

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2025-26 Budget Estimates

Melbourne – Friday 6 June 2025

MEMBERS

Sarah Connolly – Chair

Nicholas McGowan – Deputy Chair

Jade Benham

Michael Galea

Mathew Hilakari

Lauren Kathage

Aiv Puglielli

Meng Heang Tak

Richard Welch

WITNESSES

Harriet Shing MLC, Minister for the Suburban Rail Loop;

Jeroen Weimar, Secretary, Department of Transport and Planning; and

Frankie Carroll, Chief Executive Officer,

Megan Bourke-O'Neil, Chief Operating Officer, and

Lissa van Camp, Executive General Manager, Suburban Rail Loop Authority.

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

I ask that mobile telephones please be turned to silent.

On behalf of the Parliament, the committee is conducting this Inquiry into the 2025–26 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.

All evidence given today is being recorded by Hansard and is broadcast live on the Parliament's website. The broadcast includes automated captioning. Members and witnesses should be aware that all microphones are live during hearings, and anything said may be picked up and captioned, even if you say it quietly.

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

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

I welcome the Minister for the Suburban Rail Loop the Honourable Harriet Shing as well as officials from DTP. Minister, I invite you to make an opening statement or presentation of no more than 5 minutes, after which time committee members will ask you some questions. Your time starts now.

Harriet SHING: Thank you, Chair, and thank you, committee. We are on Wurundjeri country today, so I do want to begin by acknowledging the traditional owners of the lands upon which we gather, and I want to pay my respects to elders past and present.

Visual presentation.

Harriet SHING: As you have heard me say many times before – before you today and in the house and everywhere else I can – Melbourne is growing, and by the 2050s Melbourne is going to be the size of London. That means that as we grow we have a couple of choices: we can grow or we can grow well. In growing well, we want to take pressure off our outer suburbs, those areas where people are often spending hours in the car getting to work or otherwise stuck in gridlock just to get their kids to school or to sport. We know that there are longer delays, and we know that there is more pressure on transport and services.

More broadly, government has invested a record amount infrastructure, and the transport infrastructure minister has taken you to a lot of the detail on what the investments look like across the state and in particular what they look like across metropolitan Melbourne. This is where the Suburban Rail Loop, as Australia's largest housing and transport project, is part of addressing the challenges, addressing the congestion and providing the opportunities for growth and good growth that we need. It is also about making sure that as we deliver 70,000 homes as part of the Suburban Rail Loop East, connecting Cheltenham to Box Hill and delivering growth in those infill suburbs, we can build up at the same time that we take pressure off building out.

Next slide, please. As you can see, we want to make sure that connectivity is at the heart of what we do, and when we consider other major cities like London or Tokyo or Hong Kong and their transport infrastructure

networks we know that the common denominator is orbital rail. The Suburban Rail Loop makes sense for these and for many other reasons. In its entirety a 90-kilometre orbital loop will connect major rail lines and transport hubs. It will continue the work that is already happening across Melbourne metro, across the work that has been announced with Melbourne Airport rail: the electrification, the work on precincts, the delivery of housing and the complementary piece to public and active transport that is inherently part of making sure we reduce our reliance upon cars as much as anything because we are reducing the distances that people need to travel in order to access the things that are most important to them.

We also need to work alongside other parts of government to deliver connections, whether it is through higher education and Australia's largest university in Monash or whether it is about continuing the work beyond Box Hill and making sure that as we grow, we are growing in directions that enable millennials, for example, to live closer to where they grew up and to access the sorts of opportunities that their parents had that they also aspire to achieving. It is an integrated project. It is about a diverse mix of quality housing. It is about placing homes in the areas where people want to live, and as part of the first stage of the project, we are on time and on budget. We have done a considerable amount of work since 2022 with active sites, Clayton being one example. We have already moved 35,000 tonnes of soil. This is about making sure that as we work toward delivering tunnel packages and continue with that procurement process, we are doing so in a way that keeps us on time and on budget, with tunnel-boring machines to launch next year and trains operating on the line in 2035.

We have got a process for procurement underway that is about delivering value for money. It is about making sure that we can continue with the investments that have been made from the state government in partnership with the Commonwealth and the release of \$2.2 billion. The further work that we are also doing in partnership with industry is about developing a value capture opportunity, and that is set out in the business and investment case which I keep tabling in the upper house, which has been public since 19 August 2021, which sets out why the Suburban Rail Loop is not a nice-to-have, it is a must-have if we are to grow and indeed grow well. Thank you, Chair.

The CHAIR: Thank you very much, Minister. The first round of 7 minutes is going to Mr Welch.

Richard WELCH: Thank you, Chair. Thank you, Minister. My first question is to Mr Carroll. Good afternoon. Mr Carroll, you would be aware of an FOI document that was released a couple of days ago – a meeting that you were at on 21 June 2024, where it was stated that the IDC discussed the importance of keeping the program on track while resolving cost issues. What were those cost issues?

Frankie CARROLL: Thanks, member, for the question. That referred to the interim arrangement for the initial area works for Laing O'Rourke in relation to unknown ground conditions at the point in time. Those ground conditions have been reset, and I am glad to tell the committee that we are actually on budget and on time for those conditions.

Richard WELCH: So you have no other concerns about the cost of the SRL within its \$34 billion budget?

Frankie CARROLL: As I said, we are on budget and on time for delivery in 2035.

Richard WELCH: And it will not exceed \$34 billion?

Frankie CARROLL: Currently on budget.

Richard WELCH: Minister, at the committee hearing on Tuesday – I think we have gone through the transcripts – we know that there was a lot. The Premier mentioned a 21 to 22 per cent escalation in costs across the nation, and that was challenging across all infrastructure, including the SRL East build. Given the SRL East build is based on a price tag from 2021 on construction costs, what work has been done to update and revise the costs for the SRL?

Harriet SHING: Thank you for that question, Mr Welch. I am aware of the conversation around the 22 per cent increase in construction costs, because this was a question that was asked to my predecessor in almost identical terms at PAEC last year. I want to be really clear about the industry and commercial opportunities that are provided in a project of this magnitude and the work that we have delivered to become ever better at the way in which contracts are negotiated. The business and investment case, Mr Welch, which I know that you have read from cover to cover alongside appendices, sets out very clearly the value that will be realised as a

consequence of this project. It is the magnitude of this project, including that it is broken up into various contracts, that ensures we have been able to navigate that process in seeking expressions of interest and in receiving bids that have actually enabled us to remain –

Richard WELCH: So uniquely across all our infrastructure projects, the SRL is not going to be subject to the same cost rises that all the other projects have had?

Harriet SHING: Well, Mr Welch, as I have just said, as Mr Carroll has just said and as the reporting shows, we are on time and on budget.

Richard WELCH: Well, I know you say that, but how can you explain that in the light of reality, where every other infrastructure project has gone up significantly? I mean, we all know that material costs and labour costs have gone up, so how can you credibly make that statement that the costs have not gone up?

Harriet SHING: Because, Mr Welch, that is the reality of what is happening on the ground now. The project is on time and on budget.

Richard WELCH: Minister, the government has only received \$2.2 billion of the \$11.5 billion you are gambling on from the Commonwealth government.

Harriet SHING: I would not call it a gamble, Mr Welch. It is a priority project.

Richard WELCH: Well, you have not secured it, you are hoping for it.

Harriet SHING: We are doing a little more than hoping, Mr Welch.

Richard WELCH: This morning the Prime Minister declined to confirm whether the Commonwealth would provide any more funding for the SRL. Who will make up that shortfall? Will it be the Victorian taxpayer making up the shortfall of \$9.3 billion from that source?

Harriet SHING: Mr Welch, one of the things that I have relatively little tolerance for is a misquote or misattribution. Now, when the Prime Minister was asked this morning about this particular project, he indicated that work is continuing with Infrastructure Australia on the process, and:

That is the role of Infrastructure Australia, is to interrogate these issues, to make sure that these issues are got right –
And:

... they'll engage constructively. That's what we will do.

The Prime Minister then went on to say:

... importantly, the Suburban Rail Loop includes, of course, the \$7 billion that we have for the Airport Rail Link.

...

Now, that work at Sunshine Station will be really important and the Airport Rail Link will be a part of the network. What this growing city needs is investment in road and rail, because if it's just road, it simply doesn't work. Great cities need great public transport and Victoria is getting that with the Melbourne Metro. And the issues on Suburban Rail Loop are being worked through. Connected up with, of course, Airport Rail Link as well.

Richard WELCH: How long is this quote going to go for? I have got more questions to ask; I do not need it verbatim.

Harriet SHING: Mr Welch, I just want to be really clear.

Richard WELCH: Was there a commitment to the SRL in that statement? No, there was not.

Harriet SHING: The Prime minister has been absolutely positive –

Richard WELCH: You saying that you are going to receive the \$9.3 billion, are you? Is that what you are representing today?

Harriet SHING: Mr Welch, I could not have been clearer in bringing you back to the point of the Prime Minister's comments.

Richard WELCH: You have just read out a long quote that just confirmed exactly what I said: you have not had it confirmed.

Harriet SHING: We continue the work, Mr Welch. That is continuous work.

Richard WELCH: Minister, have you requested a Treasurer's guarantee on the SRL?

Harriet SHING: No.

Richard WELCH: So there is no Treasurer's guarantee on SRL works?

Harriet SHING: No.

Richard WELCH: Even though it is unfunded?

Harriet SHING: The work has been allocated in terms of the money that we have, which is more than sufficient to get tunnel-boring machines into the ground ahead of next year. They arrive this year; they will launch next year. We have got the works continuing around the contracts as they have been awarded, and we are in the process of negotiations for the line-wide package.

Richard WELCH: So there is no Treasurer's guarantee over the SRL works at the moment.

Harriet SHING: I have not sought a Treasurer's guarantee.

Richard WELCH: Will you be calling on any contingency moneys or Treasurer's advances?

Harriet SHING: As I said, Mr Welch, the project is on time and on budget within the envelope that has been allocated to it.

Richard WELCH: Right. Given both the Metro and North East tunnels have blown out substantially, how can you state with confidence that you are not going to have a blowout? Have you built contingency into your program?

Harriet SHING: The delivery of any major project is subject to contracts –

Richard WELCH: Apparently not the SRL. Sorry. Go on.

Harriet SHING: The delivery of any major project is subject to contracts that are delivered in a way that demonstrates value for taxpayers money. Now, we have incentivised target contracts, which are actually different contracts to the ones which operate on other major projects, and that is also about making sure that as we work toward delivering on those projects, we are delivering on a range of other metrics. But, Mr Welch, it is on time and it is on budget.

The CHAIR: Thank you, Minister. We are going to Ms Kathage.

Lauren KATHAGE: Thank you, Chair, Minister and officials. Speaking of contracts, I saw on page 19 of BP4 information on the \$3.6 billion contract for the SRL East tunnel from Cheltenham to Glen Waverley. I think you said 35,000 or 350,000 –

Harriet SHING: No, I did misspeak: it is not 35,000 tonnes, it is now 41,000 tonnes.

Lauren KATHAGE: Just in the time we have been speaking?

Harriet SHING: No, I wish I could say that it had happened just between the time I raised it and the time that I have corrected myself. When I visited about eight weeks ago, it was about 35,000 tonnes. We are now up to 41,000 tonnes. So, again, this is just another example of what is happening on the sites and what has been happening on the sites since 2022, Mr McGowan, as you well know.

Lauren KATHAGE: What other progress is happening there?

Harriet SHING: Tunnels South is the first major contract awarded for SRL East, and that is now delivering major construction. That is worth around \$3.6 billion to build 16 kilometres of twin tunnels between Cheltenham and Glen Waverley. That is the longest tunnelling package in Australian history. So again, when we talk about a nation-building project, that is right there in terms of the numbers.

Suburban Connect, which is a consortium led by CPB Contractors with Ghella and Acciona, was awarded the contract in December 2023, with tunnel-boring machines, as I have said, all ready to arrive at the end of the year and to be launched next year. The package of works will also include safety cross passages between the two tunnels, excavation of station boxes at Clayton and at Monash and tunnel entrances and exits at the stabling facility. The Suburban Connect team is preparing for the delivery of those tunnel-boring machines. Herrenknecht is the company that is delivering on those tunnel-boring machines. In response to community feedback, we have reduced the number of tunnel-boring machines so that we do not then have further impact upon community where we can possibly avoid it. The tunnel-boring machines will actually be an Australian first – they will be a flying launch, which is going to enable tunnelling to begin while the tunnel-boring machines are continuing to be built from behind. That will happen from a smaller launching area. But in total each tunnel-boring machine will take approximately three months to assemble, and they will travel about 90 metres a week. The first four, as I said, have been ordered, but we are also making sure that we can use what is already being done elsewhere. So the two remanufactured tunnel-boring machines that have come from Sydney Metro and the Western Sydney airport –

Nick McGOWAN: Sorry, Minister. Are they flying machines or are they tunnels? I have lost track.

Harriet SHING: have been retrieved and their components have been dismantled.

Nick McGOWAN: Did you say ‘flying machines’?

Harriet SHING: It is a flying launch, Mr McGowan. The components will be remanufactured as convertible tunnel-boring machines to suit the dimensions and the ground conditions of SRL East tunnels. It is also really important to recognise the work that is happening in our workforce – 3000 workers, scaling up to 4000, Australia’s first-ever female tunnel-boring machine.

Nick McGOWAN: Say that again.

Harriet SHING: Actually, that is not correct. It is the world’s first all-female tunnel-boring crew. All four of those TBMs will be powered by 100 per cent renewable electricity, and we have got changes to the construction approach to reduce the impact of tunnelling on residents near the stabling facility. As I indicated, we are using four TBMs instead of six, launching the TBMs from a recycling facility in Clarinda instead of at the stabling facility in Heatherton and then also using a ground-freezing technique, which is a way that we can build some of the safety passages between the twin tunnels in a way that allows passages to be constructed below ground, and that then reduces disruption to residents and also to roads.

This will be one of the most sustainable construction projects in Australia’s history, and the Tunnels South contract will deliver 20 per cent emissions reduction. As I said, the TBMs are to be powered by renewable energy. The contractor has committed to using 100 per cent renewable energy to be sourced from the grid to ensure that that happens.

So there is a lot of work happening, an immense amount of work happening. It is a long-term project, it is an expensive project and it is a project worth doing well.

Lauren KATHAGE: Thank you. I think we seem to have probably developed a bit of expertise in Melbourne about tunnelling. It has been used on quite a few projects. So there is the expertise on the technical side, but also then I guess we are learning about working with communities through long disruptions. What have we learned from those other projects to help us with supporting this community through the process?

Harriet SHING: Any kind of large-scale construction has an impact on the communities that are immediately around that construction. We know that with the construction of schools and of hospitals. We saw that with the removal of the level crossings, and as we continue that work to make sure that we are up to about 85 level crossings having been removed now, we continue to improve on understanding impact and reducing inconvenience or lack of amenity for communities. There is a lot of work that is happening across these sites to

make sure we are engaging with communities and make sure that we are communicating well with people about unavoidable disruptions and that we are making changes to the scheduling of works, if that is something that can possibly be incorporated into daily schedules, and make sure that we work alongside property and business owners to understand what it is that they need, how their businesses are being affected, the sorts of activation processes that we can deliver within communities. The detours and traffic management and notifications work are all really important, because as much as anything, the way that people move around in an environment that is disrupted can have a profound impact on the way in which they live. We want to make sure that we develop the work and the best response through specialist team engagement within the Suburban Rail Loop Authority to lean into those challenges and also to provide opportunities for people, whether that is in the design of open space, the consultation within the draft structure plan work or the delivery of outcomes in partnership with councils.

Lauren KATHAGE: And longer term, how will it then ease congestion for commuters?

Harriet SHING: We will take hundreds of thousands of vehicles off the road as a consequence of increased public transport usage, and we are determined to make sure people also travel lesser distances because they are living closer to where they work and closer to where their recreational activities are.

Lauren KATHAGE: Thank you, Minister.

The CHAIR: Thank you, Ms Kathage. Mr Welch.

Richard WELCH: Thank you, Minister. Minister, given how adamant you are that the project is on budget, can you just clarify, does that statement include the original scope of the project? Has anything been de-scoped from the project or has there been any other rearrangement of the figures that allows you to make that statement that you could not have made earlier?

Harriet SHING: Mr Carroll referred earlier to the project contract work that had been changed without an impact to the time or the budget delivery.

Richard WELCH: When was that work done?

Harriet SHING: That was initial.

Jeroen WEIMAR: Initial are the only works that have currently been done.

Richard WELCH: So, since then.

Harriet SHING: On time and on budget.

Richard WELCH: So there has been nothing subsequent to that – you have not de-scoped anything or reclassified anything or anything of that nature?

Harriet SHING: It is on time and on budget, Mr Welch. Again, we will continue to do the work.

Richard WELCH: What is curious about that is that for two years Infrastructure Australia have been waiting for updated costs from you and you have not been able to provide them. If all that is tickety-boo, why have not you provided Infrastructure Australia the updated costs?

Harriet SHING: We continue to work with –

Richard WELCH: No, no, no – please do not use that phrase as a smokescreen.

Harriet SHING: It is not a smokescreen, Mr Welch.

Richard WELCH: Why haven't you provided them the updated costings that they have been requesting for two years?

Harriet SHING: Mr Welch, when I was sworn into the portfolio, the first briefing that I sought from the department was the work that had been provided to Infrastructure Australia, the work that is ongoing with

Infrastructure Australia and the discussions that are happening not just with Infrastructure Australia as an advisory body to the federal infrastructure department but also the discussions that were yet to come.

Richard WELCH: Have you provided them the updated costings they have asked for?

Harriet SHING: We continue to provide Infrastructure Australia with information –

Richard WELCH: So they now have everything they need to make a determination?

Harriet SHING: to assist – well, Mr Welch, they issued a report that recommended release of \$2.2 billion.

Richard WELCH: Multiple times they have said they have been waiting on these costings. You know that ball has been in your court for two years, and yet you still have not provided it – or have you? Are you now saying today you have provided Infrastructure Australia all the updated costings they have been asking for?

Harriet SHING: We are providing Infrastructure Australia and the federal department with information on a regular basis.

Richard WELCH: Including the costings?

Harriet SHING: It is a constant exchange of information, Mr Welch.

Richard WELCH: But hang on, Minister.

Harriet SHING: And it was on that basis that –

Richard WELCH: You have all been very, very, very clear: the costings are transparent, they are done, there are no changes, there have been no scope changes. Surely that would be a very simple process to provide them the updated costings.

Harriet SHING: It was on that basis that –

Richard WELCH: It would not need discussion.

Harriet SHING: It was on that basis that Infrastructure Australia recommended release of the \$2.2 billion.

Richard WELCH: Yes. But what else did they recommend, Minister? They recommended that you provide updated figures and more explanation of the value capture method. Have you done either of those things?

Harriet SHING: We are continuing to do that, Mr Welch.

Richard WELCH: No. You are putting this state in great jeopardy because you are playing chicken with this funding. Why haven't you provided them this information? It is critical to the funding of this project.

Harriet SHING: We are continuing to provide Infrastructure Australia and the federal infrastructure department with information. I am continuing to work with the Treasurer.

Richard WELCH: That is wholly unacceptable.

Harriet SHING: He is continuing to work with the Department of Treasury and Finance. Mr Welch, we are determined to deliver this project because we need to make sure that we are managing growth and that we are leaning into the increase in population and the demand for better infill that was outlined in *Plan Melbourne*.

Richard WELCH: Minister, could you describe to me what this other work is? If it is not specifically 'Here are the updated costs and here is the value capture mechanism', what is this 'other work' you talk of?

Harriet SHING: This is an enormous, major project, Mr Welch.

Richard WELCH: They are only asking for two things

Harriet SHING: We are working with the federal department, including their work with the advisory body, Infrastructure Australia, to continue discussions on the further work for release of additional Commonwealth funding. That is what we said we would do, that is what we are doing and that is –

Richard WELCH: But you have not done it.

Harriet SHING: If that is your conclusion, Mr Welch –

Richard WELCH: It is the only conclusion that can be drawn

Harriet SHING: I have given you answers to the questions, Mr Welch.

The CHAIR: Excuse me, Mr Welch, Minister. I will remind you again – we are nearing the end of the day – just because you do not like the answer that the minister is giving to your question does not mean the minister has not answered your question, and I would caution you again about putting words in the mouths of ministers and witnesses before this committee.

Richard WELCH: I am sure Victorians are listening to the answer and can draw their own conclusions.

The CHAIR: I have no doubt they are, Mr Welch. Would you like to move on.

Richard WELCH: Yes.

Harriet SHING: Mr Welch, this is how major projects are delivered. You may not have that experience, because your party did not deliver any when you are in government.

Richard WELCH: Minister, the Infrastructure Australia report also mentions that you have been using a 4 per cent discount rate, which does not align with the majority of national, state and territory guidelines in the economic appraisal of something. Have you updated everything now to the 7 per cent discount rate, and what are the implications that has had on the cost-benefit ratio?

Harriet SHING: Sorry, can you repeat that question?

Richard WELCH: Sorry. It was a bit of a word salad, wasn't it?

Harriet SHING: It was a word salad.

Richard WELCH: One of the findings in the Infrastructure Australia report brought attention to the fact that you were only using a 4 per cent discount rate and that does not align with national practice; you should be using 7 per cent. Have you now updated this rate, and what implications does this have on the benefit–cost ratio of the project?

Harriet SHING: Thank you, Mr Welch. I think I know where you are going. There has been an updated and detailed cost estimate for SRL East and supporting a station precinct intervention, as well as a comprehensive funding and finance strategy that has been sought with supporting quantitative analysis that details how value capture can occur and analysis that demonstrates the benefits of SRL East as a standalone project. We are continuing to work with Infrastructure Australia through the federal infrastructure department. And as I have indicated repeatedly, the value for this project is set out in the business case, but we recognise, in reference to lower discount rates, that they may be often adopted for projects with a long stream of benefits expected to accrue across multiple generations, such as is the case with the Suburban Rail Loop.

The CHAIR: Thank you, Mr Welch. We are going to Mr Galea.

Michael GALEA: Thank you, Chair. Good afternoon, Minister.

Harriet SHING: Hello, Mr Galea.

Michael GALEA: Hello. I would like to draw your attention both to budget paper 4, page 19, but also your presentation where you discussed SRL precincts. You also discussed something that, as you know, is of big importance to me, which is reducing the pressure of growth on our outer suburbs that they have currently been facing and that we have discussed many times in the upper house of late, but in relation to SRL precincts I am

wondering if you could talk to me about how these in particular will support Victoria's population growth in the future.

Harriet SHING: Absolutely. Thank you, Mr Galea, for that question. We need to make sure – and I will take us back to *Plan Melbourne*, which is referred to in the business and investment case – that we are not just describing the problems; governments need to take action to address them. The Suburban Rail Loop is, through the precincts development process, also going to activate significant numbers of homes, 70,000 homes, plus jobs in the hundreds of thousands. When we look to, for example, Monash, that area is expected to grow from 10,000 residents and 21,000 jobs in 2021 to approximately 18,000 residents and 50,000 jobs in 2041, and Burwood is expected to grow from 5300 residents and 9000 jobs in 2021 to about 11,100 residents and 16,900 jobs in 2041. We are talking about a doubling of population, and the way in which we address the challenges of population growth and make decisions that allow for and encourage amenity, livability and neighbourhood connection is to make sure that we develop precincts that are consistent with community engagement, visions, expectations and aspirations.

The SRL station at Monash University, for example – that is Australia's largest university. It has not ever had a rail connection, and too many people know the challenges and the cost and the time involved in spending either hours in a car, which is increasingly expensive, or hours on public transport without the necessary intermodal connectivity. That is going to provide students and workers and visitors with a direct train connection to the university – the same thing with Deakin University. The work that we do across local government and with key stakeholders will ensure that as we develop the precincts we can activate those spaces and do that well, including by preserving open space and including by the placement and the heights of buildings. This is the feedback that we have had – hundreds of submissions, around 10,000 engagements. The Suburban Rail Loop Authority has heard very clearly from people across a number of years, including through panel discussions, through events and seminars and pop-ups and surveys and letters, that people want to see connected, well-serviced, sustainable areas where homes are able to be accessed that are affordable. We know that high-quality open space is a really big priority for people.

We know also that – Chair, this is relevant to your part of the world – when we do not put good decisions into place at the time that development occurs we have to retrofit in a way that is expensive and time consuming. Mr Hilakari, you would also know Greening the West – 500,000 trees needing to be planted and being planted is the way that we address something that should have been done 50 years ago. This is about making sure we can get ahead of that work, and this is where we will also do the work to make sure that community is at the heart of the development of those precincts. It sits alongside the work of the *Suburban Rail Loop Act*, and this enables the Suburban Rail Loop Authority and the minister for the portfolio to take action to make sure that decisions can be made quickly but also in a considered way. That sits really squarely alongside the housing statement work and the work of the Minister for Planning. That includes the activity centres, which you obviously know very well, alongside the precincts work which I spoke about in an earlier hearing.

Michael GALEA: Thank you, Minister. You mentioned Monash University, Australia's largest university, currently without a rail connection –

Harriet SHING: The heart hospital and the CSIRO –

Michael GALEA: the heart hospital and everything else there. My constituents in the south-east will benefit from much easier connection, but so too will the Chair's through the Metro Tunnel connecting at Clayton to Monash and Deakin, opening up opportunities for the west that are not currently there.

Harriet SHING: In the same way that Melbourne Metro benefits everybody from rural and regional Victoria right down through to the south-east, this is a project that benefits the entire city.

Michael GALEA: Indeed. Just on those precincts, I know that the SRLA has been undergoing some consultation work in the community in relation to the specific draft structure plans and the planning scheme amendments, which is also discussed in that same budget paper. Can you talk to me a little bit about what that consultation work has actually looked like and what has been included in that?

Harriet SHING: Absolutely. We released the draft precinct visions back in 2023. There was consultation that happened on those until March last year, and from there we went on to have that conversation with communities on precinct key directions. This is where tens of thousands of visits to webpages have been part of

the delivery of around 3400 responses received to that. Communities have not only been encouraged and invited to participate but they have also received information in a range of other formats that has been very, very user friendly. Draft structure plans for the Suburban Rail Loop East went on exhibition from 17 March until 22 April, and that was about making sure that we could get good information, suggestions, proposals and responses from people. During that time the Suburban Rail Loop Authority captured more than 800 submissions. There were more than 11,000 draft structure plans downloaded, 23,000 visitors to the Engage Victoria page and 45,000 page views. There have been, again, so many efforts to make sure that people have been able to ask questions, to get answers and information, to understand what a draft structure plan looks like for them and to zero in on resources online or in person that help them to understand what the project is about. We will have an advisory committee appointed late this year to provide advice to the Minister for Planning around structure plans and the planning scheme amendments that will finalise next year.

Michael GALEA: Thank you, Minister.

The CHAIR: Thank you very much, Mr Galea. We will go back to Mr Welch.

Richard WELCH: Thank you, Chair. Thank you, Minister. Minister, the project funding model requires \$11 billion to be raised from value capture. Are you confident that \$11 billion can be raised from value capture?

Harriet SHING: Thank you, Mr Welch. You are asking for an opinion, but nonetheless I will provide you with a little bit more context around this.

Richard WELCH: Well, I hope it is more than an opinion.

Harriet SHING: Well, the standing orders require that you not ask me my opinion.

Richard WELCH: Well, I am –

The CHAIR: Mr Welch –

Richard WELCH: I am clarifying the question.

The CHAIR: Mr Welch, I will make note of it because it is your first budget estimates hearing –

Richard WELCH: The minister asked for a clarification.

The CHAIR: Under the standing orders you cannot ask the minister for an opinion, so perhaps you would like to rephrase your question in light of the time you have left.

Richard WELCH: Yes, I would.

The CHAIR: Thank you.

Richard WELCH: God forbid semantics get in the way.

The CHAIR: Mr Welch, the standing orders are not semantics. They are things that I will be sure to enforce here before this committee. If you wish to argue with me about the standing orders, please use your time to do so. Do you have a question that you wish to rephrase to the minister?

Richard WELCH: Yes, thank you. Minister, the Premier stated that value capture will not apply to residences in those mechanisms. Does that include residential developments?

Harriet SHING: Existing residential owners will not have a value capture component applied to them, Mr Welch.

Richard WELCH: But new residential developments will?

Harriet SHING: The value capture arrangements that have been considered and are part of the business and investment case, as you know, include a development levy – we are working with industry to finalise the structure and scope of that – a commercial land transfer duty surcharge and a commercial car park levy from 2035 when the SRL is open. The inclusion of value capture in the mix is about making sure that we have a

more equitable allocation of funding than is typical of traditional funding approaches. This is not unique to the Suburban Rail Loop; there are other projects where, again, value capture has been part of that work.

Richard WELCH: Just the scale, I guess, is different this time. Mr Carroll, at any time –

Harriet SHING: Well, it is Australia's largest infrastructure project, Mr Welch.

Richard WELCH: Mr Carroll, at any time within the project, has lifting the land tax exemption on universities and charging universities land tax been considered?

Frankie CARROLL: DTF did most of the work on value capture mechanisms.

Richard WELCH: You have not been in any meetings where that has been considered?

Frankie CARROLL: No, not that I can remember.

Richard WELCH: Or incorporating universities into the value capture mechanisms?

Frankie CARROLL: Not that I can remember.

Richard WELCH: You cannot remember.

Harriet SHING: It is a pretty constant conversation with Monash and Deakin and La Trobe.

Richard WELCH: Are you considering putting the universities into value capture mechanisms?

Harriet SHING: Again, we have been pretty clear about the engagement with universities. I continue to talk with the vice-chancellors of universities, in particular around the value capture modelling. This has been a process of collaboration.

Richard WELCH: Are you or aren't you?

Harriet SHING: We moved the station location 60 metres east because it would otherwise have interfered with Monash University's electromagnetic work. Again, this is partnership work, and we will continue to work through those partnerships and those collaborations.

Richard WELCH: Is there any intention to tax universities to help fund the value capture component of the project?

Harriet SHING: I have indicated to you what the value capture mechanisms are. They are set out in the business case, and we will continue to work through that.

Richard WELCH: Are you incorporating universities into that?

Harriet SHING: As I have said, we have outlined the value capture mechanisms that are inclusive within the business investment cases –

Richard WELCH: Does it include universities?

Harriet SHING: Sorry?

Richard WELCH: Does it include universities?

Harriet SHING: Again, we will keep working through that work.

Richard WELCH: So it might. It might include universities.

Harriet SHING: Monash University has been a very positive partner –

Richard WELCH: Are there any other educational bodies that it might include?

Harriet SHING: as part of the work that we are doing. And we will continue –

Richard WELCH: So education could be taxed to fund the SRL?

Harriet SHING: Mr Welch, it is rather a stretch.

Richard WELCH: No, it is a question.

Harriet SHING: It is rather a stretch, Mr Welch. What we are doing –

Richard WELCH: No, it is a legitimate question.

Harriet SHING: What we are doing through value capture is ensuring that we have a fairer and more equitable allocation of contribution where there is a return to the investment made by development and by industry because of what will be realised by virtue of the Suburban Rail Loop. That enables growth, development, return on investment, viability, profit.

Richard WELCH: Infrastructure Australia were seeking for a better definition of that value capture mechanism. Have you provided them clarity to their satisfaction?

Harriet SHING: Well, in terms of what Infrastructure Australia's views are on the information that we have provided them, that is not a question for me, that is a question for Infrastructure Australia.

Richard WELCH: Have they communicated with you?

Harriet SHING: Again, we are in constant conversation and communication with the federal infrastructure department, with Infrastructure Australia and with the federal infrastructure minister and her office. Again, this is work that continues daily, Mr Welch. It is ongoing work.

Richard WELCH: Being the responsible project managers that you are, what contingencies have you put in place if the value capture quantum does not reach \$11 billion?

Harriet SHING: As with every major project, Mr Welch – and again, this is something perhaps your colleagues are not familiar with – it is necessary to have the relevant level of detail and of planning that complies with delivery of a project of multiple billions of dollars. This is a project that is not being undertaken lightly, Mr Welch, and therefore it is necessary and responsible and appropriate that we continue to do that work alongside other departments, agencies and ministries.

Richard WELCH: I am satisfied with that answer, thank you.

Harriet SHING: Mr Welch, if you would like to see what is happening on the ground, I am very happy to take you out on the ground. It is close to your communities, and it will be good for you to see what is happening.

Richard WELCH: Minister, given the time-cost of money, when does value capture revenue start to arrive to fund? Does that start after the project is completed or before?

Harriet SHING: We will see conversations around when and how and as value capture accrues along the pathway of an operational –

Richard WELCH: So it is not defined now? You have not defined it now? I thought you said you had defined it.

Harriet SHING: Mr Welch, value capture is about making sure that we can have a contribution –

Richard WELCH: When does the revenue arrive then?

Harriet SHING: That will be delivered through a progressive return on the investment.

Richard WELCH: When does that start?

Harriet SHING: As we continue with the project, Mr Welch.

Richard WELCH: So you do not know when it will start.

Harriet SHING: As we continue with the project to deliver SRL East, we will be incorporating value capture into the funding of that project under a third, a third, a third.

Richard WELCH: When have you forecast that it will start?

Harriet SHING: Again, this will be project work that –

Richard WELCH: You do not know?

Harriet SHING: This will be project work that occurs –

The CHAIR: Thank you, Mr Welch. You are out of time. Mr Tak.

Meng Heang TAK: Thank you, Chair. Minister, page 19 of budget paper 4 notes that SRL East is Australia's largest housing project, that it is expected to deliver 70,000 homes. You talk about our growing suburbs, growing city. Can you please share how the government is progressing toward reaching this target?

Harriet SHING: Absolutely. Thank you for that question. As we move to address the challenges of population growth, the decisions that we have taken as government, that have been backed in at a state and federal level to a total of four elections now, show very clearly that the status quo of inaction is not going to cut it and that without a plan we will see unchecked growth, we will see reduced amenity, we will see a population that has a comparative disadvantage to earlier generations. We will see house prices continue to increase and we will see availability continue to diminish. And as I think we have just overtaken the others now as Australia's largest city – at least I think that is what the Lord Mayor of Melbourne said just yesterday – it is an area of public policy and responsibility that demands an ambitious response. In the same way that the housing statement sets out the need for us to deliver 800,000 homes over a 10-year period, the Suburban Rail Loop is an opportunity through the enabling mechanism of infrastructure to deliver homes, to deliver economic growth and activity and to deliver considered and well-planned open space that reflects the aspirations and the priorities of the communities where it is being built.

Plan Melbourne, when it was developed and then continued, described the problem, but it did not define solutions. And this is where again our colleagues from the opposition have never supported the project, do not support the project now and will never support the project. We have a Leader of the Opposition who is telling Victorians that he wants this project to cease, but he will not actually tell us what his position on the project is. He is saying that workers should down tools. He is saying that tunnel-boring machines should be left to sink into the ground. He is saying that growth is not actually something that needs a solution or an answer, it is in fact something that can just be ignored because it is somebody else's problem. Responsible government requires decisions to be taken in the interests of communities and the growth of a city as a whole, not just for now but for the future. And when we look to the sorts of homes that people want, we know that it is medium density and high-rise density as well as that quarter-acre block opportunity that people want on our urban fringes, and a mix of housing options is the answer to these policy challenges.

Meng Heang TAK: Well, I was about to ask about housing options, but you already started well into that question.

Harriet SHING: This is where again it comes back to bringing a number of policy levers together. And when we describe the Suburban Rail Loop as a housing project, it is because there are a range of things that occur in delivering housing – and good housing that will help us to grow and grow well – that are enabled because of the Suburban Rail Loop. We have also got, as people know, the stamp duty exemption and concession for purchases off the plan. There are the works happening to enable subdivisions more readily, the partnerships within the planning portfolio within transport infrastructure to link this up to other parts of the system. The Suburban Rail Loop is about an integrated transport and planning solution, but it is also about future growth and making sure that those decisions are being taken now and that those decisions that we are planning for now are delivering in the way that we need them to. The second best time to build the Suburban Rail Loop is now.

Meng Heang TAK: Thank you.

Harriet SHING: The best time to build it was 50 years ago, and they said exactly the same thing about the city loop. We could not imagine life without the city loop now; in 10 years we will not be able to imagine life without the Melbourne Metro Tunnel, and the same thing goes for the Suburban Rail Loop when trains are running along it in 2035 from Cheltenham to Box Hill.

Meng Heang TAK: Thank you, and we are talking about the new SRL precincts. What do they mean for younger people, families, downsizers who can find an affordable place to live? Minister, how will SRL precincts deliver a more diverse set of housing options, and why is it important for Victorians?

Harriet SHING: In growth areas we know that density – and I have just quoted you some of the figures about population growth – is one of the big challenges that we have. People do not want to have to move 3 hours from where they grew up because they cannot find a home. They also want to be able to live and move around in a smaller area without reliance necessarily on a car, and this is where public and active transport come in. It is where good planning comes in. In Box Hill, for example, 32 per cent of people do not own a car. They rely upon public transport or – as well as – they are using other things closer to home in order to live their lives and live their lives well. So when we integrate, whether it is early childhood education, connection to higher education, health services, the Monash heart hospital, the work around jobs and the development of precincts, if you are talking about integrating around to Arden, where we will have 34,000 jobs, right back around to Box Hill, where we will have growth that is preserving open space, where we are accommodating the sorts of challenges and changes around downsizers – or rightsizers, as they are also known – in Cheltenham, where we have heard very clearly what people want in connections and open space, these are the sorts of things that we can plan in quite a geographically specific way but taking themes of good growth in order to deliver that. That is where the Suburban Rail Loop precincts work comes in. But it also sits alongside the other precincts work we are doing in one of my other portfolios but also within the planning statement.

Meng Heang TAK: Thank you, Minister. With the remaining time that we have, I just would like to –

The CHAIR: Apologies, Mr Tak, there is no remaining time. We are going to Mr Puglielli.

Aiv PUGLIELLI: Thank you, Chair. Good afternoon.

Harriet SHING: Hello.

Aiv PUGLIELLI: For the SRL East station precincts, budget paper 4, page 168, what are the active transport metrics and KPIs for those precincts?

Harriet SHING: Thanks, Mr Puglielli. One of the things that we are doing in that intermodal connectivity is increasing the services that already operate along the lines. So when we talk about people coming in from Gippsland to Pakenham and then around to Box Hill, we want to make sure that we are also providing that good intermodal connectivity, and this is where it is not only about public transport but about active transport. The draft structure plans that have been released have identified that public and active transport is a key priority for communities. Again, to the Box Hill example that I talked you through, when 32 per cent of people are not living with a vehicle of their own, they are either using rideshare or they are using public or active transport, and that might be in combination with travelling smaller distances.

The structure plans that have just been released and subject to comment, which will then be considered by an advisory panel as part of the exhibition and consideration process by the Minister for Planning, will enable us to define the preferred outcomes that are important to each area, and as I said earlier, that will vary really significantly. That might include future land use or the work that we are doing around built form, additional infrastructure, open spaces, car parking and also the future street network, amongst other things. This is where the local planning schemes will also have a role to play in public and active transport. The Minister for Transport Infrastructure is also doing a power of work on everything from bus services and the increase to services that have been delivered – tens of thousands of additional services – to making sure that we have that increased capacity along the rail lines that already exist to make sure we are having more frequent services as well. So it is a network-wide set of challenges and opportunities, but as we move to bring those structure plans into an advisory process for consideration and determination, public transport and frequency and reliability of services will be key, and that will be something that is determined through that conversation.

Aiv PUGLIELLI: Okay, so around bike paths, walking paths, KPIs around those – you can provide those today?

Harriet SHING: Yes. And we heard really clearly from people across the consultation and discussion process, in the panel discussions that I was part of hearing summaries of, which included panels from across the line from Cheltenham through to Box Hill and a youth panel, people identified public and active transport and wayfinding as being a really critical priority. Being able to, for example, have somewhere to park your bike at a station for a turn-up-and-go service and having somewhere you can walk which is accessible irrespective of whether you have a pram or a walker or you are on a bike – those are things which are user-friendly. We also know that as we see changes in demographics, we are going to have to make sure that open space is designed by reference to people being able to participate in community activity, whether they want to move beyond the area that they live in and beyond those precincts – that 1600-metre space – or whether they want to stay in the areas that are servicing their needs because of that good planning and design.

Aiv PUGLIELLI: Thank you. Moving on, Minister, residents in my community have come to me saying that they are struggling to find who they should talk with about concerns that they have regarding the project. Can I ask: are different departments working together on consultation? Are they sharing results of consultation with each other to ensure that resident feedback is actually heard by the right people?

Harriet SHING: Yes. That is a really good point, and again, I think it is important to acknowledge that change is really hard for communities, and I do not underestimate the impact of change or the importance of good engagement. The Suburban Rail Loop Authority has been working with communities for years now and has developed a really significant set of insights into the sorts of things that people want to see for their own communities but also what the areas around those precincts want to see and has heard contributions from people across the broader community. We have a range of processes that have also encouraged input from people, and whether it is online or face to face or written correspondence, the Suburban Rail Loop Authority has been a constant presence at community events. It has been a part of community support, business and trader support and also opportunities to support existing events, celebrations and really place-based identity and celebration there. There have been so many examples of community engagement.

But of course I would encourage anybody who has got questions or suggestions or concerns about what is happening in the community, whether they are disruptions or opportunities for partnership with the Suburban Rail Loop Authority, to get in touch. We do try to make those platforms as user-friendly as possible. Again, there will be community pop-ups, there will be street activations, there will be community workshops. We will have an ongoing conversation with community as that project continues. Precinct reference groups will be a big part of this. Again, I do not underestimate the impact or the challenge of change, but again, I do not underestimate the challenges and the problems associated with inaction. This is where, as we deliver the Suburban Rail Loop, from site disruptions through to changes to areas in and around existing stations, we are working really carefully, respectfully and collaboratively with communities.

Aiv PUGLIELLI: Thank you. Thanks, Chair.

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

Mathew HILAKARI: Thank you, Minister, and thank you, officials, for your attendance this afternoon. My question goes to the jobs around the SRL. One of the things that I think is – actually, sometimes doing your job is really important, and I am really shocked that the opposition, the members of the Liberal and National parties, are not even here at 3:46 on a Friday afternoon. The hearings go to almost 7 o'clock tonight. There are important things to talk about when it comes to the SRL, and yet they are missing.

Harriet SHING: Maybe they do not want to listen to it, Mr Hilakari, they just want to yell about it.

Mathew HILAKARI: They might not want to listen to the jobs that are impacted as well by their position on the SRL, although you would not know it half the time. Their opposition leader has not been clear on whether he will cut and run or not. However, I am going to go to the jobs that are created by the SRL, which are substantial, both those at the end of the project but also during the project. I understand the twin tunnels will begin next year. It is a very exciting moment for the project. I am just hoping you can talk about what it means for jobs and economic growth.

Harriet SHING: Absolutely. Thank you for that question, and thank you for, again, highlighting the curiosity of our coalition friends not being here in the room to discuss the Suburban Rail Loop in a process of discussion around the largest housing project in Australia. I do want to make sure that when we talk about jobs we are talking about the impact of delivery of infrastructure on the one hand but also the people who are building the Suburban Rail Loop on the other. We are talking about over a million hours of work that have been undertaken. We are talking about the work of up to 24,000 jobs, I think, which will be created ultimately as a consequence of the Suburban Rail Loop in construction, in delivery and in the running of trains but also in the immediate areas around the Suburban Rail Loop. This is again about activation. When we talk about the Monash heart hospital or Monash University or the CSIRO or the work that we are doing to activate Box Hill, for example, these are the sorts of opportunities that we have as a state government, in partnership with the Commonwealth and local councils and of course in partnership with communities, to be able to make decisions that work to deliver those jobs – secure jobs, well-paid jobs, jobs that are directly aligned with those growth areas and industries. When we have those 11 million hours that have been worked and more than 3000 working on the project, it is also important to note that work is ramping up. We will have 4000 workers onsite or adjacent to site as tunnel boring begins, and we will see that construction alone will create up to 8000 direct jobs – that is the construction piece – with a pipeline of Major Projects Skills Guarantee training opportunities for apprentices, trainees and cadets. That is 14 per cent of hours on initial and early works and 12 per cent on Tunnels South.

Mathew HILAKARI: Minister, tunnelling is a skill that we did not have a lot of in Australia. That is what some of the tunnellers told me from the West Gate Tunnel project. They were able to describe how they started as apprentices on the works in Victoria being delivered by our government, and now they are running the tunnelling machines themselves. It is an amazing thing. Is this going to be the same on the SRL?

Harriet SHING: Yes. I mean, I have been out to a number of sites on a number of occasions, as you have also joined me, to discuss the work that is impacting people's lives in a really profound way. It is not just about earning a living, it is about skills acquisition in an area of high growth and demand. The fact that we will have Australia's first all-women tunnel-boring machine crew is quite extraordinary and something that should not be lost in the mix of all of this, as much as anything because of what it symbolises. This is about opportunities for women in construction. This is about opportunities for apprentices and for trainees. This is about the opportunity to work on a project that, again, builds on the city-shaping work that has already happened with Melbourne Metro Tunnel, the work that will continue to happen as the Melbourne Airport rail is delivered, as we work on the activation of Melton electrification, the Sunshine super-hub and delivering I think it is 40 services an hour – being able to untangle that work all requires skill and expertise which is underpinned by training and by education. And that is the same thing here with tunnels. When we talk about tunnels, it is a highly skilled trade that requires a lot of support, a lot of professional development, and again, we are really, really proud to be able to deliver that here.

Mathew HILAKARI: And ongoing work –

Harriet SHING: That is right.

Mathew HILAKARI: because we used to bring that workforce in, and I am sure we still have some of them here from Singapore, because that was the expertise at the time when these projects were starting up. And fantastically, I am hoping that we can be exporting great tunnellers.

Harriet SHING: Yes. The reason that these are projects where we had to source expertise from overseas is because they are cities which have orbital rail networks, and they have orbital rail networks because they are metropolises that need to make really good use of the space that they have to help people to get around. Orbital rail – I mean, you have touched on a really important point there. When we look at major cities around the world the thing that characterises efficient public transport and network infrastructure is orbital rail, and that is the thing that we are delivering with the Suburban Rail Loop. That is why, again, it is workers who will have that expertise who will find and keep good employment in the state as a result.

Mathew HILAKARI: We have talked about the workers who are in the project themselves. For those areas that are benefiting from the tunnel being there, could you talk to some of that? I am formerly from Monash University, and I know it is going to be a big uplift for that university. We called for a train line for years.

Harriet SHING: We did call for a train line for years. I am also, for full disclosure, a graduate of Monash University.

Mathew HILAKARI: That was a set-up there, wasn't it – both knowing that past.

Harriet SHING: It is late on a Friday afternoon, so thank you for your indulgence. Again, as I indicated earlier, one of the things that we did with Monash University in careful discussion with them about the impact of not only tunnelling but also operation of services was to actually move the location of the station and the precinct area and the epicentre of it – 60 metres east has made a profound difference. I cannot wait to see people being able to actually catch a train to Monash University, as I myself was never able to do.

The CHAIR: Thank you, Minister. I hear that time and time again. Minister and officials, thank you very much for taking the time to appear before the committee today. The committee will follow up on questions taken on notice in writing, and responses are required within five working days of the committee's request. The committee will now take a break before beginning its consideration of the health infrastructure portfolio at 4:05 pm. I declare this hearing adjourned.

Witnesses withdrew.