

# **STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS**

**2018–19 BUDGET ESTIMATES**



**TRANSCRIPT OF EVIDENCE  
TAKEN AT PERTH  
TUESDAY, 19 JUNE 2018**

**SESSION TWO  
PUBLIC TRANSPORT AUTHORITY**

## **Members**

**Hon Alanna Clohesy (Chair)  
Hon Tjorn Sibma (Deputy Chair)  
Hon Diane Evers  
Hon Aaron Stonehouse  
Hon Colin Tincknell**

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**Hearing commenced at 11.15 am**

**HON STEPHEN DAWSON**

**Minister representing the Minister for Transport, examined:**

**Ms NINA LYHNE**

**Acting Chief Executive Officer, examined:**

**Mr MARK BURGESS**

**Managing Director, examined:**

**Mr KEVIN KIRK**

**Executive Director, Finance and Contracts, examined:**

**Mr ANTHONY KANNIS**

**Project Director, Metronet, examined:**

**Mr RICHARD FARRELL**

**Chief of Staff, Minister for Transport, examined:**

**The CHAIR:** This is the hearing with the Public Transport Authority. On behalf of the Legislative Council Standing Committee on Estimates and Financial Operations, I welcome you to today's hearing. Witnesses, can you each state your full name, the capacity in which you appear before the committee and confirm you have read, understood and signed a document headed "Information for Witnesses"?

**The WITNESSES:** Yes.

**The CHAIR:** Thank you. We will start with Hon Diane Evers.

**Hon DIANE EVERS:** My first question: I note on the income statement on page 538 that "Other expenses" now includes borrowing expenses, which were shown separately in the 2017–18 budget last year. Given borrowing expenses make up roughly 80 per cent of other income as per the 2017–18 budget, what is the justification for removing that line item and including it in other income?

**Hon STEPHEN DAWSON:** Madam Chair, if I can ask Mr Kirk to provide a response to that, please.

**Mr KIRK:** I can answer that. You are quite right; in previous years it was shown as a separate line item. The document is prepared by Treasury and follows a Treasury protocol. I spoke to them at the time and I am advised that most agencies do not have borrowings. There are very few agencies that have borrowings, so their system rolls it up to a subtotal. Then the borrowings are broken out again, but for some reason it was not done this year. But you are quite right, and I have actually got the figure for interest. I think it is just short of \$100 million.

**Hon DIANE EVERS:** Thank you. The next question is: given the Public Transport Authority has borrowings on some events, and I notice that there is a capital appropriation this year of just over \$1 billion in the 2018–19 year, and then there are also borrowings of \$857 million, I am wondering when determining whether to fund Public Transport Authority capital projects through consolidated income or by direct borrowings from the agency, what factors are considered?

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**Hon STEPHEN DAWSON:** I will ask Mr Kirk again to reply, please.

**Mr KIRK:** As a general rule, we use borrowings for creation of new assets—in other words, new projects, extensions of the network—and appropriation or equity injection is generally used for asset replacement, so if we were replacing an existing station, replacing existing buses. That is the general rule.

**Hon DIANE EVERS:** Is there any justification for that rule? Is it just something that we have been doing for the past years so now we are going to continue? What would be the justification?

**Hon STEPHEN DAWSON:** Mr Burgess has indicated that he can make a comment in relation to that one.

**Mr BURGESS:** I read with interest your queries that were put to Treasury on this matter and the answers that were put back. I have never been able to see a specific logic path to what was—clearly, if we get commonwealth money, that is great, because that comes off. That is a genuine equity injection. Acknowledging Mr Kirk's last answer, where it is generally about new assets, new line extensions and so on that are borrowings, and sometimes asset replacement, there have been exceptions around that as well. If there is a logic to it, I am not aware of what it is.

[11.20 am]

**Hon DIANE EVERS:** The reason I ask is that in the answers to the questions asked prior, it does show at question 9 that there is interest being generated on the Forrestfield–Airport Link showing up to \$60 million in the year 2021–22, and that will affect the ability to cost recover for that issue. It does make a big impact. I think there should be some justification or rationale as to how we do it.

My next question: we asked last year about the benefit–cost ratios, and I am really pleased that they were provided in the questions prior. I notice, as shown in the answer to question 1 of the questions prior to hearings—I was just wondering, when you are developing these benefit–cost ratios, do you take regard for the benefits from reduced personal transport vehicles in regard to less congestion, less pollution, fewer vehicle crashes, less need for policing, less need for maintenance, less need for additional capital investment into the roads and other costs associated with the road use?

**Hon STEPHEN DAWSON:** Thanks for the question, member. I will ask Mr Burgess to provide an initial response and perhaps even Mr Kannis might supplement that, but we will start with Mr Burgess.

**Mr BURGESS:** A business case is obviously developed for significant investments, and Mr Kannis may put some more light on the Metronet project. But, yes, there are public transport benefits—in other words, the better public transport service we will provide—and, clearly, that then spills over to our roads benefit; that is, the roads become less congested for other traffic such as freight, so that is picked up. There is a series of other what are called WEBs—wider economic benefits—which includes vehicle accidents that are relevant, if we can gather that information. It could be very relevant, for example, at a level crossing. So there is the cost of vehicle accidents but also there are what are called secondary transport benefits—in other words, once the investment occurs, whether that investment then leads to greater land-use intensification, which is clearly a generally accepted goal that we are trying to achieve with Metronet and other projects. All of those are picked up. I do not know whether Mr Kannis can add more.

**Mr KANNIS:** In answer to your question, benefits to road users are clearly identified in the benefit–cost ratio calculations, so that is the case, yes.

**Hon DIANE EVERS:** I note on page 534 there is a mention of \$16 million to be spent to construct a multistorey car park at Mandurah train station. I recognise that there are significant issues with

access to this train station. Has the department looked into changes to increase the use of bus services and facilities to provide for bicycle commuters?

**Hon STEPHEN DAWSON:** I will ask Mr Burgess if he can provide a response to that one, please.

**Mr BURGESS:** There are a reasonably strong suite of bus services around Mandurah and almost all of those services have capacity. In other words, they are not oversubscribed. We have capacity on them right now. We do not necessarily need to inject more. I have had a good look at them. They are a reasonably strong suite of services. I think what it recognises is that there are people—the fact that we still have this balance with Park ‘n’ Ride in Perth reflects that there are people who trip chain, such as the mums or dads who drop off kids to preschool on the way, and therefore find it convenient to use the car to get to the train rather than the feeder bus that would not provide that same opportunity. Certainly, the way the fabric of Perth sits right now in terms of the layout, the densities and the road system, we still have a demand for Park ‘n’ Ride. Whether we like it or not, we would rather people took feeder buses, but there is this balance that we have got to get right with Park ‘n’ Ride. You are right that Mandurah occasionally is oversubscribed in Park ‘n’ Ride and that is what that initiative, if the commonwealth funding was to come forward, will help alleviate; that is, the decked car park. But, having said that, on many days there is space at Mandurah. Why Mandurah represents a particular issue is that people tend to travel from further afield in the middle of the day to get to Mandurah, and if it happens to be one of the days that it is full, then generally we will hear some sort of complaint about it because they have travelled a long way already. We try to message people that there is a lot of parking at Rockingham. Rockingham is one of the places where there was a lot of land available. The Rockingham Park ‘n’ Ride has never been full since we expanded it—nowhere near full. We would love it to be full. I know it is an appreciable distance, but they do not have to drive that much further and there is Park ‘n’ Ride if they are trying to avoid coming all the way into the city.

**Hon DIANE EVERS:** In the “Statement of Cashflows” on page 540, under the section on cash flows from financing activities, what do the other payments of \$250 million and \$400 million in the years 2020–21 and 2021–22 refer to?

**Hon STEPHEN DAWSON:** I will ask Mr Kannis to provide a response to that one, please.

**Mr KANNIS:** Those amounts match the provision for Metronet projects under development. There is a \$750 million provision on another page in the budget papers that refers to projects under development, and that cash flow represents the payout of that money.

**Hon DIANE EVERS:** Is it similar to the repayment of borrowings?

**Mr KANNIS:** It is actually to represent capital infrastructure investment to occur in the future, but not yet defined.

**The CHAIR:** Can I just check that that is reflected in part 9, “Provision for METRONET Projects Under Development”, which is funded by commonwealth funding held in a Metronet special purpose account.

**Hon DIANE EVERS:** Yes, that is great; thank you.

I have one further question. I refer to page 538 and other appropriations or the operating subsidy, which is about halfway down the page. I know that the amounts shown for 2017–18 through to 2020–21 are roughly \$20 million less than the figures shown in the previous year’s budget. I recognise that you probably do not have the previous year’s budget there with you, but I am wondering if there has been a significant change to explain this reduction or is there any policy shift to reduce the appropriations for public transport?

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**Hon STEPHEN DAWSON:** I will ask Mr Kirk if he can provide a response to that.

**Mr KIRK:** Other appropriations or the operating subsidy is effectively the equity we get from the state, and that will vary from year to year, which is outlined if you look in other spending changes in the budget papers. That will show you how the changes eventuate. You can see in the outer years that they have increased. In particular, in 2017–18, which I think is what the member referred to, and then to 2018–19—was the question about the increase there of \$22 million.

**Hon DIANE EVERS:** There was a decrease roughly of \$20 million from each year. Last year it was the 2018–19 position.

**Mr KIRK:** Yes, there was an injection for a one-off project for the Nicholson Road overpass, and that was substantially completed in 2017–18. That would account for the reduction.

**Hon TJORN SIBMA:** I refer first of all to page 538, and it is maintaining a line of inquiry on the operating subsidy forecast across the estimates. I would like to understand what assumptions have been made to derive the estimates, particularly for years 2019–20 and beyond and whether or not those figures represent the anticipated completion of a number of stage 1 Metronet projects, or are they excluded from that calculation?

**Hon STEPHEN DAWSON:** I will ask Mr Kirk again to provide a reply.

**Mr KIRK:** Just to be clear, the operating subsidy is the difference between our cost of service and our revenue. Obviously, if there is any increase in our revenue base, that will reduce the appropriation or the operating subsidy that we require from the state. In the out years, we are forecasting an increase in revenue. If I can take you back again to the major spending changes, because these are in the out years, sometimes you have to look at the previous years' budgets as well. If you look at page 525, for instance, you will see where there are major spending changes. The most substantial of those, as you can see there, is the railcar replacement operating costs in 2021–22. There is an increase of \$23 million. So you really need to read that in conjunction with the spending changes from the current budget and previous budgets to see how that increases. But I think your question was, and you are quite right, as extensions of the network come on board or come into operation, there are increased operating costs associated with that, and that will require an increase in our operating subsidy, and they generally show up in that.

[11.30 am]

**Hon TJORN SIBMA:** Has the PTA undertaken any evaluation of what revisions to the out year operating subsidies might be reflected in future budgets as a consequence of various stage 1 Metronet projects coming to operational maturity?

**Mr KANNIS:** So the operating impacts of Metronet projects will become clearer as the project is better developed. We will be better informed about Thornlie and Yanchep projects, because they are a bit more advanced, but for the other projects, we have not got to the point of actually identifying the operating subsidy that goes with those services at this point in time because the capital costs and the operating costs are still to be determined.

**Hon TJORN SIBMA:** I might make the assumption that we are likely to see a \$1 billion threshold breached in the next couple of budget papers. That is just a prediction; that is not a question.

**The CHAIR:** We will take that as a statement. Do you have a question?

**Hon TJORN SIBMA:** Yes, I do. Just in relation to the Metronet projects listed on page 533, all I am attempting to do here is inform my understanding. Do the eight projects listed there comprise stage 1 Metronet or is there something missing, or have I miscategorised?

**Mr KANNIS:** They comprise the stage 1 Metronet projects that have been funded.

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**Hon TJORN SIBMA:** Okay, so the conclusion I draw is there might be one or two that have not yet. Could you draw my attention to where I might find the total cost of at least those eight projects listed at page 533, and I mean full cost, from the commonwealth and the state government?

**Mr KANNIS:** To get a total cost of all projects funded, the best reference is to take you to budget paper No 3. Page 136 has a feature box, which has three pages incorporating a description of the projects, and a table at the end which identifies the fund, the expenditure and the funding sources for each of those projects.

**Hon DIANE EVERS:** What was the page number?

**Hon STEPHEN DAWSON:** Budget paper No 3, pages 136 to 137, and the table on the third page, 138.

**Hon TJORN SIBMA:** Thank you for doing that. I have a query. I will leave my line of questioning for now, after this one. Last year I recall attention being drawn to the fact that some portion of Metronet was likely to be funded by “value capture”. I have not been able to see that terminology reflected in the budget papers or in much media or promotion of Metronet so far. Does that signal a policy shift or a problem in actually notionally capturing that value, or is the state looking to supplement funding in some other way?

**Mr KANNIS:** Over the last 12 months we have actually looked at value capturing in some detail. What has been identified is that value captures revenues will not be what I call a big bang approach. They will not raise \$100 million within the forward estimates period. Value capture, if we use the mechanisms that government is considering, which are developer contribution-type arrangements, it could be over a period of 30 years that you actually get the revenue in from those developer contributions.

Government has not made a decision on the mechanism at this point in time, so that is still to be determined. But when I have been giving presentations on this subject I have identified that it would be more of a trickle of funds rather than a lump sum coming in at once.

**Hon STEPHEN DAWSON:** Madam Chair, if I can just add to that. It is certainly the state government’s intention for value capture to contribute towards Metronet projects. I understand Anthony’s team—the Metronet team—is working collaboratively across government to develop that value capture model, so those investigations are ongoing. I just want to put on the record that the objective is also shared with the commonwealth government and is identified as a reform to be delivered under the Perth City Deal MOU that was recently signed by the Prime Minister and the Premier, so there is a recognition across both governments that value capture needs to be used.

**Hon TJORN SIBMA:** Yes, but I think we have just had the expert senior public servant tell this committee that the \$100 million or so touted might be captured but will be captured over a generational time frame, which is unsurprising considering the way that the government has gone out of its way to promote the project. You lose leverage in negotiation when you dig a flag in the sand and say, “By this time, this project will be delivered.” You do not necessarily provide developers with the compulsion to provide you any more money out of their pocket out of goodwill. My question is: we have identified a \$100 million funding gap, so how do you propose to fill it, minister?

**Hon STEPHEN DAWSON:** I do not propose to fill it, not being the Minister for Environment, but certainly my colleague the Minister for Transport works on these issues. We certainly have been oversubscribed with federal contributions towards this project at the moment, so much so that we have money sitting in the bank while we work on business cases, so a number of conversations are happening across government and indeed a number of pieces of work, but the commitment stands. We are committed to delivering those projects that we promised at the last election, so the work continues as we continue to balance the budget. We also continue to seek further funding sources

to enable us to pay for those commitments, but certainly value capture is one thing that is live, and conversations continue to happen across government.

**Hon COLIN TINCKNELL:** My question to the minister is regarding the Metronet upgrade for some train stations to accommodate six carriages. All questions are in reference to volume 2, page 535. I note the upgrade to the Bayswater–Midland train stations to allow for six carriages. Can the minister clarify: one, are there plans for other train stations on the Midland line to be upgraded?

**Hon STEPHEN DAWSON:** I will ask Mr Burgess if he can provide a response to that one, please.

**Mr BURGESS:** Perhaps it is best to describe it in the longer term plan setting. The new trains we are out to the market for right now—so early days of that process—will be straight six-car trains, so a cab either end. It is not two threes joined together; it is straight six cars.

The A-series trains, as per that tender and the announcement by the Premier and the minister a few months ago, will also be scheduled for replacement, so the ones that currently operate on the Midland, Armadale, Fremantle lines. As we gradually retire those in a number of years' time, they will be replaced by a combination of three and six-car sets, so clearly that dictates a time frame when all of those platforms on the Fremantle, Armadale and Midland lines need to be six cars. I could not actually put a finger on it. It is in the late 2020s that we will need to have all of those platforms at six-car length eventually.

[11.40 am]

**Hon COLIN TINCKNELL:** So you would not be able to identify which train stations will be upgraded to allow for those six carriages? There are stations that need to be upgraded for that.

**Hon STEPHEN DAWSON:** Again, I will ask Mr Burgess to answer.

**Mr BURGESS:** Currently it is on those lines that we call, not in a nasty way but in a colloquial way, the heritage lines—Midland, Armadale and Fremantle. There are a very limited number of stations that are six cars—West Leederville, from the old Subiaco football days; Fremantle; and Claremont Showgrounds. It is a very limited number that are six cars. The vast majority actually have to be upgraded to six-car length. Clearly, our process is that if we are doing a significant body of work on a station, such as we are going to be doing at Bayswater, we will naturally enough make it six cars at that time. The others will follow in a series of projects in the late 2020s.

**Hon COLIN TINCKNELL:** To the minister, are there any train stations on the Midland line earmarked for removal due to the lack of patronage?

**Hon STEPHEN DAWSON:** The answer to that is no.

**Hon COLIN TINCKNELL:** Are there any plans to build a multistorey carpark at Midland, as is planned, as we have heard, for Mandurah as well as Edgewater?

**Hon STEPHEN DAWSON:** I will ask Mr Burgess to reply to that one.

**Mr BURGESS:** The concept for moving Midland station closer to Cale Street and the hospital does not contemplate a decked carpark; it contemplates at-grade parking, as it is now. The work for the line extension to go one station further out to Bellevue is still in the early days. What the form of that parking will be has not been decided.

**Hon COLIN TINCKNELL:** Changing that line of questioning, I refer to page 538 of budget paper No 2 and the income statement. What comprises "Other revenue"? There is approximately 22 per cent there. You will find us always asking questions on "Other revenue".

**Hon STEPHEN DAWSON:** I might ask Mr Kirk to reply to that one.

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**Mr KIRK:** “Other revenue” is made up of advertising income. Do you want me to give you the dollar figures as well?

**Hon COLIN TINCKNELL:** Yes.

**Mr KIRK:** Okay. Advertising income is about \$8.8 million; commercial rent revenue is about \$15.1 million; corridor rent income is about \$6.8 million; service contributions to things such as the stadium special events is about \$15.7 million; interest income—I think there were some comments before about commonwealth funding for the Forrestfield–Airport Link—is interest we earn on the funds that we are holding there, with an amount of \$750 000; and miscellaneous income is about \$4.7 million.

**Hon COLIN TINCKNELL:** I refer again to page 538 and the income statement. What is the funding for the “Royalties for Regions Fund: Regional Community Services Fund” in 2021–22? What is that funding for in 2021–22? It is under the income statement on page 538.

**Hon STEPHEN DAWSON:** I am not sure whether we actually have that detail with us today, so I will provide information by way of supplementary, if that is okay.

**The CHAIR:** To clarify, what is the \$79 939 000 made up from in the community services fund, noting that it increases —

**Hon COLIN TINCKNELL:** —from \$13 million up to \$79 million.

*[Supplementary Information No B1.]*

**Hon COLIN TINCKNELL:** I refer to page 539. Once again, the value of restricted cash under “Current Assets” increases from \$16 million in 2017–18 to \$542 million in 2018–19 and then declines back to \$16 million in 2021–22. What underpins the change in the value of the restricted cash under “Current Assets” between 2017–18 and 2021–22?

**Hon STEPHEN DAWSON:** Can you repeat the line item again? It is page 539 and the current assets. What is the rest again?

**Hon COLIN TINCKNELL:** I asked: what underpins the change in the value of restricted cash under “Current Assets” between 2017–18 and 2021–22? It goes from \$16 million in 2017–18 to \$542 million in 2018–19 and then back to \$16 million in 2021–22. It is quite a big change.

**Hon STEPHEN DAWSON:** I will ask Mr Kirk if he can provide an answer to that one.

**Mr KIRK:** That relates to funding from the commonwealth for the FAL project or other commonwealth projects. We are holding it in special purpose accounts and then that will be used; hence, it drops back down again.

**Hon COLIN TINCKNELL:** Thank you. Some of this question may have been asked before, so please correct me if I am wrong here. I refer to page 540 of budget paper No 2. The authority receives other cash flows from the state government. What do the other cash flows from the state government relate to? That is under the statement of cash flows on page 540.

**Hon STEPHEN DAWSON:** I will ask Mr Kirk to provide an answer, but he is just looking for that answer.

**Mr KIRK:** Sorry, I missed it; which item is it?

**The CHAIR:** It is the “Other” line item under “Cashflows from State Government”. It is the last line of that table. It goes from \$104 323 000 in 2016–17 down to \$739 000 in 2018–19. What is “Other” and why is it decreasing?

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**Mr KIRK:** I will need to go back and have a look at that if I can. The answer, as soon as I stop talking, will be painfully obvious to me, but at the moment I just cannot get it. If we can, we will come back and give that as supplementary information.

*[Supplementary Information No B2.]*

**Hon SIMON O'BRIEN:** The Yanchep rail extension is referred to in a number of places, including under "Works in Progress" on page 535. It is \$420 million or thereabouts. Is there a business case being prepared for this?

[11.50 am]

**Hon STEPHEN DAWSON:** I will ask Mr Kannis to provide an answer to that question, please.

**Mr KANNIS:** There have been two stages of business cases completed for the Yanchep rail extension. One was submitted to Infrastructure Australia in August 2017. Since then, project definition has been occurring and we are nearly at the completion of the final business case, including project definition. It should be done within the next few weeks.

**Hon SIMON O'BRIEN:** Will that be tabled?

**Mr KANNIS:** That is a decision for the government to make in terms of its tabling.

**Hon STEPHEN DAWSON:** I will have to take that away and provide an answer by way of supplementary information. I am trying to recall what has been to cabinet or whether there is a need for it to go to cabinet. I suspect there will be, so I cannot give an answer now, member, but I will provide an answer to that question by way of supplementary information.

*[Supplementary Information No B3.]*

**Hon SIMON O'BRIEN:** Has the completed business case for Infrastructure Australia been made public?

**Hon STEPHEN DAWSON:** No.

**Hon SIMON O'BRIEN:** If not, can I ask you to table that.

**Hon STEPHEN DAWSON:** I am told that it is not normally done, member. Again, it is the same as the earlier question. I will have to ask my colleague whether that is possible; and, if it is, we will provide it.

**The CHAIR:** We will put all that in B3.

**Hon SIMON O'BRIEN:** Thank you very much. Obviously, the question is: will you table those documents—the first one and the second one—and, if not, why not? I have asked that because it will help inform a series of further questions we have. I will now quickly ask one or two, if I may. Why was Yanchep prioritised over the Byford rail extension?

**Hon STEPHEN DAWSON:** I will ask Mr Kannis if he can provide an answer for that one, please.

**Mr KANNIS:** The reality was, whether it was consciously or subconsciously, that the Thornlie–Cockburn link and the Yanchep rail extension had both been in planning for three to four years within the Public Transport Authority. Under the previous government, it was seen to be a priority I understand, and that is why those projects are further developed, and that is why they are priorities at this point in time.

**Hon SIMON O'BRIEN:** Finally on the Yanchep rail extension, can you indicate how much bush will need to be cleared for that project?

**Mr KANNIS:** I cannot tell you the exact level of bush that has been removed, but we are going through the environmental approval process as we speak to determine how much. There is a Bush

Forever site on the line—you might appreciate this—just north of Eglington, and that is going through an environmental approvals process as we speak.

**Hon SIMON O'BRIEN:** Can I ask for the answer to that question to be provided by supplementary information; that is, how much bush is proposed to be cleared?

**Hon STEPHEN DAWSON:** We will provide that by way of supplementary information.

*[Supplementary Information No B4.]*

**Hon SIMON O'BRIEN:** I have a couple of questions on railcar procurement. Is it intended that —

**Hon STEPHEN DAWSON:** Just to help us with our notes and our books, are you referring to a line item in particular in relation to that?

**Hon SIMON O'BRIEN:** Yes. It is railcar acquisition, and page 535 is one place where it is mentioned, but it is basically about future railcar procurement that has to be done to a large extent in Western Australia. Is it proposed that the model will be something like the arrangements that have been in place for many years for new bus acquisitions whereby buses are manufactured in Western Australia, with the government being the prime customer?

**Hon STEPHEN DAWSON:** It is a similar sort of aspiration. Obviously, the member would be aware that we made a commitment at the last election that we would have a target of 50 per cent of new railcars being produced in Western Australia. The request for tender prequalification was advertised on 23 April. In order to maximise the benefits and opportunities of the railcar procurement project for WA workers, Western Australian industry participation plans as per the jobs act will form part of the evaluation criteria for prospective suppliers. I might ask Mr Burgess whether he has anything further that he wants to add to that.

**Mr BURGESS:** Not a lot, minister. That is largely the situation. The early stage that the minister spoke to—the prequalification stage—closed on 7 June. That is closed and it is currently being assessed as we speak, and that will take some time. Out of that we will shortlist a number of proponents to take forward to the final request-for-tender stage. The issues of local content will be key in that stage 2 tender documentation, which will be publicly available.

**Hon SIMON O'BRIEN:** Thanks. I will look out for that with interest. On page 535, under “Works in Progress”, we also see, under “Bus Replacement Program”, the bus acquisition program for additional bus service kilometres. I ask in two parts. First, presumably this is the program that has been in place for quite some time to meet the need for additional bus services, and it appears that that is now coming to a conclusion; is that the case?

**Hon STEPHEN DAWSON:** Yes, the bus acquisition program is in its seventh year of delivery. Delivery is on schedule and 158 additional buses will have been delivered by mid-2018. The project is due for completion in mid-2018. The commitment over that period of time was to purchase an additional 158 buses. I am advised that delivery is on schedule and those buses will have been delivered during that time-limited program, which finishes in the middle of this year.

**Hon KYLE MCGINN:** I refer to page 541 of budget paper No 2. Can the minister provide an update on the planning for the Byford rail extension?

**Hon STEPHEN DAWSON:** I will start off and then ask Mr Kannis whether he can supplement my answer. Planning for the Byford rail extension is underway, with the key tenders now released ahead of the anticipated construction starting in 2021. The rail line will provide public transport to the growing population in the Serpentine–Jarrahdale area, which I am told has almost tripled in population since 2011. Consultants are now being sought to help prepare the business case for and

the design of the rail extension. The current proposal involves extending the Armadale line by eight kilometres from Armadale station to Byford. I will ask Mr Kannis whether he can add to that, please.

**Mr KANNIS:** Yes, I can confirm that the tenders and other things have been released recently, and more will happen in the near future. We are at the business case phase for that. As the minister said on the weekend also, there will be public consultation with the community on the location of the station for Byford in the near future.

**Hon TIM CLIFFORD:** Thank you for your responses to the questions we put on notice regarding the tender for the new bus fleet. Where are you at with the tender and when do you expect it to be released?

**Hon STEPHEN DAWSON:** I will ask Mr Burgess to reply to that one, please.

**Mr BURGESS:** We had hoped it would be released by now. I think that is actually implied in the budget documents. It is only a couple of legal hiccups on the government side in terms of some issues in the tender document that are being finalised. I would anticipate that in the week/coming weeks that the tender will be released.

**Hon TIM CLIFFORD:** I know that you have previously trialled diesel-electric hybrid buses, but given the rapidity of developments in the electric vehicle space, will you consider making allowance within the tender trials for new innovative vehicles?

**Mr BURGESS:** The tender does allow for that flexibility. Our previous documents have allowed for flexibility in terms of looking at different fuel sources and working with the manufacturer. Initially, we would be looking at diesel replacements, as we have for some time now, which are, obviously, particularly emissions friendly in terms of the Euro 5 and heading for the Euro 6. There are some issues around Euro 6 that are still being sorted out—some challenges—but we will allow that flexibility to look for other fuel sources as well.

[12.00 noon]

From our perspective, our fleet manager keeps very close to all the developments—not just in Australia but around the world. It would seem that probably the big step to take is to go to pure electric. That seems to be the one which has the strongest future, from what we are observing.

**Hon TIM CLIFFORD:** What research and development was conducted to support the introduction of increased fares? I would be interested to see the figures if possible.

**Hon STEPHEN DAWSON:** Member, have you got a line item in the budget that you are referring to in particular? It would be helpful for us to find our notes.

**Hon TIM CLIFFORD:** That was page 527 of budget paper No 2, volume 2.

**Hon STEPHEN DAWSON:** I will ask Mr Burgess to provide an answer to that one, please.

**Mr BURGESS:** We are asked for, usually, several proposals for fares and given some guidance by Treasury. It is a part of the package for government fees and charges every year for the budget. Any changes to our fares are taken into the household model formula that government uses relating to power charges, water charges and so on to try to assess the impact on households. There is the research of—if I am being frank, typically it is CPI or marginally less than CPI. There is a small challenge for us in that if we have to have equivalency to the cash fare, which we generally do, we do not want to get into 5c so typically our next jump is a 10c jump in any fares band. A CPI increase will often not get you a 10c jump because you are off a low base, so we will have carryovers. If a particular zonal fare has held for a few years, we will assess the carryovers from previous years and if it then makes the 10c jump—it looks like a big jump, but it is actually generally an accumulation of the carryovers. When we put our submission to government, typically we are asked by either

Treasury and/or government to give them some level of equivalency on other jurisdictions and what is being charged. In fact, we did one not very long ago. That is often hard because it is like trying to compare apples and camels. They are very different cities, very different zonal systems—some have periodicals and you can have monthly or annual type things—so it is hard, but we try to give the relativities as best we can for comparative purposes.

**Hon LAURIE GRAHAM:** I refer to page 533 of budget paper No 2, “Level Crossing Removal”. Can the minister outline how planning for the level crossing removal is progressing, particularly the level crossing at Denny Avenue?

**Hon STEPHEN DAWSON:** I will ask Mr Kannis if he can reply to that one, please.

**Mr KANNIS:** A proposal for the Denny Avenue removal has been released recently by the government. That involves the creation of the grade separation at Davis Road and the closure of the level crossing at Denny Avenue. That is a project which is funded and will be going to the procurement phase in the very near future.

**Hon STEPHEN DAWSON:** If I could just add to that. I think last week, in fact, the Premier was out there making this announcement. Denny Avenue is a 170-metre road, but I am told it has seen about 150 crashes in the last five years, so it is a significant issue for the community, particularly the community out in Kelmscott. As Mr Kannis did say, there is money in this state budget—the 2018–19 budget—for that road. It includes an amount of \$69 million that will allow for the removal of that level crossing. It is a good-news issue and it will make a difference to that local community over time.

**Hon DIANE EVERS:** Going back to budget paper No 3, page 136 and the railcar program. I am pleased to see that the 50 per cent local content is in there, but I am just interested to know how you value the 50 per cent. Is it specifically put into the tender documents as to what we mean by that? Is it just the dollar cost of the parts that go into it and what happens if those parts are imported and then changed here? What value goes into determining that 50 per cent?

**Hon STEPHEN DAWSON:** I will ask Mr Burgess to make a comment in relation to that one, please.

**Mr BURGESS:** Member, you can imagine there is a lot of interest in this. We have a steering group which includes a number of government agencies and JTSI is there front and centre, along with the Public Transport Authority, the Department of Transport and so on. This issue has captured a lot of people’s minds as to how far you have to drill down the process to make sure that it is not—the air-conditioning system has a WA sticker on it but was imported—that sort of concept. We are after trying to get the true local content. Clearly, there are some successful projects in very recent times in Australia. Melbourne is the one that people tout, with their new high-capacity metro trains. The first of those trains is six months or so away from hitting the tracks or thereabouts. They are going for trying to get more than 50 per cent content. We are very interested in how they are measuring it. We have been comparing notes and watching how they do it. We will have our own means of doing it. Those stage 2 documents, which are still in development—the tender documents still being finalised—will be as prescriptive as we can be as to how we are going to measure local content on all the component parts as well as the labour content and so on.

In the third quarter of last year we ran what has been called a speed-dating session, where we got the big suppliers in with anyone from WA. It was a large session out at Tech Park. We tried to match them up. There was a lot of exchange of business cards. We booked rooms at that facility. There was a central presentation for the morning. In the afternoon we booked rooms. They could meet with each other and understand what capabilities existed in WA. We have tried to create all the right connections and paths such that the big suppliers can pick up local manufacturers with

particular skill sets. The proof of the pudding will be in the eating, but it will be largely a measurement of value—trying to capture what the local content value is by way of manufacture, labour and so on. As I say, a lot of detail will be in the stage 2 documents which will be, clearly, public documents.

**Hon DIANE EVERS:** Good. Did you say already how many applicants you had or how many submissions?

**Mr BURGESS:** The submissions came in. I would rather not say how many, but we are pleased, which is good.

**Hon DIANE EVERS:** When do you expect that to be decided?

**Mr BURGESS:** We are probably about two months away from going to stage 2 and putting out the detailed documents.

**Hon TJORN SIBMA:** Just coming back to Metronet on page 533—would I be able to receive some information concerning the anticipated patronage for the Thornlie–Cockburn link and the Yanchep rail extension?

**Hon STEPHEN DAWSON:** I am advised that that information is cabinet-in-confidence at present.

**Hon TJORN SIBMA:** All right.

**Hon STEPHEN DAWSON:** I said at present, member.

**Hon TJORN SIBMA:** Is it anticipated that that kind of information will be made public once cabinet has made its determination?

**Hon STEPHEN DAWSON:** More than likely. That type of information has been released previously so I cannot see a reason why—however, I do not want to make a comment or make promises today in light of something currently being cabinet-in-confidence, member.

[12.10 pm]

**Hon TJORN SIBMA:** That being the case—it may be the same answer—when this committee put questions prior to hearing about the benefit–cost ratios for a range of PTA projects, including Metronet, it was said they are still under development. Are they still under development or could I at least get a ballpark BCR for both the Thornlie–Cockburn link and the Yanchep rail extension?

**Hon STEPHEN DAWSON:** Again, I am not trying to be unhelpful to the member, but that information is currently cabinet-in-confidence so I am not able to provide it at this stage.

**Hon TJORN SIBMA:** Is the minister able to provide a quantum? You do not have to give a specific figure, but is it more than \$1 return for \$1 spent?

**Hon STEPHEN DAWSON:** My advice is that they are both positive.

**Hon TJORN SIBMA:** They are both positive—I should hope so. That said, does that positive benefit–cost ratio exclude the operating subsidy required for operating both those lines or is that inclusive of it?

**Hon STEPHEN DAWSON:** I will ask Mr Kannis if he can provide an answer to that one, please.

**Mr KANNIS:** The benefit–cost ratio takes into account the total cost of operating the services over the period, which I think is 40 years.

**Hon TJORN SIBMA:** Forty years.

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**Mr KANNIS:** Yes. I guess what I need to point out is that it does not make a distinction between funding source, so it takes into account the total operating cost as opposed to how much of that is paid by the user and how much is paid for by subsidy.

**Hon TJORN SIBMA:** I see; so you may, in fact, potentially by virtue of the way that that formula is calculated, overestimate a return for the state government, for example, if it is largely federally funded or you receive a private sector contribution because they are not bearing the cost for operating the line.

**Mr KANNIS:** I thought it would say that it would not change the BCR because the funding source is not a factor.

**Hon TJORN SIBMA:** You are agnostic on funding sources, nevertheless.

**Mr KANNIS:** That is right.

**Hon TJORN SIBMA:** Could I ask though with respect to even the Yanchep rail extension, the proposition is that the Yanchep, Eglinton and Alkimos stations are built concurrently. Is that still the plan or are you going to sequence construction?

**Hon STEPHEN DAWSON:** I will ask Mr Kannis to provide an answer to that one, please.

**Mr KANNIS:** The current plan is for three stations, yes—Alkimos, Eglinton and Yanchep.

**Hon TJORN SIBMA:** Is it the case that each of those three stations are likely to service the same population catchment at the time of construction or is that not going to be the case?

**Mr KANNIS:** If you are asking are they going to be staged, the plan is for them to all be constructed at the same time.

**Hon TJORN SIBMA:** At the same time.

**Mr KANNIS:** Yes, that is our plan.

**Hon TJORN SIBMA:** But there are different population centres around. What I am trying to get at—this might be helpful—what is the merit in building all three stations at once?

**Mr KANNIS:** The merit is, I guess, going wider than just patronage. One of the planks of Metronet is that it will in itself also promote and initiate development around those stations. The view would be that it will promote development and activation around all three stations, which will bring more patrons into the catchment.

**Hon TJORN SIBMA:** Just back to the operating subsidy that the PTA is likely to require to operate the Metronet network, are you able to foreshadow what kind of proportion of the operating subsidy both the Yanchep rail extension and the Thornlie–Cockburn link might comprise of the entire PTA operating subsidy requirement? Is that best taken on notice? I am trying to get a sense of liability here.

**Mr KANNIS:** I am not trying to be difficult but, unfortunately, some of the questions you are asking are about stuff that is in the cabinet process and it is very difficult for us to answer those sort of questions at this point in time.

**Hon TJORN SIBMA:** I may have extinguished the capability to elicit the kind of information that will satisfy my curious mind in this forum. But if I have remaining allotment, back to the future railcar procurement. In preparation for the last question, I missed part of the answer provided to my colleague Hon Diane Evers. Could I get a sense please—on page 534 for reference for Hansard—my assumption is that it is roughly in the order of \$6.5 million per railcar. That is the rough cost. I would like to try to get a sense of whether that has increased from previous estimates; and, if so, is that

largely a result of the policy decision or the determination to ensure 50 per cent local contract procurement?

**Hon STEPHEN DAWSON:** I will ask Mr Burgess if he can reply to that one, please.

**Mr BURGESS:** Essentially, the budget provision is to use the last supply orders we have had on the existing rolling stock and provide for escalation.

**Hon TJORN SIBMA:** What I am trying to get a sense of is, as a consequence of the determination, the policy directive—this is directed at you, minister—what additional costs are we likely to incur in railcar procurement? What I want to get a sense of is that it is laudable to try to find a WA industry avenue here, but I want to ensure that the Western Australian taxpayer is getting value for money in this procurement. The population might have a view about the appropriateness of a premium.

**Hon STEPHEN DAWSON:** We certainly want to make sure Western Australians get value for money. I just want to point out that that escalation that Mr Burgess talked about was essentially CPI. It is literally what we paid for the train cars before plus CPI. We are in a process at the moment, but we are certainly hopeful that we can ensure that at least 50 per cent of railcars are produced in Western Australia going forward. Obviously, value for money is a consideration. We have made an election commitment. There is a level of confidence that there is enough interest out there to ensure that we can deliver on that commitment.

**Hon TJORN SIBMA:** The final follow-up then, minister, and this is a policy question: would the government be prepared post-cabinet at a time of its choosing to inform the general public about the composition of this procurement project and how much money was either saved or additionally expended in pursuing a Western Australian industry involvement? In the spirit of the Langoullant review and openness and transparency, I think that would be useful. I am asking whether you would be prepared to do that or the government would consider it.

**Hon STEPHEN DAWSON:** Member, it is a good question but in light of the fact that I am the representing member, I do not feel confident giving an answer now. I am happy to take that away and provide an answer to that question by way of supplementary. I will make the point, and there have been lots of conversations in Western Australia recently about the Matagarup Bridge and the fact that as a result of a decision by this government, we were able to build that bridge in Western Australia. It created significant jobs here so there is a real sense in the community that we should be doing more to build —

**Hon SIMON O'BRIEN:** Well, you have got two bridges now, have you not?

**Hon STEPHEN DAWSON:** — industries in Western Australia. There is no reason why we could not build some of these things here. Notwithstanding that, I will take that question away and see what the minister can provide by way of supplementary.

*[Supplementary Information No B5.]*

[12.20 pm]

**Hon TJORN SIBMA:** Under significant issues, it was dot point seven, I am just seeking some clarifying information.

**Hon STEPHEN DAWSON:** Member if you do not mind —

**Hon TJORN SIBMA:** It is under—sorry minister—“Significant Issues Impacting the Agency.”

**Hon STEPHEN DAWSON:** Is that page 526?

**Hon TJORN SIBMA:** It is dot point seven, I believe, concerning the Matagarup footbridge. So I can best appreciate the government's good work, minister, I would just like to understand a bit more

about when the project commenced. Is it possible to provide me with an answer about what the original tender price of that bridge was?

**Hon STEPHEN DAWSON:** Member, I am advised that the best place to ask those questions is in the next session, when Main Roads will be in here. Even though Matagarup footbridge is mentioned in that dot point, the agency with responsibility is Main Roads. So if you do not mind holding over those questions.

**Hon TJORN SIBMA:** Madam Chair, I will accept the minister's advice in the hope that I will not be referred to the PTA during the Main Roads session.

**The CHAIR:** Member, if you are, you also have the additional questions after the hearing opportunity to put your question again and I am sure the committee will put your question again in the strongest possible terms.

**Hon TJORN SIBMA:** Thanks.

**Hon STEPHEN DAWSON:** Madam Chair, if I may, given I am the responsible minister for the next session, I will ensure that we are able to —

**Hon TJORN SIBMA:** Strong words with that representing —

**Hon STEPHEN DAWSON:** We try to answer the questions that you have to the best of our ability. I certainly will not be allowing the next agency to say, "You should've asked the last mob." But as the Chair did mention, if we are not in a position to answer the questions that you have got in as full a sense as you would like, then obviously you have got other options, and that is to give us the questions and we will provide them in future.

**Hon AARON STONEHOUSE:** I just had a couple of questions around the Perth parking licensing account and maybe you can answer some of the public transport related questions around this.

**Hon STEPHEN DAWSON:** Member, I will of course try. Have you got a line item that you are referring to?

**Hon AARON STONEHOUSE:** You can find it on page 227 of budget paper No 3 under "Special Purpose Accounts". Just noting that receipts paid into the account are some \$58 million, I assume that those receipts come entirely from the Perth parking levy. I am hoping maybe you can confirm that for me first.

**Hon STEPHEN DAWSON:** Not to be painful, member, the better agency to ask these questions was the Department of Transport, which was the agency we had first of all this morning.

**Hon AARON STONEHOUSE:** I suspected that that might be the case.

**Hon STEPHEN DAWSON:** Hang on, but saying that, we are advised it is just the Perth parking licensing funds in there.

**Hon AARON STONEHOUSE:** The payments out of that account are \$20 million. I understand most, if not all, of that is going towards the CAT bus service. I am just wondering—this is maybe perhaps more a question for transport—but given the impost with the Perth parking levy, and it has been raised with me several times, especially by hotel owners, it is a large impost on their business. Considering receipts far outweigh payments of this point in the account, is there any scope or any possibility of revising the Perth parking levy to bring it more in line with the payments that are required to maintain the CAT service?

**Hon STEPHEN DAWSON:** Notwithstanding that the better agency to answer these questions was the Department of Transport, Mr Burgess is able to provide an answer to that.

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**The CHAIR:** We do note that this is unusual; it is just that Mr Burgess holds a different role in the other agency. So, we are lucky.

**Mr BURGESS:** But I have been living a life involving part of the CAT system and the PPLA since it was created, so I have a degree of history on it. The fund has a history way back to 2000, when the act was passed. Before that, CAT services, which have been going since 1996, have been funded by a combination of appropriations and a shared funding arrangement with the City of Perth. Similar models were then employed for the City of Fremantle and the City of Joondalup, where similar CAT services with co-funding arrangements were put in place, and they still exist in those other jurisdictions. In Perth, it was taken over once the legislation was passed. In the early days that funding struggled to pay for the CAT services, quite frankly. I cannot remember the exact details, but it only just paid for what was a more modest CAT service than is there today. Clearly, the legislation deals not just with the licensing of parking bays, and notwithstanding, it is worth being aware, there are a few exemptions there. Businesses get a number of bays for free, if I can put it that way, and clearly ACROD-related bays are not charged and so on. But it is the rest of the bays that they have to register and pay a license fee for. The other dimension to the legislation is clearly to control the amount of parking, which I am not sure everyone is aware of. It is actually a cap on the amount of parking that can be created in the city. A new building development will have a limited amount of parking, because there is a general sentiment that we do not want to create an environment where excessive cars are all heading to the CBD.

To get to your point, over the years various governments have raised the fee. It now makes more money than is required to pay for the CAT service, which answers your question, but the legislation permits for those funds, or the program permits for those funds, to be used for other beneficial transport-related projects in the CBD. For example, the fund was used to pay a substantial proportion of the new underground bus station a few years ago under the previous government. It is also being used for green initiatives. Member, I probably mislead you, but my recollection is the CAT would be around \$12 million, to give you a sense, and I am happy to provide that, perhaps, as supplementary information, to give you an accurate figure of what the CAT system is today. We use it for the CAT system, we use it for revenue to compensate for revenue forgone for the free transit zone. I think a lot of people who work in the CBD are aware of the free transit zone, where you can jump out onto the Terrace, catch any service that is going past for nothing, and move around within the limits of the CBD. A similar system applies on the limited number of train stations in the CBD, but you have to use your SmartRider for that even though you get charged no fare if you stay within those zones. It is CAT services, compensation for lost revenue in the free transit zone and other projects that the government sees as beneficial public transport/cycling-related projects within the CBD confines. As I said, the bus station was one example.

*[Supplementary Information No B6.]*

**Hon AARON STONEHOUSE:** On page 525 of budget paper No 2, volume 2, I am looking at spending changes and the “Optus Stadium—Special Event Services” of which there is almost \$3 million throughout the forward estimates each year. Can you give me an idea of what special events are receiving this funding, and what does that entail exactly? Is it free travel on Transperth services to and from the Perth Stadium within a certain area? What is included and what kind of events would be eligible for that?

**Hon STEPHEN DAWSON:** Good question, member. I will ask Mr Burgess if he can reply to that one, please.

**Mr BURGESS:** Thanks, member. In the late 1990s, we started a program, and it was with some motivation from Treasury; essentially, the funds in those days, the appropriation, was to pay for

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timetabled services. Slowly as Perth grew, more special events started happening, and a decision was taken to try to recover some of those funds from the event promoters, the people who own the ground and those sorts of things. That has been a gradual process. It has been much more sophisticated probably in the last decade, and by the end of games at Subiaco, we had an agreed deal with the football clubs to pay a share of the cost of extra services, not timetabled services. Timetabled services are there and are provided by government. But any additional services—that is buses, trains and staff—it is to pay a share of that.

**Hon AARON STONEHOUSE:** Is that to meet that peak demand during those events?

**Mr BURGESS:** It is to pay for the extra cost rather than taxpayers subsidising it. Typically, we were a small component; we were about 14 000 people of a crowd at Subiaco for a full-scale 40 000 event. Perth Stadium has been a facility designed to maximise people getting there by public transport. Clearly there are other aspirations with that—not wanting to bog the city down with congestion and destroy that part of the CBD with congestion, and to encourage people to take up public transport. It has been a great success story, but to give you a sense of scale, we might have carried 14 000 to a full event at Subiaco. Here we are carrying more than 50 000 people to a 60 000 event. The experience so far has been very positive. The feedback we get is very positive. The cost you see there in the budget papers reflects the current government's position. The previous government had a public position of recognising scale has changed. It is not 14 000 people against 40 000.

[12.30 pm]

It is now 50 000 against 60 000. If we tried to recover all the costs of public transport, it would have been a substantial surcharge put on to an event ticket. The previous government had a position of government would wear 50 per cent of the costs for all events. The new government said, "We'll honour existing deals. We'll honour that deal for football and cricket." So that stayed at 50 per cent, the deals with football and cricket and any existing commitments. So all the early concerts at the stadium, the 50 per cent payment was covered. The current position—and it is well known to our friends at VenuesLive and the government agency VenuesWest—is that any commercial events, where you pay \$100 to go to a concert at the new stadium, they have to pay the full public transport charge, so roughly around \$7. With the football and the cricket, half is paid by government, half is paid by the venue/football clubs. That is what that number relates to. It is the government's half of the football and cricket events.

**Hon AARON STONEHOUSE:** So early events at Optus Stadium, the government was providing 100 per cent funding for transport services, was it?

**Mr BURGESS:** It was paying out 50 per cent. They are going to go to 100 per cent. If Billy Joel is there next week, he will be paying the full 100 per cent. But in those early days, some of those early concerts—Ed Sheeran, for example, two concerts, they only paid 50 per cent. We are almost there. The last part of our solution is obviously opening up Matagarup Bridge; but, otherwise, the public transport services are working very well. Our last significant challenge is the evening AFL game this Thursday. That will not stop. That is not affected by the bridge. The challenge on Thursday is because the game is to suit east coast television times, so I think it is a 6.10 bounce-down, about the same time as our peak period, so we will be running a different array of services.

**Hon SIMON O'BRIEN:** It is an Eagles game; do not worry about it.

**Hon STEPHEN DAWSON:** We care more if it is a Dockers game, but it is not.

**Hon AARON STONEHOUSE:** I understand there is a policy around access to Optus Stadium for ridesharing on-demand transport. They are not able to get within a certain distance. They do not have access to certain roads. In a high-demand period, Uber has what they call surge pricing. So, it

sends a price signal to customers that on-demand ridesharing is in high demand at that time, so maybe they should walk or catch public transport instead. It also sends a price signal to potential drivers to get in their car and go to an event and make sure that demand is being met through that surge pricing. Given that we heard from the Department of Transport earlier that the government has a plan to deregulate ridesharing and on-demand transport, deregulate that space and treat taxis, Uber, Lyft, whatever else, the same, at least from a regulatory perspective, is there any plan to revise the policy about access to Optus Stadium for ridesharing on-demand services in the near future?

**Hon STEPHEN DAWSON:** Madam Chair, I will ask Mr Burgess to provide a response to that one.

**Mr BURGESS:** Department of Transport actually had an officer, full time, dedicated to assisting with some of the traffic management planning around that. He did a very good job working with the PTA. We were focused on delivering the public transport services. Main Roads has taken up the job of traffic management in the precinct using their contractors for traffic management. They employed a good consultant as well. There were discussions with Uber. I am not sure what position Uber put to others, but there were discussions with Uber of a couple of sites they could use, and I think their sense was that they were not the right sites for them; they wanted to be right at the front door. Being right at the front door is simply not realistic. That is where the bus services are, right at the front door. That is where the train services are, right at the front door. You are correct; there is a spot for taxis just on the other side of Victoria Park Drive bridge. So you come out towards our western concourse and you walk under the bridge and the taxis are right there. I am not making a comment about the regulation or otherwise of taxis versus Uber. From my observation—I have worked most of those games; I have been there with our crowd control people, assisting with crowd control and so on, just as an experience and understanding what the troops are up to—the taxis seem to run that taxi area very well. I am not sure how the other operators would contemplate running their areas, but the taxis do run that taxi loading area that has been provided for them very well. As I say, the discussions around traffic management did identify a couple of areas for Uber and there were negotiations and consultation with Uber. I was not involved but the Transport and Main Roads people were. I understand they chose not to use those, but I think that is still a conversation that is happening. We will get it right. Shortly after Matagarup Bridge opens, it does change the dimension of everything because you have a lot less activity on the peninsula and some more activity on the East Perth side where we will have some bus stands operating from there as well. At the moment, our bus station, designed to carry 8 100 people away, on the bumper crop day of the derby carried 18 600 people there and back. So, it has done a significantly good job. Some of that activity will now move to the East Perth side once Matagarup opens. That probably opens up some more possibilities with Uber and other rideshare operators.

**Hon COLIN TINCKNELL:** Very quickly, my final question is just one on my love of “other”. Once again, volume 2, page 540, the proportion of payments from the operating activities classified as “other” is approximately 25 per cent, so it is quite a substantial amount. I refer to, as I mentioned, page 540, under “Statement of Cashflows”. What comprises the other payments from the operating activities?

**Hon STEPHEN DAWSON:** Madam Chair, I am advised it is a whole lot of items, so we might take that on notice and provide the information by way of supplementary.

*[Supplementary Information No B7.]*

**Hon LAURIE GRAHAM:** My question is in relation to the asset investment program on page 534 and the “Australind Train Service—Rail Future Fund”. Questions have been raised in the house regarding, in particular, the Cookernup station. I just wondered whether the minister could provide some more information in relation to those three train stations mentioned.

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**Hon STEPHEN DAWSON:** Thank you, Madam Chair, and thank you, member. So, that was further information in relation to the Australind train service and particularly the Cookernup train station, did you say?

**Hon LAURIE GRAHAM:** Yes.

**Hon STEPHEN DAWSON:** As the member would be aware, Hon Col Holt has been asking some questions in this place in the past few weeks in relation to the train stations on that line, so, obviously, the Yarloop, Cookernup and North Dandalup train stations. There is significant work happening to upgrade the stations. We are constructing high-level platforms, which also, I am pleased to say as Minister for Disability Services, will have improved disability access. That is all I have. I might ask Mr Burgess if he could add some extra information, please.

**Mr BURGESS:** Yarloop is the first cab off the rank and the higher patronage and higher priority in that sense. That is the one that is getting going. Cookernup—member, are you after a time frame of when it might happen? Is that the sort of information you are seeking?

**Hon LAURIE GRAHAM:** No; it is more the question of the adequacy and why that station needed to be so grand, perhaps, as opposed to why it was not built as a lesser structure, which is the question that was raised in the house.

**Mr BURGESS:** I understand your question, because sometimes people are puzzled by why it costs as much as it does for these things, but I guess our answer would be that we get what we think is the most appropriate design that meets the standards, particularly disability standards, and then we go to the market. There are some costs that typically happen if you are working in the rail corridor, because you end up with rail safety requirements as well. That does complicate the construction to some extent. The brief that has been given to me by our Transwa general manager and those involved in building it is that, as much as possible, these stations and the platforms to get the high-level aspect are being built off site, freighted in and dropped in. I am hoping that they are not elaborate. I will go away and ask questions as to whether they are excessively elaborate. We want them to be very functional and safe and meet the accessibility requirements, but not be too elaborate.

[12.40 pm]

**Hon STEPHEN DAWSON:** I will just add to that. The planning has commenced for the provision of these high-level platforms at both Cookernup and North Dandalup. The completion of the work will be staged over the three-year period. Obviously, Yarloop has the priority, and that is presently under construction. The other two stations will follow in due course as a matter of priority. The construction of those high-level platforms at both Cookernup and North Dandalup are anticipated to be completed in 2018–19. Hopefully, that gives you enough information.

**Hon SIMON O'BRIEN:** I will be as quick as I can. My question is about the Forrestfield–Airport Link, which is mentioned in a number of places.

**Hon STEPHEN DAWSON:** It is mentioned on page 533 under the asset investment programs.

**Hon SIMON O'BRIEN:** Yes, if that is the most convenient one to refer to. My question is: what is the expected operating subsidy for that line compared with the across-the-board operating subsidy both in a quantum and in per head or per passenger terms?

**Hon STEPHEN DAWSON:** We have some information for the member. We are just trying to work out whether it is Mr Kirk or Mr Burgess providing the answer. We are actually concerned that we might give you the wrong number so, if you do not mind, we will take that on notice and get you a fulsome answer.

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*[Supplementary Information No B8.]*

**Hon SIMON O'BRIEN:** Perhaps we can add to that then—that might be most convenient, Madam Chair. What is the expected depreciation and interest costs for that line on an annual basis and do all of those costs contribute to the net operating balance?

**Hon STEPHEN DAWSON:** Madam Chair, if you want to add that to the previous item —

**The CHAIR:** Yes, we will keep all of that as B8.

**Hon SIMON O'BRIEN:** That would be good. I have one more question. I appreciate that time is against us.

I was looking at pages 529 and 530 and the “Explanation of Significant Movements” under your key service of metropolitan and regional passenger services. I have two questions arising from that. I note on page 530 that one of the increased expenditures was increased operating costs for the Forrestfield–Airport Link of \$5 million. What does that represent because the line is not operating yet?

**Hon STEPHEN DAWSON:** I might ask Mr Kirk if he can provide an answer to that one, please.

**Mr KIRK:** As you would appreciate, it takes some time to recruit and train all the people required to operate that. We will start to train rail drivers and security guards and whatever, but we are also starting to borrow. We make progress payments on the contracts, so interest is being incurred from when we borrowed that money, and that would be the dominant part of it in that year.

**Hon SIMON O'BRIEN:** Thank you for that. Finally, while we are on the same page—page 530—the decreases in expenditure are attributed to a number of things. The third dot point refers to agency expenditure review savings measures of \$5.8 million. That is a pretty significant amount. What is the breakdown of the \$5.8 million? What did we cut to achieve that?

**Hon STEPHEN DAWSON:** We will have to take that on notice as well.

*[Supplementary Information No B9.]*

**The CHAIR:** Thank you, member. That concludes our hearings with this agency.

On behalf of the committee, I thank you for your attendance today. The committee will forward the transcript of evidence, which includes the questions you have taken on notice highlighted on the transcript, within seven days of the hearing. If members have any unasked questions, I ask them to submit these via the electronic lodgement system on the POWAnet site by 5.00 pm on Wednesday, 27 June. Responses to these questions and any questions taken on notice are due by 12.00 pm on Friday, 13 July. Should you be unable to meet this due date, please advise the committee in writing as soon as possible before the due date. The advice is to include specific reasons as to why the due date cannot be met. Once again, I thank you for your attendance today. Members, that concludes this hearing and we will reconvene at 1.45 pm.

**Hearing concluded at 12.45 pm**

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