

CORRECTED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into 2003–04 budget estimates

Melbourne—17 June 2003

Members

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Witnesses

Mr P. Batchelor, Minister for Major Projects;

Mr H. Ronaldson, Secretary;

Mr R. McDonald, Executive Director, Corporate Resources, and Chief Finance Officer; and

Mr J. Cain, Executive Director, Department of Infrastructure.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearings on the budget estimates for the portfolios of major projects and transport. I welcome the Honourable Peter Batchelor, Minister for Transport and Minister for Major Projects; Mr Howard Ronaldson, Secretary of the Department of Infrastructure; Mr Bob McDonald, executive director, corporate resources, and chief finance officer; and Mr James Cain, executive director, from the Department of Infrastructure; departmental officers, members of the public; Hansard; and the media.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded and witnesses will be provided with proof versions of the transcript early next week.

Before I call on the minister to give a brief presentation on the more complex financial and performance information that relates to the budget estimates for the major projects portfolio, I ask that all mobile phones be turned off and that any pagers be put to silent. Minister, over to you. You have about 5 minutes for your overhead presentation.

Overheads shown.

Mr BATCHELOR — Today we are presenting firstly in major projects and then in transport. These are the responsibilities that I have under the administrative arrangements. Both areas come within the Department of Infrastructure. This is because of the considerable synergies between these two portfolios. Major projects covers a wide range of strategic and complex property developments and economic infrastructure projects that really warrant specialist management, advice and supervision.

It is interesting to note that the combined projects currently under way or in the pipeline amount to some \$6.1 billion, including \$2.3 billion completed or under construction in the Docklands area and the \$700 million redevelopment of Spencer Street railway station. All these areas constitute a major component of more than \$11 billion worth of major infrastructure projects which are being facilitated by this portfolio. These are set within our Growing Victoria Together strategic objectives, and I am sure at this stage of the public accounts process you have had much reference to those already.

Management and oversight of the development of strategic and complex state projects is provided by Major Projects Victoria and by statutory bodies such as the Docklands Authority and the Urban and Regional Land Corporation, which I would point out are about to be merged into a new entity called Vicurban. These are some of the projects that we are dealing with.

Just dwelling a bit further on some important changes that have occurred, firstly, there is the merger of the Docklands Authority and the Urban and Regional Land Corporation to be known as Vicurban. The legislation enabling that to happen passed the Legislative Council on 10 June. It will ensure that we have a strong focus and a greater capability to undertake strategic urban projects and renewal projects in metropolitan Melbourne as well as country Victoria.

The other significant change has been the transfer of the Spencer Street station redevelopment project from a projects area within the Department of Infrastructure now being managed by Major Projects Victoria. So we just point out those significant changes that have occurred there.

During the last 11 months major projects has turned over some \$113.5 million in construction activity, and this is added to the \$600 million-plus activity under way in the Docklands area, being facilitated by the Docklands Authority. The significance of this is that construction industry investment can be multiplied by some 2.9 times, according to the Australian Bureau of Statistics, when you want to establish the broader significance and impact of construction activity on the economy as a whole.

It is important to also understand that because of the administrative arrangements in most cases the development or capital funding for projects is contained under a different portfolio or department. An instance of that is the National Gallery of Victoria redevelopment or the State Library of Victoria, both within the arts portfolio in the Department of Premier and Cabinet.

There are some other examples, such as the Melbourne Exhibition and Convention Centre, for which we are carrying out a feasibility study, and the soil recycling facilities which are being financed directly by this portfolio via major projects. But most of the budget allocation for these projects is contained in other portfolio areas.

The year 2002–03 has been a very dynamic year. We have seen new projects started and others completed. Works on the Commonwealth Games village and the Royal Melbourne showgrounds development has commenced, and the selection process for sites for the soil recycling facility and the longer term containment facilities is well advanced.

The National Gallery of Victoria, as you might have seen recently in the papers or in the media, is drawing to a conclusion with an opening expected in December of this year. Federation Square opened last October and it has already been named as Melbourne's no. 1 tourist attraction. There have been some 3.1 million visitors in the first six months of opening. This compares very favourably to the Sydney Opera House which currently attracts 4.5 million visitors per year. It has been an overwhelmingly successful project in terms of approval rating, with 91 per cent of visitors having voiced their approval of Federation Square.

The slide before you on the screen now shows the sorts of projects we are currently engaged in. It indicates our major activities for the coming year. It is continued over on the next slide. We think in 2002–03 projects that will be under management by Major Projects Victoria will total about \$3.1 billion. That is just the very briefest of summaries. It is over to you.

The CHAIR — Thank you very much.

Ms ROMANES — You mentioned the changes with regard to the merger of the Docklands Authority and the Urban and Regional Land Corporation. Can you explain the rationale and the financial implications of the creation of Vicurban?

Mr BATCHELOR — We believe it is a significant reorganisation of government. The Premier announced the merger of the two authorities in December last year and, as you would be aware, the enabling legislation has passed through both houses of Parliament. It enables the new authority to both commercially develop and facilitate private sector development of urban Victoria, whether that is in Melbourne or country Victoria. It will enable the government to combine the considerable skills of each organisation as well as continuing the current objectives of both the URLC and the Docklands Authority. It will continue the development-type activities that the URLC has undertaken where it is competing in a competitively neutral way, but it will also enable us to facilitate important projects in partnership with the private sector and enable it to proceed in areas where that development might not otherwise have been undertaken.

The principle of the merger is really to harness skills and the expertise of both organisations and to drive an innovative approach to renewal and new developments in Melbourne and country Victoria. There will be three functions and in a sense they will be firewalled or separated from one another. The current provisions to repay the Docklands debt will be maintained. The profitability and commercial success of the URLC will be separated in order to preserve its current dividend payments. This course is set in the context of a booming land economy and, as you would expect, it is doing very well in the current environment. As long as the land development part of our economy continues we expect that it will continue at its current rate.

We believe this will satisfy the requirements of some of the sceptics who maliciously suggested that the merger is more to do with using the profitability of the URLC to repay the Docklands Authority debt. Nothing could be further from the truth and we are setting about internal administrative arrangements to make sure that does not happen.

Mr CLARK — Can I raise the subject of Federation Square? As you would know the project went through a period of pretty severe cash-flow difficulties earlier this year and the Auditor-General reported last month that the company would need additional funds from June this year in order to meet its project commitments. Can you tell the committee if Federation Square is now paying all of its bills on time? What arrangements have you made to provide the additional funding needed from 2003–04? When do you expect the project to be finished? What do you expect the final cost to be?

Mr BATCHELOR — The bills are being paid. The normal procedure is for most of the bills to be paid by the builder — Multiplex in this case. All claims approved by the Federation Square Management Company have been paid by the state and there are no outstanding claims at this time. We have put in place some additional control mechanisms to monitor and to make information available to the government and to facilitate the smooth working of the Federation Square Management Company and all aspects of its responsibilities including the payment of their bills. We have put in place an acting chief operating officer to facilitate the conclusion of the construction phase, and he will be in place until the early part of next year. There is not much construction activity still to be undertaken. However, as is usual with any project, the larger the project, the longer the period for

potential disputes to be resolved, and that has been provided for in the contingency payments that have been built into the budget, but the very nature of their resolution will ultimately determine what the ultimate end cost will be.

A lot of figures have been floated around about what the end cost will be. In his May report the Auditor-General forecast that the end cost of the project would be some \$429 million and he identified a potential gap of some \$6.3 million. We have had other advice from additional independent reporting that we put in place to provide information to the government as part of its oversight activities of Federation Square management. We have not accepted the figure put forward by him at this stage and, of course, we have also put in place the chief operating officer.

We have indicated to the Federation Square Management Company that it would need to identify ways of meeting its future cash requirements to meet those bills and its ongoing operational requirements from additional sponsorship or advertising, from rent and other commercial activities including servicing loans, to meet any large amounts that it might need to meet now as a consequence of finalising the project.

Mr CLARK — Time for completion was another element.

Mr BATCHELOR — It is all but finished now. It was opened on 26 October 2002. There are several contractual dates — practical completion and those types of dates. A few remaining tenancy fit-outs are yet to be finished, but they are proceeding in accordance with the instructions of the tenants as opposed to the Federation Square management of the base contract. I am not sure which one of those you want to use as its completion date — more than 1 million visitors think it is already completed.

Ms GREEN — Can you advise the committee of the financial benefits and triple bottom line of the New Quay development?

Mr BATCHELOR — The New Quay development is part of the Docklands project. It is under way. It has been a success from the point of view that it has been opened over the past 12 months. Like all the precincts that have been developed in the Docklands area, it is being developed over time.

It is instructive to look at how successful the last 12 months of its operation have been and the impact it is having in driving other new investments there. Some 10 bars and restaurants have been opened already and they are winning awards. For those who are interested, the Livebait restaurant has been a huge success and the Mecca Bah has even won the pizza of the year competition. New Quay has some 1700 residents living there and it is driving the success in our economy of key local tourist attractions of the same quality as Southbank and Brunswick Street.

It has been assisted by the provision of new infrastructure. Tram services have been extended to Docklands this year — both route services and the City Circle tram which travels along Harbour Esplanade. We have seen the completion of the Collins Street extension which takes the road over the railway line. That in itself has triggered a large amount of commercial investment in new projects beginning to be undertaken. New Quay is becoming not just a success in the new residential development, but importantly it is a new attraction for visitors both from within the city and interstate and overseas, and brings economic benefit in that respect.

Mr RICH-PHILLIPS — I would like to ask you about the showgrounds redevelopment, which you touched on briefly in your presentation. At the Property Council of Australia lunch last month Mr Cain went on record as saying that any land on that site surplus to the development could be sold off for residual development purposes.

Mr BATCHELOR — Residual or residential?

Mr RICH-PHILLIPS — Residual is my understanding.

Mr BATCHELOR — You are right, I was just clarifying that.

Mr RICH-PHILLIPS — Given that the site is only around 26 hectares, how is that justified?

Mr BATCHELOR — It will be justified once we understand what the base needs and requirements of the show will be. We have developed a partnership arrangement with the Royal Agricultural Society and are setting up a joint venture. In doing that Parliament has facilitated the assembling of various land packages and they will be drawn together. At the same time the agricultural society, together with the government, is working out its business case for the operation of the show. That will be used as the basis for developing a business master plan and through that what the footprint requirements might be of the physical space required for the ongoing operations of the show.

They are the primary objectives. Once they are resolved we will know whether the land that is there is sufficient to meet those requirements and whether there is any surplus land. If there is surplus land — residual land, as you indicated — that provides us with the opportunity to make that available to enhance the commercial operations of the joint venture. We envisage that if that is available it should be used to try and further enhance the project objectives of the show in developing things like agribusinesses, food production and those type of specialist uses that might complement the agricultural activities already undertaken at the showgrounds.

Mr RICH-PHILLIPS — Just to clarify that, will the scoping process which will determine how much land is required for the redevelopment be determined by the Royal Agricultural Society? Will it have the final say as to what would or would not be surplus on that site?

Mr BATCHELOR — It will be developed by the joint venture, which is a fifty-fifty arrangement between the state of Victoria and the Royal Agricultural Society. As I understand it, both parties have to agree to any ultimate proposals that are put forward.

Mr DONNELLAN — Is there a proposed time frame for that?

Mr BATCHELOR — The time frame needs to bear in mind the realities of having to operate a show every August. That in its own right places significant stress and strain on the Royal Agricultural Society. We envisage that the project will be completed by the show of 2006.

The CHAIR — I refer in your overheads to the redevelopment and relocation of the Austin and Repatriation Medical Centre and the Mercy Hospital for Women. Can you advise what processes you have in place, both contractual and other, to ensure that this project is delivered on time and on budget?

Mr BATCHELOR — One of the ongoing problems with any large-scale commercial development or redevelopment, whether it be for commercial purposes or for public purposes such as redevelopment of the Austin hospital and the relocation of the Mercy, is they are very large and complex projects, both operationally and contractually. One of the things we have sought to learn from the experience at Federation Square is to have in place a set of managing contractual agreements that provide some certainty in outcome.

With the redevelopment of the Austin and the relocation of the Mercy, Baulderstone Hornibrook — the builders — have warranted the construction of the project. In doing so they have guaranteed that it will not exceed a maximum price which is within the approved budget. We have set in place a contractual arrangement that sets a ceiling on the identified scope of it. In addition to that we will be applying the prudent management experience of Major Projects Victoria. We have also provided for a project contingency that should be sufficient to deal with unforeseen circumstances and other risks that are not uncommon in major or large-scale projects.

Another key feature has been the establishment of a project performance pool. This is an arrangement to which the managing contractor contributes, and so does the state. It provides, if you like, a framework for rewards or penalties to the managing contractor according to whether or not they meet performance criteria. There is a financial reward system provided to try and encourage the managing contractor to keep within the bounds of the contractual terms. This arrangement has been commented upon favourably and commended by the Auditor-General as a way of trying to deal with the problems that were experienced, for example, in Federation Square. We are trying of course not to repeat those.

Mr CLARK — Have you finalised a preferred site for the hazardous waste soil recycling facility which was initially proposed to be located at Dutson Downs in Gippsland?

Mr BATCHELOR — No, we have not finalised that. As you would be aware, we used the facilities of a siting advisory committee that identified a number of sites across Victoria that were suggested to government by proponents that either controlled or owned those sites. I think about 11 of those were initially put forward, and through a process of consultation the siting committee reduced that number to 2. In that process, at 3 minutes to midnight a proponent to one of those withdrew its site. Consequently it left only Dutson Downs as a recommended site.

In response to that a number of issues were raised with the government by local communities, and it undertook to do some additional work before finalising that matter and inviting the proponent, Gippsland Water, to seek statutory approval. If we were to make that decision in relation to Dutson Downs — and at the moment we have not — we would invite it to seek works approval and Environment Protection Authority approval for that particular

proposal on that site. Gippsland Water has a very large land area down at Dutson Downs where it currently treats sewage and other sorts of industrial waste, and that has been in operation for a long time.

We were asked to look additionally at matters relating to the environmental suitability of the site, some transport issues and costings, and we are in the process of doing that. But I would point out to the committee that it is in the context of the Dutson Downs site, which is already operating as a prescribed waste site, which has been suggested by Gippsland Water as a suitable site for the soil recycling facility. That is different from the long-term containment facility which has additional siting criteria applied to it, and is not part of the Dutson Downs proposal.

Mr CLARK — When do you expect decisions to be made on both those facilities?

Mr BATCHELOR — We would expect the decision on whether or not to invite Dutson Downs to proceed to the statutory approvals process to be in a couple of months, maybe sooner. It is really about how quickly those additional reports and works that we have asked to be undertaken are concluded, and how long it takes the government to give evaluation to that. With respect to the long-term containment, it is being handled by a different process; it is a different project. The same team within major projects of course is doing that and it is in the process of doing a statewide search, and that will take a much longer period to identify sites or a site or multiple sites. It might be then further considered in the normal statutory approvals processes.

Mr DONNELLAN — Can you provide the committee with the status of the current redevelopment of the former fish market site in the western end of Flinders Street, Melbourne-Footscray?

Mr BATCHELOR — The fish market site in Melbourne — did you say Footscray Road?

Mr DONNELLAN — Melbourne.

Mr BATCHELOR — It is confusing because there are fish market sites and former fish market sites. You were talking about the land down near Spencer Street, King Street and Flinders Street near Batman Park, I assume.

Mr DONNELLAN — Yes.

Mr BATCHELOR — Down near the Melbourne Aquarium. This site is part of our vision to improve the urban amenity of Melbourne. It is a very neglected part of the north bank. It does not do much for Melbourne's reputation as a liveable city and we are trying to find a way forward where it might be redeveloped and integrated into the tourism activities that are being located along the Yarra River. The south bank has been a huge success and we want to make sure that the redevelopment of the north bank is just as successful.

The proposal for the redevelopment of the former fish market sites is a very complex issue. The land is held under various titles and we are working with the Melbourne City Council to change the classification of that site so it can be incorporated into a redevelopment that would see the removal of the overpass there. That would allow this development to take place on that former fish market site by sale to a developer or lease in some areas because of the railway viaduct and the requirement to protect it in any future development for rail purposes. The investigation involves the removal of that road overpass and the redevelopment there. The really attractive thing, particularly to the city of Melbourne, is that once the Kingsway overpass has been removed and this development is committed to, it is then likely to encourage the redevelopment of that last fairly drab area of the Hoddle grid down around King Street.

Mr RICH-PHILLIPS — Minister, can you explain the budget surrounding the Melbourne Sports and Aquatic Centre stage 2 redevelopment? The initial cost was estimated at \$50 million and I understand the latest published figure is \$51; can you explain the reason for the variance and also give a breakdown of the budget for that project?

Mr BATCHELOR — There are a couple of issues. This is part of the project being undertaken in the preparations for the Commonwealth Games. There were some additional scope changes which have also been approved through the planning process. So there were some scope changes made to the project and some changes which have also been resolved through the planning approval process, and that accounts for the change of \$1 million about which you are speaking.

Mr RICH-PHILLIPS — Do you have a breakdown of that \$51 million — and I assume the figure is now \$51 million?

Mr BATCHELOR — The maximum is \$51.2 million.

Mr CAIN — I do not have that detail with me, but it can be provided. The project strictly falls within the jurisdiction of the Minister for Commonwealth Games, so if that information is available it will be through that minister's office.

Mr BATCHELOR — I will get the Minister for Commonwealth Games to provide it for the committee at its meeting on Thursday.

Mr RICH-PHILLIPS — Thank you.

Mr MERLINO — In your overheads you referred to stage 2 of the Beacon Cove development. That is also referred to in the budget estimates for 2003–04 at page 147. Can you provide the committee with some further details of this particular development and of any financial implications for the government?

Mr BATCHELOR — Beacon Cove is a development that is being done in a number of stages. The first stage of Beacon Cove has been concluded. The second stage is going through the broad design development approach together with the development developer, Mirvac, and with the local council, the City of Port Phillip, and the Victorian government. We are a partner in this development, as we were in the earlier development. It has proved to be a financially successful development for both Mirvac and the state of Victoria.

What is essentially sought to be resolved is what will be the footprint over which the development will take place and what will be the scale of the development that will occur on that footprint. There is the possibility that some land could also be reclaimed — expansion of beach area for public purposes — and we also would like to see that as a consequence of the plans for stage 2 of Beacon Cove that it provides a outcome for what needs to happen with Princes Pier. Princes Pier is a piece of old rotting pier infrastructure. We need to know what is going to happen. There has been a whole host of proposals put forward, from developing new high-rise apartments out on the pier itself through to other less grand proposals. That is why the final developmental plan is being done in conjunction with and by reference to the City of Port Phillip, so that we can get a project that maximises the objectives of the state, the developer and the local community. What the outcome will be has not been resolved.

Our involvement in stage 1 has been the success of getting about \$55 million from that project. We believe the development of stage 2, even in the current climate — the economic climate and housing climate — will be successful in the long run because of its excellent location. In accordance with that likely commercial success we believe it should provide the opportunity to resolve something about Princes Pier and perhaps pay for that. That is what we are looking for, but also to see if we can enhance any additional public infrastructure at the same time.

Mr CLARK — Minister, you have very helpfully provided us on two of your slides a list of current major projects that Major Projects Victoria is involved with. This probably is a matter better to take on notice, but could you provide us with a listing in respect of each of those projects of what the initial expected costs and expected completion dates and what the current expected costs and completion dates are and a brief explanation of any significant variances?

Mr BATCHELOR — Any that you would like to talk to, I can happily talk to now. I am happy to do that.

Mr CLARK — I am interested in all of them.

Mr BATCHELOR — Why don't we do it alphabetically, and we will start with the Austin hospital and work our way down to the Yarra precinct integration project, if you like?

The CHAIR — Thank you.

Mr BATCHELOR — for the Austin hospital the original budget was \$325.7 million and the current budget is \$376 million. The reasons for the cost escalation — —

Mr FORWOOD — That is not what the Auditor-General says.

Mr BATCHELOR — What does the Auditor-General say?

The CHAIR — You can have the question, if you like, later.

Mr BATCHELOR — What does the Auditor-General say, Bill?

Mr FORWOOD — He got to \$397 million without any difficulty at all.

The CHAIR — It is a long enough question without supplementaries in the middle of the second sentence.

Mr BATCHELOR — There were some abnormal market costs that have been associated with the price escalation and our current budget is for \$376 million.

For Beacon Cove, stage 2, the original commencement of Beacon Cove was planned for 2002, but because of the planning issues that I outlined before, the community consultation, the fact that that is being driven by a private company and the fact that there has been a series of hearings by an independent advisory committee as part of that planning process, it has yet to be resolved. I expect, subject to an examination of the commercial considerations at the time of resolving those planning issues, that is when it will be commenced.

The Commonwealth Games village was the next one. It is on plan for the delivery time and the budget. There is no suggestion at this stage of any changes to either of those benchmarks.

The Docklands is on schedule. In fact it is ahead of schedule; some parts of it are several years ahead of schedule as a result of the facilitation role played by the Docklands Authority which enables additional building activity to be undertaken to respond to the consumer needs at the moment. There has been a whole series of developments take place there to meet increased demand.

There are the Docklands Studios. We are not the portfolio area responsible for the development of the contractual arrangements, but we will be conducting it. It has commenced construction and it is under way. There are more than the foundations — the walls and superstructure are going up there. There has been a time delay due to the contract negotiations and the need for due diligence procedures in the lead-up to the appointment of the developer, but it is well and truly under way now.

With Federation Square, yes, it has been late in finishing and yes, it has been over budget. That should come as no surprise to you; the Auditor-General has dealt with these matters on a number of occasions. The extension of time and the extension of budget largely and primarily stems from the contractual arrangements that were entered into under your period of government, when the normal contractual drivers were not provided to the government or to the head contractor — in this case Multiplex — to have the levers to provide control of the project —

Mr CLARK — We could talk about Damien Bonnice's sacking as well, but it might be best if we just kept moving.

Mr BATCHELOR — You wanted to sack Bonnice, did you? I did not hear you.

Mr CLARK — Your government forced him out.

The CHAIR — On the budget papers, please.

Mr BATCHELOR — I do not believe that has contributed to the size of the scale. I will find out what his payout was and I think in the scheme of things you will find that the payout to Mr Bonnice was infinitesimal compared to other costs that stemmed directly from your mismanagement of that site.

The former fish market site —

Mr FORWOOD — You might say that, but no-one believes you.

The CHAIR — The former fish market site, thank you, Minister, tell us about that.

Mr BATCHELOR — The original completion date was in 2005-06. The current completion date looks like being a bit later in 2006. The budget was \$3.9 million and we have not had any advice as to what that is likely to be. It is a complex set of arrangements there and tenders are being evaluated at the moment. The difficulty is that it is an assessment as to what the cost of removing the overpass might be and what resultant corrections might need to be undertaken to both public transport and the road network. Effectively we will not know the cost of that in its totality until those tenders come in. We are closer to making a decision on the soil recycling facility. As I advised the committee earlier, the original budget was \$3.9 million and it has not exceeded that budget to date, and I do not expect the first part of that will exceed that.

The Commonwealth Games upgrade of the Jolimont station is under development now. It has not gone over budget and it has not gone over time, and the same can be said for a number of other specific infrastructure upgrades that Major Projects Victoria will be handling for the Commonwealth Games minister. The Commonwealth Games minister is largely responsible for those, but the management oversight will be carried out by Major Projects Victoria. That applies to Jolimont station. It also applies to the pedestrian bridge from Birrarung Marr and the lighting upgrades for the Yarra precinct. All of those are projects that have yet to start and we cannot test at this stage against those benchmarks.

As to the issue of the convention centre, the plenary hall is being considered at this stage as part of a feasibility study. That feasibility study has been completed and will be tested subject to further independent testing by a process within Treasury to look at the assumptions that have been made in that feasibility study. If it passes those tests it will then go into the bidding process for a future budget, but the feasibility process has been completed.

I have answered the question earlier about the Melbourne Sports and Aquatic Centre stage 2 development. There is a proposal to redevelop the Melbourne markets. This is a project still in feasibility stage and whether it goes ahead or when will be the subject of that feasibility process that is being undertaken.

The National Gallery of Victoria is a project that will be completed at the end of this year. Its current budget is around \$100 million and it has substantial additional contributions to the funding of that from the National Gallery of Victoria, where the trustees have contributed significant amounts; and they have done a terrific job in funding extra scope requirements that they saw on that particular project. In the total cost of that project there has been an additional cost of some \$4 million to the state which has been required to cover the effects of discovered latent conditions of the pre-existing building; under the contract that was entered into the state bore that risk. You just do not know sometimes when you are doing renovations of that scale whether there are any latent conditions that will need fixing up, and they are discoverable only during the construction phase. They have been identified and the state has accepted those responsibilities.

The showgrounds redevelopment is the next project that is being undertaken. That is due for completion by the show of 2006. It is on budget at this stage. It is still very early days, but we see no reason why that would change. We certainly have the levers to the ability to control that. Spencer Street station is under construction at the moment. It is a contract price and there has been no indication to us at this stage that either of those will change.

There is the State Library of Victoria. Members may have noticed that as of this weekend, I think it is, the new domed reading room will be opened. There were some budget increases there because asbestos was discovered in the walls of the building that had not been identified before. It is an issue that you cannot cut out of the scope of any building upgrade: it has to be dealt with. It provided additional cost to the state to deal with that.

There is the synchrotron project, which is due for completion in 2007. It is a project that is being managed or developed by the Department of Innovation, Industry and Regional Development. Presumably the committee covered those issues when DIIRD came before it. It is a project that Major Projects Victoria will be constructing.

The last two that I want to mention are the merger of the Urban and Regional Land Corporation and the Docklands Authority, which is on time — we anticipate there will be merger costs, but they will be met within the existing budgets of the URLC and the Docklands Authority, being shared equally — and the Yarra arts precincts integration project. That has not gone out to tender at this stage. That has a budget, or a total estimated investment, or TEI, at least anyway, at this stage of some \$30 million.

Mr FORWOOD — Still on the same site?

Mr BATCHELOR — Yes, the two sites. That is it. I am glad you asked that question — I thought you might.

The CHAIR — I have a very specific question in relation to the Spencer Street redevelopment and the Travellers Aid Disability Access Service, which is particularly important for people who have a disability or those who have mobility issues. Part of the Spencer Street redevelopment incorporates the work of that service. How has the department engaged with the service; and can you give the committee an update on the project and how you have worked together to achieve a really important result for people with disabilities?

Mr BATCHELOR — The Travellers Aid Society, which operates that service, is an organisation that has been in existence for a very long time. It has provided assistance of a general nature to travellers, but of particular importance to people with disabilities. It provides a range of services, from just providing information as to

timetables, ticketing and the question of connections to providing a place of respite, if you like, to break the journey, for dealing with toileting needs, showers, getting a cup of tea and that sort of thing, to help people and support their independence. It has had a facility at Spencer Street and it has been decided by the government that it will provide for that in the new redevelopment that will take place there. Arrangements are being worked out at the moment for a service contract to define some service requirements, how they might be measured and evaluated, and the government would assist with some financing of those for a specified period of time. The conclusion of that process is imminent, but it has not been achieved yet, and that is being handled by the Department of Infrastructure as opposed to Major Projects Victoria.

Witnesses withdrew.