

Mr Chris Tallentire; Mr Murray Cowper; Chairman; Mr Tony Simpson; Ms Rita Saffioti; Mr John McGrath; Mr Frank Alban; Ms Margaret Quirk

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**Division 34: Transport, \$153 042 000**

Mr P.B. Watson, Chairman.

Mr M.J. Cowper, Parliamentary Secretary to the Minister for Transport.

Mr R.A. Waldock, Director General.

Mr J.F. Fischer, Executive Director, Transport Policy and Systems.

Mr K.R. Kirk, Executive Director, Corporate Services.

Mr A.J. Bryant, Manager Director, Transport Services.

Ms K.C. Wilkinson, Principal Policy Adviser, Office of the Minister for Transport.

Mr B.J.S. Barton, Principal Policy Adviser, Office of the Minister for Transport.

**The CHAIRMAN:** This estimates committee will be reported by Hansard staff, and the daily proof *Hansard* will be published at 9.00 am tomorrow.

The estimates committee's consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed in the consolidated account; this is the prime focus of the committee. Although there is scope for members to examine many matters, questions need to be clearly related to a page number, item, program or amount within the volumes. For example, members are free to pursue performance indicators that are included in the *Budget Statements* while there remains a clear link between the questions and the estimates.

It is the Chairman's intention to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point.

The parliamentary secretary may agree to provide supplementary information to the committee rather than asking that the question be put on notice for the next sitting week. For the purpose of following up the provision of this information, I ask the parliamentary secretary to clearly indicate to the committee which supplementary information he agrees to provide, and I will then allocate a reference number. If supplementary information is to be provided, I seek the parliamentary secretary's cooperation in ensuring that it is delivered to the committee clerk by Friday, 11 June 2010 so that members may read it before the report and third reading stages. If the supplementary information cannot be provided within that time, written advice is required of the day by which the information will be made available. Details in relation to supplementary information have been provided to both members and advisers, and, accordingly, I ask the parliamentary secretary to cooperate with those requirements. I caution members that if the parliamentary secretary asks that a matter be put on notice, it is up to the member to lodge the question on notice with the Clerk's office. Only supplementary information that the parliamentary secretary agrees to provide will be sought by Friday, 11 June 2010.

It will greatly assist Hansard if when referring to the program statement volumes or the consolidated account estimates, members give the page number, items, program and amount in preface to their question.

I now ask the parliamentary secretary to introduce his advisers to the committee.

[Witnesses introduced.]

**Mr C.J. TALLENTIRE:** I refer to the first dot point on page 411, which concerns the grain freight rail network. Can the parliamentary secretary identify where in the budget papers is the \$50 million announced on 21 May, the day after the budget was delivered, which has been allocated for expenditure on the grain rail freight network?

**Mr M.J. COWPER:** It is spread across three parts of the budget. The first part is \$1.287 million, the transitional assistance payment to CBH. There is also \$10.369 million in the transport budget, which together total \$11.65 million.

**Ms R. SAFFIOTI:** What budget was the \$1.28 million in?

**Mr M.J. COWPER:** The amount of \$1.28 million has been transferred from the Public Transport Authority to the Department of Transport, referred to on page 419 in the line item "North Greenbushes Intermodal Terminal". The total amount includes the transfer of \$4.669 million from the PTA to the Department of Transport. The majority of it is the Albany–York rail PTA payment by WestNet of \$16.5 million, and the PTA sum of \$13.502 million, totalling \$30.002 million. The third part is the component relating to Chester Pass Road on page 430 in the Main Roads WA budget. On page 432 is a total of \$7.93 million, matched with the \$30 million from the commonwealth government.

[3.10 pm]

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**Mr C.J. TALLENTIRE:** I ask the parliamentary secretary for information on the \$16.5 million. I heard him talk about Chester Pass Road and a couple of other roads. It did not sound like that money was going towards rail. I ask the parliamentary secretary to detail how that expenditure will have a direct benefit on the improvement of the grain freight network.

**Mr M.J. COWPER:** The funding for the grain package was part of the upgrade to Chester Pass Road, which, as the member would be aware, is a major freight road that links into the Albany port. A total of \$7.43 million has been allocated for the upgrade of that road to accommodate the grain going into the Albany port.

**Mr C.J. TALLENTIRE:** Which of these amounts make up the 50 per cent share of \$43.5 million that was announced earlier in the year, I think in January? It was announced that \$43.5 million would be spent on the grain freight network.

**Mr M.J. COWPER:** The total cost of re-sleepering the Avon to Albany railway line is \$43 504 000, which is made up of the redirection of \$13 502 000 from the North Greenbushes railway funding and \$8.25 million to be covered by WestNet Rail from the outstanding commitment under the lease agreement related to all lines targeted to cease operations or have ceased due to no business. A total of \$21 752 000 will come from the commonwealth government. The total cost of the Chester Pass Road project development is \$500 000, which will come from the redirection of the North Greenbushes funding allocation.

**Mr C.J. TALLENTIRE:** How successful have we been in keeping grain off the road network? I refer to page 409 and the reference to the transitional assistance package. In the third line item under “Major Spending Changes”, we see that \$2 million was spent in 2009–10, \$4 million has been allocated for the coming financial year, and then it drops down. How can we be sure that we are getting the benefit from that? How much grain was transferred to rail from road and which wheat bins have had their contents moved to the rail network from the road network?

**Mr M.J. COWPER:** A total of \$11.56 million has been allocated under the transitional assistance package, which will ensure that grain transported by rail remains competitive with road freight. This package has been put in place for rail lines identified in the strategic grain freight review as tier 3 and hopefully will encourage industry to continue to use rail for the transportation of wheat to the port.

**Mr C.J. TALLENTIRE:** Can the parliamentary secretary not quantify how much grain was transferred?

**Mr M.J. COWPER:** More than \$80 million will be invested in the state’s grain freight network this financial year. The government will continue to develop a long-term business case to address these deficiencies in the network. The Liberal–National government’s \$50 million contribution more than matches the commonwealth’s commitment of \$30 million as outlined in the federal budget, and will provide initial works on the network, including the package of \$30 million for re-sleepering work on the Avon to Albany line and other lines and nearly \$8 million for the Chester Pass Road in Albany as part of the entire package.

The Liberal–National government is committed to the Brookton strategy. We have demonstrated this by investment in the Avon to Albany line and the increase in funding for the transition assistance package designed to ensure rail transport of grain remains competitive with road freight. In this respect, we look forward to the cooperation of CBH developing rapid loading facilities at Brookton and Kellerberrin in the near future. The government will continue to work through the business case and allocate further funds for rail and road upgrades into future budgets. No rail line in the grain freight network will close this financial year. The government is committed to keeping grain on rail, but the real focus is on farmers and bulk handlers who are currently using road transport putting their grain back onto rail.

**Mr C.J. TALLENTIRE:** My question was quite specific. We are investing a bit over \$4 million in the next financial year. How much grain, in tonnage, will be transferred away from the road network onto the rail network as a result of that considerable investment?

**Mr M.J. COWPER:** It is a bit too early to call. Maybe John Fischer would like to comment.

**Mr J.F. Fischer:** We do not have the tonnages that are on rail at the moment. We can certainly provide that advice out of session. The transitional assistance package will enable us to keep the grain that is transported by rail now on rail in the future. We will be able to advise the tonnage that is carried by rail from the last harvest.

**The CHAIRMAN:** Did you want that as supplementary information?

**Mr C.J. TALLENTIRE:** Yes, please.

**The CHAIRMAN:** Parliamentary secretary, could you tell us what supplementary information will be provided please.

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**Mr J.F. Fischer:** We can provide advice of the grain that has been kept on rail up to the end of May within a week.

**Mr M.J. COWPER:** That may not sit comfortably with the time frames.

**The CHAIRMAN:** It has to be in by next Friday.

**Mr M.J. COWPER:** Is the member happy with the details up until the end of May?

**Mr C.J. TALLENTIRE:** I would be interested in knowing the figures for the 2009–10 harvest. Given that the harvest is complete, I would have thought most of the transport of that grain would be over.

**Mr M.J. COWPER:** Grain is transferred all year round. We will certainly be able to provide figures up to the end of May. Should the member wish for those figures to be complemented with figures to the end of the financial year or whatever period he likes, he can ask by way of a question on notice.

**Mr C.J. TALLENTIRE:** The parliamentary secretary did mention that a business case had been made, so I think it is reasonable to expect that the agency has some figures that show how many tonnes will be moved onto the rail network as a result of the \$4 million investment. I ask that that be included in the supplementary information as well, please.

**Mr M.J. COWPER:** Supplementary information will be provided on the tonnage details up to the end of May and, if available, what tonnage would be based on the \$4 million investment.

[*Supplementary Information No B35.*]

**Mr J.F. Fischer:** The business case was based on a normal harvest. The information we will be giving relates to the harvest tonnages from last year that are being moved currently.

**Mr C.J. TALLENTIRE:** That is why it is important that we see the different tonnage projections between the two financial years 2009–10 and 2010–11, because we have a doubling of the amount that taxpayers are putting in to assist this effort of keeping grain off the roads.

**Mr J.F. Fischer:** The budget amounts that are indicated are for the movements of last year's harvest. That grain has been moved over the past two financial years. The total is around \$6 million. That refers to one harvest movement.

**Mr A.J. SIMPSON:** I refer to "Motor Vehicle and Driver Licensing Services" on page 414. Could the parliamentary secretary outline the progress that has been made in improving vehicle inspections in the metropolitan area? My local examining centre in Kelmscott is very much under pressure and I would be interested to know what the government is doing about that.

**Mr M.J. COWPER:** In the lead-up to the 2008 election, the Liberal Party made a commitment to foster the development of new technologies to improve environmental efficiencies and productivity. As part of this government's commitment to keeping that promise, the Department of Transport is currently engaged in a number of electric vehicle projects. No, that is the wrong answer.

[3.20 pm]

**The CHAIRMAN:** Does the parliamentary secretary have the wrong answer? This does not augur well for going from parliamentary secretary to minister!

**Mr M.J. COWPER:** Since its opening on 7 September 2009, approximately 11 000 vehicle examinations have been undertaken at the new Osborne Park Vehicle Examination Centre. The former Bronte Street, East Perth centre had only two inspection pits, which were inadequate to deliver the level of service expected by customers, and was outdated to address increasing customer demand. At a total cost of approximately \$1.7 million, this new modern and efficient centre represents a major step forward for licensing, heralding a new application of the vehicle examination process. It uses the latest test equipment involving nine vehicle lifting hoists, with steering and suspension testers replacing traditional inspection pits and trolley jacks. The design of the centre physically segregates the customers from the examination process where they wait in a comfortable lounge area, thus improving safety and security, and removes the possibility of undue influence on the vehicle examiners and the examination process. Operating on a booking-only basis to ensure consistency of service to customers and the removal of queues, the centre is dedicated to the examination of cars, utilities, vans and other light passenger and commercial vehicles.

The department is working to ensure it provides an improved and consistent service at its other vehicle examination centres at Kelmscott, Midland, O'Connor, Warwick and Welshpool. To achieve this, staffing levels and inspection procedures have been improved, and the inspection booking service will be extended to O'Connor and Welshpool, which currently operate on a first-come, first-served basis, in the second half of 2010,

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bringing to an end the long queues which have been problematic and which frustrate our customers from time to time.

**Ms R. SAFFIOTI:** My question relates to the second dot point on page 411, which refers to the south west main rail line and the fact that it is reaching full capacity. When does the Department of Transport expect or predict that the south west main rail line will reach full capacity, and what will be the cost of implementing the possible duplication of the rail line?

**Mr M.J. COWPER:** That is a very good question, and it is an issue that is very important to me also from a local member's perspective. As the member knows, there are already capacity constraints on the south west main rail line. There is an urgent industry requirement to enhance the efficiency of freight rail infrastructure on the south west main line between Kwinana and the port of Bunbury by addressing emergency capacity constraints and accommodating projected industry demand up to 2020. We know that there are going to be some expansions at some time—hopefully in the near future—of the operations at Alcoa. There have already been upgrades on some of the lines from some of the businesses that feed on to that line. However, capacity constraints are emerging for freight train operations on the south west main line, which is used mainly for the export of foreign exchange-earning resources such as alumina, mineral sands, coal and woodchips. Some sections of the line from the Bunbury inner harbour to Brunswick Junction and Worsley in particular are running at almost maximum available capacity with the current level of train traffic. Delays at signals and the loss of efficiency of the overall network affect on-time delivery of products and the ability to meet production and shipping schedules. Preliminary estimates for a prioritised rail upgrade program identified in 2009 by the department, with the assistance of a consultant and involving six major projects, suggest a total cost of \$172 million, plus or minus a 40 per cent error range, which to me seems fairly substantial.

**Ms R. SAFFIOTI:** I am sorry, parliamentary secretary. It was \$172 million for the potential upgrade; is that correct?

**Mr M.J. COWPER:** Yes, plus or minus 40 per cent, which is fairly substantial. They are only early estimates on that upgrade. Upgrading the network will augment similar rail upgrades planned within the Bunbury inner harbour. Trade through the inner harbour is expected to rise from about 13.5 million tonnes per annum presently to about 18 million tonnes in five years, with the vast majority of this volume being moved by rail. Industry contends that the south west main line is of strategic value to the state and, therefore, although it is a profitable line, government should co-contribute to funding the rail upgrade program. In response, the department has requested that a comprehensive business case be prepared—arranged and paid for by WestNet Rail—to justify why government funds should go towards this work. This information will also be used to further progress a funding application forwarded to Infrastructure Australia through the Department of State Development in October 2009.

**Ms R. SAFFIOTI:** To clarify, it is \$172 million, and currently negotiations are going on between WestNet Rail and the department on who will be putting that money forward.

**Mr M.J. COWPER:** The government wants a case to be put by WestNet as to why the government should contribute taxpayers' money to upgrading that line, given that it is a profitable line.

**Ms R. SAFFIOTI:** What is the time frame for that?

**Mr M.J. COWPER:** The department understands that WestNet has been contracted to prepare the business case, and that is expected to be completed by September this year.

**Ms R. SAFFIOTI:** The business case is expected to be completed by September this year.

**Mr M.J. COWPER:** That is correct.

**Ms R. SAFFIOTI:** What is the projected time frame for the proposed works?

**Mr M.J. COWPER:** That is to be determined.

**Ms R. SAFFIOTI:** As there is a pressing need to do it because of the rail line reaching full capacity, what would be the deadline, for example, for the works to be undertaken?

**Mr M.J. COWPER:** I think there are a few factors that will need to come into play before we can set a timetable or a deadline for that, but it will be in roughly about five years when we start to approach that 18 million tonnes per annum.

**Ms R. SAFFIOTI:** So within five years.

**Mr M.J. COWPER:** That is when we expect it to hit 18 million tonnes per annum, therefore putting pressure on that railway line.

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**Mr J.E. McGRATH:** My question relates to page 419 of the *Budget Statements* and to the table under “Details of Controlled Grants and Subsidies”. I refer to an amount of \$2.66 million allocated in the 2010–11 budget and recurring for three years after that for the Perth bicycle network and country pathways. Can the parliamentary secretary tell us what the government is doing to promote cycling and improve safety for cyclists, which is a very important issue?

**Mr M.J. COWPER:** I thank the member. I note that on my way into town I usually see a vast number of people in the member’s electorate using the pathways into the city, in particular, and exercising. With the new Forrest Highway going through my electorate, that is something that my son utilises quite a bit, having safe access to a bicycle network.

The government provides significant support for cycling through its Perth bicycle network and the regional bicycle network under the local government grants programs. The regional bicycle network was formerly supported under the country pathways grant scheme. These grants to local governments represent excellent value for transport as they are made available on a 50–50 basis for the planning and development of cycling infrastructure. Bikewest also allocates funding to continue the construction of principal shared paths along Perth’s railway and freeway reserves. In recognition of the government’s commitment to the development of quality cycling infrastructure, the budget allocation for cycling facilities has increased by seven per cent in the upcoming 2010–11 budget. The aim of the Perth bicycle network program is to develop a comprehensive network of cycling routes that will provide a safer cycling environment throughout Perth and facilitate an increase in the number of trips made by bicycle. This trend is reflected in the cycle count data, which show a doubling in the number of cycle trips in the past five years. The regional bicycle network aims to encourage bicycle use and make a significant improvement in safety for cyclists in regional areas. Of course, it has other implications for the health and wellbeing of our community.

**Mr F.A. ALBAN:** I refer to page 431 of the *Budget Statements*. About three-quarters of the way down the page, there is a line item referring to the Reid Highway–Alexander Drive exchange, which is close to my electorate. Can an update be given on the funding profile of this important project?

**The CHAIRMAN:** What page was it?

**Mr F.A. ALBAN:** It was page 431.

**Mr M.J. COWPER:** I think the member might have the wrong division.

[3.30 pm]

**Ms M.M. QUIRK:** I refer the parliamentary secretary to page 419 and the line item on the Public Transport Authority, Perth parking fees, CAT replacement and CAT depot and service extension. How much revenue does the government expect to collect from Perth parking fees in 2010–11, and for each year in the forward estimates; and what is the estimated surplus that will be held in the Perth parking fund at 30 June 2010?

**Mr M.J. COWPER:** The government, as the member knows, has endorsed the Economic and Expenditure Reform Committee recommendations to increase the Perth parking licence fee by the consumer price index, which is 2.1 per cent. This follows steep increases ranging from 176 per cent to 203 per cent for 2009–10, including short-stay parking as well as long-stay and tenant parking. It is currently estimated that Perth parking licence fees will generate approximately \$29 million in 2010–11 —

**Ms M.M. QUIRK:** I am sorry; did the parliamentary secretary say \$29 million?

**Mr M.J. COWPER:** It is \$29 million in the 2010–11 period. Not all the additional moneys raised by the 2009–10 increases have been allocated. Licence fee revenue is used to support balanced transport outcomes for the central business district, including currently funding central area transit—CAT—buses, as everyone would be aware; and the free transit zone buses, plus any improvements to these services. There is legislation in place that restricts the use of licence fee revenue to areas covered by the Perth parking policy incorporating East Perth, West Perth, Northbridge and central Perth.

The hypothecation of licence fees that result in the funds spent in the geographical area from which the fees are extracted has generally made the licence fees palatable to the community, businesses and end users; however, an increase in revenue in 2009–10 substantially exceeded expenditure. Although the increase in licence fees has been kept to the CPI for the upcoming year, estimated revenues continue to accrue above committed expenditure.

Expenditure of Perth parking licence fee revenue is required by section 23(3) of the Perth Parking Management Act to occur only with the approval of the Minister for Transport after consultation with the City of Perth. The consultation requirement is currently being addressed by the Central Perth Transit Steering Group, which comprises staff from the Department of Transport, the City of Perth, the PTA and a member elected from the

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council. The CPTSG, as it is known, has jointly developed a series of stage 1 expenditure proposals, which detail possible allocation of Perth parking revenue to 2015–16. A briefing note is currently being finalised on these proposals. The group's highest priority is the immediate procurement of additional CAT buses and the improvement of operating frequencies as detailed in the current EERC program proposal being considered by the Department of Treasury and Finance. The stage 1 expenditure program essentially addresses immediate services and infrastructure enhancements. The CPTSG is continuing to develop stage 2 proposals, which will consider the remaining balances of revenue of approximately \$40 million up to 2015–16.

**Ms M.M. QUIRK:** I have a further question. I asked the parliamentary secretary about the revenue expected not only in 2010–11, but also for each year in the forward estimates; and also what the estimated surplus would be at 30 June.

**Mr M.J. COWPER:** As I understand it, as at 30 June 2010 the money that is balanced, or what is left over, will be \$21 million. In the following years it will be \$28.8 million, \$29.5 million and \$30 million. I imagine those to be CPI increases.

**Mr A.J. SIMPSON:** My question refers to page 409. Under major spending changes there is a line item on the grain freight network. Can the parliamentary secretary please outline the measures that have been put in place to ensure that farmers can use rail lines in the Brookton region, and the incentives that are being funded by this government to initially respond to the strategy of the grain freight review?

**Mr M.J. COWPER:** This is on page 409?

**Mr A.J. SIMPSON:** Yes.

**Ms R. SAFFIOTI:** Chairman, I have to object. The member for Darling Range, who asked the question, is providing the answer to the parliamentary secretary.

**The CHAIRMAN:** The member who has asked the question is providing the answer. That is very good!

**Mr A.J. SIMPSON:** No, it is further information actually.

**The CHAIRMAN:** I have not seen that before, but go on parliamentary secretary.

**Mr M.J. COWPER:** Mr Chair, I was going to defer to Mr Fischer, who is reliably informing me that he has the answer at the tip of his tongue.

**The CHAIRMAN:** Perhaps he could spit it out! Mr Fischer through the parliamentary secretary.

**Mr J.F. Fischer:** The question relates to the operation of the transitional assistance package to ensure that the grain remains on rail. The process that is being introduced is that we are negotiating with Cooperative Bulk Handling, which is ensuring that the freight rates for both rail and road remain equitable for the area that is sourced in the Brookton area; and the transitional package addresses the shortfall between the road freight rates and the rail freight rates. This will ensure that, until the upgrades to the roads and the rapid lighting facilities are in place, grain will stay on rail.

**Mr M.J. COWPER:** Further to that, Mr Chair, we did touch upon this in the previous question that was asked by the member.

**Mr A.J. SIMPSON:** We did.

**Mr M.J. COWPER:** It is a multi-aspect arrangement, given that we are allocating funds to other areas to take the pressure off the Brookton line. Of course Brookton Highway, as the member would be very well aware, is a very dangerous section of road and one that is coming under increasing pressure from heavy transport. I know of incidents along that section that have even involved bicycle riders who have been run off the road. Certainly, there is a commitment to look after Brookton Highway, as it feeds from a very important part of our wheatbelt, including Corrigin, Pingelly and beyond. Brookton Highway goes through Bruce Rock as well. We therefore have an increase in funding for the transitional arrangement package, which is hopefully designed to ensure that as much as possible can go onto rail. Then, of course, the challenge remains to get the superphosphate and lime back to the users.

**Mr C.J. TALLENTIRE:** Continuing on the issue of the grain freight network, an allocation of \$16.5 million has been announced by the government to be put towards the improvement fund.

**The CHAIRMAN:** Does the member have a page number?

**Mr C.J. TALLENTIRE:** I refer to page 409 and the first dot point on page 411. In the parliamentary secretary's previous response to my earlier question, reference was made to the \$16.5 million. Would the parliamentary

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secretary please show me where in these transport budget papers I can find the \$16.5 million that will go towards the general upkeep of WestNet Rail; perhaps to its maintenance program?

**Mr M.J. COWPER:** The payments I refer to are ones that were contributed by WestNet Rail. They do not appear in the budget papers as such, other than the amount that brings it to that total amount.

[3.40 pm]

**Mr C.J. TALLENTIRE:** The government is giving WestNet Rail \$16.5 million, so there is an expenditure item there that needs to be in these budget papers.

**Mr M.J. COWPER:** No, it is not contributing \$16 million. WestNet Rail will be spending that money, not the government.

**Mr C.J. TALLENTIRE:** It is being recovered from WestNet Rail then, is it?

**Mr M.J. COWPER:** No; WestNet Rail is doing the actual work.

**Mr C.J. TALLENTIRE:** When the government has talked about \$16.5 million going into the Wheatbelt rail network, where is that money coming from and where is it going to? Where is it in these budget papers?

**Mr M.J. COWPER:** The money, as I said, comes from expenditure by WestNet. As demonstrated earlier in the previous question, it becomes part of the sum total of \$50 million that has been put into the network.

**Mr C.J. TALLENTIRE:** So the parliamentary secretary cannot point to where that is in these budget papers?

**Mr M.J. COWPER:** It does not appear in the budget papers, as I have repeatedly said.

**Mr W.J. JOHNSTON:** I draw the parliamentary secretary's attention to a media release by the Minister for Transport on 21 May 2010. It states —

Transport Minister Simon O'Brien said the State Government's \$50million contribution, more than matched the Commonwealth's commitment of \$30million as outlined in the Federal Budget and would provide for important initial works on the network.

I understand the parliamentary secretary is saying that the \$50 million the minister announced in that media release includes \$16.5 million that is actually coming from WestNet and not from the state government.

**Mr M.J. COWPER:** Yes. It is a state obligation.

**Mr W.J. JOHNSTON:** The media release is actually not correct then when it states —

Transport Minister Simon O'Brien said the State Government's \$50million contribution ...

Is it not actually a \$50 million contribution from the state government?

**Mr M.J. COWPER:** I have not seen that particular press release the member is referring to, but the actual component of the \$50 million overall package consists of the component of \$16.5 million, which is an obligation by the state upon WestNet Rail.

**Mr W.J. JOHNSTON:** I refer to page 418 of the *Budget Statements*. In last year's estimates in the other place there was discussion about advertising revenue.

**Mr M.J. COWPER:** What line was it, member?

**Mr W.J. JOHNSTON:** Page 418 of the *Budget Statements*, relating to income. There was a discussion on behalf of the minister that a figure of \$4.5 million was for subsequent years—that is, 2010–11—and \$9.5 million for the years 2011–12 and 2012–13 to be raised from billboards and advertising at boat harbours such as Hillarys Boat Harbour and Fremantle fishing boat harbour. Are those proposed advertising amounts that were outlined by the minister last year still part of the income listed for the department? Where are the billboards going and where will they be located at these facilities?

**Mr M.J. COWPER:** My understanding is that the department is still working through planning issues in respect to the actual locations of those billboards. There are some considerations still to be taken notice of.

**Mr W.J. JOHNSTON:** Where is the income, parliamentary secretary? Is the income that was outlined last year still here in the budget papers?

**Mr M.J. COWPER:** It is in the budget papers. I might refer to Mr Kirk, our financial officer. He might be able to give some direction as to that.

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**Mr K.R. Kirk:** There were actually two amounts. The minor one was a reduction of \$500 000. That was to come from our licensing business unit through advertising in mail-outs. We are confident that we will be able to achieve that. Some changes to the State Trading Concerns Act were required before that could happen. I understand that has now been done. The major part of the revenue initially was \$2 million in 2009–10, \$4.5 million in 2010–11 and \$9.5 million thereafter. Treasury reinstated that revenue in 2009–10 because of the delays in the state changing the State Trading Concerns Act. As the budget stands at the moment we need to achieve revenue of \$5 million in 2010–11, of which we believe we can probably, at this stage, achieve about \$500 000 and \$9.5 million in the out years. We have undertaken a very detailed assessment of all the opportunities available to us. As the parliamentary secretary said, we have planning constraints at our two major sites, being the Fremantle boat harbour and Hillarys Boat Harbour.

**Mr W.J. JOHNSTON:** This will be my last question on this topic. In detail, what is the parliamentary secretary's plan to achieve that? I understand about the half-million dollars, we do not need to talk about that, but what is the detailed plan for the \$4.5 million and then the \$9.5 million in the out years? What will be done to get that revenue?

**Mr M.J. COWPER:** My understanding is that that money appears under the line item "Other revenue" that the member highlighted before on page 418. It is not detailed separately. I will refer to the director general, Mr Waldock, to answer the question.

**Mr R.A. WALDOCK:** The issue is, without question, challenging us. Those revenue numbers are extraordinarily high. What we have done in the interim, as has already been indicated by our chief financial officer, is that we have received expert advice. We have looked at opportunities and we have considered the planning issues. We will continue to understand how we might maximise revenue within those boat harbours and other facilities. It is fair to say, though, that we may need to be negotiating with Treasury when we are clearer about the likelihood of what revenue and the quantum of revenue we could receive.

**Ms R. SAFFIOTI:** My question relates to the item "Fremantle Port Rail Service" on page 419 of the *Budget Statements*, and also to page 412, which has the performance indicators in relation to the movement of freight off road onto rail. Can the parliamentary secretary explain why there has been such an underachievement of what was targeted for in 2009–10? Given that the parliamentary secretary is targeting a 16 per cent figure in 2010–11 but budgeting only \$2.1 million, why is he budgeting less money to achieve a greater outcome?

**Mr M.J. COWPER:** The Fremantle port inner harbour will be required in the future, irrespective of any further port development in Cockburn Sound. Substantial ongoing support —

**Ms R. SAFFIOTI:** Sorry, could the parliamentary secretary speak up. I find it hard to hear.

**Mr M.J. COWPER:** The Fremantle port inner harbour will be required in the future, irrespective of any further port development in Cockburn Sound. It will require support in relation to ongoing operations. If Fremantle is to reach its maximum capacity, community amenity must be protected from road transport impacts by keeping the growth in port truck numbers below the growth in trade through the port. The government has strategies in place to accommodate the movement of containers into and out of the harbour in an efficient manner, as well as planning for future access to the port as volumes grow. The port operations task force is working with industry and government members to progress related strategies to enhance truck productivity through amendments to the port's vehicle booking system; spread port working hours to reduce truck peaks; encourage greater use of port rail services through operational, commercial and funding initiatives; and develop inland facilities in order to remove truck activity from the port. The state government subsidised metro container freight transported by rail to encourage the use of rail between Forrestfield–Kewdale and the Fremantle inner harbour. Intermodal Link Services has a contract with the Fremantle port to operate at the North Quay rail terminal and the rail service between Forrestfield–Kewdale and the Fremantle inner harbour. The rail freight volumes have increased from two per cent of total container transport to the port in 2002 to 15.2 per cent in 2009, before falling back to 10.4 per cent due to the global financial crisis.

[3.50 pm]

**Ms R. SAFFIOTI:** Can the parliamentary secretary explain why the global financial crisis would cause the containers to not be transported by rail?

**Mr M.J. COWPER:** From my understanding, it is because of the grain component being delivered by CBH.

**Ms R. SAFFIOTI:** Sorry, can the parliamentary secretary explain that again?

**Mr M.J. COWPER:** The grain from CBH that goes into the containers.

**Ms A.J.G. MacTIERNAN:** People stopped eating!

Mr Chris Tallentire; Mr Murray Cowper; Chairman; Mr Tony Simpson; Ms Rita Saffioti; Mr John McGrath; Mr Frank Alban; Ms Margaret Quirk

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**Ms R. SAFFIOTI:** Thanks.

**Mr M.J. COWPER:** The government plans to use rail more efficiently by moving goods around the metropolitan area, particularly between inland hubs and the port of Fremantle. The government currently supports the rail service at a level of \$45 per 20-foot container and \$90 per 40-foot container. These rates will be reduced as rail volumes build further. Rail currently carries 46 200 containers—year to date to March 2010—or the equivalent of 61 600 per annum through the port. This equates to approximately 48 000 trucks off the road.

**Ms R. SAFFIOTI:** What is the forecast for 2010-11?

**Mr M.J. COWPER:** I might refer to the director general.

**Mr R.A. Waldock:** If I could perhaps just expand, and then I will come back to the specific question. We are all conscious that we want more containers on rail. As part of that, the Main Roads WA budget has, in fact, detailed a \$53 million package to be put into the logistics chain for rail between North Quay and Kewdale. That will consist of stage 2 North Quay terminal works, loops on the line around Forrestfield, and also major investment at Kewdale to allow both container parks and intermodal facilities. We need a number of responses, but one of the responses will be to try to make rail more efficient so that indeed the market responds by putting more product on rail. That is certainly a major piece of work that is not shown in the transport budget, but will be demonstrated, as the member so wishes, in the Main Roads budget.

The member asked about the subsidy in future years. It is fair to say that we will be considering all the policy issues and all the policy leaders, and although government may continue to provide a subsidy, there may be other options around managing the trucks and travel demand and demand management tools that may make it more attractive to go to rail. We are looking at that, and there may even eventually be some sort of premium for using roads, and that is part of the policy mix we will be considering before the next budget and advising government on.

**Ms A.J.G. MacTIERNAN:** I find this very interesting, parliamentary secretary, because for years we have tried every strategy to improve that mix, and I think when the Labor Party came into government the percentage of boxes had gone down to about two per cent and we built it up to around 15 per cent. We tried using all of these other methods, such as one-stop booking systems—all of which were tried—and the advice that constantly came through to me was that none of these things was adequate because of the fundamental cost disadvantage of rail. The advice was that the only way we could manage traffic through there, without seeing Fremantle absolutely overburdened by trucks, was to have a subsidy. The only other method is the one that the new director general —

**Ms R. SAFFIOTI:** The tsar!

**Ms A.J.G. MacTIERNAN:** — or transport tsar has referred to —

**Mr M.J. COWPER:** As opposed to tsarina!

**Ms A.J.G. MacTIERNAN:** — which is actually pricing the trucks. Is it not the case that there are really only two ways of doing this? One is to provide a subsidy to rail for these short distances, and the other method is to charge a levy on the trucks. All of this other stuff just fiddles around the edges.

**Mr M.J. COWPER:** Member, it is a matter of considering all the available options and coming up with the right balance.

**Ms A.J.G. MacTIERNAN:** But we did consider them. That is why the subsidy was there, but the government has cut it.

**The appropriation was recommended.**