determining that this inquiry was worthy of Parliament’s time. That is to the credit of Hon Diane Evers, who moved an amendment to my original motion to establish this inquiry. That met with the satisfaction of the majority of the members of the chamber, and here we are.

It should be noted that the government vigorously opposed an inquiry into the Local Projects, Local Jobs program in any meaningful way. It opposed it in theory. It was very resistant when the motion for the establishment of this inquiry was debated. When I moved that motion, it was not a flippant or spurious endeavour on my part. I moved that motion on the back of months and months of putting questions to government members, both without notice and on notice, about this strange program that no-one was able to identify. The program involved the transfer of large novelty cheques from various lower house government members to a variety of community groups, under the loose branding “Local Projects, Local Jobs”. Some of those questions elicited answers that were helpful and some elicited answers that were diversionary or less than helpful.

I wanted to find out whether this was actually a grants program. That was not an insignificant or trivial point to make. That was actually a term of reference of the committee. I should use this as the jump-off point, I suppose. In the very first budget of this government, reference was made to the Local Projects, Local Jobs program. It was

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allocated expenditure of around \$40 million. It was explained in passing in the text of the Treasurer's speech in budget paper No 1 for the financial year 2017–18 as being effectively a job-creation measure. I thought that was interesting. We have a grants-based system that aims to drive economic recovery and jobs creation and growth. At that point, as a new member of Parliament with probably a surplus of time on my hands, I attempted to find a home page or some official information about the parameters of this alleged grants program. A number of community groups in the northern suburbs of which I am a member or of which I am a patron had approached me and said, "How can we get access to this grants program? Such and such club has received a cheque, and such and such an environmental volunteer group has received a new bit of kit. We would like to know how we can get it." I said, "Fair enough. I am not a member of the government, but, if I can, I will guide you through the pathway. If it is indeed a grants program, I might even be able to assist you in putting together your submission to give you a good chance of success, because I have a lot of time on my hands and I am here to assist you."

I could not find that information because, as this report indicates, it was actually not that type of program. It was a grants program that was not a grants program. You could not make an application for it, there seemed to be no criteria attached to it, and there did not seem to be any means of competition in the evaluation of meritorious outcomes against other outcomes that could be found in an objective way—not even one document that might provide some useful guidance. I found that absolutely curious because it was unlike any community grants project or system that I was familiar with. I had previously been a bureaucrat and worked as a government staffer, and I had also previously been in private enterprise in other sectors and had applied for a variety of different grants provided by a variety of different governments over a long time, and this was uncommon and unusual. I kept coming back, in a personal sense, to the utilisation of one operative word, and that was "grant", in the context of a "grants program", a "grants system" or a "grants scheme". It was expressed that way in this government's official documentation—in fact, in one of its first and most important publications, its first budget.

The terms of reference are important for context; I will just go to the appropriate page. Perhaps I will find it at another location, because this is about the second or third copy of this report. Effectively, the committee found that this was not a grants program. That is not a trivial finding because it actually underpins the way in which this program was presented to not only this Parliament, but also the public of Western Australia. The government has essentially misrepresented something, and that is not an insignificant matter. I will return to that point, but I will just say that the government's language on whether this was a grants program shifted prior to the inquiry in the answers it provided to me and other members. First of all, it was a grants program. There were even media statements put out in local electorates to suggest that it was a grants program. I remember very clearly putting a very direct question to the Leader of the House about the program's status.

**Hon PIERRE YANG:** I thank the Chair very much for the opportunity to make a contribution to the consideration of the eighty-second report of the Standing Committee on Estimates and Financial Operations, "The Local Projects Local Jobs Program and the Establishment of a Parliamentary Budget Office". As we heard from the last two speakers, Hon Nick Goiran and Hon Tjorn Sibma, this report relates to the Labor Party's 2017 Local Projects, Local Jobs initiative. I wish to address the "local" aspect of the Local Projects, Local Jobs Initiative and to note the committee's comments in relation to finding 24.

The Local Projects, Local Jobs initiative was designed to provide extra support for local communities. The committee received evidence to suggest that the stimulus provided to local economies by those projects may have supported certain jobs, and there were suggestions that that was actually the focus of those projects. There were also suggestions that this type of job assistance was particularly beneficial to regional Western Australia.

I wish to quote Mr Addis; I hope I have not butchered the pronunciation of his name! He stated, at paragraph 3.136 —

Obviously, the average grant in this program was about \$30 000-odd at a point in time. We have quite deliberately focused on local content as the local stimulus effect, which clearly will have some direct jobs impact, but they are quite small in scale and very much in the nature of one-off. In terms of creating new jobs, I think that was less the point; it was more to provide an immediate stimulus into local content that does play a role in holding up local economies.

I wish to reflect upon the state of the Western Australian economy in 2016–17. Time and again in this chamber we have touched on the previous government's devastating economic mismanagement and the terrible state that Western Australia was in with regard to job losses and business closures. I am of the view that the Local Projects, Local Jobs initiative was actually very beneficial for jobs in local communities, as has been noted in the report. If members recall where we were three and a half years ago, the state was in a very difficult fiscal situation. Many people had lost their jobs and the mining boom that had earlier provided great, well-paid jobs for many people had come to an end. The state was in a situation in which many people were looking for jobs and the economy was struggling. The Local Projects, Local Jobs initiative was beneficial in supporting small businesses and in finding

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jobs for people to do a range of things in their local communities. It also helped local community organisations to update their infrastructure or acquire new infrastructure.

I now turn to Mr Treasure's evidence in the report. He stated, also at paragraph 3.136 —

... our experience has been that proponents have endeavoured to deliver the intent on local content. There was a clause within the agreement which sort of frames that position. It is clause 19, which talks about local products and services. The clause says that the grantee agrees to use products and services from the region for the project wherever reasonably practical, using an open and competitive process to the satisfaction of the grantor.

I also wish to look at that. The current pandemic brings home the point that we have to be more self-reliant, and that necessarily requires all people in our communities to support our local tradespeople, producers and manufacturers so that we have the capacity and capability as a state to deal with unexpected situations such as the pandemic. The supply chain was severely disrupted at the beginning of this year. For the benefit and the welfare of the state of Western Australia, we had to look at supporting our own industries and manufacturing capabilities, and the Local Projects, Local Jobs supported that to some extent. Finding 24 of the committee states —

The Local Projects Local Jobs program provided short term stimulus to some local economies.

Western Australia is a huge state. We have many communities in regional towns that might have some need to refresh their equipment; hence, I am of the view that, to that end, the Local Projects, Local Jobs initiative supported that. It helped many community organisations and benefited the community and, I suspect, it also supported jobs and the economy of those communities.

I wish to applaud those organisations that employed and used local service providers. It is critical that we invest in our Western Australian businesses so that they can continue to spend their moneys within the state of Western Australia. Only in that way can we keep Western Australia safe and strong. I think it is very worthwhile to stress that the Local Projects, Local Jobs program provided that stimulus to those local economies, although for the short term.

With those remarks, I will seek to make a further contribution down the track.

**Hon DIANE EVERS:** First, I would like to point out that it was a privilege to be on the Standing Committee on Estimates and Financial Operations and to investigate further into the Local Projects, Local Jobs program. I was also pleased that we were able to add to the committee's terms of reference the ability to look into the establishment of a parliamentary budget office. This report has 23 recommendations. Recommendation 1 states —

That the Government inquire into and consider a formal State policy for administering election commitments.

This is a great idea because a problem that happens at every election is that parties go out there saying that they will do this and they will do that and they make all these promises with very little accounting for it. In this case, we had a number, but the number did not always match up and things changed and questions were asked about how the promises would be funded, who would get what and what areas they would go to, so, yes, it made sense that we should do something about that.

Recommendation 2 states —

That the Government inquire into and develop Rules and Guidelines such as the Commonwealth Grants Rules and Guidelines for implementation in Western Australia.

Again, of course this makes sense because we went through the process and realised that we had to go right back to what the definition of a "grant" is. We had to work out whether a certain program was a grants program and what parts of the grants program were covered within this. It makes sense that we need to put something in place and have some rules and guidelines about how we could continue in the future so that we do not make a mess of things and end up like some foreign countries that are driving themselves into the ground by lying straight through election periods and other times without any consequences.

Recommendation 3 of 23 states —

A Parliamentary Budget Office be established to cost election policies.

Right from recommendation 3, we are saying that a parliamentary budget office could help us out in this case. It could cost those policies so that we would actually know what was being promised and there would be some accounting for it leading up to an election; people would know just what each party said it would put forward. Finding 39, which comes before the rest of the recommendations, gives us some justification for why we should have a parliamentary budget office. It states —

The public interest would be better served if the present arrangements for costing election policies were more accessible to political parties, transparent and independent.

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There we go. We could have stopped there in terms of the parliamentary budget office. It makes sense. That is what we need to do. But we continued on with recommendation 4. It states —

As an interim measure, the *Caretaker conventions guidelines* be amended so that any political party with representation in either House of Parliament has access to the election policy costing service provided by the Under Treasurer.

There we go. That is a bit of a problem in that the Greens cannot just put its promises to the Under Treasurer and ask for an idea of how much it would cost in the whole scheme of things. More to the point, would we do that if we could do that? Because, of course, the Under Treasurer is part of the government in terms of being able to share the information, and all sorts of things could happen. We need an independent service that is able to do that.

We continued in this report to note that we should have some sort of service that all parties could use to have their election promises costed. It seems only fair to have a level playing field on which all parties are able to play the same game by the same rules and with the same assumptions and ideas and the same people putting the numbers together. We all know that if we took our own election policies to our own financial consultants and asked them to cost those policies, each party would use different assumptions and information for how they would be costed, so it would not make sense. This leads us to recommendation 5. It states —

A Parliamentary Budget Office be established to improve the Parliament of Western Australia's capacity to conduct financial scrutiny.

Financial scrutiny is a very important function of the Standing Committee on Estimates and Financial Operations. The committee keeps an eye on the finances of the government to make sure that they are being used appropriately, that the numbers say what they intend to say, and that there is transparency and also consequences for putting forward false information. That is why we go through the estimates hearings process in which errors can be picked up and pointed out. Today when we were going through our committee questions beforehand, we found errors, so it is good that we have that committee to look over it. It is the same situation with the election costing process.

It is not up to me to decide whether an error has been made or misinformation has been given, but it would be nice to have that transparency and accountability so that if numbers are put forward in the election process, there is something to back them up. That is why an independent parliamentary budget office could put those figures together and we could all use those figures moving forward.

I will continue going through the report. Every one of the 23 recommendations mentions the parliamentary budget office, showing just how significant that is.

I would also like to bring to members' attention that in the previous election campaign, when the leaders of the two opposing parties were biffing it out on the radio, they both acknowledged and agreed that they would set up a parliamentary budget office. It seems to me that it might be one of the things oppositions always like to do and governments do not; I do not know because I have not been here long enough. However, when they both say that is what they believe is the case and a committee does a thorough investigation of what other states and countries are doing, as is documented in the report, it sure seems as though it would be a good thing to do. It would be of great value to provide accountability and transparency because then we would not need a Local Jobs, Local Projects committee sometime in the future to do this again because it would all be documented prior to the election and everyone would know what the parties were promising. All the electors would know what they were voting for and we could go forward from that. Recommendation 6 states —

The purpose of the Parliamentary Budget Office of Western Australia is to support Members and parliamentary committees by providing independent and non-partisan advice on financial matters and policy costing services.

Bringing in a parliamentary budget office would be necessary not only prior to an election. I cannot remember, but I think it was tried in South Australia before an election to see how it would work. However, it did not quite work as expected and I think it has been canned for now. But other states and countries have put forward a parliamentary budget office to cost election promises. However, throughout the rest of the year, non-government parties could come up with ideas that they would like to work with because they want to push it on the government to see whether it could become part of their policy. It could be something like ending native forest logging. We could put that policy to a parliamentary budget office and work through what would be the costs, the benefits and the economic changes to the state if that went ahead. A parliamentary budget office would be very busy in the few months leading up to elections, but for the rest of the time it could undertake other work. It could provide non-government parties with financial costings of policies they think should be put up. In an adversarial government such as we have, it is very difficult to see that that would happen, but ideally we could somehow work towards a more collaborative approach. Sure, it could be in 50 or 100 years or after the next dark ages and we will come good again. However, it seems to me that it is something we could look forward to and work collaboratively on to find the best solutions for the state

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rather than put forward whatever the winner wants. I have high hopes. I think I will leave it there and leave time for others to speak on this, but I would like to take it up at a later date.

**Hon JACQUI BOYDELL:** I was lucky enough to be seconded to the Standing Committee on Estimates and Financial Operations for this inquiry. I supported the motion in the Legislative Council put by Hon Tjorn Sibma, who was the chair of the committee for that period of this inquiry. It was exceptionally important to me to support that motion. I was very lucky to be involved in the inquiry because I wanted to be able to investigate local projects on the ground determining local jobs in regional communities. I wanted to understand the effects of that and of the funding of the programs, how they would be implemented and their long-term benefits.

It was an interesting inquiry and I thank my fellow committee members who joined me during the consideration of the evidence we received. A couple of things have always been controversial about the Local Projects, Local Jobs program. How was it conceived? Who made the commitments? When the Labor Party came to government, how did it determine which of those commitments would come forward into the Local Projects, Local Jobs program? The Labor government did not win lower house seats in some electorates, but one assumes that it made election commitments in those seats. If members have read the report, they will see that the committee sought to undertake how the Labor Party, as a lay organisation, negotiated with the executive of government. The committee also sought some understanding of the Labor Party's hierarchy of decision-making and its funding commitments et cetera. That proved to be fruitless because as we can see in the committee's report, although we inquired of WA Labor, we were unable to establish how it funded the program.

**Committee interrupted, pursuant to standing orders.**

[Continued on page 7333.]

*Sitting suspended from 4.15 to 4.30 pm*