

STANDING COMMITTEE ON ESTIMATES AND FINANCIAL OPERATIONS

2018–19 BUDGET ESTIMATES HEARINGS



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

**SESSION ONE
DEPARTMENT OF TRANSPORT**

Members

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

Hearing commenced at 10.00 am

HON STEPHEN DAWSON

Minister representing the Minister for Transport, examined:

Ms NINA LYHNE

Acting Director General, examined:

Mr STEVE BEYER

Acting Managing Director, examined:

Mr PETER PAROLO

Executive Director, Finance and Procurement Services, examined:

Mr ANTHONY KANNIS

Project Director, Metronet, examined:

Mr RICHARD FARRELL

Chief of Staff, Minister for Transport, examined:

The CHAIR: Good morning everyone and welcome to the 2018 budget estimates hearing of the Legislative Council Standing Committee on Estimates and Financial Operations. On behalf of the standing committee, I welcome you to today's hearings. Can the witnesses 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 the 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 that the evidence be taken in closed session before answering the question. Agencies have an important role and duty in assisting the committee to scrutinise the budget papers. The committee values your assistance with this.

Minister, have you got a brief opening statement of no more than two minutes?

Hon STEPHEN DAWSON: I do not.

The CHAIR: I already have an indication from members who would like to ask questions. We will start with committee members.

Hon DIANE EVERS: My first question is in reference to page 495 of the budget paper No 2 under "Outcomes and Key Effectiveness Indicators". The first line item shows the percentage of containerised freight transported by rail in relation to the total metropolitan container movements to and from Fremantle port. It is good that the percentage has risen in the past year from 15.2 to 15.7. I am just wondering what steps are being taken to increase this to the expected 16.3 per cent for the coming year.

Hon STEPHEN DAWSON: Thank you, honourable member. I will ask Mr Beyer if he can provide a response to that.

Mr BEYER: We are making quite significant progress already. In fact, we have exceeded that target. In May this year we reached over 18 per cent of containers on rail, and that is on a growing base of port trade as well. Already, we have had fairly considerable success. The primary catalyst for that has been the increased subsidy provided by the government, which has enabled the rail terminal manager and operator to get out there and start to attract new clients and freight forwarders back onto the rail service. In addition to that, we are doing some pretty active work with the rail operator to explore the rules under which we might pay for empty containers to be returned back to the port and have that subsidised through the subsidy arrangement. Empty containers have not traditionally attracted a subsidy, so there is some market share growth there as well. Then we are exploring some related opportunities where some higher productivity vehicles can come in from regional WA directly into the Forrestfield terminal to bring some regional containerised cargoes directly in there to attract that on rail as well. A number of things have been done to build on what is already a fairly strong success.

Hon DIANE EVERS: That is good; thank you. I notice that the funds have been increased for the CAT buses. This is found in the spending changes table on page 491. It has been increased in the years 2018–19 and 2019–20. I was wondering why that increase is for those two years and not continuing into the future.

Hon STEPHEN DAWSON: That is found on page 491—the spending changes down at the bottom—in relation to CAT funding. I will ask Mr Beyer if he can provide an answer for that one, please.

Mr BEYER: The reason why it does not extend right through the forward estimates is that we are doing major survey work in conjunction with the PTA to look at patronage across the CAT bus system and to see whether or not the current services across the blue, red, green and yellow CAT services are actually meeting all expectations or whether there is either a case to rationalise and reallocate some of those bus service kilometres to bring in new services or just to build on that. Once we go through that formal survey, which we only do every handful of years, then we will have a base to work from in terms of whether or not we want to just leave things as the status quo and, hence, fund the current service kilometres, or whether we want to make some adjustments and that would make a more material change to the funding arrangements from the Perth parking fund.

Hon DIANE EVERS: Great; that sounds good. The next question is also to the key efficiency indicators back on page 495, and this one is in reference to the vehicle services—sorry, it is on page 497. I note that the average cost per vehicle inspection performed by the vehicle examination centres rose significantly to \$322 and that it is targeted to fall back to \$170. What are the expected circumstances that would allow for such a change—both the increase and the decrease?

Hon STEPHEN DAWSON: I will ask Ms Lyhne if she can provide a response to that one, please.

Ms LYHNE: You are referring to the vehicle examinations performed by vehicle examination centres. We have undertaken significant reform in the area of vehicle examinations, including the authorisation of independent stations to undertake the work on behalf of the government. A lot of the work that is done in relation to vehicle examinations is actually now done by authorised inspection stations, which are located in more places than we were able to locate our examination stations, so it provides a much more convenient service for the customer. The drop in volumes in relation to the vehicle examination services that we perform has affected the cost of delivering those service. As we transition fully to the new service—obviously, we have been in transitional phase with staffing and those sorts of things, so the costs have not dropped yet. But next year, as

you see our efficiency indicators, you will see that ours will more align to the expected costs that you see in the out years there.

Hon TJORN SIBMA: My question is a continuation of that line of investigation. I might just go back a bit. I am referring to the table on page 506 of the budget papers, in particular the line item concerning motor vehicle inspection fees. I will just note the 40 per cent increase from 2017–18, which was \$13 337 000 to the 2018–19 estimate, which is \$18 707 000. Is this change on the basis of attempting to get full cost reflectivity for the service provided?

Hon STEPHEN DAWSON: Mr Parolo, thank you.

[10.10 am]

Mr PAROLO: Thank you, minister. Just as an explanation, with the motor vehicle inspection fee service structure and the reform process, the increase that you are seeing is actually a move towards full cost recovery. There is more than \$4 million involved in the actual increase in costs in those particular activities, and it is part of the actual pricing structure reform process that we have undertaken to ensure that we get a full cost recovery in that particular area.

Hon TJORN SIBMA: That is helpful. How far are we off full cost recovery for the service? Is it intended to get to 100 per cent over the course of the estimates or are we going to get there this year?

Mr PAROLO: Following up on that, what we will be covering once we get to 2018–19 is full cost recovery. There will not be any further increases in those fees and charges other than maintaining the full cost recovery in that particular area and activity of the business.

Hon TJORN SIBMA: With regard to this methodology or reform in fees charged for services provided, until this point, was the motor vehicle inspection fee charge the outlier in terms of fees charged at a deflated rate, or are there other reforms which are likely to increase fees and charges across the other spectrum of services provided?

Hon STEPHEN DAWSON: I will ask Ms Lyhne if she can provide a response to that one, please.

Ms LYHNE: Thank you. We constantly review our costing models, and as the nature of our business changes, those costing models need to be reviewed. For example, as we deliver more online services, it significantly shifts costs around the organisation. So it is very difficult to maintain a constant baseline for one particular fee or service, because the changing nature of the way we deliver the service affects the costing models for all of those services.

So as a general answer to your question, our aim is to have 100 per cent cost recovery and to increase to that, but you will see that there will be shifts. For example, we have really significantly increased the amount of online service delivery that we do, which is great for the customer and reduces costs in some areas, and that does then also shift costs. Whilst that applies to some extent to vehicle inspection fees, it applies right across the board. You will see those sorts of shifts over time.

Hon TJORN SIBMA: For the regulatory fees and fines listed on page 506 of the budget paper, is there a next targeted service that the Department of Transport would like to remediate or move towards full cost recovery?

Hon STEPHEN DAWSON: Before I hand over to Ms Lyhne, I make the point, members—Ms Lyhne can provide part of an answer to this—some of these decisions are, of course, yet to have cabinet endorsement, so while the department may well like to move to 100 per cent cost recovery in all areas, those conversations have not happened at the ERC level or indeed cabinet level. Noting that point, I will ask Ms Lyhne if she can supplement my answer.

Ms LYHNE: Thank you. The model that we use, seeking to achieve full cost recovery to the extent that government has directed it, is applied across all of the services. The model in the driver and vehicle services area is a sophisticated model that has been in place for some time, so it is applied equally across those services in the driver and vehicle services area.

Hon TJORN SIBMA: Minister, through you, because this is a policy question—you might seek supplementary answers—if I am to understand the answers provided to me today, the department is of the disposition to attempt as best it can to ensure full cost recovery for the services it provides. There are a number of services which may well fall short of that at the moment, which will be taken to cabinet or ERC and then to cabinet for some decision-making. Can I get a sense, though, of whether or not there is a ceiling placed on fees and charges that we will not get, say, where we are in the water domain, where there is over-recovery? Is there policy guidance from cabinet to the Department of Transport that says: you can charge up to this amount of money for this service but no further?

Hon STEPHEN DAWSON: If I can say, it is certainly Treasury's view that we should be charging full cost recovery for the services that we offer. I think it is probably fair that people in the suburbs who do not have cars should not be paying to subsidise other people who do, for example. That happens right across government. So it is Treasury's view that we should be charging full cost recovery. There is certainly no intention to overcharge; I do not believe we can in this space. I might ask Ms Lyhne if she can supplement the answer.

Ms LYHNE: As I explained before, they are models where we put our costs in, so that is a constantly moving feast, so our aim is to move to cost recovery in the driver and vehicle services area. We are quite sophisticated in that area and many of those fees are approaching or are there. In other areas where the department delivers services we are way below cost recovery, and then there is a strategy to move towards cost recovery in those areas, so it really depends on the specific service being delivered.

Hon TJORN SIBMA: Minister, through you, but perhaps Ms Lyhne is the person best able to provide the answer: of that list there, which of these fees and fines are clearly below cost recovery?

Hon STEPHEN DAWSON: If I can ask Ms Lyhne if she can respond, please.

Ms LYHNE: Each of the line items that you have here are in fact made up of a significant number of fees that sit under those, so it is a difficult question to answer in a simple sense. If there are specific questions in relation to specific gazetted fees and charges, then we can answer that.

Hon TJORN SIBMA: I will put them in.

The CHAIR: We are going to move on now to Hon Aaron Stonehouse.

Hon AARON STONEHOUSE: Thank you, Chair. Referring to page 503, and under "On-demand transport reform", there is the line item there, "Regional reform", of which 2018–19 has budgeted \$390 000 for regional reform. Can you tell us exactly what that is? Is that a grant or a subsidy, and what is it for?

Hon STEPHEN DAWSON: I will ask Ms Lyhne if she can provide an answer to that one, please.

Ms LYHNE: As part of the on-demand transport industry reform, it is proposed to apply a levy to all on-demand passenger fares that start or finish within the defined Peel or Perth area. The City of Mandurah and the Shire of Murray districts will be included in that levy area as they are close to Perth. It makes logical sense. Taxi operators in Mandurah and in the Murray districts are currently hampered by restrictions on limited taxi jobs because they are not in that Perth area; at the same time, they have direct competition from unrestricted charter services that operate to and from

Perth. So to support those taxi operators who are currently operating in Mandurah and in the Murray districts to compete on an equal footing with the established metropolitan operators, who will also have the levy applied to their fares, it is proposed to offer a one-off payment of \$10 000 to each of the 39 existing taxi-car licences held in that area.

[10.20 am]

Hon AARON STONEHOUSE: I note it was recently announced by the minister that the levy would not apply to regional taxis for the buyback scheme. How is the \$390 000 funded in this case? Is it coming out of consolidated revenue or is there another levy that will apply to fund this grant?

Ms LYHNE: This will not be funded through the levy. It is funded as part of a separate submission made through government and approved by government.

Hon AARON STONEHOUSE: Moving on for now, on page 507 under “Other” I note there are firearm licence fees, of which in 2016–17 there was \$15 000 actual, in the 2017–18 budget there is \$4 203 000, and then no money is budgeted through the forward estimates. Can you tell me what that is? I am a little confused about why there are licensing fees appearing under the Department of Transport and why it appeared in the last two years but is not appearing in the out years.

Hon STEPHEN DAWSON: I might begin to give a response and then might get somebody to supplement it. The collection of this revenue was a transition to the WA Police during the 2016–17 year. The full transition took effect from 31 December 2016. The total revenue collected by DoT in 2016–17 was that \$14 630. The revenue estimates in 2017–18 and the forward estimates were removed from DoT’s budget as part of the 2017–18 midyear review. That is why it is here and then gone.

Hon AARON STONEHOUSE: Sure. I go back to page 498 and to the line item “Cost of Regulation per Taxi Plate Administered”. Just noting the government’s current plan to deregulate the on-demand transport space, do you anticipate the cost of regulation per taxi plate administered will decrease in light of these deregulations; and, if so, by how much?

Hon STEPHEN DAWSON: I will ask Ms Lyhne to provide a response to that one.

Ms LYHNE: The reform in the industry will be significant. The questions that were asked before about cost recovery are also relevant here. We will transition subject to the legislation passing through the Parliament. As those changes are implemented there will be significant changes to the regulator itself—the department. The regulator will become a cost-recovered regulator. There will be cost models applied to the fees and charges that will be charged in relation to administering taxi plates or licences of any sort, and the fees and charges will reflect the actual cost of service delivery.

Hon AARON STONEHOUSE: I refer to page 503 and the line item “Multi-purpose Taxi—Vehicle Modification Grant”, of which there is some \$345 000 budgeted. Can you tell me how many grants are received and approved each year—perhaps a rough figure?

Hon STEPHEN DAWSON: While my advisers find some detail for that I will give a bit of information. The multipurpose taxi vehicle modification grant is designed to provide financial assistance for owners of MPT vehicles to fit their vehicles with a wheelchair hoist so that wheelchair passengers can be safely boarded into the taxi. The grant is currently valued at \$15 000 per vehicle. I have just been advised that we will have to take it on notice, given that we do not have that level of detail in our files today.

The CHAIR: The question is the number of grants —

Hon AARON STONEHOUSE: Grants applied for and approved under the multipurpose taxi vehicle modification grant.

The CHAIR: In the last financial year and the budgeted amount for this financial year?

Hon AARON STONEHOUSE: Yes, please.

[Supplementary Information No A1.]

Hon AARON STONEHOUSE: Just on that —

The CHAIR: Sorry, member; I think you are going to go on to a different question.

Hon AARON STONEHOUSE: It is just in regard to the grant, if I have time.

The CHAIR: Is it supplementary information?

Hon AARON STONEHOUSE: No, just a question around how the grant is administered, I suppose.

The CHAIR: Could you just hold on to that while we move around.

Hon COLIN TINCKNELL: My question is regarding the last increase in the CAT budget. I am referring to budget paper No 2, page 491, with reference to the CAT bus service and the expenditure, which has increased from \$150 000 to \$398 000. Is the increased funding a result of an increase in parking revenues? The rationale I am using is that the funding for CAT buses traditionally has been derived from parking revenues.

Hon STEPHEN DAWSON: I thank the member for the question. The CAT bus service funding, which is funding from the Perth parking licensing account, had flatlined for a number of years. Due to the cost of running the service exceeding the grant funding provided, the ERC approved to have escalation applied to this funding between 2017–18 and 2019–20 as part of the 2017–18 midyear review. This approved funding was \$1.3 million across the three years from 2017–18 to 2019–20. That is essentially it, member. It flatlined for a number of years. ERC thought further funding was needed, and that was provided in that 2017–18 midyear review process.

Hon COLIN TINCKNELL: Moving on to page 502 of budget paper No 2 and the income statement, what underpins the changes in the spending on supplies and services between 2016–17 and 2020–21? Spending on supplies and services peaks at around \$84 million and it declines in the next two years.

Hon STEPHEN DAWSON: Member, is it page 502 under “Expenses”? I think the member said “Income” first of all, but it is under “Expenses”.

Hon COLIN TINCKNELL: Yes.

Hon STEPHEN DAWSON: And it is the supplies and services line item.

The CHAIR: I think the question is that it peaks at \$81 438 000 in the 2019–20 estimates and then it declines slightly to \$77 million and \$79 million. I think the member wants an explanation of why that is.

Hon COLIN TINCKNELL: Yes.

Hon STEPHEN DAWSON: Thanks, Madam Chair. I am happy to ask Mr Parolo if he can provide a response.

Mr PAROLO: Excluding the grants and subsidies change, which is quite substantial because of the buyback scheme, the supplies and services will vary according to the various programs we have got on. There may be timing differences. In some cases we may seek to carryover some of our activities from year to year, but we also have been through a number of reviews. Treasury has been quite keen, for example, to ensure that we are as efficient and lean as we possibly can be. I would say that if we were looking at specific details, we would have to do quite a bit of analysis to get that

information, but in general terms it is really about being more efficient with our supplies and services and other contract opportunities that we get.

Hon COLIN TINCKNELL: Okay. I just have one more question. I refer to the service summary on page 494 of budget paper No 2. What underpins the increase in spending in 2018–19 and the subsequent declines in spending for the strategic transport policy and integrated planning services? It peaks at around \$102.9 million in 2018–19 and declines to \$62.9 million in 2021–22.

Hon STEPHEN DAWSON: I will ask Mr Beyer to comment on that. It is essentially to do with funding deferrals in years or projects coming online in certain years, but if Mr Beyer could provide a fulsome response, that would be great.

Mr BEYER: The primary reason is the way we have reallocated funding for cycling investment in the principal shared paths network. The government had an election commitment to allocate \$20 million per annum, but with some desire to fast-track the investment in the Fremantle railway line to go west of Grant Street. We have worked with Treasury to reallocate the cashflow of that money over four years, and brought forward a substantial amount of money earlier on rather than just having a steady flow of that \$20 million over the four years.

[10.30 am]

Hon JIM CHOWN: My question is in regard to the on-demand transport industry. How many taxi trips were taken in the last 12 months by both the regulated taxi owners and Uber in the metro area?

Hon STEPHEN DAWSON: Is the honourable member referring to a line item in the budget?

Hon JIM CHOWN: No. This is a policy matter; I do not have to refer to a line item in the budget in the Legislative Council.

The CHAIR: It is desirable that the question relates to the budget.

Hon JIM CHOWN: It is to do with money, Madam Chair, so I would like an answer to my question.

The CHAIR: What part of the budget is your question —

Hon JIM CHOWN: We already have had a policy question on this matter that was not interrupted in regard to —

The CHAIR: For example, is it located under significant issues impacting the agency on page 492?

Hon JIM CHOWN: No, Madam Chair; it is not.

The CHAIR: It is not a question that relates to the budget; it is a question that relates to general policy.

Hon JIM CHOWN: I have just been informed by my colleague that it is page 492.

The CHAIR: Which dot point is it, member?

Hon JIM CHOWN: I do not have a dot point. It is just a general question.

Hon STEPHEN DAWSON: I am not trying to be difficult, honourable member.

Hon JIM CHOWN: I am glad to hear it, minister.

Hon STEPHEN DAWSON: If the member refers to a point, we have copious notes and we can find it.

The CHAIR: Member, the whole point is that the minister and witnesses can locate parts of their information in their information folders. You may or may not know that because you may or may not have been a witness in the past.

Hon STEPHEN DAWSON: To be helpful, I am advised that that information is not in our files, member. If the member could repeat his question, I am happy to provide that information by way of supplementary. I am not sure that we know how many Uber trips take place in Western Australia, but ask the question again and we will seek to provide as much of the detail as we can in an answer to you by way of supplementary.

Hon JIM CHOWN: Thank you. I am wondering how many taxi trips are taken annually in the metro area, including the regulated industry and Uber operators.

The CHAIR: The question is: how many taxi trips and how many on-demand vehicle trips, by provider if possible, are undertaken each year in the metropolitan area?

Hon JIM CHOWN: Correct.

[Supplementary Information No A2.]

The CHAIR: Is that clear, minister?

Hon STEPHEN DAWSON: That is absolutely clear, Madam Chair. We will provide as much of the detail in answer to that question as we can.

Hon JIM CHOWN: My understanding is that it is anywhere between 12 million and 14 million per annum, which is a large number, and I would imagine that is increasing. In regard to the third dot point on page 492 and the new tax proposal on taxi users, I note that it is termed a “levy” in the budget papers, but a levy is actually a verb that denotes the act of charging a tax, so I will call it a tax, and that is what it actually is. How will this proposed new tax be administered? How will this new tax be collected on the millions of taxi users throughout the metro area?

Hon STEPHEN DAWSON: The member is of course referring to the on-demand transport reform levy, which is the government terminology for it. Obviously, members would be aware that the state government is making major reforms to the on-demand transport industry to try to create a level playing field for operators and also greater flexibility for both drivers and customers in this space. The government’s reform package includes a taxi plate buyback scheme. The buyback scheme seeks to reimburse taxi plate owners for the estimated loss of investment as a result of market disruption in the highly regulated taxi sector. The calculation method was established following careful deliberation and analysis by the Department of Finance and Treasury in consultation with the Department of Transport. The government’s scheme is the most generous in the country. Of course, members would be aware that other states have grappled with this issue or are indeed grappling with it. The buyback scheme will cost approximately \$120 million to be recovered over an estimated four-year period through a temporary 10 per cent levy on fare revenue paid by on-demand booking services.

Hon JIM CHOWN: Thank you, minister, for that. My question still stands: how will the 10 per cent tax be administered and collected?

Hon STEPHEN DAWSON: I will ask Ms Lyhne if she can talk about that temporary 10 per cent levy.

Ms LYHNE: The levy will be set at 10 per cent of the fare or the booking price to a maximum of \$10. The intention is to collect the levy through the booking services.

Hon JIM CHOWN: Is that through the taxi booking services?

Ms LYHNE: Yes.

The CHAIR: Thank you, member. Your time has concluded.

Hon JIM CHOWN: I actually have one more question.

The CHAIR: We might have time to come back to it. Each member has been allocated a set amount of time. We recalculated that amount of time when a new member came in and indicated they indicated they wanted to ask a question. It is now down to five minutes. I give the call to Hon Ken Baston.

Hon KEN BASTON: My question is on budget paper No 2, volume 2, and the Broome boating facilities upgrade. On page 492 there is \$71 million in the budget for coast infrastructure. How much of that funding has been spent in Broome and what improvements to boating facilities have occurred since 2017?

Hon STEPHEN DAWSON: I have found the item on page 492. The question relates to the Broome boating facilities upgrade project. Member, we think the information is in the file, but we are just taking a moment to locate it. Apologies, member; we cannot find it at the moment. I am happy to take it on notice if that is easier and we will get the answer. At least it will be an up-to-date answer with the correct figures. What is in our files is probably a little out of date, so we will provide you with the most recent figures available by way of supplementary.

[Supplementary Information No A3.]

Hon JIM CHOWN: Does the deployment of funding have any relationship to the announcement of the Kimberley marine supply base plans recently?

Hon STEPHEN DAWSON: I will ask Ms Lyhne to provide an answer to that question.

Ms LYHNE: That funding that is in the budget is in relation to the government election commitments around boating facilities in Broome. It is around—I do not have the specific detail—improvements to the Entrance Point boating facilities, improvements at Town Beach and general access to those areas. It is not related to the supply base.

The CHAIR: Minister, maybe we could have included in that supplementary information, if possible, the scope of works for the Broome boating facilities upgrade project. Would that be the information you are looking for?

Hon KEN BASTON: Yes.

Hon STEPHEN DAWSON: We shall certainly try.

The CHAIR: As defined in the budget.

Ms LYHNE: Yes.

[10.40 am]

Hon SIMON O'BRIEN: I refer to page 492 and the significant issue that relates to coastal infrastructure, which is one of your key performance areas. I want to refer to something that is not in budget—that is, the Mends Street Jetty, which is one of your jetties. I understand you have had contact with the City of South Perth because they have a lot of plans for the land side development of that area. What is the Department of Transport doing, if anything, in terms of assisting in the upgrade of the Mends Street jetty facilities?

The CHAIR: I imagine it would be in the part of the budget that relates to facilities, services and upgrades, but we will just double-check on that.

Hon STEPHEN DAWSON: Member, we do not have that information in front of us; you kind of blindsided us. If it is okay, we will provide that by way of supplementary.

Hon SIMON O'BRIEN: I appreciate that very much, if that is the best way of doing it. I certainly was not attempting to blindside you. It is just that I have an interest in this matter, given that I understand the ferry loadings have increased almost 100 per cent since the opening of the very

successful Elizabeth Quay project and you are responding to the very successful Optus Stadium project up at Burswood. I look forward to getting some more information.

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

Hon SIMON O'BRIEN: Can I get a moment for another quick question?

The CHAIR: I will just allocate that a supplementary number. It is any plans and the cost for the upgrade to the Mends Street jetty.

Hon STEPHEN DAWSON: And where the conversations are at, I think, is part of it too.

The CHAIR: And where it might be located in the budget; is that correct?

Hon SIMON O'BRIEN: That is right. I have now expressed an interest with the department if there is anything else to follow-up out of session.

Hon STEPHEN DAWSON: I was just going to offer, member. We will provide this information by way of supplementary. Following that, if you would like a briefing on the issue, we are happy to facilitate that briefing at a further stage. Let us see the answer you get first then talk to me in here at a later stage about the conversations.

Hon SIMON O'BRIEN: That is very generous, minister. I appreciate that gesture very much indeed. It is always a pleasure to sit down with one of the finest departments I have ever created.

[Supplementary Information No A4.]

Hon SIMON O'BRIEN: Just on a quick note—it is following from something that was raised by Hon Jim Chown just now about the levy for—what did you call it?—the taxi buyback?

Hon STEPHEN DAWSON: On-demand taxi reform?

Hon SIMON O'BRIEN: Yes. Of the totality of the amounts proposed to be collected, how much of that cost would be defrayed into the administrative costs of collection, which, of course, will detract from the total pool available for compensation?

Hon STEPHEN DAWSON: I will ask Ms Lyhne if she can provide a response to that one, please.

Ms LYHNE: The actual proportion for administration is very small. The levy is being collected to fund the buyback. Other costs associated with changes to the on-demand transport sector are being funded, as I said before, through cost recovery or through specific budget processes around system builds or those sorts of things. The levy is significantly predominantly around funding the buyback of the plates. We can take on notice the very small amount that might be —

Hon SIMON O'BRIEN: No, that is very helpful. I understand the totality of the levy will be given over to compensation; that is clear. And the administrative costs will be met by cost recovery. From whom will the cost be recovered and how?

Ms LYHNE: Cost recovery will work in a similar way to the way that it does across the department for motor vehicle licences. Depending on who the users are, there will be costs associated with, as there are now, to get T and F endorsements, for example. Drivers will continue to need to be endorsed to drive and deliver these services, so those costs will be recovered directly from those who are licensed. Vehicles will be licensed and booking services will be licensed.

Hon SIMON O'BRIEN: Of course, if it is directly about the costs associated with the buyback scheme, then, presumably, that cost recovery will be through the taxi licensing regime?

Ms LYHNE: The buyback itself will be funded by the levy. The costs of administering the on-demand transport sector—the regulations, if you like—will be through cost recovery.

Hon SIMON O'BRIEN: Of the on-demand —

Ms LYHNE: From the sector.

Hon SIMON O'BRIEN: From the sector—right; I understand. But you are not able to indicate what the total costs would be?

Ms LYHNE: Do you mean the cost of regulating the sector?

Hon SIMON O'BRIEN: No, that portion of that cost which is attributable to the cost recovery of the buyback scheme.

Ms LYHNE: I can take that on notice. There is a very small proportion of that that will be directly for the administration of the levy and the buyback scheme. We can take a notice to provide further information.

Hon SIMON O'BRIEN: That would be very satisfactory. Thank you.

[Supplementary Information No A5.]

Hon KYLE MCGINN: I refer to the second item on page 503 of budget paper No 2 relating to airfare subsidies. Can the minister provide an update on the government's work to make regional air travel more affordable and accessible?

Hon STEPHEN DAWSON: On page 503, that second line item is "Aviation (Public Air Route) Subsidies". In terms of a status report, in November 2017 the government delivered on its election commitment when the final report of the parliamentary inquiry into regional airfares was released. Since that time we have been working hard across government to implement, essentially, those recommendations that were in the report. Obviously, we value the work of that committee. Member, you would be aware that prior to the last election this was a hot issue in regional Western Australia in particular and continues to be an issue that we are dealing with. Of the 13 recommendations that were in that report, 12 are either fully supported or supported in principle and one, which relates to higher government approvals for new mining airstrips operating close to existing RPT airports is being further investigated. I understand this is an issue of concern in places like the Pilbara in particular. The implementation of the supported recommendations arising from that inquiry are being carried out via a review of the state aviation strategy. Additionally, regional airports across Western Australia will share in nearly \$1.4 million in regional airport development grants that will help further upgrade facilities.

I might ask Mr Beyer if there is further information he can provide in relation to that answer.

Mr BEYER: Thank you, minister. Just to complement what the minister indicated, the line item in the budget refers to a couple of areas where the department directly subsidises air services. In the first case, we subsidise an air service from Kununurra to Halls Creek jointly with the federal government. Secondly, the step up in funding in 2018–19 is to respond to the government's election commitment to look at how we can reinstate jet services from Perth to Derby and we have a proposal going to the government fairly shortly on that one to look at how we can go to the market to put a tender out to attract the airlines into that marketplace. It is most fair to say generally there are a couple of very specific subsidy areas. They are, mostly, as the minister indicated, how we are now responding to either supporting regulated services, which we have done very well in the past, and then stepping into the other parts of regional WA where we have traditionally had unregulated routes, where Qantas and Virgin compete. That is the area where there has been quite a bit of tension with the community about the price of airfares. We will be going out there actively over the next couple of years and working with the airlines and the communities to look at models of how we can better understand the airline pricing structure and then, secondly, look at ways of getting more flexible pricing in the marketplace.

Hon KYLE McGINN: I just have one more question. It is in reference to page 492 of budget paper No 2. Can the minister outline some of the projects to be funded by the regional bike network grants program?

[10.50 am]

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

Mr BEYER: Firstly, just to give you the overarching picture, there has been a step up in allocation of funding to meet the government's election commitments. From last year and over the forward estimates, we will have \$11 million to allocate to regional councils for their cycling grants. That is typically done on a 50-50 funding arrangement where the councils contribute half the project cost. There is a very large range of projects that we fund. I do not have the details of every one of them, but, as an example, the additional funding is enabling us to leverage some much bigger projects rather than small dribs and drabs of funding that we have been able to provide in the past. The City of Albany, for instance, has been awarded \$535 000 for a shared path called the Mt Elphinstone shared path over a couple of years, linking western Albany to the city, and an additional \$210 000 committed for the design and construction of a shared path along Grey Street–Aberdeen Street to connect to the city centre. The City of Busselton, has \$95 000 towards the country roads shared path and also \$190 000 towards College Avenue. The City of Karratha has \$205 000 towards Millstream Road. So we have got some big projects. If you wanted more detail, I might have to provide that through separately.

Hon STEPHEN DAWSON: I am happy to provide that on notice. There is one in the City of Karratha, too—so there are few in your area, member.

[*Supplementary Information No A6.*]

Hon COLIN HOLT: Madam Chair, can you clarify what the supplementary information is going to be?

The CHAIR: The list of projects funded under that.

Hon COLIN HOLT: Is that for all regional areas?

Hon STEPHEN DAWSON: The regional bike network grants program—those projects that have been funded previously and announced. We will provide that information.

Hon LAURIE GRAHAM: I refer to page 492 of budget paper No 2 regarding reform to the Perth and regional taxi industries. Can the minister outline how the reform will impact on the regional operators and what benefits there will be to country passengers?

Hon STEPHEN DAWSON: Thank you, member, for the question. In relation to the on-demand transport reform in regional Western Australia, following community consultation, the McGowan government did refine its on-demand transport reform package to reflect concerns raised, particularly in regional Western Australia. The government was able to accommodate the concerns with regional taxi operators not being required to pay the temporary levy on fares for trips booked outside the Perth and Peel area. Mr Lyhne is probably best placed to provide further information on that.

Ms LYHNE: Regional operators will benefit in a similar way to metropolitan operators with the removal of a number of restrictions that currently work in the taxi industry, so it would be similar in that regard. There are restrictions around geographic areas and things like that that do affect a number of regional operators, and those restrictions will be removed with the reform. There will obviously be benefits to consumers as well with the freeing up of, I guess, the marketplace and opportunities for different forms of transport.

Hon STEPHEN DAWSON: Madam Chair, noting that Hon Ken Baston did not get his full allotted time earlier, we have now found the answer to the Broome question. Do we want to give it to him now?

The CHAIR: We can ask for that to be tabled. I want to go back to Hon Jim Chown.

Hon STEPHEN DAWSON: It is very quick. It is literally just three numbers.

The CHAIR: Okay; quickly.

Ms LYHNE: The Broome boating facilities upgrade was the predominant part of the Broome commitments—\$5.2 million in 2017–18 and \$5.2 million in 2018–19. There is also an additional \$500 000 allocated for the planning for the Broome boat harbour marina.

The CHAIR: We might still hold that supplementary in case there is additional information about that.

Hon JIM CHOWN: I refer to page 493, budget paper No 2, dot point 10, the Fremantle container rail subsidy. Earlier on in the session, we had a statement that the subsidy applies only to loaded containers coming out of Fremantle and the government is looking at subsidising empty containers going back to Fremantle. I am just wondering what sort of alleviation is taking place in the number of heavy transport vehicles with this increased subsidy and the increased use of rail, especially along Leach Highway.

The CHAIR: Member, could you just repeat the last bit of the question?

Hon JIM CHOWN: The dot point says —

The Fremantle Container Rail Subsidy encourages the use of rail transport, decreasing the number of heavy vehicle movements on metropolitan roads.

Obviously, Leach Highway into Fremantle port is the main arterial route for these heavy vehicles. I am just wondering: what sort of decrease has taken place since the subsidy has been in place?

Hon STEPHEN DAWSON: Madam Chair, I will ask Mr Beyer to provide a response to that, please.

The CHAIR: Certainly, where he can; it might also be a question for Main Roads.

Mr BEYER: In the period July to March—I do not have full financial year figures because we are still completing this year—we have removed in the order of 69 000 one-way truck movements, which is a metric we use based on the number of containers. So, it is 69 000 one-way truck movements in that nine-month period compared with about 60 700 one-way truck movements in the previous corresponding period in the previous financial year.

Hon JIM CHOWN: Is the number of containers coming to Fremantle port fairly stable or are they decreasing or increasing?

Mr BEYER: As I indicated earlier, the 18.2 per cent rail share is on a growing port base as well. So, not only is the number of containers on rail increasing, the percentage is relevant to an increasing denominator with higher port trade. So, yes, the port trade is actually growing.

Hon TJORN SIBMA: This might get to a line of questioning that Hon Simon O'Brien put in relation to administration costs for taxi buyback. I refer to page 492 of the *Budget Statements*. I want to clarify an answer I received to questions submitted prior to the hearing. Can I just confirm that the department will encounter a system build cost of approximately \$510 000 to administer the scheme? I want to know whether you are creating your own bespoke IT system or purchasing something off-the-shelf. The follow-up to that is that you will be seeking an additional appropriation of \$300 000 per year for a revenue compliance officer, financial audit, external financial audit and systems maintenance. Is that built into the figures presented in the budget?

Hon STEPHEN DAWSON: The answer is, yes, but I will get Ms Lyhne to provide a more fulsome response to the member in the minute that we have left.

Ms LYHNE: In relation to the system, what we are very focused on is actually building a system that will make it as easy as possible for the people who are regulated by the system to use the system. So, it is about red tape and making it online as far as possible. Therefore, we are building our own system because it is going to be integrated with the driver and vehicle system that the department already has, and that will enable customers to use it in a much easier way.

Hon TJORN SIBMA: Might I ask how long it will take to build that system and whether any delays or problems are anticipated?

Hon STEPHEN DAWSON: The short answer is that they are building it now and they anticipate it being ready when it is needed. There has certainly been no indication of any delays. The work is progressing and all signs are that it will be ready to press go when it is needed.

The CHAIR: Thanks, member, and all members.

On behalf of the committee, I thank you for your attendance today. The committee will forward the transcript of evidence, which includes the questions you have taken on notice highlighted on the transcript, within seven days of the hearing. If members have any unasked questions, I ask them to submit these via the electronic lodgement system on the POWAnet site by 5.00 pm on Wednesday, 27 June. Responses to these questions and any questions taken on notice are due by 12 noon on Friday, 13 July. Should you be unable to meet this due date, please advise the committee in writing as soon as possible before the due date. The advice is to include specific reasons as to why the due date cannot be met. Once again, I thank you for your attendance today.

Hearing concluded at 11.00 am
