

TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Budget Estimates 2019–20 (Transport Infrastructure)

Melbourne—Wednesday, 12 June 2019

MEMBERS

Mr Philip Dalidakis—Chair

Mr Richard Riordan—Deputy Chair

Mr Sam Hibbins

Mr Gary Maas

Mr Danny O'Brien

Ms Pauline Richards

Mr Tim Richardson

Ms Ingrid Stitt

Ms Bridget Vallenge

WITNESSES

Ms Jacinta Allan, Minister for Transport Infrastructure,

Mr Paul Younis, Secretary,

Mr Kevin Devlin, Chief Executive Officer, Level Crossing Removal Project,

Mr Evan Tattersall, Chief Executive Officer, Rail Projects Victoria,

Mr Peter Sammut, Chief Executive Officer, West Gate Tunnel Project, Department of Transport.

The CHAIR: Good morning, everybody. Just like our transport system we are on time, and so I would like to declare open this hearing of the Public Accounts and Estimates Committee.

I would like to begin by acknowledging the traditional custodians of the land on which we meet and pay my respects to their elders past and present and emerging.

On behalf of the Parliament, the committee is conducting this inquiry into the 2019–20 Budget Estimates. Its aim is to scrutinise public administration—an aim that we do well—and finance to improve outcomes for the Victorian community. The committee will begin with the consideration of the portfolio of transport infrastructure.

I welcome the Minister, the Honourable Jacinta Allan, and also officers of the department, and I thank you all for appearing before this committee.

All evidence given is protected by the Parliamentary Committees Act. This means that it attracts parliamentary privilege and is protected from judicial review. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to heinous penalties, which we have described many times over, including having to watch Collingwood games for at least one day.

All evidence given is being recorded by Hansard, including my hatred of Collingwood, and broadcast live on the parliamentary website. Any rebroadcast of this footage must be in compliance with the conditions set out in standing order 234. I would ask that photographers and camerapersons follow the established media guidelines and the instructions of the secretariat.

Minister, I invite you to make a brief opening statement or presentation of no more than 10 minutes. This will be followed by amazing questions from the committee. Minister, over to you.

Visual presentation.

Ms ALLAN: Thank you, Chair. It is great to see such wonderful enthusiasm bright and early. I am absolutely delighted to present the transport infrastructure portfolio to this year's budget estimates hearings, and at the outset I would like to acknowledge the traditional owners of the land on which we meet and pay my respects to elders past, present and emerging.

In the last four years previous PAEC committees have heard how over that period of time the Andrews Labor government has been investing \$46.7 billion in new transport infrastructure and undertaking an unprecedented overhaul in the state's transport network. If you compare that to previous times, that is triple the average of \$4.9 billion a year from the period 2005–06 to 2014–15. When you add in the investments in this year's budget, this is now in excess of \$70 billion. It is a massive investment that is making a significant difference to our transport network, but also too—and we see this each and every day—it is supporting tens of thousands of jobs right across our state. There are a whole range of different projects, and over the course of this morning's hearing I am sure we will get the opportunity to talk about a range of those big projects: the Metro Tunnel, the removal of level crossings, the West Gate Tunnel, the North East Link, upgrading every single regional rail line in the state. This was part of a platform that we took to last November's election, and we were resoundingly supported for that platform and endorsed. Since then we have not wasted a moment to deliver on that agenda.

This agenda comes under a broader umbrella of our Big Build program. Since then, as I have said, we have not wasted a day on delivering this program.

But also too, and I will come back to the projects in a minute, I thought it was an opportunity this morning to at the outset talk also about some of the architectural changes we have made with the new standalone Department of Transport, some reforms with the establishment of the Major Transport Infrastructure Authority, that brings together all of our delivery agencies under one umbrella. We have done this to make sure that we have got the policy work and the development work and then the operation of the network in sync with the delivery of our big programs and projects. With this new standalone Department of Transport there are now three ministers in this department, and I have outlined there on the slide the responsibilities of the three ministers who work alongside me as the Minister for Transport Infrastructure and lead minister of the department. Melissa and Jaala and I work very closely as a team, and we are doing this to ensure that, as I said, as we are building a bigger and better transport network we are continuing to support the movement of people every single day. We are looking at how we can improve the design and development and also looking at how we can integrate better our transport planning and delivery. So as I said before, the new department is working even more closely with the Major Transport Infrastructure Authority, and we look forward to a strong and positive working relationship over the years ahead.

Turning now to our investment in transport infrastructure, and again the next slide will show you the magnitude of our major transport infrastructure pipeline that is happening right across the state. The composition of this committee is made up of people from right across the state, and in your own communities you will see a range of different projects that are taking place. Also, too, we are seeing a huge investment in transport infrastructure investment right across the eastern seaboard. It seems like barely a day goes by at the moment where this is not being reported on in some form, with some of the opportunities that presents by way of supporting jobs and by bringing on more of apprentices and trainees. But it also presents, undoubtedly, some challenges, and that is why with the department and the Major Transport Infrastructure Authority we are working with federal government departments and officials, we are working with our interstate counterparts, on a range of these challenges that, as I said, are being experienced not just by the industry here but also internationally as well. So whether it is looking at ways that we can support workforce development, bringing in more workers, the availability of materials, encouraging more participation of big construction firms, supporting the development of tier 2 and tier 3 companies—there is a range of activities that is about providing enabling support to the construction sector. That in turn supports the development of our infrastructure program.

Certainly when it comes to our program the Andrews Labor government absolutely intends to keep the pipeline going. The best example of this is the work we are doing on our Suburban Rail Loop. Now, the Suburban Rail Loop again was a new project that we took to the November 2018 election, and this budget brings to book the funding needed to do the planning and development, investigations, business case work on this project. This is a tremendously exciting project because it is about supporting people to have more transport choice where they live. This is not telling people where they should live; it is giving them more choice where they live, around how they move around our city and our state. When you consider that Melbourne is the fastest growing city in the country—I am sure you have heard this from other ministers and the Premier over the course of the hearings so far—you know that we need to respond to this, and the Suburban Rail Loop does that. It provides for an orbital rail connection around the city, 12 new underground stations and regional super-hubs at Sunshine, at Broadmeadows and at Clayton, and also importantly it supports what we think is a conservative estimate of around 20 000 jobs during its construction phase.

It also links into the planning we are doing for the Airport Rail Link, and also that in turn links into some further work that we are doing on supporting faster rail to Geelong and Ballarat and also future electrifications through Wyndham and Melton as part of our Western Rail Plan. I look forward, Chair, to hopefully talking a bit more about that in detail later this morning.

Also too, though, I would like to re-emphasise that you cannot have an Airport Rail Link, the Western Rail Plan, the Suburban Rail Loop without the Metro Tunnel. The Metro Tunnel is the project that unlocks that capacity across our public transport system so that we can build on it with those extra connections and the extra services that will come. The Metro Tunnel will allow for an extra half a million peak passengers every week and also, too, not only does it give us extra capacity, it helps save travel time as well, because we are bringing

heavy rail to the big and busy and important Parkville precinct and to the St Kilda Road economic precinct for the very first time.

Evan and I and the Premier were at the North Melbourne site just a week ago, where we saw our first tunnel-boring machine, the first of four, Joan—named after of course Joan Kirner—that will start the excavation work on one of the twin tunnels. It will also, too, as I said, in providing that extra capacity, create a new end-to-end train line from Cranbourne-Pakenham in the south-east through to Sunbury in the north. It also, too, brings great benefit to our very busy tram corridor along that Swanston Street-St Kilda Road corridor because it provides for those underground train services underneath, and of course there is the nearly 7000 jobs that this project creates and supports during its construction. Then, too, on top of that you have to add in the high-capacity trains that are going to run through this tunnel but also will begin their operation on the Dandenong section of the line.

Turning to level crossings, again level crossings has been a big and key feature of the work we have done over the last four and a half years, and I think it is well understood that in 2014 we said we would remove 50 of the worst level crossings—and since then we have not wasted a moment. No government has ever removed this many level crossings in such a quick time. I think in the previous decade before we came to government only 10 level crossings had been removed, and by the end of our first four years 29 had been removed in total. This budget builds on that work by adding an additional \$6.6 billion to remove another 25 level crossings, taking us to our target of hitting 75 level crossing removals by 2025. So all up that project is now a \$13 billion project to remove those 75 level crossings but also make other important improvements to the network, like new stations, new signalling and power upgrades as well. Also, too, there is some sequencing of these projects, and for some of the new 25 that we have announced we will grab the opportunity to deliver those at the same time as some of the original 50, particularly on the Upfield and Mernda lines.

Turning now to a new project that is in this year's budget, the upgrade of the Sunbury line. Over the last four years there has been significant work in addition to the removal of level crossings. There has been a lot of work on that corridor to upgrade platforms, stabling and traction power, and we have done that in many instances at the same time that we have removed level crossings—but there has also been other work as well. We now need to bring this work to the Sunbury corridor, remembering that I said before that the Metro Tunnel gives us the opportunity to join up the Sunbury and Cran-Pak lines, the two busiest rail lines, and join them together. In order to be able to operate our new trains from Sunbury all the way through to Cran-Pak, in order to make the most of the full benefits of the Metro Tunnel when it opens in 2025, we also need to undertake this big upgrade of the Sunbury line, and this budget provides the funds to do that.

Turning briefly, and, Chair, you will keep an eye on the time for me—

The CHAIR: Yes, your time has expired, Minister, but the good news is that that means our questions begin.

Ms ALLAN: Well, I will stop there then.

Mr RICHARDSON: Thank you, Minister, for attending today. I want to take you to the Suburban Rail Loop. If I could take you to budget paper 3, page 107, are you able to explain for the committee how the Suburban Rail Loop initiative outlined in table 1.20 will improve public transport in Victoria?

Ms ALLAN: Thank you, Tim, for your question, and I touched on the Suburban Rail Loop in my introductory presentation. This is a really tremendously exciting and transformative project for Melbourne. I mentioned before how it will form an orbital rail loop around Melbourne, and in some ways this has been one of those projects that has been talked about for a long time—about the need to address the challenges that having a radial rail network creates for our city. The challenge of having to go into the city to get around the city on our train network I think is an issue well understood, and the Suburban Rail Loop provides for that orbital connection, creating a 90-kilometre circle line and 12 new stations, as I said before, including three regional super-hubs. It is estimated that this will create the capacity for around 400 000 passengers a day. That is predicted. There has been some work that was undertaken, and we released a strategic assessment around the Suburban Rail Loop back in August of last year that provides some supporting materials for the project. It is also estimated that it will not only bring that benefit to our rail network by more space for passengers according

to where they want to go; it is also estimated that it will take around 200 000 cars off local roads. When you consider the way that Melbourne is growing—there is pressure on suburbs, both on our rail and road network—this is a project that brings those twin benefits.

The Suburban Rail Loop will run from the Frankston line all the way around to the Werribee line, and importantly, too, with the alignment that has been identified in the strategic assessment it connects up our university and TAFE precincts like Monash, like Box Hill, Box Hill TAFE, like Deakin, Burwood, like La Trobe, Bundoora. Also, too, in many of those locations there are big and important health services as well and employment precincts. So it really does provide those rail connections, particularly in places like Clayton, like Burwood, like Doncaster. It brings those rail services to those places for the very first time, which is a key feature of this project. I know you are particularly interested because we have identified the south-eastern section of Melbourne between Cheltenham and Box Hill as the priority for stage 1 of the delivery of this project, which we are expecting to begin by the end of 2022.

Mr RICHARDSON: Minister, we have heard from a number of your colleagues who have submitted before the committee about the support for regional Victorians in this budget. Can you talk to us a bit about the benefits for regional Victorians of the Suburban Rail Loop?

Ms ALLAN: Yes, this was through the work that was done on the development of the strategic assessment. Not only were we keeping a keen eye on how to support our growing city and suburbs, but it was also understood that it provided an opportunity to open up improved access to the city and those services that I mentioned for regional Victorians. It also means regional passengers will not have to travel into the city to get to a destination that they might want to go to either beyond or around the city outside of the CBD. So the super-hubs at Clayton, Broadmeadows and Sunshine provide for those major metro regional passenger interchanges, if you like, and will also give people from regional Victoria access to those services that I mentioned before.

I can give a couple of anecdotes, one from my own community of Bendigo. There are many people in Bendigo who need to travel to the Austin Hospital in the northern suburbs for the particular types of services that are on offer there. It means that with the Suburban Rail Loop they can connect from Sunshine around to that part of Melbourne without having to come into the city to go back out again. Similarly, another example that often comes to mind is that it gives particularly young people in country Victoria more access to university and TAFE opportunities. So if you are a young person in Shepparton, for example, through the Broadmeadows super-hub you will be able to have opportunities to connect to courses at La Trobe Bundoora, at Deakin Burwood, at Box Hill TAFE or at Monash University. So it is opening up access and opportunities for country people that at the moment obviously with the existing radial network they are not able to as easily access, which means they do not always pursue those opportunities.

Mr RICHARDSON: We saw on the slide, Minister, the proposed journey through those stations, starting from Cheltenham—in the Cheltenham area on the Frankston line. Are you able to take the committee through how those station locations have been determined?

Ms ALLAN: Yes. I mentioned before the strategic assessment that was released last year. That identified a broad alignment and those principles around connecting up our precincts. The work now is before the Rail Projects Victoria team to further refine that work down and work with local communities, councils, universities and TAFEs about the exact location of those stations, considering a range of factors. How it connects with the existing rail network is obviously a key issue to consider, but also it is about how we can make the most of the connections to the broader employment areas. I think people will understand now that around our major university and TAFE precincts there are a lot of jobs also located around there as industries cluster together around those key research areas. So there are a range of those guiding principles that are guiding the work that Rail Projects Victoria are undertaking at the moment as we refine the exact station locations. Certainly the funding in this year's budget obviously helps us to really kickstart that work.

Mr RICHARDSON: I think, for example, the Monash employment cluster from Cheltenham will be fantastic. Minister, I just want to take us to the project's impact on jobs and the economy. Can you take the committee through that?

Ms ALLAN: I think I may have mentioned this earlier in the presentation: on a pretty conservative estimate a project of this type would support the creation of around 20 000 construction jobs. It really builds on that pipeline approach that we have been taking with all of our projects. We understood very quickly on coming to government at the end of 2014 that we needed to create a pipeline. Industry were telling us—they were demanding from us—that they needed a pipeline of projects, because there had not been that pipeline established over the previous four years. So with the work of the Metro Tunnel and the work of the level crossing removals—I did not in my presentation get to talk about the West Gate Tunnel, the North East Link and the road projects; hopefully I will get the chance to do that later on—this infrastructure pipeline supports construction jobs, and it also means it gives industry certainty as well. It means they can invest in their own workforce. It means they can make decisions to put more headquarters and more resources into head offices here in Melbourne. So it really does support a broader pipeline across the industry as much as a pipeline for the construction industry as well, given that there is a lot of planning needed and a lot of environmental work that is undertaken. So it is a big industry that this pipeline of transport infrastructure projects is supporting.

Mr RICHARDSON: In the 2 or so remaining minutes that I have got I would love to take you to level crossing removals, and obviously this is substantial in my local community. A few years ago people believed this would never happen, that level crossing removals were just another thing that governments promise—how that has changed with some of the removals. I want to refer you to budget paper 3 again, page 107. Are you able to take the committee through how the government's level crossing removal initiative, outlined in table 1.20, has been expanded?

Ms ALLAN: Yes, certainly, and I hope we get the opportunity to come back to level crossings, because there is certainly a lot to talk about. The committee may have observed today that we have announced the next stage of works on the Upfield line and released some designs for that corridor. But again I think some of the figures are well understood. We said we would remove 20 of the original 50 in our first four years. We have got ahead of that. We have got to 29. We have added 25 to that list, so that takes us to removing 75 by 2025, and we are absolutely on track. We have learned a lot about how to remove level crossings as quickly as possible over the last four years, and so that is why right now you can see construction underway. I am sure you are familiar with the construction that is underway at Carrum. There is work at Laverton and there is work at Reservoir, and we are also about to start work at Cheltenham again. I know these are projects you are very familiar with, at Cheltenham and Mentone, and also at Toorak, where we made some announcements today about the awarding of the tender for that project. So we are pushing on, and we have to push on because these are dangerous and congested intersections. The level crossings need to be gone as quickly as possible so we can realise the benefits that come with removing those.

I mentioned in the presentation as well that with the addition of 25 level crossings to the program of the original 50, there is an opportunity to look at the way we are packaging and sequencing the work, again with a really keen eye on how you minimise the disruption that comes with removing level crossings, because it can be very disruptive. Again, your corridor on the Frankston line has seen some of that. The Dandenong line has as well as we have removed all nine level crossings to make it level-crossing-free between Dandenong and the city. We look at a number of ways to minimise disruption as much as possible. And as I said, there are reports today on how we are removing four on the Upfield line, which includes two from the original 50 and another two from the new 25 that were announced at last November's election.

Also too there is an opportunity—and we might get the chance to come back to this—on how we can package level crossing removals up with other projects, like the duplication of the Cranbourne line, which is another important suburban project. In our first term we removed level crossings as part of a broader package of work on the Hurstbridge line that included some additional works to give us extra capacity on the Hurstbridge line. As I said, we have learned a lot on how to remove level crossings, and we look forward to continuing apace with that program.

The CHAIR: And we look forward to you continuing to expand on that, no doubt, at a later opportunity.

Mr RIORDAN: I am so pleased this morning, Minister, that you are keen to talk about level crossing removals, because we are keen to talk about them too. And the reason we are keen: budget paper 4, page 78—the estimated expenditure to 30 June 2019 is stated at \$3.95 billion overall and in the slides this morning you were talking a program of \$6.6 billion, yet you and the government have in the past refused to disclose any

individual costs for these crossing removals. In the public interest, here today, in the interests of transparency and accountability, I ask you and your government: can you disclose the expenditure of each individual level crossing removed by this government to date and the expenditure for level crossings removed by the rail network?

Ms ALLAN: As I said, it is great to have the opportunity to talk even longer and further about the removal of level crossings, as I indicated in—

Mr RIORDAN: Because the cost is a slightly important issue, Minister.

Ms ALLAN: I am not sure why you are so cross this morning, but it is okay.

Mr RIORDAN: I am not cross. I am delighted to hear that you want to talk about it. I just wanted to see if you can answer the one question—

The CHAIR: In fairness to him, this is the Deputy Chair's norm.

Mr RIORDAN: I am just wanting to know if, after four years, you can disclose the one piece of information about them that you have cunningly kept to yourself.

Ms ALLAN: Well, I was getting there if you had not interrupted me—

Mr RIORDAN: Good, we are listening.

Ms ALLAN: But I will push on, Chair. I will do my best to push on. In the presentation I indicated that the total budget of the level crossing program is now \$13 billion, and this goes to your question around some of the challenges with releasing information on individual locations. It is because every location is different and has different features, and so at some locations we package up the construction of a new station. I mentioned the Hurstbridge line before; we added in the duplication of a single section of track through the Darebin Street tunnel.

Mr RIORDAN: Minister, we actually understand that they are going to have different costs. That is perfectly reasonable. The question quite simply is: can you give individual costs to the projects? You know, the 29 that you are proudly touting to have removed, can you tell us what those 29 have cost?

Ms ALLAN: Well, you may have seen in the paper today—I think it is reported in the *Age* today—I do not think I have the article with me, but it does highlight that we have published the cost of the removal of that level crossing at Toorak, which I think, if I could—

Mr RIORDAN: We have not done that one yet. That is a good start.

Ms ALLAN: Hang on, guys, calm down.

Mr RIORDAN: No, it is a simple question. It is a yes or a no.

Ms ALLAN: If it is okay, Chair, I invite Kevin Devlin up to the table.

Mr RIORDAN: Can you do it?

Ms ALLAN: We do—

Mr RIORDAN: When the house-builders build a house, they do not just go, 'We built \$100 million worth of houses'; they go, 'This one cost that much'. You know, it can be done. They are called invoices. They go into folders, you know.

Ms ALLAN: As I was saying, we—

The CHAIR: Do you work to a cash or accrual accounting definition?

Mr RIORDAN: Look, I would be happy with whatever accounting, funny figures. I mean, we know you have taken some money from the TAC and other things to pay for it, so—

Ms ALLAN: No. Oh wow. It is very clear. As I have said, as we go to contract award for the various projects, that information is made available, as you will see. As I mentioned today, I think, Kevin, it was 87—

Mr DEVLIN: Eighty-nine.

Ms ALLAN: So \$89 million for the removal of the level crossing at Toorak Road at Kooyong. At contract award we can make that information available. However, it is important to note—which were some of the points I was endeavouring to make before—that that is not the only part of the investment in the program. The overall budget needs to take into account some of those other investments that I spoke of across the—

Mr RIORDAN: But my question is: can you supply them? Can you supply the costings for the ones you have done?

Ms ALLAN: My point is, we have progressively been doing that where we can, but it is also important to note—

Mr D O'BRIEN: Where? Where is that available?

Ms ALLAN: Well, if you read the *Age* today—

Mr DEVLIN: We publish all the contract award amounts at contract award time, but given the nature of the program, this is being delivered as a program of works, so the single project is the single budget. The five program alliances that progressively will be delivering this work over the course of the next six or seven years—it is important that, to ensure a competitive environment, it is an ongoing bidding process, so we do not want to—

Mr RIORDAN: So you are keeping them secret for commercial reasons.

Mr DEVLIN: Well, we do not declare a number of the costs to keep that competitive tension in there to make sure taxpayers are getting maximum value for money.

Mr RIORDAN: So you are happy to publish the contract price—

Mr DEVLIN: Correct.

Mr RIORDAN: But not happy to publish the finish price?

Mr DEVLIN: Correct. Because we manage it within the overall program.

Mr RIORDAN: So there is, sort of, no possible chance to scrutinise whether it has been a good deal or a bad deal?

Mr DEVLIN: We benchmark very closely all the actual costs that we deliver, and we factor that into our planning for the next round of level crossings.

Mr RIORDAN: So we just have to trust you.

Ms ALLAN: Well, I am going to interject on that point. Look, I think it is well understood that the opposition, the Liberal-National parties, have an ongoing opposition to our level crossing program. That is fine; you guys have that approach.

Mr D O'BRIEN: No, that is wrong.

Mr RIORDAN: No, there has never been any—

Ms ALLAN: No, that is fine. It is okay. You do not have to get defensive about it. I understand you have got a well-established—

Mr RIORDAN: We are just asking: can you tell the people of Victoria what a level crossing costs to remove? And you are saying, 'Sorry, we can't do that'.

Ms ALLAN: Well, as Kevin has endeavoured to outline to you—and I am happy to rephrase what Kevin has just indicated to you—there has been publication of the cost of that contract award. However, the way we are delivering these level crossings involves them packaging them up. I mentioned it before. You may recall I mentioned before—

Mr RIORDAN: Yes, we understand that. We are not expecting them all to be the same price, Minister. That is obvious. What we want to know is if you are telling the taxpayer that you are paying X for them but it is actually costing Y, we want to know what the difference is and why they are so vastly different, because we have a sneaking suspicion they might be costing a bit more than what you are telling us.

Ms ALLAN: So it is interesting that you highlight that one cost might be different to another. You are absolutely right. You are absolutely right that some level crossings have a different cost to others. The Toorak Road one today, \$89 million, elevated rail—

Mr RIORDAN: Is that the one that you refused to accept federal government funding for to make it a better one?

Ms ALLAN: No, you want to get your lines right before you go down that path. That is the one down the road. You might want to come back to that one in a minute.

Mr RIORDAN: We probably will.

Mr D O'BRIEN: We actually just want an answer to the question, Minister.

Ms ALLAN: Well, we have given you the answer.

Mr RIORDAN: So the answer is no, you cannot tell us what they individually cost.

Ms ALLAN: No, I will not have you verbal myself or the head of the Level Crossing Removal Authority in that way. We have just clearly outlined to you that the overall program budget for the removal of level crossings is now \$13 billion. That is a \$13 billion investment in the—

Mr RIORDAN: But not individually. Okay, well, we will accept—

Ms ALLAN: No, you are not going to cut me off on this. I am going to finish this statement to the committee.

Mr RIORDAN: I am asking the question. My question was: can you tell us individuals? You said, no, you cannot.

Ms ALLAN: We have outlined to you that the cost of that contract award has been made available. There is an example of that just today that we have announced for Toorak Road at Kooyong.

Mr RIORDAN: Minister, one contract does not make the spring. It is not the answer to the question.

Ms ALLAN: The remaining level crossings—we look at how we can best package up the removal of those level crossings. You could understand that it is our responsibility to protect the interests of the state to not disclose to the market ahead of time the cost of those projects.

Mr D O'BRIEN: So how do we know you are, Minister? That is the point of what we are asking. This is the Public Accounts and Estimates Committee; we are scrutinising the expenditure of public money. You are assuring us that you are protecting the public interest. The public and the Parliament need to know that; that is why we are asking the question. If the simple answer is, no, you will not give us individual costs, we will move on.

Mr RIORDAN: We will just phrase it another way: can the Public Accounts and Estimates Committee be assured that you are actually identifying individual costs of level crossings or is it a coleslaw of construction—you are just throwing it all in a big pile and not taking any account of or holding anyone accountable for the construction costs?

Ms ALLAN: To be honest, Deputy Chair, it is a little bit embarrassing for you, really, to call it a coleslaw approach.

Mr D O'BRIEN: Seriously, the patronising! 'We have got it all under control. We do not need to tell you, you little parliamentary people. Don't worry about it'.

Ms ALLAN: Danny, I love it when you do angry. It is so much fun.

Mr D O'BRIEN: Well, I love it when you do patronising, Minister. Spare us, please!

Ms ALLAN: I would be delighted to answer if you would let me get half a sentence out.

Mr RIORDAN: You are not answering. It has been 10 minutes and you cannot tell us whether you can identify individual rail crossing costs.

Ms ALLAN: No, we have. We have indicated that already.

Mr RIORDAN: No, you have not. You said you have identified the contract price, but you will not supply a completed price, and Mr Devlin is acknowledging that that is the case.

Ms ALLAN: Again, as I said before, it clearly demonstrates—and I appreciate you did not remove any level crossings so you do not understand how—

Mr RIORDAN: Wrong. If that is the level of truth you bring to this conversation, Minister, then how can we possibly trust you on the finances?

Ms ALLAN: I am sorry. I know you are embarrassed by this. I know you are embarrassed that you did not fund and finish one single level crossing during your time in government. That is okay.

The CHAIR: Can I just say that as enjoyable as this has been, we must sadly move on to Ms Stitt.

Ms STITT: Thank you, Minister. Good morning.

The CHAIR: Actually, my apologies. Deputy Chair, I have cut you off by 2 minutes.

Ms ALLAN: I think you have cut him off. I think you duded him of 2 minutes

The CHAIR: I have duded you of 2 minutes, Deputy Chair. Continue on.

Ms ALLAN: You have got another 2 minutes to do this. Does that mean I can finish that sentence, Chair? Can I finish the sentence I was halfway through?

Mr RIORDAN: Minister, the 2017 Victorian Auditor-General's report *Managing the Level Crossing Removal Program* revealed that although the projects were identified as high value, high risk, you and your government did not adhere to the HVHR guidelines. Some of your omissions were not providing cost estimates for more than one option per site. Have you or your government costed a variety of options for each level crossing removal that is at the planning stage?

Ms ALLAN: This goes to the point Kevin and I were endeavouring to outline to you before. As part of putting these packages, some of them are an individual crossing like the Toorak Road, Kooyong, level crossing that is in the paper today; some of them are removed as a package, like the four on the Upfield line. We have also revealed the designs for those new stations. There is work that is done by the Level Crossing Removal Authority to put a cost estimate over each package or removal of level crossings, and then those projects are put out to tender. It allows for a competitive market-based process for the market to do their process to give their

cost estimate back to government. That is pretty standard practice for the construction. You mentioned house building before. You might choose to get a price from a couple of different builders to build your house, to do an extension. We also need to go through competitive processes, and we have packaged them up as part of an alliance. This is the work that is ongoing. So the market gives us their estimate of the cost. We assess that against our own processes. I think you mentioned the high risk, high value, if I have got that correct—

The CHAIR: Now, I must interrupt. I have allowed for a few extra seconds, but now it is time to move on to Ms Stitt.

Ms STITT: Good morning, Minister, and departmental officials. I am also going to ask you some questions about level crossing removals to start with, Minister. I am delighted that there are another five that are going to be removed in the Western Metropolitan Region, so that is exciting for our part of Melbourne. Just turning to design solutions, are you able to explain how the design for the removal of level crossings in each location is selected?

Ms ALLAN: Yes, thank you. This is a good extension of the conversation I was just having—or endeavouring to have—with the Deputy Chair, because there are a range of different factors that we need to take into account at each location, and that is why a variety of different solutions have been deployed by the Level Crossing Removal Authority. There has been rail under road, road under rail, rail over road, road over rail and in some instances, particularly at Seaford, there has been a hybrid of the above. And each approach at each individual location—and then if they are part of a broader package—is taken on the best expert advice from the team at the Level Crossing Removal Authority. And what goes into that is some detailed engineering assessments. We grab the opportunity where there is more than one way of removing a level crossing and we go out and consult with the local community.

And I think one of the best examples of getting rid of level crossings as quickly as possible—talking to the local community about what they would like to see as part of that level crossing removal and also minimising disruption along the way—is of course the removal of the nine level crossings on the Dandenong line. That project, affectionately known as sky rail, has proved to be I think a real success. We have the situation now where there are other communities in Melbourne who are also seeking a similar treatment for the removal of level crossings in those communities, and I guess you can understand why. And if I may for the committee refer to an article in the *Age* of 12 May this year, where it reflected back on a year since some of the level crossings on that Dandenong line had been removed, and it made the observation that even some of the most strongly opposed to the removal of those level crossings have come around. Indeed there is a quote in here from the Glen Eira mayor, and I am quoting from the article:

Glen Eira mayor Jamie Hyams, a Liberal Party member, agrees sky rail has been a “positive experience for the wider community”.

“It’s certainly improved traffic flow. The area underneath sky rail is relatively new but it definitely shows signs of being a very worthwhile public asset.”

I think that is interesting given that there was a fair bit of colour and movement around the removal of the level crossings in that community, and I think again another example from the same article about why it is always best to take the advice of our expert engineers by elevating the rail line through this corridor, a local resident who lives alongside the rail line says it is positive, saying sky rail drastically reduced noise from passing trains. Quote:

“I don’t have to mute the TV when the freight trains go past anymore. We don’t have vases and cups rattling in our cupboards anymore ...

So not only have we made those communities safer by removing those dangerous and congested level crossings, we have also created better public amenity, which also speaks to some of the other benefits. And I know you can see that there are some that get very excited about the budget, and of course it is a big expenditure of public funds, and we have taken the opportunity in each location, where there is an opportunity, to do a bit more, to take the advantage—while you are in the corridor to remove level crossings—to make those improvements. And this refers to some of that. And if I can just finish in referring to this article, again in referring to elevated rail there has been a lot of commentary about what it does to the local real estate market.

Well, if I can quote from this article that sky rail may have helped lift property prices, according to realtor Gary Peer, who owns six offices in sky rail suburbs. Quote:

“I certainly think it’s had a positive effect on the perception of the suburbs. There are some really positive leisure areas underneath sky rail,” he said.

That article for me tells a story really strongly in relation to your question about what is the best design solution for each location; it is to take the advice from the experts around how to remove them quickly, safely and efficiently—both in terms of time and in cost—and talk to the local community about what else we can do to improve public amenity. We are seeing it at Carrum at the moment, where there is not just the removal of level crossings, we have gone in and constructed the Patterson River bridge, which has improved the local road network as well, also creating a new promenade area around Carrum, opening up that beautiful Carrum beach area—opening that up in a way that it has not been opened up before.

So these are some of the great examples around how we considered what is the best design at each location, based on that combination of expert advice and local community input.

Ms STITT: Thank you, Minister. Can I take you now to the North East Link, the \$15.8 billion project that you will be overseeing with your department—budget paper 3, page 107. Could you explain for the committee how the North East Link Project outlined in table 1.20 will improve transport in Victoria?

Ms ALLAN: Yes, thank you. And again, as I mentioned before, I did not get the chance in the opening comments to talk at length in my presentation about the North East Link, so I appreciate the opportunity to do so. This year’s budget identifies the full funding of the \$15.8 billion North East Link. This is the biggest road infrastructure project that is ever built in Victoria, and it is one that has been talked about for a really, really long time. Someone provided me recently with a copy of the 1971 *Melway* that showed the dotted line on the map about the need to connect what was known for a really long time as the missing link between connecting up the northern part of the city—

Mr HIBBINS: Is Doncaster rail on the dotted line on that map as well?

Ms ALLAN: Oh, you will get your turn, Sam. Hang on. Don’t take our turn.

Mr HIBBINS: It is a reasonable point.

Ms ALLAN: Don’t take our turn. Don’t take our time. You can ask that in your time. You can ask that in your time, I am delighted to answer that.

Mr RIORDAN: I think that is a yes.

Ms ALLAN: And I will give you a tip. Part of the answer will be the Suburban Rail Loop and the Doncaster busway, but we will come back to that.

Mr HIBBINS: I have got other questions—

Ms STITT: Thanks, Minister.

Ms ALLAN: Sorry, Ingrid. It is your question. And so it has been talked about for a long time, and it is about connecting the north to the south-east. It is about providing better freight connections. It is also taking a huge amount of cars and trucks off local roads. And this was another project we took to the 2018 election, and as part of taking that project to the election we also said to the Victorian community if we were to be successful we would put this project to market on our first day, and that is exactly what we did, with the Premier putting this project to market on our very first day after the election. And so there is funding available in this year’s budget to undertake all that important planning work. We currently have just seen that the submission stage for the environment effects statement process just concluded last week, and then the public hearings will commence in the next month. There are also works being undertaken on the procurement for both the early works. There has been an early works package that was put out to market, and that will be assessed and that tender process will be concluded later this year, with early works to commence in 2020 pending all the appropriate planning approvals being in place. And then we are also in the market for the tender for what we

call the primary package, which is the big tunnelling package of between \$7 billion to \$9 billion for the big part of the project. The expression of interest stage for that tender process concluded at the end of May, and the assessment is being undertaken of those tenders by the North East Link Authority. So there is a lot of activity around getting going with a road project, the missing-link project that has been talked about for a really long time.

Ms STITT: Just in the couple of minutes left, and speaking of the Doncaster busway upgrade, would you like to talk the committee through the benefits of the Eastern Freeway and Doncaster busway upgrades?

Ms ALLAN: I do not know if this is going to be stealing any of Sam's thunder.

Mr HIBBINS: No.

Ms ALLAN: He has indicated he has got other questions up his sleeve, so I am happy to talk about the Doncaster busway and the Eastern Freeway. This is a good opportunity to reflect that the North East Link Project as much as it is about constructing that missing link, and primarily through the big package of tunnels that I just spoke about, is also a much wider project, again taking that approach of, if we are going to go ahead and do a project, where can you go further to get the most out of your construction program to minimise the longer term disruption and get the broader benefits? And that is why as part of the North East Link Project a big part of the project is massive upgrades to the Eastern Freeway increasing the capacity of the Eastern Freeway. That will help take the traffic off the local arterial road network, and giving those local roads back to local people is going to be a great outcome.

For example, it is estimated—and this is in the business case and the documents that have been exhibited as part of the EES process—that the North East Link Project and the associated upgrade to the Eastern Freeway will take around 32 000 vehicles a day off Greensborough Road and 14 000 a day off Fitzsimons Lane. So you can imagine the pressure that is going to take off that local road network as we provide better access for those communities to get onto the North East Link. Also too the Doncaster busway is part of this project. There is an opportunity to improve the public transport connections in Doncaster, remembering of course that this project came along a little bit ahead of the Suburban Rail Loop, which will connect heavy rail through Doncaster through that project. The Doncaster busway will see Victoria's first dedicated busway—dedicated lanes, proper busway lanes—to support the improvement of public transport. It is estimated that this will deliver a 30 per cent travel saving time for buses.

Mr HIBBINS: Thank you, Minister, Secretary and Evan for appearing today. My first question is to the secretary, and it is in regard to an issue that comes up quite often—I think you have outlined \$70 billion worth of transport infrastructure spending—and it actually came up in the media today, and that is the requirement under section 63 of the Transport Integration Act, which states that the lead transport agency in consultation with the department must prepare and periodically revise the transport plan, the *Victorian Transport Plan*, for the secretary, and the secretary must provide a copy of the transport plan to the minister. Do we have a *Victorian Transport Plan*, and has that been provided to the minister?

Mr YOUNIS: Thank you for the question, Mr Hibbins. The Department of Transport was formed in January this year, and what that will do is bring all of the agencies together to form an integrated transport portfolio. I think what we have got and we are really fortunate to have is a number of documents that describe our transport plan within the portfolio, which supports Melbourne's planned vision. And also it is the next step in the Transport Integration Act. From a strategic perspective we have a really important document, which is Victoria's infrastructure plan. Not only does it cover a lot of the transport-related infrastructure but also other infrastructure through the state. That plan for the transport portfolio provides for really key issues that we look for. The—

Mr HIBBINS: Sorry to interrupt. It is just generally time. In relation to section 63 you are saying a number of documents fulfil that requirement of the act?

Mr YOUNIS: There are a number of documents that describe our transport plan and fulfil the requirement of the act, correct. I am happy to describe some of the documents.

Mr HIBBINS: If you could take on notice all the documents that you feel fulfil that requirement of the act and provide that to the committee.

Mr YOUNIS: I am happy to talk to them now, but I can take that on notice—

Mr HIBBINS: It is just a matter of time.

Ms ALLAN: I think Sam wants to get onto his next question.

Mr HIBBINS: Can I ask, in terms of mode share—

Ms ALLAN: This is for me?

Mr HIBBINS: Yes. With this \$70 billion worth of transport infrastructure, do you have a target for changes in mode share to come out of that \$70 billion?

Ms ALLAN: In terms of the actual target I might also refer back to the secretary, or we can come back to you in more specifics. Again, if you recall, this is an area that there is a bit of shared responsibility for across the roads and freight ministers as well, so they may also want to expand on this later on today. There is a lot of work that is going on on two fronts in these freight sectors. One is—if you bear with me—what I have just been talking about with the North East Link around providing better freight movements. More efficient freight movements takes a lot of pressure off local roads, and that has come through the North East Link and through the West Gate Tunnel Project—primarily those two big projects but others. In terms of mode share, there is also a lot of work that is going on in the freight portfolio, so again you may want to pursue this later on this afternoon, which is around and is a consequence of the work that is going on at the port of Melbourne around—

Mr HIBBINS: Yes, I appreciate that. I guess I am looking for, you know, the percentage of people who are driving their car, the percentage of people who are catching public transport, the percentage of people who are riding their bike—targets of that nature.

Ms ALLAN: Yes. Look, I think it is interesting. At risk of entering into a broader philosophical discussion, I guess our view is to give people options. I mentioned before our investment, particularly in public transport, is supporting people to choose where they live. Investment in road and rail and—

Mr HIBBINS: Okay, I think that clears it up. You have not got an overall target, but thank you; I appreciate that. What about carbon emissions from transport? That plays a significant part, and if we are going to meet your own carbon emission targets, we are going to have to reduce emissions from transports. What are the government's targets in terms of reducing emissions from transport?

Ms ALLAN: So I am not sure if you have already had the environment and climate change minister before the committee.

Mr HIBBINS: We have.

Ms ALLAN: You have? Okay, so she is leading some whole-of-government work across all of our policy sectors, and that is some work that is ongoing right now. There is some further policy development that needs to be undertaken before we can come back out publicly in a bit more detail, but I can talk about what we are doing right now. There is work on building a better road network by supporting the movement of particularly freight more efficiently. That reduces emissions, and again, not wanting to stray too much into the road and freight minister's portfolio responsibilities, there is a huge amount of work going on in the heavy vehicles industry right now about reducing emissions from heavy vehicles. There is a huge amount of work going on. Further to that—and I might ask if the secretary has got some further information; if not, we can provide it—about a year or so ago there was work through Yarra Trams to have our tram network run off renewable energy. You may recall that announcement at the time. Also, too, with the procurement of more trains, particularly expanding the electrification of the network also supports—

Mr HIBBINS: Yes, I appreciate that. Thanks.

Ms ALLAN: You are wanting to move on?

Mr HIBBINS: Yes. Thank you, Minister. So I presume further work is required to see how we are going to reduce emissions to what your target is for transport. Can I ask what has happened to Transport for Victoria?

Ms ALLAN: Well, again, I can lead off and I would be delighted if Paul wants to add to that. It still exists. If you are worried about disappearing, we still have Transport for Victoria. I mentioned before that post last November's election there were some machinery of government changes that established a standalone Department of Transport. Within the standalone Department of Transport is the operations around Transport for Victoria, and at that point I am going to see if the secretary wants to add to that.

Mr YOUNIS: Transport for Victoria is the name given to the division of the Department of Transport. It still exists in the department. It operates in our operating environment. We are going through a whole transition of the department now which is going to be a significant transition on 1 July. We are proposing to bring together the portfolios of PTV and VicRoads, and Transport for Victoria will be an important part of the division of that group.

Mr HIBBINS: So Transport for Victoria will still exist and sit within the department?

Mr YOUNIS: Yes, so Transport for Victoria is the name that is given to the division that was sitting under DEDJTR. It still sits within the department under the Department of Transport.

Mr HIBBINS: Okay, great. Thank you. Can I ask in terms of the Suburban Rail Loop—you held up the strategic document—why was such a significant public transport project developed by Development Victoria without any apparent input from the then department of transport?

Ms ALLAN: Well, I am pleased to talk to this, because this is something that is much speculated about. There was transport advice sought and received in the development of the strategic assessment.

Mr HIBBINS: What was the timing of that advice? Was that throughout, from—

Ms ALLAN: Well, through the development of the Suburban Rail Loop, through the policy process, there was transport advice sought. I mean, you can appreciate that policy developments go through various different phases, but most certainly to be able to produce a document like this that is about making a big transformational change to our transport network of course we sought advice from the transport department. But also, too, it builds off the back of a whole range of pieces of work around how we needed to make a bigger investment in public transport and help people better move around our city. I think the Infrastructure Victoria 30-year plan talks about this. I know this is also speculated upon about IV's role. Their 30-year plan talks about needing to support better public transport services, connect job employment areas—

Mr HIBBINS: All right. Thanks, Minister.

Ms ALLAN: You want to move on again? You have got a lot to do here, Sam!

Mr HIBBINS: Well, I have only got a limited amount of time. In terms of the final question, you will appreciate that I am taking over from Sue Pennicuik, who did this role previously.

Ms ALLAN: Are you going to ask me about high-capacity signalling?

Mr HIBBINS: I am going to ask you about high-capacity signalling, and I would like some specifics in terms where we are at now with the current high-capacity signalling project and what is going to be achieved in the next year.

Ms ALLAN: I must say, Sam, we had a little bet in my office last night as to whether high-capacity signalling, you would raise it, and I am genuinely pleased. I am not trying to be smart; I am actually very happy that you have, because it has been an ongoing conversation with PAEC over the previous four years because it is an important investment in our public transport network that can get better efficiencies out of the operation of our network. I will make a few comments, and I will be really happy for Evan—

Mr HIBBINS: A very small amount of time that you have got.

Ms ALLAN: Okay. I will just say high-capacity signalling is part of the Metro Tunnel, part of our high-capacity Metro Trains. It is being kitted out for high-capacity signalling. It is part of the Metro Tunnel project. Evan's turn.

The CHAIR: No, it is not Evan's turn, but Evan can take it on notice—

Mr HIBBINS: No, I have got until 9.30. Two minutes.

The CHAIR: Two minutes! I am off my game today.

Mr TATTERSALL: Well advanced. We have got design happening through our contractors Bombardier and CPB, who are delivering these works. It is happening all over the world, actually, the way the world works these days. Also in the next few months we will be starting the initial implementation works between Epping and South Morang. We will actually set up equipment out in the field and run some of the CBT equipment, or the high-capacity signalling equipment, on X'trapolis trains. We will be starting the testing process, which is all about familiarising drivers and operators in the local environment—in a controlled environment, so at night when services are not running—so that they start to get familiarised with the new equipment, because high-capacity signalling has never been done in Victoria before. It has been done for the first time in Australia in Sydney through Sydney Metro.

Mr HIBBINS: So will they be actually testing it this financial year or are they just familiarising themselves with the equipment?

Mr TATTERSALL: No, they will be starting the early implementation works in the next few months out at Epping and South Morang.

Mr HIBBINS: Okay, great. And what is the time for the trial to take place? What is your—

Mr TATTERSALL: That work will happen throughout next year, and then, depending on the progress of the design, as the design develops, ultimately the testing will be carried out on obviously the Dandenong to Sunbury line in sections where we can get in and get access so that we are not disrupting existing services.

Mr HIBBINS: In the small time that I have got remaining—you might have to take it on notice—the St Kilda Road bike lanes: I notice that there was at least \$7 million in next year's budget. What is that actually going to be spent on?

Ms ALLAN: Again, I am happy to even give you a briefing post-PAEC because there is a bit in this.

Mr HIBBINS: Sure.

Ms ALLAN: It is part aligned to the Metro Tunnel delivery, part to do with some other works around St Kilda Road, so I am happy to come back to that.

The CHAIR: The time comes to me, but I am going to cede my time to Ms Stitt.

Ms STITT: Thanks, Chair. Me again, Minister. My other favourite budget topic—the Western Rail Plan. So if I can just take you to budget paper 3, page 14, table 1.5, where we have the Western Rail Plan second-last from the bottom of that table. Are you able to outline for PAEC, Minister, which projects make up the Western Rail Plan?

Ms ALLAN: Yes, thank you very much, Ingrid. Yes, there is an exciting package of projects that make up the Western Rail Plan, and I have another document to wave at the committee to demonstrate some of the work that has been done previously that was informing, ahead of last November's election, the work that is being undertaken now. I am happy, Chair, to leave that if the committee so desires to pursue that in their own time.

The Western Rail Plan is really four projects that come together. It is around fast rail to Geelong, fast rail to Ballarat, electrification to Melton and electrification to Wyndham Vale. The budget provides funding to do the planning and development work, and it also provides that funding to do it in a way—it really does need to align with the work that I have already spoken about with the Suburban Rail Loop but also, and we might get the

chance to come back to this over the course of the morning, the work on delivering an Airport Rail Link as well. It goes to what I was saying earlier—now that the Metro Tunnel is deep into the delivery stages, we can now plan and start the delivery for the next suite of projects that take advantage of the extra space in our transport network that the Metro Tunnel provides. You cannot electrify your trains to Melton and Wyndham Vale and run those extra trains into the city without the extra capacity that the Metro Tunnel does provide.

What the works will involve will be the full separation of the regional and metropolitan services on those Geelong and Ballarat lines. The Geelong and Ballarat lines are the two busiest lines on our regional network. Geelong and Ballarat, along with Bendigo, make up the largest amount of population growth that is going on in regional Victoria. So through this we are very keen to get faster services to Geelong and Ballarat to support the extra population growth. I said before that the Geelong and Ballarat lines are our two busiest lines in regional Victoria. There has been a huge increase in patronage on those two lines, and I guess that is not surprising when regional rail link became operational in the middle of 2015. That saw the government introduce 10-minute peak frequency services and 20-minute off-peak frequency services to Geelong, and the community have responded really strongly and are using those services in big numbers.

Around Melton and Wyndham Vale, which I know are particularly a keen interest of yours—you know how rapidly growing the western suburbs are—I have a figure here that a population the size of Adelaide will move into Wyndham and Melton over the next 20 years. Again, I am sure this is not new news to you, but it does demonstrate the huge growth. At the moment those communities are currently serviced by the regional network. That needs to change. We need to bring metropolitan electrified train services to those communities, and it can be done off the back of the work as we head towards the completion of the Metro Tunnel. So the Western Rail Plan will, as I said, separate the Geelong line from the Wyndham Vale line and the Melton line from the Ballarat line, electrify the lines to Melton and Wyndham Vale and give us a chance to bring fast rail services to Geelong and Ballarat.

So the work is being done. It is being led by Rail Projects Victoria, and as I mentioned it is being done in sync with those—particularly with the delivery of the airport project, because it will form part of that corridor. We really are going to see a massive transformation in the north and the west of the city of our train services off the back of unlocking extra capacity through Sunshine. Sunshine is going to become a big and important transport hub for metropolitan communities and for regional communities, connecting them to the airport, connecting them to the city, and that is the work that Evan and his team are leading right now.

Ms STITT: Great. Just in relation to the Western Rail Plan, have the commonwealth committed funding for the project?

Ms ALLAN: Look, not for the Western Rail Plan per se, but you may have seen as part of the recent federal election campaign that there was a commitment by the federal government of some \$2 billion to faster rail services for Geelong. So I guess there is policy alignment on that front. However, we have made comment to the commonwealth government—and we will continue to work with them on this and a range of different things—that \$2 billion will not deliver fast rail to Geelong. It needs a fair bit more investment than that. It also involves the sequencing of projects. As I said, the Metro Tunnel gives you the space. We have got to unlock the capacity around Sunshine to bring the trains through there. You have got to electrify the line to Wyndham Vale, separate out the Geelong and Wyndham Vale lines so that you can bring the Geelong trains through. For Geelong you have got to open up the space through the suburbs and into the metropolitan network and into the city, and you need a lot more than \$2 billion clearly to do that.

So we will continue to work with them. As I said there is a shared policy position on getting faster rail for Geelong. I also would note that the \$2 billion that the federal government allocated in their federal budget to this project—there is not a lot in the next four years. I think it is only about—I am happy to be corrected—\$50 million over the next four years. The bulk of it is beyond the forward estimates over a 10-year period, so we will be having lots of conversations about how we can best invest those funds into unlocking better rail services for either the western suburbs of Melbourne or the western regions of the state.

Ms STITT: Just in the time we have left I might move onto another exciting project—you have certainly got some exciting projects in your portfolio—to the Melbourne Airport rail link, which is something that has been talked about for decades. I refer you, Minister, to budget paper 3, page 107, and the ‘Melbourne Airport Rail’

line item under table 1.2. Can you give the committee an update on the work that has been undertaken to date and what the next steps are in this really important project for Victoria?

Ms ALLAN: This is a really good extension of the conversation we were just having around the Western Rail Plan. Again, I have said it a couple of times already this morning, but without the Metro Tunnel you could not have an Airport Rail Link, because you need that extra space. Obviously by its very nature an Airport Rail Link connects the airport to the city. You have got to get those trains into the city. You need the space on the network to do that, and that is what the Metro Tunnel delivers. Also too, I am going to guess, we have all been to the airport, we have all travelled, we know the pressure around the airport end of the line. It is a big and important asset to our state. Melbourne Airport is a key generator of jobs and economic activity. Many people work there, many people travel in and out there. It is a really big and important asset for our state. Passenger numbers are expected to double from what they are today by 2038. So the airport are doing a lot of their own work around how to improve transport connections in an out of the airport, and the airport rail project is a big transformational project for them as it provides a better direct connection into the airport.

Again, as I mentioned before, this is a project that Evan and the team at Rail Projects Victoria are leading for us, with input from the department. It needs to be delivered in alignment with, as I said, the Western Rail Plan. This is where the decision to have our preferred rail alignment to the airport from the city to go through Sunshine was a really big and important decision for the government. We released a strategic appraisal document a year or so ago; it was a little while ago now. And I should note that the decision on the Sunshine alignment also was and continues to be supported by the federal government, who is also a funding partner in the airport rail project, with \$5 billion being committed by both levels of government, and indeed in October of last year the Premier and the Prime Minister jointly signed an MOU as to how we would work together over the governance arrangements over that project, particularly the relationship between our two departments.

As I said, taking the Airport Rail Link through Sunshine, making that sort of big investment in public transport, means that we can get the most benefits. You can deliver an Airport Rail Link, you can do the work to electrify your lines, bring in regional connections, faster regional connection, but also connect regional Victoria to the airport. So, for example, Bendigo, Ballarat, Geelong will have a direct connection into the airport because those trains come through Sunshine and they will be able to get on the Airport Rail Link. So choosing Sunshine was as much about making the most of our investment in our transport system, but it was also about maximising the passenger numbers that will use an Airport Rail Link. I think it has been well reported over the years in other parts of the country and the world where Airport Rail Links have been delivered in a way that have not maximised passenger numbers, and we wanted to take an approach that did maximise the investment and maximise passenger numbers.

That work is, as I said, ongoing. In some ways, because there has been a historic alignment from Sunshine out to the airport—I do not want to say it is easy, but it is the easier part of the project. Obviously there is complexity in how you tie in at the airport. There is the work that is going on around Sunshine. But also too, and this is where the airport work and the Western Rail Plan come together, how you provide extra capacity between Sunshine and the city is a big and complex piece of work that the planning money that has been allocated in the budget and the work that is being developed by Evan and his team will help guide the decisions on.

Ms VALLENCE: Minister, I refer to budget paper 4, pages 12 and 13, and the commonwealth, as you know, has committed \$250 million for rail-under-road level crossing removal at Glenferrie Road, Kooyong, and \$10 million for the scoping of the removal at Madden Grove, Richmond, and Tooronga Road in Malvern. It is absurd, is it not, for sky rail at Toorak Road, Kooyong, and rail under road at Glenferrie Road, Kooyong?

Ms ALLAN: Thank you for your question. I think it is an interesting observation that you make about commonwealth investment in the state. I would also show you budget paper 2, which talks about the need for an additional \$132 per Victorian to get anywhere near a reasonable amount of infrastructure funding from the commonwealth.

Ms VALLENCE: Specifically on this project, Minister.

Ms ALLAN: Just for completeness sake. In some ways again it is an extension of the conversation I was just having with Ingrid about Geelong. Look, we are all politicians, we have all been through elections, we know what happens in election times—a range of commitments are made and given, and—

Ms VALLENCE: So are you rejecting the money?

Ms ALLAN: If you do not mind, I will—

Ms VALLENCE: It was a specific question about the \$250 million and the \$10 million for scoping works. If you could please answer that question.

Ms ALLAN: And so what we need to do, and indeed later this morning I will be sitting down with the federal minister for urban infrastructure, is to discuss a range of their election commitments. As has been indicated to us, the commonwealth is keen to work with us, and indeed we are with them, on the delivery of a range of their election commitments. In many areas there is alignment. I was just talking about the airport rail and the North East Link. However, when it comes to that particular level crossing commitment, that was a commitment that was made without, to my knowledge, any consultation with the Level Crossing Removal Authority. I mentioned earlier in my answer to the Deputy Chair, in the removal of each and every level crossing we take the advice from our expert engineers on the best way to remove those level crossings. This is not politicians determining the best way to remove level crossings; this is our expert engineers.

Ms VALLENCE: So on that basis—

Ms ALLAN: And so it is far too premature for you to make the conclusion that we are accepting or rejecting the funding for that particular level crossing, given that commitment was made without any consultation, to my knowledge, with our expert engineers. It was made without any understanding of the broader network impact. Given it was an election—

Ms VALLENCE: So, Minister, in the interests then of—

Ms ALLAN: No, if you can let me finish. Given it was an election commitment that was more about saving the political skin of the federal Treasurer rather than what was about the best interests of the metropolitan network—

Ms VALLENCE: Well, in the interests now of the community—

Ms ALLAN: I would suggest that it is far too premature for you to make an assumption one way or the other, because as I just said—

Ms VALLENCE: So you are conceding that you will not reject the commonwealth funding for this project.

Ms ALLAN: As I just indicated to you—

Ms VALLENCE: In the interests of the community, who are genuinely worried, and some are in the gallery today, will you commit now—you are obviously meeting with the federal minister—that you will negotiate and with a view of quite possibly accepting this money for this project?

Ms ALLAN: As I have just said to you—and Chair, at the risk of repeating myself and upsetting members of the committee—it is far too premature to make that claim. Because as I said to you, we need to have the opportunity—and I will be doing that later this morning, sitting down with the federal urban infrastructure minister—to understand what was behind that commitment, because on our reading of it, and our reading of it is only what we have seen in the published material to date, given it was made without any, I guess if you like—

Ms VALLENCE: So—

Ms ALLAN: If you can let me finish—understanding of the broader network. We know a little bit about—

Ms VALLENCE: You are repeating yourself around that it was—

Ms ALLAN: No. Well, I was about to give you some new information.

Ms VALLENCE: But I guess now that we know all that information is at hand, putting politics aside, will you negotiate in the interests of the community, work together on those two level crossings? I mean, I think the last thing that community deserves is a big dipper of a rail over and a rail under in close proximity. Will you commit to negotiating with the commonwealth?

Ms ALLAN: Look, I think your observations about what is in the community interests is, to be honest, a little bit contrived, given that this was an election commitment that was more about a—

Ms VALLENCE: I am sure they are really pleased to hear your view on that.

Ms ALLAN: No, your observations are a little bit contrived. I would suggest that because it was made without any understanding of the broader network, and I make this observation off the back of only being able to understand the commitment from what has been said publicly. The preferred design solution that has been announced by the federal Liberal government—can I note without any community consultation; no community consultation about the design of this level crossing removal—does not take into account a number of significant issues in this area. This is a very narrow corridor. I am not sure if you are familiar with it. We are, because we are in there at the moment with the Toorak Road one.

The CHAIR: It is a long way from Evelyn, so we will forgive her if the member is not.

Ms ALLAN: It is a very narrow corridor. What is being—

Ms VALLENCE: It think it was a bit of condescension, that's all.

Ms ALLAN: No, no, no. It is a very narrow corridor. On our preliminary overview look at what has been proposed, with the way the roads are on either side, the Kooyong tennis courts, St Kevin's College down the road, removing the level crossing via a rail trench would have a significant impact on both the Kooyong tennis club and also St Kevin's College. So we cannot be blind to those impacts during the removal of these level crossings. Also, too, there would need to be a rebuild of the Kooyong station, because the proposed removal method would see that you would have to destroy the existing station. I am not sure if the budget that has been provided for this removal—which on our estimates falls far short—accounts for the need to include a brand-new train station with that project. There are also flood issues. Again, we are in the corridor already with the Toorak Road removal, and one of the key features as to why that is an elevated rail is because of Gardiners Creek and some of the issues with flooding in that area. Then finally, there is also—

Ms VALLENCE: We have a tunnel under the Yarra. I mean, there are engineering solutions for these things.

Ms ALLAN: Then finally, there is also the issue of disruption with the rail network.

Ms VALLENCE: But it sounds like at least the door might be open for you to negotiate.

Ms ALLAN: To remove the level crossing via a trench—

Ms VALLENCE: In the interests of time, we will move on.

Ms ALLAN: would see massive disruption to the rail network. It would also have consequential impacts on the broader road networks.

Ms VALLENCE: Thank you, Minister.

Ms ALLAN: So I am merely just trying to point out that it is not a simple yes or no that you are seeking. These are—

Ms VALLENCE: I am not seeking a yes or no.

Ms ALLAN: complicated level crossings.

Ms VALLENCE: I am not seeking a yes or no to the engineering solution.

Ms ALLAN: There is a reason why we need to sit down and talk with the federal government—

Ms VALLENCE: Please, Minister.

Ms ALLAN: and go through the complexity about the above—

Ms VALLENCE: You continue to talk over me, but please—

Ms ALLAN: No, I am merely trying to answer your question.

The CHAIR: Ms Vallence, I think it has gone a bit both ways in terms of that.

Ms VALLENCE: In the interests of time, we have a number of questions that we would like to get to, and I was not seeking an engineering solution, a yes or no to that, what I was seeking your commitment to negotiate, and it sounds like you are doing the right thing and sitting down with the minister later today. Can we move on to the Metro Tunnel project, and Minister, I refer you to budget paper 3, page 345, and specifically on the quality performance measure which is entitled 'Metro Tunnel Project—delivery—milestones delivered in accordance with agreed budget and timelines'. Minister, can you please list what the milestones are for this project, what they were in 2018–19 and what they will be in 2019–20?

Ms ALLAN: I can. Evan's advice is we might need to provide some additional information about those project milestones. However, if I can point to a couple of milestones, one is that the first tunnel boring machine is currently being put into place—I mentioned this in my presentation earlier—at the North Melbourne site. That is a big milestone; that is a massive milestone. These are big pieces of equipment. There are currently seven worksites, big major construction worksites, across the city right now that make up the five underground station locations and the two portal entrances for the project. Another project milestone is that we have moved through all the planning phases of this project and are into major delivery. So this is—

Ms VALLENCE: Just on that, in terms of the milestones, so you have got one there—the boring machines and the locations. What we are after is a list of all of the milestones and for that to be made available. If you have that at hand, that is great. If you do not, we will let you know on notice.

Ms ALLAN: We can take it on notice, and if there is anything further to add, we can come back on that.

Ms VALLENCE: I would imagine there are more milestones than just the boring—

Ms ALLAN: Oh, there are many more milestones to come on this project.

Ms VALLENCE: Right. It is good to know. So there is a list of milestones.

Ms ALLAN: There is actually going to be four tunnel boring machines. So there will be three more milestones of tunnel boring machines.

Mr RIORDAN: Can we suggest some other names for a boring machine?

Ms ALLAN: Well, there is Joan. One of them is called Joan.

Ms VALLENCE: They are all named after females, so I am not sure—

Ms ALLAN: One of them is called Meg, one of them is called Alice.

The CHAIR: Minister, sorry to interrupt. Having sat in the Legislative Council chamber with David Davis, I thought we should call it David Davis, because it is boring.

Ms VALLENCE: So there is a list beyond just the placement of the boring machines. What we are after is a list, so please take it on notice if you do not have that at hand. From the milestones then, can you tell us what the original scheduled milestone delivery dates were and what the actual milestone delivery dates were for 18–

19, and for 19–20, what are the scheduled milestone delivery dates? So what we are after is the dates that were planned, actual and going forward.

Ms ALLAN: As we have indicated, we will look at what further information can be provided and add that to the request you just made before. Can I point out though that the biggest milestone is that this project is 12 months ahead of schedule. That is a big milestone, given that this is a project that was sadly left on the shelf for four long years. It is a project that our city and state needs to unlock the train capacity, as I have mentioned at length before, around the airport. You cannot deliver an airport rail without the Metro Tunnel. You cannot electrify the lines and provide those extra services without a Metro Tunnel. You cannot get better regional rail services without the Metro Tunnel.

Ms VALLENCE: So that is good—

Ms ALLAN: If you are wanting to talk about milestones—

Ms VALLENCE: If you are ahead, then that is good, what we are after is just a simple list of the planned milestones and the actual milestones.

Ms ALLAN: Certainly.

Ms VALLENCE: So with respect to the agreed budget, once again can you please tell us what the agreed budget was in 18–19 with respect to the projected year-end budget and what is funded.

Ms ALLAN: The budget demonstrates that the total project cost is \$11 billion, and that has not changed for—

Ms VALLENCE: So what are we receiving for that amount? What is it paying for?

Ms ALLAN: A Metro Tunnel—five underground stations and two 9-kilometre tunnels and a capacity to run 100 000 extra people in and out of the city every peak period.

Ms VALLENCE: So you can cost that?

The CHAIR: All right, Ms Vallence, you have had a good go.

Ms VALLENCE: Well, I had a go

Ms RICHARDS: Thank you, Minister, and thank you to the officials for the joy you are giving us this morning. There is a lot going on. Everyone who visits Victoria seems to comment on that to me. I would like to refer you to budget paper 3, page 107. There are a number of initiatives in table 1.20 across road and rail, including the Cranbourne line duplication, the Hurstbridge line upgrade, and a number of roads, including Hall Road and Narre Warren North Road. Can you advise how these projects are planned and delivered, projects close to many of our hearts?

Ms ALLAN: Thank you, Pauline, and it is probably well understood that you have a keen interest in transport infrastructure in the south-eastern suburbs. You are well represented here today. We have got a big road and rail program across the south-eastern suburbs, and it forms a central part of the suburban transport blitz that makes up the range of initiatives in the 2019–20 budget. So what we are undertaking at the moment—and the budget papers show this very clearly—is we have got for Cranbourne, a Cranbourne rail upgrade, and for the Hurstbridge line upgrade, Hurstbridge line upgrade stage 2. There is significant planning money that has been allocated in the budget to fully complete all the planning to then move into the delivery stage of the projects.

For the committee's interest, I point to the 2015 budget. This was exactly the same approach we took with the delivery of the Mernda rail project, the extension of the rail line from South Morang to Mernda, an 8-kilometre extension, three new stations. We put the planning money in that year's budget, and this year's budget, budget paper 4, page 162, shows that Mernda is a completed project. The reason why I make that point is to assure you, as the local member for the Cranbourne community, that there has been a bit of commentary about these projects being delivered because of the funding in this year's budget and I wanted to give you that confidence

that this is exactly the same approach we took on the Mernda project, where we allocate to our expert engineers the planning money that they need to fully develop up and go through the planning stages to get the project into delivery. Of course when you consider that for the Cranbourne line project, we are duplicating 8 kilometres of single-track from Dandenong to Cranbourne, and again it comes off the back of the work we have done.

We have removed all nine level crossings between Dandenong and the city. It means we can go and push on into that 8-kilometre single section of track, which is a real bottleneck. It is preventing us from running more trains. Duplicating the track will give us the capacity to run 10-minute frequencies. I have been with you at Cranbourne station, and I have listened very carefully to the representations you have made about how your community is looking for more frequent train services. It is a vibrant, growing community and the Cranbourne line duplication will achieve that. I should also mention as an aside of course that there are a number of level crossings that will also be removed as part of these works, again giving a more reliable, safer travel journey for your community.

Ms RICHARDS: This is something we are very much looking forward to. Can you provide details on why the line has to be duplicated before an extension to Clyde can be considered?

Ms ALLAN: This is a good question, because it does go to that issue of sequencing of projects. As I mentioned before, the 8 kilometres of track from Dandenong to Cranbourne is a real choke point for your community, because it means we cannot run extra trains, but it also has knock-on effects across the network, because if something happens on the network, there is not enough redundancy in the line for the services to recover. So duplicating the line means that we can then look at—and this is part of, as I think you will recall very well, the commitment we made to the community last November, that as part of doing the works on duplicating the line to Cranbourne, we will also start the planning for the work that needs to be done further beyond Cranbourne along to Clyde. Again, this is another very big and growing community.

We have spent a bit of time this morning talking about the growing communities of the west, but also too those areas in south-eastern Melbourne are also growing very strongly and need to be serviced by improved public transport services. They are looking for those services, and the work that we are doing as part of our suburban transport blitz is very keenly focused on providing that improvement.

Ms RICHARDS: Thank you, Minister. I will be able to report back to the community; they will be delighted.

Just moving to the Hurstbridge line upgrade and stage 2, which involves duplicating the track between Greensborough and Eltham. You have also said you will need to save the Eltham trestle bridge. How is this possible?

Ms ALLAN: This is a good question, but before I do there was one thing I did not mention about the Cranbourne line duplication which I am sure you will love.

Ms RICHARDS: Yes, keep going. I am sure I will love it.

Ms ALLAN: When we have done the duplication and removed the level crossings, I am advised it will be the first level crossing-free line in Melbourne.

Ms RICHARDS: That will be great—yes, huge.

Ms ALLAN: Anyway, Hurstbridge stage 2. Of course you can only have stage 2 if you have finished stage 1, which we did in the last term of government, and the completion of those works gave us the capacity to run extra services on the Hurstbridge line. Stage 2, which again was a commitment we took to the Hurstbridge line communities, includes a brand-new train station at Greensborough, the duplication of 3 kilometres of track between Greensborough and Montmorency and also the duplication of 1.5 kilometres of track between Diamond Creek and Wattle Glen. This track duplication will also see some works—sorry, I should mention—at Montmorency station as well.

This duplication of these key sections of track will give us the capacity to run more train services, again which the communities along the Hurstbridge line are looking for. The advice we have received is that off the back of

this big upgrade to the Hurstbridge line—remembering too that it comes off the back of the removal of two level crossings on the line, the duplication of the single-section track around the Darebin Street tunnel, which was another choke point on the network, and the construction of a new station at Rosanna, which was all part of stage 1 of the works—we are seeing that with stage 1 and stage 2, when stage 2 is completed, we will be able to run trains every 6½ minutes from Greensborough, every 10 minutes from Eltham and Montmorency, and every 20 minutes at Hurstbridge, Diamond Creek and Wattle Glen. We will also look at the opportunity to add extra express services as well. As I said, it comes on the top of those services that were part of stage 1.

You also mentioned the Eltham trestle bridge. This was a bit of an issue last November, I must say. We took the approach that this was an important heritage feature, and I know the member for Eltham, a former member of this committee, was very keen to ensure that the Eltham trestle bridge was protected as part of this project. It is an impressive heritage structure and it also remains an operational part of our network, so it is important on both counts. I am advised it is the last remaining timber bridge on Melbourne's electric train network, and it also reflects the character of the local community. More work will be done on the delivery of stage 2. A lot of very careful thought has gone into how you can get those improvements to services, do the line duplication work, do the station upgrades and also protect the trestle bridge.

There was another proposal that was put to the local community to, I think, build another bridge and put some wood panelling on that bridge to look a bit like the trestle bridge. It was a little bit curious. Thankfully that was rejected, so that will not be going ahead. I am sure everyone is relieved to know that.

The CHAIR: Minister, just on bridges, can I just leave a matter with you to probably take on notice. Obviously Fiona Richardson was a very dear friend of mine, as she was of yours and others in the Parliament. She was passionate about having the Chandler Highway bridge effectively replaced, and I would have thought that it was quite fitting to have that bridge renamed as the Richardson Bridge. So can I just allow you to take it on notice and come back to us with what needs to happen for potentially that to occur?

Ms ALLAN: I am happy, just while we are in the allocation of time, to take that on board and have some further discussions with you. I think this is something you have raised previously and are keen to see happen. Fiona was indeed a very fierce advocate for the improvements to the Chandler bridge, which finished just recently and it is already making big transport improvements and connections for that local area, which is why she was such a fierce and strong advocate for those improvements. I think you know this: there are some requirements under the geographical place-naming process that you need to go through when naming public assets. There is a fairly strict criteria which we became fully aware of as we were going through the naming process for the new Metro stations and tunnel. But I am very, very happy to take that on board and pursue that conversation with you outside of the committee.

The CHAIR: I am sorry to take up your time.

Ms RICHARDS: No, that is absolutely understandable and a good use of time.

Just to finish off in the last half a minute, I am interested in the new trains for Sunbury project and how that will transform the Sunbury line. If you can just in the very short amount of time you have got left, help me understand that project in a little bit more detail.

Ms ALLAN: Again I think I made some observations around this project in the presentation, and I have said this quite a few times this morning: the Metro Tunnel gives us so much extra capacity. To make the most of that capacity you have got to make further improvements to the network, and the upgrade to the Sunbury line is a big part of that to enable us to run more trains to Sunbury and make the most of the capacity of the Metro Tunnel, and that is why this budget funds that stage of works to be undertaken in a timely way to align with the completion of the Metro Tunnel Project.

Mr D O'BRIEN: Minister, on the West Gate Tunnel, we have asked questions to the Premier, as you would be aware no doubt, to the Treasurer and to the Minister for Jobs, Innovation and Trade. They have all basically referred the management of this project to you. So I ask: will there be penalties for John Holland for failing to meet the Premier's stated 92 per cent use of Australian steel on the West Gate Tunnel Project?

Ms ALLAN: At the outset can I make it very clear that we are looking at all of our options under the existing contractual arrangements to deal with this issue, because we are very disappointed on the recent development with the steel order that you refer to. If you may, I would like to place it into some broader context.

Mr D O'BRIEN: Only if it goes to the question of the contract and what is happening with penalties.

Ms ALLAN: I answered that at the outset; I think you can see that I have answered that at the outset.

Mr D O'BRIEN: Are there any more—

Ms ALLAN: I think there does need to be, because the overall local content for this project is 93 per cent, and the advice I have is that overall local content will be achieved. With the steel for this project, 135 000 tonnes of steel has already been awarded, and indeed 100 per cent of the reinforcing steel and stressing strand is being supplied by Liberty Steel—Australian steel. That is a 127 000-tonne order that has been placed, one of the biggest orders ever, and that is on top of a whole lot of other smaller contracts that have been awarded for Australian-made steel that come off the back of—

Mr D O'BRIEN: So what percentage do you think we will get of Australian-made steel on this project?

Ms ALLAN: Well, we are wanting it to be as high as it possibly can be—

Mr D O'BRIEN: No, I understand that.

Ms ALLAN: and the answer to that question will come when all the contracts are let. Not all the contracts have been let for the project. We want it to be as high as it possibly can be.

Mr D O'BRIEN: So the Premier told us two weeks ago 85 per cent. Is that still what you are expecting?

Ms ALLAN: Again, we want it to be as high as it possibly can be. If it can be higher than 85 per cent, then we are pursuing that very strongly. As I said, we have got to finalise all the contracting arrangements, so I am not trying to avoid answering your question.

Mr D O'BRIEN: No, I understand that.

Ms ALLAN: It is simply that we need to let the contract process conclude.

Mr D O'BRIEN: Are there problems with enforcing a contract and penalties with not meeting that target?

Ms ALLAN: No, no. As I said before, we are examining all of our options under the contract that we have in place, and it does need to be said in that broader context that the only reason we are having this conversation about Australian-made steel is because we have made it a requirement of this contract and indeed other contracts. The level crossing—

Mr D O'BRIEN: Yes, but it has been broken, Minister, so would penalties include John Holland being stopped from bidding for future government work?

Ms ALLAN: That penalty would sit outside of the current contract that we have, I would speculate. I would only speculate. We can—

Mr D O'BRIEN: So even in the current contract are there financial penalties?

Ms ALLAN: As I said, we are examining all of our options. I should also point out that we have written—when I say we, the project team has written—to the joint venture on behalf of the government expressing its disappointment, but I just reinforce with you that we are having this conversation for two reasons: one, we have got a pipeline of projects; two, with that pipeline of projects we are making sure that we maximise local content to the highest possible levels. One hundred per cent Australian steel is being used on our level crossing removal program.

Mr D O'BRIEN: Minister, in terms of the contract and discussion of penalties, which you have acknowledged is happening, what options are you exploring? What are available to you under the contract?

Ms ALLAN: I think you can appreciate that we may not want to telegraph our next move with the companies in this public forum.

Mr D O'BRIEN: But they would be in the contract. It would not really be telegraphing them. I mean, doesn't the contract make it clear to both parties what the penalties are?

Ms ALLAN: Yes, but then perhaps not wanting to telegraph the approach that we may want to be taking in this public forum. We would like to preserve the negotiating position of the state on this matter.

Mr D O'BRIEN: When can the Parliament and the people of Victoria expect a resolution to this issue, which obviously is now a dispute?

Ms ALLAN: As I said, there are still a range of contracts to be awarded, and I have indicated to you that we want the steel content to be as high as it possibly can be. I also remind you of the observation that I just made that overall the local content requirement for this project is 93 per cent, and the advice I have got is that local content requirement that includes steel will be met for this project.

Mr D O'BRIEN: Minister, can I move on to V/Line. Can you confirm that there has been a \$30 million funding cut to V/Line in this budget?

Ms ALLAN: I would be delighted to answer that question. However, as I indicated in my presentation earlier, the operational aspects of the public transport system are the responsibility of the Minister for Public Transport, so you may want to—

Mr D O'BRIEN: So we—

Ms ALLAN: She is before you later this afternoon.

Mr D O'BRIEN: Sure. I look forward to her telling me to ask you.

Ms ALLAN: However, in directing you to that, I do point you to the \$120 million cut that your government made to V/Line—

Mr D O'BRIEN: Minister, I am asking about your budget.

Ms ALLAN: one of the very first things I had to deal with as public transport minister.

Mr D O'BRIEN: Hang on, no, you cannot refer it to someone else and then say what you want to say.

Ms ALLAN: Well, you talk about V/Line cuts; I show you your V/Line cuts.

Mr D O'BRIEN: Minister, can I clarify then, given your answer. We understand that cut is largely to maintenance. Is that your portfolio area or is that Minister Horne's?

Ms ALLAN: Again, all matters to do with the operation of V/Line are the responsibility of the Minister for Public Transport. I am sure she would be happy to answer that question, and I am sure she will remind you of the \$120 million that your government cut from V/Line services. They wanted to stop cleaning stations.

Mr D O'BRIEN: So the 27 million—

Ms ALLAN: Sacking 100 staff.

Mr D O'BRIEN: Minister, can I talk about the present?

Ms ALLAN: Sorry, I was just reminiscing.

Mr D O'BRIEN: Yes, yes, yes—always off in the past. The \$27 million for the reliability and punctuality of V/Line—also for the minister? Okay. I will move on to one that is you, a favourite project: the Murray Basin rail project.

Ms ALLAN: I thought you would never ask.

Mr D O'BRIEN: Last year in these hearings and in the press afterwards you denied there was any delay or deferral, any blowouts or indeed any problem with the cost. Yet this morning you have dropped a story to the *Weekly Times*, no doubt in anticipation of today's hearings, that in fact the project is in huge trouble, that stages 3 and 4 are not going ahead and that you have run out of money. Can you confirm that this project will go ahead in full and that, if necessary, additional funds will need to be found?

Ms ALLAN: Look, I did anticipate, Danny, that you would want to talk about Murray Basin, and I am very pleased to do so because—

The CHAIR: Minister, if we can refer to members by their surname for the benefit of Hansard.

Ms ALLAN: Sorry—Mr O'Brien. You are familiar—very familiar—but not everyone may be with the history of this project—

Mr D O'BRIEN: We do not need a lot of the history, just an answer to the question, Minister.

Ms ALLAN: No, no. If you do not mind, because there are some issues with the original business case that speak to the problems that have been identified. This is an important point, and indeed it was a point that the Deputy Prime Minister and I were talking about last night when I was talking about this project with him, because this is a project that is being jointly delivered by both levels of government. It is an important economic project for the region. It is the region I live in, so I know this well. It is a project where stages 1 and 2 are largely complete. Stage 1 is completed; stage 2 is largely completed. We are already seeing benefits from improvements to the track that come from that project. And if I do remember rightly, I think last year—if you are wanting to further refer to what was said last year about this project—you were very pleased to take credit for this project. You were very pleased to make comments along the lines that this is a project that you started. It was your project and you funded it, so—

Mr D O'BRIEN: Yes, and you buggered it up, Minister. Can I just get an answer to the question?

Ms ALLAN: Just reminding you of that history. The 2012 business case was inherited by this government. We handed it over to the commonwealth government, which resulted in both levels of government committing funding to this project. As a result of some of the challenges on stage 2, and I have already acknowledged publicly that there have been challenges in the delivery of stage 2 both with the contractors but also once those contractors got out into the—

Mr D O'BRIEN: Can I get to an answer, Minister?

Ms ALLAN: You are getting—

Mr D O'BRIEN: No, is it going to go ahead in full? It is pretty simple. We have gone back to 2012. I just want to know what is happening in 2019.

Ms ALLAN: The decisions that were taken in 2012 have a material impact on the decisions we are making—

Mr D O'BRIEN: There have been seven years and a change of government since then, Minister. Can you please just answer the question?

Ms ALLAN: So, Danny, as I was saying—

Mr D O'BRIEN: Mr O'Brien, please, Minister.

Ms ALLAN: Sorry. When the team got out into the field it was found that the 2012 business case underestimated the state of repair of the network, and I am very happy to share with you photographs. This is important as to where we go forward, because the conversation I was having last night—

Mr D O'BRIEN: Sure. Okay.

Ms ALLAN: I am answering your question, if you wait and let me finish—with the Deputy Prime Minister was that we need to go back, re-evaluate that original business case and do some further work.

Mr RIORDAN: Is that a no?

Ms ALLAN: No, it is not a no. We remain committed to realising the full benefits of the Murray Basin rail project. However, what was identified when the team got out into the field was that the business case underestimated the scope of the problem. Therefore that led to two things: it led to significantly more money than was allocated to stage 2 needing to be spent on stage 2, which means the funding available for the completion of the project is not there, which is why we need to finish, go back and revise the business case and have a further conversation with the commonwealth government about our shared commitment to finish this project. Secondly—

Mr D O'BRIEN: How much extra are you asking for?

Ms ALLAN: We need to go back and do that assessment, and secondly—

Mr D O'BRIEN: I understand that. So you need more money. Can you confirm though that you will be finishing the project?

Ms ALLAN: Again, once we have got the further advice—

Mr RIORDAN: I think that is a no.

Ms ALLAN: Well, you may want to also ask your federal colleagues, because this is a joint project.

Mr D O'BRIEN: This has just been dropped on us this morning in the *Weekly Times*, Minister, so obviously we do not know much about it.

Ms ALLAN: You can appreciate I may not want to consult you on the delivery of all of our projects.

The CHAIR: The *Weekly Times* only prints once a week. It happens to be on a Wednesday.

Mr D O'BRIEN: Minister, last year in response to this exact same line of questioning you said, 'We were consulting with industry and stakeholders on stage 3', which is what we are talking about this morning. I spent minutes trying to get an answer from you on when it would proceed and you said, 'When we've had those consultations'. Now in the paper this morning you are quoted as saying, 'There are parts of the line that are almost non-existent'. You have been running this project for five years. Has that department, PTV or V/Line not gone out and had a look at it in that whole five years, and only now this has come to light? That beggars belief.

Ms ALLAN: Are you going to let me finish? Are you going to let me respond to that? Because there is a bit in that, and I am happy to go to all the points that you have raised. So the issue we have, as I said to you before, was the business case underestimated—

Mr D O'BRIEN: But that was 2012. Surely there have been people out looking at the line. Mr Tattersall, surely you can tell us that someone has actually been out looking at the line and working out how much it is going to cost to do. This did not just arrive in the last 5 minutes, Minister.

Mr RIORDAN: What is the date stamp on the photo, Minister?

Ms ALLAN: Danny—sorry, Mr O'Brien—if I may—

Mr D O'BRIEN: And will you finish the project?

The CHAIR: Unfortunately you may not because Mr O'Brien's time has expired.

Ms ALLAN: Well, that is a shame, because I think you have poorly served that part of regional Victoria by your faux outrage, because this is a project that has a range—

Mr D O'BRIEN: It is not faux outrage, Minister. These are the answers I got a year ago.

Ms ALLAN: And you quoted me as saying a year ago we were going to go and consult with industry. You know what? That is exactly what we did. You know what we said to industry then? We had to go out and walk the remaining sections of line. You know what happened next?

Mr D O'BRIEN: Four years after you started it.

Ms ALLAN: No, this was after the completion of stage 2. We did that. We went out and walked the line for Sea Lake and Manangatang, and this is the evidence that was given. And we have a choice.

The CHAIR: Minister, whilst you are being 100 per cent apposite to Mr O'Brien's question, nevertheless his time has expired and we are eating into Mr Maas's time.

Ms ALLAN: My apologies, Mr Maas.

Mr MAAS: Thank you, Minister, for your time. I was happy for you to complete that answer.

Ms ALLAN: So it is good to know you are more interested in the communities of northern Victoria than the National Party are.

Mr D O'BRIEN: Minister, we are absolutely interested. Minister, I ask you to withdraw that. That is a ridiculous statement.

Ms ALLAN: I am delighted to hear that once again the Labor Party is more interested in the interests of regional Victorians than the National Party.

Mr D O'BRIEN: We are very interested. We want to see the project done and done on time and done on budget.

Ms ALLAN: Well, you should have done the business case properly.

Mr D O'BRIEN: Okay, so it is back to being 2012's fault. Let the record show you have been in government for 16 of the last 20 years, and you just cannot manage these projects.

Ms ALLAN: And let the record show that for the four years you were in government you cut \$120 million from V/Line. You had a secret plan to cut 100 staff. You sacked people from the Department of Transport.

The CHAIR: Let the record show that I am chairing this committee and neither the minister nor Mr O'Brien happen to have this fortunate position that I do. Mr Maas, please continue.

Mr MAAS: Thank you, Minister, for your time today. I would like to take you to the government's investment in suburban roads and the suburban road upgrade and refer you to budget paper 4, page 81, suburban roads upgrade, northern roads upgrade and south-eastern roads upgrade. Would you be able to advise the committee how this investment will improve congestion in the north and in the south-east as well?

Ms ALLAN: Thank you, Mr Maas, for your question, and my apologies for being enthusiastic in responding to Mr O'Brien's question and taking up some of your valuable time on this matter, which again is important to you as a local representative of the south-eastern suburbs. But again, I point to a range of different road projects that are going on across the south-east, the north, the west and indeed into regional Victoria as well. This is all about providing important road upgrades on those local roads that people use every single day. Indeed on the suburban roads packages, there is \$4 billion of investment being made to improve 20 roads across the north, the

south-east and the west. Whether it is the school drop-off or run down to the local supermarket, those trips are as important as people travelling in and out of the city, so it is critical that we also focus on upgrading suburban roads.

I am pleased to advise you—and again, this may interest Ms Stitt—the western roads upgrades are well underway. We have got work on eight different road projects underway there, and I am sure Ms Stitt may have bumped into some of these projects on her travels. But in your local community in the south-eastern suburbs there are six road upgrades that make up part of the south-eastern package of works that is referred to in this year's budget and also, again, make up part of that broader program of works under our suburban transport blitz. What we will see as part of these road upgrades: extra lanes will be added to Healesville-Koo Wee Rup Road, Pakenham South, between Princes Freeway and Manks Road; Lathams Road, Seaford, between Oliphant Way and Dandenong-Frankston Road; Hallam North Road, Endeavour Hills, between Heatherston Road and James Cook Drive; Narre Warren-Cranbourne Road, Cranbourne, between Thompsons Road and the South Gippsland Highway; Pound Road West, Dandenong South, between Abbotts Road and South Gippsland Highway; and a new bridge over the Cranbourne train line—and we have had a good ventilation of the improvements that we are making to the Cranbourne train line, so I will not go back there.

Mr MAAS: Yes, indeed.

Ms STITT: Feel free.

Mr MAAS: Terrific. Thank you for that, Minister. So you have taken us through some of the south-eastern projects. Would you like to take us through some of the northern projects and explain how those roads selected for those northern road upgrades will improve congestion in Melbourne's north?

Ms ALLAN: Thank you again. And I have a list, another list, of roads in the northern suburbs that will also be upgraded as part of the suburban roads package. It is about adding extra lanes, because again we have talked a bit—or quite a lot this morning—about growth in the west and growth in the south-east. Well, I am sure our friends in the northern suburbs would like us to also put into this conversation the growth in the northern suburbs as well, that is putting pressure on the suburban road network in that part of Melbourne.

So the northern roads package includes extra lanes to Childs Road, Mill Park, between Beaumont Crescent and Prince of Wales Avenue; Sunbury Road, Sunbury, between Powlett Street and Bulla-Diggers Rest Road; Epping Road, Epping, between Craigieburn Road East and Memorial Avenue; Bridge Inn Road, Doreen, between Plenty Road and Yan Yean Road; and Craigieburn Road, Craigieburn, between Mickleham Road and the Hume Highway. And there are also going to be intersections upgraded along Fitzsimons Lane in Templestowe and Eltham, and traffic lights installed at Leane Drive in Eltham.

So again, these are as important to those communities as some of those bigger projects we have been talking about today, because it is about making the journeys for local communities safer, more reliable, more efficient. And also, I am sure you can appreciate that these projects also continue supporting jobs in the local construction industry, particularly for some of those smaller construction companies who can get in and do this work in those local areas.

Mr MAAS: Indeed. Thank you, Minister. So we have covered the south-east and we have covered the northern projects. Budget paper 4, page 82, makes reference to the western road upgrades. Will you be able to advise how these works, which are currently underway, will improve congestion in the inner west as well?

Ms ALLAN: Well, again, there is another list of road projects that we are undertaking in the western suburbs, and this is also part of that broader investment in transport infrastructure. The West Gate Tunnel—it is a shame earlier we did not have the opportunity to reflect on the fact that the West Gate Tunnel Project is going to take thousands of trucks off local roads by providing that direct access to the port of Melbourne. It is going to make a big difference taking trucks off local streets in the inner west. It is about providing better transport connections in and out of the west of Melbourne, saving significant travel time, but not just for people who either live in the west or are travelling in and out of the west, but even beyond—for communities like Geelong and Ballarat.

In addition to that, though, there is this package of works going on in and around the west of Melbourne. On the Palmers Road upgrade there are massive beams being lifted into place for the new Skeleton Creek Bridge. There are bridge works over Dry Creek, as part of the works on Derrimut Road. At Leakes Road, earthworks are ongoing for the new Federation Trail Bridge. We are continuing to construct new lanes on Dohertys Road East, from Grieve Parade to Gordon Luck Avenue, and between Hume Road and Cherry Lane. On Dohertys Road West we recently commenced pavement construction on a new eastbound carriageway. On Forsyth Road, traffic barriers are in across the entire site, and at the Duncans Road interchange, widening works are continuing and we are doing utility relocations. These are the construction elements of the projects, if you like. Also what is built into these is the ongoing maintenance and upkeep of that local road network. So there is certainly a lot happening around our investment in roads, and I do point out that it comes on top of big investments in regional roads across our regional network. Also, too, you would be familiar with some other local road commitments we made at the last state election about supporting road upgrades in the south-eastern suburbs as well.

Mr MAAS: Terrific. Thank you, Minister. If I could take you back to Melbourne Airport Rail, I am really interested in the link with the Suburban Rail Loop. The Suburban Rail Loop is something that constituents have been talking to me about, and they are very, very excited by the prospect of not having to go into the city and then travel back when they want to move to other destinations around Melbourne. So would you be able to outline how Melbourne Airport Rail project will connect with the Suburban Rail Loop?

Ms ALLAN: In some of the conversation earlier I talked about the extensive amount of planning that is being undertaken by Rail Projects Victoria, much of which is funded in this year's budget for both the Western Rail Plan and the Airport Rail Link and the Suburban Rail Loop, and we are very keen to, through the planning stages, consider how these projects relate to one another—and obviously creating an orbital rail loop from the south-east all the way around to the west does contemplate the need about how the Suburban Rail Loop intersects with the Airport Rail Link given that Sunshine has been identified as a key hub for the airport project. It has also been identified as one of the regional super-hubs for the Suburban Rail Loop project, because—and it goes back to what I was saying before—Sunshine is going to provide some great opportunities, particularly for regional communities in the north and the west of the state, to come into Sunshine and have a choice about whether they go to the airport on the airport rail line, go into the city on the line that is created through the delivery of the Metro Tunnel or indeed go around the city on the Suburban Rail Loop, depending on where they want to go.

So all of this planning is being undertaken. It is why we have—and it goes back to what I said before in the presentation—made some changes in the standalone Department of Transport and a refresh of the Major Transport Infrastructure Authority. Why we have done that is so that we can really strengthen our planning inputs, because that makes a world of difference when you get into the delivery stages of these projects. So there is a lot of work going on as to how you consider the work that you do in delivering the Airport Rail Link with an eye to how it incorporates the Suburban Rail Loop, and that is really important. If you like, they are not complementary; they are futureproofing each other so that you can make those connections. I am not sure if, Evan, you want to add to that. No? I think I have done a good enough job.

I should also say, we have been having discussions—'we'; I mean I have met on a number of occasions, but Evan and his team and the department have met more frequently—with the airport about both of these projects. The airport obviously is very focused on an Airport Rail Link, but also, too, they are excited about—I do not think I am misquoting them to say they are interested in—the opportunities that come from the Suburban Rail Loop as well.

The CHAIR: Minister, thank you very much for appearing before the committee today. The committee will follow up on any questions taken on notice in writing, and responses will be required within 10 working days of the committee's request.

Mr RIORDAN: Chair, just before we adjourn, could you just clarify: have there been some changes for tomorrow's line-up?

The CHAIR: No.

Mr RIORDAN: No. So everything is as per our agreed schedule?

The CHAIR: There are a couple of ministers that have changed slots to accommodate personal commitments that they had, but they are all appearing for the same amount of time tomorrow as I am aware.

Mr RIORDAN: Could we have a copy? Have we been sent copies of those changed times?

The CHAIR: Yes, I will have the secretariat provide that to you if you were not aware.

Mr RIORDAN: Yes, just resend them out to us, please.

The CHAIR: Sure.

Witnesses withdrew.