

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2013–14

Melbourne — 15 May 2013

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Ms J. Hennessy
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Mr C. Ondarchie
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Witnesses

Mr T. Mulder, Minister for Roads,
Mr D. Yates, Secretary,
Mr R. Oliphant, Chief Finance Officer,
Mr G. Liddle, Chief Executive, VicRoads, and
Mr R. Freemantle, Chief Operating Officer, VicRoads, Department of Transport, Planning
and Local Infrastructure.

The CHAIR — We will now resume with the roads portfolio. I welcome back the Honourable Terry Mulder, MP, together with Mr Yates and Mr Oliphant. I welcome from VicRoads Mr Gary Liddle, CEO, and Mr Robert Freemantle, Chief Operating Officer. I call on the minister to give a brief presentation of no more than 5 minutes on the more complex financial and performance information related to the roads portfolio.

Overheads shown.

Mr MULDER — The coalition made pre-election commitments to ease congestion on Melbourne roads, and commitments in the 2013–14 budget will help road users across Victoria, particularly freight and commercial vehicles, move more efficiently on the metropolitan and the regional road network. All freight in the metropolitan area travels on road, and even in the regional area, where the coalition has made strong efforts to revitalise rail freight, we recognise that not every item of freight begins its journey by road.

Many of the road initiatives in this year's budget aim to provide Victorian manufacturers, producers and exporters better access to their markets, whether those markets are domestic or overseas. Our major road commitments in this year's budget are: an initial \$294 million for the east–west link, a \$170 million package to address the condition of Victorian roads and \$28 million for a series of regional projects designed to free up freight bottlenecks. Before I cover each of these items in more detail I want to begin with one of the key initiatives designed to provide a real boost to the competitiveness of Victoria's producers and exporters.

Moving more with less: last month I announced the coalition would boost freight productivity by opening up parts of the Victorian road network to longer freight vehicles. As I say, we call this initiative moving more with less. Within metropolitan Melbourne we will be allowing access for high-productivity freight vehicles up to 30 metres and 68.5 tonnes on the Monash Freeway and CityLink, including: access to the port of Dynon rail precinct and through to the West Gate Freeway; the Tullamarine Freeway through to the Calder Freeway; the Western Ring Road as far north as the Hume Freeway and south to the Princes Freeway; EastLink from the industrial area of Ringwood down to the Monash Freeway; and Monash Freeway and Western Port Highway to the port of Hastings.

B-triples have been running between Geelong and Broadmeadows under permit for over a decade now, operating successfully with little fuss, carrying vehicle components between Ford's two Victorian plants. Elsewhere in Victoria 30 metre long B-doubles have been operating in the green triangle carting woodchips to the port of Portland since 2010, connecting rail and road depots near and around Horsham and transporting mineral sands to Ouyen and Hopetoun, where they are moved by rail. In January last year regulatory changes were made to over 300 kilometres of roads in and around Mildura to permit the use of 36-metre A-doubles. Previously only 60 kilometres of the state's roads were accessible to these combinations, but this has now been boosted to 360 kilometres.

I mentioned in my introduction a \$170 million package to address the condition of Victorian roads. This money means that for the first time VicRoads will have a dedicated multi-year capital program for road maintenance. This initiative includes 90 million which will go towards renewing deteriorated roads by strengthening the pavement and a further 80 million for resurfacing works to make roads more resilient to wet weather. It will be delivered across three years, a big improvement on the previous system that allocated funds on an annual basis.

The drought masked the years when the previous government was able to neglect Victorian roads without suffering the consequences. The end of the drought and recent flood events have revealed the true condition of our roads, and we have responded accordingly. For 2013–14 the coalition government will spend \$466 million on road asset maintenance. This includes the base level of maintenance funding as well as the first year's allocation of the new \$170 million resurfacing and renewal package.

I want to move now to talking about the east–west link, one of the state's key infrastructure priorities. We see this project as a critical piece of city-shaping infrastructure. It will take pressure off the M1 and the West Gate and generate enormous efficiencies for motorists, commercial vehicles and road freight. The project will also ease pressure on buses, trams and cyclists that are forced to compete for road space with the east–west traffic. We cannot continue to rely on the M1 as the city's solitary crossing. The government will prioritise stage 1 of the link, extending it from the end of the Eastern Freeway to CityLink, completing a massive gap in the freeway network and fixing the farcical situation where a major freeway like the Eastern stops at the doorstep of the city.

Geotechnical studies for stage 1 have been completed, and the business case is currently before the government for consideration. We will also undertake market engagement to provide the insight into potential financing options. The clear message we are hearing is that there is very strong support for the project from both Australian and international participants, from countries that include Italy, Spain, France, Germany, Japan, Korea, China, Canada and the UK. This year's budget allocates \$294 million over two years to further advance this critically important project for Victoria.

In the metropolitan area three key road projects are being funded from this budget: the West Gate Bridge will be in receipt of 31.7 million over four years for essential maintenance works, elsewhere on the metropolitan network 15.3 million will be spent on improvement works at High Street Road and nearly 8.7 million to upgrade Cardinia Road in Cardinia. Several projects will begin works in this coming financial year, including the Stud Road duplication, the Narre Warren–Cranbourne Road upgrade, the Dingley bypass and the Cooper Street widening.

One of the state's biggest ongoing road commitments is the M80 Ring Road upgrade, a project being undertaken jointly with the commonwealth. Since the commencement of the project five years ago two extra lanes have been added in each direction between Western Highway and Sunshine Avenue. Recently completed is a 10.7-kilometre section between the Calder Freeway and Sydney Road, which includes at least three lanes in each direction and up to six lanes between some intersections. Construction is under way in the Edgars Road to Plenty Road section for additional lanes in each direction, and this will create three lanes in each direction, plus a fourth lane between the interchanges. Planning is under way for the remaining sections you can see marked in orange, and commencement of these sections is subject to the release of nation-building 2 funding.

The budget funds transport solutions, a raft of carefully targeted regional initiatives designed to improve the flow of freight from regional Victoria. In the main, transport solutions comprises road upgrades, bridge upgrades and truck rest areas. Transport solutions is the result of a process started several years ago, when representatives of the department asked rural councils, primary producers and transport operators to identify some of the key bottlenecks for regional freight. Most regional councils will enjoy the benefits of a third year of the distribution of the \$160 million Country Roads and Bridges Fund. This fund gives 40 rural councils \$1 million every year for four years to spend on country road and bridge projects. All 40 eligible councils have applied for and received funding from the last two years' allocations. Importantly, we let the councils take the running on how this money is spent, and many have undertaken projects clearly aimed at improving access for farmers and for producers. Gannawarra shire, for example, received 700 000 for a bridge replacement; Macedon Ranges shire received 375 000 towards the reconstruction, widening and sealing of Romsey-Wallan Road; and the Alpine shire received \$200 000 to rehabilitate a section of road. These projects might be small in scale but they are projects that would not otherwise be undertaken, given the limited rate base of many of these smaller shires.

The budget delivers 5 million over two years for the state's bicycle infrastructure program, which will target upgrades of key bike lanes and bike paths. The Box Hill–Ringwood bike path is an election commitment that will be funded within the Mitcham and Rooks roads grade separation project. The budget allocation is only a small part of the overall spend on cycling, which is shared between several departments and totals some \$30 million. Examples include bike lanes on Chapel Street, the Jim Stynes Bridge, the missing link in the Darebin Creek trail that joins with the main Yarra trail, bike lanes on the Baxter–Tooradin Road and safety improvements to Murradoc Road in St Leonards and Point Nepean road in Rosebud. Most recently I announced that 5.3 million will be spent on completing the next stage of Federation Trail. This will comprise an overpass across the Newport–Albion freight line that will connect with the end of the current trail to Fogarty Avenue in Yarraville. This will leave just two stages to complete the path: stage 3 from Fogarty Avenue to Williamstown Road and then stage 4 from Williamstown Road to Hyde Street.

That concludes my presentation on the salient points of the 2013–14 state budget as it relates to the roads portfolio, and I would like to thank the committee for their interest.

The CHAIR — Thank you, Minister. We have just over 50 minutes for questions. I will start. Minister, in the context of this year's budget, can you outline to the committee examples of capital infrastructure projects in the roads portfolio which will be either commenced or completed in the coming financial year?

Mr MULDER — In the coming financial year we have a raft of projects that will be either commenced or completed. In the 2013–14 Victorian budget, Building for Growth, more than \$630 million has been allocated to my portfolio for roads projects and to grow jobs across the state, particularly in the construction industry. New projects in 2013–14 include, of course, our no. 1 priority road project, the east-west link, which will cost somewhere between \$6 billion and \$8 billion, and will create something like 3200 jobs. It is an extraordinary project, a legacy project for Victoria. In road maintenance there is a \$90 million capital program over three years supporting around 170 jobs. Continuing projects in 2013–14 include, of course, the Western Highway duplication, which will cost 86 million in the year 2013–14 and support around 480 jobs; the Ballarat Western Link Road, a \$38 million project supporting around 120 jobs; the Dingley Bypass, a \$156 million project supporting around 60 jobs; the Narre Warren-Cranbourne Road, a \$49 million project supporting around 50 jobs; the Stud Road improvement, which will cost \$6.8 million in the year 2013–14 and support around 35 jobs. They are some examples of the types of projects we will be rolling out from a budget of more than \$630 million. I have no doubt that the community will see a great deal of activity out there on the road network in terms of maintenance and upgrades being undertaken, importantly on some of the major projects that communities have been crying out for for many, many years.

Mr PAKULA — Minister, I just want to ask you about east-west link, which you have already talked about in your presentation. It has been revealed by the government that in terms of the funding of east-west link it is looking at a combination of government contributions and private financing rather than a strict reliance on tolling. That implies either availability funding or a combination of availability and tolling. Can you advise the committee whether the government looked into the viability of funding the project in the configuration in which you have got it, which is without city off-ramps, as a user-pays, PPP model with tolling being the cost-recovery method?

Mr MULDER — Could you just run through that again?

Mr PAKULA — Did you look at funding this project in its current configuration via tolls entirely — that is, without city off-ramps?

Mr MULDER — The business case has been developed for the east-west link. You are right in that we are requiring a contribution from the federal government in terms of early completion, but we are committed to the project. We have built capacity into our budget going forward for us to meet our commitments, and we have indicated that there will be a user-pays component to the road as well. As I say, we have the business case in our hands at the moment — —

Mr PAKULA — No-one else does.

Ms HENNESSY — You are the only ones.

Mr MULDER — We are not releasing commercially sensitive information that is going to put us in a difficult position in terms of when we put this project to market. We want to get the best value for taxpayers dollars when this project does go to market. As you are aware, the project runs from the end of the Eastern Freeway over to the Tullamarine Freeway. We are not going to stipulate to the development sector what innovations they may be able to introduce to the project, but, as you are aware, there are no off-ramps running into the CBD.

Mr PAKULA — Thank you, Minister. I note in regard to the business case that not even the commonwealth has it yet.

Mr ANGUS — At least we have done one.

Mr PAKULA — Well, they do not have it. Minister, there are reports in today's *Age* that the tolls for stage 1 would need to be at least \$10.50 for a single trip in order for the project to be viable — —

Mr ONDARCHIE — So you are researching from the *Age*, Martin?

The CHAIR — Order!

Mr PAKULA — I am giving the minister an opportunity, Mr Ondarchie, to either tell us — —

Mr O'BRIEN — That is more than you gave taxpayers on the food project, where you did not do a business case — —

The CHAIR — Order! The Deputy Chair has the call for the supplementary.

Mr PAKULA — I am giving the minister an opportunity to tell the committee whether those reports are indeed accurate, or if they are inaccurate, if he can rule out \$10.50 single trips? If it is not accurate, can you tell us what sort of toll people can expect?

Mr MULDER — I am not sure of the background of the people who provided that report or that research for the paper, but if they are economists, even economists can end up with egg on their face with assumptions about projects for which they have little very little information. My understanding is it assumes traffic volumes from CityLink, it assumes a level of private finance, it assumes no elasticity for traffic demand — that is, higher tolls versus lower tolls. Other than the request from the federal government for \$1.5 billion, the breakdown of the contributions to the \$6.8 billion cost has not been released for commercial sensitivity reasons. As I say, we want to ensure we get absolute best value, so where this has come from and how these assumptions have been made — —

Mr PAKULA — Are you saying it is wrong?

Mr MULDER — What I am saying is it is dead wrong; it is absolutely dead wrong.

Mr PAKULA — So if you know what it is not — —

Mr MULDER — It is absolutely dead wrong.

Mr PAKULA — If you know what the tolls are not, then you must know what they are.

Mr MULDER — It is absolutely dead wrong.

Mr PAKULA — If you know what — —

The CHAIR — Order!

Mr PAKULA — What are the tolls going to be?

Mr MULDER — As we indicated — —

The CHAIR — Order! We are not going to have another 45 minutes of shouting at one another across the table. Let me get that straight. The minister is in the process of responding to the Deputy Chair's supplementary question. I would ask that the minister have the opportunity to make that response in silence.

Mr MULDER — I am not going to endanger the state's commercial advantage by making any sort of statement in regard to that. Just as we did with Southland — —

Mr PAKULA — You just have.

Mr MULDER — Just as we did with Southland — —

Mr PAKULA — You just told us that those tolls were wrong.

Mr MULDER — I did say it because it is outlandish. It is just outlandish.

Mr PAKULA — So if you know what it is not, you must know what it is.

Mr MULDER — It is outlandish; it is absolutely outlandish.

The CHAIR — Order!

Mr PAKULA — How much is it? Eight bucks, seven bucks?

The CHAIR — Order!

Mr MULDER — It is based on a whole host of assumptions and it is clearly wrong. You would think that if someone was going to write an article like that, they would at least have some information to back the argument other than taking guesses — —

Mr PAKULA — Set us straight.

Mr MULDER — They are simply wild guesses.

Mr PAKULA — Tell us what it is then. I am giving you the chance to do that.

Mr MULDER — They are simply wild guesses.

The CHAIR — Order! The minister has concluded his answer.

Mr MULDER — Can I just — —

The CHAIR — The minister has concluded his answer.

Mr ANGUS — Minister, I refer you to budget paper 3, page 2, as well as the matter raised in your presentation in relation to road renewal and maintenance funding. Minister, can you advise the committee about the nature of the increase in this area and how this compares with previous funding?

Mr MULDER — Thank you for that question. It is a very important question for Victorian motorists. We have allocated \$170 million, which is a major boost for road maintenance — 80 million over two years for resurfacing work and 90 million over three years for road restoration. It is a multiyear capital program. That has not happened before. It is a multiyear capital program.

Some \$466 million will be spent on road asset management in the 2013–14 year — a \$436 million output plus \$30 million in capital as part of that 30 million, 30 million, 30 million going forward. This figure is \$83 million higher than Labor's last budget target in 2010–11, which was \$383 million; it is \$83 million higher. The 2013–14 funding builds on 121.5 million to fix flood-damaged roads, which was an allocation in its own right. In 11–12 there was \$45 million for road maintenance in the 12–13 budget update.

We allocated that money because of the terrible condition of the roads. They had broken up badly because of the floods. As much as we had spent a lot in terms of fixing up flood-damaged roads, the further we went the worse the situation became. We got a better understanding of how deteriorated the road network was when we came to government. This is a fact supported by a document from the RACV in which it commented that through those years not enough money was spent on the road network. When you do not have rain, the roads crack but the actual deterioration does not become evident until you get the downpours. We copped the downpours when we turned up in office, and we got a good understanding of how neglected the road network was.

As I said, I have an article from the RACV, dated October 2012, which states:

During the drier periods our roads did not deteriorate at anywhere near the rate of prior decades. So maintenance costs were lower and budgets were reduced accordingly.

In other words, the roads were not upgraded; they were not sealed when they should have been sealed. The evidence of the damage did not become apparent until we came to government. The RACV's media release of 1 May 2013 states:

The state government has committed to:

spending an additional \$90 million towards renewing deteriorated roads by strengthening the pavement

a further \$80 million for resurfacing works to make roads more resilient to wet weather.

...

RACV believes this is a win for road users and justifies the strong campaign run by RACV to highlight these significant issues.

There is a tremendous amount of support for that particular initiative. There is no doubt among people who are travelling around rural Victoria in particular that the roads have become severely potholed. What happens is if

you do not seal the roads, if your rate of sealing falls away, you end up with a situation where those roads then need major rehabilitation work. That is why VicRoads has a three-year capital program of 30 million, 30 million, 30 million to actually deal with the roads that have gone beyond sealing. There is \$40 million each year to start to seal the roads to ensure that we stop the water penetrating.

We are in catch-up mode, we recognise that, because, as I say, there was a long period under the former government where the money was just not spent. Our budget this year is \$83 million higher than Labor's last budget target in 2010–11 of \$383 million. I think those figures speak for themselves.

Mr SCOTT — Minister, I would like to ask you about the Healesville freeway reserve. While land sales are conducted by the Assistant Treasurer, any freeway reserve to be sold has to be released by the department for sale. The member for Bayswater has made a number of public comments about preserving the freeway reserve as open space. I would just like to clarify whether that piece of land is being made available for sale or not.

Mr MULDER — We are in discussion with local council, and the local member is right in that we are keen to maintain as much of that particular parcel of land for open space. We are in discussion with some of the current users in terms of them occupying that land through there. We will continue those discussions with council and with the local community, but quite clearly we want to come out with a balanced outcome for that particular area and for that particular council and that community.

Mr SCOTT — As a supplementary, just to clarify, from your answer it was clear that some of the land would not be kept for open space; so, in making the sale, are any planning restrictions going to be placed on the freeway reserve prior to sale?

Mr MULDER — As I say, we are in the early stages of discussion with council and with the local community in relation to that. Once those discussions are completed we will be in a better place to provide that information. It is early stages.

Mr O'BRIEN — I would just like to return to the nation-building east–west link, and I would ask you, Minister, by reference to budget paper 3, page 52, can you outline the need for the east–west link?

Mr MULDER — I guess the issue is the overreliance we currently have on the M1, Monash–CityLink–West Gate. That is the issue we face at the moment, whereby even just a minor incident can cause gridlock across Melbourne. Without the east–west link, cross-city traffic will spill over into roads which are at or near full capacity. It is a not matter of 'if'. We have to proceed with this project.

The West Gate Bridge is currently carrying around 160 000 vehicles a day, and that is predicted to rise to 235 000 vehicles by 2031. The Eastern Freeway has more than 140 000 vehicles per day. Could you imagine the West Gate Bridge with 235 000 vehicles on it a day? For us to sit back as a government and not to recognise that that is a real threat to Melbourne and the Victorian economy, we just simply cannot do that.

Mr PAKULA — Probably why you should start in the west.

The CHAIR — Order!

Mr MULDER — We have to progress that project. As you know, the Eastern Freeway ends abruptly at Hoddle Street. Forty per cent of the traffic from the Eastern Freeway travels beyond the central city area. In Melbourne 80 per cent of public transport is on road, so as much as this is a road-based project it also provides significant opportunities for improved public transport as well. Congestion, as I say, on roads makes public transport in terms of trams and buses less reliable. They harm the amenity in the city — for example, heavy vehicles on residential streets. So it is important for all those reasons that we push forward with this particular project.

Not everyone supports these types of projects. We know very well that CityLink was strongly opposed by the Labor Party. They did not want a thing to do with CityLink. They said, 'We are going to scratch CityLink'. Can you imagine today what it would be like without CityLink?

Mr ANGUS — No.

Mr ONDARCHIE — We saw that!

Mr MULDER — When we had the tunnels that shut down with the computer glitch, that is what you would be facing, yet we did not have support. We did not have support for that particular project.

Mr PAKULA — You opposed EastLink, you opposed channel deepening, you opposed the Deer Park bypass, you opposed the ring-road, you opposed speed cameras — —.

Mr MULDER — The 3 October 2012 tunnel closures were all about life without CityLink. The benefits in terms of travel times for the east–west link, Eastern Freeway to CityLink, approximately 7 minutes. The average travel time would be 15 to 20 minutes for any trip across the north of the CBD in comparison with current journeys. It is a project we just have to go down the pathway of, and we have to deliver this for the Victorian public.

The potential savings could be even greater in peak times. It can take up to 45 minutes to travel along the existing congested road network between the Eastern Freeway at Chandler Highway and CityLink at Brunswick Road. The 2013–14 budget has a commitment to deliver stage 1 of the east–west link, linking the Eastern Freeway to CityLink. Stage 1 construction costs, we believe, are going to be in the order of \$6 billion to \$8 billion, but when you have a look at the interest we have had from all around the world in terms of —

Mr PAKULA — We can't. You will not tell us.

Ms HENNESSY — What about the tolls, Minister? How much?

Mr MULDER — financiers and construction companies, they are very keen to engage with local construction companies and local financiers to be part of this very important project.

Mr PAKULA — What are the tolls going to be?

Mr ANGUS — Stop interrupting the minister!

Mr MULDER — AAA credit rating, safe place to invest and a government that is doing things — that is why we have the level of interest we have.

The 294 million in the 13–14 budget will commence formal planning processes, procurement and early works. As to provisions in the forward estimates for total costs, we are not releasing those due to the commercial sensitivity, as I said. We do not want indicate to the tenderers —

Mr PAKULA — Or anybody else, or the commonwealth.

Mr MULDER — what our financial contributions are going to be until we nail them down for the best and most competitive price we can get out of them. That is the way you would do it in the commercial world. That is the way we should do it.

Members interjecting.

Mr MULDER — We do have, as we know, the east–west link stage 1 — 6 kilometres long, including approximately 4 kilometres of tunnel — connected to the Eastern Freeway at Hoddle Street to CityLink. As to the private-public partnership with financing sourced from the state government and commonwealth government, as you know, we already have a commitment from the commonwealth opposition of \$1.5 billion. It appears that all the federal money has gone to western Sydney. We got nothing out of that. Their project leapfrogged ours.

Members interjecting.

Mr MULDER — It sat behind us. On IA's bid it sat behind us, and they leapfrogged us and gave money to New South Wales and nothing to Victoria.

We will start construction in late 2014 — a construction period of approximately five years. We would need to get that \$1.5 billion to complete in that time frame; otherwise the project may have to be pushed out, depending on what the bids are, but we really do need federal government assistance to share the cost of that particular project.

We are talking about 3200 jobs. There have been some alternatives put forward to this project, and we know the former government did have an alternative for this particular project. It was Hoddle Street; it was a major upgrade of Hoddle Street. The east–west link did not need doing if you did Hoddle Street. I have some comment about Hoddle Street, where your own shadow minister, Mr Donnellan, said, if elected, Labor would transform Hoddle Street into a tunnel and build road separations at its major intersection, with exit ramps at Wellington Street and Alexandra Parade.

Members interjecting.

Mr MULDER — The opposition’s policy is to do a major treatment on Hoddle Street. It is very interesting, Chair. In a transcript of 10 July the Leader of the Opposition said:

I do not support a tunnel. What I do support though is the position we left when we left office, and that was Hoddle Street is the problem and Hoddle Street should be the priority for government action.

In a transcript of 6 May 2013, in relation to the Hoddle Street study, the opposition leader said:

Apparently it’s my document and it’s my policy, which I haven’t seen ...

It was your policy before, but it is not your policy now. When you have a look at the Hoddle Street study that the former roads minister sought under FOI, I think it is quite conclusive. It is not feasible and not considered worthy of further investigation. Bang! There goes your alternative to the east–west link down, and \$5 million worth of advice to tell you you were wrong. Shot down in flames. A waste of \$5 million and no alternative.

Members interjected.

The CHAIR — Order!

Mr PAKULA — Goodness me. You are losing your rag.

The CHAIR — Order!

Mr MULDER — Five million dollars down the drain to be told you are hopeless.

The CHAIR — Order!

Mr MULDER — Hopeless.

The CHAIR — Order!

Mr MULDER — Chair, would anyone like me to table this particular document?

The CHAIR — We will. Thank you.

Members interjected.

Mr MULDER — I am more than happy to table the transcripts as well if you would like to attach them to the document.

Members interjected.

The CHAIR — Order! I am quite happy to sit here for the next couple of minutes while members talk amongst themselves.

Mr MULDER — Would you like those tabled as well?

The CHAIR — No.

Mr MULDER — You don’t? Thank you.

Members interjected.

The CHAIR — It would be helpful for the committee to move on. I am sitting here, eager to give Ms Hennessy the call.

Ms HENNESSY — Thank you very much, Chair — —

Members interjected.

The CHAIR — No, we have had close to 9 minutes on one question. We are going to move on.

Ms HENNESSY — Minister, I refer you to budget paper 3, page 248, which is the transport safety and security management budget outputs, and refer you to the recent Auditor-General's report on managing traffic congestion. You would probably be aware that at page 12 this report states:

... it cannot be demonstrated that current initiatives are properly targeted, or that strategic planning across the transport portfolio is soundly based, integrated and aligned.

Page 47 of the Auditor-General's report also states:

... data suggests that the absence of incident response patrols on arterial roads means that motorists may now experience longer delays following minor crashes and vehicle breakdowns.

Can you advise the committee whether the incident response units that were withdrawn last year from arterial roads will be returned?

Mr MULDER — I will let the CEO of VicRoads handle that for you.

Mr LIDDLE — What we have done with the incident response service in the coming year is that it is targeted very much to where they get the better value for money, which is on freeways which are the heavier trafficked roads within Melbourne; so we prioritised the money that we put into incident management and put it towards those roads where the greatest return is for the money.

Ms HENNESSY — The Auditor-General states:

... the absence of incident response patrols on arterial roads means that motorists —
are now experiencing —

... longer delays following minor crashes and vehicle breakdowns.

Is it your evidence, Mr Liddle, that as a result of the Auditor-General's report that there is nothing in this budget that would enable the return of incident control units to arterial roads?

Mr LIDDLE — We are still continuing to do on arterial roads things that will improve traffic management, so we are continuing to improve the coordination between traffic signals and we are continuing to review how we actually get better linkage between signals. In terms of improving travel times on arterial roads there are many actions that we are taking and, as I said, we are concentrating incident management services on freeways.

Ms HENNESSY — So, no.

Mr ONDARCHIE — Minister, I want to talk to you about the road safety strategy. I acknowledge that you spent time with me out on roads in the northern metro area and talking about road safety, particularly in the area where those five young people were killed in 2010 close to where I live. The local community thanks you for the road safety barriers that have been put in place. Minister, budget paper 3, pages 48 and 52, refers to the road safety strategy. Could you provide an outline to the committee of what those initiatives involve?

Mr MULDER — Thank you for that question. As you are probably aware, with the reallocation of portfolios I now chair the ministerial council on road safety, which I consider to be a great honour, working with the TAC, VicRoads, Victoria Police and the Department of Justice to have a more coordinated approach to road safety. No doubt some of the strategies that we have put in place and the work we have been undertaking as a government have seen us now as a government produce two record low road tolls. I looked this morning and we are sitting at the moment 15 under last year's at this particular time. Any loss of life is a tragedy, but if we can continue to drive the road toll down at the rate that we are, there is no wonder that internationally we are

looked at here in Victoria as being a world leader in terms of the initiatives that we have put in place for road safety, particularly when it comes to behavioural matters. With our parliamentary Road Safety Committee guiding us, with the ministerial council and with the extensive level of funding that the government has provided, I am hopeful we will continue to get these fantastic results. As I say, it is not just one department; it is a whole-of-government approach. Even the parliamentary Road Safety Committee is working with both sides of Parliament to put forward initiatives for us to take up to further drive down the road toll.

As I say, 2012 was the lowest road toll ever, at 282. To think back not that long, we had road tolls of over a thousand. With a number of additional cars on the road, more drivers out there and more heavier vehicles, I think over the years governments of all persuasions have played a significant role in getting us to where we are today, and I acknowledge that.

On 1 March the government announced \$1 billion funding for the safer road infrastructure program over 10 years. That is funding that comes from the TAC, and all of those works of course will be administered by VicRoads. That is a 30 per cent increase on the previous safer road infrastructure program. Inasmuch as I have outlined a whole host of road projects that we are undertaking in my roads portfolio, these are projects that will be picked up targeting and engineering out sections of road where we believe there is a potential for someone to be seriously injured or killed in a motor car accident.

That is on the back of last year's announcement of \$17.2 million of funding for the road safety action plan. It is the first time ever that the action plan has been funded to that degree. The strategy and action plan developed by considering the world's best practice research, community consultation — over 16 500 people responded to our road safety survey, where the community had an opportunity to tell us what they want us to do — and that is all part of the new 10-year road safety strategy that has been launched.

We have an ambitious target to reduce deaths and serious injuries by more than 30 per cent on our roads by 2022. The target would mean a road toll below 200, and fewer than 3850 serious injuries by that time. It is a significant challenge, but, as I say, when you look at the history and where we have come from and where we are today, I believe it is achievable. We are certainly going to be doing all we can as a government to do our bit to continue to produce record low road tolls.

Some of the initiatives lead the way in Australia: we are introducing a new severe injury measure which reflects those life-changing and permanent injuries, such as quadriplegia, and helps us to focus efforts to reduce the toll as well; and we are introducing alcohol interlocks for every convicted drink driver. Research in the US shows that requiring interlocks for first-time drink-drive offenders can cut repeat offending by 50 per cent. The research is there to support it, the community support is there for our initiative and we are going to go down that pathway.

There will be a new definition for drink and drug driving. I know that a lot of information has come out of the coroner's office in the past in relation to the number of people involved in accidents who have both alcohol and drugs on board. We have picked that up in our strategy and our action plan. We will be extending a blanket ban on all electronic devices for both P1 and P2 drivers. We all know well that younger people in particular believe they have to answer every call the minute it is made to them or text back as soon as a text message is received on their telephone, and I would like to acknowledge the work that VicRoads did in this regard in relation to app it produced that can be downloaded by younger people on a lot of mobile phones, not all of them. We hope it will put pressure on other manufacturers.

Mr PAKULA — PTV.

Mr MULDER — This is not a funny matter; I am sorry, it is just not funny matter.

Members interjecting.

The CHAIR — The road toll is not a laughing matter.

Mr PAKULA — I am agreeing with you.

Mr MULDER — It is just not the right time to crack a joke; that is all I am saying. I would just say that I think VicRoads has done a fantastic job in putting that app out. It basically disables a phone in a car until

someone has stopped driving it. I would encourage all parents to encourage their children either to get a phone that is capable of taking that app now, or if they are buying one in future, to make sure they go down that pathway. You could even consider switching over if you have not got a phone that does that because it is worthwhile. They are the small things that we are doing, but they are things that make a huge difference.

We are also looking at tailgating definitions and a new offence to be created with a tailgating definition. You will note that with our announcement in relation to high-productivity freight vehicles, one of the conditions in relation to those vehicles coming onto our road network is that they will be limited to travelling at 90 kilometres an hour for a trial period of 12 months. I am going to be very interested to get the results of that particular trial because we have a lot of heavy vehicle operators at the moment who already limit their vehicles to 90 kilometres an hour. They basically claim that the loss in time is made up by the saving in fuel. It is productive for them to do that and it is a better road safety that come.

If this particular trial demonstrates that we get better outcomes in terms of tailgating and a better safety outcome on the roads, then we would have to consider rolling it out even more broadly. I think it is a great initiative with the high-productivity freight vehicles, the fact that they are GPS-tracked, the fact that they have PBS and the best safety equipment on board. And of course we are very fortunate that on the day we announced that those heavy vehicles would be going onto our road network we had ARRB there, who did a lot of research into this, and of course the research indicates that we will save lives. They are far safer vehicles. As much as putting a longer truck out on the road may have caused some concern when that announcement was made, if you are talking safety benefits and our role on the road safety ministerial council, it is a benefit to do it that way. It takes trucks off the road, and they are safer. We are looking to get a better outcome in that regard.

Other initiatives are encouraging people to use technologies that alert drivers when speeding, continuing the work and the results of the speed limit review, of course, where confusion reigned across the road network. I think one of the former premiers — I think it was Steve Bracks — recognised that motorists were angry and confused about the rollout of speed zones around the state. His comments indicated that he did not think it was done with the best level of planning that could have been undertaken. Nevertheless, we have gone down that pathway once again and we have asked the community for input into what they think about speed limits. We have conducted a speed limit review, and as a result of that we have had input from the police, we have had input from the TAC; all of the road safety agencies have had involvement in that, and we have come up with some strong recommendations to change some of the speed limits, to make them less confusing and to get better outcomes in relation to that.

The CHAIR — Minister, while this is an important subject, it has now been an exceptionally fulsome answer, so I would ask you to perhaps start winding up.

Mr MULDER — Okay. As I said, there are a number of other initiatives that are picked up in the road safety strategy and the action plan that we will be taking forward. I hope we will get absolute support for this from all sides of Parliament because it is so important for us that we continue with the great record we have in terms of road safety in Victoria.

Mr PAKULA — Thank you, Minister. I am sure we will be as bipartisan as you were when you were the opposition roads spokesman.

Can I indicate again about east–west. I just want to understand the time lines, Minister. You have said that east–west stage 1, the eastern end, is going to go to market in 2013 with construction to start in 2014, and you are expecting completion in 2019. I think I have got it right so far.

Mr MULDER — Yes.

Mr PAKULA — I am assuming you will not be building the eastern end and the western end concurrently, so would I be right in assuming that if you have got the same parameters with regard to stage 2, then the western component might go to market in 2019 with a five-year build starting in 2020 to be completed around 2025?

Mr MULDER — Our commitment at this stage is to do the section between Hoddle Street and the Tullamarine Freeway. We will go to the market; we do not know what the market is going to come back to us with in terms of bids, in terms of innovation, in terms of connectivity. Who knows? We may get a strong bid for progressing the remainder of that road. Until the expressions of interest go out, until the market gets a chance to

look at it and look at the funding implications for it, it is very hard to answer that question. But what we do know is that we are committed to the section we have said — Hoddle Street right through to Tullamarine. That is what is going out to the marketplace, but we are not going to stifle innovation. It is up to the market to come back to us and tell us what they believe they can deliver. Given the level of interest, as I said, we have had from around the world from financiers and construction companies, we would be expecting some very, very competitive bids.

Mr PAKULA — It would be interesting if the market came back with a bid for the western stage if it is not in the EOI, but let me at least ask you this — —

Mr MULDER — I do not think you should ever rule out non-conforming bids. If you end up putting out a project and saying, ‘This is exactly what you’ve got to tender’, we are going to stifle innovation; we are going to stifle the fact that you may have some solutions to put to us that have not been recognised in the past. That is why we go down that pathway.

Mr PAKULA — All right. Let me just at least ask you then: does the business case you have talked about that you have not released, including to the commonwealth, at least set out a time line for the build of the western stage?

Mr MULDER — As I said, we are committed at this particular point in time to stage 1 of the project.

Mr PAKULA — Did the business case look at the western stage?

Mr MULDER — I am not here today to comment on the business case.

Mr PAKULA — You do not have to release it, just tell us.

Mr MULDER — We have said before we are not giving a running commentary on the business case — what’s in, what’s out.

Mr PAKULA — Did you look at the western end when you did the business case?

The CHAIR — Order! The question has been asked. The minister will now respond.

Mr MULDER — We have said that. We hold that information closely. We hold that information tightly. It is up to the private sector. If they want to put forward non-conforming bids or provide some innovation in terms of the bids that they provide, we are not providing sensitive commercial information about the business case into the open market before those bids come in.

Mr PAKULA — So if they talk about the western end, that is non-conforming?

Mr MULDER — As I said, we are not stopping the private sector from coming back to us with non-conforming bids.

Mr PAKULA — Right. So anything about the western end is non-conforming?

Mr MULDER — We are not stopping them. Don’t stifle innovation.

Mr PAKULA — Good answer.

Mr ANGUS — Minister, I refer you to budget paper 3, page 261, which refers to road network improvements, particularly to reduce congestion. What projects is the government proceeding with to reduce congestion?

Mr MULDER — There is no doubt that our preparedness to tackle level crossings and to grade separate a number of the dangerous crossings and the ones that cause the most congestion and traffic build-up across the network has been widely accepted and applauded, not just by the general community but also by industry groups. Freight logistics operators, the RACV, you name it, they see it as being a game changer in terms of the approaches of government. The fact that we have tackled five in our first term, under very tough budget conditions, is to be applauded, as is the fact that the government made that commitment, invested that level of

money and has a target to do even more in this area, because there is a string of them across the network. They are expensive, but we are not stepping back from our commitments.

We have \$52.3 million in the 13–14 budget for early works at level crossing removal projects — Ormond, St Albans, Blackburn and Bayswater. At some of these crossings boom barriers can be down for more than one-third of the peak period. I think when we looked at Springvale and Mitcham it was around 40 per cent, which is extraordinary when you look at the number of cars, trains, pedestrians, bicycles and trucks that are going through there. It is a real issue for the people using those particular crossings. North Road, Ormond, is a very busy major arterial road link between the bayside suburbs and the Monash University knowledge precinct. Blackburn Road, Blackburn, is a difficult, slow area to drive through; anyone who has gone through there will understand that is a real pain for motorists who have to get through that particular location. That is in addition to, of course, the \$350 million in last year's budget for the removal of the crossings on Springvale Road, Springvale and Mitcham and Rooks roads, Mitcham. We are doing them together because it makes sense to knock them both over at the same time, given their proximity, and construction will start later this year.

I mentioned before, as I have on a couple of occasions throughout the morning, the two grade separations at Anderson Road in Sunshine as part of the regional rail link project that we included and provided the funding for over and above the \$4.3 million that the former government had allocated to that project.

For the east–west link there is \$294 million across the next two financial years to commence procurement and delivery of the east–west link. The freeway currently carries around 140 000 vehicles a day at the Hoddle Street end. Melbourne has a heavy reliance on the M1 and West Gate Bridge as the only major east–west crossing, which already carries 160 000 vehicles and is tipped to go up to somewhere in the order of 235 000 by 2031. It is just not capable of doing it. We know what has happened with the West Gate Bridge, whereby the emergency lanes have been converted now to running lanes. That is coping reasonably well at the moment, but when you add that number of vehicles to the 160 000 currently going through that road corridor, we will be back to where we started from very quickly. Not only that, there are major works being undertaken on that bridge all the time. It is a 1970s structure and with that in mind, with the thought of those additional vehicles, it just makes absolute sense for any government or any opposition to support a second crossing. It is just too risky for us not to proceed with a second crossing.

When the tunnels went into meltdown with a computer system malfunction, everyone saw what Melbourne would look like without CityLink. You can imagine what would happen by 2031 if we did not proceed with this project. It is something that just has to happen.

We have significant congestion issues as a result of that. It is often overlooked that the majority of Melbourne's public transport is road-based. About 80 per cent of public transport is road-based, so when we commit to these major road projects, we also take congestion off other road networks and free up road space for public transport. Once again, this particular project, as much as it is a road project, is also assisting enormously in freeing up road space for public transport. With what has been outlined by Ian Dobbs in relation to the recent tender for the metropolitan bus network and our commitment to improve services, increase services and provide better customer service, we have to provide road space as well. Once again, these projects are very closely aligned.

Mr ANGUS — Just a brief supplementary, Chair, if I can.

The CHAIR — Very brief.

Mr ANGUS — Following on from your comments regarding the east–west link, Minister, has the business community responded to the government's recent announcement about this project?

Mr MULDER — There is just an absolute string of endorsements for this project, too long a list to mention. The major one is the RACV, and alongside them, VECCI. They understand; the RACV understand for their membership. You also have to understand they are great supporters of our public transport initiatives as well. They have been very strong in their praise for our commitment to this project. They have been calling for it for a long time. VECCI, which represents the business community, understands the productivity losses that freight logistics companies incur. That cost ends up getting handed on to customers in the end. It ends up on supermarket shelves; it ends up in what people shell out at the cash register. If we can improve productivity, if we can move vehicles more freely around the network and if we can cut transport costs as a result of that, then the benefits are to the consumer in the end. Business groups are absolutely over the moon about the fact that we

are rolling this project out. There are not a lot of people out there who do not support this. As I say, unfortunately the opposition has chosen that it would like to go down the pathway of developing Hoddle Street, and that particular policy proposal is now in tatters. I think they have to be asked the question: given that Hoddle Street is in tatters, where are you going to go now? Because I do not think they have anywhere to go.

Mr SCOTT — Minister, I had a look at budget paper 4, from page 40 onwards, which relates to infrastructure investments of the department. I also had a glance at budget paper 3, from page 48, and I could not find mention of the VicRoads schools speed zone signing program, which I understand ends in June 2013. I understand there was a letter from the chief operating officer of VicRoads, stating that the previous schools speed zone signing program is now fully expended, so I just wanted to confirm that no schools are going to be funded and that there is no output funding for that program in this year.

Mr LIDDLE — The actual installation of the electronic speed zone signs has been completed, and the funding is now in the recurrent budget to enable us to continue to operate those signs that have already been installed. The actual rollout of electronic speed zone signs is largely completed.

Ms HENNESSY — Except there are a number of schools that do not have them.

Mr MULDER — I will also add to that some of our other initiatives in that space. One of them of course has been school crossing supervisors. It was unfortunate that, when we were in the process of negotiating with councils, comments were made — and I think it was unfortunately picked up by members of the opposition — that we were cutting funding to school crossing supervisors when in actual fact we increased funding.

Mr O'BRIEN — They were running a scare campaign!

Mr ANGUS — Mischievous!

Mr MULDER — That increased funding I think was to the tune of \$752 000 that allocated I believe about another 150 supervisors across the state. So we have had once again a significant road safety initiative. We have had a tremendous safety record in and around schools because of a lot of the initiatives that have been carried out in the past: the one you speak of — the 40-kilometre speed zones — and our commitment to making sure that school crossing supervisors stay in place. Where it is warranted and where they can demonstrate that it is warranted — there are warrants that dictate the number of people crossing at certain locations — councils can apply for funding for school crossing supervisors. We fund on that basis.

Mr O'BRIEN — Another good question, with a better answer.

Mr SCOTT — Just to be absolutely clear, Minister, so there will be no more schools funded for this program; this program has ceased, is that correct?

Mr MULDER — That was the program — it ran, it was completed.

Mr O'BRIEN — Completed, not ceased.

Mr MULDER — All of the sites that were identified were signed, and VicRoads now has some ongoing maintenance for the ongoing upkeep of those signs. It will be considered into the future, but as I say, with road safety and road safety initiatives we look very closely at these programs. We now have the ministerial road safety council. We will look at all initiatives that are put forward to us that are going to give us a good road safety outcome, and of course we prioritise based on evidence as to where we get the best possible outcome for keeping children safe in and around schools.

Mr O'BRIEN — I would like to ask you about another important initiative, the country roads and bridges program, which is being very well received across the regional shires and councils. I would ask you to refer to budget paper 3, page 263, which refers to the country roads and bridges initiative, and I ask you, Minister, if you could outline to the committee the sorts of projects municipalities have been proceeding with under this important program?

Mr MULDER — This has been absolutely welcomed by a lot of the smaller councils. I know that there was a report done into the financial viability of a number of smaller councils that had low rate bases. The Whelan report identified around 40 councils that were in difficulty, with low rate bases. What was suffering most of all

was their road and bridge infrastructure, and we made a commitment that we would support — not selectively — those 40 councils with a major commitment of \$160 million per year going forward. We have already had a couple of years of rollout of that particular program, and we are getting fantastic results across country Victoria as a result of that. I might point out that that funding is on top of the \$170 million program that we rolled out for maintaining our roads — for sealing and for major upgrades and rehabilitation of the road network. So it is another \$40 million. It is very important.

Mr O'BRIEN — I just want to check that number. I think Mr Liddle and I might have — —

The CHAIR — Is this a supplementary question?

Mr O'BRIEN — Yes, I just want to clarify the number of 160 million.

Mr LIDDLE — Forty million per year for four years is the commitment.

Mr MULDER — Yes, and that is how it is being rolled out: \$1 million a year for each of the councils. Just to give you a bit of an idea, Benalla Rural City Council in 2012–13 received \$575 000 for street edge reconstruction and pavement rehabilitation works along Waller Street, between Margaret Street and Thomas Street; \$425 000 for street edge reconstruction works along Moore Street between Coster Street and Elizabeth Street. And when you are talking about street edge reconstruction works, once again I point out, there is a major road safety benefit in that, not just for motorists but also for cyclists and pedestrians. The Bass Coast Shire Council applied for \$1 million in 2012–13, and they have gone through a range of projects. A lot of these councils say they would never have been able to do this work.

Mr O'BRIEN — It is additional funding.

Mr MULDER — It is additional funding. These works would not have been done, they would have been put on the backburner, if this money had not come forward. So there is \$280 000 for pavement rehabilitation, once again, and asphalt resurfacing; \$200 000 for strengthening existing pavement and widening works; \$140 000 for pavement rehabilitation and major patching and resurfacing on Coghlan Road between Phillip Island Road and Cowes-Rhyll Road in Cowes. There is \$180 000 for pavement rehabilitation, major patching and resurfacing on Loch-Wonthaggi Road between Grantville-Glen Alvie Road and Sheepways Road in Krowera

You will go down to a number of the councils and some have gone down the pathway of shoulder rehabilitation, some have gone down the pathway of simply resealing roads. You will go to some councils where they have gone down the pathway of resheeting the gravel road network as well. The shire where I come from, Colac Otway, has \$296 000 for Carlisle River Road, Carlisle River; Upper Gellibrand Road, Barramunga; and Ganes Access, Carlisle River. They are bridge deckings, because a lot of the bridges in a lot of these councils have load limits on them, and once again that impacts dramatically on the productivity and also there are safety issues with having bridges that get run down to the degree that they do.

As I said, I have the list. I will not read out the list here. I know the Deputy Chair is a bit toey about all the good news we are rolling out with these particular projects. But it is a very, very popular program, and we look forward to the next round of funding and the projects that come forward to us. As I said, councils make the call, and we believe that is the best outcome.

The CHAIR — Thank you, Minister. Ms Hennessy for a quick final question.

Ms HENNESSY — Just a quick one, Chair. Minister, I want to draw a little bit on your evidence before around east–west and non-conforming bids. Is it your evidence that if a non-conforming bid comes in recommending that you start at the west end of the tunnel, that you would apply this money to that bid?

Mr MULDER — The west end of the east–west link — is that what you are saying? That is between Hoddle Street and the Eastern Freeway?

Ms HENNESSY — Something starting in the west.

Mr MULDER — Our commitment is to the east–west link starting at Hoddle Street, finishing at Tullamarine. That is our commitment. We do not know what the bids are going to come with. If someone was

to come forward with bids that added on to that particular project — add-ons are what we are talking about, innovations, some creativity — then we would consider what comes before us. If someone was going to build your house for \$400 000 and someone else said, ‘I will do the same, but I will give you three extra bedrooms and a carport’, would you say no?

I understand the game you are trying to play. The commitment is from Hoddle Street through to Tulla. We will get non-conforming bids: we know that. People will provide a whole host of different add-ons. That base project will get all sorts of enticements from the private sector to ‘Please select us because we can do more for you’. We will look at those bids when they come in. We are not talking about the matter that you trying to put forward. We are talking about the project that has been identified — the east–west link. We will let the market determine what extra they can provide to us over and above what we have provided as the base case for them.

Members interjecting.

The CHAIR — Order! Mr Ondarchie, do you wish to be part of the hearings this afternoon?

Mr ONDARCHIE — Of course, Chair. You should ask those to your left.

The CHAIR — I am sure you are all very excited, but that does conclude the hearings of the roads portfolio. I thank the minister and departmental officers for their attendance today. Where questions were taken on notice, and there were five questions taken on notice in the public transport portfolio section of this hearing, we do ask that we receive a written response within 21 days to enable a timely report to the Parliament. That concludes the hearing.

Committee adjourned.