

# VERIFIED VERSION

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into Budget Estimates 2016–17

Melbourne — 10 May 2016

#### Members

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Dr Rachel Carling-Jenkins

Mr Tim Smith

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#### Witnesses

Mr Luke Donnellan, Minister for Roads and Road Safety,

Mr Richard Bolt, Secretary,

Dr Gillian Miles, Lead Deputy Secretary, Transport, and

Mr Greg Forck, Chief Finance Officer, Department of Economic Development, Jobs, Transport and Resources;  
and

Mr John Merritt, Chief Executive Officer, VicRoads.

**The CHAIR** — I declare open the public hearings for the Public Accounts and Estimates Committee inquiry into the 2016–17 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; Richard Bolt, Secretary of the Department of Economic Development, Jobs, Transport and Resources; Dr Gillian Miles, Lead Deputy Secretary, Transport; Greg Forck, Chief Finance Officer; and John Merritt, Chief Executive Officer, VicRoads. A witness in the gallery is Joe Calafiore, Chief Executive Officer, Transport Accident Commission. I would also like to welcome additional witnesses sitting in the gallery. 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. Comments made outside the hearing, including on social media, are not afforded such privilege. Witnesses will not be sworn but are requested to answer all questions succinctly, accurately and truthfully. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty.

Questions from the committee will be asked on a group basis, meaning that specific time has been allocated to members of the government, opposition and crossbench to ask a series of questions in a set amount of time before moving onto the next group. I will advise witnesses who will be asking questions at each segment.

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

All 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 now invite the minister to make a very brief opening statement of no more than 5 minutes. This will be followed by questions from the committee.

### **Visual presentation.**

**Mr DONNELLAN** — Thanks, Chair. I want to use this brief presentation this afternoon to lay out the key directions this government is taking in the roads portfolio and very much to explain the rationale for the major investments we are undertaking.

The rationale for our investment in roads is summed up in this slide, which highlights the growth in four major indicators that determine road use. Population growth will drive greater use of the roads by private vehicles, while rising gross state product increases freight volumes and growth in the container numbers, which will all drive an increase in heavy vehicle traffic. Freight and commercial users will be a major focus for this government, because we recognise the importance to the Victorian economy more broadly to our status as Australia's freight and logistics capital.

Before I cover off on the major road investments, I want to recap the key projects underway in the state as a way of providing the committee with an update of where we are up to.

In the metropolitan area work is underway on the Chandler Highway, stage 2 of the Cardinia Road upgrade, the CityLink-Tullamarine widening project, the M80 upgrade from Sunshine Avenue to Calder Freeway, the Sneydes Road interchange at Point Cook and the West Gate distributor. Work is well underway on the CityLink-Tullamarine Freeway widening project, with at least one extra lane in each direction, pretty much from the tunnels right through to the freeway. Work begins later this year with the next stage of the M80 upgrade from Sunshine Avenue to Calder Freeway.

In regional Victoria work is underway on the Calder Highway interchange at Ravenswood, the Great Ocean Road upgrade, the duplication of the Princes Highway from Winchelsea to Colac, the duplication of the Princes Highway from Traralgon to Sale, the Sand Road interchange at Longwarry and the Western Highway duplication from Ballarat to Stawell. Work finished in April in relation to the Western Highway duplication

between Beaufort and Buangor, which I recently opened with Senator Bridget McKenzie. Expressions of interest for the duplication from Buangor to Ararat have closed, and tenderers will be shortlisted in June and invited to submit a request for tender, with the successful contractor expected to be appointed in October when the detailed design work begins.

This year's budget commits over \$6 billion to Victoria's road infrastructure — an amount split between new projects and road upgrades. The budget allocates \$1.46 billion to begin construction of the western distributor, a project that will deliver Melbourne's long-awaited second river crossing. As part of this project, we are also upgrading the Monash Freeway between EastLink and Clyde Road.

The budget allocates \$148 million to duplicate Thompsons Road between Frankston-Dandenong Road and Berwick-Cranbourne Road. It also allocates \$126.2 million to fund the duplication of Yan Yean Road between Diamond Creek Road and River Avenue, improving safety on this notorious stretch of road in the north-east. Ten-point-two million dollars will upgrade Bolton Street in Eltham, and \$82.2 million will give residents their long-sought-after interchange of the Hume Freeway at O'Herns Road. Funding for this project assumes a 50 per cent contribution from the commonwealth.

Fifty-six million dollars will help fund projects to streamline Hoddle Street, implementing innovative ways to improve travel time on one of Melbourne's most congested road corridors. Fifty-point-one million dollars will duplicate Dohertys Road between Fitzgerald Road and Grieve Parade. We will fund the duplication of Hallam Road from Ormond Road to South Gippsland Highway, as well as upgrade Plenty Road from McKimmies Road in Bundoora to Bridge Inn Road in Mernda.

The budget also contains \$10 million in planning money for a number of projects in the outer suburban areas. They include the Armstrong-Ison arterial, duplication of Derrimut Road, the second stage of upgrades to Dohertys Road, the Duncans Road interchange, the Golf Links Road interchange, the second stage of the Hallam Road duplication, the Leakes Road duplication, pavement works on the Monash, further upgrade of the Narre Warren-Cranbourne Road, the Nepean Highway improvement plan and the Palmers Road upgrade. There is funding for the planning of a number of interchanges on the Western Port Highway between South Gippsland Highway and Cranbourne-Frankston Road.

In regional Victoria \$107 million will fund the construction of the Drysdale bypass, \$30.5 million will duplicate the Midland Highway in Bendigo between Weeroona Avenue and Hall Street and \$4 million will fund planning for the extension of the Geelong Ring Road to Armstrong Creek and the Bellarine Peninsula. This project is designed to improve travel times and reduce congestion in Geelong and the surrounding growth areas.

Funding has been allocated for the planning and replacement of bridges over the Murray River at Tooleybuc and Yarrawonga. We have also provided \$3.3 million for the active transport unit to grow walking and cycling as healthier transport options in local communities, and \$6.4 million for smaller projects in improved safety and reduced congestion in communities across the state.

Last month the government announced that it had reached an in-principle agreement with Transurban to deliver the western distributor. This \$5.5 billion project comprises three interrelated major projects that work together to improve Melbourne's road network. These projects are the western distributor section, improvements on the Webb Dock access and the Monash Freeway upgrade. This year's budget provides the government's contribution to the project, which will also be funded through a combination of tolls on the new road connections and an extension of the CityLink concession.

The Monash Freeway upgrade will widen the M1 from four to five lanes in each direction between the EastLink interchange and South Gippsland Highway and from two to three lanes each way through Clyde Road in Berwick. This is a project that will cut travel times up to about 10 minutes and make room for an extra 2000 vehicles during peak. It will also be using smart technology to ensure less merging and weaving from motorists getting on and off the freeway, and this is expected to reduce serious crashes by up to 20 per cent. This project is out to tender currently.

We have also made an investment of \$148 million to entirely duplicate Thompsons Road between EastLink and Berwick-Cranbourne Road in Cranbourne. This project will duplicate the two-lane sections from Frankston-Dandenong Road to South Gippsland Highway and the two-lane section from Narre

Warren-Cranbourne Road to Berwick-Cranbourne Road. This project will also see the removal of a level crossing near Merinda Park station as part of the government's commitment to removing 50 level crossings.

In relation to road safety, in 2015, 252 people were killed on Victorian roads and thousands were seriously injured. Currently we have 103 people who have lost their lives this year, which is about 13 more than last year, so that is pretty disappointing. But we have the young driver safety package, which we have put together and to which we have contributed \$146 million to reduce road trauma among young people and cement Victoria as the leader in road safety education. So we are very much beginning with the young members of our driving fraternity because that is where we seem to have an enormous level of loss of lives and serious accidents.

The government has also committed \$100 million to the Safe System Road Infrastructure program to develop safer cyclist and pedestrian funds to invest in new dedicated infrastructure such as bike lanes across Victoria. We have also allocated \$426 million to road safety with a particular focus on rural and regional roads, where we find 50 to 55 per cent of our loss of lives each year, unfortunately. The four aspects of road safety we are concentrating our efforts on are safer vehicles, safer people, safer roads and safer speeds. Thank you, Chair.

**The CHAIR** — Thank you, Minister. We will start with government questioning until 3 minutes past 3. Mr Dimopoulos.

**Mr DIMOPOULOS** — Minister, welcome. I just wanted to get a bit more detail in relation to some of what you said in your presentation but also specifically budget paper 4, page 23, in relation to the western distributor and then also Monash Freeway. Starting with the western distributor, given we hear often that it is a nightmare for people in the west to make their commute to the CBD, how long before this project is completed, and also what will you do in terms of ensuring the disruption is kept to a minimum?

**Mr DONNELLAN** — Construction is expected to start late 2017 or early 2018, completed by 2022. Travel time improvements are expected to be approximately 20 minutes from Geelong, so substantial improvement times, and obviously it provides us with that second river crossing. It is very much part of a total corridor, in a sense. That is why we are also undertaking works on the Monash to the tune of \$400 million, like I have indicated, because they are very much interconnected. A problem in one spreads all the way down that spine right through to the other. So if you are looking at what happens in the afternoon peak, the problems of getting on and off the West Gate literally work their way all through down to the south-east.

That is very much why we need to look at this as a total network and actually spend money (1) on providing, I guess, that second river crossing and also (2) to ensure that we have a free flow from one end, literally from Geelong, right through to Pakenham. That is very much the way we have looked at this. This is a total package, and this will very much improve travel times also from the south-east. We are looking at travel time improvements of about 10 minutes.

**Mr DIMOPOULOS** — Into the CBD?

**Mr DONNELLAN** — Yes, into the CBD. The completion in relation to finalisation of the design is getting close. We have this morning announced expressions of interest in relation to the construction of the western distributor component. We have had I think six groups indicate interest, highly experienced groups, both local and international. We would firstly, obviously, complete the commercial agreement with Transurban, and then we would be going out to tender probably around July approximately this year.

**Mr DIMOPOULOS** — In relation to streamlining Hoddle Street, which you also mentioned in your presentation — and it is the same budget reference that I mentioned earlier — it is, I suppose, a bit of an innovative proposal. Why are you going with this initiative, as opposed to your more traditional road upgrade?

**Mr DONNELLAN** — Look, the greatest issue on the Eastern Freeway in relation to congestion for people hopping off the Eastern Freeway is dealing with the 70 per cent of people who come off the Eastern Freeway and head into the city each day. That is where 70 per cent of the vehicles are going. Twenty thousand might proceed westward or northward or in some direction that way along Alexandra Parade and related roads, but 70 per cent of vehicles are heading down Hoddle Street. So we have got movements of about 90 000 vehicles on Hoddle Street literally seven days a week. If you are looking at the number of people crossing over Hoddle Street, both east-west or south, you are looking at about 330 000 people per day. So that is amongst the busiest crossovers/intersections in the whole of the state.

We need to look at innovative ways to get more people through those intersections per hour. On Swan Street we are looking at the use of continuous flow intersections, which is effectively completing the right-hand turn as those people who are proceeding north and south on Swan Street are also completing their right-hand turn. So it is very much an offset right-hand turn which is completed at the same time as those people proceed. What we are effectively doing is removing that extra signal, the right-hand turn signal, at those intersections, specifically at Swan Street.

In relation to Johnston Street, we are offsetting the right-hand turn, so there will be U-turns either side of Hoddle Street. Those people wanting to turn right from Johnston Street heading north into Hoddle Street will actually go left, proceed along, do a U-turn, and come back down and then go right down Hoddle Street. We are literally offsetting the right-hand turns there. So that removes the signal; it gives you more green time and gets more cars through that intersection per hour and so forth. In terms of entry to the Eastern Freeway, we are putting an extra entry lane heading north on the Eastern Freeway to reduce that congestion that builds up in the afternoons mainly for people trying to enter the Eastern Freeway.

So there are three intersections we are dealing with — that is, Swan Street, Johnston Street and the Eastern Freeway — as part of stage 1 of the upgrade there, and it is very much about removing that separate right-hand turn signal, which takes more time, and offsetting that because the majority of people are heading north, south, east or west, and we believe we can get more through the intersection per hour by doing it that way. It has been tested in Utah, and they believe there is — look, they are saying up to 40 per cent; we are not saying that, but they believe they get 40 per cent more vehicles through the intersection by doing that per hour.

**Mr DIMOPOULOS** — Has VicRoads or anyone done some projections about — I cannot remember if you raised it in your opening remarks.

**Mr DONNELLAN** — No. Look, there will be improvements. We are very cautious about making absolute statements in terms of improvement, but we know that we will get more cars through the intersection per hour. As to the exact number, the experience in Utah suggests up to 40 per cent. I am cautious of saying up to 40 per cent. I am not cautious about saying there will be improvements. If it is 15 per cent, that is a major improvement in terms of the way Hoddle Street flows.

**Mr DIMOPOULOS** — Minister, I think we have got a minute and a half left. Just in relation to the \$10 million allocation, again in the same budget paper, 4, pages 21 to 23, to the VicRoads Incident Response Service — I am sure I know what it is, but I did not have the terminology previously — how will this money be used in relation to congestion? How will it expedite — —

**Mr DONNELLAN** — Incident response units very much clear the accidents on our major highways and on our major arterials. The last government cut them in half. We have actually put \$10 million back in over four years to build up a couple of other units to deal with arterial roads, because what you find is if you have an accident on a freeway, it can take anything up to an hour to get the traffic flow back to smooth movement. So the quicker you get the accident dealt with and get the car off the road, the quicker you can get the full movement of the freeway going or the full movement of the arterial going. It is about reducing congestion, wholly and solely.

**Mr DIMOPOULOS** — Have you doubled the money essentially?

**Mr DONNELLAN** — We have actually put \$10 million extra in, so yes, we expect a substantial improvement in terms of movement of vehicles on our freeways and our arterials. Yes.

**Mr DIMOPOULOS** — Thanks for the comprehensive response, Minister.

**The CHAIR** — Mr O'Brien, until 3.14.

**Mr D. O'BRIEN** — Welcome, Minister. I want to go to road asset management in budget paper 3. Pages 150 to 151 outline the performance measures and total output cost. A relatively easy one first off: the total output figure for 14–15 is listed as \$489. Could we get a breakdown of exactly how much of this funding is spent in dollar terms in each of the VicRoads regions?

**Mr DONNELLAN** — I do not think we will have a breakdown in the regions at this stage, will we, John?

**Mr MERRITT** — We can take it on notice.

**Mr D. O'BRIEN** — That is for 14–15, so presumably you would have it for that, and ideally you would have 15–16 as well, but I appreciate that is not yet finished.

**Mr DONNELLAN** — We will take that on notice happily, because we do not — look, I can break down it in terms of what we are spending on surface replacement, pavement replacement and so forth, but in terms of 'by region', I have not got those figures in front of me. But we will happily come back to you on those.

**Mr D. O'BRIEN** — That would be great, thank you. But going on from that, as I said, the 14–15 actual figure was \$489 million. The 2016–17 target on page 151 is 440.3 million for road asset management. Why has there been this cut to road funding, which is 45.7 million in this year's budget? I might add, sorry, that if you look at the previous year, it was a \$70 million cut from the previous year.

**Mr DONNELLAN** — Well, there actually has not been a cut. There is actually an increase in the number of square metres — I think a 6.3 per cent increase.

**Mr D. O'BRIEN** — No, no, Minister, the figures do not lie. The 2014–15 actual is 489 million; the 2015–16 expected outcome is 419 million — that is, 70-odd million less, and the budget for this year is 440 million. How is that not a cut?

**Mr DONNELLAN** — No, no, no, no. It is actually the way you treat these. There are actually — in terms of — —

**Mr D. O'BRIEN** — I read the budget papers as the budget papers have appeared.

**The CHAIR** — Order! Let the minister finish.

**Mr DONNELLAN** — Okay; very good. It is actually the way you categorise your spending to a large extent. Put it this way, we are putting approximately \$340 million into road funding in regional and rural areas in terms of road safety, in terms of wire rope barriers and the like. That is actually not included in that particular figure, for argument's sake.

**Mr D. O'BRIEN** — That is out of a different portfolio. That is TAC.

**Mr DONNELLAN** — In terms of the total area, in terms of pavement covered and so forth, we are actually seeing a 6.3 per cent increase in the area of total pavement covered. And to a large extent if you are looking at the overtaking lanes, we have allocated approximately \$50 million to look at overtaking lanes. We have allocated \$52 million to upgrade regional and rural bridges. If you are looking at total expenditure on regional and rural roads, it actually is increasing. It is how you actually categorise it and which categories you actually put it in. You can actually look at that road asset management figure and say, 'Yes, there's a reduction there', but then if you look at the funding we are actually putting into road safety and the like of \$340 million to regional and rural roads — country roads and bridges is at \$52 million, and overtaking lanes are at somewhere over \$50 million — the expenditure in terms of rural roads is actually increasing.

**Mr D. O'BRIEN** — For the record, the question was not actually about rural roads, but notwithstanding, Minister, I pick you up on one thing you said. You said that pavement resurfacing is actually going up, but it is not. The figures from this budget paper, on page 150, show a 13.7 per cent decrease in the metro pavement resurfaced area and a 4.5 per cent reduction in the regional pavement resurfacing. We have got the budget figures going down and the area resurfaced going down. How is that an increase in any way, shape or form?

**Mr DONNELLAN** — Yes, it is pretty easily explainable. When we came into government, we actually brought forward expenditure to increase the numbers we did in the prior year. We bolstered it. So if you remember when we first came into government, we brought forward a whole lot of expenditure.

**Mr D. O'BRIEN** — I remember one of them was the country roads and bridges program. Is that right?

**Mr DONNELLAN** — Country bridges and others — —

**Mr D. O'BRIEN** — That is the one that had half of it spent in Mulgrave.

**Mr DONNELLAN** — No. I will explain to you that freeways go from the regional to the city areas and to the port. They do not stop once we get past regional and rural areas. So if you want to do bridges — —

**Ms SHING** — Unless it is in Colac where you get the new spend — —

**The CHAIR** — Order! Ms Shing.

**Mr D. O'BRIEN** — If it was a regional port access program, Minister, that is fine, but when it is a country bridges program — —

**Mr DONNELLAN** — No, no, let us be very clear. If you want to get — —

#### **Members interjecting.**

**The CHAIR** — Order! Mr Smith and Ms Shing! The minister is attempting to answer Mr O'Brien's question.

**Mr DONNELLAN** — If you want to get a bridge going, it literally goes from the area that produces the food and fibre right through to the port. If you want to do bridge strengthening — —

**Mr D. O'BRIEN** — Which is fine if you have a ports bridges program, but you had a country bridges program, and you spent half the money in Mulgrave.

**The CHAIR** — Order! Mr O'Brien, the minister — —

**Mr D. O'BRIEN** — Sorry, but the minister has actually invited my interjection, because he is not answering the question I asked him.

**The CHAIR** — Mr O'Brien, I would encourage you to at least allow the minister to have at least 30 seconds to provide a response, which is not being afforded to him today.

**Mr DONNELLAN** — Let us be very honest: that is factually, totally and utterly incorrect. Not half of the \$52 million was spent on the Monash to strengthen the bridge, so that is factually incorrect. Our bridge strengthening program largely — about 85 per cent — has been spent in the regions. Some of it will be spent on the Monash because it actually services the Gippsland region. We provide no apology; they need to get to the port like everybody else.

**Mr D. O'BRIEN** — If the program was about getting produce to port, that would be fine, but it was sold as a country bridges program. Anyway, that is not actually the question I asked, so I will move on, because as I said, the pavement resurfacing — —

#### **Ms Shing interjected**

**Mr D. O'BRIEN** — I think I won't, Ms Shing. I will move on, Minister. If we turn to pages 152 and 153, and we are now talking about road operations and network improvement, the figures show the 2014–15 actual as a bit over 1 billion. The 2016–17 target is 982 million, so it is actually a cut of \$19.5 million on the 14–15 actual figure. You said that you would put 2 billion in — 1 billion over eight years into regional roads and 1 billion over eight years into metro roads — and that that would be above and beyond the roads budget. I have just identified that both the road asset management figures and the road operations and network improvements have actually gone down, so where is the 2 billion?

**Mr DONNELLAN** — No, the 2 billion we will acquit, and we are currently putting together legislation to bring into the house to specifically acquit that. But in terms of the funding in this year's budget, the 2016–17 budget includes additional project initiatives totalling \$470 million that contribute to that \$2 billion commitment for both outer suburban and — —

**Mr D. O'BRIEN** — Sorry, 470?

**Mr DONNELLAN** — Four hundred and seventy million dollars in this budget, which we are counting against the Better Roads Victoria Trust.

**Mr D. O'BRIEN** — Sorry, where is that \$470 million figure in the budget papers?

**Mr DONNELLAN** — Budget paper 4, in the capital projects area.

**Mr D. O'BRIEN** — Actually, if you could give me a page reference, that would be useful.

**Mr DONNELLAN** — Page 22, budget paper 4.

**Mr D. O'BRIEN** — And the 470 million? Are we tallying up all these projects, are we?

**Mr DONNELLAN** — Yes.

**Mr D. O'BRIEN** — I do not acknowledge that the 2 billion is there, but if it is over and above — —

**Mr DONNELLAN** — No, we have made a commitment to spend 2 billion, not in one year. We do not allocate the money before we actually start to spend it.

**Mr D. O'BRIEN** — No, I understand that, but you said before the election that it would be over and above the existing roads budget, so what projects have actually been funded that are over and above what otherwise would have been done?

**Mr DONNELLAN** — I can actually go specifically to the projects we are actually including in that figure. We have got road restoration and road surface replacement of \$130 million, Building our Regions funding of \$52 million, an outer suburban arterial roads package of up to \$238 million and regional overtaking lanes of \$51.6 million.

In total the government has now provided \$1.6 billion from 15–16 to 19–20 for projects to be funded out of the Better Roads Victoria Trust. From this allocation \$639 million directly contributes to meeting the government's commitment to spend \$2 billion over eight years on outer suburban and regional roads. So \$290 million has been for outer suburban roads and \$349 million for regional roads to date.

**Mr D. O'BRIEN** — So where do we get any comfort that this is over and above what would otherwise have been spent, which was your election commitment?

**Mr DONNELLAN** — Well, it is new money. It comes into the budget every year, and we are spending it. We have made a commitment to spend \$1 billion on regional roads, and we will acquit that with legislation we are bringing into the house which will allow an assessment against the trust of what we have actually spent. That will be coming in soon. You will actually be able to make an assessment of what we spent the money on. It is very clear and transparent. That is why we will bring the legislation in — so that we can say, 'Here's the billion dollars we spent on outer suburban roads, and here's the billion dollars we spent on regional and rural roads'.

**Mr D. O'BRIEN** — When can we expect to see that legislation?

**Mr DONNELLAN** — Later this year.

**Mr D. O'BRIEN** — It will specifically — —

**Mr DONNELLAN** — It will be about acquitting expenditure against the Better Roads Victoria Trust. It will be legislation specifically to report against that trust what we spent the moneys on. That will make it pretty clear and transparent, and I think that will provide you with some comfort, I would imagine.

**Mr D. O'BRIEN** — I am not so sure that it will, Minister, given that the figures here do not give me any comfort — —

**The CHAIR** — Dr Carling-Jenkins until 3.20 p.m.

**Dr CARLING-JENKINS** — Thank you, Chair, and welcome, Minister. I would like to direct your attention to the road safety part of your portfolio for this question time. A couple of aspects: the first one is in budget paper 4, page 22, where there is a line item around road safety statewide, which it says is funded and delivered by the Transport Accident Commission at a cost of 266 million. This might be something that you



have touched on in your presentation as well, but I would just like to ask if you could detail for the committee, firstly, to clarify that this addresses new initiatives and, secondly, what new initiatives will be delivered through this program.

**Mr DONNELLAN** — Could you repeat the budget paper number?

**Dr CARLING-JENKINS** — BP4, 22, and it is 'Road Safety (statewide)'.

**Mr DONNELLAN** — I am just making sure I am responding to the right bit of what they are spending money on.

**Dr CARLING-JENKINS** — Sure. No, that is fair enough.

**Mr DONNELLAN** — That is a new initiative. That is separate from the billion dollar commitment that the TAC and the last government came together with, which was about \$100 million being spent each year on road safety. This is very much a \$427 million commitment over four years to look at funding road infrastructure where we are seeing the most number of deaths. In terms of the most number of people losing their lives, 50 to 55 per cent each year are in regional and rural Victoria. This fund — and we have got some further announcements to come up pretty soon — will specifically be focused on building infrastructure on those roads where we see, I guess, a high number of people losing their lives or being seriously injured or having serious accidents. That is above what we going to be funding in terms of the black spot, which is a separate program.

This is very much about looking at things like wire rope barriers. We have already run out some on the Goulburn highway. We picked a spot on the Goulburn highway where there have been, I think, five deaths in five months. I think that was about 18 months ago. We have run wire rope barriers right down the centre line and wire rope barriers right down the edges of the roads. There are some gaps in the centre line obviously for people to get in and out of their driveways, but this very much I guess provides a cushioning for those who — if you make a mistake, you should not die. That is really the moral of the story in a sense, and this very much stops people from running into trees. I think it is 75 to 85 per cent of deaths on country roads are from crossovers, and this very much stops those crossovers. Broadly the focus of the package will be to look at infrastructure to save lives.

**Dr CARLING-JENKINS** — Sure. Okay, I appreciate that. So it is a very targeted program, but you do not necessarily have each of the initiatives at the moment because it is an evolving kind of program.

**Mr DONNELLAN** — We have identified some major highways we are doing, like the Goulburn and others, but we have still got a little way to go to ensure that we find those areas which most need it. I think we are approximately estimating there is about 2500 kilometres of road we can do with this program, so that is going to be a lot of wire rope barriers, a lot of protection for people driving and a lot less crossovers.

**Dr CARLING-JENKINS** — Excellent. Thank you very much, Minister.

**Mr DONNELLAN** — Do you want any more that John has got?

**Dr CARLING-JENKINS** — Sure.

**Mr MERRITT** — In order to identify where the next 50 fatalities can be removed, across the country roads spectrum, we are particularly looking at divided roads with more than 3000 vehicles a day. They will be best suited towards wire rope treatment, both on the perimeter and in the centre median. Looking at a range then of those roads without those volumes or just dual-lane roads for tactile edging, specific treatment around trees and the like. So far it identifies around about 670 kilometres of wire rope barrier that we will be installing over the next four or five years of this piece of work, and really trying to rate those roads based on their fatalities per persons travelling on them and see if we cannot quantify how that work is done. There are a range of other initiatives around it, but specifically around the infrastructure work it is that 40 per cent of fatalities on high-speed country roads that we are after.

**Dr CARLING-JENKINS** — Sure. Thank you very much. I appreciate that. My next question is around budget paper 3, page 43, where it talks about the remaking of sunseting road regulations which are due to expire. I know there is not a lot of time remaining, but I just wondered if you could speak very briefly to what

are the current road regulations and rules which are due to expire and when we can expect this — I am assuming some legislation.

**Mr DONNELLAN** — Yes, happily. Just bear with me. There is a lot of money to be spent for a lot of consultation to be done. I think \$9.9 million was allocated. It is a large undertaking, comprising of five sets of regulations which are all due to be automatically revoked in August or October 2019. VicRoads undertook a brief review of the regulations in 2009. However, many regulations have not been reviewed in depth for 15 to 20 years, so we are looking to remove obsolete regulations and update remaining regulations to reflect current business and community needs, allow the government to improve customer service through expanding online services and improving our online services work, and create regulations that better support innovation and economic development. So it is a big exercise in terms of consultation with stakeholders and the like. That is why we have allocated the money to do so — because it would require extra capacity to get the work done, and it is quite technical.

**Ms SHING** — Thanks, Minister. Thank you, witnesses, for your attendance and evidence today. Minister, I would like to take you to budget paper 3, pages 56 and 57, which refer specifically to regional roads and to pick up on the conversation I think was begun when Mr O'Brien was asking you questions and continued with Dr Carling-Jenkins's questions in relation to road safety. I would like to continue in relation to how it is that this budget acquits commitments to improve regional roads and freight routes, not just within regional centres and those areas but also within the remote rural areas and parts of Victoria where infrastructure perhaps does not get the regular attention that it has previously needed in earlier years.

**Mr DONNELLAN** — Okay, thank you. Look, there is an extensive program we have got in terms of regional roads. There is \$23 million for small-scale initiatives under the better roads for more communities — building our regions — such as for graffiti eradication. \$10 million for preconstruction activities on the Western Highway from Ararat to Stawell. I know that there are various lobby groups and so forth up that end of town who are very keen for that project to proceed, and obviously we will be having discussions with the federal government about looking at matching funding and the like, and obviously this is very much the time of year to be having those discussions. There is \$3 million for planning and reconstruction on the Princes Highway east from Traralgon to Sale. Like the Western Highway, we want to just keep them moving until we get to the border. There is \$15 million towards planning the business case for the Barwon Heads Road duplication; Phillip Island transport network improvements, and we know we have got a couple of good lobbyists down there who have been pushing for that very aggressively for a while, which is great; Wodonga road network improvements, and that is very much dealing with the traffic and congestion from industry in Wodonga to try to make it safer and easier transport through the town; and the Shepparton alternative route upgrade. As we are well aware, Shepparton is a major transportation hub at that end of Victoria, and a lot of vehicles are heading through there to Queensland and New South Wales and vice versa. We are improving roundabouts. We are just making it very much easier for trucks to get through Shepparton in a more timely way.

We are obviously also undertaking the bridge strengthening for high-productivity freight vehicles — some of these freeways go from the regions right to the city to the port.

**Ms SHING** — As part of corridor delivery.

**Mr DONNELLAN** — Yes, it is part of the corridor. It is no use having your produce and not getting it all the way from A to Z.

We are also, as I have indicated previously, looking at the road surface replacement and pavement replacement program, which is about \$130 million that we have allocated to that — \$80 million will be specifically for road surface replacement and \$50 million for road pavement replacement, so I actually get my terms specific. I have just mentioned the road safety package. About 340 of the 426 is going into regional and rural areas. That is a pretty hefty commitment. We are also looking at funding some works in relation to the Yarrawonga-Mulwala bridge, because that needs to be replaced. I think in 2019 or 2020 the weir at Yarrawonga will no longer be able to be used as a platform to run a road over as an alternative. So we really very much need to look at replacing the old bridge which sits between Yarrawonga and Mulwala. That bridge is more a bridge which links two cities. It is not a through route for freight and the like, so it is very much linking two cities. We are also doing some work on the Tooleybuc bridge. We have committed \$2.2 million for project development and a new bridge across the Murray River. It is pretty expensive.

**Ms SHING** — In relation to the way in which these regional and rural projects will be delivered, I note that congestion is also a very key concern for regional communities; I myself experience it very regularly. I am wondering how these initiatives and outputs in the budget will in fact counter that congestion that is a growing concern and causes huge problems on the road network, not just within our metropolitan areas but more broadly.

**Mr DONNELLAN** — We have allocated \$52 million for our building our regions program, and that is for projects like the duplication of Barwon Heads Road, which is an area which is growing incredibly quickly; upgrades to intersections in Phillip Island; the Drysdale bypass, for argument's sake; and upgrades to Napier Street-Midland Highway in Bendigo. We are looking at the Geelong Road extension to very much link Geelong Road through to the Bellarine Peninsula. They are areas which are experiencing a lot of growth.

**Ms SHING** — How will they alleviate the pressure on resident communities as part of easing that congestion for people who are accessing those roads?

**Mr DONNELLAN** — It will give them a faster track to the major arterials, the major freeways and the like. It is very much about linking people, both to work and to play and the like, through better roads into better arterials and get them on the major freeways to and from where they get to work, to home and the like.

**Ms SHING** — To continue in relation to the road safety issue which Dr Carling-Jenkins raised, the Towards Zero initiative has continued to be rolled out, and that is part of driving changes not just in the way in which we use our roads but in the way in which the physical environment of driving is changed and improved to accommodate the challenges of what are often very difficult terrains to cover. How is it that funding in the budget will actually address the fatalities with a linkage from better road safety and visibility and a physical environment on the one hand with fewer fatalities, serious injuries and near misses on the other?

**Mr DONNELLAN** — Put it this way, the funding we have announced, for argument's sake, for our road safety package of \$420 million, as I was saying, 340 of that is being allocated to regional and rural areas. The specific reason for doing that is because we find 50 to 55 per cent of the people who lose their lives each year are in regional and rural areas. It is driven by where the losses of life are. That is unfortunately where it is. We have also got our \$146 million package in terms of young drivers, which is your year 10 taster course for all young drivers at the Crash and Trauma Education Centre. So we are really looking at where do we have a number of drivers and an excess number of losses of life in that particular cohort, and it is our young and our regional and rural areas. In terms of where we are putting the money in those two specific areas — \$146 million to get our young drivers better trained before they actually get on the roads. It is sort of adding to our graduated licensing scheme, which was introduced in 2007–08 and which reduced accidents and the number of deaths by 20 per cent in the first two years.

This program is very much driven by statistics and the funding will be driven by where we can see — underlying Towards Zero is we do not believe anyone should die just because they drive a car or no-one should die because they are walking or driving a bike or the like. That is the premise we come from. That is why we are also trying to humanise it. We can look at the road toll in the *Herald Sun* and it says 252 people last year, and that is just a figure. But that is why we get the TAC to do one of those wonderful ads which effectively says, 'How many people do you think should die on the roads each year?'. The obvious answer is, 'None'. But until you humanise it, you actually do not get to that point; it is just another statistic in the paper. That Towards Zero campaign the TAC is running is trying to get the message across that it is human — it is your mother, it is your father, it is your brother or sister who has lost their life and it is not just a figure in the *Herald Sun*.

**Ms SHING** — Thank you, Minister.

**Ms WARD** — Minister, just before we finish this bit — I only have a couple of seconds to go — in budget paper 3, page 53, you have the outer suburban arterial roads package. If you turn over to the following page, you have got a reference to public-private partnerships. Can you let the committee know why this model is being used rather than having VicRoads deliver this kind of work?

**Mr DONNELLAN** — When we came to government there was not a lot of planning done for duplications and the like. In other words, was it practical to get onto it straightaway? No, realistically. What this \$10 million is looking at is trying to one, look at business cases; two, look at different procurement methods to try and I think very much look at — —

**The CHAIR** — Order! Mr Smith until 3.40 p.m.

**Mr T. SMITH** — Minister, I refer you to the certification by the Treasurer in BP5, page 5, confirming that the \$1.5 billion that was given to the state by the commonwealth for the east–west link will now be used on an array of different roads projects, and given your government’s commitment on a dollar-for-dollar basis for those roads projects, I am simply asking: which particular projects nominated in the Turnbull government’s transport plan for Victoria are you going to fund on a dollar-for-dollar basis?

**Mr DONNELLAN** — I am quite happy to provide you with a letter we have just sent back — myself and Jacinta — to both Darren Chester and Paul Fletcher. I am happy to quickly read that out to you because that will clarify exactly what we have indicated to the federal government. Would that be useful?

**Mr T. SMITH** — It would be. Thank you, Sir.

**Mr DONNELLAN** — The letter states:

Dear Darren and Paul

Thank you for your productive meeting on 28 April 2016 in Melbourne in relation to the commonwealth government’s commitment to repurpose the \$1.5 billion in funding previously provided to Victoria for the east–west link project.

Further to the correspondence from the Victorian Premier and Treasurer to the Prime Minister and federal Treasurer on 18 — —

**The CHAIR** — I am sorry, Minister, could you slow down please just for the benefit of the witnesses?

**Mr DONNELLAN** — I am sorry, I was just trying to get to the main — —

**Mr T. SMITH** — Would it be possible for you to table it and just pick up on the important bits? Would that be possible in terms of time?

**Mr DONNELLAN** — Okay.

We can advise that the Victorian government will match the commonwealth government’s funding, contribution, in relation to the Murray Basin Rail project, the O’Hern’s Road interchange and the Echuca-Moama bridge. Finalising a funding agreement as quickly as possible in relation to these projects will help provide certainty to communities that will benefit from their timely delivery.

Further:

In regard to a number of the other projects in your proposal, such as the M80 upgrade, further work is required to finalise the detail and phasing of these projects, and we would recommend that our respective officials continue these productive discussions.

As you would be aware, the 2016–17 Victorian budget committed funding to deliver the western distributor project, which includes full funding of up to \$400 million for the Monash Freeway upgrade project component, which is currently out to tender. We are, however, happy to discuss how the commonwealth’s proposed \$500 million contribution can be allocated to further works on the Monash Freeway, potentially including complementary initiatives to improve the efficiency of Melbourne’s south-east transport corridor. We recommend that our respective officials also begin discussions on the scope and form of these future proposals.

It think that apart from that, the rest is just — —

**Mr T. SMITH** — Based on that, you still have not committed to funding the Monash as proposed by the commonwealth?

**Mr DONNELLAN** — We are funding the Monash; we have got a project on the go. We have not committed to delaying the project because we have got expressions of interest and we have identified three constructors we are working with on the project at the moment. The commonwealth funding is subject to a business case, so work needs to be done in terms of what the federal government is proposing or is desirous of before we could do a business case. But we will not be stopping the project we have got currently going, because this would be in addition to what we are currently proposing, which is the extra lane from East Link through the South Gippsland, and from the South Gippsland to the Hallam bypass through to Clyde Road.

**Mr T. SMITH** — Just to clarify, you are in negotiations with the commonwealth with regards to the Monash?

**Mr DONNELLAN** — Our officials are currently discussing what options may or may not be available. I think VicRoads would obviously lead that, I would imagine. Is that right, John?

**Mr MERRITT** — And we are working with the department and commonwealth officials on what the commonwealth has got in mind and what options there might be to both upgrade the freeway but also complementary roads in the precinct as well — to look at the options there.

**Mr T. SMITH** — Thank you for that. I return now to Hoddle Street quickly, and BP3, pages 38–49, and I refer to the funding notes on table 1.12 on page 38. Can you confirm — and you have made reference to this previously — what intersection with Hoddle Street will actually be built with the money that you have outlined in terms of Hoddle Street improvements.

**Mr DONNELLAN** — Three intersections we are doing visible works on — that is, Swan Street, Johnston Street and the entry point to the Eastern Freeway.

**Mr T. SMITH** — Just for the sake of accuracy, Swan Street does not intersect with — —

**Mr DONNELLAN** — Punt Road. People call it Punt Road-Hoddle Street. Yes, we had that little exercise with Brendan the other week. Look, whether you call it Punt Road or Hoddle Street, it is all pretty much the same.

#### **Members interjecting.**

**The CHAIR** — Order!

**Mr DONNELLAN** — But it will in future.

**Mr T. SMITH** — On 27 April the *Age* had an article with regards to the continuous flow system to be used on Hoddle Street, and it is to be lifted from Salt Lake City. Salt Lake City only has a population of 200 000, whereas Melbourne has a population of 4.5 million, 65 to 70 per cent of whom commute to work by car. So can you explain to the committee what the traffic density levels are for these two cities, and how the Salt Lake system will work in Melbourne, given how greater Melbourne is than Salt Lake City?

**Mr DONNELLAN** — Melbourne has got a bigger issue in relation to congestion — there is no doubt about that. But all the, I guess, trials that have been undertaken in places like Salt Lake City and other states in the USA, who are now doing it, appear to indicate that there is greater throughput by removing that right-hand turn signal as a separate signal. We are very much looking forward to seeing those improvements in terms of traffic flow. Obviously Melbourne is a bigger city. That being said and done, I guess we could leave it as it is, which is not an option. We are looking to pretty much push the envelope, very much sweat those assets as hard as we can, to ensure we get as much throughput as we can.

**Mr T. SMITH** — This continuous flow reform will require an expansion of these intersections. How many additional square metres will be required? What work is being done on land and property acquisition, and is this reflected in your budget costing? How many trees, for example, will need to be removed?

**Mr DONNELLAN** — I can definitely tell you there is no land acquisition in relation to private property, so there is no land acquisition in relation to that. Square meterage, I cannot actually tell you, but there will be improvements in relation to Batman Avenue in terms of public transport and the use, in terms of people attending events at the MCG and so forth. We will provide greater space there for people to safely hop off the train in Richmond and get across to the MCG for major events. What was the other thing you wanted?

**Mr T. SMITH** — Trees.

**Mr DONNELLAN** — Trees. I would have to come back to you on that. I did not realise we would be getting questions from the member for Kew on trees, but anyway I will happily take that on board.

**Mr DIMOPOULOS** — The Greens are creeping up on him. He needs to keep them happy.

**Mr DONNELLAN** — Okay, well, we have got some crazy alliances there is all I will say. We will come back to you on the number of trees. I am quite happy to come back to you on the number of trees. Happily.

**Mr D. O'BRIEN** — Just a couple of quick ones, Minister. Regarding the announcement this morning on the western distributor, how are you able to go to tender on a project that you do not yet have a contract with, with Transurban?

**Mr DONNELLAN** — We are seeking expressions of interest. We have had six people indicate an expression of interest. We are currently finalising the design for the project in terms of the reference design for the tender. We will complete the commercial agreement with Transurban before we actually do the final tender, which we are expecting around July this year.

**Mr D. O'BRIEN** — And a final one: budget paper 4, page 27, under 'Completed projects', it lists the Kilmore-Wallan bypass at Kilmore as completed. How is that — —

**Mr DONNELLAN** — I think that is incorrect. It is not completed, as you would be well aware. I think that is a typographical error. That should not be in there. That is wrong.

**Mr D. O'BRIEN** — So could you tell us, then, the status of that project?

**Mr DONNELLAN** — Yes, that is all right, happily. We are doing currently the planning work to get the reservation for the western bypass set up, so that is what is currently ongoing. There is planning work currently being done to get the western route set and to set aside that land. There is also some work going on — some preconstruction work in terms of roundabouts — but it is definitely not completed. What was budgeted has been completed.

**Mr D. O'BRIEN** — Yes, I was going to ask that. That was the next question. What is actually budgeted for, then, at this stage?

**Mr DONNELLAN** — I think approximately, from memory, there is about \$6 million of work which has been done to date, but I will happily come back to you on that.

**Mr D. O'BRIEN** — Just to clarify: regarding the western distributor, was the announcement this morning expressions of interest, or was it tenders?

**Mr DONNELLAN** — We will be going to tender, but there have been six expressions of interest indicated both locally and internationally. We are finalising the reference design for the project — —

**The CHAIR** — Order! Ms Pennicuik for 5 minutes.

**Ms PENNICUIK** — Good afternoon, Minister and members of the department and agencies. I would just like to turn my attention to what seems to be an overlooked part of the transport system. In the state capital program, budget paper 4, I do not seem to be able to find one new bicycle project, either commuter or recreational. In the budget overview, page 16, there is the \$9.3 million for two projects: 4.9 for the Melbourne bike share, which is a continuation of an existing project; and 1.1 million for the Westgate Punt, which is a continuation of an existing project. Somewhere else there is the 11 million for Lilydale, and that is a continuation of an existing project. So my question is: from the 9.3, there is 3.3 left over. Is that the active transport funding, which seems to be more of a consultation process than actual bike projects? Are there any new bike projects that you can point me to? Are there any new kilometres of new bike paths in this budget?

**Mr DONNELLAN** — It is actually how you categorise them again.

**Ms PENNICUIK** — I think it might be.

**Mr DONNELLAN** — No, in the sense that some of them, because they are major road projects as well, are included in the road project in terms of the key performance indicators. They are not counted twice, so the issue will be that there is work going on in terms of finishing bike lanes and the like, but they are not included as in separate projects because they are included as part of a road project. That is one thing.

Separately, we have obviously done work in relation to the Darebin–Yarra bike trail. We have used the Major Transport Projects Facilitation Act to complete that one section, which has gone through the park, which was from Sparks Reserve to Napier Waller Reserve. We have obviously got that done. That has been like waiting for the second coming of Christ — it has been a long time coming, that one, because it has been through various

governments along the way, I would suggest. Regarding the Box Hill to Ringwood bike lane, a lot of the work has been done on that — —

**Ms PENNICUIK** — That was what I meant before, sorry.

**Mr DONNELLAN** — Yes. There has been some work being done in the Blackburn area currently with the local council in relation to the north or south route in relation to that. That is also being done by the level crossings authority to complete that. Regarding the Carrum to Warburton bike trail, \$7.4 million was allocated in 14–15 to construct the missing link from Bayswater to Lilydale and so forth.

**Ms PENNICUIK** — I am waiting for you to point me to any new standalone bike projects — off-road bike paths in this budget.

**Mr DONNELLAN** — Well, we have got \$100 million being allocated, and we have an active transport unit which is currently completing our review of bicycles — —

**Ms PENNICUIK** — How much of that will be spent on actual bike infrastructure?

**Mr DONNELLAN** — Well, it is \$100 million specifically allocated to bike and pedestrian infrastructure. That is what it is allocated to.

**Ms PENNICUIK** — In this budget?

**Mr DONNELLAN** — Yes. That is a lot of dough.

**Ms PENNICUIK** — Where are the new bike paths — the separate bike paths — in this budget?

**Mr DONNELLAN** — That is the biggest commitment that anyone has ever made to bicycles and pedestrians, full stop.

**Ms PENNICUIK** — I am just seeing if you can tell me where — —

**Mr DONNELLAN** — That is the biggest commitment ever; you cannot be more specific than that. Of course we have also — —

**Ms PENNICUIK** — Where are they?

**Mr DONNELLAN** — No, no, no. We have also got bike projects obviously being done with the western distributor. We have got bike projects being done across the state which are included in road projects, which are still bike projects.

**Ms PENNICUIK** — I am asking, though, about any new standalone bicycle paths in the budget.

**Mr DONNELLAN** — I do not think they are standalone ones; they are just included as part of the other work we are currently doing.

**Ms PENNICUIK** — So parts of road projects, parts of sealing roads?

**Mr DONNELLAN** — The Cranbourne-Pakenham line upgrade will have bike facilities. Put it this way — let us be very clear — VicRoads, when it undertakes projects now, and obviously the department of transport, every time they actually undertake a project, they look at both public transport and the addition of bike lanes, so even on the Hoddle Street project we are looking at better bike outcomes for the community, better public transport outcomes for the community. So every project we actually do now is very much focused on that, whether it be — here we go — Drysdale bypass, Yan Yean Road, Thompsons Road and Bolton Street, all including new bike lanes.

**Ms PENNICUIK** — Bike lanes? I think we have got the answer to the question, which is no actual standalone new kilometres of separate bike paths that are not part of a road.

**Mr DONNELLAN** — Well, they are bike paths.

**Ms PENNICUIK** — Well, they are bike lanes on a road is what you are telling me.

**Mr DONNELLAN** — No, some of these will be off road; some of them will be on road. It depends.

**Ms PENNICUIK** — Which will be off road?

**Mr MERRITT** — I think Drysdale bypass.

**Mr DONNELLAN** — Drysdale bypass is off road. That is a nice area to ride through — lovely area, great for concerts.

**Mr MERRITT** — They will all run separate to the road system; they will not just be lanes on the road.

**Mr DONNELLAN** — No, they will be separate.

**Ms PENNICUIK** — Perhaps you can provide us with the details — —

**The CHAIR** — Order! The minister's time has expired.

**The CHAIR** — I would like to thank the witnesses for their attendance — the Minister for Roads and Road Safety, the Honourable Luke Donnellan, Mr Bolt, Dr Miles, Mr Forck, Mr Merritt and Mr Calafiore. The committee will follow up on any questions taken on notice in writing. A written response should be provided within 14 calendar days of that request.

**Witnesses withdrew.**