

Division 38: Public Transport Authority of Western Australia, \$1 011 614 000 —

Mr S.J. Price, Chair.

Ms R. Saffioti, Minister for Transport.

Mr M. Burgess, Managing Director.

Ms N. Lyhne, Acting Director General.

Mr A. Kannis, Project Director, Metronet.

Mr K. Kirk, Executive Director, Finance and Contracts.

Mr R. Farrell, Chief of Staff, Minister for Transport.

[Witness introduced.]

The CHAIR: I would just like to remind everyone that we still have three divisions to go—four including this one—and a number of off-budget items. When we get close to the end, we will have to pull-up short to put a few questions if we do not get through it all. I give the call to the member for Bateman.

Mr D.C. NALDER: I refer to the fifth dot point under “Significant Issues Impacting the Agency” on page 526 of budget paper No 2, specifically around the Forrestfield–Airport Link. I assume that dot point would include the issues around the aviation gas pipeline from Kwinana to Perth Airport. What are those issues; and, if that pipeline needs to be moved, how long will it take and who will be responsible for the costs?

Ms R. SAFFIOTI: Is this about the aviation pipeline that brings fuel from Kwinana? I thought that is more related to the Thornlie–Cockburn line.

Mr D.C. NALDER: Is it the Thornlie–Cockburn line, not the Forrestfield–Airport line?

Ms R. SAFFIOTI: Yes. I refer the member to Mark Burgess.

Mr M. Burgess: The issue for the FAL project has been more about the protection of the Dampier–Bunbury gas pipeline. The tunnel boring machines have gone under that; that is all sorted, with protection achieved.

Mr D.C. NALDER: I may be getting confused on the two issues.

Mr M. Burgess: The aviation fuel pipeline is an issue for the Thornlie project.

Mr D.C. NALDER: Is that still being worked through at this point?

Ms R. SAFFIOTI: Yes. As the member would be aware, the main issues for the Thornlie–Cockburn line are third party infrastructure, both the freight rail plus the associated infrastructure, including the pipelines, in particular the aviation pipeline. We are progressing with the project but we are still in live negotiation about the pipeline.

Mr V.A. CATANIA: I refer to page 541 of budget paper No 2 and the heading “New Works”, in particular the line item “METRONET Projects Under Development”. The state has contributed only \$21 million of the total of \$750 million committed to this provision over the forward estimates.

Ms R. SAFFIOTI: That is part of the Metronet division, so it is not this division.

Mr V.A. CATANIA: Sorry, I will go back to page 533. I refer to the \$1.6 billion investment in the railcar acquisition asset investment program. The government has set a target to have 50 per cent of all railcars manufactured in WA. As a target, what is the absolute minimum level of manufacturing that the government will accept?

Ms R. SAFFIOTI: The procurement process has commenced. My belief is that we would accept 50 per cent as the minimum. That is where we are at. This is a major policy priority for us and we are very keen to work with industry to facilitate good outcomes. So far, a team within the Public Transport Authority has engaged with the industry sector and we have undertaken a number of industry forums—as I call it, a speed-dating session—in which we introduce small suppliers in WA to major manufacturers to try to get a widespread knowledge of our capabilities. We are also working with job agencies to assist us in this. We are doing all we can to achieve our target.

Mr V.A. CATANIA: Does the minister have flexibility over this 50 per cent?

Ms R. SAFFIOTI: We would like to have more.

Mr V.A. CATANIA: Can the minister identify any local companies or businesses that would have the resources and skill sets to take on this type of contract on this scale?

Ms R. SAFFIOTI: As I said, we are in the tender process, so I do not want to name people, but we have seen, for example, major manufacturers over east engage with local suppliers, and the combination of those two is where

we will be heading, where the major ones in the market, which operate around the world and around Australia, are working with the local industry. I think we will see that combination, and that has happened in other states.

Mr D.C. NALDER: Is the minister considering a similar exercise to what is happening with the buses, in that we go with a contractor, and the chassis, engine, brakes, wheels and whatever are supplied from overseas, but the frame, the cabinet and everything else is built here?

Ms R. SAFFIOTI: We want to have the assembly here, for sure, and also the local manufacturing. If we look at the whole spectrum, we want to, of course, have them assembled here, but we want the manufacturing here too. That is where it is really working with industry. I understand that Volgren builds the bus frames here.

Mr D.C. NALDER: The chassis, gearbox and engine, and a little seat for the driver come in—that is about it; it is just black—and then the seats and everything else are built by different players.

Ms R. SAFFIOTI: I do not want to name names—I might have just named Volgren—but in train manufacturing, a company in WA is building the bogies for the Victorian railcars. There is capability; it is really just trying to make sure that we match that capability to the major overseas companies.

Mr D.C. NALDER: I support the concept of getting more done locally—I do not have a question about trying to do that—but I am wondering whether any economic modelling is being undertaken. The Treasurer thought I was being political in this, but my point is that if we can purchase a railcar overseas for \$4 million and a railcar manufactured here costs \$6.5 million, there must be a flowthrough effect in the economy for the additional cost of getting the work done here. The flowthrough effect is the benefit of getting the work done here, and therefore we can tolerate a higher cost, but I do not know what that tolerance level is. I am just asking whether the department is undertaking some economic modelling so that it has some direct comparisons of the cost of buying those railcars. Queensland Labor has said it will not purchase any more railcars through its Queensland rail yard; it will take its next series of orders offshore. I am not saying whether that is the right or wrong thing to do. Are we doing modelling to understand the effects? If it will cost an extra \$615 million to purchase the railcars, there must be flowthrough effects that show that it is worthwhile.

[12 noon]

Ms R. SAFFIOTI: I know that the member is interested in this matter. I want to correct the member about Queensland. I do not want to make this a political discussion, but it is an interesting issue for manufacturing in Western Australia in the future. I am quite passionate and interested in the policy discussion. The previous Liberal government in Queensland had a contract to purchase its railcars from India. As a result, Bombardier Transportation's Maryborough manufacturing base closed. The trains for the Forresterfield–Airport Link—the first train has been received—were to be the last ones to be manufactured in Queensland. The issues with the trains that have arrived from India—for example, issues with the braking system and visibility through the windows—have caused the Queensland Labor government to bring the work back to Queensland. It is also looking at maintenance. That is the background to the matter.

Victoria has progressively gone for more and more local content. The discussion on price is interesting. A former Public Transport Authority study on railcar prices, as part of the initial work on the A-series railcar replacement, compared how much WA was paying for railcars with how much Victoria was paying. The study found that we were paying an inflated price. Two of the key determinants of the cost of railcars are volume and the capacity in which we order them. We have combined the tender for Metronet with the A-series replacements to get a volume sufficient to drive value for money. I do not think we achieved a very good price in the recent purchases of the B-series railcars, because they were ad hoc orders and we had to use a certain supplier. That is always the issue when we do incremental increases to the rail network.

Mr D.C. NALDER: I agree.

Ms R. SAFFIOTI: We have a sustained long-term policy for railcar procurement combined with manufacturing to get some economies of scale. The price premium is debatable given what Victoria is achieving. From some of the discussions I have had with the industry sector, I know that Victoria achieved a really good price compared with the price we paid for the new B-series railcars.

Mr D.C. NALDER: It is about \$16 million for three railcars.

Ms R. SAFFIOTI: It is about \$4 million a railcar.

Mr D.C. NALDER: It is a bit more than that for the B-series from Queensland. It is about \$16 million for a three-car train.

Ms R. SAFFIOTI: It is about \$4.5 million a railcar. Some of the published tables show that Victoria achieved about \$3.6 million a railcar. The member commented about the forward estimates and some of the funding. Conservative numbers are built into the forward estimates and include a lot of escalation. We will see how that goes with the tender process.

Mr D.C. NALDER: If we divide the budget by the number of railcars, it works out to be about \$6.5 million a car. Is that a conservative figure at this point?

Ms R. SAFFIOTI: It is very conservative. It includes escalation and funds for assembly and the depot.

Mr D.C. NALDER: It works out to around \$6.5 million a railcar over the 10 years.

Ms R. SAFFIOTI: Yes. As I said, when we look at 10-year escalation, we see that there is provision for the depot and assembly.

Mr D.C. NALDER: To go back to my original question, I do not question that we should manufacture locally when we can, and it is a good project. I understand the concept and we were trying to do a longer-term project to get greater economies of scale. Is modelling being undertaken so that if we build in this local content and can afford to spend more on local content from a state perspective because of flowthrough benefits in the economy, we know where that cut-off is? If we are paying additional costs, we need to understand whether those additional costs will still benefit the economy, do not become too great, and could be better utilised elsewhere in the state.

Ms R. SAFFIOTI: We always factor in the value and the flowthrough and multiplier effects of local employment. However, the way we have done the expression-of-interest process is to see the comparison with price and the amount of local content, if the member knows what I am saying, and where we believe it may tip over. How much would it cost to get 90 per cent local content? We will get some feedback on that through the EOI process. This has not happened in WA for a very long time, so we are going through a process to identify whether there is a price premium, how much it is and what value it brings. One of the interesting aspects of the process that should flush out is what 50 per cent, 60 per cent or 70 per cent is worth, and that will give us the ability to make informed judgements.

Mr D.C. NALDER: Is this modelling being undertaken? My thinking is that we would do it from zero all the way through to 100 to work out where the best —

Ms R. SAFFIOTI: The Queensland example has brought it home to me yet again. I do not want to talk about the bridge again. We think we are getting something really cheap, but then we look at what is happening to the local workforce's skills. After analysing what has been done here and what we can do more of, we see that we can do more maintenance. Through our processes, we have identified that we can do far more maintenance here, and sometimes when we thought we were doing maintenance here, it was not being done here. We are getting a line of sight. I use that phrase quite a bit. We need to make sure that when we say that maintenance is being done here, it is being done here. We are also leveraging public transport work to the wider industry. The Department of Jobs, Tourism, Science and Innovation is doing some initial work to look at all the other rolling stock in carriages owned by the private sector, because the PTA is only a little part of rail in WA. It is a very important part but we realise it is a little part when we look at some of the other assets that are owned and operated in WA. It is part of an overall package. I am not trying to poison the member's words, but when the member says that somehow someone overseas will build it for us 100 per cent cheaper —

Mr D.C. NALDER: I am not saying it is or is not.

Ms R. SAFFIOTI: Sometimes that analysis is very simple. We have seen on a case-by-case basis that when we combine maintenance into a project, other benefits will flow. We are doing what we are doing because from a community and economic impact perspective, we would like to encourage local manufacturing. If we look at industry support and assistance in what we do across the state, we see that this is something well worth doing. It is a key part of where we believe the state should be heading. The Malaga assembly plant for buses is another example. We have good buses that run really well. We are pretty proud of the quality of our assets compared with those of other states.

[12.10 pm]

Mr D.C. NALDER: I have no qualms around the work that is being undertaken. I am just asking about the economic modelling. The government will build all this infrastructure and there is a cost associated with it. Over 10 years, the cost will work out to \$6.5 million a railcar—if it is at that cost—more than what Queensland is paying if costs are added to facilitate the assembly yards and the sorts of things the minister is talking about. My point is that economic modelling must be done so that it is possible to see whether additional funds are needed and that the flow-through effect to the economy is X, Y, which will justify the additional spend. I am asking, first, whether it will be done and, second, will the minister make it public so that we can understand it?

Ms R. SAFFIOTI: We are going through a live tender process. To be honest, a lot of the information the member would find very interesting, and that I am very keen to see, is the feedback we get through this process. As the member knows, government has a lot of discussion with companies. The process now is to put it on paper, bring it to us and see what we can achieve. A lot of that work is tied to the tender process.

With respect to the cost per railcar, as I said, I would be very careful about comparing what is in our budget to costs in Queensland. The Queensland costs will blowout significantly because it is doing a lot of work on the

railcars they have already received. They have not been able to commission many because of the issues. We are paying \$4.5 million per railcar now and the people in Victoria are paying far less and they are being manufactured in Victoria. I would be very cautious about using that figure. At this current stage, we are getting the information and I will see what we can continually advise, given it is a live process. We do not in any way want to impact our ability to deliver the best railcar manufacturing outcome we can achieve.

Mr D.C. NALDER: Again, I agree in principle with what the minister is attempting to do, but if I divide over 10 years the cost associated with building the assembly yards and all that, it will work out to over \$2 million more per railcar than we are currently paying. I want to make sure the economic modelling is being done so that the minister can justify to the community the additional cost of the railcars in light of the flow-through effect.

Ms R. SAFFIOTI: Did the member do that same analysis when he paid \$4.5 million per railcar, compared with what Victoria is producing at \$3.5 million?

Mr D.C. NALDER: The minister is undertaking a 10-year purchase that will commit the state beyond the forward estimates. She is significantly increasing the cost per railcar based on what we are currently paying and we want to make sure the work is being done to demonstrate that it is a good investment on behalf of the state. It is not just a hypothetical idea that we all agree with in principle that sounds right; we want to make sure the work is being done to back it up.

Ms R. SAFFIOTI: I am committed to doing that work. With regard to the A-class replacement, I am not sure whether it was 2015–16 when the billion dollar —

Mr D.C. NALDER: 2016.

Ms R. SAFFIOTI: Yes. That process had commenced in a sense but, unfortunately, for whatever reason it was cancelled. We believe and the reason we are doing the 246 railcars —

Mr D.C. NALDER: It was 300—50 by six—four-door C-series. That project went to cabinet, was approved, announced and was cancelled. We then did a retro fit with Queensland to get the additional series B to help with Forrestfield–Airport Link.

Ms R. SAFFIOTI: Yes. As I said, it is a live process. It is about getting all the information from industry. As I said, I will make a commitment to inform the public about how we are going, but I do not want to jeopardise our processes whatsoever.

Mr V.A. CATANIA: I refer to “Regional Community Services Fund” and “Regional Infrastructure and Headworks Fund”, under “Royalties for Regions Fund” on pages 538 and 540. At page 538 it shows \$13 million, \$10 million, \$13 million, \$13 million, \$13 million and \$79.939 million. Regional infrastructure headworks shows \$2 million in 2016–17 and nothing after that. On page 540 there are the same headings, “Regional Community Services Fund” and “Regional Infrastructure and Headworks Fund”, under “Royalties for Regions Fund”, showing \$5.624 million, \$33.861 million and \$17.5 million. Can someone explain what that is for? Is it anything to do with the school bus service in regional WA? Why the sudden balloon at the end of 2021–22? It has got me gobsmacked.

Ms R. SAFFIOTI: Pardon?

Mr V.A. CATANIA: I cannot follow it.

Ms R. SAFFIOTI: My understanding is that the 2021–22 increase is due to the funding for the regional school bus service. Is that correct?

Mr V.A. CATANIA: Is it funding entirely?

Ms R. SAFFIOTI: Not entirely, as I understand. Kevin Kirk can answer.

Mr K. Kirk: I will have a go. The \$13 million was consistent because that is the royalties for regions contribution to our regionally based staff. Over the forward estimates period 2021–22 a whole series of projects will be funded from royalties for regions. I need to check this but some of it might be the *Australind* replacement. I think there is some regional school bus funding and, potentially, even some regional bus services in our bigger regional centres. The \$2 million below that that the member referred to is the tail end of the school bus services fit-out of air conditioning and the like.

Mr V.A. CATANIA: Is the \$2 million for air conditioning put in by the previous government in Orange Buslines school buses?

Mr K. Kirk: I think that is what it was; it was the tail end of that project.

Mr V.A. CATANIA: What is the regional infrastructure and headworks fund of \$5.624 million and \$33.861 million for?

Ms R. SAFFIOTI: What page is the member referring to?

Mr V.A. CATANIA: It is page 540. It shows \$5.6 million, \$33.8 million and \$17.5 million. Can the minister explain the sudden increase over the next three years on that?

Ms R. SAFFIOTI: We will double-check. I will give the member the breakdown by way of supplementary information because we are not 100 per cent confident what is in there, but we believe it is the *Australind* and other regional projects.

Mr V.A. CATANIA: Can we have a breakdown of both the regional services and regional infrastructure funds?

Ms R. SAFFIOTI: Yes, as described on page 540—that is a breakdown of the regional infrastructure and headworks fund and the regional community services fund as described on page 540 of the budget papers.

[*Supplementary Information No A33.*]

Mrs J.M.C. STOJKOVSKI: Minister, having recently attended my first Dockers game at Optus Stadium, I used public transport to get there and back. I was really impressed with how smooth it was. I refer to “Optus Stadium Transport Project” on page 534 of budget paper No 2. Can the minister outline whether there are any plans to open the station outside event days?

[12.20 pm]

Ms R. SAFFIOTI: I thank the member for Kingsley for that question. I think the Dockers would have won.

Mrs J.M.C. STOJKOVSKI: One of the few times!

Ms R. SAFFIOTI: One of the few; we will see how we go this weekend!

I put on the record my appreciation of the Public Transport Authority, Transperth staff and everyone involved in getting people to and from the stadium. I know there are always some minor issues, but the feedback I have received is that people really appreciate and enjoy the experience of getting to and from the games. We have seen a significant number of people using public transport—more than was probably predicted in many cases. We have also seen a lot of activity on the bus network—a lot of people have been catching buses. On particular routes there is a significant number of people on buses—again, far more than predicted. Someone approached me very early on—I think it may have been the Chair, the member for Forrestfield—to say that they had received feedback from workers at the stadium, and I have also been contacted by members of the public who work at Optus Stadium, about wanting to be able to access the stadium to get to their jobs. That issue of trying to service the workforce had not been included in the initial forecasting. The PTA has been doing what it can to do that. That feedback, together with the popularity of the precinct for Western Australian families and the fact that there are not a lot of car parking spaces—it was never intended to have a lot of car parking spaces—has meant that following discussions with the PTA, we have been able to make the announcement today that, from 30 June, the Armadale train will stop at that station. That means that people will be able to access that station from the Armadale line south of the stadium, and of course from the city as well. That will assist people in getting there to visit the precinct on the weekends. We have been able to do that within the existing schedule. There will be some changes to the Armadale service, but not significant changes. Because of the lower patronage and the current frequency of the Armadale service on the weekends, we have been able to do that. Again, that will add to the significant popularity of that area. When the bridge is open, we will look at how to provide full-time access to the stadium from the other side with CAT bus and other public transport services.

Mr D.C. NALDER: I refer to page 535 of budget paper No 2 regarding the Metronet projects. The government has fully expensed for the Thornlie–Cockburn Link and the Yanchep rail extension. Going on what the Treasurer said yesterday—that Ellenbrook, Byford and Midland are not in there because the business cases have not been finalised—can I assume that the business cases for these two projects are finished and have been presented to Infrastructure Australia?

Ms R. SAFFIOTI: In relation to the business case process, we have been working really constructively with Infrastructure Australia. The director of the Metronet office might be able to comment, but in the middle to the end of last year, some of the business case processes changed in terms of what Infrastructure Australia required at stage 2 compared with stage 4. Last year we submitted a stage 2 business case and that was accepted by IA. We are in the process of finalising the final stage 4 business case. That will be finalised very soon. We have been working very well with Infrastructure Australia and the commonwealth department. The requirements it has put on all states in the business cases are significant and very rigorous, and include doing a number of options analyses—it is a lot of work. In relation to these numbers, we are confident with these estimated costs to complete the projects because we have done such a detailed analysis. Anthony, would you like to make any comments?

Mr A. Kannis: It is probably useful for me to clarify the business case processes. We are working between the Infrastructure Australia assessment framework and the strategic asset management framework of the state government, so we are working across two processes, which is where I think some of the terminology is being confused. The advice is that Infrastructure Australia requires a stage 2 submission, which in strategic asset

management terms is our equivalent of a business case. Those business cases were issued to Infrastructure Australia and the state government in early August last year. Just to give members some impression of the work that has gone into this, those documents have about 600 pages in total—they are substantial documents. Consistent with the next stage of the Infrastructure Australia and strategic asset management frameworks, the next part is the project definition. We are near the completion of the project definition for both those projects at the moment and they will be ready for government to consider in the near future. When we submitted the business cases or the stage 2 assessment framework to Infrastructure Australia, it came back to us wanting some follow-up information. We have gone back and given it more information. As the minister also pointed out, it has asked us to do some more economic analysis relating to the business case around the alternative options. We have to look at options such as bus rapid transit and light rail. IA has asked us to do a rapid benefit–cost ratio for those projects. That is why we are probably about two or three months behind where we had hoped to be at this time. That work is near completion and will hopefully be presented to government in the very near future.

Mr D.C. NALDER: We know that the Forrestfield–Airport Link is scheduled to be up and running in 2020. What dates is the government working towards for the Thornlie–Cockburn line and Yanchep rail line to be open?

Ms R. SAFFIOTI: It is as per our election commitments. In relation to the IA process, we are going ahead with the procurement process as we had planned. Because we have had a very interactive process with IA and it has been informed of all our processes along the way, we are confident that IA will not have a problem with the final business case. We are going ahead with our projects as we committed to.

Mr D.C. NALDER: In what year does the minister believe those two lines will be up and running?

Ms R. SAFFIOTI: I will double-check our commitment. Our commitments were 2021 or 2022—I think it is 2022, but we will check that.

Mr D.C. NALDER: Yesterday, the Treasurer mentioned that the operating subsidy for the FAL is about \$40 million. Does the minister have an indication of what the operating subsidies will be for these two lines, given the work done to this point?

Ms R. SAFFIOTI: We are finalising the project definition plans, so that is all being done. That will be done as part of the finalisation of the project definition plan. I can confirm that Yanchep will commence in 2019 and finish in 2021, and Thornlie–Cockburn has a similar time frame.

Mr D.C. NALDER: The department is doing the work, so does the minister not have the details of the operating subsidies that will be required at this point?

Ms R. SAFFIOTI: When we won government, no operating costs had been built into the Forrestfield–Airport Link budget.

Mr D.C. NALDER: I am just asking what modelling has been done.

Ms R. SAFFIOTI: As part of the PDP process, the department works through the operating model as well. Once the PDP process is finalised, I suspect that as part of the next budget process we will start to put together the operating costs for the Yanchep and Thornlie–Cockburn lines.

Mr D.C. NALDER: Does the minister have anticipated patronage numbers for these lines?

Ms R. SAFFIOTI: Just to let the member know, in relation to the PDP or stage 4 business case process, once those are released we will be able to publicly provide a full summary of those processes, which will contain a lot of this information.

Mr D.C. NALDER: Will we get anticipated patronage numbers at that time?

Ms R. SAFFIOTI: Yes, and the BCRs.

Mr V.A. CATANIA: Looking at the budget, the government has allocated \$750 million in the forward estimates to the Thornlie–Cockburn Link and the Yanchep rail link.

[12.30 pm]

Ms R. SAFFIOTI: Sorry; can the member say that again?

Mr V.A. CATANIA: On page 535, “Thornlie–Cockburn Link” and “Yanchep Rail Extension” are under “METRONET”. To complete those projects, the government is looking at about \$1 billion or just under; am I correct? About \$750 million is in the forward estimates, which is about \$350 million short to deliver those two railway lines. Where will those funds come from?

Ms R. SAFFIOTI: Sorry; is that the Thornlie–Cockburn Link?

Mr V.A. CATANIA: Yes.

Ms R. SAFFIOTI: As part of this budget we have also allocated \$100 million from the Western Australian Planning Commission, which is in the planning section. That is a \$100 million contribution to the project. Otherwise, all the funding is outlined in those statements. Is the member referring to page 535?

Mr V.A. CATANIA: Yes, but it is based on the Metronet figures under “New Works” on page 541, which is part 9.

Ms R. SAFFIOTI: The projects on page 535—Thornlie and Yanchep—are about to enter into procurement. They are both funded and there is \$100 million of source funding from the WAPC. Ellenbrook and Byford are projects under development and are under planning. We have received funding from the commonwealth for those and we would like to receive more. We are working through the funding for those projects as part of the next budget process. That is the outline of the projects.

Mr V.A. CATANIA: Six lines, or links, in total will make up Metronet; is that correct?

Ms R. SAFFIOTI: They are Forrestfield, Yanchep, Thornlie–Cockburn, Ellenbrook and Byford and the Midland extension to Bellevue.

Mr V.A. CATANIA: Of the six, which ones are fully funded at the moment?

Ms R. SAFFIOTI: Yanchep, Thornlie and Forrestfield.

Mr V.A. CATANIA: What are the estimated costs for those two projects?

Ms R. SAFFIOTI: Ellenbrook and Byford?

Mr V.A. CATANIA: No, Thornlie and Yanchep.

Mr D.C. NALDER: It is \$955 million.

Mr V.A. CATANIA: It is \$955 million. What estimates does the minister have for the other four Metronet links?

Ms R. SAFFIOTI: Forrestfield is \$1.86 billion. We have set forward a provision for Ellenbrook and Byford. Until we do the business case work, we will not —

Mr V.A. CATANIA: What is the estimated figure in the minister’s mind to complete Metronet? Surely, the government would have some understanding of whether it will cost \$5 billion or \$10 billion. Given that the commonwealth has put money in, surely the minister has some sort of figure to be able to complete Metronet. Does the minister have a figure in mind?

Ms R. SAFFIOTI: At the time of the election we announced \$2.9 billion for those rail lines, apart from Forrestfield. We have the estimated total cost for Thornlie and Yanchep because they have gone through detailed business case analysis. We are working on business cases for Byford and Ellenbrook. We are not going to release other numbers at this point. The commonwealth wanted to provide funding to the rail programs. We requested some funding but we want more funding, and that is what we will continue to do.

Mr V.A. CATANIA: Can the minister provide a rough estimate of how much it will cost to complete Metronet? The state has embarked on spending billions of dollars. I think it is right that taxpayers know how much it will cost to complete Metronet. Surely, after 14 months in government, the minister has a figure. Metronet is the government’s signature policy. What is the estimated cost for the completion of Metronet?

Ms R. SAFFIOTI: As I said, we announced a \$2.9 billion program. We are going through the business case analysis. The Langoullant inquiry recommended putting ETCs on projects after the business case analysis had been undertaken. That is something we are very keen to do and we are working on those projects.

Mr V.A. CATANIA: I have a media statement from the Premier released on 27 April 2018. It indicates that the estimated cost of construction of the Ellenbrook line is \$1 billion, with \$500 million from the federal government. The extension of the Armadale line to Byford has an indicative estimated cost of \$481 million, with \$241 million from the federal government. The estimated cost of the Midland Station project is \$165 million. The Premier has been able to put out a media statement putting some figures on it. The minister has officers from the department behind her right now. This is the government’s signature policy, which probably got it elected, yet we cannot get even an estimate—not even a firm cost—of how much Metronet will cost the taxpayers of Western Australia. The government has a few dollars from the federal government to be able to start the project, but no money to complete it. There is nothing in the forward estimates. I think we know that it will contribute to state debt.

The CHAIR: Is there a question there, member?

Mr V.A. CATANIA: Can the minister give us an estimated cost of Metronet?

Ms R. SAFFIOTI: I said that the estimated cost at the election was \$2.9 billion. We are working to deliver estimated total cost figures —

Mr V.A. CATANIA: Is that \$2.9 billion for the whole of Metronet?

Ms R. SAFFIOTI: It is for the five new rail lines we have committed to.

Does the member know how much borrowing the previous government undertook for Forrestfield?

Mr V.A. CATANIA: I am asking about Metronet. The minister can ask the former Minister for Transport.

Mr D.C. NALDER: The original budget was set at \$2 billion.

Ms R. SAFFIOTI: How much of that was borrowing?

Mr D.C. NALDER: It was 100 per cent borrowing and it was 100 per cent funded by the state because at that time the commonwealth would not support rail projects.

Ms R. SAFFIOTI: The previous government undertook over \$1.3 billion of borrowing for that program.

Mr D.C. NALDER: Hang on; that has since changed.

Ms R. SAFFIOTI: We are trying to get more funds from the commonwealth and identify other areas such as land sales and funding through WAPC to minimise the cost to taxpayers.

Mr V.A. CATANIA: Metronet is the government's signature policy, but the minister still cannot provide an estimated cost of how much the whole project will cost. The minister has complained about the former government increasing debt and borrowings, but is this government not doing exactly the same? It is putting a project forward with no business case and no understanding of how much it will cost the taxpayers of Western Australia.

Ms R. SAFFIOTI: No.

Mr V.A. CATANIA: Can the minister tell us the estimated cost?

Ms R. SAFFIOTI: I am asking how much the previous government borrowed for the Forrestfield rail line.

Mr D.C. NALDER: What has that got to do with the question?

Mr V.A. CATANIA: I am asking the minister a question.

Ms R. SAFFIOTI: The member is talking about debt to fund rail lines.

Mr V.A. CATANIA: You are in government. You are the minister now.

Ms R. SAFFIOTI: How much did you fund for Forrestfield?

Mr V.A. CATANIA: You are the one who has made the policy of delivering Metronet.

Ms R. SAFFIOTI: You are the one who is saying that we should not borrow for rail lines. How much did you borrow for Forrestfield?

Mr V.A. CATANIA: I am asking what the cost is.

The CHAIR: Member for North West Central, you have asked the question and the minister has answered it.

Mrs L.M. HARVEY: My understanding is that the Morley–Ellenbrook commitment and the Armadale–Byford commitment were to commence in 2022; is that correct?

Ms R. SAFFIOTI: Commencing?

Mrs L.M. HARVEY: I understood the election commitment was that they would be constructed by 2022.

Ms R. SAFFIOTI: Ellenbrook is 2022; Byford is 2023.

Mrs L.M. HARVEY: Is Byford 2022 as well?

Ms R. SAFFIOTI: Byford is 2023.

Mrs L.M. HARVEY: Okay.

Ms R. SAFFIOTI: I will triple-check that. I will go through it again—Yanchep and Thornlie in 2020–21, Ellenbrook in 2022, and Byford in 2023.

Mrs L.M. HARVEY: Is that for the project to commence or the rail line to be completed?

Ms R. SAFFIOTI: Completed.

[12.40 pm]

Mr D.C. NALDER: Obviously, we do not have the final business cases for the Yanchep and Thornlie lines, yet they are fully expensed in the budget. At what stage is the Public Transport Authority with the Ellenbrook and Byford lines and at what point will it start expensing them?

Ms R. SAFFIOTI: I understand that there is a program of expenditure for that provision of \$750 million. I reassure the member that we have booked the revenue of \$750 million.

Mr D.C. NALDER: From the commonwealth?

Ms R. SAFFIOTI: Yes.

Mr D.C. NALDER: And that has been expensed as well?

Ms R. SAFFIOTI: Yes.

Mr D.C. NALDER: But there is no commensurate state expenditure.

The CHAIR: Is that a further question, member?

Mr D.C. NALDER: It is understated by 50 per cent at this point. At this point, the government has only a 50 per cent commitment from the commonwealth. I understand that it is trying to get more from the commonwealth, but at this point it has only 50 per cent. At this point, the project is understated by 50 per cent.

The CHAIR: What is the question, member?

Mr D.C. NALDER: I am just saying that the minister is confirming that the project is understated by 50 per cent at this point because the government is still seeking more support from the commonwealth and it has not expensed anything from the state. Therefore, the government is actually understating the net debt position of these projects on the basis that it has made only a 50 per cent commitment to the projects to date.

Ms R. SAFFIOTI: No; there are a couple of other potential sources of funds. There is also the forward estimates. We have allocated \$3.6 million to Metronet over the forward estimates. It is a major commitment and it includes the Forrestfield rail line. The borrowings currently attributed to Metronet are primarily driven by the Forrestfield rail line, because the previous government did not identify land sales and was not able to secure a fair share of funds from the commonwealth.

Mr D.C. NALDER: That has nothing to do with the question. If the minister wants to go into that, I would ask her why she walked away from the land sales for the NorthLink WA project.

The CHAIR: Member for Bateman, can you let the minister answer, please.

Ms R. SAFFIOTI: I am very confident that we have the right planning in place, the right financial analysis being undertaken, a dedicated team trying to source more funds from the commonwealth and a process that will allow us to deliver our commitments.

Mr V.A. CATANIA: As far as I can understand it from the minister's answers—she cannot give us an estimated cost of Metronet—Metronet is based on what the federal government can give the state government. Metronet is based on getting funds from the federal government between now and the future to complete the project; am I correct?

Ms R. SAFFIOTI: There are three sources of funds. There is federal government funding, there are other sources of revenue—for example, land —

Mr V.A. CATANIA: The minister's budget is relying on federal funding.

The CHAIR: Member, can you let the minister answer, please.

Ms R. SAFFIOTI: Why did you guys not try to get funds from the commonwealth for your rail programs?

Mr V.A. CATANIA: This is the government's project.

Ms R. SAFFIOTI: I do not understand why we would not want to get more funds from the commonwealth.

Mr D.C. NALDER: I am not saying that at all.

Ms R. SAFFIOTI: I think that is what the member for North West Central is saying.

Mr D.C. NALDER: No. We are not saying that at all. The total cost of estimates was provided in the press release put out by the Premier. The commonwealth government has committed 50 per cent of the funding. On the basis that the government has expensed the funding from the commonwealth, it is still 50 per cent shy in expensing the remainder of the project. Wherever the government gets that from, it is currently 50 per cent shy. The minister is saying that it is because the government either is trying to source new funding or has not completed the business case, but it is still understating the anticipated cost —

The CHAIR: What is the question, member?

Mr D.C. NALDER: How can the government therefore expense the commonwealth 50 per cent when it is not clear about the business case; or, if it is clear about the business case, why is it not putting in the remainder of the expenses, because the state has responsibility for those?

Ms R. SAFFIOTI: It is because if we had accounted for the revenue from the commonwealth and not the expense, the member would have said that we were artificially decreasing net debt by \$750 million.

Mr D.C. NALDER: I am saying that the government is artificially decreasing net debt by \$750 million by not putting in the remaining 50 per cent cost.

Ms R. SAFFIOTI: The member is trying to say that we should not have expensed this—this is not expensed anyway; it is capitalised because it is an asset investment—and we should have accepted the \$750 million and not attributed it in the asset investment program.

Mr D.C. NALDER: If the minister wants me to say something, I will say that the government should not have booked the commonwealth money as revenue, or expensed it, at this point until it was clear about its business case and its agreement so that it could put the whole project in there.

Ms R. SAFFIOTI: If the commonwealth wants to give us money in 2017–18, what do we do—say no?

Mr D.C. NALDER: If the government is not ready and it has not done a business case for the project and it cannot expense it, it should put it to something else. It cannot put it to that if it is not ready for it.

Ms R. SAFFIOTI: The commonwealth wanted to fund Metronet.

Mr D.C. NALDER: The government has understated net debt.

The CHAIR: Member for Bateman!

Ms R. SAFFIOTI: No, we have not.

Mr D.C. NALDER: Yes, it has. The Treasurer admitted it yesterday.

The CHAIR: Member for Bateman!

Ms R. SAFFIOTI: If the commonwealth wants to give us some funds in 2017–18, what do we say—no?

Mr D.C. NALDER: Put it against something that is ready.

Ms R. SAFFIOTI: It wanted to fund Metronet.

Mr D.C. NALDER: But the government does not have something ready, so how does it book it?

Ms R. SAFFIOTI: It wanted to fund Metronet.

Mr D.C. NALDER: How does the government book it if the project is not ready?

The CHAIR: Is there a further question or shall I finish this division?

Mr V.A. CATANIA: The member for Bateman is right. The \$750 million that the government has booked leaves a gap of 50 per cent. It has put \$750 million into the project without knowing where it is going to get the other \$750 million from. Is that not a problem?

Ms R. SAFFIOTI: There is a provision of \$750 million.

Mr D.C. NALDER: That is from the commonwealth; that is half of it.

Mr V.A. CATANIA: Where is the other half to be able to complete the project?

The CHAIR: Member for North West Central!

Ms R. SAFFIOTI: Members are also forgetting about the forward estimates.

Mr D.C. NALDER: The minister is not answering this.

Ms R. SAFFIOTI: No, no. Members are forgetting about the forward estimates for 2022–23, which do not currently exist. We do not have to fully account —

Mr D.C. NALDER: It is a 50–50 project.

The CHAIR: Member for Bateman!

Ms R. SAFFIOTI: I am saying that, currently, we do not fully account for the project in the forward estimates anyway.

Mr V.A. CATANIA: Why is the government not being open and transparent with the people of Western Australia? It went to the election saying that it would reduce debt and build Metronet. Now, as the detail starts to filter through, we find that the government has no money to complete the delivery of its principal policy of Metronet. It does not even know how much it is going to cost the taxpayers of Western Australia, and it is reliant on the federal government being able to pay.

The CHAIR: Member, you need to ask a question, not make a statement. Member, what is the question?

Mr V.A. CATANIA: My question is: the government has misled the people of Western Australia on how much Metronet will cost.

The CHAIR: That is a statement.

Mr V.A. CATANIA: The government is looking at in the order of billions and billions of dollars that it has not put in the book.

The CHAIR: Once again, there is still no question there.

Ms R. SAFFIOTI: Justify that claim.

Mr V.A. CATANIA: The minister is not giving —

Ms R. SAFFIOTI: No, justify it.

Mr V.A. CATANIA: The minister is not giving —

Ms R. SAFFIOTI: Justify it.

Mr V.A. CATANIA: You justify how much it is going to cost.

Ms R. SAFFIOTI: Justify your claim.

Mr V.A. CATANIA: Justify how much Metronet is going to cost. You cannot tell me.

Ms R. SAFFIOTI: Tell me how much you borrowed for the Forrestfield rail line.

The CHAIR: Member for North West Central and minister! If there are no further questions, I will bring this division to an end.

The appropriation was recommended.