

WA Premier releases the Report of the Special Inquiry into Government Programs and Projects

21 February 2018

Premier Mark McGowan yesterday tabled in Parliament the Final Report of the *Special Inquiry into Government Programs and Projects*. The Premier said the Cabinet broadly endorses the recommendations of the Special Inquiry and will begin an implementation program across government to address the key findings. To access the Premier's Ministerial Statement click [here](#).

The Government's formal response made today is available [here](#).

The Premier and Treasurer announced the Inquiry in May 2017 to examine the decision-making processes, transparency and financial consequences of 26 projects commissioned between 2008 and March 2017. Extra projects were added to make 31 during the Inquiry. Terms of Reference and a list of the programs and projects examined click [here](#).

John Langoulant, referred to as the **Special Inquirer** and a former long-term Western Australian Under-Treasurer identifies 107 whole of government recommendations.

The 900-page Report is in 2 **parts** - Volume 1 addresses overarching issues and Volume 2 contains the Special Inquirer's response to each of the 31 matters reviewed. To access the Full Report click [here](#). The Premier's media statement is available [here](#).

A separate Inquiry led by Ms Stephanie Black of the Department of Finance into the Osprey Village in Port Hedland should be read in conjunction with the Royalties for Regions chapter in Volume 2. To access the Osprey Village Report click [here](#).

Key findings:

- management of the Royalties for Regions program destabilised the Government's financial management processes;
- the absence of a whole-of-State plan detailing the Government's highest priorities, including in the regions, expanded expenditure pressures;
- the public sector lacked a sense of common purpose and understanding of and attention to due process;
- Cabinet's governance practices were deficient:
 - Cabinet submissions proposing new projects were often accompanied by poor or no business cases;
 - Cabinet Submissions were often not properly consulted across the public sector;
- Governance arrangements across departments were satisfactory and for major projects appropriate;
- Central agencies' authority and capability were eroded;
- Project planning based on rigorous business cases were exceptions rather than the norm;
- The statutory arrangements for boards and committees needs standardising and GTEs need overarching legislation to enhance oversight;
- Greater transparency of government practices including regular reporting on progress of major projects is required;
- Procurement arrangements need simplifying and standardising including for GTEs and capital works;

- Capability gaps emerged in the public sector across a range of disciplines including financial and risk management, governance, procurement, contract management, project planning and evaluation;
- The accountability agencies, especially the Auditor General, are not well heard; and
- The Government defaulted to confidentiality around major projects rather than transparency.

Key recommendations:

The Cabinet must have a stricter adherence to Cabinet Submission protocols:

- Demand that Submissions are prepared in consultation with all agencies which have a 'right to know';
- Require all submissions with a financial impact on the State be submitted to Cabinet through the Expenditure Review Committee (ERC);
- Enforce the 10-day consultation period for all Submissions with financial implications; and
- Cabinet agendas need to include periodic review of the State's key financial and legal risks.

Transparency, accountability and openness in the delivery of public services and infrastructure must increase.

Reforms include:

- Introducing a Parliamentary Budget Office to cost election commitments by all parties and review major new expenditure proposals;
- Implementing formal evaluation of agencies' performance on major projects;
- Simplifying and strengthening procurement practices;
- Increasing Government's oversight of contract development and contract management;
- Subjecting Government Trading Enterprises and larger public sector organisations to more rigorous performance reviews;
- A stricter compliance with the Strategic Asset Management Framework, including by Government Trading Enterprises;
- Improving transparency on the progress with major projects by requiring continuous disclosure;
- More discipline required to report on benefits realisation for major projects and setting and achieving financial targets;
- Reports and advice from State's accountability agencies such as the Auditor General acted on more rigorously by government; and
- Government must change the default position on the use of commercial-in-confidence reasons for withholding information to one of demanding release of this information.

The Government to work closely with the public service in the development and implementation of objectives and major policies:

- Ensure the public sector is aware of the government's priorities;
- Agency strategic plans to be aligned with Government's strategic objectives;
- Build on the Director General Leadership Council;
- Ensure key performance measures, like financial targets are observed; and
- Government Trading Enterprises must be engaged in these processes.

The Department of Treasury to examine:

- Developing training programs which will advance understanding of financial management practices;
- Refreshing Budget and Mid-Year Review policy and protocols; and
- Establishing clear Expenditure Review Committee protocols.

The integrity of the annual budget process must be restored:

- Ministers must be required to fund new expenditure measures from re-prioritising existing budget allocations;
- the Royalties for Regions program must form part of the annual budget process and governance and decision-making structures to be tightened'; and
- All submissions involving a financial implication for the Government must be first presented to the ERC after obtaining sign-off from the Department of Treasury.

Government agencies must work more collaboratively with a common purpose and trusting that 'frank and fearless' advice to Ministers and Cabinet will be respected:

- The Premier through the Cabinet to lead culture of engagement between Ministers and public servants;
- The central agencies must set the standards of engagement across the public service led by the Department of the Premier and Cabinet; and
- introduce training opportunities for Members of Parliament and public servants in key areas of governance, business case analysis, risk management, procurement, project and contract management, negotiation and commercial and financial management.

The identification, prioritisation and development of the State's infrastructure requirements be enhanced:

- Establish Infrastructure WA to assess periodically the adequacy of the State's infrastructure base and future needs;
- The Department of Finance's Strategic Projects business unit to continue to have oversight of contractual relationships with major builders/constructors;
- Steering Committees established for major projects and public works to include representative membership equivalent to the significance and purpose of the works as well as a secretariat role to ensure material matters are followed up; and
- The Department of Finance be authorised to act as a Project Management Office for State works.

Further information

The full Report is available [here](#).

To access the Premier's media statement click [here](#).

To access the Premier's Ministerial Statement click [here](#).

To access the Governments formal response click [here](#).

For further information, contact [Megan Anwyl](#)