

Chair; Mr Vincent Catania; Ms Rita Saffioti; Mrs Liza Harvey; Mr Donald Punch; Mr Bill Marmion; Mr Chris Tallentire; Mr Reece Whitby

Division 38: Public Transport Authority of Western Australia, \$991 736 000 —

Mr S.J. Price, Chair.

Ms R. Saffioti, Minister for Transport.

Mr R. Sellers, Director General.

Mr M. Burgess, Managing Director.

Mr R. Hamilton, Executive Director, Major Projects.

Mr J. Chung Wah Cheong, Acting Executive Director, Finance and Contracts.

Mr A. Kannis, Project Director, Metronet.

Mr P. Abromeit, Policy Adviser.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day. It is the intention of the Chair 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 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. Questions must be clearly related to a page number, item, program or amount in the current division. Members should give these details in preface to their question. If a division or service is the responsibility of more than one minister, a minister shall be examined only in relation to their portfolio responsibilities.

The minister may agree to provide supplementary information to the committee rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information she agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the principal clerk by Friday, 31 May 2019. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice through the online questions system.

I give the call to the member for North West Central.

Mr V.A. CATANIA: I refer to page 556 of budget paper No 2, volume 2, the income statement line item "Other appropriations (operating subsidy)". Perhaps the minister may have to provide the answer by way of supplementary if she does not have the information, but can the minister provide as a percentage the total operating subsidy for the current subsidy attributed to railway lines in WA?

Ms R. SAFFIOTI: I have 2017–18 statistics for public transport subsidies. I will go through the four subcategories: country school business services, 97.3 per cent; TransWA road and rail, 75.3 per cent; regional town bus services, 89.8 per cent; and Transperth, 69.2 per cent.

Mr V.A. CATANIA: Can the minister also provide the long-term forecast for the operating subsidies broken down by each of the key Metronet lines?

Ms R. SAFFIOTI: We do not have that information at this stage. We can provide that as the project gets underway. I can provide the forecasts for Transperth regional town bus services, TransWA road and rail services and country school bus services.

Mr V.A. CATANIA: Over the next four years.

Ms R. SAFFIOTI: Yes. By way of supplementary information I will provide the current forecast subsidy for Transperth services, regional town bus services, TransWA road and rail services, and country school bus services for the next three years after 2019–20.

[*Supplementary Information No A31.*]

Mr V.A. CATANIA: As a result of Metronet coming online, does the minister have a long-term forecast for an operating subsidy specific to railway lines?

Ms R. SAFFIOTI: We think it will probably be in line with what it is currently. Normally, we would look at the cost of providing services across the Transperth network and at the revenue collection. We would then create the statistic from that. I would say that it would be in line with the existing subsidy. Of course, part of the Metronet plan is to increase patronage and get more people living closer to rail lines. I am not sure whether this was considered when the previous government committed \$1.8 billion to the Forrestfield–Airport Link; I am not sure whether those figures were presented then. Our commitment is to increase patronage, and also, as part of our planning, create more housing opportunities closer to Metronet stations and public transport stations.

Extract from Hansard

[ASSEMBLY ESTIMATES COMMITTEE A — Thursday, 23 May 2019]

p383a-391a

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Mr V.A. CATANIA: I understand that, but surely some modelling has been done on projecting how much the operating subsidy for those specific railways will cost. There would be a rough estimate of how many patrons will use it. Obviously, the aim always is to grow the number of people who use public transport; I accept that.

Ms R. SAFFIOTI: All that information is released as part of the performance development planning, and business cases have to be prepared. The benefit–cost ratio for the two currently in the contract phase—Thornlie–Cockburn and Yanchep—are positive. That assessment includes things such as the economic benefit of those projects together with the capital and long–run operating costs. They are all over one. The business case analysis process basically helps to determine whether these projects in a very narrow interpretation financially are worthwhile and both receive more than one.

Mr V.A. CATANIA: Can I get a copy of those business cases?

[11.50 am]

Ms R. SAFFIOTI: A summary of project definition plans is on the website.

Mr V.A. CATANIA: Can the minister provide the long-term forecast projected for the patronage as a result of Metronet coming online, broken down by each key Metronet line? What is the forecast patronage for each Metronet line?

Ms R. SAFFIOTI: We can provide the patronage numbers for the Forrestfield–Airport Link, Thornlie–Cockburn, and Yanchep. We will do so by way of supplementary information.

[*Supplementary Information No A32.*]

Mrs L.M. HARVEY: I refer to the line item “Automatic Train Control—Project Definition” under “Works in Progress” on page 553. Last year, there was an estimated allocation of \$7.4 million for this project definition. I notice that its estimated total cost has now gone up to \$18.8 million. Can the minister explain why that budget has more than doubled and also advise us when that project is likely to go to tender?

Ms R. SAFFIOTI: The funding is really to finalise the Infrastructure Australia process. It is something that the federal government’s Infrastructure Australia is quite excited about. A lot of what IA focuses on is not only new lines and new projects, but also enhancing the productivity of existing infrastructure. Something like ATC enhances the productivity and efficiency of existing infrastructure. Existing infrastructure is able to be used to a greater amount. As a result, the benefit–cost ratios for these types of projects, although not sexy because they are not new rail lines, are important in increasing the utilisation of existing infrastructure. We are going through the final process of a stage 4 submission with IA, which is the PDP. We are working to see how and when these will be rolled out across the network. The next phase of our analysis is to look at what lines they will go on and how we implement it over the years. This a very long term project. Another key point is that we are adding capacity to the existing network through our railcar project. For example, C-series railcars increase the capacity of the railcar sets by about 20 per cent by virtue of each being one body in a sense—without the separation. We are increasing capacity in each railcar. This is just another element of ensuring we can continue to serve not only the eastern corridor through Midland, but also the north–south lines, which, over time, will have capacity issues.

Mrs L.M. HARVEY: Back in May 2017, when the radio systems replacement project was awarded to Huawei, I believe the announcement at the time was that that project would form a framework to facilitate ATC. Obviously, the company that has been awarded the contract, Huawei, has been banned from being involved in ATC by the commonwealth.

Ms R. SAFFIOTI: Sorry, can the member confirm that?

Mrs L.M. HARVEY: My understanding was that the commonwealth had a ban on the Huawei products expanding to ATC.

The CHAIR: Is that the question?

Mrs L.M. HARVEY: It is, yes.

Ms R. SAFFIOTI: We are not aware of that

Mrs L.M. HARVEY: Is it just the rollout to 5G that it has been banned from?

Ms R. SAFFIOTI: That is what we understand.

Mrs L.M. HARVEY: Is it likely that the ATC project would require the 5G network to operate it?

Ms R. SAFFIOTI: No.

Mrs L.M. HARVEY: Could I get a little more information about what will support ATC? Did the minister say that it is a radio project?

Ms R. SAFFIOTI: Yes, the radio systems project.

Mrs L.M. HARVEY: It is a radio systems project.

Ms R. SAFFIOTI: The radio replacement program is a digital platform. It is a closed network and it basically provides capacity for further expansion or further use of technology across the network.

Mrs L.M. HARVEY: Could the minister explain what those further uses of technology might be?

Ms R. SAFFIOTI: ATC.

Mrs L.M. HARVEY: With respect to the ATC project, what companies does the minister anticipate might be invited or approached to tender for that project?

Ms R. SAFFIOTI: As I said, we are still determining the rollout of the system, but we would probably go through an open tender process. The Public Transport Authority has engaged a couple of firms to look at the documentation but this project will go out to market.

Mrs L.M. HARVEY: Which firms have been engaged to look at the documentation?

Ms R. SAFFIOTI: It is not Huawei, if that was the question. There are a couple of other firms. We will provide, by way of supplementary information, the companies that have been engaged to provide advice for the rollout of ATC.

[*Supplementary Information No A33.*]

Mrs L.M. HARVEY: Could we have the value of those contracts as well?

Ms R. SAFFIOTI: The advice is there is an industry engagement process, but we can try to determine whether there is any value.

Mrs L.M. HARVEY: Thank you.

The CHAIR: For clarity, is that part of the supplementary information?

Ms R. SAFFIOTI: The answer will be provided as part of that supplementary information.

The CHAIR: I will allocate all that to A33.

Mr D.T. PUNCH: I refer to item 13 under “Significant Issues Impacting the Agency” on page 545 of volume 2 of budget paper No 2. The item relates to public transport services to regional WA. Can the minister provide an update on the procurement for the new *Australind* train and the works being undertaken in the meantime to keep the current rolling stock operating?

Ms R. SAFFIOTI: I thank the member for Bunbury for the question.

Mr V.A. CATANIA: Is that the line that keeps breaking down?

Mr D.T. PUNCH: This is the line that the former government did absolutely nothing about for eight and a half years. Thanks a lot!

The CHAIR: Thank you, committee members. The minister is going to respond to the question. Member for North West Central, that is enough.

[12.00 noon]

Ms R. SAFFIOTI: I thank the member for Bunbury for the question, and I thank the people of Bunbury for their patience over recent months in relation to the *Australind*. It is true that we have been addressing some significant issues with the *Australind*. The railcars were introduced in 1987, as the member knows. They were meant to have a useful life of 30 years. Over the past number of years they have been hard to maintain. The member for Bunbury pointed out that the previous government was there for eight and a half years, spent \$8.5 billion from RforR but did not allocate this as a priority in its budget. Earlier this year, a detailed inspection of the *Australind*'s railcars identified some corrosion. As a result, significant works have been undertaken to try to address that corrosion. Repairs, including the replacement of corrosive parts, have commenced. Some updates on the mechanical and electrical parts of the railcars have also been undertaken. This significant work cost between \$700 000 and up to probably \$1 million.

We were able to get two cars back on the line on Saturday, as there was another fault and an engine had to be replaced. The train is back in service. However, we do not have any back-up trains at the moment, so we are a little bit vulnerable to issues in *Australind*, as other rail cars are also being repaired. As part of our rail tender process, we have gone out to the market for the manufacture and assembly of 246 rail cars for the Metronet and public transport system. As part of that, we have also included the *Australind* train for replacement. Ideally, we would like to see that all as part of one package, and we expect to receive details of the tenders from the market at the end of this year. In the meantime, we have spent significantly on the *Australind* and we will continue to monitor it. We understand the frustrations of the Bunbury community and surrounds, but we have had to fix it to address many issues of the past. We hope we can get it to a stage at which it provides a very reliable service for the Bunbury community. We are also engaged with other consultants about other routes in relation to the existing route and

what savings we could possibly make along the route, and other issues. We are committed to looking at all aspects of the *Australind* train service to improve the service for Bunbury residents.

Mr V.A. CATANIA: How many days was the *Australind* train out of service in the years 2017–18 and 2018–19 to date?

Mr D.T. PUNCH: And they left us a lot of corrosion as well.

Ms R. SAFFIOTI: We can provide information by way of supplementary information on the days the *Australind* was out in the years 2017–18 and 2018–19.

[*Supplementary Information No A34.*]

Ms R. SAFFIOTI: Corrosion does not happen overnight and it does not happen over two years; it happens over the past eight and a half years because of the neglect of the previous National–Liberal government.

Mr V.A. CATANIA: How much did the repairs to the *Australind* train cost over the years 2017–18 and 2018–19 to date? How much did the replacement bus service cost in the years 2017–18 and 2018–19 to date?

Ms R. SAFFIOTI: We can provide information by way of supplementary information the cost of replacement buses and the repairs to the *Australind* train over the years 2017–18 and 2018–19.

[*Supplementary Information No A35.*]

Mr W.R. MARMION: Is there a possibility of a fast train from Perth to Bunbury and has that possibility had any impact on any government department’s enthusiasm to upgrade the *Australind* train because of the possibility of it being obsolete in the future?

Ms R. SAFFIOTI: That is not a part of our thinking. I have been careful about that issue because it is a bit like the fast train to Canberra: everyone talks about it and builds expectations about it, so I have been very careful about my language on this. Looking at the planning for Peel and the south west over the next 50 years, the significant residential developments between Mandurah and Bunbury and further economic activity in the south west, over time there would, of course, be an economic justification. I have always been careful about my language because I have never been one to promise things I do not think I can deliver in my term. There is discussion in the planning space about what is happening and the proposed routes between Peel and Bunbury. The member for Bunbury has raised this and we have had discussions, and it will happen, but we are being very careful about our language. All the future planning points to this being a project that will stand up economically.

Mr W.R. MARMION: The minister mentioned that planning is important and that possible alignments will not be built or they will cost more. I assume a number of alignments are being considered. Does the current *Australind* alignment form part of the consideration?

Ms R. SAFFIOTI: Everything has been put forward and one of those is the capacity constraints on the north–south line, which is something to take into consideration. It needs bigger rail cars, but it will also have capacity issues in the future. All of these things have been considered. We have concentrated on getting *Australind* into a better condition and better position to serve people, but the extension of the train down there is something that would happen in the longer term.

Mr V.A. CATANIA: I refer to page 143 in the *Economic and Fiscal Outlook* in reference to job creation in the introduction of the table. What is the total full-time employee list across all state government departments involved with the Metronet projects?

Ms R. SAFFIOTI: We can provide that in supplementary information. Is it the full-time employee list working in the Metronet office or on the Metronet generally?

Mr V.A. CATANIA: Who are the employees across all state government departments working on Metronet?

Ms R. SAFFIOTI: It is difficult. Within the Department of Communities there are probably a lot of people doing a little bit of it, because, in a sense, it is part of what they do now. They are looking at housing opportunities. They are looking at Metronet precincts. The best information I can provide is across my portfolio.

Mr V.A. CATANIA: I suppose it is specific to the minister’s portfolio, but housing does have a major plank of Metronet.

Ms R. SAFFIOTI: There are housing people who are dedicated to the Metronet unit who we would include as part of that analysis, but what I am saying is there might be someone in Western Power who might be doing something, such as changing underground power near Denny Avenue, which I cannot account for. So, if it is across my portfolio, I will be able to give that information.

[*Supplementary Information No A36.*]

Mr V.A. CATANIA: What is the composition of the Metronet project team?

Ms R. SAFFIOTI: As in what does the Metronet project team like doing, or what are its favourite pastimes?

Mr V.A. CATANIA: In terms of who is in charge and who is putting the bolts in the carts?

Ms R. SAFFIOTI: I will tell you how it is structured. We have a Metronet project team headed by Anthony Kannis. It sits in the structure of the Department of Transport. He reports from a deputy director general level, in a sense, to myself and Richard Sellers. That team has some dedicated staff—they are all dedicated, sorry—and they have also seconded a number of people from different agencies, such as communities, planning, the Metropolitan Redevelopment Authority and LandCorp, and they all work in that unit. The actual Metronet team is tight, but it has seconded a number of people from other agencies. It basically has two arms.

We have land-use and infrastructure planning components and they both report to me and Anthony. That is the structure. When projects are signed-off for delivery, they head back to Mark Burgess and Ross Hamilton's group at the Public Transport Authority to be delivered. That is how it is structured. If, on the planning side, the Metropolitan Redevelopment Authority delivers the precinct, it is sent to the MRA or LandCorp to be delivered. In a sense, Metronet is the planning arm and the delivery continues to rest with some of the existing agencies. We did not want to create another government agency to replicate what others are doing, so that is the format.

[12.10 pm]

Mr V.A. CATANIA: I want to get a good grasp of the number of full-time equivalents working on the project. It would be good to get a handle on the number of FTEs from across the agencies. Is the minister able to provide a breakdown of the team members, their pay grades and the government agencies from which they have been seconded to work on the project?

Ms R. SAFFIOTI: As in people's names? Can we put positions?

Mr V.A. CATANIA: Yes. Can I have a breakdown of their pay grade —

Ms R. SAFFIOTI: We will put down the positions and pay grade for the Metronet team and the secondments.

[*Supplementary Information No A37.*]

Mr W.R. MARMION: I refer to page 553, paragraph 18, which refers to the 30 new B-series railcars. I am getting my head around the railcar acquisition program and the future construction or assembly program for railcars. I presume that the 30 new B-series have been secured from overseas to assist with the initial demand for railcars over the next two years.

Ms R. SAFFIOTI: The 30 new B-series railcars was an order undertaken by the former government to feed the Forrestfield–Claremont shuttle or the Forrestfield extension. They have been received but not all of them are in service. I have been out to the depo in Nowergup a couple of times and have seen the bright new rail cars that are ready to roll. They were the last trains to be manufactured in the Queensland Maryborough factory by the Bombardier–Downer partnership. It is quite ironic that our train order extended the life of that factory for a bit longer. They were the last ones to be manufactured there because the former Queensland government—I am not sure why it would do this—decided to close the facility and purchase railcars from India, as I recall.

Mr W.R. MARMION: It might have been cheaper, otherwise why would they do it?

Ms R. SAFFIOTI: It was probably cheaper at the time, but the windows are not big enough and the railcars do not stop properly. The government had to spend tens of millions of dollars on extra maintenance, and there is some discussion about the factory reopening or having a greater replacement and maintenance role.

Mr W.R. MARMION: Following on from that, on the same page under “Works in Progress” there is a line item “Railcar Acquisition” for which there is \$124 million expenditure in the forward estimate year 2022–23. I am trying to reconcile whether that line item is for further railcar acquisition. There is \$508 million set aside for that particular acquisition program.

Ms R. SAFFIOTI: That is the Metronet acquisition program for the additional C-series to feed Metronet. The expenditure under “Railcar Replacement” refers to the railcar acquisition to replace the A-series. We have combined the two projects. The railcars needed to fuel the Metronet network and the expanded network, and the A-series replacement railcars, have been put into one contract, but they are listed separately.

Mrs L.M. HARVEY: Page 553 of the budget papers refers to the Forrestfield–Airport Link, the Thornlie–Cockburn link and the Yanchep rail extension all coming on in 2021–22, but the railcar acquisition extends beyond that. Will there be sufficient railcars for the opening of those three Metronet lines in 2021–22?

Ms R. SAFFIOTI: The Forrestfield railcars are already here, so that one has been dealt with. The government believes that it will have the capacity to deliver the Thornlie–Cockburn link and the Yanchep rail extension in that

year. The program is big because it is not only these two lines; it is also the railcars needed for Byford and Ellenbrook. They are the additional ones as part of the project.

Mr W.R. MARMION: I want to get my head around the expansion in the number of railcars needed. The government has locked in the last ones from Queensland. Where will the government source new railcars? Will a tender process go out for new railcars or will they be manufactured in Western Australia?

Ms R. SAFFIOTI: When we looked at this, we understood that to enhance our opportunity for manufacturing and assembly in WA, we needed to create long-term certainty. The former government considered a \$1 billion project in the 2016–17 budget for the A-series replacement. I think it put \$5 million in the budget for a \$1 billion program to replace the A-series but then it walked away from it. We saw an opportunity to combine the replacement of the A-series, which we knew we had to do over time, with the expansion of the network through Metronet, into one contract for 246 railcars. We have taken that to market. The process has been taken as an overall package, including maintenance components, to create a 15 to 20-year strategy for the maintenance and assembly of railcars, noting that railcar delivery will be at the front end of that. That tender is in the market and is being evaluated at the moment, and we will probably make an announcement in the second half of the year.

Mr W.R. MARMION: Basically, the government will not follow the B-series project in the future because all A-series replacement and new railcars will come under one tender document. The government does not envisage someone tendering to provide complete railcars; rather, will it be assembly and some amount of manufacturing?

[12.20 pm]

Ms R. SAFFIOTI: Yes, and that is what our tender process has been targeted at. Just to clarify, we will build the C-series in Western Australia to replace the A-series. The plan is that the A-series will disappear, the B-series will drop to the heritage lines and the C-series will run the north–south route. It will increase capacity on the north–south line and put newer trains on the heritage lines.

Mr W.R. MARMION: Now it is getting clearer. It is a good target to get a 50 per cent Western Australian contribution, however that will be measured. Obviously it could be argued that there are some components of a railcar that could be built in Western Australia, such as the engine, but it would not be very efficient to do so. The provision of the engine would preclude a lot of people tendering on this and it would require an overseas company that has the engine. How many companies will be able to tender on this project?

Ms R. SAFFIOTI: I have had a lot of interest in this area. I visited Victoria to see what was done there. People nowadays believe that we have to fully import things and not have any local content. Victoria adopted a different approach. A number of years ago, Victoria set targets for local content. It started at 40 per cent, then went to 50 per cent and 60 per cent. It has combined this with its tram manufacturing. There are little manufacturing assembly hubs throughout Ballarat, Dandenong, Newport and Bendigo. Over time the state has been able to improve what it is doing. It engaged with overseas companies that do good train manufacturing, but required them to do it in Victoria and to employ local people and support local industry. There is direct work not only on the assembly floor, but also with the secondary suppliers. In Victoria, smaller suppliers were able to feed the supply chain. This government very much adopted the Victorian model and brought it to WA. I went there when I was in opposition and when we won government. I made a commitment when in opposition, and, when we won government, I started to implement that. There was probably a fear by some that we would not get the interest of some of the big players, but we have seen good interest. Three significant players are part of the current evaluation process. It is a good result so far. We will keep working on it. We will see it as a model that can deliver some good benefits.

People often talk about things being the cheapest. I make the point that there was a lot of discussion about the rate per railcar. The government did some analysis, and what Victoria was paying for its railcars as a result of its volume purchase was lower than what we were potentially purchasing for our Forrestfield B-series trains. Victoria was basically making them all there. We have seen in both the Queensland and New South Wales examples, when they went wholly overseas, significant issues that those states are spending a lot of money to rectify.

Mr W.R. MARMION: I am aware that in the mining industry in Western Australia one of the most sophisticated pieces of equipment is a rail grinder. That was put together—one could argue the word “manufactured”—in Western Australia. It won an engineering excellence award 12 years ago. The capability is there, but obviously the engine to drive the railcar was not manufactured in Western Australia. They had to source the engine. That is the point I make. Once an engine is sourced, the power required must be designated in the document. Obviously if consortiums are coming together to tender on the project, they will have to source the engine from certain manufacturers. I would be very interested to know if we could manufacture an engine in Western Australia. That would be terrific.

Ms R. SAFFIOTI: As I said, we put a target of 50 per cent. Similar to the Volgren bus facility in Malaga, it does bring in some components, but its assembly, and others manufacturing in that area, creates over 200 jobs. To me, that is a good outcome.

Mr W.R. MARMION: Sure, but the engines are Volvo, are they not?

Ms R. SAFFIOTI: Yes.

Mr W.R. MARMION: They do not make the Volvo engines in Western Australia. That is the point I make.

Ms R. SAFFIOTI: No. The other issue is that it is about maintenance too. Some parts of government—not our agency—have been good at looking at the lowest cost, but having the right maintenance in place is important too. So far in relation to the existing maintenance contracts at Claisebrook and Nowergup we have done really well with good maintenance and people who know what they are doing. The challenge is that when buying assets that last a long time, and when reliability is very important, a good maintenance program is also something that we need to take into consideration.

Mrs L.M. HARVEY: Page 553 of budget paper No 2 refers to the Yanchep rail extension. My understanding is that the Yanchep and Byford projects were bundled together for the tender process; however, I do not see the funding for the Byford rail extension in the budget. Can the minister explain how that has been managed?

Ms R. SAFFIOTI: It is Yanchep and Thornlie that were bundled together.

Mrs L.M. HARVEY: Okay. With respect to the Yanchep rail extension, my understanding is that some land swaps need to occur and new environment approvals were required. Where are those approvals up to at this point?

Ms R. SAFFIOTI: The government is going through that environmental process at the moment with Yanchep. It has been broken into two stages. We are nearing the end of the stage 1 environmental process and stage 2 is also underway. In relation to the bundling of the contracts, we have gone out to market as an alliance contract. Those two projects are to be delivered through one contractor under an alliance model.

Mrs L.M. HARVEY: The feedback I have had from industry on the bundling of the contract is that that has excluded the opportunity for some of the small Western Australian-owned construction companies to tender. They can tender for a project that is that big, being the Thornlie–Cockburn link and the Yanchep rail extension, only if they partner with one of the larger head contractors, all of whom are overseas-owned. With respect to the tender being awarded, is an effort being made to ensure that the wholly Western Australian-owned contractors have an opportunity to be part of that alliance or, indeed, a requirement to be part of that alliance?

Ms R. SAFFIOTI: Two tenderers are left—it is a competitive alliance now, so we have entered the next phase of that procurement process. We took on board the concerns initially, but some of those who were concerned are part of the consortiums in this tender process. The other key advice we received on the procurement related to value for money and also skills retention and acquisition. Western Australia is competing with other states in relation to skills capacity to deliver projects. A number of significant rail projects are underway or about to commence across the country. One of the things we had to be mindful of was creating a volume to attract someone to deliver the project. We understood the concerns of some of the smaller companies, but this project, together with other projects such as Bayswater train station, which is worth about \$150 million, and the Denny Avenue level crossing removal, plus other projects that will come online, gives the industry significant capacity to be involved in rail over the next two to three years.

[12.30 pm]

Mrs L.M. HARVEY: Where is the government up to on planning for the Byford rail project; what is the anticipated total cost of that project; and when will it commence?

Ms R. SAFFIOTI: We are going through the planning process at the moment. The location of the station is a key consideration. There are two schools of thought on that. We are going through detailed planning and preparation of business cases. The reality is that Infrastructure Australia's requirements are significant. The four-stage business case process includes having to prove that rail is the best option. Even though both state and federal governments have given commitments to the projects, we have to prove to IA that rail is the best option. We are going through that work with IA and the business planning and we hope to get underway. I will provide supplementary information on the proposed timetable for the Byford rail line.

[*Supplementary Information No A38.*]

Mrs L.M. HARVEY: Is the federal funding of \$241 million promised for the Byford rail project sitting in the Metronet fund or is it yet to be transferred over?

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Ms R. SAFFIOTI: It is all sitting in the Metronet account. Some of the funds from the commonwealth were prepaid. The commonwealth government, for its own budgetary purposes, has tried a few things with us that we have accepted. Occasionally, the commonwealth prepays funds; we accepted that. We have parked money into accounts ready to be spent once IA ticks off our process.

Mr C.J. TALLENTIRE: I refer to page 551 of budget paper No 2, volume 2, “METRONET — Thornlie–Cockburn Link”. Can the minister provide more detail on how the project is progressing?

Ms R. SAFFIOTI: As the member would know, the project has been bundled with the Yanchep rail line extension as part of a current procurement process. A lot of activity is underway, including, of course, planning for the two stations. Radford Road is an interesting location because it connects to Canning Vale and the local area, but the site does not lend itself to a lot of other activation. Moving to the Nicholson Road site—one I think the member is very interested in—a station located there would have proximity to the police station and the old reception centre, and there is a lot of interest from developers for a new development close to the station. We are working with all those parties, together with the respective councils. As I recall, there are three councils around that intersection.

Mr C.J. TALLENTIRE: It is Canning and Gosnells. Charter Hall.

Ms R. SAFFIOTI: Charter Hall, which is a very big—I think there is all up 25 hectares in that northern precinct, as I would call it. There is a lot of excitement for a station at Nicholson Road and that planning is underway. From an infrastructure point of view, we have been finalising negotiations with the third party infrastructure owners, because a large part of this project is relocation. Of course, we are working with Arc Infrastructure on its rail lines. We are talking to the community about the right noise walls and noise mitigation. The evaluation is happening now and we will be able to announce a successful contractor by the third quarter of this year.

Mrs L.M. HARVEY: With respect to the Thornlie–Cockburn Link, last year’s budget anticipated the project would have been started by now and anticipated \$110 million for 2018–19 and \$155 million for this financial year. It looks like the 2019–20 estimate is \$159 million being expended that year. When does the minister anticipate the project will commence? The minister mentioned negotiations with Arc Infrastructure. Have negotiations on the freight rail in that corridor been finalised?

Ms R. SAFFIOTI: Arc Infrastructure has been working really well with the Public Transport Authority on this project, and I thank all those involved because it is complex. I think we are negotiating with other third parties. Those negotiations have either been finalised or are in the process of being finalised. We expect to commence by the end of this year; that meets the time frames that we set out. The contract and other forward works will commence before that, too.

Mr R.R. WHITBY: When the Thornlie–Cockburn Link is completed, how will it impact on people who use the Mandurah line? I am thinking in terms of people getting to the football on game day. I know a lot of Dockers supporters live along the Mandurah line down the southern corridor. How much time would it take for people to get from Mandurah to Perth by that route, and would that be the preferred option for someone travelling up on game day?

Ms R. SAFFIOTI: It is actually a good question. It would probably save, looking at transfers, about half an hour. People living south of Cockburn would head north and then veer right on the new Thornlie–Cockburn Link to join the Armadale line at Beckenham—I always want to say “Beckingham” but it is Beckenham—and then through to the city. People will arrive at the Optus Stadium from the south. An associated impact of the Thornlie–Cockburn Link is the level crossing removal program. We put forward a number of projects to both the federal government and opposition to secure funding for level crossing removals through Victoria Park and Cannington. Of course, we made commitments at the election on Oates Street and Wharf Street, and we are proceeding with those. From both sides of government, we received commitments to remove three level crossings in Vic Park. We do not have funding from the Morrison government for the Cannington level crossing removals, but we will follow up on that. The trains per hour will increase on the line between Beckenham and Perth after the Thornlie–Cockburn Link is completed, and we want to try to remove some of those level crossings.

Mr R.R. WHITBY: Obviously, football is one day of interest, but does the minister anticipate that patronage on the Mandurah line would increase overall because of the extra link and availability of extra destinations for people in that corridor?

Ms R. SAFFIOTI: It will apply particularly to people in the south east corridor trying to connect to the south west corridor. The member for Thornlie will probably agree that a lot of people living along or in close proximity to the Armadale line need to connect over to the Mandurah line. The ability to make that connection will be significant, as will be the ability for people on the south west corridor to travel to the east. It will start the circle connection, understanding that people need to go across the metropolitan area to go to university, TAFE, work or major

hospitals. We have seen it in the northern area, too. People need to be able to cross suburbs without having to go through Perth. That is a big one.

[12.40 pm]

Mr V.A. CATANIA: I refer to page 143 of budget paper No 3. For each of the capital expenditure line items in the table headed “Metronet”, can the minister explain and provide detail on the total amount of committed commonwealth government funding for each year from 2018–19 to 2022–23? Can the minister also provide detail on the total amount of state government funding committed for each year from 2018–19 to 2022–23?

Ms R. SAFFIOTI: Just to clarify, the amount of commonwealth funding for each line?

Mr V.A. CATANIA: Yes, from 2018–19 to 2022–23.

Ms R. SAFFIOTI: For each project? Would that make more sense?

Mr V.A. CATANIA: For each project, each line, yes.

Ms R. SAFFIOTI: Okay, but by way of supplementary information. I will just repeat: commonwealth government funding for each line of the capital expenditure section of table 2 on page 143.

[*Supplementary Information No A39.*]

Mr V.A. CATANIA: Can the minister also provide detail on the total amount of state government funding for each year from 2018–19 to 2022–23?

Ms R. SAFFIOTI: Yes, we can do that, although I will put a proviso on it. As I have said, the commonwealth government’s funding flows have been a little ad hoc. For example, it has given us money just to reduce its surplus for a particular year; it might have done that. Its money flows have been a bit all over the place, so we will provide that information, but it is more a management of its budget bottom line rather than an indication of anything else.

The CHAIR: Can the minister just repeat what she is going to provide?

Ms R. SAFFIOTI: Commonwealth government funding to Metronet projects from 2018–19 to 2022–23.

Mr V.A. CATANIA: Also the state government funding for each year, from 2018–19 to 2022–23.

Ms R. SAFFIOTI: Also the state government funding from 2018–19 to 2022–23.

[*Supplementary Information No A40.*]

Mr V.A. CATANIA: When I add up the amounts on that table, the total comes to \$4.000.517 billion. As far as I can see, there seems to be a gap of about \$520 million in that table. Can the minister explain why, from my quick calculations, there is a gap in that table?

Ms R. SAFFIOTI: Because the member is including 2018–19, and that total is for 2019–20 to 2022–23.

Mr V.A. CATANIA: I am including all of what is on that table, but there seems to be a gap of \$520 million.

Ms R. SAFFIOTI: I am saying that the across does not add up to the down. There is a 2018–19 column, but the subtotal of \$4.1 billion is only for 2019–20 to 2022–23.

Mr V.A. CATANIA: Okay.

Mrs L.M. HARVEY: With regard to the Forrestfield–Airport Link, the expected completion date in the Public Transport Authority’s annual report last year was 2019–20. Obviously that has been changed to 2021–22. Could the minister give us an update on whether any ground has been made up on that project, and also on the status of the station constructions at Airport, Belmont and Forrestfield?

Ms R. SAFFIOTI: In December last year we announced a delay for the commencement of operation of the Forrestfield–Airport Link for one year—from late 2020 to late 2021. We have basically tried to give ourselves capacity so that, should there be other occurrences or delays, they can be fitted into that timetable. That is what we did and that is the current situation. The current expected date of commencement of operation is still the end of 2021. With regard to the stations, they are proceeding very well. We recently visited Redcliffe station, which is going well, and so are the other two stations. The station developments are going well and there have not really been any major issues with that. Of course, we had issues with the cross passages, which are still being constructed, but the stations overall are doing okay.

Mr W.R. MARMION: I have a question in relation to variations due to site conditions, such as sinkholes. Can the minister give me an idea of how many variations have been put out by the contractor and the rough cost estimate so far for any such variation orders to the contract?

Extract from Hansard

[ASSEMBLY ESTIMATES COMMITTEE A — Thursday, 23 May 2019]

p383a-391a

Chair; Mr Vincent Catania; Ms Rita Saffioti; Mrs Liza Harvey; Mr Donald Punch; Mr Bill Marmion; Mr Chris Tallentire; Mr Reece Whitby

Ms R. SAFFIOTI: We have not changed the scope of the contract at all. Sorry; the scale of the infrastructure has not changed. Some discussions have been had, as with all contracts, between the contractor and the government about some of the issues. They mainly relate to the geotech issues, of which the member would be aware.

Mr W.R. MARMION: I am aware that the scope has not changed, but if the contractor has to do more work than they anticipated when they put their tender in, a variation order will be issued. I have issued hundreds of them in my past lives. They can be for small things that the contractor does not anticipate, and they do not usually anticipate a sinkhole. I understand that a reasonable amount of concrete has been poured into sinkholes along that route to allow further construction. So, the simple question is: can the minister tell me how many variation orders have been issued by the engineering superintendent or whoever to make up for the extra work that the contractor has to do? Variation orders are not unusual; they are fine. Everyone treats them as though they are a nasty thing, but it is just a natural part of a contract.

Ms R. SAFFIOTI: I understand that they are a part of contracting, but because we are under contract and currently trying to deliver the project, we can provide by way of supplementary information the variations that have been claimed by the contractor; just the number, not the details.

Mrs L.M. HARVEY: Further to that, is the disposal of the contaminated soil also likely to be subject to a variation order?

Ms R. SAFFIOTI: That is something that is currently being discussed, yes.

The CHAIR: Minister, could we have some clarity on the supplementary information.

Ms R. SAFFIOTI: The number of variations to the contract that have been put forward by the contractor to the Public Transport Authority.

[*Supplementary Information No A41.*]

The appropriation was recommended.