

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2024–25 Budget Estimates

Melbourne – Friday 17 May 2024

MEMBERS

Sarah Connolly – Chair

Nicholas McGowan – Deputy Chair

Michael Galea

Mathew Hilakari

Lauren Kathage

Bev McArthur

Danny O’Brien

Aiv Puglielli

Meng Heang Tak

WITNESSES

Danny Pearson MP, Minister for the Suburban Rail Loop; and

Paul Younis, Secretary, Department of Transport and Planning; and

Frankie Carroll, Chief Executive Officer, and

Dr Lissa van Camp, Executive General Manager, Land Planning, Environment and Sustainability, Suburban Rail Loop Authority.

The CHAIR: I declare open this hearing of the Public Accounts and Estimates Committee.

I ask that mobile telephones now be turned to silent.

On behalf of the Parliament, the committee is conducting this Inquiry into the 2024–25 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 us this afternoon 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 Danny Pearson and officials from DTP. Minister, I am going to invite you to make an opening statement or presentation of no more than 10 minutes, after which time committee members will start to ask questions. Your time starts now.

Danny PEARSON: Thank you, Chair. It is glorious to be here on a fantastic Melbourne Friday afternoon.

Danny O'BRIEN: Oh, stop it. It is raining.

Danny PEARSON: Well, you know, it is good for the farmers, Mr O'Brien. It is good for the farmers.

Danny O'BRIEN: It is bloody fantastic, but they do not live in Melbourne. Also, irrespective, does not make it glorious.

Danny PEARSON: I would like to begin by acknowledging the traditional owners of the land on which we are meeting and pay my respects to elders past and present and any other First Nations people with us today.

Visual presentation.

Danny PEARSON: It is wonderful to be able to be with you and share with you the progress on the magnificent Suburban Rail Loop. By any measure, SRL is one of the most transformational transport and housing projects anywhere in the world. The SRL will deliver world-class transport, slash travel times, ease congestion and provides tens of thousands of new homes for Victorians. Construction is forging ahead, and work has begun at every SRL East station site from Cheltenham to Box Hill.

Next slide, please. The Suburban Rail Loop is the next big step in transforming our public transport network and triggering new homes and jobs close to world-class train stations. It is a 90-kilometre rail line linking every major train service from the Frankston to the Werribee lines. It delivers a high-tech, turn-up-and-go network and better connections to schools, work, hospitals, health services, universities and TAFE. It will open up more opportunities for a worker to take a well-paid job in middle or inner Melbourne because they can get there without a car. It means more opportunities for a student to study a course they have had their heart set on at Monash, Deakin or La Trobe universities or Box Hill TAFE so they can get the job they truly want. Importantly, it means more diverse housing options in Melbourne's middle suburbs, and of course because

SRL is a multidecade project it will generate thousands of direct and indirect jobs and a long pipeline of secure work and training.

Next slide. SRL will transform the way people commute across Melbourne. More than four in five Melburnians will enjoy reduced travel times. Commuters from Clayton, for example, will be able to travel in four different directions. Regional rail services connect to SRL via transport hubs in Clayton, Broadmeadows and Sunshine. Regional Victorians will no longer need to travel into the CBD and out again to access world-class education, health services, jobs and retail in the middle suburbs. It means a student can keep living in Gippsland if they want to study at Deakin. This better connectivity will enable regional businesses to reach more skilled workers and new markets.

Next slide. But the core rationale and the key motivation for this project boils down to managing our growing population. We all know that more and more people want to call Melbourne and Victoria home. Victoria's population is set to reach more than 11 million by 2056, with Melbourne home to more than 9 million – a global city the same size as London today. All the stats and trends show us they are moving here to study and work, to start businesses and families. The demographers and planners tell us we will continue to attract people to live, work, study and visit. Responsible governments plan for that growth. A city of 9 million people needs more than one CBD. They need a diversity of where to work, with more housing options. As Melbourne grows, we need a modern public transport system. Our transport network will need to support almost 12 million daily trips and an 80 per cent increase in private vehicle trips, around 19 million per day. SRL will obviously take pressure off our existing public transport network, but it will also help to manage and shape the way we grow in a smart and sustainable way. Without this critical investment Melbourne will simply grind to a halt.

Next slide. As I mentioned, we are getting on and delivering SRL East. This connects the Frankston line in Cheltenham to the Lilydale and Belgrave lines at Box Hill. This is the first major section of the route. As well as beginning construction on all six station sites, we are ramping up works at the train stabling facility in Heatherton. Excavation is starting soon on the tunnel-boring machine launch site in Burwood, where we have sunk 162 concrete piles. In Box Hill we are building a temporary bridge for the 30,000 cars that use Whitehorse Road every day to enable station excavation to happen with minimal disruption. From Cheltenham all the way through to Box Hill we are relocating underground water, power and gas services. In Box Hill crews have moved and upgraded the route 109 tram terminus, and local kids and families are enjoying the new playground and barbecues delivered mid last year as part of construction in Burwood. More than 1200 people are already working on SRL East, and that number will rise to 8000 direct jobs, with 4000 by 2026, with a further 24,000 jobs to be generated throughout the life of the project.

Next slide. SRL is much more than a rail line. We are coordinating the delivery of the line with the development of precincts. This will help to stimulate jobs, homes and services. Across Australia, finding an affordable home is harder than ever. Victoria's housing statement sets a target to build 800,000 homes over the course of the next decade. The SRL is an important part of achieving this target and delivering more homes in the right places. Last month we launched the next phase of our precinct work. It will attract more investment around the new stations, enabling a more diverse mix of quality housing – townhouses, mid-rise apartments, more affordable housing. This puts 70,000 more homes in the places people want to live – on the doorstep of world-class public transport, jobs, local services parks and open spaces. This means that people who want to live in these neighbourhoods can – people who want to live closer to their families, closer to where they grew up. But it is important to note that we are working through what services these communities need with this population increase. We are looking at open space, community services and local amenities as well.

Next slide. We are in the process of developing the structure plans for the areas around the six new SRL East stations. A significant program of community and stakeholder consultation is well underway. Local communities are enthusiastically contributing to shared visions for the future of these neighbourhoods. The draft precinct visions we released in December have received 3200 responses and have been viewed more than 33,000 times. Ongoing opportunities for consultation include information sessions, council workshops and meetings of the seven community panels – that is one for each of the SRL precincts – along with the overarching youth panel, the Victorians who will benefit most from better transport and more homes. This one is important too, because if you think about it, we have got six different precincts and they are all different. We have got to recognise the fact that you cannot just have a blanket-style approach across those six precincts; you have got to do the work to recognise they are all different. Within each of those precincts you have got to have

a more targeted, nuanced approach to that level of diversity. That is why this planning work is so vitally important.

Next slide. We want to ensure tunnel-boring machines are in the ground by 2026 and trains are taking passengers by 2035. We have provided \$11.5 billion for initial and early works and the main works for SRL East. Our partners in the federal government have provided an additional \$2.2 billion, and we continue to work closely with them. We awarded the first main works contract for the tunnelling and station box excavation, between Cheltenham and Glen Waverley, in December last year. Suburban Connect is a consortium of global leaders delivering the tunnels south contract, and that consortium includes CPB Contractors, Ghella and Acciona Construction. The next contract for the tunnelling, between Glen Waverley and Box Hill, will be awarded later this year, while two consortia have been shortlisted to build the SRL trains and signalling system and to operate the network.

We cannot wait for the population to reach 8 million before we do something about it, and that is why we are delivering SRL now. SRL is an opportunity to take a multigenerational program approach to attract homes, jobs and services to the communities around the new stations. It will transform Melbourne into a city of centres. International experience tells us there is not a single major livable city anywhere in the world with a population of 9 million that has a single CBD, and you cannot imagine cities such as London, New York, Hong Kong, Paris and Singapore operating without multiple areas of growth. SRL will attract businesses and people to a corridor of connected economic and activity hubs, and Monash will be one of those hubs. Monash is globally significant and has expertise in advanced materials, nanotechnology and nanofabrication, clean energy, transport, defence and space, life sciences and health technologies, digital and advanced technologies and food manufacturing. The industries of the future will be part of the knowledge economy that will deliver high-value jobs. That is why we need to better connect Monash to the rest of the city, and that is what SRL will do.

I am reminded of that great Indian proverb – and excuse the gendered nature of the language – ‘Blessed is he who plants an oak tree knowing that he will never sleep under the shade of its branches.’ I think in terms of SRL, this is what we are doing. We are making an investment now for the benefit of future generations, because we cannot wait till the 2040s to deal with these challenges. We must confront them head-on. I think that with this investment that is what we are doing. In the same way that Hamer was a visionary – where would Melbourne be without the city loop? – we have to recognise that the Suburban Rail Loop is the Melbourne underground rail loop of our generation. I know it has not been universally supported, but I recognise the fact that we have got to get on and make these sorts of investments – because if we do not, we will not have the standard of living and the livability that we have been so blessed and fortunate to experience as Melburnians.

The CHAIR: Thank you, Minister. The first 8 minutes is going to go to Mr O’Brien.

Danny O’BRIEN: Thank you, Chair. Good afternoon, Minister. I noticed in your entire presentation you did not mention the cost of this once. You talked about the other cities. I have travelled the world too, and I think the idea of something that is not just hub and spoke is a nice idea too. I actually think the principle of the Suburban Rail Loop is nice. I also think me buying an island in the South Pacific is nice, but I cannot afford that.

Danny PEARSON: Well, not yet, Mr O’Brien.

Danny O’BRIEN: Not yet. Maybe if I get a contract on a CFMEU project here in Melbourne I might be able to afford it.

Bev McARTHUR: You might become a lollipop lady.

Danny O’BRIEN: I could. There are two issues on the costs. The Auditor-General’s *Major Projects Performance Reporting 2023* and the Major Transport Infrastructure Authority’s self-assessment put the SRL East main works in the amber category – for cost that is – which is likely to be more than 11 to 20 per cent. Now, I will just emphasise, unlike the way it was interpreted previously, this is not the Auditor-General, this is the government’s own self-assessment. We heard the Premier and the Treasurer and the budget papers indicate that there has been a 22 per cent blowout in costs on construction since 2021, and yet you have not updated the figures on SRL East. Are you actually arguing that somehow SRL is immune from the cost overruns that are happening everywhere else?

Danny PEARSON: What I would say is if you look at the budget paper reference, budget paper 4, I think is page 187 – let me just –

Danny O'BRIEN: Yes, it is. I can tell you without even looking at it.

Danny PEARSON: Yes. Okay. That is good. If you look at budget paper 4, we have announced to market and we have inked the first contract for the tunnelling. What I can tell you is if you look at it, the:

... expected cost includes \$3.610 billion (GST exclusive) for the Suburban Rail Loop East tunnel south contract from Cheltenham to Glen Waverley, which was awarded in December 2023.

That came in below our projected estimates for the cost, and we remain on track to deliver the project by 2035 within that targeted range of \$30 billion to \$34.5 billion.

Danny O'BRIEN: Will you guarantee to this committee and to the people of Victoria that SRL East will not exceed \$34.5 billion in total cost?

Danny PEARSON: Well, it is a bit hard to say that because, I suppose, Mr O'Brien –

Danny O'BRIEN: Oh, but you can put it in the budget papers.

Danny PEARSON: It is in the budget papers now, but I mean in the same way, if you think for a moment, no-one could have predicted the pandemic in 2020. Look, if you are asking me to guarantee that in 2035 it will be \$34.5 billion, within that range, fine, but I just recognise the fact that it is 2024 now and a lot could happen. What I can tell you is that the initial contract of works, which was signed in December last year, was below our expectations in terms of cost, and we are out there in the market now to look at that second tunnelling contract. We will commence shortly the contract in relation to the station boxes. We will be out shortly to do the line-wide package, which will be looking at the rolling stock and the operationalisation and integration of that work, and we will have TBMs in the ground by 2026. So far, so good, Mr O'Brien.

Danny O'BRIEN: Well, actually, so far, so good – very good point, because we have so far seen two major tunnelling projects, both the Metro Tunnel and the West Gate Tunnel, blow out substantially in cost, let alone what we are having with the North East Link as well. How can you suddenly state with confidence that SRL will not, even though it also has massive tunnelling projects?

Danny PEARSON: All I can go on is the fact that we have the budget estimated to be between \$30 billion and \$34.5 billion. We ran a very strong competitive process last year. There is an enormous amount of global interest in a project of this size, scale and breadth, and the estimate for that first contract, which was let in December last year, was below our target range.

Danny O'BRIEN: Can I put it another way? The budget papers say construction costs have gone up 22 per cent since 2021, which also happens to be the time that the business and investment case was done for this project. One of them has got to be wrong. Either construction costs have gone up 22 per cent or you have not updated the cost estimate for the SRL.

Danny PEARSON: All I can go by is the fact that we have gone out to market. We signed that first contract last year for \$3.61 billion, GST exclusive, and that was below our expectation. I am also mindful that we remain out in the market now for the remaining packages, and I would not want to say anything in this forum that might jeopardise the state's negotiating position, Mr O'Brien. Those items and those matters will be updated progressively as those contracts are let.

Danny O'BRIEN: Okay. Speaking of updated, the budget papers say that construction costs have gone up 22 per cent since the first business case was done. Will you be undertaking a new benefit–cost ratio for the Suburban Rail Loop?

Danny PEARSON: No, because the project stacks up, for all the reasons I have previously outlined, Mr O'Brien.

Danny O'BRIEN: No, no, but for all the reasons I have just asked you – the project stacks up on the numbers that you had three years ago. You are now saying, your own budget papers are saying, it is 22 per cent more than it was three years ago. Surely that throws out all the BCRs you have done.

Danny PEARSON: No, because it does not reflect what came through the competitive tender process we ran last year, which was finalised in December of last year.

Danny O'BRIEN: So you are saying the SRL is immune to the construction cost increases.

Danny PEARSON: I can only go by what comes through a tender process, Mr O'Brien. We ran a competitive tender process. There is global interest in a project of this size and this scale.

Danny O'BRIEN: Okay. I will move on.

Danny PEARSON: We ran a tender process, and it came under budget or under the target.

Danny O'BRIEN: Thank you. Perhaps this question might be to Mr Carroll. Infrastructure Australia say the project is at stage 2 of their assessment process for federal funding, which as you know is crucial. Is Infrastructure Australia still waiting for information from the Victorian government?

Frankie CARROLL: It is probably to Mr Younis.

Danny O'BRIEN: Whoever is better qualified.

Paul YOUNIS: We have provided all the business investment case to Infrastructure Australia. They are reviewing that, keeping in mind that the Mrdak review on Infrastructure Australia came out I think it was last year, and they were reviewing the way that they consider business cases. I believe the legislation to change the structure of their review went through federal Parliament earlier this year. They have all the information that they have asked for in relation to the consideration, keeping in mind that we gave that information to them two or three years ago, probably longer.

Danny O'BRIEN: Yes. Again, it is out of date, but yes.

Paul YOUNIS: They have included the Suburban Rail Loop on their priority list for Victoria.

Danny O'BRIEN: Can I have absolute clarity that Infrastructure Australia is not waiting for further information from the Victorian government?

Paul YOUNIS: There is no further information that we are providing to Infrastructure Australia.

Danny O'BRIEN: That is not the question. That is not the question. The question is: have they asked for more?

Paul YOUNIS: I will clarify that because given that they have had a review of the way that they will be considering business cases there may be more information that they will require, and if they have a request –

Danny O'BRIEN: Have they asked you for any now? Is there any outstanding request at the moment?

Paul YOUNIS: They have not. No, there are no outstanding requests. If there is any further information that they need, then we will be in a position to provide that.

Danny O'BRIEN: What information has the department provided to the Australian National Audit Office review of the Suburban Rail Loop?

Danny PEARSON: I am just –

Danny O'BRIEN: I understand they are undertaking a review of the federal contribution.

Danny PEARSON: Yes, so I think that is a federal matter to the best of my knowledge. Look, I am happy to –

Danny O'BRIEN: The question is: what information have we provided to them?

Danny PEARSON: I think it is a federal audit into a federal contribution. It does not relate to us.

Danny O'BRIEN: It is a Victorian project –

The CHAIR: Apologies, Mr O'Brien, your time is up.

Danny PEARSON: Sure, but –

Danny O'BRIEN: that you are telling us is all hunky-dory and the funding is all there for.

The CHAIR: We are moving on, Mr O'Brien. We will go to Mr Galea.

Michael GALEA: Thank you, Chair. Thank you, Minister, Secretary and officials. Minister, it is clear to see there is going to be a huge amount of benefits from the Suburban Rail Loop, particularly for my constituents of the south-east. The benefits will come from the SRL East project linking people from the Frankston–Cranbourne–Berwick regions through to universities, jobs and services right across eastern Melbourne. I do want to go into the costs, though. Budget paper 4, page 187, goes to the \$30 billion to \$34.5 billion figure forecast for the SRL East project. Can you outline what those costs will actually cover?

Danny PEARSON: Sure. The Cheltenham to Box Hill section is known as SRL East, and that involves delivering twin 26-kilometre rail tunnels. To give you some sense in terms of the size of that, that is the length of the Craigieburn line. It is a huge tunnel. There will be six new underground stations, including four with interchanges to existing stations at Cheltenham, Clayton, Glen Waverley and Box Hill, as well as new stations at Monash and Burwood. Monash is incredibly important because Monash University is Australia's largest university, and we can finally put Monash University on the metropolitan train system. There will be a transport super hub at Clayton for regional passengers – again, coming back to the Gippsland line, kids from Gippsland are going to be able to go to Clayton station, change, get on the SRL and go to Monash University or to Deakin.

Danny O'BRIEN: They can go to Flinders Street now and do the same thing.

Danny PEARSON: It is all about the user experience.

Michael GALEA: How much longer would that take? It is an extra hour of travel.

Danny O'BRIEN: You guys are joking.

The CHAIR: Mr O'Brien, take another sip of your coffee.

Danny PEARSON: It is all about the user experience, Mr O'Brien.

Michael GALEA: Clearly he is happy for regional students to travel hours longer.

Danny PEARSON: Well, it just does not make sense to have to come in and then go all the way back out.

Danny O'BRIEN: Hours longer!

Michael GALEA: Cumulatively, yes.

The CHAIR: Mr O'Brien!

Danny PEARSON: There will be a train stabling facility and power supply substation constructed at Heatherton; an emergency support facility at Mount Waverley, including an intervention and ventilation facility and backup control centre; a support facility at Burwood; and a dedicated fleet of new high-tech trains. Obviously in terms of the size and scale, it is comparable to the Craigieburn line but with the added complexities of delivering it in established areas of Melbourne and minimising disruption and property acquisition. This is a visionary project that will radically change how we move around the city and how our city grows. It will be much more than just two tunnels and six stations. We are also ensuring that we maximise the housing, job, education and health benefits of this investment by delivering six integrated precincts that can provide more affordable and accessible homes.

Importantly, I appreciate this project has had its fair share of critics; however, we are doing this because we absolutely have to do it. If you think in 2050 Melbourne will be home to around 9 million people – that is roughly, as I said earlier in my presentation, the size of London today. So there is a clear choice: do we continue growing out, or do we make sure that we maximise transport connectivity and deliver affordable homes in places where there are good jobs and good services? The so-called experts who criticise the project

often talk expansively about also needing green wedges and European-style consolidation, but the investment we are making will help ensure that we protect green areas of Melbourne, and that is why we have a city with multiple centres where we maximise public transport use. As outlined in the SRL business and investment case, the rate of urban sprawl will reduce. With SRL there will be a 1.5 per cent decline in urban sprawl by 2056. Berlin, London and now Paris all have or are building orbital train lines that help to consolidate growth and improve social equality. When we think of Melbourne in the 2050s we also know that SRL will help take 600,000 cars off roads each and every day.

Importantly, the number of jobs that will be accessible following delivery of the SRL is truly outstanding. We have challenges to deliver improvements in productivity, as in most countries, and the SRL will help to ensure that the best people are available for the jobs for them. And this means that when businesses along the SRL lines are looking for people they will have millions more job applicants to choose from.

If you think to Melbourne in the 2050s without the SRL, what are we likely to see? We are going to face gridlock, fewer homes, fewer job opportunities, lower productivity and more sprawl. This takes at least a decade to build, so it is not something we can turn off and on. Realising you have got a problem with traffic congestion is not like a telly that is on the blink where you go down to JB Hi-Fi and buy a new one; you have got to plan well in advance to get things right. Without SRL in a city of 9 million people, we will be setting ourselves up to fail.

Thinking from that point of view, if you think back to 1970 to 2000, public transport patronage tracked population growth. We grew at 3 per cent per annum. The GST came in in 2000, you saw a petrol spike and then people started to engage in that mode shift. They started to get on public transport, and we saw 9 per cent compound growth across the early 2000s. That put enormous strain on our metropolitan train system. I think if you look at the Brumby government, when they realised in the late 2000s that there was a problem, they just could not procure a solution. It would have cost billions. It takes a lot of time. It is highly specialised. That is why this project is so important, because it just makes social, environmental and economic sense, Mr Galea.

Michael GALEA: Thank you, Minister. You mentioned both in your answer and in your presentation that by 2056 Melbourne will have a population of 9 million, which is about the size of London today, and if you think of London, it has got its overground network, its orbital railways, which are so well utilised. Minister, how many people will SRL carry, and how will that compare to other lines on the metropolitan network?

Danny PEARSON: By the mid-50s around 430,000 orbital rail trips daily will occur using the SRL. That includes 30 per cent shifting from other public transport modes, 37 per cent shifting from private vehicle modes and 33 per cent from other modes and new trips. At Box Hill, when the first section is opened, there will be 15,000 people using the train station. That station alone will be almost busier than Alamein and Williamstown lines in total.

Monash's population will double from 14,000 to 30,500, and employment will go from 36,000 jobs to 162,000 jobs. We know that a centre that big needs dedicated, high-capacity public transport. At Clayton there will be one of the busiest stations on the network, with around 15,000 passengers from Clayton daily. The Clayton super-hub will connect into both the SRL East and the existing Clayton station, carrying to more than 90,000 transfers a day by 2056.

So if you are looking at the number of boardings, SRL stations will quickly exceed boardings at many stations across the network. It will also reduce pressure on connecting train lines, as more people will be able to move in more ways across Melbourne. And we will not just have people heading to the CBD every day; they will be heading around for work and study, and again, it is that orbital movement. So in the same way that we have progressed from having trains terminating at Flinders Street and Spencer Street to having the loop in the orbital fashion around the CBD, that is what the SRL is going to do on a much bigger and better scale. So it will not just be people heading to the CBD every day, it will be people travelling around for work and study, and it just makes sense because it means that people can live and work in places that are not just the CBD or not just the urban fringe.

Michael GALEA: Thank you, Minister. I remember – I do not remember, but looking back at articles – people were badmouthing the city loop back in the 1960s as well.

Danny PEARSON: They were. They were saying it was just an absolute waste of time, a waste of money.

Michael GALEA: Imagine where we would be now.

Danny PEARSON: Where would we be?

Michael GALEA: Imagine where we will be if those opposite get in charge and we do not have this project by the 2050s, indeed – or the 2030s. The benefits of delivering SRL East first, can you talk to me about that?

Danny PEARSON: Sure. One of the benefits to SRL East is it aligns with the objectives of our major strategic plans to connect and activate key precincts and economic clusters.

Michael GALEA: Thank you.

The CHAIR: Apologies, Minister. We are going to go straight to Mrs McArthur.

Bev McARTHUR: Thank you, Chair. Thank you, Minister. Now, look, I was fascinated to hear in your presentation about the targeted, nuanced approach to planning of the new precincts, unlocking new housing opportunities that would include gas. You mentioned gas you would be including in this –

Michael GALEA: In the Suburban Rail Loop?

Bev McARTHUR: Yes, in the Suburban Rail Loop. You are reconnecting gas. Have you told Lily, your dear friend?

Danny PEARSON: Sorry, you had me there for a moment, Mrs McArthur. I will just recalibrate my composure. What we have had to do with some of those earlier works is – you have got existing services that need to be relocated, be they be power, telecommunications infrastructure, sewerage, water –

Bev McARTHUR: And gas.

Danny PEARSON: Yes, indeed. So what you have to do is you have to then relocate those services because, whether you like gas or you do not like gas, if you are going to build a tunnel, you cannot leave a gas pipeline in your path. That could be fatal, would be my guess.

Bev McARTHUR: Good. You are reinstating it. It is fantastic news, Minister.

Danny PEARSON: Yes, but you have to make sure that you relocate those services, and that is what we are committed to doing, Mrs McArthur.

Bev McARTHUR: That is fantastic. Well, perhaps I will go to Mr Carroll. Mr Carroll, what value capture mechanism will be used? This is in the budget paper 4, page 187 area. Because the SRL business case highlights developer contributions as a potential value capture mechanism, so what value capture mechanism will be used?

Frankie CARROLL: I thank the member for the question. In relation to the value capture mechanisms that were recommended in the business investment case in 2021, there were three recommended to government. One was a land tax surcharge, the second was a developer surcharge and the third was a car-parking surcharge. Those recommendations have gone to government. The government need to make a recommendation on which they want to use going forward.

Bev McARTHUR: So new taxes.

Frankie CARROLL: It is a decision for government what they want to use as value captures.

Bev McARTHUR: Everybody will be pleased to hear about new taxes. So will they be applied to new homes, existing homes or both?

Frankie CARROLL: My understanding of government policy is that it will not be applied to residential homes. It is only commercial ventures.

Bev McARTHUR: So businesses will be hit with this, good. How much would you aim to raise in each precinct –

Danny PEARSON: Well, I think on that particular question –

Bev McARTHUR: in this value capture operation?

Danny PEARSON: We are doing the work now in relation to that planning work across those six precincts, Mrs McArthur. We have indicated that the contributions for SRL is a third state, a third federal and a third value capture, and we really need to make sure that we work our way through those issues. Obviously, in terms of the quantum that you speak of, much of that work is actually with the Department of Treasury and Finance, and that work is ongoing.

Bev McARTHUR: Do you know when the value capture collection will begin?

Danny PEARSON: I think what we have to do is we have to work our way through a process, and so we have done some of that early work in terms of the precincts visions, and we are working towards planning scheme amendments for each of these precincts. That will not occur until about 2026. Obviously once you get through those planning processes, you then have to work out when projects will be brought online and developed. Again, a lot of that value capture work and those calculations are with the Department of Treasury and Finance.

Bev McARTHUR: Mr Carroll, has the department or the Suburban Rail Loop Authority done or been asked to do any analysis on increasing value capture to make up for a potential lack of federal funding?

Frankie CARROLL: As the minister has just said, the Department of Treasury and Finance actually does the modelling in relation to the value capture mechanisms.

Danny PEARSON: What I can say to you, Mrs McArthur, is we are still working on the basis that the state will put forward a third of the project's contribution, the Commonwealth will put forward a third and value capture will be the other third.

Danny O'BRIEN: The Commonwealth has not put forward a third, that is the problem.

Danny PEARSON: No, no, we have got –

Bev McARTHUR: How are going to make it up, is the question. Extra value capture?

Danny PEARSON: No, no, we have got \$2.2 billion to date, and we are continuing to work productively and collaboratively with the Commonwealth. As I said in the earlier session, I was thrilled and delighted to receive \$3.25 billion in funding for the North East Link, so we will continue working with the Commonwealth. Again, there are many more Commonwealth budgets to come, and this project will be a project that will last decades.

Bev McARTHUR: Well, Minister, have you ruled out applying any value capture tax on areas around the SRL station ahead of the SRL East being operational?

Danny PEARSON: Again, I think from that perspective, Mrs McArthur, there are two issues there: first of all we have got to do the planning work, and I think that you want to create really strong, resilient communities, and I think that requires a level of housing diversity that is being applied, and that is why we have got to do that planning work, and that planning work will not be finalised until 2026. In relation to calculations around value capture, that really is a matter for the Department of Treasury and Finance.

Bev McARTHUR: So Monash University and Deakin University are to be sites of major station precincts along the proposed route of the SRL East. Will these institutions be required to make any value capture payments?

Danny PEARSON: Well, again that work remains ongoing. Certainly –

Bev McARTHUR: So you will not rule it out.

Danny PEARSON: Look, I do not want to get into a game of semantics with you, Mrs McArthur, on a delightful Friday afternoon, but I think on these sorts of questions it would be premature to be making those

sorts of definitive statements at this stage while that work is ongoing. I have met with Professor Sharon Pickering, who is the vice-chancellor at Monash University. She is ebullient in her enthusiasm when it comes to this exciting project. I think she recognises the great value that putting Australia's largest university on the Melbourne metropolitan rail network makes inimitable sense.

Bev McARTHUR: Do you think that the university would be happy to pay you extra money?

Danny PEARSON: Again, it is premature. First of all you have got to do the planning work around how these precincts are going to function and operate, and –

Danny O'BRIEN: You boasted about starting construction.

Danny PEARSON: Mm?

Danny O'BRIEN: You boasted in your presentation you have started construction.

Danny PEARSON: Yes.

Danny O'BRIEN: You are saying, 'We don't know how we're going to pay for it, we're still doing the planning work.'

Danny PEARSON: No, no, there are two separate things, Mr O'Brien. There is the design around the –

Danny O'BRIEN: No, you have still got to pay for it.

Danny PEARSON: No, no, but there is the –

Danny O'BRIEN: This is extraordinary.

Danny PEARSON: There is the construction of the tunnels and the station boxes. That work is occurring. In terms of the planning work, it is not about imposing solutions on communities. It is about working with those communities and understanding their interests and desires.

Danny O'BRIEN: It is getting a bit late for that, isn't it?

Danny PEARSON: Because the reality is if you look at Box Hill, for example, the people of Box Hill have told us they like the idea of a linear park between Station Street and Whitehorse Road and they want to have better levels of accessibility of those areas. People down in Burwood, for example, want to make sure that they have got a connection to Gardiners Creek, and they have got concerns about crossing Burwood Highway. People down at Clayton and have told us that they want to have most of the development around the station box. With these sorts of questions I do not think is appropriate for government to be imposing unilaterally solutions on these communities without having a conversation with them.

Danny O'BRIEN: But you are going ahead. You are doing it anyway.

Bev McARTHUR: You are imposing a major cost on people. I mean, how can you raise \$11.5 billion when you have not finished the planning process?

The CHAIR: Apologies, Mrs McArthur.

Bev McARTHUR: Take that on notice.

The CHAIR: Mrs McArthur, we are out of time. That question is not taken on notice. We are now going to go to Mr Tak.

Meng Heang TAK: Thank you, Chair. Minister, Secretary and Treasury officials. Moving on, this topic is very interesting to me – close to my heart – because I know that many of my constituents will directly benefit from this project. I refer to budget paper 4, page 187, which notes that contracts were awarded for initial and early works for the tunnels south contract from Cheltenham to Glen Waverley. What are the contracts that have been awarded to date and what work has progressed to date, please?

Danny PEARSON: Mr Tak, thank you for your question. I am thrilled and delighted that we are getting on and delivering this city-shaping infrastructure. Tunnelling on the Suburban Rail Loop will start in 2026 – we will have TBMs in the ground – with the Allan Labor government awarding the first tunnelling contract for SRL East in December of last year, and we will start work on every single station site this year. The tunnels south contract is worth around \$3.6 billion, as disclosed in budget paper 4, and that was awarded to Suburban Connect, a consortium led by CPB Contractors, Ghella and Acciona, to build 16 kilometres of twin tunnels between Cheltenham and Glen Waverley. This is the longest tunnelling package in Australian history. This package of works will include safety cross passages between the twin tunnels, the excavation of station boxes at Clayton and Monash and tunnel entrances and exits at the stabling yards. In November of 2021 an initial early works contract was awarded to Laing O’Rourke, and works included power supply upgrades and building of new substations. Mrs McArthur will be delighted to know that we had the relocation of gas, water and other services and other activities to prepare for major construction. Works commenced in June 2022. Works undertaken to date include moving a major sewer pipe in Clayton –

Bev McARTHUR: Fantastic. What a wonderful thing, Minister. Gas – did you hear that? Gas everybody. We had gas. Lily, where are you? Are you listening?

Danny O’BRIEN: Lily is on her way here. She is very upset.

Mathew HILAKARI: It is a Friday afternoon.

Danny O’BRIEN: You might want to get out before she gets here, Minister. It is going to be unpleasant.

Bev McARTHUR: It has just got warm under the gas heaters out in the courtyard.

Danny PEARSON: Sorry, I just need to have a moment. Moving right along, Mrs McArthur. Works include moving water pipes in Coleman Parade, Glen Waverley, and preparing for the launch of TBMs at Burwood and at the stabling yard at Heatherton. Work is occurring on the construction in Box Hill of a bridging structure that will enable traffic on Whitehouse Road to keep flowing while SRL station excavation occurs underneath, and certainly Mr Hamer, the Member for Box Hill, has observed this work close up. In May of 2023 a new park and playground was opened in Lundgren Chain Reserve in Burwood, with accessible play equipment for children of all abilities. The park was delivered to offset the loss of Sinnott Street Reserve, which is required for the construction of the SRL East station.

Across the line there are major works that are already underway. Building this line requires, as you would imagine, Mr Tak, an incredible amount of planning. We have done an enormous amount of work to make sure we are ready to go to deliver it on time and on budget. Any time that I visit the SRL sites I am just struck by how much work is going on. I also acknowledge that these works do require some local disruptions, so I would like to thank the community for their patience as we deliver these works. I know that the SRL team briefed Mr McGowan on this project quite recently, and it is certainly an offer I am happy to extend to any other member of Parliament, Mr Tak.

Meng Heang TAK: Thank you, Minister. Talking about moving, I remember them moving the water pipe was such an exciting thing for the kindergarten kids around Clayton. Can you tell us the details of what contracts are out there to tender?

Danny PEARSON: We also have a number of tenders out for the main works contracts, and we have had really great enthusiasm and interest from the sector, who are desperate for that pipeline of work. This helps give certainty to the sector and helps to make sure that we have Victorians on site and delivering infrastructure for the future of the state. The proposals for the two shortlisted bidders from the tunnels south request-for-proposal process are being evaluated for the second SRL East tunnelling contract – tunnels north between Glen Waverley and Box Hill. We expect to award the tunnels north contract later this year. We have seen the awarding for the first section of tunnel, and this again means the TBMs will be in the ground come 2026. Another major works contract that is out to market is the Linewidth package. This includes the high-tech automated trains, signalling and rail systems and operation and maintenance of the new orbital rail network. The EOI closed in September 2023, and the RFP – request for proposal – process is currently underway, having begun in January 2024. In my discussions with the industry, they have been really happy with the extensive collaboration that they have experienced with Mr Carroll’s team. There is an enormous amount of work that

ensures we get the best value for money and to ensure that we deliver on time. It is a complex component of the works, and we look forward to announcing this soon.

Just in relation to the station boxes, those packages were recently released to the market via an EOI. Stations south – Cheltenham to Monash – include the station box excavation and building works for the station at Cheltenham, building works for the station at Clayton and building works for the station at Monash. Stations north – Glen Waverley to Box Hill – includes building works for the station at Glen Waverley, building works for the station at Burwood and excavation and building works for the station at Box Hill. We announced that a few weeks ago in Box Hill. This is a really exciting package, as we get to see what the future stations look like and how they will connect Victorians to precincts and to other transport connections.

Meng Heang TAK: Following on from that, what works will commence prior to 2026, Minister?

Danny PEARSON: As I mentioned earlier, early works on the SRL have commenced and we have awarded the first tunnelling contract to build those 16 twin kilometres between Cheltenham and Glen Waverley, with tunnelling to start in 2026. The second tunnelling contract, for tunnels between Glen Waverley and Box Hill, will be awarded later this year. Starting from this year, work will have started at all six station sites, with more than 1200 people already working on the project. In a separate package of works, two consortia have been shortlisted for the Linewide alliance contract to build the fleet of high-tech SRL trains and signalling system and to operate and maintain the SRL East network, with the contract set to be awarded in 2025. Importantly, this means that TBMs will be launched and there will be 4000 workers on the job. So right across the line there will be a huge amount of work as we accelerate towards 2026.

What this timeline also means is that workers on other jobs right across the state can consider a future on the SRL. I think if you look at it – as we start to decommission the Melbourne Metro Tunnel, we will start to accelerate on the SRL; as we start to decommission the West Gate Tunnel, we can start to accelerate the North East Link Project. From 2006 to 2014 the average government infrastructure investment was \$4.9 billion per annum. This year it will be \$24 billion. But what we are looking at doing is providing that level of pipeline of activity and certainty for the workforce. If you are a young person now, you have just got out of TAFE and you are a fourth-year apprentice electrician, you have got the capacity to work on this project for decades, having that level of certainty. When you have got the ability to plan – plan for the future, plan for what is around the corner – you are in a much stronger position. It is much better than that sort of boom-bust approach we had to construction throughout the eighties and the nineties. This is going to be a much better outcome for the community as a result of that.

Meng Heang TAK: Thank you, Minister.

The CHAIR: Thank you, Mr Tak. Mr McGowan.

Nick McGOWAN: Thank you, Minister. This is a question more for the Secretary, I think. Major shopping centres, including Westfield, Southland and Box Hill Central, I think are the sites, obviously, of the major station developments, along with the proposed SRL East. Can you advise whether the owners of the centres are required to make any value capture payments as part of the project or other payments.

Paul YOUNIS: I think the minister can answer that question.

Danny PEARSON: I think on that, in relation to those shopping centre sites, the stations are going to be proximate to but not in those sites. We need to look at examining how you would connect the two station sites together. As I indicated earlier, a lot of that work remains with the Department of Treasury and Finance at this stage in terms of funding and financing those options. And more broadly in relation to that value capture work, that work is ongoing, Mr McGowan.

Nick McGOWAN: As I understood it, presumably there is work being done or has been done in terms of the design connecting existing stations at Box Hill to the new station.

Danny PEARSON: I might get Mr Carroll to answer that in a moment, but we are certainly looking at the fact that you are putting the two station boxes in close proximity together. In relation to questions around design and connectivity, I think that work is ongoing. We have not landed on that yet. The focus to date has been about, obviously, digging the tunnels and then building the station boxes. The question about how you

interconnect the new station boxes with the existing station boxes – I think that work still needs to be done, but Mr Carroll might wish to add to my comments.

Frankie CARROLL: Thank you, Minister. Yes, the station interchange works is a design we are looking at at the moment – and options for government to consider how we would actually connect the main line rail stations to the Suburban Rail Loop.

Nick McGOWAN: But praise be to God, you are not building this massive train line and like building London station are not having it connect to London tube, for example. Presumably this is where we are headed, right? It is not not going to be connected, is what I am asking.

Frankie CARROLL: The idea is we are putting designs together for government to consider which is the optimum design that they would like to use going forward.

Nick McGOWAN: Because that would not be an optimal outcome for this whole project, for all these key stations – Box Hill, Glen Waverley – not to be connected. When commuters get off the train at Box Hill and get onto the train at the SRL, if they cannot do it with some ease, that would be a very big missed opportunity.

Danny PEARSON: It is a good question, Deputy Chair. That work is ongoing in the same way at the moment, and you will see this when you go down to the Metro Tunnel – you will see the way in which the new marries with the old and you will have those connections. In relation to the way in which that will be operationalised and that design will be done, we are not there yet. That work is ongoing, but the broad principle is that there is ease of access. It makes little sense, going to Mr O'Brien's point earlier, that if you are from Gippsland and you get off at Clayton station, you have got to do a 10-minute walk to get on the Suburban Rail Loop. Well, that just does not make sense. That is why we have chosen locations that we have chosen, but the method with which we will thread those –

Danny O'BRIEN: Have you ever caught the London tube? There is a lot walking involved with the London tube or the Paris Metro.

Danny PEARSON: I think the way in which we knit the two station boxes together, the method by which that will be done and what the user experience will look like, what the wayfinding experience will show – that work is ongoing.

Nick McGOWAN: Thank you, Minister. Secretary, the Treasurer last week identified the prospect of a railway line to Avalon Airport instead of Tullamarine. Has the Department of Transport conducted any work on this project?

Paul YOUNIS: We have done some long-term planning around connections to western Victoria, and I know the Avalon Airport have put options up in relation to how you could connect Avalon Airport into the existing rail network. They are very high-level, conceptual plans that have come from Avalon Airport, and they are not in the development phase by the department at this stage.

Nick McGOWAN: Secretary, work on the SRL Airport project has now been paused, as we know. In total can you tell us how much the government spent on this project prior to the decision being made to pause it?

Paul YOUNIS: The number is actually in budget paper 4. It is just over \$1 billion that has been spent on the airport rail works.

Danny PEARSON: While I know I am going to get Mrs McArthur excited again, a lot of that related to –

Bev McARTHUR: Gas.

Danny PEARSON: preserving the rail corridor as well as the relocation of services – and yes, including gas – while that work was done. It is about future proofing that corridor, because you do not want a situation where you do not actively manage a corridor. We have to manage that corridor and make sure that it is preserved for future use.

But again can I say Melbourne Airport's behaviour has been nothing short of abominable. They have not been asked to put a single dollar into this project. They have made demands for compensation. We spent three years

trying to reach an agreement with no luck. I find it deeply offensive that they could have done the right thing by their workforce and looked at trying to take the view, 'Well, let's build a connection to the airport because a number of our workers would like to be able to not have to park in the staff car park but actually get the train to work.' That has been denied them by just their sheer belligerence and bloody-minded approach. It is really, really disappointing that they have conducted themselves in that way. But the ox is slow; the earth is patient. I am very confident that as a consequence of the investments we have made to date we have preserved this rail corridor and there will be a line to the airport in due course.

Nick McGOWAN: Thank you, Minister. Secretary, the state government last year approved a \$67 million variation to a Gateway Alliance contract for 'demobilisation works' related to the SRL project. Now, according to budget papers there is a further \$132 million that will be spent on the project in 2024–25. Is this for further demobilisation works?

Paul YOUNIS: No. We are recognising that the works on Suburban Rail Loop still are going ahead. The government plan is that it is deferred for four years. The main works that the \$132 million is set out for is a continuation of land acquisition along that corridor. That is futureproofing that corridor for the works when they occur.

Nick McGOWAN: Secretary, do you know how much has been budgeted to pay for mediation proceedings related to the project?

Paul YOUNIS: I have not got the mediation numbers. The mediation was commissioned by the federal minister and that is a matter for the federal minister.

Danny PEARSON: It is a federal process commissioned by the federal minister with a report that will go to the federal minister.

Nick McGOWAN: In respect of the SRL, can you tell us how many homes have been acquired thus far? Homes, units, however you define the unit?

Danny PEARSON: Yes. I think it is about 300, Mr McGowan.

Frankie CARROLL: Correct.

Danny PEARSON: Yes, it is about 300. I mean, we try to avoid property acquisitions as best as we can. Because we are going underground, the level of disruption has been minimised. As I indicated earlier, Deputy Chair, we will be looking at building 70,000 homes as part of this process. We have acquired around about 300 homes and businesses, and early notification was provided in late 2020 to that effect.

Nick McGOWAN: Do you know how many more houses you will acquire by the end of the project? Is there an estimate?

Danny PEARSON: In relation to SRL East or SRL North as well?

Nick McGOWAN: East.

Danny PEARSON: I think for East that is it, isn't it?

Frankie CARROLL: We are trying to minimise any additional homes that we would acquire so 300 is the tally.

Nick McGOWAN: Have the tenants been asked to move or are they allowed to stay?

Frankie CARROLL: I might ask Lissa to answer that.

Nick McGOWAN: I have got about 3 seconds, so if you do not mind taking that notice. Thank you.

Danny O'BRIEN: Is that a yes? That you will take that on notice.

Paul YOUNIS: There are various ones for different –

Nick McGOWAN: If you can give us whatever the simple outlay is.

Danny PEARSON: I am happy to make my comments more succinct in this next session while Ms van Camp finds the information and then we can come back.

Danny O'BRIEN: That would be awesome, thank you, Minister. Very helpful.

Danny PEARSON: Delighted. Always happy to assist the committee.

The CHAIR: Thank you. It is very generous of you, Minister. As I have said before, if you have got an important question, ask it at the beginning. Taking them on notice, you know, is not something that I appreciate. I have said that before and made it clear. We are now going to Ms Kathage.

Lauren KATHAGE: Thank you, Chair, Minister, officials. In your presentation we looked at the housing options that are going to come about as a result of SRL and some of that was touched on by Mrs McArthur, but how will new homes be delivered in conjunction with the train line?

Danny PEARSON: We have been really clear that building the Suburban Rail Loop will help support a mix of low-, medium- and high-density homes, which will be built above and around Suburban Rail Loop stations. Our key directions for each of the six precincts is our latest plans that show how we will increase the supply of apartments, townhouses and offices in these neighbourhoods. We are working through other uses like what the employment mixes and opportunities are. We know some of these areas have really strong advanced manufacturing. The SRL will strengthen those and help those businesses grow. I know that change for these communities will be challenging, but what we are focused on is delivering new homes in the right places and adding services alongside them. These plans indicate that we are on track to deliver 70,000 new homes in the six precincts.

I will pause for a moment. I think it is really important that we provide more housing options, particularly for people who have lived along this corridor. I am showing my age, but I have lived in Ascot Vale for 20 years, and when I moved in you could get a single-fronted worker's cottage for around about \$300,000 to \$350,000. So if I was a nurse and my wife was a teacher or a police officer, we could have comfortably bought a place. These places in Ascot Vale now bring in about \$1.2 million to \$1.5 million, and so I think that if you think about that for a moment, for anyone under 40 they have been locked out through no fault of their own, and I think that for older Victorians – I like the idea that when my kids grow up, if they want to live in the community they have grown up in and send their kids to the school they went to they should be given that opportunity. They should not be locked out. Selfishly, I do not like the idea particularly of having to drive like an hour and a half when they are married and have kids to see my grandchildren. I would actually like to be close. I want to keep families close together. They might have a different view. They might say, 'Here's a chance to get away from the old bugger. I'm out of here.' They may well choose that. Having five, there is probably going to be a diversity –

Danny O'BRIEN: They are moving to Mallacoota, didn't you hear?

Danny PEARSON: Having five children, there is probably going to be a diversity of opinion, I suspect, Ms Kathage.

Bev McARTHUR: And a passport to come to Western Victoria.

Danny PEARSON: Western Victoria is fine country, Mrs McArthur, fine country.

Bev McARTHUR: Very fine country and very selective about who comes.

Danny PEARSON: I will try not to take offence to that, Mrs McArthur. Anyhow, I think that providing the 70,000 homes along the corridor will provide more opportunities for people to be able to live in the communities that they have grown up in. The works are combining the delivery of that high-quality train service that will increase access to jobs, increase access to services and increase access to schools and hospitals, universities and TAFEs. When the SRL is delivered in 2035 we will have neighbourhoods with turn-up-and-go services and those new precinct cores that will offer more retail opportunities and services. That will mean we will have many CBDs or a city of CBDs, walkable neighbourhoods that provide the opportunity for a family to live near where they grew up, again as I said earlier, and be closer to their childhood homes.

We know how people live is changing, and our plans reflects that. We know that a one-size-fits-all approach is not what people are necessarily wanting. They are wanting to have that mixture of diversity, from medium housing density to high housing density, delivered in those precincts' cores. I do not shy away from the need to increase height limits within the proposed structure planning boundaries. Mostly this reflects some of the progress and development that is already occurring; however, in other neighbourhoods this will represent a significant uplift. Building up where appropriate does not just mean massive and uniform towers, and that goes to the work that we are doing in relation to the way in which you design and plan these precincts to have that level of diversity. As we progress this work we are looking at how we deliver affordable housing, community housing and public housing. With the proposed height limits contained in the key directions we are also asking local residents to have their say and tell the SRLA how their communities should develop into the future. Right now I am acutely aware that there are issues in the housing market. As the Premier continues to say, the only way to reduce housing cost is by building more homes, and the SRL helps to deliver just that.

In terms of timing, our next major milestone is developing a structure plan. This will follow community feedback. When finished and adopted, SRL precincts may see early capitalised development prior to the trains' arrival. What we are focused on is thorough planning for integration as well as working with industry leaders on what we can deliver in the six SRL precincts.

Lauren KATHAGE: Thank you, Minister. Without SRL East would new homes be possible?

Danny PEARSON: There are two critical components to make sure that we support the delivery of new homes in the SRL precincts. The first is obviously the delivery of the train line, and second is the precinct structure plans. These work together to ensure that we have an uplift in transport accessibility. That means that these centres can turn into mini cities. If you take somewhere like Monash, there are already extensive bus services, but to really drive benefits and that increase in jobs and homes you need to boost transport accessibility dramatically. This comes from the delivery of high-quality, high-frequency public transport, and this is really well known when you look at world cities and even locally, so if you think of the docklands in London, where there is a docklands light rail and Jubilee line, or here in Melbourne with the city loop. These changes need that level of investment. We are listening to the community and reflecting what their priorities for their neighbourhoods are and making sure that they can be incorporated into the planning process.

I know that Mr Hamer, who is not with us today, has worked really hard with his community and the Suburban Rail Loop Authority to ensure that his community's priorities around open space are considered and progressed through that structure planning process. For example, we are looking to develop more green spaces as well as embed the green spine along Whitehorse Road. We are also working quite closely with the teams in DTP that are delivering the housing statement to ensure the focus on developing new housing is aligned with the broader state plan. As a government we are committed to delivering new homes right across the state and we are committed to delivering these in the right locations. The reality is that the Suburban Rail Loop means that we can do that sooner and we can accommodate more homes.

Lauren KATHAGE: With that planning process and those precinct plans, what stage are you up to and what is the density looking like?

Danny PEARSON: Mindful of time, I am going to talk for a minute, with your indulgence, Ms Kathage, so Ms van Camp can just come back to Mr McGowan's question for the last 30 seconds. We have released the precinct visions and key directions. This next stage of community consultation builds on the overwhelmingly positive feedback from thousands of Victorians on the draft precincts visions released in December and hundreds of conversations with local residents, community members and traders. The SRL draft precincts visions outlined how we expect a precinct could evolve in the future, with preliminary ideas and opportunity areas. The key directions are the next steps needed to deliver these visions. They will be further refined following this phase of consultation and will form part of the structure plans. We are currently asking the community to tell us to what extent they agree or disagree with the proposed key directions. This is going to obviously help us with those next insights. I might pause there. I thank you for your indulgence. Through you, Chair, I might throw to Ms van Camp.

Lissa van CAMP: Thank you, Minister. Mr McGowan, SRLA has taken possession of 156 properties. We have the remaining ones where we are working with those tenants. We have been providing support to the tenants from day one. Back in 2021 we started talking to people to let them know that the project was coming.

We have residential support in place to make sure that those tenants know exactly where we are up to at all times.

Nick McGOWAN: Just so people do not get confused, that 300 figure is not – it is 150, right, not 300?

Lissa van CAMP: We have 300 in total, and we have taken possession of 156.

Nick McGOWAN: Right. Thank you.

The CHAIR: Thank you very much.

Nick McGOWAN: Thank you, Minister.

Danny PEARSON: No worries.

The CHAIR: Mr Puglielli.

Aiv PUGLIELLI: Thank you, Chair. Good afternoon. I understand that the trains that first run on the Suburban Rail Loop are going to be four carriages long. Just checking: how long are the platforms going to be? Are they going to be long enough for eight carriages, or just the four?

Danny PEARSON: That is a little bit of technical detail beyond me. I did not realise you were so interested in rolling stock, Mr Puglielli. I might throw to Mr Carroll.

Frankie CARROLL: They will be four carriages long. What we will do is we will run trains more frequently as they are needed, so the headway between trains can be about 2 minutes. We will start off with about 8 minutes. We want to extend the length of the platforms or the number of carriages? We will run the trains more often.

Aiv PUGLIELLI: Okay. I am glad you are mentioning that, because we have heard discussion already today in this session about how busy it is going to be and the anticipation of take-up of the services and increasing housing in the area, the population growth, all of these factors – it is planned to be busy. The concern I have is even with what you are factoring in, if we are not building longer platforms, are we not then cutting off the capacity for it to be futureproofed for that population growth we are expecting?

Frankie CARROLL: The modelling we have done suggests that running it more frequently to a 2-minute service will actually be sufficient for a long period of time.

Aiv PUGLIELLI: Okay. I suppose perhaps this is more of a design question or something similar. When I look at, say, the high-capacity metro trains that are going to run from Cranbourne/Pakenham, soon running through that Metro Tunnel, I understand those are seven carriages long and designed to extend to 10 in the future, and then Metro Tunnel stations have been designed to cope with that. Why has that occurred in those instances and not for the SRL?

Frankie CARROLL: Basically the technology in relation to driverless trains allows us to actually shorten the headway between trains down to about a 2-minute period, so that technology allows us to run the trains more frequently.

Aiv PUGLIELLI: But that was not relevant or applicable to those other services I mentioned?

Frankie CARROLL: They are different types of trains.

Aiv PUGLIELLI: Right. Why were the different trains chosen?

Frankie CARROLL: Because these will be driverless trains.

Danny PEARSON: All the other trains in the Melbourne metropolitan network have got drivers. You have got that different type of rolling stock, but in relation to the Metro Tunnel project, we are intersecting the Sunbury line with the Pakenham line and we have got those seven-car sets.

Aiv PUGLIELLI: What was the rationale underpinning the choice for driverless trains?

Frankie CARROLL: Newer technology allowing us to run trains more frequently. They are designed for passengers up to 2071.

Aiv PUGLIELLI: Okay. Thank you. I appreciate the response. Stepping back a bit in terms of the SRL, I would like to just clarify, what formal process was conducted prior to the announcement of the Suburban Rail Loop to assess whether it was a higher priority project than other potential transport infrastructure projects?

Danny PEARSON: I think you are going slightly beyond the scope of the forward estimates. What I would say is that the government took a position to the Victorian public at the 2018 election. That was overwhelmingly endorsed by the Victorian community at 2018. That support was endorsed again back in 2022.

Danny O'BRIEN: So was Arden precinct, and that has been dumped.

Danny PEARSON: I think on these questions, we are a mass political party that seeks a mandate from the people every four years, and –

Danny O'BRIEN: You get a mandate for some things, but not others.

Danny PEARSON: No, but I think in terms of the contest –

Danny O'BRIEN: You are free to dump other things that you do not like anymore.

Danny PEARSON: In the contest of ideas we took a position to the Victorian people which was overwhelmingly endorsed. We are a democracy. You come forward with ideas, you put your best foot forward, you fight your campaign, and the community has overwhelmingly endorsed this project on two separate occasions.

Aiv PUGLIELLI: Given that Arden has just been mentioned, the Premier has been talking about how the SRL precincts are going to assist in the government's aim to increase the supply of housing – you have mentioned it as well – in those inner and middle suburbs. Could you just advise if any affordable housing requirements for future precincts are going to be mandatory rather than the voluntary targets we are seeing in current precincts like Arden?

Danny PEARSON: I think that work, again, is ongoing. I might throw to the Secretary.

Paul YOUNIS: I think you raised this at the last session talking about affordable housing. The definition of affordable housing is set down and defined in the Act, and that is updated annually by the Governor in Council. Just to be clear what the framework is, the *Planning and Environment Act* sets down affordable housing and promotes that as a policy setting in a planning and environment matter. It is not mandatory, though, in the planning scheme. The only two areas where it is a stronger policy setting is Arden and Fishermans Bend. However, the other policy setting that really dictates or guides the application of affordable housing is the government policy of 10 per cent affordable housing on government-owned sites.

Aiv PUGLIELLI: On government sites, yes.

Paul YOUNIS: That will apply to Suburban Rail Loop precincts, and in the planning scheme process that they are going through now and the planning scheme amendments I am sure the issue of affordable housing and the percentage of affordable housing will be considered as a part of that process. We will be getting feedback on that undoubtedly through that process, and the planning minister ultimately will make a decision in relation to those planning scheme amendments.

Aiv PUGLIELLI: I suppose to follow on, as we have spoken about, precincts around the SRL stations are potentially going to have really sizeable residential neighbourhoods. Given we are talking about Arden and then there is also Fishermans Bend, where you have got those voluntary targets outside the government sites you are referring to of affordable housing – I believe it is 6 per cent for the non-government sites – clearly that is not enough in a housing crisis. In the context of the SRL precincts, will you ensure that these affordable housing targets are made mandatory and they are set significantly higher?

Danny PEARSON: Well, I think again on this we have got to work our way through these issues. I am happy to embrace a more aggressive target for social housing if you can get your mates in Yarra and Merri-bek and Darebin to start approving some social housing developments.

Aiv PUGLIELLI: But they are very keen to approve them.

Danny PEARSON: I am not going to cop this. You guys have been hopeless when it comes to approving these projects throughout inner Melbourne. You have got this absolutely biased view towards community housing. Start approving some applications in Greens councils that you hold, and I will take you seriously.

Aiv PUGLIELLI: They do. The vast majority are approved – you know that.

Danny PEARSON: Show us your values. Show me your values. Get your mates, get on the eau de Cologne this afternoon, get onto your mates, get some planning approvals passed in Yarra and Darebin and Merri-bek, and next year I will come back here with you and I will have something more to say about it. But the problem with you blokes is you sit here from on high having a go at us. You never deliver anything. You do not do anything. You are just 21st-century groupers trying to attack the most progressive Labor government this state has ever seen. So no, mate, I am not going to cop it. Go away. Do your best. Get some approvals through, and we will have a chat next year.

Aiv PUGLIELLI: With that I will go away, and I will pass on this well-considered feedback to my colleagues. Thank you, Chair.

The CHAIR: Thank you, Mr Puglielli. We will go to Mr Hilakari.

Mathew HILAKARI: Just following on, I thought that was terrific to hear about the timing between trains – 2 to 8 minutes. I wonder – this may be just a thought of mine – you are probably not going to even publish timetables, are you, with trains coming that quickly. It is a turn-up-and-go system. I am going to take us to jobs though, and I want to take us to budget paper 4, page 187, just in relation to the main works contracts and initial and early works, if I could bring your attention there. In terms of jobs, how many jobs are going to be actually supported by these initiatives and how are these workers going to help deliver housing in these areas?

Danny PEARSON: My father-in-law worked as a bricklayer. From talking with my wife, when she was growing up they would go through that boom–bust cycle. When he had work it was happy days, and when he did not have work things were tough. Money was always tight when my wife was growing up. I think that with the decades of construction ahead, the Suburban Rail Loop does present that opportunity to create thousands of direct jobs and support many thousands of others across the economy to deliver the project and deliver those significant social, economic and environmental benefits. The construction of SRL East between Cheltenham and Box Hill is powering ahead and work this year will occur at all six station sites as well as the stabling facility. SRL East is creating up to 8000 direct jobs, with more than 1200 people already working on the project. By 2026 we will have 4000 workers building this project.

With the tunnels south contract now awarded to build the 16-kilometre twin tunnels between Cheltenham and Glen Waverley, work is ramping up to prepare for the start of tunnelling in 2026. Victorian Big Build projects have been set up and sequenced as a pipeline of work. Just as some projects will be coming online others will be powering up. We are in that early stage of work now. As noted earlier, we currently have the initial early works teams on site, with Laing O'Rourke delivering those site establishment works across all six station sites as well as the train stabling facility. By the time the Metro Tunnel and the West Gate Tunnel finish next year, main works on the SRL will be ramping up, with tunnelling to start in 2026.

The transfer of the workforce and of the skills means that the market has the capacity to deliver the work and Victoria continues. Part of the Big Build is investing in skills development, making sure that people from diverse backgrounds can work on our projects, and this enables and really builds on the investment in TAFE and training programs. This means that people on SRL sites can build their skills and work on other Big Build sites, but they can also use their skills on construction projects in the state such as major housing builds. It is important that we develop the skills for workers and make sure they have that training. As I have said, the SRL is not just a transport project, it will also enable the delivery of more homes where people need them most. It is just going to unlock literally tens of thousands of housing opportunities as a result.

Mathew HILAKARI: In the six precincts and station sites that you have mentioned, how are we going to attract jobs there?

Danny PEARSON: I think if you look at the work that has been done to date, those stations were chosen for their ability to connect communities and deliver housing and connect it to those key employment centres. The SRL will create connections between existing radial train lines, and by connecting our radial train lines across the middle corridor, SRL will generate a web of connections, with the potential to significantly increase accessibility between employment centres. It also creates a great catchment of workers who can choose to work for companies who locate across the SRL line. The SRL is also aligned with strategic plans, like *Plan Melbourne*, where there is a key focus on the importance of national employment and innovation clusters, activity centres and health and education precincts. That means we are enhancing connectivity to centres that have already had investment, are already proving to be catalysts and are starting to drive employment growth.

If you look at Box Hill as an example, the anchor tenant precinct provides access to that Box Hill activity centre as well as the Ringwood activity centre along the Belgrave and Lilydale rail lines. That means that between these centres, and indeed along the SRL line, we have the connection to the second largest employment and population catchments within the SRL corridor, and that makes Box Hill a really critical site for early delivery as part of SRL East.

If you look at Monash, Australia's largest university, it is designated as a national employment and innovation cluster, which means that it represents a distinctive destination of employment and business activities centred around medical research and tertiary institutions. It is viewed as nationally significant because of the role it plays in attracting workers, students and visitors from right across Australia and overseas and in attracting business investment, particularly in those knowledge-based industries. By connecting the cluster with that heavy rail connection, we are going to be really supercharging the prospects for businesses to locate within the precinct and gain advantage of the conductivity and connections with current institutions. When you think of the northern end of the Monash University campus, it is within close proximity to the CSIRO, the synchrotron, and to the new heart hospital, and a train line that helps workers to get there sooner and from places outside of the traditional catchment – look, it just makes sense.

It is also about making sure these centres are attractive places to work. We do not just want another North Sydney, we are developing these precincts to be really vibrant communities for work but also where people can shop, eat, socialise and live.

Mathew HILAKARI: Those communities are going to come to love and already do love those great employment precincts – Monash, Box Hill. What about across the wider Victorian community?

Danny PEARSON: The reality is that the Victorian economy is interrelated and it is dynamic – for example, increases in labour participation can increase household revenue, which translates into increased household consumption, but also uplift in one part of the state can benefit communities right across Victoria. Construction and new business development can spur activities in other related industries – for example, hospitality and retail – which has implications for the upstream supply chain, like agriculture and manufacturing. Stimulus in the household and the private sector will also flow through to the public sector – for example, through increased tax revenue – and as such the potential increases in household income as well as business productivity due to the SRL can act as a catalyst for other industries located both within and outside the SRL precincts.

SRL East and SRL North are long-term productivity-enhancing investments. Across Victoria this level of investment will increase 3900 net additional jobs FTE at the peak of construction. A combined impact of the SRL precincts specific land use changes and productivity enhancements will lead to an increase in employment across the state, with 4000 net additional jobs created at the peak of the operation phase. And the benefits realised in Victoria will flow on to the national economy as well, obviously. A productive and competitive Victoria will generate benefits for other states and territories as well. The increase in economic output as measured through GSP and GDP will lead to increased Victorian and Australian tax receipts, and the project as a whole delivers significant connectivity benefits. Businesses right across the state are going to benefit from decreased congestion, increased productivity and a state that produces more. It is just going to be fantastic.

Mathew HILAKARI: Well, no wonder the federal Treasurer has supported this project as well, with those flow-on effects across the country.

Danny PEARSON: Indeed.

Mathew HILAKARI: Fantastic. And stakeholders, tenants – how are we working on these projects and these precincts together with them?

Danny PEARSON: We are working with councils, communities and key stakeholders to ensure we get the best possible outcome for new and existing residents as well as new and existing workers. That obviously means we have got to work with our key tenants. We have got three major shopping centres, two universities, three major hospitals –

Mathew HILAKARI: Is that all?

Danny PEARSON: That is it. And we know that each precinct is different and will require its own approach, and that is why we are working closely with each of these stakeholders. At Cheltenham you have got Southland shopping centre owned by the Scentre Group. In Clayton there is the Monash Medical Centre as well as the Monash Children's Hospital. You are close, obviously, to the Dandenong group as well.

The CHAIR: Thank you. The time is up, Mr Hilakari. Minister, department officials, your time is up.

Danny PEARSON: Thank you.

The CHAIR: Thank you very much for appearing before us today. The committee is going to 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 now going to take a short break before beginning its consideration of the agriculture portfolio at 5 pm.

I declare this hearing adjourned.

Witnesses withdrew.