

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2026–27 Budget Estimates

Melbourne – Wednesday 20 May 2026

MEMBERS

Sarah Connolly – Chair

John Pesutto – Deputy Chair

Jade Benham

Michael Galea

Mathew Hilakari

Lauren Kathage

Aiv Puglielli

Richard Riordan

Meng Heang Tak

WITNESSES

Nick Staikos MP, Minister for the Suburban Rail Loop;
Jeroen Weimar, Secretary, Department of Transport and Planning; and
Kevin Devlin, Interim Chief Executive Officer,
Lissa van Camp, Executive General Manager, and
Megan Bourke-O'Neil, Chief Operating Officer, Suburban Rail Loop Authority.

The CHAIR: I declare open this hearing of the Public Accounts and Estimates Committee. I ask that mobile telephones please be turned to silent.

On behalf of the Parliament, the committee is conducting this Inquiry into the 2026–27 Budget Estimates. The committee's aim is to scrutinise public administration and finance to improve outcomes for the Victorian community.

I advise that all evidence taken by the committee is protected by parliamentary privilege. However, comments repeated outside of this hearing may not be protected by this privilege.

As Chair I expect that committee members will be respectful towards witnesses, the Victorian community joining the hearing via the live stream and other committee members.

Witnesses will be provided with a proof version of the transcript to check. Verified transcripts, presentations and handouts will be placed on the committee's website.

I welcome the Minister for the Suburban Rail Loop the Honourable Nick Staikos as well as officials from DTP. Minister, I invite you to make an opening statement or presentation of no more than 5 minutes. Committee members will then ask you questions. Your time starts now.

Visual presentation

Nick STAIKOS: Thank you, Chair, and thank you, members. By 2050 Melbourne is projected to have a population of 9 million, nearing the size of London today. To manage this growth we must ensure there is more housing and better transport connections fit for future generations. That is why we are building this city-shaping infrastructure to connect people to housing, jobs, schools, universities and hospitals. Now more than ever, Victorians need easier ways to move across our city, and that is exactly what this project delivers. We are getting on with delivering this city-shaping project, and I am delighted that we now have a partner in Canberra who recognises the SRL as a project of national significance. The federal government knows Victoria is growing, and that is why they are supporting the SRL to deliver more transport and more homes in the right places. Having already invested \$2.2 billion, I was proud to stand alongside the Prime Minister earlier this month as he committed a further \$3.8 billion in funding for SRL in the May budget.

Next slide, please. Melbourne is a great global city and, like all great cities, we have recognised that our radial rail network needs to be connected to an orbital line. Orbital routes have for decades been a crucial component of rail networks in cities across Asia, Europe and the United Kingdom. Notably, London's Elizabeth line delivered 117 kilometres of cross-city rail, completely reshaping the city. After just three years of full operation it now carries 243 million passengers a year. One in eight rail journeys in London are on the Elizabeth line. This infrastructure has also created jobs and development opportunities for more housing near stations whilst tackling urban sprawl. We need to do the same in Melbourne, creating more opportunities for people to live close to jobs, universities and key services. Governments are investing in orbital lines because they make sense. They improve suburban connectivity, lift productivity and unlock economic opportunities in housing. That is why as Australia's fastest growing city we are investing in the SRL – a project that will reshape Melbourne from a city centred around a single CBD to a city with a number of flourishing precincts.

Next slide, please. Main works on SRL East are powering ahead. The SRL East includes six new underground stations connected by 26 kilometres of twin tunnels; a turn-up-and-go service that means you will not need a

timetable; a new fleet of modern automated trains made right here in Melbourne; and 70,000 additional homes within walking distance of the six new SRL East stations. This is critical infrastructure investment for Melbourne's south-east. It will connect four separate rail lines: the Frankston line, the Cranbourne–Pakenham line, the Glen Waverley line and the Lilydale line. It will also connect to V/Line services from Gippsland at the superhub at Clayton, and it will connect with the largest employment hub outside the Melbourne CBD, the Monash precinct, that is supporting over 80,000 students and staff and over 1 million visitors each year.

Next slide, please. The SRL is in major delivery and is on time and on budget. The program of initial and early works construction began in 2022 and is now complete, paving the way for major works. The Tunnels South contract for the section between Cheltenham and Glen Waverley was awarded in December 2023. The Tunnels North contract for the section between Glen Waverley and Box Hill was awarded to Terra Verde in December 2024. Tunnel-boring machines have arrived onsite, and tunnelling will commence this year. The Linewide package, including tunnel fit-out, signalling, operational systems, trains, system integration and operational readiness activities, was awarded in December 2025. The Stations Alliance North and Stations Alliance South procurement process is also progressing. The first stations contract to build the Glen Waverley, Burwood and Box Hill stations will be awarded this year. Two shortlisted bidders are competing for the second stations contract to build stations at Cheltenham, Clayton and Monash.

Next slide. Already 3300 people are working on the project. Tunnelling launch sites are nearing completion. The tunnel-boring machines are being assembled and will be in the ground tunnelling this year. Network and power support facilities are being built in Burwood, Heatherton, Monash and Clarinda. Work is also underway to build an emergency support facility in Mount Waverley. In Glen Waverley crews have been busy with piling works, moving and testing underground services, with construction about to start on the new station. This month Linewide Alliance teams began main works at the stabling facility in Heatherton. Lastly, the planning for the areas surrounding the new SRL stations is underway. Independent hearings are completed and structure plans will be finalised this year, and the planning scheme amendments will be approved and gazetted. The SRL is a project that will change the way we move around our great city.

The CHAIR: Thank you. We are going to go first of all to the Deputy Chair.

John PESUTTO: Thanks, Minister and senior officials. Page 154, budget paper 4: Minister, can I take you to that?

Nick STAIKOS: Sure.

John PESUTTO: You will see there the line item 'Suburban Rail Loop East – Main'. In the footnote there it says:

The Suburban Rail Loop East is expected to cost between \$30.000 billion – \$34.500 billion ...

You are aware, aren't you, Minister, of various agencies and bodies that have questioned the estimates and cost figures put up for this project by the government, including Grattan, including the Reserve Bank, including two of Victoria's ratings agencies, Standard & Poor's and Moody's? John Manning of Moody's in November 2024 was reported in media saying that in his view, the costs of the projects, as in SRL East, have probably tripled. Minister, can I ask why the government is prepared in budget paper 4 to state an expected cost of the project but is not prepared to state a total estimated investment?

Nick STAIKOS: It is because we have not awarded all of the contracts yet.

John PESUTTO: But you do that for other projects.

Nick STAIKOS: But the Suburban Rail Loop remains on time and on budget, and it is demonstrated by the fact that we have already four major contracts, with –

John PESUTTO: Minister, going back to the question, you have done that with other projects. The Sunshine station superhub: not all contracts are let for that project yet, but you have put in a TEI. I put it to you and the government that the reason you have used a TBC but have not put in a total estimated investment is one of two things: you do not know what the project is going to cost overall for SRL East, or you are not prepared to tell us what the real costs are. What is it?

Nick STAIKOS: Well, that is not true. That is a fairytale cooked up by the Liberal Party. What I would say, Mr Pesutto, is we have been consistent that the Suburban Rail Loop is on time and on budget. As the budget papers say –

John PESUTTO: Can I take up your point about consistency: the then Minister for the Suburban Rail Loop –

The CHAIR: Excuse me. Deputy Chair, just allow the minister to answer. I know you have got a lot of questions and this is all very exciting for you. Just afford the minister the courtesy of just being able to answer basic questions. Minister, do you have anything else you wish to add?

Nick STAIKOS: Well, I would say the footnote in the budget papers indicates that the Suburban Rail Loop East section will cost somewhere between \$30 billion and \$34.5 billion, and even when the opposition – quite possibly when you were leader, Mr Pesutto – requested costings from the from the Parliamentary Budget Office, the cost to build SRL East was actually found to be within that range.

John PESUTTO: Well, let me put this to you. You talked about a consistent position of the government. On 8 February 2024 in question time – and you and I were both in question time on that occasion – I asked then Suburban Rail Loop minister Danny Pearson a question. He said in his answer to a supplementary question:

We are getting on with the job of delivering this project –
as in SRL East. He went on to say:

All contracts will be let by 2026.

Is that still government policy?

Nick STAIKOS: We have already let four contracts. An early works contract. We have awarded two tunnelling contracts. We have awarded the Linewide contract.

John PESUTTO: They are reported in the budget papers, Minister. In light of then Minister Danny Pearson's comments, will all contracts for SRL East be let by this year?

Nick STAIKOS: I have taken you through the remaining stations' contracts in my opening presentation. We will have tunnel-boring machines in the ground this year, and we have the support of the federal government, as I indicated, to build this project. It is a project that is needed for the future of this great global city.

John PESUTTO: Sure, Minister, and you will have a chance with my colleagues to my right to expand on that. But can I ask you: do you have any concerns? And did you seek any advice by your department and relevant agents to interrogate the current costings on becoming a minister? Knowing that there is such a debate and there are so many agencies questioning the costings, have you even sought to interrogate those costings?

Nick STAIKOS: Mr Pesutto, as minister, I am satisfied that the Suburban Rail Loop remains on time and on budget.

John PESUTTO: Minister, can I take you to box 11 of budget paper 4, please, and in particular to page 16 midway down. There you will see, midway down, the paragraph that begins with the words 'The value capture arrangements'. I will read out just the first sentence:

The value capture arrangements to apply in SRL East precincts were announced in December 2025, and comprise existing land and windfall gains tax, infrastructure contributions, a car parking levy on car park owners from 2035, and state-initiated development.

Can I just take you through step by step, Minister, each of those measures. First of all, just for the sake of our viewers, when I use the term 'hypothecation', can we agree that hypothecation is the exercise of a government using general revenue and quarantining that for a specific purpose? Can we at least agree that that is hypothecation?

Nick STAIKOS: What we can agree, Mr Pesutto, is we have been very up-front with the Victorian community –

John PESUTTO: Well, let us see how up-front.

Nick STAIKOS: that a third of the Suburban Rail Loop East will be funded by value capture, and that does

John PESUTTO: Well, Minister, let me stop there. Let us just work through that.

Nick STAIKOS: I am going to your point.

John PESUTTO: Can we talk about existing land tax. I just want to work through this, in fairness to you. The hypothecation of land tax in the Suburban Rail Loop precinct – when will that hypothecation commence?

Nick STAIKOS: We are using a series of value capture initiatives over a period of 40 years –

John PESUTTO: I understand. From what date? From what year?

Nick STAIKOS: to fund a third of the Suburban Rail Loop East.

John PESUTTO: Is that from 2035, Minister? Do you know what year these measures commence?

The CHAIR: Deputy Chair.

Nick STAIKOS: Mr Pesutto, we are not reinventing the wheel by doing this. If you look at examples in London, with the Elizabeth line, a third of the Elizabeth line was funded by value capture.

John PESUTTO: Minister, I just want to know: when do the value capture measures commence? What year?

Nick STAIKOS: As I have said to you, we have a –

John PESUTTO: You do not know? If you do not know, it is okay to tell us.

Nick STAIKOS: I appreciate you do not get as many opportunities to speak these days, Mr Pesutto, but if I could just answer the question.

The CHAIR: Excuse me, Minister. Minister, I am going to come back to you in a moment. Deputy Chair, just afford the minister the opportunity to answer your question. You are asking question upon question upon question.

John PESUTTO: Which is the purpose of PAEC.

The CHAIR: We can either talk about the purpose of PAEC now in the 7 seconds you have got left or you can ask a question.

Nick STAIKOS: What I would say to you, Mr Pesutto, is that –

The CHAIR: Apologies, Minister. Do not worry, Deputy Chair, we will come back your way. Mr Galea.

Michael GALEA: Thank you, Chair. Thank you, Minister, secretary officials. I would like to ask a question. I am interested to hear the answer, Minister. Melbourne is a fast-growing city and indeed on some metrics already the largest in the nation. You have spoken about some international examples, with London's overground orbital rail network, and Paris is right now building the Grand Paris Express, line 15, which in some respects is actually quite a similar project to the Suburban Rail Loop. Given the fast growth that we are seeing in Melbourne as a city and the fact that other cities around the world either are currently building or already have orbital networks, what would the implications for Melbourne and Victoria be if we were not to build the SRL?

Nick STAIKOS: I thank you for the question, Mr Galea. Melbourne is a great global city. Melburnians are proud of their city. Cities like London and Paris are also great global cities. We in the Allan Labor government, as you know, believe that Melbourne, a great global city, needs a transport system that is befitting a great global city. As noted, Melbourne is projected to have a population of 9 million people – the size of London today – by 2050. So the challenge facing Victoria is not do we grow – that is not a question – it is how do we grow well? We must manage the immense opportunities and challenges that this growth brings by ensuring that there is

more affordable and high-quality housing within walking distance of world-class public transport infrastructure, close to jobs and close to schools, universities and essential services. There is a lot at stake, and we cannot afford to waste a day. We have to continue getting on with the business of infrastructure delivery that will service our growing state. I think it is fair to say that the best time to have invested and built an orbital rail network in Melbourne was decades ago, and the next best time is right now.

You and I are both millennials, and today's millennials deserve the same opportunities as their parents and grandparents – the opportunity to be able to purchase a home in or near where they grew up. Today's millennials deserve faster and more reliable transport, and they deserve to have connections to two of Australia's largest universities, Deakin and Monash, on the Suburban Rail Loop East alignment. That is why the SRL will, for example, take 600,000 cars off roads every day and save our economy billions of dollars, while all trains will be powered by 100 per cent renewable energy and all stations will have a 5-star Green Star rating. No matter where you live, whether it is Frankston, Footscray or Fawkner, the SRL is going to create faster and easier journeys, and it will be a turn-up-and-go service. Around 70,000 daily trips, nearly half, will be shifting from cars. It will mean trips of 3 to 4 minutes between stations. Cheltenham to Box Hill would take just 22 minutes. Cheltenham, in my electorate, to Monash University on the SRL will take just 10 minutes. It can take about 50 minutes taking the current public transport offering. These travel estimates are practical. They are practical examples of how the SRL will integrate with the existing transport network and provide quick, convenient and reliable connections for people to travel across Melbourne suburbs. As I said, SRL East interchanges with the Frankston line at Cheltenham, with the Cranbourne–Pakenham line at Clayton, with the Glen Waverley line at Glen Waverley and with the Lilydale line at Box Hill. This is what they have in the great global cities of the world. It is what we are building in this great global city of Melbourne.

Michael GALEA: Thank you, Minister. You also spoke about the Elizabeth line earlier as well, as an example of a very successful recent project, also in London. I understand that in the three or so years now since the Elizabeth line opened around 378,000 jobs have been created as a result of that project within a kilometre vicinity of its stations. I understand as well that there are currently about 3000 jobs on the SRL project, but Minister, can you talk to me about the expected jobs to be created in the longer term, both directly and indirectly?

Nick STAIKOS: There are 3300 jobs currently across the six SRL sites. But what I would say in response to that question is that we should make no mistake about this. The experience in London with the delivery of the Elizabeth line brought out many of the same naysayers, the critics, the blockers that we have become all too familiar with since the inception of the SRL. Since project completion in 2023 Londoners have been amazed by not just the transport and patronage of the Elizabeth line but also the housing and jobs benefits that came as a direct result of constructing this visionary project. As noted in the question, the Elizabeth line created 378,000 jobs within 1 kilometre of an Elizabeth line station. The SRL will be no different – a multidecade project that will be a game changer for local jobs. By the 2050s the SRL will bring 230,000 additional jobs to the areas around the six SRL East stations. The project itself will support up to 24,000 local jobs and help to train the next generation of skilled workers.

Construction of the SRL East between Cheltenham and Box Hill is creating up to 8000 direct local jobs, with more than 3300, as I said, at the moment working on the project. We will have trains taking passengers in 2035. I should also mention that more than 10 per cent of labour hours worked on the Suburban Rail Loop are being worked by trainees and apprentices and engineering cadets. In fact when I visited the Monash University station site the day after I was sworn into this portfolio, I met with Monash alumni who are civil engineers working on the Suburban Rail Loop East, which I think is particularly special and just shows the benefit of, you know, these city-shaping projects that our government is undertaking.

Michael GALEA: Indeed. Thank you, Minister.

The CHAIR: Thank you very much, Mr Galea. We are going back to the Deputy Chair.

John PESUTTO: Mr Weimar, can I continue the questioning in relation to page 16 of budget paper 4 and just work through the value capture mechanisms that are referred to there? Are you able to advise the committee, if you can, taking land tax to start with: when will the hypothecation – I am using that term in that context, so put that to one side – when will the hypothecation of land tax commence?

Jeroen WEIMAR: Thank you, Mr Pesutto. Obviously this is a matter for the Treasurer in terms of how land tax is gathered and how land is allocated, but as the government released in December 2025, the existing land tax rates and existing land tax payers are in those precincts that will be diverted against the value capture figure going forward.

John PESUTTO: And you may not know, but do you know from what date the hypothecation of those revenues will be dedicated?

Jeroen WEIMAR: I can go back and check with our Treasury colleagues to confirm that question.

John PESUTTO: And can you do that with all of the measures, to save on questioning?

Jeroen WEIMAR: Well, again, I think certainly if you look at the infrastructure contributions plan levy, that is in effect from 1 January 2027, and I think, as you may be aware, that starts as of 1 January next year at a rate of \$11,350 a dwelling.

John PESUTTO: For ease of reference, Mr Weimar, maybe if anything that is subject to the hypothecation that is not existing, if you could come back to the committee with its land tax windfall and all of that.

Jeroen WEIMAR: Sure. I do have the information here, Mr Pesutto, so I am happy to go through it now.

John PESUTTO: Well.

The CHAIR: Deputy Chair, apologies. You may not know this, if you ask a question and the witness has the information –

John PESUTTO: Okay. Take me through it. Proceed, Mr Weimar.

Jeroen WEIMAR: I will be swift, Mr Pesutto. From 1 January 2027 to June 2032, \$11,350 per dwelling of additional dwelling – so not existing homeowners, but any new additional dwellings created. From 2032 to 2035, that rate goes up to \$33,924 per dwelling, and then in 2035–62, it then becomes consistent across the inner and outer areas.

John PESUTTO: Okay. Thank you, Mr Weimar.

Jeroen WEIMAR: You're welcome.

John PESUTTO: Mr Devlin, can I turn to you? Given levels of inflation and project cost uplifts, can you advise this committee whether you think there is any possibility that the costings understate the true cost of delivering SRL East?

Kevin DEVLIN: Since coming into the role in January this year, we have had an opportunity to review the forecasts and benchmark those against recently completed projects. And my advice to the government is that we are tracking within the range of \$30 billion to \$34.5 billion and that sufficient and prudent escalation allowances, contingency allowances, have been made in that. Our procurement processes and the market's response are tracking well and give us further confidence that –

John PESUTTO: So the 22 per cent rate of inflation that is referred to across major projects, you would not believe applies to SRL East.

Kevin DEVLIN: No, that is not what I said. Certainly there are ongoing escalation challenges. What I have said is that the business case made prudent and significant provisions for that in accordance with Infrastructure Australia's guidelines, I might add, as well, and factored in the changing trends. So while global impacts are challenges for the whole broader construction industry, I am confident that given our other things that we have done, it is not just escalation that impacts the cost of projects. We have been working very carefully –

John PESUTTO: But can you understand why Victorians are very concerned that this cost expectation, we will call it, but cost estimate has been sitting there unchanged while every other project has seen massive escalation in costs?

Kevin DEVLIN: That is historic, though. But our current procurements, the market is able to – our contractors now have a clearer view of the volatile situations that are affecting and are pricing these works accordingly and factoring provisions themselves for, you know, global uncertainty and volatility.

John PESUTTO: Thank you, Mr Devlin. I will go back to the minister now. Minister, referring to my conversation with you earlier and Mr Weimar, given that the value capture and the hypothecation of revenue from a number of those measures commence in years ahead, isn't it the case that the funding for the project is not really a tripartite model – that is, between three parties? Isn't it really the state government of Victoria borrowing for 11.5 per cent, and we will take that figure as given for the moment, the Commonwealth giving some amount of money – it has not given the 11.5 per cent it has been asked for, but some money towards that – and then the third is not actually in the first instance value capture? You are going to have to borrow that, aren't you, to meet that third bit and then try to pay for it, so-called, using hypothecation? Isn't it all really just a bit of a con? You are borrowing two-thirds of the cost of the project.

Nick STAIKOS: Mr Pesutto, I am really glad that you have mentioned the Commonwealth, because under the last federal Liberal government Victoria received just 13.5 per cent of Commonwealth infrastructure funding.

John PESUTTO: No, we are not going to go historically. Victorians need to know this, and they deserve the truth, Minister.

Nick STAIKOS: Victoria now receives 27 per cent of Commonwealth infrastructure funding.

John PESUTTO: You do not have this project properly funded without debt, do you?

Nick STAIKOS: We have said a third of the project will be funded by value capture.

John PESUTTO: From when? I asked you several times.

Nick STAIKOS: We have been up-front about the value capture initiatives included in that.

John PESUTTO: You are going to have to borrow the value capture component.

Nick STAIKOS: And we are not reinventing the wheel, Mr Pesutto. This is how the Elizabeth line in London was funded via the mayoral infrastructure levy, and we have –

John PESUTTO: Over budget and beyond time. Minister, I want to put this to you on behalf of the Victorian people. You are going to have to borrow for at least two-thirds of the project, and the so-called value capture is not that at all. For the most part value capture is taking money from one part of government – hospitals, schools, roads elsewhere – and pretending it is a separate source of revenue for this project. It is a con.

Nick STAIKOS: Mr Pesutto, I put it to you respectfully that your question is nonsense. The government has demonstrated that we can build the transport infrastructure our state needs for the future and build well over a hundred new schools, build new hospitals. I cannot remember the last time a Liberal government in Victoria built a new hospital –

John PESUTTO: No, we are not going to play this game. This is too important, Minister.

Nick STAIKOS: because it has not happened in my lifetime.

Members interjecting.

John PESUTTO: Minister, having taken on the role, do you promise –

The CHAIR: Order! Excuse me, members will come to order. Mr Galea! Deputy Chair, if you have serious questions to ask the minister before us, I suggest you ask them –

John PESUTTO: I do. Minister, do you promise as the new minister –

The CHAIR: Excuse me, Deputy Chair, I have not finished talking – instead of talking over the top not only of me but also of the minister. Do you have a question to ask?

John PESUTTO: Minister, as the new minister for SRL, do you promise the Victorian people that you will stamp out CFMEU-related corruption, intimidation and misbehaviour on the worksite you are in charge of?

Nick STAIKOS: I have zero tolerance for such behaviour.

John PESUTTO: No promise.

The CHAIR: Thank you. We are going to go to Mr Tak.

Meng Heang TAK: Thank you, Chair, Minister, officials. On budget paper 4, page 15, there is a reference to the progress of the Suburban Rail Loop and how it will deliver vital transport connections, like a train line to the Monash precinct for the very first time. Minister, can you please explain to the committee the benefits for Victorians, including workers, students and visitors, in having a train line to Monash for the very first time?

Nick STAIKOS: Thank you very much for that question, Mr Tak. I know that as the Member for Clarinda Monash University is a very important institution for your community. As I said, I had the opportunity – I think it was the day after I was sworn in to this ministerial portfolio – to visit the Monash University site. I have since also sat down with the vice-chancellor Sharon Pickering. I can tell you there is a lot of excitement that finally there will be a heavy rail connection to Monash University. As a Monash alumnus I can say that a station at Monash University will provide students, workers and visitors – and there are a lot of visitors going to Monash University each and every year – with a direct rail connection for the first time ever.

Monash is not just a university, though, Mr Tak. The Monash precinct is the largest cluster of jobs and innovation outside of the CBD. When Clayton was decided as the destination for Monash University back in the early 1960s – Clayton obviously looked very, very different in 1961 – the university was promised a heavy rail connection. And what has happened in the decades since? It has become Australia's largest university. It is one of the world's leading universities. The Monash Clayton campus has more than 80,000 staff and students. It has more than a million visitors each year. It is part of a broader Monash precinct that includes Moderna, that includes the synchrotron and that includes the cutting edge of medical technology. It also includes the Victorian Heart Hospital. But what has not happened since that time is that promise of a heavy rail connection. Certainly if you go back all the way to the late 1960s, as part of a transport plan for Victoria there was a plan to build a heavy rail connection. It is the government of Jacinta Allan that is finally going to build that heavy rail connection to Monash University, Australia's largest university but also one of the leading universities of the world.

Meng Heang TAK: Thank you for that historical reflection. You mentioned 1960. I did not know that; I came to the south-east in 1996, Minister. In the current state there are a very small number of students from north and west of the city that are enrolling at, like you said, Australia's largest university, Monash. I now refer back to budget paper 4, page 15, which states that the SRL will deliver vital public transport connections. Can you please explain to the committee how having a train line for the very first time to Monash University will drastically increase the public transport connection to Monash University for students in the north and also in the west?

Nick STAIKOS: Yes. I think that is a really important consideration. It is a really important question about the benefits that the Suburban Rail Loop will have, because as I have said, the largest university in Australia, one of the world's leading universities, is currently very inaccessible for different parts of Melbourne. Most of the students of Monash University are drawn from the south-eastern suburbs and the eastern suburbs and the inner city. Many fewer are drawn from the western and northern suburbs. And that is really because, you know, if you are a student living in the west or the north, you require multiple trains and multiple buses each day to get to university, and the result of that is for many students in the west and the north Monash is not even a preference. It is not even a consideration because of the tyranny of distance.

That is exactly what the Suburban Rail Loop is going to address. With the SRL there will be significant travel time savings. For example, students from Albion will be able to take the train to Monash University, saving 15 minutes. Researchers who live in Preston, for example, will be able to travel to Monash University in 65 minutes with Metro Tunnel and the SRL, changing at Town Hall and Clayton. People from Kew will save

19 minutes travelling to Monash University by taking the 109 tram to Box Hill and the SRL to the university campus, and Frankston students will save 25 minutes on the commute to Monash with a simple changeover at Southland station, which our government also built. These are significant time savings. The Suburban Rail Loop East will open up Australia's largest university to greater Melbourne, and that is a great thing.

Meng Heang TAK: Thank you, Minister. My final question is again on the Monash works, referring to the same budget paper 4, page 15. Can you please explain to the committee how works are progressing at the Monash precinct?

Nick STAIKOS: Works are progressing extremely well, I have to say, on the Monash precinct. The new train station at Monash will be located on the northern edge of the university's Clayton campus, between Normanby and Ferntree Gully roads, and the underground station will be fully accessible for all passengers via lifts and escalators. The new station will include two entrances, with a northern entrance providing a connection to the station plaza and a new bus interchange, and a southern entrance situated just north of Normanby Road to access Monash University via an upgraded, signalised intersection. I know you know the location extremely well, Mr Tak, so no doubt you will be very pleased about that.

Meng Heang TAK: Thank you, Minister.

The CHAIR: Thank you very much. Good to hear Albion in there. We are going to go to Mr Riordan.

Richard RIORDAN: Thanks, Chair. Minister, the evidence has been very clear from your department today that the \$30 billion to \$35 billion budget is rock solid, it ain't moving, and at best estimates you do not expect any overflow. Can I put it to you, because you have raised it so many times, the Elizabeth line in London finished in 2022, which is approximately when you did your budget. Ironically, converted to Australian dollars, the Elizabeth line was about a \$35 billion project, and that is about the same price you have put in for this one – \$35 billion. But Minister, theirs was 118 kilometre long; ours is 26 kilometres. It cost the English \$300.5 million per kilometre; it is costing us \$1.3 billion per kilometre. Do you still stand by –

Members interjecting.

The CHAIR: Members will cease interjecting.

Richard RIORDAN: And in their 10-odd years to build that line, their budget blew out by 28 per cent. Do you still stand by your claims that your budget of \$35 billion will not move?

Nick STAIKOS: The Suburban Rail Loop East is on time and on budget. And on the Elizabeth line, the Elizabeth line was conceived in the early 2000s –

Richard RIORDAN: The budget as of 2010 to when it finished blew out by 28 per cent, Minister.

Nick STAIKOS: What you have just described, Mr Riordan, demonstrates exactly that the longer you leave city-shaping infrastructure like this, the longer you put it off, the more expensive it will become, which is why we are building this infrastructure as an investment in the future of this great global city.

Richard RIORDAN: Yours is five times more expensive, when you did the pricing at the same time. You did the pricing at the same time – 2022.

Nick STAIKOS: Mr Riordan, I stand by what I have said throughout this hearing, and that is that the Suburban Rail Loop East remains on time and on budget. You have also heard the same from Mr Devlin.

Richard RIORDAN: Because it is on time and on budget, Minister, were you responsible for ordering artwork on the front of the boring machines?

Nick STAIKOS: Oh, look, you know, I think it says a lot about your priorities, Mr Riordan –

Richard RIORDAN: Well, it says a lot about your priorities, Minister, to find time to put artwork on something no-one will see.

Nick STAIKOS: You have got me for an hour. You have got a few minutes. This is the largest transport project in Australia's history, and you are talking about that.

Richard RIORDAN: So, Minister, yes or no?

Nick STAIKOS: It was a decision of the contractor, Mr Riordan. It is a matter for them.

Richard RIORDAN: Right. And the taxpayers paid for it.

Nick STAIKOS: No, it was a decision of the contractor.

Richard RIORDAN: So where did they get their money from? Was it a benevolent donation?

Nick STAIKOS: It was a decision of the contractor. It was not authorised by the Suburban Rail Loop Authority or by the government.

Richard RIORDAN: Or was it from the CFMEU, or part of the \$15 billion that has gone missing?

Nick STAIKOS: Look, I do not think you should be spouting any more nonsense than you already have.

Richard RIORDAN: So, Minister, with your rock solid \$35 billion budget, have you projected the interest cost for the 40-year loan of the \$11.5 billion value capture component?

Nick STAIKOS: I note that the first witness you had before you was the Treasurer, so no doubt you have put these questions to the Treasurer. But I will just repeat what I have said, and that is that we are funding a third of the Suburban Rail Loop East by value capture. We have been up-front about the initiatives within that framework.

Richard RIORDAN: But you do not have the money today. You gave evidence to Mr Pesutto earlier: you do not start collecting that money until 2035.

Nick STAIKOS: Well, in fact what we are doing is we are collecting that funding over a 40-year period.

Richard RIORDAN: Yes, but from 2035.

Nick STAIKOS: Well, in fact we are collecting that from 2025 –

Richard RIORDAN: So you have started collecting the money already?

Nick STAIKOS: and indeed the infrastructure contributions plan levy from 1 January 2027.

Richard RIORDAN: And how much have you collected to date?

Nick STAIKOS: I do not have that information on hand. However, I will just repeat that we are funding Suburban Rail Loop East a third from value capture.

Richard RIORDAN: So you are already hypothecating general revenue.

Nick STAIKOS: Mr Riordan, the only reason you can ask that question is because we have been up-front and honest about what our value capture framework will look like.

Richard RIORDAN: Minister, no-one for a minute believes you that your budget has not moved in the last six years. Your evidence is you have got a magic pudding. We gave this to the Treasurer – the Treasurer, you, and the Premier are all saying, 'Despite the fact that we've blown out on the West Gate Tunnel, we've blown out on the Metro Tunnel, we've blown out on level crossing removals and our hospitals are always blowing out, magically this project is the gold standard – it's not budging.'

Nick STAIKOS: Well, Mr Riordan, we have already awarded four major contracts: an early works contract, two tunnelling contracts, a Linewide contract. We are meeting those benchmarks. It demonstrates that we are within budget. The Suburban Rail Loop East is on time and on budget.

Richard RIORDAN: When do you expect to get that \$11.5 billion – that hypothecated money from the eastern suburbs, that extra tax that you will be collecting from the people that live along the route? When do you expect to have collected that \$11.5 billion?

Nick STAIKOS: Well, I will make clear that we are not taxing the family home – I will make that absolutely clear – so describing it as an extra tax is wrong.

Richard RIORDAN: Minister, when you buy an apartment – there will be at least \$40,000 worth of tax in one of your new apartments along the Suburban Rail Loop, through windfall gains tax.

Nick STAIKOS: Describing it as an extra tax is wrong. We are hypothecating some existing taxes.

Richard RIORDAN: If someone buys a house and \$40,000 of it goes into your coffers, most people would call it a tax.

Nick STAIKOS: I would also put to you that given our plan is to build an additional 70,000 homes along the SRL East alignment –

Richard RIORDAN: And every one of those 70,000 homes will have at least \$40,000 tax.

Nick STAIKOS: and a lot of commercial properties as well, Mr Riordan –

Richard RIORDAN: So you are taxing businesses as well. You are taxing new home owners and you are taxing businesses.

Nick STAIKOS: there is naturally going to be –

Members interjecting.

The CHAIR: Excuse me. There is a point of order. The talking over the top of one another – it is very difficult to hear the answer.

Richard RIORDAN: Well, the question is –

The CHAIR: Mr Riordan, do not talk over the top of me. If you have not learned that by now, it is going to be a long week.

Nick STAIKOS: Look, I also –

The CHAIR: Excuse me, Minister. Mr Hilakari has a point of order.

Mathew HILAKARI: Chair, you have taken up my point of order exactly. It is impossible to hear the evidence. It is important evidence that we do want to hear as a committee, so if Mr Riordan cannot contain himself, maybe you could ask this question and do something that can contain him. So the point of order is: can I please hear some of those answers? They are important.

Richard RIORDAN: Yes, well, we are quite keen –

The CHAIR: Excuse me. I am going to rule on the point of order. If you have a question, please put it to the minister and afford him the courtesy of answering. Thank you.

Richard RIORDAN: Minister, the money that you collect from new home buyers will be going to pay for this tax.

The CHAIR: Moving on to Ms Kathage.

Lauren KATHAGE: Thank you, Chair, Minister and officials. Minister, I want to talk about the connectivity and livability that SRL brings. I can see on page 15 of BP4 it talks about how precincts are going to be activated around the six stations. Can you explain to the committee how the Suburban Rail Loop will improve connectivity, livability and accessibility, really, for Victorians?

Nick STAIKOS: I certainly can, Ms Kathage. As I have said a few times throughout this hearing, Victoria is growing, and Melbourne will be the size that London is today by the 2050s. As an integrated transport and planning project, Suburban Rail Loop is going to shape how Melbourne grows in the decades ahead and beyond, and it is going to help our city and state meet the challenges that population growth brings. The new underground SRL stations will trigger more jobs, diverse and affordable housing options and services, including schools, new and upgraded public and open space, better transport links and upgraded bike paths. And the SRL will immensely significantly transform our public transport network, better connecting Victorians to employment, to hospitals, to universities and to each other.

Three transport superhubs at Clayton, Broadmeadows and Sunshine will open up access to Melbourne suburbs for regional Victorians, who will not have to travel through the CBD to get to where they need to go. The SRL East from Cheltenham to Box Hill is now under construction and will deliver six new underground stations, as we have gone through today, at Cheltenham, at Clayton, at Monash, at Glen Waverley, at Burwood and Box Hill, opening up access to key employment, to education, to entertainment and to retail destinations in Melbourne's east and south-east. Connections between the stations and the existing stations at Cheltenham, Glen Waverley, Clayton and Box Hill will be fast and easy. They will be the sorts of interchanges that you see in places like London and Paris.

The SRL will deliver train services for the first time to not only Monash University – we have kind of left Deakin University out during this conversation – but to Deakin University's Burwood campus as well. Indeed the Burwood site is the most advanced, with two tunnel-boring machines onsite. But let us remember that the Suburban Rail Loop East alignment is located near important health services as well – Monash medical precinct as well as Box Hill Hospital. We are making these connections so that we can build thriving communities.

Lauren KATHAGE: I heard you mention before minimum percentages of apprentices or how many people are going to get a leg-up. Page 15 of BP4 says that tunnel-boring machines are on site and tunnelling is commencing this year, now in major works. So job opportunities – the chance for apprentices, cadets, et cetera to develop skills on the Suburban Rail Loop: what are we expecting?

Nick STAIKOS: As I said earlier, construction of the SRL East between Cheltenham and Box Hill is creating up to 8000 direct local jobs, with more than 3300 already onsite working as we speak. More than 10 per cent of the hours worked on SRL East will be worked by apprentices, trainees and cadets with a mandate that women account for at least 40 per cent of those opportunities. Initial and early works have employed 87 apprentices, trainees or cadets. The Tunnels South contractor, Suburban Connect, has employed 73 apprentices, trainees or cadets. The Tunnels North contractor, Terra Verde, has employed 29 apprentices, trainees or cadets. Notably, we have undertaken these programs to help get students onto the site. When I visited the Monash University site, as I said, I met some of the civil engineering alumni from Monash University who are now working on the site, helping to build a station at their former university. Indeed when I met with the vice-chancellor of Monash there are a lot of excited engineering students at Monash University, because building these projects, these city-shaping projects, delivers world-leading transport at the end of it, but along the way it creates jobs and opportunities for Victorians too.

Lauren KATHAGE: And will those jobs and opportunities extend to the regions?

Nick STAIKOS: Absolutely. They will absolutely extend to the regions. There is actually a lot of work occurring in the regions with regard to the Suburban Rail Loop, including over in Benalla. There is a whole heap of work taking place in Benalla. A lot of the equipment and materials that are being used for the sites are occurring in the regions. Construction of the SRL East is absolutely delivering jobs for regions. For example, the SRL East will feature transport superhubs at Clayton, Broadmeadows and Sunshine, connecting V/Line services directly to the SRL and to the biggest jobs hub outside of the CBD. Regional workers will have greater accessibility and connectivity, and there are also a range of other job opportunities. I mentioned Benalla before. We have Victoria's largest precast concrete manufacturing facility in Benalla. It was chosen to supply concrete segments for the southern section of two tunnels between Cheltenham and Glen Waverley. More than 96,000 concrete segments will be produced in Benalla to build the 16-kilometre section of twin tunnels that will slash travel times and take thousands of cars off local roads, and I am very much looking forward to taking a trip over to Benalla to meet some of those workers, who are crucial in our delivery of this city-shaping project.

It just demonstrates that while Suburban Rail Loop East is physically located in the south-eastern and eastern suburbs, I would also say that it is creating jobs and opportunities throughout Victoria.

Lauren KATHAGE: Thank you, Minister.

The CHAIR: Thank you. We are going to go to Mr Puglielli.

Aiv PUGLIELLI: Thank you, Chair. Good afternoon, Minister and officials. The SRL very much is something that is being delivered over a long period of time. Of course it needs to meet Melbourne's needs for generations long into the future, even after the initial concept has actually been built. Can I confirm: with the current designs of the SRL, do they include a passive provision for things future governments might decide to build in future, like extra infill stations between Southland and Clayton?

Nick STAIKOS: I will throw to one of the officials in a moment, but obviously what we are building right now are six stations along the SRL East alignment. To expand on that, I will throw over to Mr Devlin.

Kevin DEVLIN: Thanks, Minister. On most infrastructure projects, we do a fair bit of work, particularly with the department, to look at futureproofing provisions for exactly that. So even our thinking around bicycle facilities at stations, the space provisions, we futureproof for those and make sure that we do not preclude further expansion of the system, both in how many trains we can run, in the facilities around the station and of course in the access points et cetera. So that is important work that we do on all infrastructure projects, with the client agencies being key in making sure that we are building now but provisioning for the future.

Aiv PUGLIELLI: So just to understand, you have not precluded extra infill stations in the current design?

Kevin DEVLIN: No. I mean, there is provision in the future, but of course there are spatial needs. We think that the mix of stations at the moment strikes the right balance between trip times and accessibility and connectivity to the various key precincts and regions. Spatially, futureproofing is where we have left it.

Aiv PUGLIELLI: Okay. Do the designs provide capacity for an expansion of the train stabling yard from its initial size to cope with a potentially larger future fleet of trains?

Kevin DEVLIN: There will be, but again, SRL is an orbital system. So in the future we will need to provide more stabling facilities in the north and the west to support trains running across the full orbital.

Aiv PUGLIELLI: Okay. How about – again, we are talking about potential future alterations to design – longer platforms at the initial stations to cope with potential longer trains into the future?

Kevin DEVLIN: No. At the moment, it would be just additional trains running, so increasing the frequency. And we have that with the high-capacity system signalling that is being installed, the autonomous trains. We can increase headway significantly. So it would not be about bigger or longer. Some of the lessons from other global projects – you can spend a lot of dollars on building bigger rather than just being smarter with the technology and applying that to increase capacity.

Aiv PUGLIELLI: Okay. Thank you. Does the design have scope for a potential line extension west from Southland to connect to the Sandringham line?

Kevin DEVLIN: No, that has not been entertained in the business case at this stage.

Aiv PUGLIELLI: Is it something you are planning to entertain over the estimates?

Kevin DEVLIN: It is not something government has asked us to look at.

Aiv PUGLIELLI: Okay. Can I ask, with respect to the bus routes around the SRL corridor, are there any plans to reform those routes over the forward estimates?

Nick STAIKOS: Well, that obviously is for Minister Williams, but I might throw to Jeroen Weimer if he has got anything to add.

Jeroen WEIMAR: Thank you, Minister. Look, as I think you heard from Minister Williams earlier this week, we have an ongoing bus review and improvement plan – I think 240 or so bus routes and networks

reformed and reviewed over the last few years. There is nothing in our forwards specifically for bus services around the SRL stations.

Aiv PUGLIELLI: Yes. I ask just to understand if there is any consideration from government around implementing SRL corridor specific bus improvements to these areas while the SRL is under construction to help improve access to the metro stations but also bed in some of those travel habits that we would want to see once the SRL is completed.

Jeroen WEIMAR: So I think the short answer would be no. I think where our focus will be is on how, as the stations come together and as the services open in 2035, we connect those stations into the broader transport network. So there is a lot of focus right now on the interchanges between the SRL and the main metro lines that the Minister has spoken to. We will, of course, be looking at our bus networks around those six stations and how we can ensure that we connect even more people into the SRL when it goes live in 2035. But we have not been asked to prioritise any of that work in the next five or six years. Our focus will be 2035 onwards.

Kevin DEVLIN: Just to add to the Secretary's comments too, I think we can look at the successful implementation of the Metro Tunnel as well to see that, making sure we synchronised bussing routes and changing with a new timetable. And that will be something that we are working with the department on in the lead-up to opening. With and during, we are very experienced with managing disruptions, but for our stations, because this is all tunnel, we are able to minimise a lot of inconvenience compared to some of the other projects that have been in brownfield rail. But around the heart of the station boxes, we will be managing those disruptions, particularly with local traders, as we have done successfully over the last number of years.

Aiv PUGLIELLI: Okay. Just moving on: obviously in the context of increased oil prices – and there are estimations and forecasts around that in the budget – what is the expected impact of increased oil prices on delivery of SRL East?

Nick STAIKOS: I thank you for that question, Mr Puglielli. The supply of fuel on SRL East worksites is currently secure. As I have said repeatedly today, the project remains on time and on budget, but SRLA is closely working with our contractors to monitor possible impacts and respond accordingly. We have already taken some steps to make sure that the delivery of the project is as energy efficient as possible, and as many would know, the tunnel-boring machines that are launching later this year will be 100 per cent powered by renewable energy. It is –

The CHAIR: Apologies, Mr Puglielli. We are going to Mr Hilakari.

Mathew HILAKARI: Thank you, Minister, and thank you, officials, for your attendance this afternoon. I am going to take us to the Alstom manufacturing facility in Dandenong – something that the member for Dandenong is very proud of – and its role in the Suburban Rail Loop. I refer to budget paper 4, page 15. They have been awarded some contracts with rolling stock, digital infrastructure, and signalling and maintenance as part of an overall system integration that is led by Alstom. Could you please explain to the committee what is the benefit of having those trains built here in Melbourne?

Nick STAIKOS: I thank you very much for that question, Mr Hilakari. Victoria's first fleet of high-tech automated trains will be built right here in Melbourne. I think that is something to be celebrated. They will be built with the global consortium TransitLinX, awarded the contract for the \$6.7 billion line-wide package of the Suburban Rail Loop East works. As noted in the question, the contract includes the design, manufacture, installation and testing of all the systems that are required to run the new network, including the signalling, platform screen doors and passenger information displays, communication systems, CCTV, security systems and tunnel ventilation. TransitLinX, which will be known as the Linewide Alliance during construction of SRL East, is a consortium of industry leaders which have extensive local and international experience on major transport projects, including the Paris Metro, but also more locally, Melbourne's Metro Tunnel, X'trapolis 2.0 trains, Sydney Metro Northwest and Western Sydney airport.

What we can say is that SRL East trains will be state of the art, they will be accessible and they will be safe and comfortable, with platform screen doors and modern passenger information systems. The carriages will have seating along the walls to create more space for passengers in peak periods, with dedicated spaces for wheelchairs and passengers with special needs, as well as flexible-use spaces for prams, assistance animals and other uses. They are the sorts of trains that you would see in other jurisdictions around the world. You

mentioned Alstom in Dandenong. The 13 four-carriage trains will be built in Dandenong at Alstom's manufacturing site, the first time automated trains will be built in Australia. That factory has built trains and trams for 70 years.

Mathew HILAKARI: There is a real proud history there, isn't there?

Nick STAIKOS: Absolutely. The factory will be upgraded for the SRL works, opening up potential opportunities to eventually supply automated trains interstate as well as to international networks. So it is an innovation of the SRL that is opening up more markets for Victorian workers.

Mathew HILAKARI: We hope New South Wales catches up with us at some point.

Nick STAIKOS: Yes, one would hope. The Linewide contractor will create more than 500 local jobs each year during construction, and hundreds more when SRL East opens, while more than 300 small to medium-sized businesses will be used throughout the supply chain to support the huge package of works. At least 15 per cent of all project hours will be worked by apprentices, trainees or cadets, creating more than 80 full-time jobs for the next generation of highly skilled workers. As I said in response to a question from Mr Puglielli, all SRL East rail infrastructure stations buildings will be powered by 100 per cent renewable energy, while energy regenerated during train braking will be used to power other trains in the network. This is a really innovative project. The two tunnelling contracts for SRL East have already been awarded, with major construction now underway. I mentioned earlier that I joined the Prime Minister and the Premier at the Burwood SRL site, and what I would say is it is well underway.

Members interjecting.

Nick STAIKOS: Given the sound effects I am hearing to my right, what I would also say is some think that this project can simply be paused. Well, I think that is code for 'Sack thousands of workers', and I think it is code for 'Let the tunnel-boring machines sink into the ground'. Well, we are not going to take that approach.

Members interjecting.

Nick STAIKOS: Well, you know what, Mr Riordan, unlike the Liberal Party, tunnel-boring machines only go forward. They do not go backwards. Anyway, I think I have answered your question, Mr Hilakari.

Mathew HILAKARI: Thank you so much, but I do have some more questions which actually relate to the content where you were, which is around the contracts that have been delivered to date. More than \$6.7 billion has been engaged around the project, and I am hoping you can talk to some of that effort. We are at the point of tunnel-boring machines getting into the ground, but before that we had to actually do a lot of preparatory work.

Nick STAIKOS: That is absolutely right, and anyone who has been to the eastern suburbs over the past several years can see that SRL sites are a hive of activity and this project is in fact full steam ahead. The Cheltenham site is adjacent to the boundary of my electorate. It is actually technically in the Sandringham electorate. It has been full steam ahead there for some years. What I would also say, Mr Hilakari, is that main works packages are well progressed at those stations, with the four contracts in place and two others in stages of the procurement process, in line with the project program. We had the initial and early works package awarded back in 2021, and so for several years there have been significant works at those sites. Those works involved power supply upgrades, the building of new substations and the relocation and protection of utilities.

Mathew HILAKARI: Thank you, Minister.

The CHAIR: Thank you, Minister and Mr Hilakari. Minister and officials, thank you very much for appearing before the committee today. The committee will follow up on any questions taken on notice in writing, and responses are required within five working days of the committee's request. The committee is going to break for lunch before beginning its consideration of the portfolio of community sport at 2:50 pm. I declare this hearing adjourned.

Witnesses withdrew.