

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2014–15

Melbourne — 16 May 2014

Members

Mr N. Angus

Ms J. Garrett

Mr D. Morris

Mr D. R. J. O'Brien

Mr C. Ondarchie

Mr M. Pakula

Mr R. Scott

Chair: Mr D. Morris

Deputy Chair: Mr M. Pakula

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr T. Mulder, Minister for Roads,

Mr D. Yates, Secretary,

Ms S. Eddy, Deputy Secretary, Finance,

Mr G. Liddle, Deputy Secretary, Transport, Department of Transport, Planning and Local Infrastructure; and

Mr P. Todd, Chief Operating Officer, VicRoads.

**Necessary corrections to be notified to
executive officer of committee**

The CHAIR — I welcome back the Honourable Terry Mulder, Mr Dean Yates, Ms Sue Eddy and Mr Gary Liddle. I now welcome the Chief Operating Officer of VicRoads, Mr Peter Todd. I believe there are other witnesses in the gallery, who we will acknowledge if they are called. The minister now has an opportunity for a brief presentation of no more than 5 minutes on the budget estimates for the roads portfolio. Welcome again, Minister.

Overheads shown.

Mr MULDER — Thank you, Chair, and welcome back to the members of the committee. It is with pleasure that I present this morning the details of our record spend on the state's road infrastructure, headlined by our investment in the east–west link. There are five key elements to this year's roads budget: the western section of the east–west link, which will complete the entire 18-kilometre project and is expected to cost \$8 billion to \$10 billion; the \$850 million widening of CityLink-Tulla from the Bolte Bridge to Essendon Airport; the \$685 million investment in removing level crossings at Blackburn, Glen Iris, St Albans and also Ormond; the \$362 million to continue the duplication of the Princes Highway between Waurn Ponds and Colac; and a \$130 million boost to road maintenance spending.

We will build the entire east–west link because we want to get Melbourne and Victoria ahead of the growth curve. This is a project that will link three of the city's key arterials: the Eastern Freeway, CityLink and also the Western Ring Road. It will link the east of Melbourne with the west, it will link exporters with the port of Melbourne, it will link workers with their jobs and it will link people with their families and friends.

Road congestion costs us 3 billion a year, rising to 6 billion by 2020. Much of this cost is in delays to freight and commerce as a result of our dependence on the M1 and the West Gate Bridge. This is a huge hit to the state's productivity. The east–west link will free us of that dependence and will ensure that industries that rely on vehicle travel, from tradespeople and sales representatives to couriers and freight companies, can move more efficiently about the city. The travel time savings generated will have enormous implications for both business and also private travel. Fifteen to 20 minutes will be shaved from a typical trip from the port of Melbourne to major industrial areas and transport terminals in the west, and we will see 10 to 15-minute savings for travellers from Geelong, Ballarat, Melton and Caroline Springs.

As well as improving travel times for commuters and businesses, east–west link will generate more reliable journeys across Melbourne's freeway network because it will be an alternative route for east–west travel when an incident closes a section of the Monash–West Gate corridor. In addition, there will be greater choice of education and employment opportunities, with more of Melbourne within easy reach. Local roads will be safer because there will be fewer trucks. Without the east–west link, there will be more trucks more often on suburban roads in Melbourne's inner west. The removal of cross-city traffic from inner suburban streets will boost the appeal of areas for urban renewal, and there will be up to 3000 jobs generated during the construction.

This slide shows a construction timetable for the east–west link. Subject to planning approvals, we are on track to commence work this year on the eastern section, between the end of the Eastern Freeway and CityLink. Planning for the port connection is progressing. Planning and community consultation for the western section will begin this year, with construction beginning over the coming years for a completion date of 2023.

Another major road project is the \$850 million widening of the CityLink-Tulla. This upgrade will bring a major boost in capacity to the city's key airport link as well as generate 700 construction jobs. An extra lane in each direction, ramp metering at selected intersections and an overhead lane management system along the entire length will boost capacity between the Bolte Bridge and Essendon Airport by 30 per cent. With new connections to the east–west link in the coming years, we are also making sure the Tulla has the capacity to absorb the new inflows of traffic.

We have so far removed four dangerous level crossings — in Sunshine, Mitcham and Springvale — and are close to completing a fifth in Sunshine. The budget allocates 685 million for another four level crossings: Main Road in St Albans, Blackburn Road in Blackburn, Burke Road in Glen Iris and North Road in Ormond. A further four level crossings at Murrumbeena Road, Koornang Road, Clayton Road and Centre Road will be removed as part of the Pakenham–Cranbourne line upgrade, and planning is under way for additional projects on the network as part of the Cranbourne–Pakenham upgrade and the metropolitan level crossing blitz. The

government has committed a total of 418 million from previous budgets to fund the removal of level crossings, and this budget continues that. It takes our commitment to the removal of level crossings to over \$1.1 billion.

The budget includes \$360 million for the duplication of the Princes Highway between Winchelsea and Colac. The widening and reconstruction of the existing highway for the 23 kilometres between Geelong and Winchelsea is expected to be completed next year, and concept design works for the duplication beyond Winchelsea to Colac include a new bridge for Colac-bound traffic over the Geelong–Warrnambool rail line.

In addition to the duplication of the Princes Highway west, the budget funds a further two key regional road projects. It will allocate 12.9 million for the duplication of Pioneer Road in Geelong, and 31.8 million for a new interchange at the intersection of Sand Road and Princes Highway in Longwarry.

In addition, projects funded under the transport solution program will receive a total of 56.2 million, and 23.6 million will be used to alleviate congestion on suburban roads. The duplication of Pioneer Road south of the Waurin Ponds shopping centre will tackle a growing bottleneck. This area has seen a population influx in recent years. To meet that growth challenge, the government will fund the 12.9 million extension of Pioneer Road from the Waurin Ponds shopping centre to Meadowvale road.

By adding 130 million over four years to this year's road maintenance budget, we will invest an unprecedented half a billion dollars in road maintenance in Victoria this financial year. There will be an extra 30 million this year for road restoration projects and an extra 20 million for road resealing and routine maintenance.

Victorians in regional and rural areas in particular will appreciate the extra spending this government has committed to the state's road network. In line with our road safety strategy, another \$100 million is provided from the budget as part of \$1 billion from the Safer Road Infrastructure program, to be delivered over 10 years.

Finally this morning, the Carrum–Warburton bike trail will be completed by connecting existing trails from Carrum to Bayswater North with the Lilydale to Warburton rail trail; 7.4 million has been allocated to completing this 10-kilometre missing link. Once complete, the Carrum–Warburton trail will extend nearly 100 kilometres across the eastern metropolitan area of Melbourne. This is part of our ongoing commitment to boosting cycling in Victoria and to offering alternative transport options for residents and also for tourists alike.

The CHAIR — Thank you, Minister. We now have until 12.45 for questions, and again I will kick off. Would you outline to the committee the budget initiatives in the roads portfolio which will contribute to the growth of Victorian jobs, both in the coming year and over the forward estimates period?

Mr MULDER — Thank you, Chair. The Victorian coalition government has a very strong infrastructure program, supporting jobs and also growth. Our 2014–15 budget contains new job-creating road infrastructure projects right across Victoria, including in regional and suburban areas. Highlights for roads in this year's budget: 8 to \$10 billion for the western section of the east–west link, this is expected to create 3000 jobs in the construction phase; \$850 million for CityLink–Tulla widening project, this is expected to create an extra 700 jobs; level crossing projects at Main Road, Burke Road, North Road and Blackburn Road are expected to create 1000 jobs; 362 million for the Princes Highway duplication between Winchelsea and Colac, this is expected to support more than 250 jobs during construction; \$86 million for a Calder Highway interchange at Ravenswood near Bendigo, this is expected to create 100 jobs.

Continuing projects are also supporting the growth of Victorian jobs over the forward estimates period, including east–west link stage 1, which will create 3200 jobs in the construction phase; regional rail link, supporting more than 3600 direct jobs; 505 million for the Western Highway duplication being delivered in partnership with the commonwealth, supporting 480 jobs.

The coalition has announced a plan to relocate 400 VicRoads head office positions to Ballarat. This will be a drawcard for service industry businesses in Ballarat, including engineering, legal and also consulting firms. This initiative is expected to generate more than \$40 million of additional economic activity in Ballarat each year.

In the planning pipeline: Kilmore–Wallan bypass, which has received 13.4 million for planning in previous budgets; Drysdale bypass, which has received 0.5 million for planning in the 2014 budget; Mordialloc bypass has received 10.6 million for planning in the 2014 budget; Edgars Road upgrade has received 5.5 million for

planning in the 2014 budget; Westall Road extension, which has received 1.8 million for planning in the 2014 budget; metro level crossing, which received \$20 million to plan further projects in 2014 budget.

I think it is important, Chair, when you have a look at the range of projects in our roads budget, that we are planning for growth. We want to make sure that we can get ahead of the curve. We do not want to find ourselves in a position as was reported in the *Age* of 22 May 2011 where referring to the Leader of the Opposition it was reported:

Mr Andrews conceded that the Brumby government had 'struggled to keep pace with the unprecedented growth of the last decade' and this had contributed to the November election loss.

I think it is important we identify where the growth is occurring. It is important we look at the projects that we know are going to deliver the greatest benefits. When you have a look at the projects that I have outlined in my response to you, Chair — and you will understand that when we came to government, the pinch points in the road network were at the end of the Eastern Freeway, they were the West Gate Bridge and they were the Bolte Bridge. They were the three key pinch points as identified in the metropolitan road network, and this budget deals with them. In a very short period of time as a new government, just over three years in office, we have been able to fund the projects that deal with those pinch points, relieve congestion across the metropolitan area of Melbourne, provide important infrastructure into regional and rural Victoria, and assist regional and rural Victoria in terms of the mess that was left behind in terms of run-down and potholed road networks —

Mr PAKULA — Chair.

Mr MULDER — by providing more maintenance to upgrade our roads.

The CHAIR — Thank you, Minister, and I note that that answer took exactly 4 minutes, for the benefit of the Deputy Chair.

Mr PAKULA — It just felt like 20.

Mr MULDER — It seems like a long time when it is all good news, I know.

Members interjecting.

The CHAIR — Order!

Members interjecting.

The CHAIR — It is hearing 23.

Mr PAKULA — Minister, I want to talk about the east–west link, which you have referred to in your presentation, and to a small portion of the Evo apartment site that stands upon the projected route of the east–west link. Last July you commented in relation to compensation claims:

They will be paid fair market value for their properties and any legal and associated expenses.

Subsequently the government purchased those apartments for \$90 million even though the project only required access to a small part of the common land. Under compulsory acquisition powers only the common land would have been purchased, so my question is: why did the government purchase the entire site for \$90 million when only a small portion of it was required for the project?

Mr MULDER — I think it is important to understand that the actual project in its own right did touch the property boundary, it did actually impact on the property boundary. As has been the case, when we require projects for major construction, we do go down the pathway of a compulsory acquisition process. Just as we did with properties at the Eastern Freeway end of the east–west link project, we went down the pathway of meeting with people who were affected, through the Linking Melbourne Authority. They have groups who go out and meet and talk with property owners, discuss with them, let them understand the requirement to obtain their property as part of an overall project, make sure they are handled in as dignified a manner as possible and make sure that their compensation claims are dealt with appropriately, and we did exactly the same in relation to the Evo apartments. The fact is that the project did touch the property boundary. The owners who had purchased off the plan were concerned. We took on board their concerns. We believe we have acted in a dignified and fair

manner in terms of dealing with those concerns. The government has now taken control of the project. I understand 22 of the units within that particular development have been leased out, and that will sit with the government until further decisions are made with that project into the future.

Mr PAKULA — Minister, it is my understanding that the road did not actually require the property where the apartments are — it just required some of the common land — and it in fact used non-compulsory acquisition powers. You would be aware that the shadow Minister for Roads has obtained some documents under FOI. In a draft document titled ‘Proposed Options Evo Apartments Parkville’, the LMA makes it clear that the Evo apartment owners were seeking compensation because of the effect of the proposed road on the value of their properties because securing a tenant would be problematic and because those purchasers that had intended to occupy the apartments are now strongly opposed to living in the complex and would seek to have LMA purchase the apartment. A draft letter from Ken Mathers said:

No physical road structure is proposed to be located within the required stratum, nor does the reference design contemplate that any apartment will be physically required for the project.

Another letter from the LMA — —

Member interjecting.

Mr PAKULA — Yes, there is, but I am setting the background.

The CHAIR — It is a supplementary, just remember.

Mr PAKULA — Yes. There was a letter from the LMA to an Evo apartment purchaser where there was a deleted line which said the purchase would not be by compulsory acquisition given the apartment is not required for the project. My supplementary is this: if the owners of Evo apartments were eligible for compensation on amenity grounds, which is fundamentally what occurred, why isn’t everybody else who lives in Clifton Hill or Parkville or Carlton and will soon live next to a major toll road equally entitled to compensation on the same grounds that you provided it to the owners of Evo apartments?

Mr MULDER — It is quite simple: the project actually touches the title. The project does go through the title, and that is the issue that triggers the issue of compulsory acquisition, and in this particular case —

Mr PAKULA — You are calling it compulsory?

Mr MULDER — If I can just talk to you, in this particular case we had a discussion with the people of the Evo apartments, the people who had purchased off the plan, through the Linking Melbourne Authority to give them an option.

Mr PAKULA — An option? Not compulsory.

Mr MULDER — To give them an option. If they wished to stay, they were entitled to stay. If they wished to leave, given the fact that they had purchased not knowing that the road was going to be built there, then we would take over those contracts. We believe that that was the fairest possible way to deal with those people given that the project in its own right does go through the title boundary of that particular property.

Mr ANGUS — Minister, I refer you to budget paper 3, page 273, which outlines the total output cost for road asset management. I ask: can you advise the committee and outline to the committee some of the measures the government is taking to improve road maintenance?

Mr MULDER — It is fair to say that an open and safe road network is vital to our economy, and I have outlined that with a number of the major projects that we are undertaking. Our network includes 22 400 kilometres of freeways and arterial roads. Each year on Victorian roads billions of vehicle kilometres are travelled, and more than 460 million tonnes of freight are transported. Maintenance on the road network includes upkeep of bridges, drains and culverts; fixing line marking; resurfacing and resealing; upkeep of electronic signals, signs and lighting; tree removal and grass cutting; and rehabilitation work after periods of prolonged wet weather.

The 2014–15 budget includes an extra \$130 million over four years for road maintenance and restoration works, an extra 50 million for restoration works and an extra 80 for resealing and routine maintenance of the network. This funding will help ensure Victoria’s roads are better and safer for commuters, businesses and also for visitors. Funding for management of Victoria’s road assets in 2014–15 will exceed \$500 million. I believe that in the last budget brought down by the former Labor government the target was \$383.5 million, so it is a massive boost in terms of funding provided for the maintenance of the road network.

Every region of Victoria will benefit from this funding. Extra works have already been announced to rehabilitate sections of Plenty Road, the Shelley–Walwa road and Woolsthorpe–Heywood Road. There has been an enormous amount of money put in. You will expect to see workers out on the network going forward. We know and understand that this was not the case under the former Labor government, that their priorities were somewhat different to what the priorities of the government of the day are.

Bushfire management on roadsides. The budget also contains \$15 million over four years to enable VicRoads to minimise bushfire risks on road reserves. This was an important recommendation from the bushfires royal commission. The funding goes to extra grass cutting, tree clearing, providing traffic management services to the CFA and working with the CFA contain the spread of bushfires. The funding will go into reducing fuel on road reserves across Victoria, including the Bellarine Highway, the Calder Freeway, the Great Ocean Road, the Hume Highway, Princes Highway east, the South Gippsland Highway, the Western Highway, and of course West Gate Bridge maintenance. The budget also contains 31.7 million over four years to maintain the West Gate Bridge, which is important for the bridge. More than 200 000 vehicles a day actually use the West Gate Bridge.

As I said before, we ensure that when we have money available for our road budget, money that is used for maintenance, it actually goes into the road surface and makes sure we can provide for a safer and better ride for the people who use our roads. This is somewhat different to an article that appeared on 27 January 2010 headed ‘Which of these bridges do you think is more impressive?’. It points to the fact that:

... Melbourne’s laneway culture, arts scene and major events schedule, one of the city’s key reasons to be proud is to be a \$20 million light show on the West Gate Bridge ...

...

Roads and ports minister Tim Pallas said the lights would transform the bridge and help make it ‘much better than the Sydney Harbour Bridge’, by highlighting its ‘serpentine architectural form’.

...

‘It really will light up the skyline,’ Mr Pallas said.

We intervened immediately. That money was pulled out of a fairy light show and put back into the maintenance of the road network where it belongs.

Mr SCOTT — Minister, in your presentation and in your discussion with the committee you have made reference to the east–west link. The question I want to ask relates to traffic modelling for that particular project. I also note that you made comments regarding traffic forecasts in an *Age* article on 1 November 2013. I really want to ask you a question regarding the Veitch Lister Consulting traffic model that is being used. How does the Veitch Lister Consulting model for traffic make estimates of freight movements?

Mr MULDER — I might have to take that on notice. As you will understand, we did use the same company to conduct this work that the former Labor government also used. But I am more than happy to take that question on notice for you. I have not taken a question on notice throughout the day, and I will take that on notice for you.

Mr SCOTT — Just by way of follow up in order to clarify, it is my belief, and there has been FOI material to that effect, that the modelling does not in fact take into account freight movements, but if you could confirm that on notice.

The CHAIR — The question is on notice.

Mr MULDER — Certainly I can assure you that a comprehensive amount of work, a lot of traffic modelling carried out, has been through the CIS. There has been a huge number of questions asked through that process. Information from that and recommendations have gone to the Minister for Planning. But, as I say, that has been absolutely and thoroughly covered off.

I have just been informed that the commercial vehicle use on that particular road is also included in the modelling that was carried out, but we will get some further information for you.

Mr O'BRIEN — I would like to call up slide 4, because I would like to follow on from Mr Scott's question, but also talk about budget paper 3 which outlines funding for the western section of the east–west link. Minister, could you please outline how this initiative will improve service delivery and promote productivity in the Victorian economy?

Mr MULDER — The government is making an unprecedented investment in transport infrastructure. The 2014–15 Victorian budget includes the 8 to 10 billion western section of the east–west link, and this will complete the missing link between the Eastern Freeway and the Western Ring Road, improving access to and from the city and the port of Melbourne, and provide a much-needed alternative to the West Gate Bridge. Melbourne's west is growing, with an estimated 500 000 additional people expected to live in the west by 2050. Previously areas like Point Cook were allowed to grow with little or no investment in infrastructure. The east–west link will enable Victorians to make more reliable journeys across Melbourne's freeway network.

The western section will provide travel time savings. It will slash travel times from Geelong, Werribee, Altona and Laverton by 15 to 20 minutes. Travellers from Ballarat, Melton and Caroline Springs will save 10 to 15 minutes. Freight operators travelling to the port of Melbourne will save 15 to 20 minutes. The benefits for productivity are extra capacity of around 1000 vehicles a day and fewer traffic lights for cross-city journeys, avoiding up to 24 traffic lights between the Western Ring Road and also CityLink. It will reduce congestion and reliance on the West Gate Freeway. Freight operators will have more route options and road space to move growing volumes of road freight in the future, and it will boost the economy by creating 3000 jobs during construction.

This project has been on the drawing board for a long period of time. People who come in from Ballarat, people who come in from Geelong and people who come in from the western suburbs, from Laverton and from Point Cook all know and understand what it is like to have to deal with living with the West Gate Bridge on a day-to-day basis. One taxi broken down, one truck with its bonnet up, and that is it. In my early days as a member of Parliament I used to be confident coming down to Melbourne on a Monday morning for shadow cabinet meetings. That has now turned into a Sunday night trip because of the situation in terms of traffic volumes and congestion on the West Gate Bridge.

It is not just me. I can go back to articles that have been written and quotes from various individuals in relation to the need for this very important road connection. On Wednesday, 18 November 2009, Minister for Roads and Ports Tim Pallas was quoted as saying:

WestLink is an important project for Melbourne that will reduce overreliance on the West Gate Bridge, cater for planned expansions of the port of Melbourne, remove cars and trucks from local roads, create more jobs and improve our way of life.

That was the former roads minister with an absolute commitment to a western section and a link to the port.

'Traffic chaos proves need for Footscray tunnel — Brumby' is the headline of a 9 December 2008 article in the *Herald Sun*, which states:

'It was a great example, I think a great story, as to why we need the Victorian transport plan' —

unfunded as it was —

and why we need a second river crossing in Melbourne', Mr Brumby said.

'What you saw is that, when you've only got one river crossing, in West Gate, and you have an accident there that stops the network, it clogs the network not just on the M1 and on the West Gate, but right throughout the metropolitan system.

If you think of the \$38 billion Victorian transport plan —

unfunded, as I said —

... the key element of that was to build the second river crossing.

We will give motorists a choice and would help avoid the sort of circumstances that we saw today'.

This is in relation to a major delay of course on the network.

There are other articles. A press release published on 24 April 2012 entitled 'Labor MPs urge Baillieu to invest in the west' states:

State member for Tarneit Tim Pallas, member for Williamstown Wade Noonan, member for Melton Don Nardella, member for Altona Jill Hennessy, member for Kororoit Marlene Kairouz, member for Keilor Natalie Hutchins, member for Footscray Marsha Thomson said Melbourne's west would continue to attract a greater share of Victoria's population growth, estimated to grow to 1.08 million in 2031.

...

'... Melbourne's west must be better connected with the rest of Melbourne, thus reducing overreliance on the West Gate Bridge'.

The article states that MPs said 'waiting is not an option' and that the priority projects included a 'second river crossing'.

I do not sit in the Council, but on Tuesday, 19 August 2008, there was a contribution made by a member of Council, and this is attributed to a Mr Pakula:

Car drivers in the west are to be punished, sacrificed on the altar of Green ideology.

In the inner west a consequence of the Greens' position would be that the trucks remain on local roads.

I agree wholeheartedly with Mr Pakula's statement in relation to that particular matter.

I continue on to the Williamstown *Star* of 19 October 2010, which states:

'The WestLink project is as vital to Melbourne's west as the construction of the West Gate Bridge was back in the 1970s', Mr Noonan said.

I could go through a whole range of organisations which have sung the praises of the announcement of the WestLink project, from the RACV to VECCI, Committee for Melbourne, master builders, Australian Logistics Council, Australian Industry Group, Regional Cities Victoria. They understand and people living in Ballarat and people living in Geelong and further into the west understand how important this particular project is. Engineers Australia said the 'east-west link project has been strongly welcomed by Engineers Australia'. The property council also commented, and so it goes on.

Mr O'BRIEN — Cesar Melhem.

Mr MULDER — Cesar Melhem, of course. The *Herald Sun* reported:

LeadWest chief executive Craig Rowley said the link was critical infrastructure that would support the growing freight industry, increase productivity and reduce gridlock on our roads.

'The link can improve livability by providing for an efficient freeway movement of trucks, reducing traffic congestion and taking heavy vehicles off local roads in the inner west, particularly Somerville Road, Francis Street, Barkly Street, Moore Street and Buckley Street' ...

Mr PAKULA — A point of order, Chair.

Mr MULDER — I think it is pretty clear, Chair.

Mr PAKULA — I think the minister has proved to the committee that he can read. Can we move on?

Members interjecting.

Mr MULDER — Daniel is there; he is there. They are all there. The former Minister for Public Transport is there as well.

Mr O'BRIEN — I have a quick supplementary. How does that project compare to the fairy lights — —

The CHAIR — Mr O'Brien, no; there has been enough.

Ms GARRETT — We have all had enough. I refer the minister to budget paper 4, page 50, with respect to the VicRoads registration and licensing system. The budget states that some 46 million of this project's total estimated cost remains to be spent, and page 52 states:

TEI has been reduced by \$15 million ... Project has been paused, to reassess customer expectations of future services needs and how they impact on systems requirements.

I ask the question, Minister: can you confirm that the current system utilised by VicRoads automatically generates renewal notices for registrations and that when this date falls on a Saturday the renewal notice is not sent, causing motorists to not receive a renewal notice, leaving them unaware that their registration is due.

Mr MULDER — I will answer part of that. I might get the CEO of VicRoads to talk on the operational matters around licence renewals. But in relation to the registration and licensing system, the project I referred to in one of my earlier contributions — RandL — began in 2008. iSentia Australia holdings were awarded a contract to build a system in July 2010 by the former Labor government. The coalition government provided extra resources when the project was approved in early 2012 to progress building the system. In May 2012 a new computerised licence test system was rolled out across all VicRoads customer service centres as part of RandL. The project was to replace more than 40 existing systems with one system. It was proven to be more complex and challenging than VicRoads — and a former Labor government no doubt — anticipated at the time. After two reviews VicRoads informed the government that the project was at risk of going over budget; 158 million was allocated to the project and 110 spent. It was at risk of blowing out by more than \$100 million. The government directed VicRoads to pause the development of the system for 12 months to review the customers' needs, future system capabilities and budget.

Times have changed. VicRoads conducts 22 million transactions per year. In 2006–07, 3 million were through online channels, and smart phones were not in use. Today there are 8 million transactions a year online with 30 per cent through mobile phone devices. The project was paused to review and better understand how customers interact with the agency today, including the shift to online transactions. There will be no impact to customers from this decision. VicRoads will continue to work towards flexible registration payments in the future. The \$35 registration fee that was increased to pay for the project — that money has been paused, as I said, until we have a better understanding of how to take the project forward.

Financially responsibility with taxpayers: as I said, we are very cautious of the fact that we need to be responsible and be very cautious in terms of how we spend taxpayers money. We were not going to continue to proceed with this project given the fact that there were red lights flashing in terms of massive cost blow-outs to take the project forward. It has been paused. We will continue to evaluate it going forward, but I can say it is another IT project that was instigated by the former Labor government — and I could talk about myki, I could talk about HealthSMART, but this project does fall in line with a number of those projects that we inherited as a government. We have done our best to get what we possibly can out of it, but obviously we have got more work to do. In relation to the renewals, I might hand over to Peter Todd, the chief operating officer of VicRoads.

Mr TODD — Registration notices are sent out approximately six weeks before they fall due, so people should get those notices well in advance so that they can make their renewals before they fall due. We do send them out six weeks ahead of time.

Ms GARRETT — I again ask the question: is there an issue when the registration date renewal falls on a Saturday? Are those notices going out? Can you guarantee the committee and the Victorian public, regardless of the date, that renewal notices are going out?

Mr TODD — Those renewals are going out for all vehicles, irrespective of when the registration date falls due.

Mr ONDARCHIE — Minister, I would like to draw your attention to budget paper 4, page 52, in relation to the road safety strategy 2013–2022. You and I have had a number of discussions about the road safety strategy around safety for motorists, for trams, for cyclists and for pedestrians. I wonder if you could talk to the estimates committee about what infrastructure projects this initiative includes.

Mr MULDER — I think it is important at this point in time to also recognise the great success of the ministerial road safety council. Whereas in the past various road safety operators basically operated in silos, we pulled them together under a ministerial road safety council. I have the absolute honour of chairing that particular ministerial council. Since that council has come together, we have been able to better coordinate activities, better coordinate educational messages that are going out to the public, and I think if you have a look at where we stood at the end of last year in terms of improvements we have made — we have been able to bring down the road toll — it says volumes for agencies working closely together to get the best possible outcome that we can get for road safety.

There has been a record \$1 billion investment over 10 years — up more than 30 per cent. Evaluations of the program show a casualty crash reduction of 31 per cent, resulting in a benefit-cost ratio of \$2.70 for every dollar that is spent. The program targets high-risk roads, treating run-off-the-road and intersection crashes. Vulnerable pedestrians and cyclists are also protected through this program now with treatments such as green pavement bike lanes and signals at traffic lights, as well as reduced speed limits where appropriate. Ninety-five projects have been announced, begun and many finished since March 2013, with hundreds — hundreds — more to come. Run-off-road treatments include wire rope barriers, guard rails, sealing shoulders, clearing vegetation, removing trees, rumble strips, line marking, guideposts and also at various sites around the state.

Line marking: \$100 000 on Waverley Road between Malvern and Warrigal roads. Electronic signage and messaging: \$1.35 million, Princes Highway East, Morwell; 860 000, Bendigo-Murchison Road at Waranga; safety barriers and guard fences at Tylden-Woodend Road in Woodend, Gisborne-Melton Road in Gisborne South, Murray Valley Highway-Coonimur, and Lancefield-Tooborac Road in Lancefield. Intersection improvements include new traffic signals, roundabouts, better signs, street lighting, improved line marking, speed humps and improved skid resistance for emergency braking.

Some of the sites we have done are Baxter-Tooradin Road in Baxter, Stud Road and Herbert and King streets in Dandenong; Southern Road–Oriell Road in Heidelberg West; Narre Warren–Cranbourne Road–Linsell Boulevard, Cranbourne East — \$905 000 there. Widening of lanes: Mooroopna–Murchison Road, Mooroopna. Skid-resistant surfacing, also Pascoe Vale Road, Meadow Heights; Maroondah Highway in Ringwood, where we have also had some pedestrian improvements.

Our aim is to reduce fatalities and serious injuries by 30 per cent by 2022. There have been some bold initiatives implemented or being implemented as we speak. Those include the driver distraction fines, from 289 up to \$443 and 4 demerit points; the launch of Road Mode, a free android mobile phone app and a campaign from the TAC on driving blind; the launch of the motorcycle graduated licensing system; alcohol interlocks to be rolled out further than the manner they are today; a new cocktail offence of drink and drug driving; impounding cars for drivers with a BAC of 0.1 and over; launch of the hoon safe driver program; review of cycling road rules; increases in penalties for car dooring.

Implementing the recommendations from the speed limit review: gradually phasing out 90 and 70 K speed zones; consistent speed limits, not as many changes, reducing clutter on busy roads — less frustrating and safer for motorists.

I think one of the former premiers indicated that he understood that motorists were angry and frustrated over multiple speed zones. We have done that. We have worked on that with the community. New guidelines for 40-K zones to make it safer for children trying to walk to school and pedestrians at higher pedestrian activity areas. We have trialled intelligent speed-assist devices that warn a driver when they are going too fast. The next stage is to develop a strategy to roll out these devices. Of course TAC and VicRoads collaborate to develop guidelines for the grants program for black spot areas. Clusters of pedestrian-cyclist crashes occur. We are improving level crossing safety in country Victoria by installing boom barriers and flashing lights. I think out of the program we committed to 75 — we are up to 62. There is Talk the Toll Down, expansion of the L2P program and trialling of one for newly arrived African migrants. I understand that has been quite successful. There is the Fit2Drive education program for every year 11 student; shifting the focus on serious injuries, beginning with a parliamentary inquiry; an \$8 million in-depth study into serious crashes — and it goes on. There is the Safer Road Infrastructure Program — as I said, \$1 billion.

Mr PAKULA — Yes, you do.

Mr MULDER — It is a good story to tell; it is a fantastic story to tell. This government is saving lives, saving people from being seriously injured on the road and pulling the road toll down. Agencies are working together, making the investments, getting the outcomes and working very closely with the community and working closely with Victoria Police, VicRoads, the TAC and WorkCover. This has been an outstanding outcome, and we look forward to continuing to get those sorts of results as we go forward.

Mr PAKULA — Minister, this is a question that should enable you to answer much more succinctly. You have already made reference to the Tullamarine Freeway widening. There seem to have been some discrepancies in the public statements of the government on the one hand and Transurban on the other. Very simply, can you clarify whether traffic uplift is part of the deal or not?

Mr MULDER — Thank you. As you can understand, this is a privately run road. This road is operated and run by Transurban. Transurban came to the government with a proposal under the unsolicited bid process, and as you can understand under this particular proposal a private party will submit an unsolicited proposal for government consideration, with full information requirements, and that involves the government conducting a preliminary assessment of the merits of the proposal and deciding whether to enter into an exclusive negotiation, the government and the private party entering into an exclusive negotiation to develop a full proposal for government consideration, the government entering into the final negotiations to finalise outstanding issues with the intent to enter into a final and binding offer and the government awarding the contract.

Once a proposal is approved for stage 3 and the government enters into an exclusive negotiation with the private party it will disclose headline details of the proposal on the Department of Treasury and Finance website and the government will update details of the proposal at the end of each assessment stage, as is appropriate. As you can appreciate — and I have spoken before on this particular matter — in relation to Melbourne Airport currently we are sitting at around 30 million passenger movements per year. I think by the early 2030s that is predicted to go to somewhere in the order of 64 million.

This project was committed to in 1999 by the then opposition, which came to be the Bracks Labor government. Two steps through the door, and they walked away from it. Without the improvements to the Tullamarine Freeway we stand the risk of having a negative impact on Melbourne and Victoria in terms of our international reputation. There has been significant investment made by Melbourne Airport in terms of improving facilities out there for their customers. They have been very vocal, publicly calling on the government to do something in relation to the widening of the Tulla.

On top of everything else we are asked to do, everything else we are asked to commit to, we had a call for this road to be improved, to be widened, and the project that has been put before us out of an unsolicited bid proposal by Transurban actually delivers that. It is an \$850 million project that provides an additional lane in each direction, improvements in and around the Bolte Bridge — an additional lane off the Bolte Bridge — and of course a managed motorway system.

Can I just say that Transurban will fully finance the project on a value-for-money basis through an uplift in the CityLink toll revenue resulting from the project and the east–west link eastern section; increase light and heavy commercial vehicle tolls, consistent with national pricing for trucks and other motorway networks, after the upgrade, which is expected to be completed in 2017; give an extension of the period in which toll price increases will occur, at the greater of 4.5 per cent or CPI annually, for a period of one year from 15 to 16; and give a one-year extension to CityLink’s existing concession period. The maximum end date is now 2035.

This is somewhat different to projects that have been undertaken by the state government in the past. As you can appreciate, this gives us a great opportunity, particularly in this case where the road is owned by the operator. However, it The project has a significant role to play in the way that people move in and around Melbourne, but particularly getting access to and from the airport. We see this as a step forward in providing additional capacity in terms of getting to Melbourne Airport. As you would understand, the proposal from Transurban does not take the road all the way out to the airport. We are in discussions with the federal government — I think there is another \$250 million required to ensure that we get the two additional lanes; a lane either side all the way out to the airport — and those discussions are continuing as I speak. So it is somewhat different in terms of the processes that are involved in a purely state government project that we

would undertake, and I think this is giving us a great opportunity. It has come forward a lot quicker than would have been the case under the unsolicited bid process.

Mr PAKULA — This is really important because your answer then seemed to entrench the inconsistency between the government's statement and Transurban's. You said that to fund the project the CityLink concession will be extended by one year, and you have repeated that today; that toll price increases will remain at a minimum of 4.5 per cent annually for an additional year; and that truck tolls will increase to become consistent with national pricing for trucks on other motorway networks, none of which you have resiled from today.

The statement that Transurban issued to the Australian Stock Exchange, which was entitled 'In-principle agreement on CityLink-Tulla widening project', also identified traffic uplift as a result of the project and the impact of east-west link, stage 1, as a funding source for the project. Minister, surely you can appreciate that if your statement to this committee is accurate, you are implicitly saying that Transurban have misled the stock exchange because you have made no reference to traffic uplift, so it is very important — —

Members interjecting.

Mr PAKULA — It is very important, Minister, that you clarify whether or not traffic uplift is included and if the statement made by Transurban to the stock exchange is accurate or not.

Mr MULDER — As you can appreciate — how long have we been going now; about 3½ hours? — there is an uplift in CityLink toll revenue resulting from the project and the east-west link eastern section. That was reported to the stock exchange, I think as you said, and that is the case.

Mr PAKULA — So traffic uplift and Transurban — —

Mr MULDER — An uplift in CityLink toll revenue resulting from the project and the east-west link eastern section.

The CHAIR — I would suggest that a check of the Hansard when it is available will identify that the minister — —

Mr PAKULA — Toll revenue and traffic uplift are not exactly the same thing.

Mr MULDER — That comes as a result of the traffic uplift.

Mr PAKULA — They are not exactly the same thing.

The CHAIR — Order!

Members interjecting.

The CHAIR — I think a check of the Hansard will identify that there was a reference to uplift in the earlier answer.

Mr MULDER — Can I say that the toll uplift is a result of the traffic uplift. Is that not too hard to understand?

Mr PAKULA — Yes. Thank you.

Mr O'BRIEN — I would like to move from the CityLink-Tulla widening project to talk about state capital program, budget paper 4, particularly the transport projects that are listed in that, and I ask you, Minister: could you please outline what initiatives will benefit the western suburbs and Western Victoria Region that I represent more generally?

Mr MULDER — The budget contains initiatives to build better roads and deliver better transport across Victoria, as we have said, but especially for western suburbs and in western Victoria. Main Road, St Albans: 200 million committed to the removal of the level crossing at Main Road, St Albans. We consulted with the St Albans community, and we decided the project will be a rail-under-road grade separation, not a cheap alternative that was possibly going to be undertaken by the former Labor government, given the amount of

money they dedicated in the 2010 budget. It will save lives. There have been two fatalities at this level crossing and 39 near misses since 2006. It will relieve congestion for more than 20 000 motorists and pedestrians each day, it will help revitalise the St Albans activity area and it is great news for the people who live in Brimbank.

You have only got to look at the accolades in terms of what we have announced out there. Asip Demiri from the St Albans Traders Association said the overhaul 'will inject life into the shopping centre' and:

Despite promises, the previous government never delivered, and left the community in agony.

Never delivered, left the community in agony. The *Star Weekly*, 30 April 2014:

The former state government did not do enough to address the 'terrible, killer crossings at St Albans', opposition leader Bill Shorten conceded ...

...

'That is a good development, I have no reservations about that,' he said.

...

'Now at last, common sense and fairness has prevailed'.

Pioneer Road in Grovedale, south-west of Geelong: 12 million will be invested to complete the duplication of Pioneer Road from Waurin Ponds shopping centre to Meadowvale Drive.

Caroline Springs station, west of Melbourne: 32 million will be invested to build a railway station at Caroline Springs, with construction to start later this year. This would have been possible sooner if Labor had bothered to fund the power stations at Cardinia Road and Lynbrook. They were built without enough power to pull the trains out.

Princes Highway west, west of Geelong: the Victorian and commonwealth governments have allocated 362 million to duplicate the Princes Highway between Winchelsea and Colac. This project will save lives. Tragically, there have been 32 crashes on the Princes Highway between Winchelsea and Colac between January 2008 and December 2012. If my memory serves me correctly, this project was costed by the former Labor state government at, I believe, \$515 million. We have scoped the project, we have done the hard work. This project is a \$362 million project. I would suggest that perhaps someone who has been working on the Southland railway station platforms had something to do with the original costings.

East-west link western section, west of Melbourne between the Western Ring Road and the port of Melbourne: the Victorian and commonwealth governments have committed funding to build the western section of east-west link. This will provide travel time savings of 15 to 20 minutes between Geelong and Melbourne. Travellers between Ballarat and Melbourne will save 10 to 15 minutes. It is great news for Melbourne's western suburbs, and it will get trucks off local inner west streets. Years ago I lived in Seddon, in Gamon Street, so I know that area fairly well. I used to walk to the Rising Sun Hotel, hitchhike back to Colac and hitchhike back from Colac to Melbourne and walk back through those suburbs again on my way home to my boarding house, where I was looked after by a Maltese family in Gamon Street, Seddon. So I have seen that area develop over the years, I understand the congestion and I can realise what these people go through on a day-to-day basis with heavy vehicles roaring through their suburbs. But believe you me, the east-west link western section — the intermodal hubs — is going to change the lives of people who live in the inner west.

Mr SCOTT — I would like to return to the proposed widening of the Tullamarine Freeway. Part of the funding for this project, as you alluded to earlier, was extending Transurban's right to toll the CityLink network for one more year. My question is simple: what value did you put on the extension of the Transurban contract?

Mr MULDER — As I pointed out in relation to this particular project, if we did not have in place the unsolicited bid process, this project would not have been delivered. This is a great project for Melbourne. It is a great project in terms of what it is going to provide for people who are making their way to do business and people who are leaving on holidays going via Melbourne Airport at that real pinch point in the network at the Bolte Bridge. I do not know how many times I have heard the RACV on talkback radio complaining about that and truck drivers who get caught at that particular intersection on a regular basis phoning in and complaining

about the design of that particular off ramp. That will be dealt with, and it will be dealt with within the project that Transurban have brought to the government.

These issues were worked through, as I say. We have got a process in place whereby it goes through an assessment process through the Department of Treasury and Finance. The Department of Treasury and Finance will then provide information and advice to the government as to whether or not they believe that this project provides good value for money for Victorian taxpayers. Each and every aspect of the proposal that was put to the government by Transurban was evaluated to ensure that they could proceed with the project. As I say, it is more than \$800 million, and each and every one of the components that we have outlined provides an opportunity for this project to go ahead, including the extension of the concession deed.

The CHAIR — Thank you, Minister. That concludes the hearing for the roads portfolio. There was one matter regarding traffic modelling which you have taken on notice. We will write to you confirming that issue.

I thank the minister, the secretary, the deputy secretaries and Mr Todd for their attendance today.

Witnesses withdrew.