

**Division 37: Commissioner of Main Roads, \$1 245 950 000 —**

Mr S.J. Price, Chair.

Ms R. Saffioti, Minister for Transport.

Mr P. Woronzow, Acting Managing Director.

Ms N. Lyhne, Acting Director General.

Mr P. D'Souza, Acting Executive Director, Financial and Commercial Services.

Mr D. Snook, Executive Director, Metropolitan and Southern Regions.

Mr M. Cammack, Director, Budget and Investment Planning.

Mr R. Farrell, Chief of Staff, Minister for Transport.

[Witnesses introduced.]

**The CHAIR:** I give the call to the member for North West Central.

**Mr V.A. CATANIA:** I refer to the statement of cashflows on page 523 of budget paper No 2, volume 2, and the big song and dance that the Premier, the Minister for Regional Development and others have made about the \$2 billion going into regional roads and how royalties for regions is paying for a large part of that. I refer to the royalties for regions fund because I cannot find where that \$2 billion is coming from. How much royalties for regions funding is going into the Main Roads budget over the next four years?

**Ms R. SAFFIOTI:** I will see if I have that information.

**Mr V.A. CATANIA:** It not, can the minister please provide that as supplementary information?

**Ms R. SAFFIOTI:** Page 519 has the asset investment program and the line item, "Drawdown from Royalties for Regions Fund" for roads. On the expense side, there are other drawdowns. I can sit here and read them out but, if the member would prefer, I can by way of supplementary information provide the member with the information. The member has the asset investment; I can provide the expenditure side for him.

**Mr V.A. CATANIA:** With the figure of \$2 billion, or the amount that has been quoted in all the government's budget papers on regional roads, how much of that is from royalties for regions? Could the minister also provide a list of the projects that royalties for regions is funding out of the Main Roads budget, whether it is the Karratha–Tom Price Road or Onslow Road—all those? Can the minister give us a breakdown of the RforR in those projects?

**Ms R. SAFFIOTI:** We will provide by way of supplementary information the projects funded, both recurrent and capital, from RFR for the 2018–19 year and forward estimates.

**Mr V.A. CATANIA:** And if the minister is able to provide the actual projects that royalties for regions has gone to.

[*Supplementary Information No A32.*]

**Ms R. SAFFIOTI:** On that topic, I make the point that a lot of non- RforR funding is going to regional Western Australia. I am proud of that. I do not think regional funding should come from only RforR. It should come from the consolidated fund too. A lot of Main Roads' normal activity is in regional WA. A lot of its activity, both in maintenance and other expenditure, is in regional WA. My point of view is that RforR should be focused on roads, but also other parts of government.

**Mr V.A. CATANIA:** I am glad that the minister said that, because I still cannot see in the budget the Wiluna–Meekatharra Road that was allocated \$60 million of royalties for regions funds. Why was that taken out and why has it not been reinstated? Why is the minister not moving towards sealing that vital piece of infrastructure for those communities?

**Ms R. SAFFIOTI:** As the member knows, there was a prioritisation process as part of the 2017–18 budget, which was a result of inheriting a structurally unsound budget and trying to ensure that all our election commitments and priorities, both regional and metropolitan, with a number of regional road commitments, were funded. That was a result of the reprioritisation process. I am very keen to get funding for that project in the future. I will keep lobbying for it and for more road spending. That is one thing that I do; I lobby very hard for more road spending, particularly in regional WA.

**Mr V.A. CATANIA:** The government has allocated \$50 million for the Karratha–Tom Price Road. How many kilometres is that allocated for? I think it was 20-something kilometres?

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**Ms R. SAFFIOTI:** This, of course, has been caught up in some discussions in relation to the Balla Infrastructure project.

**Mr V.A. CATANIA:** The question I am asking the minister is: between this and the last estimates, has the minister been able to work out how much is needed to finish off sealing the Karratha–Tom Price Road? How many more millions of dollars is needed? Has the minister decided on the final route to get to Tom Price by sealing the road? Has the minister found out the route that Main Roads is going to take, whether it be the access road and/or the public access road? How much will it cost to finally seal the Karratha–Tom Price Road? As the minister knows, that \$50 million only scratches the surface.

**Ms R. SAFFIOTI:** The \$50 million allocated will construct stage 3B, which is the existing lower 30-kilometre road section, followed by a new construction of the upper 18-kilometre section, 3A. That is the proposal. We are in discussions that are being led more by state development ministers than transport ministers about how we can work with the private sector to try to get further funds for the project. We will also, of course, try to seek more federal government funding. We have the \$50 million allocated, which is approximately \$48 million, the route has been defined and the project has been broken into two sections, 3A and 3B, with the aim of commencing 3B in early June.

**Mr V.A. CATANIA:** I asked how much will the total project cost to seal the Karratha–Tom Price Road and what route it is taking, whether it be the Rio Tinto access road or the public access road.

**Ms R. SAFFIOTI:** I will go through all the components. Stages 1 and 2, which is 115 kilometres, have been constructed at a cost of \$179 million. Stage 4 is 107 kilometres and runs from the southern Rio Tinto railway crossing on stage 3, to the Nanutarra–Munjina Road. The section is on a new alignment that follows the railway line through rugged terrain and is expected to cost in the order of \$270 million. That is the current cost.

**Mr V.A. CATANIA:** Is the minister looking at \$450-plus million to finish off the road?

**Ms R. SAFFIOTI:** No. All up, it will be \$325 million.

**Mr V.A. CATANIA:** It is going down the public access road? Has the minister had any discussions with Rio Tinto to use the Rio Tinto access road, which, I understand, is a cheaper and more direct route?

**Ms R. SAFFIOTI:** Mr Woronzow.

**Mr P. Woronzow:** Thank you. We are planning to follow the Rio Tinto access road.

**Mr V.A. CATANIA:** Has Main Roads had any discussions with Rio Tinto to make it contribute to its own access road?

[10.40 am]

**Ms R. SAFFIOTI:** As I said, the discussions with mining and resources companies have been driven more by the Minister for Regional Development and through the Department of the Premier and Cabinet. There are two components. We want to build roads and deliver our commitments, but the ability to leverage private sector and federal government contributions is being facilitated and coordinated more by the Minister for Regional Development.

**Mrs L.M. HARVEY:** I draw the minister's attention to page 508 of the *Budget Statements*. The bottom line, "Road Maintenance Expenditure", shows significant reductions through to \$123 million in 2020–21 and \$121 million in 2021–22. What has that expenditure been reallocated to or has the funding gone?

**Ms R. SAFFIOTI:** The road maintenance expenditure will level out in the forward estimates. That money has not been appropriated to other projects across government. Basically, it is being held in cash reserve in Main Roads Western Australia. If we look at the expenditure over recent years, we see that in 2014–15 the road maintenance allocation was \$270 million. In 2015–16, it was \$400 million. In 2016–17, it was \$360 million. In 2017–18, our first year, it was \$440 million and we are levelling that out across the forward estimates. That is being held as part of the Main Roads reserve to be allocated for roads into the future. More generally, if we look at the historical numbers, we see that our first two years of road maintenance spending far exceeded the last two years of the previous government. We have increased road maintenance spending. It is at a new high and we are reserving funds in the Main Roads budget for future allocations.

**Mrs L.M. HARVEY:** Has the department taken this amount of money out of the road maintenance expenditure budget and banked it?

**Ms R. SAFFIOTI:** Road maintenance expenditure has increased significantly under this government. I did a quick analysis of our first two years compared with the previous government's last two years and there was a 30 per cent increase. We have significantly increased the base of road maintenance spending, and that base exists over the forward estimates with some small increases. That money is reserved for road spending that will be determined in future budgets.

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**Mrs L.M. HARVEY:** That is what I said. If the minister is saying that it is being held in cash assets, that is banking it. The department has taken it out of the budget line item and banked it.

**Ms R. SAFFIOTI:** It is staying in the Main Roads budget, but we have increased maintenance spending significantly since the previous government.

**Mr D.R. MICHAEL:** Page 521 of budget paper No 2 refers to the Stephenson Avenue extension, which I think I asked the minister about after the budget was handed down last year. Can the minister provide an update on this project and any federal support that the government has successfully secured?

**Ms R. SAFFIOTI:** I remember in opposition we talked about this project quite a bit. I can safely say that if we had not won the election, this project would not be anywhere near the budget process. This project does a number of things. It improves congestion around the area, but primarily it is a road-and-land-use project. The member for Balcatta has been a very strong advocate for this project, as has the City of Stirling, for many years. A steering committee was established and work has been undertaken on the design of Stephenson Avenue and the land-use outcomes. That includes the ability to have significant residential and commercial activity along that road. It also looks at better access points for the expansion of the major shopping centre in that district and for places such as IKEA. It is a very exciting project and we managed to get federal Labor opposition to support it very early on. I am very glad that the federal government has also come on board. We now have the true concept of a city deal with local, state and federal governments all working together to achieve an infrastructure proposal that is facilitating strong land-use outcomes. That includes new residential and commercial opportunities. It should be about all tiers working together to achieve the maximum outcome of infrastructure spend.

**The CHAIR:** Committee members, we have a non-committee member question. If everyone is happy with that, the member for Moore would like to ask a question. Go ahead, member for Moore.

**Mr R.S. LOVE:** I thank the committee. I am sure it will be a fantastic question. I refer the minister to page 510 of the *Budget Statements*. The first dot points states —

Main Roads continues to work with the Western Australian Local Government Association on the establishment of the next five year funding agreement.

On page 511, there is some indicative funding for the total cost of services. One of the line items, “Local Government Network Adjustments State Road Funds to Local Government Agreement”, shows a fall of \$14.5 million. The estimated actual in 2017–18 is \$196 million and the budget estimate is \$181 million going forward, which would indicate a fall of about \$14.5 million or thereabouts. How are negotiations with the Western Australian Local Government Association going? Will the new agreement still be based on a percentage of licence fees? Do we expect that percentage of licence fees to stay static or, given this reduction, is the minister expecting to give a lesser amount of licence fees to local government than the amount currently given under the agreement?

[10.50 am]

**Ms R. SAFFIOTI:** I can understand why that reduction looks very confronting. The 2017–18 estimated actual was the result of significant carryovers from the previous year. We are working around \$183 million, but the 2017–18 estimated actual included significant carryover from the previous years. Discussions about the new road funding agreement are ongoing. Funding for roads in regional WA is very important and we do whatever we can to maximise our spend in that area. This point is more to do with other projects, but a number of other funds are committed in the budget—for example, in the next line, “Major Works on Local Government Roads”. Since the election, we have made a number of allocations for local government roads that are outside the agreement. For example, we are providing funding to a number of local government roads, such as Stephenson Avenue and Marmion Avenue and some roads in Collie in the south west. The nature of our election commitments and some of our commitments since then has meant that our expenditure on local government roads has increased significantly.

I want the member to understand that our current spending through the Western Australian Local Government Association agreement is much more generous than it has been in the past. For example, local government allocations under state road funding to local government are from 2008–09, \$116 million; 2009–10, \$122 million; 2010–11, \$135 million; 2011–12, \$145 million; 2012–13, \$161 million; 2013–14, \$172 million; 2014–15, \$161 million; and 2015–16, \$150 million. We have moved it to a base again of around \$182 million or \$183 million plus. We are also funding a number of projects that would normally be state–local government responsibilities. The other things we are doing for regional WA are, for example, maintenance contracts to get much better local business involvement and local employee involvement. We are trying to do what we can to address the safety issues in regional WA. Also through the Road Safety Commission, which I think is very important, the Road Safety Commission recommendations and funding under the road trauma trust account are looking at where we can get maximum value for expenditure on road improvements. A discussion at the

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National Transport Commission meeting last week was about where funds can be allocated to get maximum outcome. That, for example, includes widening shoulders, and audible line markings at the centre and side line markings. Among other programs, Indian Ocean Drive is one, where \$7 million was allocated as part of a federal government project, together with the \$20 million allocated in this budget straight from the RTTA. On top of that, there is the regional road safety package that we negotiated with the commonwealth, which came directly from the redirection of the Perth Freight Link—I think it was about \$55 million—for 16 projects around regional WA. Again they are new projects, many of which are underway this year.

All up, we are trying to do what is possible within our budget to fund the WALGA roads agreement. We are funding a lot of local government roads under the normal budget. Road safety revenue is being dedicated to a lot of regional road works for improving roadside shoulders and doing what we can to achieve low-cost maximum impact. Most of the regional road safety program projects will be underway in 2018–19.

**Mr R.S. LOVE:** Are they local government roads or Main Roads roads?

**Ms R. SAFFIOTI:** The regional road safety program negotiated with the state and the commonwealth are state roads, but a lot of them are big issues. On the York to Merredin road it is to reconstruct, reline and widen; south west region, Boyanup to Capel road, widen and seal shoulders; and South Western Highway, widen and seal shoulders Chester Pass Road and the Amelup Curves. These are big safety issues in regional WA. I think they are really important and are well worth talking about.

**Mr R.S. LOVE:** I was not going to ask this as a follow-up but as a separate question. However, the minister went straight into the road trauma trust account and the regional road safety program. My question is twofold. First, can the minister provide a list of the projects to be funded under those two programs and the allocations to those roads? I am happy to take it as supplementary information if she wishes.

**Ms R. SAFFIOTI:** I can provide the member with some information about the approved 2018–19 budget for the road trauma trust account expenditure, as follows: run-off road crash road improvements, state roads, \$25 million, which is an incredible amount compared to amounts spent in previous years; the wheatbelt safety review, Toodyay Road improvements, \$2.4 million; the wheatbelt safety review, Great Eastern Highway, Great Southern Highway, \$6.8 million; and the safety review, Indian Ocean Road improvements, \$10 million. That is a new \$10 million on top of the \$7 million.

**Mr R.S. LOVE:** Those figures are in the published volumes. I was hoping to get a list of projects under the heading “Run-off Road Crashes Road Improvements”, which is \$25 million and the regional road safety program, which this year is \$28.75 million.

**Ms R. SAFFIOTI:** Unfortunately, that program has not yet been forwarded to me for approval. This is the global allocation. I will let the member know when it does, but I cannot provide it by way of supplementary information because I will not have the information.

**Mr R.S. LOVE:** Can I follow up while on the road trauma trust account? One of the allocations of interest to me under the road trauma trust account safety review, I think it is, is on page 519 for Toodyay Road. The amount of \$2.4 million is allocated this year, and I believe, from descriptions in press releases and my understanding of it, that money is for environmental clearances, planning and land purchases, especially in some of the wheatbelt sections of Toodyay Road. Is any undertaking planned or is there an expectation of further allocations of money to that program once those clearances have been given and the land purchases have been made?

**Ms R. SAFFIOTI:** I will find further information in my file for that. This has been a major road safety issue. Works have been undertaken. We are continuing to do the planning. I have put forward this project in particular to the federal government as an area that we would like to see some funds allocated to. We are working also with the Road Safety Commission to try to get more funds allocated to that program. I will let Des Snook give the member some more detail. Our view of this is that it is a priority but we are trying to find ways of continuing to do the preparatory work for further work and lobbying for as many funds as possible. I refer you to Des Snook.

**Mr D. Snook:** Toodyay Road is a road safety priority for us. As members will be aware, since 2013, we have spent nearly \$30 million on that road, most of which has been in the metropolitan area around Gidgegannup and up to the border of the wheatbelt region. Two intersection improvements have also been made in the wheatbelt. We started in the wheatbelt with the planning program that we undertook two or three years ago, and we are getting towards the end of that planning work. We need to complete the planning work to know what budget will be required for the final design to be constructed. Once we have that, we will put forward applications for funding.

[11.00 am]

**Mrs L.M. HARVEY:** I refer the minister to page 519 of the *Budget Statements*. Under completed works it lists Mitchell Freeway—Hepburn Avenue to Hodges Drive. Obviously, the next stage of that is the extension to

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Romeo Road. I am wondering why the Romeo Road–Mitchell Freeway extension is not in this budget, given that it was announced on 27 April.

**Ms R. SAFFIOTI:** As I think the Treasurer outlined yesterday, we are working with the commonwealth on the roads program. First of all, the commonwealth has offered 50 per cent of the project costs —

**Mr D.C. NALDER:** Is it 50 per cent or 80 per cent for this project?

**Ms R. SAFFIOTI:** It is 50 per cent. The commonwealth is providing 80 per cent for the Bunbury Outer Ring Road project, so we were very happy to accept that 80 per cent.

**Mr D.C. NALDER:** I thought it was 80 per cent on Tonkin.

**Ms R. SAFFIOTI:** As part of the redirection of project funding last year, the allocation for the projects announced and funded last year in May was approximately 75 per cent to 80 per cent federal government funding. We believe the commonwealth should be funding us 80 per cent for a series of reasons. The first is the lack of GST funding, but there is also the fact that other states have done really well in infrastructure funding. We believe we should get as much attention as possible. We are still trying to achieve 80 per cent funding on that project. We are working with Treasury on cash flows and deliverables for the projects announced in April. We will keep working with Treasury, but we will mainly try to secure 80 per cent of road funding from the commonwealth.

**Mrs L.M. HARVEY:** I bring the minister's attention to the joint media release by the Premier on 27 April, which states that the state government had entered into an agreement with the commonwealth for a \$5.4 billion infrastructure program, with \$3.2 billion to come from the commonwealth. I believe the minister and the Premier stated on television that they had agreed to this package. If they had agreed to this package and it was finalised on 27 April, why is the minister now saying that until 80 per cent of the funding is provided, the government will not do the Romeo Road–Mitchell Freeway extension?

**Ms R. SAFFIOTI:** We have agreed to receive \$3.2 billion but we would like more. I have been a bit disappointed with the views of the federal and state oppositions on this project. If the member refers to page 4 of the media release, it states —

State Government funding will be provided towards these METRONET and road projects, subject to normal State Budget processes and further federal funding may be sought from existing Federal Government infrastructure programs.

Again, selectively quoting from media statements does not work when there are people here helping me to find the other quotes. In that media statement we outlined that we would like to get more federal funding. In every forum in which I have ever been, I have said that it is the government's role to try to secure as much federal funding as possible. As we all know, in the lead-up to the federal election, we want to try to make sure we get more federal funding for WA. That is what we are doing. We will continue to fight for more federal funding and, in particular, 80 per cent where we can for road projects.

**Mrs L.M. HARVEY:** Further to this —

**The CHAIR:** The member has been straying from where she started; the member should make sure she sticks to the relevance.

**Mrs L.M. HARVEY:** It is a further question on the project I have asked about. The Treasurer said in Parliament last week that the state government needed to understand the route definition and likely cost of the Mitchell Freeway extension. Why was there an agreement for a \$215 million program to extend Mitchell Freeway to Romeo Road if the government did not understand the route definition and the likely cost? Surely the freeway reservation sits there and that is where it would go.

**Ms R. SAFFIOTI:** We see this as a priority project. The commonwealth government announced 50 per cent of the funding for this project; we would like to see more. We will continue to work to deliver this project. As I said, I think it is un-Western Australian to not want 80 per cent of the road funding to come from the federal government.

**Mrs L.M. HARVEY:** When an announcement is made about a joint commonwealth–state agreement on road and rail projects, the expectation is that we will see it in the budget and not that the minister will come back and say, “Actually, we agreed to that on 27 April but now we're going back on that agreement because we want more.” Was that written into the contract and agreement with the commonwealth government? Surely it would have been better to exclude the project until the government had the 80 per cent of funding that it wants. Those people in the northern suburbs who want this freeway extension are now being told that they are not going to have it unless the federal government coughs up more money. Why did the government agree to it and announce it if it is not going to do it?

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**Ms R. SAFFIOTI:** They are not being told that. I do not know why the member for Scarborough always backs the federal government. I do not know why she would back the federal government on infrastructure funds for WA. Why does she not want to say that we should get more funds?

**Mrs L.M. HARVEY:** The minister is being ridiculous. I am talking about the announcement.

**The CHAIR:** Member for Scarborough!

**Mrs L.M. HARVEY:** The minister is being ridiculously political.

**The CHAIR:** Member for Scarborough, you have asked a question —

**Mrs L.M. HARVEY:** I am talking about the government's announcement.

**The CHAIR:** Member for Scarborough, you have asked the question. If you do not like the answer, that is unfortunate, but the minister has given you an answer.

**Mr D.C. NALDER:** Just to ensure that the minister understands, under the Gillard–Rudd governments there was infrastructure support from the federal government for the Gateway WA and NorthLink WA projects at 60 per cent. Then, when there was a change of government and we came in, we negotiated with the new federal government to increase the NorthLink WA funding to 80 per cent, and the Gateway WA project was at 60 per cent. Historically, it has been around 60 per cent. We managed to get a couple of them up to 80 per cent. I understand what the minister is doing, but the issue the member for Scarborough raised is that the Premier put out a joint press release announcing these projects. They have been announced on this basis. We are trying to understand why it has not been included when it was announced by the Premier.

**Mrs L.M. HARVEY:** And why is Stephenson Avenue in here at 50–50?

**The CHAIR:** Member for Scarborough, the member for Bateman is asking the question.

**Ms R. SAFFIOTI:** In relation to the split, as the member for Bateman said, his government achieved 80 per cent for NorthLink and also about 75 per cent for the Perth Freight Link.

**Mr D.C. NALDER:** That was different, because originally there was a private equity component.

**Ms R. SAFFIOTI:** That was the precedent. That is why we say there should not be any reason to not get it for these projects.

**Mr D.C. NALDER:** It was about 66 per cent for PFL.

**Ms R. SAFFIOTI:** The member for Bateman said that the previous Rudd–Gillard governments gave the state 50 per cent when the GST take was probably 70 per cent. We are at historically low GST payments. The reason the federal Liberal Party did not want to run candidates in Perth and Fremantle was the GST debate; it realises that it needs to do more. The media statement said that we would work within our existing budget processes and seek federal funding. That is what we are doing. We are being consistent with what we said on the day.

**Mrs L.M. HARVEY:** Why is Stephenson Avenue in here with a 50–50 split for funding and not the Mitchell Freeway extension to Romeo Road, which has a 60–40 split?

**Ms R. SAFFIOTI:** That primarily is a local government road. That will be administered together with the City of Stirling. That was a specific local government project. Again, we will be seeking contributions from the private sector for that project, and in particular the shopping centre owners. That is a specific project and not a normal Main Roads Western Australia project—I can safely say that. We got 80 per cent of the funding for the Bunbury project, which is why we accepted it.

**Mrs J.M.C. STOJKOVSKI:** I refer the minister to page 518 of budget paper No 2 and to the Mitchell Freeway Cedric Street–Vincent Street southbound widening. Can the minister outline how this project will ease congestion for people in the northern suburbs, particularly in my electorate of Kingsley?

[11.10 am]

**Ms R. SAFFIOTI:** Sure. I thank the member for Kingsley for that question on the Cedric Street–Vincent Street southbound widening. That is another exciting project that will primarily be underway in the 2018–19 budget year. The project description is the construction of an additional lane on Mitchell Freeway for seven kilometres southbound from Cedric Street to Vincent Street, which is a congestion point that is being monitored by Main Roads. For residents in Kingsley who use the freeway daily, it will reduce congestion so they will not always be hit by slowdowns and stoppages. It will help residents in the member's area and other northern suburbs. Main Roads worked with the Department of Transport to include the construction of the new principal shared path and associated structures on the east side of Mitchell Freeway from Glendalough station to Hutton Street. The section of PSP will include grade separations at Scarborough Beach Road and Hutton Street at an estimated cost of

**Extract from Hansard**

[ASSEMBLY ESTIMATES COMMITTEE A — Thursday, 24 May 2018]

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about \$19 million. We will work on both the road and the cyclepath, and use this opportunity to address the PSP issue and the congestion point on the freeway. We are doing what we can to address congestion in the north, south, east and west with the funding that is available. This program will see a lot of activity undertaken in 2018–19.

**Mr D.C. NALDER:** I refer to “Service Summary (Adjusted Total Cost of Services)” on page 511 of budget paper No 2. Funding for road safety will decrease from \$211.6 million in 2018–19 to \$124 million. It is more than a 40 per cent decrease in funding or \$87.5 million. Why will there be such a large reduction in the focus on safety?

**Ms R. SAFFIOTI:** In budget year 2018–19 there is a significant increase to \$211 million. It drops away because funding from the road trauma trust account for specific projects is not allocated across the forward estimates. Preliminary assessments are done but allocations to Main Roads from the road trauma trust account are made on an annual basis. The 2018–19 figure includes the \$25 million we just discussed for the regional run-off program. Funding for future road safety initiatives from the road trauma trust account have not yet been fully injected into those figures.

**Mr D.C. NALDER:** Will the forward estimates always be a little bit undercooked for road safety because we do not know the clear revenue or the projects? Will we always see a catch-up in budgets on the forward estimates?

**Ms R. SAFFIOTI:** Yes. The flows across the forward estimates change for specific projects. My understanding is that for the road trauma trust account money the Road Safety Commission is trying to look at a way of dealing with it for the longer term to give some certainty to some programs, but the allocations are made annually as part of the formal process between the Road Safety Commission, the Minister for Road Safety and me.

**Mr V.A. CATANIA:** This is related to the question the member for Bateman asked. I refer to the regional road safety program on page 518. There is a reduction in the road safety program to the regions from \$28.75 million to \$11.05 million in 2019–20 then nothing is allocated in 2020–21 in the forward estimates. Has the program been cut?

**Ms R. SAFFIOTI:** That was a specific \$55 million program we negotiated with the former federal Minister for Infrastructure and Transport, Darren Chester. That \$55 million came from a reprioritisation of Perth Freight Link money. The program was a range of 16 road projects across regional WA. It was the first time that type of program had been negotiated with the federal government and the funding was much appreciated. The former federal minister was very passionate about regional road safety and tried to direct more funds to it. We worked with the commonwealth to identify some high priorities. That was a specific program driven through the redirection of PFL money. As part of our discussions with the federal government we are putting forward more of these regional road safety programs. In all my discussions with the federal Minister for Infrastructure and Transport and the federal Minister for Finance I tell them we would like to see this type of package continued in particular areas. Darren Chester was passionate about the wheatbelt and the south west. Compared with some of its bigger programs the amount of money it can give us is quite modest and can drive home some good safety initiatives. For example, the commonwealth was keen to fund the business case for the Orange route, which we said was fine but we proposed to also fix Toodyay Road. However, it did not accept that one. We are very keen to partner with the commonwealth on specific road safety projects.

**Mr V.A. CATANIA:** Will the minister put forward a road such as the Wiluna–Meekatharra Road for road safety reasons?

**Ms R. SAFFIOTI:** We put forward a range of projects and the continuation of this program.

**Mrs L.M. HARVEY:** I understand that the Optus Stadium pedestrian bridge is in the Public Transport Authority but Main Roads is responsible for the project. Can we ask some questions about the bridge?

**Ms R. SAFFIOTI:** Sure.

**Mrs L.M. HARVEY:** What is the total cost of the new footbridge that is currently under construction?

**Ms R. SAFFIOTI:** The budget is \$91.5 million. That includes funds for the bus platform on the East Perth side—the Nelson Avenue bus stop. I think the bridge itself is \$83 million.

**Mrs L.M. HARVEY:** Is the new bridge \$83 million?

**Ms R. SAFFIOTI:** It is the same as we announced last year. The \$91.5 million includes the bridge and the Nelson Avenue bus stop.

**Mrs L.M. HARVEY:** What proportion of that is the Nelson Avenue bus stop?

**Ms R. SAFFIOTI:** The laydown area is \$6.5 million, the Nelson Avenue bus stop is \$2.5 million, and the bridge is \$83 million.

**Mrs L.M. HARVEY:** Are any of the delays to the bridge due to the change in the quality of the steel in the construction?

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[11.20 am]

**Ms R. SAFFIOTI:** No. What changes in quality?

**Mrs L.M. HARVEY:** My understanding is that when the design was changed, and also when it was decided to have the bridge manufactured locally, there was a change in the type of steel that was going to be used. I am trying to understand whether that has had an impact on the integrity or the structure of the bridge.

**Ms R. SAFFIOTI:** There were no issues with the steel quality.

**Mr D.C. NALDER:** Were there any design changes to the pedestrian bridge?

**Ms R. SAFFIOTI:** We took the fabric off.

**Mr D.C. NALDER:** Just the skin?

**Ms R. SAFFIOTI:** Yes, and we put the stairs in for the bridge climb.

**Mr D.C. NALDER:** Can the minister please explain why the cost has gone from \$52 million originally to \$83 million?

**Ms R. SAFFIOTI:** If we want to go through the history of this —

**Mr D.C. NALDER:** Not the history; I just want to understand the price breakdown of the increased cost.

**Ms R. SAFFIOTI:** The feedback I have always got from everyone, including the unsuccessful tenderers in the process, is that the previous government set a budget of \$50 million and then said that it wanted to buy a bridge for \$50 million. It then tried to get a bridge.

**Mr D.C. NALDER:** It was a tender process and the prices came in.

**Ms R. SAFFIOTI:** It set a budget before —

**Mr D.C. NALDER:** No; there was a tender process.

**The CHAIR:** Member for Bateman, you have asked the question. Listen to the answer, please.

**Mr D.C. NALDER:** But it is inaccurate.

**Ms R. SAFFIOTI:** The previous government set a budget and then it went out to the market. It then chose the most complicated—it is quite beautiful—bespoke bridge we have ever seen. No-one really comprehended—I have spoken honestly to everyone who has ever been involved with this bridge—the complexity of delivering this bridge. As I have said, it is quite outstanding, but the complexity is incredible. The engineering companies needed 62 000 specific drawings to build it. I think this came out in the Langoulant inquiry. The idea that the previous government could deliver this bridge for \$50 million was probably false from the start. That is what it did, and then it basically did not oversee the project.

**Mr D.C. NALDER:** I beg your pardon?

**Ms R. SAFFIOTI:** The previous government did not oversee the project properly.

**Mr D.C. NALDER:** Main Roads was facilitating it. Is the minister saying that it was doing it incompetently?

**Ms R. SAFFIOTI:** No; I am saying that the then minister —

**Mr D.C. NALDER:** The same department that advised us is currently advising the minister.

**Ms R. SAFFIOTI:** This is my view. The previous government did not manage the project, and when we won government, we were waiting for those components to come. Initially, I was very keen to wait for those components to come to see what would happen, but they were not coming. I can say that there was a sense of frustration, particularly by Main Roads, that these components would never arrive. Is that correct, Peter? We were frustrated that we had no certainty that they would arrive. Meanwhile, we were getting different feedback. A legal dispute was happening over who owned the fabricating yard in Malaysia. We had options—we could sit back and wait for these components to come or we could try to do what we could to make the project work, and that is what we did.

**Mr D.C. NALDER:** Is the person who was responsible for overseeing the contract at Main Roads the same person who is responsible for managing and overseeing the contract today or has that person been moved on?

**Ms R. SAFFIOTI:** The then minister has been moved on.

**Mr D.C. NALDER:** That is not the question and I do not think it is an appropriate response in this committee. I am asking the minister whether the people who were responsible for managing the contract are the same people who are managing the contract today.

**Ms R. SAFFIOTI:** We are working together to get an outcome.

Mr Vincent Catania; Ms Rita Saffioti; Mrs Liza Harvey; Mr David Michael; Mr Shane Love; Mr Dean Nalder;  
Mrs Jessica Stojkovski; Chair; Mr Simon Millman

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**Mr D.C. NALDER:** Can she answer the question?

**Ms R. SAFFIOTI:** I am saying that the person who was responsible was the then minister for roads.

**Mr D.C. NALDER:** No; I am asking —

**The CHAIR:** Member for Bateman, you have asked the question. The minister can answer how she likes.

**Ms R. SAFFIOTI:** If the member wants to come in here and attack the people who worked for him, he can do that, but I do not think it is a nice thing to do.

**Mr D.C. NALDER:** I am asking a simple question. Is the person who was previously responsible for managing the contract the same person who is responsible for managing the contract today?

**Ms R. SAFFIOTI:** We have also changed the style of the contract. There was direct involvement by the state to secure a good outcome; that is what we did. There were a number of key factors, including the complexity of the project. Members would agree that it is far more complex than the previous government envisaged.

**Mr D.C. NALDER:** The minister is not answering the question. It was a simple question.

**Mrs L.M. HARVEY:** I understand that the contract had incentive payments built into it for delivery on time and that they were truncated over a period until there was zero incentive if the bridge was not finished by, I think, 21 April. Were any penalty clauses built into that contract for delays in delivering the bridge?

**Ms R. SAFFIOTI:** It is an alliance contract, so there is a joint reward–joint penalty program. As a result of the reprogram of work, the company agreed to work not for profit but at cost because of the complexity and what happened with the project.

**Mrs L.M. HARVEY:** Could the minister explain that? I do not understand what she means.

**Ms R. SAFFIOTI:** It is an alliance contract, so it is an open book contract. Basically, we renegotiated to ensure that because of the high risk of the project, the state was able to be involved to try to manage the outcome. As a result of the renegotiations, the company agreed to work not for profit but at cost, and that is what is happening. The managing director will talk about that.

**Mr P. Woronzow:** The answer to the member's question is that when the contract was renegotiated into an alliance, it had a \$2.6 million incentive payment. That was for delivery by 30 March. That is no longer payable. The contract also has a risk reward regime built into it whereby if there is an overrun, the contractor pays 60 per cent of any overrun. At the same time the contract was renegotiated, the York Rizzani Joint Venture agreed to work at cost, so it is forgoing its profit and overhead. All construction companies basically make between five and eight per cent, so this company is forgoing that percentage. There is a natural driver for it to complete the project as soon as possible because it is not making any profit. It could have used all the resources it has on-site and in the state for building this bridge somewhere else to make that profit and overhead.

**Mrs L.M. HARVEY:** So were any liquidated damages built into the contract?

**Mr P. Woronzow:** No. The liquidated damages under the previous contract were in the order of \$2.3 million. When we negotiated the new contract, the incentive payment in the order of \$2.6 million took the place of the liquidated damages. Our estimate at the time was that the completion cost of the bridge was \$83 million. If the company did not complete it by 31 March, in effect it would forgo the equivalent of the value of damages of \$2.6 million, which it has done.

**Mr D.C. NALDER:** The advice that I received was that the steel to be used could not be sourced from Australia and that it would cost additional funding. So, it was being sourced from overseas and fabricated overseas. That is the advice I got as the minister at the time when I became aware that it was being done overseas. I assume that if there has been no design change in the steel that is being used, the steel sourced for this bridge is still coming from overseas; is that correct?

**Ms R. SAFFIOTI:** I will go through that. In relation to the steel being sourced, because of the weight of the Teflon covering, the steel had to come from overseas, but not all of it.

**Mr D.C. NALDER:** For the arches?

[11.30 am]

**Ms R. SAFFIOTI:** Yes, we went through a process with an Australian steel supplier to source all potential steel that could come from Australia. We still had a requirement to bring in some steel from overseas. One of the reasons for the delay back in November was that we were waiting for those shipments to come in. We did what we could, but the design required some steel to come from overseas. At that time, we had to bring it in from overseas because that is what the design dictated.

**Extract from Hansard**

[ASSEMBLY ESTIMATES COMMITTEE A — Thursday, 24 May 2018]

p383b-394a

Mr Vincent Catania; Ms Rita Saffioti; Mrs Liza Harvey; Mr David Michael; Mr Shane Love; Mr Dean Nalder; Mrs Jessica Stojkovski; Chair; Mr Simon Millman

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**Mr D.C. NALDER:** Is there anything specific that has driven that cost increase to \$83 million? The minister just said that the work is now being done at cost. Was the tender quote that was provided by the company that far removed from the real cost of building Matagarup Bridge, or have we paid double for certain things?

**Ms R. SAFFIOTI:** This idea that we have paid for two bridges is completely wrong. We have not paid double. I do not know whether the member was minister at the time, but he may recall that the price difference with the initial bids between the Australian work and the overseas work was about —

**Mr D.C. NALDER:** I was told it was \$3 million.

**Ms R. SAFFIOTI:** I think it was a bit more. We are basically paying for the arches and the deck to be made by Western Australian fabricators at their price.

**Mr D.C. NALDER:** My understanding is that the deck was always to be made in WA. The arches were to be made overseas.

**Ms R. SAFFIOTI:** No, the deck was to be made overseas as well. We inherited a program of work in which the arches and the deck were to be made by the overseas contractor. I will go through it again. After we won the election, the initial advice was that there was a dispute between the Korean wind turbine company that had bought the fabricating yard and the original owner, and that because the original owner would have to be kicked out by a certain date, they would not be able to finish the deck. That kicked off the whole process of complications.

**Mr D.C. NALDER:** I now understand why the table showing the breakdown of what was sourced and fabricated overseas and in Australia will not be released to me under freedom of information. I am advised that the deck was being made in Australia and that only the arches were being done overseas.

**Ms R. SAFFIOTI:** I am trying to understand the member's point.

**Mr D.C. NALDER:** I am just sharing information. When I was minister, I was given a table showing a breakdown of the steel that would be sourced in Australia and from overseas, and what would be fabricated in Australia and overseas for not only the bridge, but also the stadium and the railway. For some reason, I cannot get access to that table that was provided to me at my request when I was minister.

**Ms R. SAFFIOTI:** The deck was being made overseas, but then we brought it back here and Fremantle Steel Group has been making it and it is being installed at the moment.

**Mrs L.M. HARVEY:** The total budget for this bridge is \$83 million. Are we not exceeding that budget with these delays? Obviously, labour costs will extend past the date of completion of the bridge and that will be additional to what Cimtec or the companies involved thought they would incur. How are those costs being paid?

**Ms R. SAFFIOTI:** The project has been managed within the existing budget. Since August last year, there have been pluses and minuses through this whole contract. One of the gains is that the incentive payment is no longer there. Also, the \$4 million cost of the fabric is no longer there. I suspect that there will be other additional costs through the process, but it is a case of swings and roundabouts for the total contract. That is all being managed. Until the project is complete, we cannot tell the member the final cost, but it will all work within \$91.5 million. The same contractor is also doing the Nelson Avenue station. In a sense, the whole contract will come to \$91.5 million, including the Nelson Avenue bus platforms.

**Mrs L.M. HARVEY:** Presumably, some progress payments have been made for the bridge. Is money still sitting in Main Roads WA awaiting finalisation of the bridge and its delivery?

**Ms R. SAFFIOTI:** There are a couple of things. We are making progress payments, and that is still underway while the contract is alive. What is also built into the overall project is that the granite that is being used for the laydown area will be on-sold. That is another component that has always been part of the thinking.

**Mrs L.M. HARVEY:** When the bridge is finally completed, will the minister undertake to provide a list of the unders and overs so that we can understand how the additions to the bridge structure, such as the climbing ladder and other changes to the design, have had an impact?

**Ms R. SAFFIOTI:** Yes, we can provide that, but I would like the opposition members to provide an understanding of how they thought they could build that bridge for \$50 million. Did they really think they could build it for \$50 million?

**Mr D.C. NALDER:** The minister knows that there was a tender process. She knows that there was an independent panel of engineers who oversaw the plan and made recommendations to cabinet. She knows that the tender price came in at over \$50 million —

**The CHAIR:** Member for Bateman, is there a question?

**Mr D.C. NALDER:** Why is the minister making those sorts of statements when it has gone through a proper process?

Mr Vincent Catania; Ms Rita Saffioti; Mrs Liza Harvey; Mr David Michael; Mr Shane Love; Mr Dean Nalder;  
Mrs Jessica Stojkovski; Chair; Mr Simon Millman

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**Ms R. SAFFIOTI:** Because all the advice I received and what everyone told me was that there was no way it could be built for \$50 million.

**Mrs L.M. HARVEY:** Who said that?

**Ms R. SAFFIOTI:** All the unsuccessful tenderers, for example.

**Mr D.C. NALDER:** But it has been through formal a tender process and it has been recommended. What is the minister going on about?

**Ms R. SAFFIOTI:** I am saying that the fact that you failed to deliver a project that you —

**Mr D.C. NALDER:** The minister is misleading in this house, and that is inappropriate. These are misleading statements.

**The CHAIR:** Member for Bateman! You have asked the question and the minister has answered it. Is there a further question?

**Mr D.C. NALDER:** No.

**The CHAIR:** The member for Mount Lawley has the call.

**Mr S.A. MILLMAN:** I refer the minister to page 521 of budget paper No 2 and the table “Details of Controlled Grants and Subsidies”, in particular the line item “Election Commitments”. My question relates to the Walter Road West–Wellington Road intersection, which is in my electorate of Mount Lawley but also abuts the electorates of Maylands and Morley. Can the minister advise what is being done to reduce congestion at this notorious intersection?

**Ms R. SAFFIOTI:** This intersection, together with the whole traffic management around the Morley Galleria Shopping Centre, is a major congestion point. When I have talked to the planning community about the Galleria, they tell me it is an activity centre that is primarily driven by the shopping centre and, as a result, the network around it was never originally created to feed a major employment and destination source. This is just one product of what is a major congestion issue. We have committed \$1 million towards the issue. Main Roads WA is providing some technical input into the City of Bayswater to deliver this project, and it is, of course, liaising with community and local government members. A meeting was held recently to look at ways to go forward. We are trying to make major road modifications to facilitate reduced congestion and improved connectivity. Our overall plan will involve the new train station and other components, but we are very keen to work on this particular pinch point with the City of Bayswater and to provide some advice and assistance in helping to solve the issue.

**Mrs L.M. HARVEY:** I refer to page 518 of budget paper No 2 and the table “Works in Progress”. About two-thirds of the way down is the line item “Kwinana Freeway—Access to Murdoch Activity Centre”. Has the business case for this been completed?

[11.40 am]

**Ms R. SAFFIOTI:** It was part of the original business case created by the previous government.

**Mrs L.M. HARVEY:** I understand that the design of this project has significantly changed, though. Has there been a revision to that business case?

**Ms R. SAFFIOTI:** It has not been significantly changed. This project was part of the original Perth Freight Link business case and the design has not been dramatically changed. There have been some discussions with local communities about access points, but I suspect there has not been significant change that would dramatically impact a business case.

**Mrs L.M. HARVEY:** I understand that the community consultation has changed the route. Is that correct? I thought some changes had been made to the original proposal.

**Ms R. SAFFIOTI:** As I said, the original proposal was part of the overall PFL. Since that time, we have worked with the respective councils to try to get an agreed project, and that is what we are delivering. Basically, we have worked with both councils. The member would not be surprised to learn that we could not satisfy every council on this project, but we have tried to do what we planned to do, which is improve access from the south and the east to the Murdoch activity centre and, of course, the St John of God Murdoch Hospital precinct. We have tried to make sure that we do not create major traffic issues to the west and we are trying to, again, work to improve local access at many points, noting that discussions continue to be held about some areas. It has been a very difficult project to balance what Melville wants with what Cockburn wants—that is probably the right way to say that.

**Mrs L.M. HARVEY:** Does the original business case put forward by the previous government have the same cost as has been expended in this budget?

**Extract from *Hansard***

[ASSEMBLY ESTIMATES COMMITTEE A — Thursday, 24 May 2018]

p383b-394a

Mr Vincent Catania; Ms Rita Saffioti; Mrs Liza Harvey; Mr David Michael; Mr Shane Love; Mr Dean Nalder;  
Mrs Jessica Stojkovski; Chair; Mr Simon Millman

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**Ms R. SAFFIOTI:** I suspect it does. I tried to get access to that document, but I have not been able to get access to that document.

**The appropriation was recommended.**

*Meeting suspended from 11.42 to 11.50 am*