

# **PUBLIC ACCOUNTS COMMITTEE**

## **INQUIRY INTO PROJECT PLANNING AND FUNDING APPLICATIONS FOR MAJOR WESTERN AUSTRALIAN INFRASTRUCTURE PROJECTS**

**TRANSCRIPT OF EVIDENCE TAKEN  
AT PERTH  
FRIDAY, 5 MARCH 2010**

### **SESSION TWO**

#### **Members**

**Mr J.C. Kobelke (Chairman)**  
**Mr J.M. Francis (Deputy Chairman)**  
**Mr A. Krsticevic**  
**Ms R. Saffioti**  
**Mr C.J. Tallentire**

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**Hearing commenced at 1.00 pm**

**HENNEVELD, MR MENNO**  
**Commissioner of Main Roads,**  
**examined.**

**COSSON, MR MICHAEL GRANT**  
**Manager, Project Programming, Main Roads WA,**  
**examined.**

**ARNOTT, MR ROBERT**  
**Engineer/Project Director, Main Roads WA,**  
**examined.**

**The CHAIRMAN:** I will start with the formalities, which are required. This committee hearing is a proceeding of Parliament and warrants the same respect that proceedings in the house itself demand. Even though you are not required to give evidence on oath, any deliberate misleading of the committee may be regarded as contempt of Parliament. Have you completed the “Details of Witness” form?

**The Witnesses:** Yes.

**The CHAIRMAN:** Do you understand the notice at the bottom of the form?

**The Witnesses:** Yes.

**The CHAIRMAN:** Did you receive and read an information for witnesses briefing sheet regarding giving evidence before parliamentary committees?

**The Witnesses:** Yes.

**The CHAIRMAN:** Do you have any questions relating to appearing before the committee today?

**The Witnesses:** No.

**The CHAIRMAN:** The committee received a submission from the Department of the Premier and Cabinet, which I presume was submitted by you. Do you wish to propose any amendments to that submission?

**Mr Henneveld:** No, but we will elaborate.

**The CHAIRMAN:** Before we enter into dialogue and have questions, I will pass over to you to give us an overview or briefing on matters relating to the Perth Airport roads or GatewayWA.

**Mr Henneveld:** If you are happy, I will give a very brief background and then Rob, who is the project director, will go into detail about the planning and all of the things you would be interested in. The Gateway project is centred on the Kewdale – Forrestfield – Perth Airport precinct. That is a critical gateway for Perth, for both people and freight. The Perth Airport is under enormous pressure at the moment; it has some nine million people going through as passengers. That is set to double in the next 20 years, and you can appreciate the impact that will have on the road network. It is not just passengers through the airport, it is also the additional general aviation requirements—the charters and the air freight that go through. The Kewdale intermodal facility is in that precinct. As well as that, we have the metro grain terminal and some very, very large warehousing facilities. It really is a very key distribution node in the network. To give the committee some indication, some 40 per cent of the exports that go through Fremantle go through that area and some 16 to 20 per cent

of imports go through that area. You can see that it is a very, very busy precinct from the transport point of view. It is also the largest employment centre outside of the Perth CBD, so that is another impact on transport. Also, because of the warehousing facilities and passengers, there is a real mix of the transport vehicles—heavy trucks, taxis, buses and all those sorts of things that also have an impact on the network.

I will say a little about the background to the project before Rob goes into it from a project point of view. The previous program that the federal government had for funding projects of this sort was the AusLink 2 program. A feature of that program was a series of 24 transport corridors that were going to be funded throughout Australia. One of those corridors was the Perth urban transport and freight corridor. We put forward a proposal that featured probably a billion dollars worth of subprojects in a program that I can go through with you in some detail, but it probably would not serve much purpose. Suffice to say that of the billion dollars that we sought, the federal government at the time, which was in pre-election mode, granted \$700 million for that corridor project. Of that \$700 million, \$350 million was federally funded and \$350 million was to come from the state. Out of that, \$177 million was for the project that we are going to be talking about today. The Auslink 2 program morphed into the Nation Building program with the new government. Of course, with the new government, we also had Infrastructure Australia coming in. We put forward submissions for the Perth Gateway project under Infrastructure Australia in 2008. We did not get funding, but we got a tick in terms of, “Well, we will keep you in the pipeline.” The WA government put that forward as its top priority in Infrastructure Australia projects in 2009, and we are currently awaiting the assessment of that for funding. That is the broad background and that sets the scene a little bit. I will now hand over to Rob, who will give you far more detail about the project itself, including the funding and so on.

**Mr Arnott:** I have brought some hard copy versions of the slides, so you can distribute them around and, if you want, make notes on them. I will commence with some key messages, although I think Menno has covered most of these, but I will reiterate them briefly. We are talking about what is arguably WA’s most important transport interchange. It is a real confluence between road, rail and air. It is all about the movement of people and goods. We are talking about the gateway to our state. This project talks about the access to our new airport. Again, as Menno mentioned, the figure last year was nine million passenger movements and that is tipped to double by 2030. It is all about the entry to our state—a lot of people’s first impression. Again, it is the freight and logistics hub at Kewdale intermodal facility, the metro grain terminal and the home of a lot of freight and major logistics operations. Menno also talked about its being the distribution point for bulk imports and about the expected doubling of trade by 2030.

I will say a little about the geographic location. This slide was given to me by my colleagues at Perth Airport and I thought it was quite profound. It helps understand a lot about this project. In the metropolitan area, that red triangle is sketched in as the population triangle, if you like. The area we are talking about is at the short apex of that triangle, so it is a strategic location for an airport. Likewise, if you are a freight or logistics company, it is a strategic location for those sorts of operations, too. The last bullet point refers to the road access challenges as largely being in the first few and last few miles. That precinct is well served by Tonkin Highway to the north and to the south, Roe Highway, and so forth, but there are a few challenges when you get towards the airport and that freight hub.

[1.10 pm]

The next thing I have done here in a series of slides—because I think it is pertinent to your line of inquiry—is put together a chronology of key planning and funding events. This is by no means complete but it will give you a sense of where we have come from. Prior to June, a lot of work was done developing AusLink corridor strategies. These were published in June 2007 and included a strategy for the Perth urban corridor. These were done as part of the AusLink program. At that time

in June, the commonwealth also sought AusLink 2 submissions. This followed on from previous AusLink 1 programs. The whole idea around the corridor strategy was to put some more structure into future submissions. In September 2007 the state government of Western Australia finalised its AusLink 2 submission and submitted it to the commonwealth. It included over \$1 billion worth of works on the Perth urban corridor. That included both roadworks and rail works.

In November 2007 there were announcements in the lead-up to the federal election that included a federal Labor commitment to a down payment of \$350 million towards \$1.4 billion worth of works on the Perth urban corridor. The funding period for that was 2009–10 through to 2013–14 and it included a total of \$177 million for the Tonkin Highway. In subsequent slides I will explain how we started working on that. No sooner had we started getting our minds around that, in April 2008 Perth Airport announced its plans for a major redevelopment, including terminal consolidation. Hot on the heels of that, the state government sought funding from the commonwealth to develop a Perth Airport transport master plan. In the subsequent slides I will use the acronym PATMP to describe that. A month after that, in June 2008, the commonwealth committed \$3 million towards that Perth Airport transport master plan. Incidentally, that was supplemented with a state contribution of another \$500 000. That \$500 000 is the in-kind type contribution that recognises the input from agencies such as Main Roads and supplies modelling information and so forth. In August 2008 we submitted project concepts for the AusLink 2 projects. This was similar to preliminary business cases to secure that commonwealth funding. At that time we sought some advance payment of \$500 000 in 2008–09 to commence road planning works on Tonkin Highway. If I go back to the previous slide, you will recollect that the funding is from 2009–10 through to 2013–14. We sought to advance some of that funding so we could get started with the planning work. By September the following month we initiated a joint study with our airport colleagues. Incidentally, an acronym that I have not explained is WAC, Westralia Airports Corporation—Perth Airport. We initiated a strategic road access study. In essence, we were looking to see how we could vent traffic out of that airport estate. It was quite a critical study. Whilst all the attention is focused on Tonkin Highway in subsequent work, it was preceded by this work that looked at the opportunities and whether there were other ways of doing this.

In October 2008 the airport approached the Premier and Treasury to seek Infrastructure Australia funding for the Perth Airport road links. We prepared that submission in conjunction with the airport and Treasury and Finance. The Perth Airport transport master plan is being run by the Department of Transport. It started commissioning further studies of both road needs and rail works. In November 2008 the Infrastructure Australia submission went forward. Again, the committee should bear in mind that only a month or two has passed between first sit-down talks with the airport on all of this and putting a submission together. It was fairly new stuff.

In December 2008 the AusLink 2 program was rebadged as Nation Building and we commenced our Tonkin Highway feasibility studies. The MOU for the Nation Building program was signed in February. In May it was announced that we were unsuccessful in getting Building Australia Fund funds but we were short-listed as a priority project. In November we updated that submission and retitled it because the focus was a little wrong. It was all about Perth Airport road links. It is now titled Gateway WA, which is all about the Perth Airport and freight access projects. There are two quite distinct components of it. It is resubmitted as the highest priority of seven submissions from WA. In December 2009 we went to the market seeking expressions of interest for a detailed master planning study for that project. That is the time frame.

Following are a series of slides that put that into context. The Perth urban corridor is the corridor of highways and main roads that link between the Kewdale site and the inner harbour and ultimately to the future harbour. It includes Roe and Leach Highways, the Kwinana Freeway and that section of Tonkin Highway. A series of projects were put under that AusLink 2 program to upgrade Tonkin Highway and is worth \$177 million. We should bear in mind that this is prior to the announcement of airport consolidation. The scope of that work exceeded \$177 million. The funding that was given

amounted to \$177 million. We are only funding \$700 million out of \$1.4 billion. It was only about half the funds required for this project. It included grade separation at Horrie Miller Drive. At that time Horrie Miller Drive was the one and only access into the airport estate at this end of that estate.

I will give a bit of background on the airport growth. The airport does a master plan every five years. In the period leading up to 2008, it had realised around 15 years' worth of anticipated growth in less than three years. It caught it on the hop a little and put it outside its planning horizon. These are domestic passenger trends. It is similar for general aviation. International travel is not quite as pronounced as this but there are similar trends. Those plans are all available on the website and encapsulated in the Perth Airport revised 2009 master plan. Effectively, it is trying to progressively relocate its domestic services to the international site. Stage 1 of that is Terminal WA, which will ultimately become a fly in, fly out facility. It will also build a new international terminal and reconstruct the current international terminal as a new domestic terminal.

This slide paints a picture as to what that means. In 2008 we had nine million passenger movements coming out of the total airport precinct. Given that domestic traffic is coming out of Brearley Avenue, there are around 12 000 vehicles a day on Horrie Miller Drive coming from the airport and another 9 000 coming out of that commercial development from Coles and Woolies and so forth. There are around 21 000 vehicles at the junction of Horrie Miller Drive and Tonkin Highway at the moment. If we did nothing else and assumed that the airport was fully consolidated by 2016, we would see a 400 per cent increase in traffic, from 21 000 to 79 000. If we start projecting that forward out to 2031, we are well over the 100 000 mark. We are talking about freeway-type volumes coming out of the airport, similar to what we have on Graham Farmer Freeway, the Mitchell Freeway and Kwinana Freeway.

**Mr Henneveld:** That is what we have right now.

**Mr Arnott:** Yes, that is current traffic volumes. I think I have covered most of this slide. The IA submission was put forward in November 2008 based on an estimated \$600 million worth of road and bridge works, short-listed as one of 28 pipeline projects from around the nation. We resubmitted it in November 2009 as the Gateway WA, Perth Airport and freight access project. It has gone forward as the highest priority project from the state of WA. A key feature of that submission is this proposed freeway–freeway interchange at Tonkin Highway and Leach Highway, with direct access into the airport terminal, which will largely separate the airport and freight traffic.

[1.20 pm]

**The CHAIRMAN:** On the very last point you made, how do you separate airport and freight?

**Mr Arnott:** Good question. Probably this slide is the best. Effectively, what we are planning is a freeway–freeway style interchange to cope with the expected volume coming out of the airport precinct. Also, it is the connection between Tonkin Highway, which is effectively a freeway network, and our major arterial road of Leach Highway. But what we are trying to do in this concept is set up Kewdale Road – Horrie Miller Drive as primarily the freight–come–commercial access. To some degree, there will be a separation between these networks. They will not be totally separated, but all this freight traffic that is trying to get in here will use this sort of access. We are trying to get airport users on this separate road through there.

**The CHAIRMAN:** The flyover, as you have got it there, is different from the earlier diagram. Which one are we dealing with? What is the scope of works in the current program?

**Mr Arnott:** This is the IA submission, which is quite different. The yellow roads in that earlier slide were the original AusLink 2 or Nation Building program. The key differences are primarily around this area of Tonkin and Leach Highways; it had a very simple freeway interchange. This is now a four-way interchange, but a very complex interchange. To achieve this complex interchange, the whole of Tonkin Highway is pulled into the airport estate. Also, you should note that this is right at the end of the runway, which is a fairly challenging spot to put an interchange, because

there are all sorts of what they call obstacle limitations and surfaces as you approach the runway. What this involves is a lot of tunnel-type structures, because we cannot go up; otherwise we interfere with the airport or airline flight paths. Also, this scope is now quite considerably expanded because you need to do works down Leach Highway, in particular grade separating Leach Highway and Abernethy Road and sorting out an access strategy for properties along this section of Leach Highway. We have a number of commercial properties directly fronting Leach Highway at the moment. The essence of all this is that the centroid of airport activity is now shifting. The bulk of airport activity is over at the domestic currently. We are shifting that over to this international precinct, which has quite an impact on not only this section of Tonkin Highway, but also particularly Leach Highway. Again, it relates back to that population triangle. Out of this area, roughly 30 per cent of the traffic wants to head north to the northern suburbs, roughly 30 per cent to the south to the southern suburbs, and roughly 30 per cent to the west to the western suburbs. The scope of the IA project also includes an upgrade of Orrong Road. In fact, the scope of this project is to upgrade Tonkin Highway between Great Eastern and Roe, whereas previously the focus was just Tonkin Highway between Leach and Roe. The second thing is planning for a future interchange at Boud Avenue. That is all to do with the redevelopment of the domestic site, and probably will not be constructed at this stage but we need to plan for it. I have spoken about the freeway-freeway interchange. There is direct access to the airport terminals. Incidentally, the scope of the state's work would end around this interchange. The airport would pick up the cost of any works inside its estate beyond the interchange.

**The CHAIRMAN:** Is there any problem in getting access to or buying some of that land that is commonwealth leased to the Airports Corporation?

**Mr Arnott:** In discussions to date, all parties are agreeable that this sort of access arrangement is preferred and the notion is that that land would be ceded to the state, but it is fair to say that those discussions have not progressed to completion at this stage. It includes the grade separation of Tonkin, Kewdale and Horrie Miller Drive; the upgrade of the Tonkin-Roe interchange; the grade separation of Leach-Abernethy intersection, which I spoke about; the access strategy along Leach Highway; the upgrade of Orrong Road; and all the other bits that fall from that, including noise mitigation, pedestrian and cyclist facilities, bus priority facilities, ITS—or intelligent transport systems—type—infrastructure, signage, lighting and traffic signals, landscaping and public art.

**The CHAIRMAN:** Can I get an explanation of ITS?

**Mr Arnott:** You might have heard the term “managed motorways”. At the moment, our road infrastructure set-up is fairly static and people use it as they see fit. The notion with managed motorways has caught on in other countries and also in the eastern states, where you more actively manage your freeways and highways to optimise their performance. It includes a whole suite of things. There are ramp signals that regulate the flow onto the highway and variable speed limits so that you can adjust the speed limits by the time of day according to congestion. A lot of these features are aimed at improving efficiency of the road infrastructure, but also reducing accidents and so forth. For example, by lowering speeds at times of congestion, you can get the flow moving more uniformly.

**Mr Henneveld:** It is one of the greatest potential tools we have for managing congestion.

**Mr Arnott:** Traveller information and variable message signs are all part of that suite of things. Again, we feel that there is probably no better place in the metro area to be planning some of those things.

**The CHAIRMAN:** Are you happy to take questions as we go through?

**Mr Arnott:** Yes.

**Ms R. SAFFIOTI:** The total cost of this project, with all those things that are indicated, is \$600 million.

**Mr Arnott:** Yes, \$600 million. I will also qualify that by saying that that is a very provisional figure. That \$600 million was based on a plan of that detail without any engineering feasibility checks done to it. It is very much almost an initial guesstimate, if you like, that was put forward at the time of the IA submission.

**Ms R. SAFFIOTI:** In respect to the IA submission, is it 50–50, similar to the other projects? We are asking the commonwealth to fund \$300 million; is that right?

**Mr Henneveld:** That is still to be determined. It is very much up to the commonwealth and Infrastructure Australia how they see that funding. We have not been given any clear indication as to what the proportion of the grant arrangements are. Some projects have been funded 100 per cent in other jurisdictions, some have been 50–50 and some have required private sector input, so we do not know.

**Mr Arnott:** I think the IA submission says “to be negotiated”.

**Ms R. SAFFIOTI:** In respect to the money put forward by the federal government before the last election, which was —

**Mr Arnott:** It was \$350 million.

**Ms R. SAFFIOTI:** Is that still parked somewhere in the commonwealth’s books, as you understand it?

**Mr Arnott:** It is. As we said, there is \$700 million in total, with \$350 million state and \$350 million commonwealth. Of that \$700 million pool, there is \$177 million that is notionally \$83 million and \$83 million state and commonwealth. Yes, that is parked on Tonkin Highway projects. In fact, we are using some of those funds to progress some of the planning at this stage. There are a couple of components that we can progress that are consistent with this ultimately.

**Ms R. SAFFIOTI:** From my understanding, the initial negotiations, when there was not going to be an amalgamated airport, included upgrades to Great Eastern Highway. Was that the case? Now we are looking more at Tonkin because of the consolidation.

**Mr Henneveld:** Great Eastern Highway is quite a separate exercise to what we are doing here. That is a federally funded project that is going ahead independent of the airport. It is not linked to growth at the airport; it is more growth of the traffic on Great Eastern Highway.

**Ms R. SAFFIOTI:** So it is quite a different project. I thought that somehow they were all linked.

**Mr Henneveld:** It is a separate project with separate funding. The funding proportion is 80–20, which is quite a high proportion of federal funding.

**Ms R. SAFFIOTI:** Do you think there will be a reduction in traffic on Great Eastern or a stabilisation of traffic on Great Eastern if these roads go ahead? Basically, a lot of airport traffic currently uses Great Eastern, so they will probably shift onto Leach.

**Mr Arnott:** We did that modelling. That was one of the first things we did. We questioned the future of the Great Eastern Highway project. But all the modelling shows that this really makes no difference to Great Eastern Highway. Whilst airport traffic is very significant, the actual number of vehicles travelling from the CBD to the airport is actually very small.

[1.30 pm]

Again, it relates back to that population triangle. Everyone is trying to go essentially from the airport to their place of abode. The tie back to the CBD, people perceive it as being a lot more important traffic-wise than it is. The main function of Great Eastern Highway is as a connection out to the east of the city. Yes, it does form our link out to the airport currently, but in terms of the actual vehicle numbers, that is not a big demand.

**The CHAIRMAN:** Can I just confirm that the current indicative cost of \$600 million is for all the points on that diagram, including Orrong Road?

**Mr Arnott:** Yes. It is a widening only of Orrong Road. There was an amount put in for that. Incidentally, on those costs we have actually had some more feasibility work done, and a greater level of detail. The initial numbers were, as I say, taken off a plan of that sort of scale. We have done some more works, and we are getting those numbers redone at present.

While we are on the current status of the project—again, we have covered a lot of this—it is certainly recognised at state and national levels as a priority project, as evidenced by the EPIA submission being short-listed as one of 28, and the state government putting it forward again as the top priority submission in the 2009 round. Also, importantly, it is strongly supported and promoted by Perth Airport and Australian Airports Corporation. Their latest master plan, which is available on their website, includes that network of blue roads. They see that as very critical and as supporting their \$2.6 billion investment at the airport. All these works have also now subsequently been supported by the draft Perth airport transport master plan, because bear in mind that when we put up the IA submission we had not actually started this Perth Airport transport master plan. We have done 12 months' worth of studies there now, which are all showing up that Tonkin Highway and the section of Leach Highway that we are talking about are the number one priorities for upgrade.

To go to the next dot point, the scope of the project is not well defined. It requires a lot of further development, in conjunction with key stakeholders and the community, and we are about to get started on that. It also requires the development of a detailed project master plan and detailed business case. It is part funded, as we said, from that Nation Building program allocation.

So this is the sort of time frame that we are looking at. A lot of the works have been done upfront. We actually have a roads process, which I think you might have been introduced to on Tuesday.

**Mr Henneveld:** That is a high level project delivery process that we use for ensuring that projects are delivered on time.

**Mr Arnott:** It includes some hold points, so you go through these assess, select, develop and delivery phases. There are clear hold points at each stage so that you do not go investing money in something that might not be a goer at the end of the day. A lot of the work that has been done to date by way of this Perth Airport transport master plan, and also some feasibility studies that we have done, has all been at the assessment end of the spectrum to see whether this proposal is feasible. For example, that freeway–freeway interchange at Tonkin–Leach, could it actually be built there, or were there aviation constraints and other safety constraints that just said no, it could not be done? We have actually passed all those tests and we are now moving into this selection phase, which is all about doing the planning and preparing a project master plan. You will see that the key deliverable at the end of all that is a final business case. So that is what we are aiming at over the next 18 months. We are in the tender phase at the moment, where we have gone out to industry to procure the sort of consultancy services that we require to complete that phase.

There are a couple of other things on this diagram. There is also some interim works that we are negotiating on with the airport at the moment, because their transition across to this consolidated site will actually commence next year, or towards the end of next year, with the opening of Terminal WA, but the road network out there will not accommodate that, so there are a number of interim measures that we should be able to take to improve the situation until such time as this larger project is delivered. The time line for the larger project is dictated by when the airports consolidate. That is notionally 2017 at this stage.

**Mr Henneveld:** So we have to have the project in place before 2017, and that is what all the planning is about.



**Mr Arnott:** Yes. As I said, that is the phase that we are moving into now. The consultancy contract is out to tender now.

**The CHAIRMAN:** In terms of major road projects, which obviously you have experience in, is this a tight schedule? If you actually slipped the start a bit, could you still meet that deadline of 2017?

**Mr Henneveld:** This is reasonably comfortable for us, but, having said that, there are all sorts of regulatory impacts that can get at you from left field. We have done some preliminary environmental studies, but we would be more comfortable with that time frame once we have finished these assessments that we are doing now.

**Mr Arnott:** I think the time frame from here on forward is realistic. What we are trying to do in this next consultancy phase is compress a lot of the planning activity. Traditionally, planning is done quite a long way in advance of any of the project type work. We are trying to roll planning into project development type work or project master planning work. Yes, until we are through that planning phase, there are a lot of uncertainties. That planning phase involves a high level of community and stakeholder engagement. I guess once everyone is comfortable with the planning philosophy and approach, we will be a lot more comfortable too.

**Mr Henneveld:** There is a transport master plan that is being developed by the Department of Transport at the moment. That is sort an overlay, and we have to be able to fit into that. That takes into account public transport requirements—the rail, the bus routes and so on—which overlap with what we are doing here. So we have to recognise that there are other constraints and inputs that we have to put into our planning to make sure it fits in with the overall transport planning.

**Mr C.J. TALLENTIRE:** Just on that, I am concerned that the primary driver of the project is that increase from nine million passengers to 18 million passengers a year.

**Mr Henneveld:** Yes, as well as the doubling of freight activities, general aviation freight, and the other transport precinct activities that are going on at Kewdale.

**Mr C.J. TALLENTIRE:** That is how I read the submission that you put to Infrastructure Australia, anyway—that is, that Perth Airport currently handles nine million passengers, and you have projections on how that it set to grow.

**Mr Arnott:** Just bear in mind, though, that that submission that went forward to Infrastructure Australia in the first instance was a joint submission between Main Roads and the airport. In that sense, it had too much of an airport focus. I guess the bit that we have forgotten about—well, not forgotten about, but probably pushed to the background—is the fact that we wanted to do this anyway. In fact, this was a burning need. The driver behind the original AusLink 2 submission and the scope of works here had nothing to do with the airport at all. It was all about freight and freight access and freeing up those bottlenecks that are out there at the moment. That problem has not gone away. There are still all those bottlenecks there. All we have done is really enhance the project to pick up an additional load that is now coming from that airport precinct.

**Mr Henneveld:** There is considerable extra pressure coming from the development around Horrie Miller Drive in terms of warehousing and storage, which is the direction in which the airport corporation is going, and which 10 years ago was not as obvious. That is growing as well. So as well as a doubling of the nine million passengers you have also got the growth in this freight sort of activity.

**Mr C.J. TALLENTIRE:** I certainly accept that that freight activity there is a reflection of the very poor planning that the previous federal government—the Howard government—allowed to take place there, totally at odds with what was happening around there; so we are having to pick up the pieces from the Howard government's poor decisions. But I am concerned that an airport that is getting on to having 18 million passengers a year is being developed at this stage, with \$600 million worth of public money going towards it, without any thought of public transport being the real driver of these sorts of works. I am concerned that we are not seeing an integrated rail link here.

**Mr Arnott:** I have not spoken about that, but that work is certainly happening. I guess being a Main Roads person I am promoting the road cause. But no —

[1.40 pm]

**Mr Henneveld:** Sorry to interrupt. Eighty per cent of public transport is on the road network, so we have to deal with buses on the road network. As part of the development work we are doing we incorporate that naturally anyway.

**Mr Arnott:** That \$3 million that we spoke of earlier for the Perth Airport transport master plan, the bulk of those funds have actually gone into investigating rail options for a rail link out to the airport, and this sketch I guess depicts where we are at the moment. After considering a whole range of options, the Public Transport Authority's preference is to run a line off the Midland line, which will actually follow that Tonkin Highway alignment across the Redcliffe Bridge. We have actually been working with them very closely in this area here. Initially they were looking at an alignment that ran alongside Tonkin Highway, but we now believe that there are some cost savings if we can actually run it down the Tonkin Highway median, similar to what was done with the south west metro rail. Then there are a number of options within the airport estate. Effectively, what the rail link is trying to do is pick up the existing domestic site, which will be redeveloped as a business park or something similar, and a terminal out here at the international or consolidated terminal site. They are also looking at a further link in the High Wycombe area to pick up patronage from there. That is all very much under consideration as part of the master plan, but I guess the position that has been taken is that first and foremost we have a roads issue out here because of the freight access issues that have not gone away, and I guess, as Menno says, the bulk of public transport occurs on that road network, so the thought is that the road network is probably the first priority, but certainly the rail link and so forth will be required in that ultimately.

**Mr C.J. TALLENTIRE:** I understand your expertise is in roads, and I respect that, but you are the nominated lead agency on this whole redevelopment project, so that is why I feel you have got to be able to handle these questions about the rail aspect. I am concerned that this move from the domestic terminal down to the international terminal actually lengthens and complicates the rail options that we might have. I would be worried about WAC's ability to anticipate the future. It is not a company that has a glorious history of planning for airport growth. I am concerned that the rail line should not be going down Brearley Avenue, for example, and coming in that way. That would be a far more direct option.

**Mr Arnott:** That was one of the early options. The PTA looked at coming straight down Brearley Avenue, but it still had to get over to this consolidated site. My understanding of the airport's rationale for consolidating activities—consolidation complicates the transport broader issue in terms of surface access, but their decision is more driven by the airside activities. As I understand it, because of the geographic layout here, there is actually not very much room to park aeroplanes around the domestic site, whereas when you come to this consolidated site there are acres of hardstand around here. Potentially, you can park planes anywhere from down here right around the future terminals, and there is a future third runway planned in this area here, whereas over on the domestic site there is only a very small area where they can actually park planes, because it is a bit of bother one way and another with the developments there. That is a crude answer as to where that has come from, but I guess the bottom line is that that decision to consolidate works well from an airside point of view, but it complicates surface access in terms of roads, because at the moment we have got two access locations. As soon as you concentrate that you concentrate the problem and, yes, it does lead to other problems for public transport for the link as well.

That is about all I was going to say with my presentation. There is just a slide included on our study process that we are about to embark on, the key message there being that there are four key areas that we are looking at. There is a lot of site investigation work to do from the geotechnical and environmental side of things. There is that planning review to be done because this represents a

fundamental change to the planning of roads in this sector and it requires changes to the metropolitan region scheme and so forth. The red bit here is all the project master plan. So having got the long-term vision right, we then need to distil that down to work out just how much of this we need to build over the next five or so years in order to meet the demands of, say, the next 10 to 15 years. A key portion of this phase is all the community and stakeholder engagement that goes around that, because a lot of the work that is being done today is being done between agencies, as in Main Roads, the Department of Transport and the Public Transport Authority, and would certainly involve the airport, and we have had some contact with local government, but it has not gone any wider than that. So now is the time to get that input.

**The CHAIRMAN:** Thank you very much for that. If we could have some discussion and dialogue on that, I would like to have some assurance that there was a very wide scoping of solutions at the start. You have laid out the history, and for some time you have been looking at these particular roads around Tonkin Highway because of the pressure that is already on them, but have you or anyone else stood back and said: is there some other way of doing it rather than just building on the work you have already done? Rail is just one part of that. There might have been some lateral thinking to come up with something quite different.

**Mr Arnott:** With the work that was done I think I flagged in a timetable right back to the start there. The Perth Airport strategic road access study was run jointly between Main Roads, the airport and the Department of Transport and Planning. Effectively what it did was to take this whole airport estate—so bounded by Tonkin Highway; it is Abernethy Road that actually bounds the estate—right up to Kalamunda Road. It looked right around the circumference of that estate, primarily in terms of road access, and said what were the opportunities to vent that estate onto the public road network. That included looking at links, for example, between the consolidated terminal site out to Roe Highway in this vicinity, so it was called an eastern access. That actually initiated more detailed studies to delve into those in greater detail. But I guess the short answer is that having completed all that work, it came back to the conclusion that the most logical place to vent that traffic was through this area. It largely comes down again to that population triangle. The population is trying to go north–south and west. It is not trying to get out the back here or out the top here. I guess that was the main piece of work that was completed.

**The CHAIRMAN:** Following on from what Chris just asked in respect of potential rail links into the area, will there be a determination on the best route for any future rail connection prior to your finalising your plans? I am not saying it is, but if they came up with the idea that the best solution was to run the rail down Tonkin and you are putting hundreds of millions of dollars into interchanges there, then that may preclude the possibility.

**Mr Henneveld:** The Public Transport Authority is putting out its master plan, which is imminent, and that has provision for future bus routes and future rail routes. That will also identify the priority that they place on this route and where it is likely to be. But it is all very preliminary. Rob pointed out that there are still options. The main attempt will be to go along Tonkin and to go over the river, and there are three options, but the constraint for all those options is to have stations at the international terminal and have stations around Brearley.

**Mr Arnott:** That work should all be completed as part of this Perth Airport transport master plan, which is due for completion in the middle of this year, which is about the same time that we award our consultancy contracts, so they should tie fairly neatly into each other.

[1.50 pm]

We have talked about rail but we have not talked very much about bus routes. Those discussions are also ongoing and there is talk about potential bus links between this consolidated terminal, utilising Leach Highway possibly going through the Belmont Forum area. Those discussions are all ongoing. Part of this \$600 million project would be to ensure that those bus routes are viable. If bus-only or bus-priority infrastructure is required, that will be built into our project scheme.

**The CHAIRMAN:** Coming back to your project time line, given that the funding from the Nation Building program is, what, a four-year program to 2013-14, but you are basically starting construction only then, are there issues with deferring that commonwealth funding, and what issues are around that?

**Mr Cosson:** We will certainly have to talk to the commonwealth about that. Generally, it has not been a problem in the past going from one five-year block to another when, invariably, issues arise that mean projects, for whatever reason, may not be completed from a previous five-year block. Now I suppose as this planning develops and we have more certainty on time lines, we will need to talk to the commonwealth about those sorts of issues.

**Mr Arnott:** The other aspect that what we have not given any thought to at this stage, because it is too early, is the staging of these works. Do we go and build this as one big \$600 million contract, with one separable portion to it, or are there other portions? There are things like Tonkin Highway – Horrie Miller Drive interchange that may be ready to construct before some of this other work. For example, we own all the land near Tonkin Highway – Horrie Miller Drive, and there are very few environmental impacts, whereas the Tonkin–Leach interchange requires land acquisition and environmental offsets and so forth. Again, once we finalise the long-term vision for this study over the next 18 months we will peel back to say, “Righto, what do we have to build now and what is the logical way of going about that?” That will help make those decisions. It may be that we can utilise the funding as it currently stands in the program—that it is a perfect fit—but it may require some adjustments.

**Mr Cosson:** The other thing is that we are seeking Infrastructure Australia funding. Assuming that funding will be provided, what is not clear is whether that is a five-year time frame from the point at which it is provided, which would effectively extend the time frame. That is a possibility.

**The CHAIRMAN:** There are two aspects to that question, one that I think you have addressed: are we likely to get deferment of that payment and have it spent over a different period? Hopefully, that can be done. I think you have addressed some of those issues. The second part is my concern that we might have snookered ourselves. If you put this up as the number one project, and it does not go in the four-year period of this funding, but we defer it, we will have fallen even further behind in getting a fair share of road funding for WA.

**Mr Cosson:** I think our understanding is that the Nation Building time frame is 2013–14. The time frame for Infrastructure Australia is not necessarily 2013–14. It may well be 2015–16. Whether it is a five-year or three-year block is the bit that is unclear.

**The CHAIRMAN:** The second point I am making, and I think you would agree, is that we have in the past not received a fair share, based on population, of the federal money given out for major road projects. Do you agree with that?

**Mr Henneveld:** I have had it drummed into me often enough!

**The CHAIRMAN:** We have put forward this very important project as number one. We will get the money for it—it is not signed off, but it looks like we will—but then if we defer it into the next four years, basically, we will get little or nothing in this four years because we do not have another project sitting behind it that we can say we can run now to get the money out of this four years.

**Mr Henneveld:** The thing with Infrastructure Australia, of course, is that it is based on economic evaluations and how it fits in with transport planning in the various jurisdictions. We have seen Victoria get an extraordinary amount of forward money that has nothing to do with population. I think Infrastructure Australia has been very strong on that, so it has nothing to do with populations any more, although the political reality of all that will come home soon. In terms of having the money allocated and when to spend it, I think we are talking about developing a program of works that meets all those requirements. Once we know and have agreement on what that program is, we will then prioritise. As we always do, we try to stage it in the best possible way to meet the funding

requirements. As Rob said, we can accelerate parts of this program because it makes sense to do so. But there are other bits and pieces we can also throw in. We work very hard to match our project delivery time frame to the funding that is available. On the off-chance we cannot do it, the risk of losing the money is very low because it has been allocated, and we have not lost any in the past.

**The CHAIRMAN:** I can give you a hypothetical: in terms of the interchange at Horrie Miller Drive and Tonkin Highway, which is obviously a fairly big project, what is the earliest you can bring that on without upsetting the comprehensive planning that you are doing?

**Mr Henneveld:** It depends on when we have it designed. We expect to have a design by—when, Rob?

**Mr Arnott:** Until we have got to the completion of this consultancy contract we are not in a strong position. I would say that we are looking at 2013–14 as the earliest construction year for that.

**Mr Cosson:** The other thing to point out is that with the Infrastructure Australia funding, we believe there is a separate memorandum of understanding entered into, which will set a separate time frame, and it is not necessarily 2013–14 it could be 2016–17, but there will be either a new MOU or a revised MOU for this particular project, which will allow us the opportunity to negotiate a sensible time frame for that funding.

**The CHAIRMAN:** Thinking laterally, do you have any other significant projects that are very well advanced that the government could potentially take up and submit to Infrastructure Australia for the Nation Building program so we can get some money in addition to this?

**Mr Henneveld:** For Nation Building or Infrastructure Australia?

**The CHAIRMAN:** Infrastructure Australia.

**Mr Cosson:** Is that for new projects outside? We have a suite of projects within the Nation Building program that are all at various stages of delivery.

**The CHAIRMAN:** The point is that they are more advanced in planning so they could be built prior to this.

**Mr Cosson:** I do not believe within the Nation Building program there are others that we can necessarily bring forward much more than the current timetable that has been set for them. We have a number of those projects that are literally ready to start; for example, Dampier Highway, and Port Hedland realignment are quite well advanced. Some of the work has already been completed. The Great Eastern Highway – Roe Highway interchange is just about ready to go. A number of projects are ready to go. We would dearly like to start a number of others such as Great Eastern Highway earlier, but there is land acquisition, service relocations and such that dictate that we will probably not start construction there for another 18 months.

**Mr C.J. TALLENTIRE:** Can you go back to the future rail link slide? I am concerned about an error.

**Mr Arnott:** That one is in pencil so if there are errors, we can rub them out.

**Mr C.J. TALLENTIRE:** Looking at the copy I have here, the labelling of Guildford Road and Great Eastern Highway is mixed up.

**Mr Arnott:** You are right. I will not take responsibility for this one; it is from my PTA colleagues!

**Mr C.J. TALLENTIRE:** It is a concern that we get a very rough hand-drawn slide for rail. It is suggesting that not enough consideration has been given to that whole rail aspect.

**Mr Arnott:** I would not be concerned about that.

**Mr C.J. TALLENTIRE:** Even down to getting Great Eastern Highway and Guildford Road labelling wrong? Whoever did this, did not have a clue what he was doing.

**Mr Arnott:** The reality is there has been a change in the concept. A lot of work was done on a very similar concept to this that came up Brearley Avenue and ran alongside Tonkin Highway between Guildford Road and Great Eastern Highway. That thinking has only recently changed, and this still has not by any means been set in concrete because, again, a lot of feasibility work is being done to see whether this does actually work. This slide was provided to me as a matter of urgency because I had to give an industry briefing to our prospective tenderers and I wanted to show them the likely alignment rather than the alignment that had been worked on for the past 12 months. That is the excuse, if you like. PTA now has a more current version of this. Next week we will have another meeting to progress that a bit further.

[2.00 pm]

**Mr Henneveld:** The Department of Transport master plan that I was talking about will put in the preferred option; I think that is due at the end of April.

**The CHAIRMAN:** The submission that was provided to us via the Department of the Premier and Cabinet included cost-benefit analysis results. I am wondering how robust these results are in terms of the stage of planning you are currently at. Are they likely to be shifted if only certain parts of the overall currently designated \$600 million project are pruned off or done differently?

**Mr Arnott:** All of that has to be treated as order of magnitude-type stuff. To go back to the concept that was put up, at the time that the cost-benefit analysis was done, we had this level of detail to work off and some estimates were done based around that. On the benefit side, it was probably a little more accurate because the network, so to speak, is quite well defined by this. I am more concerned about the cost side than the benefit side. Certainly, those costs were quite preliminary at that stage. Now that we are starting to get a bit more clarity as to just what this interchange looks like—the extent of the tunnel structures and so forth—we will be in a position to revisit those costs. We have actually done quite a bit of work in the past financial year looking at this interchange alone. That was the single most expensive component of the \$600 million, so we thought it prudent to at least make sure that it was feasible. We are now in a position to re-cost that, but we really do not have any better data on the other parts of the project. Again, over the next 18 months we will develop good plans for all of that and be able to revise those costs. At the moment we are just revising the cost for that component and the other components to bring it up to 2010 rates. We are also revising our delivery time frame. When the original submission was put up, it was based on a delivery period of 2012 to 2015 or thereabouts. That has now been pushed out slightly, which affects costs, cash flows and so forth.

**The CHAIRMAN:** Will all your costings be set up so that they can be done in outturn dollars?

**Mr Arnott:** Yes.

**The CHAIRMAN:** In respect of the interchange you were talking about, we are aware that a lot of the airport land has a high watertable. How challenging are the geotechnical water level issues for that interchange?

**Mr Arnott:** They are quite challenging. In fact, if the committee is interested, I have more detailed plans showing the extent of these tunnel structures. It is not so much the tunnel structures but the bath structures on the approaches. Effectively we are looking at these bath structures; as soon as the road goes below the watertable it will be concrete encased—almost a tunnel without the lid on it. It is all feasible. Yes, it is quite challenging, although it is fairly rudimentary stuff.

**The CHAIRMAN:** I appreciate that you and your engineers can do anything at a cost! The question is how you can manage the cost, given the technical considerations.

**Mr Arnott:** I do not have the breakdown of costs in front of me, but we were talking roughly in the order of \$200 million for the interchange. That is one third of the cost of this whole project. I will be interested to see the latest figures on that interchange when they come through.

**The CHAIRMAN:** Thank you very much. I will go through short formality to close off. We really appreciate the presentation you have given us; it has been most informative. In concluding, I indicate that a transcript of this hearing will be forwarded to you for correction of minor errors. Please make these corrections and return the transcript within 10 days of receipt. If the transcript is not returned within this period it will be deemed to be correct. New material cannot be introduced via these corrections and the sense of your evidence cannot be altered. Should you wish to provide additional information or elaborate on particular points, please include a supplementary submission for the committee's consideration when you return your corrected transcript of evidence. Again, I thank you very much for your presentation today.

**Hearing concluded at 2.04 pm**