

TRANSCRIPT

STANDING COMMITTEE ON THE ECONOMY AND INFRASTRUCTURE

Inquiry into infrastructure projects

Melbourne — 21 June 2017

Members

Mr Bernie Finn — Chair

Mr Khalil Eideh — Deputy Chair

Mr Jeff Bourman

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Mr Craig Ondarchie

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Mr Greg Barber

Ms Samantha Dunn

Mr Cesar Melhem

Mr Gordon Rich-Phillips

Witness

Mr Peter Sammut, Chief Executive Officer, Western Distributor Authority.

The CHAIR — Mr Sammut, thank you very much for joining us this evening. This committee is hearing evidence in relation to the inquiry into infrastructure projects. The evidence is being recorded. All evidence taken at this hearing is protected by parliamentary privilege. Therefore you are protected against any action for what you say here tonight, but if you go outside and repeat the same things, these comments may not be protected by this privilege. I ask you to address the committee for 5 or 10 minutes, and then we will open it up to questions. Thank you very much.

Visual presentation.

Mr SAMMUT — Thank you, Chair, and thank you to the committee. Through the slide presentation I intend to just touch on a little bit about the project development; some key features of the design, because the committee has already heard about that; and also a little bit about the environment effects statement process and where that is at.

In terms of critical transport challenges, Melbourne needs this project to address some of the biggest transport challenges facing the west and the city. As you can see on the slide there is significant population growth and a mismatch between where people live, the job opportunities they have and where they work. There is also inadequate transport capacity on the M1 corridor, an over-reliance on the West Gate Bridge, as you have heard, reduced amenity in the inner west, and inadequate support and freight connections to cater for growth. One of the major challenges is this mismatch between population and growth. This is in the environment effects statement. The graph shows forecast new houses and jobs between 2011 and 2031 — so 20 years looking forward from 2011. Each orange dot represents 25 people, and each blue dot represents 25 jobs. This is not existing; This is really growth from 2011 to 2031 in new jobs and new population.

Melbourne is forecast to grow from 4.5 million to 8 million people through to 2050. Half of Melbourne's population growth is in the west. The west will grow at twice the pace of the rest of Melbourne. The problem is that jobs in the west are not growing at anywhere near the same pace. All other things being equal, we can reasonably expect that there will be a significant demand for increased travel.

There is over-reliance on the West Gate Bridge, and the M1 corridor is at critical capacity. At the moment some 200 000 vehicles per day are on the West Gate Freeway. It is linking western Victoria, the Surf Coast and the western suburbs to central Melbourne, the south-east and beyond. Motorists are acutely aware of the traffic congestion. Peak traffic is spreading. The morning peak is no longer the 7.00 a.m. to 9.00 a.m. band; it is more like a 6.00 a.m. to 10.00 a.m. period, with weekend traffic congestion approaching weekday conditions at certain times.

Travel reliability and speed are reducing, and larger trucks have been restricted from using the bridge. In essence the West Gate Bridge is under pressure. There has been a lot of work to maximise the capacity of the West Gate Bridge. It is currently 10 lanes, as you know — five lanes in each direction.

Reduced amenity in the inner west is predominantly due to the history of the west and land use, with industry growing up, as I call it, next to residential development — or maybe it is the other way around. This mixed land use has suburbs like Footscray, Yarraville, Seddon and Kingsville — residential areas — between major industrial precincts like Brooklyn, Tottenham, the port, the western side of the Maribyrnong River and further to the west. The industrial precincts are trying to do business with each other, and they have to travel through residential areas to do it.

You have heard about port traffic. Freight task is expected to increase fourfold. This is Australia's busiest container port and a major contributor to Victoria's productivity and economy. Container throughput is growing steeply and is a task which is largely handled at present by road-based transport.

To address these key challenges Melbourne needs the West Gate Tunnel Project. The west needs the West Gate Tunnel Project. It will improve the capacity, reliability, efficiency and resilience of the West Gate Freeway, the West Gate Bridge and the M1 corridor. It will also provide a direct freeway connection to the port, enable the removal of trucks from the inner west and provide continuous connected and very high standard pedestrian and cycling links from Werribee to central Melbourne. As you know, there are 14 kilometres of shared-use path extensions built in as part of this project. It will create new open space and improvements to existing open spaces. There will be extensive landscaping and tree planting and some 9 hectares of new open space.

There will be improved noise attenuation — the highest standard of noise attenuation for this corridor that you could possibly adopt. The normal retrofit standard for an existing motorway would be 68 dB(A). We are adopting 63 dB(A). That is L10 (18 hour). We are going to see a huge improvement in urban form. The west will be getting noise attenuation barriers like they have not seen before. There will be a huge investment in architecture, with some of the highest quality architecture that is being built into a modern motorway.

This diagram is in the EES. It talks about the two years or so of work that has been done in the development period. I started with the Western Distributor Authority in August of last year, so at that point in time the state's reference design was out in the community, but preceding that was a lot of interaction with the community in the development of the project, the business case and various other developments to get to the reference design. From the reference design we have moved through to a tender process to appoint CPB John Holland as the builder, if you like, and their design has now been reflected in the EES, which I may talk about a little bit later.

I think you know the key features of the project. The West Gate Freeway itself is being widened from eight lanes to 12 through-lanes plus auxiliary lanes, and we have got twin tunnels that are built for three lanes to the Maribyrnong River and then bridges over the Maribyrnong River with connections to Mackenzie Road, which is basically Swanson Dock, and also ramps to the other side of the port at Appleton Dock Road, plus connections to CityLink, connections to Footscray Road, connections to Dynon Road, plus an extension of Wurundjeri Way from Dudley Street to Dynon Road — so significant connections are being added, along with all of the social amenity improvements, the 14 kilometres of shared-user paths and the 9 hectares of open space, which is more than I have seen on any motorway project that I have been on.

The environment effects statement itself was prepared through 2016 and was updated to match, if you like, the preferred builder, CPB John Holland. So the EES that was put on public exhibition from 29 May is actually the design by the preferred builder, not a reference design. This is the first time that it has been done in Victoria, and it should give the community a lot more certainty because it includes a lot more detail. It includes the actual urban form. It includes the actual design. It includes details of the noise barrier heights, and we have in the EES a set of what are called development and urban design plans. Those plans are very comprehensive, and they are actually proposed to be incorporated into the planning scheme amendment. So on public exhibition is an EES, a draft planning scheme amendment and also a works approval application for the ventilation structures.

The process is now running. It is really in the hands of DELWP and the Minister for Planning from here on in. The Western Distributor Authority is the proponent for the EES on behalf of the Secretary to the Department of Economic Development, Jobs, Transport and Resources. The submissions close on 10 July, and then the second half of 2017 is really the inquiry and advisory committee, which will commence its hearings from 14 August. We presented to that hearing at the inquiry on the advisory committee's request on 19 June.

The EES is structured to break the project up into the components. So there is a summary. There is volume 1 about how the project has been developed and assessed, and then 2, 3 and 4 really match the West Gate Freeway tunnels or the elevated motorway section and connections into the city.

My last slide, just before some montages or visuals, is really about the communications, not just during the public exhibition. From the 2 April announcement of the actual preferred builder the project team, WDA, with Transurban have spent all of April and May with 16 information sessions communicating the design and the features of the design, and now since the release of the EES we are holding 13 information sessions on communicating the EES and helping people work through that environment effects statement, with specialists available at those sessions, and 10 out of the 13 have already been conducted.

The rest of these are just some montages, if you have not seen them, of the southern tunnel portal, inside the tunnel, the northern portal, the new Whitehall Street pedestrian bridge or shared-user path bridge. There was a fatality at Whitehall Street of a cyclist on the corner of Whitehall Street and Somerville Road a few months ago. This bridge would mean there are no more at-grade crossings. This is the undercroft at the Maribyrnong River west bank, the connections into Mackenzie Road looking at the northern tunnel portal, a new shared-user path bridge over Footscray Road, and the interchange between the Westgate Tunnel project, Footscray Road, CityLink, Dynon Road and the Wurundjeri Way extension. There are actually nine new shared-user path bridges being built — two of them to replace existing ones on the Westgate Freeway. The other seven are brand new. That concludes the presentation.

The CHAIR — Thank you indeed, Mr Sammut. We do appreciate your presentation this evening. You mentioned the Wurundjeri Way exit. That is a T-intersection, isn't it? That will end in a T-intersection?

Mr SAMMUT — At the moment it is a T-intersection between Wurundjeri Way and Dudley Street, and what we are proposing is, as you are heading north, if you like, on Wurundjeri Way, you currently come to a T-intersection with Dudley Street near where Festival Hall is. You will now be going over Dudley Street, continuing north through the rail yards and connecting to Dynon Road — going over Dynon Road and then connecting into Dynon Road.

The CHAIR — So coming from the west, how does one actually get into the city from that exit?

Mr SAMMUT — If you are travelling from the west on the West Gate Tunnel Project — I cannot seem to find the laser pointer, but you can see the Wurundjeri Way extension in the top left-hand corner — there are ramps that take you from the West Gate tunnel project south onto the Wurundjeri Way extension and another ramp if you are going north on the Wurundjeri Way extension to take you onto the West Gate Tunnel Project. So there are, if you like, southerly oriented ramps.

The CHAIR — You mentioned you have been in your current job since August last year. You would probably be in a position to know when the western distributor became the West Gate tunnel project and why.

Mr SAMMUT — On announcement of the preferred builder on 2 April this year.

The CHAIR — Right. Why is your authority still called the Western Distributor Authority then — why not the West Gate Tunnel Authority? It just adds a degree of complication and confusion that we could probably do without — that is all.

Mr SAMMUT — I noticed you were, in the previous session, calling us the 'West Gate Tunnel Authority', but we are called the Western Distributor Authority and we are managing the West Gate Tunnel Project at the moment.

The CHAIR — Is there some plan at some stage to call yourselves the West Gate Tunnel Authority?

Mr SAMMUT — Not by me, but it may occur. Who knows?

The CHAIR — Fair enough. Could you tell us the role of the authority compared to that of Transurban and the department or VicRoads?

Mr SAMMUT — The Western Distributor Authority has been established — it was actually established in June of last year — and its responsibility is to manage this project on behalf of the Victorian government. It is pretty much the same as what is happening with other authorities — the Melbourne Metro Rail Authority or the Level Crossing Removal Authority. The genesis of this project being a market-led proposal ultimately still results, once contracts are signed, in a typical public-private partnership arrangement. To me, the way I put it, projects can be initiated by the market or they can be initiated by the government under current Victorian government policy, but at the end of the day when contracts are signed every PPP ends up looking the same.

The contracts would be signed by the Victorian government, usually a minister in right of the Crown on behalf of the state. There would be an authority established. There will be a state representative — I expect it would be me — managing the project on behalf of the Victorian government. The contract then would be with the project company, we call it. If Transurban get through the next gate, then they would be the project company. But they are currently not there yet; they are currently at stage 4. So you would end up with a structure with an authority and a project company that has the contract with the government and basically reports to the authority. The project company will have a design and construct contractor, and they will have an operations and maintenance contractor. That is the typical structure. Every PPP is pretty much structured that way.

The CHAIR — As we know, this is a \$5.5 billion project. How much of that \$5.5 billion will be taxpayer money?

Mr SAMMUT — That is something that has actually got to be resolved in this next phase of the project, because the commercial negotiations are still ongoing about funding sources. I think that is fairly public information.

Mr LEANE — Thank you, Mr Sammut, for assisting our committee tonight. I just wanted to flesh out one thing. The authority is responsible for the project on behalf of the government. Does that mean it is responsible for trying to manage the disruption that, because it is a six-year project — it is a big project —

Mr SAMMUT — Five.

Mr LEANE — five years, sorry — to residents and also I suppose the previous discussion around congestion and what the project will mean to that?

Mr SAMMUT — Yes. Again pretty typically for public-private partnerships, managing the construction of these major projects and their impact on the travelling public is a key consideration for government. We want to try to keep people moving, and the way that we are doing that is we have got a series of requirements in terms of when lanes can be closed and when they cannot be closed, and we have them for the major motorways. We actually have time-of-day by day-of-week availability charts in our contract. Essentially it is really about keeping the motorways open during the daytime to match capacity of those motorways. We map out what the current demand is through the 24-hour period, and we only allow lanes to be closed when the remaining lanes can carry the traffic. It is regulated by contract in terms of lane availability.

Ms HARTLAND — If you were a community group and you had to deal with a 10 000-page document and you had 30 days to read, surmise and do your submission to an EES project, would you think that was enough time?

Mr SAMMUT — It is the normal time.

Ms HARTLAND — I am asking you: do you think it is enough?

Mr SAMMUT — Is it enough time to make a submission? Yes, I do believe it is enough time to make a submission. The 30 business days that have been adopted was set by the Minister for Planning when he required this project to complete an environment effects statement. An environment effects statement under Victorian law is the most comprehensive environmental process that you can follow. That was December 2015. In December 2015 the Minister for Planning said this project needs an environment effects statement prepared. It needs to cover these matters, so it is a very comprehensive set of issues that needed to be addressed as part of the EES, and that the EES would be on public exhibition for 30 business days. That was December 2015.

The ministerial guidelines for EESs, which I think are 11 years old now, say 20 to 30 business days is the normal period. On major projects that I have been involved with, six weeks is the normal period. We have had the community ask this very question, and part of the advice that we have been giving is that in terms of actually lodging a submission with Planning Panels Victoria on the EES, it is an online form and it is actually very simple to do. You just fill in your name and address, tick the box about whether you would like to appear at the panel, and you just state what your concerns are. Then that basically means that the submission is lodged. A lot of people will get the opportunity to articulate that further through the inquiry and advisory committee process. But lodging a submission is actually very easy, and a few people have already done that.

Ms HARTLAND — That is not what I asked you. It is a 10 000-page document that has quite complex technical information in it. These are unfunded, unresourced community groups who had to go and find people to assist them to do this. Do you think it is acceptable that the government thinks that they should be able to respond in 30 days? We did request that the government extend the time, and they refused.

Mr SAMMUT — Can I answer that in two parts? The EES is structured so that, if you are interested in a particular section of the motorway — —

Ms HARTLAND — No. Wait a minute. These people are profoundly affected by this project. They need to read the entire 10 000-page document to see which part of the project is going to have an effect. They are not just going to read one section of the report; they have to read all 10 000 pages. Do you really think an unfunded, unresourced community group can do that in 30 days and do a submission?

Mr SAMMUT — You do not have to read all of the 10 000 pages. All you have to do, if you are interested in the West Gate Freeway — —

Ms HARTLAND — These people live there. This is a project that is going to profoundly affect them. They need to read all 10 000 pages to know what kind of effect this project is going to have on them. They cannot just read bits and pieces; they have got to read the whole document. They cannot do an informed submission to the process without reading the 10 000 pages. Do you think 30 days is enough for an unfunded community group to be able to respond?

Mr SAMMUT — Yes, I do. The EES is structured. If you are interested in the West Gate Freeway, you only read volume 2. It summarises all of the specialist reports in volume 2. If you are interested in the tunnels, you only read volume 3.

On the point of funding, though, I take that point. I do understand that the government is giving consideration to looking at options to fund community groups. That is obviously not a matter for the Western Distributor Authority, because we are the proponent.

Ms HARTLAND — That decision will be made when the 30 days is over. How far are we into the 30 days now?

Mr SAMMUT — About 17 days.

Ms HARTLAND — Right, so the government has got 13 days to decide.

Mr SAMMUT — Eighteen, I think, sorry.

Ms HARTLAND — People's submissions actually have to be in before that decision will be made, so it is not going to help those people at all.

Mr SAMMUT — The key advice on that would be to lodge a submission, write whatever it is that is concerning you — —

Ms HARTLAND — An inadequate submission because they have not had the time or the resources to deal with 10 000 pages of documents.

Mr SAMMUT — I think the inquiry and advisory committee is very cognisant of the community having to respond to environment effects statements; they are doing that all the time. Six weeks is the normal time. This EES is about the same size as the Melbourne Metro one. All I can really say is that I encourage people to just put down their concerns and lodge a submission with the inquiry so that you then have the opportunity to be able to discuss that further in the next stage of the process.

Ms HARTLAND — There are 21 000 truck movements through the City of Maribyrnong now. How many trucks do you believe this project will take off inner Melbourne roads?

Mr SAMMUT — Our public number I think is 9300 trucks.

Ms HARTLAND — How can you prove that that is going to happen? That still leaves 12 000 truck movements a day. Possibly a number of them will be containers and B-doubles, so how can you absolutely say that this will take 9000 trucks off those inner west roads?

Mr SAMMUT — The analysis comes from very detailed and comprehensive traffic modelling — multimodal traffic modelling. We look at traffic growth, we look at residential development and other development using all of the forecasts available to government, including *Victoria in Future 2014*, which is a 2014 document about growth. These traffic models are there to predict that sort of behaviour. So is it predicted? Is it known? It is not known — it is a predicted outcome — but it is a very sophisticated traffic model that is predicting this outcome.

Ms HARTLAND — There are going to be increased trucks on Hyde Street, Millers Road and through Brooklyn because of this project. They are the trucks that will be diverted off Francis Street, Somerville Road, Barkly Street et cetera. Do you think it is acceptable that these trucks are going to be going from one set of residential streets to another set of residential streets?

Mr SAMMUT — There will be some increased traffic on Hyde Street; there will be some increased traffic on Millers Road. The area is again subject to mixed land use. It is really about industry trying to access the motorway to be able to travel to the port and elsewhere. Millers Road plays a very important role because it is the key north–south road with a full diamond interchange with the West Gate Freeway. Grieve Parade plays another important role, but it is a half-diamond interchange and you cannot get into the tunnel from Williamstown Road, so you need to be from Millers Road onwards.

These are the things that are going to be discussed as part of the next stage of this inquiry and advisory committee, and people will be doing their best to try and mitigate these matters.

Ms HARTLAND — My understanding is that there will be a substantial increase in trucks on Millers Road and through Brooklyn, which are both residential areas. Is it acceptable to push trucks from one area into another?

Mr SAMMUT — Nobody is trying to push trucks. They are trying to solve issues.

Ms HARTLAND — That is the consequences of this. That is what is going to happen.

Mr SAMMUT — I think in 2031 Millers Road is predicted to have about 52 000, the upper limit. There is a range for every predicted year, but I think about 52 000 vehicles per day with or without the project. In other words, without the project there will be 52 000 vehicles on Millers Road; that is what is predicted. With the project, 52 000 vehicles. But the mix is different. There will be less cars and more trucks.

Ms HARTLAND — I am told by reliable people — doctors who work in the field of respiratory disease — that the health section of the EES is inadequate. Rather than read the entire letter to you, I will just make some points: it uses outdated data and evidence; it does not consider key health impacts from air pollution, such as stroke and hospital admissions for preschoolers having trouble breathing, and we already have the highest rates of admission of children with respiratory disease; it does not discuss ultrafine particles, which I find quite astounding and which are obviously the most damaging part of diesel exhaust; and it does not consider the health impacts of particulates for drivers in the tunnel. Why is it that what you would have thought was the most pivotal part of the EES — around the health effects — I am being told is inadequate and is using outdated data?

Mr SAMMUT — I certainly would hope not, because we have done a comprehensive assessment. Air quality standards in Victoria are around PM10 and PM2.5. They are the particulate matter state environmental protection policy measures, and health assessment reports and other reports can only really address that. I think what you will find through the EES is that the project's contribution to things like air quality is very, very small — very, very small changes from background levels.

Ms HARTLAND — To improve or make it worse, sorry?

Mr SAMMUT — It depends on where you are, but the ventilation structure has got very high standards of protection built into it, and the air quality modelling is showing that there are very small impacts on air quality above baseline. It is the baseline levels that are the key contributors, not the project's contribution, and from a health perspective there is really no — do not quote me precisely, but it is effectively in my words no — measurable difference on human health.

Ms HARTLAND — In terms of the houses that are on Hyde Street and Francis Street, there are about 30 houses that really need to be acquired because of this project, because of a massive contaminated site at the back of them and because they are in the blast zone for Mobil. Is there any consideration within the authority to work collaboratively and hopefully imaginatively with other organisations to actually acquire these houses?

Mr SAMMUT — I think there are something like 11 south of Francis Street. If you are talking about the ones south of Francis Street, those 11 or so properties, yes, we do recognise that they are experiencing some additional traffic volumes and that predominately it is truck traffic because the Hyde Street ramps are really there to provide connectivity into the fuel terminals and various other terminals and for placarded loads that cannot go into the tunnel. We understand that they are already affected by a public acquisition overlay that has been in place for decades, and while it is not actually part of the project scope at this point in time, we do understand that VicRoads is actively working with those residents.

Ms HARTLAND — No, they are not.

Mr SAMMUT — Well, they have certainly been talking to them.

Ms HARTLAND — Several of them will not be able to use the current processes, because they bought the houses with the overlays already in place, so they are not eligible for the voluntary process. I do not think it is totally VicRoads' fault, I do not think it is totally the government's fault and I do not think it is totally Transurban's fault, but I think it is time that someone had some imagination to deal with this set of houses and actually organised a buyout of them. What I am asking is: is it possible for you to be speaking to other government departments and Transurban about what could be done about these houses? They are also in the blast zone of Mobil. If Mobil goes up, they all go with it.

Mr SAMMUT — Obviously the West Gate Tunnel Project has no impact on whether they are in the blast zone or not. That was there a long time before. I think as the preceding — —

Ms HARTLAND — I understand that. I am asking you a question about a group of houses that are in an impossible situation. I am asking: is it possible for you to speak to other government departments to come up with a plan for these houses, because I am saying that nobody is particularly responsible but everybody is responsible. These houses should not be occupied.

Mr SAMMUT — Look, we understand the residents' concerns there, because we have also been speaking to them. We are happy to be part of the solution as well, but at the moment it is not part of the Western Distributor Authority's mandate to commit to that.

Ms HARTLAND — Can we go back to one of your early photos? I am just intrigued by one of the photos. There were four photos or four artist's impressions. This one in the corner — what does that represent?

Mr SAMMUT — The top left one?

Ms HARTLAND — Yes.

Mr SAMMUT — That is the Hyde Street ramp going towards Hyde Street.

Ms HARTLAND — Which end of Hyde Street?

Mr SAMMUT — If you are heading into the city, that is the off-ramp that takes you to Hyde Street, and that is Stony Creek next to it. On the left you can see that there is a shared-user path on the side of the bridge. That is part of Federation Trail.

Ms HARTLAND — I have never seen Stony Creek look so clean. There are no car bodies there.

Mr SAMMUT — There are a lot of improvements happening to Stony Creek as part of the project.

Ms HARTLAND — Yes.

Mr O'SULLIVAN — Mr Sammut, I have only got a couple of quick questions for you. As I explained earlier, I do not have a detailed background in terms of this project, but I have had a little bit of experience previously in a major project that has given me a bit of background information more generally. In terms of the cost of this one — I think we are at \$5.5 billion for this project — has there been any blowout in the cost at this point, or is it still back at the \$5.5 billion mark?

Mr SAMMUT — The costs are really subject to this negotiation phase concluding. Stage 4 is really about negotiations, so the final costs of the project will be known once we get to contract close because we are also subject to the environment effect statement process, and the environment effect statement process could result in changes in scope of the project, which also could mean that there could be changes in cost.

Mr O'SULLIVAN — How much would you expect the \$5.5 billion to go up in terms of where it will end up?

Mr SAMMUT — It is hard to know that at the moment, because we do not know what will come out of the EES process, and the terms of reference are there to actually allow suggestions about changes to the project scope that are proximate to or reasonably proximate to what we call the project boundary. Until we really go through that process we cannot really know.

Mr O'SULLIVAN — If there is a cost blowout, who will be responsible for picking up the tab? Will it be the taxpayer or will it be the project proponent? I assume that will be Transurban. Where does any cost blowout end up?

Mr SAMMUT — That is again really part of this next phase, to actually determine what the final commercial arrangements are going to be. It is quite public as to where the funding sources for this project are. There is one of three or four funding mechanisms or a combination of them that are being contemplated to fund the project, so I guess any one or all of those could be affected by the final outcome after we get through this planning and approvals phase.

Mr O'SULLIVAN — If the project was to be late being delivered, are there any penalties that would be applied under the contract?

Mr SAMMUT — It does depend on which entity you are. Usually on these PPPs, let us just say for a typical toll road there would be a completion date and, if the entity that is building the project does not meet that date, then they pay a form of damages, usually equivalent to lost revenue. The project company misses out on revenue because the motorway is not complete, so there are a lot of incentives on the project parties to complete the project on time.

Mr O'SULLIVAN — If there is any refinancing along the way, where do the proceeds of the refinancing end up?

Mr SAMMUT — Whether there is refinancing or not is also part of the commercial structuring of this project. Not every public-private partnership will have debt and equity coming into it specifically by banks for a dedicated special-purpose vehicle. Transurban does business all around the world and operates many motorways, so it brings its own financing package to the table. That is also part of the structuring of the project.

Mr EIDEH — Just a quick one, too. I understand that 6000 jobs will be created as part of the West Gate tunnel project. Can you please provide more details about these jobs? How many apprentices? What local industries will be utilised?

Mr SAMMUT — Yes. The current statistics are that we are expecting 6000 jobs. There are also, I think, about 500 opportunities for people to enter into the workforce; about 140 or so people are intended to come over to work on the project from the manufacturing industry; a huge local content percentage — around about 93 per cent; and also a huge local steel content, also in the 90s. So lots of opportunities. The government has its own social procurement policies and targets, and these were part of the tender process and made as a requirement, and CPB John Holland met or exceeded all of those metrics and offered a lot of really good initiatives for the community, for jobs, and those are now in the contract as requirements.

Mr EIDEH — What about local industries? That will be utilised — local manufacturing?

Mr SAMMUT — Yes. Lots of opportunities for local jobs — I think, again, about 400, 500 — and I think what you will find with these jobs, and in my experience as well, is that procuring products from local industry is not just needed to be done to meet the local content requirements but it actually also happens often just by the natural supply chain. People are looking for good suppliers. The Industry Capability Network has been involved in the project. It set up a register encouraging all local suppliers to be on that register. That register is then provided to the tenderers, and the tenderers use that as, if you like, the list of suppliers that they can engage on the project. So we do a lot to try and encourage local content — the most that is possible.

Mr EIDEH — That is good; thank you.

The CHAIR — Mr Sammut, it seems to me — I think it pretty much appears to everybody — that Transurban is a pretty central component of this project. Now we have heard tonight that no contracts have been signed as yet. We have also heard that because nobody is actually in total control of the whole thing if there is a dispute, one party or the other — presumably Transurban in this case — could take their bat and ball and go home. What happens if there is such a dispute and Transurban withdraws from the project? What do you do then? What is the future of the project at that point?

Mr SAMMUT — When you say nobody is in control, there is a structure in place for market-led proposal guidelines. So just in terms of the question, is your question about prior to contracts being executed or after contracts have been executed?

The CHAIR — Well, both at the moment.

Mr SAMMUT — Okay. Well, after contracts — if I can do that part?

The CHAIR — Yes.

Mr SAMMUT — After contracts are executed we are in the normal public-private partnership contract structure. So the client is the state; the service deliverer is the project company. The service provider is required to deliver on what the contract with the state requires. It is plain and simple. If there are disputes, there is also another party, called an independent reviewer that is there to actually ensure that the contract requirements are met by way of general overview and reasonable checking. If there are disagreements, as there normally are in contracts, those things are resolved between the parties. They are resolved, firstly, amicably and there is an escalation mechanism in the contracts to be able to resolve them and various groups that are established. If those groups cannot resolve it within set time frames, then there are dispute resolution processes. That is a normal contract structure arrangement.

The CHAIR — I probably made a mistake in saying both; I should have probably just said ‘before the contracts are signed’.

Mr SAMMUT — Yes.

The CHAIR — Because clearly Transurban has made a huge contribution to this point, and as we have heard from Mr Charlton tonight — he said that if there was a major dispute, then Transurban could walk. If that were to happen, what would happen to this project?

Mr SAMMUT — This is a market-led proposal. So the way it was initiated is from the market as distinct from a government-initiated project. So again, I keep thinking of the projects as emanating from one of those two mechanisms, but the way it ends up post contract close is the normal way that it always ends up.

The CHAIR — Post, yes, but what happens prior to the contract?

Mr SAMMUT — Prior to — it is a market-led proposal, so this is an initiative of Transurban. Transurban have invested a lot of effort to get to this current gate. The government applies very significant tests at every single gate in accordance with those guidelines.

The CHAIR — Yes, that is very good, but we have heard tonight from the CEO of Transurban that if there was a major dispute, then Transurban could quite conceivably walk out. What happens if that occurs?

Mr SAMMUT — The key thing that is happening at the moment is that we are in gate 4. That means you enter into exclusive negotiations with the Victorian government.

The CHAIR — Yes, that is very good, but what happens if Transurban walks from this project before the contracts are signed?

Mr SAMMUT — Transurban has no interest in walking from this project, because it has — —

The CHAIR — I am sure that that is the case at the moment. We heard tonight from the CEO of Transurban, who I am fairly confident knows these things, that if there was a significant dispute between VicRoads and yourselves and Transurban, then Transurban would be within their rights to walk. Now what happens between now and the signing of the contract if that were to happen?

Mr SAMMUT — Just to be clear: we work with VicRoads because VicRoads is the network operator and they set standards, but VicRoads is not doing the negotiation. Okay? It is the Western Distributor Authority working on the negotiation with the Department of Treasury and Finance. This current phase basically says that Transurban — it is their proposal that they have put to government. The government has to — —

The CHAIR — Mr Sammut, I will ask the question again. Perhaps I should just use the Hansard transcript and hand it to you. If there is a dispute between yourselves — okay, we will leave VicRoads out of it; VicRoads are the poor cousin of the show — —

Mr SAMMUT — They are not the poor cousin.

The CHAIR — If there is a dispute between yourselves and Transurban — and we have heard tonight from the CEO, Mr Charlton, that if that were to happen, then Transurban would be within its rights to walk out — between now and the signing of the contracts, given the importance of Transurban to this project, what would happen if Transurban was to withdraw?

Mr SAMMUT — It would be exactly the same thing as to what would happen if the government in its assessment of stage 4 decides that it does not want to progress any further to stage 5. At the moment it is the government — —

The CHAIR — That would be it. It would be all over.

Mr SAMMUT — The government would have to decide then how it wishes to procure the project. It would have to either continue with the project or procure it via alternative means. But that is not — —

The CHAIR — What might that involve?

Mr SAMMUT — There are options with how to deliver the project.

The CHAIR — What are they?

Mr SAMMUT — The state can deliver the project. That is a normal option. It is not a normal option for a public-private partnership. Obviously at the moment — —

The CHAIR — I am not sure we have got a particularly normal situation here, where the company seems to be calling the shots here almost from day one.

Mr SAMMUT — When I say it is normal, I just mean that in terms of delivering a project, projects are either delivered by public-private partnership delivery or state delivery. It is one or the other. We are in the moment in a public-private partnership.

The CHAIR — I do not argue with that. But I am really keen to know what happens if Transurban is out of the equation.

Mr SAMMUT — Then the government would have to make a decision about how it wishes to continue the procurement of the project.

The CHAIR — And what options would they have at that point?

Mr SAMMUT — It could deliver the project itself. I think the Premier is on the public record saying that anyway. This phase of the project is actually about negotiation to be able to get through this particular phase, which is all about the final negotiations, the final value-for-money assessments. The decision is ultimately made by the state. The state decides whether it progresses past this gate or not. Transurban are not going to walk away from this transaction because they are the proponents. It is their offer, so they want to obviously see it through to the end. And the state — —

The CHAIR — Look, if I was going to make this sort of money, if I had the rivers of gold coming that they have, I would want to see it through too.

Mr SAMMUT — The state has a job to ensure value for money.

The CHAIR — Can I put it to you like this, Mr Sammut, that in your position as the CEO of the Western Distributor Authority, as far as you are concerned, from what you have told us here in the last few minutes, if Transurban were for some reason to be not in the equation, the state government would deliver the project. Is that your position?

Mr SAMMUT — Can I put that a different way? If the project does not get through gate 4, then it is not progressing the way that it is currently proposed to progress, and government would then have to decide how they would like to progress the project.

The CHAIR — And the Premier has said that the state would provide it themselves.

Mr SAMMUT — Well, I do not think he said that, but — —

The CHAIR — Well, I think you just told us that he did say that.

Mr SAMMUT — Well, I think what the Premier has said is that there is a commitment to the project, the project is needed, the way that it is being proposed to be delivered is through the market-led proposal guideline. That is what we have before us at the moment. We are in exclusive negotiations in gate 4 out of gate 5. Gate 5 is when you actually sign the contract. This is an important time. The negotiations are really about assessing the final value-for-money proposition. This will be a decision by government. If government decides that the proposal does not offer value for money, it will then have to decide what it would like to do.

The CHAIR — And you are in a position where you are in charge, I think, of a project which is a fairly substantial project, and obviously your concern is to see this project through. And if the major proponent of this project, being Transurban, were out of the equation, from your perspective your view would be that the government would take it on. Given what the Premier has said previously, your view is that the government would take on this project itself.

Mr SAMMUT — My view is that — —

The CHAIR — Given what the Premier has said.

Mr SAMMUT — I am only talking about what was on the public record to my understanding. My view as the CEO of the Western Distributor Authority is that my role and the Western Distributor Authority's role is to serve the government of the day in whichever way they wish us to serve it.

The CHAIR — Any further questions? Mr Sammut, thank you very much for coming in to see us this evening. You will receive in the not-too-distant future a transcript of tonight's proceedings. If you could have a look at that and just check for typos and that sort of things — not that you will see any, but if you were to notice any, if you could pass them, on that would be marvellous. And we thank you very much for coming in.

Mr SAMMUT — Thank you.

Witness withdrew.