

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into Budget Estimates 2015–16

Melbourne — 22 May 2015

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Witnesses

Mr Luke Donnellan, Minister for Roads and Road Safety,

Mr Richard Bolt, Secretary,

Ms Sue Eddy, Lead Deputy Secretary, Financial Management and Technology Services Group, and

Mr Gary Liddle, Lead Deputy Secretary, Transport Group, Department of Economic Development, Jobs, Transport and Resources; and

Mr John Merritt, Chief Executive Officer, VicRoads.

The CHAIR — I declare open the public hearings for the Public Accounts and Estimates Committee inquiry into the 2015–16 budget estimates. All mobile telephones should now be turned to silent.

I would like to welcome to the hearing the Minister for Roads and Road Safety, the Honourable Luke Donnellan, MP; Mr Richard Bolt, Secretary to the Department of Economic Development, Jobs, Transport and Resources; Ms Sue Eddy, Lead Deputy Secretary, Financial Management and Technology Services Group; Mr Gary Liddle, Lead Deputy Secretary, Transport Group; and Mr John Merritt, Chief Executive Officer, VicRoads. The potential witness in the gallery is Mr Bruce Crossett, Acting Chief Executive Officer, Transport Accident Commission.

All evidence is taken by this committee under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. Any comments made outside the hearing, including on social media, are not afforded such privilege. The committee does not require witnesses to be sworn, but questions must be answered fully, accurately and truthfully. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

All evidence given today is being recorded by Hansard. You will be provided with proof versions of the transcript for verification as soon as available. Verified transcripts, PowerPoint presentations and handouts will be placed on the committee's website as soon as possible.

Departmental officers may approach the table during the hearing to provide information to the witnesses if requested, by leave of myself. However, written communication to witnesses can only be provided via officers of the PAEC secretariat. Members of the public gallery cannot participate in the committee's proceedings in any way.

Members of the media are to observe the following guidelines: cameras must remain focused only on the persons speaking; operators must not pan the public gallery, the committee or witnesses; and filming and recording must cease immediately at the completion of the hearing.

I invite the witness to make a very brief opening statement of no more than 5 minutes. This will be followed by questions from the committee.

Mr DONNELLAN — Thank you for the opportunity to present today. I think there is a slide presentation; that has obviously been handed out today, so that is great. I will proceed with that.

Visual presentation.

Mr DONNELLAN — The Andrews government is very much getting on with the projects this state needs so we can get people home to their families safer and sooner. The 2015–16 Victorian budget funds projects that reduce congestion on our roads and improve safety and services for everyone.

Victoria is one of the world's leading road safety experts, and the Andrews government is investing \$146 million to make our roads even safer so families have peace of mind. The budget invests 574 million to fix the congested roads that Victorians use to get to work, get back home and get around their community.

The government will implement robust transport infrastructure planning processes to select the right projects that can be completed on time, on budget and to scope in line with reliable business cases. Infrastructure Victoria and Projects Victoria will be established in the 15–16 financial year to oversee long-term strategic planning, coordination and completion of large-scale projects. The government aims to minimise the impact of roads and traffic on the community and enhance the environment through responsible planning and management.

The Victorian Labor government is committed to providing better roads for more communities. Through this budget the government is doing just that. What this budget includes is a package of works that will create a transport pipeline of major projects that in turn creates thousands of jobs and grows our economy, eases congestion, because congestion hurts and costs business time and money and costs our state billions of dollars a year; ensure that people in regional Victoria and growth areas have better and safer roads — they deserve safer roads because they use them every day; ensure that people spend more time at home and less time on the road; and ensure that regional Victoria has better freight corridors and freight, with stronger bridges and a better rail network.

The budget includes the largest ever investment in youth safety education in Victoria, more details on which I will speak about a little later.

Regarding specific projects and major achievements, the government has provided \$40 million for stage 1 of the West Gate distributor, a nominated initiative in the government's *Project 10 000*. The expression of interest for this project was released on Australia Day. The CityLink Tullamarine widening project is a project that will widen CityLink and the Tullamarine Freeway and add other measures to improve the flow of traffic across the 23.8-kilometre section of the freeway from the CityLink tunnels to Melbourne Airport in Tullamarine. It will build capacity, build performance and improve safety on one of Melbourne's busiest roads.

The government has also committed funding to strengthen a total of 52 bridges along major regional freight corridors throughout the state. The government is also getting on with the job of fixing our bustling local roads. The government has fast-tracked funding for key connections, such as the Drysdale bypass, Napier Street in Bendigo, Yan Yean Road and Thompsons Road, so that the design, planning and approval works can commence.

Key budget initiatives include the M80 upgrade. The government has allocated \$150 million to the Western Ring Road upgrade from E. J. Whitten Bridge to Sunshine Avenue. That is very much a commitment that the state government has made, and we would be very keen for the federal government to consider that proposal into the future.

The government has committed \$110 million in capital funding and \$4.4 million in operating funding to upgrade the Chandler Highway bridge and ease congestion for thousands of Victorians who use the bridge every day. We are providing better roads for more communities. As part of *Project 10 000* the government has committed to investing \$2 billion over eight years for the repair and upgrade of our roads in outer suburbs and interface communities and the repair and upgrade of roads and level crossings in rural and regional Victoria.

The government is committed to reducing traffic delays in congestion through a program of works to optimise the performance of our transport networks. More details are to be provided in a later slide. Approximately \$109 million is being invested in replacing road surfaces of arterial roads across Victoria. This investment will enable our arterial roads to continue to support the economic and social activities of outer metropolitan and regional Victoria. It will slow deterioration of arterial roads and create jobs for all Victorians.

The CHAIR — I am conscious of the time, Minister, so if you could possibly quickly conclude your presentation.

Mr DONNELLAN — Okay. I think that has outlined a fair bit of it. We are fine with that, so we can proceed to questions.

The CHAIR — Thank you, Minister. I will lead off with the first question. In the context of 2015–16 budget with respect to the roads portfolio can you advise how the government has acquitted its election commitments in *Labor's Financial Statement*?

Mr DONNELLAN — Thank you, Chair. The Andrews government is getting on with delivering our election commitments, and the 2015–16 budget provides record funding to do exactly that. As I mentioned in the slide presentation, \$40 million has been allocated to the first stage of the West Gate distributor. Expressions of interest have come in. I think we have got seven people who have expressed interest at this stage in that project, so that is proceeding as I indicated. That will be the first stage of that project. That will proceed irrespective of whether we proceed with the West Gate distributor or the western distributor.

Some \$110 million has been allocated for the Chandler Highway upgrade — a vital project for linking the north and the eastern suburbs of Melbourne. It is a bridge with great historical significance, I think, because it was built by Sir John Monash, but it is a bridge that has very much run out of capacity to deal with the 20 000-plus vehicles expected across that area each day.

To start the process of looking at streamlining Hoddle Street \$1.8 million has been provided. It is a major pinch point when you hop off the Eastern Freeway. We know 70 per cent of vehicles coming off the Eastern Freeway every day head south towards St Kilda Road or the city. It is a major issue. It is the major pinch point in that area, so we are looking at options to proceed to very much streamline it and make it easier to get more cars

through per hour. Some \$20 million has been allocated for planning and commencement of Thompsons Road, a major east–west link in the outer south-eastern suburbs. It is a major link road anywhere from Patterson Lakes through to Cardinia. It is a major project — a \$175 million project — and one that the community in the outer suburbs is very desperate to see proceed. We have got the \$20 million to get that initial work started.

Some \$3.8 million has been allocated for planning and business case development for vital upgrades in Bolton Street, Eltham, a major link road, as the member for Eltham would be well aware; the Napier Street, Bendigo, and Midland Highway upgrade; the Drysdale bypass; and also the Yan Yean Road duplication. We know the pressures in the north are substantial.

As identified in the contingency fund, \$40.7 million has been allocated for a diamond interchange and duplication of O’Herns Road out near the Aurora estate in the north of the city. It is very much near the Epping employment precinct — a major employment precinct. We know the fruit and vegetable market is going out there in Cooper Street. We need to provide access for people who live in Aurora estate on to the Hume Highway. Some \$31.4 million has been provided for a road and rail minor works package to deliver projects across the state, whether these be noise barriers, pedestrian crossings, road upgrades like the Colac–Ballarat road, and many others.

Lastly, more than anything else, there has been a specific commitment of \$146 million for road safety. There is very much a focus on driving the death and trauma on our roads down, starting with our young community. Our graduated licensing scheme, which we introduced in 2007–08, very much drove down the crash rate by 30 per cent. We are now looking at introducing training and experience for every year 10 student across the state. That will take some time to build up, but that is a major initiative that will add on to our graduated licensing scheme, accepted from the \$80 million crash and trauma education centre. Effectively I think we have acquitted about 96 per cent of our election commitments across the board.

Mr MORRIS — Welcome, Minister. I am tempted to say that had the east–west link been built, you may have been here in time.

Members interjecting.

Mr MORRIS — I refer you to budget paper 3, page 21, and also budget paper 4, page 7, regarding the western distributor and West Gate distributor, and you touched on this issue in your answer to the Chair’s question. Budget paper 4, page 7, advocates Transurban’s road proposal, the western distributor, while BP3, page 21, table 1.6, contains funding for the original West Gate distributor. We also know from public negotiations that federal funding is not locked in for either project. So I am wondering: why is the government spending taxpayers money developing two projects when expert commentary is that only one project needs to be built? And given the ease with which we have apparently flipped from the pre-election West Gate distributor to the post-election Transurban western distributor, can we finally put to bed these claims that the original project was shovel ready?

Ms SHING — Just a point of clarification, what is the expert commentary that you were referring to in that question?

Mr MORRIS — There is substantial expert commentary.

Ms SHING — If you could reference it, that would be good.

Mr MORRIS — No, I am not going to reference it. Chair, again, this is not a court of law; it is a committee. To say, ‘No, unless you’ve got written evidence, you cannot talk about it’ — —

Ms SHING — I am not saying, ‘Unless you’ve got written evidence’, I am just asking for you to clarify that.

Mr MORRIS — This is rubbish.

Ms SHING — I am just asking for you to clarify.

Mr MORRIS — I have got no intention of going there.

The CHAIR — Order! I know it is Friday afternoon, I know it is the end of a very long race — a very long journey for all of us. It has been lovely — I love you all.

Mr MORRIS — Probably going a bit far.

Mr DONNELLAN — We will get the drums out in a minute and we will be banging *Kumbaya*.

The CHAIR — Order! I am happy for the question to stand. The minister to answer.

Mr DONNELLAN — I am very happy to answer. As we indicated, the expressions of interest have come for the first stage of the West Gate distributor — \$40 million. That project will proceed irrespective of whether we proceed with the West Gate distributor — obviously it would proceed if that was one part of it — or we go with the western distributor. That is the strengthening of Shepherd Bridge, which improves pedestrian and bicycle access over into Footscray from Footscray Road, and the strengthening of the bridge is a project which is required anyway for freight-related issues.

Are we proceeding with the first stage? Yes, we are proceeding with the first stage, which is why we have had the expressions of interest out there. Separately we have a parallel process of assessing the western distributor at the same time as looking at doing the planning and environmental-related work on the West Gate distributor. In other words, we have got a parallel process for stages 2 and 3 of the West Gate distributor in Treasury going on at the same time as we are looking at the western distributor, which has gone into stage 3.

Mr MORRIS — Given that we are now, what, six or seven months in and no money until 1 July, clearly it was not shovel ready.

The CHAIR — Is that your supplementary question, Deputy Chair?

Mr DONNELLAN — Is that a comment? We had four years and we did not get a major project in the last government. If we are going to be having commentary along the way, I am quite happy to add my own.

Members interjecting.

The CHAIR — Order! The Deputy Chair on a supplementary question — come to the point.

Mr MORRIS — Not my expression. Minister, thank you for your comments. In terms of the work that has been done on the Transurban proposal, can you indicate to the committee where inbound traffic will exit the distributor at a point that will not create traffic chaos and congestion, and can you guarantee that only motorists using the new distributor will be paying tolls to use that road and not motorists using other toll roads?

Mr DONNELLAN — The whole project is still being assessed, so in terms of providing you with guarantees one thing or another will happen, that is a process that both the department of Treasury and obviously also my department are working through currently. So in terms of, 'Can I give you guarantees of one thing or another?', not at this stage, no. It would be totally inappropriate to do so until we have actually gone through the full assessment and negotiations.

Mr MORRIS — The first point of the question was not addressed, Chair, and that was the impact of inbound traffic coming off the distributor in terms of traffic congestion.

Mr DONNELLAN — What I am saying is in terms of traffic volumes, exit points and the like, that is all in a process of being assessed currently by my department, including VicRoads and the department. In terms of what I can and cannot guarantee you at this stage, it would be inappropriate to say, 'I can guarantee you this and guarantee you that'. That is all being worked through currently, and in due course we will provide full information.

Members interjecting.

The CHAIR — Order! The minister has answered the question.

Ms PENNICUIK — Good afternoon, Minister. Good afternoon again, some members of the department who have been here before, and to new arrivals. Thank you for coming.

Mr DONNELLAN — They are probably getting a bit sick of it, I would suggest, in a nice way.

Ms PENNICUIK — Mr Bolt has been here quite a lot. He has got the biggest department, I think. Minister, this is a sort of a segue after the previous conversation regarding the unsolicited project from Transurban. You mentioned in your presentation Infrastructure Victoria, which also gets a bit of a mention on page 313 of budget paper 3. The budget has a large array — a ‘package’ as you called it — of road projects which seem to be going ahead. Well, they are in the stage to be built in the near future, unlike many public transport projects, I might add. My question is: is Infrastructure Victoria going to be looking at these existing projects in terms of a prioritised transport plan for Victoria, or is it only looking to the future? How does going ahead with these things fit in with having a much broader strategy and plan with regard to transport?

Mr DONNELLAN — In terms of different road projects — you might look at Thompsons Road, you might look at Napier Street in Bendigo or you might look at Bolton Street in Eltham — internally in VicRoads business cases are developed for each of those particular projects, so there is an ongoing process in terms of assessing business cases, the worth or otherwise of investing. That is an internal process which goes on for every major project.

The expectation is Infrastructure Victoria will be up and running in the first quarter of next year, and Infrastructure Victoria will more be providing guidance in terms of what future larger projects, or future public transport and roads alike, that in a sense would set the priorities they see for Victoria in the future. It would be things like Melbourne Metro. It might be things like the western distributor and the like, but in terms of when will infrastructure be ready and running, it will not be till the first quarter. Would it look at Thompsons Road? Probably not; that would be done internally in terms of a business case by VicRoads and so forth. It would be the larger projects and setting priorities for major infrastructure projects.

Ms PENNICUIK — I hear what you are saying, but in a way it does not necessarily reassure me, because we have a lot of projects going ahead, but we do not have the actual strategic plan or a prioritised transport plan. So you mentioned a couple of particular projects for which there are business cases, which I am presuming the public has not seen, but they are all separate business cases. How do they fit in with the whole idea of an integrated transport plan, which we have never really had in this state, yet billions of dollars are already being put forward for projects that, if Infrastructure Victoria takes a look at big things like you are saying, may in fact be impacted on down the road, dare I say, by those projects?

Mr DONNELLAN — One, in terms of doing individual projects, Infrastructure Victoria would never get anything done if it looked at every individual project; that is why VicRoads would do that. Would Infrastructure Victoria look at the strategic plan of the department? Yes, and it would review that and see whether it was rational and sensible and what the major infrastructure projects within that strategic network plan across the whole state were. So yes, they would look at the overall plan and the major projects in it, but they would certainly not look at each duplication and so forth, because to be honest they would never get anything else done.

Ms PENNICUIK — To be continued.

Mr DONNELLAN — That is all right.

Ms SHING — Good afternoon, Minister; good afternoon departmental representatives. Minister, I take you to budget paper 3, pages 20 and 21, which I think you were also already on in relation to the Deputy Chair’s questions earlier, and the new projects section, specifically the better roads for more communities and road resurfacing program and the safer country crossing line items, both of which featured in your presentation.

As one of two regional members of this committee, I would be grateful for an explanation from you about how these and other initiatives will improve Victoria’s rural and regional roads, both in terms of medium and long-term planning and in terms of improved amenity for regional road users?

Mr D. O’BRIEN — You would cut — —

The CHAIR — Order!

Ms SHING — I am sorry, Mr O’Brien. You will get your turn to ask a question shortly. You might want to follow up on that when you get your chance.

The CHAIR — Order!

Mr DONNELLAN — As you would be well aware, under the better roads for more communities we made a billion-dollar commitment to regional and rural roads over the two terms, and as part of that we are starting to roll it out. That includes the \$42.8 million to upgrade 52 bridges throughout Victoria. Some time ago I was fortunate to be down in Tyers Road, Traralgon, with the Premier announcing \$9 million to upgrade — —

Ms SHING — I was there with you, Minister.

Mr DONNELLAN — That is right, and wasn't that a marvellous day, because —

Members interjecting.

Mr DONNELLAN — I did actually ask Russell, and he was actually very appreciative of that upgrade.

Mr D. O'BRIEN — I don't think he got invited, did he?

The CHAIR — Order!

Mr DONNELLAN — The honest truth is for those people who work in that area — I think it was in relation to sand and movement of quarries and so forth — it was a major impediment, because there was a 15 to 20-kilometre diversion to get around that bridge, because the bridge just could not accommodate B-doubles. That was a major outcome, but that was just one example of what we are doing. Whether it be at Mortlake, at Ararat Road, we are upgrading the bridge there; Glenelg Highway, we are upgrading the bridge there; McIvor Highway, Strathdale, we are upgrading the bridge there; Pyrenees Highway in Castlemaine, we are upgrading the bridge there, there is a pretty extensive program. It is very much focused on improving efficiency, getting produce to market more quickly and allowing larger trucks, above 68.5 tonnes, along some of these roads. It is about trying to improve efficiency in getting produce to market. We have got that program, which is running out at the moment.

We have also got the road resurfacing program. I think off the top of my head there was \$46 million allocated to road resurfacing. That is going to be a major fillip for employment across the whole state — no doubt about that — but it is also about keeping our roads in the state they need to be kept in. If you do not keep them well maintained, you have got to totally rebuild your roads. Every 15 years you have really got to go back to resurface your roads in case you are going to look at rebuilding.

What we are looking at in total road resurfacing across the state is about 109 million across the state, and the majority of that is actually going to regional Victoria. In terms of are we acquitting ourselves in regional Victoria, there is no doubt about that; we have made a specific commitment, and then we are beginning to meet it. I think we can be proud of what we are doing in that space.

Mr D. O'BRIEN — Minister, my question is related to budget paper 3, page 21, and the budget line item of \$6.1 million per annum for practical driver training for year 10s. A rough but conservative figure of year 10 students in Victoria is about 60 000 students, which makes that about \$100 per student. On average the cost of defensive driver training for a day is \$350. Clearly, with this increase in demand, companies will need to train more competent staff to cover another 60 000 training events for students. Has this program been completely funded, or are you already facing a cost blowout of up to \$50 million?

Mr DONNELLAN — No, there is no cost blowout. We are estimating it will probably be on average about \$100 a head. It is not going to be a defensive driving course; it will very much be an introduction into capacities or otherwise of a vehicle. It will definitely not be defensive driving. Our concern with, say, defensive driving would be providing young kids with a skidpan and saying, 'Don't behave like a hoon'. The likelihood is — as we know, when we are young — to put it crudely, boys do not get a brain until they are 26 years of age; that is what they say — in terms of risk and reward and in terms of the assessments of what is appropriate behaviour or not. So it is definitely not going to be defensive driving. It is very much focused on just providing them with a light introduction, both on the road and closed track, and also some educational component.

We believe there will be economies of scale. It will take some time. Places like DECA are probably well equipped to start doing it reasonably quickly, but we are going to be looking for increasing capacity across the whole of Victoria to undertake this driver training.

I attended a TAC briefing session for driving providers earlier this year. I think there would have been about 30 in the room. What was pleasing above all else was that while they thought they all had different programs they could run out, about 70 per cent of program content was very similar, so that we had a unified approach in terms of introduction to driver training for year 10 students. The driver training community was pretty excited about it, but — there is no doubt about it — it will take some time to build capacity to meet the demands that will be there.

Mr D. O'BRIEN — That is a nice segue into my follow-up question, Minister. As you would be aware, there are many schools in country towns that are a long way from a defensive driver centre, including in my own electorate. Has the cost of travel been factored in, and, if so, how is the training actually going to be delivered to those who are a long way from a driver training centre?

Mr DONNELLAN — That is why we are saying it will take some time to build up capacity. There are tracks in different parts of Melbourne, including Pakenham down near me. There is a proposal for a track down there, which would obviously service both Gippsland and the sprawling south-east. There will obviously have to be some travel; there is not a track in every town. But that is currently what we are working through. Our road safety unit and VicRoads, along with the TAC, is currently working through that, identifying the tracks and so forth.

Ms PENNICUIK — We talked a little bit there about road safety for drivers, but in budget paper 4, pages 19 and 21, the budget refers to existing bike trail projects: the Carrum to Warburton bike trail and the Box Hill to Ringwood bikeway. But I cannot locate any other funding for bikes, bike paths or bike trails in the budget. I wonder if the minister could enlighten me if I missed it and perhaps enlighten the committee as to any plans the government has with regard to adding to Melbourne's bike network, particularly as we have been seeing a rise in deaths and injuries of cyclists on Victorian roads.

Mr DONNELLAN — Yes, happily. As you would be aware, we are allocating \$100 million to a Safer Cyclists and Pedestrians Fund, which will very much focus on separating cars, cyclists and pedestrians. That is a specific initiative of \$100 million. Currently we are working in relation to specific trails like the Darebin-Yarra trail link. We have some difficulties there in relation to the acquisition of land. I think we have the Latrobe golf course generally over the line. We are having some issues in relation to just getting that last component of land, I understand, in relation to the City of Boroondara. That is one track we are currently working on.

We have obviously also got the Box Hill to Ringwood bikeway. The expenditure this year will be \$3.7 million to undertake that project. We also have the \$1.6 million we have allocated to Sydney Road to upgrade safety there after that tragic dooring accident. We have a broad range of initiatives in that space.

The active transport unit within the department of transport is currently being put together to administer that \$100 million fund, and also I think in many ways to look at improving planning and the like to improve the use of bikes and pedestrians.

Ms PENNICUIK — Thank you, Minister. That is a pretty thin list of bicycle infrastructure, given the increasing number of people who do wish to use cycling for commuting, for recreation and for moving about their local communities. My question goes back to Infrastructure Victoria. Will Infrastructure Victoria be focusing its attention on improving bicycle safety and bicycle infrastructure?

Mr DONNELLAN — Yes, it will, as part of the strategic network plan the department will do, but the active transport unit will also be involved in that. In terms of looking at the historical context of what is coming up, that is really a question you would probably want to ask the previous government — why was a limited amount of money spent on bike paths.

Ms PENNICUIK — Indeed, we did ask them that, Minister.

Mr DONNELLAN — Okay. That is all right. I am just kindly pointing that out. But in terms of what we have done this year — —

Ms PENNICUIK — But what are you doing this year, and what are you doing in the future for planning?

Mr DONNELLAN — No, what I am saying is in terms of immediate initiatives we have undertaken this year, obviously Sydney Road is one of them. We are trying to get the Darebin-Yarra trail finished, and that \$100 million will certainly improve bike paths across the state. But we will not move on that until we have the active transport unit up and running.

Ms WARD — Good afternoon, everyone; good afternoon, Minister.

Mr DONNELLAN — Thank you.

Ms WARD — Thank you for being our final guest today.

Mr DONNELLAN — I am sure it is ‘Thank you for being final’!

Ms WARD — I will digress a little bit. I have to say I am very pleased that the opposition is showing interest in learner drivers and teaching people driving skills. I am sure that they are very grateful to us for restoring the L2P mentor program funding for 3000 disadvantaged young people.

Mr DONNELLAN — Yes.

Ms WARD — My question, however, relates to the West Gate distributor. Can you please turn your eye to budget paper 4, page 17, to the ‘New projects’ section. We have had a little bit of a conversation about that, but what would be most beneficial? If you could please outline how the government will remove tracks from the inner west and improve freight access to the port of Melbourne.

Mr DONNELLAN — Yes. I think, from memory from the Eddington report, there are 165 000 movements each day in the inner west. That is a substantial number of movements. The expectation is with the West Gate distributor that we will get 5000 trucks out of the inner city streets, but further we have also put in curfews along Somerville and Moore streets to actually deal with that great difficulty. As you know, 165 000 movements per day through the inner west is substantial. But what our expectation is that by removing some of those trucks we are definitely going to improve safety; we are going to improve traffic flow — for example, at the intersections of Napier Street with Moore and Whitehall streets, making them safer and more efficient; improve bicycle infrastructure and safety for cyclists and pedestrians, because if you are using Shepherd Bridge, it would not be much fun going over there with a 72 or 68-tonne truck beside you. Footscray Road, obviously, is a major link road for the port.

With the West Gate distributor the expectation is we will provide a ramp off the West Gate Bridge through the river-based streets, the streets close to the river, and through the port in a more efficient manner than is currently happening. Whether that will improve the sale value of the port or not, who knows? I suspect it might a little bit, whether it is the West Gate distributor or the western distributor. I am not sure whether that will improve it substantially or not; that is pretty much up to the pointy heads to actually try and work out. But what we will find is a more efficient route for freight to the port, we will find 5000 cars off the inner city streets of the west and we will find greater safety through doing this. So our expectations are we will substantially improve the environment for the community in the inner west. Thank you.

Mr T. SMITH — Minister, with reference to budget paper 3, page 21, and Hoddle Street, on page 37 of your pre-election document *Project 10 000* you stated you will spend 60 million to introduce continuous flow intersections to Hoddle Street. In this budget you have only budgeted for 1.8 million for streamlining Hoddle Street, and no other funding across the forward estimates. What is your plan for Hoddle Street? If it is one of the above, why is it not costed and funded already? If not, do you therefore have no plan for Hoddle Street?

Ms SHING — Footnote (d), Mr Smith.

Ms WARD — Has he not done his homework again, Ms Shing?

Members interjecting.

The CHAIR — Order!

Mr DONNELLAN — As the member would be aware, we have allocated \$1.8 million to do this planning, to look at what will and will not work on Hoddle Street — continuous flow intersections, clearways and the

like. The moral of the story is: you have got to plan before you build. You do not start building, you do not start altering intersections and so forth — —

Mr T. SMITH — Standard budgetary practice is to put money in the forward estimates.

The CHAIR — Order!

Ms WARD — Here we go, interruptions again.

Ms SHING — Standard budgetary practice is to read the footnotes when you ask a question.

Mr T. SMITH — I have read the footnote. There is no money in the budget for it.

Ms WARD — Do your homework, Mr Smith.

The CHAIR — Order! The minister is trying to, or attempting to, answer your question, Mr Smith. I do not think it is really helpful with you continuing to interject. The minister to continue to answer the question, without assistance from Mr Smith.

Mr DONNELLAN — I am here to help the good burghers of Kew here in this sense. You know, they might get on the Eastern Freeway and hop off onto Hoddle Street.

Mr T. SMITH — Well, you live pretty close to Kew, so we appreciate that.

Members interjecting.

The CHAIR — Order! The more this goes on, the fewer questions the opposition will have to ask.

Mr DONNELLAN — The \$1.8 million is there to plan, to look at the proposition, to decide what we can and cannot do along Hoddle Street — whether a continuous flow intersection would or would not work, or whether clearways continuously, 24 hours a day, would work. We are looking at a review which the department of planning is doing in relation to Punt Road and the overlay there, and through South Yarra and Toorak. So that is a separate process which is being undertaken by the department of planning. But the moral of the story is: you do not undertake anything unless you plan.

Mr T. SMITH — Given that you went to the election saying that you had 60 million to plan for Hoddle Street, why did you on 25 March release a tender calling for expressions of interest to develop innovative traffic management treatments of Hoddle Street, and where is this cost of any successful tender in the forward estimates?

Ms Shing interjected.

Mr T. SMITH — You can budget by footnote; we usually put things in forward estimates, because you lot cannot manage public money. That is the problem

Ms SHING — ‘Balance of election commitment to be delivered in future budgets’ — read that footnote (d) and don’t mislead — —

Mr T. SMITH — You cannot manage public money. You’ve got no idea what you’re talking about.

Members interjecting.

The CHAIR — Order!

Mr DONNELLAN — Any project is based on the funding you require at a particular time. It is a bit like drawing down when you are doing an extension of a house. The bank does not give you the full lot all at once; they look for key milestones along the way. What we are doing is we are in the stage of planning, a bit like an architect: we have got the architect out there doing the design to see what is possible to do, and then we will go to the bank — —

Members interjecting.

The CHAIR — Order!

Mr T. SMITH — Trust us!

The CHAIR — Order! Mr Smith, this is not a job interview for replacing the member for Warrandyte. The minister to continue.

Mr DONNELLAN — Yes, okay.

Members interjecting.

The CHAIR — Order! The minister is entitled to answer the question in silence. The minister.

Mr DONNELLAN — We have got the tender out there to look at the various options to actually see what may or may not work, and then we will proceed.

Mr DIMOPOULOS — Minister, it is rare that you can get wins across two or three portfolios, and I think the budget initiative on page 20, BP3, about the discount on rego fees for tradies is one of those wins across a couple of different sectors. Can you just tell us a bit more about that and what benefits you think it will bring to that cohort and beyond?

Mr DONNELLAN — Thank you for that. I think it is a great initiative, and I guess the biggest issue we will have with this program will be getting the information out there — how to actually access the young apprentices to actually let them know that this is available. That I think will be the great problem in this policy in a sense — letting as many people who are doing apprenticeships as possible know. As long as they use their vehicle for their apprenticeship, they are eligible from 1 January, I think, next year to access the \$378 discount on their TAC and their registration. But I do have concerns about being able to ensure that we get to the maximum number of apprentices.

When you are an apprentice — a lot of friends of mine have done apprenticeships — it is not a big wage. It is a difficult wage. Many of them have had to live at home for most of the time they are doing their apprenticeships. It is \$400 roughly, rounded off; it is a substantial saving. Some of them might only be getting \$600 a week at the most for acting as an apprentice. Really, running a car is pretty difficult on that, and we think this will give a leg up to those apprentices who very much need a leg up and maybe a bit more incentive to improve the completion rates, which we really need to focus on. I do not think we are getting enough young people completing their apprenticeships, and I think any incentive we can give them like this will certainly benefit the community in the long run as well and benefit those young people.

Mr DIMOPOULOS — I agree.

Mr MORRIS — Minister, if we can return to the West Gate distributor or western distributor topic. For the pedants in the room, budget paper 4, page 7, is the reference. The reference in the budget papers says, and it is presented as a statement of fact:

The proposal has the potential to create a more efficient and robust transport network ...

Can I ask you how a four-lane freeway where traffic has to merge into a two-lane tunnel and then exits into an already heavily congested area — Footscray Road and Wurundjeri Way — is going to make our transport network more efficient?

Ms SHING — Just a point of clarification: the Deputy Chair has quoted only half of that sentence in budget paper 4, page 7, which indicates:

The proposal has the potential to create a more efficient and robust transport network by improving connectivity between the west and the CBD, taking pressure off the West Gate Bridge, removing thousands of trucks from suburban streets, and improving the efficiency of freight movements at the port of Melbourne.

So perhaps we might look at the entire sentence, rather than just the first part of it?

Mr MORRIS — I am interested in that particular aspect of it, and I am sure the minister — —

Ms SHING — Selectively quoting from the budget papers does not assist anybody, Mr Morris, you know that as well as everybody else.

Members interjecting.

The CHAIR — Order!

Mr DONNELLAN — I think there is a pretty simple answer to that question. If you are going through a dedicated tunnel or you are going off on a dedicated ramp through to the port, it is going to be a lot easier than doing the rat run through the inner-city streets to the west. That has got to be more efficient.

Mr MORRIS — You get to gridlock faster, perhaps; that is about what it achieves.

Mr DONNELLAN — No. That is your opinion. You asked me the question, and I gave you the answer.

The CHAIR — Order, Minister! I am assuming that was not your supplementary question?

Mr MORRIS — No, that was a statement.

The CHAIR — It sounded like a question to me, but I will give you the benefit of the doubt.

Mr MORRIS — On the supplementary question, Chair, given the traffic congestion that is likely to be caused in an already heavily congested area, how long will it be before any version — either option — of this distributor project requires the building of the east–west link to support it?

Mr DONNELLAN — I do not think that is relevant to the exercise. At the moment we have indicated quite clearly — —

Mr MORRIS — I am asking.

Mr DONNELLAN — We went to the last election indicating we would not be building the east–west link. We will meet our commitments.

Mr MORRIS — Are you saying it will not be necessary? Is that your answer?

Members interjecting.

The CHAIR — Order!

Mr MORRIS — I am sorry, saying, ‘I don’t think that’s relevant’ is not an answer to the question.

Members interjecting.

The CHAIR — Order! The supplementary question had a very, very loose link to the substantive question. Nonetheless I was happy for it to be asked. The minister has answered the question.

Mr MORRIS — The minister has not answered the question.

Mr T. SMITH — He didn’t answer it!

Mr MORRIS — Unbelievable. He refused to answer the question.

Ms WARD — Minister, I would like to ask you about the M80 ring road, which is of concern to many people in Melbourne’s north and north-east, where I am.

Mr MORRIS — He said it wasn’t relevant!

The CHAIR — Order!

Ms WARD — Please turn to budget paper 4, page 17. In the new project section, you talk about the daily battle commuters and freight operators face. Can you clarify what the government is doing to improve conditions on the M80 for the tens of thousands of motorists who use it every day?

Mr DONNELLAN — As you would be aware, we have committed to the E. J. Whitten Bridge to Sunshine Avenue component — \$150 million to get that part of the project completed. I think there are about another four or five parts of the project already planned roughly, and I was just looking at John Merritt from VicRoads for confirmation of that. Between 2009 and 2014 there was an agreement between the state and federal governments to fund the M80 on a 75 to 25 per cent split. That finished obviously in 2014. We would be very keen for the federal government to look at coming back into that space on the basis of a 75 to 25 per cent split, because as you are well aware we have already put in \$150 million. That would leverage a substantial greater investment, and we might actually be able to get a whole lot more of those other sections, apart from the E. J. Whitten Bridge and so forth, completed.

We have got the commitment there. The planning has been done. It is ready to go. So I think in terms of the communities from the north right through to the west it is a great project, but there are still other components there that we would really like the federal government to look at. We put our \$150 million forward. We would love some type of commitment from the federal government, because it is an important road for freight, for people to get home, to work, the whole lot. It is a major link road through Melbourne.

Ms WARD — So something for the infrastructure Prime Minister to come to the party on?

Mr DONNELLAN — Exactly.

Mr D. O'BRIEN — Minister, I want to go to budget paper 3, page 123, in a moment, but first I will start with a couple of quotes of yours from the *Great Southern Star*, a very august paper in Leongatha in my electorate. On 7 August 2012, as shadow minister, you said:

There is an immediate need for greater funding for —

roads. You also said:

All Victorians deserve first-class quality roads ... not just the Toorak tractor brigade in inner-city Melbourne ...

Mr DONNELLAN — Good quote; I like it. I come up well sometimes!

Mr D. O'BRIEN — It is a great quote, Minister, and I think it sets us up nicely for the question.

Ms SHING — What? The neglect that you left regional roads in?

Mr D. O'BRIEN — So, the question is, if that is correct, Ms Shing, and it is not — —

Members interjecting.

The CHAIR — Order! The member is entitled to ask his question in silence.

Mr D. O'BRIEN — In relation to all the interjections from across the table, can I ask: given that the roads asset management budget has been cut by 10 per cent and the \$160 million country roads and bridges program has been axed altogether, can you point me to a line item in the budget where the government's commitment to \$1 billion over eight years for country roads is?

Mr DONNELLAN — In terms of the country roads and bridges program, that was a program of the last government that lapsed.

Mr D. O'BRIEN — Correct.

Mr DONNELLAN — As you would be aware, that was not a commitment we made that we would continue with that project. But in terms of what are our commitments for funding for regional Victoria, in terms of road resurfacing we have made a substantial commitment there in rural and regional Victoria. I think, off the top of my head, we are a little bit ahead of the number of square metres that the previous government undertook for road replacement and resurfacing. I will just grab that figure, if you will bear with me for 2 seconds.

Mr D. O'BRIEN — If you could look for the line item for the \$1 billion while you are there, Minister, that would be good. That was the question.

Members interjecting.

The CHAIR — Order! The minister is answering the opposition's question.

Mr DONNELLAN — In terms of road resurfacing, we are doing 8 490 000 square metres in rural and regional Victoria, which is an increase from 7 050 000 under the previous government. There was a slight improvement in the outcome from the previous government because we brought forward funding in the 14–15 year to actually do, I think, an extra million square metres of resurfacing in rural and regional Victoria. So in response to whether we have done more than the previous government in terms of resurfacing in rural and regional Victoria, we have.

Mr D. O'BRIEN — Minister, I am asking you for the line item for the \$1 billion.

The CHAIR — The minister has answered the substantive question. Mr O'Brien, on a supplementary question.

Mr D. O'BRIEN — On a point of order, Chair, the substantive question was: can you point me to the line item where the \$1 billion for rural roads is? The minister has not addressed that issue at all.

Ms SHING — On the point of order, you might not like the answer that you are getting, but where the minister is taking you to other expenditure in terms of \$1 billion on regional roads, then maybe you should just listen to what he is saying and accept the fact that you are just not going to be happy.

The CHAIR — The premise of your substantive question was that the minister had said one thing in opposition and now is purporting to have done something completely different in government, and you referenced a couple of projects. The minister has responded to that question by indicating and outlining the budget initiatives that the government is undertaking in terms of investing in regional and rural roads. The minister has answered your question. Now, would you like to ask a supplementary?

Mr D. O'BRIEN — I would, Chair. I refer to the Treasurer's quote on 6 May in question time, when he said:

When we said we would put in \$1 billion over eight years to provide for regional roads, we did not say that the money would be there on day one — —

Minister, what day will it be there?

Mr DONNELLAN — I think that is a pretty self-explanatory thing. You do not actually allocate \$1 billion for a project when you have only got a certain number of projects planned in the year coming ahead.

Mr D. O'BRIEN — Give me a day then.

Mr DONNELLAN — Let me be very clear. It is a bit like running a lazy balance sheet. You would not just have \$1 billion sitting around, waiting.

Mr T. SMITH — The Labor Party is very good at that.

Mr DONNELLAN — It is a little bit difficult to answer questions if we have gratuitous stupidity coming in from the sideline.

Mr T. SMITH — You can talk, pal.

The CHAIR — Order!

Mr DONNELLAN — Now let us be very clear. If you have got \$200 million worth of projects coming up in the year ahead, you do not allocate \$1 billion all at once to just sit around and do nothing with it. It is efficient use of money to maximise the money you need today for the projects you need for the year ahead, while you are planning for the next load of projects, and then you allocate the money in the year ahead.

Mr D. O'BRIEN — On a point of order, Chair, I go back to my substantive question. The first quote I gave for the minister from 2012 was:

There is an immediate need for greater funding for —

country roads. I am not asking where is the planning for it. You said there was an immediate need for funding for upgrades of country roads. You know that there is an immediate need. Where is the money?

The CHAIR — Through the Chair, Mr O'Brien.

Mr DONNELLAN — Yes, there is an immediate need, and what we are doing is \$66.9 million of road resurfacing and replacement program; we are doing the bridge strengthening for freight efficiency; we are doing the optimising transport network and performance congestion package of \$20 million-plus — —

Mr D. O'BRIEN — When will your \$1 billion start?

Mr DONNELLAN — Priority road upgrades, Napier Street, Bendigo, road and rail minor works fund and Drysdale bypass construction stuff. There is a litany of projects we are doing in regional and rural Victoria. Are we doing \$1 billion in one year? No, we are not doing \$1 billion in one year. So would be allocate \$1 billion when we are not doing \$1 billion in one year? No. Only Dimbo the village idiot would do that.

Ms PENNICUIK — May I turn to page 7 of budget paper 4, which talks about market-led proposals, otherwise known as unsolicited proposals, and the proposal which, surprisingly, was received by the government in March this year, so only two months ago, from Transurban with regard to the western tunnel. My question, Minister, is whether the department in that time has done any comparison as to whether there is value in doing this project as opposed to increasing freight on rail from the port of Melbourne, or any other way of reducing or getting freight out of the port of Melbourne as opposed to this proposal, but in particular rail freight?

Mr DONNELLAN — In terms of rail services into the port, that is currently being worked through in relation to the leasehold sale of the port, so we are in many ways in terms of the bidders, looking at the proposal of purchasing the 50-year lease, They are being encouraged to look at money being set aside to use rail to get freight into our inland ports. That is an ongoing part of the negotiations there.

I cannot give you a specific answer, yes or no, will it happen or will it not happen, but that has actually been put before the bidders in relation to improving the capacity of the port, because if you can actually get freight onto rail and into our inland ports, it saves enormous amounts of money in maintenance, and it is also a very efficient way of moving freight around the state. That is an ongoing negotiation between the department and the project team from Treasury, which is doing the sale, working on that and putting that forward to bidders at the moment.

Ms PENNICUIK — The minister mentioned encouraging the bidders. What does 'encouraging' mean? In your last term in Parliament you had a rail freight target. Do you have such a thing still, or has that been abandoned?

Mr DONNELLAN — I understand the mode shift incentive scheme is proceeding, and I think the target was 50 000 TEUs. I think this year the shift is higher than that, around 60 000 TEUs. It might be a little bit more; I am just going from memory. Next year we expect it to go back to 50, but the contracts which are already in place are being met.

The CHAIR — Thank you. That concludes our roads and road safety portfolio. I would like to thank Mr John Merritt and Ms Janet Dore for their attendance.

Witnesses withdrew.