

Chairman; Ms Rita Saffioti; Mr Dean Nalder; Mr John McGrath; Ms Simone McGurk; Mr Terry Waldron; Mr David Templeman

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**Division 65: Transport, \$77 368 000 —**

Mr P. Abetz, Chairman.

Mr D.C. Nalder, Minister for Transport.

Mr R. Waldock, Director General.

Mr G. Doyle, Managing Director, Policy, Planning and Investment.

Ms N. Lyhne, Managing Director, Transport Services.

Mr P. Parolo, Executive Director, Investment and Finance.

**The CHAIRMAN:** Welcome to Estimates Committee B. Minister, would you like to introduce your advisers?

[Witnesses introduced.]

**The CHAIRMAN:** This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day.

It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point. The estimates committee's consideration of the estimates will be restricted to the discussion of those items for which a vote of money is proposed in the consolidated account. Questions must be clearly related to a page number, item, program or amount in the current division. It will greatly assist Hansard if members can give these details in preface to their question.

The minister may agree to provide supplementary information to the committee, rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the principal clerk by Friday, 3 June 2016. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice with the Clerk's office.

I give the member for West Swan the call.

**Ms R. SAFFIOTI:** I refer to page 719, "Strategic Transport Policy and Integrated Planning". What is the status of the minister's transport plan? When does the minister expect to release the plan? Will a draft plan be released for consultation? What is the likely timetable for implementation?

**Mr D.C. NALDER:** We have undertaken two years' worth of research on a long-term transport plan that aligns to Perth and Peel@3.5 million. We have taken work done previously around Directions 2031 and the public transport plan that was done under Minister Buswell and we have had to redo that work because one of its underlying assumptions was that the population would be around 2.2 million by 2031; now, estimates are for between 2.7 million and 2.9 million people. We have expanded the plan to a population of 3.5 million—we have even looked beyond a population of 3.5 million—and we have made sure that we have looked at every mode of transport. This plan looks at our road network, our rail network and our buses—whether that is bus rapid transit or light rail transit—as well as transporting people along our corridors more quickly. The department has undertaken two years' worth of research involving other specialist groups including universities, which have aided this research.

I am nearly ready to put the plan to cabinet. Beyond that, I would like to put the plan out for consultation, not as a final document but more to get further input and to engage with local government, industry and the community. I really want to seek their input because I believe that everybody has a right to have a say about what we aspire for this city to look like over the next 30 years, 40 years or 50 years. On the back of this work, it is important that the transport plan is never a finished document, in the sense that we know technology will change the way we think, move and operate. This plan provides a base that future governments can use, modify and evolve with technology and changes in the future. I will get the plan into cabinet as soon as possible and then out to the broader community soon thereafter, so that the community can have a say.

**Ms R. SAFFIOTI:** For how long will the consultation period last?

**Mr D.C. NALDER:** The advice that I have received is that it will need to be three months.

**Ms R. SAFFIOTI:** Will funding be attached to that document?

**Mr D.C. NALDER:** Funding in what respect—in respect to projects that might be undertaken?

**Ms R. SAFFIOTI:** Yes.

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

**Ms R. SAFFIOTI:** Maybe the minister can answer this question by way of supplementary information. What has been the total cost of developing this plan so far?

**Mr D.C. NALDER:** I am happy to provide that as supplementary information. All up, taking in all external costs, including department staff who have been working on it, it is in the order of \$1 million.

**Ms R. SAFFIOTI:** Is that \$1 million?

**Mr D.C. NALDER:** Yes; if all internal staffing is costed on top of that.

**The CHAIRMAN:** There is no supplementary information request at this point.

**Ms R. SAFFIOTI:** Does that include the cost of the previous 2011 document or consultation undertaken?

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

**Ms R. SAFFIOTI:** Is this purely the cost of this particular document?

**Mr D.C. NALDER:** I will clarify that this research has taken the previous documents and expanded them. Previous documents tended to focus on public transport, but in this document we have ensured that we have covered all modes of transport across all three agencies to look at exactly what we need to do. The document expands a lot further out and we have what we see as requirements not only across modes of transport by 2031, but also towards a population of 3.5 million, which we know is, in the end, in the 2040–2050 range, and we are starting to look beyond that, although looking beyond those years gets a bit harder and we will need more modelling as we go to get more finesse about exactly what will be required beyond a population of 3.5 million.

**Ms R. SAFFIOTI:** Can we get the details of the costs so far as supplementary information?

**Mr D.C. NALDER:** Yes. I will provide costing as to the work that has been undertaken in the preparation of the Perth transport plan for 3.5 million people and beyond.

[*Supplementary Information No B1.*]

[9.10 am]

**Mr J.E. McGRATH:** I refer to page 712 of the *Budget Statements* and the Barrack Square compensation claims. Can the minister explain what ensued from compensation payments made to the Barrack Square operators resulting from the Elizabeth Quay project?

**Mr D.C. NALDER:** With the Elizabeth Quay project we had tenants that were not just Department of Transport tenants. We looked after everybody involved, which included the old Perth port that was under the Swan River Trust. We worked through a methodology with those tenants to understand what the impact on them was as a result of the work undertaken. We looked at their gross and net earnings and so forth for a couple of years before construction, and then at what was actually occurring during construction. We set about ensuring that we provided rent relief. In 2015–16, we incurred \$699 000 in refunds of rent and \$1.259 million in act-of-grace payments. A further \$341 500 for rent was forgone and we paid \$170 000 for financial assessments, property management and legal costs. We believe that we have done the right thing by those people, given the disruption to their business over such a period of time. We needed to be provided with proper financials. There were instances in which some were reluctant to provide the financial information, which made it difficult for us to then assess their situation. It made it a little political at times, which was unfortunate. Our interest was in looking after people but we needed to have the facts at hand to support them properly. We have done the right thing by all those concerned. They have survived that period and they can now get on and prosper with the new Elizabeth Quay.

**Ms R. SAFFIOTI:** Given the expected works on the Far East Consortium building or the residential tower, which is in close proximity to Barrack Square, are further claims of compensation due to disruption expected?

**Mr D.C. NALDER:** No, not at all.

**Ms R. SAFFIOTI:** Why did the Department of Transport and not the Metropolitan Redevelopment Authority pay the compensation?

**Mr D.C. NALDER:** It is one of the things that we looked at. I made the decision to intervene because at the time there was an absence of anybody taking responsibility. I as the minister was the landlord for just over half the tenants and I made a call to step in and find a suitable solution for them. Government is the landlord for nearly two-thirds of the tenants so we sought cabinet approval. I engaged my department to operate on the basis that we assess and find a suitable solution, and cabinet supported that.

**Ms R. SAFFIOTI:** As I understand it, the minister approached the MRA and it said that it was not going to look at it.

**Mr D.C. NALDER:** There were various discussions. At the end of the day, the state pays for it. It does not really matter where the money has come from. Cabinet made a decision and I just wanted to get on and resolve it as quickly as possible.

**Ms S.F. McGURK:** My question relates to page 735 and the works in progress on the Perth Freight Link in section 2 —

**Mr D.C. NALDER:** That is in Main Roads, sorry.

**The CHAIRMAN:** That is not the right division.

**Ms S.F. McGURK:** I am sorry. I will pick up on the spending changes on page 712 and the line item “Fremantle Container Rail Service Subsidy Continuation”—that is relevant. Is there still a target of 30 per cent freight on rail and what is the strategy to get to that target?

**Mr D.C. NALDER:** The target of 30 per cent has been adopted by the Department of Transport for some time. As far as I am aware, it has gone across respective governments, whether it was Labor when it was in power or under our government. We have expanded, and are expanding, the capacity on the line. We have increased the spur in the port itself to be able to lengthen the trains, and we have created overtaking or passing lanes along the old lines to ensure greater capacity on the line. Those works have been undertaken now. There is sufficient capacity there to be able to grow. The final thing we have done is committed to extending the subsidy, which had not been addressed. The subsidy for container rail is in the vicinity of just over \$2 million moving forward each year. We still see it as a goal. We have put the incentives in place, we have increased the capacity, and we are continuing to monitor it at this point in time.

**Ms S.F. McGURK:** But do you not want to double the amount of freight on rail in percentage terms to what it is in today’s figures?

**Mr D.C. NALDER:** It is still a goal and we are putting in place the subsidies. The modelling suggests that we will increase the share of rail to 15.5 per cent in the next 12 months.

**Ms S.F. McGURK:** Yes, that is the target.

**Mr D.C. NALDER:** This is where the balance comes in. We have to continue to ensure that rail is an efficient means of transport. One of the difficulties is when the rail runs over such short distances. We have the greatest percentage of containers moving by rail in the metropolitan area of any city in Australia, so we are doing a good job in that space. We know that Kewdale is filling up, and one reason we are committed to doing the NorthLink WA project is that the whole Bullsbrook industrial precinct has the potential to grow into a new intermodal. We believe that once we get further out and take the containers over longer distances, we will start to improve that efficiency by rail. I am not saying that that is far enough. I would love to pick up containers in Western Australia that we could shift east because that is when we would really see the economies of scale for utilising rail. We are considering a number of things at this point in time. As I have said, we have increased the capacity in rail over the last two years. This year we have committed to maintaining the subsidy on rail, so the capacity is there. We will start to see growth. We believe that further initiatives will be needed to underpin the efficiency of containerised rail.

**Ms S.F. McGURK:** In dollar terms, there is a decline in the subsidy in the forward estimates. For instance, next year it is \$2.927 million, but in the outer forward estimates it is \$2.225 million.

[9.20 am]

**Mr D.C. NALDER:** Part of the process is that it was always set up as an establishment to assist containerised rail to get up and running, but there has always been a sliding scale, once they are up and viable and running. We are really trying to underpin them to get to a certain size and then the subsidy slides off. This is something that we will have to monitor each year as we go through. It is something that was set up along those lines. The subsidy rate per eligible twenty-foot equivalent unit container is currently \$35, excluding GST, and this will continue until 2022 at a reduced rate in expectation of higher volumes. The higher volumes mean that they should not need to get the same level of subsidy, and that is where trade-off is built into this.

**Ms S.F. McGURK:** I understand that additional capacity is required for the inland terminals to meet their 30 per cent target. What plans are there to increase that capacity?

**Mr D.C. NALDER:** In creating NorthLink WA, we see a whole intermodal system, whether it be by truck or rail. If we deliver these containers somewhere by rail, they have to be picked up by truck and need the combination of access by rail and by trucks to be able to move them out from there. Part of the reason the government is doing the NorthLink project is that it is keen to see industry up around that Bullsbrook area, north of Ellenbrook. One of the priorities that the government has is to encourage long-term employment opportunities

in that north-eastern corridor. We believe that would provide a huge benefit to those people who have decided to make Ellenbrook and surrounding areas their home, so that not only can they live there but also there will be greater employment opportunities than there are today. If we did not do the road network appropriately at the same time, we would find it very difficult to set it up as a proper intermodal system. Creating a freight corridor through to those northern suburbs combines with freight rail and goes up into that Bullsbrook precinct. I have even had discussions with potential developers who own the land around that area. They are very keen. They believe they have industries ready to move in once we can push that through. We see that that will create greater capacity on an inland intermodal system that will provide not only for the containers but also, potentially, jobs for people in that north-eastern corridor. I will add to that, Mr Chairman. Expansion of the T2 Kewdale freight terminal is available, but in our long-term modelling there will be a limited time only before that starts to fill, and we are also very keen to open up those other opportunities further north.

**Ms R. SAFFIOTI:** I have two questions. I refer to the containers at Bullsbrook. What percentage of the containers going to Fremantle currently come down Great Northern Highway—that is, if the government wants that as a major intermodal system? That may be answered by way of supplementary information. The second question is: why would the government reduce the subsidy on freight on rail if it is trying to encourage freight on rail?

**Mr D.C. NALDER:** There are a couple of issues there. Firstly, if we are to open up an intermodal system in Bullsbrook, it is not necessarily solely to serve Great Northern Highway, although we are seeing now in the agricultural sector greater specialisation around certain crops and more grain moving out by container. There are greater export opportunities. Last year our strongest growth was in export containers, which grew by 10 per cent. That was in hay and grain. Hay comes more from the direct east and a bit south. We are also starting to see other crops moving out. There has been a greater outward flow of containers, but it is down a little bit this year across the board because our cropping returns were not as big last year as they were the year before, and for a few other reasons; obviously, imports are down a bit as well. The other issue with container traffic, as I said, is that it serves not only the agricultural regions but also the whole northern precinct. We have seen a great expansion north.

**Ms R. SAFFIOTI:** I understand that, minister. We are time limited, so by way of supplementary information can the minister give us a forecast of the percentage of containers currently coming through that area?

**Mr D.C. NALDER:** I do not know whether we have that level of information. We will check and come back with some supplementary information.

**The CHAIRMAN:** Can the minister clarify exactly what he will provide?

**Mr D.C. NALDER:** We will provide what container traffic is coming down to the port from Great Northern Highway, or down to Kewdale, the port or wherever it is coming down to Perth.

**Ms R. SAFFIOTI:** Yes, from Great Northern Highway, which NorthLink will replace.

*[Supplementary Information No B2.]*

**Ms R. SAFFIOTI:** My second question was: given that trucks and roads are very important to this government—apparently—why would it create an incentive to move freight on trucks by reducing the subsidy on freight on rail? Why not maintain that subsidy or even increase the subsidy to reduce the number of trucks on road?

**Mr D.C. NALDER:** We sat down with industry to work out what it needed to get it started.

**Ms R. SAFFIOTI:** No; that was the previous government.

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

**Ms R. SAFFIOTI:** It was in place.

**Mr D.C. NALDER:** Does the member want me to respond to this in an open and fair manner? Working with the industry, it needs a heavy subsidy to get started. Once it gets the economies of scale, the subsidisation rate does not need to be as great. This has been worked through with the industry, such that as it gets the economies of scale, it does not need the same level of subsidisation. Our goal is to get the industry to a size at which it does not need the subsidy to operate; it can deliver a service and it is pushing enough container traffic by rail without a subsidy. That has always been the goal. If we end up with a system that we indefinitely subsidise, we are running an inefficiency in our system that is being subsidised by the taxpayer. The government is trying to work through this to find the right balance: What is the blend? At what size and volume does the industry no longer need a subsidy? We are working with the industry to get that up and running. It is not just an open-ended subsidy at the same rate. It will come off, because the industry has fixed costs; it is not just an operating cost.

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**Ms R. SAFFIOTI:** I understand that. Given the government believes reducing congestion on those roads is very important, why would it decrease a subsidy that encourages freight on rail? It seems counterintuitive.

**Mr D.C. NALDER:** No. The member is looking at it as black and white. As I said, to push containers onto the rail system, the industry needs to get up to a certain volume to get the economies of scale, and it is a charge per container. If we have a large volume of containers, we do not need to be paying the same container rate because there is a fixed cost of shifting the train. It is then a marginal cost the larger it gets; we do not need the same level of subsidy to shift a longer train as we do with a shorter train with fewer containers. The objective when we work with industry is that we provide a subsidy, but our incentive for, and what we are trying to do with, industry is to get it moving, but it must take some responsibility as well to drive this and not just be feeding off a government handout. We do not want to provide a government handout forever and a day with the sector putting no effort into trying to grow that. The government will revisit that on an annual basis. We are committed to continuing to underpin that and that is what we are demonstrating by increasing and maintaining the subsidies through the forward estimates.

**Ms R. SAFFIOTI:** You are not increasing them.

**Ms S.F. McGURK:** Further to that: clearly, the point about the subsidy is that reducing the amount of congestion by trucks on roads recognises that freight on rail is less polluting and creates less wear and tear on roads. There is a contribution that is made; it is not a taxpayer handout to those industries.

**Mr D.C. NALDER:** That is not quite right, and I can argue that point.

**Ms S.F. McGURK:** There is no clarity or clear position by the government to industry.

**Mr D.C. NALDER:** I refute that, otherwise we would not provide a subsidy.

**Ms S.F. McGURK:** That subsidy is declining in real terms.

**Mr D.C. NALDER:** No. The subsidy was there only until the end of 17 years. In this last budget we have made sure it continues to flow through.

**Ms S.F. McGURK:** You are reducing that in real terms.

[9.30 am]

**Mr D.C. NALDER:** Reducing the subsidy has always been there, because we want an encouragement that once the industry gets to a certain scale, it does not necessarily need the same level of subsidy. There is a fixed cost in running the trains, so it is a marginal unit cost once it gets to a certain size. We are encouraging the industry to grow. We have increased the capacity by increasing the spur line—that is what this government has done. We have increased the capacity by creating overtaking lanes so that we can get longer and more trains through the system there. We have increased that capacity and we have provided the subsidy, but if they can get greater volumes on there, on a per-container rate they do not need the level there. We will continue to explore that. In the last budget we made sure that that subsidy continued beyond 2017. In the previous budget, the final two forward years did not have any sum there; we have put them in this budget, because we see the importance of continuing to subsidise them.

**Ms S.F. McGURK:** Under a coalition government it has always been uncertain, that is right.

**Mr D.C. NALDER:** But there is an onus on them to grow their business model, and they do not need the same level because of the fixed cost. That is just straightforward, but we will continue to review it on an annual basis and work with the industry. Talking about costs and efficiencies, we look at those very seriously. We would love to see more shifted by rail, but we cannot make industry less competitive here, because our industry now is competing on a global scale, so the pressure is on us to deliver world-class and worldwide efficiencies that allow our ports to be as efficient as any port in the world.

**Ms S.F. McGURK:** It would be helpful if the answers could be a little more concise. I want to understand something: is there no specific figure given to industry by the government that states that the number of containers shifted by rail will signal a price decrease?

**Mr D.C. NALDER:** Yes, there is. There is an inner deed between the department and the container rail carriers that is over a period of time.

**Ms S.F. McGURK:** How long?

**Mr D.C. NALDER:** It is with Intermodal Link Services.

**Ms S.F. McGURK:** That is an agreement with the rail carriers —

**Mr D.C. NALDER:** Based on volume and what subsidies they will receive.

**Ms S.F. McGURK:** How long does that agreement go for?

**Mr D.C. NALDER:** It is a five-year agreement.

**Ms S.F. McGURK:** When does that expire?

**Mr D.C. NALDER:** The current agreement is to 2017 and that is why there were no further forward estimates at the time. The new agreement is in negotiation at this time, and it will go from 2017 to 2022.

**Ms S.F. McGURK:** Does that outline clearly the subsidy that will apply and the expectations for growth?

**Mr D.C. NALDER:** That they grow, yes—so there is growth for five years.

**Ms S.F. McGURK:** Does that agreement take into account any restrictions that might occur in the Kewdale area in relation to laydown areas and the like?

**Mr D.C. NALDER:** It has, and there is enough capacity over those five years that exists for ILS in that Kewdale–Forrestfield area.

**Ms S.F. McGURK:** That is until 2022.

**Mr T.K. WALDRON:** I refer to page 713 of budget paper No 2. The third dot point under significant issues impacting the agency refers to the funding of cycle paths et cetera. I congratulate the minister on the continuation of the funding of cycle paths, because I think they are very important. Can I ask the minister to expand a little bit? He has given a couple of examples in the city under the Safe Active Streets program. Can the minister perhaps give some examples of other projects that are in plan? There are principal shared paths and paths that are only cycle paths. Is there any emphasis on which way the government is going there? Will there be shared walking and cycling paths or is the government looking to do some paths specifically for cycling? I just seek an update, because cycling goes a bit undiscussed, but in the city, as we know, it is a big issue.

**Mr D.C. NALDER:** I thank the member for Wagin. I apologise that there are not more cycling paths around Wagin, Narrogin and Kojonup! I used to ride regularly into town in Wagin and had to ride on the road; the bitumen is a bit rough there!

**Mr T.K. WALDRON:** I, too, cycled out there and it is a lot safer if there are designated paths, but of course that is a bit difficult in the country. What the minister is doing in Perth is good and I would like to know a bit more about it.

**Mr D.C. NALDER:** I thank the member. We have taken it very seriously. It was interesting to hear that federally the government is looking to put pressure on the states, as part of Infrastructure Australia, to ensure that cycling facilities are built with new infrastructure. That is something that the government has committed to for some time. I believe that Western Australia is a long way in front of other states. Part of our goal is that we see cycling as an integral part of overall transport to enable people to move about, whether that be for exercise, getting to work or just popping down to the shops or to school with the kids. We have had to look across all different types of cycling to understand the requirements. When we undertook an important piece of infrastructure like Gateway WA, a \$1 billion project, we saw 21 kilometres of cycle paths added through that. We are in the process of leading that up into the cycle path that moves down Roe Highway, which will then connect to the freeway cycle path, so that a person can ride all the way to Mandurah. We see these sorts of things as important. They are the interconnections, if you like, between communities.

Part of what we are doing is working with local governments to look at the cycle requirements within those local communities. We are trialling three different, what we call, bike boulevards, which in essence are about safer streets in our local communities and providing quieter environments that enable families and kids to move about—for example, to get to school. We want more of our kids to be able to ride to school. I think a lot of parents are concerned about how their kids get there on a bike, and too many parents are driving less than a kilometre to drop kids at school. We want to create and work with local governments to provide that environment. We are running three trials in local government areas. One is on Shakespeare Street, which is a stage 1 project, between Green Street and Scarborough Beach Road. That will be completed at the end of this year. There will be one on Leake Street in Bayswater. Stage 1 of that project will be from Swan River to Adelphi Street. That will be constructed between June and October 2016. There is also one on Surrey Road, with stage 1 between Leach Highway and Oats Street, which will be constructed by the end of 2016. There are further lengths, with stage 2 to be done in early 2017. These will ultimately connect to these principal shared paths that then link between communities and become the arterials, if you like. As part of our longer term planning for Perth, we are mapping out the requirements of providing those linkages between our communities, because we pride ourselves that Perth is one of the best cities in the world to live in. As we continue to grow and the population grows, I think it becomes more important that we have the multimodal approach and get the bikes off the roads wherever we can. In some of our shared paths, particularly around the rivers and places like that, we are also seeing the need to separate pedestrians from cyclists. That poses challenges alongside the freeway coming in, and I know Main Roads is keen to engage with the Swan River Trust to see whether that can be done

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in smarter ways, but there is limited space. Where there are those interactions between pedestrians and cyclists, there is some concern, but we are working through that. I am very proud of what we are doing, but we have a lot more work to do in this space in ensuing years.

**Mr J.E. McGRATH:** The minister mentioned the freeway, which is a section in my electorate, and there have been some issues with pedestrians getting bowled over, and I think there has even been a fatality from a collision between cyclist and a pedestrian. Is the minister serious about making better access for pedestrians who want to walk along that section of the river that is alongside the freeway?

**Mr D.C. NALDER:** Yes. If we look at areas such as the one near the sea scout hall, there are a couple of bends and some of the bad accidents there have been bike on bike between bikes going in opposite directions. I am very conscious of the issue. I ride down that path regularly myself. There have been pedestrians bowled over there. There have been incidents around Canning Bridge. There are some specific areas that we are particularly concerned about, and we have to get better at looking at separating cyclists there. Looking at the growth in cyclists now, we will potentially have to consider speed limits in certain areas as well. I think we are getting to a point at which cyclists are moving quickly. We would rather cyclists and pedestrians take responsibility, particularly cyclists in those areas, but we need to look at ways to improve the situation. I think separation is one of the methods that we need to consider.

[9.40 am]

**Mr J.E. McGRATH:** Just quickly, because the minister is right, cyclists go very fast along there —

**The CHAIRMAN:** Through the Chair. Member, always say “further question”, otherwise —

**Mr J.E. McGRATH:** Certainly. Through the Chair, the minister is saying that maybe from talking to the Swan River Trust we might be looking at getting a bit more land and encroaching on the river to make that separation possible.

**Mr D.C. NALDER:** Yes.

**Mr J.E. McGRATH:** That is quite an important issue.

**Mr D.C. NALDER:** We were even discussing it this week—just yesterday I think it was—because we can see where that water now comes onto the freeway when it hits that wall and there is no room left. As sea levels rise and we have bigger storms and those sorts of occurrences, we will need to look at that area of the freeway, and we will have to consider pumps off there and other things. We are looking at the interactions of cyclists and pedestrians, and one of the approaches that we would like to take is investigating whether we can get a boardwalk for the pedestrians to get them away from the cyclists in those spaces. We have not commenced those discussions yet, so I am flagging them here.

**The CHAIRMAN:** Minister, I want to remind you to try to keep your answers short.

**Mr D.C. NALDER:** Internal conversations are occurring that we would like to take up with the Department of Environment Regulation in that space to see whether we can do things better.

**Ms S.F. McGURK:** Could the minister provide by way of supplementary information a summary of the expenditure on the bicycle network? That would be appreciated.

**Mr D.C. NALDER:** I have some data here for the member.

**Ms S.F. McGURK:** I do not need it now. If the minister could just give it to me in summary —

**The CHAIRMAN:** It is up to the minister to decide whether he provides it now or as supplementary information.

**Mr D.C. NALDER:** There is data in the budget papers, but we will provide further information on the cycling breakdown and what we have invested in and what we are investing in moving forward.

[*Supplementary Information No B3.*]

**Ms R. SAFFIOTI:** My question relates to the taxi reform issue. I refer to significant issues impacting the agency” on page 713 and taxi licence fees on page 726. My initial question is: what is the expected impact on the state budget of the reduction of lease fees from about \$13 000 per annum to about \$1 000 per annum?

**Mr D.C. NALDER:** The impact is not negative in the sense that we always have appropriations to cover the cost of the Department of Transport delivering services. In this process we are moving to a cost-recovery model. Initially, we are working on the basis of 50 per cent cost recovery because we are taking on some of the pressure within the department to ensure that we relook at the personnel requirements to support managing the industry moving forward. There is about \$8 million in appropriations. I can get the information if the member wants.

**Ms R. SAFFIOTI:** Is it in the budget papers?

**Mr D.C. NALDER:** No, there is only one line for appropriations.

**Ms R. SAFFIOTI:** By way of supplementary information, can I have the financial impact on the forward estimates of the taxi reform?

**Mr D.C. NALDER:** We will provide the ongoing cost to the department of supporting the taxi industry and how that has changed from the past through these reforms.

[*Supplementary Information No B4.*]

**Ms R. SAFFIOTI:** For the taxi reform, the Taxi Amendment Bill 2016 is expected to pass, or the government is hoping it will pass, by 30 June; is that correct?

**Mr D.C. NALDER:** We are.

**Ms R. SAFFIOTI:** That is together with the change in regulations by 30 June. The regulatory changes through the taxi omnibus bill, or whatever we call it, are expected to come later this year. What will the regulatory framework be between 30 June and when the last piece of legislation comes through?

**Mr D.C. NALDER:** The member was not quite right on one element; the 1 July changes are predominantly regulatory to align the two. A simple minor adjustment to the act will do two things. Firstly, it will allow us to make a payment to the plate owners of \$20 000 or \$6 000 if they own peak-period or short-term plates; and, secondly, it will reduce the limit to five taxi plates. Reducing the limit as quickly as we can is a simple change to the act. Both of these changes are relatively simple. Phase 2 is really redoing the whole act and requires a major change. We are starting to draft those changes now and we are working on those as quickly as possible. The regulatory changes are really looking at streamlining across omnibus vehicles and taxis. Going forward, we probably will not call them “omnibus vehicles” because that will just confuse everybody, but that is the name given in the act. It is really looking at ensuring that the same standards for the vehicles and drivers and so forth will exist to create a level playing field. Serious changes will be required in the act. For example, the act is centred on the driver and the operator of the vehicle. We believe that the dispatch services have not had enough accountability, such that the dispatch services have not cared about a bad driver as long as the dispatch services are getting their money. We want to ensure a chain of responsibility right the way through so that there is a negative impact on dispatch services and the licensees themselves.

**Ms R. SAFFIOTI:** Given that operators such as Uber have not operated within any existing regulations or legislation—they have operated outside those—why would they change and operate within any regulations or laws that we bring in?

**Mr D.C. NALDER:** It will be difficult to enforce the legislation between now and getting through the phase 2 changes in the act, which is why we want to move very quickly. We are pleading on corporations to be responsible because we have created a level playing field and an environment in which they can legally operate and we want them to start moving in that direction. We will be making the penalties quite large, particularly for the dispatch services, because they tend to be overseas organisations, irrespective of whether they are ComfortDelGro, which controls the Swan Taxis dispatch, or Uber, Shofer or other companies looking to come in, such as Lyft, ingogo and a few others that are in the exploratory stages. We want to ensure that the penalties for breaches are quite severe so that it makes it easier. We will build into the act requirements about the information that they are to provide the government on what they are doing.

**Ms R. SAFFIOTI:** That is phase 2, but will the minister be increasing the compliance unit? Like I said, those operators have operated outside the law and there has been very little compliance. I do not think there have been any successful prosecutions. Therefore, why would they operate within any law or regulation that the state puts in?

**Mr D.C. NALDER:** We are simplifying the level of regulations and putting the onus of responsibility back on the industry. We are working with the industry to develop a code of practice as well but we stand ready to further enforce the regulations if required. For example, at the moment we are only encouraging dispatches to move to a transactional-based fee system. If we look at the way the system works, we see that Swan Taxis charges in different ways. It charges a weekly fee and basically locks in drivers so they are flat-out trying to recoup their expenses. We want a transactional fee, but at this point we are only encouraging that. We stand ready to put that into the act if Swan Taxis does not move in the right direction.

**Ms R. SAFFIOTI:** That does not answer the key question. If operators have shown that they operate outside the law and have complete disregard for WA legislation and regulations, how will the government enforce the new regulatory environment?

**Mr D.C. NALDER:** As I said, it is very difficult to actively enforce it until phase 2 goes through. We are trying to create a level playing field so that they have room in which to move and operate. We have provided an environment. Uber has stated that it cannot operate in that field if drivers must pay a \$272 fee. I have pointed out to people that that fee structure is less when they combine all the other costs that they have, such as compulsory third party insurance and the \$1 per fare that is being raised in South Australia and New South Wales. We can demonstrate that the omnibus service in Western Australia is the cheapest in Australia. We provide an environment in which it can operate. We rely —

[9.50 am]

**Ms R. SAFFIOTI:** The minister is not arguing with me; he is arguing with Uber, because it is the one that is not complying.

**Mr D.C. NALDER:** I am just stating it. Uber is making claims, but we are saying —

**Ms R. SAFFIOTI:** I know it is making claims.

**Mr D.C. NALDER:** We provide an environment in which Uber can operate. We rely on corporate goodwill; I will say that. At this point, Uber has expressed a willingness to move inside a regulatory environment. We are relying on goodwill from all parties to move forward but we understand that we cannot really enforce the dispatchers, whether it be Swan Taxis or Uber, on ways to behave until we get the act and the second phase through.

**Ms R. SAFFIOTI:** I have a further question about plate owners. Would the minister consider a better compensation deal for plate owners?

**Mr D.C. NALDER:** At the moment, we protect up to 60 per cent of the market for plate owners. We restrict —

**Ms R. SAFFIOTI:** By way of supplementary information, can I have how the minister believes that 60 per cent of the market for plate owners is hail and rank, because I do not believe that figure; I just do not believe it.

**Mr D.C. NALDER:** I am basing it on the information that I was provided by the Department of Transport. It advised me that the figure fluctuates between 50 per cent and 60 per cent, which is why I said up to 60 per cent of the market is currently in the rank-and-hail side of things. That is based on the information I was provided by the department. I am operating only on that information. Furthermore, we have reduced the number of taxi plates on the market at the moment by 20 per cent to give owners a greater chance of accessing and succeeding within the market. We see a need for the businesses to change. We also provide access so they can legally use alternate dispatch services. Taxis can also —

**Ms R. SAFFIOTI:** I can understand all that, but let us just go to the key issue here, which is compensation. For example, has the Department of Transport undertaken any valuations or estimations of what is the current value of a taxi plate?

**Mr D.C. NALDER:** We looked at the value of the plates that have been sold since Uber came into play, which was in October 2014. The average value through 2015 was \$220 000 a plate.

**Ms R. SAFFIOTI:** What is the value this year?

**Mr D.C. NALDER:** Only one plate has been sold.

**Ms R. SAFFIOTI:** How much was that?

**Mr D.C. NALDER:** That was \$163 000.

**Ms R. SAFFIOTI:** Basically, we have seen a 50 per cent devaluation of plates since Uber came into the market.

**Mr D.C. NALDER:** It is a bit hard to say right at this point because it is only one plate. We know that plate values move because of economic conditions as well. We saw plate values drop to \$208 000 back in 2008. Their values do move around because of economic conditions and, economically, things are tighter at the moment. Only last night, I heard from a small charter vehicle driver that their corporate stuff has reduced by over 50 per cent. That would have a substantial impact on the ability of SCVs, irrespective of what is going on, yet we are now allowing them to reduce their \$60 fee. Upheaval is occurring in the industry irrespective of Uber coming in and the reforms. In lifting the number of plates, we have restricted the licences. We have provided \$20 000 to assist businesses to transform to be better focused on customer service. We are providing \$1.5 million towards training for taxi operators to transform their businesses to be more focused on customer service as well as the technology options that are available to them. We have opened up access to other dispatchers for operators. We have opened a whole marketplace and we have reduced the limit of five. We want to encourage corporatisation. There has been some suggestions and fear that Swan Taxis might come in and buy the whole lot. We have advised Swan that we will not allow that. We are working with the Economic Regulation Authority to determine

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a maximum now. We believe that this could provide an emphasis or support for people to purchase, with greater surety, the highest level of service that can be provided, and they can pick up people off the street —

**Ms R. SAFFIOTI:** Minister, the key point is that many of these plate owners are small business people or individuals who have invested their life savings or have mortgages on their plates. Is there any way that the minister would consider greater compensation? The government created the value in the plates through its regulation and legislation; there is no doubt about that. People are suffering and I know members on the minister's own side understand that. I do not want to make this into a major political issue, but would the minister consider working with our side to get a better compensation package for taxi plate owners?

**Mr D.C. NALDER:** Right at this point, we have put in an additional \$6 million to look at exceptional circumstances of hardship. We are committed to that process at this point.

**Ms R. SAFFIOTI:** That is capping it at \$75 000 per plate. The minister said that plate owners have lost \$150 000 in value in two years.

**Mr D.C. NALDER:** No. We said that there is a degree of uncertainty in the market. We are providing certainty to the market at this point. Funding mechanisms have been put in place to support the industry to get moving. We believe that they are the right measures at this point, but we will continue to work with the industry and monitor it. We will not come out and say, "Yes, we're going to provide more compensation", and all of that because then, all of a sudden, taxi plate owners will sit around and wait for it. It just does not make sense.

**Mr J.E. McGRATH:** On the subject of a possible levy, New South Wales and South Australia have put a levy to raise a fund that could allow them to pay greater compensation than we are going to pay. I have heard the minister say that a levy is a little bit problematic, but he has looked at it. Can the minister explain to us why he came to that conclusion?

**Mr D.C. NALDER:** We did look at the levy. New South Wales and South Australia are collecting \$1 per fare, or that is what they have stated they will do. At this point, they have not worked out how they will do that. The ability to get the information to be able to collect it seems problematic. We are trying to keep the processes simple. That levy will flow through as an additional cost to customers. We could say it is only \$1, but if a taxidriver has 10 fares a day, six days a week on average, we are talking upwards of an extra \$3 000 that they have to pay back to the government from what they collect from customers. The additional cost of the administrative process of trying to deliver the levy is where we think it starts to become problematic. We are not necessarily opposed to trying to do it; it is just that there is not a simple way to implement it because we do not have accurate information; no-one does in any jurisdiction. We have not been able to get from New South Wales or South Australia exactly how they will implement the system at this point.

**Mr J.E. McGRATH:** I have a further question: has the minister ruled it out completely?

**Mr D.C. NALDER:** Looking at the challenge that we have, we are fortunate that 1 400 of our taxi plate licences are leased from the government so people have not paid a large capital amount for them. That brings the number down to 1 035 privately owned plates. However, in New South Wales, for example, there are 5 900 privately owned plates. The value of plates in New South Wales got up towards \$500 000 so we are talking about nearly \$3 billion worth of property value, whereas ours is \$300 million. We have provided \$20 000 of compensation, irrespective of the number of plates that are held; there is a cap at five. In New South Wales, it is limited to only the first two plates. We have put greater emphasis on trying to be more generous up-front on a relative basis, and less on the backend. We have protected the rank and hail. We have pulled 20 per cent of the plates out of the market so it is easier for taxis to find a job; the other states have not done that. All those measures have a value that comes back in and the other states have not done some of those things. We have tried to keep it simple and we believe that we have come up with the appropriate measures at this stage. We are not saying that it is not without difficulty for the industry. We have put in the \$6 million as a safety net to try to pick up those exceptions. We need to monitor these things as we go. We need to continue to monitor what is happening in the whole industry but we believe the measures in place are correct at this point.

**The CHAIRMAN:** Member for Mandurah —

**Mr J.E. McGRATH:** I have one further question.

**The CHAIRMAN:** Yes, I am just conscious of the time.

**Mr J.E. McGRATH:** As the Chairman is probably aware, I read that Queensland is obviously following on from us, but it is a bit behind us in addressing this issue. Some sort of green paper came out this week. One of the suggestions was to link taxis to public transport through some sort of SmartRider card. Is that something that the minister's department has looked at?

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[10.00 am]

**Mr D.C. NALDER:** One of the things I have challenged the department about is always trying to be innovative in looking at where our SmartRider is at. We are very blessed to have the SmartRider system, which was developed by the department at a cost of only \$30 million, whereas I think over \$1 billion was spent trying to get the system up and running in Victoria. We want to see where that can go. We are considering what telephone technology may drive in the future. We would need to think through whether we could link in taxis, and I would be more than willing to support the department investigating those things.

**Mr D.A. TEMPLEMAN:** I refer to page 714 and the reference to vehicle licensing centres. Can the minister confirm the proposed closure of the Osborne Park licensing centre? What other centres are being considered for closure? As supplementary information, will the minister provide the current lease arrangements and their terms for all the department's vehicle licensing centres?

**The CHAIRMAN:** Perhaps first answer the question and then we will go to the supplementary.

**Mr D.C. NALDER:** I picked up some of the question about what is occurring with licensing centres. We have been very lucky to have picked up Ann King, who has come cross from New South Wales. She has been working actively on how to reduce red tape and make it a lot simpler to get people through licensing centres and improve the customer experience, if you like, of people who have to interact with the state government for their licensing. For further detail on the questions, I will hand over to Nina Lyhne, who is the managing director of transport services.

**Ms N. Lyhne:** I can confirm that we have closed the Osborne Park vehicle examination centre. Our business is constantly changing. The objective is to ensure that our customers have convenient access to services. We have significantly increased the number of authorised inspection stations at which people can have their vehicles examined, which often gives them much more convenient access than does going to one of our centres. We still have a centre open at Welshpool, and it is our intention to leave that open for the foreseeable future. As driver and vehicle service centres and other service centres around the state, and probably more specifically the metropolitan area, come up for review, we review that particular site and look at where we are best placed to have a centre. Over the last few years we have opened new, modern centres at Mirrabooka and Cannington, and we are currently looking to review the Willagee and Midland sites because those leases are due to expire soon. Our objective is to find new locations at which we can deliver services to customers in the most convenient way.

**Mr D.A. TEMPLEMAN:** Further to that—I will ask for the supplementary information shortly—given that the minister said he has confidence in improving the quality of customer service, is he able to provide by way of supplementary information the wait times for the metropolitan centres and for the Mandurah centre? I do not want them listed now, because it would take too long. That is my first supplementary question.

**Mr D.C. NALDER:** Further to the points that I made, I think we will provide information on wait times and customer satisfaction.

**Mr D.A. TEMPLEMAN:** I am happy with that. For all metropolitan sites —

**Mr D.C. NALDER:** Yes, for all metropolitan sites.

**Mr D.A. TEMPLEMAN:** - and the Mandurah licensing centre.

**Mr D.C. NALDER:** Yes, and Mandurah.

[*Supplementary Information No B5.*]

**Mr D.A. TEMPLEMAN:** My second supplementary question is: can the minister provide the current lease terms for all existing licensing centres?

**Mr D.C. NALDER:** Yes, we will provide the current lease terms for all servicing centres.

[*Supplementary Information No B6.*]

**The appropriation was recommended.**