

VERIFIED VERSION

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into Budget Estimates 2017–18

Melbourne — 18 May 2017

Members

Mr Danny Pearson — Chair

Mr David Morris — Deputy Chair

Mr Steve Dimopoulos

Mr Danny O'Brien

Ms Fiona Patten

Ms Sue Pennicuik

Ms Harriet Shing

Mr Tim Smith

Ms Vicki Ward

Witnesses

Ms Jacinta Allan, Minister for Public Transport,

Mr Richard Bolt, Secretary,

Dr Gillian Miles, Head, Transport for Victoria,

Mr Jeroen Weimar, Chief Executive Officer, Public Transport Victoria, and

Mr Corey Hannett, Coordinator-General, Major Transport Infrastructure Program, Department of Economic Development, Jobs, Transport and Resources.

The CHAIR — I declare open the Public Accounts and Estimates Committee inquiry into the 2017–18 budget estimates.

All mobile telephones should now be turned to silent.

I would like to welcome the Minister for Public Transport, the Honourable Jacinta Allan, MP; Mr Richard Bolt, secretary of the Department of Economic Development, Jobs, Transport and Resources; Dr Gillian Miles, Head of Transport for Victoria; Mr Jeroen Weimar, Chief Executive Officer, Public Transport Victoria; and Mr Corey Hannett, Coordinator-General, Major Transport Infrastructure Program. Witnesses in the gallery are Kevin Devlin, Chief Executive Officer, Level Crossing Removal Authority; and Mr Evan Tattersall, Chief Executive Officer, Melbourne Metro Rail Authority.

All evidence is taken by the committee under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. Comments made outside the hearing, including on social media, are not afforded such privilege.

Witnesses will not be sworn but are requested to answer all questions succinctly, accurately and truthfully. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

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

All written communication to witnesses must be provided via officers of the PAEC secretariat. Members of the public gallery cannot participate in the committee's proceedings in any way and cannot photograph, audio record or videorecord any part of these proceedings.

Members of the media must remain focused only on the persons speaking. Any filming and recording must cease immediately at the completion of the hearing.

I invite the witness to make a very brief opening statement of no more than 10 minutes, and this will be followed by questions from the committee.

Visual presentation

Ms ALLAN — Thank you, Chair, and thank you to the members of the committee who are here this morning to hear me provide the presentation. I am really proud to present to the Public Accounts and Estimates Committee on the outcomes of the Andrews Labor government's third budget. I think this committee has heard from the last two times I have been before it about how we have been working really hard in our first two budgets to make big investments in both our metropolitan and regional networks. It will come as no surprise then to hear that we are continuing that work. We are continuing with the delivery of the Metro Tunnel, getting rid of level crossings, doing important works in the suburbs — like the extension of the rail link to Mernda, the duplication works on the Hurstbridge line — and of course introducing and now making permanent the Night Network public transport on weekends. Also too, this is a program that creates up to 20 000 jobs in the process, and this budget continues this effort.

We promised to remove 50 level crossings — and I will start on this part of our program — and we have not wasted a day. This budget accelerates the work we have been doing by bringing forward \$846 million over the next four years. This is in addition to the more than \$2 billion that has been invested in this financial year in the program, a record to date. We have removed 10 of the 50 level crossings we committed to remove and we are well into the construction on another 13. Just a few weeks ago I announced a contract for the removal of another dozen level crossings in Melbourne's north, in the west and in the south-east, and together these are projects that are going to be worth more than \$1 billion.

The western program alliance will remove the Kororoit Creek Road level crossing in Williamstown North and also duplicate part of the Altona loop. Another alliance has been announced for the north-west, which will remove the Camp Road level crossing in Campbellfield, Skye/Overton Road in Frankston and Buckley Street in Essendon. Also too we have recently let the contracts for the remainder of those level crossings on the

Frankston line. I think it is fair to say that no government has ever moved this quickly to get rid of these dangerous and congested level crossings.

Moving on to the Metro Tunnel, last year's budget fully funded the Metro Tunnel and this budget funds the works that are needed across the broader network to be ready for the opening of the Metro Tunnel. The budget provides support for extra trains to run on the Frankston line when the Metro Tunnel is completed. And to assist with this, it is why the budget is investing \$187 million in relocating the stabling that is currently at Carrum into a new stabling yards in Kananook.

Also too, I mentioned the Hurstbridge line in the context of level crossings. We are also planning for the next phase of the work on the Hurstbridge line, with \$5 million to finalise the planning for the second stage on the Hurstbridge line upgrade, and another \$9.4 million will go towards new stabling also at Mernda to support our rail extension to run more trains on the Clifton Hill group.

We know the suburbs are growing and we know that more and more people living in the suburbs are wanting to have a good public transport option. So we are making accessibility improvements at Oakleigh station and we are also looking at making improved accessibility of our stations at three of our busiest stations: at Richmond, Flinders Street and Southern Cross.

Also too, on our bus network, the budget provides for additional morning and evening peak time services. And we will be adding also an extra eight additional train services on the Werribee line in the shoulder peak. I emphasise that is above the additional services we announced this week.

We are also looking at how we can keep Melbourne moving while we build these major projects, and that is why we will be introducing a St Kilda Road shuttle during the weekday peak period, and more than 50 additional tram services on routes 57, 58 and 59 — these are the services that go into the north-west suburbs — and also too extra bus services at North Melbourne station and Parkville. All of this is looking at how we can ease the unavoidable disruption that will come through the construction of the Metro Tunnel and provide additional services for a growing city.

Last year the Premier launched the state of momentum campaign, which is a campaign to draw attention to the unique and special features that Victoria offers. I would like to say that one of them is our 24-hour public transport system and our 24-hour airport. We are leveraging these features to make Victoria the destination of choice for international and domestic tourists. What is interesting to note with Night Network is that it is not just visitors and people looking for a good night out who are taking advantage of our Night Network. The Night Network has been very popular with shift workers, those people who keep our city going in our hospitals and in the hospitality industry. This budget makes Night Network a permanent feature on our public transport timetable, with \$193 million over the next four years invested in this great new addition to our public transport services.

Turning to regional public transport services, this year's budget continues that really strong tradition that Labor governments have always had in investing and building better regional public transport services. That goes back nearly two decades. I have been proud to have been associated with previous governments — the Bracks-Brumby governments — who were the first in the modern era to invest in regional rail. We restored V/Line to public ownership, reinstated passenger rail to Ararat and Bairnsdale, purchased the VLocity and we also oversaw the delivery of the regional fast rail program, which we know has transformed so many regional cities and towns. Building on that, we also reinstated passenger services to Maryborough, and of course there was the regional rail link — a massive addition to our regional network.

As you can see from this graph before you, whenever there has been a significant investment in regional public transport people have responded and public transport patronage in our regional areas has grown accordingly. So that is why this budget continues the strong work of wanting to make more investments, whether it is purchasing additional train carriages — taking it to 87 VLocity carriages that this government has ordered in our first three budgets. We have added over 570 new services to the regional network. That is why we are also seeing these new services, which the next slide goes to.

We recently announced a new timetable, in August, to come to our regional areas, adding a further 142 new services. Just to give you an example of what this means, in places like Bendigo and Ballarat weekend frequency will go from 90 minutes to every hour. When I was growing up in Bendigo I think we had about

three trains a day on a Sunday, so it is a really big boost to our public transport services. These services are helping us address demand, but we also know that we have to keep pushing on with the infrastructure investment.

That is why the next slide goes to our \$1.45 billion regional rail revival program. There has been a bit of commentary about this recently, about how we are wanting to fund this through the federal government's asset recycling initiative, which is of course the funding that Victoria is entitled to through the sale of the long-term lease of the port of Melbourne. We are doing this because this is a package of works that will help create jobs and deliver better train services. Whether you are in Warrnambool or in Traralgon, in Echuca or in Geelong, we are wanting to improve services, and that is what this package does.

Of course we also know that this investment coming to Victoria and the funds from the federal government would certainly go a long way to honouring the agreement that the federal government signed with the Victorian government under the asset recycling initiative, and it is funds that we are owed. Of course the federal budget fell a bit short of the mark when it came to what we were hoping to see in terms of the investment in the regional network, with only \$500 million allocated for projects that were selected only by the federal government.

If I can give you a sense, on the next slide, of what one project of that regional rail revival package means, that is of course on the Gippsland line. We committed \$435 million towards the Gippsland rail infrastructure stage 1 project. This is all the work that is needed to get extra services into Gippsland, which we know is what the community is asking for. It would provide track duplication and upgrades to signalling, which would give us the chance to run those additional trains, and of course it would create up to 400 jobs during the peak construction period.

Also, the next slide goes back and looks at some of the other projects. There is \$110 million to kickstart the new Surf Coast rail upgrade and \$100 million to upgrade the Warrnambool line. This would be a great project, because it would bring the VLocity trains to the Warrnambool community for the first time. There is \$91 million for the Bendigo–Echuca corridor, which is an area I know well. Certainly that upgrade would see an improvement in travel times and extra services in that northern part of the state. There would be upgrades around Ararat. Stage 2 of the Gippsland line would see the upgrade of the Avon River bridge and also work on the north-east line. Every single regional passenger line under this package would see an upgrade. That is why we believe that anything short of the \$1.45 billion that we are owed is not good enough, and that is why we are pushing really hard in a context of course where Victoria only receives less than 8 per cent of federal infrastructure funding.

But of course there is more in the budget for regional Victoria beyond the conversation we are having about the regional rail revival package. There is \$316.4 million for increased maintenance funding for our regional network to improve regional train punctuality, safety and reliability. There is \$43.5 million for improving services between Seymour and Shepparton. This is a package that delivers the infrastructure works that are needed to deliver the additional services that the Shepparton community is looking for. Also, a further \$4 million a year has been provided to expand and upgrade bus services in key suburban and regional areas.

I mentioned before the extra services that we are running in regional Victoria. Over 570 extra services have been added across the last two and a bit years. Of course to run extra services you need more trains, and that is why we have been continuing to order regional trains in each of our budgets. This year the budget provides for a further 39 new VLocity carriages, taking it to 87 in total that the Andrews Labor government has ordered through its first three budgets. Of course these are trains that are manufactured at Bombardier's factory in Dandenong, so they are made in Victoria for regional Victorian public transport services.

The investment in the budget of \$311 million for rolling stock will also fund a major redesign of the VLocitys to help them run on long-haul services. I mentioned Warrnambool before. We do need to make some modifications to the design to enable them to run on those longer services.

The budget also includes \$12.5 million to refurbish V/Line's classic train fleet — these are the older trains — to ensure that they remain reliable and comfortable. Again, we will be looking at how this work is to be delivered in Victoria. That is one of our key policies. Also, this year's budget provides a further \$218 million for 10 E-class trams — again, E-class trams that are built at Bombardier's factory in Dandenong.

So this is a budget with a strong focus on regional public transport, and it is also continuing the work we are doing in metropolitan Melbourne so that we can build a stronger public transport system regardless of which part of the state people live in.

The CHAIR — Thank you, Minister. Luckily it is government question time, because the opposition are not here. I might lead off, if I may. The budget paper reference is budget paper 4, page 122, the second-last line item, 'Metro Tunnel'.

Mr DIMOPOULOS — No quorum.

The CHAIR — Thank you. We now have a quorum. As an inner-urban MP, I am quite excited about the Melbourne Metro rail tunnel, particularly in relation to the impact it is going to have on the Craigieburn line. I think it is going to increase capacity by 27 per cent. So, Minister, can you outline to the committee how progress is tracking for this exciting project?

Ms ALLAN — It is very exciting.

The CHAIR — I am very excited by this project.

Ms ALLAN — I am grateful to have a question from the committee. It is a really exciting project. The Metro Tunnel is a transformative project. It is going to deliver more public transport services, but also it will be city shaping in many ways, as we see the investment ramp up across the heart of Melbourne. It does mean more trains, more often. It does mean we can unlock the bottleneck at the heart of our public transport system and get those turn-up-and-go services. I think we talk about this a lot. These are the sorts of timetables that people are looking for — when you can have a frequent and reliable service. After four years, where we know sadly this was a project that sat on the shelf gathering dust under the former government, we have not just breathed new life back into it but we have moved very quickly to get into this delivery phase. We are already seeing the job benefits that come from this project. All up we expect just under 5000 jobs to be created through the construction phase of the program, and this is a project that will benefit passengers on every train line, with more services and destinations. Also the future expansion, if you want to expand our rail network beyond what it already is, needs this investment in the heart of our public transport system.

We know that Infrastructure Australia have assessed the business case and have rated this project their highest priority for Victoria, and that was also why in last year's budget we fully funded the Metro Tunnel project. Again if we are looking at a contrast in investments between our government and the federal government, it really does speak for itself in terms of the investment that we are making in public transport projects. We have certainly got a lot of projects here in Melbourne and Victoria that have significant investment in them.

As I said, last year's budget fully funded the project. But also in last year's budget there was funding for a high-capacity signalling trial at \$55 million. We have examined this, and I know this has been a feature of previous conversations at this committee. We have brought this trial into the Metro Tunnel project and expanded it to be more than a trial. Looking at how we can combine it with the Metro Tunnel gives us the capacity to look at how we can effectively deploy it across the network, and so the budget involves an additional \$131 million into high-capacity signalling to be delivered by the Metro Tunnel authority. It is important that we see this as an opportunity to bring these two features together and get cracking on delivering a really exciting public transport project.

The CHAIR — Given the length and the size of this project there are obviously going to be some significant issues to be managed from a construction management perspective. I am wondering just from a construction management perspective what plans have been put in place in terms of trying to manage and obviate some of the construction activity for this project.

Ms ALLAN — Look, there is no doubt there is going to be disruption to what people currently experience in the way they move around the city when construction ramps up, and the impact of the project is already becoming visible at a number of key sites around the city. Whilst there will be a huge impact on the city while we build the Metro Tunnel, there is no doubt that the biggest impact will be when it is finished, and that will be delivering those extra trains in and out of the city for the suburbs and the regions, so it will certainly be of great benefit. But what we are seeing right now is that construction sites have been established at the City Square and at two other sites along Swanston Street, at A'Beckett and Franklin streets.

There are also — and you might see this on your travels around the city — other almost pop-up sites. There are also another 250 sites across Melbourne where work is going on, and this is to do with the relocation of many of the services that is part of the early works contract for the project. At the three sites that I mentioned work is being undertaken to excavate 11-storey-deep shafts that will become the enabling sites for the big tunnel construction in the future.

Also last week the Premier and I were out at the site of what will be the future Arden station and where demolition has started of the buildings at that site to pave the way for the works at what will be the Arden station site. So we are managing this — managing the disruption as best we can. It will be unavoidable, and that is why there have already been some announcements about traffic management changes in the inner city, because we are conscious of the need to keep the city moving whilst the project is built, and there has been a lot of work and consultation with Transport for Victoria, VicRoads, the City of Melbourne and the City of Port Phillip. Some of the already announced changes to bus and tram routes, with more to come, is part of this. Also the extra services I mentioned in my presentation for bus and tram services are also about getting those established well ahead of the construction phase ramping up.

Of course too during the environment effects statement process the Metro Tunnel authority worked really hard in looking at how we could minimise the impact. That is why from the initial reference design that was looked at 190 trees have been saved. There is no need to use the site of Fawkner Park, as had been previously thought. So these are examples of how we are trying to minimise disruption, and also work with businesses along the corridor, because there will be an impact obviously on businesses and traders, and we are very conscious of that. We have recently released some business support guidelines, which will become a framework for the Metro Tunnel authority of how they work with businesses. There are a number of really important institutions along this corridor: the Victorian cancer care centre, St Paul's, RMIT, the state library, city baths, the shrine — and there has been some intensive one-on-one work with those institutions about what they see the impact may be and how that can be addressed through the construction phase of the project.

The CHAIR — Thank you, Minister. Now, I am conscious of time. Just briefly, though, I mentioned earlier in my preamble about the important role that the metro will play in terms of increasing capacity on the Craigieburn line. I understand that is a 27 per cent increase on that line. From your perspective, though, can you outline to the committee the broader network impacts the metro will have across other lines?

Ms ALLAN — Yes. Look, there is no doubt that some of our public transport services — —

Members interjecting.

Ms ALLAN — Whilst the construction is going to be undertaken in the heart of the city, it is a project that is going to benefit the suburbs and the regions, and it is why we know we have to unlock that bottleneck at the heart of the network. So by connecting the Cranbourne–Pakenham line with the Sunbury line there will be a peak hour passenger capacity increase on the Cranbourne–Pakenham line of 45 per cent and on the Sunbury line the peak hour passenger number will increase by 60 per cent. We also know that other lines will benefit. As we give that Cranbourne, Pakenham, Sunbury corridor that dedicated line, it will free up capacity on those other lines and into the loop to run additional services. Also this is why it was important to bring the signalling into the project as well, because improved signalling gives us the capacity to run more trains.

I think I mentioned this in my presentation as well: it is important to note too that this is a project that is clearly a central precursor to other potential projects — for example, a train to the airport requires that this project is completed first, other projects like the electrification to Baxter that is talked a little bit about and duplication to Cranbourne. These extensions, these projects — —

The CHAIR — Order! The Deputy Chair.

Mr MORRIS — Good morning, Minister. Could I refer to budget paper 3, pages 157–158, the taxi and hire vehicle services area. There are some 14 performance measures listed there and I notice that one of them mentions rideshare reform. I am just wondering with regard to the proposed \$2 passenger levy, how was that figure determined?

Ms ALLAN — I am sorry, Chair, what time do we have?

The CHAIR — Until 10.04 a.m.

Ms ALLAN — This is how the levy impacts on those performance measures, and of course this is a question that is still before the Victorian Parliament. It is a matter that is before an inquiry in the committees in the upper house, and I think it is important to also reflect on why the government has chosen to include a levy which is the equivalent of \$2 a trip in our reforms of the commercial passenger vehicle changes that we are making.

We understand very clearly as a government, unlike other previous governments, that through this package of changes to the taxi, hire car, rideshare industry these are big changes that have an industry impact. Whilst we are absolutely certain that the framework that we have put into the legislation is the right framework to set all those operators up well into the future — that will provide for more services to passengers into the future — this does cause some impact on the industry and particularly the traditional taxi licence holders.

That is why — unlike under the previous government, where through the Fels reforms we saw taxi licence values halve over that period of time and not one single cent of compensation and support provided — what we chose to do instead was recognise that these changes were going to have an impact and the fair and right thing to do was to compensate those licence-holders through both a compensation program that is attached to the legislation and an additional \$50 million that is not part of the legislation in what is known as the Fairness Fund.

That compensation package that I spoke of, which is compensation for people who hold up to four licences, which is 98 per cent of the industry, is \$100 000 for the first one and \$50 000 for each of the next three. That needs to be funded in some way.

Mr MORRIS — Minister, even though I am obviously aware of all that background, I have been happy for you to provide it to the committee, but the question was how was the \$2 figure determined?

Ms ALLAN — I am getting to that; this is part of the story.

Mr MORRIS — We are 2 minutes in and I have limited time.

Ms ALLAN — I would have thought this is the perfect forum to talk about this issue, because this is a really complex area of policy.

Mr MORRIS — There are a number of issues we would like to flesh out.

Ms ALLAN — You cannot just toss a few words onto the table and leave it at that.

Mr MORRIS — I agree, but you have been now talking for 2 minutes.

Ms SHING — This is not a tweeting opportunity.

Ms ALLAN — It needs more than 140 characters to be able to answer this question, and I was getting to that. The equivalent of \$2 a trip for the levy was landed at because of, as I said, the impact on the industry that we knew would come — unlike what previous governments had done. If the committee does not mind, I have got a handout that I would like to provide to the committee which clearly shows how over the last few years there has been a decline in taxi licence values since 2010–11 and how under the former government they did not provide one single cent of compensation. And because of the impact we knew this would have, because of what had happened to the industry during the Fels reforms — where many licence-holders were left challenged and were left without support by the previous government — we took an approach that we wanted to provide a significant compensation package.

It is far and away above what any other Australian state has done in this space. It is a \$494 million package of support, and that needed to be funded. We took the decision that for people who are calling for the introduction of rideshare — there is a great clamour from your colleagues and from other quarters that we bring in ridesharing and bring it in as quickly as possible. So given that there was going to be a benefit — —

Mr MORRIS — The point, Minister, though, is the quantum. It could have been a dollar, it could have been \$3 — —

Ms ALLAN — I am getting to that point. In order to be not just fair but go beyond that in giving significant financial support to people who need it through these changes, that is why we landed at a \$2 levy. Other states — New South Wales, for example, has proposed a \$1 levy, but they have a far different set of arrangements. They are not undertaking the comprehensive reform that we are undertaking that is setting up the industry for the future. Their compensation scheme — —

Mr MORRIS — Apart from the stated objective there must have been a number of factors in calculating the \$2 that led to the decision to go with that particular figure, and that is what I am trying to get at.

Ms ALLAN — And I am telling you it is based on — —

Mr MORRIS — No, I am talking about the calculations that led to that.

Ms ALLAN — Sorry; where your question started was on the policy basis, but if you are talking about the — —

Mr MORRIS — No. It was: how was the \$2 determined?.

Ms ALLAN — Yes, and it was determined in part, in terms of the policy basis, the compensation arrangements — —

Mr MORRIS — I did not ask about policy.

Ms ALLAN — You cannot separate the two. The policy basis was wanting to provide significant and generous compensation support to people who are affected the most. Also too, the modelling was based on what is publicly available data around the number of trips and looking at the number of trips and the support we wanted to provide to the industry.

Mr MORRIS — Are you able to provide that modelling?

Ms ALLAN — Well, it is publicly available data.

Mr MORRIS — Are you able to provide it to the committee?

Ms ALLAN — As I said, it is publicly available data, so we will go and provide you with the publicly available — —

Mr MORRIS — Are you able to provide the modelling?

Mr T. SMITH — The data might be public; the modelling probably is not.

Mr MORRIS — Exactly. Mr Smith makes a good point. The data may be public, but I am asking about the modelling, the methodology.

Ms ALLAN — Yes, well, I am telling you. I am happy to go and provide you with the data that has formed the basis of it.

Mr MORRIS — No. I am asking about the methodology —

Mr T. SMITH — The modelling.

Mr MORRIS — the actual modelling.

Ms ALLAN — You do not need to shout.

Mr T. SMITH — I was not shouting; I can guarantee it.

Ms SHING — Yesterday was shouting —

Ms ALLAN — Was it? I look forward to that.

Ms SHING — after which time we got the walk-off.

Mr MORRIS — I am asking about the modelling and the methodology used to arrive at the \$2 figure.

Ms ALLAN — I am happy to. The modelling was based on the available data on trip numbers from the Taxi Services Commission, and I am happy to provide you — —

Mr MORRIS — We both know that the data is one thing, but the manner in which it is applied is another, and that is what I am keen to get.

Ms ALLAN — I am happy to provide you with that data that has been provided by the taxi services commissioner. It has also been informed by input from the State — —

Mr MORRIS — No. We are asking for the —

Ms ALLAN — I am sorry, I thought you wanted to know the modelling.

Mr MORRIS — We are asking for the modelling and the methodology. You said you are happy to provide the data, and you have repeated that on a number of occasions. The data is publicly available; I would not be asking for it. We are asking for the modelling, the methodology that was used to arrive at the figure.

Ms ALLAN — I was actually going to answer that question, but that is okay. I was saying it is also informed by input from the State Revenue Office as well and it is based on advice from my department. We have been very clear with that, with all interested groups and stakeholders and members of Parliament who have been interested in this issue. We have talked in great detail about this. It is also important to note that the levy is calculated at the equivalent of \$2 per trip. At the same time as part of what we are doing in terms of in effect deregulating this market, we are also stripping out a number of other existing costs to the industry — for example, like the \$23 000 a year annual licence fee.

Mr MORRIS — Minister, are you prepared to provide the modelling, the methodology, or not?

Ms ALLAN — I am happy to provide you with the information.

Mr MORRIS — Thank you.

Ms ALLAN — No, you are not going to verbal me. I am happy to provide the data that has been made available.

Mr MORRIS — So you are not happy to provide the modelling? You are not happy to provide the methodology?

Ms ALLAN — I am interested to know if this is to assist the shadow cabinet make their own deliberations on how they will land on their figure.

Mr MORRIS — This is to assist with the deliberations of this committee.

Ms ALLAN — I am aware that the shadow cabinet is considering a dollar levy, so I am wondering if you are wanting us to help you with your homework.

Mr MORRIS — I also noticed on the data you have provided, it apparently does not go much beyond early 2016.

Ms ALLAN — So, what was that question?

Mr MORRIS — The data you provided apparently does not go much beyond early 2016.

Ms ALLAN — The licence values?

Mr MORRIS — The last bar there is not identified, so have you undertaken more recent valuations of taxi licences?

Ms ALLAN — It stops at 2016 because in August 2016 we announced our changes.

Mr MORRIS — Have you done more up-to-date valuations of taxi licences since that time?

Ms ALLAN — Let me check. I do not think there have been any licences traded since we have made our announcement. I will just have to check. Yes, there have been no licences traded since we have made our announcement.

Mr MORRIS — Since August last year?

Ms ALLAN — This information that I have handed out here is based on how the licences are traded. Given there has not been a licence traded since we have made the announcement, the most recent figure is what you have before you — in 2016. That is how it is undertaken.

Mr MORRIS — That is fine.

Ms PENNICUIK — Good morning, Minister, secretary, deputy secretaries and everyone else who is here today. Thank you for coming along. Probably as expected, I would like to speak to you on what I think is one of the very important aspects of public transport, which is signalling, which I have raised with you on a number of occasions, Minister, and with the secretary. I raise that too because if you listen to the morning radio traffic reports, what you often hear is delays on such and such a line and such and such a line due to signalling problems.

Just a little bit of history: at the 2015 hearings I asked you about the high-capacity trials, and that was on the Sandringham line. Then at the subsequent hearings in 2016 you informed me that now it was not on the Sandringham line and it was on the South Morang line. Then at the outcomes hearings just recently I was informed by the secretary and Mr Hannett that there was not any high-capacity signalling on the South Morang or the South Morang extension was going to be a conventional upgrade. I wonder if you could update me on what is the progress with high-capacity signalling trials. You also mentioned just before, when you were speaking in an answer to a question from the Chair, about \$131 million for high-capacity signalling, and I did not quite catch what that was for, so if you could incorporate that as well.

Ms ALLAN — Certainly, and thank you, Sue, for your ongoing interest. I may have anticipated a little that you would be keen to talk about this issue. If the committee is comfortable, I would be keen to involve in this conversation the CEO of PTV and either the coordinator-general or the CEO of the Metro Tunnel authority to talk in greater detail about what has happened. I can talk at a high level first, though.

As I mentioned in my presentation, we have taken the decision to bring together the work that we had previously been undertaking on the high-capacity signalling trial with the delivery of the Metro Tunnel project. This year's budget, as I said earlier, brings into the Metro Tunnel's budget an additional \$131 million into the project. There is a logic in terms of bringing these — —

Ms PENNICUIK — Sorry, that is into the Metro Tunnel project?

Ms ALLAN — Yes. High-capacity signalling is being delivered; that project is going to be delivered by the Metro Tunnel authority. This is through the — —

Ms PENNICUIK — Sorry, Minister — into the Metro Tunnel? I understood it was always going to be — —

Ms ALLAN — No, sorry. Yes, just to be clear: the Metro Tunnel authority will be responsible for delivering what has been known as the high-capacity signalling trial. It will not be in the first instance those other elements of the trial that we have previously spoken of, around how it will initially be undertaken on that end bit of the South Morang line. That will continue. But what we are seeing is that one of the packages, through the delivery of the Metro Tunnel, is what is known as the Rail Systems Alliance, which is all the smart thinking that we need in that project to run the trains. So there was a logic at bringing those two packages of works together, and at that point I am going to see who — Jeroen, did you want to — —

Mr WEIMAR — Absolutely.

Ms ALLAN — If I can, if that is okay.

Mr WEIMAR — So in terms of the work we are now doing across the network in high-capacity signalling, that is all integrated with the Metro Tunnel project. So the early deployment of high-capacity signalling and the testing and introduction of high-capacity signalling technology will be done through the Metro Tunnel project.

Ms PENNICUIK — Yay; we have been asking for that for years. That is great.

Ms ALLAN — Can I point out we are the only Australian state doing this as well.

Members interjecting.

Mr WEIMAR — When we complete the construction of the Metro Tunnel that will include high-capacity signalling throughout that corridor, from Dandenong to Sunbury. Meanwhile the rest of the network continues to operate on conventional signalling. We are, through our normal maintenance and renewal program for Metro Trains and V/Line, continuing to upgrade and maintain and improve the conventional signalling program. For example, with the recent level crossing removal sections, in those areas where we are changing the track we are also upgrading the conventional signalling system. We are doing some work in the Richmond to Camberwell corridor over the next six months. So those upgrades and the dealing with those signalling faults is part of the existing day-to-day responsibility of our operators.

Ms PENNICUIK — So we are upgrading the signalling to upgraded conventional signalling across the network. Basically that is what is still happening. So what I would like to know is: what is the outcome? Is there any outcome of the pilot high-capacity signalling?

Mr WEIMAR — Yes. I mean, the outcome of the high-capacity signalling pre-deployment work — the trial that the Metro Tunnel will do for us — is to demonstrate how we ensure that the existing rolling stock we have, the trains we have, can then interface with the infrastructure to ensure we can make high-capacity signalling work. This has never been done in Australia before. It is a complex exercise to bring trains, rolling stock, communication systems and drivers together, and that is what we are doing in that piece of work. Once we have established that and changed the rule book by which we run the railway, it gives future governments the option to consider deploying high-capacity signalling elsewhere. That is not currently part of our plan.

Ms PENNICUIK — So is the trial on the South Morang line continuing?

Mr WEIMAR — Yes, that is right.

Ms PENNICUIK — How long will it continue for?

Mr WEIMAR — So the rail systems alliance, when they are contracted, will start the work on the South Morang line, but it is purely as a trial. So we will continue to have the conventional signalling overlay on that line. High capacity — we are using it to test the existing trains we have with the new alliance and infrastructure.

Ms PENNICUIK — So when will it be that high-capacity signalling is on the rest of the network? Is that ahead of Melbourne Metro, or does that have to wait until the Melbourne Metro Tunnel is done in nine years time?

Mr WEIMAR — That will be a decision for future governments.

Ms ALLAN — We have got to get the technology right.

Mr WEIMAR — We can run the — —

Ms PENNICUIK — So the answer is, ‘Still waiting’?

Ms ALLAN — No, I think it is — this is why we are having — —

No other state is doing this. We have a very complex train network here in Victoria where you have freight trains, diesel trains, electric trains, in some instances, all running on the same track, particularly on the Dandenong line, and we need to very carefully take each step as it comes. That is why we have been working methodically through, firstly, the first stage, which was the work that we were talking about in previous budgets, and then using the opportunity that comes with the Metro Tunnel and of course the high-capacity trains, which will have the capacity for high-capacity signalling within those trains.

Ms PENNICUIK — Can that work on conventional — —

The CHAIR — Order! Mr Dimopoulos.

Mr DIMOPOULOS — Good morning, Minister and officers. Minister, in relation to the level crossing removal project, budget paper 4, page 27, references a figure of around 6.8 billion TEI. Before I ask you the question, I interfaced with the level crossings essentially in a negative way, way before I was a driver and would wait in Murrumbeena Road and Poath Road with the congestion. Years ago as a child I remember a late night phone call from family friends, who told us that the children of another common friend died crossing the crossing at Clayton on the Pakenham line. They were aged 15. There was huge, huge, obviously, grief in that family and in the Greek community in Clayton and Oakleigh. It was a big funeral. I remember it was awful, absolutely awful. That was my first experience of what level crossings can do in terms of devastation to families through death; but then, as a driver, the issue around congestion, and 87 minutes at Murrumbeena in the 2-hour morning peak.

With that introduction — which I suppose, I have to tell you, Minister, you do not need to know — my commitment to this project is born out of a whole range of experiences, including those two. The figure of 6.8 billion TEI, I am just wanting to get a sense from you of what the current status is of that project. Obviously it is different to what it was 12 months ago when we last saw you here. I know you have outlined it a bit in your intro, but just some more detail, if you could.

Ms ALLAN — Thank you. I think that your recounting of that really awful experience as a young child really underscores one of the key elements of this program that sometimes is perhaps not as front and centre when people think about the level crossing removal program, but it really underscores the great value in getting rid of these dangerous and congested level crossings. I am happy to provide it. I have got copies, if the committee are interested. We have today released the business case for the level crossing removal program. I have got the executive summary. You are welcome to have the business case — it is online — but I thought in the interests of paperwork I am happy to make available the executive summary.

What the executive summary of the business case shows is that of the 50 dangerous and congested level crossings we have committed to remove, in the previous 10 years before we commenced this program of work through the Level Crossing Removal Authority, there had been 60 accidents at these 50 level crossings — and, tragically, 20 of those involved fatalities. So that gives you a really strong sense of that personal loss, that devastating impact, that accidents at level crossings can cause, in addition to all the other really important reasons why we are getting rid of these level crossings in terms of reducing road congestion, being able to run more efficient and more public transport services, and of course the jobs that are created. That is why we have moved really, really quickly.

In the previous decade before we came to office only seven level crossings had been removed during that period of time. Well, by the start of this year we had removed 10 of the level crossings, and right now a further 13 are currently under construction — many of those that you are really familiar with, Steve — and we are planning another five removals to start this year. We have also, to keep cracking with this pace of level crossing removals, announced contracts for the removal of a dozen level crossings in the north, west and south-east. Again, I have mentioned this in my presentation. That has a value of a billion dollars in works. Many jobs will come with that, but also it underscores how quickly we are wanting to move and get rid of those crossings.

Of course in addition to the three level crossings that we have already removed on the Frankston line — at Bentleigh, McKinnon and Ormond — we have let the tender for the remaining level crossings that we have committed to remove on the Frankston line as well. That is why we are very confident that we will achieve the 20 level crossings that we committed to remove by 2018. Those of you who live in communities where you see level crossings being removed right now, you also can see the impact it is having in terms of jobs in local areas. There are many people wearing hi-vis work wear in the suburbs of Melbourne at many of these sites right now, working really hard and working around the clock to get rid of these dangerous and congested level crossings.

Mr DIMOPOULOS — In terms of the budget, how much has been committed in addition this year to accelerate the program, and does that relate to particular numbers of level crossings or across the board?

Ms ALLAN — Last year's budget papers estimated that the Level Crossing Removal Authority would have spent \$1.59 billion by the end of this financial year. That is a significant amount on its own, but the budget

papers this year show that it will have spent actually closer to \$2.4 billion by the end of this financial year. That is just a phenomenal amount of work that has been done in one single financial year on this program. We have fast-tracked \$846 million into the 2016–17 budget from future years to fast-track the removal of these level crossings. It makes sense that as you fast-track the work to remove these level crossings, you need to fast-track the funding that helps fund these crossing removals.

What has also occurred — and I must say I give great credit to the really strong team that we have in the Level Crossing Removal Authority — is they have come to us with ways that we can get these crossings removed as quickly as possible. Examples of that are the level crossings that were removed at Bentleigh — at North, Centre and McKinnon roads — changing the way the traditional delivery of these level crossings have been undertaken.

We were able to bring forward by six months the completion of that project, and that was largely because — it was a challenge — as we know, that part of the Frankston line was closed for 37 days. That meant that there an intensive amount of work to be undertaken during that period of time, and a similar approach over the summer. There was a similar construction blitz that saw four level crossings removed on the Belgrave and Lilydale lines. Also the business case, which you will see in the executive summary, speaks of the way that in the past the traditional approach has been to do these removals as one-offs. By packaging the level crossings in this way, by grouping them together, packaging them to the construction industry and to the market and looking at how they can respond, both in terms of design and delivery but also in terms of getting them removed, we can have a much greater impact in terms of the numbers that are removed, but that also helps minimise the impact that it has on passengers. So, yes, whilst we may be needing to shut train lines for a period of time, it is a much shorter period of time than if they were being stretched out more across the board.

Mr DIMOPOULOS — One quick one before the conclusion. I need to be a bit parochial about this, so excuse me in advance. But I was having a coffee at Daniel Son in Murrumbeena, a great cafe, a few days ago. As I got in my car — I did not catch the train there unfortunately — to drive away, at the traffic lights next to me was a van Raw Recruitment. I did not know who Raw Recruitment were until six months ago, to be frank with you, because of this government and your commitment. It is an Aboriginal employment service, which has got some work out of this project. I would love a bit of a quick sense of what the Aboriginal employment outcomes are.

Ms ALLAN — Well, this is a great example of where not only are we delivering a great construction program but with the right policy settings, such as our social procurement policy settings, we can achieve some really valuable long-term social outcomes as well. The example of the work we are doing with Raw Recruitment comes as a result of our major projects skills guarantee, a policy that provides 10 per cent of all major projects to have 10 per cent of the workforce as apprentices, trainees and cadets. But we have also gone further than that, and many of our projects that are delivered through the Office of the Coordinator-General have a requirement of a 2.5 per cent Aboriginal employment target. What we have seen is the market has responded really strongly, and in many cases are exceeding that.

Mr T. SMITH — Minister, if we could return to taxi licences, you have said previously that compensation for the first licence was \$100 000.

Ms ALLAN — That is correct.

Mr T. SMITH — On your graph here, and I am assuming this graph is to scale, the 2016 figures for the taxi licence average transfer price is, what, about 175 000 or something like that, give or take?

Ms ALLAN — Well, yes, you could extrapolate. I think I know where you are going with this.

Mr T. SMITH — So in terms of compensation being fair for taxi licence owners, particularly for the first licence, how can you make that claim with your own figures?

Ms ALLAN — We have made it very clear, and I have said this before, that unlike the previous Liberal government, through the Fels reforms — this chart shows very clearly how taxi licences absolutely plummeted during that period of time on that downward trajectory, and not one single cent of compensation, not one single cent of support was offered to the taxi industry during that period of time. The simple answer is we have taken a very, very different policy approach.

Mr T. SMITH — Minister — —

Ms ALLAN — If I can finish without interruption.

Mr T. SMITH — I am delighted to hear your political commentaries, but I would like an answer.

Members interjecting.

The CHAIR — Order! Mr Smith, Ms Ward and Ms Shing!

Ms ALLAN — Quite simply, we have made a decision: \$100 000 for the first licence and \$50 000 for the next three after that — up to four licences, which covers 98 per cent of all licence-holders. We have to remember too that those who wish to will be able to continue to operate. So we are not, if you like, in other instances taking away their right to operate. They will of course be able to continue to operate. In fact in that operation we have stripped away a lot of the red tape and a lot of the costs. This compensation package is designed in a way to provide support to those who need it the most, and that is why it is supplemented by the \$50 million Fairness Fund, which is separate to the compensation that is linked to the legislation.

If I may, Chair, I can tell you what is not fair: what is not fair is supporting the regulatory framework without supporting any compensation, and that is exactly the outcome of the amendments that were moved by the Liberal Party in the Parliament when this bill was in the Legislative Assembly.

Mr T. SMITH — Minister, I am interested to know how you — —

Ms ALLAN — But the Liberal Party's position was to support the regulatory framework and to support the changes —

Mr T. SMITH — Minister, you have not answered my question.

Ms ALLAN — I have entirely — and not to provide the appropriate compensation.

Mr T. SMITH — How did you reach \$100 000 as the price point for compensation — —

Ms SHING — But that is a different question.

Mr T. SMITH — Thank you, Ms Shing.

The CHAIR — Order! Ms Shing.

Mr T. SMITH — How did you reach \$100 000 as the price point for the first licence?

Ms ALLAN — I have answered that. I have told you that the government made the policy decision — —

Mr T. SMITH — No. I want to know how you reached that policy decision. I want to know what modelling you used to reach the policy decision.

Ms SHING — Mr Morris has already asked that. That has already been answered.

Mr T. SMITH — No, he asked about the \$2 tax. I am asking — —

Ms SHING — That has already been extrapolated in the answer.

Mr T. SMITH — No. I want to know this issue with regard to compensation for the first taxi licence owner.

Ms ALLAN — I appreciate that this line of questioning is perhaps more to assist the shadow cabinet and the Liberal Party to land their final policy position on this issue, as they debate internally whether to support or not the package of changes. But as I have just said, the government made a policy decision to — —

Mr T. SMITH — I am aware of the policy decision. I want to know why you made the policy decision.

Ms ALLAN — Why we made policy decision? Well, the reason why we made the policy decision, which is a separate question again — —

Mr T. SMITH — Which is \$75 000 less than your last modelled figures.

Ms ALLAN — Why we made the policy decision is that we are putting in place a modern framework for what will be known as commercial passenger vehicles — taxis, hire cars, ride-sharing operators. They will all be able to operate under this new framework, and the compensation is packaged in a way that is about providing transitional support, because many of these licence-holders will continue to operate, so they will continue to operate under this new framework. But for those we are providing transitional support to to assist them during that period of time, and at the same time, for those who have some particular challenges, largely brought about by the changes under the previous Liberal government, we are providing \$50 million in additional support.

Mr T. SMITH — But you have not answered why. In 2016 the average was \$175 000. You have not told me why your compensation is \$100 000.

Ms ALLAN — Well, with all — —

Mr T. SMITH — You have not.

Ms ALLAN — I have just explained to you I think twice now, and I am happy, Chair, to do it a third time, that the policy decision was to provide transitional industry support to licence-holders. Those licence-holders will be able to continue to operate. So they will continue to be able to operate and to earn a living in the industry, but we have recognised that through this period of industry transition people deserve support. If you want to talk about policy decisions, and if you want to talk about what is fair, that is a stark contrast to what the previous Liberal government did with the Fels reforms, and it is a stark contrast to the amendments that the Liberal Party moved to this legislation when it was in the Legislative Assembly — it supported the framework, but it stripped out all the elements of the legislation that were designed to support the compensation arrangements.

Mr T. SMITH — Thank you for the political commentary, Minister. Moving to high-capacity metro trains, can you confirm that the Chinese firm you have engaged to build these new trains have no experience in delivering metropolitan trains to the Australian market and that one of their only recent metropolitan rail contracts was for Kim Jong-un's North Korean administration for the Pyongyang metro and for the Tehran metro in Iran — —

Ms SHING — This is part of the Marxist agenda that this government is running. Yes, let's roll that conspiracy theory out.

Mr T. SMITH — Tell me about it.

Ms ALLAN — I cannot confirm that wild set of allegations that you have made. I can confirm, however, Chair, that the former Liberal government's rolling stock strategy was based on purchasing trains from South Korea and China — —

Mr T. SMITH — No, no, no, if you cannot answer that question —

Ms ALLAN — That is a very, very different proposition.

Mr T. SMITH — then I reckon Mr Bolt probably can.

Ms ALLAN — And in further answering your question, Evolution Rail, the consortium that has been chosen to deliver our high-capacity trains, an order for 65 high-capacity trains, the value of which is over \$2 billion, will create over 1100 jobs. It is a train contract that has exceeded our policy of a minimum local content requirement of 50 per cent; it is actually going to be an over 60 per cent local content, which will see a significant amount of work being done here in Victoria, bringing bogie manufacturing back into Victoria for the first time — —

Mr T. SMITH — Um — —

Ms ALLAN — I am answering your question. And that consortium of Evolution Rail, which involves a number of partners in that consortium, including CRRC Changchun Railway Vehicles Company, and which also involves Downer, and Downer are well-known, well-established Australian operators, who have been

involved in the rolling stock industry for many a good year in this country. We have taken this approach because we have a local content policy. We will see over 60 per cent of these trains manufactured here in Victoria. We will see 1100 skilled jobs being created here in Victoria. There are already people from other industries, whether it is the automotive industry, coming and getting jobs in this program, and all the Liberal Party can do is criticise a policy that is about creating Victorian jobs in Victoria.

Mr T. SMITH — Um — —

Ms SHING — Oh, the self-burn. Oh, it hurts.

Mr T. SMITH — Be quiet. Honestly. No, seriously, Minister, this is important: have they ever produced a train for an Australian jurisdiction?

Ms ALLAN — I have just explained to you the partnership. Do you know what has never been produced for an Australian jurisdiction?

Mr T. SMITH — No, no, no — —

Ms ALLAN — A high-capacity train that we are delivering here in Victoria.

Mr T. SMITH — No, answer my question, please.

The CHAIR — Order! Mr Smith.

Ms ALLAN — Well, I am not sure which bit of your question you are seeking an answer to — the xenophobic allegation or the — —

Mr T. SMITH — Minister, please. Has the Chinese firm that you have engaged to build these trains ever completed a project for an Australian jurisdiction?

Ms ALLAN — I have explained it to you. Look, I appreciate that for those who have not been involved in setting train contracts and who have not ordered trains that require them to be built in Victoria — —

Mr T. SMITH — They have only been built for Kim Jong-un and the Tehran regime.

Ms ALLAN — This consortium will be delivering trains for Victoria, where over 60 per cent of the work will be done here in Victoria.

Mr T. SMITH — Pyongyang and Tehran, and that is it.

Ms ALLAN — The point is these are brand-new trains. If you are wanting to talk about ‘Has this ever been done before’, what has never been done before is the delivery — —

Mr T. SMITH — You say they are being built here; they are not. They are being built in China.

Ms ALLAN — These trains have over 60 per cent local content. The bogies will be constructed here in Victoria. Over 60 per cent of the content that goes into these trains will be in Victoria, and that is a stark contrast to the policies of those opposite.

Ms PATTEN — Thank you, Minister, secretary and team. I just want to turn to budget paper 3, pages 157 and 158. I just wanted to get, I suppose, a little bit of clarification on those performance measures that are listed on those two pages — I suppose also the lack of optimism in them as well. For example, we are only expecting that 83 per cent of taxis and hire vehicles will conform to safety and quality standards — that is on page 158. Also on 158 is the taxi online customer rating with an overall satisfaction in metropolitan Melbourne of 61 per cent — the target is 61 per cent. So that is a 0.6 per cent increase — not aiming too high. If that was a ridesharing app, that would be three stars and you probably would not be getting many rides at that level. This is a genuine question; I am interested in why these figures are quite low and also will these be the same performance measures that you anticipate when we do have the broader commercial passenger regulations?

Ms ALLAN — Thank you, and I appreciate, Fiona, your long engagement on the set of policy issues that go to the taxi, hire car and ridesharing industry. Starting from the end of your question and working backwards

through, should the legislation pass through the Parliament — and obviously this is a live issue before the Legislative Council with a further inquiry into this matter underway right now and the legislation to come back into the chamber for further debate, and I am hopeful of its successful passage — that will necessitate a re-examining of all of these performance measures for the industry. So obviously this year's budget papers could not pre-empt the outcome of the Parliament, but in next year's budget papers, as I said, should the legislation be successful, you would anticipate that there would need to be some changes to those performance measures. Another obvious change we will need is the taxi services commissioner will no longer be the taxi services commissioner. They will have obviously a broader role.

Going through those performance measures, I think you have identified what also speaks to some of the policy issues that go into why there needs to be a change in this industry, and I think there are changing community expectations about the service standards that they expect from across the board, whether you are getting in a taxi, a ridesharing company — —

Ms PATTEN — But the government is not expecting that; I mean, the target is only a 61 per cent approval.

Ms ALLAN — Yes, and that is a fair call. Again this is an industry that is going through a period of significant change, and I can see the head of Transport for Victoria is very keen to add to this, so I might ask her to add to this, if that is okay.

Dr MILES — The thing I could add to that is the Taxi Services Commission is changing the way it responds to customers to attempt a more modern, first-contact resolution system. So as they change from their 20-second call answer to actually responding and fixing the issue — —

Ms PATTEN — Yes, and this is an online measure.

Dr MILES — That is right. So it will change; it will get better as they get better at first resolution.

Ms PATTEN — Just following on from that, looking at your performance measures for the average wait time for wheelchair accessible taxis, and the by-line on that is that, 'Well, it is a lower time because we have increased the lifting fee by \$3.30 as an incentive for those taxis to prioritise wheelchairs'. I note that the target has gone from 29 minutes to 28. That does not seem to be great value for money.

Ms ALLAN — Yes, and again, you have picked up on another — I mentioned before this is a complex policy area; this is another key feature of why it is complex, and we know that, going back a step, wheelchair-accessible taxis for people in a wheelchair is the only form of public transport that is available to them. So I am very deeply aware of the need to support people, and indeed I met with a woman yesterday in my Bendigo office talking about these very issues. If I can flag — I appreciate the Chair is calling time shortly — we are undertaking a couple of things. There is a review of point-to-point services. The multipurpose taxi review program is also going through an examination in the context of the rollout of the national disability insurance scheme; I am happy to talk further about it if time does not permit today.

Ms PATTEN — So the \$3 incentive I guess effectively did not work. You are not anticipating for it to work.

Ms ALLAN — Well, this is forecasting forward. We are indicating a modest improvement, but we know that there is a lot more to be done in this area, and I am happy to elaborate, should time permit, in further — did you say — —

The CHAIR — Fifteen seconds. Ms Ward for 10 minutes until 10.46 a.m.

Ms WARD — Morning, everyone. Great to have you all here. Minister, I do want to continue on from Mr Dimopoulos's questions around level crossings and so on, and I want to talk to you about the Frankston line because I know that there has been a lot of conversation about the Frankston line for some time. Before I do that, though, and at the risk of incurring the wrath of those opposite and the media down the back, I do want to thank you very much for the work that you have been doing on the Hurstbridge line. It is difficult for me to express how much that investment means to people on my line who have essentially lived with a substandard train service for a very, very long time, and the investment that you are putting in, including the \$5 million this year, is terrific. I sincerely say that. I am really grateful.

In your presentation you spoke a bit, I believe, about the Frankston line, and there are lots of crosses here on the diagrams that you have provided that show that work is being completed, work is being undertaken and what is in procurement. There is also a mention, of course, in budget paper 4, page 27. Can you please talk us through — we have got lots of those crosses — those locations on the Frankston line and where things are up to?

Ms ALLAN — Yes, thank you, Vicki. I certainly acknowledge by indulgence your comments on the Hurstbridge line. You have been a terrific campaigner and advocate for your community.

We have got a massive package of works going on on the Frankston line. I have mentioned we have already removed three level crossings on the Frankston line; they have already gone. We committed to removing 11 in total. Three have gone and we are now moving into the delivery stage for the remaining level crossings. Just to give you a sense of some of the history of this, the last time a level crossing on the Frankston line was removed was around 50 years ago, in the 1960s, so there is a bit of change coming on the Frankston line in the period ahead.

What is happening on the Frankston line at the moment is that we are seeing, as I said, those three that have already gone; the contract to remove the level crossing at Skye Road has already been awarded, with work to begin this year; and expressions of interest are out for the removal of another nine. Those of you who are quick on the sums will note that that is one more than what we committed to remove. The design outcome at Charman Road, Cheltenham, will see us remove not just that level crossing that we committed to but also Park Road as well. We are also getting rid of the level crossing at Balcombe Road and building a new station at Mentone. We are removing the level crossings at Edithvale and Bonbeach. Again, both of those will include the delivery of a new station.

At Carrum, there is a big program of works around Carrum. We are getting rid of the level crossings at Carrum. We are removing the one at Eel Race Road and creating a new level crossing-free crossing at McLeod Road, but we are also building a road bridge over the Patterson River, and that came as a result of the extensive community consultation in that community. At Seaford on Seaford Road we are getting rid of that level crossing as well. And that gives you a sense of there being so much more than just removing level crossings as part of this project. At Seaford we are also undertaking some broader works — there is a recreation precinct. Removing the level crossing in the way we are doing gives us the opportunity to make some additional investments in those communities.

Ms WARD — You have spoken through the areas that you are working on. It is interesting to see what is going on with Carrum and the bridge over the Patterson River. Again this has had quite a bit of coverage in the media.— There seems to be a number of different design solutions to accommodate the changes and the upgrades along the Frankston line. Are you able to talk us through those and what that looks like?

Ms ALLAN — Yes, I can. We have now announced the designs for each of these sites. As I said, the expressions of interest for the contract are currently out to market. The designs at each of these locations have been decided upon on a case-by-case basis based on what is right for each local community and what is feasible from an engineering and a delivery point of view, and it is based on extensive community consultation that has been undertaken by the Level Crossing Removal Authority.

I mentioned Patterson River, and you have picked up on that. Delivering the level crossing package in a way at that site means we have been able to connect the road across the Patterson River with the construction of a road bridge. I think if people know this site well they know that the proximity of the level crossing at Carrum to the Patterson River means that the rail and road bridge outcome there is really the only feasible outcome at that site. But what it also means is that we can do some broader precinct revitalisation, and there is consultation with the local community going on on that.

Ms WARD — So when you say precinct revitalisation, what are the kinds of things that that entails?

Ms ALLAN — It is looking at what comes with it. There will be so much space created, and I think we are seeing this on the Caulfield to Dandenong project at the moment as well. Removing the level crossing in that way creates this space that is not currently there in the local community, and also too it connects both sides of the tracks. At Carrum there is some retail on both sides of that corridor, but also too the river is another barrier

to connecting that community as well, so building the road bridge and building the rail bridge in this way creates this additional space.

It means we can look at — and, as I said, there is consultation with the community — how the community wants to see that open space, whether it is putting more of a retail hub in there or looking at what recreation and community facilities. The proximity to the beach — it is a beautiful spot, and how you could make that better connection with the foreshore to that retail area will be an opportunity through the delivery of this program. Again it is another example of how we are not just removing level crossings. I mean, that is pretty important, but where we can we are going beyond that in many different ways.

I know we might be running out of time, so you asked about the other sites as well. We are seeing the sites at Edithvale and Bonbeach require an EES. We have indicated very clearly that we want to see a rail trench, a lowering of the rail line at that site as the delivery outcome, and we need to see the EES be undertaken to inform how that can be undertaken without impacting on the wetlands in that area. Also at Cheltenham and Mentone, we are lowering the track at those locations and with new stations at both those locations. Also at Mentone one of the features of the community consultation was a really strong desire to preserve as much as possible and protect some of the heritage features around the station, and there are gardens as well that have quite a significance to that local community.

Ms WARD — There are new stations. At Rosanna, you mentioned a new station there. Are there many other new stations along the Frankston line?

Ms ALLAN — As part of this package, at the three we have already done there are new stations at those locations, and then as part of these further ones there we will see an additional five stations at those sites. There will be a new station at Edithvale, Bonbeach, Carrum, Mentone and Charman at Cheltenham. That again shows that we are removing level crossings and making significant enhancements to the metropolitan train system, and it is also too of great benefit to passengers. Anyone familiar with what was the Ginifer station before we removed the level crossings in St Albans — the Ginifer station was certainly a station that needed some love and attention, and now that station is a brand-new, all-accessible modern station that is a great asset for passengers in that local community.

Ms WARD — Are commercial considerations being taken into account? With Rosanna, there is a possibility of a cafe or something coming with that new station there. Are similar kinds of things happening along the Frankston line as well?

Ms ALLAN — Again part of the tender process and the work that the Level Crossing Removal Authority undertakes with industry is that we understand we are building stations but we are also building destinations and places where people come together. So there is an opportunity at many of these sites, as we are seeing already in the ones that we have already undertaken. People love to grab their coffee on the way to the train station, but also, where there is the opportunity, other retail opportunities can be built into the projects. This is a good example of, if you like, a value creation — a value capture — opportunity that comes along when we are making these big public transport investments.

Ms WARD — It is also the permanent jobs that come out of it too. We have got the construction jobs that are coming out of it, but to be able to use our stations to create other opportunities for employment I think is incredibly important.

Ms ALLAN — That is exactly right. The legacy of these projects is that the level crossings are gone, there are new facilities — whether they are new stations or other community facilities — and then there are those job opportunities as well. I think we are seeing that already at a number of locations. That is why these projects have been so well received. People in local communities are seeing local benefits.

Mr T. SMITH — Minister, the Australian firm that you were referring to previously in such glowing terms, Downer EDI, are you aware that the project they were responsible for in New South Wales, the Waratah trains project, arrived 18 months behind schedule as well as over budget with 5000 defects each.

Ms ALLAN — Chair, if I may, I would appreciate seeing the evidence that the member is basing his question on.

Mr T. SMITH — Sure.

Ms WARD — Hang on, he has just got to text somebody to find out what it is, Minister.

Ms SHING — While Mr Smith is getting the source for that claim, I just want to see how this relates to what the work is that Downer EDI has already done in Victoria and how it relates to the Victorian budget. That is what we are here to discuss.

Mr T. SMITH — The question stands as put. We are talking about high-capacity metro trains. I have asked the minister if she is aware of issues with Downer EDI — —

Ms SHING — No, you referred to a New South Wales company and a New South Wales project — —

Mr T. SMITH — I did not talk about New South Wales. I talked about Downer. I am talking about procurement in New South Wales. Is she aware of it?

Ms ALLAN — Again, without having seen the evidence that the member is basing his question on, can I — —

Members interjecting.

The CHAIR — Order! Mr Smith, do you have a reference?

Mr T. SMITH — *Business Insider*, 1 December 2016.

Ms WARD — And what did they say in the article?

Mr T. SMITH — Google it yourself.

The CHAIR — The question stands as put.

Ms ALLAN — Really, this goes to the heart of how this government has written the tender requirements for our rolling stock contract on the high-capacity trains and indeed is reflected in how we write contracts across a whole lot of our transport infrastructure and delivery agenda. We have in Victoria required a minimum of 50 per cent local content for the delivery of our trains. Can I say, if we are talking about whether this has ever happened before or ‘Did you know?, did you know that this is the first time we are going to see high-capacity trains delivered in this country and made in this country? That is a significant feature. We recognise we have got an opportunity — —

Mr MORRIS — Minister, we are talking about the same company that you have just talked up in response to our earlier question, which was involved in a project in Sydney, a \$3.6 billion project, which finished up 18 months behind and initially had more than 5000 defects. We are asking you if you are aware of those issues in the context of this procurement.

Ms SHING — The Liberal government in New South Wales cannot run its projects; is that what you are saying, Mr Morris?

Members interjecting.

The CHAIR — Order! I think the minister was providing some background and context to Mr Smith’s original question. I do appreciate the Deputy Chair’s efforts to try and clarify the question further.

Ms ALLAN — In answering the question I was going to provide the committee with information as to how this is not an apples-and-apples comparison, if I can use that term. What we are requiring here in Victoria is a very different set of standards for the delivery of high-capacity trains that will be substantially manufactured here in Victoria.

I am aware that historically the New South Wales government, particularly the Liberal government, has chosen to substantially source its trains from overseas. I will not, like you are doing, cast reflection on that, but that may have led to some of those issues. What we have done here in Victoria again is take a very different approach. We have written in very strong local content requirements — at least 50 per cent, and in the case of this contract

it has been massively exceeded to be over 60 per cent. We also have for the first time established the rolling stock division within the department, and what that division does — —

Mr MORRIS — The question went to the partners involved in this project, so we have Downer, who, under the former New South Wales Labor government produced a product with more than 5000 defects and was 18 months behind schedule. The other partner of the two partners is a Chinese firm whose most recent projects have been for North Korea and for Iran. We are asking about the due diligence that was done on those two partners. That is what we are asking about — nothing else.

Ms ALLAN — Sure. As I indicated to you, making the direct comparison might be the simple line of questioning to take, but it is not the simple answer to take. If I can — —

Mr MORRIS — The two partners in this consortium —

The CHAIR — Order! Deputy Chair, the minister is answering your question.

Ms ALLAN — As I was indicating to the committee — —

Mr MORRIS — are associated with totalitarian regimes and a failure, so we are asking you about those partners in the consortium.

Ms ALLAN — When the former Liberal government was looking at ordering trains from South Korea or China, some of these issues clearly were not a priority for them.

Mr T. SMITH — You are obsessed with talking about the previous government. How about answering the question?

Ms SHING — You are talking about 2011 in New South Wales. Seriously, what does this have to do with the position in Victoria?

Mr MORRIS — We are talking about Downer, which is the company from which this procurement is occurring.

Ms ALLAN — I will be sending Downer the transcript of this hearing. We have also established the rolling stock division in the department. It is bringing together the transport expertise and the industry expertise to not only ensure that we deliver on the local content requirements but also manage actively the contracts and to ensure our requirements are being met. I am just wondering, Chair, if I may, if the committee is aware that the New South Wales government has provided Downer EDI with rolling stock contracts worth \$1.7 billion in the last year alone and that indeed the Waratah train is apparently the best performing train on the network in Sydney. Perhaps that might be some interesting information for the committee to have.

Members interjecting.

The CHAIR — Order!

Mr T. SMITH — This 60 per cent local content that you speak of — —

Ms ALLAN — That we are delivering.

Mr T. SMITH — No. The Chinese consortium that you have engaged claims that 45 per cent of the project is Chinese manufacturing.

Ms SHING — Where do they claim that?

Mr T. SMITH — Their website.

Ms SHING — Whose website?

Ms ALLAN — Again, Chair, if I may, could the member provide that evidence? I would appreciate it.

Mr T. SMITH — Sure.

Ms SHING — No, it is a text from Mr Hodgett in the gallery.

Mr T. SMITH — No, it is not. I am happy to provide it to the committee after the committee hearing.

The CHAIR — Well, if you are asking the minister and asking the question now, I think she should have it in front of her or — —

Ms ALLAN — Because that is in direct contradiction to the advice I am provided by my department.

Mr T. SMITH — I cannot print it out.

The CHAIR — Okay. Maybe would you like to read the URL out, Mr Smith?

Mr T. SMITH — I am happy to read you the content. Bear with me one moment.

Members interjecting.

Mr T. SMITH — The total value —

Ms ALLAN — Sorry, I would appreciate the source.

Mr T. SMITH — of the aforementioned contract is \$2 billion — approximately RMB10.1 billion — among which CRRC Changchun contributed approximately 45 per cent.

Ms SHING — What is your source, though? What is the actual source?

Mr T. SMITH — It is their website: www.crrcgc.cc. I am happy to print it off for you

Ms WARD — Whose website?

Ms SHING — Who is making these claims, Mr Smith?

The CHAIR — Order! I think the issue is that — —

Mr T. SMITH — The point that we are trying to make, Chair, is that — —

Ms ALLAN — Is: ‘I can make wild allegations with no evidence’.

Members interjecting.

The CHAIR — Order! Ms Ward!

Mr T. SMITH — I am trying to understand: is this 60 per cent manufacturing? Is it 30-year maintenance? What does — —

Ms SHING — Why do you not just ask the question then?

Mr T. SMITH — Because the Chinese consortium are claiming that 45 per cent of the manufacturing is theirs.

Mr DIMOPOULOS — Does it matter if they are Chinese?

The CHAIR — Order! I am just conscious of time — —

Ms WARD — Apparently it does matter that they are Chinese, Mr Dimopoulos.

Mr MORRIS — Minister, can I take a slightly different tack? Can I ask you with regard to the 60 or 62, was it, you said?

Ms ALLAN — It is over 60. I will check, but I think it is going to land at around 62 per cent.

Mr MORRIS — If the contract is split in terms of — —

Ms ALLAN — If the contract what, sorry?

Mr MORRIS — If the contract was notionally split into procurement and the maintenance phase, how much of the procurement phase is Australian content?

Ms ALLAN — The contract includes maintenance, of course, but that 60 per cent local content includes the establishment for the first time in a long time in Victoria of the manufacturing of the bogies with the trains, which is a substantial element of the train delivery. It also includes the delivery of the new maintenance and stabling depot in Pakenham East, which will be built with 87 per cent local content. So I know you are trying to slice and dice this, but whichever way you slice and dice, we are delivering a project with over 60 per cent local contract that is building local trains in Victoria.

Mr MORRIS — No, what I am trying to establish is: of the procurement of these trains, what is the local content figure, not the additional — —

Ms ALLAN — Sixty per cent is the local content figure.

Mr MORRIS — Well, clearly it is not if — —

Ms ALLAN — Clearly it is.

Mr MORRIS — Clearly it is not —

Ms ALLAN — Clearly it is.

Mr MORRIS — if it incorporates maintenance and other facilities — —

The CHAIR — Order! Ms Pennicuik until 11.03 a.m., and then we will break for 10 minutes.

Ms PENNICUIK — Thank you, Minister. If I could just take off where we sort of left off before, and I take — —

Ms ALLAN — High-capacity signalling?

Ms PENNICUIK — High-capacity signalling. I take your point that this is the first time it is being introduced into Australia, but the reason I have been pursuing it for a long time is because signalling, I believe, has been under-resourced — —

Ms ALLAN — I am sorry that your colleagues are not interested in your questions, Sue.

Ms SHING — They walk away every time.

Ms PENNICUIK — I know. I was so interested in theirs, too.

The CHAIR — Government members are though, Minister. Government members are very interested in what Ms Pennicuik has to say.

Ms ALLAN — I am interested in your question.

Ms PENNICUIK — It has been under-resourced and neglected for so long. I notice in budget paper 4, page 122, there is some \$600 million for the Caulfield–Dandenong conventional signalling upgrade.

Ms ALLAN — Yes.

Ms PENNICUIK — My question about that is: will that mean that that will complete the upgrade on that line? Will that complete the conventional signalling upgrade on that line and, following on from what Mr Weimar was starting to tell me, will that then be able to be upgraded to high-capacity signalling at a later date?

Ms ALLAN — Yes.

Ms PENNICUIK — And is it the intention that the rest of the network will get that sort of signalling that Caulfield–Dandenong is getting so that they can then be upgraded at a later date to high-capacity signalling? Is that the plan, and is that what the pilot was about — informing that? If there is any information about the outcome of the pilot that could be provided to the committee, I would be very grateful for that.

Ms ALLAN — I will lead off and again ask Jeroen and potentially Corey to supplement that. The signalling — the \$600 million that you refer to on the Caulfield–Dandenong line — is part of what is known as the Cranbourne–Pakenham line upgrade project. It is being delivered in parallel with the removal of the level crossings and again, if I can labour the point, is an example of where where we are in the network for the removal of level crossings we are going to go in and make other improvements along the way. Of course the reason why we need to upgrade the signalling on that line as well is to deliver those highly controversial high-capacity trains that we were just talking about.

Ms PENNICUIK — Sure, I get that. I get what you are saying. I understand that, but can you go to what I was saying about whether that — —

Ms ALLAN — Well, I thought it might help to put some context around it.

Ms PENNICUIK — I already knew that context.

Ms ALLAN — Okay. I was not sure; I am not a mind reader. And that is why we are delivering the signalling on this corridor, it is about making those improvements where we can. And now, given you are very keen to hear from Jeroen, I will let maybe Jeroen and Corey add to that.

Mr WEIMAR — So any investment we do on the Caulfield to Dandenong corridor on the signalling is a conventional signalling underpin. That will then be upgraded to high-capacity signalling in a few years time when we have completed the trial on the South Morang line, when we have stabilised which procurements that we are going with and we have stabilised and we have agreed how we are going to integrate the train with the line site signalling and of course with the driver protocols that they have to now run to.

It is also important to notice that the Caulfield to Dandenong line in particular will continue to use conventional signalling for freight movements and for regional train movements coming in from Traralgon. So we have a number of different train movements coming through that corridor. So some are likely to run on high-capacity signalling — the new HCMT — but it is likely that freight trains and regional trains will continue to run on conventional signalling for the foreseeable future. And of course in the future we could upgrade that even further if that is what we choose to go and do.

Any further signalling upgrades we do on the network — I mentioned earlier the Richmond to Camberwell signalling upgrade program — again is putting a stable underline conventional signalling system in place. If at a future point in time we decide we need high-capacity signalling, it will utilise much of that existing infrastructure. So the power systems we need, the basic infrastructure we need, will already be there and we will then overlay the high-capacity signalling elements to achieve further upgrades. But that will be decisions for future governments, and that will require additional investment at that time.

Ms PENNICUIK — So that is interesting, that you are talking about the freight as well, because I noticed in your presentation is signalling upgrading at several places on the regional network — Bendigo, Ballarat et cetera. Is that going to be the same sort of signalling that you are going to be putting on this Caulfield line? Is it that same foundation signalling that you are talking about?

Ms ALLAN — Again I will let others answer some of that detail, but just to clarify, you are referring to those signalling upgrades to be delivered through the regional rail revival package, that is what you are referring to from that presentation?

Ms PENNICUIK — I am just saying that in your presentation you mentioned signalling upgrades. I am just asking about that.

Ms ALLAN — To be able to run the VLocity trains at faster speeds, yes.

Mr WEIMAR — That is right.

Ms PENNICUIK — What I am getting to, I suppose, is: at some stage will the upgrade mean that the Caulfield–Dandenong line will have different signalling from other parts of the network which have not been upgraded? Is that correct? At the moment, that will be the case. Are we looking to get it uniform across the network?

Mr WEIMAR — In terms of when the Metro Tunnel opens we will have high-capacity signalling operating from Dandenong to Sunbury. The HCMTs running through that corridor will use high-capacity signalling. It is likely that we will also have, for example, freight trains using part of that corridor, which will continue to rely upon good, modern, reliable, conventional signalling, and the rest of the metro network will continue to rely upon good, modern, conventional signalling. It is important to understand that the conventional signalling allows us to run around 20 trains an hour on our network at the moment. And we need to continue to maintain that and invest in that to ensure it stays at the right standard. High-capacity signalling allows us to go beyond 20 trains an hour, so that those parts of the network where we are going to run trains that close together, where we have the demand, that is when we start to make the case for upgrading to high-capacity signalling.

Ms ALLAN — Did you want to supplement, Corey, on the regional —

Ms PENNICUIK — I would say we have already got the case for that. We cannot stick at 20 trains per hour, but anyway, keep going.

Mr HANNETT — Just back on the Dandenong line, from Caulfield to Dandenong at the moment the headways for the trains are 3 minutes, so a short-term benefit we will get once that signalling is upgraded is actually to install a signalling system that will run trains with 2-minute headways so it will actually get trains closer together. So when that project is finished, we will actually get a shorter term benefit pre-Melbourne Metro.

Ms PENNICUIK — So it is a steady increase in progress in the answers to my questions, Chair, and the Minister and the secretary. If there is any information that is available for the committee on the outcomes of the pilot, that would be appreciated — or any information on plans.

Ms ALLAN — I will examine that, and if there is anything further to add, we will have a look at that, but it is an iterative process.

Ms PENNICUIK — Yes, very much so.

Ms ALLAN — And it is complicated.

The CHAIR — Excellent. We will now break for 10 minutes. We will resume at 11.13 a.m.

Ms ALLAN — Excellent. I look forward to it.

Ms SHING — Thanks, Minister and witnesses, for the discussions that have been underway today. I would like to take you, Minister — and this will be of no surprise whatsoever to you — to the subject of regional rail revival and to the subject of regional services and improvements. In this regard I note that your presentation outlined a number of improvements that are being made to the infrastructure in the state budget as well as the work that is being done to allocate our share of the asset recycling scheme to crucially needed infrastructure across the regional network.

Budget paper 3, page 42 lists the initiatives for regional public transport. I would like to actually talk to how this investment will meet projected patronage growth. I note to this end that population growth has been a very significant part of the work in this budget and a significant part of the evidence that has been given by those who have appeared before PAEC before. In relation to that patronage growth the work that additional services will provide, the allocation of rolling stock and how this will in fact deliver better services to people not just in areas such as Ballarat, Bendigo and Geelong but more broadly across the network.

Ms ALLAN — Thank you, Harriet, very much for your question, and yes, it perhaps was not a huge surprise that you would be interested in talking about regional public transport. Can I also put on the record an acknowledgement of the really, really strong work that you are doing in advocating for better public transport services for the Gippsland community. There was a fair bit in your question about —

Ms SHING — It is a wideranging discussion, Minister.

Ms ALLAN — It is a wideranging discussion, and it is an ongoing one. It is great to see this focus and discussion on regional public transport, because we know that for regional communities — and I think I had a chart in the presentation — every time there is an investment in our regional public transport services, whether it is regional fast rail, whether it is the regional rail link project, we have seen regional people use it and use it in really strong numbers. We know that when there is an increase in services they are very quickly taken up by regional communities. Can I say also that they are not just regional communities who are looking to travel in and out of Melbourne. We are also seeing more and more demand by people travelling out of Melbourne into the regions and intraregional travel as well.

Ms SHING — Which is definitely the case on the Gippsland line.

Ms ALLAN — It is very much the case. I think the Gippsland corridor, and indeed the Bendigo corridor, are corridors that have significant intraregional travel. Indeed in Bendigo more people arrive at the Bendigo train station every morning than leave the Bendigo train station every morning, giving you a sense that there is very strong demand from smaller towns further down the line to come in and work and do their business in those larger reasonable centres. That is why we are just so committed and so determined to continue that legacy that Labor governments have of investing in regional public transport and looking to, if you like, the next generation of investment.

We know that across our regional network, across many of our lines, there are a number of constraints in place that limit our capacity to run extra services. They may be some of the signalling constraints that we went to earlier; infrastructure issues, like parts of tracks that need to be duplicated; bridges that need to be upgraded.

Ms SHING — People in Gippsland know all about choke points along the line.

Ms ALLAN — They do know all about choke points along the line.

Ms SHING — Yes, we spend a fair bit of time sitting stationary.

Ms ALLAN — And then of course there are those communities that have some of the longer haul services who are wanting to see the newer trains as well as improved services.

If I can at this point talk to something that has been released since I came to this committee last year — and I have got copies of it that are available — all of this work that we have been doing in regional public transport, Chair, has been informed by the release last year of the regional network development plan. This was released since I last came, after last year's budget. It is this work that is about looking at understanding. It is the first time there has ever been in one place both the policy basis for why you would improve regional public transport and then what actually needs to be done to improve regional public transport.

Ms SHING — Just on that point, Minister, and I will take you to the Gippsland corridor, we had, as you are so well aware, the double whammy of wheel wear and non-activation of boom gates, which it is fair to say caused enormous disruption across the line and many, many delays for people. How does the budget in fact not just get us back to zero but improve upon the services through increased frequency and increased rolling stock, and how do we make sure that lines which have very much needed that ongoing investment, and definitely not had it from previous governments, get that allocation, whether through state or through federal funding?

Ms ALLAN — Well, it does take us to what is a very live conversation at the moment. That is, of course, that what we have released as part of our budget is how Victoria would prioritise the allocation that we are entitled to under the federal government's asset recycling initiative, and we have based this decision on, if you like, a fairly basic premise that the federal government would honour its agreement with Victoria —

Ms SHING — Which it has done with New South Wales, for example.

Ms ALLAN — under the national partnership arrangements with the asset recycling initiative, an agreement that they have honoured in full in New South Wales. Sadly, it appears that we have a very different set of rules being applied to us here in Victoria. The federal government had been asking us for some time to see what are the priorities. It had been asking for this sort of indication from the Victorian government. We have provided

that to them as part of the broader program in the Victorian state budget, the \$1.45 billion that would be spent across every regional passenger line, including Gippsland.

The Gippsland package of works is by far and away the largest element of that, and that, to be frank, is because there is a lot to do on the Gippsland line. You have mentioned some of the choke points between Bunyip and Longwarry. We know we need to duplicate other sections of track between Moe and Morwell and between Morwell and Traralgon so we can run the extra services. We need to improve areas like the Avon River bridge, where that has been left languishing for a long time.

Ms SHING — The commonwealth has in fact earmarked the \$95 million for the Avon River bridge upgrade, and there is commentary, particularly from within the Gippsland community, suggesting that in fact you should enter into a process of negotiation with the federal minister — your counterpart, Darren Chester, on transport and infrastructure — for the purposes of securing more than what has been allocated to the line. Is this a negotiation, though, where we are actually just looking at something payable under the asset recycling scheme?

Ms ALLAN — Well, it would be a pretty simple negotiation if the federal government delivered on what they signed up to, and that is delivering the \$1.45 billion that of course comes from the sale of the lease of the port of Melbourne. We sold that for \$9.7 billion under the asset recycling initiative. We are entitled to a 15 per cent payment from the federal government. In last year's budget they had allocated \$877 million, based on what they thought the sale of the port of Melbourne would realise. It came in better than that, and we have been expecting that we would get the 877 plus the 600 million-odd that would take us to that \$1.45 billion. In doing that, we have put together a package that is all about improving regional public transport.

Not only did we see on budget night that the federal government did not honour that agreement, we actually saw them take out of their budget papers the funding that they had previously allocated for the asset recycling initiative. Indeed, Chair, I can hand around a copy of the federal budget paper 3, which shows there is nothing allocated against Victoria. So this is a significant issue for how we need to deal with the federal government on unlocking those funds.

Ms SHING — Thank you, Minister, and perhaps while that is being circulated I might ask you about the jobs-creation initiatives around large-scale infrastructure investment. Again in the Latrobe Valley we see a series of volatilities and transitions that have meant that sustained investment is required for jobs growth and creation. Again to take you to Gippsland and to take you to the importance of jobs and opportunities for employment for people who live and work in the Latrobe Valley area, what job numbers have been projected to be created through the investment of this \$435 million in the upgrades to and improvements of the Gippsland line?

Ms ALLAN — We would expect that \$435 million of investment would see around 400 jobs during the construction phase, and we have also signalled that we intend to establish a project office for this package of works to be established in Gippsland as well. That would also bring in some additional jobs for the people overseeing the delivery of this project.

Mr MORRIS — If we can return to the contract we were talking about earlier and if I can ask Mr Bolt: of the contract, how much of it, what proportion of it in dollar terms, is for procurement and what proportion in dollar terms is for maintenance?

Ms ALLAN — If I can, Chair, can I check who that question was directed to?

The CHAIR — To the secretary.

Mr BOLT — This is the high-capacity metro train contract I presume you are referring to, Deputy Chair.

Mr MORRIS — Yes.

Mr BOLT — I do not have the breakdown with me as to how much is for capital and how much is for maintenance of the trains over the life of the contract. Unless we can get those figures in the course of the hearing, I will take that on notice and supply it later.

Mr MORRIS — Can I also ask you in that context to provide us with figures on what percentage of each of those two subsets — so what percentage of maintenance, what percentage of procurement — is local content.

Ms ALLAN — Sixty per cent is on the procurement.

Mr BOLT — That is right, yes.

Mr MORRIS — On the same subject and also to the secretary, but with a little bit of a preamble first: as we have mentioned there were certainly some problems with Downer and an earlier exercise with the New South Wales Waratah trains. I have several reports here, but just to give you a flavour of the complaints — random door closures, warped panels and hard-to-read displays; in one incident a crew door closed without warning while the train was in motion.

Ms ALLAN — Excuse me, Chair, if I may, I would appreciate that the evidence is provided on the claims the member is making in order for the secretary to be able to answer that question.

Mr MORRIS — I am happy to table the newspaper reports that these things are in, certainly.

Ms ALLAN — And the date of those newspaper reports.

Mr MORRIS — These relate to Downer and the Waratah trains issues.

Ms ALLAN — And the date of those newspaper reports.

Mr MORRIS — Windscreens that go milky when hit with sunlight at certain angles, padding problems, cable shrouding that partly obscures drivers' peripheral vision, train monitoring, computer screen glare, reflection issues and so on.

Ms SHING — On a point of order, Chair, nobody has any objection to the subject matter being discussed, but parol evidence is something which — without the committee being provided with this information, let alone anybody else, we are not in a position to understand context.

Mr MORRIS — Chair, I am quoting from *Manufacturers' Monthly* and from the *Daily Telegraph*.

Ms ALLAN — If I can, Chair, could I ask what are the dates of those publications?

The CHAIR — Can the Deputy Chair advise the witness of what the date is?

Mr MORRIS — Absolutely, the *Manufacturers' Monthly* is July 2011.

Ms ALLAN — July 2011?

Mr MORRIS — That is right, and that is the time this contract that Downer oversaw with more than 5000 defects was in the process of being rectified — Downer with a Chinese contractor.

Ms ALLAN — I am sure the Chinese community will be thrilled to read this transcript.

Mr MORRIS — Chair, the question, as I indicated, was to the secretary. Based on those considerable problems — as I mentioned earlier, more than 5000 defects, which have obviously been rectified over time, but it was a process that was clearly deficient to an enormous magnitude — can I ask you what learnings or risks have been built into the contract to avoid the same sorts of problems occurring in Victoria, when the contractors or one of the contractors at least is much the same, and what level of quality control is there in terms of the Chinese manufacture? In the earlier issue with the Waratah trains, I understand Downer indicated that, in their view, their Chinese partner was substantially to blame, so I am asking: what are the learnings on those obvious risks and what quality control is there to ensure that similar things do not occur again?

Ms SHING — Again, a budget paper reference?

The CHAIR — What I was going to ask, Deputy Chair, is: can you provide that documentation to the witness just so that in answering your question the witness has that documentation in front of them?

Mr MORRIS — Chair, I am asking: given the earlier experience — and the earlier experience is well documented, and I am sure it is well known to the secretary — what learnings or risks have been built into the current contract?

The CHAIR — I am relaxed about the question standing. I am just saying, as a matter of courtesy to the witness, I thought it would be useful for that documentation to be provided to the witness.

Ms ALLAN — I appreciate that the question was directed to the secretary and I am happy for him to supplement it, but the very simple answer is that this contract — the contract that requires a minimum of 50 per cent local content but delivers over 60 — is going to be independently — —

Mr MORRIS — Chair, the question was to the secretary, not to the minister, and I would appreciate a response from the secretary.

The CHAIR — That is fine, Deputy Chair, but are you saying that you do not want to provide that documentation to the witnesses?

Mr MORRIS — I am happy to provide it at the end, but it is a series of newspaper reports which relate to significant issues with this supplier — significant issues with this supplier, dare I say it, with a very poor track record. What we want to know is what steps have been taken to deal with the risks, to manage the risks, and what steps are being taken to ensure that the quality control is appropriate?

Ms ALLAN — Without the evidence being provided there, we are happy to answer the substance of the question.

Mr MORRIS — I am not asking you; I am asking the secretary.

The CHAIR — I think the minister was merely trying to be helpful.

Ms ALLAN — I was trying to be helpful.

Mr MORRIS — The process here is: we get to direct questions to the person we want to direct them to.

The CHAIR — Absolutely, and you are quoting from a document, and I am interested in whether it is able to be provided to the witness.

Ms ALLAN — We are indicating that we are happy to answer the question.

Mr T. SMITH — Are you suggesting that we have to submit our documents before we ask the question? Is that what you are suggesting?

Ms WARD — When you are referring to a document it is often helpful to actually supply the document that you are referencing, Mr Smith.

The CHAIR — No. There are forms of the house that if you are quoting from a document like a newspaper — —

Mr T. SMITH — This is sounding very much like Pyongyang.

The CHAIR — Goodness me, Mr Smith!

Mr MORRIS — It is a newspaper report. Come on.

The CHAIR — The secretary to answer in light of the fact that the document is not going to be provided.

Mr BOLT — Thank you, Chair. Mr Morris, the broad answer is that we have devoted considerable resources to evaluating the tenders that came in to ensure that the capacity of the successful consortium to deliver was well understood and that we will closely manage the contract, including with independent advice, as to progress of quality. As to the details of how we will deal with individual elements of the design so as to ensure that they are built to specification and we minimise defects, accepting that I doubt that any contract of

this complexity has ever been implemented with no defects, as you would probably agree, I think on the details of that I am better off referring that question to Jeroen, if he is able to add anything to it.

But if I can pick up the minister's earlier point, the rolling stock development division and Public Transport Victoria between them will be very focused on ensuring that this contract is administered to the maximum benefit of the state, including in relation to the delivery of high-quality rolling stock, but Jeroen may wish to add to that.

Ms ALLAN — Chair, before we hand to Jeroen, if I can point out some additional information to the committee — that in December of last year the New South Wales government awarded a \$1.7 billion contract to Downer with the trains being built by CRRC with no local content.

Ms SHING — That is the coalition government in New South Wales.

Mr MORRIS — Yes, I am aware of that.

Ms ALLAN — Just ensuring the fulsomeness of the record.

Ms SHING — For the sake of completeness, Mr Morris.

The CHAIR — Order! Ms Shing!

Mr WEIMAR — Just to add to the secretary's statement, we had an over 18-month procurement process, with a number of independent engineering firms advising the project team all along the way. That included, of course, extensive reference checking with New South Wales and all the three consortia who bid into this. I think it is worth noting that CRRC are the world's largest train manufacturer. They have got successful implementations across the US, across Europe and of course now here in Australia. The service they are delivering for the state of Victoria is via a PPP. They are accountable for delivering working trains on our network to very stringent performance standards. The financial cash flow from the state to Evolution Rail will be only on the delivery of trains that fully meet our specifications and are proving to be reliable and effective in service.

Mr MORRIS — So if they do not come up to standard, we do not get them?

Ms ALLAN — Sorry, what was that?

Mr WEIMAR — If the trains do not meet their performance standards in service, then that will be — —

Ms ALLAN — That is why you have independent auditors and assessors.

The CHAIR — Order!

Ms PATTEN — I would like to ask a — —

Mr Morris interjected.

Ms ALLAN — Sorry, I would like that interjection placed on the record.

The CHAIR — Sorry, Minister?

Ms ALLAN — I would like that interjection placed on the record.

Mr MORRIS — If they do not come up to standard, we do not have any trains.

Ms ALLAN — No, you called them 'rubbish'.

Ms PATTEN — Myki — I cannot find any ongoing costs or performance measures for myki in the budget, and I note that VAGO in their 2015 report recommended that PTV needs an effective performance measurement and reporting framework in order to ensure myki operates effectively. I was wondering: what is the ongoing cost of myki, what fares are actually collected by myki and what is the ratio of fares received versus the cost of operating myki?

Ms ALLAN — There is a bit in that, and pick me up on the way through if there are elements — —

Ms PATTEN — I am happy to take some of that on notice if we run out of time.

Ms ALLAN — The contract was signed for the operation of our ticketing system in July of last year, and that sought a number of improvements to the operation of the system. In terms of the cost of operating the ticketing system, it is factored into the cost of operating the overall public transport network, and I think it is well understood that the revenue that is collected through fares is 25 to 30 per cent of the total cost of operating the public transport network.

Ms PATTEN — So there are no performance measures in the budget for myki itself, for the ticketing system itself?

Mr WEIMAR — There are a whole range of performance measures that we have for myki. We administer that contract. That includes the availability of the myki ticketing service, the availability of individual touch points that we have, the gates that we have. It involves KPIs around the recovery of finances, it involves KPIs around customer satisfaction scores. We have a range of performance measures that we use for myki. They were reset for this new contract that we entered into last year. I am happy to give you evidence on notice of how we are meeting some of those types of thresholds at the moment.

Ms PATTEN — Is there a ratio between the cost of operating myki and the fares received, and I would assume that obviously the fares would far outweigh the cost of running the program.

Ms ALLAN — Yes, but the fares also support the operation of the public transport network.

Ms PATTEN — Yes, of course, Minister. I appreciate that.

Mr WEIMAR — We have an annual fare box of around \$800 million, which is overwhelmingly collected by myki. The only exception is that there are some V/Line fares that we still collect outside of that. The cost of the annual myki contract is around 10 per cent of that total fare box that we collect, and by international comparison standards that is a very effective rate.

Ms PATTEN — So the contractor receives 10 per cent of the fares received?

Mr WEIMAR — Yes. It is a fixed price contract, so there are performance incentives on the operator to meet, but on average we estimate that around 10 per cent of the total fare box is how much it costs us to run the myki system.

Ms PATTEN — I think we are looking at about 200 million passengers per year?

Mr WEIMAR — That is right — well over that. We are looking at a total — —

Ms ALLAN — There is over a million touch-ons daily my 'Myki fast facts' sheet tells me, which I am happy to provide you with.

Mr WEIMAR — Exactly; that is right.

Ms PATTEN — So two million. So that means that we are looking at — —

Mr WEIMAR — If I could correct you, we have around 400 million or so passenger journeys a year across the entire network, so 233 million on metro trains, 203 million on the tram network a further 122 million passenger journeys on the metropolitan bus network, and a further 16 million or so on the V/Line network. Collectively those journeys are all covered by the myki network, with the small exception of some of the longer distance V/Line services.

Ms PATTEN — So the way we cost that myki is that I have to work out how much those fares are because that is not separate. There is no single figure in the budget for fares collected.

Mr WEIMAR — No. If I take the simple numbers, you are looking at around 400 million or so passenger journeys a year. There is public transport fare box of around \$800 million a year. It costs us around 10 per cent

of that fare box to operate and to manage the myki service year on year, which includes the improvements that we are gradually introducing.

Ms PATTEN — Quickly, on the buses, I note — and it is not just buses but it is the trams as well — that we have monitoring points, we have timeliness performance measures, across all of them but I particularly noted on the buses. I am just wondering: is PTV overseeing that?

Ms ALLAN — Yes.

Ms PATTEN — Or is it the bus services themselves?

Ms ALLAN — There are contracts with PTV, yes.

Ms PATTEN — So PTV runs that; PTV does that timeliness testing.

Mr WEIMAR — That is right. So we deployed, about two years ago, a full real-time information system for the metropolitan bus network. That does two things. One, it allows us to provide real-time information to all bus users so people, through their app and on location through the roadside displays, can see the real time of where their buses are and when they will arrive. What that system also does is provides us route by route, bus by bus performance information which we can then work with on our operators.

Ms PATTEN — Right. I noted, when we were talking about the Metro and Yarra Trams contracts, there were a number of performance measures that were self-assessed. I thought timeliness was actually one of those. So the self-assessment performance measures that —

Mr WEIMAR — So within both Metro Trains and Yarra Trams there are information systems, there are data systems, that gather performance information, so real-time running information. We use that information to judge their operating performance. That operating performance, that data, is audited independently by PTV and by our contractors, and we test that data and that is what we use to hold them to account. There is no self-reporting by Metro Trains and Yarra Trams in order to justify their performance figures.

Ms PATTEN — So no self-assessment whatsoever?

Mr WEIMAR — No. There are systems that they operate on our behalf, but they are state-controlled systems, and the state and we at PTV independently review those systems and we independently review the performance data, and we are accountable for the publishing and the management of that performance information.

Ms WARD — Minister, I want to talk about buses too, please. I understand that we are on a bit of a journey of doing a bit of a Justin Timberlake and ‘getting sexy back’ when it comes to buses.

Ms SHING — I did not even know where you were going there for a minute. Justin Timberlake — terrific.

Ms WARD — Yes — ‘getting our sexy back’. It is great that we have a new bus service going from Greensborough to Hurstbridge, which is terrific, connecting with the polytechnic as well as our stations. If I can get you to go to budget paper 3, page 28, it talks about our \$100 million commitment to new bus services. How is this going to work? How is this going to help? How are you helping buses ‘get their sexy back’?

Ms ALLAN — Thank you for your question. Certainly buses are an integral part of our public transport system, particularly for those outside of the light and heavy rail network, and our outer suburbs and regional areas rely enormously on their bus services. If I can correct you, Vicki: we have actually, in our first two budgets, invested over \$110 million in our bus network —

Ms WARD — Terrific. I am happy to stand corrected, Minister.

Ms ALLAN — to expand services in those areas that I have mentioned. This year’s budget provides for \$25 million to upgrade bus timetables on 14 priority routes, and in some ways it goes to the line of questioning Fiona was just going down — around this is an investment that is looking at how we can make our buses run in a more timely way and a more reliable way for passengers, because we are aware that this is an area of

improvement and we do need to make investments to deliver those improvements for passengers. Particularly, again, there are people for whom bus is their only form of public transport.

So we see — I think Jeroen might have just mentioned this — there are 120 million trips taken every year on Melbourne's bus network. Over the journey that we have been on in improving our bus services we have delivered new networks in Geelong and Portarlington, in Ballarat, Bendigo and the Latrobe Valley, particularly around Warragul and Drouin. There has been investment in suburban areas around Wyndham and Point Cook, Cranbourne, Plenty Valley, Caroline Springs, Diamond Creek, Epping north and Wollert, and we have also introduced new bus services for residents in areas like Keysborough, Brunswick, Craigieburn and the Mornington Peninsula. I think the spread of areas — inner city, middle suburbs, outer suburbs, regional areas, country towns — demonstrates that there is a demand and a need for additional bus services.

Ms WARD — How is the Metro bus contract renewal going?

Ms ALLAN — Well, I cannot talk in great detail about that because they are commercial negotiations that have just commenced and are being led by Transport for Victoria.

Ms WARD — What are the outcomes that you are hoping for? Can you talk to that?

Ms ALLAN — We are looking for improved performance outcomes, and one of the things that I can talk about are the broader negotiating parameters. One of the challenges that is holding us back from providing more efficient and more flexible bus services is there are some very longstanding arrangements in the bus industry which go back to the 1970s. Some of the contractual arrangements that are in place go back a long way and do not give us that flexibility, particularly when we are talking about the changing needs of the way people move around the city. So what we are looking at through the bus contract renegotiation is to look at phasing out, over a longer period of time, what is known as the exclusivity that is currently sitting in the bus contracts.

There are operators big and small in the bus industry who have been serving their communities very well for a very long time. But we also know, and I think the industry understands this too, that there is a need for improvement. Whether you are wanting to add new routes or change routes, there needs to be some capacity built into the contracts to give Transport for Victoria and Public Transport Victoria the ability to oversight those contracts in a way that is all about delivering better services to passengers.

Mr DIMOPOULOS — Minister, can I pick up on something you said at the beginning of your presentation about upgrading some of Melbourne's busiest train stations, particularly in reference to car parking? It is one of those perennial issues that gets raised, I think, with every local member of Parliament and others: 'Please provide more car parking so we can get to stations'. I am just wanting to reference not just your presentation but BP4, page 121. There is an amount of money there for station car park upgrades. Can you just elaborate a bit more about where that is for and what is driving those decisions about which ones?

Ms ALLAN — These are really good questions, because whilst we spend a lot of time talking about the big things that are going on in public transport — level crossings, Metro Tunnel and the like — these very local improvements to bus routes, to car parks, to new stations, that is what people experience every single day. We know we have to also focus on what are smaller in way of allocation of funding and the dollar spend but really important, and car parking is certainly a big one.

We are already building more than 3000 car parking space across the network in metropolitan areas and regional areas as well. Of course last year's budget funded the \$20 million station car parks program. This is a program that will see an additional 2100 car parks delivered at 17 different locations — country places, like Castlemaine, Gisborne and Kyneton; places closer in, at Upfield and Ferntree Gully. We are not only adding car parks, but we are also upgrading them. Feedback that is received regularly, and I am sure local members across the board would receive this as well, is issues about security in car parking areas, so we are looking at upgrading car parks with better lighting, CCTV and drainage. You have a car park in your area that has some drainage issues.

Mr DIMOPOULOS — That is right. Good memory, Minister.

Ms ALLAN — That is right. I have stood in those muddy puddles at Huntingdale, so we are alive to those needs. Again, this all goes to making this really positive — and thinking about how we make improvements to

our public transport network to improve passengers' experience. People spend a lot of time using our public transport network. We want to make it the best possible experience we can, and we know that it is a stress and it is a frustration for people trying to find a car park at their local station. There are stories about people driving past a station to go to the next one, because they know that there will be parking there. This is some of the work that we are undertaking.

Ms SHING — Minister, I might pick up from there. We have got an ageing population in various parts of the state, and we also have increasing issues in relation to frailty, limited mobility and passengers with specific needs around boarding and alighting the various modes of transport that we have got.

In this sense I would like to take you to budget paper 3, page 121, and the desire to increase access in relation to the provision of public transport infrastructure. How is the LXRA working to improve accessibility, and how are the initiatives that have been rolled out through the Regional Network Development Plan assisting people, particularly throughout regional communities who do not have access to cars, to access buses and to do so in a way that retains their dignity and their capacity to move around and participate in their communities?

Ms ALLAN — This is part of the work that we are doing in Public Transport Victoria that I am really proud of. We are working very, very hard to make improvements to our public transport network that supports people with accessibility challenges to move around.

I have mentioned a few times the new stations that we are building as part of the level crossing removal program. These stations will be fully DDA — Disability Discrimination Act — compliant, and are certainly the ones that have been built at Ormond Road, McKinnon and Bentleigh. This is a standard that we are applying to all stations. This is a standard that there will be lifts with a backup lift and ramps available. One of the policy pieces that informs this through Transport for Victoria is it has developed a vertical access requirements and design guideline. We have done that in consultation with the Public Transport Access Committee. We established PTAC a year or so ago —

Mr WEIMAR — A year ago.

Ms ALLAN — which is made up of people with a disability, people who work in this policy area. They meet regularly. My parliamentary secretaries work with them as well. We have consulted with them on a range of elements. Whether it is in our level crossing program or making improvements to our rolling stock, they are actively involved in giving us direct advice based on their own lived experience, which is proving really valuable.

Ms SHING — What about the bus network? Again I am coming back to, say, Latrobe Valley Bus Lines and the way in which buses are routed and the way in which people can in fact access bus stops through low-floor developments, particularly if they have got frames or they move slowly or are older. How is that work being tackled and challenged in an area where we have greater numbers of older or frail people?

Ms ALLAN — In part it speaks to that work that is being done through PTAC, the Public Transport Accessibility Committee, and their policy advice. It also goes to that earlier observation Vicki made around the bus contracts. There is a capacity through that renegotiation of the bus contracts to also look at how we can make investments in new rolling stock — bus rolling stock I am talking about in this instance. What is becoming more established practice is that PTAC is having input into the early stages of the policy development and the design features, and it is proving very valuable.

Mr MORRIS — Minister, just a quick one on the level crossing removal program, BP4, page 27. Today's business case shows, as I understand it, an economic benefit of 78 cents for every dollar spent, but that modelling is to cross a 50-year time frame. Are you able to tell us what the benefit ratio was identified for a 30-year time frame?

Ms ALLAN — We do not have that number.

Mr MORRIS — Are you able to get it for us?

Ms ALLAN — Can I say the BCR — I think I handed it around earlier; I hope you have got your copy of your executive —

Mr MORRIS — I have not read it from cover to cover yet, no.

Ms ALLAN — It is great reading.

Ms ALLAN — It is great reading. What we do make very clear is we have modelled the BCR on established traditional methods that are used for transport infrastructure, and that is shown very clearly in this document.

Mr MORRIS — I am just interested, because of course the east–west link was over 30 years and this is over 50, so I am interested in the return over 30.

Ms ALLAN — I am very glad you mentioned the east–west link, because you will also note for the completeness of the record that the BCR in this document is almost double what the BCR was for the east–west link.

Mr MORRIS — They are not comparable because it is over almost twice the period.

Ms ALLAN — And of course it is a project that Victorians voted for and is a key election commitment that we are delivering for Victorians.

Mr MORRIS — It is also over twice the period, so for the sake of appropriate comparability, if we could get the 30-year number, that would be appreciated.

Ms ALLAN — Certainly, I will come back to the committee on that. But of course I am sure you would also like to talk about how the level crossing removal program is a program that is about saving lives, reducing accidents, reducing road congestion and improving public transport. I am sure you would also like to talk about that as well.

Mr T. SMITH — My question is to the secretary, referring to budget paper 3, page 161. The introduction of E-class, low-floor trams along St Kilda Road, will that mean that travellers on routes like 35, 16, 64, 67 and 72 may have to change trams where their routes diverge from St Kilda Road or at St Kilda Junction?

Mr BOLT — Thank you, Mr Smith. That question is best answered by Jeroen.

Ms SHING — Good to hear your focus on regional public transport, coalition members.

Mr T. SMITH — Oh, be quiet.

Mr WEIMAR — Thank you, Mr Smith. Currently we have E-class trams deployed on routes 86, 96 and 11. We are continuing to receive a further 30 E-class trams in the current budget. We have 50 on the network at the moment. We will be developing over the coming year a further cascade plan about where we deploy the additional E-class trams when they come through. At this point in time we have just announced a new tram timetable about three weeks ago. We have no further plans to significantly change the routing, the permanent timetabling or routing of trams on St Kilda Road or to require other interchanges.

Obviously, as we see more and more people travelling on our tram network, we continue to look at how we use the larger E-class trams and how we best make the network operate, but right now there are no plans to change significantly the routing of trams on St Kilda Road in the long term.

Mr T. SMITH — So there will not be a shuttle, if you would, along St Kilda Road?

Mr WEIMAR — We will look at future options in terms of how we improve capacity along St Kilda Road and what rolling stock we use to do that.

Mr MORRIS — Would that be an option, going to a shuttle on a train?

Ms ALLAN — If I can, on that St Kilda Road corridor there is a really close intersection between the rollout and how we deliver our trams and the Metro Tunnel project. Of course the Domain station, one of the five underground stations as part of the Metro Tunnel project, is actually going to be a major tram-train interchange point. Please do not interpret the responses as trying to avoid answering those questions. There is going to be over the next few years, as the Metro Tunnel project is rolled out, the need to carefully monitor what goes on along St Kilda Road by way of the tram movements because from time to time there is going to be disruption to

the tram network along that corridor as we have the construction program go underway and there is that careful monitoring. It is why the budget provides for some additional tram services as well now, to bed them in now ahead of the construction ramping up. I just wanted to bring that to the committee's attention. Please look at the tram network in that broader context of what is going on across the transport network.

Mr T. SMITH — Given that St Kilda Road trams operate as a collective frequency that you are advertising at present is around 1 minute during most of the daytime, seven days a week, can commuters expect trams to run less often along St Kilda Road and, if so, when?

Ms ALLAN — I am happy to have Jeroen supplement this, but the response to that again goes to what I have just said about the delivery of the Metro Tunnel project and how that intersects with the tram network. We are talking about when the Metro Tunnel is completed in 2026, of course, so it is a little way off. Some may have powers of prediction, but we have got to base it on what actually is happening. People will over time change the way they travel. Many people now would expect to use the tram network along — I think it is the world's busiest tram corridor?

Mr WEIMAR — The world's busiest tram corridor.

Ms ALLAN — It is the world's busiest tram corridor, that Swanston Street-St Kilda Road tram corridor. It is very, very busy. But also, because it is so busy, it causes problems for the rest of the network. If you have a problem on St Kilda Road or Swanston Street, you can really have a significant knock-on effect across the rest of your tram network, which causes problems across the system. So we need to look at how we can best deliver our tram services. Over time we would expect people who are currently on a tram travelling along that corridor will be jumping on a train and you will be able to get from Parkville to Domain station in about 6 minutes or so by using the underground Metro Tunnel network.

Mr T. SMITH — Just whilst we are talking about the future of the tram network, can you categorically deny that you are planning to buy back the Yarra Trams franchise?

Ms ALLAN — I am not going to comment on the negotiations that are going on at the moment, that are underway in terms of both the train and the tram future franchises. I am just not in a position to comment because those negotiations are happening right now and I am not going to jeopardise those negotiations by commenting in this forum.

Mr T. SMITH — So you are looking at buying back the Metro franchise as well?

Ms ALLAN — I am not going to answer.

The CHAIR — Order! Mr Smith.

Ms WARD — She just said she is not mentioning it, Mr Smith. Do you not understand negotiations?

The CHAIR — Order! Ms Ward!

Ms ALLAN — I have nothing to add.

The CHAIR — The minister has answered the question.

Mr MORRIS — Chair, I might just ask another question on a slightly different subject, and that is the regional rail plan that there has been lots of conversation about commonwealth funding for or lack of commonwealth funding for, commentary coming from the minister. Minister, can I ask you: have you supplied the commonwealth with business cases or detailed planning for your regional rail proposals — that is, the \$1.46 billion?

Ms ALLAN — Chair, I have indicated on a number of occasions to the federal government and the federal minister that we have done the detailed planning works, and I will be meeting with him tomorrow, when we are both at a ministerial council meeting, to discuss this further. By way of counter — —

Mr MORRIS — But at this stage you have not provided either a business case or detailed planning?

Ms ALLAN — At this stage I have written — —

Mr T. SMITH — A letter is not a business case.

Ms ALLAN — At this stage I have written to the federal minister signalling my intention to provide supporting material, but that of course will be part of the conversation because — and if I could complete the answer before being interrupted —

Mr MORRIS — No, I am just trying to establish whether you have or not.

Ms ALLAN — the federal government in their budget have listed a range of projects that they have not supplied a business case or a project plan or one shred of information beyond what is in the budget paper. We have undertaken, off the back of the regional network development plan work, detailed analysis, detailed project plans for each and every one of those projects that we have committed to. What I note is that the federal government has not provided one shred of evidence of how their alternatives, if you like, are going to deliver extra services.

Mr MORRIS — I think, Minister, given that, regardless of who funds things, the Victorian government will have to deliver any of those projects. It would normally be the delivering authority that does the detailed planning, that does the business case — —

Ms ALLAN — Not if you are in New South Wales. They are not being asked to provide business cases; they are not being asked to provide project plans.

Mr MORRIS — To come back to the substantive point — —

Ms ALLAN — Happy to.

Mr MORRIS — I take it from your response that while you are going to discuss the matter with Minister Chester — I think you have indicated tomorrow — that at this point you have not provided the commonwealth with either business cases or detailed planning for any of those proposals; is that correct?

Ms ALLAN — I would like to make it clear to the committee that that work has been done.

Mr MORRIS — But not provided to the commonwealth; is that correct?

Ms ALLAN — We were operating on clearly a false assumption that the rules that applied to New South Wales would be the rules that would apply to Victoria, and clearly they have not.

Mr MORRIS — But those documents have not been provided to the commonwealth?

Ms ALLAN — For the asset recycling initiative New South Wales has not been required to provide any further documentation under those — —

Mr MORRIS — Those documents have not been provided to the commonwealth; is that correct?

Mr T. SMITH — Lazy lefties have not done their due diligence.

Ms ALLAN — And I have written to the federal minister.

Mr MORRIS — Is that correct?

Ms ALLAN — You can try and defend your friends in Canberra as much as you like. If you want to defend Victoria getting less than 8 per cent of infrastructure funding, you go and do your best.

Mr T. SMITH — Do your job. Get your paperwork in on time.

Ms WARD — They certainly do not like to make it better.

The CHAIR — Order! I would like to thank the witnesses for their attendance: the Minister for Public Transport, the Honourable Jacinta Allan, MP; Mr Bolt; Dr Miles; Mr Weimar; Mr Hannett; Mr Devlin and Mr Tattersall.

The committee will follow up on any questions taken on notice in writing. I believe there were four questions taken on notice. The response answering the questions in full should be provided in writing within 10 working days of the committee's request.

All broadcasting and recording equipment must now be turned off.

Witnesses withdrew.