

REVISED CORRECTED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into 2004–05 budget estimates

Melbourne – 20 May 2004

Members

Mr W. R. Baxter	Ms D. L. Green
Ms C. M. Campbell	Mr J. Merlino
Mr R. W. Clark	Mr G. K. Rich-Phillips
Mr L. A. Donnellan	Ms G. D. Romanes
Mr B. Forwood	

Chair: Ms C. M. Campbell
Deputy Chair: Mr B. Forwood

Staff

Executive Officer: Ms M. Cornwell

Witnesses

Mr P. Batchelor, Minister for Major Projects;
Mr H. Ronaldson, secretary;
Dr A. Smith, deputy secretary - capital;
Mr R. McDonald, executive director, corporate resources; and
Mr J. Cain, executive director, Major Projects Victoria, Department of
Infrastructure.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearings on the budget estimates for the portfolios of major projects and transport. I welcome the Honourable Peter Batchelor, Minister for Transport and Minister for Major Projects; Mr Howard Ronaldson, secretary; Dr Alf Smith, deputy secretary - capital; Mr Bob McDonald, executive director, corporate services; and Mr James Cain, executive director, Major Projects Victoria, Department of Infrastructure; departmental officers, members of the public and the media.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript early next week.

Minister, I hand over to you for a brief overhead presentation and then we will move to questions on major projects.

Mr BATCHELOR — Today's presentation will outline the achievements and new initiatives in the major projects portfolio for which I have responsibility. Essentially they are large-scale projects that sit outside the program for capital works of this department or other departments. These major projects are an important component of Victoria's cultural and visual identity and they contribute to economic development and job creation.

About \$11 billion worth of public and private sector funding is being delivered as part of our Building One Victoria program. The strategic objectives, which are set out here, are really to manage the economic infrastructure in a strategic way. That is carried out by major projects and also by VicUrban and the Spencer Street Station Authority. VicUrban, as you will be aware, is formally known under the legislation as the Victorian Urban Development Authority. We joined together the Urban and Regional Land Corporation and the Docklands Authority to set up VicUrban, which continues its responsibility for the Docklands project plus a series of new housing developments that are spread right around the rim of metropolitan Melbourne and indeed in country Victoria. VicUrban proposes soon to release land at Aurora and Officer. These are sites around metropolitan Melbourne that will be developed on sustainable environmental lines.

The major projects portfolio has a range of important projects, some of which are listed here. You will recall when I was last before the committee we went through all of those in great detail, and if you would like me to do that this time I come prepared for that again. These are the significant projects.

Mr FORWOOD — Just table them; that will be fine.

Mr BATCHELOR — However, the point I would make about some of these projects like the Docklands, the Austin Hospital and the Commonwealth Games is that they include some private sector involvement as well as the government's capital contribution.

Turning to what our achievements have been over the past year, the state library is a long-term project that is expected to be completed in 2007. We saw in 2003 the very successful reopening of the domed reading room and later on the McCoy Hall. The refurbishment of the state library to date has been a huge success.

We have also seen the completion of the National Gallery of Victoria project down in St Kilda Road. It was a \$160 million refurbishment. It is now complete and accommodates one of the best art collections this country has seen, and it was opened free to the public in December 2003.

Another large project is the redevelopment of the Austin Hospital, together with the Mercy Hospital for Women out at the Austin site. The project is 50 per cent complete. The Victorian government has contributed some \$353 million to the total project cost of \$376 million. It will see the redevelopment of the Austin, and the relocation of the Mercy Hospital for Women. The Auditor-General has confirmed that the completion of the project's construction phase will remain on schedule for December 2004, and it is worth noting that his report states:

The project is progressing well as a result of sound governance arrangements and risk management practices.

The Commonwealth Games village is being developed to house the athletes for the Commonwealth Games. It is a 20-hectare site in Parkville. It will be home to about 6000 athletes and officials. The net government contribution is about \$85 million. In addition to the athletes village, of course, there is the Melbourne Sports and Aquatic Centre stage 2, which is also being developed for the Commonwealth Games, and another project that Major Projects Victoria is undertaking is the development of the former fish market site in Flinders Street, which will provide an

extension to the tourism facilities there, including car parking, and it will also provide development for commercial office and residential use. It is expected that that will be completed by the end of 2008.

Major Projects Victoria is also now handling the redevelopment of the Spencer Street station. This is a \$700 million redevelopment, and I think it is appropriate at this stage to go into a bit more detail about Spencer Street.

The CHAIR — On the condition that your slides finish in about 1 minute.

Mr BATCHELOR — I am not able to do that. The Spencer Street station redevelopment is a matter of interest to the committee. If you are saying it is not a matter of interest — —

Mr FORWOOD — We will ask you questions about it.

Mr BATCHELOR — Will you? Good.

Mr FORWOOD — Yes, we will. So wait until then.

Mr BATCHELOR — I will make a presentation now. I am happy to provide some of the information now, and that will help you.

Mr FORWOOD — This is just a filibuster because you do not want the questions.

Mr BATCHELOR — No, no, I am happy to get the questions.

The CHAIR — Minister, if you do not mind, the time allocated for overheads is 5 minutes, and we are fast approaching that.

Mr BATCHELOR — Okay, I will come back to answer that during a question. I am trying to speed through this and I am happy to answer the questions in full when they come. There is no restriction on answering questions, is there?

The CHAIR — No.

Mr BATCHELOR — Good. Okay. Another major project is the Melbourne Showgrounds redevelopment. This is being carried out in partnership with the Department of Primary Industries. The Auditor-General has reported to date that the synchrotron project has been well managed by a professional and skilled team and is running to plan and on time — no cost overruns have occurred.

Other projects listed here include the Yarra Arts Integration Project, which is working on the Recital Hall project; and there is also the long-term containment facility, for which \$8.5 million has been allocated in this year's budget. This project aims to locate a site that will manage the state's industrial waste. The project has been in the news lately, and it is designed to deliver an overall environment benefit to Victoria.

New initiatives for 2004-05 were released in the economic statement by the Treasurer, John Brumby, titled *Victoria — Leading the Way*. They deliver on our commitments, particularly in relation to the redevelopment and relocation of the Melbourne wholesale markets and the construction of Australia's largest convention centre down on Southbank. The current site for the wholesale markets is too small. It limits growth, and we are trying to identify the best location for it not only in terms of location but also bearing in mind future expansion and increased economic activity.

The new Melbourne Convention Centre will be a joint venture between the government and the Melbourne City Council, which has made a contribution of \$43 million. It is designed to have a seating capacity of 5000, and the venue is located adjacent to the existing exhibition centre, so the advantages of the co-location can maximise the economic return to the state.

In conclusion, Major Projects Victoria is facilitating over \$11 billion worth of infrastructure investment and growth in Victoria. It focuses on building the Victorian economy in a way that is innovative, internationally competitive and globally connective. The government is committed to reinforcing Melbourne's reputation as the world's most livable city by undertaking major projects such as Spencer Street station and the development of world-class sporting facilities in preparation for the Commonwealth Games. We are committed and delivering this through our

focus on building one Victoria, which in essence will create investment, prosperity for future generations as well as the current.

The CHAIR — Thank you, Minister. We will proceed to questions. All members will be given the opportunity to ask one question and then we will alternate. For your information, when you asked whether there is any restriction on questions and answers, it is within reason. We use as a ballpark figure around about 5 minutes. If you are getting near there, I will have to draw your attention to the time.

To the first question: I would appreciate it if you went to the 2004 economic statement, *Victoria — Leading the Way*, and advised the committee on how the government plans to allocate funding of \$4.7 million for the Melbourne wholesale market redevelopment and relocation. That was reinforced also in the budget papers.

Mr BATCHELOR — We are allocating \$4.7 million towards the final site analysis and design works that will go for that location. The current market in Footscray Road is nearing its useful serviceable life and we are looking to how we can best improve it and meet future requirements. We are working with the Department of Primary Industries, and it together with MPV will do the work to develop a business case. As part of that we are seeking to identify what is the best location. We have government land at Werribee, which in a sense will be used as a benchmark for other sites that will arise out of the expression-of-interest stage.

Essentially what is happening is that we have gone to the open market to ask communities or land-holders with an interest to identify potential sites and they are essentially at the points of the compass. They will then be discussed with the market-holders currently at Footscray Road to see which site best suits their preferences, needs and future capabilities and they will be benchmarked against Werribee. We will proceed with it on that basis. The \$4.7 million that has been provided is really towards the final site analysis and design work for the new location. It will be tested before a public Partnerships Victoria process and we are doing that in consultation with the Department of Primary Industries. Essentially we want a new facility that will cater for modern logistics. It has to have good transport access. We want tenants to be able to implement the cool chain food quality requirements — that cannot be done with any degree of ongoing certainty at the wholesale markets where they are currently located. We want to encourage innovation in transport, equipment, storage and grow the use of IT in the fresh food industry. We also want to provide for 24-hour operation if that is necessary, and around the market floor itself one of the key things that we want to be able to provide is for additional warehouse and value-adding. That is what the market users have been calling out for, for a number of years now. It cannot be provided at the current site.

Mr FORWOOD — You have presided over the toxic dump fiasco, the traffic camera fiasco and the Scoresby tollway fiasco. I am wondering if you can tell the committee when you think you will get something right.

Ms GREEN — How is that related to the budget, Bill?

Mr FORWOOD — Come on. We are talking about the state's money. The minister does not need your protection — he can answer the question.

Mr BATCHELOR — Thank you for your question. In relation to the location of an appropriate site for the long-term containment of industrial waste, you would be aware that the government made an announcement yesterday.

Mr FORWOOD — Would you describe it as a backflip?

Mr BATCHELOR — We have in the first instance identified three study areas. They were nothing more than that. Those people who were listening to what the government was saying have understood that. There have been some political opportunists who have decided not to hear that, like Mr Forwood, but other people like the land-holders have been listening and in response have been talking back to the government telling us their views and pointing things out. We have been listening to them. As a result of that in relation to the Pittong study area and the Baddaginnie study area, we have decided to not proceed with those. Because of local issues they have raised with us that made us uncertain as to whether those sites — those two sites in particular — would make it successfully through an EES process, we have decided to take those two study areas out of the process. We will not be proceeding with them, nor with Tiega either, although we believe and are confident that it adequately met all of the 34 siting criteria that were established by a bipartisan siting committee some time ago. In the course of our consultations with those local communities we have had the opportunity to identify some Crown land with the

same general characteristics of hydrology and geology at a place near to Nowingi. We have decided we will use that as the preferred site for the location of this facility.

All of the land-holders and community groups throughout the process have acknowledged there is a need to do something with industrial waste. The products of everyday life, whether they come from country Victoria or metropolitan Melbourne or the city itself, have to be disposed of properly and in a more environmentally friendly way. The previous government's policy was to get hazardous material and just place it in any old hole that had been created for another purpose. So they would go to old sand-mining sites and quarry sites and use those as a convenient place where they could put the problem out of sight for a short period of time without any long-term regard to what would happen. It was environmental vandalism of the worst order.

What we are attempting to do is to choose a site that because of its siting characteristics will best optimise the handling of the material for a very, very long period of time. There are geological and hydrological qualities at Nowingi that mean that we are pretty confident that this site will get through an environment effects statement. Nobody lives nearby, unlike the other sites that had residents nearby. The existing uses in the surrounding area are all compatible with the co-location of this facility. The surface water, when it does rain in this very dry part of the state, flows away from the Hattah Lakes National Park. The ground water in this area is saltier than seawater and below the surface lands there are very deep layers of natural clay which add to the inherent safety criteria of choosing this site. All round it is a site that we believe will be able to get through an EES process, and also meets the additional hurdle of the local residents in asking for it to go onto Crown land. That is what we are doing and I think it is a very successful way of dealing with an issue that successive governments have been grappling with. We are prepared to fix up this problem and not bury it into landfills that were created not for that purpose.

Mr DONNELLAN — Can you update the committee, Minister, on progress with the showgrounds redevelopment, including expenditure of \$100.7 million, the state funding contribution announced in the 2002-03 budget?

Mr BATCHELOR — We have been working closely with the Department of Primary Industries to redevelop the showgrounds. It is an icon site and icon project for Victoria. It is important to rural Victoria and it is important to the capital city. The objectives of this redevelopment are clear and important — they are to maintain and enhance the show. If we did nothing, the show in Melbourne was under threat. By making this money available we have saved the Royal Melbourne Show for the people of Victoria. Particularly people in country Victoria are pleased with that.

We are working with the Royal Agricultural Society of Victoria to make it a better show for everybody, not just the people who go along to look at it but to deliver economic benefits. We will do that by asking that the new developments that take place in the facility enhance the agribusiness of Victoria and develop a more concentrated link with agricultural production, particularly food production.

In addition to that another objective of this development is to create an innovative and flexible exhibition and event precinct here in Melbourne that will bring the Royal Agricultural Show to Melbourne and open it up to many more people. During the parts of the year where it is not being used for RAS facilities and functions, it can then be put to productive use by cementing linkages between rural Victoria and the city.

We have passed enabling legislation, we have executed a joint-venture documentation, we have released expressions of interest, and we have confirmed the business plan and the business case of the Royal Agricultural Society, and we have short-listed three bidders. We believe that as a result of this process we will be able to get a proposal that will deliver, through Partnerships Victoria a better show. It will achieve those economic objectives of agricultural activity, growing food production and provide a strong working relationship between the government and the private sector.

Mr CLARK — Minister, in your media release of 12 November last year when you announced the selection of Baddaginnie, Pittong and Tiega as sites for the possible toxic waste repository you said that they had been selected following a rigorous statewide investigation and that they would be the focus of separate environment effects statements and that there had been extensive investigation undertaken — —

Mr BATCHELOR — That they had been the result of environment effects statements?

Mr CLARK — No, that they would now be the focus of separate environment effects statements — that there had been extensive investigation undertaken by Major Projects Victoria involving the use of independent experts, detailed analysis of factors such as soil type, water resources, buffer zones and transport, and that the sites selected best met those criteria. Given all this investigation, given the amount of consultancies, research, studies and subsequent publicity and other promotional efforts involved with these three sites, how much has this failed attempt to impose a site at one of these three locations cost Victorian taxpayers?

Mr BATCHELOR — This is a process that has been undertaken to solve the problem of what we will do — —

Mr FORWOOD — Just give us the figure! The question is: how much has it cost?

Mr BATCHELOR — If you do not want to hear the answer, do not ask questions! I am not going to be bullied by thugs like you. Just sit down and shut up!

Mr FORWOOD — Stop treating the committee with contempt.

The CHAIR — The question was asked by Mr Clark in relation to the cost as a result of the investigation that was taken. The minister will answer it, without interjections.

Mr BATCHELOR — The exact cost to date, we will take on notice and get back to you, but this is a project that is not yet finished. Money was made available in this year's budget, as I indicated to you, some \$8 million was made available in the budget this year. We will get the year-to-date figures for you. We believe that the budget allocation will be sufficient to finalise the environment effects statement on Nowingi and resolve the issues there. The total cost of the project will be dependent on the outcomes of the EES.

Mr CLARK — Can you give us an indication as to the order of magnitude to date of the costs that have been incurred so far?

The CHAIR — The minister took it on notice, as I understood the answer.

Mr MERLINO — Minister, can you please advise the committee on the progress of the Australian synchrotron? The funding for this was first allocated in the 2002-03 budget.

Mr BATCHELOR — The Australian synchrotron is a project that is being developed by the government to provide an important piece of infrastructure for medical research. It will benefit our biotech industry, pharmaceutical development, minerals industry and manufacturing. It is going very well. The Auditor-General has been looking at this in recent times and he says that the project is well managed by a professional and skilled team and is currently running to plan and on time. No cost overruns have occurred.

We believe that the synchrotron will be ready for delivery in 2007 and as the Auditor-General said, to date it is running to its budget of \$157 million. It is a project that will help Victoria cement its place as the lead area in Australia for biomedical research and development. It should be a commercial boost to our industries here, including the commercialisation of the type of research that is undertaken at that location and at other medical research facilities or biotechnological facilities.

Mr RICH-PHILLIPS — I would like to ask you, Minister, about the Commonwealth Games Village project. Minutes of the meeting of the project planning group of 24 June 2002, make comment on the tender process. The minutes state that the chair noted that although the tender process delivered the outcome the government was looking for, the costs were higher than originally envisaged on the basis of previous advice received and that they would be significantly in excess of those envisaged by cabinet in April 2001. This is from the minutes of a meeting of the project planning group for the Commonwealth Games Village. Can you inform the committee what the total tender costs were?

Mr BATCHELOR — The terms of the total project costs are that there are revenues coming subsequently over the life of the project, that it will be used as an athletes village in the first instance and then to be followed up by residential sales. The total project costs will be about \$144 million. Our estimate is that land revenue will come in just under \$60 million, leaving a total cost of some \$85 million. They are the estimates at this stage. They depend on the state of the property market when the properties go onto the market in the manner in which that occurs.

Mr RICH-PHILLIPS — I understand that, Minister, but the question related to the tender costs and the fact that they were substantially higher according to those minutes from your department, on the second page, substantially higher — — .

Mr BATCHELOR — The costs of carrying out the tender?

Mr RICH-PHILLIPS — Yes.

Mr BATCHELOR — I have not got that information as to what the tender costs were, but the project costs we have here. If you just bear a minute, we might be able to extract it out of the information. I will come back to that if you like.

Ms ROMANES — You mentioned, Minister, the Austin Health and Mercy Hospital redevelopment in your presentation. That is a project which has funding first allocated in the year 2001-02. Could you advise the committee of the progress of that project?

Mr BATCHELOR — This is a project that will bring two hospitals together on one site, and in doing that it will provide better access to public health facilities. Because of the nature of the site, with its topography, it has required innovative and sustainable design to be an element of it and we want to provide more car parking to improve the traffic flows in this area.

Two things need to be cleared up. There have been some mischievous misinterpretations of the Auditor-General's findings on this project, and it is important to update the committee and provide it with an explanation.

Contrary to some media reports the Auditor-General did not find that there was a cost blow-out on the currently approved budget. There was a potential risk of a \$13 million shortfall for the refurbishment. This work has not been commissioned as yet, and it was pointed out by the Department of Human Services. It is work that we are confident will be able to be carried out within the approved budget. It enables the people we are working for — the Department of Human Services — to make some changes to the scope, and that is an appropriate way of dealing with those potential shortfalls in relation to refurbishment. It is after all, its decision.

The project already has been able to find offsets to fund minor changes in project scope, and that is not unusual in a project where the costs can vary up and down during the life of the project. One of the ways of dealing with that is to make minor changes to project scope.

The second observation related to a \$21 million cost for ambulatory care services — site consolidation and improvements in clinical facilities — but the Auditor-General states in his conclusion that this money was not included in the construction contract or the project scope. He says that these will be managed under a separate contract arrangement. So this \$21 million is not a budget increase, because the Auditor-General correctly points out that they are not a part of the scope of this particular project.

We believe that the project is proceeding well, and the Auditor-General acknowledges that in his recent report. He notes that the car park was partially commissioned in October last year, and that was a year ahead of schedule. That was done because of the way the project was doing, but it has also been used to help facilitate some of the car parking issues in the surrounding area.

Ms GREEN — Minister, I refer you to the final report of the review of infrastructure provided under the Partnerships Victoria policy, which was submitted to the Treasurer in January 2004. One of the review's recommendations is that the building of an appropriately sized internal capability within government involving project management and financial evaluation skills become a key objective of infrastructure policy and not just in Partnerships Victoria context.

I ask: do the contracting arrangements with project feasibility panel firms include arrangements for skill transfer to the staff of Major Projects Victoria, and will there be an organisational realignment to bring these skills to Major Projects Victoria?

Mr BATCHELOR — The acquiring of project management skills is a key and important issue. It is an issue that we have recognised that we need to upgrade, particularly to accommodate the change requirements of a Partnerships Victoria approach to the financing of projects. In Major Projects Victoria the teams are structured with project directors leading projects and with other team members supporting different aspects of that project.

Consultants come in and work closely with the project director or the project manager, and sometimes they are physically housed with the Major Projects Victoria team.

Generally as part of these arrangements certain skills are transferred to the members of the Major Projects Victoria team on the job and as a result of their working closely with the external consultants. So you might engage someone to do project management or conduct commercial arrangements or legal documentation, and where the project teams do not have those skills they purchase in, but as a part of those arrangements we try to make sure that there is a transferring of those skills to our project teams.

In addition to that, contracts are constructed to ensure that the intellectual property that is developed during a project through people working with us is able to be used by the state, not just by Major Projects Victoria but by the whole of government, and that is the way that we plan to deal with that issue. We recognise it and we are trying to provide it. But there will always be some skills that are better provided by external contractors, and we do not apologise for getting those skills in when we need them.

Mr CLARK — Minister, given that you are unable or unwilling to tell the committee and the public about the cost to taxpayers of the toxic waste fiasco, let me ask you an easier question. I refer you to last year's budget papers that estimated that by December 2003 an application would be lodged for statutory approval for a long-term containment facility and to this year's budget papers that estimate that an application would be lodged for statutory approval by August this year and statutory approval would be given by May 2005. Given the abandonment of the project to locate the toxic waste dump at one of the three sites previously nominated, how much delay do you now expect to the project?

Mr BATCHELOR — Part of the announcement yesterday was that we expect it will take us another 12 months to get through the environment effects statement process before it can be made available for statutory approvals.

Mr CLARK — On top of what is in the budget papers?

Mr BATCHELOR — No, effectively from now.

The CHAIR — Minister, Major Projects Victoria has entered into contractual arrangements valued at \$5.5 million with a panel of project feasibility initiation and development managers for the period 1 July 2002 to 30 June 2004. There are a range of consultants in that array.

Does Major Projects Victoria have arrangements in place to ensure that the panel firm selected for a feasibility study or advice for a particular project does not have links with potential or current bidders for major infrastructure projects?

Mr BATCHELOR — As I indicated in the earlier response, we do use consultants, or some consultants work for other parties away from our major projects. When they are coming in for panels they are required to sign confidentiality agreements and give an undertaking or are required to declare any conflicts of interests. These obligations apply when they are being considered for use and importantly for the duration of the panel appointment.

Specific probity plans are developed by Major Projects Victoria to cover the relevant stages and points where any conflict may occur, and these typically can occur at the time of project development or tendering, contracting, constructing, commissioning and operational phases of the projects. It is an issue that we are alive to that occurs more than just at the commencement of a project.

The probity plans require the consultants involved in any bid process to sign the confidentiality agreement as well as declaring conflicts of interest, but any links that might exist or could exist in the future have to be declared under the panel arrangements and the probity requirements.

Mr FORWOOD — I have another probity issue that I would like to raise with you, Minister. It goes to another fiasco under your watch, and that is the leaking of the Central City Studios contract. The Multimedia Victoria guidelines for the receipt, storage and handling of those tenders says. and I quote:

All tenders will be ... transferred to Major Projects Victoria ...

And further:

Tenders will be kept in a locked room at Major Projects Victoria ...

And further:

Tenders may be reviewed and assessed only by those authorised to do so —

and a register of people will be kept.

Were tenders transferred according to this document to Major Projects Victoria? Were they kept in a locked room? Was a register kept of people who had access to them, and if so, how come the tender was delivered in a brown paper bag to another group who were tendering?

Mr BATCHELOR — As the member would know, the responsibility for that part of this project does not rest with me as Minister for Major Projects but with the Minister for State and Regional Development.

The CHAIR — Who answered those questions.

Mr FORWOOD — On a point of order, we have with us the chief executive officer of Major Projects Victoria, and the quotes I have read here only deal with the behaviour of Major Projects Victoria.

Mr BATCHELOR — You had the opportunity to ask these questions yesterday, as I understand it.

Mr FORWOOD — Mr Cain was not here yesterday. You know he was not here yesterday.

The CHAIR — In terms of how this committee works, Minister, we ask questions of the minister responsible for a particular component of the budget. If this does not relate to your portfolio, as you have correctly explained, this can be put on notice for the appropriate minister, and the public servants who are in attendance here are asked to answer on behalf of the minister.

Mr FORWOOD — Hang on, on the point of order, the minister is responsible for Major Projects Victoria. Forget about the project side of it; the minister is responsible for Major Projects Victoria. Are you? Why are you not?

Mr BATCHELOR — Through the Chair, Mr Forwood, you are talking about a tender process — —

The CHAIR — Excuse me. Just a moment, Minister — —

Mr FORWOOD — If the minister is responsible for Major Projects Victoria, then he needs to answer questions relating to conduct specifically asked in relation to the activities of Major Projects Victoria. I did not ask about anything other than the activities of Major Projects Victoria. It states:

All tenders will be ... transferred to Major Projects Victoria.

Tenders will be kept in a locked room at Major Projects Victoria at all times ...

Tenders may be reviewed and assessed only by those authorised to do so. A register of all people accessing the documents ... will be maintained by a representative of Major Projects Victoria.

This is on your watch — —

The CHAIR — Just a moment. It is not on my watch. Just talk to me.

Mr FORWOOD — In these circumstances where these issues only deal with major projects and the minister is obviously by government fiat responsible for major projects, he has to answer the question. He cannot pretend it is not his.

The CHAIR — The minister, in terms of Docklands studios is not responsible for Docklands studios. He is responsible for Major Projects Victoria. Through this question, can you just repeat what you have actually asked?

Mr FORWOOD — Yes. Were the tenders transferred to Major Projects Victoria? Were they kept in a locked room at Major Projects Victoria? Did Major Projects Victoria keep a register of people who accessed it?

The CHAIR — And we ask the minister those questions through PAEC. The minister has said that he is not responsible for this particular project. He is minister responsible for Major Projects Victoria. If he wishes to answer this specific question himself, he can do so. He has suggested that it needed to be asked of someone else. The committee has the opportunity to put questions on notice, and that can be done, given the minister has said it should have been in his view asked of another minister. We cannot oblige a minister to answer a question here. What we can do, if the minister says it is not his responsibility, is put it on notice, as we do for so many others.

Mr FORWOOD — Okay, that is fine. Can I rephrase the question?

Mr MERLINO — No, you have asked the question.

Mr FORWOOD — Hang on. I just want to rephrase the question.

The CHAIR — You have asked in relation to this particular project. If you wish to rephrase the question in relation to another project for which the minister is responsible, you may do so.

Mr FORWOOD — Minister, are you responsible for Major Projects Victoria?

Mr BATCHELOR — Yes.

Mr FORWOOD — Thank you.

Mr DONNELLAN — The output for which the Minister for Major Projects has responsibility, major public construction and land development, includes new quantity performance measures to assess progress on three projects — the Birrarung Marr pedestrian bridge, the Jolimont station improvements and the Yarra precinct lighting works. On what basis is progress measured against the target per cent complete? Is the measure based on elapsed time duration of construction contract or are other milestones taken into account such as project commissioning or progress payments?

Mr BATCHELOR — For projects generally, milestones may define critical activities or discrete stages in a project for work to be completed and handed back to the state. Some milestones relate to when contractual payment becomes due against an identified piece of work — so when a project gets to a certain stage, then that can trigger payment. For example, upgrading the park lighting for the Commonwealth Games can be based on the completion of lighting works in each of the six parks surrounding it, so when they have done the job — these are small projects — this one will be when they have completed the job in the six surrounding parks. With Jolimont station the milestones are to be finalised with the contractor, so once that is all finalised the precise milestones will be known. However, it is expected that they will be based on completion of the design and various construction elements that will occur during the project, and of course the date of practical completion at the end of that particular project. It will be a process that will take place over a long, drawn-out period of time.

Similarly with the Yarra Park precinct — the pedestrian link there — the milestones for the construction phase will include discrete elements of when certain parts of the bridge are finished and, of course, the date for practical completion and handover to the state.

The CHAIR — The final question of our 40 minutes of questions to Mr Forwood.

Mr FORWOOD — Minister, I have a general question. I wonder if you could advise the committee about tender security processes of Major Projects Victoria, how they operate and the costs that are associated with those processes?

Mr BATCHELOR — Security of the tender process at Major Projects Victoria is very high, as it is in other parts of government administration from the Department of Infrastructure. The tender documents are made available only to those who evaluating the project.

They are contained within the work areas of those people, often in locked rooms to which access can only be gained by people directly carrying out that task for the project. So it is important for the state and important for the tenderers that that be the case. And I assure you that that is the case not just in major projects but in the whole of the Department of Infrastructure.

Mr FORWOOD — And the costs?

Mr BATCHELOR — The costs are part of the project. The costs are associated with each project; they are not segregated out and the costs will vary from project to project. So with a smaller project they are considerably reduced. For other projects they have to hire specially locked rooms and sealed-off areas to cope with the amount of tender documentation.

Mr FORWOOD — Are the registers available for scrutiny — the registers of people who have access to the documents?

Mr CAIN — The individual security requirements pertaining to individual tenders are set out in the probity plans. Some of those probity plans call for registers of people accessing documents to be kept. Some do not. The minister's broad comments about the security of tenders being normally in locked cabinets or locked rooms, depending on the size and volume of the paper involved, is quite accurate. In projects of sufficient size to justify having probity auditors involved — those are a multimillion-dollar contracts in some instances — we would always observe a process of having documents in a secure container of some description. It is not always the case, however, that registers of access to those secure documents are kept, but the individual responsibility for ensuring only the right people access the right documents is with the project director in each case. Ultimately those project directors are responsible to me.

The CHAIR — We will take a short break before proceeding with the transport portfolio.

Witnesses withdrew.