

Estimates and Financial Operations Committee
2018-19 Budget Estimates hearings - Questions prior to hearings



Public Transport Authority of Western Australia

The Committee asked:

- For each project identified in your asset investment program in Budget Paper No. 2, was it subject to cost-benefit analysis and, if so, what was its ratio?

Answer:

The Public Transport Authority does not conduct a Benefit-Cost Ratio (BCR) measure for asset replacement (e.g. gradually replacing the bus fleet), nor does it undertake BCR assessments for minor projects. BCR's are assessed for major new works as follows:

WORKS IN PROGRESS	\$'000	BCR
Bus Depot Acquisition	7,850	Not required
Bus Priority Projects	18,976	Not required
Mount Claremont Bus Depot Acquisition	7,846	Not required
Northbridge Bus Layover	10,839	Not required
Smartrider System Asset Replacement and Technology Update	33,821	1.1
Bus Acquisition Program for Additional Bus Service Kilometres	71,246	Not required
Bus Replacement Program	309,428	Not required
Regional Bus Acquisition	71,983	Not required
Replacement of 32 Cat buses	18,268	Not required
Minor Capital Works 2018-19 Program	3,500	Not required
Election Commitment - Rail to Kemerton Industrial Park	10,000	Under Development
Election Commitment - Mandurah Station - New Parking Bays	16,085	Under Development
METRONET - Automatic Train Control - Project Definition	7,400	Under Development
METRONET - Forrestfield-Airport Link	1,861,000	1.5
METRONET - Level Crossing Removal Program – Denny Avenue	70,000	1.3
METRONET - New Stations and Existing Station Upgrades	101,301	Not required
METRONET - Rail Line Planning	20,206	Not required
METRONET - Thornlie-Cockburn Link	535,797	Under Development
METRONET - Yanchep Rail Extension	420,170	Under Development
Perth City Link - Rail	363,279	Under Development
Perth City Link - Bus	213,190	Not undertaken
Optus Stadium Transport Project (Note 1)	366,401	Not undertaken
Radio Systems Replacement	136,074	3.4
Business Support Upgrades - 2008-09 to 2017-18	54,546	Not required
Business Support Upgrades - 2018-19 to 2020-21	6,854	Not required
CCTV Systems Program	25,895	Not required

WORKS IN PROGRESS	\$'000	BCR
Train Control Remote Terminal Unit 5 Year Life Extension	4,593	Not required
Car Park Upgrade Program - 2017-18 to 2019-20	4,079	Not required
Escalator Replacements	24,761	Not required
Rail Infrastructure In Progress (various asset replacements)	195,159	Not required
Resilience Package	59,877	2.9
Transperth Urban Passenger Rail 'At Grade' Crossing Improvement Project	23,246	1.05
Election Commitment - Upgrade to Cookernup and North Dandalup Train Stations and Completion of Yarloop	2,000	Not required
Future Urban Railcar Procurement	228,979	1.6-1.7
Election Commitment - Rail Futures Fund (Australind Railcar Replacement)	30,000	Under Development
METRONET - Railcar Acquisition	508,199	1.6
Transperth Ferry Acquisition	2,604	Not required
COMPLETED WORKS		BCR
Elizabeth Quay Bus Station - Fire Suppression	1,797	Not required
Road Coach Replacement Program	15,978	Not Required
Minor Capital Works Program Completed	25,270	Not required
Passenger Information Network Systems Upgrade	2,633	Not required
Aubin Grove Station	66,834	Not Undertaken
Edgewater Multi-Storey Car Park	22,407	Not Undertaken
Extension of the Northern Suburbs Railway to Butler	190,515	2.54
Power sub-station and stow roads to support new railcars	13,584	Not required
East Perth Station – Upgrade (Note 2)	19,297	Not required
Rail Station Upgrades	9,903	Not required
Purchase of 22 Railcars	244,880	Not undertaken
NEW WORKS		BCR
Bus Replacement and Acquisition	550,666	Not required
Minor Capital Works Program	10,500	Not required
Business Support Upgrades - 2021-22 to 2023-24	18,000	Not required
Car Park Upgrade Program - 2020-21 to 2022-23	5,000	Not required
Rail Infrastructure	235,550	Not required
Railcar Replacement	1,059,500	1.6

Note 1: Part of the Optus Stadium project

Note 2: Part of the Optus Stadium Transport Project

Public Transport Authority of Western Australia

Hon Tim Clifford MLC asked:

1. With reference to the first dot point on page 527, in Budget Paper 2, Volume 2, relating to Transperth and Transregional buses –

- a) Will the Minister state all the ways in which the 91 Euro 6 buses to be purchased in 2018-19 under the existing 10-year contract with Volvo are environmentally friendly,

Answer:

The 91 buses to be delivered to the Public Transport Authority (PTA) in 2018-19 under the current Bus Supply Contract with Volvo are at the existing Commonwealth Government mandated Euro 5 emission standard. The PTA has previously been supplied a number of Euro 6 buses in advance of any heavy vehicle regulation changes to exhaust emission standards in order to gauge operational compatibility and product reliability.

- b) Is the Minister aware that Volvo is now promoting 'Power Beyond Reduced Emissions' and that the link to 'Euro 6' on its website leads to a defunct webpage;

Answer:

All major vehicle manufacturers (commercial and passenger) are promoting zero tail pipe emission options in their product ranges. Knowledge of local market regulations and product application is critical when pursuing these websites. Information linked to Euro 6 material is functioning as expected and is available on the Volvo Bus Australia website

- c) Does the invitation to tender issued by the PTA for the next 10 year bus replacement program which will see an estimated 900 new technology buses purchased over a 10 year contract period commencing July 2019, specify a preference for electric buses;

Answer:

Provision has been made in the tender for respondents to offer any suitable alternative drive train technology. The alternative drive train technology offered must be proven safe, reliable and cost effective in the public transport environment

- d) If no to c), why not, given electric buses are more environmentally friendly and are being adopted in Europe; and if yes to c), please give details; and

Answer:

A small number of electric buses are in the development phase awaiting trial in Australian cities. Australian environmental conditions and operating applications are different to European cities, so the buses currently being operated in Europe would require modifications to operate in Australia

- e) When does the tender referred to in c) close?

Answer:

The tender has not yet been released

2. With reference to Budget Paper 2, Volume 2, page 526 and the first dot point under 'Significant Issues Impacting the Agency' relating to the Public Transport Authority, to what extent is the forecast marginal increase in total public transport patronage for the 2017-18 financial year, estimated to be the result of

a) The PTA's community awareness and promotional activities; and

Answer:

A significant community awareness campaign was run in conjunction with the opening of Optus Stadium to encourage event attendees to use public transport. Given that the PTA has exceeded the target of carrying 83 per cent of patrons (averaging 85 per cent over the first 17 events), the forecast addition of 1.5 million boardings during 2017-18 is expected to be met. This increase offsets reductions due to other factors and accounts entirely for the forecast 0.7 per cent increase.

b) Other factors such as population growth and/or job increases?

Answer:

The sustained unfavourable economic conditions continue to have a negative impact on Transperth services and are expected to result in nearly all boarding categories remaining at or slightly lower than 2016-17 levels.

3. In relation to the same dot point as in 1), what is the main factor that the PTA thinks will drive the forecast growth in patronage of 1.7 per cent in 2018-19?

Answer:

Optus Stadium was forecast to contribute 65 per cent of this growth due to increased venue capacity and higher public transport utilisation. With event attendance and public transport utilisation higher than forecast to date, Transperth is servicing an average 58,000 more passenger trips per AFL match at Optus Stadium than at Domain Stadium.

Hon Tjorn Sibma MLC asked:

1. Page 525 I note the allocation of approximately \$2 million per annum for the Metronet Office Expenses and ask

a) what amount of this \$2 million is for salaries;

Answer:

\$1.164 million

b) what amount is for office expenses;

Answer:

\$40,000

c) how many FTE are in the Metronet office;

Answer.

4.6 FTE are directly employed by the METRONET Office.

d) what are the positions and their levels;

Answer:

Project Director – Special Division Non CEO Band 2

Director Metronet – Class 1

Manager Metronet Project Governance – Level 8

Investment Advisor – Level 5

Executive Assistant – Level 4

e) are any further expansions of this office expected, and

Answer:

The METRONET Office is budgeted to employ 7.6 FTE in 2018-19

f) are other staff in the public service involved with the establishment of Metronet and if so how many, where and at what cost?

Answer. Approximately 40 staff provide support to the METRONET Office. Government agencies involved in METRONET include the Public Transport Authority, Department of Planning, Lands and Heritage, Metropolitan Redevelopment Authority, Department of Communities and Landcorp.

2. Page 525. Why does the Radio Systems Replacement Project commence in 2020-21 and not earlier; is there a business case for this initiative, and does that business case indicate another year in which this replacement should occur?

Answer:

Details in the Table on Page 525 relevant to the Radio Systems Replacement Project show the recurrent expenditure on the new system in 2020-21, when the new system becomes operational. The Business Case indicates that the new system will become operational in 2021.

3. Page 526. Dot point 2 refers to the purchase of an additional 246 rail cars for the urban transport system –

- a) in what years will these rail cars be purchased and in what numbers;

Answer:

Numbers per year are subject to final contract award negotiations

- b) when will the tenders be let;

Answer:

The request for Tender (RFT) Prequalification was advertised on 23 April 2018 and is currently planned to close on 7 June 2018.

- c) apart from stipulating a minimum amount for local content, how is the Government working with manufacturers to guarantee this local content; and

Answer:

The PTA commenced engagement with prospective suppliers in August 2017 with a Local Industry Engagement Day occurring in October 2017 that detailed the scope of the railcar supply and how local industry could be involved. The PTA is working with the Department of Jobs, Tourism, Science and Innovation to finalise requirements for an Industry Participation Plan that accords with the WA Jobs Bill 2017 and these requirements will be included in the RFT Stage 2 process.

- d) who are the manufacturers the Government has been in discussions with?

Answer:

Manufacturing organisations responded and engaged with the PTA in August 2017 include Alstom Transport, Bombardier Transportation, CRRC Changchun Railway Vehicles Co Ltd, CAF Australia, Talgo, Hyundai Rotem Downer Rail and UGL Rail.

4. Page 526. Dot point 4 refers to planning funding for the Morley-Ellenbrook line, the Midland Station project, and the Armadale to Byford Extension:

- a) When will the planning work for each of these projects commence?

Answer:

Planning for the Morley-Ellenbrook Line and Midland station project is already well underway. Preliminary planning work for the Byford Extension has commenced

- b) When will the planning work for these projects conclude?

Answer:

Refer to a)

- c) When is it likely that constructions will commence on each of these projects?

Answer:

We are working towards our election commitment timeframe.

- d) How long is it anticipated that this construction work will take?

Answer:

Refer to c)

- e) Have estimates been developed on the costs of these projects and if so what are they?

Answer.

Refer to a)

- f) How is it anticipated that the capital, operating, maintenance and interest costs of these projects will be funded?

Answer.

Refer to a)

5. Page 526. Dot point 5 refers to the completion of a number of projects by late 2020 and I seek clarification that the Redcliffe Station, Airport Central Station, Forresterfield Station, the upgrades to Bayswater Station and Claremont Station and the associated rail turn back facilities are all due for completion by this date?

Answer:

Yes

6. Page 526. When will the business case for the new Automatic Train Control system referred to in Dot point 6 be completed, what is the cost of undertaking this business case and who is undertaking it?

Answer:

\$7.4 million has been allocated to undertake necessary planning and project definition works. These works include the preparation of a business case for the project, which is currently scheduled for completion in 2019

7. Page 527 Dot point 9 refers to highly trained security and customer service personnel to ensure comfortable and safe use of bus, rail and ferry services, accordingly can you please advise

- a) how many Transit Guard are currently employed;

Answer.

Currently there are 324 Transit Officers employed by the PTA

- b) will this number be increasing as a result of the extension of the rail system, if so by how many, in what years, at what cost and where in the Budget papers can this allocation be found?

Answer:

An additional 65 Transit Officers have been funded as part of the overall Forrestfield-Airport Link operating costs with 15 Transit Officers commencing in 2018-19 and the balance in 2019-20. The annual cost of the 65 FTE is \$7.086 million. The funding for these positions can be found in the 2017-18 Budget (Refer Spending Changes – Page 631 of Budget Paper 2) and 2018-19 Budget (Refer to Spending Changes – Page 525 of Budget Paper 2).

8. Page 527. Dot point 10 refers to the increased presence of customer services personnel and I ask:

- a) how many customer services personnel are currently employed;

Answer:

There are currently 167 Customer Service (Passenger Ticketing Assistants and Customer Service Assistants) personnel employed by the PTA.

- b) is this number expected to increase and if so at what cost and when?

Answer:

An additional 25 Customer Service personnel (Full Time Equivalent) have been funded for the Forrestfield-Airport Link with 10 personnel commencing in 2018/19 and the balance in 2019/20 The annual cost for these 25 Customer Service personnel is \$2 530 million

9. Page 533 and 534 lists the follow METRONET projects - Forrestfield- Airport Link, Thornlie-Cockburn Link, Yanchep Rail Extension, new station and existing station upgrades, Mandurah Train Station Car Park, and Rail to Kemerton Industrial Park For each of these projects

- a) what is the total capital cost and source of funding (Federal/State);

Answer:

Project	Estimated Total Cost	Commonwealth Funding	State Funding	Borrowings	Other
Forrestfield-Airport Link	\$1.86 billion	\$490 million	\$22 54 million	\$1.341 billion	\$7 06 million
Thornlie-Cockburn Link	\$535 8 million	\$350 million	\$185 8 million		
Yanchep Rail Extension	\$520 2 million	\$350 million	\$170 2 million		

Kemerton Industrial Park	\$10 million	-	\$10 million		
Mandurah station car park	\$16.08 million	-	\$16.08 million*		
New and existing stations	\$101.3 million	-	\$101.3 million		

* subject to matching funding contribution from the Commonwealth

- b) what is the operating cost;

Answer:

The operating and maintenance cost for the Forrestfield-Airport Link is shown below. The operating and maintenance costs for the other projects are currently under development

	2018/19 '000	2019/20 '000	2020/21 '000	2021/22 '000
Total Operating Cost	\$5,011	\$17,343	\$45,101	\$45,181

- c) what is the maintenance cost and what is the interest cost on the capital and over what period?

Answer: Refer to b) for maintenance cost Interest on borrowings for the Forrestfield-Airport Link is:

	2013/14 '000	2014/15 '000	2015/16 '000	2016/17 '000	2017/18 '000	2018/19 '000	2019/20 '000	2020/21 '000	2021/22 '000
Interest cost*	\$95	\$847	\$3,480	\$5,910	\$8,003	\$24,308	\$45,623	\$57,552	\$59,099

*the above interest cost is indicative and is based on the cashflows of the current capital cost estimates. The interest costs and rates are adjusted over time and are embedded in the overall PTA borrowing portfolio and interest costs adjustments.

10. Page 533. The fourth heading on this page refers to planning for the Morley-Ellenbrook Line and Armadale to Byford Extension -

- a) Had the Authority previously undertaken or commissioned business cases, investigations and or reports on these lines, and if so what do they say about when these lines should be built and why?

Answer:

No previous business cases have been undertaken Any previous feasibility studies are no longer relevant due to significant changes in land use and population forecasts and recent changes to the Infrastructure Australia Assessment Framework.

- b) If these reports, business cases or reports already exist, why is further planning work being undertaken?

Answer.

Refer to a)

11. Page 541 The table headed Asset Investment Program notes an allocation of \$729 million from the Commonwealth of a total allocation of \$750 million from 2019-20 to 2021-22 for projects still under development, will any State Government funding be required for this development work and if so where and when will it be provided?

Answer

Final funding requirements are subject to the Business Case and Project Definition Plan processes.

12. Page 541 When is it expected that the development work identified in the table will be completed and construction commence on the projects being developed?

Answer

Details including timelines, scope and cost estimates for these projects will be developed through the Business Case and Project Definition Plan processes.