

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2026–27 Budget Estimates

Melbourne – Thursday 21 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

Melissa Horne MP, Minister for Ports and Freight; and

Jeroen Weimar, Secretary, and

Adam Maguire, Deputy Secretary, Network Design and Integration, Department of Transport and Planning.

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 this hearing may not be protected by this privilege.

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

I welcome the Minister for Ports and Freight the Honourable Melissa Horne, as well as DTF officials. Minister, I invite you to make an opening statement or presentation of no more than 5 minutes. This will be followed by questions from the committee.

Melissa HORNE: Thank you very much, Chair. The committee has been very kind, and if I can table my presentation as read, that would be appreciated.

The CHAIR: Thank you. We will go straight to Mr Riordan.

Richard RIORDAN: Thank you, Chair. And Minister, I hope you get over your cold. Thank you for the canoli. Under the heading 'Ports and freight' the government lists for 2026–27 a sole line item of \$24.1 million for 'rail freight infrastructure maintenance.' Can you advise: is this line item any new projects or routine maintenance to the freight rail network?

Melissa HORNE: Thank you very much for the question, Mr Riordan. This is an ongoing investment that we have had into rail freight maintenance. In fact it takes our investment in rail freight maintenance to over \$600 million over the last five years. As a result of seeing that investment, we have now got longer, heavier trains running on rail lines that previously have been booked out. This investment will continue to be able to maintain our regional rail freight network and provide that valuable connectivity to our ports for regional producers.

Richard RIORDAN: Speaking of access to the ports for our regional producers, I understand that there has been an industry working group established to address concerns from industry about the disastrous potential impacts of closing the Sunshine rail freight corridor on the rail freight industry and on grain farmers. Has any workaround been established, or have you accepted that freight coming from the north and the west of the state is just going to have to have a very long route via Geelong in order to get to the Melbourne port?

Melissa HORNE: Thank you again for the question. It has been a really valuable conversation. I convened a rail freight working group with a number of different producers and rail freight forwarders to be able to say, 'With the rebuild of the Sunshine hub, what do we need to be able to do?' And overwhelmingly what freight operators say is they want reliability. They want to be able to get to the port in a reliable fashion. So we are working through what that looks like in order to be able to provide them with that reliability, because as you can appreciate, it is about getting to a – shipping lines are not regular things, so it is being able –

Richard RIORDAN: They are very long trains and they are hard to schedule. But the point is time is money; money is time. The alternative is a quite a lot longer route, and of course it still does not really avoid a bottleneck once you get back into the Melbourne network. So why aren't there options to speed up the system, rather than have regional Victoria pay the price of upgrading suburban rail lines?

Melissa HORNE: No, what we are doing is doing that work now. It will be a couple of years before that crossover is removed, and so it is now doing that work and really understanding what industry wants to be able to see.

Richard RIORDAN: We are hearing industry wants a better solution than going all the way south and then turning right and going left and then going south again and then back into the city network. So is there no room left at all at Sunshine to allow a proper passing system through there for that really important produce to get to the port in a timely fashion?

Melissa HORNE: Making sure that we can get regional product to port is absolutely critical. But with the removal of that crossover up at Sunshine, building the Sunshine superhub out there took the crossover that the freight trains were using out of that part of the network.

Richard RIORDAN: Have you modelled the potential cost of that in the sense of how many grain producers and suppliers and others that would be bringing down that line would choose to go on the roads instead? Has your department – has Mr Weimar – modelled what the negatives of this action could be?

Melissa HORNE: We do a range of things in order to be able to say, ‘How do we actually effect mode shift?’ And that is why we have had a \$600 million investment in our regional –

Richard RIORDAN: I get that, but on this specific thing we are hearing you are going to get mode shift and it is going to be back on our roads. So can you guarantee to this committee that you are not just going to put thousands more trucks on the road?

Melissa HORNE: That is certainly not – as I said, I convened a rail freight working group in order to work through some of these challenges and hear what people want to say, hear how people want to move freight around and be able to get that out through our ports. But I –

Richard RIORDAN: Have you modelled the negative consequences of this?

Melissa HORNE: Well, what we are doing is focusing on making sure that we actually build and deliver a solution that makes it effective for people that have used rail for a considerable period of time.

Richard RIORDAN: But at the end of the day, from what we are hearing from the people in the north-west, they are going to lose out and this is for the benefit of city commuters. So what is the benefit? What is the cost-benefit of this? How many more commuter trains are you getting on this suburban line as opposed to rural freight into the –

Melissa HORNE: I am not here to talk about passenger services, but what I can say is –

Richard RIORDAN: But you are making this decision on freight because of passenger services, so they are sort of connected.

Melissa HORNE: What I can say is that the work we have done on our regional rail network means that for the first time we have got longer, heavier trains running at faster speeds. We have removed so many temporary speed restrictions.

Richard RIORDAN: Can you tell us one line that has got faster speeds?

Melissa HORNE: Dunolly to Rainbow – Dimboola to Rainbow, sorry.

Richard RIORDAN: Dimboola to Rainbow is the only line in the state –

Melissa HORNE: No, no, no. There are countless –

Richard RIORDAN: So what have you got? Has it gone from 40 kilometres to 50 or something like that?

Melissa HORNE: A few years ago that was booked out.

Richard RIORDAN: Booked out?

Melissa HORNE: Yes.

Richard RIORDAN: My question, though, is about speeds. Speeds are connected to track quality.

Melissa HORNE: ‘Booked out’, Mr Riordan, means that you are not running trains. We have now gone out there as part of our –

Richard RIORDAN: What is the speed on that line? It has gone from zero obviously because there were no trains.

Melissa HORNE: Probably about 80 kilometres. Yes, it would be 80 kilometres.

Richard RIORDAN: Can you confirm, Mr Weimar. It is 80, is it?

Jeroen WEIMAR: I can certainly confirm those numbers for you.

Richard RIORDAN: That would be good if you could.

Jade BENHAM: It is an 18-hour turnaround, though, from Mildura to the port, is it not?

Richard RIORDAN: Are there any plans to further cut back or reduce the Victorian freight rail network, particularly in the north-west of the state where track speeds, we are informed, are running around 40 kilometres an hour?

Melissa HORNE: No, not at all. I do not know where you are getting that advice from.

Richard RIORDAN: Obviously we are getting advice that contradicts you. Are you able to provide us with some of those key freight lines and what their speed limits are?

Melissa HORNE: Of course. I think it is publicly available.

Richard RIORDAN: That would be good. Thank you. Under ‘Local ports critical maintenance’ it appears \$1.8 million is to be spent of a \$5.5 million estimated investment. Can you give us a breakdown of what is to be invested in and what is planned, and what defines the term ‘critical’?

Melissa HORNE: In local ports? There are a number of different things that we have got. We have got critical works that are happening in Port Campbell and Port Fairy. We have got the Lakes Entrance training walls that are being invested in, and they have had successive investment year on year.

The CHAIR: We are going to go to Mr Galea.

Michael GALEA: Thank you, Chair. Good evening again, Minister, Secretary and Mr Maguire. Thank you for joining us this evening to talk about ports and freight. Minister, I would actually like to continue along – I was going to say the same tangent; should I say the same track? – by talking about rail freight in particular. There are output and asset initiatives under DTP measures, in budget paper 3, over pages 83 and 90, specifically relating to regional rail freight infrastructure maintenance. Minister, as you have touched on, there has been significant investment by this government into rail freight and into mode shift as well. I think, particularly looking back at some previous budget papers, you can see a clear emphasis on that over the past six years in fact.

With this budget, with a combined \$24.1 million in 2026–27 for the ‘Output initiatives’ and additional funding with a TEI of \$103.1 million in the ‘Asset initiatives’, I would like to ask you – and look, line speeds are actually a very important part of it, and I was just googling some myself; I will not quote from the gunzel source of Vicsig, but I am sure it is correct. It is probably very accurate, but just in case, I will not quote from it. I also understand – right at the moment in fact, in partnership with the federal government – that there is actually support to dramatically upgrade the line speed on the Portland line, which again was one of those lines that was perhaps at risk of being booked out for a while, given the very low speeds. That line is now going to be, I believe, going up to 80 kilometres an hour, which will very much transform freight movements in that sort of south-west Glenelg, Portland region. Particularly in light of those investments that have been made – I could point to different parts of the network of course. We are talking everywhere from Piangil to Bairnsdale to

Deniliquin to Oaklands and different parts of the network, which are obviously broad gauge, but also those tracks that have been converted to standard gauge in recent years. We have come a long way, from only having two standard gauge lines in the 1990s to now having large corners of the network sectorised effectively. So rather than having that break of gauge part way through regional Victoria, we have got, for example, the entire western corner of the state now on the standard gauge network.

Specifically to this output and asset initiative, Minister, which does contribute both to the ports and freight but also the train services regional output, can you tell me how this significant amount of funding – this \$127 million – will contribute to continuing that mode shift that we are seeing and to increasing the state's investment in our rail freight network?

Melissa HORNE: Thank you very much. Can I just say also I would really like to commend the federal government on the ARTC line for their \$150 million investment on the Portland to Maroona upgrade. It is certainly a line that as part of the advocacy piece I went down and walked after a derailment down there, because it was just so cactus, one might say. Some of the metrics in terms of what our sustained investment in rail freight maintenance has done is that we have got seven new or extended crossing loops. That has increased the capacity on the network's busiest grain corridor from Korong Vale to Manangatang. We have got 16 refurbished sidings, and now that includes at Boort. That is really important for the loading and unloading of wagons. We have replaced more than 120,000 sleepers across the Yelta line. We have got 400,000 tonnes of ballast that has been laid and 68 new kilometres of new rail across Victoria. We have had 46 culverts and bridges rebuilt, and that is so critical to making sure that freight can keep on moving. We have also had 10 level crossing signals renewed, and that included the all-important Geelong grain loop, which now allows two train operations. On top of that we have got services running on the port rail shuttle network, which is quite transformative as well. We have got trains running daily out of Somerton with two services, which is terrific to be able to really get us through that change in mode and that ability to be able to take trucks off local roads, which is part of our decarbonisation strategy and also makes our roads safer. Whilst I am no longer the Minister for Roads and Road Safety, I know that we have got bigger, heavier trucks running across our road network. So being able to help that mode shift to get produce onto trains and in and out of our ports is absolutely a game changer.

Michael GALEA: I think that is a good point too. Every freight movement that is on rail instead of roads makes our roads incrementally that little bit safer. When you consider the broad impact of that over the scale of the state, it is quite a significant impact. That is a really, really good point to make, and I know my colleague in the upper house Ms Ermacora is thrilled with the Maroona to Portland upgrade. I was actually in the chamber with her when that was announced, and she was practically jumping out of her seat. I have no doubt Ms Benham is thrilled with the 120,000 new sleepers on the Yelta line too. That is quite a significant amount.

Indeed, what is also really important is those crossing loops, because of course with a single-line track – we are not talking about the Geelong line or the Gippsland line here – these are rural lines serving almost exclusively or mostly exclusively freight. We are not talking about three or four tracks, but when you have that single-track network, those crossing loops being extended and having more of them obviously makes a huge difference. One crossing loop can make a dramatic difference in the number of movements that you could do, I am sure.

Melissa HORNE: You are absolutely right. It is listening to what industry want as well. When we talked to PN or Qube or Southern Shorthaul Rail, that was the key thing that they actually wanted: the ability to be able to get a passing loop in so that you can actually get that two-way movement, because we are dealing with really long trains. We are dealing with trains that are carrying a huge amount of produce. If you look at the trains that come down from Merbein into the port, for example, so from Mildura into the port, they are 1.5 kilometres long.

Jade BENHAM: 1.6, actually

Melissa HORNE: 1.6 kilometres long? They are big.

Michael GALEA: And I think some of the older crossing loops probably were not that long in the first place, so that is why extending them makes actually such a difference then.

Melissa HORNE: Indeed.

Michael GALEA: And of course infrastructure is hugely important. Through the work that is being proposed through this budget and what has been done over previous years, it is clear there is recognition of the importance of that as a bedrock to supporting the regional freight rail network to build on and thrive. But of course it is not just infrastructure. You did talk about some of the engagement that you have had with the rail freight industry as well. I would be keen to know, Minister, beyond the ballast, the tracks, the signals and all the nitty-gritty bits of rail infrastructure, what have you been doing and what will you be doing through this budget period to continue that process and ensure that the industry is supported to continue all the wonderful things that rail freight can provide for the state?

Melissa HORNE: The overwhelming thing that industry wants is that reliability. They want to see that sustained investment. And you know, we are a government that inherited a regional rail network that had pretty much been sold off. It had been let to go to rack and ruin, and we have had a sustained investment to be able to rebuild that from the ground up. As a result, that is why we are seeing more trains running, we are seeing bigger trains running and we are seeing greater axle loads running in and out of the port. And at the heart of it we know that moving produce via rail freight is a cheaper and more reliable service than relying on the trucking industry as well. One train can take, in effect, 80 trucks off the road. So that –

Michael GALEA: Which is why the investments that the government is making are so important.

Melissa HORNE: Absolutely.

Michael GALEA: You mentioned the Dimboola to Rainbow corridor, I think, as well. But also the Portland example is another great example of how that is actually –

Jade BENHAM: The Yaapect line was never booked out.

Michael GALEA: You said it was never booked out?

Jade BENHAM: No, it was closed for gauge conversion, but that Yaapect line was never booked out.

Michael GALEA: So it is still open. Is that what you are saying?

Jade BENHAM: Well, it is now. It was closed for gauge conversion but it was never booked out.

Michael GALEA: Well, booking out means that it is not usable, so that sounds like a good thing. Minister, ‘Department Performance Statement’, page 185, talks to the previous budget initiative, in fact the 2024–25 budget initiative, of winding down the mode shift incentive scheme. I would be keen to know the progress of that scheme in its final phases and, I think crucially as well, what is next to ensure that there is that certainty for industry. Even though this particular scheme is ending, I am sure there is great interest in knowing what does come next to show if the government is still committed.

Melissa HORNE: Thank you. Being able to continue to support our regional producers is absolutely paramount, and I think it is demonstrated through our \$600 million-plus investment in regional rail maintenance over the last five years. The mode shift incentive scheme has come to an end, but what I would say is that the federal government has recently announced a \$55 million fund to be able to support producers who do want to make that shift as well.

Michael GALEA: Thank you, Minister.

Jade BENHAM: On a point of order, please, Chair, I would just like to afford the minister a chance to correct the record on the Yaapect line, because it has never been booked out. It was –

Melissa HORNE: I did not say it had been booked out.

Michael GALEA: I do not think she said it was.

Jade BENHAM: Dimboola to Rainbow?

Melissa HORNE: Yes.

Jade BENHAM: Didn’t you, earlier?

Michael GALEA: No, she said it had been upgraded.

Jade BENHAM: Upgraded the gauge conversion, but you said it had been booked out, yes?

Melissa HORNE: From Dimboola to Rainbow for a certain period of time, that was my advice.

Jade BENHAM: Yes. It has not been booked out. It was closed for gauge conversion.

Lauren KATHAGE: If you do not know what period of time it was –

Jade BENHAM: Well, I just wanted to afford you the opportunity to correct the record. Should you –

The CHAIR: All right. We are at the end of the night, and Mr Puglielli is just quietly and patiently waiting.

Aiv PUGLIELLI: Thank you, Chair. Good evening. I am on budget paper 4, page 153, ‘More freight by rail’. It is my understanding that at the moment rail freight in Victoria is wholly reliant on diesel locomotives and that there is currently no electrification plan. As you can appreciate, though, Minister, private freight companies cannot take steps to cut their diesel bills or reduce their emissions via investments like buying electric locomotives unless the government puts infrastructure in, like overhead wiring, to enable it. Can I ask: what is the government doing to enable electrification of rail freight?

Melissa HORNE: As you can appreciate, Mr Puglielli, government does not operate the freight and the electrification of rail freight lines would be an extensive operation. But also, for your locos that haul freight I do not believe that the technology actually exists that allows them to operate like a passenger train, on a gantry sort of system. There are some innovations going on, predominantly overseas, and I do know that Pacific National is having a look at how they can buy, potentially, a hybrid model. The return on investment for a loco that is doing that long haul – it is a 50- to 70-year investment. I do appreciate that we do have a lot of diesel locos running around the network. V/Line has done some work to be able to refurbish some of the N-class to be able to make them a bit more efficient when they are out there moving freight, but the technology does not exist for that gantry sort of thing that you are envisaging for locos.

Aiv PUGLIELLI: Okay. That was not my understanding, but I am happy to take the evidence you are giving. What exploration, though, is the state government looking at in this space? We know the pressure that our transport sector is imposing on our emissions profile broadly. It is increasingly a large part of our emissions as a state, as we are reducing emissions in other areas. So where are we going from here with respect to rail freight?

Melissa HORNE: What we are doing is helping companies effect that change by being able to move freight more efficiently around on the rail network. As I said, government does not operate the freight. We do not own the freight operators. We do not have that mechanism in place. What we can do, though, is create the conditions where they can say, ‘It is more financially attractive for us to be able to move freight onto rail,’ which gives them that decarbonisation uplift rather than putting things onto trucks.

Aiv PUGLIELLI: Thank you. Thank you, Chair.

The CHAIR: Thank you, Mr Puglielli. Minister and officials, thank you very much for appearing before the committee tonight. The committee will follow up on any questions taken on notice in writing, and responses will be required within five working days of the committee’s request. I thank all ministers and officers that have given evidence to the committee today, as well as Hansard, the committee secretariat and parliamentary attendants. I would also like to thank the hospitality, security and cleaning staff who have looked after us today. The committee will resume its consideration of the 2026–27 budget estimates on Friday 22 May at 8:30 am. I declare this hearing adjourned.

Committee adjourned.