

**STANDING COMMITTEE ON
ESTIMATES AND FINANCIAL OPERATIONS**

2017–18 BUDGET ESTIMATES HEARINGS



**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
WEDNESDAY, 18 OCTOBER 2017**

**SESSION THREE
PUBLIC TRANSPORT AUTHORITY**

Members

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

Hearing commenced at 4.00 pm

Hon STEPHEN DAWSON

Minister representing the Minister for Transport, examined:

Mr RICHARD SELLERS

Chief Executive Officer, examined:

Mr ANTHONY KANNIS

Project Director, Metronet, examined:

Mr KEVIN KIRK

Executive Director, Finance and Contracts, examined:

Mr MARK BURGESS

Managing Director, examined:

Mr RICHARD FARRELL

Principal Policy Adviser, Minister for Transport, examined:

The CHAIR: On behalf of the Legislative Council Standing Committee on Estimates and Financial Operations, I would like to welcome you to today's hearing. Can the witnesses individually confirm that they have read, understood and signed a document headed "Information for Witnesses"?

The WITNESSES: Yes.

The CHAIR: It is essential that all your testimony before the committee is complete and truthful to the best of your knowledge. This hearing is being recorded by Hansard and a transcript of your evidence will be provided to you. It is also being broadcast live on Parliament's website. The hearing is being held in public, although there is discretion available to the committee to hear evidence in private. If, for some reason, you wish to make a confidential statement during today's proceedings, you should request the evidence be taken in closed session before answering the question. Agencies and departments have an important role and duty in assisting the committee to scrutinise the budget papers, and the committee values your assistance with this.

Would the minister like to make a brief opening statement?

Hon STEPHEN DAWSON: Thank you, Madam Chair. Can I say that I am very pleased to be here this afternoon. The McGowan Labor government is very committed to delivering all our Metronet projects. I am pleased to say that the full cost of delivering the following projects have been funded over the forward estimates in the 2017–18 budget, including the Thornlie–Cockburn link, \$520 million; the Yanchep line extension, \$536 million; and the removal of the level crossing at Denny Avenue in Kelmscott. With the Forrestfield–Airport Link at \$1.86 billion already underway, this means the government has three fully funded major rail extension projects budgeted at once, with a total project cost of almost \$3 billion, which is unprecedented. Bear in mind, some of those projects commenced under the former government, but I think it is a good sign for Western Australia that we are so focused on public transport. With those few comments, I am happy to take questions.

Hon TJORN SIBMA: Minister, thank you for that statement, too, because it provides me with a suitable lead-in to this question. My question concerns the Yanchep rail extension component of the Metronet project, and I refer to page 638, but more relevantly page 640, of volume 2 of budget paper No 2 and “New Works”. I note the total estimated cost of the Yanchep rail extension is now in the order of half a billion dollars—\$520 million. I am just interested to know the reasons for the cost escalation, considering that the government went to the recent election with an estimated cost of \$386 million for that component of Metronet. Can I understand what is driving the increase of \$140 million?

Hon STEPHEN DAWSON: My advice is that our estimates in our election documents related to costings provided by Treasury in 2013, when the Yanchep line was costed by Treasury. The figures in the budget are the most recent figures available to government about what that project will cost.

Hon TJORN SIBMA: Okay. In light of the new estimated cost, can I ask whether that includes land acquisition costs? For example, if the PTA have to pay the Planning Commission for land, what would the value of that land be?

Hon STEPHEN DAWSON: If I can refer that question to Mr Kannis, who is the project director of Metronet.

Mr KANNIS: I can advise that the estimate currently includes land acquisition costs.

Hon TJORN SIBMA: Is it the government’s intention to pursue a value-capture component to partly fund this project, and how many land developers in that region have agreed to contribute to that measure?

Hon STEPHEN DAWSON: Yes, we are committed to value capture as part of our Metronet funding source. Perhaps I can ask Mr Kannis if he can give some further information about where we are at in the process.

Mr KANNIS: We are at the early stages of developing the mechanisms for value capture. There has been no agreement from any landowners in the area to pay a contribution at this point in time. The mechanisms will be determined over the coming months.

Hon TJORN SIBMA: Can I just probe a bit more into that value-capture proposition? Is the government seeking cash or in-kind contributions, and irrespective of how you compartmentalise that, what is the total value of the value capture that you are seeking?

Hon STEPHEN DAWSON: Again, if I can ask Mr Kannis to provide an answer to that.

Mr KANNIS: The current forward estimates include \$100 million for land sales and value capture. The split of those is not yet determined. That is the situation at the moment.

Hon TJORN SIBMA: So one could assume that if, for whatever reason, the government cannot recoup that full \$100 million, or one developer or a few hold out, the state government would look to fill the gap?

Hon STEPHEN DAWSON: I guess, member, if I could say that the Butler–Yanchep rail extension is a 13.8-kilometre extension of the existing line. It offers lots of benefits for the community of the northern suburbs, and we are definitely hopeful that the landowners in those northern suburbs will see the benefit of such a momentous project. So the conversations will continue and we have a Metronet project office set up, and they will, as Mr Kannis mentioned, work through these issues.

[4.10 pm]

The CHAIR: Members, I just reflect on the procedure of this committee around hypotheticals. I will allow that to go through to the keeper at the moment.

Hon TJORN SIBMA: Thank you, Madam Chair, for that reminder. Those measures, as they pertain to this project, are still within the government's control. Can I seek clarification that the estimated \$520 million figure includes rolling stock?

Hon STEPHEN DAWSON: No, my understanding is that it does not.

Hon DIANE EVERS: My first question is on page 644 and it refers to the "Income from State Government" and the final line item, "Operating subsidy". Can I just ask what this is?

Mr KIRK: The operating subsidy is the appropriation from the state. In other government agencies, it is referred to as an appropriation. In the case of the Public Transport Authority, it is referred to as the operating subsidy.

Hon DIANE EVERS: That is exactly what I expected to hear. I feel that by separating it out and calling it a subsidy, it gives it a different feel for people, where we are subsidising public transport, yet in Main Roads, they get a similar amount called an appropriation. We do not think that we are subsidising the roads. It seems to me that if we are calling it an appropriation, as you say, in every other department, it seems like that should be under an appropriation.

Mr KIRK: That is a Treasury policy. The Public Transport Authority or Main Roads do not make that determination. Perhaps that is a question best referred to the Treasurer or the Under Treasurer.

Hon DIANE EVERS: My next question is in relation to page 642. One of the points mentions that \$500 000 is going towards the promotion of public transport. Having sat through the last meeting just an hour ago and hearing everyone talk about the congestion that we suffer in Perth but then also noting that on a worldwide scale when they did the 10 most liveable cities, it turned out that Perth has quite easy transport by vehicle most of the time, based on how much time it would normally take when traffic is flowing compared with how much time it takes during peak traffic hours. My concern is that the \$500 000 seems like just a token attempt to say that we are going to try to get people on public transport, whereas we are making it so easy for people to use the roads. What other methods will the government put in place to try to encourage people to use public transport, given the roads are so easy to manage and we keep building more of them?

Hon STEPHEN DAWSON: I make the point that this government is very focused on getting people to use public transport in this state. Obviously, we have made a significant commitment to the expansion of the train network in Western Australia. We have also made commitments in relation to getting people out of cars and onto bikes. I will ask Mr Burgess to make a contribution.

Mr BURGESS: It is a good question in terms of trying to encourage people to use public transport. I think some of the notes in the budget papers indicate that we had 13 years of sustained and very high public transport patronage growth from 1999–2000 through to 2013. Perhaps a reflection of the economic conditions has seen patronage either plateau or decline in the last couple of years, not substantially but enough to be concerning us. We are a data-driven organisation so we monitor those KPIs very closely. A lot of it is about the customer and passenger experience. As the minister indicated, the investments in new train lines and getting the reach of the system out there is a key part. That is both for train and bus. We have had an expansion of bus services. I do not think it is a question of whether we have the service offering there; the service offering is there. We have a very good interface in terms of the ticketing system. SmartRider is accepted by everyone as world class. Indeed, this budget allows for the next generation SmartRider to do an improvement.

Certainly our feedback from our customers, passenger satisfaction monitor, which is an annual thing—it has been going for about 24 years—has shown great results, some of the best results ever this year. The existing passenger base is very satisfied. In independent surveys, Canstar awards and things like that, our passengers say we have the best train system in the country. On the quality of

service side, we think we are doing well. You never rest on your laurels; you always try to do better. On the investment side, there is good investment in expanding the network. You are touching on an interesting point, though, which is obviously that our competitor is the car. We do have a road system. Our friends in Main Roads run a very efficient system so we do compete with car travel and there is always that tension between how much we invest in roads and how much we invest in public transport and how you try to draw people back to our product.

Hon DIANE EVERS: That is exactly what I am getting at. As long as we keep making the roads easier and easier, we are not going to increase it, no matter how good our public transport is, and that is what the world survey was bringing to our attention—we have very good infrastructure on both sides but because vehicles are easier, that is what people are going to choose. We will just have to see where it goes.

My next question is back to the numbers. I refer to page 644 and the income statement. I notice that the depreciation expense increases quite significantly in 2020–21 after being relatively flat for a period of time. If you look at page 645, “Property, plant and equipment” is showing a very gradual increase. What happens in 2020–21 that depreciation is so high?

Hon STEPHEN DAWSON: Member, could you repeat that question? My key adviser did not quite hear it.

Hon DIANE EVERS: On page 644, depreciation and amortisation is going up to \$445 million in 2020–21 after being around \$370 million to \$380 million for the previous three years. Given that property, plant and equipment does not increase significantly the year before or anything like that, why does it go up so much in that final year?

Mr KIRK: Depreciation is a derivative of the value of your asset. Over the next three or four years, as the minister reported earlier, we will increase our asset base by potentially about \$3 billion. As all these projects are completed and come online, they will be depreciation, so depreciation is a factor of that.

Hon DIANE EVERS: I understand. That is why I said that the property, plant and equipment is gradually increasing each year, yet depreciation takes a big leap in that one year. I will let that one go.

Mr KIRK: Property, plant and equipment is different from the infrastructure asset. If you have a look in our annual report, you will see that we have our depreciation schedules. We have the values of each of our assets but it is all listed in the current annual report and you will be able to see that. It is the infrastructure that will cause most of that depreciation and that will be when the FAL, Yankep, Thornlie–Cockburn and all those projects are completed and come on board, plus the purchase of the new railcars will come under the property and plant that you are talking about. Most of it will be in the infrastructure.

Hon DIANE EVERS: That makes lots of sense. I will look at the annual report.

I have one other depreciation question. I notice that it is handled differently from what I am used to. I am not used to government accounts. I notice that it says on the financial statements that depreciation is shown as an accumulated deficit in the equity area. If it is showing in equity, would that not overstate our assets for property, plant and equipment because there is no accumulated depreciation shown against it? Is that a government way of managing accounts?

[4.20 pm]

Mr KIRK: It is the way that it is accounted for in our statements. Again, it is a Treasury policy. Our PTA depreciation and amortisation is not funded. In some other agencies you will find that it is

funded. In Main Roads, for instance, I think it is funded. In PTA's case, it was a decision made four or five years ago that it would not be funded.

Hon COLIN TINCKNELL: I refer to cost of services on page 640. Is there a report on the funding allocated to the future provision of rail services to Byford?

Hon STEPHEN DAWSON: Member, I cannot find it in my budget papers, but I am advised that \$2.1 million is allocated in the budget for planning work associated with that rail extension. There is money there for planning work, and obviously further money would need to be found moving forward in terms of constructing the new rail line.

Hon COLIN TINCKNELL: I refer also to budget paper No 2, page 631, and the table "Spending Changes". Can the authority confirm that the spending changes table shows only the changes that have occurred since the publication of the 2016–17 *Pre-election Financial Projections Statement*? If so, can the authority provide a revised spending changes table that shows spending changes that have occurred since the publication of the 2016–17 budget?

Mr KIRK: On page 631 are the spending changes that occurred for the 2017–18 budget over 2016–17. The midyear review, which Treasury is currently in the process of finalising, will approve or reject, or otherwise, any other significant funding changes, and they will be highlighted in that.

Hon COLIN TINCKNELL: I refer to page 633. Why does the spending on regional school bus services temporarily decline in 2018–19?

Mr BURGESS: The spending on school buses obviously varies from year to year, but the member is correct—it does show a marginal decline in that year. There have been different forms of contract over the years for our school bus services. It goes back some time. I can think of about five iterations of different forms of contract. One of the more recent forms of contract was an evergreen contract model. That was intended under the previous government to be spread, I guess, to an additional range of contractors. The minister has written to contractors in the industry saying that that will not happen and we will be going to a life-of-bus tendered model. Particularly when we go to the tender arrangements, we do get some better pricing, and that reflects what we anticipate will occur.

Hon COLIN TINCKNELL: Once again, on page 633, why does spending on the rail corridor and residual freight issues management services decline over the forward estimates?

Mr KIRK: It is not so much a decline over the forward estimates as a spike in 2016–17 and 2017–18 brought about from the grade separation of Nicholson Road, which was a \$26 million project, so the funding was over that. It is actually a spike or an inflation, if you like, of 2016–17 and 2017–18, and then it goes back to its more normal regular pattern.

Hon AARON STONEHOUSE: On page 631 under "Spending Changes" is the line item, "Increasing the Use of Public Transport", with a one-off preparation of \$500 000. That is presumably to encourage people to start using rail and bus services more. However, looking at the outcomes and key effectiveness indicators on page 634, I notice that the budget target for 2017–18 is lower than it was for 2015–16 and 2016–17. Therefore, by the department's own budget targets for outcomes and key effectiveness indicators, it appears as though the department does not expect that \$500 000 spend to do anything, or perhaps it is trying to stem the flow of people abandoning public transport in favour of cars. In any case, by the look of it, the department is expecting the numbers to continue to decline. Can the minister speak to that at all?

Hon STEPHEN DAWSON: My understanding is that we would expect the increase to happen the following year—so, afterwards. We spend the money, and then hopefully the year after the passengers will increase. However, I will ask Mr Burgess to give a more fulsome response.

Mr BURGESS: I concur with the minister's summation. That funding has only occurred in this late budget, so we are starting late in the year, if you like. Meetings are occurring now between our staff—call them marketing staff, if you like; that is not their title; it is promotions staff—to try to get increases in patronage, as well as our communications staff, people from Treasury and some specialist people in that industry who would encourage behaviour change. We have clearly done an amount of this in the past. There has not been a lot of investment in public transport promotion—the product sells itself to some extent. So it is a relatively small budget, and clearly the desired return is significant. We will aim to get as much out of it as we possibly can, but the minister is right, it will probably be the year after, given we are starting late this year.

Hon AARON STONEHOUSE: Can you quantify what the increase will be? What is the return on investment on that \$500 000 one-off spend?

Mr BURGESS: The aim is to get a \$16 million increase in fare revenue over the forward estimates.

Hon AARON STONEHOUSE: Moving on to page 635, I note that in 2017–18 the cost per passenger kilometre for trains, buses and ferries is increasing—again, not a very good outlook here. Things seem to be getting worse—less patronage, higher costs per kilometre and per passenger. I then look at page 631, for instance, where the budget is increasing to a magnitude of up to \$1.6 billion for total cost of services. Are we really getting good value for money from this increased spend?

My question is: looking at the department of Main Roads, they have a KPI, which is return on construction expenditure—2.7—and that is a pretty damn good return on investment, but looking at the PTA, there is no such KPI. There does not seem to be anywhere in here a measure that shows us what we are getting for our money. There is no measure here for return on investment. I suppose my question is, looking at some of these big-ticket items, for instance, some of the Metronet projects, which are up around \$500 million apiece easily, what is the return on investment of some of those projects? Can anyone give me a figure there?

[4.30 pm]

Hon STEPHEN DAWSON: Chair, if I can again go back to Mr Burgess, initially.

Mr BURGESS: It is an interesting observation. We do not have an equivalent KPI to the one you have noted in Main Roads. Obviously, every significant project is put up as a business case and therefore has a BCR, and so projects are considered on their individual merits. As a system—I think that is what your question relates to—as a system, how does it stack up? Some of this becomes quite hard to measure, but at various times people have endeavoured—usually it is academics—to measure the value of public transport. As an example, if we did not have the Joondalup line travelling into the city in the morning peak period, or if we did not have the Mandurah line travelling into the city in the morning peak period, you would need five or six additional freeway lanes in the peak direction. That is a pretty telling statistic in itself. The challenge of quantifying how many more lanes on every highway you would need, how many more bridge duplications or triplications you would need, what the congestion impact would be on the city and all the key regional centres, of all of those extra cars travelling around if you did not have effective public transport, becomes quite an academic argument, and people can come up with all sorts of assumptions and scenarios and so on. To try to drill down to an exact number is a pretty inexact science, and one where you can spin your wheels for a really time. What we do know is that, in a cost recovery sense, in the more recent ratings—we have never been bad; we have always been near the top—recent cost recovery assessments done by independent parties is that we are the best cost recovery public transport system in the country, which is pretty good, given there are much greater densities of population in places like Sydney and Melbourne, and what it probably reflects is that our cost structures are better

in many ways. Our revenue return, in the sense of fare revenue, is not the teller, it is the cost structures. I am not sure whether that answers the question properly, member.

Hon AARON STONEHOUSE: I appreciate that. I am wondering, just lastly, through the minister, can anyone give me a number for return on investment on these Metronet projects? Does anyone have a number there for me?

Hon STEPHEN DAWSON: I might ask Mr Kannis if he can provide an answer to that question.

Mr KANNIS: The benefit–cost ratios for each of those projects is part of the business case, which is only in draft form at the moment. They are being submitted to Infrastructure Australia. The situation is that both projects—Yanchep and Thornlie—clearly have better BCRs than 1. It ranges between 1.5 and 1.8 in terms of the BCRs for those projects. If I can just clarify, that is over the life of the project. It is over a 40-year period; it is not an annual assessment.

Hon AARON STONEHOUSE: So we have got these line items here, we have got appropriations—half a billion dollars per line item in some cases—but the business cases are still in draft; they are still being worked out. You cannot give me the exact numbers yet, but we can expect those soon, I suppose.

Mr KANNIS: The government will make a decision about when those business cases would be released. Generally, they are some way down the track. They will not be released immediately, but that is a decision for the government to make.

Hon AARON STONEHOUSE: Okay, thank you. It is a bit disconcerting, considering there is well over \$1 billion here in appropriations, and we have not seen a business case yet, but I will yield for now, Chair.

Hon JIM CHOWN: There are 102 new railcars to be required, worth \$508.2 million in the budget—\$322 million by 2020–21, and the rest in the forward estimates. The Premier has stated on more than one occasion that 50 per cent of these railcars will be manufactured locally. What does that actually mean?

Hon STEPHEN DAWSON: The member is correct, in that as recently as 4 October this year the Premier and the Minister for Transport both indicated that the expansion of Metronet and the expansion of the train system will require about 102 new railcars, or 17 six-car sets, to be added to the existing Transperth fleet. The member is also correct in saying that the Metronet railcar procurement project has set a target of 50 per cent local content for the manufacturing of new railcars. I understand that Western Australian manufacturers have been invited to attend a briefing to learn more about how they can be involved in the state government's program, but I will ask Mr Kannis if he can add some further details.

Mr KANNIS: The assessment of the Metronet team is that the target will be that 50 per cent of manufacturing of the railcars will occur in Western Australia. That is the target, and that is what we take it to mean.

Hon JIM CHOWN: So it is only a target. I am a little confused here, minister, in regard to your interpretation of "local" because, as defined in section 92 of the Australian Constitution, and the Australia–New Zealand government procurement agreement, "local" is defined as Western Australia or any other Australian state or territory as well as New Zealand. In regard to our Constitution, I always assume that when the Premier said "locally", he was actually talking nationally, otherwise he is actually in breach of our Constitution in regard to identifying WA only as a manufacturer.

Hon STEPHEN DAWSON: For the purpose of our commitment, we are referring to 50 per cent in Western Australia. However, I might ask Mr Burgess if he wants to make any further comment in relation to the question.

Mr BURGESS: I understand where the member is coming from. Clearly, we have had discussions with all the major suppliers, because the rolling stock we have had to date in WA has pretty much all followed the same path; it was imported. We had a good outcome, I guess, in the late 1990s, when we started making our buses here in WA. If I can talk to that model for a second, a bus chassis comes in, imported—originally it was Mercedes and now the contract is with Volgren—and because of the encouragement of the government of the day, a factory was established in Malaga, and for many years now all of the buses that we have had in the PTA fleet, and indeed out in the regional towns as well, are buses that have been largely built here in WA—close to 50 per cent local content, local jobs. At that Malaga factory there are 78 people with jobs, and there are about 250 more people supported in the supply chain. I think people see that vision, and they think, why can we not do that with trains? The history of our trains is such that, again, a lot have been imported in terms of componentry, and the assembly has occurred at Maryborough in Queensland, and you have to wonder whether, if it can happen at Maryborough, it could happen in Perth. Appreciating issues of policy the member raises, the discussion we have been having with the industry is that we seek WA content, much like the bus model. That is the expectation, and that is the discussion that has been had with them and indeed is part of the discussion at the industry day, where we are actually speed-dating local suppliers and people who can be part of that supply chain, with the manufacturers, recognising that we have not picked a rolling stock manufacturer yet. We have started a process, but we are matching up local supply opportunities with those rolling stock manufacturers, so that they can develop their packages and come up with a plan of how they could maximise production here in WA.

[4.40 pm]

Hon JIM CHOWN: Thank you for the history lesson; it is appreciated. However, there is a constitutional issue here from a government perspective with regard to procurement, which I have stated, and I do not know how the government is going to get around that particular matter. I will leave that at this stage. My question is with regard to the procurement of railcars.

Hon STEPHEN DAWSON: Can I just say that that issue has not been a problem for Volgren, the manufacturer of the buses in Western Australia. Can I also take the opportunity to acknowledge the work and support of the Chamber of Commerce and Industry of Western Australia in relation to this process. It has been a very big supporter and helper in reaching out to Western Australian businesses in our quest to ensure that we meet this target of 50 per cent production locally.

Hon JIM CHOWN: With regard to the procurement of railcars and the 50 per cent content, a railcar is a highly sophisticated form of transport in comparison with a bus. Bombardier in Queensland is a specialist with regard to the building of railcars. My question is: from an efficiency and public expenditure perspective, can the PTA say here today that it can actually do a better job locally than Bombardier, which has been building railcars for every state in this country for the last decade at least?

Hon STEPHEN DAWSON: Member, I hope you are not talking down the strength and the capacity of Western Australian businesses. We have some very significant businesses in this state, doing some great work. However, in relation to Bombardier, I will ask Mr Burgess if he wants to make a further contribution.

Mr BURGESS: Obviously, Bombardier has done some assembly in Queensland. It has largely finished that now; in fact, our trains up there would be some of the last it is involved with. Its joint venture

partner still has a facility up there doing some work for the Queensland government. Its other facility is at Dandenong in Melbourne. So, it has had a couple of facilities. Again, I go back to the point that if it can be done in Queensland and Melbourne, logically it can be done in WA. Clearly, Bombardier is one of the suppliers involved in the process and will have an interest in the process.

Hon JIM CHOWN: A number of these railcars—\$322 million worth—are intended to be purchased by 2020–21. At what time between now and 2020–21 will the 50 per cent component build of these railcars take place? We are talking three years.

Hon STEPHEN DAWSON: It is kind of a hypothetical question. We are aiming for it in the early stages, but can I reassure the member, because it is my turn to talk now—he has asked his question —

Hon Jim Chown interjected.

The CHAIR: Order! Enough! The minister has the call. Minister, please continue.

Hon STEPHEN DAWSON: Thank you, Madam Chair. We are trying to get this happening from an early stage in the process. We are committed to it. It is early days; 26 October is our first industry speed dating, as Mr Burgess referred to it—an opportunity for Western Australian businesses to be briefed on the issue and to tell us their capacity. But certainly it is a commitment of government to do this. We are committed to it. So let us all work together to ensure that Western Australians and Western Australian businesses benefit from this fantastic commitment.

Hon Jim Chown interjected.

The CHAIR: Honourable member, order! Thank you. Your time for questions has expired.

Hon MARTIN ALDRIDGE: I have some questions that the minister may recall me asking in Parliament, but which I have failed to get an answer to, so I will have another go in estimates. It relates to the Public Transport Authority and the number of fare-paying boardings on each of its related services, and the total cost of providing that service. I have asked on two occasions now for Transperth bus, Transperth rail, Transperth ferry, Transwa bus and Transwa rail—for each of those five categories—the number of fare-paying boardings in 2015–16. In fact, we are now in a new financial year, so the minister might even be able to provide it for 2016–17. Then I have asked for the total cost of providing each of those services in the respective financial years. I keep getting directed to the annual report, which I have read extensively, and I cannot arrive at an answer with respect to those five categories of public transport. I am wondering if the minister can help me.

Hon STEPHEN DAWSON: We do not have that information with us, but we are happy to take the question on notice and provide as much of an answer as possible by way of supplementary information.

Hon MARTIN ALDRIDGE: As long as you do not give me the annual report again.

Hon STEPHEN DAWSON: Did I answer this question?

Hon MARTIN ALDRIDGE: Yes.

Hon STEPHEN DAWSON: I do not even recall the question that was asked, but certainly the commitment today is to take the question on notice and to provide as much as possible as supplementary information.

Hon MARTIN ALDRIDGE: Okay, thank you.

The CHAIR: Member, would you like to be clear about the data you are looking for?

Hon MARTIN ALDRIDGE: Yes, I am asking for each of those five categories—Transperth bus, Transperth rail, Transperth ferry, Transwa bus and Transwa rail—the number of fare-paying

boardings for the last two financial years, and the total cost of providing those services for the last two financial years.

Hon STEPHEN DAWSON: I might just ask Mr Burgess to clarify what we are providing.

Mr BURGESS: We are happy to provide that information over those two financial years, member, but we would rather provide, if we can—we are happy to break it down—fare-paying versus initial boardings. That is because every so often there is a policy decision of the government of the day—for example, seniors' free travel and things like that—that technically we do not get any fare-paying boarding for, but I would rather be credited with it if we can. They are positive things, so if we can categorise it by various categories.

Hon MARTIN ALDRIDGE: That is fine, because that will better reflect the total patronage.

Mr BURGESS: It will, and we can get you up to total boardings if that is what you are after.

Hon MARTIN ALDRIDGE: Yes, that would be good.

[Supplementary Information No C1.]

Hon MARTIN ALDRIDGE: Can the minister give me any information during this hearing in relation to the extent to which the state will subsidise public transport this financial year?

Hon STEPHEN DAWSON: I will ask Mr Burgess if he can respond to that question.

Mr BURGESS: It gets to the question that the member made a point on earlier, which is whether it is an appropriation or a subsidy. Obviously, that seven-hundred-and-something-million is against total costs, and against that is the Transperth system, the Transwa system, paying for infrastructure and paying off debts and loans. One of the issues with PTA is that we are not given funding for capital projects unless it is commonwealth funding. If we are doing a project, we typically borrow from WATC. So we actually have a fairly substantial mortgage, and we have to pay that back as well. That is amongst that subsidy as well.

Hon MARTIN ALDRIDGE: So you cannot actually tell me what the loss is—the money you are receiving from your paying ticketholders less the cost of delivering the services?

Mr BURGESS: It is the number that was asked in an earlier question, which I think was —

The CHAIR: That would be for 2016–17, \$798.772 million?

Hon STEPHEN DAWSON: Mr Kirk might want to respond to that.

Mr KIRK: I think the question you are asking is actually answered in the budget papers. Page 631 shows the total cost of service, at \$1.5 billion, and then the net cost of service. The net cost is the total cost less the revenue or income the PTA earns, the bulk of that being fares, plus other things such as advertising, leases and the like, and parking fees. Then if you go further into the budget papers at pages 635, 636 and 637, the same view is broken down by service. They are metropolitan and regional passenger services; country passenger rail and road coach services, so Transwa; regional school bus services; and rail corridor. It does not actually break it down to buses, trains and ferries, as you are asking, but it certainly gives it at service levels, so it goes back to the very first question about the operating subsidy.

[4.50 pm]

Hon MARTIN ALDRIDGE: The government has a plan to significantly expand public transport in Perth. When will the first aspects of that come online and reflect in either an increase or decrease in the total cost of services and net cost of services you talked about on page 631?

Hon STEPHEN DAWSON: Before I hand over to Mr Burgess, I want to make the point that one area that we do 100 per cent subsidise is, of course, those dedicated orange school buses.

Mr BURGESS: Your question is when does the first of the Metronet, if I can put it that way, projects—Forrestfield–Airport Link already is. We are spending money right now on the Forrestfield–Airport Link in terms of project money to construction money and that has already been paid for, if you like, and the services will commence late 2020. Clearly, some of the opex will happen before that; we will recruit new drivers, new transit officers et cetera to operate the additional ones we need to operate that line. We will have the extra trains. There is an order for the trains for FAL already. Those trains will be delivered by then. We will be paying for them in terms of paying those trains off. There is money already in our budget paying for those projects and, indeed, there is money in this budget paying for planning for a lot of the Metronet work. Clearly, we are getting actively into the Metronet projects, subject to government investment decision early next year.

Hon MARTIN ALDRIDGE: You talked about the first project, which will be the Forrestfield–Airport Link, which is already under construction. A lot of those operating costs are not coming in until probably the last year of the forward estimates and probably beyond. So how do we actually know what the true cost is to the state? I assume it is going to be a cost, it is not going to be a benefit, so the true cost to the state of operating Metronet.

Mr BURGESS: Clearly, when we are conducting the planning for a project, we also identify what we anticipate the operating costs will be—power charges, the number of staff we will need and so on—and that is advice to the government at the time they make investment decisions and so on. For governments ad infinitum it has been told to them when they choose to put that into the budget. For example, we have just had the stadium operating costs put into the budget. That was a decision taken that that would not be put in until we got closer to when the stadium opens.

Hon MARTIN ALDRIDGE: I guess what I have heard from this hearing is that there is commitment in the budget to build Metronet but the business cases are still in draft form. Has there really been due consideration for the cost of running Metronet beyond the forward estimates, beyond the next election, to when it has been built and whether the state can afford those costs or not?

Mr BURGESS: All I can say is that it is the way business has been done. I think if there is an issue with it, it is the way business has been done. If you got to the point I think where you actually understood to the nth degree every cost of a future system and indeed every cost of a future project—and the projects are very well analysed and researched to try to understand all the possibilities around, say, Yanchep or Thornlie, all the permutations—but inevitably as you go through the projects, there are ups and downs. But we do typically understand what the operating costs are going to be of a new line or an extension or a new station even, in advance. As I say, often the operating costs will either fall outside the forward estimates or the government of the day will say we will put those operating costs in at a later date.

Hon DONNA FARAGHER: I will keep mine short because I appreciate that some of my other colleagues want to ask a couple of questions and we are rapidly moving out of time.

My questions are on page 638 under “Asset Investment Program”. I could spend all day asking questions regarding the Morley–Ellenbrook line, but my very quick question with respect to that is—I expect you will have to take this on notice—I want a map of the current proposed route of the Morley–Ellenbrook line. Specifically—you may be able to answer this now—is it intended that it will pass through any part of Whiteman Park or the area known as the Marshall Road lands?

Hon STEPHEN DAWSON: Thanks for the question. It is early days. There is not a map I can provide you with at this stage but I am happy to —

Hon DONNA FARAGHER: I am aware that an indicative map has been prepared. You might like to ask your officers about that.

Hon STEPHEN DAWSON: Madam Chair, there are a number of plans being worked on at the moment, so there is no plan to be released at this stage. The work is still continuing. There are a number of options. But I will ask Mr Kannis if he can elaborate further on that.

Mr KANNIS: We are at the very early stages of planning the Ellenbrook project, the alignment has been —

Hon DONNA FARAGHER: You need funding, of course; that would help.

Mr KANNIS: The alignment has broadly been identified as going north up Tonkin Highway and then right, parallel with Marshall Road, and then left and north up Lord Street again, but there has been no determination whatsoever about what component of Marshall Road or where on Marshall Road or Lord Street the alignment will go at this point in time. We are actually in the early stages of planning that.

Hon DONNA FARAGHER: All right, I will ask further questions on that in due course.

With respect to again page 638, under “New Stations and Existing Station Upgrades” reference is made to \$54.2 million being spent over the forward estimates and a further \$47.1 million beyond 2020–21 on new and existing train stations. Specifically, I am interested in the relocation of the Midland station. Can I confirm that \$28.2 million has been set aside for that project and that that is just for planning?

Mr KANNIS: There has been an allocation of \$2 million to the planning of the Midland station relocation and the extension of the line to Bellevue.

The CHAIR: Was there another part to your question?

Hon DONNA FARAGHER: Can I get some clarity here, because my understanding from a budget press release is that it was \$28 million, not \$2 million.

Mr KANNIS: Just to clarify, the \$2 million that I suggested is for planning but there is a provision also for the purchase of land at Bellevue to accommodate a future station in Bellevue.

Hon DONNA FARAGHER: So that is a combination, the \$28 million, and the land is part of that \$28 million. Okay; thank you for that.

During the election campaign, the then opposition announced that the cost of relocating the Midland train station and the extension to Bellevue would cost \$79 million and that works would commence in the first term. Why is that not reflected in the budget?

Hon STEPHEN DAWSON: It is not reflected because the planning has not been completed yet.

Hon DONNA FARAGHER: Were the figures incorrect by the then opposition or was it just made up?

[5.00 pm]

Hon STEPHEN DAWSON: Those figures that were used in the then opposition’s documents were the best available information that was gleaned from a range of things, including former Treasury briefings or former budget estimate hearings such as this. So they were the best available information at the time. This project has not been properly funded yet, and until we know what it is going to cost we cannot tell you exactly what the figure will be at the end of the day.

Hon DONNA FARAGHER: So the minister therefore cannot tell me when construction is going to commence?

Hon STEPHEN DAWSON: No; my advice is that we cannot tell you that at this stage.

Hon DONNA FARAGHER: Given the fact that if I add \$54.2 million and \$47.1 million, I get just over \$101 million. Is that funding to go just to the upgrade of Midland and Karnup train stations or will it include other train stations as well—is that a global figure?

Hon STEPHEN DAWSON: I will just make the point first of all that we have funded a range of projects in this forward estimates. Further funds will be allocated for the full delivery of all of our projects in future budgets at the first opportunity once planning has advanced and reliable costs are available. I will ask Mr Kannis to answer your specific question, member.

Mr KANNIS: I can clarify that the \$101.3 million, which is the number you have referred to, is made up of a number of factors—planning for Karnup station, which is \$2 million; planning and land purchases related to Midland station and extension; and another general number of \$71 million for upgrades to stations for accessibility and functionality. So that is across the board, across all of our stations.

Hon DONNA FARAGHER: Can I get a list with respect to the other stations that will be receiving upgrades in terms of disability access and the like? I am happy for that to be taken on notice.

Hon STEPHEN DAWSON: I am advised that in terms of those other stations, that list has not been worked out as to which stations will be getting which funding at this stage. The indicative work, I believe, is underway but I cannot provide you with a list at this stage.

Hon DONNA FARAGHER: Just so I am clear, only a very small percentage of that \$101 million is earmarked for Midland train station. That will go nowhere near to the original commitment by the then Labor opposition of \$79 million for the relocation of Midland train station. That is not in the budget.

Hon STEPHEN DAWSON: Mr Kannis, can I ask you to respond?

Mr KANNIS: There is no capital cost in the forward estimates or in that \$100 million for the relocation of Midland station.

Hon DONNA FARAGHER: Thank you very much.

Hon STEPHEN DAWSON: Madam Chair, I again point the honourable member to my line earlier on, which is that funds will be allocated for the full delivery of these projects in future budgets at the first opportunity once planning has been advanced and reliable costs are available.

Hon DONNA FARAGHER: I note that, minister, but again I also note the fact that the then opposition was very clear—\$79 million, and construction would commence in the first term of a Labor government—yet no funds have been allocated to the construction. The then opposition was very clear to the people of Midland that it would happen and it would cost \$79 million. It has not.

Hon STEPHEN DAWSON: Can I again advise that we are committed to delivering our election commitments. Obviously, the good people of Midland deserve a new train station. We are committed to delivering that, and we will announce further money for that in further budgets.

Hon DONNA FARAGHER: I will be following it closely.

Hon Dr STEVE THOMAS: Minister, I refer to budget paper No 2, volume 2, page 638, and the heading “Asset Investment Program. One of the items listed under that heading is Metronet—Forrestfield–Airport Link. It states at page 639 that the Forrestfield–Airport Link is the number one priority of the Metronet vision, and that an estimated \$406.5 million will be expended on civil works and tunnel boring. I am very pleased to see that the minister has with him the project director from Metronet, because he may be able to provide the minister with some support in these questions. Last week, I asked the minister a question about the detection of per- and poly-fluoroalkyl substances—or PFAS—as found in the boring process in this project. I am interested to see, given that it would

appear from *The Sunday Times* article at the weekend that the assistant state secretary of the CFMEU can confirm the stockpiling of soils for remediation, whether the government can now confirm that it is not stockpiling soils for remediation with contamination from these substances?

The CHAIR: Honourable member, questions in these hearings relate to the budget and the financial management of the state. Would you just like to reframe your question regarding the financial implications of what you are asking?

Hon Dr STEVE THOMAS: Certainly, Madam Chair, because the same statement says that the stockpiling and remediation would be a costly exercise. So there will be a cost impact should there be stockpiling, and the government will need some sort of management process, which is going to impact on the cost of the project.

The CHAIR: Okay, so your question is about the cost?

Hon Dr STEVE THOMAS: Yes. Is stockpiling occurring, because that will have a cost, and how is that being worked into the budget? What is the extent, I guess, of the stockpiling, and how will that be managed as part of a part of that budgetary process?

Hon STEPHEN DAWSON: First of all, can I just say that I have no idea who the assistant secretary of the CFMEU is or, indeed, what his or her comments were in *The Sunday Times*. However, in relation to the PTA budget estimates, I will ask Commissioner Sellers if he can provide a response to that question.

The CHAIR: There were quite a few questions in there, so if we need to come back to you about that, I will, but we might get a —

Hon Dr STEVE THOMAS: I was trying to make it a simple process, Madam Chair. You are right; it got complicated. I was trying to minimise the process by going one step at a time.

The CHAIR: By not following the procedure of the committee. Commissioner?

Mr SELLERS: CEO in this sense, and I thank the member for the question. The material that is being tunnelled out by our drilling machines is treated, and when it comes out it goes into a sand and slime product that is mostly fine clay. We are hopeful that we will be able to have a commercial outcome with that product. The member is right that we test. Like model litigants, we do all the appropriate testings when we drill. There are very low levels of PFAS—I will use the acronym—in that material, which has been reported in *The Sunday Times* and others before. As we work through that process, we have started to stockpile some of that material while we work through a commercial outcome, whether it be with the airport or others, to take some of that material. That is being stockpiled in an area that we call C, which I think is the old Kewdale—it is just off Abernethy Road near CBH. We will be continuing that stockpile while we work through the commercial processes.

Hon Dr STEVE THOMAS: Do you have any idea of what sort of volumes are currently there?

Mr SELLERS: Both drilling machines are likely to produce, with the excavations from the station areas, around one million cubic metres of material.

Hon Dr STEVE THOMAS: I guess that for you, minister, it is probably too early to get the details of budgetary impacts, but we may follow that up with future questions down the track over the normal proceedings of the Parliament.

Hon STEPHEN DAWSON: Sure. I think it is too early to know what the impacts might be. As the commissioner said, I think the PTA is hopeful of having a commercial outcome for the use of the spoil. I would be happy to take your questions in the future in relation to this once we know what the outcome is or where we are going with it.

Hon NICK GOIRAN: Minister, do you have access to the answers to questions asked prior to today's hearings?

Hon STEPHEN DAWSON: Member, I do not have them in my file but let me just check with my advisers if they do.

The CHAIR: We are just getting some copies made available through the advisory officer.

[5.10 pm]

Hon NICK GOIRAN: You will see, minister, that I asked one question but in five parts, regarding the Public Transport Authority's advertising policy that was active as at January this year. It was tabled in the Legislative Council on 6 September. In answer to part (e) of the question, it became clear that there is no budget for the enforcement of that policy. Can you advise the committee how the policy will be enforced if no budget has been allocated?

Hon STEPHEN DAWSON: Member, thank you for the question. I have just provided the question and answer to Mr Burgess. I am hopeful that Mr Burgess can provide a response.

Mr BURGESS: The question was referring to our advertising with APN—a commercial company. It is a pretty big company that does advertising on a lot of public transport systems or manages it on behalf of public transport systems, so on both the train and bus system. The question was how do we enforce any prohibited advertising, and I think the answer indicates because it is a contractual obligation. In other words, there is a process that is gone through. Typically, if it is a pretty plain advertisement, there is not much of an issue. If it is a more complex advertisement that might attract—and there are some actual caveats. Politics is one of them, as I recall, in terms of advertising that is not allowed, but there is some other obvious material that would not be allowed. But if there was any sense of it was running near the edge, then it is referred to the Australian Advertising Standards Bureau, which is a separate independent body. Indeed, if we get a public complaint, we certainly would investigate what the advertisement was about. But the enforcement, I guess—the question was: is there a budget to enforce it?—is a contractual system, so it is a typical contract between two parties, the PTA and APN, so it would be a matter of enforcing the contract and what are the contract requirements.

Hon NICK GOIRAN: Thank you, so you need to enforce the contract. How do you do that if there is no budget?

Mr BURGESS: Within our Transperth area, within the PTA, one of the contract managers there has a range of contracts that they manage, and I am talking quite a range. The APN contract is one of those, and so it is not a budget per se; it is managed by our contract manager who manages a range of contracts.

Hon NICK GOIRAN: And that person is paid?

Mr BURGESS: That person is paid, but it is one of myriad jobs they do, and it is not a challenge. In other words, I would not even try to quantify what small percentage of their salary would be quantified by it.

Hon NICK GOIRAN: Who ensures that this advertising meets community expectations as per the Public Transport Authority's policy?

Mr BURGESS: Clearly there is the normal process, which I have already mentioned. If we had concern, it would generally—these advertisements are pretty standard. APN have the contract now, I think, in every city in Australia, so they are doing the same advertising on bus, train and tram around Australia. Occasionally, one city might be out of step and deal with another company. The sort of public standards, I guess, surrounding what are acceptable ads and not are usually well tested

by the company themselves; in other words, they understand what public expectations are. If they are in doubt, as I mentioned, they would go to the Australian Advertising Standards Bureau, as can any individual complainant who thinks a TV advertisement or an ad on a bus or a train—if it offends them, they can raise that issue with the Advertising Standard Bureau. Similarly, if a member of the public complains to us, we will investigate the complaint, but often we will find that it is an individual's standard, I guess, that has been offended rather than normal community standards.

Hon NICK GOIRAN: So you will investigate the complaint but there is no budget for enforcement, so who is handling the complaint?

Mr BURGESS: It is the contract manager who manages that contract amongst myriad contracts. As I say, perhaps the question is not answered in that sense because there is no budget per se; you will not find a budget line item for it. There is an FTE who manages a range of contracts in the Transperth area—in fact, there are a number of FTEs who manage a range of contracts—it is one of the contracts he manages and there is no specific budget allocated to it other than his role.

Hon STEPHEN DAWSON: If I may, obviously there has been a misunderstanding in relation to the information that you sought and the reading of the question and the response that was provided. There is no budget line item for that issue. However, obviously money is spent by virtue of a staff member's time being allocated to dealing with this issue. So perhaps, member, if you would like by way of supplementary information, I guess, a breakdown or a dollar figure that kind of matches the time allocated by the contract manager to monitoring this area, we can certainly provide that to you if that is your —

Hon NICK GOIRAN: Thank you, minister. Chair, can we take that on notice, please.

[Supplementary Information No C2.]

Hon NICK GOIRAN: Chair, through you I would like to provide to the minister a copy of an advertisement that was made available on Public Transport Authority buses in the month of April. This can be provided to the minister. I have a copy for you as well, Madam Chair. Minister, that is a copy of an advertisement for Sexpo that was provided in the month of April. It was tabled in this house by the Minister for Transport's representative—presumably yourself or one of the members. Are you in a position to indicate on what basis this advertisement was deemed to be appropriate and acceptable?

The CHAIR: I will remind members that questions in these hearings need to be around the financial management of the state or the current budget. I will give the opportunity for the minister to respond, and then I will ask the member to form his questions as financial management-type questions.

Hon NICK GOIRAN: I am happy to —

The CHAIR: Yes, I know. I am just giving you fair warning.

Hon STEPHEN DAWSON: I am not able to answer the member's question. I am happy to take that question on notice. The decision-makers around this ad being acceptable or appropriate are not here, so if we can take this away, and by way of supplementary information provide an answer to the member to his question.

Hon NICK GOIRAN: Yes.

The CHAIR: So you are happy with that, member?

Hon NICK GOIRAN: I am. However, Madam Chair, once you have provided a number, I will ask my next question.

[*Supplementary Information No C3.*]

The CHAIR: This needs to be your last question, based on time.

Hon NICK GOIRAN: In which case, could I ask for the following document to be provided to the minister so that he can also presumably take on notice why this second advertisement—unlike the other one, which was apparently deemed to be appropriate and acceptable—which has a mother and her child, was deemed to be unacceptable. Again, you are going to tell me that the decision-makers are not here, so if you could take this on notice. While you are taking questions on notice, can you advise the committee who are these decision-makers.

[5.20 pm]

Hon STEPHEN DAWSON: I will not comment on the ad or its suitability. Typically, the decision is made by the advertising agency, which takes the ad presented to the Advertising Standards Board as it sees fit. Again, as I was happy to say earlier, I am happy to take that question on notice in relation to why it was appropriate or not, and we will provide an answer to the committee as part of this estimates process.

The CHAIR: We will include all of that in C3.

Hon PIERRE YANG: Minister, I refer to page 201 of budget paper No 3 and the heading “Public Transport Authority of Western Australia”. One of the election commitments under Metronet is the level crossing removal program. Can the minister please outline what works have been done in relation to removing the dangerous level crossings along the Armadale line?

Hon STEPHEN DAWSON: I will ask Mr Kannis to respond.

Mr KANNIS: If I can clarify, is the question what work has been done on level crossing removals?

Hon PIERRE YANG: That is correct.

Mr KANNIS: At this stage, planning has commenced on the level crossings that exist on the Armadale line. That planning is being done as a holistic plan so that we can look at all level crossings on the line. There has been further planning on Denny Avenue, which is the project that has been funded in the forward estimates to the sum of \$69 million. At this stage we have a preliminary estimate of \$69 million for the Denny Avenue level crossing.

Hon STEPHEN DAWSON: I will just supplement that answer. The PTA is responsible for 100 at-grade level crossings, including 36 road crossings with adjacent pedestrian crossings. It is responsible for 55 standalone pedestrian and nine road-only crossings. As Mr Kannis pointed out, Denny Avenue is a priority and there is money in the budget for that. The other initial priority sites for Metronet’s level crossing removal program include Caledonian Avenue, which I believe is in Maylands, and Oats Street and Wharf Street. Work is under way, I am aware, by the PTA to evaluate options for removing these and other crossings on the rail network, including potential synergies with removal of adjacent level crossings and local planning or urban development outcomes. Hopefully, that answers the member’s question.

Hon PIERRE YANG: Yes.

Hon TJORN SIBMA: Bearing in mind the remaining time, I would like to return to the extension of the Yanchep rail line component of Metronet, at page 640. I seek clarification that the \$520 million estimated total cost is inclusive of the construction of three stations at Alkimos, Eglinton and Yanchep. If it is possible to receive a breakdown of each individual station cost, that would be gratefully received. Is it the intent to build those stations concurrently, or sequentially; and, if it is sequentially, at what end of the line would the extension commence?

Hon STEPHEN DAWSON: My advice is that the cost includes the construction of the three new stations, so Yanchep, Eglinton and Alkimos, with bus interchanges and Park 'n' Ride facilities. I am not sure that we can give the breakdown. I will ask Mr Kannis to provide as much information as he can, including a response to the question that asked at which end of the line the extension would commence, if we know that information at this stage.

Mr KANNIS: The current basis of our planning for the Yanchep line involves concurrent construction of the stations. We do not have available at this stage that I can share with you a breakdown of the cost of each of the stations.

Hon TJORN SIBMA: Would I be able to ask that when that information is available, the approximate cost of those individual stations is submitted?

Hon STEPHEN DAWSON: There is a decision-making process yet to happen within government. I guess we should refer to that.

Mr KANNIS: If I can just clarify the process that we are at, earlier I referred to draft business cases, but they are really staged business cases rather than being in draft form. Those staged business cases have been submitted to Infrastructure Australia and we are awaiting their feedback on that. In my view, it would be premature at this point in time to declare those, but at the time when the business cases are endorsed by Infrastructure Australia, which should be towards the end of the first quarter of 2018, we should be in a position to share those costs.

Hon TJORN SIBMA: If they will not be available until the next quarter, I will wait.

Hon DIANE EVERS: This is follow-up to what I asked before. I believe the answer was that the accounting decisions to show the —

Hon STEPHEN DAWSON: Member, because we have moved on, could you remind us of where we were when you asked the question?

Hon DIANE EVERS: A couple of the answers that I received ended with the point that Treasury makes the decision whether we call it an operating subsidy or an appropriation, and also showing the accumulated depreciation as a deficit in the equity section. If that is the case, should I just ask my question of Treasury tomorrow?

Hon STEPHEN DAWSON: My advisers tell me that, yes, the appropriate place to ask your question would be of Treasury tomorrow. As the Treasurer is represented in this place, I look forward to you asking the question and I look forward to having some advisers from Treasury who will be able to provide an answer to your liking.

Hon AARON STONEHOUSE: On the level crossing removal program, Mr Kannis mentioned that \$70 million has been appropriated for the removal of level crossings, including Denny Avenue. I am looking at the budget papers and it seems to imply that that \$70 million covers all four level crossings that are to be removed. Can you clarify that? I am also wondering where the replacement program is. According to press that was released before the budget was drawn up, there were plans to replace those level crossings with tunnels or bridges, but I cannot see anywhere in the budget, under Main Roads or the PTA, an appropriation for tunnels or bridges to replace those level crossings.

Mr KANNIS: To clarify the first part of the question, page 638 identifies that the authority will spend \$70 million over the period of the forward estimates to remove the crossing at Denny Avenue. That includes \$69 million for that removal, but that is on the assumption that we have grade separation of the level crossing. The current level crossing would be replaced by a grade separation at an estimated cost of about \$69 million.

Hon AARON STONEHOUSE: Is that all included in that \$69 million?

Mr KANNIS: The current funding is only for the removal of the Denny Avenue crossing. Future decisions will be made about the other three level crossings that have been committed to by the government, based on the planning that we are conducting at the moment.

Hon STEPHEN DAWSON: I also point out, as Mr Kannis pointed out, that \$69 million is for Denny Avenue. The \$1 million that is left in the forward estimates is to allow the planning to take place for the future removal of those other level crossings, being Caledonian Avenue in Maylands, Oats Street in Carlisle and Wharf Street in Queens Park. It is planning money for those, and the money to remove Denny Avenue.

Hon AARON STONEHOUSE: So that I have it clear, because I am not familiar with some of the terminology that the PTA uses, that \$69 million will cover the removal of the level crossing and the replacement, whether that is a bridge, a tunnel or what have you—that \$69 million will include both those costs?

Hon STEPHEN DAWSON: Yes.

The CHAIR: That takes us to the end of this hearing. On behalf of the committee, I thank you for your attendance today. The committee will forward a transcript of evidence, which includes the questions you have taken on notice highlighted on the transcript, within seven days of the hearing. Responses to these questions are requested within 10 working days of receipt of the questions. Should you be unable to meet this due date, please advise the committee in writing as soon as possible before the due date. The advice is to include specific reasons as to why the due date cannot be met. If members have any unasked questions, I ask them to submit these via the new electronic lodging system on the POWAnet site by 12 noon on Monday, 23 October 2017. Once again, I thank you for your attendance today.

Hearing concluded at 5.30 pm
