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**THE PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS MET
IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART, ON THURSDAY,
17 MARCH 2022**

REVIEW OF SELECTED PUBLIC WORKS COMMITTEE REPORTS

Hon MICHAEL FERGUSON MP, MINISTER FOR INFRASTRUCTURE AND TRANSPORT, WAS CALLED AND EXAMINED.

CHAIR (Ms Forrest) - Welcome, minister. Thank you for attending this public hearing into the Public Works Committee reports Nos. 27 and 28. I invite you to introduce your team. The two members of your team will need to make the statutory declaration. This is under parliamentary privilege and the evidence will form part of the committee's report. I am sure you are aware of those processes and do not need further information on that.

Thanks, minister, over to you.

Mr FERGUSON - Thanks, Chair. Good afternoon to you and your committee members. I am pleased to attend and support your questions today on the Midland Highway project. I have at the table two staff members from the Department of State Growth - Denise McIntyre, the general manager of State Roads. She is supported by Vanessa King, manager of programming and approvals.

CHAIR - Minister, we have received your response to our questionnaire and we appreciate that. I wondered if you had any further overarching comments you wanted to make before the committee goes to questions about the particular responses, and any further information that we are seeking.

Mr FERGUSON - I don't have an intended statement to make. We are just here to support the committee's questions or scrutiny or need for further information on any of the projects that you have indicated in the invitation to attend. I can certainly say that the Government is very pleased with the progress of the Midland Highway action plan. It is really delivering a safer highway for Tasmanians and now eight years into the 10-year plan with the final stages now being taken to market and substantial projects having been completed. We could not be more pleased with getting AusRAP 3-star rating on now 100 kilometres of the 150 kilometres task. We are pleased with that.

As the committee would be aware, one of the key goals of the action plan is safety so that we can, through a range of treatments, not the least of which is significantly increasing overtaking opportunities, which are much, much safer. Also the isolation of traffic in opposite directions from each other by incorporating the use of the wire rope barrier is a very specific and deliberate strategy to virtually eliminate the chance of head-on collisions. From a point of view of safety, that is what this is really all about for us.

In terms of project delivery and coming in on budget and time frames, obviously I have my subject experts here with me today. Please feel free to go right ahead and ask any further questions you may have.

PUBLIC

CHAIR - On a couple of those points you have raised, before going to more detail, and other members may have questions too, you talk about creating a safer highway, and I think all of us understand that separating your traffic and travelling in opposite directions and off-road protection will make it a difference, but how do you actually measure the outcomes of the work that is done? We know that these two projects include fairly significant intersections and things like that. How do you actually measure the outcomes of the work as against the purpose of the works?

Mr FERGUSON - Chair, I will invite you to swear in my colleagues and we will go to them for that explanation and allow them to assist with those inquiries. While that is happening, I will quickly say that the road statistics are objective and measured and very vigorously measured. It can be said very easily that from year to year the road statistics which includes death and serious injuries are very troubling for the Government and for the wider community. You can't and we wouldn't pretend to be able to lay claim to a particular target other than zero.

The simple fact is that you continue to see collisions taking place on our road network but on the Midland Highway I think that the early evidence is already that we have not had, and there have been some deaths and serious injuries on the Midland Highway, including over the life of this project. My early advice is that we haven't seen any death or serious trauma as a result of head-on collisions where we have had the solid wire rope barrier in the median strip.

Denise and Vanessa could add to my answer.

Ms DENISE McINTYRE, GENERAL MANAGER, STATE ROADS, AND **Ms VANESSA KING**, MANAGER PROGRAMMING AND APPROVALS, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED

Ms McINTYRE - In terms of crash data on the Midland Highway, as we all know one or two crashes can make all the difference to the data. What we do know is the incidents of where the barriers have been struck indicates locations and the times where serious or fatal consequences have been avoided. We have not run specific data recently on the Midland Highway, but we do know it does meet the AusRAP 3 minimum standard that we had identified as being the main target of the upgrade program and we do know where there are incidents or strikes on the barriers themselves they are a potential serious crash averted.

CHAIR - Do you have numbers on the number of strikes you have had on the barriers in those areas?

Ms McINTYRE - On the three projects we are here to discuss, we do not have a barrier at the first project; the Bagdad to Mangalore Project. We do not have any - obviously - any information about potential crashes avoided. On the next section, the Kempton to Melton-Mowbray stage one, the barrier strikes there since the implementation are 19, that is potentially 19 serious crashes avoided. On the Perth to Breadalbane section, there are 11 strikes recorded to date and potentially 11 serious crashes avoided.

Dr BROAD - In relation to wire barriers, have you got an idea of the ongoing maintenance cost? Every now and then you do see those strikes, and sometimes it is probably because a truck has a dozer on the back or something like that and they take out a few, but how much is the quantum of fixing up those strikes on the wire barrier? Is there any early data on that?

PUBLIC

Ms McINTYRE - We do not have that information to hand, but we can take that on notice for the committee.

CHAIR - I would like to follow up with that Shane by asking if there has been any work done on the lifetime cost of the wire rope barriers? We understand they are cheaper in the first instance to put in than perhaps some of the other barriers that could be used, but there is a cost with the ongoing maintenance, not just when they have been hit - of course they obviously need re-tensioning and that sort of thing then - but also over time they do need some maintenance. Has there been work done on this to actually understand what the lifetime cost is? As opposed to a more fixed barrier?

Ms McINTYRE - The fixed barriers do suffer strikes and also have to be repaired. We have only just in the last few years - since the Midland Highway strategy commenced in earnest - really rolled out significant amounts of flexible safety barrier. Again, I do not have the actual numbers for you at this point in time, but it is considered to be an appropriate safety barrier to install in specific circumstances. We look at the appropriate types of barrier to use in specific circumstances and have to manage the maintenance cost accordingly.

Mr WILLIE - How often are they inspected?

Ms McINTYRE - On a very regular basis, our highways are inspected three times a week basis.

Mr WILLIE - For every wire barrier on the Midland Highway?

Ms McINTYRE - The barriers are inspected at the same time.

CHAIR - Can you tell that just by visual inspection or do you need to actually have a tensioning inspection?

Ms McINTYRE - Visual inspection obviously indicates when there are significant issues, there will be tension inspections, but I do not have that data at this point in time.

Dr BROAD - Is there any thoughts to standardising the type of wire barrier used? There are different types used and there was wire barrier that needed replacing near Ulverstone and because it became obsolete; they could not get any more of the posts and they had to redo the whole lot. Are there any thoughts about standardising or is there a process in place to manage that risk?

Ms McINTYRE - There are only a small number of suppliers of flexible safety barrier in the country, and the standards do periodically change according to the manufacture or the Australian standard requirement at a particular point in time. Austroads are currently going through a process with regard to safety barrier assessment and accreditation in terms of installation, as well as the actual standard of manufacture. So, they will change from time to time and we replace on a needs' basis.

Dr BROAD - You don't stockpile just in case?

Ms McINTYRE - No.

PUBLIC

CHAIR - Just on that point then, we will write to you but if you are able to provide any available data related to the maintenance and other costs associated with the wire rope barriers, that would be helpful for the committee.

Mr FERGUSON - Chair, we are only too happy to do that. We will rely on your secretary to keep a record of those.

CHAIR - Thank you. Sure.

Mr FERGUSON - I will write back to you about those matters.

CHAIR - Yes.

Dr BROAD - Just one more thing. It is about motorcyclists. We have probably all heard from motorcyclists about wire ropes, especially in the media. Is there any evidence of increased risk or harm to motorcyclists in particular due to wire barriers?

Ms McINTYRE - Not to my knowledge. I think any solid object - motorcyclists are vulnerable road users and I think that - we have implemented specific different types of barriers where we have curves, for example. Where we have a significant curve, we won't put a flexible safety barrier, we will actually install the steel barrier potentially. We also have what is known as rub rails, which are also a protection specifically for motorcyclists, where we have the steel barrier in place.

CHAIR - Okay.

Ms McINTYRE - But we do acknowledge that motorcyclists generally are opposed to the barriers that we use.

CHAIR - Okay. Anything else on that at this point? Just one further question. In your opening comments, minister, you said that the 100 kilometres of the 150-kilometre task, if you like, has received an AusRAP rating of three stars. Is there an expectation that we will do better than that or is that the standard we are aiming for with our roads generally across the state, where we can make those changes?

Mr FERGUSON - Thank you, Chair. That is correct. Before this safety upgrade commenced in 2014 I seem to recall a figure of either 7 per cent or 9 per cent of the highway was AusRAP level three - 3 star, I should say. Today we have got that up to, I think, close to 70 per cent. I have indicated the number of kilometres that have now been completed with the remaining 50 kilometres going into the final stages' projects, which are in the public domain.

And the answer is yes. The objective of the Midland Highway safety action plan is to achieve three-star AusRAP accreditation for the Midland Highway. I wonder if there is any further detail you could provide on whether any of the sections could exceed the three-star rating, Denise or Vanessa? But that is the funded, agreed project with the federal government, who, of course, are funding 80 per cent of this task.

Ms McINTYRE - The aim is for a minimum of an AusRAP three-star rating. Certainly, the sections of the highway - the four-lane sections of the highway with the interchanges meet

PUBLIC

four star - a high level of four-star rating and the majority of the rest of the Midland Highway that has been upgraded would meet a very high three star, getting towards a four-star rating for some sections.

Mr FERGUSON - Could we provide the committee with a bit more detail on how that scoring system works? Do you think we could do that?

Ms McINTYRE - We could, yes.

CHAIR - Just on that point, if I might, minister. It is really because of the agreement with the federal government to the funding level that has determined the AusRAP rating that is to be achieved for these works. Is that correct?

Mr FERGUSON - I wouldn't put it quite like that. What I can say is that that is the objective of the agreed task of the Midland Highway Action Plan. That is an objective very clearly in the interest of the community, on which both governments settled when the original deed was struck in 2014 because we were faced with the situation where so little of the highway was anything above one or two stars.

Denise or Vanessa, feel free to add further. I don't think it was a limiting factor in terms of just having a three-star but that certainly was the agreed objective.

Ms McINTYRE - At the time of the original commitment, the Tasmanian Government proposed the AusRAP three-star rating as being an objective of the Midland Highway upgrade standard. It wasn't imposed by the Commonwealth.

CHAIR - So there's no barrier, pardon the pun, to aiming for a four-star rating road whenever we can.

Mr FERGUSON - That's right.

CHAIR - It would be interesting to know how much four-star rated road we have in the state as well, if you could provide that.

Dr BROAD - My question is along those lines. According to your documentation, the Perth-to-Breadalbane duplication was an AusRAP 4. As a rough guide, so we can get an idea in our heads, is it the provision of the extra lane that makes it AusRAP 4 more than anything else? That is, four lanes? Or are there other features that bump it from an AusRAP 3 to an AusRAP 4?

Ms McINTYRE - The main difference between the new highways and the existing highways is managing accesses and junctions. With the new highway there was an elimination of direct accesses onto the road. Wherever you have an access, you have a conflict point, which has an impact on the overall star rating.

Dr BROAD - More so than the additional lane?

Ms McINTYRE - It is not the lane, as such. The lane is there. It gives you increased capacity for increased volume of traffic. But the star rating is the number of conflict points you are avoiding, effectively.

PUBLIC

Dr BROAD - Also in relation to your opening statement, you talked about 100 kilometres of AusRAP 3 out of 150. I assume that part of that is because there are sections yet to be completed. In the 10-year action plan, how much of the road is going to be less than AusRAP 3?

Ms McINTYRE - Effectively, all of the 110 km/h sections of the Midland Highway will be AusRAP 3. There will be some sections that haven't been measured for AusRAP ratings because they are lower speed but generally the 110 km/h section will meet the AusRAP 3 standard.

CHAIR - Any more questions on the broader topics from members?

Mr FERGUSON - Chair, we have taken a few questions on notice in relation to AusRAP. What we will do when I write back to you is supplement that with any further detail, including those other questions from Dr Broad and others. If there is more to add, I will do that.

CHAIR - Thank you. I will go to some comments in the response you provided to the committee, under Criteria 2 for the Mangalore-to-Bagdad Stage One. This is under 'where there any variations to the project contract'. I note in the comments you have said: 'The design phase and associated community consultation was constrained by time.' Then, when I went to the Public Works Committee Report, it talks about a significant amount of consultation had occurred. On page 10 of the Public Works Committee Report it says:

The committee was informed that a significant amount of community consultation had taken place and the number of changes to the project design were incorporated to address the majority of issues raised by affected residents.

I'm trying to get some clarity around this one comment in your response. It says 'some of the design phase and community consultation was constrained', but the committee is saying there was plenty in relation to some, if not all, aspects of it.

Ms KING - I think part of that is that the amount of time we spend on community consultation never seems enough. We can do a substantial amount, we might say we've done a substantial amount, but we always feel like we need to go longer.

CHAIR - Your response goes on to say: 'This contributed to some important issues not emerging until the construction phase.' What were the issues that emerged during the construction phase related to?

It does note that poor ground conditions were also encountered, which maybe the additional soil testing picked up. I don't know. I'm not the road engineer.

I am interested in what the constrained community consultation then contributed to important issues not emerging. What were they?

PUBLIC

Ms KING - Some of the things in relation to, particularly the variation works that we're talking about here, included sorting out some issues on the footpath and the bus shelter that we may have been able to sort out earlier. That's a community issue.

Other variations we had on property and side road access adjustments, particularly the property access adjustments, were fencing changes for some property owners and changes to accesses, so changes to driveways for property owners.

We find that sometimes it is hard for some property owners to visualise some of the impacts of the projects until we're on ground.

Other times, we find that we are getting changes because perhaps we could have spent a bit more time with the property owner during the design phase. Sometimes more time spent with the property owners might have sorted out a fencing issue before we went to tender. That is a time, perhaps, when more time might have prevented a variation.

Other times, with those fencing and access changes, we believe we've spent appropriate, considerable time with property owners and still we are making changes during construction. That's often because it is really hard to visualise what this is actually going to be like in the end. Therefore, when we're in construction, people say: 'Oh, no, hang on. This isn't going to work for me. Can we have a change?'. We work with the property owners during construction to make sure that we are resolving their issues to the appropriate level.

CHAIR - On that point, are there set times for consultation? Obviously, when a project is first put out there and around the time the Public Works Committee looks to see if there is another point where the public can have input. You mentioned sometimes during the construction phase you have to re-engage with the community because these matters become apparent. Are there fixed points or is just a bit of an ad hoc, as needed approach once the initial consultation has occurred?

Ms KING - The stakeholder engagement process is customised for each project so it's neither a formula nor ad hoc. They're planned. We write a stakeholder and community engagement plan at the start of projects. That is our current process. We weren't as strong on that at the time of these projects, I would accept but our current process is that we write a stakeholder community engagement plan at the start. That is a customised plan to that project and those plans and the implementation of those are reviewed during the projects because, obviously, at the start of the project we try our best to predict the community response to the project. Of course, the community actually tells us what they actually think and then we listen and respond and adjust to that.

It is worth noting while thinking about stakeholder and community engagement that you can think of the involved or affected people largely as two groups and they don't necessarily have the same goals. The road users and the road users can be different types of road users - heavy vehicles, motorcyclists - so the road users are one stakeholder group. Other stakeholders are the people who live and work immediately adjoining the highway and they often have a different perspective as well.

In talking here about the property accesses and the fencing, for example, I am talking about the people who are the property owners immediately adjoining the projects.

PUBLIC

Mr WILLIE - On that, Chair, there is a former service station on the Mangalore section and they have a sign in the window saying: This was ruined by the state government. Was that an access issue that couldn't be resolved?

Ms KING - There is some considerable complex history associated with that particular site and I think it might be better if we responded to that separately.

Mr WILLIE - Right, separately?

Ms KING - I am trying to make sure that I protect individual privacy and don't give you an off-the-cuff response.

Mr WILLIE - That sign is on display. It is very public.

Ms KING - Yes, it is but -

CHAIR - Do you want to provide that information to the committee in camera? Is that what you are requesting?

Ms KING - My understanding is that there's no option to provide information in camera.

CHAIR - Yes, there is. We'll do that at the end. We'll go through all the other evidence first and then we'll turn off the broadcast. We will remove everyone from the room who is not relevant to the hearing and then we can take that in camera.

If you are happy to do that we can do that later.

Ms KING - Yes.

CHAIR - I will come back to that, Josh.

Mr WILLIE - I also have some other questions about that section of road.

CHAIR - If they are public questions.

Ms KING - Just for clarity, that Mangalore section is not one of the projects we're talking about today. Obviously, we're talking about the whole highway but specifically those documents in front of you refer to - Mangalore to Bagdad stage 1 is the Bagdad section which is the northern section.

Mr WILLIE - Yes, okay.

CHAIR - Other questions, Josh?

Mr WILLIE - Just in terms of the unanticipated poor ground conditions and water. Kempton is a pretty dry place but what sort of testing is done and how rigorous is that? How often does this happen where there are unanticipated ground conditions that you have to deal with?

PUBLIC

Mr FERGUSON - Vanessa, for completeness. The largest single outstanding unanticipated cost variation there was due to a water main that hadn't been documented by the water utility going back goodness knows how many years. So, Vanessa, if you could provide a full answer in countering both of those matters.

Ms KING - We put quite a lot of time, effort and a proportion of the design money into geotechnical testing and we are constantly opening up the ground and going, 'oh'. We prevent a lot of problems through early knowledge by doing that geotechnical testing and that engineering analysis before the project starts but it is also extremely common. As I said, you take the top off the road, have a look under it and go, 'Oh, that's wetter; that's drier; that's harder; that's softer than anticipated'. It's simply a consequence of working in the ground. We do what we believe is our best to manage that risk by getting undertakings, informed, intelligent geotechnical testing and analysis and we are constantly surprised.

CHAIR - Just on the water main which was unanticipated that needed to be relocated, we know that records are not really good in some of our councils because they were the original developers of these facilities. Is there any way of reducing the risk of this? It is a problem for quite a lot of people doing general works too. I am sure they will know now where one is. Where does it go from there?

Ms KING - It is a nationwide problem. Austroads are doing some projects on service relocations for road projects at the moment, trying to address it at a national level. There is not a lot of consolation in knowing that everybody struggles with this but everybody struggles. One of the keys is good data collection, good systems and the funding to run the systems and good communication between departments and service authorities, between infrastructure owners and asset owners. From a pragmatic implementation level that is what I see. Denise, anything more strategic?

Ms McINTYRE - No. I agree. It is a universal issue.

CHAIR - I seem to have lost the visuals. Can you see the room, Shane?

Dr BROAD - It is coming and going. I had a question about that. Who bears the cost of those unexpected ground conditions? Is it purely coming back to government or does the contractor or the people who assist wear any of that?

Ms KING - We operate under Australian Standard 2124 contracts which are a particular Australian Standard contract conditions and those contracts include a concept called 'latent conditions'. A latent condition is a condition which occurs on the site. I am slightly paraphrasing. The words won't be exactly right but I am pretty close: a condition which occurs on the site which could not have been reasonably predicted by the contractor at the time that they tendered it. So, the fair and equitable -

Mr FERGUSON - It would be a latent condition, wouldn't it?

Ms KING - Potentially. We have contractual discussions and more about these from time to time, if there is something on the site which a reasonably informed tenderer could have reasonably known about at the time that they priced it, that is their problem. If they could not have reasonably known at the time they priced it then it is the principal's problem and the Crown is the principal on these contracts. Does that help? I can give you examples.

PUBLIC

Dr BROAD - Maybe an example would help.

Ms KING - An example of one that is in the Perth to Breadalbane project was that an asbestos dump was discovered under the ground when the project was underway. No reasonable person would expect that there might be an asbestos dump under the road. That is one that is a latent condition that is on the Crown.

Another situation where you might find asbestos might be that if a contractor is demolishing a 1950s house. Because asbestos is legislated if we were the property owners we would have an asbestos register. Even without an asbestos register, an informed, competent contractor working in their field of experience would look at a 1950s house and go, you know what might be there, we are going to have to watch out for asbestos. At the time of tendering a competent contractor would say, you haven't told me there is asbestos here, I am assuming there is not, because it would get named up. Does that help clarify it? It is what is reasonable. The risk is born by the party who has the best chance of managing it. We have the best chance of understanding what is under the ground before we dig it up. If it is something where contractors, that the reasonable person would expect they could predict was going to happen, that was going to be in the ground conditions then they wear the cost of it. There is a lot of contract law on that.

Mr TUCKER - For something that has not been included in the report we have done so far with the Perth to Breadalbane section. That was a brilliant piece of engineering because we dug a hill away, dug a dam and built a road. Is that one of the positives that came out of some of these tenders that we can benefit from?

CHAIR - Is that Perth links?

Ms KING - Yes, the projects tabled today are some of the quite early ones because they went to the Parliamentary Standing Committee on Public Works in 2015, a long time ago now. This Perth to Breadalbane is that first section of duplication and the section you are thinking of is what is described as Perth Link Roads project which also went to the Public Work's Standing Committee, but at a different time.

Mr FERGUSON - It is a fair question, if I may respond to Mr Tucker, I think I would answer it this way. It was a design and construct contract and it could be said, and it is a fair comment. The winning bidder on that job thought creatively about how they could solve a range of problems by the use of the spoil from the dig out and were able to come up with some innovative opportunities to create the dam, as you mentioned which was in favour of the landholder with whom they needed to negotiate the use of fill.

In a way it was a creative solution that helped solve a number of problems including getting landowner cooperation for a major bypass running through their property. That is the sort of thing we would like to encourage in the future. When you have a competitive process where contractors are hungry for the work and they want the work, they are looking for interesting ways to, first of all, bring in good value for the taxpayer, whether it is a low price or offering some additional benefits that might help solve some of the Crown's problems.

PUBLIC

Mr TUCKER - Also with taking all those trucks off the road, it would have been a huge safety issue for the state. Removing that traffic and the congestion and pressure on our roads with doing that was a huge positive.

Mr FERGUSON - Yes.

CHAIR - While we are on the Perth to Breadalbane duplication which I know is not the big clover leaf and fancy thing, I still nearly miss the turn off to the north-west coast every time in the dark. It seriously needs more lighting and signage.

Mr FERGUSON - We will have to do a neon sign for that one.

CHAIR - I have ended up in Perth more than once.

Mr FERGUSON - We need a Circular Head sign there.

CHAIR - It needs a bigger sign where the road comes off. The problem is it dips away and you cannot see it. In this project we are looking at of the Public Work's Committees assessment and approved budget, the actual project delivery or expenditure was significantly less. That is a great thing in many respects, because you have money to use somewhere else on the Midlands. That is fine, but does that perhaps indicate there is a bit of fattening been put into the contracts? It is commendable it was brought in under budget to such a degree. Are we seeing on other jobs a bit of extra fat being put in where it is not really needed?

Mr FERGUSON - I will invite the experts to respond here. It is worth noting we are expected by the Commonwealth on projects that have Commonwealth funding to deliver up robust P50 and P90 estimates and then work to those numbers. I will leave it to Denise and Vanessa to discuss with you how robust they are and how they are arrived at.

Ms KING - To clarify, the budget number we go to the Parliamentary Standing Committee on Public Works with is not a contract estimate. It is a project estimate, so it includes our estimate for what the construction will cost. Also, the design and engineering, including the geotechnical and other investigations, including land acquisition where that occurs and including service relocations - moving power poles, moving water mains and other things. The estimate - and it is an estimate - is at the time we go to the Public Works Committee. The other really key component of that estimate is what are called contingencies. Contingencies are owned by the department, not the contractor, and the contract prices - what we pay the contractor - is a publicly tendered competitively bid amount. Whether our estimate is accurate or inaccurate, what we pay is a tendered commercial amount.

CHAIR - That is helpful to understand and worth knowing.

Ms KING - In terms of the estimating on this project, looking back we can see the estimating was conservative. The estimate was in the order of \$60 million and we delivered the project for around \$40-odd million.

Mr FERGUSON - \$61 million and \$44 million.

Ms KING - Thank you. We can see there yes, that estimating was conservative. At the time we went to the committee, there were a number of risks we were very concerned about in

PUBLIC

the project - several of which did not eventuate to the full extent we thought they might have. Fundamentally, it did not turn out to be as expensive as we thought.

I would describe that project as an outlier.

CHAIR - It did seem to be quite a difference.

Ms KING - Yes. We are not commonly delivering projects for two thirds of the estimate.

Dr BROAD - What were some of those risks identified but did not come through?

Ms KING - We had potential federal environmental referral and approvals and the federal Environmental Protection and Biodiversity Conservation Act 1999 can be triggered by our works through impacts on flora or fauna. While the key project cost impact of an EPBC Act referral is not so much the direct cost of doing the science and writing the report, although that is a not insignificant professional services cost, the main cost on projects is it means we go to tender a year or two years later than we had intended and, therefore, we pay more for the project through natural inflation and escalation and there was an allowance for costs associated with that.

Depending on what is going on with the flora or fauna that is affected, there may be reasonably significant costs in either redesign, such as having to design around a section which might make the road construction itself more expensive. There are several flow-on costs. In this case, we were able to manage the environmental impact of this project and not have an EPBC referral. So that was money we were able to not spend.

The tender price at the time that we were estimating the project, there was considerable uncertainty about the capacity in the Tasmanian market to undertake some of these projects. When the market is very hot, very busy, prices go up and not down. We had a considerable allowance in there for the impact of market conditions.

We also had considerable allowances for how construction staging might impact the tender price. It is not only the work the contractor has to do to work on the road, it is how they stage it and can they be efficient. Or do they have to stage the works in a way to do things like manage traffic flows, that means that it is a slow build. If it is a slow build, it is a costly build. We had some - and the public utility relocations too - as we now realise, we had some conservative allowances in there for some of that work. They were the main things we thought might be extraordinarily expensive and turned out to be better than we hoped, better than we had planned.

CHAIR - So essentially, when that happens, the money - not that it is actual money, it is an estimate, I understand that. It does mean that it does not disappear, the capacity to spend that money is moved to other projects and their planning and estimation process. Is that correct?

Ms KING - Absolutely, so the Midland Highway program is a 10-year program as we have talked about. Any money that we do not spend on one section of the highway goes into another section of the highway, because we manage it at a program level to that upper cap, yes.

PUBLIC

Mr WILLIE - Do you have a preferred list of contractors? If you have a contractor that is able to deliver for two-thirds of the price, do you look favourably on them in future tenders?

Ms KING - No, our tender assessment criteria are published in the tender documents. When we release a tender document it lists the assessment criteria and the weighting for those. All the tenderers know how they will be scored and how they will be assessed. The criteria include price, commonly a team and a methodology. There is a local benefits test in there. There have been times when the department has used a track record score, but we are not currently doing that.

CHAIR - Any other questions, members?

Mr WILLIE - I guess a follow-up question is that price is obviously the one that is weighted more heavily than the others. What about the local content? How heavily is that weighted?

Ms KING - At the minute it is 20 per cent or has it gone up to 25 per cent?

CHAIR - I think when you have addressed that criteria about the extent to which the project utilised local contractors, there are some things that local contractors can't actually deliver. Is that true?

Ms KING - Yes, that is right. There are a few specific skills that the contractors need to import, one of those currently is the accreditation for the final testing of the flexible safety barrier. There are businesses in Tasmania which install the barrier, but the final testing and certification often requires someone to come in from interstate.

As Denise said earlier, Austroads are looking nationally at programs involving that accreditation and testing. That is a topic of interest to the broader industry. Almost all of the people are Tasmanian based, typically, and specially on these projects. Of course, that means that they live in Tasmania, they pay Tasmanian rates, they get their haircuts here, they buy their Weet-Bix here. The people are almost all Tasmanian with the exception, as I said, of the occasional very niche skill sets.

There are some materials obtained from interstate and those are materials that are not manufactured in Tasmania. Any petrochemical inputs, bitumen for the sealing, fuel for equipment, it is clearly not manufactured in Tasmania. Steel products commonly come from interstate so that can be the flexible safety barrier, clearly that is a steel product, but also things that you see, the signs. Those are often manufactured interstate and often the reinforcing for the concrete in bridges and culverts comes from interstate.

Much of the purchasing of those interstate products comes through local distributors or locally-owned businesses. The signage firms tend to be Tasmanian firms but they purchase the signs from interstate, for example. The bulk materials for us come out of Tasmanian quarries.

Mr TUCKER - You mentioned there about the wire rope being tested by someone from the mainland. What happens when someone runs into that wire rope? Do we have to get it re-tested?

Ms KING - I don't know. I will take that as a question on notice.

PUBLIC

CHAIR - Meg, did you have anything.

Ms WEBB - Not at this stage, thank you.

CHAIR - Thanks for that information. It has been helpful to give some more flesh to the responses you have provided to us. Does any other member have any other question related to these two projects they wanted to ask?

Mr WILLIE - Only *in camera*.

CHAIR - That is fine.

Dr BROAD - In relation to the Melton Mowbray to Kempton stage 1, I know there have been a few issues with the Highland Lakes Road intersection with the Midland Highway. Was that part of that stage? The question is are you happy with that intersection? If not, what is going to happen with changes or upgrades to improve the safety there?

Ms KING - The Kempton to Melton Mowbray stage 1 project did include the Highland Lakes Road intersection. There has been one fatal crash and one serious crash at that intersection since the project has finished. In respect of the fatality, the coroner's report states that:

I, the Coroner, do not consider that anything about the manner in which the road was constructed caused or contributed to the happening of the crash.

We take fatalities extremely seriously. We also contribute to coroners' inquiries from time to time when there are deaths on our network and we take the findings of coroners' reports very seriously also. In this instance the coroner's determination was that the road did not contribute to that sad fatality.

Dr BROAD - Does that mean you are satisfied with the design?

Ms KING - We don't currently have any concerns about that intersection.

Dr BROAD - I think you have made some changes with the signage, is that right? You might have moved some of the signage that was blocking sight lines?

Ms KING - Yes, we made some slight modifications to signage and we improved the extent of our vegetation management adjoining that intersection also.

CHAIR - Thank you for your indulgence in going outside the actual remit of the committee right here. We do appreciate that and in the nature of that I think members are happy with us going into a separate committee meeting to discuss taking that bit of evidence *in camera*. Can members indicate to me that they are happy to do that?

Okay, thanks. We will stop the broadcast.

[IN CAMERA HEARING COMMENCES]

PUBLIC

CHAIR - We will end the private part of the hearing so I can wrap up and thank you for your appearance. We have to turn the broadcast back on for that.

[PUBLIC HEARING RESUMES]

CHAIR - In terms of closing out the hearing, thank you for your time, minister and for your staff. It is helpful to have more background and detail on these projects. We crossed over to some of the connecting projects, but it is, as you said, a 10-year-plan for the whole highway. I am sure we all have our views on how it is going. Thank you for your time.

Mr FERGUSON - Thanks, Chair. I will thank the committee in response. I think these projects actually bring our state together. There are very few instances I am aware of where different MPs divide on these issues. We basically have a consensus around safety and the need for an upgrade of our legacy issues on our state road network. From our Government's point of view, we are really grateful for that. Legislative Council, Labor, Independent, not so much the Greens as they would slash the budget and they have said so. Largely, there is a lot of consensus around the need for these projects and we are very grateful for the support. We are happy to also get back to you to the committee through you, Chair, in relation to those questions I have taken on notice today. I hope those answers are useful for your committee work.

CHAIR - Thank you. As a regular user of the Midland Highway, as are other members of our committee, we do see what happens on it and wire rope barriers have saved my life more than once. One of those interactions would have been a head-on collision. It is a totally uncontrolled situation we can do nothing about but the wire rope barrier was there.

Mr FERGUSON - It is feedback we receive from time to time. I did write to all MPs, six-to-eight months ago about wire rope barriers so we do, to Dr Broad's earlier question, the best possible information provided to members and we can respond to those emails we are getting. These include ones from the motorcycle peak bodies. It is what it is and we are certainly working hard to make the highway safer for all. Thank you.

CHAIR - Thank you.

THE WITNESSES WITHDREW