



Dept. of Infrastructure
DOI057133

HON WARREN TRUSS MP
Minister for Transport and Regional Services
Deputy Leader of The Nationals

duplicate

Reference: 02104-2006

The Hon Peter Batchelor MP
Minister for Transport
GPO Box 2797Y
MELBOURNE VIC 3001

Officer of Peter Batchelor MP
Minister for Transport

12 MAY 2006

Transport
 Roads
 Ports & Marine
 Other

09 MAY 2006

Dear Minister

The Australian Government announced late last year and earlier this year the reallocation of funds that were formerly allocated to the construction of the Scoresby Freeway as an untolled road to three projects in Victoria:

- \$185 million to the Deer Park bypass, bringing the Australian Government's total contribution to this project to \$265 million in the current five years (2004-05 to 2008-09);
- \$82 million to duplication of the Calder Highway (Faraday to Ravenswood section), bringing the Australian Government's total contribution to this project to \$107 million (\$196 million in total for the Kyneton to Faraday section and the Faraday to Ravenswood section) in the current five years; and
- \$23.5 million to duplication of the Arcadia section of the Goulburn Valley Highway. Taken together with the \$15 million previously allocated to Goulburn Valley Highway upgrading, this brings the Australian Government's total contribution to this project to \$38.5 million in the current five years.

Based on current cost estimates, these funds would complete the Australian Government's contribution to these projects. I look forward to the projects being completed within the current five years.

I am pleased to advise you that, in addition, the Australian Government has decided to provide Victoria with an additional \$20.2 million to cover the cost increase on the Wodonga side of the Albury-Wodonga Hume Freeway upgrade. In doing so, the Government has recognised that there is likely to be limited scope to move funds from other projects, given the nature of the projects and the expectation that all AusLink projects in Victoria will be completed within the current five years.

The Australian Government will not seek to recover the \$23.5 million it previously provided to Victoria as funding for the Scoresby Freeway as an untolled road.

As a consequence of the funding reallocations detailed above, the Bilateral Agreement between the Commonwealth of Australia and the State of Victoria 2004-2009 on the Implementation of the AusLink National Land Transport Plan (the Agreement) signed on 27 May 2005 requires amendment. I propose that the Agreement be amended by:

- omitting "943.12 million" from clause 13 and substituting "\$1,253.82 million";
- omitting clause 16; and
- substituting the attached amended Schedule A for the existing Schedule A.

Clause 11 of the Agreement provides that "the parties may agree in writing to amend the Agreement." Accordingly, I am providing two signed copies of this letter and two initialled copies of the amended Schedule A. Subject to your agreement to the amendments, I would be grateful if you would initial all pages of both copies of this letter and Schedule A enclosed, and return one copy of each to me.

I look forward to your reply.

Yours sincerely



WARREN TRUSS

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Schedule A - Projects in Victoria being funded as part of the AusLink Investment Programme 2004-05 to 2008-09 (Amendment 1)

Projects the Australian Government (AG) intends to fund in first 5-year Plan	Total Estimated Project Cost \$m	Allocated AG funding \$m	AG funding provided to 2003-04 inclusive \$m	AG base funding contribution 2004-05 to 2008-09 (out-turn dollars) \$m	Comment/Conditions
Continuing Projects					
Albury/Wodonga upgrade	144.20	144.20	17.65	126.55	Australian Government providing 100% of funding, subject to any revisions of cost and clauses 36-40 of this agreement.
Craigieburn link to WRR	306.00	306.00	198.94	107.06	Australian Government providing 100% of funding, subject to any revisions of cost and clauses 36-40 of this agreement.
Donnybrook Road grade separation	22.00	22.00	0.00	22.00	Australian Government providing 100% of funding, subject to any revisions of cost and clauses 36-40 of this agreement.
Murchison East Deviation	88.90	88.90	87.69	1.21	Australian Government providing 100% of funding, subject to any revisions of cost and clauses 36-40 of this agreement.
Pakenham Bypass	242.00	121.00	4.90	116.10	The Australian Government contribution is capped at \$121m (including payments made so far). Victoria to pay the balance of costs to Government. Should the cost of the project to Government be below \$242m, the savings, including through private sector participation, are to be shared as per clause 41 of the bilateral agreement.
Expenditure on completing projects not budgeted for in the AusLink Programme		0.43		0.43	Further payments beyond this will require offset.
New AusLink Projects					
Duplication of Arcadia section	40.55	40.55	2.05	38.50	Australian Government providing 100% of funding, subject to any revisions of cost and clauses 36-40 of this agreement.
Geelong Bypass	380.00	186.00	0.00	186.00	The Australian Government contribution is 50% capped at \$186m. Victoria to pay the balance of costs to Government. Should the cost of the project to Government be below \$380m, the savings, including through private sector participation, are to be shared as per clause 41 of the bilateral agreement.
Calder Highway between Kyneton and Faraday	178.00	90.60	1.63	88.97	The Australian Government contribution is 50% capped at \$89m. Victoria to pay the balance of costs to Government. Should the cost of the project to Government be below \$178m, the savings, including through private sector participation, are to be shared as per clause 41 of the bilateral agreement.

Calder Highway between Faraday and Ravenswood	214.00	109.60	2.60	107.00	The Australian Government contribution is 50% capped at \$107m. Should the cost of the project to Government be below \$214m, the savings, including through private sector participation, are to be shared as per clause 41 of the bilateral agreement.
Deer Park bypass and upgraded intersection at Leakes Road	331.00	265.00	0.00	265.00	Australian Government funding over the five year programme is subject to Victoria making a 20% contribution (\$66m) to project costs in that period, and agreement on any revisions of cost.
Dynon intermodal precinct - grade separation at Footscray Road and Dynon rail link	120.00	110.00	0.00	110.00	The Australian Government contribution is capped at \$110m.
Bi-directional rail line between Tottenham junction and West Footscray	40.00	40.00	0.00	40.00	Australian Government providing funding to the Australian Rail Track Corporation.
Standardisation of the second railway track between Melbourne and Albury-Wodonga	140.00	25.00	0.00	25.00	Australian Government contribution is capped at \$25m. Details of funding arrangements to be agreed with the Victorian Government and private parties.
Upgrade and standardise the railway track between Geelong and Mildura		20.00	0.00	20.00	Australian Government contribution is capped at \$20m. Details of funding arrangements to be agreed with the Victorian Government and private parties.

Base Funding

1253.82

Maintenance Contribution		213.58*	1.55	212.03*	*Maintenance funding is \$33.75m in 2004-05 (\$35.30m less \$1.55m prepaid in 2003-04) and \$39.42m in 2005-06. Indicative funding is \$43.54m in 2006-07, \$47.66m in 2007-08 and \$47.66m in 2008-09. Funding in years 2006-07 to 2008-09 is subject to minor refinement in the light of revised data.
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National Code of Practice for the Construction Industry					Australian Government funding is conditional on the application by Victoria, to relevant projects, of the National Code of Practice for the Construction Industry and the Implementation Guidelines as set out in the Notes on Administration. The following projects require application of the Code:
					<ul style="list-style-type: none"> Geelong Bypass Donnybrook Rd grade separation Western Highway - Deer Park bypass including Leakes Rd interchange Melbourne Urban - Improve links into Dynon and Port Standardise 2nd Track Melb - Albury Tottenham to Footscray link Geelong to Mildura rail standardisation

Notes:

1. This schedule does not preclude the provision of additional funding to Victoria from AusLink national funds.
2. The figures in column 4 reflect outcomes for 2003-04 and may vary from the figures provided on 7 June 2004.
3. This schedule may not reflect recent applications for cost variations or revisions of cost estimates, as these are subject to consideration.