

**STANDING COMMITTEE ON
ESTIMATES AND FINANCIAL OPERATIONS**

ONGOING BUDGET ESTIMATES HEARINGS 2010–11

MAIN ROADS WA

**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
FRIDAY, 13 AUGUST 2010**

SESSION ONE

Members

**Hon Giz Watson (Chair)
Hon Philip Gardiner (Deputy Chair)
Hon Liz Behjat
Hon Ken Travers
Hon Ljiljanna Ravlich**

Hearing commenced at 9.47 am

Hon SIMON O'BRIEN

Minister for Transport, sworn and examined:

DYER, MR TREVOR

Acting Director, Budget and Financial Planning, Main Roads, sworn and examined.

WORONZOW, MR PETER

Executive Director, Finance and Commercial Services, Main Roads, sworn and examined.

HENNEVELD, MR MENNO

Managing Director of Main Roads, sworn and examined.

WALDOCK, MR REECE

Acting Commissioner of Main Roads, sworn and examined:

SNOOK, MR DESMOND

Executive Director, Road Network Services, Main Roads, sworn and examined.

ERCEG, MR JOHN

Acting Executive Director, Regional Services, Main Roads, sworn and examined.

The CHAIR: On behalf of the committee, I would like to welcome you all to the meeting this morning. Before we commence, I am required to ask you to take either an oath or an affirmation.

[Witnesses took the oath or affirmation.]

The CHAIR: You will have all signed a document entitled "Information for Witnesses". Have you read and understood this document?

The Witnesses: Yes.

The CHAIR: These proceedings are being recorded by Hansard, and a transcript of your evidence will be provided to you. To assist the committee and Hansard, could you please quote the full title of any document that you may refer to during the course of the proceedings. Please be aware of the microphones and try to speak directly into them. I remind you that your transcript will become a matter for the public record. If for some reason you wish to make a confidential statement during today's proceedings, you should request that the evidence be taken in closed session. If the committee grants your request, any public and media in attendance will be excluded from the hearing. Please note that the uncorrected transcript should not be published or disclosed. This prohibition does not, however, prevent you from discussing your public evidence generally once you leave the hearing.

Government agencies and departments have an important role and duty in assisting Parliament to scrutinise the budget papers on behalf of the people of Western Australia, and we value your assistance this morning. Members, it would assist Hansard if, when asking your questions, you refer

to the budget statement volumes or the consolidated fund estimates, page number, item and program before asking your question.

Before I ask members if they have questions they would like to ask, the minister has kindly provided answers to some questions that were given on notice prior to the hearing. The committee has considered those questions and made them public, so they are available for members to refer to if they want to ask follow-up questions.

Hon SIMON O'BRIEN: Just on that, it was my understanding, as discussed with you out of session, that notice was given of questions with the expectation that the matters be considered and provided here. My understanding was that they were to be with documents to be tabled, whether it is written answers, accompanying tables—whatever it might be—to be provided at the meeting this morning. So that has been provided. So if there was any misunderstanding about that, or if there is any need for earlier provision of information, I think I have indicated in the past that I am more than happy to receive communication about information the committee may require and cooperate with the committee. So I hope that has met your needs today.

The only other aspect of that was that there was a question number 24 asked in the name of Hon Ken Travers. An answer was provided as part of the parcel that was provided earlier for your consideration. But in relation to that question, I am prepared to entertain discussion about that. The answer was drafted by the agency based on precedent. I am not sure that that answer meets your committee's needs. Therefore, I draw it to your attention if you wish to turn to that now, because I am more than happy to address that if you wish.

The CHAIR: Thanks, minister. Just on the first matter, the committee would just note that our request to departments and ministers is that those questions on notice are actually returned a few days earlier than the actual hearing to allow members a chance to decide if they have got follow-up matters that they want to pursue during the hearing. So just for future reference, those answers are requested to be provided at a day—actually, on the 11th. However, members have had a brief opportunity to look at the answers. It is different to the procedure of earlier Standing Committees on Estimates and Financial Operations, and we did in fact change our procedure back in 2005 to request those answers ahead of the hearing. However, we have now got them, so let us work with that. As to the answer to question 24, again we had some opportunity to discuss that. We are of the view to ask if you would table that document, and then the committee can have a consideration as to whether that should be kept confidential. So that was where we were going to go with the answer to that particular question.

Hon SIMON O'BRIEN: Thanks for that. As I say, I am keen to help the committee and provide whatever you require to do your job. That is why I thought it was worth raising it in person. The precedent for this was that at this committee's previous hearings, Main Roads has been asked to provide their internal working document—a 10-year perspective—and that information has been refused. I know; I was the opposition member who asked for it and was vehemently refused at a hearing not so long ago, and there was no overruling of that by this committee, from the chair or anyone else, at that time. So I imagine the agency has taken that as the precedent. Nonetheless, I think it is necessary that if you require this document, that it be provided, and so, if I may—and I ask for this question to be reserved—I will now provide the answer to the question, if I may, to replace the written answer you have got to the question, “Will the Minister table a copy of Main Roads current ten year plan for road works?” with this answer, “Yes, and we will table that document now.” It is in the form of a spreadsheet. But I would ask that the committee and the member asking notes the following: that this is an internal working document that does have no formal status in government. It is, by its very nature as an internal working document, incomplete, and it should not be used to interpret the government's policy in relation to projects or funding that are beyond the scope of the government's own tabled papers in the form of the budget. If that

proviso or understanding—it is just an understanding—is acceptable, then we will table that document. It is a A3 multi-page document.

The CHAIR: Minister, I guess the next question is: do you have any objection to that document being made public, given the provisos that you that you have just made on it?

Hon SIMON O'BRIEN: With any material provided to the committee, it is up to the committee to decide whether they make it public. My request to the committee would be that you do not make it public, however, by websites or other, because, frankly, it is not a reflection of where government policy is necessarily heading. So I respectfully leave this matter in your hands, in your absolute discretion, but I am requesting that you do not display this publicly, simply because it could very easily excite, either through the presence or the absence of material in it, an unrepresentative, an unrealistic and an incorrect indication of where the government's policy and future directions lie.

The CHAIR: Thank you, minister.

Hon SIMON O'BRIEN: So could I provide that to you as a confidential document and leave that matter with you?

The CHAIR: Yes.

Hon KEN TRAVERS: Just on those points, two questions I would have on what you said, minister. You mentioned that it is incomplete. I wonder if you could just sort of elaborate on what you meant by that in terms of helping inform the committee of the caution you are asking us to exhibit.

Hon SIMON O'BRIEN: Sure.

Hon KEN TRAVERS: The other question is with respect to the confidentiality of it: I know in the past members have often asked whether or not a project is on the 10-year plan, and I know in the past the department has answered those questions, or Main Roads has answered the questions with a yes or a no, or the minister has answered them and indicated yes or no for a whole range of projects. I guess, in light of that, would you have a problem with it being made available to other members of Parliament, even on a confidential basis? One, I would ask you to reconsider whether or not it is actually beneficial to make it confidential if you are then going to just create a whole lot of questions for members saying, "Well, is this project on the 10-year plan or isn't it?" And, two, if it is still your desire to keep it confidential, would you have a problem with it being made available to other members of Parliament to at least avoid that plethora of questions that I think you get as an agency regularly about, "Is this project on the 10-year plan?"

[10.02 am]

Hon SIMON O'BRIEN: Madam Chair, I am glad the member has asked for those clarifications. I restate that it is my intention and my agency's intention that we will assist the committee in its legitimate duties, without qualification. So if you require, as a parliamentary standing committee, that information be provided, then that is what we will do. It is as simple as that; and I have done so.

I come now to the questions that Hon Ken Travers raised. Firstly, in relation to completeness of the document, what that indicates is when we looking particularly at the longer-term plans, it is necessary for the agency and for others such as Treasury to have an awareness of potential future plans. You would know this yourself, of course, Hon Ken Travers. But, by definition, of course, the full scope or costs of projects that may be some years down the track may not be known. They may not be known accurately. Therefore, it can create a damaging mischief if any figures that are shown in this sort of plan, or figures that are perhaps missing 10 years out because they have not been established yet, are held up by someone as saying "Oh yea; the government is not really dinkum about doing this", or, "The government is going to have a cost blow-out on that". We all know the sort of mischief that I am talking about; and, with respect, that would be misplaced.

In relation to the second question that the honourable member raised, again, it is a legitimate question. I would prefer it if this document were to remain with the committee in camera, along the lines that I have just mentioned. I recognise your absolute discretion as a committee that you can do what you will in terms of publication. But I also rely on my respect for the committee and its members to make a responsible decision in this respect. In relation to providing this document generally to other members, I think it might be preferable for all concerned, and for all the processes that we are all involved in, that if members have questions about specific projects, they ask about that, and then we can provide the information, including the qualification that might otherwise be overlooked if you were to give this vast volume of information out to all and sundry. So that would be my preferred way. If any members, whether they be members of the house, or specifically members of this committee, want to ask any questions, I undertake to respond to them openly. Probably the best way to get quality information to you and your members is to deal with matters that we can deal with in bite-size chunks, rather than just put every—perhaps incomplete—document out to all and sundry at this stage. It is a detailed question. I hope that gives the sense of what I am trying to convey in response.

The CHAIR: Thank you for that, minister. I just indicate that the committee will take that into consideration. We will not deliberate on that today. That will be done at our next meeting, just to give you some indication.

Hon SIMON O'BRIEN: Can I just conclude by saying that I respect the powers of the Parliament and its committee here, and that is why I have provided that document, without any argument at all? But I also respectfully request that you do not broadcast that document, not because we have got anything to hide, but simply because it could be interpreted in a way that would be quite different from if you were to ask me a specific question about a specific project or intention of government.

The CHAIR: Thank you, minister. If members would like to indicate whether they have questions, I will try to allocate a time. Hon Ken Travers, I believe you have some questions.

Hon KEN TRAVERS: Minister, I thank you for the answers that you have provided this morning with respect to what is involved in the Gateway project. There is also a range of projects that are covered under the Perth urban transport and freight corridor project. It would appear to me that those projects are the same projects. I refer to the amounts that are listed as your preliminary estimated costs. Are those amounts over and above the money that is already allocated under the Perth urban transport and freight corridor, or are those amounts inclusive of the money that has already been allocated for that project?

Hon SIMON O'BRIEN: The question has such a wide-ranging ambit that it might be better if we, by a two-way exchange, were to tease out all the aspects that the member wants to examine. I am going to ask Mr Henneveld in the first instance to field the question, because it actually takes in quite a lot of different elements.

Mr Henneveld: I will try to make it a reasonably short story. It all started with AusLink II, which morphed into the Nation Building program. That program allocated \$700 million to the Perth urban transport corridor program of works. That consisted of a range of projects, including parts of the Gateway project. In fact, it included the upgrading of Tonkin Highway. The amount that was allocated to the Perth Airport road network was \$177 million. The other projects were projects like High Street, and work that we are doing on the freeway—a range of projects that make up the remainder of that \$523 million. The Gateway project as we know it now has gone forward for tender to Infrastructure Australia, where we have sought \$600 million. The commonwealth government—sorry; I will not mention that. We asked for \$600 million, and we are awaiting the outcome of what funding we get for that project. The \$177 million—I think that is the question that the member is asking—is on top of the \$600 million. We are still very much in the project development stage. So for all the figures that we are throwing around, we still do not have a detailed conceptual design. So they are very preliminary figures. As you are probably aware, it is a complex

program of projects, including major interchanges on Leach and Tonkin, and on Roe and Tonkin, Horrie Miller Drive, and widening the freeway at Tonkin Highway to six lanes through to Roe Highway. It is a wide range of projects.

Hon KEN TRAVERS: I just want to be clear on this. I go back to the answer that you provided to question 5 today, which lists the projects that are included in Gateway WA. Alongside that you have got preliminary estimates for each of them.

Mr Henneveld: Well, we still doing the project development work.

Hon KEN TRAVERS: I understand that. I was going to come to those figures. I want to get an understanding of that. As an example, there are a number of airport roads. I refer to the figure of \$77 million that is listed as a preliminary estimate to upgrade Tonkin Highway from Great Eastern Highway to Roe Highway. Is that preliminary estimate of \$77 million over and above what is already allocated for that project in this year's budget and over the forward estimates? Look, if it is that complex, I am happy for you to take that as a question on notice.

Mr Henneveld: It is a pretty low-level question in terms of the detail that we have got in our heads, I suppose, but we would need to refer to what is in the budget papers.

Hon SIMON O'BRIEN: We can do that. Let us just take a moment to do that.

Hon KEN TRAVERS: Maybe the easiest thing is if, rather than do that, we take it on notice. For each of the projects that is in the Gateway WA project, and for each of the projects that is in the existing budget and forward estimates, can you give us a breakdown of exactly how much money you expect to spend in total? I accept that these are rough estimates. In fact, I was going to ask you, as one of my questions, to give us a bit of an understanding of the accuracy of those figures at this point in time, because I have heard some figures for Leach Highway and for Tonkin Highway. But, before I get onto that, I was also going to ask you some questions about the range of total cost. In terms of what you are estimating at this point for each of these projects, how is that broken up between the two? Does that make sense?

Hon SIMON O'BRIEN: We could probably answer this question on the spot, but this will save time. As I understand it, the question that Hon Ken Travers is asking us to take on notice is: for each of the projects that comes under the broad heading of the Gateway project, what is the estimated total cost; and, of that, how much is currently listed in the budget?

Hon KEN TRAVERS: Yes, and whether it is also part of the Perth urban freight corridor project.

Hon SIMON O'BRIEN: Okay. We can provide that.

[Supplementary Information No A1.]

[10.15 am]

Hon SIMON O'BRIEN: I will indicate that if you want to get into the detail now, we can if you wish for any individual —

Hon KEN TRAVERS: No; I am happy because a number of other members, I think, want to ask questions. I am happy for that to be taken as a question on notice. I also think it is fair, if you do not have that detail, to give you the time to make sure you have got it accurate.

Hon SIMON O'BRIEN: We have got it, but if you prefer to take it on notice, we will provide it with supplementary information.

The other question, member, that you were asking—again, I will ask Mr Henneveld to discuss this—is the nature of what is involved in working up the total cost. It is a good question. The sort of projects we are talking about here are not only complex and expensive, but they are massive. In fact, the processes that you are talking about actually take quite a bit of time and are a significant part of the cost themselves of working up the project, as you know, but I mentioned that for other members.

Mr Henneveld: Just to give a broad indication of the nature or accuracy of those estimates, you need to understand that we start with a very high level conceptual design, and probably most of the estimates that we have done so far are based on that. The next level of work that we are doing right now is confirming future projections of traffic. We are dealing with what is likely to happen at the airport. There are all sorts of developments occurring on top of the domestic and international passenger predictions. There is also the freight terminal that is being developed at the airport. All that information is sort of changing and developing as we go. So what we are really doing is confirming or getting a better feeling for what the conceptual designs are all about. To put a level of accuracy on the figures that we have put is just about impossible. But we do have figures and we try to project what those figures might be in four years' time when we build this. The current work that we are doing at the moment is firming up these requirements. The freeway-to-freeway interchanges, of which there are two, we do not have any of that size in Perth, so to sit down and accurately estimate what that might be when they are still at the conceptual stage is a difficult exercise. The \$600 million plus the \$177 million that we currently have is in the right ballpark, but it could be \$150 million or \$250 million either way. I am trying to give you a handle on where we are.

Hon KEN TRAVERS: Yes, I know. I guess the reason I ask that is particularly that, for instance, the Tonkin Highway – Leach Highway, I think is probably the most complex and difficult of all of the projects within that network, because, as I understand it, it is a freeway-to-freeway interchange. But instead of being able to go grade separation by going above the roads, you are going to actually have to go under the roads because it is at the end of the flight path. From looking at the figures here, it would appear, even if you add what is in the budget to what you have got listed in the gateway project, the total you have allocated is \$250 million. I know prices have come down a little bit from where they were, but is that really a realistic price for that interchange?

Mr Henneveld: I cannot answer that question because we are still developing the designs. And that is changing. Two months ago we had a different design to what we probably have now. So to ask the question whether \$250 million is enough, I cannot answer that question.

Hon KEN TRAVERS: When you work on these projects, do you work within an error factor where you sort of say it is within that plus or minus 20 per cent?

Mr Henneveld: We have pretty well defined processes and the way we estimate, we use the manual of estimating practice that we are advised to use by the commonwealth, because this is a commonwealth-funded project. The areas where there are the sort of concern that you are raising is in the project development stage. There are no rules as to the level of contingency you put in to deal with the uncertainty. We have not dealt with the environmental aspects. We have not dealt with the noise side of things. There are all sorts of things that can pop out of the woodwork. We might have to put four-metre-high noise walls around the whole thing. We have not got to that level of detail yet.

Hon SIMON O'BRIEN: Could I just add to that, Madam Chair, for the benefit particularly of other members who perhaps are not as familiar as Hon Ken Travers in these matters? We are hearing these very large figures being thrown around and the nature of imprecision of those figures potentially. These are for massive projects that take years in the scoping and the planning and the design and the development, and actual firm cost estimates come some way down the track in the process. This is some way away from committing actual funds in budgets such as the one that you are examining now. By then, things are far more concentrated, well informed and skilfully calculated. If I can offer a point of view perhaps as a fellow member and minister when it gets to the end game—and I do have to approve things at that stage for a whole range of works, big and small, across the board—I find that the estimates that are used by Main Roads when compared against the contracts that I am asked to sign off on are generally very close to each other. I would hope you would have a lot of confidence that the end result of these processes is in fact that we do have a lot of demonstrated expertise on the part of this agency in estimating at the right time. It is

also a useful question, given our earlier discussion about that notional 10-year plan. It does put into perspective my remarks that with some of these most distant out years, the figures that may be contemplated now for some of them, because of the fact the scope has not been finalised, priorities have not been organised at the executive level of government—these are the reasons why I made my earlier remarks and do not wish to excite wild expectations or dismay with premature release of that sort of information.

Hon KEN TRAVERS: Minister, I do not disagree and I think the point needs to be made, which I picked up, which is that accuracy will occur once Main Roads has done the scoping. At this point, there is not a great deal of accuracy because of the difficulties of scoping it. It may be accurate, but until the scoping is completed, we will not know.

Hon SIMON O'BRIEN: Yes. It is not something that is beyond the agency; it is just that it takes a long time for the work to be done.

Hon LJILJANNA RAVLICH: Can I just ask a follow-up question? I understand that the estimated cost of this project is going to be \$700 million and it will be split between the state and the commonwealth government. Does that mean that in terms of the commonwealth government's contribution, which is \$350 million—that is the envelope—if there are major cost variations, that figure will be revised by both of the parties?

Mr Henneveld: Through you, minister, there is a process that we adopt that the commonwealth insists on. When we have scoped the project and we put it forward, there is the opportunity to say, "Well, we thought it might have been \$700 million but in fact it's now \$900 million. Would you now please reconsider the funding for the project?" Depending on the government at the time and the view they take, generally they have been reasonable, whichever government, in allocating additional funds.

Hon KEN TRAVERS: Which, I guess, leads to Great Eastern Highway as an example, where the original scoping was, I think, \$225 million and you are now estimating it to be \$350 million, I think, which has been the commitment given for the additional \$100 million from the commonwealth. What was it that caused the increase from the \$225 million to the \$350 million between the original estimates? Was that because you had not scoped up the projects or is it because there have been escalations and other increases since the original scoping? If you could maybe give us a brief explanation of that.

Hon SIMON O'BRIEN: This is a project that has been in the pipeline for a very long time—I am not sure how many years. You mentioned escalation. That can be a factor. I am going to ask Mr Henneveld or one of his staff to advise about the Great Eastern Highway one. But, indeed, as years go by, as is the case with Great Eastern Highway, property acquisition is a feature of it. You know how property prices can change over the years. Generally, properties are acquired either when they become available or, if it becomes more pressing, on an as-needs basis. If it is a multiyear project, it can have an interesting effect.

Hon KEN TRAVERS: With those commonwealth-funded projects, though, is property not picked up by the state rather than the commonwealth?

Hon SIMON O'BRIEN: Indeed, and I will ask Mr Henneveld to comment on that in a moment. A classic example, though, if you want to look at it, is the project for the interchange at Great Eastern Highway and Roe Highway. That is in this budget where there has been a quite extraordinary history over about three or four governments in that project. In fact, the costs ultimately have just now eased, which gives us the opportunity to go back to the commonwealth, as we have, and we are making that happen.

In relation to the Great Eastern Highway upgrading from Kooyong Road to Tonkin Highway, you asked about the responsibility for land acquisition. I am going to have to defer to Mr Henneveld for that one.

Mr Henneveld: I would like to defer to Peter Woronzow, because Peter has been in charge of land acquisition for that project.

Hon KEN TRAVERS: Too many handballs and you will look like the Dockers!

Hon SIMON O'BRIEN: I am from Fremantle!

Mr Woronzow: It sounds like I am cornered!

In answer to the question which related to land acquisition for the Great Eastern Highway – Kooyong project, the amount of land that is required for the project is in the order of \$25 million. A lot of that land was purchased on behalf of Main Roads by the WAPC. It has been a project that has been on the horizon for a long period of time, so approximately half the required land was purchased by the WA Planning Commission. The balance of it either has been purchased by Main Roads to make up the \$25 million or we are in the process of purchasing. In terms of an explanation of the process of purchasing, we have got notices of intentions to take over all the required land to take the balance that is required by the state up to Tonkin Highway. In essence, I think on the member's question about who pays for the land acquisition—the state or the commonwealth—the commonwealth has accepted that the cost of all state land acquisition, which will be, in total, \$25 million, goes to the state's contribution to this particular project. This project is funded one to four—one the state; four the commonwealth. The commonwealth has accepted that the \$25 million worth of land purchased by the state is part of the state's contribution.

Hon KEN TRAVERS: Which then goes to the next question: traditionally, has the metropolitan region improvement fund not been used to purchase that land, and are you saying it is now being used for Main Roads funding?

Mr Woronzow: In terms of all land purchased for Main Roads projects, it varies. Where the project is within the metropolitan region scheme, the WA Planning Commission will purchase what land they can, depending on the funds that are available to them out of the metropolitan region scheme improvement trust. Depending on the timing of Main Roads projects, it may mean that the WAPC has not been successful in purchasing all of the land required by the time the project is required to be built. Then Main Roads, out of the project budget, will purchase the remaining land that is required.

Hon KEN TRAVERS: Has that always been the case?

Mr Woronzow: It has always been the case.

[10.30 am]

Hon KEN TRAVERS: I will quickly go back to finish off on the Perth urban freight and transport corridor. One of the items in that was \$134 million for the Fremantle outer harbour road and rail projects. In fact my understanding was that \$134 million was the commonwealth's contribution and \$134 million was the state's contribution towards those projects. Am I correct that as part of the total of \$700 million for the Perth urban transport and freight corridor there was to be \$134.6 million from the state and \$134.6 million from the commonwealth for expenditure on Fremantle outer harbour road and rail project? Am I correct in that?

Hon SIMON O'BRIEN: Yes, you are correct.

Hon KEN TRAVERS: Then I note that it is now listed in the state budget under the title, as I think it is called, "Nation Building Program – National Building Program 1" as a new work for this year on page 432. If the project is still only listed as having \$134.681 million, where is the state's contribution?

Hon SIMON O'BRIEN: Your question number 23 on notice dealt with the question you now raise, and specifically: does the state government intend to proceed with these projects? As I indicated in the answer I tabled, the decision as to which projects the state proceeds with and the

timing for them is yet to be made; and with those decisions, which will not be far off but they are not contained in this year's budget, will come the allocation of any funding that the state is required to commit. But as yet the state funding is not displayed in the budget because those decisions suspended have not been made.

Hon KEN TRAVERS: I just want to be clear about this. As I understand it, that money is required to be spent by 2013–14 under the agreement with the commonwealth.

Hon SIMON O'BRIEN: Yes.

Hon KEN TRAVERS: That is part of a six-year funding program. So, even if you want to transfer that to other projects, other than those for the Fremantle outer harbour, and you get the agreement of the commonwealth government for that project, the state will still need to find another \$134 million to match the commonwealth money, and that is not currently included in the budget.

Hon SIMON O'BRIEN: That is correct.

Hon LJILJANNA RAVLICH: Before we move off the Perth urban transport and freight corridor, I just want to ask a couple of questions in relation to the Tonkin Highway improvement—the planning for it. I understand that \$500 000 has been allocated by the commonwealth government for the planning, which is expected to finish in 2011. Can you just advise, minister, the committee what was the state's contribution to that planning?

Hon SIMON O'BRIEN: Can you identify which document you are quoting from?

Hon LJILJANNA RAVLICH: I am actually quoting a document on the computer which is from the Nation Building program, which is a commonwealth government website, which identifies that they have made a contribution of \$500 000 to the Tonkin Highway improvements and planning. So, either they have or they have not, and maybe the state has not made a contribution.

Hon SIMON O'BRIEN: Right, I understand the question. I am not familiar with that website.

Hon LJILJANNA RAVLICH: Yes, okay.

Hon SIMON O'BRIEN: Madam Chair, without being familiar with the document, we rely on our own. It is a bit hard to identify that actual parcel of money, but we have planning going on with state funds in and around these projects. I think of the order of several million dollars of state funds has already gone into that. Whether there is a specific relationship for any or all of those dollars to the amount that has just been referred to there, which is a fairly modest amount, I do not think we can necessarily identify it.

Hon LJILJANNA RAVLICH: Minister, can you take that on notice?

Hon SIMON O'BRIEN: What I do say is this: if the member is asking has there been \$500 000 of commonwealth money applied to these purposes—that is, the specific \$500 000 that has been spoken of—I am not able to answer that immediately. In relation to what state contribution has been made, I have indicated that it is substantially more than that in relation to these projects. So, I am not sure what further information the member requires.

Hon LJILJANNA RAVLICH: Will the planning be completed by mid-2011?

Hon SIMON O'BRIEN: That is a completely different question than what you asked before.

Hon LJILJANNA RAVLICH: Yes.

Hon SIMON O'BRIEN: Which planning are you referring to?

Hon LJILJANNA RAVLICH: The planning in relation to the Tonkin Highway improvements.

Hon SIMON O'BRIEN: Which Tonkin Highway improvements?

Hon LJILJANNA RAVLICH: It has just got reference to general planning for it. It involves defining the scope and ensuring the deliverability of the actual planning by 2013–14 of the proposed Tonkin Highway improvements between—sorry!—Leach and Roe Highways.

Hon SIMON O'BRIEN: If I could just take a moment.

Hon LJILJANNA RAVLICH: Yes, sure.

Hon SIMON O'BRIEN: Madam Chair, this might be something for further follow-up and we are at the committee's disposal if you wish to communicate with us. The member has me at a slight disadvantage. She has pulled up a website which is a commonwealth website and I do not know what they are on about and I have not got it in front of me. But I can tell you this, so I am going to err on the side of giving you more information. This is the open and accountable nature of this government, as the honourable member has often praised us for!

The CHAIR: Admirable, minister, admirable!

Hon SIMON O'BRIEN: I will give her some more information.

The CHAIR: A shining example!

Hon SIMON O'BRIEN: Yes, exactly!

Hon KEN TRAVERS: Better not go too far or you will mislead the committee!

The CHAIR: We are on a roll now!

Hon SIMON O'BRIEN: I return now to the boring old budget estimates in relation to the Tonkin Highway upgrade, Leach Highway through to Roe Highway, which I think is what the member is referring to, and there are sundry aspects to that. It is an ongoing project, but I will give the estimated expenditure until the end of June just gone. So this information is quite up to date, and I think all of it could be defined as planning at this stage. The expenditure up to 30 June from the state is \$0.264 million and by the commonwealth is \$0.871 million. So that is what has been expended so far. So, that is the full story. So, they need to update that website if that is the money they are talking about.

Hon LJILJANNA RAVLICH: That is fine.

The CHAIR: Thanks. I think the member is satisfied with that answer.

Hon KEN TRAVERS: I have a question on one area of this issue of the Fremantle optimum ports planning and its connection to the roads and rail. It is my understanding that the government has an obligation under the agreement with the consortium at James Point to provide the road and rail access. I am just trying to understand why, if that is an obligation under that agreement, the commitment to building the road and rail access into the Fremantle outer harbour area is connected to the Fremantle optimum ports planning process.

Hon SIMON O'BRIEN: The ultimate connections for the outer harbour—road and rail I am talking about—beyond that which already exists is yet to be finally determined; and there are a number of processes that have to be gone through and are being pursued at the moment to get to that. I am as keen as anyone—I mean, I am the transport minister—to find the way ahead and we are working hard to do that. So, although this hearing touches on it, it is not primarily a Main Roads matter at this stage, although they will have involvement.

Hon KEN TRAVERS: So, what will that \$134 million listed in the budget be spent on?

Hon SIMON O'BRIEN: That is a matter to be determined by government.

Hon LYNN MacLAREN: At what stage is the state government's Fremantle ports optimum planning group report? Where are you up to in that? When are you planning to have that completed? Has it been completed?

Hon SIMON O'BRIEN: Madam Chair, this is not a Main Roads issue but nonetheless it would probably be helpful if I entertain the question now.

Hon LYNN MacLAREN: Thank you, minister.

Hon SIMON O'BRIEN: I am sure we can find a way of outlining it. I commissioned a small group under the chairmanship of Professor Greg Martin to examine the question of the future freight task for Fremantle port and draw together all of the information, much of it pre-existing, about the future freight task to be handled by the port, not only on the ocean side, the shipping side, but also on the land side—to consolidate that information and provide that information to government to help inform its decisions about future developments. There are some key decisions that probably should have been made in years gone by that have not been made, but I am determined that they will be made while I am transport minister so that we do have a way ahead. And those options or those recommendations for me are something that I will put to cabinet as soon as possible. So the advice or the information provided by Professor Martin and his study has been submitted to government and it is now a part of the decision-making processes of cabinet. And then when those decisions are made, they will be publicly notified, and the reasons for them obviously and the supporting data.

Hon ALISON XAMON: On a new topic, I will move on to page 426, the outcomes and key effectiveness indicators. I was wondering if the minister could explain why the budget target for 2010–11 for community satisfaction with road safety is five per cent lower than for the estimated actual in 2009–10. I also wondered whether that correlated with the road safety expenditure, which is set out in the service summary on page 424, being cut from \$141 million down to \$89 million.

[10.45 am]

Hon SIMON O'BRIEN: Turning firstly to page 426, what was the figure that you were quoting on community satisfaction?

Hon ALISON XAMON: It was community satisfaction with road safety, so the actuals; it is the first point, so the budget target. It had been on 99 per cent and now it is down to 90 per cent.

Hon SIMON O'BRIEN: Again, you need to actually look at the figures while I am providing the answer. As you are aware, in these papers we have budgeted figures—the estimated actual and then in due course we discover what the actual was. You start off in advance with a budget target, as it were. In the course then of considering the next year's budget, you look back at last year where what is available is estimated—so how well we are tracking—and then in due course you find out what actually happened, and of course that happens sometimes well after 30 June, when all the available information has to be calculated and reviewed. I believe that the reason why the actual figure for 2008–09 is higher by five per cent than the budgeted figure for 2009–10 is not a decline in expectations but rather that the 2008–09 figure came in well above what was expected or budgeted for. That is the reason. So in that sense we have overachieved. I will ask Mr Woronzow if he can confirm if that is the case and address the other aspects of the question.

Hon ALISON XAMON: Minister, it is still a downward trend.

Mr Woronzow: Thank you, minister. If you do not mind, I will lead off with a bit of background about how those indicators were set, and then, if you do not mind, Des Snook has got the detailed knowledge of how it was calculated. Main Roads performance indicators were subject to an overall review by a committee called the outcome structures review group, which has representatives of the Auditor General, Treasury and some other agencies, including Main Roads. Eighteen months ago we reviewed all of our indicators, including this one. It was the view of the outcome structures review committee that any of our indicators relating to community satisfaction generally should be set around a general target of 90 per cent. The target was set in 2009–10 at 92 per cent. The outcome of that committee's deliberations was that the target in future years, which is shown in the budget papers for 2010–11, which is a target of 90 per cent, was factored down. That was just a

general decision by that committee. In relation to the figures of what was actually achieved, if the member does not mind, I will pass over to Des Snook, who has got the actual detail.

Mr Snook: As far as the actual figures that were achieved, the way that we do that is that we do that through a series of surveys with people, and we get a result from a survey of over 1 000 people throughout the state in a structured way so that we know that the results are very accurate. Although that target was reset through an almost bureaucratic process, we are very confident about the figure that we have actually got. Then, maybe to take that on to the question about funding to do with road safety, the way that the road safety funding is allocated is that various projects are allocated to road safety, road efficiency, state development and that sort of thing. Through the way in which this road safety funding is allocated, the reduction from \$141 million in 2009–10 to \$89 million in 2010–11 is really due to two factors. The first one was the completion of the Reid Highway project between West Swan Road and Great Northern Highway. Although that is a large project, that was actually allocated as a road safety project because it was partly funded by the safer roads program. Again, through the bureaucratic process, that not only put approximately \$23 million from the safer roads program to the road safety component, but also it actually took the whole of that nearly \$100 million project. The second reason for the reduction in the funding is that during 2009–10, the commonwealth government, through the Nation Building program, provided extra money to the black spot program as part of the economic stimulus package. That was worth about \$9 million and that is now finished for 2010–11. So those are the two reasons for the drop of the funding from \$141 million to \$89 million.

Hon ALISON XAMON: It is still significantly lower, though, from the previous year as well, from the 2008–09 actual. It is \$140 million in the 2008–09 actual and \$141 million in the 2009–10 estimated actual, and then there is still quite a significant drop. You have referred to programs that were specific to the previous year, but what about the years prior to that?

Mr Snook: For the previous year, again, as I say, the road safety program here is reliant on the projects that are allocated to it. For 2008–09 again we have the Reid Highway project included in that. The key thing, though, is that our funding programs, such as the state black spot program, the safer roads program, the national black spot program and the railway crossing program all continue through, so they have been consistent.

Hon SIMON O'BRIEN: I might point out to that there is a typo in the budget papers. Under "Explanation of Significant Movements", under note 1—this is confusing until you know this —

Hon LJILJANNA RAVLICH: What page?

Hon SIMON O'BRIEN: It is page 427. These are the figures that we are talking about here. Note 1 refers twice to the Reid Highway – Alexander Drive interchange. That is incorrect. The project there is the Reid Highway – West Swan Road extension. It is not the interchange, which we have just kicked off. So that has not been done and it was not in relation to this. That puts in a bit of clarity. What Mr Snook is saying is that some time ago when this was in forward estimates—now we have come up, done it and got past it—the money being applied, in large part if not the totality, to that Reid Highway – West Swan Road project was defined as road safety. Whether that was the correct thing to do or not, that had the effect of inflating the road safety totals over the years; whereas now we are back down to what we would say is more the real figure that can be identified as this specific item.

Hon LJILJANNA RAVLICH: I wonder whether the minister might explain to us why it continues to trend down from 2010–11 from the \$89.2 million down to \$83.9 million in the forward estimates. If you do not know, I am happy for it to be taken on notice. Is this a part of the ongoing adjustment or an inflated part or is it actually as a result of something?

Hon ALISON XAMON: Diminishing commitments to road safety.

Hon KEN TRAVERS: If those figures show only state contribution and not commonwealth contribution, it would be even more severe.

Hon SIMON O'BRIEN: Again, I am looking here at page 424, and at the first line of the service summary there, which I imagine you are looking at as well.

Hon LJILJANNA RAVLICH: Yes, that it is exactly where we are at.

Hon SIMON O'BRIEN: The decline from \$89.261 million to \$83.924 million is a reflection of some further, though smaller, projects coming off in the same way that we have just described the Reid Highway – West Swan Road project, and from there you can then see that if there is any trend, it is in an upward direction in the out years. I hope that satisfies the member.

Hon KEN TRAVERS: With all due respect, minister, in four years' time you are still not back up to what you are expecting to spend this year. If you add an indexation in there, it is a trend downwards.

Hon SIMON O'BRIEN: I think when you look at this you have got to look at the totality of what we are actually doing. As we have just seen with the explanation of the previous question, which dates back to a previous administration, so I will not take any responsibility for anything except correcting it, the application of funds to these several services from one to six—seven is a bit different—it is all about road building and maintenance. I think you have got to look the totality of what we are delivering. I am satisfied that this agency is delivering very well with the resources given to it, and it is doing it with a transparent budgeting mechanism. If you want some illustrative proof of what I am saying, we can rely on an answer to a question that Hon Ken Travers asked, which is question 22, which was gratuitously provided.

Hon LJILJANNA RAVLICH: Thank goodness he did!

Hon SIMON O'BRIEN: Yes, good old Ken has come through again! His question 21 refers to a document provided last year, which I think might have been provided by my parliamentary secretary somehow, and then discussed at the committee there. There is all that information given there. Then in question 22, Hon Ken Travers has asked for a new table updating the old one and providing some forward estimates. If we then turn over a couple of pages, we get to this graph here. For the *Hansard* record I am showing a graph headed “State Appropriations Adjusted for CPI”.

Hon LJILJANNA RAVLICH: It is a very flat line since you came into office, I have to say.

Hon SIMON O'BRIEN: I am going to respond to that interjection, which was made flippantly and in good humour—which I always enjoy! With the greatest possible respect to my colleague, what it actually shows in the out years is a significant rise, as adjusted for CPI.

Hon LJILJANNA RAVLICH: How much commonwealth funding?

Hon SIMON O'BRIEN: I would just like to thank Hon Ken Travers. These are state appropriations.

Hon KEN TRAVERS: This is for recurrent and capital, though, is it not, minister?

Hon SIMON O'BRIEN: These are the state appropriations, adjusted for CPI, so this goes across all service delivery areas. As you can see, it is clearly trending upwards.

Hon KEN TRAVERS: In one year. For three years it trends down and in one year it jumps a little bit.

Hon SIMON O'BRIEN: You can get yourself a ruler and go ahead with the trend in the out years, if you like, but until we get there you will have to wait until the next budget.

[11.00 am]

Hon KEN TRAVERS: It would be interesting to have a look at the one on new works and capital works, rather than just maintenance.

Hon PHILIP GARDINER: My question relates in part to that graph. The balance sheet on page 436 shows current assets, non-current assets and total assets. The total assets in the 2010-11 budget are \$41.8 billion.

Hon SIMON O'BRIEN: Yes.

Hon PHILIP GARDINER: I know there are some holding account receivables—I do not quite know what they are—but the property, plant and equipment, which is the bulk of it, is just a little bit up on the non-current assets side, and it is \$40.24 billion.

Hon SIMON O'BRIEN: Yes.

Hon PHILIP GARDINER: Is that a current valuation? Are the assets of property, plant and equipment revalued each year, or is there a fair bit of historical evaluation?

Hon SIMON O'BRIEN: This is a very straightforward question with a simple answer, as Mr Woronzow is going to demonstrate in a second when I ask him to provide it.

Hon KEN TRAVERS: After you have confused us all!

Hon PHILIP GARDINER: That reflects on a certain degree of good mind.
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Hon SIMON O'BRIEN: But just for the general information of other members and observers in this, the \$40 billion figure there—interestingly called “Property, Plant and Equipment”; it is not very heavy on the plant and equipment side—is the total value of the assets that Main Roads WA manages. It is all of the road inventory and bridges and whatnot; level crossings and everything I suppose. But in relation to the other figure —

Hon PHILIP GARDINER: No, it is okay, you have given the answer as far as I need to go on it, because the sequel to my question is—can I interrupt?

Hon SIMON O'BRIEN: Stand easy.

Hon PHILIP GARDINER: Yes, stand easy, because I am really interested in that valuation of the total assets of roads, bridges et cetera.

Hon SIMON O'BRIEN: Yes.

Hon PHILIP GARDINER: The rule of thumb, I am told, of infrastructure investment required is about two per cent if we have no growth in population or economic growth; we actually currently have substantial economic growth and growth in population, suggesting the rule of thumb goes then to four per cent if you have a two per cent increase in population, let us say. What the spend is, as I see it, is roughly \$800 million, to go back to page 423, which does come back a little bit to the graph that you showed. But we have to include commonwealth funding as well because we are talking about total requirement of infrastructure and investment. If we come back to page 423, the total appropriations are about \$821 million.

Hon SIMON O'BRIEN: Yes.

Hon PHILIP GARDINER: That is actually about two per cent of the total assets, if those assets are valued at current valuations. We are just on the borderline, because with the growth we have in this particular state, it probably should be something more like about \$1.2 billion if we have three per cent of our infrastructure being required to be spent each year on replacement and expansion. The other question about the roads and bridges is: do you have a rule of thumb about how long they last? I presume it is about 50 years—is that about right?

Mr Henneveld: If it is a road, it is 40 years; if it is a bridge, it is 100 years, simply.

Hon PHILIP GARDINER: So there is a bit of a fudge there in my own thinking.

Hon SIMON O'BRIEN: “Fudge” is not a term we use in this agency.

Hon PHILIP GARDINER: I was referring to my thinking, not your figures.

Hon SIMON O'BRIEN: Just to clarify it, as you can also see on page 423, the adjusted total net cost of services is just over \$1.2 billion. That probably, I think, neatly brings us into the neighbourhood that you are talking about. But that is without me embracing all of the parameters that you have just suggested. For the purposes of the discussion and your inquiry, the other bit of information I ought to remind you of is that \$40 billion-odd—the total asset—does include the value of land. That perhaps changes the nature of the asset that you are contemplating.

Hon PHILIP GARDINER: Not quite, because the infrastructure that we need to have —

Hon SIMON O'BRIEN: I just mention that for your consideration.

Hon PHILIP GARDINER: Fair enough; thank you. Is that \$1.214 billion the actual amount going into not administration, but into the actual infrastructure itself, is it?

Hon SIMON O'BRIEN: No, that is all of our total costs. It includes all of the costs that we have, which would include the total amount of all overheads for any requirement, as well as any services quite additional to the maintenance and other capital works budgets, if I interpret your question correctly. If you want any clarification, though, you have the benefit of the presence of our executive director of finance, so I do not know if you want to address the question specifically to Mr Woronzow now.

Hon PHILIP GARDINER: Yes, only if there is a material difference between the \$1.24 billion shown on page 423, which is the expenses adjusted total cost of services of \$1.214 billion. My question is really whether a material part of that \$1.214 billion is being used for administration of the Main Roads department, I expect, as compared with the actual investment in the infrastructure itself.

Hon SIMON O'BRIEN: Can you just identify those two separate figures?

Mr Woronzow: Certainly, minister. In an explanation that will answer the member's question, the total appropriations provided to deliver services is \$551 million. That includes the operating costs of Main Roads generally, such as the salary costs and overheads; maintenance and minor work that is not capitalised; funding that is provided to local government under most of the local government agreements; and funded depreciation, which is in the order of \$190 million. The \$551 million is, in general terms, a recurrent appropriation that is provided by the state to Main Roads. Under the line is the capital appropriation, which is the funding that is provided by the state to fund new works. That capital appropriation is \$150 million, which is a general appropriation, and \$119 million provided from Treasury from the Road Traffic Act. The capital appropriation that is available to Main Roads is the \$150 million and \$119 million. But this is also supplemented, which relates to the question you were asking in relation to the \$40 billion. If you go to page 437 of the budget papers, you will see there, under the cash flows from state government, is a holding account draw-down in 2010–11 of \$42 million. The state government, in recognition that bridges and the seal depreciate over a period of time, allows you to draw down 2.5 per cent of accumulated depreciation, which supplements the capital appropriation. To work out what is the capital appropriation to Main Roads, it is \$150 million, \$119 million, on page 423, plus the holding account draw-down on page 437.

Hon PHILIP GARDINER: Okay.

Hon KEN TRAVERS: That \$42 million draw-down, is that fully at 2.5 per cent?

Mr Woronzow: It is.

Hon KEN TRAVERS: It is a full draw-down of 2.5 per cent?

Mr Woronzow: It is. On the question of the \$40 billion, it is important to note that \$14 billion of that relates to the actual road asset that has depreciated; the rest is land under roads. An interesting

point that I think most people would not appreciate is that in the state's general balance sheet, land and land under roads—that \$40 billion—makes up over a third of the state's assets in the state's general balance sheet.

Hon KEN TRAVERS: Hopefully you will not start selling it off.

Hon ALISON XAMON: No.

Hon PHILIP GARDINER: That is helpful. It is more complex, of course, but I was just talking about rules of thumb, and there are always variations around that, I know. But for the economic growth and growth of population, the land has to be a factor in the new infrastructure. But in terms of what we have already, that is more redoing and maintenance, where the land is not going to be added to because to replace it after 40 years, when it has declined, you would have to redo it; the land is already there, so there is no additional value. I know it is a little bit more complicated than what I have been talking about, but it is just to get a bit of a benchmark about whether we are putting enough investment into it. When you do your capital appreciation numbers at \$734 million, not the \$1.2 billion, based on the figures you gave me—\$150 million, \$119 million, \$423 million, plus \$42 million—that is \$734 million, which is under the two per cent.

Mr Woronzow: The amount that is spent on capital —

Hon PHILIP GARDINER: That is on capital, yes.

Mr Woronzow: That is the 150, the 119, plus the 42, plus the commonwealth contribution to capital works.

Hon PHILIP GARDINER: Is that in the 423 somewhere?

Mr Woronzow: The commonwealth contribution is \$194 million and is detailed on page 433.

Hon PHILIP GARDINER: That would be including the commonwealth component?

Mr Woronzow: That is right.

Hon PHILIP GARDINER: So that adds up to \$734 million, which is a bit less than two per cent of the \$40 billion asset.

Mr Woronzow: The important thing, when you are comparing it with the asset, is to strip out the \$30 billion of just land. You are trying to replace the seal and the bridge structures, so it is about \$14 billion that you have to try to do that.

Hon PHILIP GARDINER: Fair enough, that is for existing; for new, for growth, we have to include the land though, because that is part of the infrastructure development. But not for the existing, I take your point.

Mr Waldock: If I could just add that, as a rule of thumb, I do not think there would be too many businesses that have that sort of percentage of just land value as part of their business. The fact that you are stripping out 30 per cent of the total asset base because of that value does make it a bit atypical when you are talking about rules of thumb.

Hon SIMON O'BRIEN: Obviously, it does need to be known—as I am sure you do—that this is not a regular small or medium business; this is a major road-building agency, and the total inventory of the state's net assets represented here is quite extraordinary.

Hon PHILIP GARDINER: Thank you.

Hon KEN TRAVERS: Just to follow on from that question —

The CHAIR: Just before you do, I just wanted to point out that normally the committee would have a break, but since we started a little late I am proposing we go right through to midday. I am just alerting members to that, because you might be anticipating that I am about to call a break—I am not.

Hon KEN TRAVERS: To follow on from all of those questions, we were looking at the total cost of services on page 424, and I am happy for this to be taken on notice, but for each of the years listed in that service summary are you able to provide, as supplementary information, the percentage of that total cost of service that is actually a commonwealth contribution?

Hon ALISON XAMON: That was my question that I was waiting to ask.

Hon KEN TRAVERS: Sorry; I will retract my question and allow Hon Alison Xamon to ask hers.

The CHAIR: The question has been asked.

Hon ALISON XAMON: No, that is alright; I wanted to go back to that item because we had not finished.

Hon KEN TRAVERS: My apologies. Great minds think alike, Alison.

Hon SIMON O'BRIEN: The information the member requires is in the annual report, but we would be very pleased to make it available to you—not the annual report, the actual information.

Hon KEN TRAVERS: Across the forward estimates though?

Mr Waldock: No, not across the forward estimates.

Hon KEN TRAVERS: That is what I am asking for. In terms of that service summary, for each of the years listed in that service summary, what percentage of it is from the commonwealth?

[Supplementary Information No A2.]

Hon SIMON O'BRIEN: Did you want the information by program?

Hon KEN TRAVERS: I am happy with the total.

Hon ALISON XAMON: I was actually hoping to have it broken down by program, if that is okay. I just want to confirm that there will also be a comparison between the previous years as well as the forward estimates—is that okay?

[11.15 am]

Hon SIMON O'BRIEN: Yes, so in addition to the forward estimates—we will take it on notice, then—we will go back a couple of years as well so that you can compare the trend.

Hon KEN TRAVERS: I just wanted to get a sense of between the time that you do the planning and design of a project and the actual construction of the project, how long is it normally before the planning and design are required to be updated?

Hon SIMON O'BRIEN: Are you referring to a particularly large or complex process where there can be a long lead time?

Hon KEN TRAVERS: If there is a variation between large and complex and small and easy.

Hon SIMON O'BRIEN: You have asked for a sense of that. I am sure we can provide that. I will ask Mr Waldock to.

Mr Waldock: Would you mind repeating your question again?

Hon KEN TRAVERS: You have items within the budget for planning and design work. How long are you able to go between the completion of the planning and design and the actual commencement of construction before the work you have done on planning and design needs to be redone?

Mr Waldock: I am sure that Mr Henneveld would like to make comment after me, but you have raised a very interesting issue in terms of the ongoing issue of whether we are planning far enough in terms of our capital works. We put a capital works budget out but within that four years out, we really need to have a very good understanding of the more detailed planning and design so that we can actually commence the work pretty much straightaway, rather than having to move into a major

phase. It is a balance between getting the planning and designing done so, in fact, when the capital year comes you are actually able to mobilise quickly and get the work done over the period you wanted, versus doing that too early and then finding out that you have to keep revisiting it because all the numbers have changed, the very base assumptions have changed and the market has changed. My sense is that it is a balance—we are talking across the portfolio—certainly, in trying to do some detailed planning within two years prior to the actual capital, but, Menno, would you like to make any comment on that?

Mr Henneveld: It does depend a lot on the nature of the project itself. What we try to do with the funds that we have for our planning and design is just in time-type planning, so that when you have finished the project development preliminary design work, you go to tender. We achieve that with, I think, all of our major projects but there is a whole stream of mid-range to small projects, which we might start doing planning for three or four years ahead of when it is required. When the capital comes and we are ready to go, we do a review to see if anything has changed, there may be major changes for a whole range of reasons—demographic reasons, resource development—we revisit that and that is as a matter of caution to ensure we are still building the right project for the right reasons.

Hon KEN TRAVERS: Your environmental approvals only last five years, for instance, don't they? Are there any other approvals that expire?

Mr Henneveld: Heritage matters. That is the main one; that is the one that can give the most grief.

Hon KEN TRAVERS: For instance, going to a specific example at page 431, the Victoria Highway – Kununurra heavy haulage route, you will have spent by the completion of this year an estimated \$9 million on the planning and design of that. When would you need to receive the funding to actually construct it for a project like that to be requiring significant new work on the planning and design?

Hon SIMON O'BRIEN: This is probably not the best example, member, because we are actually going to complete it this year so it is not the case that there is an ongoing delay that might cause us to reassess the costs.

Hon KEN TRAVERS: Sorry, but are you completing the construction or the planning and design?

Hon SIMON O'BRIEN: Yes, this is completing of the design.

Hon KEN TRAVERS: And that is what I am asking about, but when do you need to start the construction before that planning and design work that you have completed this year is required to be redone?

Hon SIMON O'BRIEN: I see; I understand your question better now. I will just mention that this is basically a commonwealth-funded project, so we have done our end of it but it is not clear when the construction would commence. Member, the nub of your question I think is: here is the planning but there are no funds for construction; therefore, you are asking how long will this planning remain current before it has to be revisited?

Hon KEN TRAVERS: What is the sort of date that Main Roads would want funding for that project to not have a loss of investment in the planning and design?

Mr Henneveld: You mentioned environmental approvals; we have not gone into any detailed environmental review, so the planning would retain its currency probably, my guess, for about three to five years because we are doing this on projected traffic volumes. This is a bypass around Kununurra, so it depends on heavy vehicles bypassing the town as much as anything. If we were given funding to build it in the next two to three years, we would review those figures and quickly reassess the currency of that planning. But my view is that it would remain fairly current for the next three to five years.

Hon SIMON O'BRIEN: Just on that project—I do not know whether you have been up there and had a look on the ground—there are two distinct stages to it, so again that would raise in your mind, as it has in mine, the question that as it is the timing for two distinct stages, it may not be delivered together.

Hon KEN TRAVERS: Right. Have we got an estimated cost of what the two stages would cost yet?

Mr Henneveld: No, we have not.

Hon KEN TRAVERS: Not even close?

Mr Henneveld: No; we are still determining the length of the bridge, where the crossing is and finalising alignment. The expenditure of the \$3.6 million that is shown there is us finalising the planning and development—those things that I mentioned earlier.

Hon KEN TRAVERS: But I am assuming it is sort of in the hundreds, not tens, of millions?

Mr Henneveld: I think that would be a fair assumption.

Hon SIMON O'BRIEN: The scope of the project for one stage is 10 kilometres of new road—we are talking heavy haulage here—together with the bridge, which is 480 metres across the Ord, and the second stage is about 18 kilometres of new road alignment, so it is a very big project.

Hon KEN TRAVERS: I guess that is what I was asking because one of the things that I am interested in is trying to get a sense of what tasks Main Roads has identified that are realistic projects that we will need to deal with in road funding over the next 10 years, and it strikes me that that project is one of them. If I can maybe move through that theme, have we started to do any design work and planning on what the cost of the Perth–Darwin Highway will be?

Mr Henneveld: Once again, the development work we are doing on the Perth–Darwin Highway is very preliminary. We have only just got some feeling for a sense of the alignment; a lot of work has been done with the community to determine a satisfactory alignment. We have very, very preliminary designs, which indicate what the extension would be north of Reid, past Ellenbrook and then through to Muchea. We have no real sense of what that cost would be.

Hon KEN TRAVERS: Again, my sense would be that it would be a project not dissimilar to probably about half the Perth–Bunbury Highway—is that reasonable?

Mr Henneveld: That is one way of looking at it.

Hon KEN TRAVERS: I am trying to get a sense of the scale of the project. In fact, if you did the whole way through it would probably be of the same scale as the Perth–Bunbury Highway, but at the very least the first stage would still be about half.

Mr Henneveld: I think it is safe to say it is in the hundreds of millions, as you said.

Hon KEN TRAVERS: What about projects like the extension of the Mitchell Freeway through to Hester Avenue? Where would that fit on the scale of projects?

Hon SIMON O'BRIEN: In what sense—in scale?

Hon KEN TRAVERS: Yes.

Hon SIMON O'BRIEN: We have done a bit of work on this and so we are looking at—I guess we had better define it a little to let you know what we are talking about—for an extension from Burns Beach Road right the way up to Hester Avenue, which would include not only the carriageways but also some major interchange at Neerabup Road and obviously Burns Beach Road and some substantial works at the intersection or the termination point of Hester Avenue, and there are also considerations about the rail tunnel. So, you are asking for a ballpark figure: say about \$225 million in 2009 dollars as an indicative cost for the sort of large scope of works that I have just mentioned.

Hon KEN TRAVERS: Does that include the widening of the freeway from Hepburn Avenue anywhere north or is that just the extension?

Hon SIMON O'BRIEN: Sorry, I am referring to the extension from Burns Beach Road.

Hon KEN TRAVERS: It is just that some people see the widening as part of the extension, which is why I wanted to clarify that. Do you have any idea what the widening of the freeway north of Hepburn Avenue to, say, Hodges Drive would be? Have you done any work on that yet?

The CHAIR: Would you prefer to take that on notice, minister?

Hon SIMON O'BRIEN: That is something we have some work on, but I do not believe that I am in a position to answer it on the spot. Could we take it on notice?

[Supplementary Information No A3.]

Hon SIMON O'BRIEN: The question as I interpret it is the indicative cost of widening the freeway—a third lane, in other words—in both directions.

Hon KEN TRAVERS: The Nullagine – Marble Bar Road: have you done any work—I am sure you are aware of the issues of that road—on the indicative costs? Maybe you could give us an indication of where you are up to, because I do not think there is any money in the budget currently for it. Are you using any money within some of the line items to do planning and design; and, if so, where are we up to with upgrading the Nullagine – Marble Bar Road?

[11.30 am]

Hon SIMON O'BRIEN: I am going to ask Mr Henneveld to comment further on this question, but there are actually some works ongoing now. It is a largely unsealed remote area road. To put it in perspective, we have about 180 000 kilometres of roads of all types and ownership in the state, 126 000 of which are unsealed. Unsealed roads are very much part of the landscape in Western Australia. Typically, those who use those roads would prefer that they are sealed. In terms of prioritising the limited dollars available, we have to understand that unsealed roads are and will continue to be a large feature of our state's road system. They always have been and they will continue to be for a very long time. Nonetheless, the profile of traffic on the Newman to Marble Bar road is changing, given some mining activity coming on-stream at this time. We already have additional traffic beyond its normal levels, which is related to the development of those mines to start-up point—the construction and what have you that is going on. Then we will contemplate the actual movement of product of those mines on the roads. That makes it quite a different transport task. We are giving some attention to this. A number of things are being done. Generally, about \$1 million per annum is spent on basic maintenance of roads by Main Roads but we are doing a few other things now. I will pass to Mr Erceg in a minute to comment on the specifics. He may give you some more information about this. Before I do that, I will say that we have allocated a further \$2 million in this budget. Again, it is under the Safer Roads and Bridges program. That will be used for a low-cost seal on a particular part of the road, which I will ask Mr Erceg to identify in a moment.

If we were to bring the entire length of the road up to a full freight highway standard, it would cost a very large sum of money. For example, from Newman to Nullagine would cost about \$145 million in 2009 dollars. That will not be done immediately because a lot of other heavily trafficked outback roads are clamouring for funding as well. There are some things that we can do. I will throw to Mr Erceg. He is right up to date on some of the works that are going on. He will also refer to some of the contributions that mining companies make.

Mr Erceg: Just to clarify, the section that you are asking about is the Newman to Nullagine section of the Marble Bar road. The approximate length of that road is 185 kilometres. A large proportion of that road is unsealed. It has been for quite some time. In recent years, in an endeavour to try to improve the level of service and safety for commuters in that area in response to the increased

activity of heavy vehicles and mining activity, Main Roads has adopted this approach that the minister referred to, which we call a low-cost seal treatment. Traditionally, when you are upgrading an unsealed road, you generally have the existing alignment and the existing formation of the road but in most cases when those roads were originally constructed, they were constructed to match the existing topography very closely so the geometric standards need to be quite low. Normally if you were doing a major upgrade, you would design the upgrade to high standards of geometry and also sound standards of pavement strength and construction. In this case the main issues are with the unsealed surface. It does have increasing traffic volumes but they are not to the level that would perhaps warrant a significant investment at this time.

The incremental approach over the past couple of years for Main Roads is to go in and do a low-cost treatment, which tends to follow the existing terrain and utilise the existing formation. We undertake minor improvements to the geometry to the extent we are able to without committing major capital and putting in a relative thin base course layer on the pavement and then sealing it. We have found that that gives a very good result and is good value for money. It is a fit-for-purpose type solution. It does lend itself to sections of the road that are generally easier geometry. If there are other sections where you are getting into the more rugged terrain, it would potentially be unsafe to do that because you are sealing in the extremely poor geometry. Zeroing into what we are currently doing, the section that has been highlighted as being of the most concern and in the poorest condition is a section immediately to the north of the Jigalong turnoff. There is a section of road there that is approximately 26 kilometres long. It is a gap between two sections that we have previously sealed utilising this low-cost seal option—one to the south, which is approximately 26 kilometres long, and one to the north, which is approximately 11 kilometres long. We are focused on trying to upgrade that section with the low-cost treatment at 26 kilometres. We currently have a crew utilising some of that \$1 million per annum that the minister referred to undertaking some heavy maintenance, which is trying to improve the existing formation to some degree. The \$2 million safer roads funding that the minister referred to will assist us to implement this low-cost seal option.

At the same time, we have been in negotiations with a number of mining operators in the area. We are relatively advanced with those negotiations and we are quite optimistic that we will get a contribution of some sort to assist us to substantially seal that section.

Hon LYNN MacLAREN: There are three matters that I am trying to get some information on. I submitted a question on notice; 26 is your number. It relates to page 431 of budget paper No 2 and the Roe Highway extension. How much do you estimate will be spent on the public consultation for the South Metro Connect project? I asked: how much money is estimated to complete the project, which is \$26.53 million? The answer was: it is estimated that \$20 million will be spent to complete project development, excluding South Metro Connect's activities and some pre-construction. I understand a bit of project development is being done, even though you have not locked in on the final design, which is \$20 million. What is the South Metro Connect figure? You have reported that to date you have spent \$5.7 million and up to 30 June you spent \$5.7 million. You are still doing that so I am wondering how much it will cost to complete the South Metro Connect public consultation.

Hon SIMON O'BRIEN: Well done, member. As the chairman knows, I always make a point of putting in a deliberate mistake, and the member has picked up the point. The figure of \$26.53 million should include their activities, not exclude. The total inclusion of everything is under the figure of \$20 million. Then the member asked for a breakdown of what can be seen as their specific aspects as divorced from the balance, which is for the detailed planning and design, preliminary engineering and what have you.

Hon LYNN MacLAREN: Does that include drilling? I assume that portion does not include the South Metro Connect consultation fee. What are the preliminary works that you are also putting into that \$20 million?

Hon SIMON O'BRIEN: There are a heap of things.

Mr Henneveld: I will just put into perspective what is happening. We have awarded what we call a project development contract to AECOM. We are working with AECOM in an alliance style to do the preliminary design and development work for the project. That is what the South Metro Connect is all about.

Hon LYNN MacLAREN: I have met them several times.

Mr Henneveld: Their role is to do everything that is necessary to prepare the project ready for construction in 2012. That involves having the tender documentation ready and then you work back from that, making sure that all the environmental clearances have been achieved, the heritage, all the geotechnical work that you referred to. All that work is part of the South Metro Connect contract. I am not aware of any major expenditure outside that contract that would chew into that \$20 million.

Hon LYNN MacLAREN: They have everything up to the tender —

Mr Henneveld: That is part of what that contract is all about. That does not mean that they will be paid \$20 million because we do not think it will be anywhere near as expensive as that, but the funds are there if required.

Hon KEN TRAVERS: Does it include the design work?

Mr Henneveld: It includes sufficient design to go to tender. The procurement would be some form of design and construction.

Hon LYNN MacLAREN: The other two matters I wish to ask about relate to the High Street improvements to Leach Highway on page 432. The figure has not really changed. About \$68 million is allocated for that. Are you any further along with your decision about what that \$68 million would do?

Hon SIMON O'BRIEN: Can we take this on for the Department of Transport session? That is where it really lies until the works are put into the hands of Main Roads in due course. It is part of a wider package of government activity that takes in the future of the Fremantle inner harbour, which this is directly related to, and other associated planning. It might be best if we take that question during the next segment, if that is possible.

Hon LYNN MacLAREN: I will not be here for that session. I will ask Hon Ken Travers to ask it.

Hon KEN TRAVERS: As to whether that amount of money is sufficient to do the project, is that something that Transport can answer or does Main Roads need to answer that?

Mr Waldock: Transport can answer that.

Hon LYNN MacLAREN: The final question related to the Canning Bridge. I do not know whether it is in the next 10-year window. Would the replacement or repairs to the northern section of the Canning Bridge be in the 10-year plan window?

Hon SIMON O'BRIEN: I will take that as asking what we are going to do about the Canning Bridge headed east.

Hon LYNN MacLAREN: I understand that the northern section needs replacement or repair more urgently than the southern section.

[11.45 am]

Hon KEN TRAVERS: It needs to be dualled, basically.

Hon LYNN MacLAREN: Are there any funds budgeted for that? I did not find that anywhere.

Hon SIMON O'BRIEN: The short answer is that we do not have any funds or works programs, and that is why the member could not find it; they are not there. However, it might assist the member if she wants to direct a question about future intentions to the Minister for Planning.

Hon LYNN MacLAREN: Is it in the 10-year plan of things that need to be done?

Mr Henneveld: No.

Hon KEN TRAVERS: Can I follow on from that? It is in the same area and I assume it is interrelated in terms of fixing the road management issues in that area. I am referring to the Manning Road southern on-ramp. Is that part of that planning exercise that you were talking about or is the southern on-ramp from Manning Road a separate exercise? When I say the "southern", I am talking about the ramp if you want to head south from Manning Road.

Hon SIMON O'BRIEN: There are two ways I could address that, and I will briefly do both. Main Roads is capable, obviously, of addressing the question of a Manning Road southbound on-ramp. Federal personalities from all sides have been having some things to say about that recently, but I do not want to go there.

Hon KEN TRAVERS: It is a federal election-free zone here today, minister.

Hon SIMON O'BRIEN: Hear, hear! But let us move forward! The answer to the second part of the question is that it is a planning matter. I will not trespass onto that other portfolio, beyond saying that I am aware that the Minister for Planning, through the "Directions 2031" project and what have you, is looking at the many issues that surround that particular area. For members who are not aware of it, it is a very complex arrangement where there is river, rail, freeway, highways and Manning Road. It has evolved into a very congested area that will need some long-term addressing rather than some stopgap works. This portfolio—that is, the broader transport portfolio—is very interested, obviously, in all of that, but at this stage it remains a planning issue.

Hon KEN TRAVERS: You said they were capable. Are you saying that at this stage there is no work other than providing advice to the Department of Planning going on within Main Roads, so there is no budget allocation or anything like that at all?

Hon SIMON O'BRIEN: We provide advice and input on that specifically when required.

Hon KEN TRAVERS: So we need the Canning Bridge TOD master plan to be completed before we can do any work on Manning Road or the northern—rather than a replacement, it is a dual —

Hon SIMON O'BRIEN: Not necessarily. The way I answered the question was to indicate that there is the possibility, if the government chose, to make the decision for us to go ahead with Manning Road on-ramps if we wanted to. Without trespassing into the other portfolio area, I also want to make it clear that it is very much in my mind, as I am sure that it is in yours, that you do not want to do too much in isolation or something that will prejudice what might be wider redevelopment of a whole —

Hon KEN TRAVERS: So you could, as a policy decision, decide to do it, but it would be foolhardy to think about doing that until you have at least some idea of where the master planning of the area is going.

Hon SIMON O'BRIEN: If anything, you would want to have regard for how it might impact on future developments, and, where possible, you would try to make sure that it made allowance for the other options for the larger development in the future.

Hon KEN TRAVERS: That makes sense to me.

Hon SIMON O'BRIEN: The sorts of things we are talking about that may come into the mix, particularly when you start talking about even allowing for a 50-year time horizon so that we do not short-change future generations, there is a whole range of different modes of transport links, for

example, that may have to rely on Manning Road as well as on the freeways and how that interfaces with the railway and so on. But more of that on another day.

The CHAIR: It sounds like the minister is possibly anticipating a light rail network! Sorry; I will not put words into your mouth, minister.

Hon ALISON XAMON: I will!

Hon SIMON O'BRIEN: I understand that the Greens have allocated \$3 billion, so that gets us well down the track for that.

The CHAIR: We are happy to share.

In terms of timing, I am proposing—this is doubling up on not getting a break—that we might run a little over 12.00 pm because there are a lot of questions still in the offing. We will still have the same amount of time for lunch, but we might shorten some of the other hearings. I do not want to panic anyone about their lunch break. We might contemplate going through to a quarter past 12, if we can manage that.

Hon SIMON O'BRIEN: We are in your hands and are keen to cooperate. If that deals with the questions that arise and we can deal with them on the spot when you have the benefit of the officers face to face, let us do that.

The CHAIR: I would rather take the opportunity while we have people here to try to —

Hon SIMON O'BRIEN: We do not want too much homework.

The CHAIR: I understand that. Hon Alison Xamon.

Hon ALISON XAMON: I have some quick questions. Hopefully we can whip through some. In relation to the Main Roads internal draft 10-year plan, is there any reference to the Swan Valley bypass? I do not have a copy of that plan because I am not a member of the committee. The Perth–Darwin highway. I am describing it as the “Swan Valley bypass” because there was an attempt to correct Hon Ken Travers. I would have referred to it as the Perth–Darwin highway, as Hon Ken Travers did. I understand that Main Roads prefers to refer to it as the Swan Valley bypass.

Hon SIMON O'BRIEN: Before we start —

Hon KEN TRAVERS: My prediction that members would want to know questions about the 10-year plan has come true so soon.

Hon ALISON XAMON: I understand that it is indicative.

Hon SIMON O'BRIEN: It is a good illustration. Here is where we do not want to create false expectations or place the onus where it should not lie. The Perth–Darwin highway is a commonwealth government initiative. With that in mind, our responsibility to put money into the forward 10-year plans is pretty strictly limited. Some funding, as and if it is provided in due course by the commonwealth government, will find its way into our expenditure and be part of the Main Roads expenditure, but for now there is nothing.

Hon ALISON XAMON: Can I ask whether any representations have been made by the state government to the federal government to prioritise this area of funding?

Hon SIMON O'BRIEN: That is a policy question that relates to me, not to Main Roads, but it also relates to other levels of government. I would rather take that on notice—the question of what representations have been made to the federal government in relation to prioritising this project. Again, it is a good illustration. You have mentioned that you do not have access at this stage to that 10-year plan. What I do not want is someone looking at that plan saying, “Look; state government, you have not allocated any money to that,” and find that we are being criticised for that, whereas in fact it is a federal government project and that is where that initiative must come from. It is an

illustration of why I do not want too much store placed publicly on the so-called 10-year plan. There is something to be added, which might be —

The CHAIR: While we are doing that, I will give that a supplementary information number.

[Supplementary Information No A4.]

Hon ALISON XAMON: I certainly know that the local community is tearing its hair out for that road to be built.

Hon SIMON O'BRIEN: If we leave that as question on notice, there is some other information, and the history of this goes back quite a few years. I would prefer to research the question.

Hon KEN TRAVERS: I am more than happy for the detail to be taken on notice, but is the minister aware of whether there have been any approaches to the commonwealth government from your own knowledge? I am happy for you to get more detail about whether the Premier has done it or whether your officers have done it or the department, but from your own knowledge, are you aware of any approaches having been made by the state government?

Hon SIMON O'BRIEN: I would prefer to take the whole question on notice to give the proper extent of what consultation has happened.

Hon KEN TRAVERS: I am happy for that to be taken on notice but I still want to know, at this point in time, what is your knowledge of whether or not there have been any approaches to the commonwealth government for the Perth–Darwin highway to be brought forward?

Hon SIMON O'BRIEN: No; I am not prepared to answer that question.

Hon KEN TRAVERS: It is a shame that Hansard cannot record the silence.

The CHAIR: The minister has taken that on notice.

Hon SIMON O'BRIEN: Hang on a sec! I do not want that interjection picked up.

The CHAIR: I did not hear it, minister.

Hon SIMON O'BRIEN: Good. If it has not been picked up, then well and good. I have indicated that I will respond to this question —

Hon KEN TRAVERS: And I have specifically asked for your knowledge at this point in time and, minister, with all due respect, you have refused to answer that. Whether or not you like it, it will be picked up by Hansard because you are refusing to answer that specific question of: at this point in time, what is your knowledge? That is a legitimate question for us to ask. You say you can say you want to go away and get more detailed information, and that is fine; I accept that. But I want to know at this point in time what your knowledge is. When you go away and write out an extended question that will not relate to at this point in time what is your knowledge because you know what that answer is now, and it cannot change down the track.

Hon SIMON O'BRIEN: Madam Chair, I think I have always indicated my desire to assist this committee. In responding to this question, I need to refer to some detailed meeting information about the exchanges and the representations, if you like, that are had on a very large inventory of projects that are discussed in a number of ways, whether in writing or verbally, with federal ministers before I respond to that question, so that I do not give a false impression, which, again, could be misrepresented outside of this venue. I am concerned about making sure that the information I provide is 100 per cent accurate. That is why I want to take the time to refer to my activities and correspondence to give you a proper answer.

Hon ALISON XAMON: I am going to refer to page 428—infrastructure for community access. The budget target for 2010–11 for this service is \$24 million. Can the minister please explain why the cost of this service has dropped significantly since 2008–09 when the net cost was nearly \$78 million and the actual budget was \$26 million, or almost \$26 million? I am looking at page

428; it is the bottom table. It is quite a significant drop from the actuals in 2008–09, although I note that the 2009–10 budget was still higher than what has been targeted, but there was a significant drop, I recognise, between 2008–09 and 2009–10.

Hon SIMON O'BRIEN: The answer to this lies very much in reference to a similar question relating to service area 1. In this case, the much larger figure for 2008–09 relates in part to some of the bridges programs in the north of the state, which were classed as infrastructure for community access. I will ask Mr Snook if he might provide more information.

[12.00 noon]

Mr Snook: Again, this one is as we had for road safety with various projects being nominated into that program category. In the year 2008–09 there were a number of bridges on the Great Northern Highway in the Kimberley that were being constructed. They are included there. In the current year, all those bridges have been finished so you do not have the large dollars coming through.

Hon ALISON XAMON: Could you explain the drop from last year's budget to this one? It is not quite as significant, obviously.

Hon SIMON O'BRIEN: That also can be explained. The reason for the 2009–10 budget looking at coming in about \$3 million less is because the expenditure for the projects involved at Telegraph Creek and Fletchers Creek on the Great Northern Highway came in under estimate, which is good. That is the actual expenditure. It does not indicate a decision by government to say, "Let's slash this program" or anything like that. Between last year's budget and this one, again there has been a decline, which in large part is because those projects I just mentioned at Telegraph Creek and Fletchers Creek not only came in under budget but they came in ahead of time. The expenditure was mostly incurred last year rather than this financial year. That adds up to that total—about \$4.5 million all in all came in under those projects over the two years.

Hon LYNN MacLAREN: Would the minister say that was a \$6 million overestimate for that project because it came in under \$3 million in the first year and another \$3 million it was scheduled for—am I not reading that correctly?

Hon SIMON O'BRIEN: You are probably adding up the two. We are not looking at three years there; we are looking at two. There is 2009–10 and 2010–11—the difference there is about \$4.5 million. We set out with an additional \$4.5 million and, by the end of 2009–10, the first year, we had realised \$3 million in savings. Then there is the extra \$1.5 million through into this financial year. It is about \$4.5 million in savings.

Hon LYNN MacLAREN: Nearly \$5 million.

Hon ALISON XAMON: Could I please have a breakdown of the programs and their costs for that \$27.969 million budget line item? I am happy to take it on notice. That is probably a good idea.

[*Supplementary Information No A5.*]

Hon ALISON XAMON: I refer to page 430, the Office of Road Safety. The budget target for 2010–11 income is \$35 million which is almost double the previous year. Where does this come from, and is this coming from fines?

Hon SIMON O'BRIEN: The Office of Road Safety is now physically located in our premises. However, it remains under the portfolio of the Minister for Police. I would ask you to address that question to him.

Hon ALISON XAMON: It is in this budget at page 430; that is why I am asking the question. I would still like an answer.

Hon SIMON O'BRIEN: We are responsible for the administration of that money. We receive moneys for it and we expend money on the administration of that office, but as to where the policy is sourced is an issue certainly not for me, it is for the Minister for Police.

Hon ALISON XAMON: So, you are not able to answer? You do not know why it is double the previous year?

Hon SIMON O'BRIEN: I might direct you back to page 423, which I think will give you most of the information you require, but not all. In the course of the last financial year there was a decision made to physically transfer this office and its administration to us.

Hon ALISON XAMON: It makes sense.

Hon SIMON O'BRIEN: The details of those inputs are there. There are two inputs—one is the transfer of the basic dollars, which is on the first line of the table at the bottom of the page. The dollars are transferred over from Premier and Cabinet.

Hon ALISON XAMON: Yes; I have got that.

Hon SIMON O'BRIEN: On the bottom line “Road Safety Initiatives”, I understand that is further income from camera revenue. I understand that is the source from where it derives. That is where the money comes from. As for the proportion that comes to us, again that is a policy decision for another portfolio to deal with.

Hon PHILIP GARDINER: I refer to “Road Network Maintenance” on page 429 of the *Budget Statements*. First of all, am I correct to assume that the income item there of \$58.128 million is from licence fees? This is in 2009–10. Can I move it to the 2010–11 budget—is the figure of \$53.131 million the expected licence fees?

Hon SIMON O'BRIEN: The income that we derive via the Road Traffic Act 1974—you will see the total of that on page 423—is a portion of vehicle licensing revenue. That gives a total of \$387.927 million. Then there is a notional apportionment of that across these programs. That is the proportion that is allocated there. It is a bit like when you look at, for example, “Employees (Full Time Equivalents)”. There is a figure given there of 142. That is notional as well. It is just a breakdown.

Hon PHILIP GARDINER: The cost of the service of \$499 million, which is the road network maintenance budgeted, that is covered largely by the Road Traffic Act income of \$388 million. In this world of reflective pricing, which is growing—it is still not everywhere but it is in some areas—the reflective cost to maintain our roads, \$499.188 million, is not totally there but there is a large part of that coming from the road user. Am I correct to assume that? I presume \$387.9 million is coming from the road users under the Road Traffic Act 1974.

Hon SIMON O'BRIEN: That \$387 million from that source is apportioned across the whole portfolio, not just that program. It does not really come close. I think Mr Woronzow can provide some more very useful information for you.

Mr Woronzow: As I explained before on page 423 when we were talking about funding sources, if you look under “Delivery of Services” you will see “Total appropriations provided to deliver services”. That \$551 million is the state’s allocation to our recurrent budget. Within that is the state’s contribution to maintenance in general. Out of that \$551 million, the state has contributed \$491 million; less income of \$58 million is the commonwealth’s contribution to maintenance. On the national network, the commonwealth provides \$58 million a year for maintenance. The state’s contribution to maintenance is \$491 million minus \$58 million which gives the net cost of services of \$433 million. That is funded from a combination of funding from the Road Traffic Act and from just the general appropriation, which is shown on page 423.

Hon PHILIP GARDINER: Those numbers you have just given us suggest there is a meaningful payment by the road user for maintenance.

Mr Woronzow: There would be a significant contribution from the Road Traffic Act to maintenance, based on those figures.

Hon PHILIP GARDINER: It is not that big a difference, which I think is interesting. Road maintenance is mostly required because of the heavy freight usage—am I correct? Mostly, cars hardly add much to the deterioration of roads—am I correct in that assessment?

Hon SIMON O'BRIEN: This is opening up a whole new box of worms.

Hon PHILIP GARDINER: Where am I going, minister!

The CHAIR: I like it!

Hon SIMON O'BRIEN: Already, questions of whether it is a meaningful contribution by road users to the total cost of maintenance is something that is debated in a range of places. Mr Snook might be able to offer you a perspective that addresses your question; and that was about whether private passenger vehicles do not really cause much of a maintenance task.

Mr Snook: As far as the different types of vehicles on the road go, ordinary cars have small axle loads, so small loads they put onto the road. Heavy vehicles have significantly larger axle loads. They can go up to 20 tonne on an axle group, or more. With the work that we have done with pavements and damage that they cause, being the higher the axle load there is significantly more pavement damage with that. The answer is yes; a heavy vehicle will cause more pavement damage than a small vehicle.

The CHAIR: How much more?

[12.15 pm]

Mr Snook: The engineers who work with pavements talk about a fourth power law, so that as the load increases, the amount of damage increases to the power of four.

Hon SIMON O'BRIEN: However, there is an important rider to that, and that is to bear in mind that there are significantly higher numbers of private cars compared with heavy vehicles, so that although individually the roads where impacts have taken place are as has been described, I think it is something in the order of 70 per cent of the total, whereas —

Hon KEN TRAVERS: Depends on which road you are talking about.

Mr Snook: The maximum is only ever about 10 per cent heavy vehicles.

Hon PHILIP GARDINER: There is a community service obligation for different road users. I do not think I can ask about how you might break that up, if it was broken up. It is not just an academic question; it is an interesting practical question, but I am not sure whether I should ask that here. I should probably discuss that with you later on.

The CHAIR: Before we proceed, I am aware that I have an obligation to honour my previous time limit. It is now quarter past twelve; we can continue on a bit longer. I just do not want to keep making promises and then breaking them. We will extend by another 15 minutes.

Hon KEN TRAVERS: To follow on from that question in the first instance, is Main Roads doing any work on the impact on roads of the proposed Western Australian mass management scheme, both state roads and local government roads? What will be the cost benefit implications of that scheme?

Hon SIMON O'BRIEN: There are a number of concessional load schemes operating at the moment; one of those is the harvest mass management scheme, but there are a range of others that relate to other modes and products. When I say “modes”, I am talking about the nature of the freight that they are carrying—containers, for example. That is something that is monitored very closely by Main Roads to get the balance right whereby a concessional scheme allows the truck operator to bear a higher axle load than would be the standard, but they are only given that concessional ability once Main Roads is confident that it has the systems in place to make sure that it will be an accurate measurement of what is actually on the vehicle and that they will be unlikely to transgress. There is also a lot of work being done on road user charges in general at a national level through the NTC,

which is being followed closely by the council of transport ministers. I know that the Chair is trying to wrap this up, Des, but it might be useful if you were to provide some comment.

Hon KEN TRAVERS: Maybe if we could just get out after to my question on whether Main Roads is doing any work on the cost benefits and impact on roads of the Western Australian mass management scheme. I am happy to get a briefing on another day on the details of that work; I am just trying to find out whether you are doing any work on that.

Hon SIMON O'BRIEN: I think it might be a useful subject. If this committee were of a mind to inquire into it, I think it would be a very good thing for estimates committee to inquire into, this whole subject, and contribute to the development of policy in this area, but —

Hon KEN TRAVERS: If we get an answer to my question, we can move on!

Hon PHILIP GARDINER: That is a helpful suggestion.

The CHAIR: Yes, thank you, minister.

Hon SIMON O'BRIEN: I will ask Des for an answer to the specific question.

Mr Snook: As a matter of clarification, I heard the member refer to the WA mass management scheme, and I do not know what that is. Does the member mean our concessional loading scheme?

Hon KEN TRAVERS: There is a proposal that has been put out by the ministerial advisory council on heavy vehicles, I think it is called, about a proposed mass management scheme for Western Australia. There has been public consultation on it. I am asking whether Main Road is doing any work on what the impacts of that scheme would be on the road network—both the state and local government road network—and whether they are analysing the cost benefit implications of that scheme.

Mr Snook: Okay, I thank the member for that clarification; I understand what he means now. Yes, that ministerial heavy vehicle advisory panel has put out a consultation document. The comments that have been put in are being assessed now. Most of those comments talk about how the existing concessional loading schemes might be worked to make them maybe easier to have access to others, or how they might work in a better way, but as part of that overall assessment, yes, we will be looking at the effect on roads and road wear, and that will be part of the recommendation that we put forward through to the minister.

The CHAIR: Specific to the issue of the grain freight rail debate, has a comparative costing been done in terms of if the rail network is not upgraded so that the grain can stay on the rail network, what is the cost to Main Roads, and therefore what is the cost comparison? It bears directly on the previous line of questioning about the axle loading and the impact specifically on the main routes into the metropolitan area.

Hon SIMON O'BRIEN: This is one probably best for the DAT session.

Hon KEN TRAVERS: On the grain rail, though, I did have a couple questions which specifically relate to Main Roads. Firstly, is there any money in the budget to upgrade the roads that were identified in the strategic network review of grain rail, if you were to implement the Brookton strategy? On page 18 of that strategic grain network review, there is a range of roads that have been identified as requiring upgrading to implement the Brookton strategy. I want to know if there is any money in the budget to implement those road upgrades.

Hon SIMON O'BRIEN: I know that we are going to discuss this in the next session under DAT, but insofar as Main Roads is concerned there is \$7.4 million in this budget. That is the specifically for the preparatory work for the Chester Pass Road in the Great Southern region, in its entirety, and a specific sum to actually do works on a portion of that road now.

Hon KEN TRAVERS: That is the Albany strategy; I asked about the roads within the Brookton strategy.

Hon SIMON O'BRIEN: No.

Hon KEN TRAVERS: There is no money for those at all?

Hon SIMON O'BRIEN: No. As the member is probably aware, the business case for that is going through cabinet now to inform our decisions and budgetary processes from here on. That is as per the government's previous announcements.

Hon KEN TRAVERS: Following on from that, has Main Roads, as part of that business case or in any other way, done any assessment on whether the road costings on which the strategic grain network committee based its findings are accurate and reflect the real cost of the roads that would need to be constructed if the railway were to close?

Hon SIMON O'BRIEN: I think it might be better if we address that question to the Department of Transport. Main Roads is involved in all of these processes and is providing input.

Hon KEN TRAVERS: As long as I am not going to be told by Transport that I should have asked the question of Main Roads, because I am asking what Main Roads is doing.

Hon SIMON O'BRIEN: You will not be.

Hon LJILJANNA RAVLICH: Can the minister provide the committee with information on the 2009–10 budget and the number of consultants that were used by Main Roads, and how much they were paid for the duties they undertook? It is not listed in the budget. Clearly, money has been spent in that area. The question can be taken on notice; I do not need it now.

Hon SIMON O'BRIEN: We will have to take it on notice.

[Supplementary Information No A6.]

Hon LJILJANNA RAVLICH: My other question is in relation to Black Spot funding. I wonder whether the minister can provide the committee with information on metropolitan areas, regional areas and the names of the applicants for Black Spot funding. Could the minister also identify the number of crashes in 2008–09 that occurred in each of those black spots for which funding was sought, and who applied and did not get Black Spot funding due to insufficient funds? I note that in response to a question asked by Hon Ken Travers there were quite a large number of Black Spot funding applicants who missed out on funding in 2010–11. Obviously, quite a lot of applicants got funding, both in metropolitan and regional areas, and there were quite a lot who missed out.

Hon SIMON O'BRIEN: Let me take that question on notice.

Hon LJILJANNA RAVLICH: There probably is a spreadsheet that has all that information.

[Supplementary Information No A7.]

Hon KEN TRAVERS: Adding to that, can the minister indicate whether that \$7.883 million is those who have missed out completely or those that have been put on the reserve list?

Hon SIMON O'BRIEN: We will provide the detailed information by supplementary information, incorporating that information.

Hon PHILIP GARDINER: There are a number of towns that have sought bypasses for heavy transport, certainly on the Great Northern Highway, including Bindoon, New Norcia and Northampton; I know that that is off the Great Northern Highway, but it is up that way. This may be policy and the minister may not wish to answer it, but has he considered, for the benefit of those constituents in the state, having some prioritisation so that they can see when you might consider it appropriate to actually do it, ranging up to 10 years?

Hon SIMON O'BRIEN: Again, this is probably something that really relates to transport strategy and planning, and something that we are doing some things to advance. If the member would prefer to come back to that, I will be more than happy to entertain that then.

Hon KEN TRAVERS: The minister announced yesterday that additional buses would be running down Lord Street. Is there any money in this budget to upgrade the key intersections of Lord Street, such as Reid Highway? As I understand it, there is already a problem on that road with traffic volumes. You are now compacting a lot of the existing bus routes on to Lord Street, and I wonder whether you are actually allowed any money in the budget to upgrade Lord Street, and particularly the intersection with Reid Highway.

Hon SIMON O'BRIEN: Main Roads does not have any money allocated in this budget to do work for those potential bus lanes or any other works on Lord Street, which of course is a local government road.

Hon KEN TRAVERS: You would be involved in the intersection of Reid Highway, would you not? This is one of the major congestion points as I understand it on that route.

Hon SIMON O'BRIEN: I do not believe there is any money allocated. If that is not the case, then I will correct it in a further communication to the committee.

The CHAIR: We need to come to a conclusion to this part of the hearing. The committee will be forwarding any additional questions that it has to you via the minister in writing in the next couple of days together with the transcript of evidence that includes the questions you have taken on notice. If members have any unasked questions I ask them to submit them to the committee clerk at the close of this hearing. Responses to these questions will be requested within 10 working days of receipt of the questions. Should the agency for any reason 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. Finally, on behalf of the committee would like to thank you again for your attendance today. For the information of participants, as we have run over time, we will start once again at 1.15 pm, with a hearing with the Department of Transport.

Hearing concluded at 12.31 pm
