

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2008–09

Melbourne — 16 May 2008

Members

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

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

Staff

Executive Officer: Ms V. Cheong

Witnesses

Mr T. Pallas, Minister for Roads and Ports,
Mr J. Betts, Secretary,
Mr A. Smith, Deputy Secretary,
Mr B. McDonald, Executive Director Corporate Resources,
Mr G. Liddle, Chief Executive Officer, VicRoads, and
Mr T. Garwood, Executive Director, Freight Logistics and Marine, Department of Transport.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2008–09 budget estimates for the portfolio of roads and ports. On behalf of the committee I welcome Mr Tim Pallas, Minister for Roads and Ports; Jim Betts, the secretary; Alf Smith, deputy secretary; Bob McDonald, executive director, corporate resources; Gary Liddle, CEO of VicRoads; and Terry Garwood, executive director, freight logistics and marine, from the Department of Transport. Departmental officers, members of the public and the media are also welcome.

According to the guidelines for public hearings I remind members of the public they cannot participate in the committee's proceedings. Only officers of the PAEC secretariat are to approach the 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 this Council committee room. All evidence taken by this committee is taken under the provisions of the Parliamentary Committees Act and protected from judicial review. There is no need for evidence to be sworn. 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. The committee requests that verification be forwarded to the committee within three working days of receiving the proof version. In accordance with past practice the transcripts and PowerPoint presentations will then be placed on the committee's website.

Following a presentation by the minister, committee members will ask questions related to the budget estimates. Generally the procedure followed will be that relating to the questions in the Assembly. I ask that all mobile phones be turned off, and I invite the minister to give a brief presentation of no more than 10 minutes on the more complex financial and performance information that relates to the budget estimates for the portfolio of roads and ports. Thank you, Minister.

Overheads shown.

Mr PALLAS — Thank you, Chair and committee members. The government's investment in roads is targeted at improving and expanding the existing road network. It is also aimed at making the network safer, reducing congestion, improving travel time and reliability, and delivering economic benefits through improvements to freight access.

Victoria's population is growing, as the chart would show, at an unprecedented rate. And you can see from the graph how we have outstripped Sydney and Brisbane. The demand on our transport system and our road network is also growing. This year's budget for the roads and ports portfolio reflects this. We are building additional capacity into the network, but we are also recognising that meeting the competing needs of road users does not always mean building more capacity; it means allocating our valuable road space more efficiently.

The 2008–09 budget includes almost \$770 million for new roads to upgrade existing roads, to improve road safety and to reduce congestion. Keeping pace with demand will be possible only because of the planning and delivery of significant road projects throughout the whole state. This slide shows the remarkable Middleborough Road project, which was reopened to traffic last year after an intensive construction period that saw the rail placed under the road in only four weeks.

The CHAIR — It was very good. I was there with the minister at the opening.

Mr WELLS — Which union do they belong to — that they are working that fast?

The CHAIR — It was near my electorate; that is why I was there.

Mr PALLAS — This landmark construction approach was undertaken to minimise disruption to traffic, train passengers and the local community, and involved work being undertaken 24 hours a day, 7 days a week.

Over the next few years a number of major investments will be completed. These include EastLink, which will open on 29 June; major upgrades to the Goulburn Valley and Midlands highways, due to be completed this year; the Calder Freeway in 2009; the Geelong ring-road; the Donnybrook Road interchange on the Hume Highway at Kalkallo; the Deer Park bypass from Sunshine West to the Western Highway at Caroline Springs; and the M1 upgrade, which I will address shortly.

The budget continues the government's commitment to upgrading key routes in Melbourne's outer suburbs to improve access and traffic flow across metropolitan areas. Projects to be funded include \$36.8 million to upgrade the intersection at Pound Road, South Gippsland Highway and South Gippsland Freeway in Dandenong; and \$48.5 million to duplicate Kororoit Creek Road from Grieve Parade to Millers Road at Hobsons Bay, including a grade separation of the railway crossing and an on-road bicycle lane.

The following slide shows a flyover of traffic modelling after the Monash–CityLink–West Gate upgrade is completed. The green cars represent those travelling at the speed limit, and the red are stopped cars. If I showed you the slide today, the vast majority of the cars would be red. The budget includes a further \$363 million investment along the state's busiest corridor, which comes on top of the \$1 billion already committed to this project — the biggest state-funded road project in Victoria's history. We are building more lanes, increasing road capacity by 50 per cent, decreasing casualty crashes by 20 per cent, and we are saving Victorians time and money through efficient travel.

Let me now turn to the key financials in the budget. The operating budget for 2008–09 is \$1.37 billion, which provides funding for key services and programs, including road and marine safety, vehicle and driver registration and licensing, road network maintenance and improvements, and freight and port development. As well as new operating measures, which I will detail shortly, VicRoads capital spend has more than tripled, from \$230 million in 1999 to \$887 million in 2006–07. The 2008–09 budget again demonstrates our commitment to delivering the best possible transport network for all Victorians, including \$224 million in funding for rural roads.

As our population grows so too does the number of cars on our roads, making congestion one of the biggest transport challenges we face in urban areas. This series of photos taken recently on the Monash Freeway shows how freeway traffic flows can break down within minutes. Between 2002 and 2007 there were also an additional 260 000 licensed drivers right across this state. Congestion is a complex issue that cannot be addressed either at a specific location or in isolation from a myriad of other factors. Our four key strategies to manage congestion are therefore, firstly, improving the reliability and flow of road-based public transport; secondly, making existing roads operate better; thirdly, improving service coordination, integration and customer interface; fourthly, promoting sustainable travel through better demand management.

Two weeks ago the Premier announced an investment of \$112.7 million over the next four years for congestion improvements, which includes \$12.6 million to standardise clearways, \$28.2 million for walking and cycling initiatives, \$37.8 million for targeted bus and tram priority measures and \$11.7 million to expand VicRoads rapid response services.

This chart shows some of the key points in terms of road safety history in this state. Since the introduction of Arrive Alive in 2002, Victoria has recorded its five lowest road tolls over the past five years, and an estimated 579 lives have been saved in Victoria as a consequence. Since 1999 the government has funded some 1927 road safety projects, which include a number of new projects fast-tracked out of the additional \$650 million committed over the next 10 years as part of the new road safety strategy, Arrive Alive 2008–2017. Our new strategy also includes a new focus on drink driving with drivers; introducing a peer passenger restriction for P1 probationary drivers; and electronic stability control and head protection technology — that is, side-curtain airbags — will be compulsory for all new cars from 1 January 2011 and 1 January 2012 respectively.

In 2008–09 around \$75 million will be spent on safer roads infrastructure projects right across the state, the majority in regional Victoria. The commonwealth government has committed to fund 22 transport projects in Victoria under AusLink 2, with 19 of these projects being ones that we had nominated in the state's AusLink 2 policy document, *National Transport Links — Growing Victoria's Economy*. This chart shows the range of those projects. The projects have a total value of commonwealth expenditure of \$2.715 billion, which equates to 18.4 per cent of the national transport funding commitments. Based on election commitments, the alternative under a Liberal government would have been 10.9 per cent. Victoria has proposed to contribute approximately 25 per cent of the total cost of the —

Mr WELLS — What year was that? Under a Liberal government? Which year are you talking about?

Mr PALLAS — That was the alternative offering at the last federal election — AusLink-funded roads to the state of Victoria — from the federal coalition. That is as a percentage of the total AusLink-committed funds to all states.

Mr WELLS — We will check the *Hansard*.

Mr PALLAS — Victoria has proposed to contribute approximately 25 per cent of the total cost of the AusLink 2 package. This budget locks in spending to start to meet this challenge, including \$110 million for the Princes Highway west duplication, \$65 million for stage 4B of the Geelong ring-road, and \$40 million for the Western Highway Anthony's Cutting. We were encouraged by the commonwealth's bringing forward of planning funds for many of the committed projects in this week's federal budget.

As well as road construction and maintenance, a key business function of VicRoads is the registration of vehicles and licensing of drivers. The budget contains a \$7.5 million investment towards the development of a more efficient and secure licensing and registration service for Victorians, as well as a further 16 million to improve VicRoads call centre response times and customer service performance.

Turning to port issues, we are also taking action now to meet the challenge of port freight with the channel deepening project in which over 3 million cubic metres of material has already been dredged while meeting all of the environmental safeguards in the environment management plan. We are also keeping our port competitive while we do the project, including a contribution of 150 million, reflected in this year's budget. The graph demonstrates that the port of Melbourne remains competitive with the other major Australian ports even with the introduction of the channel infrastructure fee, that being about \$34.65 TEU, including GST, for the project.

This budget continues to deliver on this government's commitment to building better and safer roads for all Victorians, relieving congestion and improving travel time reliability, enhancing on-road public transport and ensuring our road network is supporting the state's economic growth through reliable freight access.

The CHAIR — Thank you, Minister, for that presentation. We will now have questions from the committee for the next hour. I normally ask about concessions and subsidies, but we had a previous minister here and the department's paper was presented. If you have anything to add to that you can do it by a further note. I notice you have got some regulatory exemptions. Could you actually try to give us the cost of those regulatory exemptions which you did not cost in the questionnaire. You mentioned the Monash–West Gate project, and you said it was the biggest one that was undertaken under the public purse. I notice that in appendix A to budget paper 3 there is funding for that, and it is also mentioned at page 47 in budget paper 3. What is this going to do? What is the value for money in this particular project? What do people get for it?

Mr PALLAS — The Monash–West Gate upgrade is probably one of those projects that is critically important to the state's long-term viability, vitality and the economic capacity of the state going forward. As I indicated in my presentation, the increase in road capacity by about 50 per cent will have a dramatic effect on the flow of traffic. It will therefore provide for greater travel time reliability. There will be a decrease in casualty crashes on the road by 20 per cent, and it will save Victorians both time and money through more efficient travel. The cost benefit of the project is estimated at around 14 to 1, which is a significant benefit for the Victorian taxpayer. However, all of these benefits do come at a cost, and they cost more than the original estimates. The project now includes better design, less disruption to motorists during construction and more environmentally-friendly disposable waste. It also includes and takes account of historically unprecedented worldwide escalation in construction costs. We have made some changes to the design as well because we wanted to get it right. Our view is that we do need to get it right. It is our legacy to the future, and we do not want to cut corners on this. The Montague Street ramp will be closed from 18 May for around 18 months.

The CHAIR — There was an ad in the paper at the weekend, I think, for that — or was it yesterday?

Mr PALLAS — There is quite an aggressive advertising campaign because, if people do not make alterations to their travel arrangements, Chair, it could add as much as 10 minutes to their travel time. Being informed and recalculating their trips further out will effectively reduce that. We are taking the effort to also advise people that work is going on around them. It is currently a major work site, but it is also one of our major economic assets and roadways, so it requires a deft management arrangement to ensure that the traffic management skills are adequately put in place. We have now established that completed sections of the road will be able to be opened progressively, and the sections between Jacksons Road and Warrigal Road will now be likely to be opened in April 2009 and also completed Monash Freeway and CityLink sections will be due to be opened by the end of 2009. If you effectively calculate the cost benefit and incorporate that into the benefit to the community, the extra cost on

this project is about \$363 million and the extra economic benefit — putting aside the improvements in design — from just the early opening has a dramatic effect of about \$600 million in terms of economic activity.

The CHAIR — What is the revised cost-benefit ratio now?

Mr PALLAS — It is still, as I say, 14 to 1.

The CHAIR — I remember that figure; it is very high.

Mr PALLAS — It was higher than that. I think originally it was closer to 16 to 1 — it is because of the additional cost, but nonetheless there is a substantial benefit in terms of the efficiency to the community. For such a large capital investment it is rare that you get this sort of return.

The CHAIR — Is that higher than the average for VicRoads?

Mr PALLAS — On large capital investments?

The CHAIR — Yes.

Mr LIDDLE — For a project of this size that is a very high BCR. Normally on a large capital project it is two to three to four — in that two to four range. So this is a very good return.

Mr WELLS — My question is also with regard to the West Gate-Monash freeway project. I am just wondering if you could step us through the specific details of the \$363 million blow-out. I note with interest that it has gone from a \$1 billion project to a \$1.3 billion project because of the blow-out. That is the first part, if you could step us through the overruns; I know you stepped through a couple of them. Secondly, how much additional income will Transurban receive in tolling as a result of this widening project?

The CHAIR — They are two separate projects. Which do you want to focus on?

Mr WELLS — If you could focus on both, that would be great.

The CHAIR — I am sure it would be, but — —

Mr WELLS — Obviously there is going to be a greater impact on — —

The CHAIR — Sure, but the CityLink part is actually a separate project altogether, so do you want to answer the first question and then answer that one later?

Mr PALLAS — Chair, I think probably in fairness, given that we are dealing with them as an alliance project — —

Mr WELLS — It is the West Gate-Monash freeway project.

Mr PALLAS — I am happy to deal with the two aspects of the question.

The CHAIR — All right.

Mr PALLAS — Firstly, I suppose when we talk about this project, Kim, we do need to recognise that this government actually has proposed to do something in respect of Monash West Gate. The alternative government at the last election actually did not propose to do anything. So whatever the criticisms that may affect the operation of this proposal — —

Mr WELLS — Tell me you are kidding! Let us go back to the previous government. We had traffic lights on at Warrigal Road, for goodness sake!

Mr DALLA-RIVA — 1999 traffic flows.

Mr PALLAS — Whatever concerns you have about the operation of this project, they are substantially better — —

Mr WELLS — Are you going to talk about population? Are you are going to talk about traffic flows?

The CHAIR — One at a time, thank you.

Mr WELLS — You have got to be absolutely joking.

Mr PALLAS — They are substantially better than doing nothing, which was your remedy for the future.

Mr WELLS — Let us step through it: \$363 million — if you want to do it that way, let us do it. The first point — —

The CHAIR — Let him answer the question, please.

Mr WELLS — He is — —

The CHAIR — No, he is answering the question.

Mr WELLS — No, he was not. He was having a go at the previous — —

The CHAIR — Can you just let him answer the question, please.

Mr WELLS — Is he going to stick the question?

The CHAIR — He will.

Mr WELLS — He will? Okay, let us get on with it then.

Mr PALLAS — As we have indicated, at the time the project was announced we took a clear decision in terms of what we saw were the key deliverables in this project, and that goes essentially towards the road capacity. We were quite clear to the community at the time we announced this in Meeting Our Transport Challenges in 2006 that we would aim to increase the road capacity by 50 per cent and we would decrease casualties crashes by 20 per cent, and it would have a saving for Victorians, both in time and money, through efficient travel. So in respect of the design, those were the specifications that we were anxious to make sure were actually delivered.

Importantly, in being able to do that, the project did require quite an intensive review of the interchange arrangements, particularly the Montague interchange and the Bolte Bridge interchange. So we have spent a fair degree of time and effort working to make sure that we achieve the deliverables but also we get the best we can out of the design arrangements on those two interchanges, because quite frankly that is where the greatest efficiency in this road construction project lies. We have sought to ensure that we do this at the same time as providing as little disruption to motorists as we can, so we have invested further and additionally in the capacity to reduce disruption to motorists during the construction phase. That has a critical value in the sense that it allows the work to go on efficiently and safely, and it also enables, as a consequence of the arrangements that we have put in place, for it to be delivered in a staged process — so less disruption to motorists during construction.

More environmentally friendly management and disposal of waste is a contingent element of the revised project, and of course with worldwide costs escalating, the construction costs have also played a constituent part. We have consistently said that we want to be able to get this project managed in a way that means that we do not cut corners. It is the single biggest state-invested piece of road infrastructure as a project in the state's history, and we are committed to getting it right. Our view is that on the basis of the design we have got in place we have every confidence that Victoria will get the outcomes that were committed to at the time the project was undertaken.

Mr WELLS — How much additional income will Transurban receive in tolling?

Mr PALLAS — At the time that the agreement was struck with Transurban and they became part of the alliance arrangements, I do not believe there is any material difference since the introduction of those arrangements and since the announced alternative design arrangements, the reason being that we have been focused on making sure that the deliverables in this project remain consistent. Transurban, in terms of its contribution to this project, essentially put in \$166 million. The breakdown in the costs are \$737 million from the state, as it initially announced; \$166 million from the Transurban contribution; \$120 million for bridge strengthening work — that does not yet account for federal contributions; and \$363 million for the extra work that was announced recently. So it is \$1.386 billion.

Mr WELLS — Am I fair in saying that there has been no modelling or calculations with Transurban to find out what extra tolling it will receive as a result of these works?

Mr PALLAS — As a result of these additional works?

Mr WELLS — No, as a result of the project.

Mr PALLAS — As a result of the project from the point of announcement — do we have an answer?

Mr LIDDLE — I do not have the exact figure. There was some modelling done as to the uplift that would result from the project, but I do not have an exact figure here today.

Mr WELLS — What is the rough figure?

Mr LIDDLE — I do not know off the top of my head.

The CHAIR — Okay, we will take that on notice.

Mr WELLS — You can take that on notice and provide it to the committee.

The CHAIR — There was probably a vote made available last year.

Mr NOONAN — Minister, I wanted to ask you about congestion. You put up some slides on the Monash Freeway. But as part of this budget — and I note on page 14 of budget paper 3 tackling congestion — I wonder if you can outline how the government intends in terms of road management to tackle and manage congestion on our roads?

Mr PALLAS — Certainly I can. Congestion is one of the greatest challenges that confront our community. The Victorian Competition and Efficiency Commission identified this having a cost upon our economy of up to \$2.6 billion. That figure could triple effectively over the next 10 to 15 years if not addressed. Congestion of course is in many cases a by-product of a strong and vibrant economy. That does not make it any less a challenge or something that we need to confront, but it is certainly a demonstration that it constitutes part of the symptoms of success in many respects.

Melbourne is experiencing strong economic and population growth, which is contributing to increased congestion on public transport and roads, particularly during peak periods and the inner and middle suburbs. The extent of population growth, the rate of growth and its geographic distribution has exacerbated existing congestion. The economic, social and environmental costs of traffic congestion are significant. The government is committed to tackling congestion to minimise its impact on Victoria's livability and its prosperity.

The Premier held a round table in January of 2008 in which he sought to apprise himself of the views and concerns of key stakeholders in this area. Representatives from a wide range of community public transport, road, business and local government organisations came together to identify practical solutions to improve traffic flows. This round table reinforced the view that congestion is a crucial issue, particularly in inner Melbourne and that there are no easy answers.

Four key strategies associated with addressing these issues are, firstly, to improve the reliability and flow upon road public transport; secondly, to make existing roads operate better — that is, to maximise the value of the existing asset; thirdly, to improve service coordination, integration and customer interface, so effectively people have a clearer appreciation of how the system is operating and what their choices are; and finally, promoting sustainable travel through better demand management.

The \$112.7 million Keeping Melbourne Moving package, announced on 29 April, focuses on these four strategies and it will assist in reducing congestion across the road network. Keeping Melbourne Moving will greatly assist and also ensure that road-based public transport is and remains a viable option for people to take up. About 88 per cent of all public transport services are actually on-road public transport. Keeping Melbourne Moving therefore seeks to provide tangible and realistic benefits. I will give you an example. If you look at tram route 109, the extension of the three clearways in the afternoon period is estimated to provide an average saving of around 400 tram hours in travel time each year. On Hotham Street, bus routes 216 and 219, the extension of the afternoon peak clearway is estimated to provide up to 2 minutes per bus additional time savings. Clearways are a key feature

of a modern and successful city. We have provided \$12.6 million to be spent to standardise clearway times on arterial roads in the peak direction in the 10 kilometre radius of the CBD. The new times will be from 6.30 a.m. to 10.00 a.m. and from 3.00 p.m. to 7.00 p.m. It is important to note that counter-flow clearways will not be affected — that is, counter-peak clearways will not be affected — during the operation of these standardised clearways coming into effect.

The Keeping Melbourne Moving package also includes \$28.2 million for cycling and walking infrastructure; \$37.8 million for targeted bus and tram priority measures; and \$11.7 million for VicRoads rapid response services to assist with breakdowns. I think this is a little known but a particularly important element to this package. One of the things we are finding is that when you have breakdowns on freeways, and VicRoads up until now has essentially provided this capacity on freeways only, if you do not get in and resolve that blockage quickly — it could be a broken down truck on the West Gate or any other part of the freeway network — then we have a rapid response unit in VicRoads to deal with it. But on the arterial road network we do not have a similar facility. We are going to increase our investment. The thinking is that if we get that response in place, it will stop the congestion effectively clogging up the rest of the arterial network and ensure that we get smoother and efficient operation of traffic flows, and stopping a flooding of banked up traffic right across the network.

We will also put in 3.4 million to better manage the impact of roadworks. That will essentially be a responsibility of VicRoads to make sure those network operations, where it is roadworks that are undertaken by either VicRoads or councils, do not unduly adversely affect the congestion affect, even though they are working towards a substantial benefit in terms of improving the operation of the road. There is \$2.2 million to improve the efficiency of tram route 6 on High Street, Malvern, and also route 96 in East Brunswick–St Kilda, and \$16.8 million to provide more information to motorists to help them make travel smart options, so that is greater interaction with motorists, giving them greater appreciation of not only how the arterial road network is operating but what their alternative choices are in order to get to where they need to go.

Mr RICH-PHILLIPS — Can I take you to page 139 of budget paper 3, and the targets for pavement resurfacing. You will see that for metropolitan resurfacing you are targeting a much lower level of metropolitan resurfacing for the 08–09 year compared to the current financial year. There is a note to the effect that for 07–08 there was a needs assessment and that the increased work was as a consequence of that needs assessment, but we are now going to revert to a target that is actually much lower than the previous year's target. I am wondering if you can explain to the committee has the work that was identified in that needs assessment been completed — i.e., is there any outstanding work against that — and which projects will be delayed as a consequence of that 35 per cent cut in the target for metropolitan resurfacing this year?

The CHAIR — Minister, there is a footnote of course, which says that there is a transfer from metropolitan to regional, but there are a number of other issues which have been raised there.

Mr PALLAS — Obviously in the budget there is a substantial increase in terms of the maintenance allocation, but in terms of the response to the specific issue associated with the resurfacing and targeting, I will hand over to Gary.

Mr LIDDLE — I think, as the note says, it was recognised over the previous years that there had been a need to do some more works in the metropolitan area, and as a result we had increased our spend on metropolitan resurfacing. That resulted in our getting a much higher smoothness, if you like, to the road network in Melbourne, and we have achieved what we set out to achieve. In the coming year, in 2008–09, we recognise there is a greater need in regional Victoria than there has been in the previous two or three years, and so the prioritisation for that resurfacing has shifted to regional Victoria in 2008–09.

Mr RICH-PHILLIPS — Are you able to identify which projects will be completed in metropolitan Melbourne under that reduced target? Have you got a priority list of projects that you will be working on within that target?

Mr LIDDLE — This is for 2008-09?

Mr RICH-PHILLIPS — Yes.

Mr LIDDLE — The answer is yes, we do have a list of projects, and as the year progresses we ensure that the priorities are still being met, so those projects might change marginally through the year. But yes, we do have a list of projects that are part of that budget allocation.

Mr RICH-PHILLIPS — Is that a rolling list of projects? Obviously it is an ongoing issue to resurface; is there a shelf life or an effective life for a road surface?

Mr LIDDLE — No. VicRoads does basically a zero-base review every year, so every year we reassess the prioritisation for resurfacing projects. There is no ongoing rolling list of projects, it is actually a zero-base review every financial year to ensure we are doing the highest priority in the coming year.

The CHAIR — There is one out in my electorate which I am sure must be high priority, and no doubt other members have similar things.

Dr SYKES — Is yours a marginal electorate?

Mr DALLA-RIVA — It is now!

Dr SYKES — Do you sit on the marginal seats committee? Have you had any comments recently from the public?

The CHAIR — I am very well behaved in that regard.

Ms MUNT — When the Minister for Police and Emergency Services came in he gave a presentation that showed that in the 1970s I think there was a peak of 1100 road deaths in that year that has since been reduced to around 300, and he outlined the measures that they are putting in place to contribute to road safety. Can I refer you to page 323 of budget paper 3 under 'Arrive Alive' where it says:

An additional contribution has been provided by the Transport Accident Commission for the safer roads infrastructure program as part of Victoria's new road safety strategy — Arrive Alive 2.

Could you take us through what is actually involved in that program?

Mr PALLAS — Sure. I think one of the issues about road safety is that we actually do not sit back on occasion and recognise how far we have come. I often say that whilst we have seen the road toll drop from 444 in 2001 to 332, that effectively should be of no comfort to us. We have got to continually and diligently apply ourselves to the task of actually addressing the problem that 332 lives lost is 332 too many.

Victoria actually is seen as a world leader when it comes to road safety, but we cannot simply rest on our laurels. If you look at how far our road safety performance has come, you will see that in 2001 we had about 9.2 deaths per 100 000 head of population. In 2007 that has reduced to 6.4 deaths per 100 000, so it is a substantial reduction — 30 per cent or thereabouts. It is also significantly below the rest of the nation, which sits at about 8.1 per cent. We have recorded our five lowest levels of road deaths on record, and Victorians can be proud of that. Over the life of our strategy about 579 deaths have been prevented.

There is of course an economic reason why we need to look at road trauma. About \$3.6 billion is what road trauma costs the Victorian community — in effect more than the current assessment of what congestion costs — but the financial costs are really subservient to the emotional and community desiccation that flows from it. So despite our record low, the government is taking action to further reduce trauma and increase road safety. Our Arrive Alive 2 package identifies that we seek to reduce the road toll by a further 30 per cent over the next 10 years between 2008 and 2017.

If we are successful in being able to achieve that, we will have dropped, from 2017 every year thereafter; a further 100 lives lost will not have been lost. They will have been prevented by a more rigorous approach towards the introduction of these sort of measures. For the first time we will be applying what is known as a 'safe system' approach towards to road management. What that means is: safer vehicles, safer roads and safer drivers. We need to get a holistic approach in terms of making sure that each one of those areas is effectively addressed.

We have committed \$650 million over the next ten years for road safety initiative projects, which includes \$230 million over the next three years. In 2008-09, through the safer road infrastructure program, we will be

investing \$75 million to be injected into road safety right across the state. We will be investing \$16 million over two years to continue the successful greyspot program, which I am sure, Bill, you would be happy to hear about. It is certainly something that has been quite well received, particularly in country Victoria.

Encouraging safer drivers is another focus of our new strategy, and our initiatives in Arrive Alive are based on the statistics rather than rhetoric. We have tried to take a systematic approach to this. It is not simply making judgements because we think they may be expedient in the short term. We need the science to demonstrate that we are heading in the right direction, and I am satisfied that, on the basis of the development of the strategies that we have got, we are doing that.

In the graduated licensing system is a requirement for 120 hours for young drivers in the first 12 months of their driving experience. They get 120 hours on-road experience. We will be putting in tougher testing to better assess the capacity of young drivers, and introducing peer passenger limits for young drivers on the new P1 licence — that is, for the first 12 months. We will also be targeting areas such as speeding, drink-driving, fatigue driving and driver distraction initiatives through education enforcement and investment in infrastructure. We are also encouraging the take-up of safer vehicles on our roads.

As you would be aware, Victoria has historically been a pioneer in road safety. We led the world when it came to seatbelts, we led the world when it came to random drink and drug testing initiatives, but around about 20 per cent of all new cars sold in Victoria in 2006 achieved a maximum safety rating level of 5 stars. In comparison, if you look at what is happening in Europe at the moment, it sits at around about 85 per cent for new cars. To improve vehicle safety for Victorian road users the government will be requiring the installation of electronic stability control and head protection technology for new cars from the end of 2010 and 11. The Premier has championed this initiative and he has been successful in getting the Council of Australian Federation and obtained their agreement to mandate these important vehicle safety changes. Our aim would be to see if we could do this, in a national sense, working with the federal government, and all indications are good. Recently I attended the Australian Transport Council, where all states indicated their willingness to move towards a common date and implementation of these arrangements. Essentially Victoria should take some pride in being able to move this agenda on.

Finally, over the life of our new road safety initiatives the estimated economic saving to the Victorian community will be about \$5.2 billion. More importantly, though, we are also talking about taking action to remove the emotional and the physical costs associated with road trauma: preventing 100 road deaths, as I have indicated, a year; we are also aiming to reduce 2000 serious injuries on our roads annually by 2017 — a very worthwhile objective.

The CHAIR — Absolutely.

Dr SYKES — Minister, my question follows on from that. I should say that I am struggling a bit with information overload at this stage of the week, but I am sure you will have some detailed notes there that we can pick up on. I am interested in a bit more information on the peer passenger number restrictions, because The Nationals were also supportive of that approach. Have you got any information on the expected impact on road toll, and then — following on from that — your information strategy in terms of timetabling and budgeting? But also, can you expand on any exemptions you may have, particularly coming from the point of view of the country young people, who have to a large extent reacted rather negatively to this proposal? They see serious implications where there is generally an absence of public transport options, and therefore going to and from work or to and from school become issues, and even the concept of designated drivers getting to and from functions which they may need to travel been communities to get to — so impact, information strategy and consideration and exemptions, particularly for country young people?

Mr PALLAS — I might throw to Gary during the course of this presentation. On the impact issues, Bill, I have got to be one of the people who actually says my initial reaction towards the concept of passenger restrictions for young drivers was probably that it was better for us to stick to our strategy. The strategy up to that date, until this change was announced, was that we should not go to a process that would undermine the idea of strategies such as Keys Please, which aimed to ensure that you had a designated driver. The problem with all of that — and it really goes back to what I said earlier — is that, as a government, we need to be guided by the factual material about what the practical effect of these changes. I was persuaded by the material which was shown to me and I think is replicated in the Arrive Alive 2 strategies that were released at the time of the announcement. There was a

four times higher likelihood of a young driver being involved in a fatal accident in circumstances where they had more than one peer passenger on board. In the light of that sort of evidence, I felt it was compelling, so I was more than prepared to acknowledge in a substantive way that we had to change tack. To the extent that that was a backflip, I am more than happy to backflip in the interests of community safety, and I think it was critical.

Dr SYKES — I am not pursuing you on that.

Mr PALLAS — In respect of the issues associated with travel, the operation of these arrangements is that they apply only for the first year for young drivers. There are exemptions in respect of the peer passenger arrangements. They do not apply for siblings, and they effectively only apply in circumstances where it is the first year of driving. There will be a substantial advertising campaign around it, which has already started in terms of the graduated licensing system. You may have seen some of those in newspapers — the ‘There are two Ps on the Plate’ campaign, identifying the difference between the green and the red Ps, and so forth. Gary might be able to give you some further elaboration on the specific issues.

Mr LIDDLE — With respect to the estimates we have made of the impacts of this, we have not made specific estimates of the impact of peer passenger restrictions, but the estimates we have made are of the impact of the total graduated licensing system and the outcomes we believe that will have, and that estimate is that there will be 800 fewer casualties a year and 12 fewer deaths a year as a result of the full graduated licensing system, of which the peer passenger restriction is one component.

The other thing that we also looked at is the impact of people not being able to take other young people with them and the idea of a designated driver. We made an assessment that even when you allow for some additional trips on the road, the overall impact of a peer passenger restriction is still a positive one. It is important to recognise that in the work we have done, only about 7 per cent of total trips undertaken by people in the first-year of their probationary licence are trips undertaken with more than one peer passenger; so it is quite a small number of total trips, and the overall impact is still a positive one.

Dr SYKES — I would like clarification: this will apply in their first year of licence, regardless of whether they get their licence first at 18 or 28?

Mr LIDDLE — Only for those under 21.

Dr SYKES — Okay. The second thing is: did you give any consideration to an option that we have put out there — that is, to have their first year of licence come down to 17 so that it is a carrot for the young people? These restrictions are applied in this first year, but right now you are taking something away from them which they really have reacted to, whereas if you gave them the opportunity to have their licence at 17 with these restrictions, you would be giving them something. It is my understanding that in other states generally the licences are coming in at a younger age and the issue of deaths and accidents is associated with first year of licence rather than whether you get it at 17 or 18.

Mr PALLAS — I can answer that the state of Victoria has no desire or intention to move towards younger drivers’ licensing. The reason that that is our view is that it is not just the first year of driving after they receive their licence where the problem exists, although admittedly there is a substantial problem in the first year of driving. It is in that age group of 18 to 25, where we notice that the highest level of accidents occur. From memory I think they constitute about 23 per cent of all accidents.

Dr SYKES — It is 18 to 24-year old males, so why are you penalising females, is one of the arguments that has been put to me.

Mr PALLAS — From a government point of view I think it would be folly from a policy point of view to start to make a distinction; quite frankly, the government intervening in these areas for the purposes of trying to protect people so that they can be efficiently road-ready has a practical effect. You asked earlier what we saw as being the ultimate benefit of the safety outcomes of these arrangements, and I am reminded that at the time that we looked at these things, we came to the view that it was something like 12 lives that would be saved and something like 800 fewer serious casualties would occur once these changes were operational. If we were to look to bring younger people onto the road earlier, I think that would run counter to all the things we are trying to do in terms of road safety.

Dr SYKES — Can I encourage you to look at that again, because my understanding of the information interstate and overseas is that the issue is related to when you first get your licence, not whether it is at 17 or 18, and I have seen some graphs that show that the real jump up in accident rates is when you go off Ls and onto your Ps; so I would ask you whether you would undertake to have a look at that and come back to us.

Mr PALLAS — If you are asking me whether the government will have a look at the idea of introducing younger driving capacity, the answer is no. We have a very clear view about this. If you bring people into driving earlier, you expand the category of people in the at-risk group.

Dr SYKES — Is that evidence-based in terms of comparison with other states and overseas?

Mr PALLAS — The evidence is pretty clear when Victoria leads the nation in terms of deaths per 100 000. We are at 6.4 and the rest of the nation is at 8.1. It is evidence-based in the sense that if you look at the progressive implementation of our strategies, we have been able to bring the road toll down. I think sending a counter-intuitive message like bringing in younger people — the highest risk category that we have in terms of their involvement on the road, onto the road earlier, is not a good thing.

Mr BARBER — In relation to the clearway announcement, do you know how many kilometres of road that applies to? You said ‘a number of roads within 10 kilometres of the CBD’; did you also announce the preferred timing for the implementation of that at the time you announced it?

Mr PALLAS — Yes, certainly 150 clearways are directly affected. Exactly what the road space is — I do not know. We did announce the timing, and it was effectively expressed in terms that as a government we saw it as being appropriate that firstly, we would identify a number of specific, key areas on the public transport network in the a.m. period that would need to be addressed, and that we would progressively roll it out into the rest of the a.m. peak on the arterial road network, and then subsequent to that we would look to move it into the p.m. peak. It would be progressively introduced over the next 12 months, so we would not anticipate implementation, even in the priority areas, for some months yet because there is clearly a process of consultation that we are going through. Our view clearly is that we need consistency in terms of the operation of the arterial road network, particularly around the public transport areas. They are our priorities; they are the areas we are looking to move on first, and principally in the a.m. peak.

Mr BARBER — Just on that consultation period you just mentioned, that is to occur under a code of practice designated under the Road Management Act. Is the version of the code of practice that you are working off the one that was gazetted on 16 September 2004?

Mr PALLAS — I believe it is, yes.

Mr BARBER — In other words, when it requires you to determine whether to create or alter a clearway, and you have to take into account traffic congestion; Melbourne 2030; whether it is beneficial to the community with regard to the enhancement of the environment; the view of the relevant council and all of its policies; economic and social activity, amenity and accessibility; the future relationship between bicycle use, transport operation, curb lane marking; opportunities to address conflicting demands of schools, shopping centres and other sensitive land uses; plus a notification and appeal process that requires at least 60 days of notice: you are saying you can do that within a few months in some cases?

Mr PALLAS — Our view is — —

Mr BARBER — And a year overall?

Mr PALLAS — Our view — —

Mr BARBER — For 165 clearways?

Mr PALLAS — Have you got any more bits you want to add? Our view is clearly this: the Road Management Act provides us with a capacity to undertake the actions we have. The code of practice was actually developed at the time the Road Management Act was introduced for the purposes of dealing with isolated and singular addendums and amendments to clearway times. This is clearly not contemplated by that process. It is actually a system-wide change; it is unprecedented — it has not happened before — and as a government we see it as being ultimately in the long-term interests of the community.

We are going through a process of seeking to engage all affected stakeholders through local council discussions, but it would be entirely disingenuous if we were effectively to say, 'We intend making a one-size-fits-all approach to clearways' and at the outset start a process of individual engagement. That would be a nonsense, and it would be dishonest. What we have said — —

Mr BARBER — But the code requires you to do exactly that, Minister, and that is my question.

Mr PALLAS — Of course, I believe the code does not contemplate a system-wide amendment. If you are advocating that I should have gone out and been dishonest with the community and actually had an engagement with them around the fact that perhaps we should create a sham process of engagement, and say, 'We would like to talk to you what best suits your community. I have gone through the motions, and by the way it is a system-wide adjustment', that makes not only a nonsense of the process but it also insults the councils and the communities that we are obliged to consult with. Given the constraints of the act, I believe we can act entirely consistently with the obligations contained in the act.

Mr BARBER — The code — —

Mr PALLAS — Certainly in respect of the code I do not believe the existing code actually contemplates the sort of changes that we are proposing to put in place. As a government we would seek to ensure that in future the code actually contemplates such generic-wide changes, and we have already started the process of engaging peak stakeholder organisations to ensure that system-wide variations can occur.

Mr BARBER — Do you think there will be further expansions to this clearway network in years to come?

The CHAIR — I think that is probably a policy question outside the estimates. I will let that one go, maybe it is a question for the house.

Mr SCOTT — My question relates to the outer metropolitan roads program which is referred to on page 330 of budget paper 3. What action is the government taking to improve travel times in Melbourne's outer suburbs in the estimates period?

Mr PALLAS — The issue of outer metropolitan arterial roads is one that demonstrates exactly what vitality and growth is going on within this community. We have seen strong population growth going on within metropolitan Melbourne. It is about 12.6 per cent since 1999, predominantly in our outer suburban growth corridors such as Melton, Casey–Cardinia and Wyndham. The government made an announcement in the current budget that it intends to make a substantial investment in the road network that services the booming outer suburbs. Of course, that investment in the 08–09 budget is \$85.3 million — that is specifically allocated.

In addition to this funding the Brumby government is currently building or planning 18 significant road upgrades right across metropolitan Melbourne worth about \$1.8 billion. These projects include and are in cooperation on occasion with the federal government — the Deer Park bypass being an example of that — Cranbourne, Sunbury, Dandenong, Hoppers Crossing, Wheelers Hill and Narre Warren also have projects being undertaken. In total we have completed and delivered 49 significant outer metropolitan arterial road projects, and those are at an estimated worth of about \$1.5 billion. This is a significant investment in metropolitan arterial roads. It is a record that this government is proud to achieve. The infrastructure we are providing is particularly important to communities, to families and to the amenity of the suburbs they live in. Each project will help to improve and address our traffic flows.

But, as the Premier detailed in March, we now expect 1 million extra people in Melbourne a decade earlier than our previous estimates, so we are taking action to build road infrastructure in our rapidly growing suburbs that are needed now and in the future. The budget will invest \$36.8 million in the Pound Road and South Gippsland freeway and the highway. It is a project that will obviously be welcomed by local residents particularly in the Dandenong and Casey areas. The upgrade will widen and the Pound Road bridge over the freeway. It will improve access to the freeway by upgrading the on and off ramps and it will see the installation of traffic signals at the nearby South Gippsland Highway.

We will also invest \$48.5 million to see the completion of the duplication of the Kororoit Creek Road between Grieve Parade and Millers Road. Not only will this initiative provide a four-lane divided carriageway linking

important industrial areas such as Alton, Laverton and Williamstown North, but it will also include a grade separation of the existing rail level crossings. We recognise that the quality of our infrastructure can enshrine Melbourne's reputation as one of the world's most livable cities. These initiatives, combined with \$112.7 million in the Keeping Melbourne Moving congestion plan will continue the government's record of investing in our infrastructure.

Mr DALLA-RIVA — Can I just get clarification on the clearways? Are they going to be tow-away zones as well? Is that the anticipation?

Mr PALLAS — It is anticipated that the clearways will be serviced by the tow-away arrangements, absolutely. Those tow-away arrangements are part of the reason we will be taking some time in not only consulting with the local communities but also reaching the appropriate arrangements for those tow-aways to occur.

Mr DALLA-RIVA — The other bugbear that we have in parts of Box Hill is the super-stops along Whitehorse Road. If you are looking at expanding into clearways for trams and then you put these super-stops, which actually convert the traffic into one lane — —

Mr BARBER — They are going to put super-stops on all these roads as well.

Mr DALLA-RIVA — I am just curious — —

Mr BARBER — The DDA requires them to put super-stops in the tram network.

Mr DALLA-RIVA — I am just trying to work out how you are going to work around that.

The CHAIR — They are only 0.8 of a minute actually extra, but have you got a question?

Mr BARBER — The code goes, the Disability Discrimination Act goes, tow trucks come in.

Mr DALLA-RIVA — I gather you are going to support the super-stops and the clearways, which will then bank it up again?

Mr PALLAS — The government does have a priority and a commitment to the provision of public transport as a priority on road. That is clearly our objective in terms of seeking to ensure that the appropriate road space is provided. Nonetheless we recognise that we have obligations, as Greg has indicated, under the Disability Discrimination Act to provide appropriate levels of access. That does not necessarily mean that there will be a substantial level. Part of this process will also be aimed at looking at rationalising the number of stops that we actually put along the roadway for the purposes of being able to ensure a smooth movement of traffic and a smooth movement of public transport. Other things that we will be able to put in place, for example, are on occasion we will look at restrictions in terms of right-hand turns on road, the aim being to make sure that we do have effective movement of trams on road. Our trams currently move at about 9 kilometres an hour — —

Mr WELLS — The slowest in the world.

Mr PALLAS — And we are going to have to make some hard decisions if we want to get effective utilisation of our road space to get public transport moving. If we genuinely accept the proposition that we need to provide clear and effective priority for mass movement of people, then we have to take some reasonably firm and appropriate actions. We will also be looking at the provision of the installation of dynamic signals and pavement markings to alert motorists to stay clear of tram tracks. All over, with the construction of platform stops at high loading points to reduce tram dwell times, we are looking basically to rationalise but to increase the level of efficiency of those stops that we put in place.

Mr DALLA-RIVA — You mentioned those lights. I have seen them in Kew and they do have an effect because as soon as people see them, they merge to the left. I am just curious in terms of your budgeting forward with the clearways to reduce congestion, which is one of the key indicators on your concerns about trying to keep the roads clear, but as part of that process there has not been much consideration given to the componentry of super-stops as part of your budget estimations. In other words, this proposal to open the clearways may actually be short-circuited by the fact of the disability requirements for trams. I am just wondering: are there any forward estimates budgetary considerations you have given as to how you are going to deal with the road network if there is a requirement for the trams to comply, like we have got in Collins Street with the super-stops, where they actually

congest traffic into one lane? I am just wondering from a budgetary consideration if that has been put forward in the forward estimates?

Mr BETTS — No, it does not so much feature in the forward estimates. But obviously the establishment of clearways enables you to introduce DDA-compliant tram stop infrastructure without completely blocking roads. In other words, it frees up road space to enable you to do both. If you consider that a tram can carry 140 to 200 people, that can be a kilometre of traffic jam taken off the roads. Often giving priority to the trams is a decongestion measure. While Mr Wells said we have a slow tram system, we also have one of the largest tram systems in the world, which is a huge asset for us in the fight against road congestion. Protecting it through super-stops and the other measures the minister has described is part of reducing congestion in the long run, it is not a contributor to it.

Mr DALLA-RIVA — You have not ruled it out.

The CHAIR — Minister, I note in the budget papers that under Labor's financial statement, under the assets ones, for one small project you have actually done the assets initiatives, or they are there. Obviously we have to move on to newer projects as well. You mentioned in your overheads the AusLink program. What will this budget and the estimates going forward do to deliver vital road projects under AusLink?

Mr PALLAS — I think AusLink is one of those areas where Victoria can feel justifiably proud of the improvement in the position we have got, but we should not be particularly smug — there is still more work to do here. As a government we have had a consistent position that we expect to get 25 per cent of federal funding allocated under the AusLink program. We are 25 per cent of the nation's economy, we are 25 per cent of the freight task, and we pay 25 per cent of fuel excise.

The CHAIR — We are 25 per cent of the population, too.

Mr WELLS — When will you achieve that by?

Mr PALLAS — Appreciably earlier than you ever did, I suppose.

Mr WELLS — Just tell us: when are you going to achieve it by? You have got your mates in Canberra, so when are you going to achieve it?

Mr PALLAS — We are making substantial inroads.

Mr WELLS — Tell us.

Mr PALLAS — We have increased it — —

Mr WELLS — Is it 2008, 2009, 2010?

Mr PALLAS — We have increased it from 16.5 per cent under the previous government to 18.4 per cent.

Mr WELLS — What is your expectation?

Mr PALLAS — My expectation is I want to get 25 per cent as soon as I can.

Mr WELLS — When?

The CHAIR — Thank you. He has given an answer. Can you give us some more details of this funding, as was in the original question?

Mr PALLAS — Last year the Victorian government released its national transport links, which was a strategic vision of some 30 priority projects for consideration as part of the \$22.3 billion AusLink 2 program. Victoria lobbied both sides of politics in the lead-up to the federal election. We sought then, and we continue to seek, 25 per cent of the AusLink 2 program. This approach has largely been vindicated, I think, in terms of a demonstration of a substantial and positive move forward. Our state secured 19 promises out of a total of 23 promises from federal Labor: 19 of our priority projects were identified, and an additional four projects that federal Labor also identified. That is 18.4 per cent of the total committed AusLink allocations. So this funding level is still less than Victoria deserves, given, as I have indicated, our 25 per cent contribution to the national economy.

The projects identified are quite substantial. They include the Western Ring Road upgrade — the federal government has actually already identified \$5 million for planning and \$9 million for a feasibility study associated with the Western Ring Road; West Gate Bridge rehabilitation — the federal government has identified \$25 million towards planning and preconstruction of that project; Somerton intermodal terminal; Altona intermodal terminal; Dandenong intermodal terminal development; Wimmera Dooen intermodal terminal; Shepparton freight and logistics centre; Western Highway duplication between Ballarat and Stawell — the federal government in its budget identified \$5 million for planning on that project; Western Highway Stawell–South Australian border capacity improvements; Western Highway Anthonys Cutting; Melbourne–Adelaide rail line upgrades featuring concrete sleepers and longer passing loops; Melbourne–Adelaide rail line with the Geelong port connection; Geelong ring road stage 4A — in this current budget the federal government has allocated \$6 million and a total of 62.5 million over the next four years in terms of being able to conclude the construction of that road; Geelong ring road stage 4B; Princes Highway west Geelong–Colac duplication stage 1, Winchelsea section — once again in the federal budget \$1 million has been allocated in the planning process of the federal government; Nagambie bypass — the federal budget has identified 5 million for planning and preconstruction activities; Princes Highway east Traralgon–Sale duplication — the federal budget identified \$1.2 million over two years to commence detailed planning; Calder Highway Kings Road interchange; ARTC projects in and around the Dynon precinct; Springvale Road grade separation, Nunawading; Clyde Road upgrade, Berwick; West Warrnambool interchange terminal; and the Colac–Lavers Hill Road — the federal budget once again put in \$7.5 million over the next two years for preconstruction.

The CHAIR — How much is that overall that the federal government is putting in? What did you say before?

Mr PALLAS — It is 18.4 per cent of the total; it is about \$2.7 billion over the life of the AusLink 2 agreement. I think it is important to recognise that we still have some negotiations to go with the federal government, Chair. AusLink 2 is not due to come into operation until 2008.

Mr LIDDLE — July 2009.

The CHAIR — July 2009. So the money that you have mentioned, a lot of it is for planning work.

Mr PALLAS — It is good to see really that what we are getting here is a down payment demonstrating that the commitments that the federal government has made in respect of these areas will be honoured, and indeed the federal minister has publicly said that all commitments given in the election in respect of the AusLink and funded roads will be honoured and that, I have got to say, comes as a considerable satisfaction to me. If you look, for example, at the Western Ring Road, which is a critically important piece of infrastructure for Victoria, it is estimated at around about \$2.3 billion in terms of the provision of that road, which is an extra lane along the entire length of that road. That would take quite some time to actually deliver, and it is important that we get the appropriate demonstration of commitment from the federal government. A lot of planning work needs to go into it, but the fact that they have actually put aside planning money is a great indication.

The CHAIR — So what is our commitment as our share of these particular projects so far?

Mr PALLAS — The government has indicated and we remain committed to our publicly stated position that we will put in 25 per cent of the total of these projects, and we have started and we have demonstrated that process in this budget by making appropriate contributions — for example, the \$110 million to Princes Highway west, the contributions that we sought to make in respect of both the 4A and the 4B development of the Geelong ring road. I have got to say that road is going to be of enormous significance and benefit to the people of Geelong, and it is great to see that the federal government is working with us. Kim, you will recall that some have said that this, Princes Highway west, was entirely a state responsibility. It is good to see that we actually do have a cooperative approach in working with the federal government, and a recognition of that in respect of the completion of the work of the ring road and of course in terms of going forward with the Princes Highway west. I am sure a lot of people would be very satisfied that we are going to get a much better outcome as a consequence of that. I thought it would probably be useful to show you a couple of handouts which show us exactly how far we have come in terms of federal funding on these issues, and if I could — —

Mr BARBER — Are they updated to include the budget last night?

Mr PALLAS — Last night? Was there a budget last night?

Mr BARBER — The night before. I have been in these estimates for a long time, Minister. I am losing track of time.

The CHAIR — This is only the first week, Greg.

Mr PALLAS — So do we have the handouts?

The CHAIR — Okay, I will get the secretariat to hand them out.

Mr WELLS — Minister, can I just seek clarification. You mentioned earlier the strengthening of the West Gate Bridge was 125.

Mr PALLAS — One hundred and twenty.

Mr WELLS — One hundred and twenty?

Mr PALLAS — Sorry, that is a state contribution. We are expecting — —

Mr WELLS — And the 25 from the commonwealth is in addition to the 120?

Mr PALLAS — Sorry, the 25 million that the federal government has identified would be a down payment on their ultimate and total contribution of \$120 million that is yet to be received, but they have put in effectively a 25 million contribution which demonstrates they are signed up to this project. So effectively a fifty-fifty contribution — —

Mr WELLS — Okay, so it is going to be — —

Mr PALLAS — One hundred and twenty- One hundred and twenty.

The CHAIR — Because you said originally 25 per cent, but some of them are actually fifty-fifty, are they?

Mr WELLS — So that one is fifty-fifty.

The CHAIR — But most of the other ones are twenty-five-seventy-five.

Mr PALLAS — These are really just a couple of graphics to show that we have got a fair bit of work to do in terms of federal funding.

Dr SYKES — That is a party line: 'But there is more to be done'. We must coin that one!

The CHAIR — There are two different ones, are there? New South Wales gets more than their fair share.

Mr PALLAS — But we are getting on with the job, Bill.

Dr SYKES — Yes. And is Victoria a great place to live, work and raise a family — and suffer traffic congestion or something like that?

Mr PALLAS — What you have here are two graphic descriptions essentially of our commonwealth road expenditure share by state. We will no doubt share a common goal here looking at the great outrage that has been suffered by Victoria. It was an outrage in 1994–95, Kim, so you will be happy to hear me say that — when Victoria got 20 per cent of the national share, Queensland got 20 per cent of the national share and New South Wales got 37 per cent of the national share. In 2000–01 that share actually declined and we got 15 per cent of the national share, Queensland went to 26.3 per cent of the national share and New South Wales declined marginally to 34.5 per cent.

Mr WELLS — You are not being selective in the way you have just chosen, for example, 1994–95 compared with 2000–01? Are 2001–02 and 02–03, 04–05 the same? Are they all the same at 15 per cent.

Mr PALLAS — The point here is that — —

Mr WELLS — I know you would not be that selective.

Mr PALLAS — You know I would not do such a thing.

Mr WELLS — No, I know you would not do that.

Mr BARBER — What about 07–08?

Mr PALLAS — The point here is to actually identify the problem and that is the trend: it is going against the economic share and the argument for the state.

Ms MUNT — And population growth, too.

Mr PALLAS — There is reason for optimism here but not for smug satisfaction. We have come a way forward, but I think Victoria would be expecting substantial improvement in the next budget.

The CHAIR — We are up to 18. What did you say it was? Eighteen point something per cent?

Mr PALLAS — It is 18.4 per cent of the total committed AusLink funding in terms of federal Labor commitments.

The CHAIR — What was it last year? 15 or something?

Mr PALLAS — It was 16.5. Is that right?

Mr McDONALD — About 16 — yes, around that.

The CHAIR — Yes, 16.5 in 2006–07.

Mr WELLS — Mr Rich-Phillips?

The CHAIR — Have you had yours?

Mr WELLS — No.

The CHAIR — No? That was my question.

Mr WELLS — We are swapping.

Mr RICH-PHILLIPS — Minister, off the roads and into the bay. The government committed \$150 million last year for the channel deepening project. Can you tell the committee what the current total cost estimate of the channel deepening project is, and is that commitment from the government capped at \$150 million if there are further cost increases, that is, do they have to be borne by the port of Melbourne?

Mr PALLAS — Yes, I can certainly tell you that channel deepening is a critically important project, and we have consistently said the costs associated with this project are necessary for the long-term vitality of the state. I also think it is only fair and appropriate that I make the point that the state has never indicated a figure except since the federal approvals and the business case was ultimately approved and that figure was \$969 million — —

Mr WELLS — How much is that again, Minister?

Mr PALLAS — Were you not here when the announcement came out, Kim? Were you on holidays?

Mr WELLS — No. Just so that I can write it down again — \$969 million.

Mr PALLAS — It is \$969 million.

Mr WELLS — Just a smidge under a billion.

Mr PALLAS — Let us be clear when you are talking about the vitality and assurance of Victoria as the freight and logistics hub of the nation, the channel deepening project is a critically important and valuable investment. If you take, for example, the fact that there is rapid container growth, rapid container movements coming right through the port we know that over the next 30 years we are likely to see a five-fold increase in terms of container movements from 2005 to 2035, from 1.4 million to 7 million TEU. It is also critically important that

we recognise that this project is part of an integrated process on the government's behalf in order to ensure that we can essentially preserve our place as the freight and logistics hub of the nation. Slightly less than 40 per cent of the nation's containers actually move through the port of Melbourne, and we want to be a bit careful that we do not embrace and adopt the approach that other ports have done and chosen not to deepen their hub. That is a decision they make but it is also a decision about the long-term economic vitality of those areas. If you look at the port of Portland in Oregon, it made a choice not to actually deepen its harbour. The practical effect of that was that over a 10-year period the port saw about 50 per cent of its container services reduce because other ports were seen as alternative and more appropriate ports to go to. About two out of three of the major shipping lines actually ceased going into that port.

As we have indicated, the economic benefit for this process, which has been the subject of a study by PricewaterhouseCoopers and which was released on 21 March by the Treasurer, found the port of Melbourne generated in 2004–05 a total economic impact of \$2.5 billion per annum and supported almost 14 000 full-time equivalent jobs. The study also calculated that the net economic benefit of the channel deepening project was in the order of \$2.2 billion for the period to 2035. The government has essentially identified that we would make approximately \$100 million of contribution in respect of the assistance to maintain the TEU viability rate, and I take you back to the slide I have shown you already which assures people and the community that the TEU handling rates in Melbourne are still competitive and lower than our eastern seaboard competitors into the long-term as well. Also there is an additional \$50 million for critical port infrastructure work that can be made in order for the port to be able to harness the full effect and benefit of the channel deepening project.

Mr RICH-PHILLIPS — And all further costs to be borne by the port of Melbourne?

Mr PALLAS — The way that the project is proceeding we would not anticipate that occurring and certainly from our perspective we see that the project is being managed extremely well. We are about 20 per cent of the way into the project. I might add that all the environmental advice that is coming to us is that the environmental issues are being managed and within the environmental management plan safeguards. We do not anticipate that the project will have any greater costs but ultimately we see that the port has a commercial responsibility. That is its charter, and it will manage this project responsibly, and ultimately it will take responsibility for delivering the project to the state.

The CHAIR — So it is on time going forward, is it?

Mr PALLAS — It is on time, yes.

Ms MUNT — Can I just follow up on that topic a little bit. There is a lot of business in my electorate, particularly in Braeside, and a lot of that business relies on import-export. So the efficiency of the port is paramount to not only their business but business in Victoria generally. We are a manufacturing state, and we rely on business to be the powerhouse of our economy. Could I just refer you to budget paper 3, page 140, 'Freight, logistics, ports and marine development'. It says there:

Plan and deliver policy and infrastructure initiatives to improve efficiency and safety in the freight and logistics sector and the state's ports and marine environment ...

Could you expand on exactly what that plan entails and what is being envisaged for the next 12 months or so in that regard?

Mr PALLAS — Sure. The government has invested, as I have indicated, \$150 million for the development of portside infrastructure improvements and to minimise the burden on businesses at the port using the port of Melbourne. The project will also recover costs through port users, and work is continuing pursuant to the approvals provided by state and federal ministers. So far over 3.4 million cubic metres of material has been dredged in accordance with the environment management plan. Today marks the 100th day of the project, and obviously a substantial amount of progress has occurred. I think I indicated that 20 per cent of the project had been done since — —

The CHAIR — Yes, you mentioned that.

Mr PALLAS — Fifteen per cent of the project has actually been done to date. The port has been providing weekly reports on turbidity over and above the quarterly reporting requirements, and data from the environment monitor shows us that the environmental requirements are being met. The second trailing suction

hopper dredge, the *Cornelius Zanen*, or the *Coza*, arrived at the start of May to begin work on the port of Melbourne channel to continue dredging and dredging works. Obviously the thing that is critically important about this project is that it has relevance for every Victorian in terms of their capacity to go about their daily lives. It has an effect upon the way the freight moves around the state, around the city, and it also has an effect ultimately upon the cost of goods, whether it be DVDs and whitegoods and the competitiveness of our exports too. Getting our materials from our exporters and to our exporters is critically important.

In port logistics alone, as I have indicated, there have been 14 000 jobs and \$2.2 billion worth of economic benefit over a 30-year period. We have always said that there will be an impact in terms of channel deepening. At times the water will be murky, and the currents and the wildlife will be temporarily affected. But in a broader sense it is critical that we need to make these changes in terms of the long-term efficiency of freight movements throughout the state. Because of Melbourne's proximity to New South Wales, South Australia and Tasmania, the port of Melbourne's access to road rail and rail corridors is critical to national competitiveness; not just Victoria — we cannot take that for granted. The port of Melbourne handles about \$75 billion worth of trade each year, and that includes more than \$100 million worth of exports in every day.

Current draught limitations that attach to the bay as it currently operates, it is about 11.6 metres, and around about 27 per cent of ships entering the port from loading to maximum capacity in 2005–06, and this has substantially increased since that time to as much as 38 per cent recently. Adelaide and Brisbane currently provide access for deeper draught vessels, and plans are already under way for deepening channels in Auckland, Shanghai and Kelang, all of which have direct and important connections to Melbourne. To remain competitive we need to look at ports across the world. They are all embarking on these channel deepening projects, and history has shown that ports in the US, the UK and Europe that have failed to deepen their waters actually lose their market share and their trade. I have given you the example already of the port of Portland.

The port of Melbourne is projected to increase its handling of 20-foot TEU, as I have, said, from 2 million to 7 million TEU over the next 25 years. As I have indicated, the economic benefit of channel deepening varies, at up to \$2.2 billion in economic benefits in net present value terms. It does have a benefit to cost ratio of 3 (rounded to the nearest whole number), and the additional jobs that are likely to be effected is about 2200 during the construction phase. So these are the opportunities that we can either grasp or we can forego, but ultimately they are decisions that define the community and the sort of community that we want to live in.

Channel deepening is a project supported by business, supported by industry, supported by farmers, supported by exporters and supported by trade unions. Their view is clear and unmistakable; we have got to keep up with global trends in shipping, and we need to complement those actions. So, for example, the Dynon port rail link, which will complement the movement of freight by rail into the port, has to occur. The project will also help the efficient movement of freight into the port of Melbourne. It will integrate the port with the Dynon port terminal to establish a cutting edge intermodal precinct, catering for the efficient movement of freight between road, rail and sea. It is a significant project which will markedly improve road access and efficiency. Just on that point, that is an intersection that has three roads that intersect at Dynon port: Enterprise Road, Footscray Road and Appleton Dock Road. There is something like 19 freight movements along that road every day. We will be able to grade separate those, and that will have a dramatic effect upon congestion, particularly in the inner west. So it is not only good for the port; it is good for road users as well.

Mr BARBER — Just a point of clarification, Chair, on that one.

The CHAIR — Okay, quickly.

Mr BARBER — The minister gave a figure on TEU in 30 years' time. Can you tell us what it will be this year? What is the projected growth in TEU for this year?

Mr PALLAS — I think it is currently just over 2 million TEU.

Mr GARWOOD — That is correct.

Mr PALLAS — The growth is around about 7 per cent per annum at the moment on TEU.

Mr GARWOOD — That is correct. It will go down over the longer period; down to about 5 per cent. That is conservative.

Mr BARBER — So projecting 7 per cent for this year?

Mr PALLAS — Seven per cent or five?

Mr GARWOOD — Yes, for this year.

Mr PALLAS — Seven per cent for this year, but five going forward.

Mr WELLS — My question is also about channel deepening. Did you say that the economic benefit of the project is 3 to 1?

Mr PALLAS — That is right; the benefit to cost ratio of 3 (rounded to the nearest whole number).

Mr WELLS — That is a cost of 969 million, and the economic benefit over the life of the project will be 3 to 1; is that correct?

Mr PALLAS — That is right.

Mr WELLS — In regard to legal costs associated with the project, how much has been spent by the port of Melbourne and the state government, and do you have contingency funds put aside for legal costs over the forward estimates?

Mr PALLAS — I could not give you the legal costs off the top of my head but I can tell you that the port will bear those costs within its own budget. As a consequence, they are actually not incorporated within the terms of this budget. The port itself will absorb and meet the responsibilities of legal costs.

Mr WELLS — So there will not be any payments by the state government. All legal costs will be with the port of Melbourne.

Mr GARWOOD — Minister, the state is a party to the legal matters, therefore there are costs accruing to the state.

The CHAIR — You will need to come up to the microphone, otherwise Hansard will not be able to record it properly. You will need to give us your name as well.

Mr GARWOOD — Terry Garwood. I am the executive director, freight logistics and marine division, Department of Transport. The state was a party to the legal matters before the Federal Court, and therefore the state has incurred costs. Those costs will be met from within the department's appropriations.

The CHAIR — So you will report them in the outputs and outcomes in the annual report, will you?

Mr PALLAS — Yes.

Mr WELLS — How much of those costs are borne by the state?

Mr GARWOOD — On the costs associated with our representation, the state actually engaged legal services, so those costs will be paid by the state. The port engaged its own legal services, and therefore it will pay the costs associated with legal services that the port has accrued.

Mr WELLS — What is the expense to the state?

Mr GARWOOD — I do not have those figures in front of me, I am sorry, but we can provide those for you if it is required.

The CHAIR — We can take them on notice.

Mr WELLS — On notice.

Mr BARBER — A double-up.

Mr NOONAN — Minister, I want to ask you about country roads. You have talked a little bit about AusLink, but I want to ask you specifically in relation to funding commitments for the rural roads program how

this investment will support the development of the regional roads network. There is a reference to this on page 328 of budget paper 3.

Mr PALLAS — The government has placed a strong emphasis on upgrading roads in our regional communities. As part of this budget you will see \$224 million has been announced to upgrade regional roads, which is aimed at improving road safety and reducing travel times. The government has substantially increased the proportion of regional capital road expenditure since coming to office. On a per capita basis our road investment in country roads has increased from around about \$76 per person living in regional Victoria in 1999–2000 to around about \$191 per person by 2006–07.

Mr WELLS — Do you have the city figures?

Mr PALLAS — We have a graph for you, if you would like. I might hand that up. Kim, I can assure you I have not been selective. Between 1999–2000 and 06–07 these are the figures. So there is nothing selective there, but what you can see effectively is that there has been a substantial increase in — —

Mr WELLS — But that does not include investment in EastLink, does it, only government — —

Mr PALLAS — No, this is state funding. This growth has taken place over a time when the population of regional Victoria has grown significantly as well. In fact if you look at it overall, I think the state population growth is around about 11 per cent, and we have allocated \$110 million to the Princes Highway west duplication between Waurin Ponds and Winchelsea, an upgrade that the local community and the member for South Barwon and the federal member for Corangamite have campaigned pretty fearlessly on. I am delighted that the commonwealth has put forward \$1 million in their budget for the planning funds for this project. The reason why it is so important that that planning money is there is that it is a clear demonstration that the federal government are acknowledging that this is now part of their shared responsibility. We have been quite public and quite outspoken about the need for this road to be seen as a joint responsibility, and I am pleased to see that the federal government is honouring its commitments prior to the last election and working with us on this.

I have spoken with local community members about this project, including members of G21, local business groups and representatives from the seven councils that support the upgrade. It is a project that the Brumby government has clearly and very forthrightly spoken in support of, and I am pleased to see that we have been able to achieve it, because the Brumby government in funding this road along with the commonwealth government's commitments knows that it will be a major transport corridor with a vital role in supporting trade between Victoria and South Australia and throughout the south-western region of the state. I know that, for example, the member for Polwarth actually expressed the view that he thought this was all a con and that after the election people would walk away from their commitments. I am pleased to see that they have not. Far from walking away from the funding projects, clearly what we have seen is that there is a substantial contribution and commitment from the federal government going forward.

Another key and important project of course is the Geelong ring-road. As part of this budget we will invest \$65 million for section 4B of the Geelong ring-road on top of our existing commitments. Stage 4B will take the significant piece of road infrastructure from Anglesea Road through to Princes Highway west. Effectively what you will see is from the Princes Freeway all the way through to the Princes Highway and then over the Princes Highway, the Anglesea overpass, over to the Princes Highway again through the 4B connection and then all the way through to Waurin Ponds the development of this fantastic piece of infrastructure that I think is so vital in terms of the growth that is going on in respect of the south-west and around Geelong.

We see this as a critical piece of infrastructure — 23 kilometres worth of link around the Geelong ring-road in particular. That will mean that 29 sets of traffic lights will be able to be avoided on Latrobe Terrace. Depending upon the time of day that people are travelling, it will reduce travel times from between 25 and 60 minutes by around 15 minutes, so it will effectively take approximately 15 minutes off those travel times, some of which take 25 minutes and some 60 minutes, just depending on the time of day. It will also improve the amenity of Geelong. That is going to be a great story for the state's largest provincial city. It will improve access to the Surf Coast and south-western Victoria.

The other really important initiative is the \$9 million that we put forward in terms of the Yarra Glen truck bypass, which is a project that the member for Seymour was quite rigorous in terms of his support. Around 13 per cent of the 9000 vehicles that actually use that alignment are freight vehicles. This will provide the capacity to use the

Melba Highway by essentially establishing a bypass around Yarra Glen. It should provide a more efficient freight route away from the centre of town. Obviously it provides some amenity to the community that has been so anxious to see that it is achieved.

Additionally, and importantly, a project that we are pleased support is the \$40 million upgrade commitment for the Western Highway, which provides a vital link between Melbourne and Ballarat. That funding will be used to develop a new freeway standard connection between West Melton and Bacchus Marsh. It will be to replace the steep grade that occurs down the Anthonys Cutting area.

The Brumby government is obviously making a very tangible and substantial commitment in respect of our investments to country roads. In addition to the projects I have outlined, we are currently delivering or preparing to deliver a further 15 significant road projects worth more than \$1 billion in country areas. That is a massive investment in our regional roads. Since 1999, where there has been a 7.1 per cent population increase in regional Victoria, we understand the importance of those commitments. Since 1999 in total we have put in a commitment of around \$2.5 billion to upgrade regional roads. I think these initiatives are a substantial and continuing demonstration of our commitment to making sure that regional Victoria gets a substantial commitment from this government.

Mr BARBER — Just in relation to page 140 of BP 3 for the freight, logistics, ports and marine development output group, in terms of those projects that are meant to benefit rail freight, can you give me a little indication of how much extra rail freight we expect to be carried as a result of those projects? In relation to appendix B of the same budget paper, page 378, which is your target to get rail freight increased from 10 per cent to 30 per cent, which in fact has declined, how soon do you think until you officially ditch that target?

Mr PALLAS — Certainly from a government perspective we have never shied away from the fact that the freight to port target by rail is a target that is a stretching one. We need to recognise that the amount of material that can be moved to port is to some extent affected by circumstances beyond the state's capacity — for example, the reduction in agricultural produce, which is a substantial user of the freight to port network, and the erosion of the volume of goods that has been moved as a consequence of the drought is essentially an issue that will have a practical effect.

Freight carried by a rail to and from Victorian ports consists essentially of bulk goods, logs, containerised primary commodities such as meat and dairy products. The percentage of containerised freight carried by rail to and from the port of Melbourne has been stable in recent years as a result of the drought and the overall effect the drought has had upon volumes. The most recently available information indicates that there is approximately 15 per cent of freight which is carried by rail. The government is securing federal funding and making direct investments in order to achieve improved rail freight efficiency. Quite frankly, that is where the state should be. It should be in the space of putting in place tangible efforts to facilitate and improve the capacity of rail freight to port. We have provided \$53 million towards the \$73 million upgrade of the Geelong to Mildura railway line. This project has now commenced and will ensure that the line remains a viable option for the transport of export freight by rail.

We secured 110 million in AusLink funding towards the construction of the Dynon port rail link, which I spent a bit of time talking to the member for Williamstown about; the work of the ARTC to progress a \$45 million project to increase rail capacity from Tottenham to Dynon rail terminals in the port of Melbourne; we have introduced a \$21.4 million rail freight support package in February of 2008, which provides a rebate for export grain and containerised transport by rail; we have announced \$42.7 million package to rehabilitate key intrastate rail lines and to undertake general maintenance of the network. This investment follows \$25 million which has been allocated for urgent maintenance of the network following reactivation in May 2007 and further to the 13.3 million allocated in the 07–08 budget.

In the long term rail share of the freight network is expected to increase as truck costs increase as result of higher fuel costs, increased registration charges and driver shortages. The introduction of carbon trading also has the potential to shift some freight to rail. To date, rail has been uncompetitive for metropolitan freight to and from the port of Melbourne. As the metropolitan freight task is predicted to grow significantly, the 30 per cent target will be difficult to achieve, although work is being undertaken to determine the long-term viability of short-haul rail shuttles to Melbourne.

Mr SCOTT — I would like to ask about safer speeds on our roads. I refer the minister to budget paper 3, page 124, where there is a reference to a Safe System approach, and I ask: what initiatives will the government undertake to encourage safer speeds on our roads? On a personal note on road safety, I will just make a simple point. It is often talked about in statistical terms, but I know that many families, including my own, are touched by road tragedies. I had a number of distant family members killed in a road tragedy recently, so I would encourage any actions that lead to safer roads.

Mr PALLAS — Robin, I am sorry to hear that. I am sure that given the sort of human tragedy that is involved in the road toll, no matter how good Victoria's position appears to be in terms of its comparison with other states or internationally, we have come a long way, but there is a lot further down the road that we can go to basically live up to the fundamental proposition that every life lost on our roads is one too many. We have a reputation as being a world leader when it comes to road safety, and as the committee would be aware, slowing down actually does reduce the incidence and the severity of crashes, particularly when we are talking about vulnerable road users, and that is in particular pedestrians, and cyclists as well.

Each year speeding contributes to about 30 per cent of our road toll on Victorian roads, but speeding only actually has a relatively minor effect in terms of travel-time savings — for example, if you reduced your speed from 65 kilometres to 60 kilometres, over a 10-kilometre distance, you would actually only lose 46 seconds on the journey. Effectively I think far too often we get so caught up in the desire to get to where we are going, we actually lose a sense of exactly how much it is that we are actually saving and what we are gambling with as we go down that path. That is why the government has been committed to encouraging Victorians to slow down on our roads. We have been doing this through education campaigns, through reducing speed limits on our streets and through targeted enforcement measures. But one of the successful initiatives regarding speed has been the introduction of school speed zones. You will see at page 323 of budget paper 3 that we have invested \$13.6 million in terms of putting in place 600 electronic speed signs at over 200 schools. In addition to that, \$17 million has already been allocated to the installation of electronic speed signs outside Victorian schools. Since these new zones were introduced in 2003 we have seen a 23 per cent reduction in casualty crashes and a 24 per cent reduction in crashes involving pedestrians or cyclists around schools. It is an investment well worthwhile, providing real road safety benefits. For vulnerable road users such as pedestrians a small reduction in speed can be the difference between life and death.

I will just give you a handout which shows you the graphical description of what that looks like in terms of speed reduction. It is quite impressive. Effectively what this shows — —

Mr WELLS — Is this another handout?

Mr PALLAS — Yes.

Mr DALLA-RIVA — How come we get handouts for their questions and not ours?

The CHAIR — It was Kim who asked the last one, and he got one.

Mr PALLAS — If you ask the right ones, I will give you a handout.

The CHAIR — Minister, keep going.

Mr PALLAS — As you can see, this is research which shows the risk of death of pedestrians, which increases quite rapidly as the impact speed increases — for example, if you look at a 60 kilometre speed, the risk of death is effectively 100 per cent; it is as near as you get to a certainty in practical terms. If you look at a speed of 40 kilometres, the risk of death is around about 25 per cent, so actually slowing down speeds in those areas where there is a high risk of pedestrian interaction is a critically important thing to do.

Of course I was pleased today to announce and I am pleased to advise this committee that not only have we introduced some 18, 40 kilometre speed zones at strip shopping areas right across the metropolitan area, but today I have outlined the guidelines that will attach in terms of the operation of those speed zones and also announced the application for the extension of those speed zones to five other locations: Lygon Street in Carlton, Station Street in Fairfield, Glenferrie Road in Hawthorn and Koornang Street in Carnegie. You will also see that we are upgrading the shopping strip speed limits in Fitzroy Street, St Kilda. Rollout of these speed limits will better protect the safety of pedestrians and road users.

VicRoads will be releasing guidelines to further consider reducing speed limits at other shopping strips right across the state. Each year there are on average about 800 pedestrians killed or seriously injured on our roads, and about 40 of those on average are actually killed on our roads, so initiatives such as reduced shopping strip speed limits will be beneficial to pedestrians. Looking at the year-to-date figures in terms of where we are at, one of the things that does concern me is the increased level of pedestrian fatalities for the year to date. You will see that it is currently at around about 19 in 2008 compared to 12 at the same time last year, so we are 7 above. Provided there is a capacity to meet the criteria — 400 metres in length of a strip shopping area where there is continuous — —

The CHAIR — I have got a couple of candidates, Minister.

Mr PALLAS — Let me see if I can build the criteria that at least limits your expectations, Chair.

Ms MUNT — What are the criteria?

Mr PALLAS — They are 400 metres of continuous shopping — —

The CHAIR — I was just fascinated by this. Looking at it as a research paper, there is an enormous gain to be made between 40 and 50.

Mr DALLA-RIVA — Although I do note that it is a 1997 study, and putting my industry hat on, motor vehicles have improved substantially, as you would be aware, in terms of impact and the way they are designed to — —

Ms MUNT — That is impact with other motor vehicles, not impact with pedestrians.

Mr DALLA-RIVA — It is a worldwide issue.

Mr PALLAS — Richard, you are right. There are certainly impact issues associated — motor vehicle design has improved — but, to give you a more current example of how this has demonstrably tangible benefits, MUARC undertook an analysis of the 18 areas that we had trialled for the purposes of the strip shopping speed reductions.

Mr BARBER — What is that acronym?

Mr PALLAS — Monash University Accident Research Centre. MUARC undertook research, and they found there was a 17 per cent reduction in casualty crashes involving pedestrians at those locations compared to a similar other group of locations that were not similarly regulated in terms of speed. So there is a tangible benefit. I think we do have to balance up the needs of the community in terms of being able to have requisite mobility, but also in areas of high density of pedestrians I think it is incumbent upon the state to look at those areas in terms of being able to put in place appropriate reductions.

Mr DALLA-RIVA — Will the 40 km/h limit apply in the clearways?

Mr PALLAS — It can and it does in some cases.

Mr DALLA-RIVA — So the new areas you have nominated?

Mr PALLAS — No; not as an automatic thing.

The CHAIR — There are no new clearways.

Mr PALLAS — What is happening is that, for example, in Bridge Road in Richmond, that was one of the places that we actually trialled for the purposes of a 40 km/h zone. They have to meet the criteria in respect of the strip shopping speed reductions.

Ms MUNT — What are the criteria?

Mr PALLAS — The criteria are 400 metres of uninterrupted commercial and retail activity on both sides of the road; high density of pedestrian population interaction; and also community support, both the councils and the local community.

The CHAIR — Thanks very much.

Mr DALLA-RIVA — I refer you to service delivery — budget paper 3, page 139 — in regard to the ‘Road projects completed within agreed scope and standards’. In respect of the 98 per cent completed of regional roads, my understanding is that the Geelong bypass stages 1 and 2 are delayed. Are they part of that forward estimates in the target of the 2 per cent that will not be completed? Are there other roads that perhaps you could nominate in the forward estimates in both those areas that you do not expect would be completed within the required time frame, given that you say there is a 2 per cent — —

What I am trying to get at is: are they major road projects that are not going to be completed within agreed scope and standards, or are they minor roads, so to speak, comparators?

Mr PALLAS — I will let Gary deal with the more technical aspects of this response, but I can tell you that in respect of the Geelong ring-road there is a likely delay on the delivery of that project. We thought it would have been due about the middle of this year, and it is now likely to be due towards the end of the year. The reason there is a delay is essentially because of wet and cold weather coming into effect. That affects the capacity to lay bitumen.

Mr DALLA-RIVA — We can disregard previous evidence from the Minister for Agriculture when he said there is a drought in the country.

Mr WELLS — It must be exclusively around Geelong.

Mr DALLA-RIVA — The minister has given us evidence there is lots of drought.

Mr PALLAS — It has rained in some places — I can vouch for that fact. Does that necessarily mean that the drought is over? I think we had better get Bill back and ask him for an expert opinion on that.

The CHAIR — The minister, to answer the question.

Mr PALLAS — In respect of that issue, clearly we could have gone through a process of laying the surface. The advice that I have received is, if we were to lay a surface on Geelong ring-road, there was an unacceptably high risk that that would require further and additional maintenance further down the track, and quite frankly I prefer to get it right. In terms of the effective deliverables on projects, most of our road projects are either delivered on time or ahead of time. The reason they are being delivered ahead of time is essentially because it is so dry — and effectively good project management. But the dry weather has substantially contributed to not as many of the wet weather days that had been effectively factored in being used for the purposes of the delivery of the projects. In respect of the scope and standards and what is incorporated within the failure to comply with 2 per cent, Gary, might have something to add.

Mr LIDDLE — What I could say is, with respect to all the other substantial projects — like the Deer Park bypass or the Calder Highway duplication — all of those other substantial projects are on time and will be delivered on time, so the 2 per cent is in the next level of projects down. I do not have the details of the ones that are not.

Mr PALLAS — In fact I think I might have announced the Deer Park bypass is going to be delivered a little bit early.

Mr DALLA-RIVA — There is no rain cloud over there; it just must be over Geelong.

The CHAIR — That concludes the consideration of budget estimates for the portfolio of roads and ports. I thank you, Minister, and departmental officers for your attendance. The committee has a couple of issues to follow up, and we request written responses on those matters be provided within 30 days.

Witnesses withdrew.