

TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into Budget Estimates 2018–19

Melbourne — 29 May 2018

Members

Mr Danny Pearson — Chair

Ms Sue Pennicuik

Mr David Morris — Deputy Chair

Ms Harriet Shing

Mr Steve Dimopoulos

Mr Tim Smith

Mr Danny O'Brien

Ms Vicki Ward

Ms Fiona Patten

Witnesses

Mr Luke Donnellan, Minister for Roads and Road Safety,

Mr Richard Bolt, Secretary,

Dr Gillian Miles, Head, Transport for Victoria,

Mr Corey Hannett, Coordinator-General, Major Transport Infrastructure Program,

Ms Kerry Thompson, Acting Chief Executive, VicRoads,

Mr Peter Sammut, Chief Executive Officer, Western Distributor Authority,

Mr Duncan Elliott, Chief Executive Officer, North East Link Authority,

Mr Tony Dudley, Chief Financial Officer and Head of Business Enablement, Transport Accident Commission,
and

Mr Andrew Williams, executive director, major projects, Department of Economic Development, Jobs,
Transport and Resources.

The CHAIR — I declare open the public hearings for the Public Accounts and Estimates Committee inquiry into the 2018–19 budget estimates.

All mobile telephones should now be turned to silent.

I would like to welcome the Minister for Roads and Road Safety, the Honourable Luke Donnellan, MP; Mr Richard Bolt, Secretary of the Department of Economic Development, Jobs, Transport and Resources; Dr Gillian Miles, Head of Transport for Victoria; and Mr Corey Hannett, Coordinator-General, Major Transport Infrastructure Program; and in the gallery Ms Kerry Thompson, Acting Chief Executive, VicRoads; Mr Andrew Williams, Executive Director, Major Projects, VicRoads; Mr Peter Sammut, Chief Executive Officer, Western Distributor Authority; Mr Tony Dudley, Chief Financial Officer and Head of Business Enablement, Transport Accident Commission; and Mr Duncan Elliott, Chief Executive Officer, North East Link Authority.

Any witness who is called from the gallery during this hearing must clearly state their name, position and relevant department for the record.

All evidence is taken by this committee under the provisions of the Parliamentary Committees Act, attracts parliamentary privilege and is protected from judicial review. Any comments made outside the hearing, including on social media, are not afforded such privilege.

The committee does not require witnesses to be sworn, but questions must be answered fully, accurately and truthfully. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

All evidence given today is being recorded by Hansard. You will be provided with proof versions of the transcript for verification as soon as available. Verified transcripts, any PowerPoint presentations and handouts will be placed on the committee's website as soon as possible.

Witness advisers may approach the table during the hearing to provide information to the witnesses if requested, by leave of myself. However, written communication to witnesses can only be provided via officers of the PAEC secretariat. Members of the public gallery cannot participate in the committee's proceedings in any way.

Members of the media must remain focused only on the persons speaking. Any filming and recording must cease immediately at the completion of the hearing.

I invite the witness to make a very brief opening statement of no more than 10 minutes. This will be followed by questions from the committee.

Visual presentation.

Mr DONNELLAN — Before I begin I would like to acknowledge the traditional owners of the land upon which we are gathered and pay my respects to their elders past and present.

I want to use the opportunity today to update the committee on our massive investment in Victoria's roads, not just in this budget but over the term of the government.

If we go to the next slide, if we look slowly at asset expenditure, the last four budgets have delivered a massive boost to Victoria's road network. Since coming to government we have invested over 6 billion on major new road projects and over 10 million each. This comes in at over 6.1 billion while we have been in government, compared to 3.5 billion under the previous Liberal government. This is not just an investment in big projects; we are talking about new roads and upgraded roads where they are needed the most — in the outer suburbs of Melbourne, at bottlenecks like Chandler Highway and Hoddle Street, and in regional Victoria.

This year's roads budget is headlined by a gigantic \$4.3 billion to fund better roads around Victoria: 2.2 billion will go towards upgrading 13 arterial roads across the northern and south-eastern suburbs; \$941 million will go towards the biggest — and I add 'biggest' — regional road maintenance boost Victoria has ever seen to fix more than 1000 kilometres of roads; \$116 million will go to boost roads across the metropolitan area; \$110 million will go to fast-track the completion of detailed planning and design of the north-east link; and \$22 million will be dedicated towards active transport initiatives, and that includes over 200 kilometres of dedicated cycling paths, pedestrian paths and shared paths we are rolling out as part of our major roads projects.

In the next slide you will see that these projects have been very well received, as the slide shows. We have listened to what the community has asked for and taken their views into account. These communities in the suburbs have been crying out for better roads, and that is what we have delivered. In last year's budget we funded a massive program of upgrades in the western suburbs. This year we have built on that with the northern and south-eastern suburbs road upgrade packages. They add to the key projects we have announced in previous budgets, which include the Yan Yean Road upgrade, the Monash Freeway upgrade, the CityLink-Tullamarine widening and of course two projects that will have such an enormous impact on the future of this state — the West Gate tunnel and the north-east link.

The south-east roads upgrade is made up of a combination of duplication upgrade works across the south-eastern metropolitan area. We will upgrade Golf Links Road and Grant Road from Peninsula Link to Frankston-Flinders Road. Healesville-Koo Wee Rup Road will be duplicated from two to four lanes between the Princes Freeway and Manks Road, delivering a better north-south route and relieving pressure on the South Gippsland Highway. A 1.5-kilometre section of Hallam North Road will be duplicated between Heatherton Road and James Cook Drive. This work will also replace the roundabout at Heatherton Road with traffic lights. Lathams Road, from Oliphant Way to Frankston-Dandenong Road, will be upgraded as well as Narre Warren-Cranbourne Road from Thompsons Road to the South Gippsland Highway in Cranbourne. A 2-kilometre section at Pound Road West and Remington Drive will be upgraded between Abbots Road and the South Gippsland Highway, including a new bridge over the Cranbourne railway line. The final component of the package will upgrade those locations where Thompsons Road intersects with Frankston-Dandenong Road and Narre Warren-Cranbourne Road.

The northern suburban roads upgrade will duplicate Bridge Inn Road between Plenty Road and Yan Yean Road. It will also include stage 2 of Yan Yean Road, funded in last year's budget, widening Yan Yean Road to four lanes between Bridge Inn Road and Kurruk Road. Craigieburn Road will be upgraded from two to four lanes along a 5.5-kilometre section from Mickleham Road to the Hume Highway, and we will upgrade the existing roundabout at Mickleham Road to traffic lights. The upgrade of Epping Road will duplicate the carriageway between Craigieburn Road East and Memorial Avenue. On Fitzsimons Lane we will reopen all lanes of traffic between Porter and Foote streets, and there will be major upgrades to key intersections. Childs Road in Mill Park will be duplicated from two to four lanes between Beaumont Crescent and Prince of Wales Avenue, and this will see Childs Road become the first duplicated east-west road in this significant growth area north of the M80 ring-road. The final component of the package will be the Sunbury Road upgrade from Bulla-Diggers Rest Road to Powlett Street in Sunbury.

Last year's budget allocated 300 million for the Mordialloc bypass. This year's budget includes \$75 million to upgrade the original design to a four-lane freeway, removing a further three sets of traffic lights. This 7.5-kilometre link between the end of the Mornington Peninsula Freeway in Aspendale Gardens and the Dingley bypass in Dingley will relieve pressure on Springvale, Wells and Boundary roads as well as sections of the Nepean Highway around Cheltenham and Mordialloc. Completion of this project in 2021 will create a continuous freeway from Frankston to Clayton and cut 10 minutes off a trip between the Mornington Peninsula Freeway and the Dingley bypass.

The scale of our investment has necessitated looking at how we deliver these projects. That is why we set up a new agency called the Major Road Projects Authority, which will be part of the Office of the Coordinator-General. The Major Road Projects Authority will formally begin operations on 1 July and take advantage of the OCG's expertise in delivering complex and large infrastructure projects. The move also allows VicRoads to better focus on its core services, its network operations, the introduction of new technologies and providing registration and licensing services.

The north-east link project is the single biggest transport infrastructure investment in Victoria's history and has a return of \$1.30 for every \$1 invested, or \$1.40 if you include wider economic benefits. It runs from the Eastern Freeway from Springvale Road in Nunawading all the way through to the M80 ring-road at Greensborough. It will almost double the size of the existing Eastern Freeway by adding up to seven new lanes in some sections and typically an extra three lanes in each direction. In addition to dedicated express lanes for cars and trucks, the project will include the Doncaster busway, which will be Melbourne's first dedicated high-speed busway, providing separated lanes for buses all the way from Doncaster park and ride towards the city and a true express ride for passengers along the Eastern Freeway.

Once it is built, Victorians will be able to take a more direct route from the east to Melbourne Airport without hitting a traffic light or having to battle traffic on Alexandra Parade or Bell Street. The new link will slash travel times by up to 30 minutes and take up to 15 000 trucks off residential roads every day. We said we will not deliver this without a mandate from the Victorian people, so there is no intention of issuing an expression of interest until after the state election.

I mentioned in my introduction that this year's budget allocates \$941 million to get on with the job of fixing Victoria's regional road network, saving lives and establishing a dedicated country roads body. Regional Roads Victoria will be a new division of VicRoads based in Ballarat with staff in regional centres across the state. RRV will be led by a chief Regional Roads Victoria officer, who will oversee a \$433 million boost to road maintenance across more than 1000 kilometres of roads across the state. This includes \$100 million for the Fixing Country Roads Fund to provide grants to rural and regional councils to upgrade their local roads and bridges. A further \$229 million will be invested in saving lives on Victoria's highest risk roads through the Towards Zero road safety action plan with new overtaking lanes, rumble strips and intersection upgrades.

The regional upgrades include \$40 million to upgrade the Princes Highway west between Colac and the South Australian border; \$98 million will deliver planning and preconstruction work for new bypasses on the Western Highway at Beaufort and Ararat; and Ballarat's iconic Sturt Street will get a series of intersection upgrades between Pleasant Street and Dyson Drive. Key sections of the Calder, Hamilton and Kiewa Valley highways will be upgraded, and a new roundabout will be constructed on the Shepparton alternative route to improve access for heavy vehicles. I should point out that it is separate to the work that we are already undertaking on the Shepparton bypass.

The four aspects of road safety that Towards Zero focuses on are safer roads, safer vehicles, safer speeds and safer people. There is ample evidence to suggest that better roads deliver better outcomes, and our efforts have been directed in particular towards regional Victoria. People living in these areas are four times more likely to be killed in road crashes than those in metropolitan Melbourne, and they are also 60 per cent more likely to be seriously injured. It is a startling fact that nearly half of all road deaths in Victoria occur in 100 to 110-kilometre rural roads. The number of people killed on rural roads increased by five in 2017, from 150 to 155, even while Victoria's overall lives lost figure dipped.

Making our country roads safer is a key to achieving our road safety target, and one of the ways we are doing that is through the installation of flexible safety barriers. Our valuations have shown that serious trauma is reduced by up to 75 per cent on roads treated with these devices. The \$229 million we have dedicated to road safety in this budget will help in the further rollout of these life-saving installations as well as rumble strips and intersection upgrades. It will also fund roadside drug testing of 50 000 drivers over the next two years.

We are not just investing in new roads and road safety. We are also investing in maintaining our roads. We invested almost double what the previous government did in maintaining our roads, if you look at that chart above. When we look at the next graph, combining asset and output expenditure, we can see how overall expenditure on the roads portfolio has grown since the Labor government came to power, and that is very much because we have delivered on our commitments. Our 2014 platform identified Tullamarine Freeway, Hoddle Street and the inner west as our priorities. We are well into delivering these three projects to fulfil these commitments and add them to a host of others.

The north-east link, along with the Mordialloc Freeway and along with the West Gate tunnel are all projects that this government has initiated. We own them, we are proud of them and they will go a long way towards shaping the future of this city and its state. Ultimately our aim is to deliver Victorians safer, faster and more reliable journeys. Thank you, Chair, for the opportunity to say a few words.

The CHAIR — Thank you, Minister. Minister, I might lead off, if I may. The budget paper reference is budget paper 4, page 13, and I am specifically interested in the West Gate tunnel project. I am wondering if you can outline to the committee the reason behind the increased cost of this project, and are there any associated community benefits that will result as a consequence of this increased expenditure?

Mr DONNELLAN — Yes. The initial estimate of the project was \$6.5 billion and the final TEI was \$6.7 billion. The variation along the way was part of the open and transparent process we had with the EES, and along the way there were five design variations for the West Gate tunnel. They included a longer tunnel; 14 kilometres of shared walking and cycling paths; a new 2.5-kilometre elevated veloway for bicycle riders;

nearly 9 kilometres of new open space, including parkland and wetlands and over 17 000 trees planted in the project corridor; and world-class urban design, including the bridges and the like. So it was very much about, I guess, engaging the community in the EES process and looking for outcomes they were looking for, and that includes finishing things like the Federation Trail and the like, so you literally can get from very much Werribee to the city without actually being on the road. So it is very much about that, but it is also about ensuring that we had the performance of the project at the best level we could get it and also ensuring that we protected homes. So that is the variation in the costs, and that was because of very much the improvement in the design to provide better city connections, additional noise walls, the more open spaces — I mentioned the 9 hectares of extra open space — and to extend the air quality monitoring for approximately 10 years during the construction operation of the project.

The CHAIR — Now that construction is underway, can you outline to the committee how many jobs have been created to date, how many jobs you anticipate would be created directly and have you done any modelling about the likely indirect employment benefits that the project will provide?

Mr DONNELLAN — Yes, for sure. We expect the project to create around 6000 jobs, and that includes 5000 apprentices, trainees and graduates, up to 150 jobs for former auto workers and about 400 jobs for people from Melbourne's west. Currently we have 1200 people working on the project. There are also 400 jobs which will be created at Benalla for the concrete precast plant, which is being constructed there. I know the community of Benalla is terribly excited by that news because obviously that is a major new piece of infrastructure. It is very much a project that will have ongoing benefits to that community well beyond just the West Gate tunnel project, because obviously precast concrete can be railed in and out of there across the country.

Two weeks ago I was with the Premier and we announced the joint venture between CPB, John Holland and Victoria University at their Sunshine campus to train people in certificates II, III and IV for the civil construction industry. I understand Victoria University is also going to have to open up another campus — in Werribee, from memory — to actually accommodate the number of students they are expecting to provide the skills for these projects. As we know, there are pressures on skilled people in the workplace in terms of civil construction. There are enormous pressures both in terms of materials but also in terms of skilled individuals to work on these projects. So that funding we have put into TAFE will very much assist in building those skills we actually need and in providing people with direct job opportunities in the civil construction sector for projects like the West Gate tunnel.

The CHAIR — In relation to the project itself, have you done any modelling or do you have any advice you can provide the committee about the broader network or community benefits that will be derived from this project to people living in the western suburbs in terms of having trucks taken off Francis Street, for example?

Mr DONNELLAN — The benefits are enormous. As you would be well aware, there has been an ongoing issue there for many years. The estimates through traffic modelling are about 9300 trucks off residential streets. We will also be introducing 24-hour truck bans to prevent a further 5000 using local streets as rat runs at that particular time. The expectation is that approximately 28 000 cars will come off the West Gate Bridge, and 8000 of those will be trucks. But effectively what will happen is they will have a direct link straight into the port, so very much what the West Gate tunnel provides is that direct linkage into the port to actually drive the high-productivity freight vehicles and the like onto the higher order arterials like the West Gate Freeway, down through the tunnel and directly into the port. We are expecting that we will probably have approximately 60 000 cars using the tunnels each day and about quarter of those will be trucks. We expect the travel-time savings of the trucks and the like will be substantial, about 20 minutes. But what I think more than anything else is that it will give back local streets to local residents and provide a stronger infrastructure to allow growth in terms of the freight expectations we have in future years. It will provide a direct link into the port and allow that growth with a strong piece of infrastructure to deliver greater outcomes to the community overall.

The CHAIR — A project of this size and scale will obviously have a significant impact during the course of construction. Can you outline to the committee what traffic management plans are likely going to be put in place to try and manage that traffic while you have got this project underway?

Mr DONNELLAN — The traffic management plans will include keeping all West Gate Freeway lanes open during peak hour. There will be closures, park closures and the like, during the construction period, but not during peak hours, so all lanes will be open during peak hour. We will also undertake traffic modelling in the north and west of the city to see the small increase in traffic volumes there which have been described by City

of Melbourne traffic engineers as manageable and how to actually work through that. There is work going on through Transport for Victoria at the moment that will undertake that work to look at how we ameliorate the impact of that small increase in traffic to the north and the west of the city, what do we do along Spencer Street and the like, because of course Spencer Street and King Street presently are forming part of a link through to the north of the city — in other words, an employment zone. People are coming over the West Gate Bridge or Bolte Bridge and they are heading back through the city along King and Spencer streets to head to the northern employment zones. That is what the West Gate tunnel will happily improve — people will head straight to the northern employment zones as opposed to going over the West Gate Bridge and coming around. Transport for Victoria will undertake that work in terms of what do we do in Spencer Street and how do we accommodate those other vehicles coming off Diamond Road and the like.

The CHAIR — In terms of the West Gate tunnel we are told the West Gate Freeway is not tolled, so what is the incentive or how will you encourage trucks to actually use the tunnel? Will you encourage trucks to use the tunnel or will you just let them decide what they want to do?

Mr DONNELLAN — Yes, look, there are incentives for trucks to use the tunnel, and that is very much what we want to do: to get trucks on the higher order arterials and directly into the port as opposed to going through the inner west. There are multi-trip discounts, so for the first 12 trips the trucks will pay the full toll, but after the fifth to the eighth trip trucks will pay 50 per cent of the toll, and after nine trips trucks will pay no further charges.

The multi-road trip cap: trucks travelling on CityLink and the West Gate tunnel project will have tolls for a single trip capped at \$27.15 for a heavy commercial vehicle and \$40.75 for a high-productivity freight vehicle, and further, there will be night-time discounts between 8.00 p.m. and 6.00 a.m. — a 33 per cent discount. In other words, there are incentives for the trade industry to use this tunnel by having those trip caps and the like, and discounts at night. We very much expect this will provide a strong and well-used direct link straight into the port.

Ms WARD — Good afternoon, Minister. Good afternoon everyone — lovely to see you here. Happy PAEC. It is always a joy.

Minister, as you would probably imagine, I want to talk to you about one of the most important projects in the state and one of the most important projects in my community, which is the north-east link. Now, you referred to north-east link in your presentation, and of course there is a lot of reference to it in the budget papers, including budget paper 3, page 27. ‘Development to procurement’ is the line item, and I was also lucky enough to be at the announcement where you and the Premier announced that 110 million had been allocated to fast-track this project. Can you talk through what this money will achieve? I know the business case has recently been released, and I think it is a \$1.30 return in the dollar. Can you talk us through the economic benefits of this project when you come back to me?

Mr T. SMITH — If I can follow on from the member for Eltham’s questions with regard to the north-east link, you in a release on 27 May said that this project will, amongst other things, ‘give local roads back to local people’. If this is accurate, then why does the business case indicate there will be noticeable travel time disbenefits in outer northern suburbs such as Epping and Mill Park and eastern suburbs including Doncaster and Box Hill, I quote, ‘due to the additional traffic generated in these areas as a result of the project’?

Mr DONNELLAN — First and foremost I will get Duncan Elliott from the North East Link Authority to talk in relation to the traffic modelling. Throughout the north specifically there are substantial reductions in traffic volumes, whether it be on Greensborough Road of approximately 32 000, you are looking at Lower Plenty Road of approximately 14 000 or you are looking at Rosanna Road of approximately 11 000, so in terms of the local network around the north there are substantial benefits for that in terms of giving back local streets to local residents.

Mr T. SMITH — I am only going on your own business case here. On page —

Mr DONNELLAN — If you bear with me, there are also reductions on roads like Springvale Road, in terms of traffic volumes, but I will ask Duncan to add a little bit to that.

Mr ELLIOTT — The business case has assessed at a network-wide level the benefits of north-east link. That includes significant redistribution of traffic right across the network. What we see is that the longer trips are attracted to the freeways — both the Eastern Freeway and the north-east link — and the local trips are then restored back onto the local road network. The business case recognises that to fully capture the benefits of a fully connected freeway network around Melbourne ultimately an E6 would add benefit to the network, but the commentary in the business case relates to the fact that the overall demand for traffic getting from the north to the east and the south-east is overwhelmingly better off. There are going to be some areas where very localised effects of getting access to elements of the network need to be managed and need to be factored into our thinking.

Mr T. SMITH — But, Mr Elliott, I am quoting from appendix R, pages 56 and 57, and these are your words:

Disbenefits by destination appear to be concentrated in the outer northern suburbs including Epping and Mill Park, with smaller disbenefits appearing in eastern suburbs south of the Eastern Freeway. This is likely due to the additional traffic generated in these areas as a result of the project.

Why is that the case?

Mr ELLIOTT — As I said earlier, I think a project of this nature significantly changes the distribution of trips right across the network. There is an overwhelming benefit to the network for the vast majority of trips, which is recognised in the benefit-cost ratio, but in an open and transparent manner the business case has also flagged where there are potential disbenefits, and as I said earlier, those were highlighted around some of the initiatives in future that would assist in responding to those.

Mr DONNELLAN — I was just going to add to that if that is alright. Further, we have announced in this budget major upgrades to northern roads, so a lot of these disbenefits will be accommodated in our duplications. I think there is \$1 billion worth of duplications going on through the north, including Epping Road and including Plenty Road, so I think with the work we are actually doing in terms of a vision on a whole-of-network basis our billion-dollar PPP commitment to the northern suburbs actually deals with a lot of these roads.

Mr T. SMITH — What are the disbenefits then, Minister, if you could articulate that to the committee?

Mr DONNELLAN — I am not here to talk about disbenefits; I am actually here to talk about the road projects —

Mr T. SMITH — But your business case talks about disbenefits.

Mr DONNELLAN — And I have just indicated how we are dealing with those disbenefits, which is \$1 billion of duplications in the northern suburbs, including Epping, including Plenty Road and the like. What I am saying is that in this budget we announced \$1 billion, and I can actually list the roads if you would like me to, which will be accommodated in our billion-dollar PPP northern suburbs package, which will actually address a lot of these issues and provide greater capacity to the network.

Mr T. SMITH — Minister, it is going to be your job to sell the benefits of this project. I am interested in the negative aspects of the project because you have already related a few of them in your business case, and I am holding you to account for some of the negative impacts that this road will have on particularly, for example, my community.

Mr DONNELLAN — Yes, and I have just actually highlighted how we will deal with these disbenefits: a billion-dollar suburban road upgrade in the north, which actually deals with Epping Road, as you highlighted in your question.

Mr T. SMITH — What about the east?

Mr DONNELLAN — In the east we are obviously doing the north-east link. We have got other major upgrades we are doing with the federal government in terms of Canterbury Road and the like.

Mr T. SMITH — We have just seen that the north-east link will have a negative impact on roads in the eastern suburbs.

Mr DONNELLAN — You have actually just said that, and I have got a take you on face value. I have indicated that Springvale Road is actually —

Mr T. SMITH — It is your business case.

Mr DONNELLAN — Springvale Road actually has reductions. If you want to identify roads you want to specifically deal with, then I will deal with them one by one.

Mr T. SMITH — I am only relying on the information that has been provided to me in your business case.

Mr DONNELLAN — Yes, and which roads would you like to know about?

Mr T. SMITH — I would have thought you could —

Mr DONNELLAN — Obviously Chandler Highway we are doing out your way. So we are upgrading roads —

Mr T. SMITH — I would have thought that you would be able to articulate which roads in the eastern suburbs because your business case here talks about disbenefits appearing in eastern suburbs south of the Eastern Freeway.

Mr DONNELLAN — Well, I know there are reductions in Whitehorse Road, and I know there are reductions in Canterbury Road. If we want to go road by road, we can go road by road —

Mr T. SMITH — Well —

Mr DONNELLAN — No, no, no, let me be very clear. You have asked me a question and I have actually just identified Springvale, Canterbury and Whitehorse roads as having reductions. Which other roads in the eastern suburbs would you like to go through? Chandler we are actually upgrading —

Mr DIMOPOULOS — He wouldn't know, Minister; he doesn't know the roads there.

Mr DONNELLAN — Well, that is what I am a bit worried about. This is the outer east and I know the area quite well, and you are suddenly making —

Mr T. SMITH — What, from Fitzroy North?

Mr DONNELLAN — No, no, no, I lived in Canterbury, somewhere where you cannot live in because you cannot afford a house in your own seat, which I find terribly amusing.

Mr T. SMITH — I do live in my own seat, unlike you, Minister.

Mr DONNELLAN — You just told us you can't afford one, which was the la-la special.

Mr T. SMITH — Two years ago that was correct, Minister, but, you know.

Mr DONNELLAN — Well, hopefully you have bought one now.

Mr T. SMITH — I have.

Mr DONNELLAN — Good. Good to see.

Mr T. SMITH — But you haven't bought a house in your electorate, Minister.

Mr DONNELLAN — What other roads would you like to know about?

Mr T. SMITH — I would like to know about the disbenefits, Minister, not about —

Mr DONNELLAN — Well, actually I just highlighted three roads which actually had improvements in traffic volumes —

Mr T. SMITH — No, I was after disbenefits, Minister — not improvements, but disbenefits in the eastern suburbs.

Mr DONNELLAN — I have identified the three major arterial roads in the east which have traffic reductions in terms of volume, and you're saying, 'Well, you know, let's go through every other road in the east'.

Mr T. SMITH — Minister, it is in your business case. There are disbenefits in the eastern suburbs.

Mr DIMOPOULOS — Which roads?

Mr T. SMITH — The business case doesn't refer to them, hence that is why I am asking.

Mr DIMOPOULOS — What don't you specify the one you want to know about?

Mr T. SMITH — It is in the minister's business case. It is a perfectly reasonable question with regards to the commentary in this business case. Anyway, I shall move on, Minister. I draw your attention to the following sections of your business case, *The North East Link*, which are heavily redacted or are absent in your online release of this document — that is, chapter 9, which includes section 9.2; section 9.3; 9.4 relating to costs; and 9.6, 'Toll revenue'.

I go on: key sections of chapter 12 — 12.1, 'State capital contributions'; 12.3, 'Key assumptions'. It goes on, with critical appendices including Appendix M1, 'Strategic Tolling Report' et cetera. How do you expect the public to make an informed decision about this road when so many critical elements of the business case, including the cost, tolling, risk and budget impact of the project, are redacted?

Mr DONNELLAN — This is a business case which has been done on the methodology used by Infrastructure Australia and Infrastructure Victoria — it is an agreed methodology — and this is a business case which has been released to the public, unlike the east-west business case, which we actually released after we came to government. So in other words, we have released this information to the public to look at it, which highlights the fact that for every dollar we spend we get \$1.30 in return. So it is a very positive business case and it just highlights the importance of it. We have released the redacted version of the business case, as you have indicated, but it does detail cost summaries and the like, and very much gives people the information they need in terms of modelling, why decisions were made in particular routes and so forth, to ensure that the process we went through to arrive at one, the particular route, but also what are the expected outcomes of this particular project and the like, and we have done it on a methodology that has been accepted by Infrastructure Australia and Infrastructure Victoria. That is the methodology that you should use and it is a terribly positive business case.

Mr T. SMITH — But you have not answered my question: how can people make an informed decision about this when half the document is missing?

Mr DONNELLAN — That is why we are taking it to the election, so people can actually have a choice.

Mr T. SMITH — But they can't make an informed decision because half of it's not there.

Mr DONNELLAN — Well, the bits which are commercially sensitive are not there.

Ms PENNICUIK — Good afternoon, Minister, secretary, deputy secretaries and all the staff. It is interesting, Minister, that you have just been talking about Infrastructure Victoria and Infrastructure Australia on the very day that a report released for Infrastructure Victoria shows that of the eight proposed major transport projects for Melbourne that Melbourne Metro 2 'would do more to solve Melbourne's transport woes than any new road.' and also found that the cross-city tunnel ahead of either toll road would be best:

... for its ability to service Melbourne's boom suburbs, to meet growing demand for access to central Melbourne and to improve access to major employment precincts in the middle and outer suburbs.

And that:

The rail tunnel would increase public transport access to the city centre from the outer suburbs by an enormous 20 per cent and cut road congestion by 1.1 per cent.

It also goes on to analyse the not very large amounts of traffic congestion that will be reduced by either the north-east link or the West Gate tunnel. I just thought I would just throw that in because that was in the paper today by Adam Carey.

Mr DONNELLAN — Okay.

Ms PENNICUIK — If I could turn to something we usually talk about, Minister, which is active transport. In budget paper 3 on page 27 and again on page 157, it shows the allocation for active transport of \$22.3 million TEL. You have said in a media release that you would invest \$100 million over four years to keep cyclists and pedestrians safe and that that's what you've done.

I would also like to say that that amount that is being invested is about 1 per cent of the total roads budget, while the United Nations recommends setting aside 20 per cent of the roads budget for non-motorised modes of transport. I am not sure if your department is aware of that or has that as a benchmark to aspire to. My question really is: has the \$100 million allocated for the Safer Cyclists and Pedestrians Fund been fully allocated, and how much has been spent on dedicated cycling and walking paths?

Mr DONNELLAN — Look, 100 million, the full amount, has been allocated. It will deliver in this particular budget 11 cycling and 20 pedestrian projects. So the 100 million has been fully allocated now. In total, we are rolling out I think this year, including that money, about 200 kilometres of new, upgraded cycling infrastructure, which is partly dedicated cycle projects, but also —

Ms PENNICUIK — How much partly? Like, what part, what percentage?

Mr DONNELLAN — The \$22 million specifically deals with 11 cycling and 20 pedestrian projects, and then, separately, we have got projects including the Darebin-Yarra trail, which is being completed; Shepherds Bridge; Box Hill to Ringwood bike path; Carrum to Warburton trail; GAIC funds for the Vineyard Road path in Sunbury; money for the upgrade or improvements in St Georges Road in terms of safety; \$3.2 million for the Farm Road link to connect Alphington to the Darebin-Yarra trail; and then GAIC funding to connect the Merri Creek bike trail. That is separate from all the level crossing projects, the West Gate tunnel and so forth, which are further projects which continue to add to that.

Ms PENNICUIK — We have prosecuted this discussion a few times, Minister. We have talked about this a few times. So I wonder if you could actually supply the committee with a breakdown of what is a dedicated bike path or a dedicated pedestrian path as opposed to being just an add-on to a road.

Mr DONNELLAN — Yes. I can send that too you, very happily. We do not have it here, but I am happy to send it.

Ms PENNICUIK — Are you able to provide any information on the status of separated bike lanes on St Kilda Road?

Mr DONNELLAN — Yes. Obviously, as you are aware, we have got Metro 1 occurring there at the moment — not Metro 2, Metro 1.

Ms PENNICUIK — You might like to think about Metro 2.

Mr DONNELLAN — Okay. Well, we will just go through Metro 1 before we get onto Metro 2.

Ms PENNICUIK — It needs to be thought about.

Mr DONNELLAN — Yes. That is going to be in construction for five years. Currently we are working through, I guess, time lines to work out when we can get in there to look at the construction of dedicated bike paths. There is no specific answer to that yet. We are just working through with the schedule which Melbourne Metro has and then trying to fit in with that to ensure that we can actually do it safely and sensibly, because that area will be a construction zone for the next five years.

Ms PENNICUIK — Indeed. Thank you, Minister. If I could change tack a little bit, I note on page 21 of budget paper 3, and also page 11, \$18.9 million has been allocated to school area safety. It states that the government will work with local governments to improve pedestrian safety around schools. Could you provide

the committee with any details of which schools are going to be funded by that \$18.9 million and what criteria are considered to select priority schools?

Mr DONNELLAN — The criteria have not changed, but the majority of the money is actually to look at providing level crossing supervisors to provide, I guess, an equal funding level with the local councils. The majority of the funding relates to level crossing supervisors, so the increase to get that up to an equal level. But there are \$5 million worth of safety upgrades to roads around schools, including variable speed signs to assist drivers and pedestrians to be safe. Skye Primary School is one of them. Bass Valley Primary School, Kallista Primary School, St Mary's Primary School in Lancefield, Poowong Consolidated School and Christ Our Holy Redeemer Primary School in Oakleigh are the schools which have been identified for that.

Ms PENNICUIK — I presume you meant school crossing supervisors rather than level crossing supervisors.

Mr DONNELLAN — School crossings, yes, sorry. They are actually upgrades with the 40-kilometre speed signs and the like.

Ms PENNICUIK — Sure, Minister. There are a number of crossings that I know about, particularly one on Punt Road where there has been a big campaign to have some lights installed and infrastructure such as walkovers on others so that children do not actually have to get onto the road. Are there any plans for funding those sorts of infrastructure around those schools that are on major arterial roads?

Mr DONNELLAN — Not walkovers at the moment. Obviously lights and other safety upgrades, but not walkovers, no.

Ms PENNICUIK — Have you got any details about any of those and then the plans, if you could?

Mr DONNELLAN — Not off the top of my head, no, sorry.

The CHAIR — Order! Minister, maybe take that on notice and provide it.

Ms WARD — Minister, if I can take you back to where we left off, which was talking about how we actually support north-east link and are happy that north-east link is going to happen, unlike our friends opposite who seem to be a bit confused about the whole thing. Minister, could you talk us through the \$110 million that is in the budget to fast track the north-east link and the reasons for this?

Mr DONNELLAN — That is very much about getting the project to the pre-procurement stage. In other words, as we have indicated publicly, we will not obviously be putting this out for expressions of interest until after the election; we will be seeking a mandate. But that is to do a lot of the design work and environmental work to get the project ready to go through an EES process. That EES process is extensive and very much an open and transparent process where we seek the views of the community and look at better solutions, potentially in terms of design and the like. But that is an extensive process and a lot of documentation needs to be undertaken and put together. It is very much about getting the project ready to go after the election on the hope, I guess, that if we are fortunate enough to get re-elected we could actually put it to market. The reference design is well underway and is expected to be completed in July 2018.

Ms WARD — Minister, there has been conversation around the Eastern Freeway, the changes that will happen on Eastern Freeway and the widening. Can you talk us through the lane widening that will occur at Springvale Road and Bulleen Road, and can you also again reiterate for us the government's commitment around tolls on the Eastern, in fact not having tolls on the Eastern?

Mr DONNELLAN — Well, there are definitely no tolls on the Eastern. I do not know where that comes from. As we have indicated very clearly from start to finish, we will not be tolling existing roads. That is a commitment we stick to, and there will be absolutely no change of that. In terms of Bulleen and Springvale roads, they tend to be pinch points on the Eastern Freeway. As most people who are heading out of the city along the Eastern Freeway towards, let us say, Eltham or whatever would know, when you get to Bulleen Road it becomes a pinch point, and so does Springvale Road and so forth. That again then impacts upon the tunnel. Because of the stop-start-go nature of that, it actually then surges both into the tunnel as we are heading out of the city and as we come out of the tunnel heading towards the city. Because you have got the Springvale Road on-ramp there, which is unmanaged, you get sort of a build-up of traffic, and it then just cascades all the way

back towards the tunnel. In other words, the traffic modelling has indicated we needed to build up the capacity and guide traffic to where it needed to go, so in other words either guide to traffic to go directly through or to actually go at the turn-offs either to Bulleen, Springvale Road and the like. In other words we will be widening it between six and seven lanes at those various points to ensure that we have enough capacity.

Our estimates are that it will improve travel times on the Eastern Freeway by up to 40 per cent, but we need to address those pinch points to ensure we have enough capacity at those pinch points to get reliable travel times. That will include asking people to, I guess, get into their lanes if they are getting off the Eastern Freeway heading up Bulleen Road earlier. If they are proceeding straight through, they will go on the through lane —

Ms WARD — So a bit like Bulla Road on the Tullamarine?

Mr DONNELLAN — Yes, it is very much like that. It is very much about streaming traffic flows to where they need to go. We know we need to put that extra capacity on the Eastern Freeway to accommodate the movement from the south-east and the east through to the north, and that is a substantial movement because of the employment zones and industry in those areas. That is why we are doing that work.

Ms WARD — Just to clear up any confusion that may have occurred earlier, can you please go through the surrounding streets along the north-east link and the major arterials that are leading to it and how the north-east link will affect traffic flow on those roads?

Mr DONNELLAN — Yes. The modelling indicates substantial improvements in terms of roads directly nearby, which include Fitzsimons Lane, which is close to your heart. I think there is a reduction of approximately 14 000 vehicles per day expected there, 32 000 on Greensborough Road, Lower Plenty Road is approximately 14 000 and Rosanna Road is 11 000. There are other further reductions of smaller amounts on other roads nearby, including Main Road, a reduction of approximately 4000; Manningham Road, an approximate reduction of 9000; Springvale Road, as I indicated a little bit earlier, a reduction of 5000; Upper Heidelberg Road, a reduction of 3000 — so, across the board substantial improvements in the network in that area. On Burke Road north of the Eastern Freeway, a reduction of 8000; Chandler Highway, which we are doing a great job of finishing off at the moment, a reduction of 5000 — so across the board it is a substantial improvement. It gets more vehicles onto higher order arterials and gives back local roads to local residents.

Ms WARD — One of the projects coming out of the north-east link that I am really interested in and fascinated by is the Doncaster busway. Can you please talk us through how that is going to work?

Mr DONNELLAN — The Doncaster busway is obviously going to be a dedicated bus lane along the freeway, firstly beginning on the northern side of the freeway, then crossing over at Chandler Highway to the other side. It will be built in a way which will still be able to accommodate rail — because that was a concern of some people, whether in the future we would be locking out rail — but it will very much provide a more reliable service from the Doncaster park-and-ride through to Hoddle Street. I think it is about 17 000 people per day get moved by that bus service —

Ms WARD — That is at the moment?

Mr DONNELLAN — Yes, it is at the moment. So with the new dedicated lane and clearways on Hoddle Street and the like, and this substantial infrastructure upgrade, I can see that bus service becoming a lot more popular, a lot more people moved on that per day and a lot more reliable travel times.

Ms WARD — Are there projected figures on increased patronage of the busway? I can take it on notice, Minister.

Mr DONNELLAN — I can get you an answer. I do not have it here. It will be, but I do not have it available on me presently.

Ms WARD — That is okay. I am happy to take that on notice. That is fine. The other thing that you would be aware of, having come to my community and done a cycling forum in the past, is that cycling accessibility, as well as pedestrian access, is something that my community is very interested in. Can you talk us through whether the north-east link is going to only focus on cars and trucks, or are there also going to advantages for pedestrians and cyclists?

Mr DONNELLAN — Absolutely. There will be substantial improvements for pedestrians and cyclists, including the completion of the long-awaited north-east bicycle corridor and new commuter cycling route to the city along the Eastern Freeway between Chandler Highway and Merri Creek, two new crossings of the Yarra River, completing the missing link in the Greensborough Road path between Grimshaw Street and Yallambie Road, new and upgraded paths along Bulleen Road to improve access to schools and sporting facilities, and improved cycling connections to access places where people work, shop and spend time in the north-east. That is the initial outline of what we will be doing. The EES process is obviously a process in which we engage with the community, and there may be further improvements we can actually make to that offering, but certainly we know cycling in the north and the north-east is incredibly popular. You have only got to look at the Darebin Yarra Trail to know how popular it is in the area, and walking likewise.

Ms WARD — It is very popular. Minister, when you come back what I would like you to address — because I suspect that we will run out of time, because I think you will need more than a few seconds to respond to me — is what assurances and assistance is being given to local residents who will be affected by the building of the north-east link. Admittedly they are not my constituents, but they do live very close to my area, and I know that there are residents who do have concerns about certainty and so on and how this road will affect that.

Mr DONNELLAN — Let me be very clear: everyone will be fully and properly compensated if their property or their business is acquired for the north-east link. The north-east link has been out in the field doorknocking, face-to-face engagement, one-on-one engagement, with every person that is —

The CHAIR — Order! We will come back to that.

Mr T. SMITH — Minister, the business case and the BCR, is that calculated from the \$16 billion price tag for the road identified on page 4-14 of your documentation of the project business case or an alternative costing?

Mr DONNELLAN — Sorry; I missed all of that.

Mr T. SMITH — The business case suggests the cost of \$16 billion. Is the BCR calculated on that \$16 billion or a different cost estimate?

Mr DONNELLAN — The figure we released on Sunday after further work was 15.8. I was just making sure before I gave you that answer, but it is 15.8. That figure was arrived at with the further work that the North East Link Authority had undertaken in terms of costings.

Mr T. SMITH — The 40 per cent reduction in travel times on the Eastern Freeway that you were just referring to — between what two points is that measured?

Mr DONNELLAN — I suspect that is Springvale Road and the city, I would imagine.

Mr T. SMITH — So from Springvale Road to Hoddle Street?

Mr DONNELLAN — Springvale Road and the city — Hoddle Street, yes.

Mr T. SMITH — So is it taking into account the amount of time that cars will be banked up at Hoddle Street?

Mr DONNELLAN — As you are well aware with Hoddle Street, we have just introduced continuous flow intersections —

Mr T. SMITH — No, the intersection of the Eastern Freeway and Hoddle Street.

Mr DONNELLAN — Let us be very clear: we are doing extensive work on Hoddle Street at the moment where we are already seeing travel time savings and better flow from Hoddle Street, so the travel time savings are the travel time savings. As you are well aware, we have also got a major upgrade on Hoddle Street and we are just about to start on the Swan Street, Brunton Avenue and Punt Road intersection to upgrade those as well to actually get better flow.

Mr T. SMITH — So the extra 100 000 cars that will come down the Eastern Freeway in the next two decades and the amount of time that they will spend because you are not building the east–west link — despite Infrastructure Australia suggesting it is a far higher priority project than the north–east link — you do not have an indication of how long they will be banked up at the intersection of the Eastern Freeway and Hoddle Street.

Mr DONNELLAN — Well, that is not what traffic modelling shows us. There are not 100 000 cars reaching Hoddle Street, so you are wrong and you are making it up — full stop.

Mr T. SMITH — No, I am not.

Mr DONNELLAN — There is none of that in the business case, so where have you found that in the business case? You are making it up. In other words, you and Matthew Guy are running around not reading the business case and making up stories as you go along which are an absolute load of rubbish.

Mr T. SMITH — Minister, I was not referring to the business case in that question.

Mr DONNELLAN — No, you were referring to a myth that you and Matthew Guy are running around perpetrating on the community.

Mr T. SMITH — I am not referring to any myths.

Mr DONNELLAN — Well, there is no 100 000 increase — full stop — heading along the Eastern Freeway to Hoddle Street.

Mr T. SMITH — So in the next two decades let us just agree that we will see a dramatic increase in population and congestion.

Mr DONNELLAN — No. Let us be very clear: the traffic modelling indicates to us that there will be, in the morning, approximately 5000 extra cars, and that is cars which are coming off places like St Georges Road and which are coming off places like Canterbury Road and other roads and using the Eastern Freeway because of the better travel times. That is 5000 more vehicles in the morning using the Eastern Freeway. That is 95 000 cars less than the figure you are going around perpetrating on the community, which is simply dishonest and a lie.

Now, there is a substantial volume of traffic travelling from the east and the south-east through to the north. That is why we are building the north-east link. I think the figure was identified at something like 280 000 vehicles at a particular screen line around Bulleen Road which will be travelling from the south-east to the east to the north. That is what this road actually deals with. The only road which would deliver all vehicles onto the Eastern Freeway is the east–west link, because that specifically, directly, links cars onto the Eastern Freeway and does nothing about dealing with the pinch points.

Mr T. SMITH — So you are still maintaining that barely 10 per cent of traffic flowing through the north-east link will turn right onto the Eastern Freeway.

Mr DONNELLAN — I think the specific figure is about 4 per cent.

Mr T. SMITH — So for a resident of Greensborough, does the north-east link provide the fastest route to Melbourne CBD?

Mr DONNELLAN — That is up to the resident of Greensborough to work out which is the fastest way.

Mr T. SMITH — Surely you have modelled that?

Mr DONNELLAN — There would be modelling done, but at the end of the day what we have done is we have looked at the normal traffic patterns of people in those areas, identified where they go to work and identified what they do and we have come up with what is a large group of people —

Mr T. SMITH — So you do not know?

Mr DONNELLAN — This was undertaken by a large group of traffic modellers. It has been peer reviewed, of course, to ensure that their modelling and their assumptions are correct. I am very happy to get Duncan up if you would like me to get further explanations of that, but there is no 100 000.

Mr T. SMITH — Thank you very much.

Mr MORRIS — Minister, can I take you to budget paper 4, page 29 —

Ms WARD — I thought you wanted Duncan to —

Mr T. SMITH — Sorry; I thought he was taking it on notice, but —

Mr DONNELLAN — No, I said I would get Duncan up for you if you want. I am not worried.

The CHAIR — Duncan, quickly.

Mr ELLIOT — Duncan Elliott, North East Link Authority. The traffic modelling clearly indicates that 75 per cent of the traffic that is using north-east link heads to the east and 25 per cent of it heads to the west towards the city. By the time it gets to Hoddle Street it is less than 7 per cent that is making its way all the way into that location, with no net increase into the CBD. It comes back to my earlier point about the redistribution effect right across the network, because traffic that is not currently using the Eastern Freeway and using north-south arterial roads like St Georges Road, High Street and Heidelberg Road is actually attracted to use north-east link and the Eastern Freeway.

Mr MORRIS — As I was saying, BP4, page 29, the ‘streamlining Hoddle Street’ project: total cost \$108.554 million. The 17–18 budget costs this project at \$56.18 million, which would suggest a 93 per cent cost blowout. Why?

Mr DONNELLAN — Yes, there is a cost increase and that cost increase has been covered by savings, but more than anything else it just highlights that we are feeling there is a lot of pressure in terms of materials. We ended up with a tender for which we certainly did not expect that pricing level. It is a complicated project in a brownfield site, and we had to do some variations based on our engagement with stakeholders. So, yes, there has been a cost increase, and that is disappointing. That has been covered by cost savings in other projects, but when you have got, I guess, such a substantial infrastructure program out there — I think it is \$13 billion this year, roughly, across the whole of the government sector —

Mr MORRIS — Given that the cost blowout was in round figures \$52 million, what proportion of that was increased material cost?

Mr DONNELLAN — I do not have a figure, but approximately 30 per cent, roughly, of your construction cost —

Mr MORRIS — Thirty per cent of the 52?

Mr DONNELLAN — Roughly. That is not a figure I have got here, but I am just saying that is roughly an average figure. It is about 30 per cent.

Mr MORRIS — Okay. Can you give us that figure on notice?

Mr DONNELLAN — Yes.

Mr MORRIS — When did you first become aware of the increased cost?

Mr DONNELLAN — Oh, look, I am just thinking, from memory, about two or three months ago, yes, roughly. I think I have already gone on record quite clearly indicating we do have a cost blowout on this. I think I went on record probably about two or three weeks ago from memory.

Mr MORRIS — So that was effectively at the completion of the project.

Mr DONNELLAN — No, no, no, the project is not completed.

Mr MORRIS — Not complete?

Mr DONNELLAN — The second stage starts soon. This was identified when we went back out to tender. There is stage 1 completed. We then went to tender for stage 2, and this was where we realised it was going to cost more. As I have said, that is disappointing, but it does reflect the pressure in the marketplace in terms of the amount of work we are doing and also the cost of the material.

Mr MORRIS — Okay. I guess the concern for the committee is: how can we be reasonably sure that the sort of pressures that have been discovered when you went out to tender for this project are not going to occur when you go out to tender for other projects?

Mr DONNELLAN — There are a couple of things there. We obviously need to deal with, I guess, supply of skilled workers, and we are obviously substantially boosting our investment in TAFE, including that work we are doing with Victoria uni, which I mentioned before, in relation to the West Gate tunnel, but that is across the TAFE sector in terms of providing —

The CHAIR — Order! We might come back to that.

Ms PATTEN — Thank you, Minister and secretaries. I want to turn to the other part of your portfolio, road safety, and in particular the Towards Zero campaign. I feel like it is a fairly ambitious target of 20 per cent in four years. In that period are you targeting each category of road fatality or are there specific categories that you think will contribute more to the overall reduction, whether that is motorcycles or pedestrians or single-car accidents? Have you got any breakdown of the different categories?

Mr DONNELLAN — There is a breakdown, and that is done extensively each year. I am very happy to send you a copy of that. But the particular focus at the moment is on country roads, and the particular focus is getting the 2000 kilometres of wire rope barriers out. We know that of 155 people who lost their lives on country roads last year, 109 of those related to people exiting the lane on the left — hitting a tree, for argument's sake — or going from one side of the road to the other and having a head-on. So 109 of those accidents were those types of accidents. Out of 155, 109 were those, so that is 70 per cent of people who lose their lives on country roads relate to crossovers.

We know that the wire rope barriers actually stop 85 per cent of those accidents occurring and losing lives. We have identified 20 of the most dangerous arterial roads in country Victoria, and subsequently then we have gone out with a package to actually roll out both the sideline and the centre-line wire rope barriers because we know that actually stops those people, sadly, losing their lives.

Ms PATTEN — Yes, that is the main target.

Mr DONNELLAN — There is a lot of other work, but that is the main target at the moment.

Ms PATTEN — Just following on from that, because certainly we have received — and I am sure my colleagues have as well, as you would have — a lot of correspondence about concerns for motorcyclists and the wire rope, but that is actually not what I am going to ask you about.

Mr DONNELLAN — I could give you a longwinded answer to that one.

Ms PATTEN — I will follow that up in Parliament, but I just was interested because in the action plan you talk about the promotion of ABS brakes on motorcycles and that that would help reduce casualty crashes by up to 40 per cent, which seemed quite remarkable. I was wondering if there is any part in the budget that is going towards that promotional funding — the implementation of ABS brakes on motorcycles.

Mr DONNELLAN — There is no particular allocation we are putting into that in terms of subsidising —

Ms PATTEN — Just a general promotion of it. Okay.

Mr DONNELLAN — but generally educational and using the ministerial motorcycle advisory committee to get it out there.

Ms PATTEN — Can I then just quickly turn to the increase in roadside drug testing. We are talking about a substantial increase, and obviously this is to reduce the number of motor vehicles colliding when alcohol and other drugs are a cause. We have seen remarkable increases from 40 000, I think it was, in 2014 to over 100 000 or 150 000, probably, in this financial year. Have you seen the deterrent effect of that?

Mr DONNELLAN — You mean personally, me, have I seen it? I cannot say I have been —

Ms PATTEN — Well, personally I would be very interested. Minister, has that provided a deterrent to you? It certainly has to me.

Mr DONNELLAN — I think the fear of getting caught does certainly discourage many people from drink and drugs.

Ms PATTEN — Is there any evidence?

Mr DONNELLAN — Yes, there are a lot of studies I can quite happily get you. I am sure there are —

Ms PATTEN — That would be great, because looking at statistics of how many people are testing positive, there has been no deterrent because if anything there has been an increase in the number of people testing positively.

Mr DONNELLAN — Not moving on from that as in the topic, but when people automatically lose their licences now for being over .05 or —

Ms PATTEN — Merely having the presence of a substance.

Mr DONNELLAN — having the presence of a drug in their system, we find that substantially reduces recidivism. We are finding that. It is the loss of the licence, one — that is a substantial deterrent — and then that with the interlock is doubly substantial.

Ms PATTEN — That is interesting, Minister. Do you have any information about that deterrent to reoffending for alcohol offences as opposed to drug offences?

Mr DONNELLAN — There is, and I will get you some.

Dr MILES — We can get that.

Mr DONNELLAN — Yes, we can get that.

Ms PATTEN — In Victoria we test for three illicit substances plus alcohol. In other jurisdictions they are testing for other substances, and certainly on your Towards Zero website it talks about heroin, for example. We know in our drug law reform inquiry benzodiazepines were a significant impairment. Are there plans to implement further testing of prescription medications?

Mr DONNELLAN — Not at this stage in terms of veracity and so forth. It is very much something that I understand the police are working on, but not us — not at the moment. We are not doing any work on that at the moment.

Ms PATTEN — Finally, on that, is there any data yet on each of the three illicit drugs tested, that being the cannabis, the MDMA and the methamphetamine? Have you got individual breakdowns of their connection to road accidents or fatalities?

Mr DONNELLAN — It is police data. We will get that.

Ms PATTEN — Yes, and it connects to road safety. Just finally — and this is something that I think I have been writing to your office about quite a bit — is the Upfield bike path. I cannot seem to get a yes or a no on if it includes an extension from Box Forest Road to the M80 bike path. There is a part that it does not connect, and I have not been able to work out whether the budget, which is extending that bike path, includes that section.

Mr DONNELLAN — I think it does, from memory, but bear with me; I will just look it up.

Ms PATTEN — That is fine. I can take that on —

Mr DONNELLAN — It does.

Ms PATTEN — It does. Great.

Ms WARD — I was just going to get the minister to quickly finish on what he was talking about before — the question about the work that he is doing with residents who will be affected by it. But also, Minister, if I can get you to quickly address this. As you would well know, people in the north-east are extremely anxious for this project to begin. They want it done sooner rather than later. It is going to take about eight, nine years for it to happen if we win the election and build this road. What are you going to do around Rosanna Road, Fitzsimons Lane et cetera to help alleviate challenges on the road in the interim?

Mr DONNELLAN — With Fitzsimons Lane we are obviously upgrading intersections, removing roundabouts and installing traffic lights. What was the other one, sorry?

Ms WARD — Rosanna Road.

Mr DONNELLAN — There are some new crossings and the like. I will just get those details out for you.

Ms WARD — Minister, if you like, we can take it on notice so Mr Dimopoulos can go on to his question.

Mr DONNELLAN — Yes, I will give it to you on notice, but there are upgrades on Rosanna Road in terms of safety crossings for children and also on Fitzsimons Lane with the removal of two roundabouts, the installation of traffic lights and the removal of the bus lane between Porter Street and the like.

Mr DIMOPOULOS — Good afternoon, Minister and officers. Minister, just in relation to the suburban roads upgrade and your presentation, which was a great visual representation of the investment, I am just wanting to understand it a bit further. I do not know this for certain, but it seems like it is the first time that suburban road upgrades have been done in a package system rather than in a more piecemeal way. I am just wanting to see if you can give us a bit more insight into the thinking behind that methodology and how that links to the growing pains, I suppose — the congestion issues facing the outer suburbs and the growth suburbs.

Mr DONNELLAN — It is not the first time, because we have obviously undertaken and put to market and now it is presently being at work — the \$1.8 billion western suburbs upgrade, which is an upgrade of eight major arterials and the like and also, from memory, I think the maintenance of 250 kilometres of roads in the west. That was the first time we have actually done that. They are about to proceed with that. I believe they actually expect to complete the western one by the end of 2021, so that is a good outcome.

What we are really trying to do with these upgrades is to turbocharge it. We know that Victoria is growing very quickly, and we are just trying to literally get them done in a shorter period of time and also working through the issue of maintenance packages both in the north and the south-east. In the south-eastern suburbs a lot of these roads actually link to major employment zones, so if you are looking at Golf Links Road, that is obviously for the chicken processing industry and the like and that gets them onto Peninsula Link and Frankston-Flinders Road. If you are looking at Pound Road West in Dandenong, it sort of links directly into the M1 but also links directly into the Dandenong industrial precinct. A lot of those roads are about getting people to and from work and getting freight across the south-east, and, as you know, the south-east has got a substantial amount of internal freight movement.

There is obviously a substantial amount of work to do in the lead-up to it in terms of planning and scheduling because you are trying to get all these roads done quickly — within a five-year time frame. There needs to be scheduling to go on in terms of disruption and the like so that you are not doing connected roads which will effectively bring a particular area to gridlock. These projects, we believe, will also provide a bit of innovation, more than anything else, in terms of maintenance programs and longer term vision in terms of maintenance.

The western package is a 20-year maintenance program, so in terms of planning for maintenance and the like it gives you longer term vision as opposed to being just more reactionary than anything else. But we know in terms of job opportunities and the like that with employment zones like Monash, Braeside, Dandenong and others — in Kingston — there is a lot of movement within the south-east and we need to pretty much get these roads done as quickly as possible, including, for argument's sake, the Mordialloc Freeway now, which is

another vital link to both employment and to people's homes. It is about really trying to turbocharge it and do it more quickly as opposed to just doing them, you know, a couple each budget and getting there slowly.

Mr DIMOPOULOS — Thank you, Minister. Speaking of jobs, I understand that you just explained the link of those roads to employment hubs, but just in terms of the projects themselves what are the job outcomes?

Mr DONNELLAN — Expectation is about 4200, I think from memory; I think it is about 4200 jobs.

Mr DIMOPOULOS — For both of them — the northern and the south-eastern?

Mr DONNELLAN — I think, from memory, the expectation is about 4200 jobs, and with all of our projects there is obviously the commitment to also undertake training and also to use Australian steel and Australian goods. I think most of the projects we are doing at up above 90 per cent in terms of Australian steel content and the like, and approximately 10 per cent of apprenticeships, trainees and former auto workers and the like. So again this will apply to these projects as well.

Mr DIMOPOULOS — Can you tell us a bit about the Major Roads Project Authority that you have touched on in your presentation?

Mr DONNELLAN — Yes. VicRoads is a large, very capable generalist agency that has undertaken a lot of road building but in recent years has seen the amount of roadbuilding increase. I think last year it was about 5 to 6 billion worth of projects they had under management; it is going to increase to somewhere well over \$10 billion in the coming year. We really believed that the construction and the focus on construction needed a particular unit to just deal with construction, because you would have generalist engineers doing that and other projects all at the same time — network management, network analysis and so forth. So it is very much about giving a particular focus on the major road projects we have got, having skills that can be brought in as well in terms of specialist skills, to bring in extra staff to look at scheduling and matters like that, but to actually have a particular unit just focused on construction, and then for VicRoads to very much manage the maintenance, the network management and the registration and licensing, and in relation to network management to look at new and innovative ways to improve, I guess, flow with existing assets and the like. So that is the reason we set up the major roads projects unit: to actually get a particular focus on those works.

Mr DIMOPOULOS — That makes sense. Thank you, Minister. Just moving on to this incredible first slide you provided to the committee, which shows the investment over the four budgets including the one that we are in discussion about today, of the \$1.7 billion for 18–19 investment in road infrastructure, am I right in saying, in terms of this year or the forward estimates, close to a billion dollars will be going to regional and rural roads?

Mr DONNELLAN — Absolutely, yes.

Mr DIMOPOULOS — Can you give us a sense of the historical context of that figure for roads, because that seems an enormous figure?

Mr DONNELLAN — Well, there are various figures you could look at. It is about \$941 million, but probably the biggest component would be road surface pavement maintenance and rebuilding, which is really where, I think, people believe in recent years we have not done a good enough job. Now if you look at the four years of the previous government, I think the total spending in that particular performance measure in the budget was about 450 million. Our total spending, including the money which we just talked about — the 941, which does not include all of that figure; it is about 333 — is about \$850 million just on resurfacing, pavement rebuilds and maintenance so —

Mr DIMOPOULOS — So more than double.

Mr DONNELLAN — We have very much turbocharged it to ensure that we try and keep up and make the roads fit for purpose, and that is separate from all the capital upgrades like narrow seal widening, overtaking lanes and the like. That is separate from that and not included in that figure, which actually also bolsters that figure to a very strong \$941 million in this budget.

Mr DIMOPOULOS — And handing back some project management in a contextualised fashion to the rural roads authority or country roads authority?

Mr DONNELLAN — Yes. Regional Roads Victoria we have also set up to have a particular focus on maintenance and the like in the regions. They will also be responsible for the \$100 million Fixing Country Roads Fund which will be for council roads, and Regional Roads Victoria will work with councils to ensure that the projects that are put up —

The CHAIR — Order! The Deputy Chair until 3.45 p.m.

Mr MORRIS — Thanks, Chair. If I could just return, Minister, to the Hoddle Street issue but also the broader issue. We were talking about the 93 per cent blowout, and then I think you started talking about TAFE courses and other structural issues. That is fine, but I guess the concern of the committee would be that it is not going to solve the immediate cost problem. I was seeking to find out about the impact of the blowout on other projects as they go to tender. Rather than ask that broadly, perhaps I can ask you specifically has the experience of the Hoddle Street blowout in materials and labour costs and so on been factored into the West Gate tunnel costs?

Mr DONNELLAN — Yes. In terms of the way Treasury and VicRoads and the like are undertaking it, these have increased the escalation figure they use. I think I will ask Corey to talk about what is occurring specifically in relation to increased costs in terms of different escalation figures being used, if that is alright?

Mr HANNETT — We are looking across the program in terms of material supply. The government are focusing on how to fast-track approvals. We obviously are looking across the program at making sure that as the program evolves there are enough resources here to do the work. Going back to the West Gate tunnel, there is obviously well over a two-year extensive tendering process that Transurban ran in tandem with the government to make sure that they got value for money tenders from the biggest builders in Australia, which included escalation and, in a sense, in the design and construct contracts that Transurban signed the risk lies with Transurban and their builders, not with the state.

Mr MORRIS — So are you saying even if we get a 93 per cent blowout, as we have had with Hoddle Street, that Transurban are carrying that risk?

Mr DONNELLAN — Yes.

Mr HANNETT — The arrangement with Transurban is a fixed price. They are taking the cost risk on that project to deliver it, not the state.

Mr MORRIS — Okay.

Mr DONNELLAN — Further, there is work, obviously, being in the 2018–19 state budget. There was \$12.7 million allocated to earth resources regulated to effectively ensure we can access more rock, gravel, sand and other resources. So there is work separately going on in that space for resources.

Mr MORRIS — Just finally, Minister, on the Hoddle Street issue, can I ask if you consulted with stakeholders such as the RACV prior to adopting the P-turn model, and, if so, what was their feedback on the concept and also on its ability to act as a long-term solution to Hoddle Street?

Mr DONNELLAN — I did not consult with RACV specifically when we came up with the idea, because it was an idea we came up with in opposition. A former VicRoads engineer came to me with the idea, which is used extensively in Utah. What we are finding already is there are 30 per cent travel time savings for people using Hoddle Street between the exit from the Eastern Freeway and Victoria Parade. There are travel time savings already. I think the estimates were, for argument's sake — and I will go on to the next stage, which is Swan Street — 15 per cent of traffic was turning right but were using 40 per cent of the light time for the right-hand turn. So that was out of proportion to the number of vehicles and so forth. So by offsetting —

Mr MORRIS — I guess I am interested in whether it is considered a long-term solution.

Mr DONNELLAN — I think it is a long-term solution because it has improved —

Mr MORRIS — But did you talk to the RACV and others about that?

Mr DONNELLAN — No. As I indicated —

Mr MORRIS — You did not consult on it?

Mr DONNELLAN — This was something identified in opposition. I had a former VicRoads engineer come to me with the idea.

Mr MORRIS — So you did not consult with RACV on this project?

Mr DONNELLAN — No, I was in opposition.

Mr D. O'BRIEN — Minister, budget paper 3, page 11, has the Fixing Country Roads Program, which could otherwise be called country roads and bridges lite. This is an admission that local councils do need assistance from government to maintain their roads. Can you explain in light of this funding, six months from an election, why you cut the country roads and bridges program when coming to government?

Mr DONNELLAN — Yes, for sure. Country roads and bridges was obviously only funded by your government for four years, so it was a lapsing program.

Mr D. O'BRIEN — We were only in government for four years, Minister.

Mr DONNELLAN — No. It was a lapsing program, so —

Mr D. O'BRIEN — And we funded it in the budget — in the pre-election process. Do not try and say that we cut it, Minister. This was your decision not to fund the country roads and bridges program —

Mr DONNELLAN — Well, you could have funded it in your —

Mr D. O'BRIEN — Six months out from an election you are suddenly funding country roads and want to help —

Mr DONNELLAN — No. Your last budget did not have further funding for it.

Mr D. O'BRIEN — Well, if you want to play that game, Minister, you have got a dozen programs that you have not funded beyond this year, including north-east link —

Members interjecting.

Mr DONNELLAN — Let us be very fair.

Members interjecting.

Mr DONNELLAN — You did not fund it. You did not fund it, okay? So that is the basic fact of life.

Members interjecting.

Mr D. O'BRIEN — Minister, we funded it in our election commitments for the 2015–16 year.

Mr DONNELLAN — It is not my job to fund your —

Mr D. O'BRIEN — Minister, you are misleading this chamber by saying that. You know you are; I can tell by the grin on your face —

Mr DONNELLAN — I have always got a grin.

Mr D. O'BRIEN — You cut this program. You failed to reinstate it and now, six months out, you are adding in a poor man's project that brings in regional cities whereas the previous program was for rural councils only. Please explain why you are doing this at the last minute.

Mr DONNELLAN — Well, obviously I may as well leave it to your commentary. You have already worked it all out, haven't you?

Mr D. O'BRIEN — I have asked you a question, Minister.

Mr DONNELLAN — Okay, well, then let us go back to the answer. One, the country roads and bridges program was not funded beyond 2014 — basic fact. Two —

Mr D. O'BRIEN — No, Minister. That is absolutely misleading this committee to suggest that. Minister, I can put to you —

The CHAIR — Mr O'Brien, the minister is attempting to answer your question.

Mr D. O'BRIEN — No, the minister is misleading the committee, Chair. That is a complete fallacy to suggest that that was cut by the previous government. It was funded for four years. At the election we committed to it again for another four years. You failed to do so. Do not try to pin this on us.

Mr DONNELLAN — It was not funded past 2014.

Mr D. O'BRIEN — By your government.

Mr DONNELLAN — No. We are the government. We are not there to fund your programs.

Mr DIMOPOULOS — On a point of order, Chair, I think Mr O'Brien should be allowing the witness to have his evidence and Mr O'Brien can have his commentary. You cannot have the witness adopting your commentary.

Mr T. SMITH — On the point of order, Chair, there is no point of order. It is another commentary.

The CHAIR — Order!

Mr DONNELLAN — Okay. With country roads and bridges unfortunately a lot of that funding never actually went to country roads and bridges because the program was so loose in its prescription and a lie.

Members interjecting.

Mr DONNELLAN — No. You have asked me to answer the question, or do you want to keep talking?

Mr D. O'BRIEN — No, you are not answering the question, Minister.

Mr DONNELLAN — So, in other words, it sadly did not go to country roads and bridges. A lot of the money —

Mr MORRIS — Your country roads funding went to Mulgrave.

Mr DONNELLAN — It went to a lot of projects which simply were there to underwrite the budgets of smaller local country councils. This \$100 million is \$10 million per year more than you have actually put forward, I think, and it is specifically about —

Mr D. O'BRIEN — Minister, it is for two years. On your own assumptions that you have just been making, you are cutting this program after next year.

Mr DONNELLAN — Well, look, do you want to commentate on the budget or do I?

Mr D. O'BRIEN — I have asked you why you are not fully funding the country roads —

Members interjecting.

Mr DONNELLAN — You can actually let me answer the question.

Mr MORRIS — You are saying it is funded when clearly it is not.

Mr DONNELLAN — Well, either the budget figures are lying or they are not. Now there is two years worth of funding — \$100 million. Now that is basic fact. We cannot actually disagree with that.

Mr MORRIS — Are you suggesting the budget is a lie?

Mr DONNELLAN — It is for country roads.

Mr MORRIS — Are you suggesting the budget is a lie?

Mr DONNELLAN — It is specifically for roads. It is not for existing maintenance that would have been undertaken. It would be for upgrades, making roads thicker and the like — if they might be used for the freight industry and so forth. That is what they do when they have got heavy trucks on them — they make the road a bit thicker. There is nothing complicated about that. So we are expecting that this will be welcomed by country councils and it will be managed by Regional Roads Victoria as a new division set up in Ballarat.

Mr D. O'BRIEN — Minister, you have made an art form out of criticising the federal government on Victorian infrastructure funding. The federal government has provided \$132 million for the completion of the remaining two sections of the Princes Highway east. Given this project will run out of work by the middle of next year, why have you not funded your 20 per cent commitment, which is only \$33 million?

Mr DONNELLAN — Well, usually we work in conjunction with the federal government. That was not one the federal government indicated beforehand, when they put in their budget, that they were going to do so early. So, in other words, if you have that early warning, you can actually —

Mr D. O'BRIEN — So it is now the federal government's fault that they are funding projects?

The CHAIR — Order! Mr O'Brien, the minister is trying to answer your question.

Mr D. O'BRIEN — Are you saying that it is the federal government's fault that you have not funded your —

Mr DONNELLAN — I am just wondering whether you want to answer the question, or would you like me to answer the question?

Mr D. O'BRIEN — Why have you not funded your section of Princes Highway east?

Mr DONNELLAN — Do you want the answer or do you want to keep commentating? Okay. As I indicated, when we have early warning — and remember that we have allocated \$760 million —

The CHAIR — Order! I would like to thank the witnesses for their attendance: the Minister for Roads and Road Safety, the Honourable Luke Donnellan, MP; Mr Bolt; Dr Miles; Mr Hannett; Mr Elliott; Ms Thompson; Mr Williams; Mr Sammut; and Mr Dudley. The committee will follow up on any questions taken on notice in writing. A written response should be provided within 10 business days of that request.

Witnesses withdrew.