

CORRECTED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into 2003–04 budget estimates

Melbourne–17 June 2003

Members

Mr W. R. Baxter

Ms D. L. Green

Ms C. M. Campbell

Mr J. Merlino

Mr R. W. Clark

Mr G. K. Rich-Phillips

Mr L. A. Donnellan

Ms G. D. Romanes

Mr B. Forwood

Chair: Ms C. M. Campbell

Deputy Chair: Mr B. Forwood

Staff

Executive Officer: Ms M. Cornwell

Witnesses

Mr P. Batchelor, Minister for Transport;

Mr D. Anderson, Chief Executive Officer, Vicroads;

Mr H. Ronaldson, Secretary;

Ms G. Moody, Executive Director, Infrastructure Projects;

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

Mr A. Smith, Deputy Secretary, Capital; and

Mr P. Harris, Director of Public Transport, Department of Infrastructure.

The CHAIR — I welcome the Minister for Transport, Mr David Anderson, Mr Howard Ronaldson, Mr Alf Smith, Mr Bob McDonald, Ms Gail Moody and Mr Peter Harris, all from the Department of Infrastructure. I ask you, Minister, to give the committee a brief presentation of the more complex financial and performance information relating to the transport portfolio.

Mr BATCHELOR — I would like to give an overview of the transport portfolio and to emphasise that we are taking an integrated approach to transport.

Overheads shown

Mr BATCHELOR — We are continuing the implementation of policies that are designed to give Victorians a road and rail network that is integrated, sustainable and accessible. The cornerstone of those policy objectives is the Growing Victoria framework.

Over the last year there have been a lot of achievements, and they are listed on the overhead. They range from the upgrade and opening of the Karlsruhe section of the Calder Highway at Bendigo and the success of the Geelong Road upgrade to the finalisation of the Hallam bypass. That was 17 months ahead of schedule, and the Karlsruhe section was some 8 months ahead of schedule, all taking advantage of the good work force and the kind climatic conditions provided by the drought.

We have also managed in a very successful way but in difficult circumstances the collapse of the three National Express franchises. We have been able to do that without a disruption to the services provided to train and tram passengers. This past year has seen the negotiation of interim operating agreements which are designed to provide financial support for the remaining franchises of Connex and Yarra and to provide improvement. We have seen dramatic improvements with the automated ticketing system, which, if the committee recalls, in March 2001 was operating at only 72 per cent functionality on the network; by April 2003 that had been increased to some 96.6 per cent.

Continuing with the treatments, we are working on all four corridors for the regional fast rail project that we said would take five years to deliver. It is on schedule for delivery in 2005. The member for Box Hill knows that the extension of the 109 tram route out to Box Hill has been a huge success with the travelling public.

We are continuing work on opening country rail lines, and work on the Ararat and Bairnsdale lines is proceeding at a great pace. We have continued our reform process in the port of Melbourne, and we are bringing about the creation of the integrated Port of Melbourne Corporation which is due to come into effect on 1 July. We have seen in the recreational boat area the introduction of boat operating licences this year.

In developing further our Linking Victoria program we have had a number of initiatives as part of the Linking Suburbs program, with some \$171 million, including both for road and improved public transport services and the continuation of additional money for new cycling paths.

We have also provided a considerable amount of money for the linking of regional Victoria. We have given our commitment to grow the whole of Victoria as one of the key cornerstones of this government, and we are continuing that this year with the Calder Highway upgrade, the planning process for the western bypass of Geelong and the Pyalong bypass itself. We are also doing investigating and planning works for a railway station at Grovedale.

Freight is also an important part of our initiatives for the coming year. With the difficulties we have been having with the standardisation process and program, we have identified some improvements that can go ahead for regional freight links. We have identified two of those. These are the Cliff Street overpass in the port of Portland and the independent goods lines in Corio. Both of those are a signal, if you like, to the people of country Victoria that we are prepared to look at their freight needs notwithstanding some of the other difficulties that are being faced. We are also in freight looking at the Dynon rail precinct master plan and a special initiative about the Smart Freight project, for which \$4 million has been allocated to provide information on where containers go and what the requirements of freight are within our port of Melbourne.

A key part of our success this year has been our road safety strategy, where a number of initiatives have been undertaken. They have culminated in the lowest road toll in metropolitan Melbourne for a long time, and on some occasions it is the lowest ever recorded.

We have also seen the continuation of the black spot program. Already over a thousand black spots have been approved state wide since the one-off blitz commenced. That component of our black spot program is nearing conclusion, but there is an ongoing commitment in the base program of Vicroads of some \$4 million a year.

Refer to Appendix 1.

The success of our road safety initiative can be identified by this graph, the blue line being the fatalities in Melbourne. This is a rolling 12 month average, and you can even see that the increase in fatalities that had been occurring in country Victoria has started to turn around and that they are coming down as well. We hope that that trend continues.

These successes that we are planning for this year we hope to build on the success of last year, where in the calendar year there was a fall of some 25 per cent in road deaths in metropolitan Melbourne. It is pretty amazing, isn't it, Bill?

Mr FORWOOD — Can you just go back to it? It says 170, and 150 is the bottom line fatalities. Over what period — a 12-month period?

Mr BATCHELOR — A rolling 12 months.

Mr ANDERSON — Twelve months prior to the date on which the plot occurs.

Mr FORWOOD — Each month you go you add a new month and drop off the last month?

Mr ANDERSON — That is correct.

Mr BATCHELOR — In addition, we have provided additional budget resources this financial year for our Arrive Alive road safety strategy, which will be focused around the introduction of safe speed zones around schools.

We have identified some \$10 million worth of road safety improvements for country Victoria, which will be funded through the increase in motor registration fees, and we are also commencing an \$800 000 investigation which we have entitled our crash countermeasure program, but really it is to provide in a very scientific and detailed way a better understanding of the causes of road crashes and how we might prevent them.

As I indicated before, there is the winding up of the one-off \$240 million black spot blitz funded by the Transport Accident Commission, but there is also the continuation on an ongoing basis of recurrent expenditure or irregular expenditure on the accident black spot program. We think we will fund about another 50-odd sites this year through that black spot initiative.

So in summary through these and continuing transport initiatives we are trying to provide those physical linkages that will help the economy grow and people will have greater access in mobility, importantly not just here in Melbourne but right across country Victoria as well.

The CHAIR — Thank you, Minister, and thank you for keeping it to 10 minutes. I refer to budget paper 2, page 225 and the Pakenham bypass. Can you outline to the committee what funding has been provided by the state, the commonwealth or any other sources in relation to this project?

Mr BATCHELOR — The Pakenham bypass is a \$242 million project. It has been declared by the federal government as a road of national importance and, accordingly, the 50 per cent share of the project from the state is \$121 million and the responsibility for the other 50 per cent — \$121 million — rests with the commonwealth government. To date it has only committed \$100 million. As the committee would be aware, this government has committed its half share — the \$121 million — and it is in somewhat of a quandary at the moment to know whether the federal government will leave this partly funded and as a consequence partly finished, or whether we have the capacity to commence the project or to change the scope of the project.

The real problem started in 2000–01 with the federal government deferring its funding of the project by two years. It just unilaterally announced that the project would be put off for two years; it did not consult us as partners in this project, it just deferred it. There has been a consequence of that. This dithering and delaying by the federal government has meant that there has been an increase in the cost of the project, primarily due to land prices. Anybody who has seen their own rate notices or been watching the property market would understand that the retail price for land has been going up quite substantially. If you defer these sorts of projects for such long periods

during a land boom the consequence is that the cost of purchasing the land goes up. So we want the federal government to spend the money it collects from taxes from Victorian motorists as part of the fuel tax on roads in Victoria. The shortfall on the Pakenham bypass would be a significant project on which some of this money could be redirected.

We have made our commitment in this budget; the federal government has not. We have already commenced the environment effects statement process and the other planning requirements and we are proceeding with those at the moment, so I guess it gives the federal government a breather — an opportunity to correct its neglect in the future — hopefully in the next federal budget, but if it does not do that this project is in all sorts of difficulties because of a conscious decision of the federal government to take that money from Victoria and build roads in Queensland and New South Wales. It is taking the fuel taxes of Victorian motorists and instead of returning them to Victoria to allow projects to start and finish — like the Pakenham bypass — it will be using that money to build roads in other states.

Mr RICH-PHILLIPS — Can I just follow up on that? Can you tell the committee when Vicroads or the state government first wrote to the federal government seeking funding for the Pakenham bypass?

Mr BATCHELOR — Mr Anderson might be able to assist here, but it has been a project which has been around for some time. The area for the corridor has been identified and the commonwealth government has made a number of attempts to fund this project by offering less than the full amount. It started with a \$30 million contribution — \$5 million in one year and the other \$25 million deferred. Then as you heard earlier on, the 2000–01 federal budget deferred it for a number of years. But it has been included in our national road submission to the federal government for a number of years. I do not know whether David knows when it was first included?

Mr ANDERSON — I cannot recall the first time. It was certainly in the last few years.

Mr RICH-PHILLIPS — If you could come back to the committee with the year that it was first included because I think you will find the commonwealth commitment of \$30 million preceded by some years the state's first request for any funding.

Mr BATCHELOR — Do you know why it only committed \$30 million to a project of \$200 million when it was going to fund half of it?

Mr RICH-PHILLIPS — Because at the time it committed the money it was not a road of national importance.

Mr BATCHELOR — No, I think you will find you are wrong on this one.

Mr RICH-PHILLIPS — If you can give us the dates then — —

Mr BATCHELOR — I will give you the other information as well because I think you will find it very illuminating.

The CHAIR — Thank you. You wanted a supplementary question, Mr Donnellan?

Mr DONNELLAN — Broadly what are the figures for the fuel taxes and the money we get?

Mr BATCHELOR — Broadly Australia-wide motorists contribute about \$12 billion annually through fuel taxes. Collectively the states get about \$1 billion or maybe a bit over. Last year our cut was about 14 per cent of the share of \$1 billion. That has to be compared and contrasted with other states. We have about 25 per cent of the population, we undertake about 28 per cent of the freight task and we produce about 26 per cent of economic activity, so by any measure we are getting the rough end of the pineapple. The federal government is dudding us.

Mr FORWOOD — As did Hawke and Keating.

Mr BATCHELOR — They were part of a federal government as well. We are talking about the current one and other governments have done it in the past to Victoria. We do not walk away from that. We tell the truth and this current federal government is absolutely dudding us. It is taking our money and building roads elsewhere. We just want that to come back to Victoria.

Mr FORWOOD — We are a nation!

Mr BATCHELOR — You justify it, do you? You say, ‘We are a nation’.

Mr FORWOOD — We are not all quite as parochial as you.

Mr CLARK — My question relates to the decision to toll the Scoresby freeway which I expect we would all agree was probably the most far-reaching decision that had to be made in the run-up to this budget. When did you first start to contemplate the possibility that your government might need to break its election promise about not tolling the Scoresby? What discussions did you have? When did you first canvass the issue with the Premier and the Treasurer? What modelling did you do of the various options that were available before the issue was taken to the expenditure review committee preceding 14 April?

Mr BATCHELOR — As I recall, 14 April was the date when the decision was announced.

Mr CLARK — That is correct.

Mr BATCHELOR — The decision was taken that morning at cabinet and it was announced to the world at large, the public, that afternoon. As soon as the decision was made we announced it. The decision was made the previous week, in the latter stages of preparing for the budget. It was in that context that this discussion took place. As to the modelling, through the budget process at that stage we sought some advice from the department, but there was no decision taken prior to that. In fact all of the policy positions and decisions of the government were not to use tolls. We felt in putting together our budget for this year, but also having regard to the out years as to the impact that this project would have on our state budget for this year and future years, that it was the only responsible position for us to take.

As shadow Treasurer I am sure you understand the impact that these unexpected pressures on our budget would have — the issue of the collapse of overseas equity markets having an impact, I guess, of about \$1 billion in this financial year and the previous financial year had to be taken into account in preparing the budget, and there were other unexpected issues that the Premier has referred to such as the cost of bushfires and the drought. There is also the cost of underpinning and providing financial certainty to the public transport franchises. You would have seen the collapse in December of last year of three-fifths of the franchises. The government had to identify how it might take measures to ensure the long-term viability of our public transport system.

When all of those things were factored into consideration we had to identify how we would fund a project that had a total estimated investment, or TEI, of around \$1.8 billion. The way we felt was the best way to do that was through tolls. Interestingly, we tried to provide the commonwealth government with a solution that was in line with the new policy document that it released last November — Auslink. Auslink was a green paper released last November which sets out in chapter and verse the expectations of the commonwealth government as a precondition for its funding contribution to projects such as this. It sets out the precondition of road pricing or tolls, and we tried to frame a budget decision that would fit in with its new policy prescription. It was also in line with what the commonwealth government had previously done with the Sydney Western Orbital, which was a project on the outskirts of Sydney. It is smaller than the Mitcham–Frankston freeway but nevertheless it is a large outer metropolitan freeway system. The commonwealth government has contributed \$350 million to that project on the condition that the balance of the money to fund the project comes from tolls.

We had noticed the commonwealth government’s policy settings and its form with other road projects of a similar scale, and we thought we would structure a way forward because the communities out along the corridor were telling us that they wanted the government to get on and build the project, that the economic benefits and the relief in travel congestion were so important to them that they felt the project should go ahead without any delay. We felt that this was the best way. The alternative was to have continuing bickering between the commonwealth government and the state government as to how much money was going to be put in and who was going to fund what percentage.

The commitment the commonwealth government had given to that point in time was considerably short of the money required to fund the project. We saw this as the only responsible way of delivering on our commitment to be financially responsible but also deliver on the project and getting it started so it could meet its expected completion date of 2008. Paying for it through the use of tolls together with a contribution from the state and federal governments we felt was a funding package that the commonwealth government would warm to.

Mr CLARK — Coming back to my question, are you saying that the decision to toll the freeway —

The CHAIR — Ms Romanes.

Mr CLARK — Chair, I am trying to bring the minister back to answering the question.

The CHAIR — He has spoken. You can ask it again if you want to.

Mr CLARK — I want to clarify whether what the minister is saying is that there was virtually no modelling of the viability of the tolling option done prior to the decision being made in mid-April.

Mr BATCHELOR — The decision was made on 14 April. The discussion within government occurred the week before, and it was based on advice. However, the modelling that had been done up to then was on the basis of there being no tolls, that is right.

Ms ROMANES — On page 225 of budget paper 2 there is reference to the Geelong western bypass and the planning and development work for that project. In the table on page 224 there is an allocation of \$4.1 million as part of the Victorian government's commitment to fund 50 per cent of the cost of this project. Can you tell the committee whether the commonwealth government has indicated that it will fund 50 per cent of the cost of this nationally important project?

Mr BATCHELOR — The Geelong bypass is regarded as the top priority for the Geelong community, both business, and the council and residents of that community. Following the success of the upgrade of the Geelong road we have asked the commonwealth government to half fund the western bypass, and to date it has not. We believe that there is no doubt that because of the importance of improving access to Geelong and the surrounding rural hinterland — the Otways, surf coast and other tourist attractions of the south-west of Victoria and the agricultural areas — that this is important to get under way. It will also reduce pressure within the Geelong precinct itself — Latrobe Terrace is a major arterial connector for the internal movements of Geelong and when it gets mixed up with the through traffic it brings the mobility of the road network into gridlock. They are the reasons the network is important.

We have put money aside to carry out the planning and environmental works. We are proceeding with that while we try and convince the federal government to change its mind. The council is undertaking its own approaches to the commonwealth government and is getting the support of a broader network of councils and the local community. I think that as that local community was successful in getting the commonwealth government to put into the Geelong road, so will it be successful in getting it to put into the Geelong bypass. We have put aside our money for half the project, and we are getting on with the design and environmental work over this coming year. That is what the \$4 million allocation is.

Mr FORWOOD — Just a quick supplementary, you say you have put aside the money, but the budget papers show you have only allocated \$4 million and the \$186 million is not funded.

Mr BATCHELOR — No, it is provided for.

Mr FORWOOD — You said you have put aside the money but the budget papers show you have not.

Mr BATCHELOR — The budget is for this year, but there is capability in the future unallocated part of the budget for future years.

Mr FORWOOD — I refer to page 134, which shows \$4.1 million for this year and then nothing for the further three years.

Mr BATCHELOR — That is because of the uncertainty of the commonwealth government's position. Normally the commonwealth government would half fund part of the environmental work and the planning studies that need to be undertaken. We are proceeding with those, and we would expect to charge that to the commonwealth once its commitment comes through. If you go to page 134 — —

Mr FORWOOD — I can see it.

Mr BATCHELOR — It is provided for in the future unallocated capital of the budget process.

Mr FORWOOD — What is the total amount of future unallocated capital in your department?

The CHAIR — Is that your question?

Mr FORWOOD — No, it is a follow-up.

Mr BATCHELOR — You would have to direct that question to the Treasurer. I do not shape his budget, I am a recipient.

Mr FORWOOD — I am just asking for your department.

The CHAIR — Mr Forwood, would you like to ask a question?

Mr FORWOOD — If the minister does not know what his unallocated amounts are, let the record show that.

Mr BATCHELOR — As you know, the Treasurer does not allocate them to us. If he had, they would be allocated components of our department, but they reside as part of the unallocated capital in Treasury.

The CHAIR — Mr Forwood, have you another question?

Mr FORWOOD — No, I have a question; that was just a supplementary. I return also to the issue of Scoresby. I note that on 1 May, which is by my calculations a fortnight after you announced the decision, the department put out a glossy brochure seeking expressions of interest for the project. Page 37 lists the potential respondents, who the advisers would be — Biosis Research, et cetera; there is a list of these people — and it goes into some detail about the project.

Mr BATCHELOR — That is the expressions of interest document.

Mr FORWOOD — The whole expressions of interest document? I do not have the original copy, but it is a glossy document.

Mr BATCHELOR — What page are you referring to?

Mr FORWOOD — Page 37 lists the state advisers for this project. I put it to you that it is extraordinary that in the fortnight between the day you say the decision was made to proceed with this, you were able to put together a team, produce a document, get it published and get it into everyone's hands. Despite the fact you say the decision was only made on 14 April — —

Mr BATCHELOR — That is the tolling decision.

Mr FORWOOD — Yes, that in fact you had done a lot — —

Mr BATCHELOR — There is more than one decision, is there not? You would understand that. Lots of other decisions were made.

Mr FORWOOD — So what you are saying is you put this whole team in place on the premise you were still not going to toll.

Mr BATCHELOR — We were working to put in place a delivery mechanism for the Mitcham–Frankston freeway, and it was our intention up until that cabinet decision to fund that through a Partnerships Victoria model, which would have required this work to be carried out by these advisers. That had been put in place some time ago.

Mr FORWOOD — So the only change that was made was the decision to toll. This document was ready to go and the teams were in place.

Mr BATCHELOR — Yes, that is right. The project has been developed over a long period, as you would know. It is wrong of you to try to create the impression that all of this happened just in the week leading up to the budget. That did not occur.

Mr FORWOOD — You were talking about tolling in September last year.

Mr BATCHELOR — The only thing that occurred was in relation to the decision of cabinet to fund this through tolls. We felt that was the best way of dealing with it. The expressions of interest document was prepared on a non-toll basis some time earlier, as I understand. It was in preparation. I think it was even made available to the commonwealth before 14 April.

Mr FORWOOD — When did the commonwealth first know about the tolls?

Mr BATCHELOR — On 14 April, when we made the decision.

Mr FORWOOD — So despite your comments earlier about Pakenham you did not have any discussion with it about contractual arrangements, money on the table, \$445 million; you did not feel it necessary to discuss it with the commonwealth.

Mr BATCHELOR — As I explained to you, and as the Premier explained at the time, as soon as cabinet made the decision we announced it to the public, to the commonwealth, to the local councils and to members of Parliament.

The CHAIR — It was a busy day.

Mr BATCHELOR — It was a busy day.

Ms GREEN — Minister, could you advise the committee if federal funding has been made for the Calder Highway upgrade between Kyneton and Faraday? If so, is the funding adequate or does the state government need to provide additional funding beyond the \$10.2 million committed in 2003–04?

Mr BATCHELOR — The Calder Freeway has been declared a road of national importance, a process that is under the control of the commonwealth government, and we have been successfully working with the commonwealth government on a series of stages to upgrade the Calder. The most recent was the opening of the Karlsruhe section. The remaining works component to finalise the upgrade is about a \$140 million requirement. There are two sections further north — the Kyneton to Faraday section and then Faraday to Ravenswood — and the next section is \$140 million and the next section beyond that is approximately \$190 million, maybe \$200 million — we do not quite know at this stage because planning work and the exact route have not been resolved. There are still some planning issues, and of course the costing will also be influenced by its timing — when it takes place.

We have not got funding in this most recent federal budget, and we did not get funding in the previous one. In our previous state budget we contributed some \$70 million as half of the next section, the Kyneton to Faraday section, and the commonwealth government has not matched that. We have now made the decision that we will proceed to spend as much of that \$70 million to upgrade parts of the Calder which can be upgraded while waiting for the federal government to come to the party. That will mean there is a section between where the upgrade currently ends and Malmsbury, and another section just south of Ravenswood, and once they are completed that will complete the parts of the remainder of the Calder Highway that can be upgraded in isolation. That will expend the available part of the Calder funding that is available and no more will be able to proceed until the federal government comes to the party.

This is a great tragedy because it is a road where there are a lot of accidents and road fatalities, and we wanted to learn the lessons from the Geelong Road upgrade where in the first six months of its operation there have not been any fatalities where they would regularly occur and as they regularly occur on the Calder where it has not been upgraded. The road safety benefits can be absolutely identified and demonstrated, and it is for those reasons, as well as the economic advantages that would bring to Bendigo and the surrounding hinterland, that we just ask the commonwealth government to live up to its commitments and to provide the necessary funding.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the \$255 million which was allocated by the Kennett government for the Eastern Freeway extension.

Mr BATCHELOR — How much?

Mr RICH-PHILLIPS — It was \$255 million. A government spokesman said in April that those funds had been redirected away from that project. Can you tell the committee where that money went, and more importantly, how is it accounted for given it had been listed in the budget papers for that project? Where was it redirected in the budget papers? Where was it disclosed that that funding had been redirected? Given the Eastern Freeway is now to have tolls, can you rule out any of the existing freeway from being tolled?

Mr BATCHELOR — You are from out that way, are you not?

Mr RICH-PHILLIPS — South-eastern.

Mr BATCHELOR — So you would know where some of it has been spent already, would you not?

Mr RICH-PHILLIPS — No, where has it been allocated?

Mr BATCHELOR — You don't know.

Mr FORWOOD — On a point of order, Chair, the minister does not come in here and debate, the minister comes in here and responds to — —

Mr BATCHELOR — I am not debating, I am just asking questions.

Mr FORWOOD — You just answer the questions and stop being smart.

Mr RICH-PHILLIPS — There was a line item in the budget for the Eastern Freeway for \$255 million.

Mr BATCHELOR — There has been about \$100 million, I would expect, that has been spent or committed of that money that was previously set aside. A large portion of it would already have been spent. Let me take you to Mitcham Road, the bridge over Deep Creek Road. Have you driven along that? That is part of the Eastern Freeway extension. It is a bridge that takes Deep Creek Road way above the freeway reserve, a part of the Eastern Freeway where it will be a surface road. This bridge has been already built and is in operation. It has been opened and has been a huge success. There is a similar one at Park Road and at Mitcham Road. These projects are already in operation and have been funded for — we have not been quiet about it; they have been well known in the local media. You could not be accusing me of missing a local media opportunity and I have been out there.

Mr RICH-PHILLIPS — You have disclosed you have taken funding out of the Eastern Freeway for them, have you? You have made that point?

Mr BATCHELOR — They are part of the Eastern Freeway project. I would be happy to provide you a brief, if you like, so you can identify what are part of the Eastern Freeway components. But these, together with the section from where it currently ends at Springvale Road out to Park Road, if you have been out that way of recent times you would understand and notice the very large earthworks that are being undertaken there. They are hard to miss; I am surprised you have not noticed them. But they are there, believe me. I will organise Vicroads to take you on a tour and show you them, if you like. They total about \$100 million and they are very substantial parts of the project. A large component of that has already been spent, but the balance of that money will remain in the Better Roads Victoria trust fund and be available for other road projects.

Mr RICH-PHILLIPS — Has that been accounted for in the budget papers, that change from an Eastern Freeway extension, which is not what you have spent it on, to Better Roads?

Mr BATCHELOR — No. Let me make it this very clear to you. The \$100 million has been spent on parts of the Eastern Freeway project. They have been a design feature of the Eastern Freeway extension and would have to be built, no matter whether it was a surface road all the way through, in line with Liberal Party policy or whether, in line with us, there are tunnels. It is not a function of whether there are tolls or not or whether there is a surface road or there are tunnels or not.

These are an important component of the Eastern Freeway project. They were things, if you had had the chance, you probably would have done them. So they have been happening over time. These are not new expenditure; they have been expended as part of the Eastern Freeway project over the last probably two financial years.

The CHAIR — In terms of the unexpended — —

Mr RICH-PHILLIPS — The accounting treatment?

Mr BATCHELOR — They are funded out of Better Roads Victoria, the trust allocation.

Mr RICH-PHILLIPS — Given that that \$255 million was allocated in the budget as a line item — Eastern Freeway extension, \$255 million — and it is now not being spent as it was outlined in that budget paper 2, how has that change been accounted for? Where could we look in the budget paper now — whether for this year, last year or the previous year — and see that that funding is not being spent in the way it had originally been allocated?

Mr BATCHELOR — It was allocated to the Eastern Freeway project, the extension of the Eastern Freeway, and it has been spent on that. I do not understand — — .

Mr FORWOOD — Well, \$155 million of it. One would think in accounting treatment — —

Mr BATCHELOR — The \$100 million, I am sorry, has been spent or allocated or committed to it. The balance stays in Better Roads Victoria. Where the budget papers refer to Better Roads, that is where it happens.

Mr FORWOOD — A supplementary on this particular aspect — —

The CHAIR — On this \$255 million.

Mr BATCHELOR — If you like to me to organise a tour and show you the roads, I will do that.

The CHAIR — On the \$255 million, a supplementary.

Mr FORWOOD — Minister, I refer you again to page 5 of your EIO document which details the issues you have just been talking about. You have just told the committee that \$100 million has been spent already. Will the government be seeking to recoup that from the successful tenderer? You have also told us that the road will be completed by Vicroads tender through to Park Road, Mitcham.

Mr BATCHELOR — That is correct.

Mr FORWOOD — Will that part of the road which has been built at government expense also be part of the tolling system?

Mr BATCHELOR — The Mitcham-Frankston freeway project will go from Springvale Road down to the Frankston Freeway. Will we seek to recoup that? No.

Mr DONNELLAN — In the 2003–04 budget what initiatives are occurring to improve public safety on public transport?

Mr BATCHELOR — We are undertaking a number of initiatives on public transport to improve safety. We have identified through the franchise agreements the upgrade of rolling stock. A key component of that upgrade of rolling stock, apart from the redesigning of the internal through visibility, will be the installation of distress buttons and communication devices with the driver. They will apply to both the new trains that will come onto the M Train network and the Connex network as well as the refurbished trains. So by about 2005 you will see that most of the trains on our train network would have closed-circuit television and also duress buttons — on all the trains, whether they are refurbished or new ones. In addition to that of course we have provided 100 roving safety officers to work on the train network. They work primarily after dark on the network and on the railway stations to provide a sense of enhanced safety and security. They are a key component in working with the transit police to provide actual safety and security. We have also upgraded the status of Narre Warren to a premium station, which provides some additional staffing from first to last train. We are currently trying to identify other areas where we might, through redirection of staff or resources, further enhance safety and security. That is an issue that will be worked on during the course of this year.

Ms ROMANES — A supplementary, Minister. Were someone to activate those duress alarms, how readily is assistance at hand?

Mr BATCHELOR — They will provide communication to the driver and the driver is in contact with the base. The transit police have developed a mobile quick response squad that is available through their resources as well as drawing upon the available local resources of the police.

Mr FORWOOD — Will the security on the new Siemens trains be upgraded from that on the current existing trains?

Mr BATCHELOR — Yes, they will be, because they will have closed-circuit television recorders and duress buttons available to them.

Mr CLARK — Given that you have told the committee that the modelling done for the Scoresby freeway prior to the decision to make a toll road was done on the basis that it would not be a toll road, what modelling have you done since then of the economics of the Scoresby tollway as a tollway, and based on that modelling what expectations does that government have as to the likely one-way toll charge that would be applicable and what the likely diversion rate is to be from the tollway onto local roads?

Mr BATCHELOR — That modelling work has not been completed. We are developing the design work for that to be undertaken and it will be done as part of the tender process. The government will do its own modelling in which to test against the modelling that will be required to be carried out by each of the consortia independent of one another and independent of the government.

Mr CLARK — So at this stage you cannot be confident that the tollway is going to be viable at all?

Mr BATCHELOR — I am confident that it will be because of advice that we were given from the department as part of the budget process, and also the expressions of interest phase has identified two consortia that have responded in the context of a tolled project. It is their view that it will be, and they will compete vigorously against one another for the right to build, fund and operate this project. They would not be committing their resources, which will cost them many millions of dollars, to this project if they had not already formed the initial view themselves that it would be commercially viable, but we will see.

Mr MERLINO — My question is about the settlement of the long-running Onelink claim in regard to the public transport ticketing system. Part of that settlement involved an incentive and penalty regime to help improve the reliability of the automatic ticketing machines. How has that gone?

Mr BATCHELOR — The automatic ticketing system, since its introduction in 1995 I think, has had a number of the problems associated with it that plagued the last government and made difficulties for this government. Through commercial associations with Onelink we have identified a way through to providing an incentive for it to live up to its contractual responsibilities and to take on some additional responsibilities. As a consequence, as I mentioned in my introduction, the availability of machines has increased from around 72 per cent to 92 per cent, and that is a function of some software program changes that were introduced, but also as a function of a concerted effort to deal with vandalism and for Onelink to promptly respond to them. They effectively resulted from changes in the contract. So in addition to the vastly improved availability from 72 per cent to 92 per cent we have also seen a reduction in vandalism by about 68 per cent to 70 per cent, and that has also assisted with the availability of machines.

As a result of the very detailed assessment and audit that was carried out — it has been referred to in the public domain as the Miller report — we put resources firstly into finding out what the problem might be and how we might fix it, and we then went on to enter into those commercial negotiations with Onelink which provided some changes in the contract, and the settlement of a whole list of outstanding scope changes that occurred from the early 1990s. Those were settled and we put in place an incentive scheme, which Onelink responded to in an appropriately commercial way. It has led to reduced vandalism, increased response to vandalism when it has occurred, and an increase in the availability of tickets from machines on railway stations.

Ms ROMANES — Has it also had a flow-on effect in terms of the level of complaints about the public transport system to the government?

Mr BATCHELOR — At the time when the machines were pretty unreliable on our public transport system the level of complaints was much higher than it is now. Both anecdotally and in terms of the formal complaints coming in, customers are much happier with the reliability of the ticketing machines that are now on our network.

Mr FORWOOD — I return to the issue of the Scoresby freeway. You will recollect that the initial tendering process for the Eastern Freeway extension started in 2001 and included the long-tunnel option. Can you tell the committee, firstly, whether the long-tunnel option is a mandated requirement of the new project; and secondly, how much money the government has paid in compensation to tenderers who went through the full tender process from 2001 onwards and then had the tender process aborted by the government?

Mr BATCHELOR — It will be the mandated requirement.

Mr FORWOOD — The long tunnel?

Mr BATCHELOR — Yes. It is a bit less than \$2 million per tenderer not proceeded with.

Mr FORWOOD — Perhaps you could get the exact figure for us.

The CHAIR — I refer to the government's decision to lay gauge-convertible sleepers on the Bendigo-Melbourne line. Can you give us an update on that?

Mr BATCHELOR — There are some strange things happening around Bendigo about an alleged need to have the Bendigo rail line standardised rather than operating on a broad gauge, and as a subset of that a requirement to have the sleepers produced in a gauge-convertible format. We are not proposing to build the upgrade for the fast rail project to Bendigo or indeed of the other three locations with the gauge-convertible sleepers. We have made that decision because we have no commitment or intention of standardising the passenger rail lines in the Bendigo or any of the other fast rail corridors. In fact we are not alone in that decision of not having any intention to do so. It is not a policy position that has been pursued by us in the past, or indeed our opponents in the past, and it is not a policy commitment to standardise those passenger corridors by ourselves now or by our opponents now. Nobody has given a commitment to it. So there is no likelihood of it occurring in a policy sense in the future.

We are not going to spend money now on something that will never occur. The reason for that is pretty straightforward: there is an issue of the need and a desire to standardise our freight lines. That is so that when freight is assembled onto a freight train the train can go to a number of different locations — it can go to different ports here in Victoria or indeed interstate. That is not how the passenger rail network works. Trains do not start in Bendigo and go directly to Sydney, for example; they do not now, and it is unlikely that they ever will in the future. The demand will prevent that from happening.

But what they do is hub around the metropolitan network, such as the key stations of Spencer Street in particular, or Southern Cross as it will become; and so there is not a requirement for people to leave Bendigo on standard gauge. It will not make the journey any more comfortable, faster or any more reliable, so there is no need to convert the passenger services. If you were to do it, for example, it would have a whole flow-on offer a other consequences. You cannot describe them as unintended consequences because they are absolutely predictable — for example, it would mean that passengers going from Bendigo to Echuca would have to travel down by broad gauge to Bendigo and then change trains on the standard gauge and come down to Water Gardens, and then change trains again to the broad gauge. It would just not make any sense from the passenger's point of view having to chop and change trains.

It would also mean that a number of tourist activities that have been developed by local community groups, such as the Castlemaine-Maldon tourist development that has just started operating through its extended services, and importantly the tourist operation that takes the trains from the Echuca train station out to the wharf as part of a tourist precinct, would not be able to have steam trains, or indeed other trains, come to them from the south of Bendigo because they are not proposing to standardise those tourist facilities, which are just being opened this week. So the whole proposal about standardising passenger services would cost billions of dollars, and no-one is suggesting that it will ever take place.

Mr CLARK — By way of supplementary question, there has been controversy over the Bendigo line. My understanding is that part of the debate is whether you have a single or dual line on the Bendigo route.

Mr BATCHELOR — That is a separate issue. There is another debate about that, that is right, but that is separate from whether you would standardise the passenger service.

Mr CLARK — Can you tell the committee why it is you are opting for only a single line given, I understand, that it has proved to be quite a delaying factor on the Ballarat route?

Mr BATCHELOR — The Ballarat train line has been under single track operation always — perhaps not 'always' but for a long time — who knows? I guess there will be some train buffs who will advise us otherwise. I do not know the answer to 'how long'.

Mr FORWOOD — Perhaps from the gold rush?

Mr BATCHELOR — It may well be. I am now advised it has always been the case. On Bendigo they have had dual track. It is possible to have a service going to a distant location operating on a single track as it is obviously on a dual track. As part of the developmental stage of upgrading the Bendigo line to meet the fast rail requirements, the option that was chosen was to upgrade the single track and to provide for the service frequency by the use of passing loops, which is a fairly common way of dealing with the need for bi-directional travel on a single line, to provide it through passing loops. That was the way we were going to deal with it on the Bendigo line as we are dealing with it on the Ballarat line. However, given that they have in operation a dual track system there has been a request for us to have a look at that. We are going through a review process of that at the moment which is yet to conclude. That is absolutely separate from the standardisation proposal.

Mr RICH-PHILLIPS — I go back to the issue of Scoresby tolls. In 1999 you told this committee you had commissioned a report from the Department of Infrastructure which suggested that a one-way trip toll on the proposed Scoresby would be at least \$8. Can you provide that report you commissioned in 1999 to this committee and does that mean that in today's dollars, with your proposal going forward, that the trip cost is going to be at least \$8?

Mr BATCHELOR — The toll costs for the Mitcham-Frankston freeway have not been determined and they will be quantified with respect to how much they will cost and where they will be located as a result of the negotiations for the tender, that will be negotiated for the freeway. They will be identified as part of that project.

In 1999 I think I was referring to a report actually emanating from the previous government — the Liberal government — that was commissioned as to whether tolls would be or could be used as a funding model at that time.

Mr RICH-PHILLIPS — You indicated you had actually asked the department — —

Mr BATCHELOR — I asked the department to comment on a report — —

Mr RICH-PHILLIPS — 'I asked the department to carry out some calculations on costs'.

Mr BATCHELOR — That is not commissioning a — that is not what you said earlier on, was it?

Mr RICH-PHILLIPS — Using your words, can you provide that advice to the committee?

Mr BATCHELOR — I have already advised it to the Parliament. The advice we had was that that is what it would cost then. But that is not our proposal. Our proposal is very different to the way the Liberal government implemented tolls on the City Link project. I would be surprised that you would mention that. For example, we are not proposing to close adjoining roads to force people onto the tollway as you did with — —

Mr RICH-PHILLIPS — Onto parallel roads?

Mr BATCHELOR — We have no proposals to close any roads and we would — —

Mr RICH-PHILLIPS — Or restrict?

Mr BATCHELOR — We would mandate those.

Mr FORWOOD — 'Or restrict' is what we are trying to get you to say.

Mr BATCHELOR — What I say is my business.

Mr FORWOOD — I know. We are trying to get you to say 'or restrict', but you will not. So we could put on the record that they will be restricted.

Mr BATCHELOR — That would be wrong to say that because I have not said that.

Mr FORWOOD — Say it now.

Ms ROMANES — Can you provide the committee with a breakdown of how the \$8 million extra for cycle paths will be spent?

Mr BATCHELOR — We have a base budget in Vicroads for cycling upgrades. We have also committed additional funds over a three-year period to provide an additional \$8 million to provide a short-term boost. We did this in our first term of government and it has proved to be very successful. The funding would be managed by Vicroads. We have set up or continued a bicycle advisory committee within the Vicroads advisory structures and the proposals for particular projects are developed by Vicroads and taken to the Vicroads advisory committee. It makes recommendations to me and approval is then given to which projects are funded.

The success of this approach in the past has seen anecdotally an increase in the level of cycling, and Bicycle Victoria has undertaken some very limited counts at a couple of locations. Its counting of bicycle usage has shown there has been a fairly significant increase in bicycle use in that time. For that reason we have decided to provide again in this term an additional \$8 million to boost the amount spent on bicycles. It is largely for the on-road

bicycle part of the bicycle network, to provide on-road connections as distinct from the recreational bike trails that local councils and Parks Victoria provide. It is in order to encourage cycling as an alternative form of commuting.

The CHAIR — By way of supplementary comment on that particular topic, Moreland City Council has commissioned a report and found that in the last few years over 1000 extra people have taken up cycling throughout Moreland using Sydney Road alone. They have done a cost-benefit analysis that every new cyclist equates to about \$1000 improvements in health. How could that and other similar reports be factored into the work of your department? And so that I do not have another supplementary question, your offer of taking the committee on a site inspection on the Eastern Freeway extension — we might like to take that up on cycling.

Mr BATCHELOR — I will certainly cycle out there with you.

The CHAIR — Just generally. On the first part, various councils and community groups have done a lot of work. How does that feed into the work of your own department?

Mr BATCHELOR — Our objectives are to enhance and improve the commuter routes for bike users. There are additional benefits that should also be taken into account. This goes towards the triple-bottom line form of accounting and measuring the success of projects. In addition to the provision of bicycle infrastructure we are also developing the Travel Smart program which is a program that is essentially based around providing people with information on public transport in their local area. A subset of it has been to encourage people to change modes by going from cars primarily to public transport, but additionally to change modes by going to bicycles or even walking for local trips. We have found that one of the big reasons people cite for making that change to bikes or to walking is the perceived health advantages that they receive as a consequence, and they are prepared to do it. So as part of another mode or attitude-changing program under Travel Smart, the thrust of which is for public transport — although because many of these issues are integrated, as you rightly point out, some people see it as a health benefit, other people see it as an environmental gesture — we in terms of designing the infrastructure recognise that it is an infrastructure upgrade, but we know that it also has these environmental and health benefits as well.

The CHAIR — We look forward to that trip and those site visits.

Mr BATCHELOR — Just following up on Mr Forwood's comment before, can you go to page 10 of the expression of interest document?

Mr FORWOOD — Yes.

Mr BATCHELOR — Page 10, top paragraph there under paragraph (e), would you like to read that out?

Mr FORWOOD — 'Will not accept proposals that require capacity reductions on surrounding road networks.' So you are ruling out restrictions?

Mr BATCHELOR — We are ruling out what it says there. That is reduced capacity. That is even wider than what you have suggested, is it not?

Mr FORWOOD — Yes.

Mr CLARK — On the question of the placement of traffic cameras, speeding cameras, red-light cameras, point-to-point cameras, what are the criteria and the decision-making processes that are used in deciding where these cameras will be placed — for example, are decisions about placement made based on prior accident or fatality statistics? To give one example, you referred earlier to the fact that on the new Geelong road there has not been a fatality for six months, yet I understand it is intended that there will be a very significant concentration of cameras, including point-to-point cameras. How has it been decided, for example, to place those cameras on the Geelong road, given so far, fortunately, a low fatality rate, and more generally what are the criteria and processes used?

Mr BATCHELOR — You have raised a very interesting position about the impact of speed cameras on the road toll and raised some issues that do not fall within my area of responsibility. Actually the placement of cameras — the operational decisions on both fixed and mobile speed cameras — is an issue for the police, and they make those sorts of decisions. But what I would like to do is to circulate this graph here, which is a graph that compares the fatalities in country Victoria and in metropolitan Melbourne with the issuing of infringement notices largely from mobile speed cameras, and it plots the numbers of infringements that have been issued by mobile speed cameras versus the fatalities that have occurred.

Refer to Appendix 2.

You will see from the beginning of this year — the mobile speed infringements is the green line on the graph — there is a very dramatic reduction in the total number of infringements being issued by these cameras, and at the same time you will also see that really dramatic reduction in the metropolitan road toll and that there has been an increase in country Victoria on the graph, but I can report to you that the current figures are indicating that that is beginning to trend down for the first time for a long time directly as a response to the enforcement activities that the police have been undertaking.

The Victorian police have been doing a fantastic job in line with our Arrive Alive strategy in working to bring down the road toll. They have increased the amount of enforcement activity, both in terms of the commitment of police human resources, but also the application of technology. You referred to the impending introduction of speed cameras on the Geelong road. They are not there yet. Everyone thinks they are, but they are not, and we thank the Liberal Party for perpetrating the myth that they are already in operation because it has saved many, many lives. People know now that if they speed, they will be detected, whether it is in country Victoria or not, as has been the perception in metropolitan Melbourne.

Given that you have raised the issue of mobile speed cameras and fixed location speed cameras, you can see that already people are responding to the increased enforcement activity of the police, the fantastic job that they are doing, and that that is having two effects — the number of infringements is coming down because people have wiped off 5 and are responding to the signed speed limits, and as a direct result of what the police have been doing, their increased activity, the road toll is coming down, and in metropolitan Melbourne it is coming down to historically low levels. Notwithstanding the fact that there are more cars, more licensed drivers, people are driving further and more often, the road toll in metropolitan Melbourne is coming down, as is the number of infringements that have been imposed, and it is a terrific result. We all should be thanking the Victoria Police and the road safety strategy for saving the lives of these Victorians.

Mr CLARK — We should thank you for providing this chart to the committee too, Minister, but could I ask you whether you can offer any explanation for the dramatic fall that took place in December 2000 and January 2001 in the number of infringements that were being reported, which almost halved from 60 000 to just over 30 000, and then rose again?

Mr BATCHELOR — When was that?

Mr CLARK — This is December 2000 and January 2001, because it goes to the significance of the fall that we are experiencing at the present time.

Mr BATCHELOR — I cannot, but there was a period when there was some industrial activity taking place and it might relate to that. I think you might find it was that.

Mr DONNELLAN — Minister, \$17.3 million has been allocated over the next four years for metropolitan bus service initiatives. Can you outline where these services improvements will be made and the broad timetable for implementation of those service improvements?

Mr BATCHELOR — Sure. Over the last couple of budgets the Victorian government has provided additional new bus services. The last budget I think was the biggest increase for probably three decades in terms of budget funding for bus services in the metropolitan area. They are largely in the outer metropolitan area. We are allocating funds in 2003–04 of \$5.5 million, in 2004–05 of \$3.8 million, in 2005–06 of \$4.2 million, and in 2006–07 of \$3.8 million. These will cover services between Cranbourne and East Cranbourne, and between Epping and South Morang. Those Cranbourne and Epping to South Morang services are scheduled for 2004. There are some service upgrades scheduled for 2003 out in the north-east around Eltham, Research and Warrandyte. In early 2004 for Endeavour Hills — which might be of interest to yourself — there are service improvements. And in June 2004 we are looking to see how we can introduce Smart Bus services along route 700, along Warrigal Road. The Smart Bus services that have been introduced in Springvale Road have proved to be a real boost to patronage. It is still early days yet. I think I saw some figures following some six months of application, and they have proved to be a boost to patronage somewhere of the order of 20 per cent in some sections.

We are trying to apply the same sorts of initiatives to this route up Warrigal Road as we applied to what was the trial out on Springvale Road. In 2005–06 we are proposing to introduce a new bus service over in Sunshine and Laverton which will provide a link between the railway stations there, making that cross-town intermodal connection between those buses. So that is in terms of the route services. Of course we have an ongoing and substantial campaign to upgrade and improve the rolling stock itself. New rolling stock that comes on must be low floor and therefore wheelchair accessible to meet the Disability Discrimination Act requirements. They are more

comfortable, modern and airconditioned buses and many tens of millions of dollars are being spent each year on providing new buses largely for the metropolitan bus service.

Mr FORWOOD — Just before I ask my question, item 8.14 on page 21 of the expression of interest document says that the state will accept non-conforming bids. I just want to make sure that you will not accept a non-conforming bid that either reduces road capacity or does away with a long tunnel?

Mr BATCHELOR — That is right.

Mr FORWOOD — Thank you. My question goes to the structure of the government side of this project. We have established a statutory authority, we have Vicroads and we have the Department of Infrastructure. Can you tell us how the relationships will work internally and in government? How much funding has been allocated for that particular side of it and where we can find it in the budget papers?

Mr BATCHELOR — A statutory authority will be set up to run this project on behalf of the government. It is a project with governance or an administrative structure that is similar to that which occurred with the City Link project through the establishment of the Melbourne City Link Authority. The funding will come from the Better Roads fund as it did with the City Link project. The new authority will come into effect on 1 July. We have had people acting in an advisory capacity and it is expected that they will continue on once the formal creation has been established on 1 July. So it will not be a responsibility of Vicroads or the Department of Infrastructure. From 1 July it will be responsibility of SITA.

Mr FORWOOD — And its budget is?

Mr BATCHELOR — I have not got those figures here.

Mr FORWOOD — Can you advise the committee of its budget and will it report to you directly or will it go through Howard?

Mr BATCHELOR — It will report to the minister.

Mr FORWOOD — Is Alf going back or is he going to —

Mr BATCHELOR — No is the answer. Definitely not!

The CHAIR — Thank you.

Mr BATCHELOR — Do not raise that option again either! We want him where he is, thank you.

Ms GREEN — Minister, a key direction in the Melbourne 2030 strategy was a target of more than doubling public transport mode share from 9 per cent to 20 per cent of trips in the metropolitan area by 2020. What initiatives are provided in the budget estimates for 2003–04 and what are the costs involved?

Mr BATCHELOR — We have undertaken a number of initiatives to try and increase our objective of moving towards 20 per cent mode share by 2020. A number of those initiatives are in this budget, but they are also supported by some longer term initiatives — For example the Travel Smart program that I mentioned before is an ongoing program that has previously been provided for in the budget to provide, in a very local setting, how we might take steps that will produce a mode shift, particularly to those buses in the outer metropolitan area where there is enormous capacity for modal shift. But it is not only designed for buses, it is designed for any public transport mode, and recently we launched one along the Alamein corridor to encourage people to take up public transport there.

As I indicated to you, we are also extending the smart bus trial along Warrigal Road. We are upgrading the bus services to outer metropolitan areas, and the one out to South Morang will be of particular interest to your good self. The concept at South Morang will be to upgrade the frequency of services connecting into the train line at Epping, as with Cranbourne, to provide a trial if you like of the impact of coordinating the bus and the train services on a very frequent basis to meet one another and improve that issue of connectivity.

We have also found that the development of improvements to the existing ticketing system has improved customer acceptability and that is translating into increased revenue. Acknowledging that ticketing and getting it right is a really important aspect of patronage growth, we are setting in place the early design developments that need to be undertaken for the next generation of ticketing on our public transport system. The current contract expires in

March 2007 and under the current contractual arrangements, come March 2007 Onelink will pack up all its machines and go home. So before that time arrives we have to establish the mechanism for the public transport ticketing system post-2007 and we are starting that work now, because it will be a very important transitional period.

We are also examining the metropolitan rail network in a planning sense to identify capacity issues. In the longer term we need to identify the capacity requirements particularly of some of those bottleneck issues and particularly the loop. We are undertaking other site-specific projects that will enhance public transport use. We mentioned Jolimont earlier on and we are also building a new station down at Grovedale. They are the sorts of things and they are a mixture of practical engineering and physical upgrades, trying to bring about behavioural change to facilitate modal change. They are also identifying the future long-term planning requirements so that we can foreshadow what the capacity issues are, understand what the budgeting implications are and bid for those on a staged basis.

Ms ROMANES — You have talked about improving the connectivity of the transport system between modes. Are there any further initiatives relating to facilitating bicycle travel along with train and bus travel — providing further parking at some of the key stations in the Transit Cities program or bicycle parking at key destinations and so forth?

Mr BATCHELOR — At the moment, under the existing franchise agreements, those sorts of issues at individual railway stations are part of the responsibility of the private operators. That is in the sense of what is happening now; however, as part of the Melbourne 2030 requirements in terms of long-term strategic planning frameworks, the government has developed Melbourne 2030 not just for land use planning but as an integrated land use and transport planning scheme, of which bicycle use is an important and strategic part. It will be woven into future plans at the local level, at the statewide level and in terms of individual projects. Proponents, whether they be the state government, property developers or local councils, will need to take these matters into account when putting forward ideas.

Mr RICH-PHILLIPS — I would like to take you back to the graph you showed us earlier about speed camera fines and the road toll. You said that the road toll is falling, which it clearly is, and you spoke about people slowing down as a result of the campaigns and therefore there being a reduction in the number of infringements. The budget papers suggest that for this year the government is projecting an increase in the number of infringements, which is shown through the 30 per cent increase in infringement revenue. Could you tell the committee what level of infringements the government has projected for this year and what underpins those assumptions — what change in the environment? Given the fall in speed and fatalities, why you are projecting an increase?

Mr BATCHELOR — It is within the Department of Justice. I do not know the basis, I am not party to the basis of those forward projections. All I am doing is indicating that the strategy to reduce the road toll is working, and it is paralleling a reduction in the number of infringement notices issued in the first three months of this year. You can direct that question to the Department of Justice.

Mr MERLINO — I refer to your presentation at the beginning of this hearing. Can you detail for the committee how communities have benefited from the additional funding provided by the government under the statewide black spot program?

Mr BATCHELOR — When we were elected to government we undertook to have a one-off blitz on black spots, funded by a road safety dividend from the Transport Accident Commission (TAC) — it was some \$240 million. A total of 1112 projects have now been funded under this project. It has had a terrific response right across country and metropolitan Melbourne with big increases occurring in the allocation of black spot funding. Because of the scale of the project there have even been some economies of scale entered into and at the end of the project we find savings have been achieved at the tail end so an additional 17 projects will be funded out of the savings that occurred during the course of it. They will be announced shortly. Some of those projects are still in the completion phase but all of them have been allocated.

The Monash University Accident Research Centre has undertaken an initial evaluation of the project based on 109 black spots that had been completed by the end of 2001. The result showed that casualty crashes at treated sites have been reduced by an average of 17.5 per cent. An overall benefit-cost ratio of some 4.2 has been achieved as a result of that expenditure. The analysis of the total project or a larger sample has not been concluded at this stage, but it will be in due course. However, 198 is a fairly large percentage of a total of more than 1000, and it is really

terrific to see that there has been that 17.5 per cent reduction in casualty crashes at those sites that have been treated as part of the black spot program.

It is not only reducing serious injuries, reducing the number of crashes and reducing the number of fatalities but it is also saving the costs to the community that would have come from those crashes had they occurred. It has been a very successful campaign and it has been well-appreciated by local communities. I think the TAC has also found it rewarding from a road safety prospective but also from an economic perspective as essentially its job as an insurer is assisted by this sort of substantial reduction in casualty crashes.

Mr CLARK — I refer you to the apparent corruption within Vicroads in relation to the rebirthing of stolen cars and the publicly reported estimate of a \$50 million cost to the government as a result of the government agreeing to pay compensation to victims of that. Can you tell the committee whether \$50 million is still the best available estimate of the cost of to government, where it is provided for in the budget papers, and have any Vicroads staff yet been suspended, sacked or charged in relation to this apparent corruption?

Mr BATCHELOR — I have to be a bit constrained in the way I answer this because we do not want to interfere with police investigations or prejudice any action that may flow from them. There is an investigation under way. They have identified that a number of vehicles have, according to the police, been fraudulently registered. The police are handling the consequences of that. Within Vicroads administrative changes have already been made to the way the licensing scheme is administered to prevent those sort of allegations from occurring again. We introduced amendments to the Road Safety Act in May of this year to require the recording of written-off vehicles. They now have to be administratively checked when dealing with re-registration. Compensation is being considered. The amount of \$50 million is way off the mark; we do not think it will be anything like that. Mr Anderson might like to supplement that.

Mr ANDERSON — We are working with the police and reviewing progress every week, but the estimate I have given the Minister is up to \$1 million perhaps.

Mr FORWOOD — Is it in the budget somewhere or will it come out of departmental figures?

Mr ANDERSON — It is not a specific item in the budget at this stage, but we will deal with it as we go along.

Mr CLARK — Have any charges been laid?

Mr BATCHELOR — It will be funded from within the Vicroads budget. The issue is that on the one hand there is this wild allegation that it is \$50 million which does not reflect what we think the reality is. Once the police process has been concluded we will be in a better position to know the full dimensions of this.

Mr FORWOOD — The article which I read had a picture of a young lass who had bought a car and was still paying it off and all that sort of stuff. Has something been done to help her out of her situation or is she now, as she says in the article, without wheels and with a \$30 000 debt?

Mr BATCHELOR — I do not know the circumstances of each case, and I do not know whether she has made a claim or whether she is entitled to. If you provide the information, we will check it up for you.

Ms ROMANES — Minister, one area which we have not touched on yet and which is part of your responsibilities is the waterways. I refer to page 223 of budget paper 2, which makes reference to some programs relating to water in this state. Will you inform the committee what the government is doing to improve marine safety in Victoria?

Mr BATCHELOR — Marine safety is being improved as a direct result of the introduction this year of recreational boating licences for motorised vessels. The commencement of this licensing arrangement has provided a revenue stream where over the next five years some \$15 million-odd will be made available to improve safety for recreational boating users.

Just recently I announced a grant program for this year, and it is envisaged that over future years there will be further programs of around \$3 million a year. They will go to things like the replacement of search and rescue vehicles and equipment to volunteer groups; to the provision of boating safety education and training which is provided by a number of providers; the provision of an upgrade of navigational aids and other boating signs to improve safety; and to start a media campaign for the wearing of life jackets and other safety equipment. Each time we hear of tragic accidents like we heard of recently in New South Wales we can understand the benefit that comes

from people understanding not only why safety equipment is useful but how it can help save lives. As a direct result of the introduction of the licensing scheme there has been a corresponding improvement of funding towards boating safety.

Mr FORWOOD — Minister, I would like you to take this question on notice, if you could — I know what happened last time we asked a question like this. Page 2 of the department's response lists the 26 outputs for which you have responsibility. For each of those outputs could you provide the committee with how much of the fund comes from appropriation, how much comes from the federal government and how much comes from other sources — that is, Transport Accident Commission, Community Support Fund or revenue raised? Each output group has a total output cost and we are trying to get for each of the 26 output groups a break-up of the sorts of funds that make up each output cost.

Mr McDONALD — Predominantly the funds come from state sources so we will be able to provide that if the detail is provided in the follow-up questions.

Mr FORWOOD — That is what I am asking for.

Mr MERLINO — Minister, I refer you to page 226 of budget paper 2. Can you inform the committee what the government is doing to increase the use of rail into Victorian ports and how the efficiency and effectiveness will be measured?

Mr BATCHELOR — As part of Growing Victoria Together we have set a vision, if you like, to try to reach 30 per cent of the freight going into ports by rail by the year 2010. We are working towards achieving that objective in a number of ways. It is worth remembering, though, that in 1996 the rail share of port traffic was around 10 per cent and to date we have been able to increase that to around 17 per cent. The indication to us is that it is likely to increase again in the financial year. That in itself is a pretty spectacular increase. We want to make sure that (a), it is sustainable, and (b), that it continues to increase in the years ahead. Of course, we have not done it by ourselves. We have done it by working with a number of partners systematically and deliberately, and we will continue to do that. For example, in partnership with P & O ports division, one of the two stevedoring companies down at the port of Melbourne, rail has been connected to West Swanson Dock and the first train coming into that new port area commenced operations earlier this year. So it is our expectation that the development of the rail connection into the P & O part of our ports at West Swanson Dock will again add to other benchmarks or other measures in working towards this 2010 benchmark.

The grain loop in the port of Geelong has been completed, again in partnership with the private sector. This has enabled trains travelling on both standard and broad gauge to carry grain by rail to the port of Geelong and use the facilities there, and that is an important boost to the capacity of Geelong and also increases the competition, if you like, between the various ports.

The government has also announced a decision to provide a new connection to Victoria's standard gauge network through the construction of the Corio independent goods line, again at the port of Geelong. That is a \$13.5 million rail link, and it is about making linkages to the massive network of freight infrastructure that already exists and goes within a whisker of the port of Geelong but is not properly connected. While \$13.5 million is a substantial contribution, we expect it will provide substantially increased opportunities for rail freight from the port of Geelong. It will allow both standard and broad gauge trains to access Corio Quay, North Shore and Lascelles wharf, and it should, as a consequence, lead to increasing rail's share.

These works will complement the connection to be built into Lascelles wharf itself in the port of Geelong. About \$5 million was set aside in last year's budget for Lascelles wharf rail link with the construction of that connection to start next year. Of course \$15 million has also been allocated to construct an overpass for the port of Portland in order to separate trains and trucks heading into the port from the local road network. This will be a benefit both to accessing the port for freight, but also separating it from the residential uses. The current road network has to cope with both and finds that inadequate.

These are the sorts of projects we will systematically continue to look at in trying to work with the stevedoring interests and the freight interests to grow that rail share. We see it as all part of a seamless logistics chain where we have to view the freight task from the point of manufacture, or the point of growing, right through to its point of export, and not see it as a disjointed, non-integrated task. So it is a really important aspect of what we are doing. It is an area of government activity that has not had much external media publicity but it is one that is crucial to our economy and our future.

The CHAIR — By way of supplementary, with that Geelong freight you referred to partnership with the private sector. What percentage of your work there with rail to Victorian ports would be in terms of partnership with the private sector? The PPP concept is something of particular interest to this committee.

Mr BATCHELOR — It is on a case-by-case analysis. Some projects are entirely government funded. The ones I have specifically referred to with a quantum are government-funded ones, particularly the outer-lying ports. With the port of Melbourne we are looking towards the stevedoring companies and other port interests to also be putting in money, but there is not a fixed percentage. At this stage each partnership arrangement must be measured on a case-by-case basis.

The CHAIR — The percentage of the work that is under way, I was talking about.

Mr BATCHELOR — I would have to get advice for you on that.

The CHAIR — That would be of interest to the committee, as we are particularly following up on PPPs.

Mr RICH-PHILLIPS — On fast rail projects, we know you have committed \$550 million for the capital cost of those projects, but what is the ongoing operating cost going to be, in terms of the extra maintenance required for the rails to be carrying rolling stock at the increased speed? Has any assessment been done of the ongoing cost?

Mr BATCHELOR — We have not resolved that matter yet. That will be the subject of further negotiations. What additional component there will be we will have to advise you of later; it has not been determined yet.

Mr RICH-PHILLIPS — Would that be funded through budget or through the operators? Would that flow through the DOI budget?

Mr BATCHELOR — I expect that it will be. What the quantum will be I am not able to advise you at this stage. You will have to ask me that next year.

The CHAIR — Thank you, Minister. That concludes the consideration of the budget estimates for the portfolios of Major Projects and Transport. I thank the minister and departmental officers for their attendance today. It has been a very useful session.

The committee has a couple of issues that it will follow up with you, and there may be other questions it will forward to you next week.

Committee adjourned.

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