

CORRECTED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2005–06

Melbourne — 12 May 2005

Members

Mr W. R. Baxter

Ms C. M. Campbell

Mr R. W. Clark

Mr B. Forwood

Ms D. L. Green

Mr J. Merlino

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Executive Officer: Ms M. Cornwell

Witnesses

Mr P. Batchelor, Minister for Transport;

Mr H. Ronaldson, secretary;

Dr A. Smith, deputy secretary, capital;

Mr B. McDonald, executive director, corporate resources; and

Mr J. Betts, director, public transport, Department of Infrastructure; and

Mr D. Anderson, chief executive officer, VicRoads.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the budget estimates of the health portfolio. I welcome the Honourable Peter Batchelor, Minister for Transport; Mr Howard Ronaldson, Secretary of the Department of Infrastructure; Dr Alf Smith, deputy secretary, capital; Mr Bob McDonald, executive director, corporate resources; Mr Jim Betts, director of public transport, Department of Infrastructure; and Mr David Anderson, chief executive officer, VicRoads, as well as departmental officers, members of the public and the media.

In accordance with the guidelines for public hearings I remind members of the public that they cannot participate in the committee's proceedings. Only officers of the Public Accounts and Estimates Committee secretariat are to approach PAEC members. Departmental officers, as requested by the minister or his chief of staff, can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room. All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence taken today is being recorded. Witnesses will be provided with proof versions of the transcript shortly.

Before I call on the minister to give a brief presentation on the more complex financial and performance information that relates to the budget estimates for the transport portfolio, I ask that all mobile phones please be turned off and pagers put to silent. Minister, after you have had the opportunity to make your overhead presentation we will have questions, and then in about one and a half hours we will break for a short adjournment.

Overheads shown.

Mr BATCHELOR — Thank you, Chair, and I thank members of the committee for the opportunity to present again to the Public Accounts and Estimates Committee.

Our transport initiatives in the 2005–06 budget are designed to deliver the government's metropolitan transport plan. We do that by providing better public transport services and an improved road network in the metropolitan area, the urban fringes and the growth areas. The budget is also designed to better link Victorians who are in rural and regional areas to the capital city. Through the budget we also want to substantially improve safety for all road and public transport users. We are using the budget to achieve those objectives, which are clearly set out in our metropolitan transport funding.

The key financial budget parameters for this year: in summary it is an operating budget of \$3.5 billion, which represents an increase of around \$400 million or 13 per cent on the 2004–05 budget. At the outset I would like to highlight some of the reasons that underpin that so people understand. Some of them are obvious and some need a little bit of explanation, and I think that will be helpful for the committee. Of the \$400 million, \$126 million is required to meet contracted service payments, particularly in the area of public transport and road services. There is \$29 million for new initiatives including the safer road infrastructure program, the metropolitan bus program, the motorists package that was described in the budget, and funding for the Tullamarine-Calder interchange. Included is \$178 million, which is essentially the reinvestment of the VicTrack capital charge, which is paid as a grant from the department. This arises because of the re-estimation of assets that have been created, such as the new rolling stock which has been transferred to VicTrack, and some of the other capital upgrades. Because its asset base is increasing, a component of that \$400 million is represented by \$178 million as the re-estimation of VicTrack's capital charge. There is \$33 million additional to road and freight access, reliability, bridge works and maintenance projects, and \$17 million in depreciation expenses, reflecting the increase in the asset base that has taken place over recent times.

The 2005–06 budget needs to be seen against the 2004–05 budget, not just the out turn. There is also the one-off expense of some \$360 million contribution of land and other works for the ConnectEast construction of the EastLink project, and that is also accommodated in these budget statements.

This slide reveals the continuing and significant investment in infrastructure. There is a new investment program and a whole series of new commitments for 2005–06. They were detailed in the budget papers. There is the SmartBus on Wellington and Stud roads. There is the outer metropolitan roads program and a whole host of others that may or may not be addressed during the course of the hearing.

The metropolitan transport plan really provides an integrated framework for transport priorities over the next five years, and the key elements that underpin our metropolitan transport plan are a safer public transport system,

managing metropolitan growth, managing congestion and support for economic growth. We believe this year's budget makes a substantial contribution to meeting those objectives. We do that through investments in public transport — this year through our metropolitan bus program, through the SmartBus contribution, and a significant contribution of some \$25 million for public transport planning directed towards trying to find the solution to projected future capacity constraints on the Dandenong corridor.

We have provided money for design and tendering costs of the North Melbourne railway station, which is a key interchange for the northern corridors for both metropolitan and country trains. We have also provided for additional staff in the area of customer service so that customer service staff are being introduced on the trains after 9.00 p.m., and we have provided some more on our tram network.

The metropolitan travel plan has provided a number of achievements, and there is progress under way on a number of issues that take a long time to deliver. In transport the big picture items take many years to deliver. This year we have delivered very successfully extended travel on New Year's Eve, which was sponsored this year and was able to be delivered free. We have also trialled the TravelSmart program, which has had some very exciting results in increasing patronage. We have provided an additional 100 metropolitan peak hour taxi services. The tram extension to Docklands began operating in January of this year. The tram extension out to Vermont is almost complete, and that will be met with an improved bus service to meet each tram. The Craigieburn rail progress — it is expected to perhaps start working on that electrification later this year.

The key feature in roads is the \$97.4 million program to outer metropolitan roads as well as a significant contribution to rural roads. Road safety is a key objective of this government, having secured for the last two years in a row the lowest road toll on record. It is beginning to show that the concentrated effort in road safety by both the government and the community is paying off with success, and this budget announced a \$110 million program over two years as stage 2 of our Safer Roads program.

The CHAIR — Minister, could I make a request that we — —

Mr BATCHELOR — You can cut me off anytime you like.

The CHAIR — I do not particularly want to cut you off, but there are key items. If you could be conscious that we have got about 3½ more minutes.

Mr BATCHELOR — We are also concentrating on safety in the country train system, trying to learn the lessons of Waterfall and tilt train crashes in other states. We have also identified the need for security risk management in the changed world environment to make sure that public transport is able to respond to the need to provide a secure environment. In this year's budget we provided a package for motorists a key feature of which will be a reduction in licence fees for those drivers who have demonstrated a good driving record over the previous period. We see this as an essential element of our road safety campaign.

In terms of regional development there is the upgrade to Calder, the continuing upgrades to the Bass Highway and some construction of overtaking lanes on the Princes Highway in East Gippsland. There is the continuation of the regional fast rail project; the successful reopening of passenger rail services to Ballarat and Ararat; and the commissioning of the first stage of the Marshall station out of Geelong.

Spencer Street station is a regional gateway to Melbourne. There are around 70 000 passengers each day currently using the station. The architectural form and functionality of this station is capturing the imagination of the public not only of Melbourne but also of rural Victoria. Elements of it will be opened later this year to the travelling public. It is going to be an iconic building and a piece of functional infrastructure for Melbourne.

The other area we are concentrating on this year is channel deepening. This is a project of the utmost priority for the government, for the state and for the nation's economy. We will be getting the Port of Melbourne Corporation to undertake the necessary environmental works to prepare for the supplementary environment effects statement. We are just waiting on the guidelines and time lines to be made available by the Minister for Planning.

In conclusion, this 2005–06 budget in transport is structured around implementing the thrust of the metropolitan transport plan, continuing to invest in rural and regional transport services and providing safety on our roads and on our public transport network. We believe these initiatives taken together will improve the quality of access, help grow economic activity and grow and promote safer travel.

The CHAIR — The first question I want to take you to is the integrated metropolitan public transport services, which is in budget paper 3 at page 112. In that table there is a list of performance targets for trains, trams and buses including timeliness. I would like you to inform the committee of what is being done to ensure that those performance measures for improving timeliness are being met.

Mr BATCHELOR — We have set out performance measures for our metropolitan and public transport services to meet so that what they deliver can be benchmarked against a community standard and expectation. As I recall, I think in relation to the new franchise agreements some of those benchmarks will be increased for the metropolitan train services. We set high standards and monitor them on a regular basis and report on the performance outcomes through track records so people can see what they are. Essentially, if the public transport operators fail to meet the required standards, they can be fined.

The government is also taking steps to try to improve those performance measures by trying to examine the major causes of delays and cancellations, particularly on the metropolitan rail network. It is an issue that arises from the need to withdraw rolling stock from active service to provide maintenance. Some of our older rolling stock has a more frequent maintenance schedule than occurred in the past, particularly in relation to the new rolling stock that is largely coming on stream. We have also had difficulties with the shortage of train drivers. It is a national shortage of this particular skill in the Australian economy. Victoria is experiencing it just the same as they are in other states. It is an issue that is not easily or quickly resolved. It takes a long time to train up a driver. But working with Connex and the other providers of train services we have intensified driver recruitment programs. There were 19 drivers who graduated during 2004; another 67 are scheduled to graduate during 2005, with a further 52 in 2006. We are also taking steps to try to retain older drivers. This is in line with the suggestion made by the federal Treasurer that he would like to see older people staying in the work force, and perhaps Bill ought to have taken notice of that.

The CHAIR — We are not fishing. We do not need baiting.

Mr FORWOOD — That is all right.

Mr BATCHELOR — We talked about this before we came in. But seriously the age profile of our drivers, both metropolitan and country, is such that there is a higher proportion than in the community at large of older people working on the trains as drivers, and one of the things that we would like to try and encourage is for those people to retain their employment and retain their skills whilst this longer period of retraining and making the work force younger continues. So we will be continuing retention bonuses for people to encourage them not to retire. We are also trying to achieve solutions to the driver shortage problems through a series of work practice changes on a temporary and short-term basis in cooperation with the unions, and the unions have been very helpful in this regard. They have agreed to help make supervisors available to drive trains, and this has led to the improvement of rosters. They have also helped with a number of other initiatives that have reduced the number of cancellations. In terms of the work force, we are taking really positive, continuing steps at all levels to try to address the driver shortage, and the problems caused by rolling stock maintenance scheduling will be overcome by the introduction of new rolling stock. There is a very extensive campaign of new rolling stock.

The CHAIR — Thank you, Minister, if you could conclude.

Mr BATCHELOR — I think you need to know this. There are 58 new three-car Xtrapolis trains that have come in on service since December 2004, and there are 62 three-car Siemens trains purchased by Connex and delivered in February 2005. There will be some more Siemens trains coming on during the course of this year, so that will help reduce the absence of trains or rolling stock from the operational fleet and help reduce those cancellations.

The CHAIR — Thank you for that very comprehensive answer. We try to stick, if we possibly can, to around about a 4-minute answer, so that if there are supplementaries they can be asked as well. I know yesterday we had some 12-minute answers to very extensive questions from the opposition.

Mr FORWOOD — It is a sort of filibuster technique that has been used.

The CHAIR — Would you like to apply for a job as a train driver?

Mr FORWOOD — I would. I might well apply for a job as a train driver. Sixty-eight weeks to train a train driver — yes, that would be all right.

Mr BATCHELOR — Sixty-four, I think.

Mr FORWOOD — You have reduced it, have you?

The CHAIR — Do not ask a supplementary.

Mr BATCHELOR — Sixty-eight.

Mr FORWOOD — Sixty-eight weeks to train a train driver?

Mr BATCHELOR — You have been looking at the ads in the paper, haven't you?

Mr FORWOOD — I reckon I could learn to fly quicker than I could learn to drive a train.

The CHAIR — The question?

Mr FORWOOD — Welcome, Minister. It is nice to see you again. I should say you are the fourth minister we have had in this round. We have had the Premier, the Treasurer and the Minister for Health, and I should say that each hearing has been marked by selective amnesia on a grand scale, so we hope your memory is working today. We certainly hope this year you will be able to control your temper better than last year.

The CHAIR — Mr Forwood, apparently there was very pleasurable banter between you two before I arrived. Perhaps we could resume with the question. The question is?

Mr FORWOOD — The question, going to the guts of the matter, is: on page 294 of BP 3 it shows the regional fast rail blow-out as \$118.5 million. I wonder if you could advise the committee of the total amount of contract variations approved for the Ballarat, Bendigo, Geelong and Latrobe Valley so-called fast rail projects, and also for each of those projects the amount that is being claimed but not yet approved, and will you stick with your undertaking to put variations on the web once they become available?

Mr BATCHELOR — What page is that?

Mr FORWOOD — Page 294 of BP 3 shows the current blowout — \$41.4 million in 2004–05 and \$77 million this year.

Mr BATCHELOR — The blowout?

Mr FORWOOD — What is the \$118.5 million?

Mr BATCHELOR — These are the budget approvals for the project — the \$750 million project that was announced last December, and these are figures that are in accordance with that. There is no budget blowout contained in these figures here.

Mr FORWOOD — What is the total cost of the whole project now?

Mr BATCHELOR — The total cost of the whole project was announced late last year, or the estimate, because we have not finished the project yet, because it has not finished being constructed, so as with any project that was originally scheduled to take place over five years — it was announced as a five-year project — when the additional safety requirements were required to be put on, additional time was required to put those in place, and a revised budget was announced of some \$750 million. It is currently within that budget estimate. However, we have not finished building it, but we have sufficient capacity in those estimates to finish the program, so there is no blowout, as you have described, and it is unhelpful to mischievously describe the reporting of figures wrongly when they clearly are within the budget that was announced last year.

Mr FORWOOD — Do you want to give us a list of the contract variations for each of the — —

Mr BATCHELOR — The answer to your other question about the variations is that all variations go onto the Web, and they will continue to do that, and that is where you can find out that information. I am not going to recite, chapter and verse, everything that — —

The CHAIR — You did that once, and we appreciated it once — —

Mr BATCHELOR — And I am suffering as a result of that, so my questions are curtailed and shortened now. I was asked, I think by Mr Forwood, to give a list of everything — —

The CHAIR — Let us stick to the variations being on the Web. That is great.

Mr FORWOOD — I want the total amount of variations for each of the projects.

Mr BATCHELOR — The variations are on the Web, and they are updated periodically.

Mr FORWOOD — When?

Mr BATCHELOR — When we put them on the Web. And they are — —

Mr FORWOOD — What — two-yearly, six-monthly, fortnightly?

Mr BATCHELOR — They are put on the Web when we have them to place on the Web. We do not hold them back to some preconceived quarterly or six-monthly or two-yearly reporting regime. As it is appropriate, they are placed on the Web. Sometimes they are delayed because of commercial reasons, but once those — —

Mr FORWOOD — For example?

Mr BATCHELOR — Which is usually a timing issue, but once they have passed that time sensitivity, they are placed on the Web, and that will continue to be our policy. You also need to understand, and it might be helpful for you to pass this on to others in your party, that the total \$750 million budget is an estimate, and it contains contingencies which are designed to cater for variations that occur from time to time. This is standard practice with any capital project for a large amount, or even for small amounts. There is an amount of money that is set aside within the budget to cater for things that are unforeseen at the time when first setting up. It is a standard, universal practice.

Mr FORWOOD — So what is the level of contingency on this project?

Mr BATCHELOR — I do not think we detailed the level of contingency.

Mr FORWOOD — Do you mean you do not know?

Mr BATCHELOR — I did not say that that all. It would be helpful if you would allow me to finish the answer. In the context of a — —

Mr FORWOOD — It would be useful if you said something.

The CHAIR — Excuse me!

Mr BATCHELOR — If you know the answer, then you should not ask the question.

Mr FORWOOD — I asked the question.

The CHAIR — Let us sit back and let the minister answer the question. We are up to 6 minutes on this question, so it would be helpful — —

Mr BATCHELOR — I will go to the next one then. I was cut off on the last one.

The CHAIR — It would be helpful, if there is anything in addition that you wish to place on record, for you to do so now. Otherwise I want to move to the next question.

Mr BATCHELOR — No.

Mr FORWOOD — Come on. We have asked how much the contingency is. Surely he is going to tell us that.

The CHAIR — He said he did not have it there; that was the answer.

Mr FORWOOD — Will you make it available to us?

Mr BATCHELOR — No, because the level of contingency and what it relates to is an issue that would disadvantage the state in commercial negotiations. Perhaps Mr Baxter might be able to help you understand this because I am sure he understands that when you have a very large commercial contract — —

Mr BAXTER — He is asking you, Minister, he is not asking me.

Mr BATCHELOR — I am asking you to explain it because he cannot understand, Bill. You might be better than I am at explaining it to him.

The CHAIR — Minister, I am going to be moving on to the next question because I think we understand your point.

Ms ROMANES — Minister, if we could turn to the output measure ‘Public transport infrastructure development’ on page 119, I notice that the allocation for the South Vermont tram extension will be 95 per cent expended by the end of this financial year, so that is very close to completion. Can you tell us exactly when it will be finished?

Mr BATCHELOR — This is a terrific project. We have had to undertake a number of elements to complete this project and it will be completed in the latter part of this year. It has involved, of course, the construction of new tram lines and overheads. It has required the widening of roads in some parts and the provision of new tram stops. I think it will be completed in the latter part of this year. It is a project that is just not about the extension of the tram service to Vermont South; we are also upgrading the bus services to what will be one of the best bus services in Melbourne because we will have the buses meet each tram so they can go out to Knox City. Our proposal here is not only for the physical extension of the tram track out to Vermont South, but also, in an integrated response, to upgrade the bus services from there out to Knox City and to have them coincide with the tram timetable.

As you know, as a member representing an inner suburban area, the frequency of trams is much greater than buses as a general rule. That is the case in this area so we will be upgrading the bus services to meet it. There will be a new bus interchange at the new terminus. In fact in a strict sense a very small section of the tram extension is already being used because the end terminus has been moved to the other side of Blackburn Road and is now being used as the end terminus and it is operating very well. We believe this is part of our commitment to upgrade public transport services in the east of Melbourne. It is part of the integrated transport response in the EastLink corridor.

Mr FORWOOD — Minister, I would just like to follow up the slow train projects. The last contract variation listed — —

The CHAIR — I think you will find there is nothing in the budget papers on that.

Mr FORWOOD — The slow train project?

The CHAIR — There is nothing in the budget.

Mr FORWOOD — The last contract variation for any of the four lines listed on the web site is dated 17 December 2004. Are you telling the committee there has been no variation since that date?

Mr BATCHELOR — No.

Mr FORWOOD — You are not telling us that.

Mr BATCHELOR — No.

Mr FORWOOD — So can you tell us what variations there have been since then and why they are not on the Net.

Mr BATCHELOR — I will just repeat the answer I gave before.

Mr FORWOOD — What is that?

Mr BATCHELOR — You have the transcript; I have not.

Mr FORWOOD — What do you mean I have the transcript?

Mr BATCHELOR — The answer is the same as I gave before. They are put on the Web when it is appropriate to do so and when it will not disadvantage our commercial position.

Mr FORWOOD — Okay, so we have admitted that there are variations since 17 December, but they have not yet been made available — unquantifiable. When will they be available to the committee, if not to the web site?

Mr BATCHELOR — They will be put on the Web when it is convenient to do so and it will not disadvantage our commercial position.

The CHAIR — Thank you very much.

Mr FORWOOD — How secret is this government?

Mr SOMYUREK — Minister, I refer you to the table of output initiatives — —

Mr FORWOOD — What are you hiding? Not much! You are hiding all the variations, obviously.

Mr SOMYUREK — In budget paper 3, pages 293 and 294 — —

Mr BATCHELOR — You do not understand them when we put them on anyway.

Mr SOMYUREK — which list \$9.4 million — —

Mr BATCHELOR — Can you start again please?

Mr SOMYUREK — Minister, I refer you to the table of output initiatives in budget paper 3, pages 293 and 294 which list \$9.4 million for the Ringwood to Frankston SmartBus. This traverses my electorate so I understand the key service it will provide to my electorate and certainly to the people of Ringwood. I assume the SmartBus dovetails into the state government's metropolitan transport plan. Can you advise the committee how this project will achieve the goals of the metropolitan transport plan?

Mr BATCHELOR — Thank you. As I said when I gave a very brief summary at the beginning, the metropolitan transport plan has a number of objectives. Essentially, one of those is providing relief to congested parts of our transport network, certainly along the EastLink corridor on Springvale Road and Stud Road which are very congested. Whilst it is a north-south corridor — and traditionally people have only thought of congestion of those radial routes into the city — anyone who has lived in or represented those outer metropolitan areas would understand that in both directions the north-south travel there is a congested point. That is why we have on the one hand facilitated the development of the EastLink project, but also as part of an integrated package we have included in our response bus services that would travel along that corridor as well.

As part of this year's budget we have announced a SmartBus upgrade that will go from Ringwood to Frankston via Dandenong and it will have all the attendant features that typify what constitutes a SmartBus program. They are, typically, more frequent services; extended services at night, at weekends and on public holidays; and more punctual services through the use of modern technology that helps buses that are running behind schedule to keep to the timetable. They do that by giving buses traffic light priority, by infrastructure upgrades to provide slip lanes and assistance for them to get through difficult intersections, and trying to keep right-turning and left-turning cars out of the pathway of the bus. Through the use of technology again we provide better information at bus stops, and at some key stops and interchanges we provide real-time information so people understand how long or how short they have to wait for the bus, notwithstanding the timetable.

These are the sorts of elements that will be applied along this corridor where I think we have delivered about \$68 million of SmartBus initiatives since coming into office. They have produced spectacular increases in patronage along the corridors where they have been trialled and this budget commits \$19 million over the next three years for capital works, and \$6 million for recurrent works on this section of the SmartBus corridor between Ringwood and Frankston. I think it will be a very popular upgrade to existing transport services in the outer-east and south-east of Melbourne.

Mr FORWOOD — I must say, Minister, I expected that when you were relieved of the major projects portfolio that your performance might have improved in transport, but — —

The CHAIR — Thank you, Mr Forwood. If you go to your questions that would be helpful, without making gratuitous comments.

Mr FORWOOD — I am quite happy to go to the questions. What we would look for is — —

The CHAIR — Thank you, Mr Forwood, would you ask your question.

Mr FORWOOD — Hang on, what we would look for are some sensible responses.

The CHAIR — Mr Forwood, just ask your questions. It is becoming boring and repetitive.

Mr FORWOOD — I refer you to page 120 of budget paper 3, which shows that for the slow rail projects at Ballarat, Bendigo, Latrobe and Geelong and for the Spencer Street redevelopment the target date of completion is shown as 100 per cent. I refer you to the expected outcome for 2004–05, which shows that they were to be respectively 90, 81, 77, 93 and 65 per cent completed, and the targets are in the previous column. Can you explain to the committee why you changed the measure so that delayed projects are now shown as being fully complete when everybody knows they are running late?

Mr BATCHELOR — I think you will find from looking at budget paper 3 on page 120 it shows that for the financial year 2005–06 we expect those projects to be completed during that year; and that is our expectation.

Mr FORWOOD — So how late is each of the projects?

Mr BATCHELOR — I think your question originally was misplaced because this is a target. On page 120 the budget papers show that during 2005–06 we expect to complete those projects. That is what the contract completion will be, and that is what we expect them to be: completed during that periods.

Mr FORWOOD — So how late is each of the projects?

The CHAIR — Thank you.

Ms ROMANES — That is the performance measure.

Ms GREEN — Minister, I draw your attention to the output group on page 293 in budget paper 3, which shows an area that you and I have had quite a bit of discussion on — that is, bus service planning — which has an allocation of \$2.5 million. Could you detail for the committee what the focus of this increased expenditure on these bus services will be?

Mr BATCHELOR — We have identified that the outer metropolitan areas of Melbourne are the areas where we need to concentrate any additional resources for extending bus services and providing new bus services. In doing that we are identifying that a dialogue and a planning process need to be put in place now right across the outer metropolitan area. We have divided it up into some 12 regions. They are largely in those, if you like, interface areas. We have already started and continue this program to provide us with information so that when the metropolitan bus contracts come up for renewal — this only happens once every 10 years, so it is a pretty important time for metropolitan bus services — we will have an understanding of what the community expectations and needs are to see if any, some or all of those can be accommodated in the new contract negotiations. The thrust of what we will be trying to do — and it is outlined in the metropolitan transport plan — is to provide some additional services for the outer metropolitan areas, and we see that as the most appropriate way.

Ms GREEN — Excellent.

Mr BATCHELOR — When we get there, we do not want to get to 2007 and find that that preparatory work has not been undertaken. It is being done in a consultative way with municipal councils, community organisations and local bus companies to just see where the changing centres of community activity are and what the changing demands will be — for example, new shopping centres, new schools, new community centres and employment areas — and how they can connect with other existing track means of transport. So that is what we are providing for.

Mr BAXTER — Minister, you are no doubt aware that Wodonga is Victoria's fastest growing regional city, and you are no doubt aware that the redevelopment of the CBD of Wodonga is being impeded by the fact that the High Street level crossing is yet to be relocated. You will no doubt recall that the former coalition government made an allocation for that project, which was later topped up by an allocation from the federal government. This government has been in office for six years. The project has not started. When will you use your ministerial authority to get this project under way?

Mr BATCHELOR — The Wodonga rail bypass project is essentially a project designed to improve the commercial amenity of Wodonga town centre rather than it being driven by a need of public transport and the freight requirements of the rail industry. I was not aware that you had actually made a budget commitment in the previous government, I thought it was an election promise provided by both governments.

Mr BAXTER — It was money on the table.

Mr BATCHELOR — No, it was only a promise, because we made a similar commitment. I do not think it was the same — I think ours was a bit higher — but the commitment we made was backed up with the delivery of a budget commitment. We committed some \$30 million to this project. The federal government has also made a commitment of funding. The project is being led by the City of Wodonga.

The difficulty that the federal government and state government have in resolving this matter stems from the decision of the previous Kennett government to privatise the whole of the rail network. We no longer own or no longer control — and in accounting terms no longer own, I suppose — the broad-gauge network until the lease has expired. It is controlled now by Pacific National, and was previously controlled by Freight Australia. So in one of the rail corridors one of the tracks that goes through Wodonga that the community wants to see placed in a bypass around Wodonga is the broad-gauge track controlled by Pacific National. It is they who control it; it is their track, and we have to get permission to do anything to that. As you know, we had a very long and arduous series of problems right across the state with Freight Australia in trying to see if we could make a series of upgrades. We are working through a list of those delayed projects with Pacific National to try to resolve many of those, of which the Wodonga rail bypass is one.

The other track that goes through the existing rail corridor, of course, which again goes through the heart of Wodonga, is controlled by Australian Rail Track Corporation, a commonwealth enterprise. I think it is independent of ministerial control. I think it is set up as a commercial operation, but I do not claim to be an expert. Anyway, it is outside the purview and control of the state government. So both of the lines that go through the heart of Wodonga that community wants to see moved are not under the control of the state of Victoria. We are trying to work with the council and the commonwealth to resolve a whole host of competing and conflicting interests here to ensure that, to the extent you can, the rail services are maintained whilst meeting those urban objectives that the council is trying to facilitate. We will continue to work with the council and the controllers or owners of both tracks to achieve that objective. But in simple terms, I do not have ministerial control over either of the rail lines that go through Wodonga that they would like to see moved, so I cannot direct the ARTC and I cannot direct Pacific National, just as I cannot direct the Wodonga City Council. So in a sense we are an interested party that has agreed to try to help the Wodonga council achieve this objective. It is a good objective for their commercial and urban redevelopment opportunities that they want to take place. We support them, as you have indicated you have, and I think they are pretty widely supported in the community. But we do not have the control mechanisms, the leaders, to bring it about. So we will continue to work with them. I will probably have discussions with the council tomorrow. I am going up there.

The CHAIR — In BP 3 on page 120 there is a performance measure, 'Development of new integrated public transport ticketing solution: business requirements fully defined', and the target is 100 per cent. Minister, that is eagerly awaited by most public transport users, and I want to know how confident you are that the performance target of 100 per cent will be achieved and what you are doing to ensure it is achieved.

Mr BATCHELOR — The ticketing system for the metropolitan transport sector is covered by a contract between the state and OneLink. That contract expires shortly, and we have already commenced steps to replace that ticketing technology with the new smart card technology based under a new contract. We established a ticketing authority. Last July that ticketing authority released a request for tender in order to procure the new smart card-based ticketing system, which we hope to see implemented by 2007. The delivery of the contract which will set up the timetable for its implementation we hope to have completed during of the coming financial year. We

received tenders in late October last year. They are currently being evaluated. They have been reduced to a short list of two, and we hope we will be able to make an announcement of the successful contractor shortly. Following that we will be able to get into the stage of system design and implementation and have it roll out. We are looking to see whether we can extend this into some areas of country Victoria and have that as a way of not only providing a better ticketing system for Melbourne-based commuters, but also allowing the technology to be used by some people in country Victoria.

There is just one final comment in relation to that. An attendant issue that has been around and under consideration by this committee in the past is the success of the incumbent system. There were lots of problems when we came into government, and the reliability of the system declined to about 72 per cent. I can advise the committee that the existing ticketing system is up to around 98 per cent at the moment. So what we did was renegotiate elements of the contract and make some changes to the software and machinery, and as a result of that it is a much more reliable system now than it has been since it was first introduced under the bill in 1995 or 1996.

The CHAIR — Yes, it is much better. Thank you.

Mr CLARK — Minister, according to data in your *Track Record* publication, when National Express ran V/Line Passenger for the period July to September 2002, less than 1 train in 20 ran late. Now that V/Line Passenger is back under government control and your responsibility, more than 1 train in 6 is running late, according to data for the latest quarter. What has gone wrong, and what responsibility will you take to fix it?

Mr BATCHELOR — We have taken all the steps that we can to try to improve that reliability that you have made reference to. We are not happy with it. It needs to be improved, and we are taking a number of steps. During 2004–05 I think it was managed to deliver 99.1 per cent of the timetable services, and that was a pretty good outcome considering a number of external factors. We are rebuilding much of the country rail network. We have seen the rebuilding of the infrastructure along the fast train corridors to Ballarat, Bendigo, Geelong and the Latrobe Valley. These are the major country transport corridors. It is where the bulk of the public travel and the bulk of the trains are. During this period of time we have seen a whole host of measures, such as the rebuilding of the infrastructure, the level crossings and the signalling, which are essentially about to commence, and they have had an impact on it. Of course the end destination of all those V/Line services is at Spencer Street, and the redevelopment that has taken place there on V/Line's major operational hub has had an impact on the ability of V/Line to deliver services. So there has been a drop off in performance because of both Spencer Street and the fast rail. V/Line has not escaped the impact of the driver shortage, and that has been another factor that has to be taken into account.

So if you ask us what we are doing, we are trying to get the fast rail project and the Spencer Street redevelopment to work with V/Line to try to minimise the disruption to passenger services. Where they do occur, we try to plan ahead and predict where that might occur and give people prior advice on the impact of the infrastructure upgrades. Most people can see the physical disruption that has taken place and understand that during this reconstruction phase inevitably there will be some disruption to services. We have put on additional mobile customer service people at Spencer Street to try to help people who are affected by punctuality issues or replacement bus services. We have also had V/Line working to repair some rolling stock and locomotives that were involved in accidents. It had pressure put on it for the availability of the rolling stock fleet, because during this period of time we had to take over the operations of the Warrnambool services that ceased being provided by the private operator when there were safety issues with the rolling stock that they were using. V/Line provided some of its spare capacity to the Warrnambool service because the previous operator's rolling stock was not suitable. So we will do whatever we can to progressively work with V/Line through the fast rail project team and the Spencer Street redevelopment to try to minimise disruption, and where that occurs to try to ameliorate the impact.

Mr CLARK — Do you expect to return to previous punctuality levels once these capital works are finished?

Mr BATCHELOR — Once the capital works are finished and the system has settled down we would expect that, and that is what we are requiring from V/Line.

Mr FORWOOD — Just as a supplementary, Minister, a number of times you have told the committee that one of the problems is train driver shortage and training of train drivers. Can you explain to the committee why

not a single new train driver was commenced to be trained when you appointed administrators for former M Train in December 2002 through until April 2004? You appointed the administrators — —

Mr BATCHELOR — I do not think you are right there.

Mr FORWOOD — How many were there?

Mr BATCHELOR — Just a moment! You have made an accusation. I think you are absolutely wrong. I will just check that.

Mr BETTS — It is incorrect. A number of drivers were recruited during the period when the National Express train business was in administration. I do not have the precise figure here, but I think in the order of 40 train drivers were recruited for training.

The CHAIR — Thank you.

Mr FORWOOD — Perhaps you could provide — —

Mr BATCHELOR — The point that needs to be made, and I am sure you would understand — if you do not I will get Mr Baxter again to explain it to you — —

Mr BAXTER — I am not volunteering.

Mr BATCHELOR — I am volunteering you because I know you would be able to do it.

Mr FORWOOD — You have a try. We know you are slow, but you are not that slow.

The CHAIR — In relation to the train drivers — —

Mr BATCHELOR — In relation to train drivers, when National Express went broke the legal entity was taken over by an administrator. An administrator was looking after the interests of the creditors. An administrator, as with other collapses of private companies, is not controlled by the state. Of course the state only took over the control of that once the administrators wound up their affairs and activities. So you can see from two perspectives that your question was wrong and is a false — —

Mr FORWOOD — My question was about M Train, as you know.

The CHAIR — Hang on!

Mr FORWOOD — And you answered about National Express.

The CHAIR — We are moving on to the next question if you keep interrupting an answer.

Mr BATCHELOR — M Train was owned by National Express.

The CHAIR — Thank you.

Mr BATCHELOR — It is part of the National Express empire. You should not get questions handed up if you do not know what they mean, Bill. That is an old trick.

Mr SOMYUREK — Back on to my electorate, Minister, I refer you to the table of output initiatives in budget paper 3, page 293, which shows an allocation of \$25 million for reviewing public transport options in the Dandenong growth corridor. My question is: if the government chooses to go ahead with the third track on the Dandenong line, what type of time frame are we actually looking at?

Mr BATCHELOR — I think it is very clear to understand what this budget has provided for. It has provided for a commitment of some \$25 million to be spent over the next year to undertake consultation and to undertake planning and detailed development work on a number of public transport options, particularly along the Dandenong corridor, and also to answer the question how we might provide for those options. There has been talk for a long time — for many years — amongst transport planners about the need to increase the capacity, particularly along the Dandenong corridor because it is those suburbs beyond Dandenong where the growth of

Melbourne is taking place and has taken place that we want to try and service. The lines that go on from Dandenong to Cranbourne, to Pakenham and Narre Warren, even down into the Latrobe Valley, all funnel in through this corridor. One of the ways you can increase the capacity of an existing rail corridor is to provide a third line so it improves the operational efficiency of trains and effectively allows more trains and therefore higher capacity to operate on the corridor. So how does that occur? You allow trains from further out to pick up their passenger load and then use the third line to bypass the stopping-all-stations trains that are working their way into the city. It would allow other trains for a greater mixture of where they stop and where they bypass in order to put on more trains and therefore carry more people in. That is the sort of objective that we are seeking to set in place. We want to know the engineering answers as to how we can achieve that. We want to do the very detailed work of the engineering design so if it can be demonstrated that that is a cost-effective way of increasing the fixed-rail capacity along that corridor we can then convince the government of the day through the budget process to commit very large amounts of money that would be required to increase that capacity.

We have not determined the answers to that and we have not determined the time line. There is speculation in the press that it would take 10 years to complete — not the study, but the implementation of it — because you have got to keep the existing services operating. There has been speculation that it might cost \$1 billion. All I would say in respect of the quantum and the time line is that they are estimates — somebody else's estimates at this stage. Usually I would refer to what other people are estimating, but we have not done the work. We are going to do it. It has not been done in the past. We are going to do it so we can answer those sorts of questions and make rational decisions once we have that information available to us. We expect it will take two years. It could be that part of the work that is undertaken might be sufficient for us to make a decision before that, because it is about planning, about designing and about money. We hope it is also about engineering detail. It is about all those, but you might not have to wait until the end of that process to make a decision you may have to make. We expect that will take two years and take quite an amount of money to resolve. It is an important point to understand that the patronage on our trains has grown by 42 per cent over the last 20 years, and really the capacity of the network has not increased correspondingly. That is why we are seeking to do it.

Mr SOMYUREK — It really is a critical growth corridor. In fact it is the third-fastest growth corridor in Australia. Do you have any figures on the patronage levels on that line over the next five years?

Mr BATCHELOR — I do not have the forward projections, because that is what this study will be attempting to achieve, but my memory is that in recent times patronage along this corridor has grown faster than other corridors. It has grown in the order of about 6 per cent — that is my memory — where typically across the network it has been about 3 per cent in recent years, and that is compared to, I think, about 1 or 2 per cent a decade or so ago.

Mr BETTS — Yes.

Mr BATCHELOR — Rail patronage is increasing, and the areas where it is fastest growing are actually along this particular corridor, and that is why we have identified this as the priority area for examination and attention.

Mr BAXTER — I want to return to my earlier question about the Wodonga High Street crossing. Are you saying to the committee that you are just a bystander in this episode in that despite the fact that your government is committing \$30 million to the project that you have no clout in the discussions whatsoever? Is the fact that there does not appear to be any allocation in this year's budget for the project an indication that you do not expect the matter to be resolved in this budgetary year?

Mr BATCHELOR — No, I am not saying any of that, but I think it is important to understand that we do not control it so I cannot direct your original question related to what directions I was going to put in place. The answer is still the same there. The budget allocation is not in this year's budget, but it has been previously provided for and still remains there. We have in fact done some physical works along the corridor to try and get it ready, but we cannot take somebody else's track and put them where everyone wants them to go because they are not under our control. We have got our contribution. The commonwealth is in the same position. They have — you are testing me! — I think \$20 million.

Mr BETTS — Yes.

Mr BATCHELOR — They have decided to put in \$20 million, and they are in the same position. They cannot achieve the outcome. It is the sort of question you should direct to the Deputy Prime Minister, I suppose, because I suspect their contribution probably even predates AusLink. But it is a commitment made by the Deputy Prime Minister. The federal government is stymied because of the institutional settings and commercial control of the lines that actually exist. You cannot move away from it. So your question was: can we control it? No, we cannot.

Mr BAXTER — Whoever is putting in the cash usually calls the tune, and you do not seem to be prepared to call the tune.

Mr BATCHELOR — We are doing it together with the commonwealth. We do not control the track. I think it was your government that sold it off to the American company, Freight Australia. It was not ours. You sold every bit of rail track across Victoria.

Mr BAXTER — But you have been the minister for six years. The money has been on the table for six years and nothing has happened. You promised to fix it.

The CHAIR — Thank you.

Mr BATCHELOR — You sabotaged us, Bill.

Ms ROMANES — Minister, on page 294 of budget paper 3 there is a table of asset initiatives which shows an allocation of \$3.6 million to upgrade North Melbourne station, which is an important transport hub. It is in my electorate so I am very interested in its future. Could you tell us how this project fits into the metropolitan transport plan?

Mr BATCHELOR — I think of all members of Parliament you are probably the most well informed on the metropolitan transport plan. It is a plan which is designed to improve the interconnectedness and integration of transport services. The North Melbourne station is more than just a local station for the people who live in the adjoining suburban community. Probably about 2 million city and regional commuters use the station and that is far beyond its requirement as a local railway station. They use it because of its longstanding design features to act as an interchange, to allow people to swap from metropolitan trains that come in from the north and west of the metropolitan area, but also V/Line trains that come in from country Victoria. So if you want to change from one train to another, or from a country train to a metropolitan train so you can use the loop, for example, on that side of the city, it happens at North Melbourne. For those who are more familiar with the east and the south-east similar functions are carried out at Richmond.

We want to make sure that North Melbourne station is able to cope with all of those functions, is able to cope with anticipated patronage growth and is able to meet the requirements of the Disability Discrimination Act. Not much has happened at North Melbourne station for a long time. It is not DDA compliant; it is not to the standard we expect of customer friendliness and ease of movement, particularly as movement from train service to train service — that interchange function — is one of the key requirements of the North Melbourne station. We want to be able to do all the design and planing work so we can go back and get the budget allocation for a very extensive upgrade. The sorts of things that we want to do include putting in lifts and escalators to widen platforms, putting in passenger information displays, canopies for weather protection, fixing up the surface of platforms and improving closed-circuit television coverage. Also, to meet the requirements of the DDA on the platforms themselves and at the station entrance, and to improve the amenities and facilities for the staff and, more importantly, for the customers.

This budget allocation — and the bulk of it is allocated for this year, although I see from the table that you referred to on page 294 that some of it will go over into the next year — is really to do that detailed design work and preparation of the design specifications for this important station upgrade. The Department of Infrastructure is doing that in consultation with the local stakeholders, including the Melbourne City Council. If there are any community or commuter views we will take those on board and be supportive of them during this project phase.

Mr BAXTER — At the risk of appearing parochial, I want to turn to another of the minister's projects that is dragging the chain in my electorate — the Echuca bridge. The minister will recall that five years ago the federal government made a substantial sum of money available to assist in replacing that bridge. I understand that it is probably a fixed amount of money: it has not been indexed. So the longer the delays, the more the Victorian

government will be exposed in terms of cost. Can you indicate to the committee what sort of extra cost will be incurred because of these delays, and when it is likely that we will see a decision made now that the western route has apparently been ruled out, and construction start?

Mr BATCHELOR — This is one of three bridges described as a Federation bridge. The bridge at Corowa was recently opened, and you were there with me at the opening — —

Mr BAXTER — I liked the hat, yes.

Mr BATCHELOR — It was a terrific opening and it was greatly appreciated. The work at Robinvale is already under way and is on track. Planning issues have evolved at Echuca which has effectively meant that the western route is not available. There is no problem about being parochial about these issues. It is a project that is eagerly sought after and supported by the local community. You described the commonwealth contribution as being capped, and presumably there is also a capped contribution from the Victorian government and a capped contribution from the New South Wales government. In fact the state governments have allocated in excess of \$20 million and the federal government has allocated \$15 million. We have made our allocations in earlier budgets while the planning process was sought to be concluded. So I think the first issue that needs to be understood by everybody is that this is likely to be a capped contribution, not just from the commonwealth. If that is its position, that would be the position of all three levels of government because this is a joint project of all levels of government. I have not heard from the commonwealth that it is intending to cap its contribution, but in my estimation if that was its response it would certainly be the response of the state governments.

Notwithstanding the fact that much of the bridge is in New South Wales, because of the legal definition of where the boundary is, under agreement this project is being managed by VicRoads. Notwithstanding it is being managed by VicRoads we have to abide by the planning, environmental and Aboriginal heritage issues of all three levels of government. So there are a lot of statutory requirements that have to be met in resolving any location where the new bridge might be built.

We are keen to conclude those. One of the federal requirements is for Victoria to seek the consent of the local Aboriginal tribe — that is the Yorta Yorta in this case. They have indicated all the way through actually from day one that they would be opposed and would not give consent to this location. We have sought through VicRoads to see if that can be changed. We have spent some 18 months trying in a cooperative and collaborative way with the Yorta Yorta nation to change it, but it is our assessment based not only on the result of those negotiations. The advice from the Yorta Yorta is that they will not be changing their mind, and in the light of your sorts of concerns about capped funding, then we need to try to find an alternative route. We will work with the local councils to identify what routes are available. Environmental studies have been carried out that have identified other possible locations. The Yorta Yorta have indicated that they are not opposed to those locations so that issue does not apply to them. VicRoads are undertaking discussions with the local councils now to see whether they want the process to resolve a route selection under the umbrella of the environment effects statements that have already been carried out, or whether they want to have the whole process start all over again. As I have said all the way through, commenting on this in recent days, there is a budget allocation. You referred to the capping arrangement that the commonwealth has put in place. There is definitely our budget arrangement and all we would say is that any alternative solutions have to fit within that capped arrangement. People have been talking about tunnels and all manner of things. They are not available. This is a very delicate and sensitive issue.

Mr BAXTER — I want to seek clarification about the minister's concluding remarks. Minister, I think it is fair to say that the federal government's \$15 million probably is capped because the states are responsible for Murray River bridges except on national highways. In a sense the federal contribution is a one-off extra. It is hardly its fault that we have mucked around for five years. But are you saying therefore the states are capping their amount, and if we cannot build a bridge within that sum, are you telling the committee that the people of Echuca and Victoria are not going to get a bridge, or a going to get a second-class bridge?

Mr BATCHELOR — What I have said is that there is a budget allocation from the commonwealth, from the state of New South Wales and the state of Victoria. It is an allocation that was made a number of years ago of some \$36 million and that when they are looking at alternatives to the western option they need to bear in mind that the budget for this project is \$36 million in trying to work out what the alternative options are. I have heard that some people are talking about a tunnel. I can rule out a tunnel right here and now.

Mr BAXTER — I have not heard that. I will join you in ruling it out.

Mr BATCHELOR — The first real task is to identify a route and then we will get a design that will fit in with that, I am sure. The more difficult task is not designing a bridge within the budget constraints, but rather finding the route. We have to abide by the commonwealth laws on cultural and heritage issues. Although it may not be responsible for this bridge, it has triggered its replacement through its Federation bridge program. We are bound by them.

The CHAIR — Minister, my issue goes to the expanded and accelerated level crossing and pedestrian upgrade program which I think is absolutely sensational. There has been one in my electorate where parents can actually allow their children to walk to school rather than drive them knowing they are safe in crossing the Broadmeadows line at the Oak Park Devon Road crossing. I am very keen to know how the criteria are organised for these programs and how they are going to be delivered.

Mr BATCHELOR — There are pedestrian crossings and there are road level crossings for vehicles. We have an ongoing program to try to upgrade the quality of them. There are many level and pedestrian crossings across the metropolitan and country areas. In this year's budget there is additional funding to be added to the ongoing program — for example, under the pedestrian crossing program about eight crossings are upgraded each year. The additional funding of \$2.8 million over two years will allow about another three crossings per annum to be upgraded from passive to active and also probably allow some 46 regional crossings to be upgraded to the new disability standards. The extension and acceleration of the level crossing program will provide for more of those to be upgraded — an average of about 12 level crossings are currently upgraded per annum. The additional funding of \$10.8 million over four years will probably provide for another eight level crossings per annum to be upgraded. Whilst there was a base amount in our budget that was used each year, we have been able to get a significant increase over this budget period to upgrade both pedestrian and level crossings.

How are they carried out and how they selected? Historically there has been a risk-based assessment of each and every site which is worked out into a priority list through a matrix of risk evaluations. Those at the top of the risk matrix list get fixed first. With level crossings as a result of work being carried out in other state jurisdictions, we may be looking at using a new evaluation tool and that may change the priorities. Essentially the decisions are based on priorities based on risk evaluations. They take into account the number of passengers or vehicles which use them; if there are bends in the track adjacent to the level crossings and those sort of things that elevate or reduce the risk as the case may be. They are all factored in to produce a list of priorities. That is how we have been addressing them in the past. I think it is fair to say under the previous government that was the way level and pedestrian crossings were addressed. It is ongoing.

Mr RICH-PHILLIPS — Minister, I would like to take you back to the issue of on-time performance of metropolitan trains which is on page 112 of budget paper 3. Last year for 2002–03 you reported that 96.9 per cent of metropolitan trains were on time, which by your definition means up to 5 minutes late. For 2003–04 you reported that 95.9 per cent were on time and for this year you predict only 94 per cent will be on time. As a consequence customer satisfaction has plummeted to 66 per cent. Given that you said earlier the lack of on-time performance was due to a shortage of drivers and there are now 70 new drivers coming into the system this year, why have you in fact lowered your target for the next financial year to only 96 per cent and why is that target lower than the actual performance for 2003?

Mr BATCHELOR — The issue again relates to what we think — the targets are set as to what we think is likely to be the outcome for timeliness, punctuality in this coming year. We have revised our estimates from the 2004–05 target in the light of our operational experience in this last year. However, what our target should be referenced to — the target is 96 per cent — we expect that to be an increase of some 2 per cent of what actually occurred in this last operating year. So having identified with Connex that there is a problem, what we are trying to do this year is actively address it. We are also introducing higher standards for Connex in terms of these performance measures and I think this year, as a consequence of the 94 per cent outcome, this has been probably the highest year of fines levied against Connex. Mr Betts might be able to help with that. It was nearly \$4 million, but anyway a very large amount of fines were levied against Connex. That is one of the tools we are using to make sure that they try to lift their performance here.

These are services that are provided by the private operators — Connex in this instance. Last year they received a performance outcome of 94 per cent. They have received substantial fines as a result of that, and we expect, not

only because of the fines that they have been levied but also because of other measures, some of which I have referred to you in dealing with our response to the driver shortage and our response to the maintenance requirements and schedule for rolling stock, we are hoping and expecting — nay, not hoping, expecting — Connex to deliver a better outcome this year, so we have detailed that in the budget papers. We expect Connex to go up to 96, which is above the expected outcome for this current year. It is above the expected outcome for the year prior to that, and what we are — —

Mr FORWOOD — It is below the year before.

Mr RICH-PHILLIPS — Lower than 2002–03.

Mr BATCHELOR — I do not have 2002–03.

Mr RICH-PHILLIPS — It was 96.9.

Mr BATCHELOR — In the table I have here, the expected outcome for the year 2003–04 was 94. I refer you to page 112. The actual outcome for 2003–04 was 95.9. I do not have 2002–03 here.

Mr RICH-PHILLIPS — I do. It is 96.9 on page 130 of last year's budget papers.

Mr FORWOOD — Howard has it; Howard will show it to you.

Mr BATCHELOR — We talked about that at the last estimates, but in essence what we are doing is saying to Connex, 'We expect you to improve your performance this year'. For the period from 1 July through to 31 March, payments to the government by Connex were some \$12.8 million compared to \$3.5 million the previous year.

Mr FORWOOD — That was all fines?

Mr BATCHELOR — Yes, that is my understanding. So my memory of the \$4 million mark was the previous year. We have seen, because of this deterioration in service performances, the amounts that Connex has paid in the figures that I have got have been substantially increased.

Mr RICH-PHILLIPS — The point is, Minister, your expectation for the coming year is still — —

Mr BATCHELOR — Is greater than the past year's — —

Mr RICH-PHILLIPS — Let me finish the question, please — still less than what was achieved in 2002–03; when do you expect Connex to get back to the level it achieved in 2002–03?

Mr BATCHELOR — We would like them to improve on the 96 per cent outcome. We would like them to get back to levels that traditionally Connex had been able to achieve. Connex has had — —

Mr RICH-PHILLIPS — Why don't you lower the target for them, then?

Mr BATCHELOR — Connex has been quite a good operator — —

Mr RICH-PHILLIPS — In — —

The CHAIR — The minister is speaking.

Mr BATCHELOR — You will recall that one of the public transport companies, National Express, went broke and Connex was able to step in and help provide transport services not only on their part of the network but across the other part of the network where the operator pulled out. Quite frankly they have done a very good job in making sure that there was a smooth transition. Their performance this year has not been to the standard that we would have required and they have been fined accordingly. I can assure you that Connex do not like having to pay out any money, let alone of the order of magnitude that has been paid out this year and indeed last year. If they continue to operate at the levels that they have over the last couple of years, they will continue to pay substantial amounts of money to the government. Our preference — and I guess, I bet, their preference — is to be providing a much higher standard of service where they do not receive those fines.

The CHAIR — The minister wishes to provide us with some extra information. Mr Baxter asked to explain that he had another appointment so he will be absent for the rest of the hearing.

Mr BATCHELOR — Very helpful — a high standard of questions were coming from the former minister. I was asked about the period under administration and about the level of training undertaken during the period of administration following the collapse of M Train and the other National Express companies. Between 22 December 2002 and 17 April 2004 — this is the period of administration under KPMG — a total of 43 trainee drivers were employed. Of these, 19 finished off their training and became qualified during that period.

The essential legacy or problem that the administrator and that Connex is having to deal with stems not from that period or the subsequent period, but the immediately preceding period where in the lead-up to National Express going broke it just turned away from its obligations to the future. It did not undertake the necessary training requirements. In this respect they ran the system down into the ground and there have been long-term consequences, as a result of which Connex has undertaken a very serious attempt — and has been largely successful — in increasing and ramping up the level of training. So it is absolutely fallacious to say that during the period of that administration training was not undertaken and was not successful. It is a falsehood that has been perpetrated by the opposition for some time, and I can understand why Mr Forwood was misled by the earlier statements by the opposition on earlier occasions. But let me put that on the record.

Ms GREEN — Minister, I refer you to information in budget paper 3 at page 29 under the heading ‘Building a safer transport system’, and the government’s \$16 million TEI for public transport safety there. I have a particular interest in this due to a recent example with Connex at the Wattle Glen station with a seven-year-old child becoming separated from his mum. The child was left on the station and mum and baby ended up on the train. I want to commend Connex for apologising and actually taking some safety steps in that. How will our government’s investment in the public transport safety systems mitigate safety risks?

Mr BATCHELOR — The government has an independent public transport safety regulator. The regulator is responsible for enforcing the regulatory framework for public transport safety. Mr Edkins is with us today. In order to do this the regulator really must have business systems in place to manage accreditation, auditing and management of safety issues that relate to the train operators, the tram operators and the bus operators. Within government back-of-office requirements have demonstrated to us or shown us a way we believe we can improve the management of these transport systems, and we will be investing in developing an integrated and seamless business system to allow that to take place.

Currently the management of safety is through a number of unconnected spreadsheets and databases. This is largely a back-of-office or an in-house management tool that will enable the public transport safety regulator to carry out his task of administering the regulatory framework that underpins the safety of the entire network. That is how I see it and I think that probably covers it. It is essentially to enable us to carry out that task. Safety is pretty important. I said at the beginning that safety on our road and our rail network is one of the core objectives of the metropolitan transport plan and it manifests itself in a number of different ways, this being one of them.

Mr FORWOOD — Minister, on 15 April the Government Whip, Craig Langdon, wrote extensively throughout his electorate — and I know that a copy of the letter is going to be made available to you immediately — inviting the public to a meeting in respect of public transport. He says in his letter that it has taken months to organise and that the delay had been caused by difficulties with the study for the north-east integrated transport study. In the third paragraph you will note that he says:

After several meetings, with local government members working together to help facilitate the process, internal management issues within NEITS have now been resolved, and it is hoped that ...

The study will recommence. He then goes on to say:

It is becoming more and more apparent to me that the solution to Melbourne’s congestion woes is not to spend billions of dollars on road and rail, but by thinking outside the square.

I wonder if you could outline to the committee what went wrong with the north-east integrated transport study, and in particular what the internal management issues were that we hope have been resolved. I wonder if you would also care to comment on the Whip’s view that the solution to Melbourne’s congestion problems is not spending money on trains and trams but thinking outside the square.

Mr BATCHELOR — The north-east integrated transport study was a collaborative study undertaken by the government with a number of study members. Local councils — I think it covered Banyule, Manningham, Nillumbik and Whittlesea — and the study team from the Department of Infrastructure, were asked to consider all forms of transport in that outer-north-east area of Melbourne, including road development, public transport services, cycling and walking. But it was not only left to the tiers of government, both locally and state; we also undertook public consultation — I think in October and November of 2003 — and a whole lot of public ideas were put forward. This led on to track modelling, which is under way and is being coordinated with modelling that is occurring in the growth areas of Melbourne. That is just one component of the evaluation of the strategy options. Options are being developed; they are being tested against modelling and evaluated against those.

I think it is fair to say that the factual reason for the delay is due to a number of factors. The commencement of study was delayed because of the 2003 council elections. That delayed the commencement because negotiations regarding the scope had to be finalised. As you know, the democratic process comes around and we have to wait and give the people of those areas their opportunity to finalise their votes. We then continued the resolution of those scope issues. The study was, I think, also further delayed whilst population and employment projections were developed alongside the development of Melbourne 2030. We think a draft report will probably be available in the first half of 2006. This is a process that is quite complex. It is an integrated transport response that looks at not just public transport, but also the road network, land-use planning and population growth. It is a study where early work has helped to inform the metropolitan transport plan. Information will be drawn from Melbourne 2030 and I think everybody who is participating is looking to do that in a very constructive way.

Mr FORWOOD — Thank you for the comprehensive answer which did not address any of the things I asked — that is, what were the internal management problems that caused the delay? I make the point that —

Mr BATCHELOR — I just answered that.

Mr FORWOOD — Internal management problems?

Ms GREEN — That is what I heard.

Mr FORWOOD — Let me put it to you this way: you announced this in 2002 and in the draft strategy that was released in the middle of last year it says the strategy will be released in the middle of 2005. Now you are telling us it is going to be early 2006. This project started in —

Mr BATCHELOR — I think I said the first half of 2006.

Mr FORWOOD — Okay, 2006. Four years to do an integrated transport study in this area; are you satisfied with that?

Mr BATCHELOR — We want to do an integrated transport study that is able to draw upon the previous work that has been done for Melbourne 2030, that has been done for the metropolitan transport plan and has the active engagement and cooperation of the councils and the citizens who live there. We have no problems in consulting with people over these issues. If it takes a little longer, so be it.

Mr FORWOOD — A little longer!

Ms ROMANES — Minister, this morning we have been discussing the output measure of integrated metropolitan public transport services, and the performance measures are outlined on pages 111 and 112 of budget paper 3. They are some of the outlined performance measures. The government has also put in place a very important strategy through the Growing Victoria Together framework, and that is 20/2020, which has become quite a catchphrase around Victoria, and one of the performance measures of that measure is public transport patronage. Could you outline where we are at in terms of the movement towards 20/2020 and the further contributions made by this budget towards achieving this objective?

Mr BATCHELOR — We want to see more people using public transport and I can report that they are. We are undertaking a number of initiatives that will help increase the numbers but also increase the modal share in achieving that. So we are not just out to have more people using it in absolute terms, but trying to bring about a cultural change and have them shift from private transport modes to public transport modes, particularly for commuting to work and school. Those peak hour commuting functions are really important roles for public

transport to play for ease of mobility, environmental and urban amenity reasons. So there are a number of policy winners that come from a modal shift.

We are achieving an improvement. The modal share in 1999 was about 9.6 per cent and it is estimated now that the modal share of motorised trips in Melbourne in 2002 had gone up to 10.7 per cent, and it is in these areas that I referred to earlier — these services providing peak hour commuting trips for employment and schooling purposes — where it is demonstrating that changes can occur. Of course we have set a target of achieving 20 per cent by 2020. That is an ambitious target, a stretched target, but unless we aim high these sorts of policy initiatives and sense of the urgency required to achieve those targets or near those targets will not be successful. We will need the time between now and the year 2020 to put in place a whole range of initiatives that will help to do it.

I think we spoke at these hearings last year about the success of the TravelSmart program, and that is continuing. But specifically you asked me about what is happening in this budget towards achieving those, bearing in mind that each year we announce initiatives that go towards trying to achieve that modal shift. So we have \$44.5 million for improved local bus services. These will be directed largely to the outer-metropolitan urban areas. I mentioned before that we are carrying out examinations in about 12 regions in a crescent shape, around an arc of Melbourne. They are largely the growth areas, so these will be local bus route services that will see extensions or new services, or extension in hours of operation to meet key demands. We have allocated \$44.5 million or so for those services.

We have identified the allocation of some \$28.6 million for the Ringwood–Frankston SmartBus service. I mentioned earlier on today that this is part of the north–south integrated responses in the EastLink corridor in areas that already experience other SmartBus services, say along Springvale Road — it is also along Blackburn Road. We have seen increases in patronage of around 30 per cent directly as a result of the advantages that commuters see from the suite of initiatives I described earlier on. The combination of those grows patronage and people respond to them, and they are very good. I also mentioned earlier the \$12 million for planning in the Dandenong growth corridor, and of course these direct government budget initiatives are in addition to the public transport initiatives that were announced as part of the EastLink project. We have a lot of things in this budget. There will be more in future budgets and incrementally we will move towards that target.

Ms ROMANES — Thank you for that comprehensive answer. I have a supplementary question that goes to the methodology of measuring the growth in patronage. At page 114 of budget paper 3, footnote (c) draws our attention to the fact that there was some difficulty before the government had more of a network-wide responsibility through one single tram and one single train operator, because there was previously a range of methodologies for collecting that information and there is now a move from operators estimating patronage to projecting patronage. Could you perhaps explain what that actually means? I am having a bit of difficulty understanding the move from estimating to projecting.

Mr BATCHELOR — The different providers used different ways of counting and estimating and so it was not an apple-to-apples comparison, so we have required them to produce data both reflecting upon what has occurred and where they think it is going in a common methodology.

Mr BETTS — We have been moving towards the establishment of a consistent methodology for measuring patronage across the train, tram and bus systems and that has been done through an organisation called Metlink, which brings the public transport operators together.

Mr CLARK — Minister, I refer you to the multipurpose taxi program. As you are aware, following the introduction of the caps on that program expected usage has fallen by about 1 million trips compared with the original expectation for 2004–05. In light of that, can I ask: how many cases of fraud or other offences have had charges laid and how many of those have come to court; how many people have applied for exemptions from the cap and how many of those applications have been successful; and will you undertake to review the capping arrangements in light of the very substantial detriments that people reliant on the service have suffered as a result of the caps to date?

Mr BATCHELOR — Remind me if I miss any part of your multifaceted question — it is a hybrid question really, isn't it?

Mr CLARK — What is the answer?

Mr BATCHELOR — On the issues about fraud, we will not tolerate fraud or misuse. A considerable effort has been put into understanding how it occurs and providing technological changes to try to prevent it occurring. Where we think fraud can be identified as being committed by individuals, we ask the police to look at those. So you need to direct those questions further to the police.

Mr CLARK — So you do not know how many charges have been laid or how many have come to court?

Mr BATCHELOR — That is not within my area of administration.

Mr FORWOOD — Are you not interested?

Mr BATCHELOR — However, we would support the police being very tough on any fraud that has been identified and can be proved. What we have done, however, is identify some of the ways in which it is carried out, and we have sought to make changes to the technology to eliminate certain types of it. The anecdotal observations, if you like, are that they are having success. Without getting too technical about it, we have linked machinery within the taxi to effectively eliminate the largest area of fraud. We have linked the meter to the EFTPOS machine. On advice to us, that appeared to be the source of fraud, and we have sought to reduce the opportunities, if not eliminate them, in that area.

You asked questions about the cap and associated matters. I think it is important at the outset to remember that this scheme, the multipurpose taxi scheme, was set up in 1985. It was set up to provide assistance and help to a special part of our community — those who are permanently disabled; seriously disabled to such an extent that they cannot use public transport. They have always been the criteria, and they remain the criteria. What we sought to do was to make sure that the continued use of this scheme was available to those people. We believe that those who need this scheme ought to be those who are the beneficiaries of it and that they can use it not only now but also into the future. And that is what we set out to achieve by a whole series of initiatives.

At the moment there are about 177 000 members of the scheme, and they come in two categories, if you like. There are those who have no cap applied to their use of the scheme in total, other than the longstanding trip cap of \$25 per trip, and they continue to use this scheme according to their own needs. And there are a number of people who come under the cap category — those who are limited by the \$550 cap, which under the proposals that were announced will be indexed in the years ahead — and when the changes were announced there was also provision for exemptions to be made under the cap. Based on information I was provided this morning, almost all of those people who are within the cap still have capacity to go — they have not used the \$550 that is available to them; almost all of them. There is another group for whom we have made provision to grant amounts in exceptional circumstances beyond the \$550 cap, and about 4200 have been granted exemptions — bearing in mind that we are not at the end of the financial year, but we are pretty close to it.

Mr CLARK — How many applications have you received for exemptions?

Mr BATCHELOR — I have not got that information. Of those people who have applied I think about 92 per cent have been granted. Of those who have wanted an extension of the cap, by and large, most of them have been granted it. People are required to set out the reasons why they believe they should be granted an amount in excess of \$550, and in almost all cases — I think it is 92 per cent — it has been granted. What is interesting to note is that, of the 4200-odd extensions to the cap granted, just over half has been spent. So even those people who have asked for additional capacity above the \$550 cap because of exceptional circumstances have not needed the additional amount they have asked for. I think what these figures demonstrate is that the multipurpose taxi program is available for those people who are in greatest need. It is absolutely being targeted at the people who need it the most — for people who are blind, who are wheelchaired and who are in a number of other categories it is uncapped, and they can use it. They are the sorts of people we want this scheme to help. Of those who come within the cap, most of them have not needed to expend or use the full amount. When I say ‘most’ it is — —

Mr CLARK — As yet!

Mr BATCHELOR — As yet — but I expect that during the course of this financial year the usage pattern that has been undertaken during the first 9 or 10 months or so will continue through to the end. I do not expect that there will be a sudden rush to use up all of the unused part of the cap, but if that were to occur, that is their entitlement anyway. So we have a scheme that actually looks after the needs of those who need it most. It was getting to a point where some people were not seeing it as a scheme to help and protect the most needy and most

disadvantaged in our community but rather were trying to convert it into an as-of-right entitlement — a sort of rite of passage once you turned 65. It was never designed for that. It was never going to be used as that. It is not age related, it is disability related, and it does not matter whether you are above or below 65 years of age. It appears under these new arrangements to actually be meeting the needs of those who are the targeted beneficiaries of it.

Mr CLARK — I take it therefore that in relation to the last part of my question that you are not — —

Mr BATCHELOR — I have not got to that yet.

Mr CLARK — All right, I will await eagerly.

Mr BATCHELOR — Thank you. However, the scheme has not been in operation — —

The CHAIR — Minister — —

Mr BATCHELOR — I am sure you will be interested in this.

The CHAIR — Minister, this has been a very fulsome answer, and I would appreciate the remainder of it being succinct. Thank you.

Mr BATCHELOR — The changes to the scheme have not been in place for a full 12 months. We have the scheme constantly under review, and we will continue to do that. What we undertake to do is to make sure that this scheme looks after those who are in greatest need, and we will continue to do that.

The CHAIR — Thank you. Minister. I found your answer to Ms Romanes very informative — the question before last. I have a particular interest in cycling. If you look in BP 4 at page 151 under the heading ‘Long-stay car parks levy’, you will see that it refers to improvements to alternative forms of transport. I want to know whether any component of that is going to cycling.

Mr BATCHELOR — As you know, under our Linking Victoria strategy we have committed an additional \$8 million over this four-year period to increase cycling infrastructure, and we are continuing to do that. That is an amount of money over and above the traditional base of money that is directed to cycling. On anyone’s observation it is fair to say that you can see that there is an increase in the number of people who are using bikes to get around, whether it is commuting or going to school, and that is exactly what we have set out to achieve. On some routes it has been very successful. If you come in along St Kilda Road, you see there are a very large number of cyclists using it. For those people it is seen as a legitimate form of commuting.

The car parks levy, as the Treasurer and Premier have indicated, whilst not being administered by my department, is designed to raise revenue to address the sorts of issues that are raised in the metropolitan transport plan. They include cycling measures. Part of the revenue will go to the Melbourne City Council. It is also a keen supporter. I think \$5 million a year will go to the Melbourne City Council. It is also used to fund urban and transport improvements in the central business district. One of the things we would like to see it do is improve the facilities within the central business district for cyclists — once they have finished the journey on the new bike pathways and roadways we have provided — and it can now have a funding source to do it. But what ultimately the car parks levy will be used for in the final mix will be a decision for future years and for governments to undertake in their budget processes.

The CHAIR — If they are looking at the CBD, an east-west corridor would be extremely helpful.

Mr BATCHELOR — I will tell the lord mayor your preferences.

Mr RICH-PHILLIPS — Minister, I would like to take you to the issue of the lack of progress of the so-called fast rail, and in particular the Latrobe line where work has stalled. According to the budget papers for this year there was only 2 per cent progress towards contract completion. At that rate it would take 11 years to finish the Latrobe line. Why has work stalled on the Latrobe line, and what assurance can you give the committee that the Latrobe line will be finished next June, as the budget papers show, when last year you said it would be finished by this June?

Mr BATCHELOR — I do not know where you get the 11 years from. Can you point out in the budget papers where it says it is going to take 11 years to finish?

Mr FORWOOD — Do the maths.

Mr RICH-PHILLIPS — You have 22 per cent to go, and you are doing it at 2 per cent a year. That would be 11 years, unless you lift the work rate.

Mr BATCHELOR — I would like you to show me where.

Mr RICH-PHILLIPS — As Mr Forwood said, do the maths. Even you would be capable of that.

Mr BATCHELOR — Show me where it says that, though.

Mr RICH-PHILLIPS — It does not say that, but at the — —

Mr BATCHELOR — Ah! Right.

Mr FORWOOD — Do the maths! Work it out!

Mr BATCHELOR — It does not say that.

Mr FORWOOD — Did you do 2 per cent last year?

Mr RICH-PHILLIPS — If you are doing 2 per cent a year — —

The CHAIR — We are not doing a mental arithmetic section of grade 6.

Mr FORWOOD — He cannot do it!

The CHAIR — So we will revert back to the budget papers and the minister addressing the point that was raised by Mr Rich-Phillips.

Mr BATCHELOR — The Latrobe Valley line regional fast-rail project involves an upgrade of 100 kilometres of track and the replacement of outdated signals. It will also see the introduction of more frequent services, including eight proposed additional services on each weekday. The works in mid-2004 included the upgrade of around 70 kilometres of track, the removal of some overhead gantries and electrical wiring, the installation of heavier rail and around 100 000 new concrete sleepers, plus the upgrade of road surfaces at about 13 level crossings.

Works in late 2004 involved the installation of several high-speed turnouts which will improve the service flexibility by allowing trains to switch between tracks. Also those works in late 2004 saw an upgrade of an additional 7.5 kilometres of track with new concrete sleepers. Minor works were also undertaken at 4 level crossings on the line to improve the rail profile for high-speed train services, and safety protection is being boosted at 20 level crossings, including the installation of boom barriers, pedestrian gates and improved signals. Works are under way now. Essentially the track infrastructure program has been completed. That is what I have described. That took place in 2004. We will now go into a phase with the Latrobe Valley line of the upgrade of the signalling. This is one upgrade of one of the particular corridors which will see the biggest increase in improvements to track signalling and rolling stock upgrade in the history of regional rail in Victoria, and it is going well. It is a project that will deliver.

Mr FORWOOD — You are the only person in the world who believes that.

The CHAIR — Thank you, Minister. Keep going.

Mr BATCHELOR — It is a project that will come to fruition in the middle of 2006, when a number of separate elements will be able to be brought together to coordinate the delivery of these services. They are signalling, track upgrade, the introduction of new rolling stock, the introduction of new safety equipment and a number of other matters, including a new timetable. No one, single element represents the conclusion of the project; rather it is when all of those elements come together that you will see the successful introduction of more frequent services, faster services and safer services, and that is what people want.

Mr RICH-PHILLIPS — Given all that work took place in 2004, why do the budget papers only record 2 per cent progress on that line?

Mr BATCHELOR — Because the bulk of the work was carried out prior to the reporting period.

Mr RICH-PHILLIPS — What happened in the reporting period then?

Mr BATCHELOR — As I explained to you, or was trying to, there are a number of elements to the project. One is the physical upgrade of the track.

Mr RICH-PHILLIPS — I understand that.

Mr BATCHELOR — That is the bits of steel that run down. They are joined together by — —

The CHAIR — Thank you, Minister!

Mr BATCHELOR — The bulk of that sort of work was undertaken before the reporting period. They were finished.

Mr RICH-PHILLIPS — Okay, so what took place in the reporting period? Why is there only 2 per cent progress towards your 100 per cent target?

Mr BATCHELOR — Because the remains of the physical work out along the line are the signalling work, and that work will be carried out now. This is the same contractor who has been carrying out the work on the Bendigo line. It has been swapping from one corridor to another.

Mr FORWOOD — Ah! Now we are getting down to it.

The CHAIR — Thank you, Minister. That is a very fulsome answer.

Mr BATCHELOR — No, it needs to be fully understood. The track — —

The CHAIR — Excuse me, Minister, I am running this hearing.

Mr BATCHELOR — Good! I am glad somebody is.

The CHAIR — In terms of Mr Rich-Phillips's supplementary question, I think you have given an extremely fulsome answer.

Mr BATCHELOR — I do not.

The CHAIR — If Mr Rich-Phillips would like a more than more fulsome answer, we can keep going.

Mr RICH-PHILLIPS — I would like the minister to finish the answer he started before you interrupted him.

The CHAIR — Fine! We will keep going. Thank you. All right. Sit back, everybody, and we will enjoy — —

Mr BATCHELOR — No, I have finished now.

Mr RICH-PHILLIPS — Thank you, Chair. We were getting close to actually — —

Ms GREEN — Having two uncles who were railway men, I probably understand a bit more about rail construction than Mr Rich-Phillips, but my question also does go to regional fast rail. I was interested to hear the progress of the Latrobe corridor, but I was wondering if you could elaborate for the committee on the additional safety upgrades and the progress on the other three corridors, Minister.

The CHAIR — There will be opportunity for even more supplementaries.

Mr BATCHELOR — Right. Where would you like me to start? I will start with the Geelong track upgrade and the signalling upgrade. Again, the Geelong upgrade involves 75 kilometres of track upgrade as well as the installation of new signals. It will provide for the introduction of more frequent services, including late-night services on Friday and Saturday nights. All those who barrack for Geelong when they play in Melbourne on Friday and Saturday nights can head back down there. The Leader of the Opposition could — —

The CHAIR — Minister, can I interrupt you just for one moment, please?

Mr FORWOOD — Just answer the question. Get on with it!

Mr BATCHELOR — Don't you support him?

Mr FORWOOD — Get on with it!

The CHAIR — I have warned you about respect, Mr Forwood. I was just speaking to the minister, and I do not appreciate your speaking over the top of me.

Minister, there was an extremely fulsome answer to Mr Rich-Phillips. Mr Green asked about three train lines. Given the time it took to address Mr Rich-Phillips, I am asking you to stick within the 4-minute requirement, please, and not do an extensive reply that becomes far too elongated, as it did last time. I would appreciate that. We are looking at the time. Thank you.

Mr BATCHELOR — It is hard to cope with the swings and roundabouts at times, but anyway — —

The CHAIR — I am sure you will manage.

Mr BATCHELOR — Essentially the Geelong track work, the infrastructure, has been completed. Future elements of the upgrade will essentially look at some minor signalling and track works. We have talked about the Latrobe Valley line. The Ballarat upgrade involves 100 kilometres of track, and much of that work has been undertaken, although there were major works in February this year. We are looking towards the installation of rail turnouts that will allow the connection of the Bungaree deviation, which is an 8-kilometre section of track between Dunnstown and Millbrook. We are also seeing the construction of the long bridges over the Moorabool River and the Lang Lang Creek. These are very close to completion and are two of the biggest railway bridges built in Victoria in recent times. Much of the work at the moment is being undertaken on the Bendigo line and involves the upgrade of about 140 kilometres of track and the replacement of outdated signals. When these come together it will see the introduction of some nine additional services each weekday, and the ability of trains to arrive in Bendigo on weekdays before 9.00 a.m.

Track upgrades include the replacement of old tin sleepers with new concrete ones. That was completed between Sydenham and Sunbury in 2004. The works include improvements to stations and level crossings. We have also seen recent work at the Sunbury station to remove very large amounts of soil and the laying of large amounts of ballast. Stage 2 of the Bendigo work started in April. We are hoping that the transition from stage 2 to stage 3 will occur around the middle of this year, and that will see the introduction of a new high-tech signalling system right along the whole length of that corridor.

The CHAIR — That is fantastic. Thank you very much for that succinct answer.

Mr FORWOOD — Minister, I just want to return to the issue of the North East Integrated Transport Study. The original indicative study schedule had the draft strategy being completed in 2002–03. You advised the committee that it will not be out until 2006. The study brief listed a number of officers including Mr Rowe and Mr Johnstone from the south-eastern region of the Department of Infrastructure, some officers from VicRoads and some people from strategic planning, integrated transport studies. I wonder if you could advise the committee whether you have a dedicated group working on the North East Integrated Transport Study? If so, how many people are in that group and what is the budget? How much has been spent to date, and how much is anticipated to be spent on the preparation of the study?

Mr BATCHELOR — Does the letter you have there from the Nillumbik council set it out?

Mr FORWOOD — No. The document I was quoting from came from the original brief, which has the indicative study schedule. This bit here is the original draft final text of brochure 2 for comment by the working group. That was in June 2004.

Mr BATCHELOR — What document is that from?

Mr FORWOOD — This is the North East Integrated Transport Study draft final text for brochure 2 for comment by the working group dated June 2006. But my question — —

The CHAIR — June 2006?

Mr FORWOOD — June 2004. But my questions are: do you have a dedicated group working on this project? If so, who is in it and how many? How much money have you spent each year since you announced this project in October 2002? What is the anticipated budget on this project by the time that eventually, some time this century, it is finished?

Mr BATCHELOR — I will take that on notice.

Mr FORWOOD — Thank you. At least we will get an accurate answer.

Mr SOMYUREK — I note the performance of V/Line country train services. What has been the response of regional Victorians to the introduced Bairnsdale and Ararat services?

Mr BATCHELOR — As you would be aware, the previous government shut down train lines across the state, and we have seen the reintroduction of services to Ararat and Bairnsdale. They have been very successful and have been warmly welcomed and appreciated by the communities along the corridors serviced by those two new services. In the period that I described earlier on it was difficult for country train services to operate because of the upgrade that has taken place as part of the national fast rail upgrade and the extent and nature of those and the extensive nature of the upgrade elements and also because of the impact of the Spencer Street station redevelopment.

Notwithstanding all that, the success of the reintroduction of the Ararat and the Bairnsdale passenger services is quite outstanding. We said to those communities that they had an obligation — and there is a bit of mutual obligation here — to promote and use the services that were going to be provided, and I can say that that is exactly what they have done. They have taken the challenge in a responsible way, and patronage is steadily and progressively growing on the Bairnsdale line in particular. This shows the advantage of long haul or long distance passenger train services, which have increased by some 60 per cent from when they started. In the first nine months we saw an increase of some 28.9 per cent, so they have been consistently working at it.

I look forward to updating the committee next year on the 12-month figures from this line. Sorry, I think I said that in its first nine months the Bairnsdale service was 60 per cent. I meant the Ararat service was 28.9 per cent in its first nine months. In its first year of operation the Bairnsdale service has been some 34.3 per cent. This is the sort of response that the community said it would deliver, and it has done that. I would like to thank everyone in those communities who has worked with the government to deliver those outcomes, and we ask them to keep it up.

Mr CLARK — Minister, my question relates to channel deepening. Can you tell the committee when you expect work on the channel deepening for Port Phillip Bay to commence and to be completed, on the assumption that the further environment effects studies prove satisfactory? What contingency planning, if any, is the government undertaking to deal with the possibility that the further environment effects studies will conclude that it is not environmentally acceptable to deepen the channel and the bay?

Mr BATCHELOR — Firstly, let me say that the government is committed to the channel deepening project. We think it is essential for the Victorian economy, indeed to the national economy — —

Mr CLARK — Subject to the completion of a satisfactory EES, I assume?

Mr BATCHELOR — Of course it is. We must make sure that the environmental requirements of this project are met. That is why when the first EES was released, which indicated that further work should be done, the Minister for Planning had no hesitation in requiring that a supplementary EES be undertaken.

We cannot proceed with the project until we have completed that supplementary EES. We have had the opportunity of having it tested by an independent panel and the government making an assessment. We have always said that was the appropriate process to be followed. We will do that in meeting the environmental laws of both the state and commonwealth. But notwithstanding that we think it is a project that is a 'must go ahead' for Victoria. Our economy will stagnate, and I am sure you agree with that and understand the importance of the port of Melbourne to the economy of Victoria and the importance of keeping it as Australia's leading container port. It is a container port that leads the nation in terms of the volume of trade that goes through it. When will the project start? It will start when the environmental clearances have been agreed and we understand what needs to be done.

Mr CLARK — When do you expect that to be?

Mr BATCHELOR — To answer that question is within the realms of the Minister for Planning because it is dependent upon the outcome of the supplementary environment effects statement. The end of the EES is dependent upon decisions and actions that are being taken now.

Mr CLARK — You must be scheduling and assuming some sort of time frame for your own planning purposes.

Mr BATCHELOR — We are awaiting the advice from the Minister for Planning on the scope of the project of the supplementary EES. It has not been released. I understand it is the intention of the Minister for Planning to release draft guidelines for the supplementary environment effects statement and allow the community the opportunity to comment on them. The nature of the task that will be required by the Port of Melbourne Corporation by the supplementary environment effects statement is not known. We do not know what it is.

Mr CLARK — You do not know what work is involved and therefore how long it will take?

Mr BATCHELOR — We do not know the scope, that is right, and therefore we do not know how long it will take to prepare or how long it will take other people to analyse — the community and the independent panel — and we do not know what costs that will trigger for the project. They are just unknown at this stage. They will become clearer as we progress.

Mr CLARK — The second part of my question relates to contingency planning for the eventuality that the environment effects statement does not lead to a satisfactory outcome?

Mr BATCHELOR — We are not planning — —

Mr CLARK — You have got no fallback contingency plan?

Mr BATCHELOR — Not at this stage. Our objective is to make sure we meet the environmental guidelines.

Ms GREEN — I refer you to the output groups on pages 118 to 122, 'Infrastructure planning, delivery and management', of budget paper 3. I was wondering for the benefit of the committee if you could give some further detail on the level of resources committed to the development of the road and public transport network in the outer metropolitan growth corridors and provision for Melbourne 2030?

Mr BATCHELOR — I understand your interest in the way this budget will deliver not only now but in the years ahead to the outer metropolitan parts of Melbourne. Your electorate adjoins mine and I understand very well first hand the growth needs of outer metropolitan Melbourne. This is a very important element of transport both in terms of public transport and roads. I have already spoken about the money to carry out the studies of the Dandenong rail corridor. Just as importantly we have allocated \$97.4 million in this year's budget toward new roads in the outer metropolitan area. This follows on from the previous years when we have allocated very significant amounts of money for outer metropolitan roads. I tempt the committee to ask the question in detail what we have done in outer metropolitan roads in recent years.

The CHAIR — If you are really enthusiastic, you can forward it to us.

Mr BATCHELOR — It would induce a fight between the Chair and myself in the time required. If you do not ask, then I will not forward it — that is my rule.

As part of the \$97.4 million in this year's budget for outer metropolitan roads we have already identified where two of them will be. The first one will be an extension of South Road where it will be extended eastward over Warrigal Road to join up with Old Dandenong Road. This is designed to facilitate better east-west traffic movements. It provides what can only be described as the missing link in the Kingston Road network. It will provide an alternative way for through traffic, particularly commercial traffic, to get onto the Nepean Highway.

The other component of this \$97.4 million is Ferntree Gully Road widening. We have agreed to widen 1.6 kilometres of that road in Wheelers Hill. It is currently four lanes which we are taking to six lanes between Cootamundra Drive and Jells Road. That would leave about another \$68 million for projects that we are still

finalising. We will announce them in due course. Under the umbrella of our metropolitan transport plan, which sits at delivering the transport initiatives of Melbourne 2030, we are trying to target the choices for that remaining unallocated and unannounced budget of \$68 million.

Mr RICH-PHILLIPS — This year's budget papers delete the performance measure of noise barriers retrofitted under the roads output group. Last year it was shown as 2 kilometres. This issue is of considerable importance in my electorate, particularly the Monash Freeway and the Berwick bypass area at Beaconsfield which you would be aware of. Does VicRoads still have a program this year to retrofit noise barriers along freeways and will the Beaconsfield section be installed this year?

Mr BATCHELOR — The major installation of noise walls occurs at the time of initial construction. We are constructing very long lengths of noise walls as we speak. I do not know the full length of noise walls or the budgetary component of, say, EastLink, but there will be lots of noise walls constructed as there were with the Craigieburn bypass. In those areas where they were not built when the road was initially constructed we have that issue under constant annual surveillance. It is a year-by-year decision of the budget as to when and where any retrofitting of noise walls will occur. Since 1985 there has been an ongoing program to retrofit noise walls on our freeways. The objective is to limit the noise to below 68 dba at the adjacent properties. That is an ongoing program of identifying the locations, evaluating those and trying to fit them in within the budget capacity of VicRoads. We will continue to do that year on year. What retrofitted noise walls are constructed in any particular budget year will depend upon an assessment of the relative priorities about funding road upgrades right across the state. At the moment we are seeing very strong demand for upgrade of outer metropolitan and key country road connections, and in the context of our metropolitan transport strategy the priorities for this government are determined by that.

Mr RICH-PHILLIPS — Just to clarify that: in this budget has there been an allocation for retrofitting noise barriers?

Mr BATCHELOR — As I said, it is part of the ongoing examination. Money has been allocated to VicRoads, as you can see from the budget papers. A substantial amount of money has been allocated to VicRoads, and we as a government are working through VicRoads on its budget expenditure and what programs it will allocate its funds to. We are working through VicRoads at the moment. As I indicated, I think in the last question to Ms Green, the state budget has identified some \$97 million for outer metropolitan roads, but they have not all been announced, and that is true of many of the other elements of the VicRoads budget.

The CHAIR — Of which this is one?

Mr BATCHELOR — Of which this is one.

Mr RICH-PHILLIPS — Do you anticipate announcements on retrofitting noise barriers because that has been an ongoing project for about four years?

The CHAIR — That has been answered.

Mr BATCHELOR — As part of the VicRoads budget there will be an announcement.

Mr RICH-PHILLIPS — Mr Anderson is here from VicRoads. Perhaps he can tell us.

Mr BATCHELOR — It is the way VicRoads determines its budget with the minister, and it has not been concluded yet.

The CHAIR — Just a quick supplementary in relation to that 68 dba for noise barriers. For trams, is any such measurement ever taken?

Mr BATCHELOR — Sorry, I cannot hear you!

The CHAIR — You cannot hear over the turning tram! It is not?

Mr BATCHELOR — No.

Ms ROMANES — In budget paper 2 there is a section that starts on page 107 under the heading 'Fiscal risks', and on page 109 there is reference to AusLink. Could you advise the committee on the status of AusLink ,

its implications for effective budget planning and what the Bracks government has done to progress these investments?

Mr BATCHELOR — AusLink is the name of the funding program that the commonwealth government has given to how it allocates road funds, and now rail funds, to the various states. AusLink takes over from the previous method of only allocating transport funds to roads, and the conceptual policy setting for AusLink is designed to broaden out projects to which the federal government can direct its funding contributions to deal with a more integrated approach to transport funding. It has chosen to include for the first time for a long time funding to rail and, importantly, to intermodal connections — the connections between road and rail and getting access in and out of our ports.

We think that is a good policy setting and we are welcoming of the policy framework which AusLink provides. This time last year they made a number of allocations over the forward period, not only for Victoria but right around Australia, and they have failed to progress the finalisation of that funding agreement with any of the states to date. Different states have raised issues with how the commonwealth is seeking, through the allocation of funds, to take over some of the responsibilities and allocation mechanisms that are properly the responsibility of the states, or alternatively the commonwealth is seeking, through the use of AusLink funding, to walk away from some of its longstanding obligations.

In Victoria they are also seeking to walk away from their obligations to return taxpayers funds to Victorian motorists through withholding significant amounts of road funds by putting in place unrealistic conditions around those. We have sought through the course of this past year to try and resolve a number of technical issues that underpin the AusLink agreement. We have sought to try and get the commonwealth government to make more funds available for projects like the completion of the Calder Highway duplication, bringing forward the construction of the next part of the national highway, their 100 per cent funding responsibility for the Deer Park bypass to quicken that other part of the national highway and the Goulburn Valley Highway. We have also sought to work with them on a number of what were previously called RONI programs, in particular the Pakenham bypass and the Geelong bypass. Many of these projects in effect stalled because the funding agreement has not been finalised. On a number of occasions this year I have sought opportunities to try and resolve some of these matters, either through officials of our department meeting with commonwealth officials or through meetings with myself and the Deputy Prime Minister, and we will continue to seek those opportunities to try and resolve them. Simply, as a transport minister, we want to get on and build roads and railway networks and improve access to the ports because of the benefits that will bring to our economy and we do not think it is right for the commonwealth government to refuse to come to the party and try and play politics with the funding of these important projects.

The CHAIR — The final question will go to Mr Clark.

Mr CLARK — My question again relates to the channel deepening in Port Phillip Bay and to the possible need for trial dredging as a result of the EES process so far. I expect you will be aware that in July 2004 the PMC and Boskalis Australia Pty Ltd entered into a so-called alliance agreement under which Boskalis was to provide the dredging for the project using a technology known as trailer suction hopper dredging, which as you probably know is a technology, as I understand it, which is unproven on rocky formations such as those of the heads, which has been one of the factors that has caused difficulties so far. I should say I understand that the normal going rate for dredgers of the sort proposed to be used in this project is something of the order of \$30 000 per hour regardless of whether that is on the job or waiting in the harbour for the waters to settle. Given that, my question is: what are the arrangements and the structure of costs that would be payable by the Port of Melbourne Corporation to Boskalis Australia under the alliance agreement for any trial dredging work that would be undertaken, what are the current estimates of the amount of hours of dredger time that will be required for any trial dredging and what therefore is the expected total cost of trial dredging to be?

Mr BATCHELOR — Members of the committee would be aware that in late March of this year the Minister for Planning issued a statement outlining his provisional response to the first independent panel report on the EES of the channel deepening project. In the provisional response in relation to the panel suggestion that trial dredging should be undertaken, the minister said that he regarded that as prudent and should be considered by the proponent and should proceed, if practicable. There are many elements of what makes it practical or impractical. He also in his statement said it should proceed subject to the statutory approval, so there are approvals that need to be sought from state legislation, coastal management, wildlife and environment effects acts, and also we would need to consult with the commonwealth under the Environment Protection and Biodiversity Conservation Act. So

there are some statutory requirements for trial dredging but there are also the practical ones of when it can be done, what it will cost and what will the trial dredging be expected to demonstrate in any trial procedures; where would you have that undertaken and what are the outcomes that you are expecting it to be able to demonstrate given that it is only a trial. We have entered into an alliance agreement with Boskalis. At the moment we are exactly working through those sorts of issues with Boskalis and the Port of Melbourne Corporation in trying to understand what a trial dredging process would achieve and what can be reasonably expected of it to show and demonstrate. The Port of Melbourne Corporation as I understand it has not finalised those discussions, and that will be the subject of further advice.

Mr CLARK — You do not have an estimate of what the likely cost is to be involved and I gather you are indicating you are having second thoughts or reservations about whether or not to proceed with trial dredging at all?

Mr BATCHELOR — No, we have not concluded our first thoughts, let alone having second thoughts. We are still trying to work through all the attendant issues that would go with trial dredging. It will be expensive; there is no doubt about that. And it seems logical to us that you would try and get the vessel and the technology that you intend using. There are not many ships and vessels that can do it and the panel thought it would be worthwhile that be demonstrated. It is not true that the technology is untested and untried.

Mr CLARK — In the rocky formations?

Mr BATCHELOR — In fact the Port of Melbourne Corporation has trialled it out of the sea in attempting to see whether it can tackle rock because — as you know, clearly from the tone of your questioning — at the Rip the circumstances for creating the depth there are different from elsewhere in the bay where it is an issue of sand and clay. But at the Rip the issue is: how do you get the depth required where you have rocky pinnacles that come up? Of course there are parts of the shipping channels at the Rip that are many metres below what is required for the requisite channel depth because it is the old bed of the Yarra. But there are a view rocky pinnacles in the bloody way that need to be lowered. In the past they used to chuck down dynamite and blow it up! But apparently that is unacceptable at the moment, and the Premier has given an undertaking that that is not our preferred course to achieve the depth at the rocky locations. This technology has been trialled here in Victoria under the supervision of the Port of Melbourne Corporation on rocky outcrops in a quarry, where it has demonstrated in that environment that it does do the task.

Admittedly the external environmental situations in a rocky quarry are different from out in the middle of the Rip, one of the most dangerous and difficult waterway environments in Victorian waterways. The panel I guess was saying it did not want to extrapolate its success in that environment in the Rip. But given the importance to the economy in Victoria of almost every job — whether it is in manufacturing, whether in agriculture or in the service industry — that the port of Melbourne plays to those jobs and the economic livelihood it is probably a cost that we are going to have to carry as a community to provide the assurances and comfort to an independent panel to achieve those environmental clearances. We are not there yet but we are on our way.

The CHAIR — Thank you very much. I thank you, your departmental officers who have been here ready to provide evidence or material, and I thank the departmental officers who have done a mountain of work to enable very thorough answers to our questions. We will provide you with a copy of the Hansard transcript, and there will be some follow-up questions — and a couple that you took on notice.

Mr BATCHELOR — Thank you. I thank you and the panel. There are only a couple of extra issues that we need to follow up. Those ones I have identified we will follow up. From our point of view the issues, except for those matters we said we will follow up, have been concluded.

Witnesses withdrew.