

TRANSCRIPT

STANDING COMMITTEE ON THE ECONOMY AND INFRASTRUCTURE

Inquiry into infrastructure projects

Melbourne — 6 October 2015

Members

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Mr Khalil Eideh — Deputy Chair

Mr Nazih Elasmr

Mr Bernie Finn

Ms Colleen Hartland

Mr Craig Ondarchie

Ms Gayle Tierney

Staff

Secretary: Mr Michael Baker

Witnesses

Mr Gary Liddle, Acting CEO, Public Transport Victoria;

Mr John Merritt, Chief Executive, VicRoads; and

Mr Robert Vaughan, Project Director, Level Crossing Removal Project, Metro Trains Melbourne.

The CHAIR — I formally declare open the Standing Committee on Economy and Infrastructure public hearing. This morning's hearing is in relation to the inquiry into infrastructure projects. I welcome our guests here today and also members of the public and the media in the gallery.

I begin by explaining that the committee is hearing evidence today in relation to the infrastructure inquiry. The evidence is being recorded. This hearing is to inform the first of at least six reports into the infrastructure projects. Witnesses present may well be invited to attend future hearings as the inquiry continues. All evidence today is protected by parliamentary privilege. Therefore you are protected for what you say here today, but if you go outside and repeat the same things, those comments may not be protected by this privilege.

I welcome Mr Gary Liddle, the acting chief executive officer of Public Transport Victoria; Mr John Merritt, the chief executive of VicRoads; and Mr Robert Vaughan, the project director for the Level Crossing Removal Authority of Metro Trains. Today's evidence is being recorded, and you will be provided with proof versions of the transcript within the next week. Transcripts will ultimately be available to the public and posted on the committee's website.

I might just ask each witness to state their name and address. Then after that I will ask each witness to make a presentation or opening statements for about 5 minutes, and then we will go through to further questions. Mr Merritt, would you like to begin by stating your name, title and address?

Mr MERRITT — My name is John Merritt. I am the chief executive of VicRoads, and my work address is 60 Denmark Street, Kew.

Mr LIDDLE — Gary Liddle, chief executive officer of PTV, Collins Street, Docklands.

Mr VAUGHAN — Robert Vaughan. I am project director for Metro Trains Melbourne. The address is 700 Collins Street, Docklands.

The CHAIR — We might begin with opening statements. We might just go from left to right, if that suits you, Mr Merritt — are you happy to begin?

Mr MERRITT — Certainly. Thanks very much. I understand from the letter sent to us by the committee that you are particularly interested in the level crossing removal projects and the Melbourne Metro projects in relation to VicRoads. I know that you are aware from previous submissions to the committee that the Level Crossing Removal Authority is responsible for the delivery of the level crossing removal program. I can inform the committee that VicRoads is supporting the authority by providing a range of services. For some of the level crossing sites VicRoads is a participant in alliance contracts. We are also undertaking some contract administration and project management services, and we are also involved in the development of functional layouts at those sites and assessing potential impacts on the road network. VicRoads also has a role in exercising its statutory rights, powers and duties under a range of acts as well.

VicRoads commenced the procurement process to remove four level crossings at sites approved by the previous state government. Those sites are Burke Road, Glen Iris; North Road, Ormond; Main Road, St Albans; and Blackburn Road in Blackburn. Then following the change of government the government announced its commitment to remove level crossings at 50 specific sites, with 20 of those to be delivered in the first term. Prior to the establishment of the Level Crossing Removal Authority, VicRoads was given approval to utilise the competitive tender process that was underway for the first four sites to include competitive tenders for additional sites.

The sites that VicRoads recommended were chosen because of their physical proximity to the initial level crossing removal sites to seek to maximise the efficiency of works and lower costs to the state. The additional sites that were recommended were Furlong Road, because of its proximity to Main Road, St Albans; McKinnon Road and Centre Road, because of their proximity to the North Road, Ormond removal; and then Heatherdale Road because of its proximity to Blackburn Road in Blackburn.

There was a [inaudible] tender process. Following the analysis of those tenders, two alliance contracts have been awarded. So there is a contract for the removal of level crossings at Burke, North, McKinnon and Centre roads — those four — and a contract for the removal of level crossings at Main Road, Furlong Road and Blackburn and Heatherdale roads. Arrangements are currently underway to novate those contracts across to the

Level Crossing Removal Authority, and VicRoads will be a service provider to those contracts. So that is the situation. You would be aware, I think, from previous submissions made that work is well underway on Burke Road and work is getting underway on Main Road, and I am happy to take any questions about those.

In relation to the Melbourne Metro project, obviously VicRoads is providing assistance to the Melbourne Metro Rail Authority on road network management issues around that. As those proposals are developed, we will be undertaking traffic modelling and road network assessments, and VicRoads will work with that authority, councils, PTV and public transport operators to develop the road operation proposals that might absorb the impact of the project during the construction phase.

Mr LIDDLE — I only want to say, in addition to what John said, that clearly PTV is working with VicRoads and the Level Crossing Removal Authority to make sure that the scope of those projects is reflecting what is needed for the network from a public transport point of view, and John obviously brings the road network point of view, so we are collectively working together to ensure that that project is being managed to achieve the objectives from both the public transport and the roads points of view.

On the Melbourne Metro, obviously we are working with Melbourne Metro Rail Authority to again ensure that the needs of the broader public transport network are being reflected in the development of that project and ensure that the objectives we are looking for in terms of what Melbourne needs going forward will be achieved by that. I think the committee would be aware that the population in Melbourne is growing massively. With the change in employment characteristics, the centre of Melbourne is becoming more a focus for jobs, and that puts more pressure on making sure we can actually get mass transit of people — into where those jobs are going to be into the future.

On Melbourne Metro very much we are conscious of that, we are trying to make sure we have a public transport network that can move people to where those new jobs will be in the future. I think the committee would be aware that I have been in the job for all of two weeks, so I will certainly do what I can to help the committee today in terms of answering questions, but you will hopefully forgive me if I need to take some questions on notice where I am not across the detail. But hopefully in a broad sense I can help the committee today.

Mr VAUGHAN — From a Metro perspective, we fulfil a number of roles in support of the level crossing authority and the program of work. We are working very closely with PTV, VicRoads and other stakeholders on the project, as well as LXRA. As franchisee, we have a duty or requirement to ensure our safety management systems and our accreditation as an RTO are maintained through the delivery of the project.

Across the four or five packages that have been let to date, of which one or two packages were spoken about earlier, with package 1, Burke, North, McKinnon, Centre, we are currently an alliance NOP — we are a non-owner participant within that alliance structure and commercial model. So we are supporting the John Holland-KBR joint venture to deliver that with LXRA and VicRoads.

Within package 2 we are also embedded into that alliance as a non-owner participant as well. Package 2 has just started with Leighton, VicRoads and LXRA. We are currently acting as adviser and support to the current tender, which is Caulfield-Dandenong 9 — or CD9 package — as part of the Pakenham corridor group. We are currently within week 12 of 15 of that twin TOC or competitive TOC environment, and we support and provide guidance to the LXRA team in terms of access occupations and scoping around works on the railway network and overlay that requirement, I guess, with other requirements we have on the network.

The fourth package, at Bayswater, is currently at the end of preferred stage, and we are currently moving forward with the Laing O'Rourke-Fulton Hogan joint venture with VicRoads on that particular package. We also have a development team who are looking at the remaining 31 packages and Mernda rail extension to provide, I guess, further support from an operational impact and access and customer impact perspective across those pieces of work. But effectively we are working across all five work fronts with LXRA at the moment.

With Melbourne Metro, as there are no projects in delivery, we have a team supporting Melbourne Metro Authority with scoping work and providing safety advice, accreditation advice and methodology advice on scoping. They are the two within the Melbourne Metro portfolio at this moment in time.

The CHAIR — Very good. With those statements we might throw it open to questions from the committee now.

Mr ONDARCHIE — Gary, we had Mr Kevin Devlin, the chief executive officer of the Level Crossing Removal Authority, in to see us on 1 September. Through that dialogue I was asking about the potential need for some bus replacements when there are interruptions for the removals, and he said, ‘Yes’. I talked about the fact that there were not enough buses around — what are we going to do? He told this committee that it would be the contractors who would look at obtaining the buses for replacing the trains and also that they would set the timetable for those buses. Is that common practice that the contractors are setting the timetable?

Mr LIDDLE — While they actually would set the timetable, it would be done in collaboration with PTV. It is true that they will actually arrange the services as part of their contracts, but the actual arrangement of the timetables for those will be a collaborative effort between the contractors and PTV to ensure that we have the right level of service going forward for those replacement buses.

Mr ONDARCHIE — Will that lean towards the needs of the contractors or the needs of the commuters?

Mr LIDDLE — The needs of the commuters will always be what drives those decisions, so as I say it will be collaborative decision-making between the two parties.

Mr ONDARCHIE — What would be some of the requirements of the contractors then, if the needs are for the commuters?

Mr LIDDLE — The contractors need to tie it in with their occupation — so the occupation strategy when they actually want those timetables to operate. They are the ones that are actually talking about when they need the occupations and how long they are. That is all being done collaboratively, so there is a public transport occupations committee that considers those requests. It is not that someone does it in isolation of someone else; it is actually that they put forward what they would like to do as part of their works package. That is then talked about as part of an overall occupation strategy across the whole network, and then timetables are developed again, as I say, collaboratively to get the right outcome for commuters.

Mr ONDARCHIE — So are passengers likely to see some disruptions when they get off trains, onto buses, back to trains?

Mr LIDDLE — There will definitely be changes. I mean, we would not say that there are not going to be changes, and some commuters we are going to ask to be very sort of forgiving, I guess, of those changes, because we cannot deliver 50 level crossings, we cannot deliver Melbourne Metro without some changes to how things operate now. So it will be a massive communications exercise to make people aware of those changes — but yes, there will be disruptions to commuters as part of the works.

Mr ONDARCHIE — Are there enough buses available to replace the trains, given that you are doing so many at one time, plus there are other pressures around the nation with other people doing things?

Mr LIDDLE — Yes, we are talking to the bus industry to make sure that is the case. But until we actually — and I think Kevin might have said this — see the level of those occupations and the timing of those occupations, we cannot know with certainty exactly how many buses are needed at this point in time. Again, it will be working with industry to make sure that we can deal with it.

Ms HARTLAND — On that particular issue, will this be comparable to regional rail in terms of having to supply buses, because obviously there were a number of occupations around regional rail, and buses had to be run for quite some time in some instances. Is that a comparable project?

Mr LIDDLE — I am not sure I am in a position where I can actually compare the two exactly, but, as I say, we are delivering 50 level crossings over eight years. That is a very big program of works, so it will be a large scale of change to timetables with buses. But I am not in a position to actually compare the two, I am sorry.

Mr VAUGHAN — Could I perhaps add a little bit there? We are currently in discussion, as Metro, with all the bus operators, including Ventura, who have got the majority of busing events of the first 19 packages. Ventura have assured us that they have got sufficient busing. It is similar to RRL in terms of demand, but the key lessons learned from RRL were Ventura utilising the other two bus companies in the Victorian area to support the busing operations and draw on further stock elsewhere within the busing network to support the occupations. Within the 19, I guess, we have done some analysis and we are comfortable at this stage that there is sufficient to support the current scope of work.

Ms HARTLAND — And there will be some country trains that will have to go to buses?

Mr VAUGHAN — Correct — for example, in package 3 on the Pakenham corridor we are talking to V/Line about the country busing facility out of Southern Cross to Traralgon in particular or Southern Cross to Pakenham depending on the type of occupation. We are currently coordinating a busing piece with both Ventura and V/Line for that particular package.

Mr EIDEH — Are you involved in the development of a business plan for Melbourne Metro rail?

Mr VAUGHAN — I am not fully across Melbourne Metro, so apologies if I cannot clearly answer, but our guys are supporting the Melbourne Metro team to create that business plan. For any inputs that are requested, we provide that advice.

The CHAIR — In terms of that business plan with VicRoads and PTV, what sort of work is going on by your organisations to support the development of the business plan?

Mr LIDDLE — Perhaps I can start on that one. From our point of view, we are working with Melbourne Metro Rail Authority in the development of the business plan. Clearly, from our perspective, that is about making sure we get the right scope of that project to meet the broader needs of the network — so PTV working with Melbourne Metro to develop the right scope of that project. We are heavily involved in the forecasting for that project as well. So while it is the Melbourne Metro Rail Authority doing the work, it is really a team that comprises ourselves and Melbourne Metro.

Mr MERRITT — And the VicRoads contribution is and will be around that traffic modelling and the road network assessments that might support that plan.

Mr FINN — Firstly, thank you for joining us today and for your comments to this point. Is it unusual for governments to commit to major spending programs such as the Metro without a business program, or before a business program is established?

Mr LIDDLE — Perhaps I will not answer that question directly, but I think we should recognise that there was a business case developed in 2013 for a project that is very similar to this one, and it was submitted to Infrastructure Australia for its consideration at the time. It talked about the project as being ready to go, so there was a business case at that point in time. Our task at the moment is to make sure there is a current business case that reflects all the works that have happened and the decisions that have been made since that time. So our work at the moment is making sure we have a business case that reflects the current situation. But it needs to be recognised that there was a business case that was submitted in 2013 to Infrastructure Australia that sits behind that decision.

Mr FINN — I have a few questions here for Mr Merritt, which are not about the matters we have discussed to this point but some other road projects that he, no doubt, would be familiar with — not actual projects but funding thereof. I would just like to refer him to the billion-dollar funding commitment by the current government for the repair and upgrade of roads in regional communities. I am just wondering if he could tell us how much of the \$1 billion is in addition to existing regional road funding?

Mr MERRITT — I will have to take that on notice. I do not have the budget breakdown for this year in front of me. I think those numbers, though, were contained in the budget papers, but I am happy to go away and get those numbers.

Mr FINN — That would be great. Thank you for that. The funds — are they held by the Treasury, the Department of Economic Development, Jobs, Transport and Resources or VicRoads? Do you have the money or does the department?

Mr MERRITT — Treasury funds VicRoads to do its work — —

Mr FINN — So VicRoads is given the money directly by Treasury?

Mr MERRITT — Yes, in the main. There are a number of funding sources that affect VicRoads' work, but in the main it is an appropriation, I think is the piece that you are referring to, and there are specific allocations for capital projects that are identified in the budget.

Mr FINN — And over what period are those funds allocated?

Mr MERRITT — There are the normal budget forward estimates, which is a four-year period, and specific allocations for the year ahead.

Mr FINN — So the billion dollars — is that allocated over the four-year period or is that a one-off in one financial year? What are we looking at?

Mr MERRITT — As each budget year is prepared for, there will be more detailed and specific budget allocations for the year ahead. So, for example, a major project would be funded for, say, the planning stage in the current year and there would not be capital appropriation for that until such time as that planning work was completed, and then at the time when work is to proceed in that budget round it would be funded.

Mr FINN — Does that put you in a difficult position in terms of planning over an extended period?

Mr MERRITT — It does not adversely affect the capital works projects. I have been in the role for just over a 12-month period. It seems to be a familiar process to, in the first instance, seek planning funding for a piece of work to firm up what the project would be and what scale it would be and what its benefit would be and then return and seek the actual capital funding for the project.

Mr FINN — What criteria do you use to allocate the funding? I presume, as in everything, there are priorities and competing priorities. What are the criteria that you use to make a decision on funding for specific projects?

Mr MERRITT — In the main, works of any significance are specifically identified in the budget process, so they are funded through that process. The discretionary work that VicRoads undertakes is primarily minor works and in the upkeep of the road network, and we have criteria largely around volumes and the nature of the state of the asset in making those decisions, but I could provide more background in that work.

Mr FINN — That would be much appreciated. One last question, if I may. I have a particular interest in the western distributor or the West Gate distributor or whatever it might be called at the moment. I am just wondering, given the degree of publicity that we have seen over the last week or so, if you might have any idea what is happening with regard to the planning or what we might see if and when this project actually comes into being?

Mr MERRITT — It is a proposal from Transurban under the market-led proposal arrangements. They have made an initial proposal, and they will ultimately submit a finalised proposal for how the project would work. VicRoads is supporting the Department of Treasury and Finance in the assessment of that proposal in line with our works, so the timing of when Transurban will submit their final proposal is a matter for Transurban. They have put up some details of how it would work and they have put some amended propositions up, and there are public consultations scheduled, I think, this weekend and next to gain input on it —

Mr FINN — Really? Were they going to tell us that at some stage?

Mr MERRITT — It is on their website, I think. They have been having public sessions to get input. There is obviously, as I have seen from the media, some interest in the amended proposal, and I think that is what is going to be the subject of public discussion.

Mr FINN — So where does it stand at the moment? Do we have a situation where under the proposal the tunnels are being replaced by some sort of mishmash of bridges and ramps and all sorts of extraordinary things?

Mr MERRITT — The amendment that Transurban have made to their initial proposal sees the entrance to the western end of the tunnel shifted from in the middle of the West Gate Freeway around the Williamstown Road intersection. They are shifting that portal further to the east so as to allow trucks to come off the West Gate on-ramps and then exit the western distributor on to Hyde Street in Yarraville. That is the amended proposal that is in the public domain.

Mr FINN — So what we will see presumably is that those trucks will then be on ramps or bridges or elevated roadways over housing in Yarraville and some of those areas?

Mr MERRITT — The proposal that they are publicly showing sees the ramps come off the West Gate and through the parkland that is immediately to the north as the West Gate rises up to the bridge and then into the portals in that public space that is there. I am not aware of any ramps going over the houses.

Mr FINN — That would mean the elimination of the public space?

Mr MERRITT — It is in that public space. It is quite a large public space there. There is also, as I understand from their proposal, some disused industrial land that is there again just to the north of that park. I do not know what the history of that land is, but it sits there as what looks like an old industrial site, and I understand they are proposing to either make use of that or rehabilitate that in order to offset any impact on the park. The name of the park escapes me.

Ms HARTLAND — Stony Creek.

Mr MERRITT — It is of course Stony Creek Reserve — yes, just there.

Mr FINN — So what we have heard over the last week or so about elevated roadways — I think the term was ‘spaghetti junction’ — what is your understanding of that?

Mr MERRITT — Because the portal has shifted into Stony Creek Reserve, there is an area where the road is elevated because there is a railway line just to the west of Stony Creek that services down to Williamstown there, so the road will need to get over that railway line and then enter into the portal in the reserve. That is the proposal they have got out for public consultation.

Mr FINN — As it stands at the moment, if Transurban and the government were to come to an agreement next week, when will we be driving on it?

Mr MERRITT — I think the Premier has publicly indicated his expectation of a decision being made in regard to the proposal by the end of this year. I have not got a timetable for when it goes from there.

Mr FINN — But once that approval is given, once everybody has sat down, signed and had photo opportunities and all that sort of thing — —

Mr ONDARCHIE — Cut a ribbon.

Mr FINN — Cut a ribbon and all that sort of thing. Once the digging has begun, when will the project be finished so we can actually use it?

Mr MERRITT — I do not have that. I think that would be part of Transurban’s formal and final proposal that they will submit to the government.

Mr FINN — Have they made any suggestion to this point as to how long they think it will take?

Mr MERRITT — I think there have been indicative times, but I do not have those of my fingertips.

Mr ONDARCHIE — In your lifetime.

Mr FINN — Who knows?

Ms HARTLAND — If I could follow on with some other questions about the western distributor, the West Gate Distributor. It is getting quite confusing for local residents about exactly what is going on. The original proposal around the tunnel — people had general acceptance that what they felt on paper it would take the trucks especially off Francis Street. Since then we have had two other proposals. The consultation with the community is very poor. It is people from Transurban standing up in front of whiteboards. Questions are not really permitted. It is not the way to go

Also the issue in terms of Stony Creek and the industrial land you are talking about, it was an SEC substation and so whether it is possible to remediate that site, because as you would know SEC substations are particularly difficult. I suppose my question in all of this is that Transurban does not seem to want to talk to the local community. They keep changing their mind, and their last change of mind I found quite remarkable. They said it was around placarded loads, but Mobil is a major facility in that area. Did Transurban not know that there

were placarded loads that would not be able to use the tunnel? All of these questions have been raised by the community. You now have three community groups all joined up to protest against this, whereas with the tunnel with some reluctance people were agreeing that that would probably be the right way to go. I have to say there is real confusion in the community about what is happening and the role of VicRoads in this. I suppose my question to you is: what is that role and how can you explain to the community what actually is happening?

Mr MERRITT — VicRoads' role in the first instance is to support the evaluation of the proposal, which as a market-led proposal is run by the Department of Treasury and Finance. Ultimately under the Road Management Act VicRoads would be required to sign off on a proposal — that it works in with the road system.

I cannot speak on behalf of Transurban. As I say, I am aware that they are doing more public engagement around the issue. From VicRoads perspective in assessing their final proposal, at the end of their discussion, we are particularly interested in getting as many trucks out of the inner west as we can. We have had quite a bit of involvement in Francis Street, Somerville Road and Moore Street. Obviously we have some limited curfews there acting in Somerville Road at the moment around school times and the night-time curfew at Moore Street. But these curfews, particularly the Moore Street curfew, only affect the non-local trucks at night. We have taken about half of the trucks out of Moore Street at night, which is an improvement. Francis Street still remains highly problematic for those residents there.

The work that we did that resulted in the Somerville Road curfews highlighted just how many trucks stream through that area to the port which are fundamentally local or could be deemed to be local. For the benefit of the committee we did an origin and destination survey, which showed that about half of the trucks could be deemed to have a local purpose in that area. It is the expectation of that community that in time will effect a removal of trucks from those streets. It is our ambition as well. We are concerned about both the noise and the particulate levels, and as Transurban did say, the initial proposal does not offer the prospect of getting all of the trucks out of that street. I am not saying that the new one does, primarily because of the issue with the placarded loads and the terminals there. I am interpreting their amendment to be an attempt to get more of the trucks off the road, but of course that has then raised the issue about the loss of public space, and not just public space but the amenity for those houses that are there just curving around on the north of the park — there is a block of flats there as well — and what would be a significant change I think based on what is there.

It is a process of proposals and engagement to try to work out what is the best thing. I did see some of the material that has been released today from the coalition of MTAG and other groups. I am not very familiar with the other groups, but obviously I have worked a lot with MTAG over the last few years and I understand their aspiration for the area as well. It is a challenge, but as I say our focus has been what can give us the long-term best scenario for getting trucks out of those streets, because as we know, some of our roads have four schools at least along there and we are still running a lot of volume. In Francis Street we have got other schools and a range of amenity issues, we have noise issues and we have got particulate concerns as well.

Ms HARTLAND — If I can have one more question? I acknowledge that VicRoads has, under your direction, done a lot around curfews, especially the going into school and coming out of school curfews, which from the parents point of view, they tell me how amazing that is. But without a complete truck ban — and I am talking about the B-doubles; I am not talking about the little local taking a truck load to the supermarket — and if this is tolled, the community is not convinced that this will actually work. I do not know whether you can answer the question today; maybe it is something you could come back to the committee with, because this is a major concern for the local community.

Mr MERRITT — The work that has been done is good and we have had good feedback on that. It is not the end. It was always seen to be a step in the right direction. Apart from anything else, this inner area of suburban Melbourne to the west has enormous potential value to the city, and part of our contribution is to make sure we are running the road system to maximise that value. We will not maximise it while it is a truck route for containers so we need to find a way. It is true that the tolling of it on its own will not be the answer; it needs to be complemented by other measures such as curfews, and we will be working pretty closely to get that, because as I say our aspiration is to put in place, at least in the foreseeable future, a solution that really gives that area the uplift I think it could have if we could separate the trucks from the residents.

Ms TIERNEY — I have a couple of points, mainly around coordination. A number of you mentioned alliance contracts, so I would like to know a little bit more about the scope of alliance contracts — whether one

of the agencies takes a lead responsibility in the alliance contract, how you determine that and how you coordinate, essentially, the delivery of alliance contracts.

Mr VAUGHAN — On the current alliances in play — package one is Burke North, McKinnon and Centre roads, VicRoads and LXRA, so it is a VicRoads procured alliance where VicRoads would normally take the lead as a lead party. The alliance is generally made up of a constrictor NOP, which in this case is John Holland and a designer NOP, which is KBR. MTM are also party to that sort of four or five-party alliance. Within the outlined framework there effectively is a range of governance, so with the alliance leadership team, which is made up of senior representatives from each of those parties, that meeting is chaired by VicRoads and LXRA in this instance. Then at site level or project level we have an alliance management team. The ALT, or alliance leadership team, select an alliance general manager who is nominated generally by the constrictor NOP, and then we have an alliance management team who effectively are responsible for — —

Mr LIDDLE — NOP, we should explain is non-owner participant.

Mr VAUGHAN — Non-owner participant — sorry, railway acronyms there, they go hand in hand. The ALT are responsible for the day-to-day delivery of the project, and there are representatives embedded in the alliance from each of those four or five parties. Effectively we have a governance layer. There is an alliance leadership team and an alliance general manager that is appointed by the ALT, and an alliance management team responsible for the day-to-day delivery.

Mr LIDDLE — Leadership within government, though, and taking responsibility within government is the Level Crossing Removal Authority ultimately. But I think as John mentioned in his presentation that the first two packages were started with VicRoads, so at this point in time VicRoads has still got the lead on those.

Mr MERRITT — We will novate those contracts to the Level Crossing Removal Authority, and we will be a service provider to the authority to get those first two tranches underway. Is there a specific question that you have got a concern about the alliance model?

Ms TIERNEY — No, I just think it is important to have this established so early in our history as a committee, so that we have got some understanding about the coordination and the governance.

Mr LIDDLE — Certainly the Level Crossing Removal Authority is the key coordinator across all level crossing removals, and then we are collectively working together to make sure that is coordinated with all the other projects that are happening. I mentioned before that PTV has an occupations committee that actually ensures that as the Level Crossing Removal Authority, then ultimately other projects, need the train lines to be closed down, there is coordination, and that is done through PTV. But for the level crossing removals, it is really the Level Crossing Removal Authority who is the key body within government to actually take that forward.

Ms TIERNEY — How can we keep track of job creation through this process in terms of the contracts?

Mr LIDDLE — It is something that we are very conscious that we need to do. I think we have got estimates of jobs, but honestly we are still working through how we track it in an ongoing way. But certainly every project that has been taken forward has an estimate of the jobs that would be created. I do not have that information with me today, but that work has been done.

Ms TIERNEY — Does that provide a breakdown in terms of the types of jobs? Blue collar, white collar?

Mr LIDDLE — I would have to take that on notice because I am not sure, unless others here are?

Mr ONDARCHIE — John, I would like you take on a little journey up the CityLink and the Western Ring Road and then up the Hume Freeway till we get to a place called Oherns Road in Epping. The government has been crowing about the fact that it is going to put in a new diamond interchange connecting Oherns Road with the Hume Freeway in Epping and the duplication of Oherns Road east of that interchange. They recently said in the press that they are waiting on the federal government to co-fund this, and the federal government said, ‘We will look at it, but could you at least give us a business case?’, because the business case is still not done. Are you able to update the committee on the planning and construction for that project?

Mr MERRITT — I do not have that with me. I am happy to take that on notice and give you a pretty quick turnaround on where we are with that.

Mr ONDARCHIE — Thanks. I would just to know where that is at.

Mr MERRITT — I appreciate that. I will get that quickly for you.

Mr ONDARCHIE — I have some others too. The government has been talking about the duplication of the 3.9 kilometres of Yan Yean Road in Plenty, between Diamond Creek Road and Kurrak Road. Do you have any notice on where that is up to you with the planning and construction? All the residents are getting all excited about it, but nothing is happening.

Mr MERRITT — I was on site with our project director, I think about eight weeks ago, engaging in some of the consultation around the options for that duplication and how that might work. Work is underway now on preparing more detailed proposals for that work. Essentially what we are looking at, as you would be aware in order to duplicate the road and give it extra capacity — there are some quite winding sections — is quite a lot of land acquisition to create a corridor suitable for travelling at I think it is 80 kilometres per hour, I might be corrected, on that road. What we are looking at is: how can we get the most road for the dollar that meets the community's expectations? Clearly congestion on Yan Yean Road as I saw that, because I was up there at 7 o'clock in the morning, is not just in one spot. It gets congested and then it clears and then it congests up again, and ideally we would like to provide as much improvement to that situation as we can.

We have tasked our engineers with looking at how can we get the maximum improvement within the budget envelope that was set for that, and that involves looking at the alignment of the road and the land purchasing, and also what other safety treatments we might be able to provide to the road. Again, as is evident, there are a number of issues with the proximity to some beautiful trees I noticed, on the west side in particular. What can we do to get the most road we can within that envelope, to provide the maximum amount of movement out of Doreen there up to Yan Yean, to the end?

Mr ONDARCHIE — Talk me through the time line. We are having discussions onsite at the moment, we are talking about land acquisition, there are some trees that need to be preserved, you are trying to get the right alignment or the best amount of road for the budget that has been allocated. Talk us through the time line about when the residents will actually get to benefit from this. Talk us through the process.

Mr MERRITT — I actually do not have the time line, but I am happy to get that for you and provide an indicative time line.

Mr ONDARCHIE — So we are talking 12 months? Two years? Three years? Four years? How long do these things take?

Mr MERRITT — It depends on the road. Normally one of the inhibiting factors in getting a road like that done is the land acquisition process, and, as I say, from what I could see that morning, there is a fair bit of land to be acquired. That is normally what takes the most amount of time. But I am happy to provide an indicative time line for when that process should be completed, when construction would start, and indicatively how long it will take.

Mr ONDARCHIE — That would be great, thanks. Just picking up Ms Hartland's earlier comments about community consultation, do you know if there has been some community consultation with the landowners and the residents in that area, particularly if there is going to be some land acquisition?

Mr MERRITT — I am not sure where our local team is at with that. I can check on whether they have had those discussions yet, or not. I know that we have obviously met with the local member of Parliament around that, but whether that has gone further in any other forums I do not know.

The CHAIR — Are there further questions from the committee?

Mr ONDARCHIE — I have a range of them but I am waiting to see if others have some.

Mr FINN — I have just a couple. The area of land acquisition was mentioned, and I am just wondering if you have been made aware of what Transurban is proposing in terms of land acquisition, acquisition of houses, businesses under their current plan for the western distributor?

Mr MERRITT — No, I do not know what is being proposed there at this stage. Until we see their formal and final submission for the road, that will not be clear.

Mr FINN — Just one more question — a personal favourite of mine. There is a roundabout at the corner of Gap Road and Vineyard Road in Sunbury that the locals have been trying to get rid of for a very long time. I am informed by a very high source that there is a VicRoads review going into that roundabout, and I am just wondering where that review is and when we might anticipate a response from VicRoads on it?

Mr MERRITT — I am familiar with the congestion that is caused around that roundabout.

Mr FINN — It is a stinker. The roundabout of death we call it.

Mr MERRITT — It has been raised with me before. I will get some updated information as to where that work is.

Mr FINN — That would be wonderful. Thank you.

Mr ONDARCHIE — I have a question for Mr Liddle. Whilst the Melbourne Metro project is not yet fully funded, there is a lot of community demand around two new underground platforms at South Yarra so the Cranbourne and Pakenham line trains can stop at that major interchange. The proposed Domain station is actually nowhere near the South Yarra railway station, and I know that you are bound by government policy, but has PTV had any discussions with Melbourne Metro Rail Authority about two new additional platforms at South Yarra?

Mr LIDDLE — I am not sure about discussions with Melbourne Metro, so I am not aware of any conversations that have specifically been had. But I am certainly aware that the South Yarra station has been looked at over a period of time and that the construction of a station there would both impact substantially on property, so there would be substantial property acquisition if that was to be done, and that there are other options for people travelling from those corridors to get to the places that they want to in the city. I am aware in a broad sense of what has been looked at in the past and the decision that has been made, but not the detail of it.

The CHAIR — Are there further questions from the committee?

Mr ONDARCHIE — Chair, I have a range of questions about specific road projects.

Ms TIERNEY — Can I have an indication of whether they are in relation to the terms of reference of this inquiry —

Mr ONDARCHIE — They are infrastructure.

Ms TIERNEY — or whether they are particular projects you have got in your own electorate that you want to — —

Mr ONDARCHIE — No, they are not just in my own electorate. What I can do is either ask them individually, Chair, or table them into the transcript and give a copy to, in this case, Mr Merritt to answer on notice.

Ms HARTLAND — I think putting them into the transcript would be more appropriate so they can be taken on notice.

Mr ONDARCHIE — I will not read them in; I will just table them into the transcript if the committee is happy with that, and Mr Merritt can take those on notice.

The CHAIR — Are you happy that we incorporate those into the transcript?

Mr ONDARCHIE — Yes, and Mr Merritt will get a copy of that and answer those.

The CHAIR — Very good. In terms of the key projects, being the level crossing removal and Melbourne Metro, what are the key risks that each of your organisations have identified in terms of the delivery of those organisations and what might need to be done to alleviate those risks? Would you like to kick off, Mr Liddle?

Mr LIDDLE — From our point of view, it is very much the integration of all those projects and ensuring that the outcomes we are looking for the public transport network as a whole are achieved. We are very conscious that there are many individual projects, but we want to make sure as a whole they come together. That would be really important from our point of view, and also making sure that the scope of those projects are delivering the outcomes the community is looking for. From PTV's point of view, they are probably the two key things we would be looking for.

Mr VAUGHAN — I think it is very similar for Metro, the integration of that volume of work across the network. Whereas our rail was focused along a particular corridor, this is spread generally within the eastern side of the metro area. The integration of those projects is key in terms of when we overlaid them, and then look at those projects in relation to the existing maintenance renewals under the PTV portfolio of works in making sure we have a cohesive plan to deliver all those minimising disruption to customers and rail operations.

Mr MERRITT — The principal issue for VicRoads in servicing the Level Crossing Removal Authority with the removals that we are doing at the moment is the interface with the operating public transport system. Because each of the ones that we are building are rail-under style, there is going to be an interruption to the public transport system during the cut over. The aim is to minimise that disruption to the public transport system, and that to date has meant focusing on a particular window where it generates the least inconvenience. Making sure that the time frames are met and the other partners to the alliance are working together, to achieve that has been very important to date on this work.

Mr LIDDLE — To add to that, one of the key things comes back to the question of providing bus services that take over the role of trains. One of the things that VicRoads has done very effectively recently is making sure that the roads are getting priority for those services that are replacing public transport train services. Again, there is a key interface between VicRoads and PTV in ensuring those replacement bus services get the best run that they can get.

Mr MERRITT — We are looking forward to how we can better use our traffic management system to give those buses a much better run than people who have used buses before might have experienced. It is such a long project, such a significant impact. We do a lot of work at the moment in trying to make sure our bus lanes work well, but we do see an opportunity in this to work together with the authority and with PTV to make sure that we surprise people about how well we can work the buses around this period of disruption, so we will be working really hard at that.

The CHAIR — With that, will that mean there will be more dedicated bus lanes which will mean fewer lanes that are available for cars?

Mr MERRITT — We are particularly interested in how we work the traffic light system to favour the buses. How can we do it? As Gary has alluded to, we have been doing some other work recently about making sure that we are using the system to move people through and give them the best run that we can. I think that will be one of the challenges for us during this long series of work.

The CHAIR — So if there are winners out of that though, you would imagine there were going to be some losers as well in terms. If there is sequencing of lights and the like giving priority to traffic moving in one direction, then the obvious disadvantage to that is that the people travelling in opposite directions are going to be disadvantaged. What is that going to cause?

Mr LIDDLE — I think what I said earlier is that inevitably there will be disruption when we are doing such major works across the whole network, so we acknowledge that. Our task is to make that the best outcome we can for commuters and make sure people are informed about what that disruption is so that they can plan their journeys. I do not think anyone at the table would say there will not be disruption. There will be disruption, and our task is to manage that disruption and make people aware of what is going on so that they can plan their journeys.

The CHAIR — So there will be disruption obviously to those who catch public transport, but those travelling by car should expect further disruptions as well. Are they far and beyond what they would normally expect?

Mr LIDDLE — Our challenge is to make sure we move people as efficiently as we can, and in the period when these works are going on there will be some disruption to everyone that is moving in a corridor. Our commitment is to manage that and make people as aware as we can of what is coming up so they can plan their journeys.

The CHAIR — Mr Ondarchie, were you jumping — —

Mr ONDARCHIE — I think Mr Finn was jumping.

Mr FINN — I am jumping, yes. With the recent tram and train strikes, I think the PTV has publically acknowledged cost in the vicinity of \$50 million. I am wondering how that will affect the ability of the PTV to introduce additional Metro or V/Line trains to lines once various level crossings are removed?

Mr LIDDLE — I do not know the numbers that you have just quoted. I am not aware of the numbers, and I am not sure whether they would have come from PTV or elsewhere.

Mr FINN — I think they came from the PTV, yes.

Mr LIDDLE — I am not aware of them, so I cannot comment. We recognise that in putting new networks and new timetables into place, part of that is working with Metro to ensure that they can be introduced. It is again a collaborative exercise to work with the operator of the system and ourselves in terms of putting forward the timetables that we are looking for, and for Metro to work with their workers about getting implementation of that. It is about parties working together to get outcomes that benefit communities, and that is what we do as we introduce new timetables.

Mr FINN — I accept that you are relatively new to the job and do not wish to put you on the spot, but I am looking at the \$50 million that I have already quoted as the cost of the strikes, and I understand that we are looking at a \$99.8 million three-year recurrent funding bill for extra wages for Metro train drivers and for Yarra Trams drivers. That is a lot of money. Where will the PTV find that?

Mr LIDDLE — Obviously PTV's budget comes through appropriations from government, and those appropriations reflect the increases in costs every year, so that will be managed through normal government appropriation.

Mr FINN — So you will be putting your hand out to government for the cost of those?

Mr LIDDLE — No, but I think the committee will recognise that appropriations are indexed each year, and that goes forward as well.

Mr FINN — But that is a pretty sizeable index.

Mr ONDARCHIE — A bit more than CPI.

Mr LIDDLE — No, but it is both indexation and benefits we get from the negotiations that have come out of productivity gains as well, so we would expect that those things will cover the costs that are part of these wage increases

Mr FINN — So you are expecting the government to pay for the extra costs of both the strikes and the increased pay?

Mr LIDDLE — That is not what I said.

Mr FINN — No?

Mr LIDDLE — I did not reference paying for strikes at all. What I did say is that normal government appropriations and productivity gains would fund the negotiated EBA.

Mr FINN — Thank you.

Mr ONDARCHIE — This is a question for John and Gary, and they can paper, scissors, rock to see who answers it. For those Victorians who decide to catch a flight out of Melbourne Airport any morning, the traffic

stops somewhere between Essendon Airport and Melrose Drive and is bumper to bumper all the way. How important would an airport rail link be to the efficiency and productivity of Victoria?

Mr LIDDLE — The answer to that is that it is about a transport system. It is not about a single solution; it is about a transport system, so part of what is being done at the moment with the upgrade of CityLink all the way to the airport and Tullamarine all the way to the airport is part of dealing with that issue of the transport system. Our continuing to work with SkyBus to get the best service we can is part of that transport system. At some point in time in the future as part of the network there will be potentially an airport rail link. It is about looking at the totality of the transport system, and what we are doing at the moment in that space is an upgrade of CityLink to Tulla. We are continuing to work with SkyBus about improving their service, and as part of our network planning into the future we will look at an airport rail link.

Mr ONDARCHIE — But wouldn't you think that a train that carries hundreds of passengers is much more efficient than a lot of single car drivers bumper-to-bumpering their way from Essendon Airport to Tullamarine?

Mr LIDDLE — I think it is a much more complex system issue than just a single sort of solution to it.

Mr ONDARCHIE — PTV have been on record saying that an airport rail link is a good thing, and I know — I have seen comment out of PTV that they would like to see that implemented. What is PTV's current view on the airport rail link?

Mr LIDDLE — The view of an airport rail link, as I have just said, is that we would see that it would be part of a transport system into the future.

Mr ONDARCHIE — Currently there is no plan that exists in the current government for an airport rail link.

Mr LIDDLE — I think the committee would be aware that there is a large range of public transport projects being planned and implemented at the moment, and an airport rail link would logically follow the introduction of a Melbourne Metro. In fact, it probably could not be made to operate in the network before a Melbourne Metro is implemented, and it will be part of the planning for the future that PTV does.

Mr ONDARCHIE — John, an airport rail link would give you less headaches in the morning, would it not?

Mr MERRITT — As you are aware, work starts today on the widening of the City-Tulla freeway.

Mr ONDARCHIE — Yes, we are aware of it. We announced it in government.

Mr MERRITT — Obviously our focus is on trying to improve the capacity and the efficiency of that road, because it is a part of the system, I suppose, to move more people out to the airport and give them a more reliable journey than they currently have.

Mr ONDARCHIE — But there will be some disruptions for a period of time on that?

Mr MERRITT — Yes, there will. We are confident we can minimise a lot of the disruptions to overnight. The planning sees us keeping lanes open during peaks, so as to get people to and from their destination when they most need it, but we certainly are asking for the community's patience over the next three years, particularly overnight and on weekends when numbers are low, and we will be doing some major works along the route.

Mr ONDARCHIE — Are you having discussions with Melbourne Airport, because those disruptions are going to have an effect on passengers arriving on time and things like that?

Mr MERRITT — We have been in discussions with the airport and certainly will be working really closely with them. Obviously the airport is reasonably excited about the project, because we do think it can provide a more efficient and more reliable journey than we currently are able to provide.

Mr FINN — Mr Liddle, I was interested to hear you say that you anticipate that an airport rail link is a part of the future. I am just wondering if the government has indicated that it is a part of any plans that it has for the future?

Mr LIDDLE — I cannot speak on behalf of the government.

Mr FINN — But have they indicated to you that it is part of their plans?

Mr LIDDLE — Not in the two weeks I have been there, but I have been there two weeks. As I say, I cannot speak on behalf of the government.

Mr ONDARCHIE — Gary or John or even Robert, I am not sure who would like to answer this: of the 50 level crossings that will be removed ambitiously over the next eight years, when we had Mr Devlin in, there was some sort of confusion about how the order was decided — how it was decided which order these level crossings are removed in. Are you able to give us some clarity about how it is decided which are the top priorities? Because I have read the RACV stuff about which they think are the top priorities, and we have seen lots of evidence, but I am sure that the committee has some confusion about how the order is decided as to which are the ones to go first?

Mr MERRITT — It is really a matter for the Level Crossing Removal Authority.

Mr ONDARCHIE — They did not tell us they decide the order. They said that the order was given to them.

Mr MERRITT — Again, it is a matter for them, working with the government. Our job is to service them in doing the work. The ones that we are doing at the moment are ones that were partly underway and ones that we have complemented with, but really it is a matter for Kevin.

Mr LIDDLE — And I think Kevin did in fact say why the next nine on the Caulfield line were the next nine to go, because the road delays crossing that line are some of the longest in Melbourne. The Caulfield line is part of a broader upgrade on that corridor, so the level crossing removals, the power and signalling upgrade, the high-capacity trains are part of a package in that corridor — the Caulfield-Dandenong corridor was the reason the next nine are after the package that John explained was really a package that was built on from what was already underway.

Mr ONDARCHIE — But what I am trying to find out is who decides the order, because the level crossing authority says, ‘Well, the order is just given to us’. You guys are saying, ‘We will work with the level crossing authority’. Who decides which order they go in?

Mr LIDDLE — The program business case that is being developed at the moment will talk about the order going forward.

Mr ONDARCHIE — So who makes that recommendation? Who decides it?

Mr LIDDLE — The program business case is owned jointly between PTV and the Level Crossing Removal Authority, and that will be a business case put to government.

Mr ONDARCHIE — And then the government will decide the order, is that what you are saying?

Mr LIDDLE — I mean, there are a whole lot of players involved in the decision about the order.

Mr ONDARCHIE — What I am getting to, Gary, because there is some confusion: who ultimately makes the decision that it goes in the order of one, two, three, four, five — these are the ones we are doing?

Mr LIDDLE — It is recommendation put to government, and it is part of the program business case. So it is a recommendation put to government.

Mr ONDARCHIE — So the minister’s office decide, do they?

Mr LIDDLE — No, it is to government.

Mr ONDARCHIE — Cabinet?

Mr LIDDLE — I guess cabinet is the representation of government, yes. I mean, I am not fully across the process.

Mr ONDARCHIE — Neither are we, by the way, because there is a lot of confusion about this.

Mr LIDDLE — But my expectation is: a program business case is being prepared across the 50 level crossings. I think Kevin said in his presentation that will be with government by the end of the year. The program business case will have in there the planned delivery and procurement strategy for the level crossings.

Mr ONDARCHIE — Okay, because as I said to Kevin, some of it is in contradiction with the RACV's recommendations, and they have been around for a lot longer than the level crossing authority. Gary, I know you might have some familiarity with RACV and what they do.

Mr LIDDLE — I think we have lots of people we listen to. Ultimately, there will be recommendations put to government to make a decision on.

Mr ONDARCHIE — Right. It sounds like the government makes the decision on the order.

Mr LIDDLE — Definitely not the RACV.

Mr ONDARCHIE — They would certainly be one of the inputs.

Mr LIDDLE — We absolutely listen to lots of stakeholders.

Mr FINN — Maybe the Mackerras pendulum, I do not know.

The CHAIR — I just have one question to finish off, Mr Merritt, in regard to infrastructure that is slightly outside of the CBD, and it relates to the Halletts Way upgrade in Bacchus Marsh. I was just wondering whether or not you might be able to tell me when the Bacchus Marsh traffic study is expected to be delivered to VicRoads from the Moorabool Shire and, if it has, where that might be at? I understand you might need to take that on notice —

Mr MERRITT — I will take that on notice

The CHAIR — but I would be very keen to hear where that particular piece of infrastructure is at at the moment, whether or not you are still waiting on the shire or whether VicRoads is going to progress with that particular piece of infrastructure.

Mr MERRITT — I will take that on notice and get a response to you.

The CHAIR — Any final questions?

Ms TIERNEY — You just said you were asking the final question.

The CHAIR — I did, but I thought as a courtesy to the rest of the committee sitting here I would ask if there were any final, final questions.

Mr FINN — He is nothing if not courteous.

The CHAIR — If not, I thank all our witnesses for being present today and answering our questions. Thanks to the members of the gallery. I just remind witnesses that transcripts will be provided to you to be perused. You will be able to have a look at those over the next few weeks, and then return those to the committee. I once again thank you for your evidence today, and close our hearing.

Committee adjourned.

Incorporated by order of committee:

Mr Ondarchie – Questions on notice

1/ With reference to the \$1 billion funding commitment for the repair and upgrade of roads in regional communities -

- a) How much of the \$1 billion is in addition to existing regional road funding.
- b) Are the funds held by Treasury, the Department of Economic Development, Jobs, Transport & Resources or VicRoads.
- c) Over what period are the funds allocated.
- d) What are the criteria under which funds are allocated; that is, what roads will be funded by the additional funding.

2/ What is the timeline for planning and construction for the following road projects -

- a) The new diamond interchange connecting O'Herns Road with the Hume Freeway, Epping, and the duplication of O'Herns Road east of the new interchange.
- b) The duplication of 3.9 km of Yan Yean Road, Plenty between Diamond Creek Road and Kurrak Road.
- c) The duplication of Thompsons Road, Cranbourne between EastLink and Clyde Road.
- d) The upgrade of Narre Warren North Road, Hallam between Ernst Wanke Road and Heatherton Road, including the installation of roundabouts at Fox Road and Belgrave-Hallam Road intersections.
- e) The upgrade of Napier Street, Bendigo between Weeroona Avenue and Scott Street.
- f) The bypass of and upgrade to Geelong-Portarlington Road, Drysdale.
- g) The upgrade to Bolton Street, Eltham.
- h) The installation of the interchange of Ballarto Road intersection with Western Port Highway.
- i) The upgrade of the Colac-Ballarat Road.

3/ When is the Bacchus Marsh Transport Study expected to be delivered to VicRoads from Moorabool Shire Council.