

PAEC Inquiry into the 2017-18 Budget Estimates – Questions taken on notice and further information agreed to be supplied at the hearing

Minister Allan, Public Transport, Thursday 18 May 2017

Question 4

Please provide the modelling and methodology behind the \$2/trip passenger levy in relation to the taxi and hire vehicle services area. (Pages 6-9 of the Public Transport portfolio transcript)

Response

The primary purpose of the levy is to provide financial support to existing Commercial Passenger Vehicle licence holders. The levy will also provide funding to support improvements to services for people with a disability.

The financial assistance is provided upfront, and the levy is designed to provide revenue to cover those costs over around 8 years, depending on actual trip numbers.

Under proposed amendments to the Commercial Passenger Vehicle Industry Bill 2017, the levy will commence at \$1 and the Minister will only be able to increase the levy if the Essential Services Commission (ESC) recommends it. The ESC is to recommend a levy rate which results in the total amount of the levy collected within 8 years being equal to the cost of the industry transition support.

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Question 5

Please provide further information on the outcomes of the high capacity signalling pilot and signalling system plans in general.

(Pages 11 and 23-25 of the Public Transport portfolio transcript)

Response

The Metro Tunnel Project Rail Systems Alliance is currently in the final stages of a competitive procurement process. Depending on which of the bid teams is successful, the timing and nature of the trial works may vary. It is expected that detailed design and initial site establishment works will commence shortly after the contract is awarded in late 2017.

The duration of the trial activities will be determined with the successful bidder.

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Question 6

For the high-capacity metropolitan train contract:

- a. What is the breakdown (in dollar terms) for procurement and for maintenance over the life of the contract?**
- b. What percentage of procurement, and, separately maintenance is to be fulfilled using local content?**

(Pages 27-28 of the Public Transport portfolio transcript)

Response A

The total Net Present Value (NPV) of the High Capacity Metro Trains Project is \$2,343 million over the life of the contract.

Response B

The percentage of local content being delivered under the High Capacity Metro Trains Project contract is 60 per cent for fleet procurement, 87 per cent for depot procurement and 82 per cent for maintenance.

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Question 7

The Level Crossing Removal Program Business Case shows an economic benefit of 78 cents for every dollar spent for a 50-year timeframe. What is the economic benefit ratio for a 30-year timeframe? (Pages 34-35 of the Public Transport portfolio transcript)

Response

The Benefit Cost Ratio (BCR) for the Level Crossing Removal program, has been calculated using the national economic appraisal guidelines which are recommended by Infrastructure Australia.

These national guidelines are known as the *National Guidelines for Transport System Management* (NGTSM), which were recently updated and released under a new name, the *Australian Transport Assessment and Planning* (ATAP) Guidelines.

Under these guidelines, BCRs for road projects are calculated over 30 years, while rail projects are calculated over 50 years. This is based on the expected life of the asset.

As the Level Crossing Removal Project primarily delivers rail infrastructure, a 50 year appraisal period has been used. A 30 year period has not been calculated.

It is noted that for cases where projects use shorter appraisal periods (e.g. 30 years), an adjustment is still made to allow for benefits occurring beyond the end of the appraisal period. This adjustment is called 'residual value'.