

# **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**

Melissa Horne MP, Minister for Ports and Freight; and

Jeroen Weimar, Secretary,

Will Tieppo, Deputy Secretary, Network Design and Integration, and

Praveen Reddy, Executive Director, Freight Victoria, 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 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 said quietly.

As Chair I expect that committee members will be respectful towards witnesses, the 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 will be placed on the committee's website.

I welcome the Minister for Ports and Freight the Honourable Melissa Horne as well as officials from DTP. Minister, I am going to 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.

**Visual presentation.**

**Melissa HORNE:** Thank you very much, Chair. I love this portfolio. Victoria's freight task is set to double by 2050. As a government what we do is we take a multi-decade view. We set our policy and investments to ensure that there is successful and sustainable growth. In this year's budget we continue our strong investment in rail freight, and we prepare for the opening of the West Gate Tunnel. Both these things are vital to keep Victoria as the freight and logistics hub of Australia. Both are focused on boosting productivity and at the same time reducing the industry's impact on local communities and the environment. That starts with getting rail freight to do more. This year's budget includes \$103.1 million for the rail freight network to be used for routine and major periodic maintenance. That is on top of the \$104.3 million that was spent in last year's budget and brings our total investment since 2020 to more than \$470 million. Our past investments have delivered upgrades to key rail freight areas across Victoria. This year's investment will go even further because it will improve the reliability and the resilience of our rail freight network, making it even easier for operators to choose rail over road.

But rail is not just about the regions. That is why we have worked with the Commonwealth government to invest \$58 million to kickstart the port rail shuttle network. We have also made building on-dock rail a condition of the lease of the Port of Melbourne. These two projects will connect the Port of Melbourne to major freight hubs in Altona, in Somerton and also in Dandenong South. That is going to remove so much congestion around the Port of Melbourne. It is going to cut transport costs for freight by as much as 10 per cent and reduce truck trips on suburban Melbourne roads.

Also, our investment goes hand in hand with the \$840 million worth of works we are doing in partnership with the Commonwealth government on the Murray Basin rail project. This project has doubled the number of train

paths on the Murray Basin network from 28 to 49 weekly. It is driving economic growth. It is providing a major boost to the transport industry, the agricultural sector and regional communities by moving heavier, longer trains much more reliably, it is removing thousands of truck trips from Victorian roads and supporting our emissions reduction target and it is creating thousands of jobs through construction and delivery. Since 2021 this project has engaged more than 300 businesses across the state's north-west, and that is directly injecting more than \$125 million into these communities. Thanks to our investment the Victorian rail freight network is in better nick than it has been in decades, and we are really on a tipping point to be able to move into the future here.

If I turn to our local ports, since 2018 the Allan Labor government have invested more than \$160 million in local ports, piers and jetties, and \$7 million in this year's budget will fund two priority projects. Firstly, it will replace the low landing at the Port Campbell Jetty, and secondly, it will revitalise the training walls at Port Fairy. This funding will keep a beloved community asset in use and also help keep local waterways safe for vessels. As the Member for Williamstown, I can tell you firsthand just how beloved these sorts of projects are for local communities, and it was really fantastic to see that these projects were funded in the budget.

We are also reshaping Melbourne's inner west with the West Gate Tunnel Project. Once opened, it will take 9000 trucks off local roads and improve vital connections between industry and Australia's busiest port. There are 24/7 no-truck zones that will take big container trucks off six local roads in the inner west, and that is going to be a game changer.

Finally, we know that the inner west is changing, and that is why last year's *Economic Growth Statement* had a big emphasis on releasing more land for industrial use. We have got \$12 million in this year's budget to allow us to do more planning work around the Western Intermodal Freight Terminal, and I cannot wait to see that start.

**The CHAIR:** Thank you, Minister. I am going to go to you, Deputy Chair, for the next 8 minutes.

**Nick McGOWAN:** Thank you very much. Thank you, Minister, for that. Minister, now that the government has had to assess other ports for wind farm construction with a two-year delay on the VRET at Port of Hastings, can you tell us which interstate ports are being assessed, whether it is Port Kembla in New South Wales or Bell Bay in Tasmania?

**Melissa HORNE:** Thank you very much for the question, Mr McGowan. It is really good to see your interest in the offshore wind projects. This is such a game changer for renewable energy projects. We did a piece of work which had a look at a number of the ports around Victoria predominantly to assess which are the most appropriate, and absolutely we decided on the Port of Hastings because the componentry that you need to build offshore wind can only be brought in and out by sea. The Port of Hastings was absolutely ideal because it has got that deep-water channel, but it has also got that laydown area. We did have a look at a number of other ports, but without a doubt the Port of Hastings was the most ideal.

What we have been doing over the last year or so – and I think this is the first time it is ever been done in Australia – is conduct an EES process at the same time that we have been doing an EPBC referral, and we are on the cusp of actually re-referring the EPBC referral. Secretary, we have not sent that off yet, have we?

**Jeroen WEIMAR:** Not yet.

**Melissa HORNE:** Not yet, but it is imminent to be able to refer that to the Commonwealth so we can continue to do that important work. There are challenges with other ports. I do note that the Commonwealth has recently designated off the Port of Portland an offshore wind zone as well. The Port of Portland, without a doubt, has got some challenges in that it is fairly constrained in terms of its laydown area and what you could do to be able to construct the offshore turbines there, because, as I said, the componentry is ginormous. I know if Mr O'Brien has a hand in these questions – Barry Beach has certainly been a passion of his. Mr O'Brien, if you are playing from home, let me assure you –

**Nick McGOWAN:** You will excuse me as I interrupt, won't you. Can you guarantee that all wind farm construction will be entirely contained to Victorian ports?

**Melissa HORNE:** This is a matter for the Minister for Climate Action, because it is DEECA who is working through what a multiport strategy would look like. Obviously my jurisdiction is Victorian ports, and that is the work where we have been focused.

**Nick McGOWAN:** That is not really an answer; I think it is half an answer, unless I am misreading that. It will be confined to Victorian ports? We are not looking at interstate ports for any purpose?

**Melissa HORNE:** Well, that sort of multiport strategy and looking at where other ports could be is a matter for the Minister for Climate Action.

**Nick McGOWAN:** The Port of Geelong has been supported by the Deputy Prime Minister Richard Marles, as I am sure you know. He has described the project as having national significance. Will you submit to federal intervention on the choice of ports?

**Melissa HORNE:** Without a doubt the Deputy Prime Minister is 100 per cent correct in that the Port of Geelong is an extremely important port for Victoria and something that we have actively had a look at as part of the initial assessment in determining which of the ports within the jurisdiction of Victoria and the jurisdiction that we, as the Victorian government, have over those ports. The Port of Geelong has got some constraints. None of them are insurmountable. But the constraints include a channel that may well require dredging. This in itself is a complicated task. But because we identified the Port of Hastings as being the most appropriate, that is where we have focused our efforts to date.

**Nick McGOWAN:** With the VRET project now blown out by at least two years, with the completion date now 2030 at the earliest, will the government now miss its net zero emission target?

**Melissa HORNE:** My client is the Minister for Climate Action, and that is a question that would really be better directed to her.

**Nick McGOWAN:** You have not provided any advice in that regard?

**Melissa HORNE:** Well, look –

**Nick McGOWAN:** Because obviously there are consequences for the blowout.

**Melissa HORNE:** As I said, that would be a matter for the Minister for Climate Action. But what we are doing is we are proceeding at pace to do that work of, as I said, working in tandem to be able to do the EES work that would be required regardless and also the EPBC referral.

**Nick McGOWAN:** Thank you, Minister. The new proposal for the Port of Hastings says the VRET would require only 18 hectares of land reclamation, compared to 29 hectares in the rejected application. It also does not mention a 100-metre-long wharf and has a much smaller footprint for dredging. What are the reductions in the proposed terminal's capability enabling those concessions?

**Melissa HORNE:** That is the work that the Port of Hastings has done in order to be able to really have a look at what we could do to ensure that an EPBC referral is as successful as we can possibly guarantee it. So that is the work that the Port of Hastings has done with a range of different technical specialists to be able to make sure that we are as successful as possible to get this important project up and running.

**Nick McGOWAN:** Why did the first proposal require such a large environmental footprint? Do you know?

**Melissa HORNE:** I will have to take that on notice and get back to you on that, Mr McGowan.

**Nick McGOWAN:** Okay. What are the activities scheduled for completion in 2025–26 on the port rail shuttle network?

**Melissa HORNE:** I can talk for Australia on the port rail shuttle network. It is incredibly exciting. What we have done is we have planned for decades to come, and we have now got a number of different terminals. We have got Altona – that is absolutely built, and it is taking its test trains in and out of the port. We have got work proceeding at pace up at Somerton, and that is a \$400 million investment. Down at Dandenong South, the Salta

terminal, there has been that connective rail line that has been built that gets those trains into the main line. So they are all in the process of – I think Salta is finding an operator for that, but those projects –

**Nick McGOWAN:** I suppose one of the challenges, Minister, is how do you reach your targets, given that obviously Webb Dock, Port of Melbourne, has no rail access? What is the strategy there?

**Melissa HORNE:** The key thing with the Port of Melbourne and why we built it into the lease was having that on-dock rail solution that actually connects into the rail lines as well. As you can appreciate, freight is a numbers game. Freight and logistics are a numbers game, and you need the volume to then make it successful. What we are seeing is this growing into the future.

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

**Meng Heang TAK:** Thank you, Chair. Minister, I refer to budget paper 3, pages 83 and 89, which outline a further \$103.1 million investment to the 2025–26 budget. It showed that this government has continued to invest in more freight by rail over the last five years. Minister, how does this funding in the budget paper benefit the rail freight network and Victorians?

**Melissa HORNE:** Thank you very much. Can I just say the rail freight work that this government has done has seen the absolute renaissance of us moving goods on rail. And whilst there are people who like to talk this down, the numbers absolutely stack up for themselves. We are moving more things on rail through regional rail because of our investment than we have moved in decades, and that is because we have had sustained investment – as I said in my opening remarks, 400-odd million dollars since 2020 to basically be able to rebuild regional rail lines in particular. That means we can run longer, heavier trains, we can do it with much more reliability, we have delivered new passing loops – all those sorts of things to be able to make sure that when a primary producer is choosing the mode of transport to be able to get goods out to export, that rail freight is a viable option and one thing that will actually drive down costs for them, because we know that every dollar that is back into a farmer's pocket, particularly farmers that are doing it so tough out in western Victoria, is a dollar that is invested back in a local community. And not only is it that, but it also means that we are reducing our emissions. If you have got a freight train that can take 84 TEUs, 84 containers, that is 42 trucks off our roads, and that is amazing because that actually makes such a dividend for our carbon reduction.

But let me give you a couple of examples of some of the things that we are doing across the network. We have created seven new or extended crossing loops. That has increased capacity on the network's busiest grain corridors between Korong Vale and Manangatang. We have had 16 refurbished sidings, including at Boort, and we have boosted productivity for loading and unloading wagons. We have got more than 120,000 sleepers that have been installed across the entire state, and that includes along the Yelta line. We have had 40,000 tonnes of ballast laid and 68 kilometres of new rail across regional Victoria, and 46 culverts and bridges rebuilt. That is all to ensure that freight can keep moving.

As I said, what this would do is take up to 670,000 trucks off our roads. This is extraordinary. That in itself would cut 400,000 tonnes of carbon emissions. This is fantastic to be able to see. But we also do not necessarily think about the important part that this plays in making sure that our road network is safe, because it is about reducing crash costs, it is about reducing that noise and also that urban disruption that we are seeing. A typical 840-metre-long, 50-wagon train can carry up to 3000 tonnes of grain, or the equivalent of 70 B-doubles. It is absolutely a game changer.

**Meng Heang TAK:** Thank you, Minister. The 2024–25 budget put forward a government plan to wind back the mode shift incentive scheme. When will this scheme end, and how will rail freight volumes be impacted?

**Melissa HORNE:** The mode shift incentive scheme has been an important scheme, but yes, without a doubt that is something that we have wound back, because our investment in the actual rail freight network is paying those dividends. So yes, at June next year that will come to an end, and that goes hand in hand with the sort of market-led rail freight transition. We have got the port and we have got stevedores and intermodal freight terminals. They are working together to make sure that that rail freight remains viable and is a sustainable alternative to road freight, without that need for ongoing government subsidies.

We do know that incentive schemes do not work in a solitary way to be able to shift rail freight. It is where industry needs to play a role too. I have sat down with primary producers, I have sat down with exporters and

importers and transport operators, and they have all said that rail freight is not competitive without roads. So what we are doing is reducing that barrier through infrastructure investment to make rail freight more competitive. These are things like, as I mentioned in my presentation, the Murray Basin rail project – to go from 29 to 48 freight paths per week is huge. That actually means there is that reliability. If you are going to export your grain, if you are going to export mineral sands, if you are going to export wood chips, those sorts of things, you need the guarantee and you need the certainty of the freight paths to be able to do it. That is why that \$840 million investment, in conjunction with the Commonwealth, in the Murray Basin rail has been an economic game changer for regional Victoria.

But then of course there is the port rail shuttle network in and around Melbourne, and that last piece of the puzzle, that on-dock rail piece down at the Port of Melbourne. Certainly talking to Patricks and the port about how they then do the pricing for that, I have been really clear to be able to say, ‘You need to make this competitive, you need to be able to get trucks off roads, you need to be able to make sure that when someone is choosing to export, that is their first port of call through the pricing regime.’

**Meng Heang TAK:** Thank you, Minister. Moving on to your favourite topic, which is ports, budget paper 3 on page 89, and also in your presentation, provides \$7 million to rebuild the Port Campbell jetty low landing and for more immediate works for Port Fairy’s training walls. Minister, what are the priority projects in this year’s local ports critical maintenance funding?

**Melissa HORNE:** Thank you very much. Piers and jetties are loved by local communities, you know, whether it is throwing a line off them or being able to just walk down them and enjoy them. I know in my backyard we have got the new Altona Pier, as you and I celebrated, Mr Hilakari, which looks spectacular. But the –

**Nick McGOWAN:** Anything for Ringwood Lake, Minister?

**Melissa HORNE:** In Ringwood?

**Nick McGOWAN:** Ringwood Lake? Blackburn Lake? We cannot be totally ignored, Minister.

**Melissa HORNE:** Mr McGowan –

**Nick McGOWAN:** We have water too, Minister. We have water.

**Melissa HORNE:** I appreciate that you are jealous that you do not live on the bay.

**Nick McGOWAN:** I feel like I am missing out today, I have got to be honest.

**Melissa HORNE:** Look, I am sorry you have got a bit of FOMO there.

**Nick McGOWAN:** It started with the hospital and now it is the water. It is not getting better, my day, I tell you.

**Melissa HORNE:** I am sure you could ask the Minister for Fishing and Boating whether he could pop some fish in your lake.

**Nick McGOWAN:** I have got some fishing rods, but we have got no jetty to use them on.

**Melissa HORNE:** Okay. But look, at Port Campbell – back to that – there is a jetty at the end of Lord Street in Port Campbell, and that has been there since the 1870s, and it is still used today – quite extraordinary. We do know that it is that valued community asset, and it supports launching for commercial fishers, recreational boaters and emergency services and is a recreational space for the local community and summer visitors for doing things like walking, fishing, diving as well as photography and boating, so it will be really good to see that work start underway.

At Port Fairy, which is a working port and also an absolutely spectacular location, what we are going to do down there – and we have done successive works over the years down there to be able to make sure that that port is maintained and is safe and in good working order – is we need to actually make sure that the training walls are reinforced and repaired for public safety. Over the last couple of years I was down there to inspect the

piles that we had repaired, but now it is time to actually do those training walls. Training walls, for those of you who may not know, are a key piece of port infrastructure that directs the current stream or the tide in a preferred direction, so that improves navigation. See, there you go – something every day, isn't there? And look, as I said, it is a spectacular location. It has got the population and it is such a tourism destination, so to be able to support that community into the future is brilliant.

**Meng Heang TAK:** Thank you, Minister.

**The CHAIR:** I am going to go to Mr Puglielli.

**Aiv PUGLIELLI:** Thank you, Chair. Good afternoon. Regarding the \$5.89 million set aside in budget paper 4, page 154, 'New projects' for 'Channels and waterways – capital projects' by Ports Victoria, can I ask: will any channel dredging take place in any of these ports as a result of these works?

**Melissa HORNE:** Thank you – I was wondering where you were going to go with your questions, I have got to say. What we do in the channel, and this is sort of through works that Ports Victoria do, is not dredging per se but it is making sure that the channel actually, you know – often they will have to come through and remove some of the sand that accumulates in it, but there is nothing slated for dredging per se.

**Aiv PUGLIELLI:** Even over the estimates?

**Melissa HORNE:** Not that I am aware, no.

**Aiv PUGLIELLI:** Okay, and if there is sand movement happening, to what quantity are we talking?

**Melissa HORNE:** Look, it will depend on the vagaries of the tides and the way that it is moving around at the time. I do not know. Praveen, do you have any greater granularity about that? Oh, excuse the pun.

**Praveen REDDY:** Not specifically – and thanks for the question – but it is very much that there is maintenance dredging because you have got to have channel depths to a certain level. Just over time, as you know, with the swelling of the tides, you have movement –

**Aiv PUGLIELLI:** Okay, but there is not any significant amount of movement that you would be seeing over the coming estimates?

**Praveen REDDY:** No. This is more BAU work that Ports Victoria would do. It would not be any capital.

**Aiv PUGLIELLI:** Okay. Thank you. Just moving on to budget paper 4, page 79, and the 'Port-rail shuttle', the budget papers highlight that the project has been delayed by five years to 2029–30 with the footnote stating this is due to commercial factors and delays obtaining site approvals. What were the commercial factors?

**Melissa HORNE:** The commercial factors in relation to site approvals were – was that up around Somerton?

**Praveen REDDY:** Yes, there are a number of things – just recognising that the Commonwealth and the state provided seed funding, and we have acquitted all the state requirements around providing some of that funding. The rest of these companies are working with private backers. You may have heard of the \$400 million Aware Super announcement, with another \$600 million on the surrounding business park. A lot of the commercial arrangements are really around satisfying private equity in some instances about the project and the investment and the timing of the investment. But Somerton will be delivered pretty soon.

**Aiv PUGLIELLI:** Okay. In terms of site approvals, whose desk does that sit on?

**Praveen REDDY:** It just depends on where it is, whether it is a state-based or it is a Commonwealth-based one.

**Aiv PUGLIELLI:** Okay. For this instance, port rail shuttle, whose desk was it on?

**Praveen REDDY:** There is still work going on with the Commonwealth around an EPBC.



**Aiv PUGLIELLI:** Okay. In the ports portfolio, can I ask: are there any challenges you are preparing for with uncertainties around tariffs to Australia?

**Melissa HORNE:** The tariffs actually – that sits with the Commonwealth under part X of the consumer law.

**Aiv PUGLIELLI:** Okay. Thank you.

**The CHAIR:** Thank you, Minister. Minister and officials, thank you very much for taking the time to appear before the committee today. The committee will follow up on any questions taken on notice in writing, and responses are required within five working days of the committee's request.

The committee is going to take a break before beginning its consideration of the roads and road safety portfolio at 5:55 pm. I declare this hearing adjourned.

**Witnesses withdrew.**