

# VERIFIED TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into budget estimates 2007–08

Melbourne — 10 May 2007

#### Members

Mr G. Barber	Mr G. Rich-Phillips
Mr R. Dalla-Riva	Mr R. Scott
Ms J. Graley	Mr B. Stensholt
Ms J. Munt	Dr W. Sykes
Mr M. Pakula	Mr K. Wells

Chair: Mr B. Stensholt  
Deputy Chair: Mr K. Wells

#### Staff

Business Support Officer: Ms J. Nathan

#### Witnesses

Mr T. Pallas, Minister for Roads and Ports;  
Mr H. Ronaldson, secretary;  
Dr A. Smith, deputy secretary, capital;  
Mr T. Garwood, executive director, freight logistics and marine;  
Mr R. McDonald, executive director, corporate resources; and  
Mr G. Liddle, chief executive officer, VicRoads, Department of Infrastructure.

**The CHAIR** — I declare open the Public Accounts and Estimates Committee hearings on the budget estimates for 2007-08 for the portfolio of roads and ports. On behalf of the committee I welcome Mr Tim Pallas, Minister for Roads and Ports; Mr Howard Ronaldson, the Secretary of the Department of Infrastructure; Dr Alf Smith, deputy secretary, capital; Mr Terry Garwood, executive director, freight logistics and marine; Mr Gary Liddle, chief executive officer of VicRoads; and Mr Bob McDonald, executive director, corporate resources, departmental officers, members of the public and also the media.

In accordance with the guidelines for public hearings I remind members of the public that they cannot participate in the committee's proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers, as requested by the minister or his chief of staff, can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room.

All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review; however, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. There is no need for evidence to be sworn. All evidence given today is being recorded. Witnesses will be provided with proof versions of the transcript to be verified and returned within two working days of this hearing. In accordance with past practice the transcripts and PowerPoint presentations will then be placed on the committee's web site.

Following a presentation by the minister committee members will ask questions relating to the budget estimates. Generally the procedure followed will be that relating to questions in the Legislative Assembly. I ask that all mobile telephones be turned off.

I now call on the minister to give a presentation of no more than 10 minutes on the more complex financial and performance information for the portfolio of roads and ports. Thank you, Minister.

**Mr PALLAS** — Thank you, Chair, and thank you members for the opportunity to address you briefly on issues of significance in the roads and ports portfolio.

#### **Overheads shown.**

**Mr PALLAS** — Since 1999 the Bracks government has invested over \$4 billion in building better roads across Victoria, including \$2 billion on regional roads. We have committed \$10.5 billion over 10 years in Meeting Our Transport Challenges to improve transport infrastructure and services in an integrated way. The 2007-08 budget continues to address issues in the roads and ports portfolio. This financial year we have seen an acceleration of road projects, and we will invest a further 236 million in the 2007-08 budget. We will target congestion with a \$30 million congestion improvement plan, and we will spend 194 million on key urban and regional arterial roads.

I will elaborate on the key 2007-08 budget initiatives shortly, but let me first turn to the key financials in the 07-08 state budget papers. Favourable weather conditions have enabled us to achieve record levels of project expenditure in 2006-07 in both operating and capital expenditure. We are ahead of schedule in many of our major road projects, including the Calder Highway upgrade and EastLink, and of course there is the Tullamarine-Calder freeway interchange and the Albury-Wodonga bypass.

Higher investment in the 07-08 financial year reflects a continuation of the government's road building program, Meeting Our Transport Challenges projects and new commitments announced in the 07-08 state budget. The 2007-08 new projects total 236 million for road improvement and were approved, and the estimated spend on these commitments in the 07-08 budget is \$68 million. As you can see, by comparing the actual expenditure in the financial year 05-06 with the revised budget in 06-07, we intend to more than double the capital expenditure from \$416 million to \$850 million. The 07-08 capital expenditure is planned to be a massive \$935 million.

Let me turn to the operating expenditure issues. We have maintained operating expenditure on our road system at a steady rate over the budget period. As a result of our record capital expend in 2006-07 there has been an impact upon our operating expenditure. These impacts are largely as a consequence of higher depreciation at about \$22 million, higher land expenses associated with completed projects at around about \$55 million, and increased expenditure on a number of road safety projects.

In addition, the 07–08 budget includes 3 million to investigate and develop detailed requirements for a new registration and licensing system and 5.3 million for walking and cycling programs, and allowing for CPI.

We face some significant challenges to both our roads and our public transport networks, and there is a growing consensus that congestion is the single biggest issue in transport. Strong population growth together with economic growth is the most significant influence on demand for transport in Victoria, and often congestion is a by-product of a thriving city and a thriving economy.

This map and the next one, which I will take you to shortly, highlights the congestion points on our road network in 2004 and then projected forward to 2021 in the morning peaks. They assume no further action by the state government other than projects already under way or committed to. The government is currently providing major transport infrastructure through EastLink and the upgrading of the Monash West Gate corridor, and there is a current assessment under way in terms of east–west travel needs for Melbourne.

This is a package of projects designed to reduce congestion and improve traffic flows at critical locations on the metropolitan arterial road and freeway network. The package builds on commitments to fight congestion made under the Meeting Our Transport Challenges package, which provides 10.5 billion over 10 years to improve transport infrastructure and services and as such is the biggest single investment in our transport system ever undertaken by a Victorian state government.

In the 2007–08 budget the government has allocated 30 million over the next three years for a congestion improvements package. As a UK transport report identified in December 2006, congestion pinch points can have an enormous improvement on the efficient operation of the road system, but infrastructure alone cannot alleviate congestion. Changes in the way people use the transport network are critical to attacking the problem in the long term. Some of the ways that these changes are being addressed are through increased funding for walking and cycling programs. Yesterday my colleague the Minister for Public Transport outlined initiatives designed to ensure that public transport can play its role in easing congestion. Today I will detail the road projects under way and being added on through this year's budget.

The map shows some outer metropolitan roads projects since 1999. There have been 19 projects completed, 22 that are in progress and 4 that were announced in the 07–08 financial year. The 41 projects that have been committed before the 07–08 financial year are valued at \$576 million, and the four current announcements are valued at \$109.5 million.

Some of the outer metropolitan roads projects currently under way include the Taylors Road rail grade separation at 54 million, the Somerton Road duplication project at 33.7 million, and the Plenty Road duplication project at 24.5 million.

In this year's budget the Bracks government is delivering on commitments made in Labor's financial statement for 2006, the third term of government, to deliver a safer, more efficient and less congested road network. The upgrades include the Thompsons Road duplication in Carrum Downs and Cranbourne at \$52.5 million — two separate areas of road, Ferntree Gully Road at \$32 million, and Vineyard Road at \$25 million.

But the commitment to rebuilding and improving our road network does not stop at Melbourne. As you can see on the map on the screen, the Bracks government has a proven track record of investing in regional roads and bridges. Since 1999 there have been 147 bridge improvement projects, valued at \$82 million. This investment has enabled 99 per cent of all Victoria's bridges on arterial roads to be accredited to higher-mass levels, allowing access by B-doubles to most of regional Victoria. This is a substantially higher proportion of the network available to these vehicles than in other jurisdictions, as a result of this government's investment. These higher productivity vehicles have provided a substantial benefit to freight operators in Victoria.

The new roads announced in the 07–08 budget in country and regional Victoria include the Geelong ring-road at stage 4 at 62.5 million; and the Glenelg Highway at 3 million, to construct both east and westbound overtaking lanes on the highway between Scarsdale and Linton.

Victoria's regional road network provides important freight links to the rest of the country. It is well known that Victoria gets less than its fair share of funding for land transport from the federal government. We received about 16.5 per cent of the AusLink national projects funding for the 04–05 through to 08–09 financial years. That is against Victoria representing about 25 per cent of population, gross national product or travel by heavy vehicles. If

the commonwealth comes good with a fair share of funding for AusLink 2, Victoria will be able to undertake more projects from 2009–10 onwards. On Tuesday I was pleased to see the Deputy Prime Minister promise to give Victoria its fair share of the 22.3 billion for AusLink 2. We expect him to honour that, because Victorian industries, councils and communities will expect no less. We also believe that Victoria must get its fair share of the \$250 million funding for the strategic regional roads that have been allocated in 2007.

Moving to road safety, based on current trends, Victoria is on track to achieve the Victorian road safety strategy Arrive Alive target of 20 per cent reduction in road fatalities in 2007. In 2006 Victoria recorded 6.6 deaths per 100 000 per population, compared with 8.2 deaths per 100 000 for the rest of Australia. At the recent Australian Transport Council meeting, the actions taken by Victoria to reduce its road toll, particularly those to address speeding and implement road-based safety treatments, were strongly supported. Indeed Victoria was identified as a model jurisdiction in addressing road safety initiatives. Recent trends are positive, with the 2007 country road toll as at April standing at 12 fewer, compared to the same period in 2006. An estimated 46 fatalities on country roads have been prevented to the end of 2006, since the introduction of Arrive Alive in 2002.

As part of the government's *Meeting Our Transport Challenges*, the government has committed an additional \$597 million to road safety over 10 years. This will allow us to further improve road infrastructure across the state. We will continue to utilise planning and research to develop a new road safety strategy to build on Arrive Alive and to provide the direction to help reduce the road toll further.

Briefly on to ports, Victoria's four commercial trading ports — Melbourne, Geelong, Portland and Hastings — each year handle in excess of \$80 billion of trade, the majority of which is international import and export trade. These ports play an important role in our economy and are a vital asset to our freight and logistics sector, the third-largest sector in the state, which involves some 16 000 businesses and provides employment to more than 200 000 Victorians. As a government we remain committed to the channel deepening project, subject to it obtaining state and commonwealth approvals. This project is essential to maintaining the port's efficiency and effectiveness and will deliver \$2.2 billion in benefits over 30 years.

We are also progressing the Dynon port rail link, as shown on the screen, which will support the government's target of increasing the proportion of port-related freight moved on rail. Scheduled for completion in 2009, this project will markedly improve rail access to and from the port. We are also planning for the future needs of our commercial ports: Geelong, the second-largest port, which handles about 25 per cent of Victoria's exports; Hastings, which has been identified as a future container port to complement the port of Melbourne; and Portland, which provides international access to markets in western Victoria and south-eastern Australia.

In summary, the government is tackling head on the significant challenges to the health of our roads and ports infrastructure. We will work to ensure our ports can prosper and grow, and to fight congestion on our roads, in our transport networks more generally, in order to achieve our economic, social and environmental goals. We will continue our work to maintain the lowest per capita road toll in Australia. Through an integrated program of infrastructure provision, far-sighted land use planning and encouragement of travel behaviour change, the Bracks government will create better transport choices for all Victorians and ensure the proper planning and delivery of sustainable transport infrastructure for the benefit of current and future generations.

**The CHAIR** — Thank you, Minister. An hour and 20 minutes has been allocated for questions on the roads and ports portfolio. I might start that off by asking what impact do you expect the portfolio spend to have on productivity in the 2007–08 year, particularly in terms of new initiatives?

**Mr PALLAS** — I suppose as a basic observation I would say that investing in roads not only saves lives, it cuts travel times and it delivers economic benefits through improvements to the freight access system. Transport, fundamentally, is about moving freight and moving people. Urban passenger transport is essential to making sure that we have got adequate access to our commercial activities, our workforce commuting, that we make sure that business and travel and customer access to goods and services is handled efficiently, and also that those accesses are the fundamental underpinnings of our economy. We need an integrated approach as a government. I do not see my job as the minister for roads to essentially advocate for a particular form of transport. I see my job as minister for roads to make sure that the road system functions efficiently. Of course we cannot forget the basic observation that about 88 per cent of all public transport journeys are made on our road system. Obviously the road system has a substantial contribution to productivity both in terms of access to work and the movement of freight. Of course as we do provide legitimate choices for people to determine what their mode of transport is we do free up our road

system for other forms of economically desirable activities. The bottom line in terms of my assessment is that an investment in roads is an investment in a holistic approach towards transport and the economic needs of the community.

In terms of the direct investments that the state has made, of course the \$30 million we have introduced through the congestion improvement plan to tackle some of Melbourne's biggest congestion hotspots. As I have indicated, it does not actually require government to make substantial investments in terms of major capital upgrades. Quite often a lot of the improvements in our congestion areas and therefore the economic efficiency of our road system, putting aside the livability issues, can be addressed through effectively providing a well-structured investment around those congestion hotspots. Also, we have put \$110 million into outer metropolitan roads. These arterial roads are essentially the building blocks of our transport system, particularly in outer metropolitan areas where there is a higher dependency upon road-based public transport than there is access to the rail-based system. The commitment of \$62.5 million to begin the first stage of stage 4 of the Geelong ring-road is a further commitment to the future of south-west Victoria and will reduce travel times and improve the reliability of freight and people movement; 7.3 million, improving our walking and cycling options not only will improve productivity by reducing congestion in respect of certain parts of the network but will also provide for healthier lifestyles in terms of the community more generally.

Some of the more substantial investments are ongoing of course: the 39-kilometre EastLink project, which it is anticipated will generate something in the vicinity of \$15 billion worth of economic activity to the state when it opens.

Similarly, the Monash West Gate corridor — \$1 billion worth of spending or thereabouts on activity, and that investment in itself will deal with one of our busiest corridors, hopefully addressing congestion.

If I could perhaps hand up to you a document that I found quite illuminating. This was in a well-respected journal — I am sure, Bill, you would confirm this on inspection — the *Bairnsdale Advertiser*. It identifies Victoria's hot spots. It is actually taken off a website by a real estate property adviser. In respect of this we have got a property researcher, Terry Ryder, who essentially gives advice on property hot spots — areas that are good to invest in — and essentially what he said in the *Bairnsdale Advertiser* of 9 March 2007 was a ringing endorsement of the government's policies in respect of road infrastructure. He said:

It is Victoria's new road infrastructure that is really fuelling the emergence of these new hot spots.

He was talking about national hot spots, not Victorian hot spots.

History shows that major new roads have big impacts on property values, and Victoria is currently in the middle of a huge transport infrastructure upgrade.

He goes on to say:

This new transport infrastructure represents billions of dollars of investment that will not only generate economic activity but also lift real estate values in select areas due to reduced travelling times, improved services and flow-on economic activity.

I thought his concluding comments were probably the most ringing endorsement:

The state economy is solid, the population is growing and the real estate market is sound, which has laid a strong foundation for future capital growth ...

While other states are grappling with infrastructure and transport problems, Victoria is busy building new roads, revitalising suburban areas and facilitating major new infrastructure and industrial projects.

**Dr SYKES** — What does the *Warrnambool Standard* say?

**Mr PALLAS** — I am sure that it would be a bipartisan view in terms of the wonderful investments we have made. But could I just say that the reason I wanted to draw that to your attention is that as a government we recognise that there is a lot that still needs to be done in terms of infrastructure spend. The one thing that Victoria has going for it is essentially a long-standing commitment by governments to making investments in terms of our infrastructure, our roads and our transport-related infrastructure, and the reason that has been so important for Victoria is we are the freight logistics hub of the nation.

Our port carries about 40 per cent of all the container trade across the nation, and our rail and our road accesses into the port are critically important in terms of the improvement and demonstration of the value of the port and its facilities. But this is something that we cannot simply take for granted just because we are the freight logistics hub of the nation, and it is one of the attributes that sets this state apart. It is one of the few great economic assets — certainly we do not have the natural resource attributes of other states; so continuing to invest in our road and our transport infrastructure more generally is critical.

**The CHAIR** — Thank you, Minister. I certainly am a strong believer that well-built infrastructure can have a major input into productivity, and I am reassured that we are supposed to be getting a fair share of the federal funds. I did say yesterday I was a bit concerned about the need for federal investment in infrastructure here in Victoria, so I hope that what you say is correct. My calculation may have put it closer to 20 per cent rather than 25 per cent.

**Mr PALLAS** — Mine is a hope, not an assurance, Chair.

**Mr WELLS** — Minister, I guess if it is in the *Bairnsdale Advertiser*, it must be true, but I am fascinated to know that there is nothing there that relates to East Gippsland.

**The CHAIR** — There is Gippsland Lakes.

**Mr PALLAS** — I think it actually does go on — —

**Mr WELLS** — It talks about EastLink and the Pakenham bypass, which is nowhere near it. But anyway, moving along.

**Mr PALLAS** — The important point was it is about access to the city as well, which provides an economic opportunity in this area.

**Mr WELLS** — Okay. I am glad it was in the *Bairnsdale Advertiser*. I am just wondering, Chair, if I can seek clarification on the minister's preamble before I ask my question; is that okay?

**The CHAIR** — That is okay, as long as it is not too long, because a lot of people want to ask questions.

**Mr WELLS** — You mentioned that bay dredging was going to have a benefit to the Victorian economy of 2.2 billion over 30 years. Is that right?

**Mr PALLAS** — That was the figure that I quoted, yes.

**Mr WELLS** — So that is a benefit to Victoria of 70 million a year?

**Mr PALLAS** — I think the Treasurer may have addressed you on this when he was here. There have been a series of economic assessments done that deal with the net economic benefit of channel deepening, and the Treasurer has gone to great pains to say that both the port and the state government have sought to get as conservative models as possible so that they can be unimpeachable.

**Mr WELLS** — If you are saying the figure — —

**The CHAIR** — Moving on to the question.

**Mr WELLS** — I am just surprised that its 70 million.

**Mr PALLAS** — I should clarify that what the Treasurer made clear at the time he unveiled these costings was that it is important to realise that this has not been an attempt to quantify the economic benefit to the state as a whole but rather as to direct users of port facilities.

**The CHAIR** — I think there were a number of externalities left out, including national impact.

**Mr WELLS** — My question relates to bridge strengthening and replacement projects. When was the last independent — independent — safety audit and report carried out on the West Gate Bridge structure; who carried out that audit; what structural defects were identified; what recommendations were made; and have all the recommendations and remedial work being carried out?

**The CHAIR** — How does that relate to the estimates?

**Mr WELLS** — I refer to budget paper 3, page 128, which is directly ‘Bridge strengthening and replacement projects completed: metropolitan and regional’.

**Mr PALLAS** — I can certainly say there is no doubt that the investment as part of the Monash West Gate upgrade that the government is proposing should occur will have a very substantial benefit in terms of being able to assure the community of the increased load that the Monash West Gate will be required to hold as a consequence of the improvements in terms of uplift capacity proposed through the Monash West Gate upgrade. It is about \$1 billion, as I have indicated, in terms of collective contribution.

The \$166 million that I think is directly earmarked in respect of the bridge strengthening aspect of this project is essentially a contribution aimed at recognising that not only are we having a more efficient and therefore a higher uplift capacity on the bridge as a consequence of this project, but equally importantly when the bridge was built the volume of traffic or the average size of traffic in terms of maximum carrying capacity that was anticipated in terms of trucks was about 25 tonnes. It now has trucks as heavy as about 68 or 69 tonnes travelling on the bridge. It is approaching its middle years and so will require constant attention.

In respect of issues relating to the frequency and the recent nature of inspections on the bridge I will have to defer to my departmental advice.

**Mr LIDDLE** — Just to talk briefly about that, there have been a number of reviews carried out on the bridge over a period of time, and those reviews were completed in 2006. As a result of those reviews we are now implementing a project to upgrade and strengthen the bridge to, as the minister said, take the traffic loads that are expected of a bridge of that sort these days.

**Mr WELLS** — Can I just clarify then, so that was an independent safety audit in 2006?

**Mr LIDDLE** — There have been independent structural reviews, yes.

**Mr WELLS** — Have all the recommendations in the report been carried out? Have all the structural defects identified been addressed?

**Mr LIDDLE** — As I indicated, a project is being developed to carry out the recommendations that will ensure the bridge will continue to carry the loads it is required to carry.

**Mr WELLS** — All right. Who carried out that report? Who wrote the report?

**Mr LIDDLE** — The independent reviews are informing the project that VicRoads is developing to ensure the bridge can continue to carry its loads as required.

**Mr WELLS** — Yes, but the point being: who did the independent safety audit?

**Mr LIDDLE** — There have been a number done over the period of time. I cannot detail them all.

**Mr WELLS** — So they were all external to VicRoads?

**Mr LIDDLE** — There have been some internal, some external.

**Mr WELLS** — But the one in 2006 was external?

**Mr LIDDLE** — As I said, there have been a number of reports, the last of which was completed in 2006.

**Mr WELLS** — That was external?

**Mr LIDDLE** — I cannot recall which ones were internal and external.

**Mr WELLS** — Can we take that on notice?

**The CHAIR** — We will take that one on notice.

**Mr SCOTT** — Minister, I refer to budget paper 3, page 127, which refers to a range of measures relating to the road network in regional Victoria. Could you please advise the committee of what the government is doing to address the needs of country road users?

**Mr PALLAS** — Yes. I thank the member for his question. Last week, when we delivered the budget, we, as a government, were intending and desire to continue improving country roads and keeping Victorian drivers safe. Since coming to office, as I have indicated, we have invested over \$4 billion in the road network, and \$2 billion on rural and regional roads. In this year's budget more than \$90 million will be spent solely on regional roads. Also we will be spending \$687 million from the 10.5 billion Meeting our Transport Challenges plan, which was announced last year and is designated specifically for the rural arterial improvement investment program.

So since coming to office the government has worked hard to strenuously improve regional roads. We said at the election that there is more to be done. To illustrate that, since 2000 we have invested more than \$250 million on average in terms of capital upgrades to our country roads; in 2006–07, last year, we invested over \$341 million in country roads for safety projects, upgrades and maintenance; and in the upcoming financial year we will again be investing more than \$300 million in country roads. This includes projects such as shoulder sealing on the Midland Highway, the installation of safety barriers on Deans Marsh Road, and road realignment on the South Gippsland Highway from Loch to Bena, just to name a few. On top of this, we have got \$92.8 million that we have contributed towards projects which include the continuing duplication of the Calder Highway, the Geelong ring-road, the Albury-Wodonga bypass and the Goulburn Valley Highway, Arcadia section.

As previously indicated, since Arrive Alive we have reduced the fatality rates across Victoria by 467 deaths, or 18 per cent. I have also indicated that we have had about a 46 reduction in deaths across country Victoria over the same period.

Country trends, however, do indicate that fatalities and serious injuries for run-off road and intersection crashes in country Victoria do persist. And we recognise that the problems are many fold. They include driver behaviour. Quite often and unfortunately we see that three consistent factors appear — speed, alcohol and fatigue. The government has made some substantial efforts both in terms of addressing not only the physical layout of our roads in country Victoria but also recognising that we do have an obligation in terms of educating young drivers in country Victoria, expanding our pre-licence arrangements through the Keys Please program for learner drivers and parents or carers, and also the Looking After Our Mates and community programs.

In addition to that, we are introducing essentially a graduated licensing system to put in place a series of measures to make sure that young drivers are adequately prepared for driving on our roads more generally.

**Dr SYKES** — Minister, I am from the country and I sometimes have a bit of trouble with numbers. I am just going to work these numbers back to you to see that I have got it correct.

**The CHAIR** — I do not know anyone from the country being a bit shy on numbers.

**Dr SYKES** — My understanding of the road death figures is that back in about 2001 country road deaths constituted 37 per cent of the total road deaths. Since that time there has been a substantial reduction in the road deaths in the city — down I think to about 144 per annum. But country road deaths have actually increased from about 187 per annum to 193 in the last year, resulting in country road deaths accounting for 57 per cent of all road deaths now.

It is interesting when you present the figures to the committee that you choose to quote state average figures, which are favourable, but you do not pick up on the disproportionately high percentage of country road deaths, other than to mention that country road deaths are 12 less at this time of the year than last year. If this is indicative of an ongoing trend, it is highly desirable, but as you would well know it may be a blip, and it has got to of course have gone a couple of more years for that outcome to be there. So, is my understanding of the figures correct?

**Mr PALLAS** — Your understanding is correct in terms of the absolute figures. Certainly the number of fatalities on country roads is reducing. They are just not reducing at the same rate, essentially.

**Dr SYKES** — Sorry, 187 in 2001 to 193 last year was either steady or rising, and it is only this year — and the year is not yet complete — that we have had what appears to be a reduction of 12. I don't call that reducing. I would say at this stage it is encouraging, but it is not an indication of a reducing pattern.



**Mr PALLAS** — I suppose it depends on what period you want to look at. For example, if you look at the — —

**Dr SYKES** — I am giving you the period 2001 through — or thereabouts — to now, a six-year period.

**Mr PALLAS** — For the Arrive Alive period we actually take two years. I think they are the two years immediately preceding the creation of that period for a baseline.

**Dr SYKES** — I am asking for the period 2001 through. That is the period that I am quoting.

**Mr PALLAS** — Going back to the documentation I produced, which I think you can accept unless you want to take some exception to it, it is unimpeachable in terms of the figures related to both Melbourne fatalities and country fatalities. We can see that in January 02 there were about 200 country fatalities and a little bit over 220 in Melbourne. Those figures in the country trended to about 220 by about May 2003, and the current figures demonstrate that in terms of country fatalities, using the last three months — well for the last six months, since that time the numbers have been consistently below 200.

**Dr SYKES** — 200 in 2002. I think it would be more accurate, rather than have monthly trending, it is better to look over the annual figures for the six-year period. With due respect, my figures I think originate from the RACV, and I think they are a creditable authority.

**Mr PALLAS** — I think so are the Victoria Police and VicRoads. After all, they are the people who collate the figures, so whatever RACV is doing, it is essentially manipulating the data.

**Dr SYKES** — Okay. I will stand by my figures. That being the case, the RACV also recommends there be an allocation. Recognising, as you have said, that there are a number of factors contributing to road fatalities — and I agree with those observations — but all of that said, the RACV recommends \$200 million a year extra going into country roads for 10 years to overcome these issues.

**Mr PALLAS** — Is that what the RACV say, Bill?

**Dr SYKES** — That is my understanding.

**Mr PALLAS** — My understanding is that they put out a press release which talks about 200 million being spent consistently on country roads. My understanding also is that The Nationals put out a similar press release. Quite frankly, if it does nothing more it just demonstrates how little The Nationals realise that this government is increasing expenditure on country roads since it came to government.

**Dr SYKES** — So are you suggesting that the Labor government is already meeting that target?

**Mr PALLAS** — I am suggesting that we are spending more than \$200 million on country roads.

**Dr SYKES** — Let's clarify what the definition of country is. Is the Geelong ring-road country?

**Mr PALLAS** — Anything outside of metropolitan Melbourne constitutes part of the total in terms of country roads. Of course, the figures you are relying on for the veracity of the country road toll included Geelong, so if we are going to have a point of conjecture here, let's at least be consistent.

The point that I make to you is this. We know that if you do invest in country roads, road design has a substantial improvement in terms of the capacity to reduce the loss of life, and this government is doing a substantial amount of work in terms of that investment — for example, as I have indicated, \$341 million last year, over \$300 million again this year. This is an enormous expenditure in terms of our commitment to country roads.

I do not know what level of expenditure you would see as being acceptable, but I can make this point to you: that if you believe it is the entire community's responsibility or government's responsibility to do something about country roads, why is it that The Nationals and the Liberal Party have been absolutely silent when this government has been running out a campaign essentially requiring the federal government to do the right thing by Victorian roads and to give us a fair cop, a fair shake when it comes to funding roads? To give you a clear illustration about how this could be used to improve the wellbeing and add to the involvement that this state is putting in, if you look

at \$127 million that the federal government has up until now put into regional strategic roads, only 14 per cent of that funding — 14 per cent — has actually been allocated to Victorian roads; some 16 projects.

Now quite frankly, I can understand your desire to represent your constituency and to see that the government is doing all it can reasonably to protect country people. But what I cannot understand is why it is there are people on your side of the Parliament who do not recognise that this is an issue that has to be above politics — this is about people's lives. When this government goes out and says, 'We believe Victoria deserves a fair share', it is not because we want to build monumental infrastructure edifices. It is because we actually believe if we build these roads, we will save people's lives. We actually agree with you on that, but we need your help to reinforce the message. If you are saying this government is making inadequate contribution to infrastructure, I will take exception to it. If you say that if we had more money that we could invest in infrastructure, it would save lives, I will agree with you. But that means all shoulders to the wheel, Bill.

**Dr SYKES** — Can I just finish with a specific question — —

**The CHAIR** — I think you need to finish quickly.

**Dr SYKES** — With respect, in relation to the funding program, there was some mention I think that you had spent more this year because of the dry conditions and were ahead of schedule. It is my understanding — —

**The CHAIR** — I think that is a separate question, Dr Sykes. Can you ask that next?

**Ms GRALEY** — To move outside of Melbourne again to the Geelong ring-road, I refer to budget paper 3, page 30. Can you please advise the committee what the government is doing to ensure that appropriate funding is made available to ensure this vital road link will be completed in the most effective configuration for local residents and through traffic?

**Mr PALLAS** — I suppose this government's commitment to building the first part of stage 1 of stage 4 of the ring-road, the Anglesea overpass — we have allocated 62.5 million in this year's budget for that project. We have also been asking the federal government for some time to share the costs of stage 4 with us. In August last year, the Prime Minister assured the Premier that this funding would be considered in the context of future AusLink funding deliberations. This is an issue of concern to us, because in this week's federal budget the federal government has backed away from that commitment and effectively told us that it will not be considering funding for stage 4 because it is not on the AusLink corridor.

I have got to say I think this idea of the federal government, which seems to be increasingly taking a doctrinaire view about what constitutes a corridor, is going to do this nation a great deal of damage, because we know economic activity is not exclusively restricted down a corridor. We know, for example, if you create congestion around a corridor, it has an effect upon the efficiency of that corridor itself. The mere fact that the federal government is saying the Anglesea overpass because it crosses over the Princes Highway is outside the corridor, strikes us as a somewhat confusing and a dangerous position to be adopting.

I am disappointed that we have not been able to take the Prime Minister at his word on this issue. I am not sure why they do not consider it part of the AusLink corridor anymore, as I know we have not moved the road since the Prime Minister indicated they were prepared to consider it as part of the corridor. In fact just weeks after the Council of Australian Governments and the Australian Transport Council recognised the importance of state governments investing in and around AusLink corridors, we get the federal government writing to this government indicating that it refuses to consider something that is off-corridor for the purposes of funding. So it has effectively reduced the capacity for us to approach this in a cooperative way.

I do want to say that I am increasingly concerned about what this means for the integrity of the AusLink process. If you look, for example, at the Goodna bypass, which is sometimes described as the Ipswich Highway, we have seen a \$2.3 billion road essentially being committed to by the federal government against the preferred wishes of not only the state Premier, the state opposition leader, who happens to be in the same political party as the Prime Minister — sorry, the state Liberal leader, and also the mayor of Brisbane. What concerns me about this is essentially we have \$2.3 billion worth of investment — —

**The CHAIR** — Perhaps we should be on Victoria, I think.

**Mr PALLAS** — This is directly apposite to Victoria, or maybe it is opposite to Victoria. I am not sure which, and I will get to that in a second. But the Goodna bypass essentially is a \$2.3 billion investment in a road. Now the traffic modelling on that road shows that there will be about 85 000 users of that road come 2012. The traffic modelling on and around Geelong and the Geelong ring-road shows that it will have about 78 000 users. We cannot get even one-thirty-fourth of the contribution to a road that the community wants essentially because the federal government does not want us to ring-road Geelong — —

**Mr WELLS** — I mean, it put aside half a billion dollars for the Scoresby freeway.

**Mr PALLAS** — So we are going to go onto the \$232 million we are still missing, are we, Kim?

**Mr WELLS** — So half a billion dollars to the Scoresby freeway! You lied to the people of Victoria, and you gave up half a billion dollars.

**Mr PALLAS** — You will take some comfort from the knowledge in knowing, Kim, that the federal government allocated \$400 million out of this AusLink funding for the Goodna bypass. We are \$232 million short, so you know where that money went and where it came from, don't you? And quite frankly, if people think that that is in the interests of this community to make cheap political points at the expense of Victorians and Victorian road interests — —

**Mr WELLS** — Cheap political points!

**Mr DALLA-RIVA** — He is doing it now.

**Mr RICH-PHILLIPS** — What do you see as a fair go or a fair share? Is it per capita funding? It is based on the size of the road network? Is it based on — —

**Mr PALLAS** — It is a very good question. I think the key to that answer is to essentially rely on what the Liberal Party believes is a fair go. If only I could find my handout that I was previously seeking to put up. I think this is particularly useful in the sense that we have consistently said that a fair go is 25 per cent.

**Mr RICH-PHILLIPS** — Based on population?

**Mr PALLAS** — It is based on three principal factors. It is based on GDP, our share of all freight activity and also our share of fuel excise levy. This is a press release from the second Kennett ministry. It is a press release from Geoff Craige who was then the Minister for Roads and Ports, a very august portfolio — —

**Mr WELLS** — This is 10 years old, come on!

**Mr DALLA-RIVA** — We are talking about the current budget. Move on mate.

**Mr PALLAS** — No, no — —

**The CHAIR** — Can we hear the minister please?

**Mr WELLS** — Where is the relevance? It is 10 years old.

**Mr PALLAS** — I understand principle might be irrelevant to you, Kim — —

**Mr DALLA-RIVA** — You are living in the past Minister. Move on!

**Mr WELLS** — You have got to be kidding!

**Mr DALLA-RIVA** — This is last century, Minister.

**Mr PALLAS** — Yes, well of course in the last century the Liberal Party had a few principles.

**Mr BARBER** — On a point of order, Chair.

**The CHAIR** — Can we hurry up?

**Mr PALLAS** — Can I take you directly to the issue and to the question that I was asked?

**Mr BARBER** — On a point of order, Chair.

**The CHAIR** — I will just hear the minister for another minute.

**Mr PALLAS** — The question that was asked was: what do I see is an appropriate basis under which the share is determined? Essentially Mr Craige said that he believed that an appropriate share in terms of Victoria's indication should be in line with — —

**Mr DALLA-RIVA** — Do we need to listen to this Chair? It is not relevant.

**Mr PALLAS** — Yes, I know you do not like this — —

**Mr DALLA-RIVA** — This is 10 years ago. Minister, move on! What are you doing in the next 10 years? Don't worry about what happened 10 years ago.

**Mr PALLAS** — Federal funding should be in line — —

**The CHAIR** — Can we listen to the Minister, please.

**Mr PALLAS** — You will have to hear me out, because I will continue.

**Mr WELLS** — How many public servants have you tied up looking for this?

**The CHAIR** — Deputy Chair, can you just let the minister finish? The question was asked. It was out of order, I must admit, in terms of what share, which actually followed on from what Ms Graley said. The minister produced this and says it is 25 per cent. I think we will move on to the next question, Minister.

**Mr PALLAS** — If I could Chair, because this is important and this is about an issue — —

**The CHAIR** — Very quickly, please.

**Mr PALLAS** — The issue of principle is this: what do we see is a fair share?

We say 25 per cent of economic activity. The reason we say it is 25 per cent of activity — we are not doing it for short-term political objectives. This is consistent with the way this government has acted, regardless of its political persuasion, over a decade. Essentially we intend to retain that consistent approach.

**Mr BARBER** — From budget paper 3 — in fact on page 364 is the Growing Victoria Together target of 20 per cent by 2020.

**Mr PALLAS** — On public transport?

**Mr BARBER** — Yes. It goes up to 2005–06 on this chart. I am wondering why we do not have an estimate for 2006–07 or a forward estimate. Earlier in the budget papers we certainly have a forward estimate for how much public transport usage we expect this year, which is the numerator. What has happened to the denominator, or is this a discontinued output? Is Growing Victoria Together a discontinued output?

**Mr PALLAS** — I would have thought that probably the — —

**The CHAIR** — So your question is: what is the figure for the current financial year?

**Mr BARBER** — The estimate for the year that we are in, and the forward year as a percentage.

**The CHAIR** — It is actually about public transport as a proportion of trips, but you are meant to be talking about roads and ports, Minister. If you like — —

**Mr BARBER** — Eighty per cent of the public transport trips occur on roads.

**The CHAIR** — I understand that. I am asking the minister — —

**Mr BARBER** — He is the minister for roads, which is the denominator — car use. I have got the numerator; I want the denominator.

**Mr PALLAS** — That is very good. I was actually going to open up with an observation that I am not the Minister for Public Transport despite the fact that I have an abiding interest in public transport, because obviously it does impact quite substantially upon my portfolio responsibilities. Then I was going to use the figure of 88 per cent of all public transport trips actually occurring on roads.

**Mr BARBER** — You used that figure; I heard it.

**Mr PALLAS** — I just wanted to use it again. But could I say that it is more appropriate that this issue be taken up with the public transport minister. She was here yesterday. I am surprised that you did not take that opportunity — —

**Mr BARBER** — But I have got the data from the Minister for Public Transport. I now need the data from the minister for roads, which is the rest of the motorised car trips — this is the percentage of motorised trips.

**Mr PALLAS** — The percentage of motorised trips; I think I can actually help you a little bit with that.

**Mr BARBER** — It is PT trips as a percentage of motorised trips.

**Mr PALLAS** — Hadn't you found this table yesterday, Greg?

**Mr BARBER** — I actually had another question, and then I realised that we were not going to get through the questions, so I went to this question.

**Mr PALLAS** — I suppose if you like we can — —

**Mr BARBER** — Can we confirm that I can get that figure?

**Mr RONALDSON** — Yes. We can do research on it. I can chance my arm, but my feeling is that there is very little change, although patronage has gone up substantially on public transport. The plain truth is that a strong economy is chugging along a lot more trips in total, of which the majority are still on the road. So if you are measuring them as a proportion, although there has been a big increase in public transport patronage, I would have thought there would be not much change, to be honest.

**The CHAIR** — All right. You will take that one — —

**Mr BARBER** — The Growing Victoria Together measure is not any old output.

**Mr RONALDSON** — I know that.

**Mr BARBER** — You are saying you do not know how many people travel on the roads — —

**The CHAIR** — They do up until the end of last year.

**Mr RONALDSON** — I am happy to go away and do the sums. We would have the data; we can do the sums.

**The CHAIR** — Minister, I just want to refer you to budget paper 3, page 108, which refers to developing improvements infrastructure. In your presentation you talked about reducing congestion. One of the key bottlenecks has been on the Monash West Gate, and I know there is one just near the end of my electorate down at Warrigal Road — at the interchange there. There are other bottlenecks along this particular corridor. So I am just wondering if you can give more specific detail about what is happening and what is going to happen in terms of improving the traffic flows on this corridor.

**Mr PALLAS** — In terms of the Monash West Gate corridor?

**The CHAIR** — Correct.

**Mr PALLAS** — I suppose the first observation I would make is: as a government the most substantial contribution we can make to these issues is around the upgrade and improvement of roads more generally and a recognition that the improvements that we are making will have a dramatic impact upon the wellbeing of vehicle travel.

The Monash West Gate project, of course, is a very substantial project that the government is currently undertaking. It is a project that for its part seeks to contribute about a billion dollars into improving traffic flows. To give you an appreciation of how substantial that project is, we believe that there are about 160 000 vehicles that actually use Monash West Gate corridor every day. There are about 20 000 trucks that go down that corridor every day and about 15 per cent of that corridor is actually taken up by freight, which is a very substantial proportion. It is an important corridor and it is clearly under pressure. It is important not only because of its capacity to service our suburbs, but it is also important because of its linkages to the port. I do not know if we have got copies of this. Have we got copies of this?

**Mr RONALDSON** — Yes.

**Mr PALLAS** — This will give you a graphical description. If I could table this document which will give you an understanding of the Monash West Gate improvement program that the government has got in store, and I will take you through, in due course, the upgrade that is proposed.

In terms of the government's plan: a direct government investment of \$737 million to upgrade the Monash West Gate; 166 million from CityLink to essentially revamp their capacity; and 120 million to strengthen and reinforce the West Gate Bridge — I might have said earlier it was 166 million for the strengthening of the West Gate Bridge so I will have to correct that as I speak now; it is 120 million.

So the upgrades will include things like reversible lane flow management; over and underpasses to separate weaving movements; plus additional traffic lanes between the West Gate Bridge and CityLink tunnels; additional traffic lanes on the Monash Freeway and Glenferrie Road to Heatherton Road; and a freeway management system to regulate traffic entering the freeway over the 75-kilometre stretch, effectively from Werribee all the way through to Narre Warren.

**The CHAIR** — They are those lights which allow a couple through every time.

**Mr PALLAS** — It will be a system that is integrated, in terms of the capacity to manage it centrally, but part of that will, of course, be ramp metering, allowing greater capacity for cars to move smoothly into traffic flows. So peak-hour travel times will be reduced, road capacity increased and road safety further improved under the plan, which, as I say, constitutes essentially a billion-dollar plan. The project will increase capacity, it will increase safety and deliver more reliable road movements for freight on this important part of the network. These works, as I say, will stretch about 75 kilometres in length, and are likely to save the community something like \$14.5 billion through more efficient usage and productive travel time. Pre-construction activities, including survey geotechnical investigations, initiation of land acquisition and preliminary design have commenced on all sections of the project, with construction itself due to begin in late 2007. So the current status of each section — probably it is better to hand over to Alf or Gary.

**Mr LIDDLE** — I can talk to it.

**Mr PALLAS** — Just to take you through the technical aspects of the work.

**Mr LIDDLE** — Just referring to the plan that we have given out, there are really five components of the work that are being done. Working from the left of the page is the easiest way. Part of the project is about contra-flow on the West Gate Bridge, and that is still very much in the planning stage. The next section between the West Gate Bridge and the tunnels, the CityLink tunnels, is going to be delivered by an alliance contract, and in fact the alliance partners for that project have been selected. So those partners are actively working at developing the design and the cost estimate for those works. The tunnels themselves do not change and the project is about maximising the use of the tunnels, so there is no additional works to be done on the tunnels.

The widening of the southern link from the tunnels out to basically Toorak Road is actually the work that is being undertaken by CityLink. They are also delivering those works under an alliance contract and again they have selected the alliance partners and that work is actively being designed ready to start construction later this year.

The next section out from Toorak Road to Warrigal Road is a section also being delivered by VicRoads. That work is also being delivered as an alliance contract and at the present time we are in the process of selecting alliance partners for that particular section.

The section from Warrigal Road through to Heatherton Road is being delivered as a design and construct contract. The tenders from the first of those design and construct contracts. The tenders for those have been received and are currently being evaluated.

I guess sitting over the top of all that, the description at the top of the plan is really about the freeway management system which, as the minister said, is really an electronic management system to ensure we maximise the throughput on the freeway itself. So that is a quick overview of what is being proposed in the program and where it is at.

**The CHAIR** — Thanks very much; it is very, very useful. It is a big project, particularly in terms of the productivity gain.

**Mr RICH-PHILLIPS** — Minister, I might take you back to the Geelong bypass stage 4 works. There is, as you said, \$62.5 million in the budget and at this point no federal funding. The Premier said last year that if federal funding was not forthcoming the state would complete the project itself. Is it still the government's position that it will complete the project from state resources? If so, over what time frame and what is the current estimated total cost of the project?

**Mr PALLAS** — There are a few questions there, but I suppose the first question — I believe a question somewhat similar has been asked previously of the Treasurer about where the funding would be. Let me be clear that this government is committed and will conclude the Anglesea overpass stage and we will also put the funding in, \$3 million, for planning related to what is described as 4c, the Surf Coast connection. That is not funded this year in terms of capital expend. There is only 62.5 million. We had expected and we do continue to agitate for the federal government to do the right thing in terms of contribution towards the Anglesea overpass, but we as a government have made it clear that if the federal government will not pay for this important piece of work, something that actually meets the expectations of community, then we will.

If the question goes to where will the funding come from, I think the Treasurer has already spoken to you and given assurances that there is sufficient unallocated capital available for the purposes of funding — —

**Mr RICH-PHILLIPS** — More unallocated capital?

**Mr PALLAS** — The government does not see any change in terms of the delivery timetable for this project. So if I could take you through, we do not see any change to the time frames. I will take you through each of these stages.

Section 1, Princes Freeway to the Midland Highway, started in February 06 and is planned to be completed by March 08. Section 2, Midland Highway to the Hamilton Highway, September 06 through to October 08. The Hamilton Highway through to the Princes Highway, September 07 commencement and completion by December 09. What is essentially the Anglesea overpass, Princes Highway to Hams Road, is mid-08 and due for completion in mid-2010.

We do not see any change in the timetable. As I say, if the federal government does not intend contributing to it then that is unfortunate. It essentially means that the government will have to make that contribution. But I do want to make this point and I think it is one that essentially has to be made for the purposes of being clear about why the government sees it is important that what is up until the Anglesea overpass, I think about a \$380 million project, is being dealt with hand in hand with the federal government, dollar for dollar, and why we think it is important that they continue that process.

When we changed the name of this road from a bypass to a ring-road we did it quite advisedly. We did it because we actually saw that that met the expectations of the community. Certainly what the community is saying is that it is not about getting away from Geelong; it is being able to get around and give people options in terms of mobility.

The federal government's principal argument is they do not like the route that we chose. Let us be clear: this was chosen by an independent panel. Why did the panel choose the route and not one that the federal member for Corangamite might prefer? It was essentially because there were something like 8000 vehicles that would otherwise not be available to use that road and therefore find themselves traversing through 29 sets of lights down Latrobe Terrace. Essentially this is what the community wanted, and that is why the government basically got behind it.

Now I can understand if the federal government's view is that essentially it believes that what we have done has been capricious and not reflective of the community's views, but we essentially had a very long process that has involved the community, that has involved an independent panel process. It would be an environmental disaster if we were to build a road over the Waurn Ponds valley — a \$100 million extra cost to that. It would essentially require about a two-year delay, both in terms of specification and planning. So essentially as a government we are committed not only to completing the Anglesea overpass; we are committed to completing the conclusion of that ring-road all the way through to the Surf Coast Highway, therefore opening up opportunities not only to the people of Geelong but to the people of the south-west of Victoria and the Surf Coast.

**Mr RICH-PHILLIPS** — The other part of the question was the current estimated cost of stage 4.

**Mr PALLAS** — As we have described it, it is 62.5 by 2, so what is that — 123?

**Mr RICH-PHILLIPS** — It is 125.

**The CHAIR** — Maybe there will be some more expenditure coming forward towards the end of the year, but probably for Corangamite!

**Mr PALLAS** — If we get our fair share we can at least expect that.

**Mr DALLA-RIVA** — Minister, I refer you to budget paper 3, on page 363. It is in relation to the freight transported by rail to and from Victoria's commercial ports — Melbourne, Geelong and Portland. It details a rapid decline in freight volumes transported by rail over the past seven years.

The heading of the page says:

The proportion of freight transported to and from ports by rail will increase from 10 per cent to 30 per cent by 2010.

Given that is the case, and also given the fact of my understanding that the only rail shuttle service goods train between the port of Melbourne and Altona was closed in February this year, can the minister explain how he is going to achieve the 30 per cent by 2010, and does he still stand by the statement as outlined in the budget papers?

**Mr PALLAS** — Yes. Obviously as a government we have taken a view that it is critically important that we identify a target, and that is certainly what the proportion of freight transport to and from the ports by rail is. We are seeking to increase it from essentially 10 per cent to 30 per cent by 2010. It is clear that around about 2005–06 the rail freight share was around about 16 per cent, largely as a consequence of what we would see as being largely driven by drought and other economic conditions. Essentially a lot of the material that has been transported by our rail freight system has also been reduced in terms of volume, and the freight task is largely being carried out by rail.

**Mr DALLA-RIVA** — Just on that point, Minister, the budget paper says:

The proportion of freight transported to and from ...

So you are saying that the drought, in terms of, I gather, grain and other transport, proportionally — I am trying to put it in the context of the statement in the budget papers. I am asking how can you say it is just the rail transport when this is about a proportion? I guess it is similar to Mr Barber's, a similar context. It is a proportion of freight, I guess, comparing rail to other transport means. I understand what you are saying. I gather you are saying there has been a reduction therefore in transport by road of grain because of the drought and other things.

**Mr PALLAS** — In terms of absolute volume — —

**Mr DALLA-RIVA** — I know you have the overhead there in respect of the ports overview — that one there. Is there any reason why you have closed the rail shuttle at the moment?

**Mr PALLAS** — I will take you through those issues. I should make the point that in terms of the broad rail freight network the responsibility is with the public transport minister, but I am happy to deal with the question because it does relate to ports activity and, of course, our relationship with our intermodal hubs, particularly in metropolitan areas in Geelong, and I have responsibility for those matters.

Can I say, yes, if you have a substantial deterioration in terms of the volume, it does not follow axiomatically that there is necessarily only a reduction in rail freight. The fact is that there is a higher proportion of freight moved by



rail that essentially is moved as agricultural product than on our roads. There is a higher proportion of that by volume, so it has a disproportionately higher effect upon the meeting of the target.

In a broader sense, the government has taken a view that we are committed to working towards achieving this target. Yes, it is an ambitious target, but, quite frankly, this is an ambitious government. Our objectives are served most effectively, I think, when you look at the sort of infrastructure spend that the government is putting in place and working in cooperation with others in terms of achieving it. Our view about the most efficient way of achieving the rail freight target is not to simply say that economic conditions and drought have brought down the proportion of rail freight but to recognise we can make an investment in a very substantial sense in terms of upgrading the rail freight network, and that is what we are doing. The Dynon port rail link — \$138 million being incorporated into that activity. That will essentially ensure that there will be more access to the port and make rail freight that much more attractive. One of the great difficulties for rail freight is, of course, certainty of access into the port in terms of timeliness, being able to secure efficient access, not only into the port but in the decommissioning of freight once it is achieved in the port. So there are a number of structural things that government can do.

**Mr DALLA-RIVA** — When is the time on that? You may have already mentioned it, Minister, I just cannot recall. The Dynon port link, the one that is on that overhead.

**Mr GARWOOD** — Mid-2009.

**Mr DALLA-RIVA** — Thank you.

**Mr SCOTT** — I refer to budget paper 3, page 109, which refers to managing marine safety policy, regulation and investigation. Could you please advise how the government is improving access to recreational boating and ensuring our waterways remain safe?

**Mr PALLAS** — The Bracks government is committed to maintaining safe waterways and improving infrastructure for our boating users, and we have worked pretty hard to ensure that safety is a primary concern on our waterways. In 2005–06 we were in a situation where we recorded the lowest number of recreational boating fatalities in 15 years. We are also on track to delivering another record low figure for 2006–07. Our changes to personal floatation devices regulations, which were implemented in late 2005, have seen a dramatic change in recreational boating behaviour. Our initial observations indicate that there is a high level of take-up and compliance with these lifejacket-wearing requirements, and perhaps the most pleasing aspect of that is that there seems to be high compliance particularly when it comes to children wearing lifejackets on Victorian waterways. These changes have led to reduced boating fatalities, as I have indicated, across the state and they also demonstrate that life jackets do save lives.

We also recognise that there is a need for flexibility for some waterway users, and exemptions have been provided for canoes, kayaks and rowing boats during formal training and competition. I think that willingness to actually deal as a government with those issues as they are identified by competitors is critically important. It is critically important that we maintain our elite competitive reach and also the capacity to grow those skills at the younger ages.

In March I also announced that an independent review of marine pilotage would be conducted, following a number of incidents in the last year or so. That review will help ensure that Victoria has modern and effective vessel management practices and the highest standards of safety. Currently tenders for the review have been received and are under evaluation. The results of the review should be known later this year.

It is worthwhile to note that as a government we have also committed \$26 million in previous years to a boating safety facilities program, which is about improving recreational boating infrastructure and facilities. That has made for more accessible boating, by 133 projects being funded right across Victoria, in communities like Lakes Entrance, Murray River, Port Welshpool, Lake Eppalock, Tooradin et cetera.

Education and training funding has been provided across the state to a variety of clubs and schools. We have successfully been able in this budget to honour our commitment in Labor's financial statement 3, which yields another \$20 million towards boat funding grants. So, as you will see at page 265 in budget paper 3, we have included the provision of every cent of the commitment over the next four financial years. Our commitment has been warmly recognised by recreational boaters around the state who have seen that boating infrastructure improvements have been made, but, of course, more needs to be done.

**Mr WELLS** — Minister, in relation to the recent Burnley Tunnel accident and the state coroner's-initiated alterations to the traffic flow and lowering approach speeds, did you have discussions with Transurban in relation to the lowering of the speed limits in the tunnel, and did those discussions cover the issue of potential or actual material damages payable to Transurban should the speed limit in the tunnel be lowered?

**The CHAIR** — If you relate this to the estimates.

**Mr WELLS** — I will relate this to the estimates: budget paper 3, page 128, 'Road projects completed within agreed scope and standards'.

**The CHAIR** — I am not sure that it is a road project, this particular one. Minister, try to relate it to the budget papers, please.

**Mr PALLAS** — I will try valiantly, Chair.

**The CHAIR** — It is not the purpose of this particular hearing to deal with —

**Mr WELLS** — I guess if there is a payment to Transurban then there would be an impact on the budget.

**Mr PALLAS** — Can I say that certainly there have been discussions with Transurban — there have been discussions with ConnectEast as well — around the appropriate measures to put in place, but they have been pre-empted perhaps on one condition and one condition only: that is, what is the optimal safety system that we should put in place? I have not sought to move one iota from the advice that I have received from VicRoads and Victoria Police. They have worked in cooperation on this. At no stage did Transurban ever seek to raise a material adverse effects claim in terms of any issue that the government might seek to put in place. I want to make that point very clear: they at no stage sought to argue with the government about what they saw as a material disadvantage.

There is no doubt in my mind that they have effectively taken the view that they wanted to be assured that what we were putting in place was an optimal system that not only provided for safer tunnel usage but also provided a surety to the community that the tunnel usage was safe. I suppose it would go without saying — it is incumbent upon me to make the point that we have had over 100 million journeys through the Burnley Tunnel since it was built and it remains one of the safest stretches of road that we have in this state.

Indeed, the accident record of that tunnel, while of course the events of the triple fatality are quite unfortunate and debilitating for the community at large, the advice I have is that the casualty crashes per kilometre in the tunnel are at least three times safer than the adjoining sections of the West Gate and Monash freeways. The severity of the crashes in the tunnel are low compared to the urban freeway network as a whole. That has never in any way impacted upon the state government's desire to make sure that this tunnel is optimally safe.

Might I say, just by way of correction, the state coroner did not require these changes. Indeed, long before any indication that the state coroner foreshadowed that he would welcome the state government making changes, I did foreshadow on the Sunday after the accident that the government would be implementing changes, after discussions between VicRoads and Victoria Police, and we would not necessarily be taking a position that would ensure that we would be delayed as a consequence of the coronial inquiry. We see that as being critically important — that we have not sat back and waited for the outcome. We were clearly aware and understood the predisposition of the coroner in terms of him wanting to make sure that his inquiries did not delay any appropriate changes that the safety authorities thought were appropriate.

I want to be clear and unambiguous about this: the changes that we put in place were the changes that we saw as being most appropriate in terms of providing safe and efficient usage of the tunnel. Of course, that was on advice I had received. There was no change from that advice. Yes, there was discussion with Transurban. Yes, there was discussion with ConnectEast. At each and every step of that process the discussions that we had were about making sure that we got an optimal outcome. At no occasion was there ever a suggestion of litigation or cost to the state as a consequence of contractual arrangements.

The changes that we have put in place — banning lane changes in tunnels, installing emergency barriers at tunnel entrances to stop drivers entering after a serious incident, lowering the speed limit on the approach to the Burnley Tunnel from 100 kilometres down to 80 kilometres on the West Gate Bridge side, extending the use of the variable

speed limit signs, redrafting the learners permit, an awareness campaign on the new changes to traffic conditions and laws relevant to the tunnel, and a major tunnel safety campaign, which of course both ConnectEast and Transurban have indicated a willingness to make a financial contribution to. So in fact quite the opposite in many respects. What these companies are saying — they have not turned on the government and said, ‘We actually expect to get dollars out of this in terms of any changes to the way that our roads may otherwise be used’. They have said and I have asked them to make a contribution as a demonstration to the safe and efficient use of their tunnels, and they have been more than willing, without argument I might add, to make a contribution.

**Ms GRALEY** — Minister, I am very glad to see some of these little red lines turning into little green spots a few pages later, especially in my electorate. My question is around improvements to infrastructure and services to deal with congestion and bottlenecks. I am just wondering if you can provide the committee with some advice on the progress of EastLink’s construction in those sorts of terms.

**Mr PALLAS** — Of course EastLink is a fantastic project and it is certainly going ahead extremely well. So far as the government is concerned, it is a \$2.5 billion investment that is being made. From the government’s point of view it is an investment that is demonstrating a very substantial contribution and upgrade. As an area of road it is about 39 kilometres in length. It is quite enormous. We have had something like \$100 million being invested in terms of the capital contribution from ConnectEast into the construction. That is six out of the last nine months we have had \$100 million of capital contribution. The economic benefits of course are quite profound.

I took you through the almost \$15 billion worth of gross state product benefit that EastLink would yield. The direct benefits are around about \$10 billion. As I say, the gross state product forecast affected is about \$15 billion. About 7500 extra jobs will be created during the construction and about 6550 jobs during the operation, including more than 2000 extra jobs in the Scoresby corridor itself. Quite frankly, if you have been along that road, it is just phenomenal the amount of industry and activity that is building around it. I think in many respects it demonstrates the sort of activity that happened around the northern and western suburbs of Melbourne as the Western Ring Road opened up.

Since its construction started Thiess John Holland has spent about \$1.6 billion on construction, which is quite an outstanding achievement. In just two years more than 1000 Victorian companies have been awarded contracts totalling \$1.6 billion for EastLink construction. More than 20 000 people toured the facility on Sunday during an open day with the Acting Premier.

To give you an understanding of the major construction that has occurred since March 2005 and the progress that the workforce — which now exceeds 2800 — has made, almost 95 per cent of the earthworks are completed; the tunnel excavation is completed, with the installation of about 30 per cent of the permanent tunnel concrete lining and about 40 per cent of the tunnel floor; and equipment, including axel fans, is being installed in the ventilation buildings at each portal. Of the 89 bridges, 55 of them are complete, 33 are under way, and there is one sole one that remains unstarted at the moment, representing the largest bridge-building program in Victoria’s history. Nearly 50 per cent of the 600 000 tonnes of asphalt has been placed, 65 per cent of the noise walls are in place, and 30 per cent of shared-use paths have been completed.

Given the rate of progress, EastLink has the potential to be delivered ahead of the planned completion date of November 2008. After waiting more than 40 years, the delivery of this road will be a massive boon to both the eastern and the south-eastern suburbs of Melbourne.

**Dr SYKES** — I have a reasonably specific question in relation to grey spot funding. I understand that about \$15 million has been allocated as part of the government’s safer roads infrastructure program and that it is principally designed to address rural intersections that are not black spots but where there may be some identifiable operational design aspects of community concern. My questions are: how many projects in country Victoria does the government anticipate this program will fund? What are the criteria for determining eligible projects? How do communities go about having a road of concern included for funding consideration?

**Mr PALLAS** — Thanks, Bill. The grey spot funding was announced last year by the Premier and, as you would know, we have seen the first of those projects being delivered in terms of the Donald intersection. In 2006 we recognised that we had delivered our second lowest road toll since comprehensive records began, and we have recorded our four lowest road tolls over the last four years, but we accept that we cannot rest on our laurels, and

therefore \$15 million has been allocated to a grey spot program, which is about targeting proactively outer metropolitan and rural intersections.

The TAC has recently approved the guidelines, which are now publicly available. They are available at all local government offices and VicRoads regional offices. The intersections that have been identified as a road safety concern by the public and/or road authorities are eligible for consideration under the program. Site selection will be based on a risk assessment, taking into consideration geometric layout, speed limits, traffic volumes, crash history and estimated cost of treatment. We would obviously be able to deliver a much better outcome if, for example, substantially more funding were provided by the federal government in terms of addressing accident black spots.

We now know that there is \$250 million out there as well from the federal government. By all means we encourage people to go through the process of coming to the state government, but in fact there is \$250 million that the federal government is trying to ship out the door before the end of this financial year in respect of road projects, and every local council that I am meeting with I am rapidly encouraging to put in a bid for it. Quite frankly, in the interests of all Victorians I hope we get a better deal — better than the essentially 14 per cent we get currently out of the strategic roads program.

**The CHAIR** — We will try to get two very quick questions to finish off. Minister, I refer you to page 299, BP 3, and the walking and cycling infrastructure program, which is of very much interest to me. Where are we at on that one, what are you going to spend the money on, and what are your priorities there? I presume this is part of a very large program that we announced some time ago.

**Mr PALLAS** — We are committed to recognising the social and environmental benefits of cycling and walking. That is why under Meeting Our Transport Challenges we have indicated a long-term commitment of \$70 million over 10 years in these programs, and that is in addition to the \$4.2 million that we have been currently employing and expending over the last few years. It is the biggest injection in terms of cycling and walking in Victoria's history. We have included 2 million in terms of 06–07 and 5.3 million in terms of the 07–08 state budget. The investment recognises the importance of cycling and walking as travel modes, especially for shorter trips, and their potential to grow substantially.

One of the facts that I think brought home to me the importance of encouraging cycling in particular is a recognition of how much our motorised vehicle trips are actually open for review by individuals. My very strong view is that these have to be choice-based decisions by commuters, but the government has to put in place the necessary wherewithal to ensure it happens. We know that about 40 per cent of trips in metropolitan Melbourne are less than 2 kilometres in length — that is, trips by car. About two-thirds are less than 5 kilometres in length. So anything the government can do to actually encourage that — I will just be quick, and I will give you a physical representation of the congestion problem here and the physical layout.

I will not keep this myself, but it is a graphical description of what can happen if you can get cars off our roads. It might sound sort of counterintuitive as the roads minister that I want to encourage people to look at alternative road options, but this is a physical demonstration of what happens if you take the number of cars, in terms of the physical space they occupy, off the road. You will see the cars pretty much block up the better part of the block, but the same number of passengers are being commuted. Then you will see essentially a group of pedestrians in one group immediately in front of the cars. Maybe they are drivers getting out of the cars. In the next picture you have a bus, which does not take up much space, and finally you have cyclists, who do not take up much space.

Clearly it is in not only the community's interest in terms of encouraging people off the roads for the purposes of greater improvement in terms of the facility of our roads and a lack of congestion on our roads, but it is also in people's interest because it is a legitimate and valuable alternative option in terms of cycling. The government has put in place a number of TravelSmart initiatives including the CycleSmart program and the establishment of green travel plans for businesses and schools. We are also, through Bicycle Victoria's annual Ride to Work Day, putting in government support. Our long-term view in this is that people should be entitled to have substantial options in terms of the way forward. The sorts of investments that we are looking at are about improving and embellishing the principal bike network and also recognising that greater encouragement needs to be had in terms of giving people legitimate choices in terms of their transport options and recognising that cycling is a legitimate transport option.

**The CHAIR** — Thank you, Minister; I look forward to the Gardiners Creek one. Mr Barber, the last question.

**Mr BARBER** — In relation to the road safety part of the budget and specifically that part of the budget where you will be funding any 40-kilometre-an-hour speed limits and new zones, my understanding is that a number of councils, including the cities of Port Phillip and Moreland, have been lobbying for many years for additional 40-kilometre speed limit zones. Is any of the infrastructure and those zones funded in this year's budget? The story that the councils are getting is, 'Well, 40-kilometre speed limit zones are a trial and until the trial is complete we won't do any new ones'. What does the trial consist of? What is it measuring? Is it measuring deaths or people who do not die? Is it measuring vehicle speeds? What is the controlled experiment that is happening here?

**Mr PALLAS** — I will open it up and throw to one of our departmental people to give you a more concluded and considered view. But certainly the state government is running a trial in respect of a number of sites across the state, and principally metropolitan Melbourne, to ascertain the efficiency and the value of a reduced speed limit in various areas and therefore whether it has valuable application beyond that. One of the interesting factors that I came across just recently was via the UK department of health, I think it was. It looked at the fatality rates of pedestrians hit by vehicles that were travelling at 20 miles per hour — they use miles per hour in the UK. They found that the fatality rates there were about 5 per cent at that speed. They found that the fatality rates for pedestrians hit by vehicles travelling at 40 miles per hour was 85 per cent.

**Mr BARBER** — Correct.

**Mr PALLAS** — So there is no doubt that slowing down actually saves lives. It is a consistent message.

**Mr BARBER** — Particularly at that part of the curve, between those two numbers.

**Mr PALLAS** — As far as the government is concerned we want to be assured that the systems that we put in place do not cause confusion in terms of their uptake. Invariably speed zones are an issue of concern to the community more generally. We want to be assured that therefore the confusion does not adversely affect any otherwise perceived net benefit. Perhaps if I hand over to Gary Liddle to augment my points.

**Mr LIDDLE** — It is correct to say there is a trial going at 19 sites of strip shopping centres. The intention is that that trial will draw to a conclusion towards the end of this year or early 2008. The trial, in terms of the question that was directly asked about what it is looking at, is looking at the reduction in casualty crashes and speed environment in those shopping centres to make an assessment of whether the trial has been worthwhile.

**Mr BARBER** — So there is data on that — —

**Mr LIDDLE** — Being collected.

**Mr BARBER** — And at the end of the year we will be able to see something from that data?

**Mr LIDDLE** — Correct.

**The CHAIR** — Thank you very much. That concludes consideration of the roads and ports portfolio. I thank the minister and the officers present. It was very useful. Where questions have been taken on notice the committee will follow up with you in writing at a later date. The committee requests written responses to be provided within 30 days, and that will form the basis of our consideration for a future report. Thank you very much, Minister.

**Committee adjourned.**