

VERIFIED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2010–11

Melbourne — 12 May 2010

Members

Mr R. Dalla-Riva

Ms J. Graley

Ms J. Huppert

Mr W. Noonan

Ms S. Pennicuik

Mr G. Rich-Phillips

Mr R. Scott

Mr B. Stensholt

Dr W. Sykes

Mr K. Wells

Chair: Mr B. Stensholt

Deputy Chair: Mr K. Wells

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Executive Officer: Ms V. Cheong

Witnesses

Mr M. Pakula, Minister for Public Transport,

Mr J. Betts, Secretary,

Mr R. Oliphant, Chief Finance Officer,

Mr H. McKenzie, Director of Public Transport, Department of Transport; and

Mr B. Carolan, Chief Executive Officer, Transport Ticketing Authority.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the 2010–11 budget estimates for the portfolio of public transport. On behalf of the committee, I welcome Mr Martin Pakula, MLC, Minister for Public Transport; Mr Jim Betts, Secretary of the Department of Transport; Mr Bernie Carolan, CEO of the Transport Ticketing Authority; Mr Robert Oliphant, chief financial officer of the Department of Transport; Mr Hector McKenzie, director of public transport, Department of Transport; and Mr Lloyd Brown, speech writer for the Department of Transport. Departmental officers and members of the public and the media are also welcome.

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

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

Following a presentation by the minister, committee members will ask questions relating to the budget estimates, through the Chair. Generally the procedure followed is that relating to questions in the Legislative Assembly.

I ask that all mobile telephones be turned off.

I now call on the minister to give a 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 public transport.

Mr PAKULA — Thank you, Chair. I cannot believe it has been a year.

The CHAIR — That's right.

Mr PAKULA — There is a bit more interest this time!

Dr SYKES — You wait until you have finished and after!

The CHAIR — Without assistance, please!

Overheads shown.

Mr PAKULA — Thanks for the opportunity to brief the committee this afternoon, particularly on the implementation of the Victorian transport plan and, more importantly, the funding in this budget that is going to continue the important work contained therein.

I just want to start with a bit of context. When you are talking about context in regard to public transport the important context is the question of patronage. Total metropolitan patronage on the public transport network grew by 2.8 per cent to a total of 493.7 million passenger trips taken in the 12 months ending December 2009. If you compare that figure to the four years between 2005 and calendar year 2009, when patronage on Melbourne's public transport grew by 31 per cent, you can see that we are undergoing a little bit of a pause in the sort of growth that the network has experienced in recent years.

Regional train and coach patronage grew by 1.9 per cent in the 12 months up to December 2009. There were 13.2 million passenger trips taken, so that was a 10 per cent increase on 2007–08. The graph that is on the screen charts the success story that is regional fast rail from its launch in October 2006 through the 20 per cent fare reduction in April 2007 and the spectacular revival in patronage that followed. Patronage growth over the two following financial years was 63 per cent, and for that period on the Geelong, Ballarat, Bendigo and Traralgon corridors patronage increased by 61 per cent, 71 per cent, 56 per cent and 109 per cent respectively.

The number of people using the Metro train network rose from 118 million boardings in 1998–99 to 214 million boardings in the last financial year, so it is a growth figure of 81 per cent over a decade. I should point out that there is no other jurisdiction that has encountered that sort of growth. As I indicated earlier, patronage growth has slowed recently — —

Ms PENNICUIK — Because they cannot get on!

Mr PAKULA — With growth on Metro trains of just 1.1 per cent in the 12 months ended December 2009. I think one of the contributing factors over the last year was lower fuel prices, but it is not a trend that I would expect to see continue as petrol prices edge up again.

People are using trams more as well. Following the 2008–09 jump of 12.5 per cent, we saw tram use consolidate at just over that high level, and it continued to grow to 179.1 million passenger annual trips taken by December last year.

In terms of metropolitan bus patronage, that grew by 2.6 per cent in the 12 months ended December 2009, with 100.4 million passenger trips taken, and that is a rise from 79.1 million boardings in 2005–06.

That increase in growth in public transport usage has been matched by our record spending and by our policies. You can see from the slide on the screen now, which is one that shows both capital and operating expenditure, that we have increased our spending on public transport infrastructure in the state enormously since 2000, and that is in regard to both metropolitan and regional public transport. So a significant part of the dividend of economic growth in this state has been dedicated towards more spending on infrastructure in public transport. The 2010–11 budget recognises that the Victorian transport plan builds on that record expenditure and builds on it for the future. So this budget delivers a record \$6.4 billion for better public transport including new trams and more stations, as well as better roads. The projects include the \$4.3 billion regional rail link, the \$650 million extension of the Epping rail line to South Morang and the delivery of the 38 new suburban trains.

One of the initiatives that is to receive a big boost in this year's budget relates to the area of public transport safety and public transport services at train stations. So in this year's budget we have allocated \$54.9 million in capital and \$28.8 million in operating costs to upgrade 20 metropolitan stations to premium stations over four years, with consequential employment of 100 new station staff. As the committee might be aware, premium stations are staffed from first train to last train, seven days a week, and they provide amenities like real-time customer information, better lighting and closed-circuit TV. That increases the number of fully staffed stations across the network from 77 to 97, so that is almost half of the Metro rail network fully staffed from first to last train. We have also brought forward 50 new transit police for the network, underlining the government's \$673.6 million commitment to increase front-line police.

In addition to boosting premium station numbers, there are also staff being added elsewhere on the network as part of the franchise agreement with Metro. Metro have extended the number of stations to be staffed during peak periods by an extra 22.

You can see where they are on the slide. That leaves us with, as I said, 97 premium stations and another 36 stations staffed in one of the peaks, so all in all over 60 per cent of the stations on the network have a staffed presence. That is combined, as I said, with the extra transit police and extra police more generally across the state.

The regional rail link is another important part of the budget. The budget delivers on commitments made in the \$38 billion Victorian transport plan for the regional rail link — the biggest addition to the rail network since the city loop. It is going to deliver a brand-new rail line through Melbourne's west, two new stations at Wyndham Vale and Tarneit, and stand-alone tracks for trains from Geelong, Ballarat and Bendigo to improve capacity and reliability. Work has already begun on platforms 15 and 16 at Southern Cross station, and planning work is under way on the remainder of the route.

The VTP also identified the need for four new stations in growth areas. Last year's budget allocated \$150.8 million for the construction of Williams Landing, Caroline Springs and Lynbrook stations. This year's budget allocates \$37.7 million towards the total project cost of \$188.5 million for those three stations and adds Cardinia Road. The design of all four stations is well progressed, and I anticipate that construction will commence later this year.

The budget also allocates \$804.5 million towards the billion dollars which is to be invested in 50 new trams and their supported maintenance and stabling infrastructure. That is a significant investment that will, in total, add a 10 000-person capacity to the tram network.

I am also pleased to announce that the 2010–11 budget provides an additional \$15.3 million over two years to invest in initiatives that will improve safety for motorists, pedestrians and rail commuters alike at rail crossings across the state.

In terms of projects that are under way, there are eight major transport projects under way in the metropolitan area. They include the Laverton rail upgrade project, which includes a new station at Laverton; the stabling at Newport and Craigieburn, which is part of the \$440 million for nine train stabling projects across Melbourne; a \$36 million new station at Coolaroo; the \$112 million Doncaster area rapid transit; platforms 15 and 16 at Southern Cross station that I just referred to; the \$153 million Westall rail upgrade; the \$650 million duplication of the track between Keon Park and Epping and the extension of the Epping line to South Morang; the \$270 million electrification of the Sunbury line; and almost \$86 million to extend the existing yellow orbital.

We have also recently completed a number of projects including the \$39 million upgrade of the North Melbourne station; the \$52 million duplication of the rail line between Clifton Hill and Westgarth; the Cranbourne stabling and station upgrade; the opening of the green orbital; the Springvale Road rail separation; and the new Footscray footbridge, which is central to the development of the nearby central activities district.

Importantly I just want to mention the big boost we have made to the important maintenance projects that are so critical to the reliability of the network. Funding for rail maintenance on the network has been increased by \$500 million over the life of the new franchise for a total spend of \$1.8 billion. That funding helps to increase the pace of activities like replacing wooden sleepers with concrete, replacing track, grinding and profiling of existing track, inserting new ballast, replacing overhead wires, building new substations, replacing bulbs in signals with LEDs and replacing points.

I will quickly run through a couple of other projects. The orbital routes are a critical part of the total transport network. The rollout of SmartBus continues in this budget: the first stretch of yellow orbital, Frankston to Ringwood, commenced in March 2008; the red orbital, Mordialloc to Altona, opened in April last year; the green orbital, which now extends out to Airport West, commenced on 5 April this year. That leaves the yellow orbital extension to Melbourne Airport, which will go through Blackburn, Greensborough, South Morang, Epping and Roxburgh Park as the only SmartBus route that needs to be completed, and, as I said, we have started work on the DART, which will provide SmartBus-quality services for the outer east.

No discussion would be complete without mentioning myki. Myki is now operating on buses throughout regional Victoria — in Geelong, Ballarat, Bendigo, Seymour and Traralgon — as well as on metropolitan trains. It will be introduced on metropolitan bus and tram services by the end of the year. I am not going to pretend that it has been without its obstacles, but I am confident that we are now tracking towards a resolution. I suspect I may get a question or two about this after the presentation, but efforts at this stage are being put into identifying problems, putting in place improvements and testing system performance. I am pleased to report that there is progress in a number of critical areas. We do want to see myki rolled out on the rest of the metro network and V/Line as soon as possible, but we will not do so until we are confident that the system is at a sufficiently mature stage for it to work smoothly and reliably for commuters.

I mentioned earlier that \$1 billion is to be invested in 50 new trams and their supporting maintenance and stabling infrastructure. Announced last year but receiving considerable funding in this budget will be the remaining units of the 38 new trains identified in the VTP for delivery by the end of 2012. They are being progressively funded and delivered across the metro train network. Some 270 new buses identified in the VTP are also being progressively introduced and funded, and the VTP also provides for an increase to the government's current order of 54 locally built V/Locity train carriages by up to 20, bringing the total of new carriages up to 74.

I should briefly mention that on 28 April I was also able to announce a new timetable focusing on providing new services at this stage to Melbourne's south-east. Some 211 new and extended services will be added to the metro train timetable from 6 June to improve the frequency of services on the Frankston, Cranbourne and Pakenham lines. The new weekly and extended services will provide capacity to carry an additional

14 000 people during the morning and evening peaks. Later in the year I am looking forward to more services on the Craigieburn, Sydenham and Werribee lines as more of the new X'trapolis trains enter service.

Lastly, I want to quickly turn to regional rail projects. We have recently concluded the multimillion dollar upgrade of the regional freight network, and we are now in the process of an upgrade to parts of the regional passenger network.

In relation to rail freight, we recently completed a \$23.7 million investment in the gold lines that the rail freight network review — the Tim Fischer review — identified as being essential to the operation of a core grain network. We have also recently completed the \$38.7 million upgrade of the silver lines, so all of the lines that we identified for upgrade are now fit for use. The grain harvest is around 6 million tonnes this year — that is, a 60 per cent increase on last year, and the highest since 2003–04. The export component of that is around 2 million tonnes, and we expect that about 70 per cent of that export grain harvest will be transported by rail this year.

In relation to regional passenger rail there are two major projects under way — the \$612 million north-east rail revitalisation project, including the now completed standardisation of track between Seymour and Wodonga, and we are continuing work on the Wodonga bypass; and of course there is the \$50 million return of passenger services to Maryborough that will occur later this year. Major construction work started last month on track upgrades and new train stabling yards, with the next stage for the upgrade of eight level crossings between Ballarat and Maryborough to include boom gates and flashing lights. Once that work is completed residents can look forward to 14 weekly services to and from Ballarat, connecting with Melbourne from later this year.

Chair, that has touched on some of the work going on in public transport, but I want to have conveyed to the committee the extent of our current and future investment in transport in the state and the breadth of its reach. I thank the committee for its time, and I now will take some questions.

The CHAIR — Approximately until 4.30 p.m. we have allocated for questions on the public transport portfolio. Minister, the budget aims to allocate funds to 2010–11 and subsequent out years for the stated government priorities and outcomes to be achieved, some of which you have outlined already. Can you advise the committee of the medium and long-term strategy or strategies upon which the budget for your portfolio is based, and have there been any changes since last year?

Mr PAKULA — In regard to medium and long-term overarching strategies, the medium and long-term overarching strategy for transport is fundamentally contained in the Victorian transport plan. I might have touched on in the presentation that it is a plan that is unprecedented in its scope and in its scale. There are \$38 billion-worth of projects to meet growing demand and to shape a more efficient and sustainable state. It includes \$17 billion for public transport, as well as \$15 billion for metro roads, a couple of billion dollars for freight and a lot of money — I am sure Bill would be happy — for regional roads. It is a living document and it is a document that is subject to updating, and it delivers the generational investment needed for future growth. It has got to be a practical document, and it has got to be relevant and achievable to suit the transport challenges but more importantly the land-use challenges in the state as a consequence of growth and economic trends. It is the projects in that plan that fundamentally outline our short, our medium and our long-term objectives from which the funding bids from the last budget, this budget and future budgets are developed. The government's initiatives continue to focus on the increasing use of public transport, but beyond that other sustainable transport modes like walking and cycling. We have supported very strongly the new direction in infrastructure planning and investment that the commonwealth has undertaken over the past two years through the creation of Infrastructure Australia and the funding of projects out of the Building Australia Fund.

As part of that collaboration a number of the projects listed in the VTP were defined as nation building projects — medium and long-term projects associated with Infrastructure Australia priorities. I should point out that in May last year Infrastructure Australia issued its *National Infrastructure Priorities* report. It recommended funding for projects from the Building Australia Fund, including the regional rail link — \$3.225 billion for that — including the works that I have talked about on platforms 15 and 16 at Southern Cross station, but also \$40 million for the planning and preconstruction work on stage 1 of the Melbourne Metro rail tunnel. We have progressed work on both of those projects — the work on platforms 15 and 16 is well under way, and there has been a lot of preplanning work already on the Melbourne Metro tunnel. Our submission

aligns very closely with Infrastructure Australia's goal of having a national infrastructure pipeline with short, medium and long-term priorities over 10, 20 and 30-year horizons.

There are a range of strategies outlined in the plan and in the budget. You can look at what is in the Victorian transport plan, you can look at the *Accessible Public Transport in Victoria — Action Plan 2006–2012*, which looks at what is required to maintain progress on better accessibility for disabled people on public transport. You can look at the Keeping Melbourne Moving strategy and the like. All of those things, in conjunction with the Victorian transport plan, in conjunction with our bids to Infrastructure Australia, basically set the framework for our short, medium and long-term priorities.

The CHAIR — We also have appendix E in budget paper 3, which provides us with an update on progress so far against the output and asset initiatives.

Mr WELLS — Minister, I would like to ask you a question on myki. We asked some questions of the Premier on Monday — —

Mr PAKULA — I am staggered!

Mr WELLS — About myki. He clearly did not have a clue what was going on. He suggested that we ask you when you came before the committee for more — —

Mr PAKULA — I doubt that is true.

Mr WELLS — For more detailed information.

Mr RICH-PHILLIPS — No, he did suggest we ask you.

Mr WELLS — He did suggest that we ask you because he clearly did not have a clue. I would just like to find out what is going on with the TTA. Firstly, you had Gary Thwaites there. It is my understanding that he is now on extended leave at \$6000 a week.

Mr PAKULA — That is not right.

Mr WELLS — Okay. That is fine.

The CHAIR — Just put the question without the — —

Ms HUPPERT — Yes. Try not to make things up.

Mr WELLS — Then you brought in Bernie Carolan, who is on your left. You are not sure about the job that Bernie is doing because you have now had to bring in Ernst and Young to manage the contract. Can you tell us who is actually in charge of the TTA? Why did you bring in Ernst and Young to manage the contract? How much is Ernst and Young being paid to do that job that we thought Mr Carolan would have been doing? If you could address those issues, that would be terrific. I guess the last part of it is: why are we paying TTA more than Kamco, which is actually building myki?

The CHAIR — Minister, as it relates to the estimates.

Mr PAKULA — That is not right either. Which one of those questions would you like me to answer, Chair? I will try to deal with all of them.

Mr WELLS — Yes.

Mr PAKULA — I will do my best.

Mr WELLS — That would be a good start.

Mr PAKULA — The TTA is managed by its board, chaired by Patricia Fawkner in the first instance. The board appoints a CEO; that is Bernie Carolan. Bernie is the CEO of the TTA and he is answerable to the board of the TTA. The decision to bring in Ernst and Young was made by the board and management of the TTA, and they were brought in for a combination that they possess — as you well know, Kim — of technical, commercial

and financial capabilities. They are providing the board and management of the TTA with commercial advice. They are assisting the TTA to undertake rigorous due diligence on the operational and technical health of the myki system and to ensure that the assertions and assessments made by Kamco, as the contractor, are subjected to a rigorous analysis.

It is not unusual in these circumstances for the board of a company, or a government authority or agency, to bring in that kind of expertise to ensure that the people who are providing services to them, particularly when you are reliant on the assessments made by those contractors, are subjected to rigorous, detailed project planning and analysis. That is the kind of work that Ernst and Young are doing, and it is the kind of work that will ensure that when we go live we are confident that what is being put to us by the contractor is correct information.

Mr WELLS — Sorry, just to follow that up. Minister, there were a couple of parts — —

The CHAIR — Just for clarification purposes.

Mr WELLS — So are you saying then that the TTA did not have that expertise? You have allocated them an additional \$350 million — —

Mr PAKULA — No, we did not.

Mr WELLS — Are you saying that they did not have the expertise, and have been running for a number of years now without that sort of expertise? The second part of the question is, if you would care to answer, just how much are you paying Ernst and Young to manage this contract? There are still two parts that need to be addressed.

The CHAIR — Insofar as it relates to the estimates too. We do not want to necessarily replay history here.

Mr PAKULA — No, you are saying that, Kim; I am not. What I am saying — —

Mr WELLS — Why would you bring in Ernst and Young if they did not have the expertise — —

The CHAIR — Without assistance.

Mr PAKULA — What I am saying is that this project is at a critical stage. We want to go live on tram and bus as soon as possible. The board and the management of the TTA identified — and you have got to remember that there is a new chair and a new CEO as well as a new minister. One of the things that occurs when you get a new chair, a new CEO and a new minister is that some of these issues are looked at with a fresh set of eyes. One of the things that the board and the management identified was that, in order to apply rigorous project management and a rigorous assessment of what Kamco were telling us, the assistance of Ernst and Young in those circumstances was valuable; it was valuable to them.

In regard to what they are paid, they are on the relevant government services panel and they have been engaged at the standard government panel rates, subject to volume discount, I understand, but within the funding envelope. There is no additional expenditure in regard to — —

Mr WELLS — No, no. That is fine.

The CHAIR — If you can give us some information on notice.

Mr WELLS — So how much is that, Minister? You made it very clear about the parameters. How much are they being paid?

Mr PAKULA — I am happy to go and find for you the government service panel rates, but I can assure you that they are being paid in accordance with standard government service panel rates.

Mr WELLS — So how many millions will that be?

The CHAIR — It is okay. If you can give us that information on — —

Mr PAKULA — As I said, it is within the envelope, within the 1.35 envelope.

Mr WELLS — How big is the envelope?

Mr PAKULA — As we have said, 1.35.

Mr DALLA-RIVA — That includes the six grand a week that Gary Thwaites is getting paid?

Mr PAKULA — That is not right, but I am sure you will get a chance to ask a question soon.

Mr DALLA-RIVA — Five grand? Eight grand? Twenty?

Ms GRALEY — Minister, I was at Hallam railway station yesterday morning and the community there was very pleased with the news, so I am going to refer you to budget paper 3, page 353, specifically to the section that refers to public transport premium stations. I would like you to provide us with more information on this initiative and the benefits local communities will enjoy once it is completed.

Mr PAKULA — Thanks, Judith. The 2010 state budget allocates \$83.7 million over four years, \$54.9 million in capital investment and \$28.8 million in operating expenses, to upgrade 20 stations to premium status. That means they are staffed from first train to last train, seven days a week. I think you know — I know you catch the train a fair bit, as do I — that increasing the staffing at stations provides more security for passengers, it ensures that if there are any delays on the network passengers can be informed quickly and conveniently, but it also means better service to the drivers — they can be assisted in making sure they go in time — better assistance to passengers to get on and off, revenue protection, ticket selling and the like.

The 20 stations were chosen based on patronage and security, but also their location around the network. We wanted to ensure a wider spread of premium and staffed stations across the network. So the stations being upgraded to premium are: Seaford, Parkdale, Hallam, Prahran, Holmesglen, Upwey, Ormond, Westall, Chelsea, Windsor, Newmarket station, Moonee Ponds station, Hoppers Crossing station, Carnegie, North Brighton, Lalor, Ginifer, East Richmond, Northcote and Highett. When that upgrade is completed, there will be 97 premium stations across the network; so that almost 50 per cent of all stations will be premium. As I said, that means that they are fully staffed from first train to last train, seven days a week, that there is a ticket office where passengers can inquire about services and get information about the network and any other assistance.

I should just indicate also that typically a premium station will include an enclosed waiting room, more seating on the platform, the toilets are open because the staff are there all the time, a better CCTV, better passenger information displays, clocks, real-time service information.

I should also just say I mentioned in the presentation that Metro are going to staff another 22 stations at peak periods as well, and I am sure the committee would be interested to know that those stations are Spotswood, West Footscray, Royal Park, Merlynston, Oak Park, Glenbervie, Strathmore, Pascoe Vale, Kensington, Tottenham, Canterbury, Burwood, Chair — —

The CHAIR — Thank you.

Mr PAKULA — Hawthorn, Gardiner, Dennis, Regent, Rosanna, Toorak, Hughesdale, Hawksburn, Sandown Park and McKinnon. It is going to be of great benefit to train passengers and is one of the initiatives I am very pleased about and very proud of.

Ms GRALEY — You should be.

The CHAIR — Thank you very much for that, Minister.

Mr DALLA-RIVA — Minister, in the hearings with the Premier, your public comments and your comments today, we have heard variations as to when myki will be coming on stream.

Mr PAKULA — No, not really. That is not right.

Mr DALLA-RIVA — We had the Premier who made the assertions as were reported, we had you earlier that day say it would be on before the election and just before you said as soon as possible. So we seem to have this confusion about when myki will be coming on board.

Ms GRALEY — Only in your mind, Richard.

The CHAIR — Without assistance and without interjection.

Mr DALLA-RIVA — I know the members interject, but the Victorian public are long suffering with your mismanagement of myki. So for the record, could you please tell us when you expect the myki system to be fully operational? You seem to know a lot about the detail as to when it is coming on board. Please explain to the committee what are the real issues, what are the problems with myki and why can it not come on board when we do not know when? We need some clarity from you as the Minister for Public Transport for the long-suffering Victorians as to when this system will be fully operational, or are you just going keep on spending more and more money trying to fix up a lemon?

Mr PAKULA — Let me answer that comprehensively, Richard.

Mr DALLA-RIVA — Would you include a date, Minister?

Mr RICH-PHILLIPS — Not that comprehensively.

Mr WELLS — Comprehensive, but no date.

The CHAIR — The minister, to answer.

Mr WELLS — Not that comprehensive answer, the other comprehensive answer.

Mr PAKULA — The first thing you have tried to suggest, Mr Dalla-Riva, is that there is some contradiction between on the one hand saying ‘It will be operational this year’ and ‘It will be operational as soon as possible’. There is no contradiction.

Mr WELLS — And the contradiction of ‘before the election’.

The CHAIR — Without assistance.

Mr WELLS — And you said ‘before the election’.

The CHAIR — Without assistance, Mr Wells. Through the Chair.

Mr PAKULA — Hang on, Kim, relax.

The CHAIR — Just a moment, thank you, Minister.

Mr WELLS — We are all relaxed. We just want an answer.

The CHAIR — Just a moment. The way we run this, as I mentioned before, is we have questions and we have answers. We do not having running commentaries; we do not have interjections. Minister, you should ignore them.

Mr PAKULA — It is very difficult, Chair.

The CHAIR — Members, particularly the Deputy Chair, should not engage in cross-table discussions. The minister to answer, thank you.

Mr WELLS — You should be telling your Labor mates as well.

Mr PAKULA — Thank you, Chair. You have tried to suggest that there is some contradiction between saying on the one hand ‘this year’ and on the other hand ‘as soon as possible’, so let me be clear about it.

Mr DALLA-RIVA — And ‘before the election’.

Mr PAKULA — I will get to that, if you would just relax.

The CHAIR — Ignore interjections.

Mr PAKULA — It will be up and running this year and as soon as possible.

Mr DALLA-RIVA — That is like going to a Christmas tree expecting a present and it is not there.

The CHAIR — Without interjections, thank you.

Mr PAKULA — Do you want to hear the answer?

Mr DALLA-RIVA — Yes.

Mr PAKULA — I actually got a transcript of the conversation I had with the media yesterday or the day before.

Mr DALLA-RIVA — Monday.

Mr PAKULA — Monday. I said at the time that there was a lot made of this and particularly what was in the budget papers. What they indicated was an expectation of a rollout by Q2 — that is, Q2 of the 2010–11 financial year, which starts later this year — and that is entirely consistent with what I have been saying since 20 January when I became Minister for Public Transport. Stephen McMahon said:

QUOTE NOT SUPPLIED IN TIME FOR VERIFICATION.

So you expect to be facing the election having rolled it out on trams?

And I said:

I have indicated that I expect it to be rolled out this year and it will be as soon as possible and once I am satisfied it is working reliably.

Stephen McMahon said:

Do you think it will be in time for voters to give you feedback at the ballot box?

And I said:

That would be my expectation.

That was the comment. That was the sum total of my comment on Monday. You then extrapolated from that a suggestion that there was a commitment about a date et cetera. What we have said all along is that there have been significant technical issues that have prevented us from going live on trams and buses. If you want, I am happy to spend as much time as the committee wants going through them in some detail.

The CHAIR — Mr Dalla-Riva did ask.

Mr PAKULA — I am happy to, Chair.

Ms PENNICUIK — Thank you, Minister. It cost billions of dollars of public money.

Mr PAKULA — Ms Pennicuik, these are things that I have commented on in the public arena before, so I do not have any issue going through them in some detail. If people want to have this dialogue, we will have it.

The first thing people need to understand is the difference between something that is hardwired and something that is wireless. Myki on trains is hardwired because the devices are on the platform. They can be hardwired via a cable. The devices on trams and buses rely on GPS. They are not hardwired, and they present more difficult challenges in regard to making sure that those devices are always on, if you like, for want of a better term.

Do you understand what a TDC and an FPD are?

The CHAIR — You may have to explain that. Certainly Hansard will not be aware.

Mr PAKULA — On a tram you have a TDC, which is a tram driver console, which sits under the driver's seat; and you have FPDs, or fare payment devices; they are the things where you touch on and touch off. On your average tram, there are probably about seven of those. There have been issues with how the FPDs talk to

the tram driver console and how those signals were interrupted from time to time as a result of the fact that they were relying on GPS.

The other issues have involved card vending machines, the machines that are at station platforms and which effectively top up mykis. They can top up by credit card, EFTPOS, coins or notes. There were some reasonably well-publicised issues with the EFTPOS functionality on some of those machines earlier in the year. There have also been issues with the stability of the hand-held devices that the authorised officers use. There has been some very well-publicised disquiet about the way that people's issues have been handled at the call centre. There have been issues with website functionality.

Mr WELLS — Would it be easier to tell us what is actually working?

The CHAIR — Without assistance.

Mr PAKULA — Kim, seriously, you asked.

Mr DALLA-RIVA — I will let him go to another couple of pages. Keep going.

The CHAIR — The minister to continue, please, without assistance.

Mr PAKULA — And there have been issues with dataflow. What we have had in regard to all those things is technicians from Kamco and their contractors working around the clock to fix those technical issues. I understand that you raised these issues with the Premier and the Premier responded, but might I say that these sorts of issues are not uncommon. They are not uncommon with significant IT projects, and they are not uncommon with public transport smartcard ticketing systems around the world. A lot of the public transport smartcard ticketing systems have faced exactly these kinds of teething problems.

You have technicians working around the clock, and they have made substantial progress on most, if not all, of those issues. There is a sort of stupidity in continually demanding a date because —

Mr WELLS — It is \$1 billion over budget.

Mr PAKULA — No, it is not.

Mr WELLS — It started off being 400; now it is 1.4.

Mr PAKULA — No, it did not. It was always a project that was 500 million for operating, 500 million for capital, and in 2008 the minister at the time announced an additional 350 million. It is not \$1 billion over budget or anything of the sort; you have made that figure up. You have made it up!

The CHAIR — Okay. Just finalise your answer in respect to the things Mr Dalla-Riva asked you.

Mr PAKULA — To finalise the answer, Chair, there are technicians working around the clock on those issues, and the TTA, Ernst and Young and others are rigorously putting Kamco through their paces to make sure each and every one of those issues is resolved, because the last thing you want to do is go live with this on trams and buses if there remain significant ongoing issues with any of those technical problems.

When those issues are resolved to the satisfaction of the board of the TTA and to a point where they can advise me that we can go live, we will go live. I want that to be as soon as possible, and I want it to be this year; I cannot be more specific than that.

Mr DALLA-RIVA — It is like a dog's breakfast, Minister. It sounds like an absolute dog's breakfast.

The CHAIR — Without assistance. Mr Noonan has the call.

Mr DALLA-RIVA — With all the amount of problems you have, there is no way you can get this done by the end of the year. There is no way. It is an absolute dog's breakfast.

The CHAIR — Mr Noonan has the call. Ignore those interjections, thank you.

Mr NOONAN — I am used to waiting for the theatrical performance of Richard.

The CHAIR — Without commentary.

Mr WELLS — Without commentary, please.

Mr NOONAN — Minister, you spent some time at the outset of your presentation just talking us through the patronage growth across both the metropolitan and regional public transport services. I note on page 221 of budget paper 3 outlined in ‘Significant challenges facing the department in the medium term’ is ‘providing more services to manage’ for that growth in patronage. I just wonder whether you can outline for the committee’s benefit what specific measures will be taken as part of this budget to deal with expected growth in patronage across the service network.

Mr PAKULA — The infrastructure and rolling stock investments that have been outlined in the Victorian transport plan have enabled us to deliver new services and more services. In late April I was able to announce a new timetable which focuses, as I said in the presentation, on providing new services to the south-east initially. So there are 211 new and extended services being added to the Metro train timetable from 6 June. That will improve the frequency of services on the Frankston, the Cranbourne and the Pakenham lines. That will provide capacity to carry an additional 14 000 people during the morning and evening peaks. On the Pakenham and Cranbourne lines there are 71 new services to be added every week. That includes 10 new morning peak and 25 new evening peak services. On the Frankston line there will be 80 new services every week. That includes 15 new morning peak services and 20 new evening peak services.

The improvements that I just referred to have been made possible by the rollout of the 38 X’trapolis trains. That continues, and as I have indicated they are part funded in this budget as well. Three of those trains are in service; three more are going through commissioning. You might have seen that the seventh train is at Ballarat at the moment. That is the first of the trains to be assembled here.

More services are going to be added to the Craigieburn, Sydenham and Werribee lines later in the year. That will be made possible as more of those new trains enter service and we complete other infrastructure projects. Passengers in the northern suburbs are soon going to be able to access rail services from the new station at Coolaroo on the Craigieburn line. That will be open for use in a few weeks time.

I should just indicate that since this government has been in office we have had 1734 new weekly services, and 1099 of them have been added since 2004.

Mr NOONAN — Is that metro?

Mr PAKULA — It is, and that includes the 2009 announcement of the new weekly peak services on the Werribee line; the 2008 announcement, which focused on the Sydenham, Werribee, Pakenham, Cranbourne, Lilydale, Belgrave, Epping and Hurstbridge lines; and the April 2008 announcement of 105 additional weekly services focusing on Dandenong, Sydenham, Werribee and Frankston; and a 36 per cent increase in services to the Stony Point line. What the investment in the VTP funded in the budget allows us to do is to put on new trains, and new trains mean alterations to the timetable, more services in the peak hour and the ability to carry more passengers with greater comfort.

Dr SYKES — Just as a clarification, Minister, on the graphs in relation to patronage, particularly tram patronage, are those graphs total passengers or just fare-paying passengers?

Mr PAKULA — It is trips.

Dr SYKES — So is this total trips per person or per fare-paying person?

Mr PAKULA — It is recorded trips, Bill. If one passenger has got on and got off, and got on later in the day and got off, and got on later in the day and got off, there is no way for the system to detect whether that is three people or one person travelling three times.

Dr SYKES — But my question was whether they were paying their fare or not. If someone gets on and does not pay their fare, do they count him?

Mr PAKULA — If what you want to know about is fare evasion — —

Dr SYKES — It is just a clarification. Is it fare-paying or is it total — non-fare-paying and fare-paying.

Mr PAKULA — It is all trips on trams, as measured.

Mr RICH-PHILLIPS — How do you measure the non-fare-paying?

Mr PAKULA — Jim, do you want to — —

Mr BETTS — There is a methodology which was developed by Metlink which measures fare evasion. It also measures the number of people validating on the tram journey. That determines the proportion of people who are validating. You then look at the validation numbers, and you gross it up and you get your patronage estimate. We have been running that for about five years now.

Dr SYKES — And the gap between fare-paying and non-fare-paying is?

Mr PAKULA — Do you want me to — —

Dr SYKES — You can take it on notice. It is a clarification.

Mr PAKULA — Yes, all right. We will take it on notice.

The CHAIR — Your question, please, Dr Sykes.

Dr SYKES — My question, Minister — —

Mr PAKULA — Is this a different question?

Dr SYKES — This is quite specific, and I am quite happy for you to take it on notice: can you provide for the committee in relation to the TTA the total number of staff who were employed in financial year 2009–10 and in the coming financial year 2010–11 and the total salary? That is for TTA. Secondly, for the people seconded to the TTA, can you provide a more detailed list, including name, position, contract fee for the year 2009–10 and the year 2010–11?

Mr PAKULA — I am more than happy to take on notice and provide you with information about the expenditure on the TTA; that is fine. As for whether or not we provide you with everybody's name, rank and serial number, I do not think that is normal or usual in any respect, Bill. I cannot see that it is either necessary or relevant to the budget.

The CHAIR — We have in our estimates questionnaire in question 13 on staffing matters, which goes to the department. I am not sure whether that includes the TTA or not. Presumably we get similar information for the TTA in respect of that.

Mr PAKULA — We will look into that, Chair.

Mr WELLS — And the consultants.

Ms HUPPERT — I wanted to also turn to the tram network, which provides a really important means not only for commuters going into the city but for local transport for young people and elderly and disabled people getting around the suburbs. I note that on page 353 of budget paper 3 there is mention of tram procurement and supporting infrastructure as one of the asset initiatives in this budget. Could you outline to the committee how this initiative is progressing?

Mr PAKULA — What page was it?

Ms HUPPERT — Page 353 of budget paper 3.

Mr PAKULA — I am looking in budget paper 4.

The CHAIR — It is budget paper 3. There is an explanation on page 352 as well.

Ms HUPPERT — Yes, under 'Tram procurement and supporting infrastructure'.

Mr PAKULA — Yes, I have it. Right now the fleet consists of 487 trams. That is a combination of your old W-class, your Citadis, your Combinos, your Bumblebees, your Z-class et cetera, so it is an interesting fleet. The budget allocates \$807.6 million for the funding of 50 new low-floor trams and the supporting infrastructure. That builds on the \$5 million that was announced in the last budget. We are going to purchase those new trams through a tender process. They will be new-generation, low-floor, high-capacity units that will offer an improved ride, easier boarding, easier alighting for passengers and better accessibility. Each of those new trams will be able to carry more than 200 passengers at a time. That will cater not just for the growing number of passengers who are choosing to travel on the tram network, but it will also, importantly, help to alleviate congestion on the roads because every tram on the network carries the same number of people as about 140 cars.

The department invited priced tenders from the two short-listed tenderers, Alstom and Bombardier, on 25 February this year. Those tenders will be submitted next month. As you might remember, this was declared a strategic project under the Victorian industry participation policy. That means there is a mandatory minimum manufacturing content requirement of 25 per cent, raising the total local content over the life of the contract to more than 50 per cent. There will be a selection criteria which directly relates to local content with a 10 per cent weighting applied. That prioritisation of the local content ensures that 150 jobs are created as well as a direct result of the investment.

The first of those trams will roll out on the network in 2012, and as I indicated there will be maintenance and stabling facilities also developed and upgraded as part of the initiative. We will reuse the historic Preston workshop site as the new depot, and I know that Mr Scott will be very pleased to hear that. We will convert that existing facility into a modern tram depot, but at the same time we will respect the most significant historical features of what is a heritage-listed site. I think people are going to love travelling on those new trams when they hit the network and we are looking forward to seeing them.

Ms PENNICUIK — Minister, on page 15 of the Auditor-General's submission to the Audit Act inquiry being conducted by this committee the Auditor-General says that he cannot access the public transport franchising contracts that are worth over \$2 billion of public money. My question to you is: is the restriction of this access intentional? Has it changed with the new contract, so will the Auditor-General have full access? I invite you to provide to the committee as much information on those contracts as you possibly can so that we can fulfil our job as the Public Accounts and Estimates Committee in scrutinising the expenditure of public money under the budget.

The CHAIR — The question needs to be perhaps framed in terms of the estimates.

Ms PENNICUIK — In terms of the contract that is carrying forward into the estimates period and the provision of public transport services; it is the franchise contracts which are mentioned in the budget.

The CHAIR — We are not following up Auditor-General's reports here; we are following up the estimates. Minister, insofar as the question relates to the estimates.

Mr PAKULA — Insofar as it relates to the estimates, let me say that I know from my brief time in this portfolio that the department and the Auditor-General's office have a very open relationship, but in order to address the detail of Ms Pennicuk's question I might hand over to the secretary of the department to deal with it.

Mr BETTS — The franchise agreements are publicly available and have been since the first franchise contracts were awarded in 1999, so there is no inhibition about seeing those contracts. The only exclusions from the published data under this government, as under the previous Kennett government, is where the information would be commercially sensitive — for instance, if it related to a particular procurement obligation that the franchisee had where disclosing the amount of money associated with that would tip the hand to potential bidders and give them more information and therefore disadvantage us in terms of value for money. Franchise agreements have almost exhaustive powers for the department to extract information from the franchisees about every aspect of their performance, whether it is operational or financial or whatever.

We have an understanding with the Auditor-General that we will make any information in our possession available to him. He has done comprehensive reviews of the 2004 franchise agreements and of metropolitan bus contracts, which I guess you could also characterise as franchise agreements, and at no point has he expressed

any frustration about his inability to access data. I think it is true to say that there is nothing specific in those agreements which relates to the Auditor-General's powers to acquire information, but that is because the Auditor-General is not party to those agreements. He is party to the agreements with the department. We have all the access we need and the Auditor-General will have access to all the information he needs through our powers.

Ms PENNICUIK — He clearly sees it as a problem because he has put it in his submission.

The CHAIR — That is something we are probably not dealing with in the estimates, but thank you very much for that response to the member's question.

Mr SCOTT — I refer the Minister to the table titled 'Public transport infrastructure development' on page 237 of budget paper 3 and specifically the reference to the procurement of metro trains and on page 238 to the procurement of regional trains. Can you describe to the committee how the government is increasing our existing fleet of metropolitan and regional trains?

Mr PAKULA — The current metro train fleet is made up of 168.5, six-car sets. You might wonder how there is a point 5 but there is a three-car set in there. As part of the Victorian transport plan the government is increasing the fleet capacity by more than 40 per cent with the purchase of up to 70 new six-car trains.

That is 38 X'trapolis trains and 32 next-generation trains. The X'traps have a proven track record on the network. Before we started this new procurement there were already 29 X'trapolis trains in operation, and the budgets of 2007–08 and 2008–09 committed \$565.8 million to the purchase of the first 18 trains and the infrastructure to support them. The 2009–10 budget committed \$650.6 million to the purchase of the extra 20 trains, so it will bring the total number of trains on order to 38. That is part of a rolling stock investment program. There is also the construction of new maintenance and stabling facilities to accommodate the new trains. I think I might have made mention earlier that there are three of those new X'traps in full revenue service. The fourth, fifth and sixth trains are here; they are currently undergoing commissioning, and there is a seventh train in transit to Australia, so it is literally on the water.

So that is seven, and then the last 19 of the 38 will be assembled and fitted out and tested in Ballarat. I was there the other day. What arrives here is literally just a shell, and everything else is installed here at Ballarat. That achieves 50 per cent whole-of-life local content; it creates at least 50 jobs in Ballarat — in fact, probably more than that.

In addition to that we have committed to buying 32 new-generation trains that will be capable of carrying 30 per cent more passengers. We also need additional trains to address the strong patronage growth on the regional rail network. I think I might have said, between 2004–05 and 2008–09 patronage on the regional network grew by almost 90 per cent, so it is now the highest it has ever been. V/Line has 102 new V/Locity carriages already, and there another 32 of them in production. They will be delivered as one two-car set in the middle of this year and then 10 three-car sets starting from September. They will be allocated to the busiest services. Under the VTP we have got a commitment to order another 20 carriages on top of that.

The VTP also provides for the refurbishment of 56 N-class carriages including upgrades to air conditioning; that is on top of the program to refurbish 21 Sprinter trains and upgrade 55 H-class carriages. An additional 41 N-class carriages have undergone a light refurbishment, and following the electrification of the Sunbury line in 2012 some of those V/Line carriages which are allocated to Sunbury services will be released for use elsewhere on the V/Line network.

Mr RICH-PHILLIPS — Minister, I would like to come back to the issue of myki. You said in your earlier statements, I think to Mr Wells, that it is your desire or the government's desire that you go live with myki on tram and bus as soon as possible.

Mr PAKULA — Correct.

Mr RICH-PHILLIPS — Taking budget paper 3, page 456, which is the discontinued measures, there is a measure titled 'Development of new integrated public transport ticketing solution: start metropolitan live operations', and the expected outcome date was second quarter 2009–10 — that is, December of last year —

and you have put a footnote, 'This measure is expected to be or has been completed in 2009–10'. Given that by your own admission it clearly has not, why have you dropped that measure and put in this misleading footnote?

Mr PAKULA — What page are we on?

Mr RICH-PHILLIPS — Page 456.

The CHAIR — Page 456.

Mr RICH-PHILLIPS — And the footnote on 457.

Mr PAKULA — Point me to the point on 456 for starters.

Mr RICH-PHILLIPS — Top of the page, second line down.

Mr PAKULA — Yes, because that was a measure — —

Mr Rich-Phillips, I expected more of you. I thought you could read budget papers.

The CHAIR — The answer please, Minister, without the commentary.

Mr PAKULA — Mr Rich-Phillips, let me — —

Mr RICH-PHILLIPS — Minister, have you started the live operations on tram and bus or not?

Mr PAKULA — No. That measure was the measure for when metro started, so metro has started because it started on trains.

Kim, your guffaws — —

Mr RICH-PHILLIPS — You said yourself you have not gone live.

Mr PAKULA — Let me finish.

Mr WELLS — It is the start, not the end.

The CHAIR — The minister, without assistance.

Mr PAKULA — We had a measure, which was when you would start, and we have replaced it with a measure of when you will conclude it.

Mr RICH-PHILLIPS — You have not started it.

Mr PAKULA — We have. We started metro live operations in December 2009.

Mr RICH-PHILLIPS — You said yourself there is no myki on tram and there is no myki on bus.

Mr PAKULA — We are arguing about the same thing. It would be ludicrous to retain a measure which is when you will start on metro — —

Mr RICH-PHILLIPS — Have you started metro on tram and bus?

Mr PAKULA — We have started metro live operations. You might have a point if we had simply removed that measure and not replaced it with another measure, but we did not do that.

Mr RICH-PHILLIPS — You replaced it with a different measure.

Mr PAKULA — We have removed that measure, which is the measure for when — —

Mr RICH-PHILLIPS — Plus the fact you have not — —

Mr PAKULA — That measure was always the measure of when you would start the metro go live — —

Mr RICH-PHILLIPS — Which you have not done on tram and bus.

The CHAIR — Could we allow the minister to answer, please?

Mr PAKULA — And we have replaced it with a measure which is when you will conclude go-live, which is when the rollout on tram and bus occurs.

Mr RICH-PHILLIPS — Which presumably would be after you start it, which you have not done yet.

Mr PAKULA — It is a semantic argument.

Mr RICH-PHILLIPS — It is not to the people who cannot use it.

Mr PAKULA — The reality is we had a measure in the 2009–10 budget papers which was a measure of when you would commence the metro go-live. That measure was replaced with a measure — the measure that is in the current budget papers — which is when metro go-live will be concluded. Given that metro go-live has commenced but not concluded, it makes more sense to have that measure.

Mr RICH-PHILLIPS — You have said yourself it has not commenced on tram and bus.

The CHAIR — Thank you, Minister. I refer members to page 238 of budget paper 3 where there is a new performance measure — —

Mr RICH-PHILLIPS — Which does not address the start on tram and bus.

The CHAIR — Which talks about the completion of implementation and then the start of regional rail. Is that what you are referring to, Minister?

Mr PAKULA — I am not sure which page you are referring to.

The CHAIR — Page 238. Mr Rich-Phillips is seeking clarification.

Mr RICH-PHILLIPS — I am seeking clarification on why you have taken out a measure you have not met.

The CHAIR — My understanding is that this is what he is referring to. I am just trying to clarify that that is what he is actually referring to.

Mr RICH-PHILLIPS — It is what the minister is referring to, but it does not address the issue of a live start.

Mr WELLS — Can we get the live start?

The CHAIR — Without assistance!

Mr PAKULA — Mr Rich-Phillips, as the Chair indicates — —

Mr RICH-PHILLIPS — I have seen it, Minister, but it does not address the live start on tram and bus.

Mr PAKULA — Mr Rich-Phillips — —

The CHAIR — Without assistance, thank you!

Mr PAKULA — Gordon, if you have seen it, I wonder why you ignore it.

Mr RICH-PHILLIPS — Because it does not address the live start on tram and bus, which the other measure did address and which has now been dropped.

Mr PAKULA — Complete implementation of metropolitan live operations — date: quarter two. That is the relevant measure — —

Mr RICH-PHILLIPS — At this stage, Victorian commuters would like a start, let alone a conclusion.

The CHAIR — I think we are getting into commentary here, rather than answers. I think the minister has answered the question, and we have found references in the budget paper.

Ms GRALEY — I know our train commuters are most interested in maintenance for the train network, and I know you made mention of it in your presentation. I refer you to page 231 of budget paper 3, which details payments made for rail services. Can you tell the committee what initiatives have been introduced to improve the maintenance of the rail network?

Mr PAKULA — Thank you, Judith, as someone who has corresponded with me regularly about these issues. We are committed to the maintenance and the renewal of the metropolitan train network, and we have invested a lot in it over a number of years. Since 2004–05, we have spent more than half a billion dollars on infrastructure maintenance and renewal activities across the metropolitan network. That includes rail grinding. That is about extending the life of the rail and maintaining optimum track conditions. Up to November last year, we have re-profiled rail on 272 kilometres of track.

We have been upgrading signals from incandescent bulbs to LED, and that signal upgrade reduces the amount of maintenance that is needed as you go forward but it also improves the visibility for the drivers. Up to November we had upgraded 111 signals. We have been replacing the old timber sleepers with concrete sleepers — well over 120 000 of them, by now. What we have done with the new Metro franchise is in this eight-year contract there is a \$1.8 billion program of maintenance works to be delivered. So that is additional expenditure by the state of half a billion dollars. It is about securing the reliability and the longevity of the network. It is a very significant boost to maintenance. It is going to require more staff, so Metro is increasing the size of its maintenance workforce by some 20 per cent.

Since taking over the franchise in December, Metro have advised that rail strengthening works have already been delivered across 400 priority locations across the network. The VTP allocates also more than \$200 million over four years to increase the capacity and improve the reliability of rail services, and that includes things like signalling, modernising the overhead power supply, a new Metrol system and upgrading overhead power supply control systems.

Back in March this year, I was able to announce a rail works blitz. That was about accelerating the maintenance work, which is fundamental to getting cancellations reduced, particularly those that are caused by infrastructure faults, and to help improve the on-time running of services. That blitz is running to the end of June, and that is going to deliver 28 500 concrete sleepers replacing wooden sleepers, 10 kilometres of new rail line laid, 225 kilometres of track grinding, 117 kilometres of new ballast tamping, 16 kilometres of overhead contact wires replaced, 3 electrical substations upgraded to improve the capacity of power supplies, 16 new LED signals on the Frankston line, 9 sets of points, upgrade of the Burgundy Street rail bridge, 4 station platforms resurfaced and a bunch of other things as well. So it is a very extensive program, and it is absolutely integral to having a more reliable train network.

Mr WELLS — Chair, could I seek a short clarification on a point regarding myki?

The CHAIR — Very quickly, yes. Otherwise it turns into a question.

Mr WELLS — No, I would not dream of it. Minister, can you confirm that there are actually two Ernst and Young partners working at TTA?

Mr PAKULA — Well, I — —

Mr WELLS — You have Bernie there; you could ask Bernie.

Mr PAKULA — Ernst and Young's services have been retained, and I am sure Ernst and Young, as part of that provision of services, would provide to the TTA the people required to do the work they have been asked to do, whether it is two partners or one partner and two associates or general dogsbodies.

Mr WELLS — Okay. Could you confirm, and you have the CEO of the TTA there, that they have two partners and 14 consultants working at TTA?

Mr PAKULA — Bernie is happy to — —

Mr WELLS — Okay.

The CHAIR — Is this your question now?

Mr WELLS — No. I am just seeking clarification. It does not take very long.

Mr PAKULA — I do not know how that is — —

Mr WELLS — I am just seeking clarification.

The CHAIR — All right. Can we just take it on notice and get on to your question?

Mr WELLS — No, Bernie is happy to answer it.

Mr PAKULA — Have you got all those details to hand, or do you want to take it on notice?

Mr CAROLAN — I do not — —

Mr PAKULA — We will take it on notice.

Mr DALLA-RIVA — You do not know.

Mr RICH-PHILLIPS — There are that many of them!

Mr WELLS — You have the CEO sitting next to you. Of course he has — —

Mr PAKULA — Hang on! Ernst and Young — —

Mr NOONAN — Show a little respect.

Mr PAKULA — You are just being childish. Ernst and Young are obviously providing a holistic service — —

Mr WELLS — Yes.

Mr PAKULA — To the TTA.

Mr WELLS — Thank you.

Mr DALLA-RIVA — And they would allocate how many are there — —

The CHAIR — Without assistance, thank you.

Mr WELLS — Are there two partners and 14 consultants?

Mr PAKULA — Can I say about that: it is a service that they are providing, which is providing the TTA — and by extension government and by extension Victorian taxpayers — with a very rigorous analysis of everything we are being told by Kamco and by their parent company Keane. It is the kind of analysis that helps me, as the minister, and should by extension help all of us, to be satisfied that when this project goes live it will be a reliable system. Ernst and Young have been engaged, and they will apply to that contract the resources necessary for them to provide the services they have been asked to provide. It would be within the contract they have provided.

It is like when you engage a law firm, Mr Wells. You might speak to a partner and he then gets a number of different individuals to help and assist him or her with the work that needs to be done for the client.

Mr WELLS — If I was appointing a law firm, I would want to know how much it was costing me.

The CHAIR — Do you have a question, Mr Wells?

Mr WELLS — Obviously as minister you would want to know, if you were engaging someone, how much is this going to cost you.

The CHAIR — Do you have a question, please?

Mr WELLS — My question, Minister — —

Ms GRALEY — I thought that was the question.

Mr WELLS — No, I was seeking clarification.

The CHAIR — I think I might be bit stricter in future.

Mr WELLS — It was the way the minister answered it.

The CHAIR — Without commentary. Get on with it, please.

Mr WELLS — He could have just said yes.

The CHAIR — Get on with it.

Mr WELLS — Budget paper 3, Minister, page 237 — and I know you gave a very detailed answer to Mr Scott — there is a new performance measure there, ‘Metro Train — procurement of new rolling stock, 55 per cent by June 2011’. That works out to be 21 trains and, as I say, you gave a detailed answer to Mr Scott. You and the Premier have recently admitted that they have only been able to get three of the six new trains that were meant to be operational by now actually working on Melbourne’s train system, and you have referred to Ballarat. By my calculations that means in order to reach this benchmark, that will mean another 18 trains in about 13 months. Is that the way you see it, and will you reach that benchmark?

Mr PAKULA — I will accept your maths. As I said, there are actually six trains here.

Mr WELLS — We are talking operational?

Mr PAKULA — Yes. There are six trains here. Three of those are in full revenue service and three are going through commissioning — and just for the benefit of the committee, commissioning involves dynamic testing, static testing, brake testing, making sure the electricals work and all of that sort of stuff. Once that happens, it then has to go through 25 hours of fault-free revenue service, so it is taking passengers but it has not been accepted yet, if you like, by Metro, so it remains the manufacturer’s problems until that 25 hours is up.

It goes through 25 hours of fault-free service. You run it for a while and make sure there are no more glitches. You would have seen with train 2, while it was in the 25 hours of fault-free testing, an issue was discovered with the pantograph; it lost power at Glen Waverley — I think it was Glen Waverley — and Alstom had to come out and fix it and then it went through another 25 hours, and then it became our train.

There are six trains here — three in full revenue service, three undergoing commissioning; then there are trains coming out for assembly at Ballarat, so they are effectively trains 20 through to 38, if you like, so the first 19 will come out fully assembled, 19 will come out as shells and will be assembled at Ballarat, and if your question is, will we at the point of time that you indicated on the budget be on schedule, then my strong expectation is absolutely we will.

Mr WELLS — So the three trains that you had in operation, are they the December, January and February trains?

Mr PAKULA — I have never called them that, ever. You might.

Mr WELLS — There was a lot of fanfare about the train being available at the start of each month.

Mr PAKULA — I have never used that terminology, ever.

Mr WELLS — So the spin doctors have got to you?

Mr PAKULA — There are six trains here — three in revenue service and three undergoing commissioning, and call them what you like.

Dr SYKES — Had the public expected, according to the publicity, that there should have been six out there by now?

Mr PAKULA — Right.

Dr SYKES — Was that what the public expectation should have been?

Mr PAKULA — I do not know what your expectation is, Bill. Is your expectation — —

Dr SYKES — I am asking — —

Mr PAKULA — Is your expectation that we should put a train in revenue service before we finish the commissioning?

Dr SYKES — No.

Mr PAKULA — Before we have done the brake testing, before we have done the dynamic testing?

Dr SYKES — I do not want to take that spin, thanks, Minister. My question was quite simple. I am trying to understand why there have been two lines of questioning. Was it public expectation that there would be six trains out there now when in fact there are three trains out there now? It is a simple yes or no. Yes or no?

Mr PAKULA — It is not a simple yes or no, Bill. The answer is there are six trains here and three of those six trains still have some further testing and commissioning to be done, and when that is finished and when the trains have been put through their paces, they will go into full revenue service.

Mr NOONAN — Minister, I want to ask a question about rail services that impact on the western side of the metropolitan network, so it goes to two key projects. The first one is the \$4.3 billion regional rail link, and I think I put it to the Treasurer yesterday that you could be forgiven for thinking that that is a just a project that will deliver for regional Victoria, so I am a bit keen to understand the impacts on the north and western metro corridors in relation to that project.

The other major project is the Laverton rail upgrade project and whether or not the impact of the completion of that project will affect the train timetables — that you referred to in an earlier question that I asked — later in the year.

Mr PAKULA — You are right about the RRL because it is a massive project, but it is not just about regional services. It is going to be very good for passengers on regional services, but it is not just about regional services. This budget brought the \$4.3 billion to book, and, as you probably know, it is co-funded by the state and federal governments, and it will provide dedicated regional passenger tracks from the west of Werribee to Deer Park, and along the existing rail corridor through Sunshine and Footscray to Southern Cross station, so the federal government is providing a bit over \$3.2 billion for the project; the state government is providing about 1.1 and, as you say, it is not just about regional services.

It is more fundamentally about separating regional services from metropolitan services, so that frees up capacity for passengers on both. The regional services, including the Geelong service, do not have to compete for a rail path with the Werribee line, but equally the Werribee line does not have to compete for a rail path with the Geelong service any more. It is being delivered across two broad areas, section 1 and section 2.

Section 1, Deer Park to Southern Cross, provides, as I said, those new tracks through Sunshine, West Footscray and Footscray. Section 2 is the brand new line through the west and two new stations at Tarneit and Wyndham Vale. Up to date the progress on the RRL includes the early works at Southern Cross platforms 15 and 16, the design services contract having been awarded to KBR Arup joint venture; Brookfield being awarded the contract for the main works at Southern Cross platforms 15 and 16; the commercial advisers appointed; the alliance facilitation services contract awarded to Alchemy, with the RLI process commencing in national and international media in March.

There is a pretty big team working on it. They are currently undertaking the concept design for the project. There are final decisions on the alignments, the exact new locations and configurations of the new stations to be made this year. It will free up capacity — which I think is the key part of your question — for the extra

suburban services from Werribee, Sunbury and other parts of the network as well. That is going to be in places like Craigieburn as well.

In regard to Laverton, which I think was the second part of Wade's question, that is a \$92.6 million project that is going to improve capacity and reliability on the Werribee line sooner. The improvements at Laverton station include a new pedestrian footbridge, with DDA-compliant access to the platform, the construction of a new third platform, refurbishment of the existing buildings and existing platform and many hundreds of extra parking spaces. There is also an extra kilometre of track and overhead traction power and signalling works in the vicinity of the station. That upgrade is progressing very well. I opened the new pedestrian footbridge on 5 February this year and the first train services collected passengers on 9 March.

What it will do for the Werribee line is allow more services to run because it is designed to address the bottleneck at the Laverton rail junction and its sections of single track in the Altona loop. That helps the trains to run more efficiently and reliably. Once the project has finished, there will be timetable changes that will allow a range of new services on the line. You will be able to effectively run services that begin and end at Laverton and stop at stations within the Altona loop. A lot of the trains that start at Werribee will as a consequence be able to run express from Laverton to Newport, so that will provide some significant time savings and there will be the hundreds of extra spaces for parking at Laverton. All in all, it is a brilliant project for the west. Commuters on the Werribee line are going to see some real benefits out of it and they will see them before too long.

The CHAIR — Thank you very much for that.

Mr DALLA-RIVA — Minister, I refer you to budget paper 3 page 224 which relates to public transport safety and security, and in particular page 227, transport and marine safety investigations. I refer you, Minister, to an incident that occurred on or about 8.30 a.m. on 19 January this year where a Comeng train left platform 14 on Flinders Street station near the old Princes Bridge station. The train driver allegedly passed a signal stop displaying a stop signal, known as a SPAD, and passed at danger. This Metro suburban train then allegedly ran through a series of points and proceeded in a down direction towards Jolimont for at least 150 metres on the up line. In other words, the train was travelling on a track not signalled for that direction of travel. Indeed, there was a train coming into Flinders Street in the other direction. Fortunately for Victorians and for you, Minister, there was no collision, as I understand —

Mr PAKULA — Sorry, when did it occur, Mr Dalla-Riva?

Mr DALLA-RIVA — On 19 January.

Mr PAKULA — I was not actually the minister at the time.

Ms PENNICUIK — You have inherited it, though.

Mr DALLA-RIVA — But fortunately no collision occurred. The Hurstbridge trains had to be terminated at Clifton Hill for about 5 hours, while the Epping trains ran into the city loop, around to Flinders Street and back out again via the city loop one at a time. It appears that, one, you are either unaware of it in the response. If so, could you then provide a copy of the documents relating to the Jolimont incident, given that there is a measure of disproportion with 100 per cent reference on the budget paper. Can you just explain who would have investigated that particular incident? Was the train driver disciplined, and if so, how?

Given that we had a collision occur at Craigieburn on budget night, 4 May 2010, on top of this near major incident in Jolimont, is this not indicative of a lax attitude to job safety and a further reason why some of these investigations should be undertaken by the Australian Transport Safety Bureau and not by the PTSV or the chief investigator? Do you further agree that the decision to abandon Metrol train control centres for the Bombardier contract would have delivered a better system rather than the antiquated train control system that is in place now?

Ms HUPPERT — On a point of order, Chair, how does that relate to the estimates?

The CHAIR — Let me deal with that.

Mr DALLA-RIVA — It is a measurement on page 227, \$2 million.

The CHAIR — Without assistance, thank you. In terms of it relating to the measure, if you could comment on that and the general questions going forward in terms of safety arrangements. In regard to a particular instance in the past, it is something which probably can be examined maybe on notice or in another place.

Mr DALLA-RIVA — It is a serious issue, Chair. To have two trains — —

Mr PAKULA — Did you make reference to the Craigieburn incident in your question?

Mr DALLA-RIVA — There was a Craigieburn collision.

Mr PAKULA — The one last week?

Mr DALLA-RIVA — Yes, on budget night.

Mr PAKULA — All right. Well, let me just deal with that, then. I think, Chair, that it is unfortunate in the extreme and frankly scurrilous to be assessing by yourself, Mr Dalla-Riva, what you think the cause of that incident might have been. The fact that incident occurred only a week or so ago. As you know, I was at the scene that night and the fact is that an investigation by the office of the chief investigator and by Public Transport Safety Victoria into the causes of that incident are ongoing. So for you to suggest that in any way that incident is evidence of anything, when we do not yet have the report from those independent regulators as to what the cause was, is a step too far, frankly.

In regard to your more general question of who investigates this, the one in January, I imagine, would have been investigated by Public Transport Safety Victoria. When their investigations are completed, their reports are commonly released.

In regard to your question about whether or not it would be more appropriate for the Australian Transport Safety Bureau to conduct these investigations, I note that after the Craigieburn incident the shadow minister for transport made some comments in this regard, which, interestingly, are very similar to the content of your question and I have to say I found his comments to be quite revealing and quite hard to fathom. If I recall the comment at the time, it was, ‘This should be investigated by the Australian Transport Safety Bureau, but this incident will be because of inadequate signalling and digital train radio systems and the like’. So on the one hand Mr Mulder suggests that it should be fully investigated by an independent national authority and in the next breath he passes his own verdict on what the outcome and what the reasons for it would have been.

The fact is that the office of the chief investigator and Public Transport Safety Victoria call in the Australian Transport Safety Bureau when they believe they need to, but they are independent authorities, they are empowered under legislation and they are the appropriate persons to carry out these investigations. Any implication or imputation that somehow they are not independent or somehow they are going to do anything other than a full and frank investigation of the causes is not a suggestion that should be made by implication. If that is the suggestion you want to make, you should have the courage to come out and say it directly.

Mr DALLA-RIVA — So on the 19 January near miss — because you just brushed it about — are you going to release that document, that finding, that investigation?

The CHAIR — I think the minister has answered that one in terms of how that will be concluded. We will now take a break for 5 minutes.

Minister, you have been around Victoria in the questions you have had today. I might take you back out to the eastern suburbs and particularly ask you about the Doncaster area rapid transit. There is money in the budget for that, in budget information paper 1 page 69 and elsewhere in the budget papers. Can you give us an update on what is happening with this? From my memory, from going along to the Manningham bus sessions and the Whitehorse one as well, there is quite a lot of work happening in that regard.

Mr PAKULA — Thank you, Chair. You are right; it is outlined there on page 69 of budget paper 1. We are committed to improving public transport options for the Doncaster part of the city and particularly services into central Melbourne. Under the VTP we have committed funding of \$1.2 billion for new and improved bus services, starting from the middle of 2009. As part of that commitment, we increased funding for the Doncaster area rapid transit, which I will hereafter refer to as the DART. That project funding increased from \$80 million to \$360 million. This budget delivers \$28.7 million of that to continue the implementation of that commitment.

It is a pretty substantial project. It involves upgrades for four Doncaster area bus routes, in Doncaster, Doncaster East, Templestowe, and Donvale and Warrandyte. We are going to upgrade those routes to what would typically be described as SmartBus standard. That effectively means high-frequency, real-time information at bus stops, service hours close to those provided by trains and trams and priority traffic management treatments. So bus service frequencies on those routes will be increased to every 10 minutes or better during the peak periods. Outside of peak periods, services would be every 15 minutes during the day and every 30 minutes at night and on weekends. The operating hours for the services would be between 5.00 a.m. and midnight on weekdays and between 6.00 a.m. and midnight on Saturdays and 7.00 a.m. and 9.00 p.m. on Sundays.

I think it is important to reflect that the introduction of the DART provides very important linkages with the route 901 SmartBus for the people who want to make cross-town journeys. Patronage on the freeway buses that we have already got has increased by more than 16 per cent since 2005, and the Doncaster corridor has seen significant growth. Some of the services are showing patronage increases of more than 30 per cent. The DART project will see a rise in the number of bus services every week from some 200 up to about 540. We have made considerable progress on that project. We have got real-time information displays, which are in the process of being installed at selected bus stops, timetables and maps will be installed at all bus stops and there will be more priority lanes installed to keep the services running on time.

All the bus stops will be upgraded to meet the federal government's DDA requirements for access to public transport, and that is also progressing well. We have improved pedestrian and road safety as well, with upgraded pedestrian signals, state-of-the-art sensor technology being completed on Doncaster Road, and so when pedestrians cross quickly, or there is no one crossing, the green phase is reduced to allow vehicles to continue. As part of the upgrade the department is undertaking improvements to bus operation in the CBD as well. That includes bus lanes along Lonsdale Street from Spring Street to Spencer Street during the peak periods, and they commenced operating in June last year. There is a new bus terminus at the western end of Lonsdale Street which is currently in operation. All those improvements have been made to help support the DART when it is up and running.

The CHAIR — The \$28.7 million next financial year is obviously the great bulk of the \$41.5 million being spent on this.

Mr PAKULA — That is correct. We expect to see significant work being done in the early part of 2011, and then obviously that would require a significant additional funding allocation in next year's budget out of that total envelope.

The CHAIR — Thank you very much.

Mr RICH-PHILLIPS — Minister, I would like to ask you about the function of the Transport Ticketing Authority. It was set up to deliver the myki project, and more recently it has taken on the Metlink responsibility. According to its last annual report in the last financial year it was funded \$90 million, the bulk of which related to funding for myki and Metlink, and approximately \$21 million of that related to the cost of its operations. Also according to its annual report it employed 103 people as of 30 June of last year. The then chief executive in his CEO report said:

As the project continues to deliver, our workforce planning will ensure we have the right people on hand to get the best results.

Mr PAKULA — Yes.

Mr RICH-PHILLIPS — In your comments in response to Mr Wells on the Ernst and Young consultants, you said Ernst and Young's role was to undertake 'very rigorous analysis of everything we are being told by Kamco and its parent'. My question to you is: why is this work being undertaken by Ernst and Young, and why does not the TTA have the capacity inside it to do this work itself? It would seem that would be a fundamental function of the TTA to be able to undertake the assessment you spoke about, so why are the Victorian taxpayers funding it to the tune of \$20 million when clearly it cannot deliver?

Mr PAKULA — First of all let me say I completely reject the assertion that you made at the end of your question. The fact is the Transport Ticketing Authority has a range of obligations and undertakings and, as you indicated in your question, additional undertakings in regard to Metlink. I do not know how I can add to the answer I gave you earlier in regard to the role of Ernst and Young. You made reference to the comments in the

annual report of the former CEO, Mr Thwaites. I think what is important about that is that he is the former CEO. As I have indicated in public comments in the past, and as I have indicated today as well, there is no question that there were various undertakings made by Kamco to the Transport Ticketing Authority in 2009 which then caused the TTA, and by extension the previous Minister for Public Transport, to make commitments about the rollout of myki on trams and buses. As time went by it emerged that some of those assurances that have been provided did not come to pass and were not correct. What happened in February was that we got a new CEO and we got a new chair after that, and the combined view of the new CEO and the new chair was that the Transport Ticketing Authority's expertise in regard to being able to rigorously analyse the information being provided and to effectively help to project manage the remaining parts of the myki metropolitan rollout required some augmentation. I do not know what more I can say about that, Mr Rich-Phillips.

Mr RICH-PHILLIPS — My simple question to that is you have got an authority that is costing around \$20 million a year to run, with its operations, and it has got 100 staff and its function is to implement myki, so why does not it have the capability internally, given what Gary Thwaites said about how good the staff are, to undertake this oversight function? Surely that is its purpose. You should not have to go outside to get it.

The CHAIR — I think the minister might well have answered that one.

Mr PAKULA — I am not sure if that is a question or a comment. The fact is that we are at a stage where I think everybody would agree that it is important to commuters that we do not just have myki up and running as soon as possible, but when we go live it is being put very, very rigorously through its paces. On that basis the board and the management of the TTA would have believed that, in terms of being able to do that in a timely way, to engage the services of Ernst and Young in those circumstances provided a timely and effective way of ensuring that we are able to do that.

Ms HUPPERT — Minister, I know in your answer to the Chair's question at the commencement of this session you talked about some of the medium and long-term planning strategies, in particular those that are in the Victorian transport plan. I note that in budget paper 3 on page 353 under 'Asset initiatives' there is a line item for new rail tunnel planning and development for Melbourne Metro. I wonder if you could outline for the committee how this project is progressing and the benefits the project will provide long-term for the rail network?

Mr PAKULA — The Melbourne Metro rail tunnel is probably, along with regional rail, the most exciting development out of the Victorian transport plan. People talk often about the difference between a commuter-style system and a metro-style system, and I think a lot of people talk about that without really knowing what that means. If you look at some of the best metro systems in the world, what they effectively mean is that the services on any one line are quite independent of services on other lines, so you have effectively rapid back and forward or rapid round and round rather than everything coming to a central hub-and-spoke point. The Victorian transport plan does provide a comprehensive response to the patronage growth through a rail upgrade program that has many stages, and the construction of the new rail tunnel under Melbourne — the Melbourne Metro — is one of them. It was first identified — maybe not first identified, but it was certainly identified — by Sir Rod Eddington in the *East West Link Needs Assessment Report* as the best way to avoid congestion on the critical transport corridors which serve our growth areas and which service the inner core.

That includes West Gate and Monash freeways and Footscray, Dynon and Ballarat roads. In December 2009 the Melbourne Metro stage 1 project reached an important milestone with the appointment of Aurecon to provide technical advisory services for the project. Geotechnical and hydrological investigations to support the engineering design of the project are now under way. The federal government has recognised the importance of the project; they have allocated \$40 million to commence planning, design and engineering works. The development of a progress options assessment is also under way to help determine what are the preferred locations for the stations.

In order to produce for the commonwealth a robust business case for the project, and to progress with more detailed design, including specific station locations, a further phase of public consultation is being proposed for later this year. That builds on the earlier public release of the default scheme with the VTP that came out in 2008, and then the subsequent map route which came out in 2009.

Occurring concurrently with all of that, the department is preparing a business case to support a further funding application to the federal government for the implementation of Melbourne Metro stage 1. The department has held meetings with key stakeholder groups over the last nine months as input into that options assessment. The plan proposes to deliver the Melbourne Metro tunnel in two stages. Stage 1 would be a 7-kilometre tunnel linking from Dynon Road to St Kilda Road that would probably include new stations at places such as Parkville and St Kilda Road. That would provide opportunities in the growing biotech, education and communications technology precincts around Parkville and St Kilda Road and increase network capacity by an additional 14 trains every peak hour, which is enough for maybe 12 000 passengers. That part of the project has an estimated cost of more than \$4.5 billion. Stage 2, which is probably of more direct interest to you, given your electorate, Jennifer, extends the tunnel to the Caulfield line, and that would then provide additional capacity to the south-east.

It is a project that provides capacity to the west. It provides a new east-west and Melbourne central area link, which has its own discrete set of tracks. It is integral in evolving our train system to a metro-style system that can provide high frequency services on key corridors, and it adds new stations to the network in those important civic and business centres of the city.

Ms PENNICUIK — If I could refer you to page 223 of budget paper 3, Minister, there is a line there for public transport services and then a 22.6 per cent increase. There is a note there — and there is another on page 234 that is very similar — which says:

The increase ... reflects the additional investment in public transport. In addition under the new franchise agreement from 30 November ... all fare revenue is received by the state and paid to rail operators. Under the previous franchise agreement, the rail operators received fare revenue directly.

In the interests of transparency, can you provide the committee with a breakdown of the changes in the way that the revenue was delivered under the last franchise, the way it is delivered under this franchise and whether that makes up the entire 22.6 per cent change difference there? What is the breakdown of the 22.6 per cent increase?

Mr PAKULA — It is not all of it. As I have already indicated, we, under the new franchise agreement, announced significant increases in the amount of money paid to the operators for rail maintenance activities. That is reflected in additional payments to the operators there and elsewhere. In addition to that, as you have outlined, and as the budget papers outline, there is a different arrangement for the accounting for and payment of fare revenue to the operators under that agreement. So rather than the fare box going directly to the operators, it is received by government and then passed on. I do not have the breakdown of those figures here with me today.

Ms PENNICUIK — Could I get them?

Mr PAKULA — I will take it on notice, and I will provide you with what I can.

Mr SCOTT — Minister, I refer you to page 238 of budget paper 3 and the reference to the Maryborough passenger service. Can the minister provide an update on the progress of this project over the estimates period?

Mr PAKULA — I am very pleased to talk about Maryborough. We have made a significant level of investment in the regional rail network. Last month it was very pleasing and gratifying to be able to announce the commencement of major works that are going to pave the way for the return of rail passenger services to the people of Maryborough.

As you might know, in August 2009 we completed the Mildura rail corridor freight upgrade, and that provided the catalyst for the facilitation of the return of passenger rail services to Maryborough. We committed \$50 million in the Victorian transport plan to the project. It is going to reconnect the township of Maryborough to the regional V/Line network. In the 2009–10 budget we committed \$27.6 million to the initiative. There is \$19.1 million in the project budget for capital works and \$2.7 million per annum recurrent for operating costs. It is a fairly vast project. It includes the station works that need to be carried out, not just at Maryborough, but at Creswick as well. There will be works at Creswick to realign the track and provide a new station platform, the upgrade and improvement of eight railway level crossings, and the provision of train stabling facilities at Maryborough.

Once we have completed the project it is going to deliver 14 train services per week to the communities of Maryborough and Creswick. I think it is a project that is going to help lock in the prosperity of a town like Maryborough, and it will significantly improve the transport links more generally in the region. It means that people who work or live in Maryborough or Creswick can easily commute to Ballarat or to Melbourne for work, for study or for their leisure activities.

I was at Maryborough station on 1 April with the Premier and with Joe Helper. We announced the commencement of the next stage of the major construction work to bring back passenger rail services for the Maryborough community. I think it is also worth mentioning the jobs that have been created for local communities. The contracts that were awarded for the civil works at Maryborough and Creswick have led to about 60 people being employed; that is for the work at the station but also the work upgrading the level crossings. We are going to continue the work on returning that passenger rail out to Maryborough this year, and I am looking forward to seeing those services return and seeing the project reach its next milestone.

Dr SYKES — Minister, in north-east Victoria there is a very large body of water known as Lake Mokoan, which is being transitioned into a world-class wetlands and which a consultant tells us will attract over 300 000 visitors per year, many of whom will travel on V/Line trains to get there and get off at Benalla or Wangaratta. However, currently, because of the railway corridor upgrade, there are no trains running; they are being replaced by buses. Are you able to provide us with an update on when that project will be completed, when we will return to full train services in north-east Victoria and also what the travel time from Albury to Melbourne is likely to be in the future by comparison with the current travel of about 3 hours 25 minutes?

The CHAIR — I am very pleased that you have introduced Lake Mokoan. We would be disappointed if it had not happened.

Mr PAKULA — Chair, you would recall I have been a member of this committee and I remember what we used to do. I am betting that Dr Sykes was on a bet to raise Lake Mokoan.

Anyone who has seen any part of this project would know what a fantastic project it is, not just for the rail services it will provide but also for what it will do for the centre of Wodonga. I have had conversations with people like Bill Tilley about this, and the land that it opens up for, I suppose, previously unimaginable uses in Wodonga by providing the bypass is just fantastic. The rail bypass of Wodonga is moving along extremely well. There is the conversion of the broad gauge track and, as you know, there is both a passenger rail and a freight rail component. It has always been anticipated that passenger services along that corridor will return later this year, and that remains the plan. It is going to be a fantastic new line, not just for passengers but for freight. The conversion of the broad gauge track is travelling very well. The return of the passenger services is on schedule and it will occur later this year.

Dr SYKES — And the anticipated travel time is likely to be reduced, or will it be the same?

Mr PAKULA — Off the top of my head, I cannot tell you exactly what the travel time from Wodonga to Melbourne will be, but I can find that information for you.

Dr SYKES — There is a factor in slowing down as you go past the Winton Wetlands to view the magnificent thing. You might have to add 5 minutes to the travel time.

Mr PAKULA — I know that Bill is being — —

Dr SYKES — Are you stuck for words, Minister? It must be the first time for the afternoon!

Mr PAKULA — It is a project that is going to provide an enormous boost to the local economy of Wodonga. It is going to do great things for employment opportunities, the supply of goods and services through the area. It is going to mean a more efficient operation of both the passenger service and the interstate railway as well. It will allow trains to operate at higher speeds and it is a project that I think all of us are looking forward to seeing completed.

Ms GRALEY — Minister, as you said before, we regularly correspond about matters to do with public transport in the outer suburbs, so I am going to take this opportunity now to ask you some more questions about the growth areas. I refer you to budget information paper 1, page 5, table 1.1, 'Key strategic infrastructure

projects', and specifically the section that refers to the new stations in the growth areas. Could you provide the committee with an update on how this project is progressing — I get regular telephone calls about it — and the benefits local communities will enjoy once it is completed?

Mr PAKULA — I am betting your telephone calls are primarily about Lynbrook.

Ms GRALEY — You have got it!

Mr PAKULA — It is a good question. The government has placed a great deal of importance on the early planning for the new stations in our growth areas. So as part of the Victorian transport plan we did commit to the construction of new stations in some of our biggest growth areas: the station at Williams Landing which, as Mr Noonan would know, is part of the Werribee line; Caroline Springs on the Ballarat–Melton line out in the west; Lynbrook on the Cranbourne line; and Cardinia Road on the Pakenham line in the south-east. The target in the budget papers is that 40 per cent of that work will be completed by 2010–11. As part of last year's state budget we allocated \$150.8 million to commence the work on those three new stations at Williams Landing, Lynbrook and Caroline Springs. I should just say that I talked earlier about premium stations. We have already said that Williams Landing will also be a premium station staffed from first to last train.

The budget this year approves the final tranche of the project, which is the funding for Cardinia Road on the Pakenham line. Having said that, the design work for the Cardinia Road station at Pakenham station is already well progressed because we made a decision to deliver all of the four stations as a package of works. They are being delivered as a single program of works, which gives us time efficiencies and cost efficiencies and allows us to standardise design somewhat. Following a tender process, the contract for the design of the four stations was awarded to Arup consultants in partnership with Cox Architects and WorleyParsons. The initial station design and planning has been completed and a detailed design phase has already begun.

The department is going to be conducting community information sessions around the locations of the four stations in the next few months. The communities in those areas are going to be able to see those initial designs and importantly get an understanding in their own minds of how the stations are going to fit into the existing landscape. We will start construction on those stations this year. As I said, our target as recorded in the budget papers is to have 40 per cent of that work concluded by the end of the 2010–11 financial year.

I also think it is important to note today that in today's papers in fact, I think, tenders have been advertised for the design and construction work for Cardinia Road and Lynbrook. We expect that there will be over 200 construction jobs created as part of this program. Again these new stations will typically include platforms with passenger shelters and seating. They will be DDA-compliant. They will have pick-up bays for buses. They will have a taxi rank. They will have a park-and-ride facility. They will have a kiss-and-ride facility. They will have ticket machines, timetables, passenger information displays, CCTV-security surveillance and access for pedestrians and bicycles. We are really looking forward to the work that we will do later this year in sharing the design with the communities and beginning construction on those stations.

Mr WELLS — Minister, I refer you to budget paper 3, page 239 and the performance measures for the vigilance control and event recording system; I would like to ask questions surrounding that. It appears that you have failed to commence implementation of this project this year for the Siemens and X'trapolis fleets, with the Siemens fleet now having to have to wait until June 2011 before work commences. Given that the Siemens trains always seem to be off the tracks due to ongoing braking problems, I thought you might have had enough time to actually get these monitoring systems installed when they are off the tracks getting their brakes fixed. Can you confirm that this program was supposed to have begun at the end of 2007 and been completed by June 2008? Can you also confirm that all Comeng trains, such as the train involved in the major crash last week, have been installed with this program?

The CHAIR — This is on page 239.

Mr PAKULA — Yes, I found it.

The CHAIR — There is also footnote (g), which states, 'New performance measures reflects the next phase of the project'.

Mr PAKULA — Just to give a bit of an explanation on what VICERS does, it is a system that analyses the use of the master traction control, the brake control and the horn control, and a recorder on board continuously records the driver and train's actions. It can be used to analyse train data and driver activity. It is true that it is particularly useful information to have in the event of an incident. It is a system which requires drivers to perform a valid manual task within a specified time frame. Where that does not occur, the driver is required to press a vigilance acknowledge button within a specified time frame. If that does not occur, then other things do occur. Yes, it has been installed on all of the Comeng fleet; that is correct. I am not sure if maybe you were being facetious when you made your comment about the Siemens trains. When the Siemens trains are out of service they are only generally out of service long enough to have their system wet and dry-tested and then they are returned to service fairly quickly after that.

The completion date for the VICERS rollout was initially given as June 2008. The revised time frames for the design, commissioning, training and rollout of VICERS were required. This is not new; this was known some time ago following a number of events that were outside the government's control, so the project time lines as indicated in the budget papers have been revised.

There was a diversion of resources by the contractor to its American operations. One of the providers, Integrian, went into administration and then liquidation in 2007–08. I think it is fair to say there have been other rolling stock issues that required a diversion of resources, not least of which are some of those that have been reasonably well publicised in the past, such as things like work on the air-conditioning units in trains, et cetera. Given the strong patronage growth it has been more difficult for trains to be made available for this work to be carried out on them since 2008. The revised completion date, which is outlined in the budget papers, reflects some of the additional time which is required to rectify some of the software issues and to ensure that the performance is stable on those trains when the system is installed.

Mr NOONAN — Minister, I wanted to ask you about the rollout of the SmartBuses.

Mr PAKULA — Don't we love them.

Mr NOONAN — I make the comment that the red orbital route 903, which runs through my electorate, I think is the most popular bus route in Melbourne. You might correct me if I am wrong there.

Mr PAKULA — I think that is correct.

The CHAIR — That is correct. It goes through my electorate, too.

Mr NOONAN — A number of the members are saying it runs through their electorate, so it is a very popular route. Budget paper 1, page 69, goes to the rollout of the green and yellow routes. There is obviously expenditure allocated for the 2010–11 period. I just wonder whether you can provide an update to the committee on how those routes are progressing and what the expected or anticipated benefits of those two additional services will be to the affected communities.

Mr PAKULA — We are not just rolling out an orbital bus; we are rolling out a network of SmartBus routes across Melbourne. It is a service which offers better frequency, it offers longer operating hours and it is a key part of the Victorian transport plan's desire to improve transport options in the suburbs. I have to say — and I have said this at a number of public forums — I think bus travel is an under-utilised and underappreciated option for improving public transport service. I know Mr Stensholt, Mr Scott and I have had conversations about this on many occasions. Buses provides government and public transport operators with enormous options in terms of providing more public transport to more places.

I think it has been a mode of public transport which has been under-utilised by people for a couple of key reasons. This is to some extent anecdotal, but I am pretty sure it is right. When you talk to people about why they do not want to catch buses, they say, 'I do not know when it is coming, and I do not know where it is going to go'. It is an inherent, I suppose, prejudice against bus travel for a lot of people. The fact is that SmartBuses help resolve both of those things. You have a SmartBus network which provides people with fantastic information about when the bus is coming and what its route is, and it takes people to a whole range of places they want to go to. Whether that is the train stations along the route, whether it is the various shopping centres along the route, whether it is to suburbs or, as the yellow orbital will do, to places like Melbourne Airport. It helps fill in that information vacuum that I think has restrained bus travel for too long.

The Victorian transport plan allocated \$290 million to expand SmartBus routes across Melbourne. We have upgraded five routes to SmartBus standard, and they are already operating. We have seen a 20 per cent increase in patronage since that occurred. As part of the commitment to expand the SmartBus routes we have delivered over \$30 million in this budget for the yellow orbital route. By the completion of that route in 2011 it is estimated that almost \$38 million will have been spent on it. That is an orbital route that currently runs from Frankston to Ringwood, primarily via Stud Road. It is going to be extended out to Melbourne Airport.

We have had a lot of people asking about whether the green orbital, which goes to Airport West can go to the airport. The yellow orbital will. The services are on track to commence operation early next year. It will service areas including Blackburn, Greensborough, South Morang, Epping, Roxburgh Park and Broadmeadows. It will run every 15 minutes during the week and every 30 minutes on weekends. As I have indicated earlier, on 5 April we announced the commencement of the service on the existing green route that would extend out from Nunawading to Airport West. That service travels in an arc through the city's eastern and northern suburbs, from Chelsea to Airport West via Nunawading, Doncaster, Eltham, Greensborough and Broadmeadows. Passengers on the route had the first two weeks of it free. It is a 76-kilometre route. That has very similar time frames in terms of when it travels and its frequency, as I have just described for the yellow.

That service, Mr Noonan, is going to be boosted by 35 new buses operating on the route. They all have low floors. They have technology to communicate with the depot and the signage that provides the real-time information that I talked about for the passengers. Importantly it is being manufactured at the Volgren factory in Dandenong. That has helped secure local jobs in the manufacturing sector and the supply chain as well. I could go on and on about SmartBuses.

The CHAIR — Not too long.

Mr NOONAN — You might take this question on notice, but the selection of the routes for the three different services — —

Mr WELLS — How many questions?

Mr NOONAN — You can talk, Mr Wells; you have six or seven follow-up questions usually. It concerns the routes that have been selected, the planning that has gone into those to ensure the greatest level of patronage, as has been the case in the red 903 service.

Mr PAKULA — Let me say it was decided at the time that the plan was put together that there was a real community desire for a bus service that did not just follow the old public transport hub-and-spoke model, for an orbital service that went around Melbourne in increasingly broad concentrics. I think the proof of the pudding is in the eating. The fact is that we have had enormous patronage growth, and every time we put on new SmartBus services, the patrons come and the commuters come. It has been a very exciting development, I think, for bus travel. It is a pointer to the future in terms of what sort of information and what sort of frequency you need to provide in order to encourage the travelling public to treat buses as a genuinely important form of public transport.

Mr DALLA-RIVA — Minister, we have now been here for 2½ hours, going through a variety of issues. When you talk about the issues with myki, you talk about the issues of the rolling stock and the delays there, when we even go to the issues like VICERS and then we had obviously the TTA and a whole raft of things, I guess in the end you would have to say that public transport has become a real dog's breakfast under Labor. I will go to something that you might be up to answer. It relates to — —

The CHAIR — Can we have a question without a statement?

Mr DALLA-RIVA — I have made the statement and that is what I believe it is — 2½ hours of just listening to deflections and delays. I will go to page 231 of budget paper 3, and this relates to something which should be fairly easy for you to answer, Minister.

Mr PAKULA — Unlike every other question, Mr Dalla-Riva, which I have answered fulsomely.

Mr DALLA-RIVA — It relates to the ongoing heated discussions and meetings between Metro and government. You know that Metro is threatening to walk out of the contract. Talks are continuing between

lawyers rather than normal relations, as occurred with Connex, and despite the Premier giving extra money to Metro there is still that threat that they will leave before the next election.

The Premier said, when he announced Metro as the successful tenderer, that we will get more train services, greater reliability and punctuality. He said they will deliver a better transport system for our state from day one. Given that the penalties for Metro are now capped at \$12 million a year, compared to what Connex was paying — up to \$25 million — I ask: have Metro Trains in Melbourne, or their representatives, threatened, to your understanding, to walk out of the contract, break the contract and leave Melbourne? Have there been any negotiations between lawyers for the government and Metro? Can you provide those details? Can you comment on the impact it would have on the forward estimates of Metro walking away from the contract?

The CHAIR — Insofar as it relates to the estimates, Minister.

Mr PAKULA — Chair, I am tempted to simply answer the question with the one-word answer, no, because that is the answer, but let me go a bit further. This was a tale that was being peddled by the Liberal Party to the media earlier this week. The only reason this story is around is because the Liberal Party invented it. There is no truth to it whatsoever.

Mr RICH-PHILLIPS — Everything is going well then, is it?

Mr DALLA-RIVA — So myki is going well — —

The CHAIR — Mr Dalla-Riva, you had your chance.

Mr DALLA-RIVA — He is having a go at us. The commuters have got it so good under you — —

Mr PAKULA — Hang on, you asked me a question, Mr Dalla-Riva.

Mr DALLA-RIVA — The commuters have got it so good.

The CHAIR — Mr Dalla-Riva, you had a go at him in your question. It is now for the minister to answer without assistance.

Mr PAKULA — I understand the purpose of the question; it is for the purposes of a grab. But the reality is — —

Mr DALLA-RIVA — That is disrespectful of people who are trying to find out why they cannot — —

The CHAIR — You have had your chance, Mr Dalla-Riva.

Mr DALLA-RIVA — That is not a fair comment, Chair.

Mr PAKULA — Mr Dalla-Riva, you have made before this committee an assertion which is demonstrably false.

Mr DALLA-RIVA — So Metro have not walked out.

Mr PAKULA — No, they are not, Mr Dalla-Riva, and there has been no suggestion, no request, no dialogue of that nature whatsoever. The first time anyone suggested otherwise was when it was suggested by the Liberal Party earlier this week.

Mr DALLA-RIVA — The relationships are great. There is nothing wrong.

Mr RICH-PHILLIPS — You are happy with them and they are happy with you.

Mr PAKULA — It is a false assertion and, what is worse, you know it is a false assertion.

The CHAIR — We will move on.

Ms HUPPERT — Minister, as you mentioned before, I have a particular interest in the rail network, and the Caulfield group of rail lines. I refer you to page 136 of budget information paper 1 which refers to the

continuation of an existing project, which is the Caulfield–Dandenong rail corridor, stage 2, Westall rail upgrade. Could you provide for the committee an update on how this project is progressing and the benefits that the local community, both in the inner and outer south-eastern suburbs, will enjoy once it is completed?

Mr PAKULA — This is a very important project because it is about providing the Dandenong rail corridor commuters with better reliability and less crowding. There is \$151 million allocated for the project in this year's — —

Sorry, that funding is completed in this year's budget. Work commenced on the project on 27 January this year. I recall it well because I think I had had a week in the job. It is proceeding on time and is proceeding on budget. It involves the construction of a third track and a pedestrian crossing upgrade between Centre Road and Springvale Road and additional overnight storage space for five trains at the Westall depot. It will also provide a significant upgrade to Westall station, including a third platform, 80 extra car spaces, improvements to passenger facilities, safety and accessibility.

Those facilities will be added to even more, now that we have decided to make Westall a premium station. It will mean that more trains — a bit like the Laverton project — can start their journey at Westall. The fact that a train can start empty at Westall means that passengers who get on at Westall at the moment and would get a train that is half full, or more than that, can have an empty train. It means there will be more service reliability across that line because you will have a much more even spread of passengers along the Cranbourne–Pakenham network.

The other benefits that commuters on that line will find are the upgrade to the station, the better passenger safety, the better amenity and that ability to operate short services. It is a project which builds on the earlier Cranbourne stabling and station upgrade which was a project that delivered the overnight storage facility for six trains, a big upgrade to Cranbourne station, the extra bus interchange, 400 new parking spaces and the like. Again, all of these additional stabling projects that are being carried out throughout the network provide the operator with enormous additional flexibility and provide the ability to start trains at places other than the end of the line. What that effectively means for commuters is the opportunity to have less crowded trains, more reliable services and better stations.

The CHAIR — A final question from Ms Pennicuik.

Ms PENNICUIK — Minister, I am puzzling over appendix E.

Mr PAKULA — Of which paper?

Ms PENNICUIK — Budget paper 3, the Victorian transport plan output and asset initiatives. Many of those initiatives — —

Mr PAKULA — Is there a page number?

Ms PENNICUIK — Pages 471 to 473. Many of those outputs and asset initiatives do not have any allocation in the out years. It just refers to previously announced funding. Does that mean that is the end of their funding or they are awaiting funding from other sources like the commonwealth or what?

Mr PAKULA — I might ask Robert if you could provide Ms Pennicuik with some detail on that.

Mr OLIPHANT — Appendix E is a list of projects funded under the Victorian transport plan; it lists their capital and operating spend.

The CHAIR — Some projects have started and some have not; is that correct?

Mr OLIPHANT — Correct.

Ms PENNICUIK — And the ones that have not started, are they not starting because there is no funding forthcoming?

Mr PAKULA — On that — —

Ms PENNICUIK — That is what I am asking.

Mr PAKULA — As was always the case, the Victorian transport plan is a plan over a long period of time. It is a \$38 billion plan.

Ms PENNICUIK — I know that.

Mr PAKULA — Hang on. We were told when we released the VTP that, ‘Oh, well, that’s a great plan but you’ll never fund it’. The fact is we are a couple of years in and we have already indicated funding sources for something like \$10 billion worth of projects. That is only two years into it. So if what you are suggesting is that we have not yet — —

Ms PENNICUIK — I am just asking, Minister. I am not suggesting anything; I am asking.

Mr PAKULA — If the question is: have we yet allocated funding for every item in the Victorian transport plan? No, we have not.

Ms PENNICUIK — But my question is: are some of those items awaiting funding from the commonwealth or are you suggesting they are all going to be funded from the state government?

Mr PAKULA — Can I say, for instance, I indicated earlier that in regards to a project such as the Melbourne Metro tunnel we have put in a significant bid to Infrastructure Australia for support for that project, as an example. Obviously if there are projects for which we can receive a commonwealth funding allocation, we will take it.

Ms PENNICUIK — So some of them do not have any funding is your answer?

The CHAIR — Yes, because it is a multi-year program. Thank you, Mr Betts, Mr Carolan, Mr Oliphant, Mr McKenzie and Mr Brown for your attendance.

Witnesses withdrew.