

PUBLIC ACCOUNTS COMMITTEE

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

**TRANSCRIPT OF EVIDENCE TAKEN
AT PERTH
TUESDAY, 2 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

Hearing commenced at 1.00 pm

WALDOCK, MR REECE

**Chief Executive Officer, Public Transport Authority of Western Australia,
examined:**

MARTINOVICH, MR MARKO PETER

**Executive Director, Infrastructure Planning, Public Transport Authority of Western
Australia,
examined:**

MORGAN, MR ANTHONY ROBERT

**Chief Executive Officer, East Perth Redevelopment Authority,
examined:**

The CHAIRMAN: 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 a contempt of Parliament. Have you completed the "Details of Witness" form?

The Witnesses: Yes.

The CHAIRMAN: Do you understand the notes 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 your appearance before the committee today?

The Witnesses: No.

The CHAIRMAN: I assume you are aware that the Department of the Premier and Cabinet has forwarded us a submission that covers the Northbridge Link. I do not know if you want to make any comments specifically to that submission by way of adding to it or making any minor amendments to it.

Mr Waldock: We think it is an excellent overview. I will ask Tony to make some comments on the Link upfront.

Mr Morgan: I have some plans of the Link project that I will hand out. The Link master plan and the plan in front of people at the moment is a public document that has been circulating for some years. I will give a bit of history that might be important. Back in 2004, the Northbridge Link Committee was formed under the chairmanship of Stuart Hicks, reporting to the then Minister for Planning and Infrastructure, Alannah MacTiernan. In 2005 then Premier Gallop confirmed publicly that the PTA and EPRA would provide a key leadership role on the project, both for the land use and also for the transport infrastructure. In 2008 the master plan was signed off and an implementation deed was signed between the state and the City of Perth. I will provide further detail on the implementation deed shortly. The scheme amendment was signed off in 2009. We

undertook to review the Horseshoe Bridge Plaza. That work was finished in 2009. This project has been with us for some time.

In addition to the comments made with respect to the submission of public accounts, I wish to highlight that the aspiration of this project has always been about creating a link between CBD Perth as we know it and the area to its north, Northbridge. Why? Because some would argue, and I agree, that the railway line has presented a barrier for some 100 years. There have been a number of attempts to remove that barrier from Perth. We have had a very long east-west city and a very short north-south city. If we think of Melbourne's CBD, our city has been only half the size. For our city to grow and develop the capacity for office and residential units, this lowering of the railway line and the bus station becomes very important. What is fundamental behind this project is the linkages that are created from the CBD through William Street, Queen Street, King Street and also through Sherwood Court and up at Milligan Street. A number of those are at grade; in other words, we can walk across at ground level, where the railway line and bus lanes sit beneath. Milligan Street goes up and over because the railway line at that point is at grade.

The Link project generates a range of benefits to the community. It improves public safety; it provides better access in connectivity; it increases the opportunity for residential accommodation to be provided in Perth, some of which will be for affordable housing; it provides more retail and commercial opportunities for Perth; and it produces a very high-quality public realm that will set Perth apart from other cities in Australia. It will be a similar standard to what we see in Melbourne.

The Link project area is 13.5 hectares. Some of that is being used for the construction of the Perth Arena. Around 2.5 hectares of the land is owned by Channel Seven. The rest is owned by the state. That land will be transferred to the East Perth Redevelopment Authority once we secure the outcomes that are required by the Public Transport Authority for its rail and for its bus station. The railway line and the bus station will be placed beneath the ground. There are very important infrastructure elements to put beneath the ground but we also need to make sure that they are well lit and provide a comfortable and safe environment for people using those facilities.

In summarising the key project objectives, they are to remove the barriers that I have mentioned and to build over the railway tracks and the bus station and the area that lies between the Mitchell Freeway and Perth central station. We intend to create mixed use and we also intend to stimulate use of public transport. This will become the most highly utilised piece of Perth in years to come, and in the near vicinity of William Street and Wellington and Roe Streets. The City of Perth has engaged as a party to contribute funds and land. In 2004 figures, it will contribute \$25 million and it will also contribute land up towards Milligan Street which had a value then of around \$6 million. In addition, it will be upgrading Wellington Street and Roe Street, which sit to the north and the south of the project.

Touching briefly on the funds that are in place, as we speak, the commonwealth has committed \$236 million. That is public; everyone would be aware of that. As I said, the City of Perth has committed \$25 million, which will be escalated from 2004 dollars. The state has made \$9 million available to EPRA to undertake construction at the Milligan Street end and also \$5 million to the PTA for its forward planning.

The CHAIRMAN: Is that \$9 million for construction, not planning?

Mr Morgan: Yes, that is for construction. Planning has been funded separate to that. That is for the construction of Milligan Street, between Wellington Street and the railway reserve, and to bring two sites onto the marketplace for a hotel, which will sit directly adjacent to the Channel Seven boundary.

The CHAIRMAN: How much has been allocated for planning for EPRA?

Mr Morgan: EPRA has previously funded planning to the tune of \$1.5 million.

I will treat those comments about the land use planning as introductory. I have not commented on the railway and bus station planning. Reece will do that shortly. I am happy to take any questions from the committee.

The CHAIRMAN: Thank you for that introduction. I will attempt to take key themes and other members will come in. We do jump across each other a bit. Can we start by making sure the committee understands the physical area and what is happening there and the relative responsibilities of EPRA and the Public Transport Authority. Could we have an explanation of where the delineations are and who is doing what?

Mr Morgan: You can see Roe Street at the top of the plan in front of you, Wellington Street at the bottom, the Mitchell Freeway to the left and Perth railway station to the right. The eastern boundary basically includes the Horseshoe Bridge. That is the 13.5 hectare project.

[1.10 pm]

The CHAIRMAN: So the current Perth railway station has not been incorporated to EPRA's area?

Mr Morgan: That sits outside the 13.5 hectares known as the Link project. With any projects, though, of course there are impacts to the north, the south and, obviously, to the central station, so those sorts of things we will take into account when we work through that.

Mr C.J. TALLENTIRE: So is this area separate from the area otherwise known as the East Perth Redevelopment Authority area?

Mr Morgan: No, it is not. The East Perth Redevelopment Authority area, which commenced back in 91 with Claisebrook, has had a number of boundary extensions, which include the Cultural Centre and Link at the same time. That extension was made under Minister MacTiernan.

The CHAIRMAN: Which areas physically are the responsibilities of the two agencies or are there any other agencies involved?

Mr Morgan: One, Perth Arena, is the responsibility of Building Management and Works. That was previously the Department of Housing and Works, which has subsequently been moved into BMW. EPRA is responsible for all matters of land use planning, below the ground, on the ground and above the ground. EPRA is responsible for the redevelopment of the land, which may include basement car parks, which will certainly include the on-ground public domain and also the location for the footprint of the building and those aerial right opportunities that take place above the ground. EPRA will build the streets and will build the public domain in that process, so that is the EPRA role. The planning for Roe and Wellington Streets comes under the jurisdiction of EPRA; it will be provided by the City of Perth. So our planning authority runs to the south side of Wellington Street and to the north side of Roe Street. It stops at the eastern edge of the Mitchell Freeway and, as I said, it includes the Horseshoe Bridge. The PTA role —

Mr Waldock: Thank you, Mr Chairman, and thank you, Tony. I was going to ask Peter Martinovich to give perhaps a more detailed briefing, but certainly just in terms of responding to your question, there is a rail reserve. In fact, we have two lots of railway lines moving through this area. The north-south line, the Joondalup line going to Mandurah, is an underground railway line until around about King and Lake Street, as you can see on your diagram there. It comes up in a dive structure and then it is above ground until it moves into the Roe Street tunnel. The other railway line is the Fremantle-Midland line, which indeed is also in a rail corridor. So if you can just understand, we have a rail corridor all the way from past Milligan Street and in fact to the bridge you see to the west there, to the far left on the diagram, all the way through to the Horseshoe Bridge. If I can just assist you in terms of understanding what we have there now, indeed, if you take a walk down there, that area that is soon to be the town square that indeed has got not just railway lines but also rail platforms, in fact, in that area there.

What this project is effectively doing is—and I think it is important for us all to understand that—moving all rail platforms, everything, underground from the actual Horseshoe Bridge as you see there until King and Lake Street. But even the platforms that are in that town square quadrant now, everything within the platform area is being moved to the east, so the Perth railway station is effectively growing underneath the car park. So if you look at the car park there, which is the Perth City Council car park you can see in the bottom right-hand corner there, as it moves in to the Barrack Street Bridge, and you can see the Barrack Street Bridge at the bottom of the right hand side there, we are moving platforms underneath that area and we are also putting an additional platform on the northern side. Where you see those little bits of trees on the north side of Perth railway station, there will be a platform number 10. So just to help everybody, this project allows us to both move our platforms and our Perth railway station to the east, it allows us to in fact get another platform we have not got now, platform 10, and it certainly from our point of view allows us to I think develop more flexibility because there will be more connectivity between the railway lines and the platforms. So I think there are some advantages for the railway lines, but perhaps more particularly it does free up all that area from the Horseshoe Bridge to the west.

The CHAIRMAN: As Tony said a moment ago, the actual planning scheme and your CPS is all done, so then the next stage, which I think is referred to in this report, one key element is for PTA to design the engineering outcomes you want, which I understand is now completed in terms of the design work.

Mr Waldock: Yes.

The CHAIRMAN: So then when it comes to the actual implementation, would I be correct in my understanding—if you could please put on the record—PTA will actually go ahead and construct, if given the nod, the whole thing and then EPRA will take back over control of the land with PTA controlling the Perth station precinct and I presume having some sort of title to the railway underneath?

Mr Waldock: I think you put it extremely well.

The CHAIRMAN: That is how it ends up?

Mr Waldock: That is exactly how it ends up, so at this stage I am the accountable officer for in fact building the works, both the underground bus station and rail works. Those works in fact will be handed over when we have actually got clear connections, two connections; we will be having a clear connection across King–Lake Street, which is the major connection, and also the Queen’s Square as it shows there between Queen Street. Also, of course, we will have flat level ground for, indeed, EPRA to then develop their project, so what we will be doing is taking is a three-dimensional title for our rail reserve and EPRA will have a clean site to build on and develop.

The CHAIRMAN: And what requirements are placed on you by EPRA to maximise their use of that land, which will be freed up, and what engineering constraints et cetera in terms of their foundations that might be required for future buildings et cetera?

Mr Waldock: I think it is fair to say that we have all been working on the basis that we could in fact develop above both the rail reserve, the underground railway dive structures and tunnels, and for the bus station. We are seeking footings for up to 30 storeys, so we are in fact planning and scoping for that eventuality.

The CHAIRMAN: Can I just make sure I have got that correct: are you saying that your design for undergrounding of the railway and car park will be such that it has little to no limitations as to what can be built on top?

Mr Martinovich: The limitation would be about 30 storeys.

Mr Waldock: Which is little or no—not more than 30.

Mr J.M. FRANCIS: I am just trying to visualise in my head—it is great to have an overview but if you could imagine I am trying to look at a horizontal projection—the levels of the railway line at the moment compared to where they have to be, how much is there to change in the, I guess, height of the railway lines?

Mr Waldock: Good question; perhaps I will get Peter to go into the detail of what levels they are and also talk about the dive structure.

Mr Martinovich: The actual railway, as Reece mentioned, our commission is to provide a level road crossing between King Street and Lake Street and across William Street.

Mr J.M. FRANCIS: So it has to be obviously sunk enough to take the railway —

Mr Martinovich: When we say “level”, the conditions of the site, one of our big challenges there is that the Fremantle line has to be sunk over the top of the tunnel that passes into the Perth Underground Station. The actual clearance we have reduced that to an absolute bare minimum, somewhere between 300 and 500 millimetres. That sets the height of what is going to be at ground level. If you look at William Street where the rail level is today, the finished level of the ground will be about one metre higher than that, so it is a little indentation but it is nothing —

Mr Waldock: But in terms of the floor of the tunnel, do you want to talk about how deep it is?

Mr Martinovich: The floor of the tunnel, we basically look at going down six to seven metres to the floor of the tunnel.

Mr J.M. FRANCIS: Okay, so just for my satisfaction, if you will, the height of the railway lines of the current station will not change —

Mr Martinovich: Hang on, they will change.

Mr J.M. FRANCIS: Slightly.

Mr Waldock: Only slightly.

Mr Martinovich: There will be a slight drop of the Fremantle line as you approach the Horseshoe Bridge.

[1.20 pm]

Mr J.M. FRANCIS: Will the exit on the north west corner stay the same?

Mr Martinovich: It will stay the same on Milligan Street.

Mr J.M. FRANCIS: The tunnel under the city that currently heads south will obviously stay the same. So the east–west lines on the map will be the main ones —

Mr Martinovich: The two Fremantle lines.

Mr Waldock: And they will be six to seven metres below ground level.

Mr J.M. FRANCIS: The general outcome will be that the connecting streets will be at ground level?

Mr Waldock: Yes, that will be the outcome.

The CHAIRMAN: To what extent will that constrain the area that you have for future expansion? What will happen in 10 or 20 years when, for example, oil has increased to \$200 a barrel and the state government decides to expand the rail network? To what extent will you be able to enlarge the area for additional tracks given the requirements that you have to meet, because once buildings have been erected, it will be more difficult to tunnel under to meet existing infrastructure. How much room exists for potential future expansion should it be required?

Mr Waldock: We have thought about this long and hard, as one should when putting constraints on the rail system. There are two answers to that. Firstly, we believe that over the next 10 to 15 years we can increase the capacity on the existing Midland to Fremantle line and the north–south line by

at least 100 per cent through longer rail cars and tighter frequencies. The north–south railway line presently runs on five–minute frequencies and there is no reason in the world that we should not look at two or two and a half minute frequencies. Further, we are currently not running all our railcar sets on six–car sets. In fact, even when we finish the current order of 15 three–car sets, we have a future order for another 15 three–car sets so that we will have a fleet that allows for six–car sets at current frequencies. There is a large capacity in the system. There is even greater capacity on the Fremantle to Midland line because it is running at 10–minute frequencies at peak. There is enormous opportunity for tighter headways and higher frequencies. Also, the majority of railcars do not run four–car sets. In the future the fleet will comprise six–car sets.

The CHAIRMAN: Will the platform design allow for six–car sets on all lines?

Mr Waldock: Yes. All the north–south lines have six–car sets. There is already redundancy and room for expansion on the Fremantle to Midland line. We have not made a decision about that. We will probably look at six–car sets. If that is the case, a number of platforms will have to be expanded similar to the expansion on the north–south line to six–car sets. That has not happened yet. As I have said, there is a lot of capacity to change the frequencies and to move to four–car sets before we think of the next generation of fleet for the old lines, which, I think, might be six–car sets with lots of doors and a fast inflow and outflow to keep people moving. Those decisions have not been made. The point I am making is that if we double capacity by 2030 or 2035, we will still have capacity. There will always be issues relating to how far we should plan ahead. It is fair to say that the greatest constraint on this particular line, particularly in terms of this project, is the east–west line. I refer to the Midland, Fremantle and Armadale lines. The greatest difficulty is the Barrack Street Bridge area out to Claisebrook. It is a very constrained area, because of the multiple railway lines that go out to Armadale and Midland. If there were any constraints in the future, that hotspot would provide them—not what we are doing now. The long term is probably underground, but that will be in 50–plus years.

The CHAIRMAN: From what Mr Morgan said, planning benefits will arise from this project. What will be the public transport benefits?

Mr Waldock: There is no question that this is mainly an urban renewal project. However, there will be significant public transport benefits. For the first time Perth will have an underground bus station. We are very lucky to have the kind of public transport system that we have in Perth, especially when one considers the criticism of public transport systems in other Australian jurisdictions. We have been ahead of the game for a lot of good reasons. The Wellington Street Bus Station is probably the oldest and most tired piece of infrastructure in Perth and it is located in an area that is growing very quickly. It feeds what we call the north–eastern corridor. I refer to Alexander Drive and Fitzgerald Street, which extend into Mirrabooka and Morley. The whole area is growing fast and public transport is key. What we are doing with the bus bridge and the brand new underground bus station is giving customers not only a better service but also one that is far more effective and efficient. I build on that by saying that this project will comprise 16 standing bays, which will be part of a dynamic stand arrangement. It will be the first of its kind in Australia. There are only two in the world. Buses will operate similar to the way that they operate at airports. People will enter an underground bus station that has good seating and an air-conditioned lounge. As people enter the lounges, screens will inform them where their bus will leave from. It will change within four quadrants, so within a quadrant it will change bus stands depending on when a dynamic stand becomes available. It will allow far greater throughput and better customer experience. The benefits include an underground bus station that will carry as many people as the Fremantle line. It will be a quality service similar to a railway line. As I mentioned earlier, moving the project east will not only provide an extra platform—platform 10—but also it will connect a number of lines. The Armadale line will be connected to the main Fremantle and Midland lines.

The CHAIRMAN: Is it not currently?

Mr Waldock: No, it is not. In the future it will when we have special events. The measure of success for special events is similar to the measure of success for public transport. It is not what happens day to day; rather, it is what happens during peak period—that is, mornings and afternoons. In the future when 30 000 people catch public transport to a football match or a similar event—

The CHAIRMAN: Are you saying that West Coast Eagles supporters should get a train from Subiaco station to Armadale?

Mr J.M. FRANCIS: I am catching a train to the AC/DC concert on Saturday night. I will let you know how I go!

Mr Waldock: That is a real test! Actually, the real test is not so much a Saturday night; rather, it is Friday night, because people are leaving work at the same time that people are heading to a special event and that stretches the system. We will be able to cater far better for special events, which we find difficult to cater for now. It is a real challenge because of the availability of rolling stock and platforms. That will be an advantage. We should be able to get better connections. At the moment there are old timber bridges, which are a bit tired and need to be improved. Part of what we will offer is a better transfer experience for our customers.

The CHAIRMAN: What will be the mechanism by which there will be pedestrian traffic between the platforms and to platforms?

Mr Waldock: There will be escalators.

The CHAIRMAN: Above or below ground?

Mr Waldock: We are looking at both.

Mr J.M. FRANCIS: What kind of disruption will take place during the construction?

Mr Waldock: Peter can talk line and verse about this. In fact, if you have five hours, he will share his knowledge with you! One of the issues is that whatever contracting model we use, we must be aware that the model we used for the southern suburbs was pretty much designed and constructed for the city. It was a hard-nosed contract. The issue now is that we are working on a brownfields site. We cannot afford to not have a good relationship with the contractor. We will make sure that we define the windows within which the contractor can work versus the windows that we need to meet operations. It is extremely complex. Peter had a very large team on this for the best part of 12 months. We worked out a seven-stage arrangement in terms of blocking off different platforms, changing platforms and connecting different lines.

[1.30 pm]

This seven-stage process allows us to minimise disruption in terms of our customers, and certainly at the same time allows us to get the project done.

Mr J.M. FRANCIS: I knew you would be all over it, but I just imagine that that will be a logistical nightmare.

Mr Waldock: It is a logistical—well, it is not a nightmare. I do not use the word “nightmare” —

Mr J.M. FRANCIS: It would be for me!

Mr Waldock: — but it is challenging.

The CHAIRMAN: It will be a nightmare if it does not work.

Mr Waldock: Quite right.

Mr C.J. TALLENTIRE: Mr Waldock, you talked about the potential for expansion in terms of extra throughput.

Mr Waldock: Yes.

Mr C.J. TALLENTIRE: But how would linkages with future light rail developments perhaps along William Street or elsewhere go with this? Is it going to be something that —

Mr Waldock: We are doing a lot of work now with the 2031 WA Planning Commission document about where the city goes in 2031 and beyond. Part of that will be light rail, but the light rail and those issues are still to be worked through in terms of whether it is on St Georges Terrace, whether it is on Murray Street and whether it is on Wellington Street or on Hay Street. But whatever happens, they will have the east–west linkages. What the advantage that our project has given us, of course, is that we have actually got two major centres. So whether the Esplanade becomes the centre or whether it becomes—I believe this would be the centre of town—it is only a block's walk either way, so I think the linkage will be far better than we have ever seen before. Perhaps I can just pick up on this as well. Through EPRA, we have done a lot of work with the City of Perth in terms of defining pedestrian paths and how pedestrian movements will work. As well as that, Perth has done the most detailed pedestrian analysis we have ever seen in this city in terms of just what are the movements, not just through the station, but through wider Perth. I think it has come up with some pretty interesting things, has it not, Peter? But, to answer your question, I think pedestrian access will never be catered for better than resulting from this particular arrangement.

Mr Morgan: If I can just add that the work that EPRA has been doing with the City of Perth and the Western Australian Planning Commission is to turn the one-way street system in Perth back into a two-way street system. So if you think back to the 1970s, which is when William Street and Beaufort Street went one way, that was there to get traffic in and get traffic out at night. Of course, these streets now have to work a lot harder for pedestrians, for the cycles, for the public transport and for motor cars. The work that is being done on the Horseshoe Bridge now is turning that into a two-way road. When it reopens in April it will be two way. William Street to The Esplanade is two way now, and of course Perth has got it set to go two way in April through Newcastle Street. I understand that Vincent has also planned its section of William Street to go two way as well. So that is going to be a significant turning point for Perth, to actually free up and liberate the streets and do what great cities of the world do. So that is a very important piece of work that the state and the local authority are working on together, being funded in the name by the local authority.

Mr Martinovich: What the studies that we have done about pedestrian movements show is that in the morning and in the afternoon peak, the area of the Perth railway station, and particularly the connection to the underground station, is the most concentrated movement of people anywhere in Perth on a normal day. That drops off at 12 o'clock, and the actual movement of people then is along Hay Street, Murray Street, particularly west of William Street, and up as far as Myer; everybody seems to want to go to Myer at lunchtime. If you project that 12 o'clock scenario to the year 2031, you find that the people using William Street to get into Northbridge starts to rival, if it is not even greater than, what is moving along the two malls in Perth now. So it really assumes a great connectivity benefit up William Street into Northbridge, and also along King and Lake Streets. So the worth of the project seems to be established by the studies that have been done to date, but certainly in the morning and the afternoon peak, the rail and the bus are the ones that generate the highest usage of people at street level in Perth.

The CHAIRMAN: Mr Waldock, if I could return to that issue of the improvements to public transport —

Mr Waldock: Yes.

The CHAIRMAN: — clearly, as you outlined, having a nice new bus station with the latest in terms of comfort and advisories to your patrons is great, but can you give us some hard numbers on improved connectivity to the station in terms of time of walk? How does that compare with the existing bus station to the new bus station?

Mr Waldock: Sure. What we found is that the level of connectivity that is required between the bus station and the rail station is not great, so the number of people who make that transfer is not a huge

percentage. I think it is in the area of 10 to 15 per cent. What is startling, or what is highlighting, is the connectivity between the underground rail station and the main station platforms. That is the area that seems to suggest the most attention should be given to.

The CHAIRMAN: So how will this project make changes to that, if any?

Mr Waldock: The project has made some recommendations regarding that, but they are part of the master plan, which is still to be considered by the government. I think I would rather not comment on those at this stage because it is still up to the government to make some determination on those.

The CHAIRMAN: Sure. Of course, that is the government's right and responsibility, but can you give us some indication in general terms of how you would try to improve connectivity between the underground station and —

Mr Waldock: There are two ways that you can improve the connectivity. One is by getting the people out of the ground where they come out now and building a bridge between the platforms, and the other one is to build an underground structure that connects the two railway stations, or the two elements of the Perth railway station. Regarding what we have to plan for, we currently have about 3 200 movements in one hour in the morning between the central and the underground rail stations. As we get closer to 2031, that movement is approaching 6 000 people in the morning peak hour. So it is a fairly important issue to be addressed, and there are town planning issues that have to be grappled with.

The CHAIRMAN: I will just come back to that question I asked earlier. I take it, Mr Waldock, from your answer that there is not actually improved connectivity between that new bus station and the Perth rail station?

Mr Waldock: There will be to the extent that whatever we do between the existing platforms of the old railway station now, if you wish to move into the underground, it is a very unwieldy experience at the present moment. So whatever happens, there will be better connectivity across the platforms. So, indeed, if you want to take the Midland line now and move into that bus station, you virtually have to go up to the eastern concourse, around and down again. It is a very convoluted way of moving into the underground bus station. So whatever the decision is in terms of how we connect, all those connections across the old platforms will be far friendlier.

The CHAIRMAN: But the distance is not reduced.

Mr Waldock: Yes, it will be. As I say, at the present moment, if you want to get off the train on the Midland platform and go to the underground station —

The CHAIRMAN: No, I am talking about the bus station.

Mr Waldock: I am sorry; the bus station.

The CHAIRMAN: Yes.

Mr Martinovich: From the bus station, the sort of connectivity that you see now between the bus station and the railway platform, the distance will not increase markedly. In fact, it may be reduced. An issue that we have is that with the bus station being built underground, the passengers will be in an island, and therefore they must come to ground level in order to access the street and the railway station as well, which is what they do at present. Where the improved connectivity will be is that the priority of transfer between the platforms is currently taken by the concourse that links Northbridge cultural centre and Myer. That connectivity will shift westwards to right alongside the Horseshoe Bridge. Currently, if they want to get on to the Midland platforms, one of the paths they have to take is to go up to the eastern concourse and then come down onto platforms 7 and 8. What they will do now is that they will not have to walk through the station. As soon as they get into the station, there will be a facility for them to connect across the platforms.

The CHAIRMAN: Again, just concentrating on the new underground bus station, you are saying the new station will have 16 standing bays.

Mr Waldock: Yes.

The CHAIRMAN: How many standing bays are there in the current bus station?

Mr Waldock: I think it is 12. Certainly, when we were planning this—you might help me here, Peter—a few years ago, we were talking 12 and maybe 14. We have decided to go to 16. I do not think necessarily —

The CHAIRMAN: No, my question was about the existing —

[1.40 pm]

Mr Martinovich: I am not sure. It could be 12 or it could be more, but what Reece was saying about the 16 dynamic stands was that if we were to have a bus facility that had fixed stands so that every time one wanted to catch a bus to Scarborough, one went to the same bus stop, it would have to be 32 stands, not 16 stands. This takes a normal bus station of 32 bays and compresses it into 16 bays, so it is a much more effective use of space, and shortens the distances that passengers have to travel in order to get to various stations, and gives them far more comfort.

The CHAIRMAN: What would be the expected capacity of buses per day or per hour at peak at the existing bus station, compared with the peak at the new bus station?

Mr Martinovich: Speaking off the top of my head, I would say that there would be a measure of improvement of somewhere between 50 per cent and 100 per cent, but as the city grows this bus capacity will have to be supplemented—same as everything else.

Mr Waldock: We will take that question on notice, Mr Chair, because it is a question about existing capacity. I will respond to what Peter was saying as well. It is not just a capacity issue about the dynamic stands; the greatest challenge in the world of buses is to have layover stands, and it is fair to say that we do not believe that this will be a challenge over the next 10 to 15 years, but bus layovers are certainly critical now. That is probably the greatest constraint—the future growth of bus layovers. We have done a lot of work in seeking and identifying some areas for additional or remote layovers, which I think is probably the way to go; we do not want buses laying over in this very critical space. The other issue is that the challenge for us over the next 50 years is that we will not just see this as a terminating station, which it is now and has been; we will actually have buses running through the station, coming from Morley and other areas and moving out to Curtin University. Rather than laying over, we will keep moving in a dynamic fashion, as our trains do. That will be part of future planning as well.

The CHAIRMAN: The next area I would like to move on to is what level of cost–benefit analysis has been done, and whether there has been a different one from the one done by EPRA, or whether there has been only one cost–benefit analysis for the project?

Mr Waldock: We did a cost–benefit analysis for the project when we initially put a submission to Infrastructure Australia, and that came to a total of \$36 million. The cost–benefit analysis was based on many different things. Initially it was looking at things like extra value capture for the land and the like, but it also looked at the benefits and opportunities of things like improved transfers and freeing up additional space to make our rail and bus systems more efficient. I could be wrong, but I think the cost benefits came out at \$1.9 million. Again, we can make that information available to the committee. We did an initial cost–benefit analysis for the Infrastructure Australia submission.

The CHAIRMAN: If you can provide that as supplementary information, it would be much appreciated.

Mr Morgan: In addition, during the master planning exercise we identified costs and benefits in respect of the style of development. We certainly looked at residential improvements, the commercial opportunities, land taxes et cetera, and provided documentation. As Reece has offered, we can provide that document also. I should say that I would like to ensure that we table the master plan document; I have a copy in front of me now. We also have the review of the horseshoe plaza,

which was the additional piece of master planning we did. Those two documents present the master planning exercise to the minute.

The CHAIRMAN: Thank you; I would appreciate it if we could have both of those. With respect to the cost–benefit analysis for EPRA, clearly the value of the land for utilisation after completion of the undergrounding of the railway would be a key factor. Did you have a benchmark in terms of what you needed to recoup per square metre, or anything like that, for redevelopment on site?

Mr Morgan: No, I think the question takes us to what value the land carries at this point; it carries a negative value, most probably, and the improvement works that the rail and bus station will make to that land, of course, brings it up to a low positive value, so basically it is wrapped in that combined project between provision of public infrastructure, which then makes the land available for development above the ground. That is essentially the work that we have done.

The CHAIRMAN: In terms of the requirements for EPRA, are you similar to other government agencies in that you have to show a rate of return, or is this project excluded from that?

Mr Morgan: I can understand the question. EPRA is a commercially operating statutory authority of the state. EPRA optimises its returns and is a self-funding agency, so any work that we do at Claisebrook or on the land on top of the road tunnel or the rail tunnel, we tend to cover off our capital costs and expenses against revenues. The intention is to do that on this project as well.

The CHAIRMAN: Obviously I am not expecting anything that is commercial-in-confidence, but did you have some benchmarks in terms of the area and the rate of return per square metre you would have to get as part of your basic numbering?

Mr Morgan: It is a commercialised agency; we use an internal rate of return that represents the cost of money plus a risk premium. We always have, and we continue to run those in our business cases.

The CHAIRMAN: Sure, but the point I am getting to, Mr Morgan, is whether you can give us some indicative numbers as to what that means in terms of the in globo value you have to have on the land, or a cost per square metre that would be a target?

Mr Morgan: We could certainly refer to the land value prior to redevelopment or infrastructure improvement, and of course the land value in the long term will be determined by the marketplace. We do not operate independently of the marketplace. Of course, those market rates are well established both south of Wellington Street and north of Roe Street. Those indicative evaluations of the land could be provided to the committee; I do not have it with me now, but we can provide some indication of that.

The CHAIRMAN: If you would, it would be very much appreciated.

Mr C.J. TALLENTIRE: We can see that there is going to be a windfall to the state at some time, or to EPRA. Where is that money going to go? Are you going to reinvest that in other EPRA activities?

Mr Morgan: The East Perth Redevelopment Authority has in the past reinvested those funds into boundary extension land—for example, the riverside project near the causeway, or the new Northbridge project at the top of the Graham Farmer Freeway. That has been the style of operation through EPRA, with the support of the government of the day. We have enjoyed bipartisan support since 1991, and that is the technique we use. It is not a dissimilar technique from that of the Subiaco Redevelopment Authority.

The CHAIRMAN: I think EPRA has been very successful. Does that mean that at the current time, you actually have some cash reserves that can help with your contribution to the project, or is it going to have to be on borrowings?

Mr Morgan: No, certainly the cash reserves we carry at the moment are sufficient to allow for this project.

The CHAIRMAN: Thank you. We might move onto costings.

Mr C.J. TALLENTIRE: I suppose the level of that windfall could be determined by the amount of public open space in the whole development—the amount of land you are not able to sell off. What is the percentage of public open space?

Mr Morgan: Thirty per cent, and that is genuine public open space.

Mr C.J. TALLENTIRE: Not roads?

Mr Morgan: No, it is not roads. The main piece is the city square, and there are other squares at Queen Street, King Street, Milligan Street and the extension of Sherwood Court. Each of those carry public domain. There is also a promenade along Wellington Street in addition to the road reservation. The buildings have been set back to provide a broad promenade to allow the people to move from the central station, both rail and bus, through to Perth Arena.

The CHAIRMAN: I am just wondering whether we can get a bit of a history of the contribution. As you have indicated, the City of Perth is putting in money and there is \$236 million from the commonwealth government. Can we have a breakdown of what conditions apply to that and when the money will become available?

[1.50 pm]

Mr Morgan: We would like to table a copy of the implementation deed, which is between the state government of Western Australia and the City of Perth. That covers the detail, I think, that you are asking for.

Mr Waldock: It also includes the MOU with the federal government. It outlines their funding cash flows over the next five years as well.

The CHAIRMAN: You said that the City of Perth is also going to be involved in the upgrades to Roe and Wellington Streets. Is that in addition to that \$25 million?

Mr Morgan: That is in addition to the \$25 million and it is in addition to the \$25 million plus land they contributed, which had a value in 2004 of about \$6 million. That was the black-top car park that used to sit to the west of the Perth Entertainment Centre.

The CHAIRMAN: Can we have a brief description of what the upgrades to those roads mean? Is it more lanes or fewer lanes? What is involved in it?

Mr Morgan: It is in planning by the City of Perth now. It is their planning. As I said, the planning authority is East Perth. We understand that those roads may be diminished to two lanes each way with capacity for verge parking or bus drop off and pick up along the Wellington Street route. It will become a significant boulevard for Perth. It will be paved and treated to a high standard. It will allow people to actually enjoy walking along the street. At the moment, it is not a great street to move along. We need to improve that. Similarly, Roe Street, which is two lanes each way at the moment—I should say that Wellington is three lanes each way at the moment, and it could possibly go to two and two—will possibly go to one and one with an active verge parking area on both sides and wider pedestrian footpaths.

The CHAIRMAN: Is the key element also just the improvement of streetscapes, pavements et cetera?

Mr Morgan: Yes, absolutely.

The CHAIRMAN: Has that concept been decided on or is it still being worked on?

Mr Morgan: That is being worked on by Perth and in time they will need to lodge documentation with EPRA so we can ensure that the work has been done to a high standard. I have no doubt that they will; they are doing a lot of good work around Perth at the moment. Those documents are yet to arrive. The trigger points in the implementation deed show when they need to progress the

delivery of that work in both Wellington and Roe Streets; it is scheduled to work with the completed piece of the project as we work through.

The CHAIRMAN: I return to the commonwealth money and costings. Can you give us an indication of the costings? I know it has not been signed off on so you do not have a final figure, but can you give us some understanding of the cost of the project?

Mr Waldock: That is a difficult question.

The CHAIRMAN: What is the most recent public number that has been used?

Mr Waldock: If there was any suggested number, it probably would have been \$236 million times two plus \$25 million. I think that is the implication in terms of state–federal plus local government.

The CHAIRMAN: I think you have given us some documents, which we obviously do not have time to read now. Are there conditions with the commonwealth money? Is there any chance of getting more out of them if we have a cost escalation? Is there an escalation factor in the commonwealth's \$236 million?

Mr Waldock: No. It is interesting that they came out very strongly in all those first-round projects and made it very clear that their risk is very much locked in in terms of the arrangements there. In fact, this is an interesting one with the federal government because it has been a little unclear. It is fair to say that, whilst we are very clear that \$236 million is the \$236 million along those lines, it is interesting that, when we have talked with them, that is pretty much against the rail project, not the total project. The interesting spin on this is that, whilst they want to see the complete outcome, which is the federal redevelopment outcome, and the city redevelopment objectives met, their money is just against the railway. So from that point of view, they are not fifty–fifty or whatever; they are a very large percentage. Having said that, as I say, they expect the urban redevelopment outcomes to be achieved. It is a bit of a strange arrangement, which we had little control over. In fact, it is fair to say that even now we still have not finalised the basis of the draw-downs of the money. They have had a number of changes in the relevant department, and it was only late last week that they identified a person who will be taking control. Two of my officers are flying over this week to lock in the detailed arrangements. To answer your question, there is certainly no question that their risk and their contribution have been locked in at that number.

The CHAIRMAN: Can we just go back to the steps that were taken to obtain this money and which pool of funds it comes from, or is there a mix from different pools of funds?

Mr Waldock: My understanding is that it came out of the Infrastructure Australia submission and it is part of the Building Australia Fund.

The CHAIRMAN: So the actual request for funding —

Mr Waldock: Was part of Infrastructure Australia.

The CHAIRMAN: — was less than \$236 million, I understand. What was the actual amount requested?

Mr Waldock: No, it was \$236 million. I could check that again. It has been some little while.

The CHAIRMAN: There are separate steps.

Mr Waldock: No —

The CHAIRMAN: The Infrastructure Australia one might have been for \$236 million, but the earlier ask, I thought, was for less, because the federal budget delivered more than what was requested at that stage.

Mr Waldock: I am not being evasive, Mr Chairman, because I think the whole thing was a bit messy. It may have been marginally lower because we were trying to work out at the time how they

did their \$236 million. I think that we thought they covered half, including the City of Perth contribution. That might have been it. I will clarify that for you.

The CHAIRMAN: Is it possible to give us a history of the dates, the requests by the state for funding and under what particular grants and then the response from the commonwealth?

Mr Waldock: Yes, that is fine. In fact, I am happy to make the MOU available to you as well. All you have got is the funding schedule, rather than the wider MOU.

Ms R. SAFFIOTI: Can I just follow up with some questions about the cost, Mr Waldock? We are assuming that when the submission was put forward, the estimated total cost of the project was about \$497 million.

Mr Waldock: I think that is right, and I will check that again. That is going back some time. Have you got an understanding of what the number was, Peter?

Mr Martinovich: No.

Ms R. SAFFIOTI: So with \$236 million being the implied half of the total minus \$25 million —

Mr Waldock: Yes, that is it. It would be that sort of ballpark sum, yes.

Ms R. SAFFIOTI: At the time, was that the estimation of both the bus station and the Northbridge Link?

Mr Waldock: Yes, it was.

Ms R. SAFFIOTI: Was that the estimated net cost of the project or the total cost of the project? Was it pre-land sales above the Link?

Mr Waldock: Ours was purely for the bus and the rail. It was very much the transport end of the project.

Ms R. SAFFIOTI: So the \$497 million is for the transport end?

Mr Waldock: Yes.

Ms R. SAFFIOTI: Do you believe you will be generating revenue from the other works or losing money?

Mr Waldock: No, our submission was not based on any revenue generation. The benefit cost was talked about, but we put it up as a transport-related project that was looking at the bus and the rail.

Ms R. SAFFIOTI: So it is just those two components that form the \$497 million. Mr Morgan, if I am correct, you are saying that it will cost money to redevelop over the station.

Mr Morgan: We are not proposing to redevelop over the central railway station. Our development will be over the railway line and also the bus station, so it is to the west of the Horseshoe Bridge. The City of Perth is making a contribution as well; we mentioned that before. No; the intent is to recover expenditure against revenue for the redevelopment project, as we normally do on projects that we have a track-record history on. As I have mentioned, we are working through the same process in terms of the Link project. The significant investment by the feds and the local authority will be important to underpin that land, which we argue has no value until that work is done. Then we create the value of the land and we do what we do, which is to take on the land complexity, the high watertable, the acid sulfate soils and all those sorts of things that we have to deal with within the recovery through revenue. That is the intention.

Ms R. SAFFIOTI: What is the estimated total cost of your land redevelopment component?

Mr Morgan: To date, the number that I will mention here is the \$9 million that we have been funded to do Milligan Street. That is firm work that we are currently doing. We have obviously made a submission to the government, and that is being considered. That is not firm at this stage.

[2.00 pm]

Ms R. SAFFIOTI: Just to clarify this: as I understand it, \$497 million covers the bus station and all the modifications to the rail line and the rail infrastructure.

Mr Martinovich: That is it.

Ms R. SAFFIOTI: Then, in addition to that, we have the works that need to be done on top of the link to prepare it for regeneration or development; is that correct?

Mr Morgan: That is right. We have been funded to the tune of \$9 million to the Milligan Street piece.

Ms R. SAFFIOTI: That was stage 1 that was funded before the change of government.

Mr Morgan: Yes, that is correct. And, of course, there will be a need for further funds, but the intent is that the revenue will offset the costs associated with that work.

Ms R. SAFFIOTI: But there will be an upfront cost, of course, because you have to do the work before you generate that.

Mr Morgan: Of course, there will, and it will be cashflowed et cetera, which is typical with EPRA and the Subiaco Redevelopment Authority—I can talk about both because I am the common CEO of both—and how we conduct business on both those sites, at the end of the day, to return a small surplus.

Ms R. SAFFIOTI: I will ask the question: can you give us that figure? I am reluctant to ask you any questions that could get you in trouble, given what happens to heads of organisations that appear before committees! You have a figure that you are requesting, which is currently in the budget process. Is that correct?

Mr Morgan: The work has been done and that information is currently before the government. That needs to be determined. It is not firm at this stage. We talk about firm numbers and that is why I keep mentioning the figure of \$9 million. That money is in place and has been used to advance the project.

Ms R. SAFFIOTI: Is that the only money that has been allocated for that urban redevelopment?

Mr Morgan: For the Milligan Street piece. I keep mentioning Milligan, because it is important that work be moved forward. The Arena will be finished eventually, and we need to make sure that the Milligan Street extension is in place, and the public forecourt to let that project take place. In addition to that we have commenced the early marketing of two sites for hotel use, which we believe is a fairly strategic piece of infrastructure required for the City of Perth.

The CHAIRMAN: Are those sites conditional on the undergrounding of the railway or can they go ahead before that?

Mr Morgan: They can go ahead before the undergrounding of the railway.

Ms R. SAFFIOTI: I understand that is the forecourt development in front of the Perth Arena.

Mr Morgan: Yes. The Perth Arena pays for its forecourt development. Again, we take a planning regulatory role, but in addition to that we are bringing Milligan Street through at our cost and also putting in place those two sites, which could include hotels and also commercial and residential, but we do need some further hotel rooms in Perth.

Ms R. SAFFIOTI: In respect to the figure of \$497 million, again, would it be bold to assume that that figure has increased?

Mr Waldock: We are in exactly the same situation as EPRA. Those details will be considered by government and that is where we are up to.

The CHAIRMAN: I will come back to the ownership of the land. I presume that PTA owned a portion of it. Has that been transferred to EPRA; and, if so, was there a book transfer of value or money posted?

Mr Morgan: No, it has not been transferred. The land is crown land reserved for rail, in the main. There is some Channel Seven land as well. Until we identify the core land requirement for rail and for the bus station, we cannot transfer it. Once we have done that, the intention is that land will be transferred to EPRA and that will become the key ingredient to deliver the redevelopment outcomes. As I have explained to Ms Saffioti, those numbers have been prepared, but they are being considered at the moment.

The CHAIRMAN: I was not asking the quantum at this stage, just the process. The TPS has been completed but is there still some uncertainty as to what the zoning will be on the land that is over the railway?

Mr Morgan: No uncertainty at all. The master plan has been finished, and master plans are a flexible tool. That scheme has now enacted that master plan and that determines use, height and those sorts of things that will take place on it. That has absolute clarity. As we take the Milligan Street precinct to the market, it will be very clear what can and cannot be done adjacent to the railway line or eventually, once the railway line is in place, over the line. Those mechanisms are all in place.

The CHAIRMAN: The point I am getting to is that at some stage land that is currently controlled, if not owned, by the PTA will become the property of EPRA, which can use it for development purposes.

Mr Morgan: That is correct.

The CHAIRMAN: Will there be a requirement for the PTA to be paid for the benefits?

Mr Morgan: It was a cabinet decision to transfer that land at nil cost to EPRA, and then EPRA will move ahead and the land, we argue, will carry a minimal value. And, of course, any transfer of that land will have to be booked in the EPRA accounts.

Mr Waldock: As you might expect, we are putting together the formal arrangements and agreements with EPRA and potential future land holders about access and other issues in terms of being close to a major and critical piece of public infrastructure. There will be a number of conditions in and around that particular three-dimensional title we have, because at the end of the day it is a strategic asset that needs to be completely protected and maintained.

The CHAIRMAN: Are there any major issues for which you have had to consider the engineering for services cutting across the new underground railway, whether it is sewerage, power or water?

Mr Waldock: We have looked at a lot of that.

Mr Martinovich: We do not have any issues with respect to other-party services. All the engineering effort has been identified. We have identified all those requirements and they are not a major problem. The major engineering issue has been putting the lowered Fremantle lines over the top of the two-bore tunnels that are there now, and there has been considerable work and expenditure in getting world-class people to have a look at that problem to the extent that we think we have the risk under control.

Mr Waldock: There is a sewer line that we have to drop, but it is not a major question.

The CHAIRMAN: My question related more to future demand for major services, as opposed to what is currently in the ground. If you end up with a number of 20-storey buildings, they will require servicing. Will that put limitations on them so that they will have to draw them mainly off Wellington or will there be no trouble running them across the railway line?

Mr Morgan: I will just touch on that. EPRA is considering the master planning on the basis of the public utilities that are required. There have been some critical services in the Milligan Street location spread out over quite a bit of land, so there is rationalisation taking place. The reason mentioned is the sewer, and there are different techniques to resolve the sewer demands as that site is ultimately developed. And we are talking about "ultimate" development, because if that issue is

not resolved, investment flows will not be attracted to that piece of land. With anything from high tension electricity cables, a fair bit of work has been done on the planning and on identifying the costs associated with that.

Mr Martinovich: With regard to those services, there are two spots where they seem to cross the railway line in my experience. We talked about Milligan Street. With one of the services there—I think it was gas or power—people talk about doubling the requirement that is there now. The work we are doing does not change that, because the railway is at grade there and therefore all that was taken into account when we did the rail line tunnels 10 years ago. The other place where they cross is Pier Street. There are major telecommunications and other services across Pier Street as well. That seems to be able to take care of most of the city's requirements as it expands.

Ms R. SAFFIOTI: I have just gone through the funding profile of commonwealth money that you provided, which states there was \$7 million provided in 2008–09 and \$20 million in 2009–10. Is that expenditure profile still on target?

Mr Waldock: As I mentioned, we are still, with some frustration, attempting to clarify the drawdown arrangements with the federal government. They talk about being milestone based, which is fine. From a state government point of view, as you would expect, we would like to try to maximise the benefit to the state and try to have as many milestones as possible to allow early draw-down of that money. It is fair to say that has still not been clarified. Having said that, \$7 million has already been transferred to Treasury here. We have not drawn down on that yet because, of course, we have been allocated \$5 million through the budget process and that is what we have been using to do the master planning, so there has been no need to date.

Ms R. SAFFIOTI: That \$20 million forecast for this year has not arrived yet.

Mr Waldock: No. In fact, that will be part of the draw-down process, and we have to have very clear arrangements on those draw downs.

The CHAIRMAN: I think that you are well aware that the committee is looking at the broader issues of planning, value for money and maximising the money we get from the commonwealth; therefore, as a major project this is one example of what we are looking at. I assume that you have jointly or separately done your own risk analysis and have a program to mitigate that risk.

Mr Waldock: Indeed.

The CHAIRMAN: Is that going to be made available, and can we get access to that?

[2.10 pm]

Mr Waldock: I would see no reason why that information could not be made available in due course. Let me assure the committee that I do not think I have been involved in a major government civil project before that has not had as much work done on it in terms of all the risk issues and risk mitigation planning. Peter might want to talk about it, but we have brought in, we believe, the best of the best to work with our own team over the course of 12 months to identify all the key risks. Whilst you can never be totally confident, I think I am more confident in this project than in others.

Mr Martinovich: If you look at the money that was given to the New MetroRail project in 2001 compared to what was spent at the end of the project, there was an annual increase of 4.9 per cent through a period in which construction cost increases went as high as 17 per cent per annum. That depended on defining the scope of work. That project had a geographical spread of somewhere over 100 kilometres and it involved a complex number of different disciplines. What we have here is a paddock of 13.5 hectares, I think Tony said, where we have been before. We know what the soil conditions are. We have built a tunnel through there. Not being satisfied with that, we have done 12 months work on the very detailed engineering of the work we have to do, so that we now have a very certain scope of works. When people talk about risks and cost, they talk about project management and a raft of other issues. But it all depends on knowing exactly what we need to build

before we start building it. I would have no doubt about saying that as far as government projects go, and what I have seen of private projects as well, the depth of knowledge about what has to be built here is of the very highest level. All the costs that have been generated come from that knowledge. It is not a case of garbage in, garbage out; it is a case of a lot of knowledge on which the final cost estimate has been built. I think the state will be served well by it.

The CHAIRMAN: I do not want to demean my fellow members of the committee, but if you gave us piles of engineering drawings, it would mean nothing. Is there a document or part we can have that defines the scope and the risk analysis and mitigation, or is it too technical to share with non-engineers?

Mr Martinovich: No. Most of the work is described in our master plan, which is now before the government steering committee for endorsement before it finally goes to the state government. I do not think we can release that before that process is completed.

The CHAIRMAN: I accept that.

Mr Martinovich: The documents themselves sit on top of a whole range of technical studies. No doubt as we go into tendering, depending on the type of tendering process, that information goes into a data room and is available for everyone to see.

Mr Waldock: We will make sure that the master plan will be very reader friendly.

The CHAIRMAN: What about the scope of work and risk analysis? Is there any document we can have that would lay that out for us in fairly straightforward, simple terms?

Mr Morgan: The answer is: yes; it is a time issue, as Peter has outlined and the time when we can provide those documents. We have done a complete risk profile. We have had the benefit of working alongside PTA. PTA is looking at some of the ground conditions. We are also looking at other risk profiles that you normally encounter in land development—market for example. The answer is: yes, once it has been cleared.

Mr A. KRSTICEVIC: Thank you, gentlemen. As you have indicated, a lot of work and detail has gone into this plan. Looking at it in a broader level in terms of infrastructure projects, especially with rail, how would you rate the work and cost benefit of this compared, for example, with the Perth–Mandurah rail line?

Mr Martinovich: I was involved with both projects, and I did the master plan for both projects. This one compares, in that it is only better. It being a much smaller site, much greater detail was able to be paid to the very specific issues of risk. We identified where the major risk would be and where the greatest uncertainty would be. Then we went with much more work in those areas so it has been a risk analysis to start with: where are we going to get undone and where are the cost uncertainties? We went through that process from engineering. We then involved the construction industry as well to help us gauge the manner in which the work could be done and the cost of doing the work. I think we got a very good balance between technical and construction engineering.

Mr Waldock: It is interesting, too, that we spent a lot of time when we finished the southern suburbs railway working out how we could have done it better—lessons learnt. I guess there were two critical lessons we picked up from there. Whilst Peter said in many respects it was a very good outcome, there were certainly cost pressures, the two things that hurt us most of all were interface; in other words, different contractors interfacing. If there are any problems there, they always blame the principal and the taxpayer picks up the tab. The second one was the whole area of what we call black box technology. That is the area of signalling, communications and control systems that are not in themselves a very high cost one would think, but they always go over budget and over time and jeopardise the whole contract. We therefore put a lot of effort into involving all those multidisciplines early and thinking about how we will manage that, and making sure we have a minimum of contractor interface because we do not want the taxpayer to be the bunny in the middle again. We put a lot of effort into it.

Mr Martinovich: A very complex staging plan has been developed whereby we have looked at how we will keep operating a rail system. We talked about connecting the Armadale line to the Fremantle line. If we go back to the New MetroRail project, one of the reasons the Fremantle lines were placed alongside Roe Street was to give us a big space in which this future work could be done. Connection to the Fremantle to Armadale line will increase that space so that we are separating as much as we can the day-to-day construction work from the operation of the railway. Every time we make a new connection, we build a new railway, so there has been a hell of a lot of work done. The PTA will be going into this project, and, far more than in the past—not that it has not in the past—it will be a very informed client so that it can protect the public transport system as we go through the project. That is what Reece was talking about; that is, making sure that, with the signalling and communication system, people know what is going on and the operator and the constructor are in sync. That is where the interfaces have been greatly worked on and enhanced in this project to a far greater degree than was the case in the past.

Mr A. KRSTICEVIC: So this should be the best business plan and cost analysis you have ever done!

Mr Waldock: Well, it will be a good business plan. We think it will be a good project, more importantly.

Mr Martinovich: You just might want to buy two of them at the end of the day!

The CHAIRMAN: On timing going from here forward, how tight is your time line? Do you have particular benchmarks or milestones that will create problems if you do not meet them?

Mr Waldock: We think the time lines that have already been announced—pretty much the rail delivered by the end of 2014, and the total project, including the Wellington Street bus station undergrounded by the end of 2016—are very achievable, and we have been working to that. We would like to think you will see, not just forward works construction on the site, but major contract construction happening early next year.

The CHAIRMAN: If there is any slippage, what is the current estimate of cost inflator?

Mr Waldock: We have used the Treasury building cost index. I think it is working on about 0.3 per cent this year, and I think 2.6 next year moving up to about 5.5 in 2016. We have used the Treasury figures to plan for our project. I am not sure whether they are right or wrong, but if it is wrong we can blame Treasury, not us, so that is a good place to be.

[2.20 pm]

The CHAIRMAN: I assume all the numbers you are currently putting forward to the government are outturn dollars?

Mr Waldock: Yes. We will be putting both because it might depend upon any change in government plans, but Treasury will certainly be demanding outturn dollars, as they should.

Mr Martinovich: What we do in that case is scope the work and say, “Given all the conditions that we know in the past history of things, this is what it would cost today”, and that becomes the benchmark, so that there is always a fixed reference point that people can go back to in the future, and even that is escalated to outturn dollars depending on market conditions.

Mr C.J. TALLENTIRE: One important piece of transport infrastructure I have not heard you mention is cycleways, especially arterial cycleways, recognising this as a hub for the whole of the Perth cycle network. Can you give an indication of how much of the overall budget is going to be allocated towards the development of those arterial cycleways?

Mr Waldock: I cannot talk about the budget but I can talk about the amount of work we have done trying to make sure that we look after the cyclist. This is a terribly constrained site and, indeed, we have had to think through many different bases of how we are going to make sure, particularly with the east–west route, how it is protected. Peter, do you just want to pick up?

Mr Martinovich: What we are doing is that there are a couple of pinch points for the cyclists as they come in from West Perth and that is around the new Perth Entertainment Centre arena. We have some proposals that we are discussing with Main Roads, the City of Perth and EPRA. The next issue is about where the cyclists go in the east–west direction. It is starting to look more and more like Roe Street, and the redevelopment of Roe Street is an urgent issue that has been, I think, recognised recently, Tony, by the City of Perth. If we had a temporary bus station and we built it along Wellington Street, it may be sensible to spend any money that was going to be spent on Wellington Street along Roe Street, and the cycleway has to be very important part of that. But it is being given a lot of attention.

Mr Waldock: We have got Jim Krynen, who is a well-known cycling advocate, working for the Public Transport Authority. He has been spending many hours with Peter and his team to see how he can do it. It is challenging. On the Roe Street one, which I use on occasions, there are lots of blind corners. It is a fundamental conflict with the public transport people, and whatever we do I think will be better than that. It probably will be the Roe Street option.

Mr Morgan: I would just add that in the document there is a cycle network, outlining the primary route, which is Roe Street, and the cross connections to the CBD, across Wellington and back into Northbridge as well. That document is part of the master plan. It has been attended to. We need to construct it. The road system of Roe and Wellington has carrying capacity for those sorts of things, so I think it is in good order.

Ms R. SAFFIOTI: Can I ask by way of supplementary information, in respect of your submission it outlines there that there were two submissions provided to the commonwealth government in seeking your funding—the one that was submitted to Infrastructure Australia in December 2008 and a follow-up submission in April 2009. Are we able to get copies of those submissions?

Mr Waldock: I would see no reason why not. I would just need to make sure that it does not cut across what we are putting to the government now, but I see no reason why not.

Ms R. SAFFIOTI: Maybe I missed this, and I apologise for being late. Just in respect of the Channel 7-owned land, it says “to be confirmed”—that is, the demolition of the Entertainment Centre and then the further redevelopment of that portion of land. Have we got a time frame at all from Channel 7 about the demolition of the Entertainment Centre?

Mr Morgan: Yes, there is ongoing conversation with Channel 7. As you can imagine, they are a central part of the project. They have, I understand, now completed their development application which will come to EPRA in the next weeks for our assessment. There has been a lot of discussion on that. Of course, one of the key questions is when the Perth Entertainment Centre will come down.

Ms R. SAFFIOTI: Can I just ask you, does that need to come down for you to basically undertake your works?

Mr Morgan: The northern portion needs to come down. The Entertainment Centre is a substantial building both above ground and beneath ground. The northern portion needs to come down to provide for the rail and bus access way. The rest of the building is now of an age that it is not actually appropriate for public use. It sits in areas that are complex in terms of groundwater. Channel 7 has indicated the intent to remove it. Timing is the outstanding issue about when that will come down. The need to provide the corridors for the bus and rail are obviously fundamental for the project, and we are working with Channel 7 on that at the moment.

Ms R. SAFFIOTI: In respect of the northern parts you are saying have to be demolished for the train and bus station, they are not on Channel 7 land, are they?

Mr Waldock: It is a sliver of land required for the bus access corridor.

Mr Morgan: There is some land exchange by Channel 7 and the state, across the northern edge of the sites in the main, just to clean up and tidy up the lands that sit between Milligan Street and King Street. So there are some minor exchanges that we are negotiating at the moment.

Ms R. SAFFIOTI: It is an exchange. There will not be a dollar value.

Mr Morgan: A dollar value exchange. Land will be valued and it will be exchanged on a dollar value, not on a square metre basis. But the result of that is that it is pretty much balanced for a balanced outcome.

Ms R. SAFFIOTI: It is going to be like a book entry but not an actual transaction in dollars.

Mr Morgan: There could be a transaction in dollars if EPRA was to take more than Channel 7 was taking and was willing to pay for it, and the other way around. That is being worked through at the moment. There are discussions involving EPRA, State Land Services and the PTA to bring the transaction forward so that we can negotiate and provide the land to the PTA for the rail and the bus station.

The CHAIRMAN: That answer raises the issue that I had forgotten to ask. It is not clear here where the entry to the new underground bus station will be. You did mention a bus corridor. Is all the planning completed for that; and, if so, how do the buses get in and out of the new bus station?

Mr Waldock: That is all part of the two master plans: the master plan for the bus station and one for the rail. Certainly the master plan for the bus station, as we talk to you now, is that it will be going over the bus bridge and along a line and, undergrounding the rail, there will be a bus corridor or bus access, which will go down —

The CHAIRMAN: Below ground or at grade?

Mr Waldock: It will go into a dive structure on the western side of Lake Street; it will be under a dive structure there, so it will be underground. It will be similar to what the railway is in terms of being underground, but, of course, because with buses you can get a steeper inclines or declines, it will not be as long a dive structure, but it will certainly be going down. It will allow for a complete and unfettered, at level, 50 metres, I think it was, or was it 35 metres, on the western side of King Street.

Mr Morgan: That is right.

The CHAIRMAN: I am sorry, could you just talk me through that? On the diagram or the aerial photograph that you have given us there are some crossed lines coming off the Mitchell Freeway.

Mr Morgan: Yes, that is rail reserve.

Mr Waldock: You can see the bus. You can see the bridge there, and that bus goes along there.

The CHAIRMAN: And where does it go underground?

Mr Waldock: It will be going underground. As I say, if you go to King Street and go 35 metres to the west of King Street, that will be below ground level to that locale. Past that it will be coming up into a dive structure, so going west. Let us start at King Street again, moving west. Thirty-five metres on the west side will be at grade, so it will be below the surface. It will be moving into a dive structure coming up, and from then on it will be at grade.

Mr Morgan: That runs out to Milligan Street, so if you are looking for the extension, that is where the dive structure comes up to natural ground.

The CHAIRMAN: So that means you have an intersection on Milligan Street where the buses will cross.

Mr Waldock: There will be an intersection.

Mr Martinovich: The bus has an intersection with a T-junction of Milligan Street.

The CHAIRMAN: So Milligan does not cut right across to Roe?

Mr Morgan: No, it does not cut across to Roe. You see a busway there now. It will follow generally the same route, except that there will be a connection for buses to be able to get out towards Wellington Street through Milligan Street, so Milligan Street will form a T-junction with the busway.

[2.30 pm]

The CHAIRMAN: Will the only bus entrance or exit from the new underground bus station be off that T-intersection of Milligan Street?

Mr Martinovich: It will be on the extension of the road that runs east–west from the T-intersection of Milligan Street.

Mr Morgan: There is a diagram in the master plan report that shows the dedicated bus way. It also shows the connection of Milligan Street. That document is available publicly.

Mr Martinovich: Another way of thinking about this is that, as the railway comes from the west, it starts to go down Milligan Street and, as Reece said, it is finally fully underground by the time it gets to a point 35–odd metres west of Lake Street. It has a restriction of gradient for railways. Buses can come down much steeper. The bus dive structure can commence travelling towards the east later than what the railway does. They both effectively get underground on the same north–south streamline.

The CHAIRMAN: Thank you very much, Mr Waldock, Mr Martinovich and Mr Morgan. We really appreciate you all giving your time and providing the committee with advice. 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—I thank you for making a number of undertakings to provide additional information—or if you wish to elaborate on any particular points, please include that as a supplementary submission to the committee, and do that when you return the transcript to us. Thank you very much for providing your time and information to the committee.

Hearing concluded at 2.32 pm