

**THE PARLIAMENTARY STANDING COMMITTEE ON PUBLIC WORKS MET AT
THE COUNCIL CHAMBERS, SCOTTSDALE ON THURSDAY 16 NOVEMBER
2006.**

**LILYDALE TO SCOTTSDALE, HURST CREEK TO OAK DENE ROAD - ROAD
DEVIATION**

Mr JOHN MARTIN, GENERAL MANAGER, DORSET COUNCIL WAS CALLED,
MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR (Mr Harriss) - Welcome, John. Your written submission was circulated to us so we have had that for our consideration. We will be happy to hear from you in support of that submission, if you would like to lead that, and then we will ask you some questions.

Mr MARTIN - Thank you, Mr Chairman, for giving me the opportunity to speak to you. As I indicated, I have a previous engagement in Launceston. You have a copy of our submission. Basically, council sees that the proposed works are an extension to the previous reconstruction project, which a parliamentary standing committee looked at in 2004, therefore our submission contains the same submission that we put to you then. There are a few comments that are now probably a bit out of context because there have been some road works, but generally the principles that are espoused in that submission to you are still exactly the same. It included two other attachments: one was the section out of the proposed pulp mill, pages 5-7 - our submission to the RPDC; and pages 3-6, which is a submission to the recent court hearing by Pitt and Sherry, by Mr Brian Williams, which we believe is a relevant factor as well. Basically overall council believes that all this information continues to substantiate the continued upgrading of this road for the future of north-east Tasmania.

I will not go into chapter and verse because you have a copy of the submission, but I will emphasise that the objectives on page 4 of the north-east Tasmania study that was carried out by GH&D - to upgrade the Lilydale Golconda Road corridor to a category 2 road, from Scottsdale to Launceston - are still as important today as they were then. All of those reports that have been done over the past two decades continue to substantiate the need to upgrade this important road link into north-east Tasmania.

On page 5 of our submission we refer to the fundamental issue of improving economic and social development in the north-east. We believe that it has been hindered by not having this major road access upgraded up here, and that is why we have been pursuing Federal and State government funding for many years to try to upgrade this critical road link. With the loss of North East Rail, it has added impetus for freight tonnages onto this roads and other roads into the north-east. I digress a little, even though the recent newspaper articles about Auspine and the resource security in that area are obviously of major concern to this municipality, to our council and the community, obviously one of the costs in transporting timber to and from those mills in Scottsdale is a major economic cost to those companies. The lack of upgrading of this particular road also is an impost in that area.

You are well aware of the closure of Simplot some three or four years ago. Whilst that was not the only reason, that was one of the reasons for the closure of that factory. There have been other agricultural industries up here in recent times. The subsidy that is provided by Simplot for potatoes to Ulverstone from this area will cease this year. Any potato contracts that are cut back obviously are cut back in the areas that are furthest away from the Ulverstone Simplot factory, so the north-east will be one of the first to suffer in that regard. With the recent cutbacks in poppies, even though there has been some improvement in that area, the major area of the State that was detrimentally affected was the north-east of Tasmania and hops have also been affected. There has been a big downturn in the hop growing industry up in this area. At the end of the day, one of the major factors contributing to the downturn in these industries is the cost of freight between here and the areas where they export or take their products to market.

Quite apart from that, there are the travelling and the safety implications between here and Launceston for residents, schoolchildren and those types of people, who are at risk, in our view, because these roads have not been upgraded over past years.

The pulp mill submission that we put together, particularly the transport sections, illustrates that the north-east traffic will increase in terms of timber tonnages to Bell Bay and other areas into and out of the north-east over the next two decades. Whether there is a pulp mill or not, the timber tonnages are estimated to increase on a statewide basis from \$4.3 million to \$7 million tonnes from Gunns' own figures. We estimate that up in this area at least \$1.2 million tonnes are carted across council and State roads per annum and whilst most of them will go down the Bridport main road and across Flinders Highway to Bell Bay, a lot of them go down through the Lilydale-Golconda Road and other roads. These roads are not currently upgraded to take B-doubles and even the B-double route, the Bridport main road, is still not upgraded to take B-double standards.

Whilst there has been some work since 2004, particularly out here at the intersection and the western approaches into Scottsdale, more still needs to be done. Therefore we see this project as a continuation of work that needs to be carried out up here and further funding will be pursued by this council to achieve that goal for our community at the end of the day.

Information that has been presented is, I think, is reasonably straightforward. Council have also taken up the issue of roads in Tasmania on a regional and statewide basis, mainly because of their concerns about this area but there are many other areas in the State where we are pursuing road issues. I just mention for the committee's information that there will be a statewide roads forum in February next year as a result of those representations which we have been making to local government across the State. We are working in conjunction with the Department of Infrastructure to try to achieve some improvements not only in this area but also in other areas of the State.

I think, Mr Chairman, those comments are reasonably straightforward in relation to this project. The other attachment which we have attached is some information that was presented to the court in relation to the intersection of William Street and Golconda Road by the Department of Infrastructure and that continues to emphasise the main recommendations of the North East Tasmania Access Study and the upgrade of this road for the future of north-eastern Tasmania. I am happy to answer any questions.

CHAIR - Thank you very much, John. Questions for Mr Martin?

Mr HALL - Mr Chairman, thanks to the general manager. I understand the frustration of the people of the north-east with road access. Just as a matter of interest, given that we approved the previous project has there been any feedback to the council from people on the north-east on that particular piece of road that was approved and done?

Mr MARTIN - The previous project that was approved was challenged in the court by businesses in the community because the previous project included cutting off the access from William Street onto Golconda main road. So unfortunately we have had about \$6 million to \$7 million worth of roadworks up here that have not been celebrated as they should be. It has obviously been a major improvement to that area, particularly in relation to the dangers that were associated with the dams. Once it is opened, it will be an important part of the access into Scottsdale. The intersection needs to be constructed. Graeme and the people in DIER are currently putting together the options, the engineering drawings that are required, to put that intersection in, roughly where it currently is now.

It is a most unfortunate series of events in relation to how it unfolded. Be that as it may, a court decision has been made; no appeal has been made to the Supreme Court, even though we believe there were justifications for doing so. It created a lot of community conflict and division in the community about whether it should or should not go ahead. There were pros and cons and at the end of the day the council's view, and the department's view I believe, is that we need to put that access in. The council will continue to press for more funds to upgrade the rest of the sections between the end of this section and Lilydale.

Mr HALL - Thank you.

Mrs NAPIER - As I understand it, the Lilydale-Golconda road still belongs to the Dorset Council. What process is there in relation to the handover of that road? Is it envisaged that there will be an exchange of roads, and which roads?

Mr MARTIN - The council signed a partnership three years ago with the State Government in relation to various matters. One of them was to continue progress on discussions on the transfer of the Lilydale-Golconda road to the State, because it was seen as the major regional route into north-eastern Tasmania. I refer to Mr Williams' comments on page 5 of the handout you have been given: that DIER should adopt the Lilydale Main Road and Golconda Road as the primary access into north-eastern Tasmania. The fourth point on that page is that DIER should take over the management and funding of the Golconda Road, as it would become a State road when upgrading was complete.

They are DIER's words. We think that that is still applicable. We believe there has been a reluctance on the part of some people in DIER to further discussions on the transfer of the road. As a result of the court case, there may well be further reluctance to take it any further. But that is not for me to say. The partnership agreement expired in October 2006. We envisage putting similar clauses in to progress it further because there has not been much progress, in direct answer to your question. We believe that this road, being

the major regional freight route and commuter access into the north-east, should be a State road. So we will be pursuing those things further on a continual basis.

Mrs NAPIER - So when the new section of the Listers Lane component is opened and used, who is responsible for the maintenance of that road? Dorset still, or the State Government?

Mr MARTIN - Until such time that it is taken over by the State Government, legally Dorset Council will be.

Mrs NAPIER - What is the view of council in relation to what the time frame should be? Is it envisaged that once a section of upgrade has been completed, that the State would take over that section, or is it your understanding that the State Government would prefer to complete the full upgrade? I think 2017 was the original date by which the upgrade might be done. I do not think any of us believe that that is going to happen. What is your understanding; will it be section by section or the whole road?

Mr MARTIN - We would hope that as soon as the sections are completed that they are taken over by the State but no agreement has been reached on that. Because of the long time frame involved, which you mentioned, if we wait until 2017 obviously there will probably be maintenance implications and those types of things. The sooner the road is recognised as a major regional transport or commuter route into the north-east and is taken over and transferred by whatever agreement between council and the State, the better.

One of the other reasons I say that is because of the court case. One of the reasons for confusion, if you like, was the question of who was responsible at the time to do the advertisements in relation to road closures and those types of things. It was not until the road actually started to be constructed that there started to be some opposition. Then we discovered that there needed to be some road closure under the Tasmanian Local Government (Highways) Act, so really those processes should be undertaken before the planning processes. As soon as someone has full control and responsibility for it, which is currently council, I think the better that the works will be undertaken. Registering of requirements that need to be undertaken can then be handled better than they probably have been in the past.

Mrs NAPIER - Are there current discussions going on between Dorset and the department about progressing that?

Mr MARTIN - We have had some discussions with the department and we are looking forward to progressing them as quickly as possible.

Mrs NAPIER - Is there any commitment by the State Government to do that?

Mr MARTIN - There has been a commitment by the State Government to progress discussions.

CHAIR - Following on from that matter, can I come back to the partnership agreement, John, where you said that that has expired; what is the process to reactivate that?

Mr MARTIN - The Premier has written to us asking us whether we wish to enter into a new partnership agreement. We have written back and resolved that we would like to enter into a new partnership agreement, so the process is in train now to formulate a new partnership agreement with the State Government.

CHAIR - I think the matters Mrs Napier raises with regard to responsibility ownership, if you like, of the various roads is a major matter when it comes to getting it right so that you do not have a repeat of what has happened at the end of this.

Mr MARTIN - Absolutely, Mr Chairman, I could not agree more. That is why I am saying that the sooner the State recognises that this is and will be the future main route access into the north-east of Tasmania and takes responsibility for it I think the better off everybody will be.

Mrs NAPIER - I am aware of some correspondence and discussions occurring between yourselves, the minister and the head of department. There was some discussion as to whether this road that all these studies have been done on, the Lilydale-Golconda Road, would in fact no longer be considered as the agreed north-east access route, and many studies have been done and they have said that this is the north-east access road route. Is there now an agreement between the State Government and the Dorset Council that this remains the north-east access route?

Mr MARTIN - No agreement has been reached. The reports that I refer to are the reports that have been undertaken by DIER themselves where they clearly indicate that this should and will be the main route up into the north-east of Tasmania. Unless there has been a change of heart by DIER, we would take that on face value as it has been given by themselves in their own reports. The progression of road transfer to ownership by the State should take place as soon as possible.

Mrs NAPIER - For the record, Mr Chairman, I note in the Dorset Council submission that there is a 1987 study, a 1988 study, a 1993 study, a 1998 Roads of North-East Tasmania study, and a 2002 Frankford and Birrale Main Road Strategic Study, a 2001 North-East Tasmanian Access Study, a 2002 North-East Tasmanian Access Study by GH&D, and a 2003 Northern Tasmanian Integrated Transport Plan, stage 1, all of which refer to the Lilydale-Golconda road as being the preferred north-east route.

Mr MARTIN - Yes, and further to that, there are all the court documents in 2006, and this report by Pitt and Sherry indicates exactly the same thing as was just discussed.

Mrs NAPIER - Did you have that in the record?

Mr MARTIN - Yes.

Mrs NAPIER - Is the council quite happy with what is proposed in terms of the design of the road?

Mr MARTIN - Yes, I believe we have no objections to that. It will probably have to go through a planning process. The permit has already been issued for it - to permitted use within a road corridor as part of the works that we have been aware of for some time. We are more than happy.

Mrs NAPIER - Who will be responsible for those parts of the road that have been excised by the small bypass in this? Who will be responsible for what is currently the Lilydale-Golconda Road, including the new connector to the Oak Dene Road?

Mr MARTIN - Dorset Council.

CHAIR - As you currently are?

Mr MARTIN - Yes.

Mrs NAPIER - What are the annual maintenance costs on the Lilydale-Golconda corridor for Dorset Council to date?

Mr MARTIN - I would have to provide those to the committee. I do not have them at my disposal today.

Mrs NAPIER - On an average?

Mr MARTIN - I think it is 19 kilometres. I can provide them to you.

CHAIR - Thank you.

THE WITNESS WITHDREW.

Mr GRAEME NICHOLS, PROJECT MANAGER, DEPARTMENT OF INFRASTRUCTURE, ENERGY AND RESOURCES, WAS CALLED, MADE THE STATUTORY DECLARATION AND WAS EXAMINED.

CHAIR (Mr Harriss) - We have had your written submission for a while now and members have been able to familiarise themselves with it. Following that, the site visit has given us further insight to the project. With that, we are happy to hear your verbal evidence and questions will follow from that.

Mr NICHOLS - I will just go through this and highlight the parts as there are a few things that have changed. The first stage that you heard about a couple of years ago has substantially been built, apart from the issue of the Golconda Road-Listers Road junction, and I showed you the new design for that whilst we were outside having our tour.

The next section, which is called stage 2, is the subject of this report. The project objectives are to replace sections of the existing road that are considered to be substandard for the existing traffic movements, improve safety for road users, improve the road geometry between Hurst Creek and Oak Dene Road, and reduce travel time, which will be not substantial but a slight improvement.

Project justification is improved safety for this section of the road and to consolidate Lilydale-Golconda Main Road as the major strategic freight and commuter transport link into the north-east. The safety improvements are: bypassing a section of the existing Golconda Road that has relatively poor geometry; a number of accesses and junctions with substandard sight distances; widening the traffic lanes, particularly on curves, to allow for tracking of heavy vehicles within the lane; provide 3-metre lanes with a 1-metre sealed shoulder to provide a minimum of 8-metre sealed width across the road, as per stage 1; and provide a substantial junction at Oak Dene Road with a right-turn slot.

The existing road is fairly poor over this section of Golconda Road. The Golconda Road corridor was established in the North-East Tasmanian Access Study report as the preferred freight and passenger access route between Scottsdale and Launceston. The route is the most beneficial economically, while minimising social impacts. Golconda Road in this area provides local access to the communities at Lietinna and Scottsdale and is an important connection to Bridport main road through Listers Road or lane. There seems to be a bit of debate - it is known locally as Listers Lane but on all the maps it is known as Listers Road.

A road safety audit was undertaken as part of the NETAS corridor study and found the following: horizontal vertical alignments on the section of Golconda Road create a variety of safety issues; the width of traffic lanes is generally adequate for light vehicles only; a number of the side roads and property accesses are gravel and have insufficient sight distance; there is insufficient drainage in a number of locations. The traffic volumes at present are not huge. There are 1 103 vehicles per day and of those 11.7 per cent are trucks. Of all vehicles, 3.6 per cent are semitrailers and 0.06 per cent are B-doubles.

Mrs NAPIER - This is year 2000 data, isn't it?

Mr NICHOLS - Yes. There would be a growth factor on that. I do not think there would be huge growth in those figures. I don't have up-to-date figures.

There have been four crashes on the section of road between Oak Dene Road and Listers Road over the past few years, three of which have been more substantial crashes.

You are fairly familiar with the roadside. There are no sites of Aboriginal cultural heritage value; there are no sites that have been identified as having historic value. There is a summary of the botanical values. There is some black gum forest down near the Brid River that we are going to impact on. It is probably worth noting that no plant species of conservation significance were recorded from the project area. Equally, it could be habitat for a number of species but we haven't identified those particular species in the area. It does not mean they do not frequent these areas but we haven't found them.

The proposed works involve 1 kilometre of new highway at the western end and will match into the existing road at Brid River bridge and the eastern end of the works will match into a section of Golconda Road which was previously upgraded as part of stage 1.

The section of Golconda Road which we are referring to as old Golconda Road will link into Oak Dene Road and access the new section of Golconda Road by the Oak Dene Road junction. So Oak Dene Road will be reconstructed by the dedicated right-turn lane on the highway and Oak Dene Road will be widened at the bottom end and sealed for a length of 100 metres from the junction. There will also be improvements to the drainage. There is quite a bit of material coming down off Oak Dene Road as it is very erodable so by sealing it and providing better drainage we should be able to improve that situation.

There are property accesses and there are a number of accesses provided for Lette and Brown in particular and in conjunction with those accesses there will be stock underpasses and stockyards to provide movement of stock under the road.

Regarding service relocations, there are no council water mains. There are some irrigation lines that we are providing for and individual water supplies are being catered for. There is no proposed work for Telstra and for Aurora we are having an overhead line relocated fairly soon. That crosses the highway and will cause a problem as it impacts on the road.

We are anticipating that construction will begin in April and there will be completion in December 2007. There is a breakdown of costs with a total cost of \$3.5 million and a 10 per cent contingency on construction.

Regarding environmental issues, drainage and water quality mainly relates to the construction of the road and how we prevent silt and undesirable materials getting into streams and waterways. It would be a fairly normal way of dealing with that, with sediment traps and sediment basins to collect that material and then that is dealt with at a later stage.

Regarding botanical values, as I have said before, at Oak Dene Road there is a bit of black gum forest that would be impacted on but it is not considered to be of great botanical value.

Regarding zoological values, the impact on former habitat will be minimal and there will be no impact on the giant freshwater lobster which does frequent the Brid River. There are no particular impacts on those and as there are no particular impacts on Aboriginal heritage, historic heritage, I will just read out the bit on topographical and visual impact.

The road design has incorporated minimum possible cut and fill, consistent with appropriate grade-sight distance and good design in order to minimise the impacts on the local topography. The proposed works have been designed to minimise any impacts on landscape values to ensure that the visual amenity of the area is maintained. Accordingly, potential impacts on the roadside plantings have been kept to a minimum practical level, consistent with good road design.

Potential social and economic impacts as a result of the proposed works will be positive. The aim of the works is to improve safety and traffic flow on Golconda Road including the Oak Dene Road junction. Once completed, the works will provide improved safety on this section of Golconda Road by providing wider traffic lanes, an improved junction at Oak Dene Road and increased sight distances at the accesses. The completed works will provide economic benefits and will significantly improve safety on this section of the highway.

The Golconda Road will become a strategic freight and commuter transport link in the north-east. There will be some short-term social impacts arising from inconvenience associated with the road construction activities. All potential affected property owners have been consulted and are generally in acceptance of the proposed acquisitions. We have discussed with them accommodation works and every effort has been made to ensure individual concerns have been addressed. The accesses to abutting properties will be adjusted to facilitate construction of the roadworks and to ensure that each access has adequate sight distance.

On the question of planning approval: the development application has been submitted and we do have a plan permit from the Dorset Council. It is also worth noting that whilst the Dorset planning scheme was changed to accommodate a 100 metre-wide corridor we have actually now proclaimed this corridor, which basically means that the road is a permitted use within the corridor. So that planning approval stage is complete.

Regarding public consultation, there is a list of the studies that have been done dealing with the north-east Tasmania access. I might also mention that in about a week's time we are going to put up a public display of this and the junction for William Street, so that will be done by the end of the month.

Conclusions and recommendations - the design for the proposed roadworks on Golconda Road has been carried out in accordance with appropriate design standards and guidelines. Where possible the requests of abutting landowners, the Dorset Council and public utility owners have been incorporated. Once completed, the works will provide the following benefits: improved safety for road users, improved road geometry and reduced travel time for road users. It is recommended that the project be approved.

CHAIR - Thank you very much, Graeme. Are there any questions.

Mr HALL - Mr Nichols, in the budget, the first item, could you expand please on 'project specific', which is about \$665 000 - almost 20 per cent of the total budget cost. Is that the normal way that the department are now doing that or should it be broken down so that we have a better handle on what it means?

Mr NICHOLS - They have divided them up into the parts that go into the specification for contract and 'project specific' is part one. Earthworks, for instance, is part two, drainage part three and so forth. 'Project specific' includes the stock underpasses, the stockyards and it may also include the rock blankets we are placing in Hurst Creek; works into the Coote's dam and anything that is not described in our standards schedule of items - pavement is separate - surfacing but anything that is particular to this job. Nor does it include guard fence and things like that, it is basically just different items so there is a fair bit of cost in the stockyards and the stock underpasses and probably the rock blanket.

Mr HALL - Whilst we are on costs -

CHAIR - Just before you go off that, Greg, you did raise a very important point. Whilst Graeme's explanation is clear and project-specific for this project, it would be helpful I think for those issues to be broken down for the committee's consideration. Perhaps that is going to be a process of you reporting or making your submission to committee. I understand what you said about all the other standard items that go into a project, so maybe a breakdown would be helpful and then they could be properly analysed by the committee.

Mr HALL - It is a bit broad at the moment, isn't it.

Mrs NAPIER - The last time we considered the road in this area, then costed at \$4.3 million, there was not a similar allocation, even though there was separate funding for things like earthworks, retaining walls, dams and so on. It seems to be a different way of providing the break-up compared to what was provided in 2004.

CHAIR - Dams and retaining walls on the previous project would be project-specific, wouldn't they?

Mr NICHOLS - Yes, that is right. They would come under that. I take your point on that. I can provide a breakdown if you wish it.

Mr HALL - I think that would be useful, Mr Chairman.

Mrs NAPIER - Can you include in that the cost of the stock underpasses?

Mr NICHOLS - Yes.

Mr HALL - Still on costs, Mr Chairman, how many hectares of land will be acquired for the new construction?

Mr NICHOLS - I can provide you with that information.

Mr HALL - How does the department determine the compensation? What components make up a compensation package for landowners in this case? Do you get a land valuer in who puts a value on the actual land?

Mr NICHOLS - The valuation is done by the DPIW valuer. Then the landowner is given the opportunity to have his own valuer assess the value of the land and injurious effects, at our cost. If those two values are different, the Crown valuer and the private valuer get together and discuss why they are different and then they move towards a common position.

Mrs NAPIER - In this case, was there much difference between the two?

Mr NICHOLS - I don't know. I am sorry, I do not deal with that side of it.

Mr HALL - So injurious effects would have been quite a large component of this compensation, do you think, or is it beyond your knowledge?

Mr NICHOLS - It is beyond my knowledge, but I wouldn't have expected it to be huge because we already have a road going through their properties and we are providing stockyards and underpasses that they don't have at the moment. I think it would be fairly minor.

Mr HALL - So there will be a set of stockyards with each underpass; is that the case? There were two stocks underpasses.

Mr NICHOLS - Yes, there is one for Brown and one for Lette. There are stockyards on both sides, even though Lette has a stock underpass being provided as well on the northern side. It will be part of the existing highway, so we will use the existing fences there.

Mr HALL - I just raised the question because it seemed to me to be, on the face of it, a fairly small amount of land and it seemed to be a fairly large compensatory package. Notwithstanding that, I understand the issues of having land split, being a landowner myself; it does cause some problems.

Mr NICHOLS - I can chase out those costs.

Mr HALL - Thank you.

Mrs NAPIER - As part of that, on your map you show that part of the roading that runs currently through Mr Brown's land on the Scottsdale side will no longer be used as a road.

Mr NICHOLS - That is correct.

Mrs NAPIER - Will that land be transferred to Mr Brown and was that part of the formula for the \$150 000?

Mr NICHOLS - Yes, that will be taken into consideration. I think they may want the road retained there for their own use but otherwise we will pull it up and return it to pasture.

Mrs NAPIER - But it would be owned by Mr Brown presumably.

Mr NICHOLS - Yes, that will be returned to him. We have no interest in retaining that.

Mr HALL - Have you budgeted for that scenario that it will be torn up and then returned to pasture?

Mr NICHOLS - Yes.

Mr HALL - As I understand, Mrs Napier mentioned on the site visit that \$20 million was earmarked for the north-eastern access road. How much has been spent on the last project, this project and the new intersection? What are we up to roughly?

Mr NICHOLS - I think, including this section, we are up to about \$15 million or so. Then we have the William Street junction so that might bring it up to about \$16 million. So we have about \$4 million and we have asked council to indicate what projects they would like to have built with that. It is nowhere enough to build the next section.

Mr HALL - No.

Mr NICHOLS - The difficulty with the next section is that it needs to be done in one piece. Once we leave Oak Dene Road -

Mr HALL - Through to Blumont road.

Mr NICHOLS - we are really through to Blumont Park. There is an opportunity to get off about 2 kilometres before Blumont Park but we do not gain a great deal. We have spent most of the money by the time we get to that end.

Mr HALL - Would you consider this project that we are considering today, 1 kilometre for \$3.5 million or a bit more, to be pretty expensive for what is being achieved there? Is it more to do with the terrain, do you think?

Mr NICHOLS - It certainly is. We are doing a fairly major cut at the top, we are affecting landowners and we are rebuilding a junction. It is a significant construction activity. It is about \$2.5 million worth of construction work, plus contingency, plus fees and acquisition.

Mr BEST - The department is pretty happy so far with the outcome of the construction. You have the first stage done. Would you like to comment about that? What we have seen today is a pretty good quality section of upgrade.

Mr NICHOLS - I think it has come up pretty well. The major problem has been that we have not been able to finish it and we have a 40-kilometre per hour curve across the dam at the moment, which is sign-marked as 40. It is disappointing that we have not been able to get people onto the new section of road but, generally, what we have done is looking fairly good.

Mr BEST - Certainly visually it seems better.

Mr NICHOLS - The road coming from Hurst Creek up to the dam was substandard and we have widened that out to 8 metres so there has been a substantial improvement down through that section where the walling is.

Mr BEST - This next project then really gets through these tough, I term, bottleneck sections there - rough, up and around different adjustments and so forth. Whilst obviously there is going to be \$4 million left over and you are saying it is not enough to get through to Blumont, at least this next section does get through some of the bad sections until you get onto that next larger section.

Mr NICHOLS - Certainly this section around past Coote's and Dene's is very substandard, with very poor sight distance from the accesses. I came out of Brown's access on the side and there was virtually no sight distance at all. I had to go when I felt it was safe to do so, but the sight distance was almost non-existent. It is a very poor section of road.

Mr BEST - Those accident figures in this report deal with that section. The next section is 'Blumont': is the accident rate there as significant as the one we have for this section?

Mr NICHOLS - I would have to look at those figures, but I don't know offhand.

CHAIR - Could you provide that please, Graeme?

Mr NICHOLS - I can investigate whether they are available.

Mr BEST - I seem to recall that something was said, although I might not be right, that this was the main accident area.

Mr NICHOLS - I am sure we have the figures.

Mrs NAPIER - I have some questions about the costings. It seems to be a very expensive 1 kilometre of road that we are building. The original estimate for Blumont Park was going to cost \$10 million. If we accept that this will give us the Oak Dene Road intersection, what is the kilometre distance between Oak Dene and Blumont? What is the most recent cost estimate?

Mr NICHOLS - From Hurst Creek to Blumont Park, my latest estimates were \$14 million.

Mrs NAPIER - That is in current dollars - 2006 dollars?

Mr NICHOLS - It is probably about a year to 18 months out of date.

Mrs NAPIER - So that is saying that the remaining section is likely to cost \$10.5 million on 2005 dollars?

Mr NICHOLS - At least, yes. By shortening it by 2 kilometres I think we were only saving about \$2 million. We had a look at that and there wasn't a lot to be gained in shortening it by 2 kilometres. We were looking at various places like this where we could stage the construction so we could get to the next stage but it wasn't possible to do that. It was that once we leave Oak Dene Road we would have to -

Mrs NAPIER - I think you wanted to stay north of the railway line, didn't you, otherwise you would have an intersection across the railway line?

Mr NICHOLS - That is right, we would have to have an underpass. I do not think they are ready to say that the railway is going to close; it could start up again.

Mrs NAPIER - They would keep the option open, I think.

In your estimates, in terms of the NETAS funding, you are saying there is \$4 million remaining after this \$3.6 million is spent?

Mr NICHOLS - Yes. There is approximately \$4 million, I think -

Mrs NAPIER - That is allowing for \$750 000 for the William Street intersection?

Mr NICHOLS - I think it would be about \$3 million to \$4 million, yes.

Mrs NAPIER - When you look at professional fees in your budget breakdown, the professional fees for design contract, administration and DIER are \$400 000. Whilst I accept that, relative to the cost of the actual road of \$3.5 million, given that it is only for 1 kilometre of road, it still seems like a fairly high figure relative to the amount of road we are going to get.

Mr NICHOLS - Yes, but the construction cost is high because of the complexity of building it and, because it is more complex, there are also additional fees in there. Design fees seem to be running out at about 10 per cent of the construction cost, so there is \$250 000. The internal fees tend to be mainly my costs and the property officers and the supervision costs, which tend to run at 4 per cent to 6 per cent of the construction cost.

Mrs NAPIER - So it should eat any more into the contingency fund?

Mr NICHOLS - No.

Mrs NAPIER - The contingency fund is more likely to be for engineering and construction.

Mr NICHOLS - The contingency here is for construction. I was just adding that up and \$400 000 would seem to be about right - about 16 per cent of the construction cost. That would be the total for design, supervision and any other internal costs.

CHAIR - Before we go off that, Sue, I want to investigate that a little further myself. Graeme, could you be precise for me with regard to that \$400 000? You said consultants' fees were about 10 per cent?

Mr NICHOLS - Yes.

CHAIR - Ten per cent of what? Ten per cent of everything less the contingency, taking the contingency off \$3.539 million?

Mr NICHOLS - I was talking about the construction cost which is about \$2.5 million. Sorry, it is \$3.5 million, minus \$270 000, minus \$400 000, so that is \$670 000; so it is about \$2.8 million. It is about \$2.7 million.

Mrs NAPIER - It is \$2.7 million for actual construction?

Mr NICHOLS - Yes, and the contingency is on construction, and that is about 10 per cent.

CHAIR - Just on that then, Mrs Napier has raised the important point. We are really only talking about 1 kilometre of road. Your response to that was that there are some complexities here and yet the layman in me suggests that all we are doing is providing a fairly substantial cut, a bit of fill elsewhere and realigning a road.

Mr NICHOLS - There is also a junction to design and two stock underpasses were fully designed, too.

CHAIR - Yes, but stock underpasses are pretty much off-the-shelf issues, aren't they? That is not an overstatement for me to say that, is it?

Mr NICHOLS - No, I have instructed them to design the box units because there has been an issue with getting contractors to do it as a design-and-construct effort. They organised the design themselves in this case. I have instructed the consultants to design the crown units so we give them a full design for the box units.

CHAIR - What will be different with the design of these underpasses compared to underpasses on other roads where you have *x* amount of earth above?

Mr NICHOLS - That is the main difference, just the amount of fill. There might be different loading conditions but generally the fill and the truck loading on them.

CHAIR - Just to pursue that a little further, does the department ever negotiate a project-specific fee structure with these consultants, rather than just the flat 10 per cent, 11 per cent or 12 per cent, whatever it might be? We are talking about a pretty simple form of construction here, but there are components in the job, like earthworks.

Mr NICHOLS - It was not negotiated on the percentage basis. I gave you that impression but I was covering that \$400 000 by saying that it is generally about 10 per cent of construction costs, but that is not necessarily what we specifically paid them.

CHAIR - How have you negotiated with this particular project?

Mr NICHOLS - The fees have been done on a time basis. It would have been very difficult to have done this project on a lump sum because it has changed so much as it has developed.

CHAIR - It is true to say, though, that generally consultant fees end up around about the 10 per cent or 11 per cent and that is pretty much a rule of thumb?

Mr NICHOLS - That is what I was really saying. At the end of the day, they do tend to come in at about 10 per cent.

CHAIR - The earthworks component of this is significant because you are cutting fairly deeply through the first part of the project. If I was to analyse other projects where earthworks might be really low and yet the design component was extensive and there was extensive civil consideration to be made by an engineer or an engineering company, then maybe their fees are justified. I am just concerned as to the justification for the fees.

Mr NICHOLS - There are also geotechnical investigations included, which are fairly expensive, and geotechnical reports to do that. There was quite a bit of work done on this section linking old Golconda Road to Oak Dene Road, to ensure that we did not cut off the dam water supply, which is a spring. It is not fed by drains, it is fed by springs. There is still a lot of work involved in a job like this. I think we would find it hard to extract the exact costs on this project because they virtually signed up for the complete project and on a time basis, so we do not have exact costs. I guess the fee that they have put in here is worked out on the basis that I said.

Mrs NAPIER - What would your costs be on the Oak Dene Road intersection?

Mr NICHOLS - I could not tell you, sorry. Do you mean design costs?

Mrs NAPIER - No. There is the design and presumably a component of this cost in terms of professional fees for design is going to the multipronged nature, I suppose, of the Oak Dene Road connection, and then there is the issue of the cost of construction.

Mr NICHOLS - I cannot give you a cost for the junction specifically. Where would you stop? What would you include in that Oak Dene Road junction as such? Would you include all the work - the section going up Oak Dene Road, up old Golconda Road?

Mrs NAPIER - Yes, I think you would. I think you would look at the cost of the full intersection and connect it back onto the old Golconda Road.

Mr NICHOLS - How much of the section would you include in it?

Mrs NAPIER - I was just a bit alarmed when I saw the \$3.5 million for 1 kilometre of road. It was originally said that 2008-17 was to be the time in which this road could be completely redeveloped. Looking at these kinds of figures per kilometre, it is going to be a long time before this road gets done. The cost of the redevelopment of the Lilydale-Golconda Road is nothing like what was originally projected.

Mr NICHOLS - But this kilometre of road is far more expensive than the next section will be, which is basically a greenfield site with very little complexity, no junctions as such. There is an overpass planned at Carins Road and a culvert at Sawdust Creek and not much else. It is just straight travelling.

Mrs NAPIER - Certainly in terms of truck traffic, and I accept that your figures in 2000 show it is not that high, it is rarely that you drive on that road without running into trucks. If we can get to Blumont Park - and I know that isn't the immediate role of this committee - that will make a huge difference in terms of safety for driving for ordinary commuters. That has to be at least a target, I would have thought. I was alarmed about the cost of 1 kilometre relative to what the final cost is going to be.

Mr NICHOLS - I do not think you can apply that costing to the rest of the section. It is a far more straightforward construction beyond this point.

Mrs NAPIER - Originally when we approved the previous section there was a figure of \$4.3 million, and I know the dam work ended up being much more expensive than was projected because originally the dams and retaining wall areas were going to cost something like \$1.8 million. What was the final construction cost for that Listers Road section?

Mr NICHOLS - I think we are looking at about \$5.5 million on that particular section.

Mrs NAPIER - \$5.5 million to where this current road is?

Mr NICHOLS - Yes.

Mrs NAPIER - So there is not that much of a blowout.

Mr NICHOLS - No. Road construction costs have been increasing substantially over the last five or six years. There is a lot more construction work around at the moment. I think previous to 2000 the contractors were pegging back their prices. With the amount of construction that is happening in the State over the last six years they have just moved forward and the price has just escalated.

Mrs NAPIER - It is \$5.5 million and that was quite a complex job - the dams and so on.

Mr NICHOLS - Yes, it was.

Mrs NAPIER - I am not sure whether there is much we can do about a bill of \$3.5 million. I would have to say that the projected cost is concerning. With the contingency of \$270 000, you did not provide a contingency in the last project nor in fact the project-specific stuff; are you doing that on all projects now?

Mr NICHOLS - We always have a contingency in the costing but I do not know why it does not appear on that one, to be frank. Certainly it is pretty normal. When we get to this stage we have about a 10 per cent contingency on a road construction job.

Mrs NAPIER - If it comes in at a cheaper price then presumably that can go into that balance?

Mr NICHOLS - Yes, but it is rare. Ten per cent seems to be a figure that we use and also we do actually use it during construction. There are always untoward ground conditions and differences in quantities that seem to use up that 10 per cent. Road building, unfortunately, is not a very exact art.

Mrs NAPIER - Relative to the discussion we were having with Mr Martin this morning, are there any other examples where the State is actually spending money on a local road not owned by themselves?

Mr NICHOLS - No, I cannot think of any. It is very unusual.

Mrs NAPIER - Is it planned that the State would take over the control of the Lilydale-Golconda Road?

Mr NICHOLS - That was my understanding but the negotiations are happening at a much higher level than I am at.

Mrs NAPIER - Okay.

Mr NICHOLS - This is happening at the General Manager of the Dorset Council-secretary-type level.

Mrs NAPIER - The secretary, Mr Addis?

Mr NICHOLS - Yes, and Peter Todd. He is the general manager and would be involved in those discussions, too. That is the level at which the discussions are happening.

Mrs NAPIER - Would you agree that it would probably, from the point of view of planning and dealing with issues associated with dams abutting secondary roads and all this kind of thing, be preferable for the State to take over ownership of the road to get control over the design, planning, advertising and so on?

Mr NICHOLS - I do not think that makes a great deal of difference. We have found with Lette's dam that there is an issue, but I am in discussion with Larry Smith, the works manager up here, on that issue. He has sought my opinion on what we should do there. I have alerted him to the fact that there are significant costs involved in raising the dam. He is taking our issues back to the Department of Primary Industries and Water. I do not think it makes any difference. We would not do anything differently if we did own the road. The standard is exactly the same.

Mrs NAPIER - All right, I think that is good.

Mr NICHOLS - We have approached it with the view that, if it happens, we take over this road. If we do take over this road, we have taken over a road that we are proud of.

Mrs NAPIER - Relative to the dam and Mr Lette's letter that we were provided with, where he was asking about the potential to -

Mr NICHOLS - I have not seen his letter, unfortunately, so I don't know what he said.

CHAIR - Just a quick precis then, Sue - you can go to the third-last paragraph if you like, that about sums it up.

Mrs NAPIER - They are indicating, and I quote:

'It is not compensation which is a major concern at this stage but the loss of capacity in the dam. An offer by us to the department at our cost to raise the height of the dam wall to ensure that storage capacity remains has been rejected by the department.'

They indicate that water supply is vital to them. Is it anticipated that there would be a water culvert under that section of the road that crosses where that creek comes down?

Mr NICHOLS - We are rebuilding the culvert anyway because, as you saw today, it is not of sufficient capacity to carry the water. Hurst Creek carries quite a bit of water at times of flood, so I presume that the water would be going across the road at that section at present. We are upgrading the culverts. The issue is having water get into our embankment fill and we have to protect against that. We said to Mr Lette that it would cost us \$150 000 to build a rock mattress to the level of his new dam, which is a substantial cost and impost to the taxpayers that we were seeking to recover from him.

Mrs NAPIER - If it was to be done, then you would want Mr Lette to provide the cost for whatever adjustments needed to be made to the design to allow for an increased capacity to the dam?

Mr NICHOLS - Yes. At the end of the day the final say on all this is with the Dorset Council.

Mrs NAPIER - Is it your judgment that if no road was redeveloped - in other words, if we continued with the existing road - there wouldn't be a capacity to increase the height of the dam anyway?

Mr NICHOLS - Yes. I think if he raised the dam by a metre it would be up over the road. It would not be satisfactory at all.

Mrs NAPIER - But a culvert is going to be organised. I think that is where you are putting a rock bank or a rock bed.

Mr NICHOLS - Yes, that is right, a rock mattress. We are doing that anyway but we have to raise it by another metre to meet his new dam height.

Mr HALL - His new dam height?

Mr NICHOLS - He intends to raise the height of his dam. Is that what the letter is alluding to?

Mr HALL - Yes. I think, as Mrs Napier read out, 'an offer by us to the department at our cost to raise the height of the dam wall has been rejected by the department'. Surely, raising the height of the dam wall would fall within the Water Management Branch of DPIWE.

Mr NICHOLS - My understanding, from comments made by the man at DPIWE, is that he does have rights to more water than he is storing at present.

Mrs NAPIER - So it is an issue of design?

Mr NICHOLS - Yes. The question is that if he raises the wall of his dam he will be flooding back into the road reservation more than he is presently, and also affecting road embankments.

Mr HALL - Just to get to the nub of the problem as it stands at the moment, when the new road is constructed, will his water capacity be decreased in the current dam? That is their concern.

Mr NICHOLS - I would say it would be very minimal in the current dam because most of the area that we will be damming will be the marshland.

Mr HALL - The actual water storage is on the bottom side of the road.

Mr NICHOLS - Yes, it is on the bottom side and also removed from the road. There is about 10 metres or so between the northern side of the road and his actual clear water that is marsh and water plants and such.

Mr HALL - I suppose their concern is that by excavation and other works being done there that it may impinge on water flows. Is that possible? Has any work been done on that at all?

Mr NICHOLS - I cannot see how that would be an issue. We are actually improving water flow from one side of the road to the other -

Mr HALL - Yes, but it is back up in that marshy area where it is probably spring fed and it may interfere with some spring flows there, I do not know, but that is possible.

Mr NICHOLS - No, I think he is relying upon the flow down the creeks. It is quite a reasonable catchment although it is very heavily dammed the catchment, at least going up Hurst Creek. There would be more water coming from the other side, not from Hurst Creek, but there is another tributary coming in. This creek goes up here and there is another section over here, I think, between the railway and this hill. There is another bit in here that may increase his flows.

Mrs NAPIER - He has that full waterfall of a hill as well.

Mr NICHOLS - Yes, and he also has water coming down on this side of the hill, too, that does not need to go through the road. This is his dam here and this is the kind of marshy area in here that is green and there is another marshy area here on this side. I do not think that the present capacity is really greatly affected and if he raises it by 1 metre I do not think that is a great issue either. It is not an issue for his capacity, it is more of an issue for us, in terms of protecting the embankment here.

Mr HALL - You may be correct in that assumption. Has Mr Lette raised the issue with DIER?

Mr NICHOLS - We had a conversation with him some time ago and I wrote to him to say what our position was. I have not had any further conversation with him. Pitt and Sherry may have, but I am not aware of those discussions.

Mr HALL - Now that the issue has been raised, I would have thought it was something that your department may have talked about with the Water Management Branch of DPIWE to get another view on that.

Mr NICHOLS - They have approached me.

Mrs NAPIER - My question was whether it was built into the compensation figure that would help explain the \$150 000 that is identified for land acquisition. Some of that would go to Lette and some would go to Brown.

Mr NICHOLS - To Brown, Crichton and Coote and maybe a bit to Kettle, too. As I think I said, the Water Management Branch approached me and said they wanted to discuss this. I said that at the end of the day the permission had to be given by the road owner, which is the Dorset Council. I know that he has talked to Larry Smith at Dorset Council about the matter and Larry has discussed it with me, which is correct.

Mrs NAPIER - So if you were the road owner - and I know you are not but you could be and all the studies we have looked at imply that the State will take over the road as the north-east corridor - would you want to see an expansion of that dam?

Mr NICHOLS - Not without a rock blanket in there to protect the embankment.

Mrs NAPIER - The issue is that if Mr Lette wishes to have an expansion of the dam then you would require that he pay for a rock blanket?

Mr NICHOLS - Yes, to contribute to that.

Mrs NAPIER - The decision on that needs to be made by the Dorset Council before the contract is let.

Mr NICHOLS - Yes, that is right, before we call tenders.

Mrs NAPIER - When are you likely to call tenders?

Mr NICHOLS - In January.

Mrs NAPIER - I was interested to hear you say that you thought construction would start about April. That seemed a bit late for a relatively wet area and I must admit I would have thought if we approved this reasonably quickly then tenders could be called and we could be into construction in January or February.

Mr NICHOLS - I guess that is true. We could call tenders by the end of this month. Getting close to Christmas is not a great time to be calling tenders; it is not really fair to the contractors. I suppose, if we called tenders at the beginning of December, we could close tenders right on Christmas and then we are looking at maybe up to two months before we award the contract.

Mrs NAPIER - That would bring it forward by about two months, wouldn't it, especially given that you are dealing with water issues - rain or whatever?

Mr NICHOLS - Yes, it could do. What they would be doing during winter is probably building the stock underpasses and stockyards. There is no impediment to them doing that kind of work in winter. It is very hard to pick now. When we were building stage 1 we had virtually nine months of wonderful weather and then in October last year we had

21 days extension of time for wet weather, all in one month. We were able to work continuously for nine months. It is very hard to pick.

CHAIR - I am concerned about this dam issue. Graeme, you mentioned that you would be expecting the landowner to contribute to the rock blanket and yet didn't you say earlier that you are going to build the rock blanket anyway?

Mr NICHOLS - Yes, for the situation as existing. The dam goes through the embankment and is only about 300 mm or so deep at the moment.

CHAIR - But you are building that anyway, in recognition that that needs to be attended to?

Mr NICHOLS - Yes.

CHAIR - How is that you would be expecting him to contribute to that rock blanket if he was to increase the capacity of his dam?

Mr NICHOLS - Because there would be another metre height of rock blanket. We did the same thing at Sorell Causeway. Up to high-water level the entire causeway that we built was all rock blanket. It is just to keep the actual fill out of the water so the water can saturate what is below in the rock blanket.

Mrs NAPIER - The rock blanket is when you put rocks down and then put one of those geotextile -

Mr NICHOLS - Yes, wrap it up. Above that you perch your embankment so it is out of the water and does not get wet and you have protected the subgrade and pavement.

CHAIR - Do you think Mr Lette understands that that is the situation? His letter simply says that 'we are going to increase the capacity at our cost', and that proposition has been rejected by the department. Do you feel that he understands exactly what would be required of him in respect to that rock blanket if he were to increase the capacity of the dam?

Mr NICHOLS - That paragraph seems to suggest that he doesn't, to be honest.

Mrs NAPIER - I guess what you are saying is that if the Dorset Council approves Mr Lette increasing the height of his dam on the proviso that he is going to pay whatever additional cost would apply to the height of the new road and rock blanket, that really you have no difficulty with that. It is just that you do not want to pay for it.

Mr NICHOLS - Yes, that is right.

Mrs NAPIER - So it is a matter of somehow making sure that Mr Lette understands that. I do not have a problem if he wants to pay for the cost of having a bigger dam, as long as it is not the public that has to pay for it. This is his opportunity; he needs to do it now or not at all.

Mr HALL - You have indicated, Graeme, that the Water Management Branch of DPIWE, given that Dorset Council would allow an extra metre on the top of the existing wall, would approve that? It is a pretty long-winded process to do that.

Mr NICHOLS - Is it? I am not really that familiar, although we have had a few dams lately. Sometimes they go through fairly quickly and at other times they don't. I think Hurst Creek was a very long-winded process. Another dam we have done in the north-west took a couple of months, but it was very small.

Mr HALL - I am wondering whether his concern still is that on the southern side - on the opposite side to where the dam is, at the stage where the water comes down through the entrance - by going in there and doing this construction you may impinge on some spring sprays. I understand that that does happen; I have seen it happen before.

Mr NICHOLS - I wonder whether he thinks that our embankment will take away some of the capacity. I cannot see how it would with the -

Mrs NAPIER - It won't if it is a porous rockfill; it will just flow through the rock.

Mr NICHOLS - That is true.

Mr HALL - Sometimes excavations can block off a spring, for example. Something can happen untoward.

Mr NICHOLS - I did not think this was a spring-fed dam, though; I thought he was relying upon the creek.

Mr HALL - It is a matter for an hydraulic engineer. I don't know.

CHAIR - Would it be reasonable that you should have some more detailed communication with Mr Lette? Shane has just indicated to me that we can send him the full transcript of this deliberation so that he is aware that we have appropriately raised the matters. It might help elucidate the issues for him. It seems a reasonable proposition that you should speedily have this resolved.

Mrs NAPIER - It needs to be resolved quickly so we can get on with the road. Then if it is to be approved, it is a matter for the Dorset Council to make sure that they can expedite it as well.

Mr NICHOLS - Yes. We will follow that up anyway because it seems to be a confusing issue.

CHAIR - Thank you, Graeme, for your contribution.

THE WITNESS WITHDREW.