

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2006–07

Melbourne — 9 June 2006

Members

Mr W. R. Baxter

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Witnesses

Mr P. Batchelor, Minister for Transport;

Mr H. Ronaldson, secretary;

Dr A. Smith, deputy secretary, capital group;

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

Mr J. Rogan, executive director, freight, logistics and marine division; and

Mr J. Betts, director, public transport division, 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 for the portfolio of transport. I welcome the Honourable Peter Batchelor, the Minister for Transport; Mr Howard Ronaldson, Secretary of the Department of Infrastructure; Dr Alf Smith, deputy secretary, capital group; Mr Bob McDonald, executive director, corporate resources division; Mr John Rogan, executive director, freight, logistics and marine division; Mr Jim Betts, director of public transport division; Mr David Anderson, chief executive officer of VicRoads; departmental officers, members of the public and the media.

In accordance with the guidelines for public hearings, I remind members of the public they cannot participate in committee proceedings. Only officers of the PAEC secretariat are allowed 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 requested to observe media guidelines. I ask that mobile phones be turned off and pagers put to silent mode. All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript next week. They will be emailed to you and you will have 48 hours to make any notations you need to and sign them and fax anything back that is relevant.

Mr BATCHELOR — That will take into account the Queen's birthday!

The CHAIR — You will have 48 hours after receipt. Hansard will not be emailing you them tonight.

Mr BATCHELOR — We are monarchists!

The CHAIR — It is a Labor government — you have got a long weekend. Minister, it is over to you for a 10 minute presentation on the more complex financial and performance information that relates to the budget estimates for the transport portfolio.

Mr BATCHELOR — The 2006-07 budget really marks the start of the government's \$10.5 billion action plan *Meeting Our Transport Challenges*, otherwise known as our transport and livability statement. It really represents the biggest single investment in public transport and transport generally ever undertaken by a Victorian government.

Slides shown.

Mr BATCHELOR — I would like to quickly talk about the 2006–07 budget parameters. I think it is instructive to notice that the operating budget is approximately \$3.8 billion. This represents an increase of about \$320 million or about 9 per cent over the 2005-06 budget outturn. That is a demonstration of our commitment. Primarily it is made up of \$187 million in new initiatives — importantly, our metropolitan and regional bus service improvements; extension of late-night services for trains and trams on Friday and Saturday nights; driver training package, and money to provide for the new public transport ticketing system. There is \$58 million to meet the contract service payments for public transport and \$65 million as a result of the re-estimation of VicTrack's capital charge for rail infrastructure. I guess that is really a reflection of the sort of investment we are undertaking. We are spending a lot on capital, and it leads to an increase in the capital charge.

The key financials are dealt with in this slide. The Treasurer in his budget speech announced that the whole budget saw the largest capital works program in Victoria's history. The investment in infrastructure was nearly \$5 billion. Half of that is going to the transport portfolio. You can see that *Meeting Our Transport Challenges* was very quickly followed up by firm and positive financial commitments in this budget. That \$2.5 billion in new projects includes over \$700 million for the West Gate and Monash improvement program. All those people who tonight will be stuck in the Monash outbound know that over the next four years we will undertake a series of initiatives, together with Transurban, to significantly increase the capacity of the most important road in Victoria, the one that is the most heavily congested at the moment.

We are also providing some \$470 million to upgrade our road infrastructure for road safety improvements. Over \$280 million is part of the new Ticketing Solution, a new ticketing system. There are a whole range of other initiatives like the train communications system, \$135 million; support for DDA compliance and improved accessibility for public transport network, \$130 million; \$115 million for the rural arterial road network; \$110 million for the outer metropolitan road program, and the list goes on and on. It is an absolutely impressive list.

That is the summation. We will come to those in more detail I guess during the course of discussion and questions. We have set a number of objectives for our transport policy to meet. We asked transport to do things that have never been asked of it in the past. We want it to deliver a world-class lifestyle through world-class infrastructure. We wanted to see how it can add to the economy and reduce congestion. In the past transport was asked to provide how you get from point A to point B to point C. Our predecessors cut off the connection between points A and D, and closed lines. We have taken the whole policy debate for delivering transport to a new level. It is about delivering what is essentially the amenity and lifestyle that the state can provide.

The key elements of meeting our metropolitan transport challenges are buses. You will see in the slides that we have identified the things we are going to do over the next four years in the context of the 10-year program that *Meeting Our Transport Challenges* is. That \$10.5 billion is over the next 10 years; the budget estimates are over the next 4 years. To help you understand the enormity of our commitment and their ongoing nature, we are presenting them in this fashion.

The highlights of this will see the largest increase in local bus services ever in Victoria's history take place over the next four years. There will be a 22 per cent increase in local bus services, and that is in addition to providing for the expansion of the SmartBus service. The expansion of the SmartBus service will provide — and I am sure there will be some discussion about this during questions — a public transport footprint that is bigger than the tram network. That is the impact it is going to have, and it is directed to the outer metropolitan areas. Why are we doing this? Because across Melbourne about 12 million trips are taken each day, but the majority of those trips are taken between the middle and the outer suburbs. So the focus of what we are trying to do is to address those transport-poor areas that have the majority of the trips. It sounds like a bit of a paradox, if you like, but the most trips are taken where there are the least services. That is the objective that we are trying to address.

The SmartBus network, as I have described, will essentially take a level of service beyond the benefits of the tram network to the outer suburbs, and there is \$660 million over the next 10 years to deliver that.

In terms of trains, they provide the core trunk corridors bringing people from the outer suburbs into the central business district. Since the early 80s the patronage on our train network has grown by some 43 per cent to 45 per cent, and it is a bit like an elastic band: you can stretch it only so far and once you go too far you then cause real problems.

That is where we are at, and our policy is to build the capacity of the network, if you like, to build up a bit of internal capacity — of that elastic band — so it can perform much, much better into the years ahead. But it will take a long time. There are big capital projects, but there are things that we are going to do now. So over 10 years there is \$800 million for new trains. We are providing new timetable services. There will be five new services running during the morning peak on the Broadmeadows, Sydenham, Werribee and Dandenong lines, and they will be starting this year. So we will be doing the things we can do now, but importantly we will also be providing to build the capacity in the years ahead, particularly out on the Dandenong line. We expect the additional services we are putting in place to carry about 4000 passengers each morning into the central business district, and that is the equivalent of providing two extra freeway lanes. So five additional train services in the peak hour in the morning has a big equivalent if you measure it in terms of rail capacity.

The next slide shows the spread of initiatives right across the metropolitan network and the sorts of things we are going to do. It will also include the upgrade of train stations and their interchanges. A key part of that will be to provide extra car park facilities. There are currently 29 000 car parks across the metropolitan system; we are going to provide an extra 5000 over the next 10 years.

We are spending more on rail safety. We are providing communications and central control upgrades of well over \$200 million. We are providing nearly \$46 million to improve the safety operations of trains following advice we have received following train crashes in other jurisdictions, and we are providing the largest upgrade of level crossings ever undertaken in Victoria's history.

Having provided the infrastructure we want to make it easier for people to use public transport, and we are providing additional services to pensioners on Sundays, extra vouchers to use across the network and of course, we have not forgotten the non-fixed rail public transport, walking and cycling, and we are providing money to encourage those as well. I will just move on to —

The CHAIR — Could you very briefly refer to those last few slides because we are out of time. If you go over time, we will have to go a little bit over time with questions.

Mr BATCHELOR — I do not want to do that.

The CHAIR — Do you want us to take it as read?

Mr BATCHELOR — I will be here all night. In the roads area, as I said, we are providing for an upgrade of the Monash-Westgate corridor, but we are also providing \$5 million to provide a new east-west study to look at what the long-term requirements to provide an alternative to the current Monash-Westgate corridor might be. The key effort in transport is to increase safety and reduce congestion, and we are providing money for road safety, provided by TAC. The outer metropolitan road program is under way as well as over \$600 million for the arterial program in country Victoria.

In summary the government has a \$10.5 billion commitment to improve transport. We are able to do the things we can do immediately; we will undertake those. The things that will take a longer time that will enable future governments to increase services in a very dramatic way to meet increased population and growing road congestion will be done over a longer time frame as part of this \$10.5 billion program over that 10-year time frame.

The CHAIR — Thank you, Minister. One of the initiatives you referred to was additional peak and shoulder metropolitan train services. If you go to budget paper 3 pages 311 and 313, there is reference to those additional services. I would like you to provide us with some detail about those additional services, such as what to expect extra in terms of passengers and drivers et cetera so we have some indication of the cost involved.

Mr BATCHELOR — As you will see from the reference on pages 311 and 313 — in particular I think you referred to 313 — we are providing additional peak and additional shoulder services. The morning peak in public transport is the most intense period, whereas it is more strung out in the afternoon. People have a variety of choices as to when they leave work, how long they work for and when they commence that homeward journey. But in the morning we have a very intense use of public transport, and we find during the balance of the day we have extra capacity on the network. So we are providing five new services, as I mentioned before: two will be on the Broadmeadows line. The Sydenham or Watergardens line will have one, as will the Werribee and Dandenong lines. These are bringing people in from the furthest reaches of the spread of metropolitan sprawl into the city. We expect these additional services will bring about 4000 passengers into the city. As I said earlier on, that is the equivalent of two extra freeway lanes. In a cost-effective sense it is a very cheap way of providing the equivalent of an extra two lanes of freeway into the city.

We will also be extending services late on a Friday and Saturday night so the last train and tram services will head out of the city some time between 1.00 a.m. and 1.30 a.m. To try to encourage people to use them we will be employing an extra 30 staff on the network to improve safety for late-night passengers and to make sure the safety patrols we undertake across the network — as well, of course, the additional drivers that are needed — can be employed. We are currently working with the train and tram operators to finalise the detail of these new late-night services and we expect they will be up and running some time this year.

Mr CLARK — Minister, you referred in your presentation to the changes to the Monash Freeway and to CityLink. Can you tell the committee what role you or your department played in the negotiation of the terms of that arrangement with Transurban? What independent advice did you obtain and on what aspects of the negotiations did those independent advisers advise?

Mr BATCHELOR — The Department of Infrastructure was primarily responsible for the transport and engineering considerations of this project. I understand there were other commercial considerations, but as the Premier indicated to the Parliament during the course of this week, they were carried out by the Department of Treasury and Finance, which sought its own external advice.

The role transport took was to look at the projected traffic flows, the volumes and requirements — the demand side and then how we might try and meet that in an engineering sense, not only in the parts which the state owns and has a responsibility, but also we needed to check and assist the outcomes of the engineering upgrades that were being suggested by Transurban. You would know that this is a project that is I guess may be 75 kilometres in length from Werribee at one end to down past Narre Warren at the other. In the middle of it there are parts that are privately operated as a result of the CityLink contract. We had to make sure the transport and engineering elements of it were

complementary with what CityLink was proposing, and we had to make sure it met the operational requirements that VicRoads was wanting to see.

It is interesting to look at the project. The publicly owned part of it is worth about \$7 billion on our books, and that does not include the CityLink element. For an asset that is worth \$7 billion it has taken many, many years to build and develop. It started many governments ago. Previous Labor and Liberal governments were committed to build what is now the most important piece of road infrastructure in Victoria. So for \$7 billion we will spend a little over \$700 million. That is the investment we will be putting in. Transurban will put about \$166 million into their part, but as an investment in the public sector we expect we will get in excess of 50 per cent throughput of vehicles using it. So you can see, if you were asking, 'How would you get a project that will deliver a huge boost in throughput in a very efficient and cost-effective way?', this was the way to do it.

As I said, there will be people in the peak hour traffic heading out tonight — it is unusual to have a freeway network clogged outward bound, but that is often the case on CityLink: not on the Monash and the West Gate, not just the CityLink parts but the government parts, and not just on public holidays. It is a frequent occurrence on a regular basis.

Mr CLARK — Were you or your agencies involved directly in negotiations with Transurban on any aspect, and what independent advice did you obtain on any aspect?

Mr BATCHELOR — Lots of negotiations and discussions took place with Transurban because it is not just a financial construct but is primarily driven by what are the transport outcomes and how you will achieve those. Our agencies, through the Department of Infrastructure and VicRoads, were engaged in those discussions, as you would expect they would be. The government got its advice from those agencies.

Mr CLARK — But no other external independent advice? Sorry, Minister, are you not prepared to answer that?

Mr BATCHELOR — I am just comprehensively thinking about it. There would have been traffic modellers and other external experts that we got to check and verify what we were saying and what CityLink was saying. We always do that. There is nothing unusual about contracting out and getting external advice, but you are not suggesting that, are you?

Mr CLARK — No, I am just trying to find out the facts.

Ms ROMANES — Minister, I want to refer you to the Department of Infrastructure output rural and regional public transport services listed on pages 129 to 130 of budget paper 3. Will you outline what steps are being taken to improve affordability of public transport for rural and regional Victoria?

Mr BATCHELOR — Affordability is an important part of delivering public transport, and in country Victoria we have tried to identify what makes it easier for regular commuters to use and how can we increase the utilisation of spare capacity. We are running trains at a certain level, so how do we increase those? They are two complementary strategies that we are seeking to undertake. The first and most successful of those, we believe, will be what we have called the commuter-plus package, and from all reports that I have heard I think it has worked very well. It was introduced in April this year — I think 22 April was the start-up date.

What it has allowed the commuter to do is to use your V/Line ticket for travel in the metropolitan area within the Metcard zone that is printed on your ticket. People from country Victoria have wanted this seamless transition from V/Line to one of the Met companies for many, many years and we have been able to do that. It also allows significant gains for people living in important provincial towns like Moe, Morwell, Traralgon, Geelong, Bendigo and Ballarat where V/Line ticket-holders will be able to use the local bus services that operate within those provincial towns. In those towns that I mentioned where you have a developed local bus network servicing the urban centre you will be able to use those services on the same basis as you would use the Met service in the metropolitan area.

I got the office to do some work to see what sort of savings that would produce, because I have been approached, particularly in Parliament where a lot of people commute on a regular basis from the country. For example, if someone was commuting from East Geelong to St Kilda they would only need to buy their regular weekly ticket costing \$71.30 to provide them with unlimited travel around the Geelong transit system, a trip into the city and a

trip on the metropolitan zone 1. Previously that would cost \$115 versus what it now costs, \$71.30. It involves also the inconvenience of having to buy your local bus ticket, the V/Line ticket and the Met ticket once you arrive in town. So the commuter in that circumstance — and it is not an unreasonable circumstance: lots of people come from Geelong on a daily commute — would get to save some \$43.70 per week, and that is a huge benefit. You can see why — it is the equivalent of almost \$2000 a year. Then you have got the Commonwealth government saying it is going to give tax cuts of \$5 a week. Well, these are really significant and huge savings for people in country Victoria. I have got a couple of others, if you like.

The CHAIR — Minister, one of the things I neglected to say, and I apologise for this, is that the answers are supposed to be kept to around 4 minutes. You have gone just over 5, and if you do not mind, if you could do it in one sentence; if there is an abundance of news you might like to save it for another question. What would you like to do? One sentence?

Mr BATCHELOR — I will round off there, but I cannot underestimate the significance of this step in providing a seamless journey for people travelling from provincial Victoria on a regular basis into the city.

Ms ROMANES — Just a point of clarification, Minister, in regard to providing that seamless travel: someone travelling from the country who wants to go to zone 2 or 3, can they buy the same ticket but with zone 2, or zone 3 if they pay that extra bit?

Mr BATCHELOR — No, it is the zone of where they arrived — where they depart, so if you were going to zone 2 you could travel within zone 2. Most people however, go to zone 1. I suppose if you are coming in from the Latrobe Valley you might go to zone 3 because that is your interface with that, first of all. A lot of people could go to Dandenong, I suppose, or Pakenham.

Ms ROMANES — So it is wherever you are going.

Mr BATCHELOR — It is within the destination zone and printed on your ticket, so when you go to buy your V/Line ticket you tell them where you want to go to and they give you a ticket; it is printed on your ticket, your V/Line ticket, to enable you to undertake that activity.

Mr RICH-PHILLIPS — Minister, in May 2001 you and the Premier committed to reopening the South Gippsland railway line by 2004. Why have you not done that?

Mr BATCHELOR — We have not been able to do that because of the way the Liberal government privatised — —

Mr CLARK — Oh, come off it!

Mr BATCHELOR — You know it is true, Robert; there is no sighing in disgust over there at your own policies.

The CHAIR — Minister, thanks, South Gippsland?

Mr BATCHELOR — South Gippsland was operated on a track controlled by, then, RailAmerica; it is track now controlled by Pacific National, but along those corridors, for us to reintroduce passenger rail services — there were four of them, as you will recall — it required an amount of upgrade to be identified and then undertaken. We have had great difficulty in getting the acquiescence of the track operator to undertake inspections across these old passenger networks and then get agreement on what needs to be done.

So as to this intractable dispute between the government and the track operator, you will recall you privatised it under a contract that was very lopsided against future governments, and we were unable to undertake even inspections, let alone upgrades without the agreement, so we undertook a program of first of all addressing these issues in relation to Ararat — or in an order rather than trying to do them all at once — and success has been achieved in Ararat and Bairnsdale. We are currently trying to work out how we can do it with the Mildura line and, as I have said on previous occasions, once we have resolved that issue, our next field of endeavour would be to tackle the South Gippsland line. It is interesting to note that the inspections that will finally be able to be undertaken on the Mildura line indicated that the track was in a far worse state than we had imagined.

It had deteriorated almost to the state where even freight trains were not able to be run on this particular line. The maintenance that was paid on a regular basis to the track operators since privatisation — there was no requirement for that actually to be spent on maintenance activities. The track itself, the Mildura one, would have had to be closed down even for freight purposes, it had deteriorated so badly, if we had not identified what the problems were and, with Pacific National, identified that the first priority was to achieve this freight upgrade that we are trying to bring to conclusion now between the federal government, Pacific National and the state government to see a \$73 million upgrade there. So we have got a much bigger problem caused by the wanton neglect of the previous government and the contractual arrangements. We are now getting on and taking field inspections along the South Gippsland line to determine what needs to happen there, and I suspect the condition of that track will be in a similar condition, if not worse than the Mildura track.

Mr RICH-PHILLIPS — Minister, at the time you and the Premier made that commitment in 2001, you had been Minister for Transport for almost two years. Are you suggesting you had not taken any advice at all from your department if these problems you are suggesting exist as a result of something that happened in the previous government? Are you suggesting you did not take any advice at all from your department that would have drawn these issues to your attention before you announced in 2001 that you would open the line by 2004?

Mr BATCHELOR — No, I have not suggested that at all.

The CHAIR — Minister, I have got a question in relation to both that Mildura line — —

Mr RICH-PHILLIPS — Sorry, Chair: Minister, perhaps you could explain why you would have announced an opening for 2004 if you were aware of the problem.

Mr BATCHELOR — I have just answered the question.

The CHAIR — Minister, you outlined — —

Mr RICH-PHILLIPS — So you misled the people in the lead-up to the 2002 election?

Mr BATCHELOR — Don't say that! Don't be silly! You asked me did I take advice. I said, yes we did.

Mr RICH-PHILLIPS — And then choose not to use it when you made your commitment.

The CHAIR — If I could have your attention. In relation to that Pacific National down in South Gippsland then and Mildura now, are you saying to the committee that there was absolutely nothing in the contract that stipulated maintenance money had to be spent on maintenance?

Mr BATCHELOR — The contract was very badly written. The contract privatised it for, what, 39 years? For 45 years — I did not want to overexaggerate: 45 years is probably a bit longer than you or I will see around.

The CHAIR — I am planning to get my letter from the Queen, I don't know about you. Joke! Go on.

Mr BATCHELOR — It does not require the money to be spent that is paid out over that period of time for those maintenance services. It can allow them to, what they call be only kept in 'fit-for-purpose' operation. What is then 'fit for purpose'? There is no definition of it. The only definition is if the train can still run on it; it does not matter at what speed. On the Mildura line they are down to walking speed, it is getting so slow there. There are no KPIs that protect the public interest, no KPIs at all of any moment or worth.

Mr MERLINO — Minister I refer you to the asset initiative on pages 311 and 313 of the budget paper 3 regarding accessible public transport. Can you please outline to the committee what this package includes and how it will benefit people with disabilities?

Mr BATCHELOR — One of the things that I have got a strong commitment to, as I understand you have yourself as a member, is to provide an improved access to people with disabilities; any of the range of disabilities that are there. It is not just those who are wheelchair bound; it is people with vision impairment and other limitations on their motor skills. When the public transport system was built — when it was designed, built and upgraded in years gone by — these issues were not taken into account. Accordingly there is now a requirement to upgrade the public transport system to make it more accessible, make it easier for people with disabilities. But it not only improves the access for people with disabilities, it is for mums with prams, it is for older people, the older

members of our community. As the population as a whole ages this will become an increasingly important thing. So for each mode there is a set of engineering and design features that have got to be systematically addressed across the network that will make it easy for people to access. It is providing an alternative — that is, ramps — to steps; it is providing ramps that are not so steep that a person in a wheelchair cannot get up or cannot get down, as the case may be. For example, at train stations — thankfully, because of the design — generally people can get on and off trains from the platform. In some areas there had to be some levelling undertaken. But the big issue there has been the approach paths. The ramps or steps have been inadequate, or they have not had handrails or grab rails, and of course none of them had the tactile strips for the vision impaired. So we are systematically going about addressing those.

With buses, for example, the sorts of accessibility requirements there are addressed by having buses that can kneel. When we order new buses — and we have implemented an accelerated range of new buses — they have the ability to kneel down so in the first instance the step is much smaller. And if they cannot do that, they then have a ramp that folds out, and they can either walk up or roll their wheelchair up.

On the tram networks, to be perfectly frank with you, which is the hardest of all because it requires either lifting ramps being put on trams — and we are looking at how that is working overseas; we are not yet convinced that that is able to be done — but the other way of doing it is to provide the platform stops which are proving to be very popular and successful in the city, not only with that cohort I mentioned before of the mums with prams and the disabled and the elderly but there is much more space for people to assemble themselves there. In this budget we are spending very serious money on doing this — \$129 million is identified.

The CHAIR — Over four years?

Mr BATCHELOR — Yes, over the four years, or \$250 million over the 10 years as part of our *Meeting Our Transport Challenges*. These are very large amounts of money to be spent on just allowing people with disabilities or age infirmities to maintain their independence and get out and about and home again.

The CHAIR — There is a supplementary question?

Mr CLARK — Yes, supplementary to that question, Minister, in your recent transport study why was there no mention of what is being done with route 109 to make it DDA compliant? As you know, route 109 has been the showcase route for trams for some time. It is not mentioned in the transport statement, and of course DDA compliance, particularly with the design of tram stops, has been a very controversial issue along parts of the route.

Mr BATCHELOR — In your electorate?

Mr CLARK — Yes, in my electorate.

Mr BATCHELOR — Did you not oppose it?

Mr CLARK — Absolutely; it was a ghastly design. Why was there no progress report on route 109 of what your intentions are with those stops?

Mr BATCHELOR — As you would remember from my previous report, we are providing for this, providing for upgrades for DDA compliance at a much greatly accelerated rate, and any improvements that will flow from 109 will either be incorporated as part of that package upgrade, or alternatively, there is a second program that is not related to DDA compliance but is related to improving the traffic flow for trams. It is called our Think Tram program, and additional money is being provided for that.

Depending upon which element — whether it is a DDA element or it is a tram priority element — on route 109, it will be dealt with under those areas. They are system-wide line items where individual elements across the whole of the network will be addressed to try to meet the requirements of the Commonwealth legislation and just the social justice aspirations that this government has. We have found, notwithstanding your opposition to making the DDA compliance and improvements out on 109, that they are very widely appreciated.

The CHAIR — Mr Clark, you have a question?

Mr CLARK — Yes, I move from your confession to Mr Rich-Phillips to mismanaging one contract, to raise another contract — —

The CHAIR — Don't misrepresent him.

Mr CLARK — It is in relation to regional fast rail which, as we all know, has gone from \$80 million to \$750 million in budgeted costs.

Mr BATCHELOR — Sorry, what was that?

Mr CLARK — Regional fast rail.

Mr BATCHELOR — Yes, has gone from what?

Mr CLARK — From \$80 million in the 1999 election promise to \$750 million now.

Mr BATCHELOR — No, you are wrong.

The CHAIR — You can correct that in the answer.

Mr BATCHELOR — That is a lie perpetrated by the Liberal Party and it is completely wrong.

Mr CLARK — I can table your election policy of costings, if you like — —

Mr RICH-PHILLIPS — But then again, if it was yours, it probably was a lie.

Mr BATCHELOR — All right, please do that.

Mr CLARK — But let us refer to — —

Mr BATCHELOR — Can you do that?

Mr CLARK — I'm sorry?

Mr BATCHELOR — You said you were going to table something.

Mr CLARK — Yes, I will get them for you. Let us refer to — —

Mr BATCHELOR — You have not got them here though?

Mr CLARK — I have not got them in hard copy here; they are available electronically in plenty of places. I refer you to budget paper 2, page 60 and the reference to \$297 million being provided to:

Rail Track for the purchase of rail infrastructure assets, including regional fast rail assets ...

Can I ask first of all — —

Mr BATCHELOR — I am just trying to trying to find it. What page is it, page 60?

Mr CLARK — Page 60, at the second bullet.

Mr BATCHELOR — Yes.

Mr CLARK — Could I ask: is any part of that \$297 million in addition to the currently budgeted \$750 million cost of the regional fast rail project; and secondly, can you provide the committee, either now or on notice, with a breakdown of and the cost of the various assets that are to be included in that \$297 million?

Mr BATCHELOR — The answer to the first is no and the answer to the second is yes.

The CHAIR — Did you want to make any comment in relation to the \$80 million?

Mr BATCHELOR — I just said it is a lie. It is not true.

The CHAIR — Okay. Mr Somyurek?

Mr SOMYUREK — Minister, can we get onto the topic of EastLink. My office is located in Dandenong, as is Mr Gordon Rich-Phillips's. I am pleased to say that the state government has allocated or announced investments to the value of \$290 million over the last eight months or so to rejuvenate Dandenong; it is very pleasing for us. The EastLink project, when completed, will add further impetus to the rejuvenation not only of Dandenong but of the area; I realise that it is a bigger project than just Dandenong. I drive past the various bits of construction of EastLink every day. Can you please advise the committee on how it is going and whether it will be delivered on time?

Mr BATCHELOR — Yes, it has always been acknowledged that it will open in 2008. That is our expectation. It is a construction juggernaut, really. Whilst you acknowledge your interest is around Dandenong — and I can understand that, particularly with the Dandenong southern bypass and the huge beneficial impact that it will have economically and on travel times — it is much more than that, and to date John Holland has spent more than \$700 million on the project itself since work started. Anybody who lives or commutes in the south-east region would have been a similar witness to the spectacular progress since the work started in March of 2005. Whether it is the work under the Mullum Mullum Creek that is taking place now but is out of sight, or whether it is part of the major bridge upgrades that are currently being undertaken as part of the project, work is really progressing at a fantastic rate of knots.

When you consider it, at the moment you have about 45 kilometres of this project currently under construction, that is a phenomenal record in the last 14 months. There are some 2000 people working on it, and much of that money that has already been spent or in the contracts that have been let are going to local suppliers. Not only will there be that long-term benefit to the economy but there will also be this short-term boost from the engagement with the contractors and the suppliers meeting those contracts.

In total about 1.7 kilometres of tunnels have been excavated. Up at Ringwood you might not appreciate it, but Mr Merlino would — there are four tunnel fronts. There are two tunnels and they are addressing it from both directions. Recently I was out there with the Treasurer and he was very impressed at the progress that has taken place deep beneath the ground. In total the project has taken out about 3.4 million cubic metres of earth works — that is a lot of earth to have been moved out, and they have used, plus some imported fill, about 4.5 million cubic metres of earth to fill various parts of the project design.

While it is a road project, unambiguously, it is the biggest bridge building project in the state's history. At the moment there are 51 bridges currently under way. Locations vary from the Maroondah Highway, Canterbury Road, Boronia Road, Mountain Highway, Ferntree Gully Road, High Street Road, Monash Freeway, Princes Highway, Railway Parade, Cheltenham Road, Greens Road and on and on they go. All these big bridge projects are currently under way, and to provide that a new precast concrete factory has been established in Morwell which in its own right has created an additional 188 jobs just to supply the precast concrete for the various products, be they beams, parapets or noise walls. There are 2000 noise walls, for example, and there are over 500 bridge beams as part of this huge project. The project has been going gangbusters. It is a construction juggernaut. I think the work force, contractors and managers out there have done a fantastic job, and the committee ought to go out and have a look at it because it would be very instructive. If you wanted me to organise that, Chair, I would be only too happy to do that for you.

The CHAIR — Thank you for that, Minister.

Mr RICH-PHILLIPS — I would like to ask about the new ticketing solution. Discussions between DTF and DOI went to the issue of debt funding for that. A minute of one of the meetings that took place between officers of the two departments said:

The TTA —

Transport Ticketing Authority —

are likely to raise debt to pay for the NTS —

the new ticketing solution —

and will seek ERC approval potentially in late May. In order to raise debt, the TTA should have direct control over the fare box in order to service the debt. There are several options available to do this which will be explored during the meeting. There are important administrative changes and potentially changes to the risk sharing arrangements for franchisees that will have to be considered.

Why was the option of debt funding — —

Mr BATCHELOR — Can you provide me with a copy of the minute, please, that you are quoting from?

Mr RICH-PHILLIPS — Certainly. Why was the option of debt funding explored, did the proposal originate from DTF or DOI, and will debt funding be used in any way to fund the NTS?

Mr BATCHELOR — While you are handing over the copy of your minute, I am not quite sure how that fits in with the reality.

Mr RICH-PHILLIPS — It is a minute of a meeting that took place on 5 May 2005 involving officers of DOI and DTF. It is the second page that has the detail.

Mr BATCHELOR — We do not know who it is from or to.

Mr RICH-PHILLIPS — There are some names listed there on the header, of DOI officers.

Mr BATCHELOR — This is over a year old.

Mr RICH-PHILLIPS — Yes, May 2005. Can I get that back, please, Minister? It is my only copy.

The CHAIR — We can get it photocopied.

Mr RICH-PHILLIPS — Thank you.

Mr BATCHELOR — You will recall that last year the government announced that it had awarded a \$494 million, 12-year contract to a company called Kamco. Its responsibility was to design, build and operate the new public transport system. At that time it was indicated that the project would be fully funded by the state government. You will see in the budget papers — and I will take some time to find them for you — that it has been announced in this budget that that funding is starting to flow. If you just bear with me, I will find it — —

Mr RICH-PHILLIPS — Page 306.

Mr BATCHELOR — You knew the answer before you asked the question.

Mr RICH-PHILLIPS — No, you have not got to my question, Minister. You have not touched on debt yet.

Mr BATCHELOR — So you asked a question about something you knew was not going to happen — that is a very strange thing to happen.

Mr RICH-PHILLIPS — Well, that is not what the budget papers say, Minister.

Mr BATCHELOR — The budget did announce — I will just find it here; the new ticketing solution. You can see that there is money provided here in this budget.

Mr RICH-PHILLIPS — Yes.

Mr BATCHELOR — In 2005–06 there was some \$8.7 million; it is indicating in 2006–07 there is some \$99.3 million; and in 2007 there is some \$40.4 million. You will see that this was previously reported in an earlier budget update, so you have had two opportunities to know that the basis behind your question is wrong, outdated and nonsensical.

Mr RICH-PHILLIPS — So there is no debt funding at all in the NTS? Just because the government is putting money that does not mean there is no debt. So you are saying there is no debt at all?

Mr BATCHELOR — The new ticketing solution is going to be budget funded.

Mr RICH-PHILLIPS — The other two questions I asked were: why was the debt option explored, and was it DOI's initiative or DTF's initiative? Are you going to look at that option?

Mr BATCHELOR — There is a bit of fascination with who thought of something first running through questions today.

The CHAIR — If it is a good idea, it is the minister's, is that right?

Mr BATCHELOR — I think it is fair to say that we explore all options as a rule of thumb. We do not try to limit examinations. I am not quite sure what you are trying to get at. You are talking of a document that is more than 12 months old, and it has been subsequently refuted not only by this budget but also by the previous budget update. All I can say is that the apparent premise behind your question is wrong.

Mr RICH-PHILLIPS — The question was pretty simple — it was not wrong or right; the question —

The CHAIR — The answer was clear.

Mr RICH-PHILLIPS — Chair, perhaps you could explain — was it DTF or DOI?

The CHAIR — I do not have to explain.

Mr RICH-PHILLIPS — Well, the answer was not clear.

The CHAIR — The minister explained the answer. It is my job to make sure that people behave themselves.

Mr RICH-PHILLIPS — The minister did not answer whether it was DOI or DTF.

Mr BATCHELOR — That is the problem with accepting questions from Terry Mulder without understanding what is really behind them. You should really think up your own questions.

The CHAIR — Minister, I would like to take you to a different topic, if you do not mind, Minister.

Mr RICH-PHILLIPS — Are you saying, Minister, we can accept your answer that there is no debt funding in NTS?

Mr BATCHELOR — Had he told you — —

The CHAIR — If you would like to have a conversation outside at the coffee break, you are welcome to do it. We are moving on to the next question.

Mr BATCHELOR — I was just going to ask him — —

The CHAIR — Minister, please — you are not to ask the questions, we are. Minister, we are getting onto the next question, which is — —

Mr BATCHELOR — Terry Mulder has been hawking that around for a long time in the press. It is a stale question — for 12 months.

Mr RICH-PHILLIPS — Then why did you look like a stunned mullet when you saw the email?

The CHAIR — Excuse me! We are onto DOI's rural and regional public transport responsibilities that are referred to in budget paper 3. Minister, I would like you to outline what steps have been taken to improve the range of choice in rail services for rural and regional Victoria, and any facts and figures you could give us in that regard would be much appreciated.

Mr BATCHELOR — One of the core commitments of this government has been — and you would have heard the Premier say this many times — to grow the whole of the state. There is a role for public transport in providing extra choices and extra services to country Victoria. We in transport have been very active in trying to give support to the Premier's fundamental policy position of growing the whole of the state, and we are doing a number of things.

As you know we will be introducing a new timetable for V/Line, not just on the fast rail corridors but others as well. Some of those services have already been introduced. We have been able to introduce them early because of their strategic importance to communities and because we can — where we can we are pleased to introduce new services. For example, there is a new counter commute service into Ballarat and Bendigo. We have already introduced those. That is, much of the emphasis has been focused on getting from the provincial towns and the towns along the rail corridor into Melbourne.

For a long time the towns like Ballarat and Bendigo that have very mature educational institutions, high-order professional services and other highly developed areas of economic activity are destinations in their own right. People have been saying that it is very difficult to get into those by public transport before the normal start of the working day. Why? Because the previous pattern of timetabling did not think that was an important objective to try to achieve. This government for the first time has done that. We have got trains into Ballarat, and we have got trains into Bendigo to allow people along the corridor, even from Melbourne if they want to go to the universities in these towns, to be able to do it. These services have been highly praised by the pro vice-chancellor, Professor Peter Sullivan. He made really supportive comments. Students can come up from Kyneton and Castlemaine to get into Bendigo by train. In addition to that, we are now providing feeder bus services that meet those trains and take them to the universities and the other key destinations away from the railway station as part of our integrated approach to try to upgrade those. We also got support from Professor Kerry Cox at Ballarat for similar sorts of reasons.

We have improved late night services into Seymour. A lot of people are working later and have said, 'Can you get us home a bit later?'. We have provided that through to Seymour. We have provided an extra return trip between Bendigo and Swan Hill each week day, and we have also made improvements to that Swan Hill to Mildura journey to be able to improve the timing of arrivals and departures at the Mildura end and to have a service there that was more Mildura friendly, if you like, and not have its departure and arrival times dictated either by Swan Hill or some other part of the journey. Wherever we can we try to meet the needs of the local people. We are finding that it is a very useful and productive thing to do.

Mr CLARK — Minister, I refer you to the problems that have been experienced with the SmartBus technology. Perhaps you could confirm or otherwise the press reports that the technology had to be discontinued due to problems with it. Can you tell the committee what has been the nature of the problems with that technology? Who was responsible for those problems? How much have they cost taxpayers? What has been done to rectify them? When do you expect a rectified system to be back in operation?

Mr BATCHELOR — You have asked me to verify some of the media reports. I cannot do that for some of those, because some of those media reports have been factually wrong and misleading. They have come from your spokesman or some of your candidates. They simply say things that — —

Mr CLARK — Perhaps you could tell the committee what the facts are.

Mr BATCHELOR — I will. But you asked me to verify them and I am telling you that what your transport spokesman says is often factually incorrect, false and misleading.

Mr CLARK — You're the minister, you can set the record straight.

Mr BATCHELOR — I do not know why you would invite me to remind you of that fact.

The CHAIR — Have you anything more to say?

Mr BATCHELOR — Yes, I have. SmartBus, when it was implemented, was on a trial or pilot basis. The SmartBus concept has a whole range of different elements that go to make it a very successful way of providing transport services that are not currently provided to people. In a network sense we are trying to provide cross-town, orbital bus services that use the arterial road network and travel long distances, but travel quickly. We use engineering and technological solutions to help those SmartBus services achieve those objectives. We needed to trial all of these in order to understand what worked and what did not.

One of the elements that was on trial was the provision of real-time information for passengers at selected bus stops. We found that the initial technology was not as reliable as the high standards that the government had set for the implementation of this. Before that trial was concluded we determined that we needed an alternative technology solution, and we are in the process of commissioning that on the pilot SmartBus corridors that exist along

Blackburn Road and Springvale Road. That pilot technology has been owned by the provider and they have removed it because they have not got the ongoing contract. The new technology is currently being installed at the moment. I think it will be available later this year. It might even be available in coming weeks.

All the other elements have proved to be very successful. In fact, the trial or the pilot along Springvale Road and Blackburn Road has triggered patronage increases of between 20 and 30 per cent. It is because all of the elements that come together — those that I have mentioned but others as well. Other elements that go to make up the SmartBus suite of elements include priority at traffic lights. They are able to turn red traffic lights to green so that the bus can catch up to its timetable.

We also provide engineering solutions on the road itself, so if there are parts of the network where the road geometry provides a congestion point for the bus — like at intersections, split lanes et cetera — we try to provide an engineering assistance at those locations. Of course the other key elements of the SmartBus suite of initiatives include longer hours of operation. They go from early in the morning till late at night, and they have very high frequencies — sometimes as frequent as every 15 minutes. So when you bring all of these things together, you have a very impressive provision of a public transport service. Yes, during the pilot program one element of it was not up to the high standards that the government set. That cost about \$2 million — I think you asked how much that cost. We are not proceeding with that provider, and we have another provider that uses different technology which we believe should overcome the shortcomings that related to the one element of it — that is, real-time passenger information.

Ms ROMANES — On page 120 of budget paper 3, the department's responsibilities in regard to safety and security are outlined. Can you tell the committee what steps have been taken to improve operational safety in the area of railway crossings?

Mr BATCHELOR — This government — and I, in particular — take railway safety to be very important. We have progressively increased the funding to upgrade railway level crossings and pedestrian crossings since we have come to office. It is interesting to understand what happens with our approach to this upgrade of railway level crossings, because over the last couple of years the approach is demonstrating its ability to bring down the number of accidents that are happening at railway level crossings.

We have a program that is mentioned in the budget papers that provides for the regular upgrade of railway level crossings, year in, year out. It is an ongoing program that provides upgrades. In the last financial year, it was an increase in the order of some 40 per cent on the number of railway level crossings that were upgraded compared to the previous year. In 2005–06 there was a substantial increase in the number of railway level crossings upgraded compared to the previous year. That year was an increase on the year before. As a consequence, during that period the number of incidents or crashes has come down. Last year also we completed the largest upgrade to railway level crossings ever undertaken. In one year alone we upgraded 96 level crossings. We were able to do that because we were prepared to put additional resources and money into railway level crossings. That is not the only thing.

The CHAIR — Did you say 96 or 76?

Mr BATCHELOR — It was 96 in the last financial year. The figure comes from 76 upgrades that were undertaken in 2005–06 for the fast rail project and 20 from our ongoing program. The 20 from that program was an increase from the previous financial year. The 20 upgrades were done in 2005–06, so thank you for that query. But that is not all — that is just the physical upgrade. It is important to understand the complexity of this.

The CHAIR — That is all right. You are not over 4 minutes.

Mr BATCHELOR — Ms Romanes might ask me what else we are doing, and I will get another 4 minutes, because that is what our colleagues over here do.

Ms ROMANES — Relating to operational safety, what is the government doing?

Mr BATCHELOR — We are trying to change the behaviour of the population. We are not just leaving it to the infrastructure to undertake the task and reduce the risk. We have started a safety awareness campaign to try to change the behaviour of people out on our road network because the trains have priority. We are trying to make sure that the people who use our road network, particularly truck drivers, understand their obligations and responsibilities, and we have started an advertising campaign, the central thrust of which is to say, 'Don't risk it;

don't risk putting yourself in a dangerous position on a railway level crossing. Take your time and make sure that you have plenty of time to complete your journey without putting yourself at an elevated risk — elevated above the risk that is already there'.

The CHAIR — In anticipation of a question, how much would that advertising campaign cost to save lives on railway crossings? Could you explain the cost of that advertising?

Mr BATCHELOR — We are spending about \$1 million — no, it is more than that.

The CHAIR — More than \$1 million?

Mr BATCHELOR — Yes, and just recently we have recommenced that particular campaign in light of recent tragedies. It was appropriate to re-emphasise the message, and we have committed another half a million dollars, I think.

Mr RICH-PHILLIPS — Minister, back on the new ticketing solution, the Transport Ticketing Authority on its web site lists the cost of that project at \$494 million. However, the budget papers, which only extend out to 2009–10, only list funding of \$431 million. Can you explain for the committee where the difference of \$63 million comes from. As far as the funding allocated in the budget papers, there is \$283 million listed under asset initiatives and 148 million as an output initiative; can you explain the breakdown between the output and asset allocations?

The CHAIR — Did you give the budget paper page reference?

Mr RICH-PHILLIPS — Yes, pages 306 and 312.

Mr BATCHELOR — The contract figure was \$494 million to Kamco. That relates solely to the contract payments to Kamco. The budget figures that have been published exclude funds already in the forward estimates to support the OneLink ticketing system; however, they include all other costs associated with the building and running of the new system. There are civil works that need to be done at railway stations; there are access payments to operators, banking fees, corporate overheads.

Mr RICH-PHILLIPS — Of that \$431 million that is in the budget, how much of that goes to Kamco as distinct from works that you need to undertake?

Mr BATCHELOR — The Kamco contract is for a 12-year period, or is it a 10-year project? I will clarify whether it is a 10 or 12-year project, but the point is that the budget papers only deal with the next four years, so the estimates only cover the expenditure for the project over that period of time, of course.

Mr RICH-PHILLIPS — If you could break down the funding between what goes to the contractor Kamco and what is actually DOI expenditure on upgrades, that would be helpful to the committee? Are they fixed payments every year?

The CHAIR — Let us get this on the record: that will be taken on notice?

Mr BATCHELOR — Yes — 10 years of operation and 2 years during the developmental stage is the difference between 10 and 12.

Mr RICH-PHILLIPS — Are the contract payments a fixed regular sum every year? Is that how the contract works or is it varied per year over the life of the contract?

Mr BATCHELOR — We will get you a breakdown of the questions you have asked. We are still in the developmental stages of this.

The CHAIR — What you can provide on notice will be appreciated.

Mr MERLINO — Minister, the main public transport issue that I am interested in as a representative in the outer east is around local bus services. I refer you to the list of DOI's priority issues listed on page 120 of budget paper 3.

Mr BATCHELOR — Just let me get that page.

Mr MERLINO — I am asking on behalf of Mr Somyurek as well. I also refer to your earlier comments in your presentation. Could you explain to the committee how the government is progressing the goal of extending and improving local bus services?

Mr BATCHELOR — Without being too critical of your reference to that page number, there is another one. Can I refer you to page 306?

The CHAIR — You can swap page numbers.

Mr BATCHELOR — I will wait until you get it because it is important.

Mr MERLINO — I have it.

Mr BATCHELOR — You will see about halfway down here the new output initiatives that are being identified in the budget this year, and you will see a line item there for local metropolitan bus service improvements.

Mr MERLINO — Yes.

Mr BATCHELOR — This is new money provided for in the budget of the sorts of things you are talking about. In 2006–07 there will be an increase of \$9.8 million that year, and we will be essentially buying new bus services that year. We spend about \$300 million, I think, a year in providing these sorts of bus services, so it will go up by \$9.8 million. And then you can see the dramatic and spectacular increase that occurs, so it goes up \$9.8 million, then to \$33.9 million, then to \$57.7 million and then to \$63.6 million. This is a huge increase in commitment to providing new and improved bus services right across metropolitan Melbourne. This is on top of the \$44 million that was provided over four years in last year's budget. In last year's budget we provided \$44 million over four years. As a result of that some 51 new bus services have been implemented.

The major thrust of that initiative was to provide bus services in areas of Melbourne where there were no public transport services at all. This year, as part of *Meeting Our Transport Challenges* and our transport livability statements, you can see the sorts of initiatives that we are going to roll out. That is just in the first four years of it. We have already announced 28 of those new services. The major thrust of those will be to extend the operating hours of services that are currently existing and to extend the hours of operations into weekends. We are trying to give people the option of leaving the parental taxi at home. The weekend, as I am sure you would know — —

The CHAIR — We are laughing; it is all right.

Mr BATCHELOR — Christine would know this. Over the weekend, if you have teenage children, you take one child to netball out to the west, another child to the footy at the same time out to the east, and you have to take the dog to the vet down to the south, and you spend your whole weekend driving around the suburbs taking children or meeting other appointments. As kids get older, particularly as teenagers, they like to have a little bit of independence; they like to be able to take themselves to and from sporting activities and other social activities. We have responded to the calls from families in particular to provide weekend services. The thrust of our initiatives in this year's budget, and as part of transport livability, is to extend the hours of operations. What we are trying to do is to get a minimum operating service level that will go from 6.00 a.m. to around 9.00 p.m. on weekdays and on Saturdays from 8.00 a.m. to 9.00 p.m. and on Sundays from 9.00 a.m. to 9.00 p.m.

Mr RICH-PHILLIPS — Just a point of clarification.

The CHAIR — Do we have different times?

Mr BATCHELOR — Saturdays it is 8.00 a.m. to 9.00 p.m. and on Sundays it is 9.00 a.m. to 9.00 p.m.

The CHAIR — If you can get them out of bed at 9.00 a.m. on a Sunday, well done. You can tell me how to do it.

Mr BATCHELOR — In total there are about 250 existing bus routes, and we want to upgrade the majority of those so we have extended operating hours on weekdays and on Saturdays and Sundays over the next four years.

The CHAIR — Thank you. A point of clarification?

Mr SOMYUREK — Just on a point of clarification, Minister, regarding local metropolitan bus service improvements, you did stress ‘new’ and ‘improvements’, so should you have written new and improvements in the budget papers as well, because it is slightly misleading? I understand you to make a distinction between improvements and new.

Mr BATCHELOR — You will recall I mentioned the \$44 million that was in this year’s budget. The majority of that — almost all — went into new services going into new areas. The major thrust of this initiative is to provide the extended hours of operations, but in addition to that we have got the rollout of the SmartBus corridors that will have orbital connections in arcs all the way around the metropolitan area. In conjunction with the rollout of the extended hours of operations and the SmartBus route services, the orbital services, we are going to see if we can redesign some of the existing bus routes to make sure that they have better coordination either with the trains or the SmartBus corridor and make sure they are going to the places that people want to go.

Mr CLARK — Minister, in relation to the regional fast rail project, is it correct that it is intended that eventually all of the fast trains will be running at 160 kilometres per hour on all routes? If so, what additional cost will be involved in getting the rail network up to a standard where that can occur, and what additional cost will be involved in paying Pacific National under the contract that you have allowed to be transferred to it to maintain the track to the standard necessary to allow the fast trains to run at 160 km/h across all routes?

Mr BATCHELOR — There are four designated fast rail corridors. They are not proposed to be changed. The trains will be able to go at 160 kilometres an hour on all sections of that where it is accredited to go at 160.

Mr CLARK — Is it intended to be accredited along all of the non-metro sections of the route?

Mr BATCHELOR — Of those four or — —

Mr CLARK — Yes, of those four.

Mr BATCHELOR — No.

Mr CLARK — Can you tell us what is going to be accredited for 160 and what is not?

Mr BATCHELOR — No, I cannot.

Mr CLARK — Perhaps on notice, can you give us a map or some other indication?

Mr BATCHELOR — There are sections of it where it has been designed for 160, there are others where it has been designed at speeds of less than that, and I do not know those off the top of my head.

Mr CLARK — I am not expecting you to know it off the top of your head, but if you could tell the committee, that would be useful.

Mr BATCHELOR — No, I do not know.

The CHAIR — So that is not a possibility? Just so I am clear on what you are taking on notice, it is not a possibility?

Mr BATCHELOR — Yes; sorry, it is.

The CHAIR — It is a possibility.

Mr BATCHELOR — Yes, it is.

Ms ROMANES — Minister, there is reference to the output initiative for North Melbourne station on pages 306 and 309 of budget paper 3. How will this project contribute to redressing reliability and capacity issues on the metropolitan train network?

Mr BATCHELOR — Most people would not understand how important the North Melbourne station is and what a key strategic role it plays in providing an interchange function. North Melbourne station, to put it

politely, is a bit old and tired, and it is not capable of meeting those interchange functions. So we are going to spend nearly \$40 million to effectively do two things. It is not to freshen it up or tart it up, so to speak, but it is to provide functional improvements to meet the DDA requirements and more importantly to meet the interchange functions.

North Melbourne station is the opportunity for people who are travelling in on the country trains, who come in particularly from Geelong, Ballarat and Bendigo or from parts of the metropolitan network to the west and north-west, to change to get onto a different sort of loop train. Particularly for country passengers, it is their opportunity. Rather than terminating at Southern Cross station, they might want to get onto a loop train. If that is what they want to do, the place for them to do it is North Melbourne.

The North Melbourne station access to the ramps from one to another is at the existing non-city end of the platform, where the ramps are fairly steep and old. It is very difficult to change from one platform to another. So what we are proposing to do is to provide at the city end of the North Melbourne station access through stairs, lifts and ramps that are modern, with the right ramp gradients, and enable people to quickly change from one train to another, whether it is metropolitan to metropolitan, or whether it is country to metropolitan, so they can position themselves on the best form of public transport where they get close to the inner city to undertake their functions. That is important for them, so that function can be done relatively easily, but it is also important for the reliability of the train network, because if your interchange station does not allow people to undertake that function quickly and easily, it then causes delays to the rest of the network. We are finding that North Melbourne performing its interchange functions at the moment is not only hard, but it tends to then reverberate through the rest of the metropolitan network through flow-on effects, because the trains are dwelling longer than they should at the station because the transfer functions are not absolutely efficient at the moment.

Because of the large number of trains that come through that funnel point, and about 2 million people use this station at the moment — which is expected to double into the future — and to prevent the delays which are brought about by the bad conditions at the moment, we are going to spend this amount of money for the complete makeover of the North Melbourne station. It will allow trains to pick up and drop off passengers more efficiently and therefore stay on time. Not only does it help the people who undertake that manoeuvre, changing from one train to another at North Melbourne, but it is also of direct benefit to the rest of the passengers on that train, because it allows them to keep on timetables and helps to improve the reliability.

There will be other things as well. There will be new information displays for passengers, there will be canopies over the platforms for weather protection, there will be resurfacing undertaken on the platform areas themselves and there will be additional CCTV cameras to improve passenger safety and security. We expect that the next stage of this project that has been under design will be to call for tenders in the coming months. Construction is likely to start later this year or at the early part of next year, depending upon contractual negotiations.

Mr RICH-PHILLIPS — On page 128 of budget paper 3 are the quantitative measurements of passengers carried on the three modes of public transport. I am just wondering if you could provide, probably on notice, to the committee details of the change of methodology that the department has employed as a result of that break in the series. We currently cannot track change in —

Mr BATCHELOR — I can tell you now.

Mr RICH-PHILLIPS — We currently cannot track the change in patronage.

Mr BATCHELOR — Yes, there has been a change in methodology. It is just a statement of factual reality that this is happening. The patronage numbers were based on the old VATS system. Yes, what does VATS stand for? I will tell you in a minute. It is a travel survey system that provided information that allowed estimates to be made on patronage trips being undertaken right across the metropolitan system. It was run out of RMIT and Melbourne University. It provided this travel information based on people filling in quite detailed diaries. This information was tabulated over the years. That service ceased to operate, so we had to develop a new system. We are currently doing that.

The patronage estimates for metropolitan tram and train are now based on a new measurement methodology. This involves factoring up ticket validations that are provided by the automatic ticketing system, and to use that when factoring in a survey estimation to provide an estimate of the patronage on each mode. This change in methodology means a step change in the patronage estimates from 2003–04 to 2004–05. That needs to be considered when you

are doing an historical analysis of patronage over the years. The new methodology will be able to apply to metropolitan buses in 2005–06. That standard stood for the Victorian Activity and Travel Survey.

Mr RICH-PHILLIPS — You have an increase in the bus network scheduled this year to 80.2 million kilometres. How come that is not reflected in an increase in patronage for the bus network? You have roughly a 5 per cent increase in the scope of the network, but you are not expecting anything like that in the patronage.

Mr BATCHELOR — Because of this new methodology?

Mr RICH-PHILLIPS — No, the new methodology is in already in place. It already covers the last two years, according to your footnotes.

Mr BATCHELOR — It was introduced during the course of the year, and it will not be until the end of this year that we will get the full year effects, are able to understand that and use it as a predictive tool.

The CHAIR — Are you still not clear?

Mr RICH-PHILLIPS — The footnote on the figure for passengers carried on the bus — —

Mr BATCHELOR — So where are we?

Mr RICH-PHILLIPS — We are on page 128 and it is in regard to passengers carried on the bus. I am referring to paragraphs (e) and (f); (e) being the new methodology as it applies to 2006–07 and 2005–06. The 2005–06 figure is 80 million, and the 2006–07 figure is 81 million. According to the footnote (e) they both use the same methodology, so that is comparable. But on the distance covered of the bus network, which is two measures above, you have gone from 77 million kilometres to 80.2 million kilometres, which is roughly a 5 per cent increase in network size, but only basically a 1 per cent increase in patronage. I wonder if you can explain why you are not getting the increase in usage of the bus service given you are expanding it is much as you are?

Mr BATCHELOR — The patronage uptake on new services and services extended into the night builds up over time. They do not suddenly reach the maximum potential of a bus service. We have to extract that latent patronage out of the surrounding population and get people to change mode. That takes time, and we are predicting that ramp-up phenomenon to occur on this occasion as it has occurred on other occasions.

The CHAIR — Thank you very much.

Mr MERLINO — Minister, I refer you to page 312 of budget paper 3 in relation to the outer metropolitan roads program — I hope that is a good reference there.

Mr BATCHELOR — You are tender, aren't you? A sensitive young man.

Mr MERLINO — I ask: what type of road projects are likely to be funded with the \$109.8 million allocated to the outer metropolitan roads program?

Mr BATCHELOR — We have had a very strong record of providing road upgrades in the outer metropolitan area during our term of government. It has been a priority and will remain a priority. VicRoads has done a fantastic job and we are upgrading those outer metropolitan roads, not only to improve road safety, but also to improve the efficiency of those connections particularly for buses and for freight vehicles.

These are the things that really get our economy moving. As you say, we have started this year with almost \$110 million of commitments. Amongst those will be \$17 million for the duplication of the Berwick-Cranbourne Road. This is the Cranbourne bypass and the section that we are duplicating is between Pound Road and Thompsons Road, located in the south-east part of Melbourne. It is in that growing part of Casey. It continues earlier commitments that we have given for this road and is part of our long-term strategy. These roads were designed and built to meet a rural population and are now rapidly experiencing very rapid urbanisation on roadsides. There is a lot of industry moving down in that South Dandenong region; people want to get to it, the trucks want to move about and what we are trying to do is provide strategic arterial road upgrades through the outer metropolitan area.

Similarly we are providing \$36.8 million for the duplication of the Western Port Highway. That is the section from the Cranbourne-Frankston Road to North Road. The Western Port Highway is a very key strategic link down into Western Port, Hastings. It is a growing part of Melbourne and in the years ahead of course it has been designated for future port development once the port of Melbourne and Webb Dock have reached their capacity. What we are doing now is not only meeting the current need, but understanding what the future economic lifeline will be. Ron Bowden is always going on about the Western Port Highway — —

Mr SOMYUREK — Three times a day.

Mr BATCHELOR — He is always going on about the Western Port Highway. We are delivering this for him and other people who use that part of Melbourne. There is \$13.6 million being used to duplicate Kelletts Road from Taylors Lane to Napoleon Road. That part of Knox is pretty well built out now. There are lots of people who are using these parts of the road network to leave their dormitory suburbs and commute elsewhere. Others who are there need to go shopping or for other social activities, and the existing road, Kelletts Road, is underperforming in meeting the needs of its community.

The CHAIR — Thank you Minister. Is there any more that you want to add in one sentence?

Mr BATCHELOR — No.

The CHAIR — In relation to rural arterial roads — you have just covered the metro ones — I want to refer to BP 3, page 312. Can you give us some indication of the impact that transport funding decisions made in Canberra have in relation to Victoria?

Mr BATCHELOR — We have undertaken a lot of improvements in the rural arterial roads program and we could do even more if we were assisted by the federal government, but I will come to that in a minute.

We have currently got under construction the Pakenham bypass, the Geelong bypass, the Calder upgrade, the South Gippsland Highway and many other arterial roads in country Victoria. In this year's budget, as part of our transport and livability program, we are providing for their replacement with projects that range from small strategic links like the replacement of the bridge at Barwon Heads. This has reached the end of its serviceable life; if we do not do something about it it could leave people without a direct access across the Barwon River and mean a 43-kilometre detour from one side of the town to the other and break that effective link that currently exists between Torquay and Barwon Heads and the wider region. So there is \$21 million for that. The planning process is being handled by Minister Hulls and we are awaiting that outcome, but we know through the advice from VicRoads based on the safety inspections of this bridge that it does need to be replaced. It is a bit like art imitating life because this is, as you know, the famous bridge from *SeaChange* where Diver Dan was there trying to save the bridge, but it is interesting how life has caught up with that TV synopsis and it is needing replacement very quickly. We have got the money there.

We have the Midland Highway which is sort of a rural ring road, if you like, and between Geelong and Castlemaine we are providing for overtaking lanes and intersection improvements and the sealing of shoulders as a direct attempt to improve road safety in country Victoria, to improve traffic flow, particularly in that arc throughout that part of where — like down in the south-west of the state on the Henty Highway — we are providing nearly \$8 million to upgrade that part of the Princes Highway, primarily for road safety and to improve the efficiency of freight vehicles, particularly the timber trucks that operate down there and to give them better and safer access into the ports.

But we could do more. The federal government takes our money — takes Victorian money and builds roads in Queensland and that is happening at the moment. We pay 25 per cent of the fuel taxes collected by the federal government but it only provides 18 per cent of the road pie back to Victoria; or it is a bit less than 18 per cent. If we had a greater contribution from the federal government, if we just got our fair share, that is all we are asking for. We are not asking for a disproportionately large amount, although if it wanted to give us more than our fair share we would take it and we would spend it. The federal transport minister recently acknowledged at an event down at the Dynon port rail link that Victoria was the only state it could rely on to spend its federal funds in actually delivering road projects and it is having all sorts of troubles interstate. So we say to it again, and we say to our Liberal Party colleagues here, stand up for Victoria and give us some support. Don't sit there passively, Robert!

The CHAIR — Thank you Minister. I need to apologise. I got so enthusiastic about the metro roads that I jumped in ahead of Mr Clark to ask you about country roads so the opposition will have two questions.

Mr CLARK — Minister, can I refer you to your media release of 17 December 2002 in relation to changed arrangements for public transport. You said:

Over the last three years we have seen dramatic improvements in the punctuality and reliability of our train and tram services. Customer satisfaction is at an all-time high, service levels have increased and new state-of-the-art trains and trams are coming on to the network each week.

Since then punctuality and reliability of metro and non-metro services have deteriorated quite markedly. Can you tell the committee what has gone wrong, what are you doing to fix the problem and what benchmarks for improved punctuality and reliability have you set for achievement under the \$10.5 billion package on transport that you announced recently?

Mr BATCHELOR — The service standards are contained in the franchise agreements that are already in place, and there is no proposal to change those. They are a step up on what was previously in place, and when they were renegotiated there were improvements in that service standards fare. You will find that in fact it is like all comparisons: it is what you compare them to. The most effective comparison to undertake is the punctuality and reliability over this period of operation by the current incumbents compared to when it was under operation by the Public Transport Corporation.

Mr CLARK — We might debate whether that is a fair measure. Your remarks in 2002 rightly said the service had improved dramatically under the franchise agreements, and now it has deteriorated. So surely you benchmark yourself against what has been shown to be capable of being achieved.

Mr BATCHELOR — Yes. The metropolitan train performance in the last 12 months is some 5 per cent better than it was under the operation of the Public Transport Corporation, and the performance of our tram network is more than 30 per cent better than it was pre-franchising. This is a direct result of the improvements that have been undertaken. Some disruptions and inconvenience have been caused on our network because of the upgrades that are being undertaken. It is difficult to rebuild the public transport network in a systematic and strategic way without causing some disruptions in addition to that. The positive things you do manifest themselves in impact on service outcomes, so the upgrading of works at Flinders Street station and the construction of Spencer Street, part of the blueprint work, have all had an impact on the train network as a whole. But as those come to conclusion we expect the service performance, particularly of Connex, to improve.

In addition to that, you would recall under the privatisation model that you implemented here there were two train companies. They took control of an integrated rolling stock network under the Public Transport Corporation as two separate companies. What happened was that the rolling stock gradually became less integrated. When National Express went broke we had to re-integrate the rolling stock so it could be efficiently allocated across the network; and that required some modifications, some changes and some re-accreditation. To do that we had to take trains out of active service, and this had an impact on both punctuality and reliability because trains were being either physically modified or drivers were being trained. In addition, one of the ways National Express dealt with the bad franchise agreement during the period of operation of their franchise in that first period before they went broke was not to adequately train drivers for the future. So when Connex had to take over both parts of the network and bring it together, Connex had previously been training drivers for their requirements but found that National Express had not. Connex, the unions, the work force and the government have been working systematically over the last couple of years to make sure that additional drivers are trained. Again, this has had an impact through the shortage of drivers and the need to allocate driving resources to train new drivers is coming through when they could not be used in operational service.

The CHAIR — We are up to 5 minutes.

Mr CLARK — What benchmarks have you set for future improvement under your transport strategy?

Mr BATCHELOR — I answered that at the beginning. The benchmarks are provided for in the franchise agreement and they are continuing.

The CHAIR — Do you want to outline them?

Mr CLARK — In other words, you are not proposing to achieve further improvements as part of your transport strategy?

Mr BATCHELOR — Yes, we will. You asked what the benchmarks were and the benchmarks that exist at the moment will continue. That will be the subject for a future government to determine when this is re-franchised.

Mr CLARK — I think you are being disingenuous in reference to benchmarks.

Mr BATCHELOR — The reason we are undertaking the upgrades, and particularly concentrating on increasing capacity, is exactly for that reason, so the system can perform better. It has greater capacity within it to improve reliability and punctuality.

Mr CLARK — What levels are you aiming to achieve?

Mr BATCHELOR — As I said, that will be the subject of negotiations between 2008 and 2010 when the franchise contracts are next negotiated. The franchise agreements are not changed on an annual basis. When we renegotiated them last time, the service standards were increased and improved from the public point of view.

Mr RICH-PHILLIPS — The annual financial statement for Victoria listed two non-quantifiable contingent liabilities in relation to contracts entered into by the director of public transport in relation to providing public transport during the Commonwealth Games. One was the Commonwealth Games revenue guarantee payment and the other was the Commonwealth Games kilometre payment. Can you tell the committee has any liability crystallised under those contracts as a result of the Commonwealth Games? If so, how much? Is it being funded through DOI or will it be funded through DVC?

Mr BATCHELOR — I might ask Mr Betts to comment if he has got the information at the top of his head, but otherwise we can get it for you.

Mr BETTS — Yes, we can check precise figures, but it was DVC that held the budget through the Office of Commonwealth Games Coordination for the kilometre payment. For the revenue payment no liability crystallised because so many passengers were using the system during the Commonwealth Games that the network actually carried more revenue than anyone expected.

Mr RICH-PHILLIPS — Do you have an approximate idea of the figure on the kilometre payment DVC will have to make?

Mr BETTS — We can probably get you one. We will get back to you as soon as we can.

The CHAIR — That is another item on notice. Thank you very much.

Mr SOMYUREK — Minister, I refer you to budget paper 3, pages 306 and 308 which make reference to concessions for seniors on V/Line. When will these benefits be available and how will they actually work?

Mr BATCHELOR — There are about 830 000 seniors in Victoria; it is a huge number. *Meeting Our Transport Challenges* has a number of elements as to how we are going to improve concessions to seniors. Firstly, on Sundays we will be providing free travel on our metropolitan trains, trams and buses. Seniors will also be able to travel free on Sundays in major regional cities. There is a substantial public transport network operating in country Victoria, so in places like Geelong, Ballarat, Bendigo and a couple of other places they will be able to travel free there as in Melbourne. Secondly, V/Line concessions for seniors will be brought into line with concessions on metropolitan and regional public transport. This means that with this Labor initiative for the first time seniors will be able to access these all day every day on V/Line services.

You would be aware that there have been restrictions in the past and there were days of the week when they were able to get them, and there were other restrictions on other days of the week. We are evening that up. Thirdly, seniors will be provided with two free off-peak travel vouchers a year so they can use them at off-peak times when seats are available. We are really trying to encourage our seniors to get out and about and visit parts of country Victoria they might not otherwise visit, and provide them with an increase in vouchers for that travel. On Sunday they will need to get a ticket from a premium station and they will then be able to use it. Once the smartcard ticket comes in, of course, they will be able to use their long-life smartcard device for the same sort of service.

When we were thinking about the sorts of services that the smartcard technology was able to provide, we thought, 'Is there some way we could bring that in in advance of the smartcard coming in?' and this is the way we are going to do it. Whilst initially this was an initiative, as with the changes to the V/Line concessions it was something that was driven by trying to devise a better set of business rules and concession eligibilities that flowed from the capabilities for a smartcard ticket. We thought that with a little bit of ingenuity and a little bit of give and take we would be able to introduce those early so people can take advantage of those well before the smartcard technology comes into effect.

The CHAIR — Thank you. If you could round off.

Mr BATCHELOR — Yes. You asked when. They will become operational in August of this year.

Mr MERLINO — In August. That is good.

The CHAIR — Thank you.

Mr CLARK — I refer you to the channel-deepening project which is referred to on page 141 of BP3. Could I ask you what is the latest estimate of the total cost of that project, assuming it goes ahead, and what are the government's intentions as to how that cost will be met and by whom?

Mr BATCHELOR — As you would be aware, the Port of Melbourne Corporation is required to conduct a supplementary environment effects statement. That is being prepared at the moment and will be ready to present to the government by the end of this year. The government will then decide when that goes on public exhibition. It is through that environmental process that we will be able to determine the final costs of the channel-deepening project. At this stage we do not know if there are any additional imposts to be put onto the project as a result of that supplementary environment effects statement, and it is too early to predict what the cost of the project will be until the exhibition and the panel hearings and the final report have been concluded. It is our view that the bulk of the costs, when we get to that stage, should be borne by the users — the beneficiaries — of this project. But that is a decision for a future government. What we will be doing is getting the supplementary environment effects statement prepared so the incoming government can put it on exhibition and then make those decisions once the final report is made available.

Mr CLARK — Do you expect the supplementary EES material to reach the government prior to the November election?

Mr BATCHELOR — No, we do not. We have always said that.

The CHAIR — Could you go to BP3 page 120 under 'Managing congestion': you make reference to 'improving tram speeds'. I know that has become a reality on the Sydney Road line too — congratulations.

Mr BATCHELOR — Was that 120?

The CHAIR — Page 120. It is under 'Managing congestion' — 'improving tram speeds'. What are the strategies you have put in place to achieve that objective, and have you got any funding costs that would be of assistance to the committee in that regard?

Mr BATCHELOR — The government — I mentioned this a bit earlier on — started the Think Tram project back in 2004, I think. It was set up to improve the reliability and to try to help trams for the first time run closer to their timetable. It is very difficult for trams; it is just a fact of life, everybody understands that, but we are going to see what we can do to see if we can improve the travel speed of trams and get a greater alignment between their performance and their timetable. We started the Think Tram program, and under our *Meeting Our Transport Challenges* a further \$47 million has been provided. Why are we doing that? Because it is really essential that we modernise our tram infrastructure to ensure that tram travel, which is really important for Melbourne, maintains its role as a key provider of public transport services across the network. We have to be able to improve our efficiency and reliability if it is going to be seen as an alternative to a car.

What we are trying to do under Think Tram is identify different approaches which are tailored to the specific requirements of different locations. For example, in the central business district, we have got six new platform stops. They have been installed on Collins Street, Spencer Street and Flinders Street. These are new ones, and they are working very well. They have improved boarding times, they have improved the accessibility for the elderly

and the disabled, but they have also just made it generally easier to stand and wait for trams for the whole of the broad cross-section of the community.

So there are the new super-stops in the CBD. We have got about almost 6 kilometres of raised dividing strips, which have been installed at places like Royal Parade and Sydney Road — you would be familiar with that, Chair — Spencer Street, Clarendon Street and Wellington Parade, where we provide on the existing road pavement a dedicated spot for the tram to separate it from the congestion that some inconsiderate or forgetful motorists cause and allow the tram a bit of a dedicated pathway through what is a congested part of the road network. These have not only improved the through-flow of tram traffic but have also helped reduce collisions and the risk of accidents. In some places we have even limited right-hand turns. You often see one person in a car prop out of the middle of the road turning right and holding up a number of trams, and in some spaces where there are alternative ways to be able to undertake that traffic manoeuvre we have banned right-hand turns. We have even extended the hook turns down into Clarendon Street. People do see it, notwithstanding the bit of controversy about it, I have to admit. I suppose if it were out in the member for Box Hill's electorate, he would oppose that too.

Mr CLARK — I certainly opposed your kerb access stops — —

The CHAIR — Minister, back to my question, thank you.

Mr BATCHELOR — We have put red paving on the road surface outside tram stops to try to alert motorists of the need to stop and give way to tram passengers, and some traffic signals at almost 100 locations around the city are now giving priority to the trams to minimise the delays there. These are the sorts of things that we are doing in a small location-specific way to improve the efficiency and flow of the trams. We are also examining what can be done in the busiest part of our tram network from, say, Federation Square down to the Shrine to try to improve the efficiency and throughput of the most popularly used section of our tram network.

Mr RICH-PHILLIPS — What is the impact on traffic in the CBD of these super-stops in terms of congestion and traffic flow of motor vehicles?

Mr BATCHELOR — The road grid outside the trams in the central business district is under the control of Melbourne City Council. When we implement these changes, we always do it with the relevant local council.

Mr RICH-PHILLIPS — Yes, but what has been the impact of the changes?

Mr BATCHELOR — In some places it assists with the through-flow, because it keeps both cars and trams moving through. But we are not in control of it. Perhaps you should really direct that question to Melbourne City Council.

Mr RICH-PHILLIPS — I think you have answered the question.

Ms ROMANES — I noticed that the raised yellow dividing strips in Royal Parade are generally working quite effectively; however, at some of the key intersections where there is a right-hand turn arrow for cars a lot of cars are jumping the strips well in advance of that and getting in the way of trams again and generally not abiding by the rules.

Mr BATCHELOR — I have noticed that in Nicholson Street, too.

Ms ROMANES — Do we have some strategies to circumvent that, or will we look into that?

Mr BATCHELOR — Yes, we will. The whole ethos behind the Think Tram or tram priority program is to observe behaviour and try to assist it with engineering and road rule assistance. But if there are any spots where motorists, through traffic congestion, are further delaying the trams and trying to go against the separation of the raised yellow areas or other treatments, then we will ask both VicRoads and Yarra Trams to look at how that can be overcome.

The CHAIR — Can you take on notice any routes that you are able to identify as savings in time for trams? If you have it, can you present that to the committee?

Mr BATCHELOR — Okay.

Mr RICH-PHILLIPS — Minister, previously the budget papers have reported, as a performance measure for VicRoads, the amount of work being done on remedial freeway sound barrier fitment. You no longer have that measure. Can you tell the committee what funding has been provided in this year's budget for the remedial fitment of sound barriers on freeways? Which projects will be targeted by VicRoads in 2006–07?

Mr BATCHELOR — For any new freeway that is built that impacts on existing housing, embedded in the project is a requirement to provide noise barriers. There was also — —

Mr RICH-PHILLIPS — You did have a program for the remedial fitment on existing freeways that do not have them.

Mr BATCHELOR — We have a program where it is provided for all new freeways. I think over the last two budgets there was about \$8 million provided for — —

Mr ANDERSON — It is for part of the Monash Freeway near Sadie Street.

Mr RICH-PHILLIPS — There are a number of sites that have not been fitted. Soldiers Road in Beaconsfield is an example of that, which I am sure the minister is aware of.

Mr BATCHELOR — Any new ones we build, we provide them. I do not know what previous governments have done. You should ask Mr Cooper.

Mr RICH-PHILLIPS — This was the existing Berwick bypass that was opened by the Cain government. Is there any funding in this year's budget going forward, 2006–07, to continue that remedial fitment program?

Mr BATCHELOR — All the funding for noise walls in this year's budget will be spent on those that are new ones currently under construction.

Mr RICH-PHILLIPS — So there is no funding for remedial projects?

Mr BATCHELOR — No, the focus in this year's budget is to provide those in the new programs. Of course there are areas where, if there is an issue raised about noise, investigations will be undertaken to determine whether they are meeting or exceeding the noise levels. But the focus in this year's budget is for new freeway works.

Mr CLARK — In regard to this question of the need for additional noise protection as a result of new freeways, one concrete example is the tollway. The opening of EastLink is expected to put more traffic — and more noisy traffic — on the existing Eastern Freeway from Springvale through to the city; it may well happen at the other end as well. Are you doing studies as to the likely noise effects along the existing freeway sections, such as the Eastern Freeway flowing from EastLink, and therefore investigating the possible need for improved noise protection along those existing freeways?

Mr BATCHELOR — You would have seen on the Monash Freeway some improvements that were made recently for additional noise protection along that part of the freeway. In the standard course of our management of the freeway network, monitoring is undertaken to see how the general increase in traffic volumes has impacted on the pre-existing background noise levels. It is true to say that a bit of a trade-off or a countervailing balance occurs. Noise does increase as you get greater volumes of traffic, but more modern cars, particularly, and even trucks are less noisy than the older types. As the state fleet is replaced with cars of a more modern design, a feature of that is they are quieter, generally speaking, than their predecessors. But we do monitor noise across the whole of the network. As I said, you would have seen — —

Mr CLARK — And in particular the flow-on from EastLink.

Mr BATCHELOR — We monitor them, and not just because of EastLink. We already monitor them, and we will do that across the network.

Ms ROMANES — Minister, we have had some discussion already about some elements of the new ticketing system. Could you inform the committee how the new ticketing system will contribute towards the departmental priority of encouraging more sustainable travel behaviour?

Mr BATCHELOR — Yes. Essentially what we are trying to do with the new ticketing system is to make it really easy for people to use the public transport and have a user-friendly ticketing system that enables that travel experience to be seamless and more enjoyable. Based on the experience in overseas countries, we believe that smartcards, particularly the long-life smartcards, are the way to achieve a whole series of objectives. A key feature of what will be part of our new ticketing system will be the ability of the long-life cards to calculate the cheapest fare for each journey.

At the moment there are combinations of when you can take public transport trips. You can reduce the cost to you and maximise your personal efficiency by when you take them — the number of trips you take over a particular time setting or spread of hours or days. For some people it is difficult to understand many of the complex business rules that underpin those decisions. For some, it is very easy. We find that public transport users generally fall into two groups — those who know how to absolutely maximise the advantages they can get from choosing different ticket products, to those who get a bit bamboozled by it. Notwithstanding the advantages of a multimodal ticketing system, some of the rules are a bit complex. A key feature of the new ticketing system will be the ability for the chip inside the smartcard to be able to make these rational decisions for you and give you the benefit. For example, if you are a regular commuter you might travel into work and someone can give you a trip home again and you take it — or you might travel interstate or something — so you only do one of the journeys, rather than charging you for a daily ticket it would charge you for a 2-hour ticket and it would be able to make that decision at the end of that particular working day. At the end of the working week, if you had been going in and out five days a week you would be able to get the advantages that a weekly ticket provided rather than using, under the old system, five individual daily tickets. These are the sorts of combinations and permutations, even if you understand them, that you still cannot take advantage of with things that are unexpected. You may buy a daily ticket at the beginning of the day and then because of some other circumstance not use it to go home at the end of the day, and the long-life smartcard will be able to make that calculation for you and pass it on to you.

We will also be extending the range of how you pay for your public transport tickets. At the moment you have got to go to specialised retail outlets that have got to carry a broad range of different tickets. They are expensive and they are complicated. We want to encourage people, if they are familiar and happy with the retail outlets, to continue to use them, and encourage people to do it over the Internet — you can do it through call centres and over the phone — but another feature of the technology will be that you will be able to do it through direct debit in the way that people do with their e-tags, where you can choose to have a direct debit from your bank account so that once it gets to a predetermined level it is then topped up, so it is very easy for you. I think with Transurban now that is growing in popularity amongst the users of e-tags. People have become confident and understand how it works. The same thing will be offered — it will not be compulsory — with the smartcard, so that as you pass through readers you will be able to have the stored value on your public transport ticket topped up so you will always have sufficient money there to undertake the sort of journeys that you want to do.

The CHAIR — Could you conclude on this sentence please, Minister.

Mr BATCHELOR — Yes, I will conclude on this point. On trams we are going to make sure — not only on trams, but all ticketing machines will take notes. This is a key problem that keeps coming up time and time again. Robert would remember it was a key feature of the previous government's ticketing system.

Mr CLARK — Is it correct that the train protection warning system is no longer going to be fitted to Pacific National's freight locomotives, and is that because it was found that there was a potential for false tripping of the braking system when fitted to those locomotives which would of course cause difficulties? If that is the case, why was that system selected in the first place if it was not suitable for all the trains running on regional rail lines?

Mr BATCHELOR — The train protection warning system was a system designed — the prime focus of it — to provide protection for passenger train services. It flowed from the issues that arose out of the inquiries into the tilt train accident in Queensland and the Waterfall accident in New South Wales. Essentially it is a mechanical device to try to give advice to the train driver in relation to their speed, and it is important for passenger trains to provide the protection for the people that they are carrying that this is applying, and that is why we have not only applied it to the V/Locity trains but also to the other trains that travel along those corridors. It is to do with the speed and being able to send a signal to the train to get it to stop automatically or without the direction of the driver if certain circumstances that are benchmarked are established or breached.

In terms of the freight network, the trains on the freight network travel at much lower speeds. They do not need to travel at the higher speeds, the 130, which is the sort of standard of the Sprinters, or the 115 that some locomotives travel at or the 160 which is standard for the V/Locity trains. They are travelling more slowly, so they are not required to be fitted, because the requirement, the standard if you like, was that the passenger services were to meet a no-less-safe standard, and that does not apply on those freight trains. We do not believe there is any evidence that the TPWS would result in false trips of freight trains, however, as you suggest. I am not sure what is driving the question.

Mr CLARK — Was it originally intended that the system be fitted to those locomotives and was that intention dropped?

Mr BATCHELOR — I am being advised that it was originally discussed.

Dr SMITH — My understanding is that in the initial draft policy released by the then safety regulator it was suggested that it be fitted to freight trains but on further analysis it was found to be not necessary.

Mr CLARK — So it was not necessary rather than because there were problems with it that caused it to be dropped?

Dr SMITH — No, it was not necessary to meet the safety requirements, as the minister has outlined.

Mr MERLINO — Minister, I refer you to the rural and regional public transport services output group on page 129 of budget paper 3 and further to the earlier discussion regarding the Commonwealth Games, could you outline to the committee what steps were taken to provide rail services during the Commonwealth Games period for rural and regional Victoria and provide details of the take-up of those services?

Mr BATCHELOR — As Mr Betts has already indicated, the public transport during the Commonwealth Games was a huge success. It was a huge success in the minds of the people who used it; it was a huge success in the minds of the broader public who observed what was going on; and it was a huge success both in metropolitan Melbourne and in country Victoria.

In regional Victoria I think V/Line and its staff performed very, very well. Credit goes to the working staff and management at V/Line for the great effort they put in. The core of that were the \$10 tickets that were made available to people travelling to the Commonwealth Games either as spectators or as volunteers. They proved to be very popular. Almost 100 000 trips were taken using these tickets. I guess that is one measure of the success. There was a huge volume, way over what we thought would be the case. The other measure is that everyone is now lining up to take credit for the success of it. There is no-one here from The Nationals so I can get stuck into them, because they are running around saying it was their idea — far from it. I use that as an example because when you have a success they come out of the woodwork and the logs to try and take credit for something that was not of their doing. I think the tally has shown that over the 12 days of the Commonwealth Games V/Line carried nearly 350 000 customers. Normal patronage during this period would have been just under 200 000, so they carried close to 150 000 people extra — that is about a 74 per cent increase. That is the sort of task they did over that 12-day time period.

On the Geelong line and out to the south-west patronage was up by some 88 per cent; on the Ballarat line it was up nearly 77 per cent; on the Bendigo line it was up 76 per cent; on the Traralgon line it was up 73 per cent; and up to Seymour it was up around nearly 40 per cent. So you can see that people really did vote with their feet and take advantage of it, and it proved to be very popular.

Another measure was that V/Line carried out some customer research. They surveyed more than 400 passengers down at Southern Cross station on the final two days of the games. They wanted to find out what their customers thought, and 91 per cent of respondents rated their travel experience with V/Line as good or excellent. Of those passengers who were using V/Line for the first time or were only occasional users but were really impressed with it during the Commonwealth Games period, 62 per cent said they would travel more frequently as a direct result of their use during the Commonwealth Games. From our perspective it was a really fantastic result. It was a once in a lifetime opportunity, and V/Line stepped up to the mark. Good on them.

Mr RICH-PHILLIPS — Minister, can I take you to page 129 of BP 3, which has the customer satisfaction measures for trains, trams and bus services. For 2005–06 you set target of 75 per cent customer satisfaction — —

Mr BATCHELOR — It was 129, was it?

Mr RICH-PHILLIPS — Yes, the top of page 129. You set a target of 75 per cent customer satisfaction for each, train services, tram services and bus services. For that year, 05–06, you failed to meet it for any of them — 64 per cent for train, 71 per cent for tram and 68 per cent for bus, which was in fact lower than the continuing year. But rather than continuing this year with a target of 75 per cent, all you have done is lower the target to meet last year's failed achievement level. Can you explain to the committee why you did not maintain a target of 75 per cent and work to achieve that, rather than simply lowering the target to meet last year's outcome?

Mr BATCHELOR — I think I covered that, to be fair, before when we said that one of the things we are doing in public transport for the first time for a long time is that we are improving the core infrastructure. When you do that, it creates some difficulties, some disruptions, and for the travelling public — whilst they are going to get the benefit of that in the future — there was a drop in the customer satisfaction index during that period of time.

Mr RICH-PHILLIPS — But why have you lowered the target?

Mr BATCHELOR — As you would know, we have announced a huge increase in upgrades to the metropolitan network, and that is going to have an impact. We are just being realistic. As we continue to rebuild, strengthen and increase the capacity of the network, it will have an impact on some lines.

Mr RICH-PHILLIPS — All right. When will you restore the target to 75 per cent?

Mr BATCHELOR — That will be a decision we will make in future years — or for the future government to make. I do not know. You might be making it; I do not know.

Mr SOMYUREK — Minister, I refer you to budget paper 3, page 129 — rural and regional public transport services. My question is similar to Mr Merlino's — the question before last — but I would ask you to please outline to the committee what steps have been taken to extend these services, and not particularly rail services.

Mr BATCHELOR — Sure. We have undertaken some extensions to services in the rail area, and we have also done this in relation to buses. In particular I take you back both to the provincial statement that was handed down by the Treasurer, *Moving Forward*, and our new transport and livability statement where there were significant enhancements made to improvements to regional bus services. The strategy in both those areas was to increase the spread of regional bus services and to try and improve the connectivity of existing and new bus services to the improved train services, particularly the regional fast rail.

In addition to that we have also seen the opening up of new railway stations. Down near the Warrnambool campus of Deakin University we have provided a new platform station there, at the university campus. It operates in such a way as to provide a service for students who want to leave for the weekend and come back on Sunday. The services to Warrnambool which previously passed through, because there was no place to stop — we have provided a platform so the train either going to Warrnambool or coming back from Warrnambool to Melbourne provides a stop. On Friday they leave Sherwood Park at about quarter to six bound for Melbourne, and they return Sunday night. So with a simple thing — it is not to provide high-frequency, day-in, day-out, hour-in, hour-out service at the same standard as Warrnambool, because it is not required there, but at peak times for the university students — that is what we have done.

Down in Geelong, in the same corridor, we have provided the new station down at Marshall. By late 2005 the level of train services had increased to some 58 per week. This will service that new, growing area down there in Grovedale. The Warrnambool train line was there, so the infrastructure was there — this is on the Warrnambool side of Geelong. So the idea was to provide a station for the growth area of Grovedale that could be serviced both by the Warrnambool trains and by extending the Geelong service down past Geelong to Marshall. They have got the benefit of both the Geelong trains and the Warrnambool trains coming down.

Mr CLARK — Could I take you, Minister, back to the issue of the deal that was negotiated with Transurban? In your earlier answer you said that agencies under your responsibility have obtained various pieces of advice from various entities. Could you either now or, perhaps more likely, on notice provide the committee with a list of which contractors provided various pieces of advice to those agencies or to you and what advice respective contractors provided? Also, could you tell the committee who the probity auditors were for the negotiations with Transurban?

Mr BATCHELOR — The financial negotiations were, as the Premier indicated, carried out by the Department of Treasury and Finance. What the role of the Department of Infrastructure was was to look at the traffic estimations and to look at the engineering and design issues. That is what we did. As far as advising you which of the external consultants that we used to undertake those tasks, I would be happy to provide you with a list in due course of who we used.

Mr CLARK — The probity auditor?

Mr BATCHELOR — You should address that. I think you have got to see Mr — —
You have Mr Brumby to come before you yet, haven't you?

Mr CLARK — So you did not have a probity auditor involved with your aspects of the deal?

Mr BATCHELOR — You should address that question to Mr Brumby.

Mr CLARK — I want to ask you in relation to your aspects. If you did not have a probity auditor in relation to your aspects, then please just say so.

Mr BATCHELOR — We provided — I received my advice from the Department of Infrastructure and VicRoads.

The CHAIR — Right. Minister, could you go to BP 3, page 120; under 'Metropolitan growth and transit cities' there is reference made to the continuation of the SmartBus program. Given my office is in Bell Street, it is a subject dear to my heart. I would like you please — —

Mr BATCHELOR — We would have to widen it to get it through. Which side — —

The CHAIR — How wide a bus do you want?

Mr BATCHELOR — No, we do not.

The CHAIR — What are the next milestones for the delivery of this important program?

Mr BATCHELOR — We have announced over \$650 million for the SmartBus program to provide these orbital routes around Melbourne, and ultimately the SmartBus system will provide almost 500 kilometres of SmartBus travel. As I think I said earlier, this is larger than the tram network. We have identified them by colours to help differentiate one from the other, and I think we had a map of them before. If you have not got a map, you could — —

The CHAIR — Appropriately, mine are red.

Mr BATCHELOR — There is a very detailed map similar to this one that is based in the documents that came out supporting *Meeting Our Transport Challenges*. Both the summary document and the full plan document, I am sure, have maps available in them, yes. There is the red orbital route which we believe will be operational within three years, and that is going to run from Mordialloc all the way to Altona, and that will be via Box Hill, Heidelberg, Northland, Preston, Essendon and Sunshine. The green orbital route will be operating within four years, running from Edithvale to Airport West via Doncaster, Eltham, Greensborough, Epping and Roxburgh Park. The yellow orbital route will be operating within six years, running from Frankston to Tullamarine via Knox, Blackburn, Greensborough and Epping.

There are also parts of those routes that are already in operation on Blackburn Road and Springvale Road, and there are SmartBus services being developed at the moment in Stud Road, Warrigal Road and Wellington Road.

Wellington Road is a bit different in the orbital sense because it runs parallel to the trunk corridors that are serviced by train lines, but in this section here, out to Rowville of course there has been no railway reservation provided in the past. As a consequence we are not able to provide fixed rail out there, so we are providing a SmartBus corridor that will go from Rowville, not just down to Monash University and Huntingdale station but beyond there to Chadstone, Oakleigh and the Caulfield campus of Monash University to provide a high frequency, long hour span of operational hours for that important link between the two campuses.

The CHAIR — Thank you very much.

Mr BATCHELOR — Mr Somyurek?

Mr SOMYUREK — Just a supplementary.

The CHAIR — You want one too, do you?

Mr SOMYUREK — This is hypothetical, Minister — —

The CHAIR — No, you are not allowed to have hypotheticals. If you want to be specific, you can — —

Mr SOMYUREK — Could AFL park have survived had the SmartBus been around?

Mr BATCHELOR — Would it have survived? Hawthorn, was it not? You would have had Jeff Kennett out there.

The CHAIR — Now we will go to Mr Gordon Rich-Phillips.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the level crossing upgrades program. Can you tell the committee which individual crossings you have gone to tender on to seek the upgrade work and if there are any for which you have not received expressions of interest against those tender requests?

Mr BATCHELOR — I think you are referring to the ones that were announced in December 2005. There were 11 of those, and there is one of those that has been changed because it is not yet ready. There was one at Lake Road in Stawell — —

Mr RICH-PHILLIPS — Sorry, whereabouts was that?

Mr BATCHELOR — It is in Stawell. It is a small country town out in the west — —

Mr RICH-PHILLIPS — I know where that is, Minister.

Mr BATCHELOR — Have you been out there?

Mr RICH-PHILLIPS — I have probably been there more often than you.

Mr BATCHELOR — I doubt it. It is out in the western part of Victoria. That was part of the original contract. It is not able to be progressed in a timely way because of requirements to resolve issues with the local council and the operator, so we have replaced that with one in Bank Street in Avenel as part of that 11. We expect those 11 will be completed by the end of the calendar year 2007.

Mr RICH-PHILLIPS — Those are all through the expression of interest stage?

Mr BATCHELOR — They do not go through an expression of interest stage. They go through a tender. I do not think it is an expression of interest.

Mr RICH-PHILLIPS — You have received an expression of interest?

Mr BATCHELOR — Yes, we have awarded a contract. Whether they start off as an expression of interest, I know I'm not going to go into too much detail — but these ones have been awarded the contract. It is expected that the contract with the replacement of Lake Road at Stawell with Bank street in Avenel — they all should be completed by the end of 2007.

Mr RICH-PHILLIPS — Did you go to market with the Stawell one before all of these problems arose?

Mr BATCHELOR — It was in the original tender process. The problems arose. Because it is a program, it will be picked up eventually, but we did not want to let go of that opportunity of only doing ten, so we put one in to replace it whilst those other issues get resolved. I am not sure the details of those, but then it will come back on stream once they are dealt with.

The CHAIR — We will have one question from Ms Romanes, one question from Mr Clark and then we will conclude.

Ms ROMANES — Victoria now has in place several policy documents and strategies which impact on transport planning. For example, we now have *Melbourne 2030 — Linking Melbourne*, the *Metropolitan Transport Plan*, *Moving Forward*, *Linking Victoria* and parts of *Growing Victoria Together*. You informed the committee earlier about your intention to report annually on the implementation of the \$10.5 billion transport plan that has been released. Will consideration be given to merging some of those past planning initiatives into a framework for either future planning, management and planning or reporting in terms of providing reports back to the Parliament and to the community in this way?

Mr BATCHELOR — Some of them are whole-of government plans which deal with transport as a subset of them, like *Growing Victoria Together*. It has its own reporting mechanisms and it is administered by the Premier. But others that are more transport focused, like the *Metropolitan Transport Plan* and *Meeting Our Transport Challenges* are of course administered solely by the Department of Infrastructure. It is important to understand that our metropolitan transport plan laid the conceptual framework for our transport and livability statement. It provides a philosophical and conceptual framework that allowed us to make these particular budget decisions that form the basis of *Meeting Our Transport Challenges*, our transport and livability statement. So it is the guiding framework for the practical outcomes that are contained in this document here. We are proposing to consolidate them, because at the moment one feeds into the others and will still continue to do that.

We envisage that in the years ahead there of course will be additions to *Meeting Our Transport Challenges*. I have often said — although not here, I am a bit remiss in that, I suppose — that *Meeting Our Transport Challenges* is a comprehensive statement of what we are going to do, when we are going to do it and how much money is going to be provided to it. It is very comprehensive, it has time frames, it has budget allocations and it has a process of reporting back in a detailed budget way. But it is by no means exhaustive of what the government is going to do.

In the years ahead, because of circumstances which arise at a given point in time or if there is a need for a new initiative to be added to it, it will be added to. The really important thing is that, as the Treasurer has explained, there is a new reserve that is going to be created. The reporting will occur in two ways. At each annual budget from now on — we started in this year's budget — there will be an identification as to what the initiatives are going to be in that it will be funded in that budget and the following forward estimates period. Also in the budget process, there will be a report of what has been spent in the preceding year as part of *Meeting Our Transport Challenges*. I think it is properly useful to see appendix B in budget paper 4 on page 223. Do you have that there? That is probably it.

The CHAIR — Budget paper 4?

Mr BATCHELOR — It is in budget paper 4 on page 223. This is the first reporting this year. Whilst the ink is barely dry on our document *Meeting Our Transport Challenges*, in the annual budget process, prepared by the Treasurer, there is a report on what is intended to happen in the years ahead. That will be added to by looking back at what we have been able to achieve in the preceding financial year. That will be reported on an annual basis whilst we use up that \$5.9 billion reserve, the *Meeting Our Transport Challenges* reserve, that the Treasurer has set up to give certainty that the money is going to be there to provide surety for these projects which take a very long time to deliver. But the budgetary commitment is there and is available to future governments to deliver those projects.

The CHAIR — Mr Rich-Phillips?

Mr BATCHELOR — Are you still searching Google?

Mr RICH-PHILLIPS — It is amazing what you can find, Minister.

Mr CLARK — Minister, I have been looking at your final slide during the course of the hearings which of course shows Spencer Street station, or Southern Cross station, whichever you prefer to call it. You may be aware that Peter Fitzgerald who did, at the Treasurer's instigation, a critique of PPPs post-2002 gave a speech to the Fabian Society on 29 March 2006. I was not actually at the presentation, but I have read the text of his speech on the Fabian Society web site. He says that back in 2002, Ken Davidson of the *Age* suggested that the payments for the developers at Spencer Street station were to exceed \$1 billion. Mr Fitzgerald then said:

The ministers

— and I think he means you and the Treasurer —

subsequently wrote an article saying he didn't understand the deal and even with inflation it wouldn't exceed one billion. I have a copy of the state's financial report — the total is now \$1840 million ...

He also queries:

More than \$1.8 billion so that the private sector can build us a nice roof?

Firstly, has the cost turned out to be greater than you expected at the time that the contract was entered into, and secondly, do you still believe that the public has got good value for money out of that contract?

Mr BATCHELOR — There is no doubt the public has got good value for money. All you need to do is go down there — if you would like a tour, I can organise that for you or for the committee, if you would like. You can see for yourself the value of it. The difficulty is Mr Fitzgerald has based some statement on Kenneth Davidson, who has probably based it on something Paul Mees told him. It is not appropriate to comment on their financial assessments. Both of them, or all three of them, are usually off the mark, off the planet. I have not read his speech. I was not there, like you. I have not searched Google for it this afternoon, so I am not going to comment on his speech.

Mr CLARK — Leaving that aside, has the cost of the project increased compared with your original expectations?

Mr BATCHELOR — There is a settlement that is being resolved at the moment. Once that has been finalised and agreement to the text and substance of it has been reached and it has been signed, we will answer what the current cost is. But it is a building contract which is the subject of a dispute between the operator, Civic Nexus, and their builder, Leighton. It is not a contract between Leighton and the state.

Mr CLARK — When do you expect the settlement to be concluded and therefore the cost to be identified?

Mr BATCHELOR — I have not been advised when it will be concluded. We have already indicated that as soon as is, we are happy to make it available.

The CHAIR — Thank you very much to the Minister for Transport, witnesses from the Department of Infrastructure, the support team that is here and those who have not attended but who prepared your briefing notes and the information for the PAEC secretariat; we express our appreciation. As I said earlier, the Hansard transcript will be emailed to you. Once you receive it, if there are any corrections, can you fax them to us within 48 hours? We will also be forwarding those questions you have taken on notice, together with some from the secretariat that were not asked today. Thank you very much.

Mr BATCHELOR — I would be happy to give a commitment about those that I have given a commitment to today.

The CHAIR — Thank you.

Committee adjourned.