

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the 2022-23 Budget estimates

Melbourne—Monday, 6 June 2022

MEMBERS

Ms Lizzie Blandthorn—Chair

Mr Danny O'Brien—Deputy Chair

Mr Rodney Barton

Mr Sam Hibbins

Mr Gary Maas

Mrs Beverley McArthur

Mr James Newbury

Ms Pauline Richards

Mr Tim Richardson

Ms Nina Taylor

WITNESSES

Ms Jacinta Allan MP, Minister for Transport Infrastructure and Minister for the Suburban Rail Loop,

Mr Paul Younis, Secretary, and

Mr William Tieppo, Deputy Secretary, Network Design and Integration, Department of Transport;

Mr Corey Hannett, Director-General, Major Transport Infrastructure Authority;

Mr Evan Tattersall, Chief Executive Officer, Rail Projects Victoria;

Mr Kevin Devlin, Chief Executive Officer, Level Crossing Removal Project;

Mr Frankie Carroll, Chief Executive Officer, Suburban Rail Loop Authority;

Mr Peter Lellyett, Acting Chief Executive Officer, West Gate Tunnel Project;

Mr Allen Garner, Chief Executive Officer, Major Road Projects Victoria;

Mr Duncan Elliott, Chief Executive Officer, North East Link Program; and

Ms Angela Skandarajah, Chief Executive Officer, Development Victoria.

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

I ask that mobile telephones please be turned to silent.

I begin by acknowledging the traditional Aboriginal owners of the land on which we are meeting. We pay our respects to them, their elders past, present and emerging as well as elders from other communities who may be with us today.

On behalf of the Parliament, the committee is conducting this Inquiry into the 2022–23 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. Verified transcripts, presentations and handouts will be placed on the committee's website.

We welcome Minister Allan as well as officers from her department. We invite you to make a 10-minute opening statement, and this will be followed by questions from the committee.

Visual presentation.

Ms ALLAN: Thank you very much, Chair. Can I start by thanking the committee for the opportunity to reschedule my hearing to today, due to being unwell a couple of weeks ago. Thanks very much for your patience. I am really thrilled to be here to share with the committee the progress of the last 12 months and also the details of the program of works in our forward budget papers.

We have seen a big 12 months of progress across the delivery of our projects, but what is particularly exciting in this year's budget is it is a budget where things start to really come together in terms of not just the delivery of the projects but actually operationalising the benefits that come from investing in such a big infrastructure program. For example, we are fast approaching the go-live stage for one of the biggest game changers in our state's rail network with the Metro Tunnel and funding in this year's budget for that, which I will come to in a moment. Also I am pleased to report on how the government's investment in transport infrastructure will not only transform how we move around our state, it is also continuing to provide that critical pipeline of employment for tens of thousands of Victorians, both now and into the future, and giving them that certainty

that those pay packets they have got today will be there into the future with the projects that they are working on.

I will turn to this, firstly, Chair. While we regularly talk about things like the travel-time benefits and the traffic impacts that these projects bring, certainly a key component of what we deliver is about supporting jobs for Victorians. There are currently more than 20 000 people directly employed in delivering our Big Build pipeline, and we also see how there is a very large supply chain that partners with our construction industry partners and takes that number to a much higher level. Also we work really hard on making sure the benefits are shared throughout the community, in training, in jobs and also in working, for example, with social enterprises in delivering these benefits. The Victorian government is the largest procurer of goods, services and construction works in the state, and we are using the strength of that purchasing power to leverage against other opportunities to support local industries and boost economic activity across the state, because we are absolutely determined to maximise the value of every dollar of taxpayer funds that we invest in our projects to make the most of that investment. That is why, for example, we have introduced the Major Project Skills Guarantee, and thanks to that policy decision alone more than 5 million hours have been worked by trainees, apprenticeships and cadets since 2018. That is a terrific outcome for those young Victorians, but also they are securing a job for life by getting a start on one of our projects.

I promised earlier that I would talk about Metro Tunnel, and indeed I am very excited to talk about how day one of the city- and state-shaping Metro Tunnel project is in sight. It is a project that is a full year ahead of schedule, and with the opening of the twin tunnels and the five underground stations due by 2025 there is a lot of work to go on in the next couple of years to have the infrastructure ready for the trains to be running. That is why in this year's budget there is \$58.7 million to invest in the people who will drive the trains, who will run the stations and who will maintain the station infrastructure, because what we will be delivering when we deliver the Metro Tunnel is the freeing up of the city loop to be able to provide for more trains to run more often and to provide for something like half a million extra passengers each week to come in and out of the city during the peak periods of time and also the travel-saving benefits that come from having the Metro Tunnel helping to get people directly to where they want to go.

Turning to level crossings, as this committee well knows, in 2014 we promised to remove 50 of our worst level crossings, and we have since added 35. You will see there the presentation says '60 of 85 level crossings'. This presentation was prepared for my appearance a week and a half ago. That number is now 64, and I think it gives you a sense of just how quickly we are getting on and removing level crossings. Number 60 was the level crossing at Glenroy. We have now added another four to that list with the removal of another four level crossings around the Preston community, and we are well ahead of schedule and under budget. As you will see from this year's budget paper, we are well under budget for the removal of 85 dangerous and congested level crossings. That is quite a remarkable achievement given the last couple of years have seen us working through the challenges of COVID, and yet during the pandemic we removed 12 level crossings in 2020 and another 12 in 2021. And we have added, as I said, to that program of works with another 10 level crossings but within the same time frame. Because we are so far ahead of schedule we have been able to add 10 level crossings and still aim to have them completed by the end of 2025.

Moving to some of our big and important road projects, work on the program of projects as part of the North East Link is well underway. Just last week we completed the realignment of 1.8 kilometres of the Yarra East main sewer using three mini TBMs, and work is well progressed on the early works there—removing and relocating utilities, getting the launch sites ready for the tunnel-boring machines. I was out this morning at the Bulleen park-and-ride facility seeing the tremendous progress of the workforce there, and that is going to be open by the end of this year, bringing those public transport benefits, as part of the project, to the community earlier. We awarded a contract for the major tunnelling package to Spark consortium at the end of last year, and we are delivering this whilst at the same time over in the west the work continues apace as part of the West Gate Tunnel Project to widen the West Gate Freeway to do those really important works. Tunnelling is well underway and the tunnel-boring machines are deep underground in the west delivering that very important project.

Also on our road projects, in regional Victoria we have got a suite of different road projects that are underway that you can see there on the slide, and I particularly call out in Geelong the work on the Barwon Heads Road. There are some disruptions there in the Barwon Heads community at the moment as a result of that three-week construction blitz. Again, I was at the Barwon Heads Road project site a couple of weeks ago seeing the

tremendous progress that the workforce are making on that important project. And of course too work is well underway on the Princes Highway east upgrade, with work delivering the foundations for the new rail bridge over the rail line at Kilmany. That is happening over the course of this winter period.

A new road project that has been added to our program thanks to funding in this year's state budget is Mickleham Road. This will be added to the suburban roads upgrade program. We are investing around \$4 billion in roads in our outer suburbs as part of this program, and as I said, Mickleham Road is being added to that with the investment of \$221 million—I should note, a project that has been jointly funded by the Victorian and commonwealth governments—to deliver this upgrade to the road in Greenvale. There is a 1.6-kilometre duplication, intersection upgrades, new traffic lights and also pedestrian and cycling paths as part of the project, all addressing a particular bottleneck for that community in the northern suburbs. Early works for this were funded in the 2021–22 budget, so we can get on and deliver a construction partner for this project through that program delivery approach that we are now taking to deliver our road projects, which is seeing us able to deliver important suburban and regional road upgrades much, much more quickly because we have been able to improve and streamline our procurement processes, which is not just saving time but is also saving money in delivering these important upgrades.

With the little bit of time left, Chair, I would like to just touch on our Regional Rail Revival program that is continuing; it is continuing very well, upgrading every passenger rail line in regional Victoria and also supporting thousands of jobs. Back in 2021 the Ballarat line was completed. We have got work going on on the Bendigo–Echuca line, on the Gippsland line, on the Geelong line, on the Shepparton line. Time does not permit me at the moment, but perhaps later on I will come back and add to the detail of the works that are going on in each of these communities. I should not neglect the Warrnambool line either. All of these lines are seeing works underway that are designed to deliver more services, deliver improved reliability and give a much-improved boost to our regional rail network.

Just finally, the Suburban Rail Loop—it is underway. It was great last Thursday to join with the Premier and other colleagues at Clayton to mark the start of initial and early works for this project. This has taken the project, in less than four years, through the planning and all the detailed design phase, the tender phase for the initial and early works package, and we have already hit the start of initial and early works construction, which is a great credit to the Suburban Rail Loop team and also our managing contractor in Laing O'Rourke. This is a project that Victoria simply cannot afford not to build because of the coming pressures that a growing population will put on our road and rail network. We know we simply have to get on and start the delivery of this project that no doubt will take many, many years to complete, but, just like the city loop, we have to get started to bring those benefits to the Victorian community.

The CHAIR: Thank you, Minister. Just before I pass to the first speaker, I should have also said Mrs McArthur is a registered apology this morning as she has succumbed to the bug that has knocked out a few of us across this inquiry. In the first instance I will hand the call to Mr Newbury.

Mr NEWBURY: Thank you. Thank you, all. I am just having a look at budget paper 4, page 85, some of the infrastructure projects and the estimated \$28 billion blowout in infrastructure costs. Minister, are you ultimately responsible for that blowout?

Ms ALLAN: Chair, to assist me in answering that question, could I ask Mr Newbury to point to where that \$28 billion is able to be substantiated?

Mr NEWBURY: It is a full breakdown. Would you have a different number?

Ms ALLAN: You cannot extrapolate from the budget papers and substantiate that figure. So to assist me in answering the question, I would like you to be able to validate that figure that you have used, because I simply cannot. I have tried—trust me, I have tried—

Mr NEWBURY: We can go through—

Ms ALLAN: but I simply cannot validate the figure that you have used.

Mr NEWBURY: Thank you. What figure would you go to?

Ms ALLAN: Well, I think the budget papers, as you can see—and we have been very, very clear on this. Where there have been challenges with time and delivery we have transparently reported on that in the budget papers, which you can see—and I am happy to talk about some of the reasons why those projects have experienced challenges.

Mr NEWBURY: I did not ask that question.

The CHAIR: Mr Newbury, the minister had a reasonable point of clarification for your question. If you cannot provide the clarification necessary, I would ask that you move on, please.

Mr NEWBURY: Thank you. So—

Ms ALLAN: No, no, hang on. I have not finished answering your first question.

The CHAIR: Mr Newbury.

Mr NEWBURY: You just asked me to move on, Chair. The Chair just asked me to move on.

Ms ALLAN: As I was saying, the budget papers have very clearly—if you want to add another budget paper reference, BP4, page 25, goes to some of the projects, goes to the details, talks about projects that do run over time and talks about a 4 per cent variance across the entire program over the past 12 months—

Mr NEWBURY: Okay, so—

Ms ALLAN: but you simply cannot substantiate a \$28 billion figure.

Mr NEWBURY: The \$28 billion, okay.

Ms ALLAN: It is a fraud—

Mr NEWBURY: Okay, so let us—

Ms ALLAN: and I am asking you to be able to demonstrate how you can use that figure.

Mr NEWBURY: Okay. So setting aside the 28, and if you have a figure, please feel free—

Ms ALLAN: No, well, if you are going to keep using it.

Mr NEWBURY: Hang on. I said ‘setting aside’—

The CHAIR: Mr Newbury, please.

Mr NEWBURY: I can ask a question, can't I?

The CHAIR: Without being rude, please.

Mr NEWBURY: Setting aside the figure—and you are welcome to provide a different one if you would like. Would you like to provide a different one?

Ms ALLAN: As I was just answering your previous question, the budget papers have detailed where we have challenges with the cost of the delivery of those projects. It has been transparently reported. What cannot be substantiated is the ongoing fraudulent representation you and your colleagues make of our entire program of projects.

Mr NEWBURY: So what figure would you put?

Ms ALLAN: The figures that we would use are those that are found in the budget papers.

Mr NEWBURY: You are here for us to ask you, as a committee, questions, and I am asking you. You are saying the figure of 28 is wrong. What is it?

The CHAIR: Mr Newbury!

Mr NEWBURY: What figure would you put to it?

Ms ALLAN: As I have said, if you want to go through, you can go through and look at the information that is in the budget papers.

Mr NEWBURY: Okay. So moving on.

Ms ALLAN: I am simply asking you not to continue to use a fraudulent number.

Mr NEWBURY: Well, you have no figure, so until you—

Ms ALLAN: No, no, I am not going to be verbally.

The CHAIR: Mr Newbury, you are putting words in the minister's mouth.

Ms ALLAN: I am not going to be verbally. The information is transparently recorded in budget paper—

Mr NEWBURY: That is right. It is \$28 billion.

Ms ALLAN: No, no, it is not.

Mr NEWBURY: What is it?

Ms ALLAN: No, it is not \$28 billion.

Mr NEWBURY: What do you assert that it is?

The CHAIR: Mr Newbury!

Ms ALLAN: What I assert is that that \$28 billion figure that I have seen you and your colleague use on more than one occasion is a simple deception on the Victorian community—

Mr NEWBURY: Do you know what? I am going to say it: I think you are right, Minister. And do you know why?

Ms ALLAN: Why?

Mr NEWBURY: Because I think it is under. I think \$28 billion is under, and I think that that will be proven over time.

Ms ALLAN: Are you saying you and your colleagues have been lying to the Victorian community?

The CHAIR: Mr Newbury.

Mr NEWBURY: I think that we have absolutely stated that we have been conservative in that blowout figure. We have absolutely said that we have been conservative in our figure. I think \$28 billion is absolutely verifiable on the numbers available.

The CHAIR: Mr Newbury, you are here to ask questions about the budget papers, and I would ask that you—

Mr NEWBURY: But without those numbers that are available, I suspect that it will be more. So moving on—

The CHAIR: Mr Newbury. Yes, if you could move on, please.

Mr NEWBURY: Thank you. Budget paper 4, page 12, states that announced funding for the Suburban Rail Loop is \$11.8 billion, and page 190 states there is \$2.35 billion allocated for initial and early works. Where is the other \$9.44 billion in the budget?

Ms ALLAN: If you can just give me a moment, we can go to that, but we have made that allocation. Let me find BP4. There is a reference to the Suburban Rail Loop in the budget papers. The government has made a published commitment.

Mr NEWBURY: But to that ‘TBC’ you are referring to—where it says ‘TBC’. What does ‘TBC’ equal?

The CHAIR: Mr Newbury.

Ms ALLAN: As you say, we have made a commitment of, all up, \$11.8 billion to get the Suburban Rail Loop started. Three hundred million dollars was the 2018 commitment to get on with the detailed design and planning, \$2.2 billion was for the initial and early works component of the project and the remaining was an announcement that was made a few months ago—I am just trying to remember when. Actually I think it was reported as part of last year’s budget processes. I would not mind grabbing the 2020–21 budget papers if we have got them, because I think that figure has already previously been reported. But if I have got anything further to add to that, I am happy to. But the difference here between different public propositions is we are prepared to deliver the Suburban Rail Loop. We are determined to deliver—

Mr NEWBURY: All I see is the \$2.3 billion here and then ‘TBC’. You are saying there is something there, but we will leave it as ‘TBC’; is that right?

Ms ALLAN: We are in the process at the moment of being out to market for the delivery of the major part of the project. And as you can appreciate—well, maybe as some could appreciate—that is a commercial process. And as you will see from this year’s budget papers, it is not unusual for projects that are going through a procurement process to have ‘TBC’ allocated against them.

Mr NEWBURY: Oh, no, there are a number of ‘TBCs. There is a hospital in here with ‘TBC’; no, you are right.

Ms ALLAN: And I know you have gone to that in previous hearings. What should be left in no doubt is this government’s commitment and, it turns out, the federal government’s commitment to work with us to deliver the project.

Mr NEWBURY: We will get to that. Your costing for the Cheltenham to Box Hill part of Suburban Rail Loop east is \$34.5 billion, I think it was.

Ms ALLAN: I think we said between \$30 billion and \$35 billion, yes—\$30 billion and \$34.5 billion.

Mr NEWBURY: Okay. Estimated to be completed between 2035—

Ms ALLAN: 2035, just to help.

Mr NEWBURY: Yes. Since the plan was devised have there been any additional works done, noting COVID has changed the way people travel, so the volume of people that use travel—the volume of people that travel into the city, for example? Have there been any population changes? Have there been any additional works done based on those significant changes since these initial works were designed?

Ms ALLAN: No. Just to get the sequence of time correct, the business and investment case was released in August 2021, so deep into the second year of the pandemic. As part of the development of the business and investment case we did run, if you like, a bit of an analysis over what the population projections were predicted to be, given the impact of the pandemic, and there has been a lot of discussion about what the pandemic may or may not do to the ongoing population growth of both Victoria and Australia. What we were in part informed by was in June or July of last year the federal government released their intergenerational report—which they do, I think, on a four- or five-yearly basis—and in that intergenerational report they devoted some time to the discussion about how there was no doubt that COVID was going to have a short-term impact on Australia’s population. But the forward 40-year prediction—which is what the intergenerational report goes to; it is a 40-year forward look—was that it anticipated that the population of the nation was on the prepandemic trajectory, that there would be a dip because of the borders being closed and the migration impact over that period of time, but the longer term projection was that it would return to those prepandemic levels over that 40-year time frame. Also, if you go back to last year’s budget papers, which also influence our agency’s forward projections in terms of population and movement of people, they also predicted a similar thing—that the longer term

population would come back. As a consequence of that—and that was inputted into the work that was done on the business case—

Mr NEWBURY: On that work, how much of it has been made public and how much has not been made public?

Ms ALLAN: Frankie? Sorry, I was going to say I brought it along for the committee, because I anticipated you might want a copy. We have released the business case and all of the—

Mr NEWBURY: But I am talking about the modelling specifically.

Ms ALLAN: Well, hang on, hang on.

The CHAIR: Mr Newbury, you asked the question—

Ms ALLAN: I am happy to leave with the committee the business case and the appendices that go to all this detailed modelling on the project that has been available publicly since August of last year. But I anticipated that some may not have had the chance to get their own copy and look at it, so I am very happy to—

Mr NEWBURY: No, that is not what I asked, Minister. What I asked, Minister, was what—

The CHAIR: Mr Newbury, the minister is answering your question.

Mr NEWBURY: No, no, she is answering a different question.

The CHAIR: Mr Newbury.

Mr NEWBURY: What I asked, Minister, was: what modelling work has been done that is not included in the business case?

Ms ALLAN: What I am saying to you is that that has been included. That population sensitivity was factored in to the work that we have done on the Suburban—

Mr NEWBURY: I know. I did not ask about population—usage in terms of COVID as well.

Ms ALLAN: No, you actually did.

The CHAIR: Mr Newbury, you might not like the—

Mr NEWBURY: I said both that and COVID changes in the way that people use public transport.

The CHAIR: Mr Newbury, the minister is answering your question in an entirely relevant way. It is not your—

Mr NEWBURY: Well, they have clearly misunderstood what I have said.

The CHAIR: Mr Newbury, you ask the questions and the minister has the opportunity to answer them.

Ms ALLAN: So what we also saw during the course of the pandemic, if we can take our road network as a good example, was that the road traffic levels were low on our arterial road network. But what the data showed—and I am happy for the Secretary to go to this as the keeper of that traffic data—was that there was increased use compared to the arterial network on the local road network, and that is not particularly surprising given people were working from home, ducking in and out to the local shops, and there was much more local activity. So what we have seen as a consequence of both the forward projections of the population and the ongoing increased demand for local connections is that the case for the suburban loop more than stacks up. It stacked up in a pre-pandemic environment. In fact it more than stacks up now, because it is about connecting people to where they want to go and where they need to go—

Mr NEWBURY: Okay. Thank you, Minister.

Ms ALLAN: for work, for accessing university and TAFE opportunities and for being able to get to the doctor more easily.

Mr NEWBURY: Okay. Thank you.

Ms ALLAN: If you are someone in Frankston and you want to get to the Box Hill Hospital, you will be able to do that really easily.

Mr NEWBURY: Okay. Minister, now you are just trying to chew up time.

The CHAIR: Mr Newbury. The minister has the opportunity to answer the question.

Mr NEWBURY: But not just to chew up time. Minister, can I please ask you another question. Going to your point about federal funding, I read reports that federal funding will be contingent on Infrastructure Australia's assessment. I understand that there is a three-stage submission going to Infrastructure Australia, and stage 1 has been submitted. Is that right?

Ms ALLAN: We have done two things: the business and investment case was submitted to the federal government last August when we released it, and we have also submitted the project to Infrastructure Australia's priority listing process.

Mr NEWBURY: What else have they asked for?

Ms ALLAN: I would have to ask Frankie. Actually, no. The relationship with Infrastructure Australia is with you, isn't it?

Mr YOUNIS: Yes.

Ms ALLAN: Yes, because there is a usual back and forth.

Mr NEWBURY: Thank you.

Mr YOUNIS: Yes. They have not asked for any more information. There was a lot of discussion pre Christmas when we provided the initial information. They have got all the information they need now to make their initial assessment through that stage 1, and we understand that that assessment is imminent.

Ms ALLAN: And Frankie has also met with Infrastructure Australia.

Mr NEWBURY: Is there anything that you can add to that?

Mr CARROLL: Yes. So in November 2021 the submission went in in relation to what Infrastructure Australia needed, and we had back and forths through the department and through the DPC in relation to doing that. I have also met with the CEO of Infrastructure Australia to make sure that all information was provided, and the information I have from Infrastructure Australia is that all information has been provided to them to make an assessment.

Mr NEWBURY: Okay. So since the change of government there has not been any additional request or—

Ms ALLAN: Well, to give them a chance, they got sworn in four days ago.

Mr NEWBURY: I am not having a go; I am just asking the question.

Ms ALLAN: They are four days ago.

Mr NEWBURY: I know. I am just asking a very simple question.

Ms ALLAN: I know—demonstrating your ongoing opposition to the project. That is okay.

Mr NEWBURY: Seriously. Calm down. Your announcement last week that work had started on the project—was it just works to move a sewer?

Ms ALLAN: It was initial works, and when you say ‘just remove a sewer’, I think it is important to understand that in order to get a smooth start on your major tunnelling part of the works—and we have done this on Metro Tunnel; we are doing it on North East Link—it is usual to relocate utilities. So it was not—

Mr NEWBURY: Is it normal for the Premier to come down for a big announcement when you move a sewer?

The CHAIR: Mr Newbury, allow the minister the opportunity—

Mr NEWBURY: Will the Premier be there for every sewer moving?

The CHAIR: Mr Newbury, you are interrupting. Mr Newbury, allow the minister to answer your question.

Ms ALLAN: You are demonstrating your terrible lack of understanding of how to deliver projects if you are diminishing in such a way the importance of relocating and protecting underground utilities.

Mr NEWBURY: Not at all, but it was a big announcement—

Ms ALLAN: I think it says more about you.

Mr NEWBURY: just to move a sewer. So presumably the Premier will be there for every—

Ms ALLAN: I think people who rely on that sewer might be very keen to see it protected.

The CHAIR: Thank you, Mr Newbury. Your time has expired. I will pass the call to Mr Maas.

Mr MAAS: Thank you, Chair. Thanks, Minister and department officials, for your attendance this morning. Minister, if I could take you to the Level Crossing Removal Project in budget paper 4, page 10, as well as your presentation around the progress on the removal of level crossings, there were 50 promised by the end of this year. I was hoping you could update the committee on the progress that has been made.

Ms ALLAN: Thank you. I can, and as I said in my presentation before, we have just notched up number 64 of the dangerous and congested level crossings that have been removed across the suburbs of Melbourne. I think colleagues know the journey pretty well. We initially committed to removing 50 by the end of 2022, and by the end of 2018 we had already removed 30 of the 50 originally committed to and added another 25, to make it 75 by 2025. We are very well ahead of schedule, which has enabled us to add another 10 level crossings to take it to 85, but as I said, within the same time frame of 2025. We do remain well ahead of schedule. Sixty-four level crossings have been removed and we are on track to have 68 removed altogether by the end of this year, so well in excess of the 50 that we committed to.

If you go back in time, in the previous decade before we came to government at the end of 2014 only seven level crossings had been removed over that period of time, so to have 68 gone in eight years is a real credit to the level crossing team and also all the workers who work with us on removing these dangerous and congested level crossings. There is work going on right across the city, and it is certainly transforming our suburbs and communities as well as traffic movements on the road and rail networks as well.

We have got work underway at 11 sites in places from Ardeer to Deer Park, Glen Huntly, Mont Albert, Surrey Hills, Pakenham, Cranbourne and Dandenong South. So there are a range of different sites in a range of different locations, and given the diversity of this committee—of geographic location, I should say—I am sure many of you have seen the works in your own communities as well. I know the Chair was pretty happy. I hope I am not verballing the Chair, but I think I can say the Chair was pretty happy with the removal of number 60 at Glenroy Road. That is a good example. With the removal of that one level crossing where it held up traffic for 43 per cent of the morning peak period—19 000 vehicles a day use Glenroy Road—we were able to remove that level crossing with a rail trench and build a 35th new station as part of our program of works and also connect the different sides of the train line at Glenroy for the first time, I think, in 100 years, that had been divided by the rail line that had run through the community. There are some further landscaping and design works going on at the moment in and around Glenroy to finish that work up.

The weekend before last we saw 61, 62, 63 and 64 go around Preston, and again that has got another two stations that are currently being constructed at Bell and at Preston as part of that program of works. We have

also seen that as part of the removal of those four level crossings Bell Street is now level crossing free. And that is not just great for the local community around the two level crossings that had been on Bell Street, it is great for many of us across Victoria because whether you come down from the north into Melbourne from country Victoria or whether you are trying to get across the city, Bell Street is a really important arterial road in our road network and those level crossings certainly added to the congestion and the safety risk along Bell Street.

I am sure the committee will be thrilled to know that we are not slowing down. In the past 12 months 13 level crossings have been removed and seven stations built, and that is, again, a really great feature given how quickly it has gone on, and particularly the work that has been done through the pandemic. In 2021 we removed a level crossing every four weeks on average. We are going at a similar pace this year and, as I said, aim to have 68 gone by the end of the year.

Mr MAAS: Fantastic. Thank you, Minister. In terms of the level crossing budget, could you update us on how the removal of level crossings is tracking in relation to the budget?

Ms ALLAN: I can. I am pleased to say that we have removed all of the original 50 level crossings that we committed to back in 2014, and I am very pleased to be able to provide the information to the committee today that the total expected investment for the Level Crossing Removal Project, as reported in this year's budget papers, has decreased by \$400 million. That is money that has been returned to consolidated revenue, and what this means is that because we have been so far ahead of schedule, because we have been able to deliver these level crossings as a program of works, we have been able to return \$400 million to the budget. Now, quite sadly, I am sure that will not be acknowledged by some who prefer to take a fraudulent approach to the representation of our projects and try to deceive the Victorian community and claim that our Level Crossing Removal Project is actually a cost blowout. When you add 25 level crossings, when you add another 10 level crossings—some choose to call an additional 35 level crossings, the construction of 35 stations and the construction of improvements to the road network, to community open space and to walking and cycling connections, some choose to call that a blowout and try to deceive the Victorian community by saying that is a blowout. Well, this year's budget papers put a lie to that deception and show that actually \$400 million has been returned to the budget.

I should also acknowledge the work on the Cranbourne line. That is another project that has come in under budget. But what is equally exciting is that with the delivery of that project, which was completed in February of this year, we have been able to see the running of trains every 10 minutes during the peak hour. To think that the community of Cranbourne up until February this year did not have 10-minute peak frequencies obviously was a real challenge for people wanting to get in and out of the city or to other points along the corridor. We have now been able to provide for those 10-minute peak frequencies because we have duplicated the track and removed the level crossings along that part of the Cranbourne line.

Another great example of where we have been able to add to the program and do more and invest more to deliver better outcomes is the removal of the level crossings around Pakenham—three are being delivered as a package of works in Pakenham. We are also extending the train line by an additional 2 kilometres to Pakenham East, a growing suburb that is currently not serviced by the metropolitan train network because it stops at Pakenham. Well, we are extending that train line by that additional 2 kilometres, and we are doing that as part of the level crossing removal works at Pakenham, which is, as I said, the removal of those three stations—three stations?—removal of those three crossings and a new station, which is what I was getting to, and also the extension of the train line to Pakenham East.

Mr MAAS: Great. 60 level crossing removals have been completed. Can you update the committee on the progress of the remaining 25?

Ms ALLAN: I am very, very happy to. I just mentioned we have just come off the four that have been completed on the Mernda line at Preston. Whilst we have removed the level crossings there and reopened the train line after a two-week construction blitz, there is still the work to be done of building the two new stations at Bell and Preston. Those works are underway, and those stations will be opened in the coming months.

The construction is well underway at Surrey Hills and Mont Albert to remove those two very dangerous level crossings there. Those level crossings were part of a program that we were able to fast track to deliver earlier than its original completion date, so they will be removed by the end of next year, also with the construction of

a new train station. There is a disruption on the Sunbury—and I should say Bendigo—line as well for the next month whilst work is being done to remove the level crossing at Gap Road in Sunbury. Gap Road is in the heart of Sunbury and causes such congestion at any time of the day, but it is a particular pinch point during school pick-up and drop-off time and also during the peak times around Sunbury, so getting rid of that level crossing is going to improve safety and also the efficiency of being able to move around Sunbury. And I have mentioned Pakenham as well; construction work is really ramping up there to remove the level crossings at Pakenham.

As I think I have said a couple of times now, with the addition of the 10 extra level crossings to take it to 85 by 2025, those 10 sites are in the design and planning phase. Community consultation is underway for many of these sites, and we have been releasing designs at a range of sites: Ringwood, Croydon, Cranbourne and Keon Park. Last week I was with the Member for Mordialloc, and we were releasing the really exciting designs for the level crossing removals and the new station at Parkdale as well. So there is a lot going on, and one of the other benefits of these projects will see that the Cranbourne, Pakenham and Lilydale lines will be level crossing free and the Belgrave line will be level crossing free from the city to Ferntree Gully. We have also removed 20 level crossings on the Frankston line, so that is a big improvement to our train network, as well as improving the safety and congestion challenges around those local communities.

Mr MAAS: Yes, thank you. And there is opportunity with jobs as well, which you touched upon in your presentation. Would you be able to outline for the committee how the level crossing removal program has created jobs?

Ms ALLAN: Certainly it continues to be a really big and important part of our pipeline of projects. The level crossing program is supporting something like 6000 people who are currently working on our projects across Melbourne, and more than 100 000 site inductions have taken place to date. That gives you a sense of just how many people are moving in and out of the sites, many of which are in the supply chain, which are also an important part of the work that is done. For every 100 construction jobs that you see on a construction site there are another 206 jobs in the supply chain across a really diverse range of industries. From cleaning and hospitality to accounts to planners, designers and lawyers, there is a really, really big part of the supply chain that supports the construction industry. Across all of our projects we have had more than 68 million hours worked to date, and as I said, they are across a whole range of different professions right across the state. 1.8 million of these hours have been worked by cadets, trainees and apprentices as we continue to make sure that we are driving maximum benefit out of every dollar we invest in our projects, particularly on the skills attainment, and bringing young people in, whatever part of the industry they are in, to get their start in the industry through our programs has been a really big feature of the work that has been done across our level crossing removal program.

Also there is the work we do through the social procurement frame policy setting to make sure that we work with social enterprises. So there are disability service providers that do have the landscaping contracts on some of our projects. We have Indigenous businesses who work across a range of our projects. These are really important outcomes, and so far more than \$360 million has been invested in those areas that demonstrate again the social benefit as well as the economic benefit as well as the transport benefit that you get from removing these dangerous and congested level crossings in this way.

Then—keeping an eye on time because we may run up against it—there are also, if you like, some bespoke programs that we run within that policy setting. We have been running women in transport mentoring programs, and we have had 574 people matched to mentors as part of those to help women in the industry. Rail signalling cadets—I am not sure if Minister Carroll talked about some of the challenges we have with the signalling part of our rail network when he presented, but getting more people trained up as signallers is really important to the delivery and operation of our train network. We have 369 students at our Rail Academy at Newport—again, skilling up young people now for the benefit of the industry into the future. And then we work with people from disadvantaged backgrounds through our GROW program, again, to help introduce people from those backgrounds to the world of work in this sector and help them to hopefully establish a new career or a starting career in this sector.

Mr MAAS: Excellent. Thanks, Minister. We might leave it there. Thanks, Chair.

The CHAIR: Thank you, Mr Maas. Mr Barton.

Mr BARTON: Thank you, Chair. Morning, Minister. The Melbourne Airport rail project has joint commonwealth and Victorian government funding. How is this project going to be procured and constructed? Are you considering a PPP or another model?

Ms ALLAN: Thank you, Mr Barton, for your question and for the reference to the airport rail project. It is great to be able to talk about this project, as it too is also moving into the delivery phase. You have made a reference in your question, I think, to how people from your community, Eastern Metropolitan Region, will benefit from the airport rail, and this was central to our thinking as to how we designed the alignment of a rail connection from the airport. We spent a lot of time thinking about how it connected into the existing rail network, because we wanted to ensure that, at whatever point it connected in, it had the maximum benefit for the largest number of rail users, both metropolitan and regional, and that is why the airport rail will come in from the airport and connect in at Sunshine. That is obviously where it connects in with the existing network, and Sunshine, as I think you understand well, is part of the Sunbury line that will connect up to the Metro Tunnel. This just provides for so much better connectivity for the rest of the network, particularly for how trains and passengers from the east connect into the Metro Tunnel.

I appreciate that when it is not actually happening it can be a bit hard for people to get the concept, but if I can do my best to explain it, there is going to be a really important role that the existing Flinders Street station will play with the connection with the Town Hall station—and also Melbourne Central and the new State Library station. Those two are two different stations; they will essentially play the same role in connecting people between the two different parts of the network, and they will be particularly connected with underground connections. So it will make it as easy an interchange as possible. For people coming in from the east, the interchange point at Flinders Street to get onto a Melbourne Airport train will be through making that connection at Town Hall. So if you are on the Glen Waverley line, for example, that is where most of those passengers, I would expect, would make their interchange to the airport. Similarly too on the Belgrave and Lilydale lines they are probably more likely to want to change at Melbourne Central in the morning and Flinders Street in the afternoon—again, understanding the way the city loop moves during that period of time. Because there will be trains every 10 minutes to that interchange, wait time will be minimal. You will not have to stress so much about how long you will have to wait for the next train, because there will be a train every 10 minutes. That will take you from Flinders Street, for example, straight out to the airport through Sunshine, so there will only be that one interchange point for residents in your community in the Eastern Metro area of Melbourne.

Mr BARTON: Minister, thank you. Just going back, would the government be considering a private-public partnership in the running out of this model?

Ms ALLAN: I can rule that out. I can say we are not considering a public-private partnership procurement model for the delivery of the airport rail project. I think, if you can allow me, this is an opportunity to talk about how we work really hard at making sure we have the right procurement mechanism for the right project, so it is not a one-size-fits-all or a one-type-fits-all model. In the case of the airport, we are not doing a PPP for Melbourne Airport rail. Because, as I have mentioned, it is connecting into the existing brownfields rail network we just do not believe that is the appropriate procurement mechanism for this project. Also the project has a number of different challenges. All projects have challenges, but it has got a number of different construction challenges, whether it is building the station out at the airport or bridges that have to be constructed across the ring-road and across the Maribyrnong or how it ties in with the Sunbury line at Sunshine and so forth.

What we are looking at doing for this project is having it broken up into a series of packages, which is similar to the way we have delivered the Metro Tunnel project. That was delivered over five different packages. We are doing it similarly with the airport rail project as well. These different packages are at different stages of the procurement. They are at different points of the procurement process, and what we will be using for several of these packages, particularly the ones that tie in or have an interface with the existing rail network, is alliance contracting. I think I mentioned this in the previous question. This model, alliance contracting, we have used successfully on the level crossing removal program, where working in rail and having an alliance model has really helped us to be ahead of time and ahead of budget, because we work in a more collaborative way. We are in it together, if you like, and when it comes to the rail network that is appropriate. Because you are working in a live rail environment it is really important that you have got the rail operator in there working with you on the delivery of these programs.

Further to your question on procurement, we have an early works package underway, with Laing O'Rourke as the preferred contractor. I am going to mention service relocation—I did not expect service relocation to get such a run this morning. There was previously some apparent derision at why service relocation was an important part of delivering a project. It is very important, and it is part of the early works that we are doing for the airport, because it really helps de-risk the major construction of the project. Again, we did it with Metro Tunnel. If you know that your sewerage and gas and electricity and telecommunications cabling and pipes and connections are underground, they have to be moved out of the way. You do not want to come smashing through them during the construction phase, because that can lead to, clearly, problems with time and delay. That is why things like those relocations are important parts of the early works.

As I said, there are a number of different packages out to market at the moment. I am happy to follow up; I can give some of the detail now and am happy to follow up separately. There is a package to build the new bridge over the Maribyrnong River; that is at an expression-of-interest stage. There is the Sunshine-Albion rail systems package; that is a good example of where we work in an alliance approach because that is tying in with the existing network in and around Sunshine, and so that is at a request-for-proposal stage for that project. There is the viaduct package to build the bridge over the ring-road and an airport package on which we will be working with the airport, which is at an EOI stage. Through all of this our priority is focusing on the passenger experience. I know you know the airport environs well. We have got to make sure there is a good interchange at the airport end as well and make sure that passengers are not inconvenienced by things that may happen at the airport end. We want to make sure we get a really good, strong passenger outcome.

Mr BARTON: Minister, can I just ask: who is going to own the station at the airport?

Ms ALLAN: In terms of the ownership of the station at the airport, we are having some discussions. I am just looking at Evan here for assistance. I might get you to come up, Evan. It will be a state asset. That is right, isn't it, Evan? The ownership at the airport—it will be retained as a state asset. We are having some negotiations and discussions with the airport about its location. Again, I reckon out of any of us you probably know the airport the best from your previous life experience. You know the complexity of all the different modes of transport coming into the airport's front door, and the airport are going through a master development planning process for their internal road network. You have got the ongoing challenges with how you accommodate both the taxi and the ridesharing industries appropriately. I know that that is a bit of a problem at the moment, because you need to make sure that, depending on which one people want to use, people are able to access them really easily. And then there are people who want to come and either drive there or drop family or friends off at the airport, so we are working through some of those issues at the moment with the airport.

Mr BARTON: Minister, in the budget papers they do not actually say—or you cannot actually say—a completion date, because of procurement processes, but the government must have some sort of best guesstimate—

Ms ALLAN: For the airport?

Mr BARTON: No, sorry—the whole project to be completed.

Ms ALLAN: The entire project?

Mr BARTON: Yes.

Ms ALLAN: I think publicly we have said 2029—

Mr TATTERSALL: 2029.

Ms ALLAN: Yes, publicly we have said that. I have not—

Mr BARTON: It is just not in the—I think it is budget paper 4, page 188.

Ms ALLAN: Yes. So we have publicly said 2029 previously. I should say this is a partnership project with the federal government, so that is something that both levels of government have committed to previously and that is what we are working to, and we are wanting to get earlier works underway this year.

Mr BARTON: Okay. If we could we go to the Suburban Rail Loop now.

Ms ALLAN: Sure. Thanks, Evan.

Mr BARTON: The first section of the Suburban Rail Loop is going to be constructed from Cheltenham to Box Hill, which runs through my electorate. Doncaster and the City of Manningham have been waiting over 130 years for rail and are in desperate need for additional public transport. This area is home to Victoria's third-largest shopping precinct, Doncaster Westfield, which has a turnover of \$825 million a year, creates thousands of jobs and sees over 15 million customer visits annually. Has the government considered extending stage 1 of the Suburban Rail Loop to Doncaster? Again I ask this, Minister.

Ms ALLAN: Thank you for the question, and I totally understand the spirit in which it is asked and understand the keenness to see us get on to Doncaster as quickly as we can, because, as you point out, Doncaster by some has been promised a rail line on a number of different occasions. I even recall a business case was done for the rail line to Doncaster that, from the case of the Doncaster community's point of view, the former government that committed it and did it did not do anything with, so I can understand why there is a real keenness for rail to come as quickly as possible to the Doncaster community. As we outlined in the business and investment case, we are designing this project in three different stages, and in fact going back to that conversation we just had about the airport, that part of the airport project will make up part of the western part of the Suburban Rail Loop, so if you like—and I know this is not going to help for Doncaster, but just bear with me—the east and the western sections will be getting away at roughly around the same time.

We are making sure that, with the delivery of the Suburban Rail Loop, the east section, particularly at Box Hill, is being delivered in a way that should a government in the future choose to keep going they can, and that is again not uncommon across all of our projects. We design them in a way to futureproof them for other parts of the network to come along later. Certainly we are designing the construction of the Suburban Rail Loop east, the Box Hill part of the project and also the work at the new station there as well, with that in mind. So no decision has been made yet on that question that you asked about 'Will you just keep going?'. That will obviously be for a future government to make that decision; there will be a point in time that that will come through. But I think we have obviously made the commitment that we will start the delivery of the Suburban Rail Loop. It is certainly our government's intention to see it finished, but as we have said on a number of occasions, this is a project that is going to be delivered over many years—decades—which is not unusual for big rail projects. There will be decisions of future governments, but we have laid the foundation for this project.

We have got a substantial evidence base for the project, both the Suburban Rail Loop east—the entire project, but the business case particularly focused on the eastern and northern sections. It demonstrated there is \$58 billion of economic benefit to the nation from delivering this project because of the economic, environmental, productivity and social benefits you get from having a rail line that connects people to where they go. So there is a very, very compelling reason to see this project through. I think particularly, you point out, for a community like Doncaster that has been historically a bit of an island in its lack of rail connectivity, there is a need to get on. We are starting it and certainly would hope that a future government would make sure that Doncaster rail, that next part of the project, happens as smoothly as it possibly can.

Mr BARTON: Thank you, Minister. I have got 29 seconds. I will ask you very quickly, then. I know it is technically very difficult between Box Hill and Doncaster with the big valley. Have any costings been completed regarding how much that extra part would cost?

Ms ALLAN: So there are some estimates in the business and investment case on the Suburban Rail Loop north. Obviously we will need to do further detailed design and cost estimate work as we get closer, because to do that, frankly, in today's environment, on today's figures, would not give you what it will be when you get to it at that point in time. But I am happy to take you through it because there are definitely some estimates in there. Thank you.

The CHAIR: Thank you. Ms Richards.

Ms RICHARDS: Thanks, Minister and officials, for your time this morning and for the work that you are doing. I would like to take you to Metro Tunnel and Melbourne Airport rail and particularly refer you to budget paper 4, page 188. We have got an outline, at that reference, of the government's Metro Tunnel project. I am hoping that you can perhaps provide some advice to the committee on the contracted completion date of that project and how you are tracking toward that date.

Ms ALLAN: Yes. Thank you. As I said in my presentation earlier, it is a tremendously exciting project. It is even more exciting to be able to talk about it actually delivering the services which are the reasons why we are building the Metro Tunnel project. It is another big project for our city and state that has been talked about for a really, really long time. We did lose four years; there is a missing four years here where a previous government had it all ready to—well, it was sitting there, so much work had been done and then it sat on the shelf from 2010 to 2014. So there are those missing four years, but notwithstanding that it is really exciting to be talking about starting to see the services run through the Metro Tunnel.

Originally the Metro Tunnel was contracted to be completed in 2026, and we are currently on track for the project to be delivered in 2025, so a full year ahead of schedule. Particularly given the challenges of the last couple of years and just the challenges of the project itself—building two rail tunnels beneath a city like Melbourne is a really complex project—it is a remarkable achievement, even when you stack it up internationally and compare it to some other projects internationally. Projects like this have challenges all around the world, and to continue to be able to not just hold program but be a year ahead is a great credit to the team. The challenge now, though, is that 2025 is only three years away, so we have got a lot of work to do.

If you think about it in a different way, students who are in year 10 now, when they go to their first year of uni, will be able to catch a Metro Tunnel train to Parkville station and go directly into Melbourne Uni. And just to extend that analogy further, if a student from Gippsland—not that there are not other great TAFE and uni offerings there—did want to go to Melbourne Uni, they could jump on the train at Traralgon on the regional network, connect in probably at Pakenham and go straight through to Parkville. So it is going to provide so many more opportunities for people to be able to connect to jobs and services, and I could equally easily have used a health example there, given Parkville station is at the heart of that really important medical and hospital precinct for our city and state.

So the track is being delivered to site and will start being laid in coming months, and once the track is laid, of course, we will be starting test trains running through the Metro Tunnel. There is a huge amount of work that needs to go on in testing of the trains—thousands and thousands of hours to test every part of the tunnel, every part of how it interacts with the station—so that will take a good period of time. But as I said, it is pretty exciting to be able to talk to you today about that stage of the project, because we can see that the services that will run through the tunnel are not far off.

Ms RICHARDS: Thanks, Minister. The Metro Tunnel will run through the city from North Melbourne to South Yarra—I was going to point, but I am notoriously bad in pointing in the wrong direction. Can you explain how that will benefit the outer suburbs?

Ms ALLAN: This is a really good question because even though it is two 9-kilometre tunnels and five underground stations that are being built in the heart of the Melbourne CBD, it brings benefit to pretty much the entire part of our regional and metropolitan rail network because of that connectivity. I have talked about that a couple of times already, with the airport example and with those examples of, say, Gippsland and the like. It will really transform the way people move around our city and state. Running the Sunbury, Cran-Pak lines, which are three of Melbourne's busiest passenger lines as you well know, exclusively through the Metro Tunnel, taking them out of the city loop—it will be Sunbury through to Pakenham and Cranbourne, and that is effectively one continuous line, branching off at Dandenong to Cranbourne and Pakenham of course—will free up the capacity in the rest of the city loop for us to run more trains on other rail lines that will continue to run through the city loop. I mentioned this figure before: half a million additional passengers per week will be able to be accommodated by that extra space that is created through taking those trains out of the city loop. Extra services can run on the Sunbury-Cran-Pak line—services through the city loop trains. It really is going to give us the opportunity to run more services.

Then there are also the additional benefits—and I touched on this a little bit before—for travel time savings. It is estimated, depending on where you are headed, you could save up to 50 minutes a day by being able to connect directly to where you want to go. So, again, go back to that Parkville example, if you are coming in from Cranbourne to go to visit someone, say, at the comprehensive cancer centre, possibly most people would drive because of the complexity of the different interchanges and the different public transport options, but here you will be able to get on a train at Cranbourne and get off at Parkville. That is going to make it much less stressful, and it provides that direct connectivity and provides for those travel time savings. Evan gave me this figure when we were at the Parkville site a couple weeks ago, so if it is wrong I can—no, it is right; I know it is

right. A hundred thousand people a day go in and out of that Parkville precinct. Again, they are either working there, they are students or they are visiting people for medical and health reasons. So that again underscores the really big importance of having a new train station at Parkville. I could have easily given examples of what it means for St Kilda Road with the Anzac station there or of opportunities at Arden by having the new train station at Arden. There are a lot of really big and important connectivity benefits that come from delivering the Metro Tunnel.

Ms RICHARDS: If the infrastructure side of the project, as we hear, is ahead of the schedule, I am interested in how the government is preparing the operational side. I know there is a lot of conversation amongst my friends as well about trains and train drivers. I am interested in how you are preparing for that—whether you have enough of those humans.

Ms ALLAN: Well, we are out recruiting now. If anyone wants to be a train driver, come and see Metro Trains, because we need something like 120 extra train drivers and another 180 staff to do things like just be station staff, to do the signalling maintenance work and other maintenance work on those parts of the network. So that is why this year's budget provided the \$58.7 million to start that recruitment of those 300 people that we know we are going to need. Again, if you think about the length of time these things take, I think it is 44 weeks to train to be a train driver. Remember what I said before: we need to be running test trains through the network from next year. So we need to get drivers trained up to start doing the test train running by next year, which is why we are starting that recruitment now. And it is a great job. We had the opportunity a couple of weeks ago to meet a couple of young women. One was a qualified train driver and one was a young woman who had just started—she was six weeks into the training course—and they both talked about what a great career it was. I think they were a great advertisement for why you would want to come and drive trains and work on our train network.

Also in the budget, as part of getting ready—and it goes back to the airport conversation as well—we have added another five high-capacity trains to the overall order. We had initially ordered 65. We have taken that to 70, and there is \$123 million in the budget for that, again recognising that we are adding extra services but also too that when the airport trains come on we are going to need the high-capacity trains for the airport as well.

Ms RICHARDS: Thanks, Minister. I am going to sort of bounce a little bit off Mr Barton's questions earlier and perhaps ask that can explain how Melbourne Airport rail will work with the Metro Tunnel.

Ms ALLAN: Yes. Again this is another great example of how getting the Metro Tunnel project up and away and now nearing infrastructure completion and heading into the phase where we are turning on the system is really important. It enables so many other opportunities to build on the network, and you just could not have done that without unlocking the congestion at the heart of our train network, which is the city loop. Freeing up the city loop gives us the opportunity to look at how we can add to our train network. That is why we are running the airport rail line on dedicated new tracks from the airport through to Sunshine station, and then from Sunshine it will join up with the Sunbury-Cran-Pak line and travel into the heart of the city through the Metro Tunnel before then going out to the Cranbourne-Pakenham line. There will be 10-minute services to the airport on these train lines, and it is estimated to be about a 30-minute trip from the airport into the heart of the CBD. What this means, again, is you will be able to catch a train from the airport directly to Flinders Street station, to Melbourne Central or to Melbourne Uni, or you will be able to catch a train from the airport directly to Cranbourne, to Pakenham or to Sunshine. Sunshine will be an 11-minute trip from the airport. So it really does provide for better connectivity, and for many other people on the network, most will only need one other change to jump on an airport train.

On the benefits for the Pakenham-Cranbourne line, over 30 stations will have a direct connection to the airport, so it is a mammoth connection into the existing network that will provide for much less stressful—we have all been to the airport, I am sure, maybe not so much in recent times, but we all know that stress of getting there, particularly if you have got kids in tow, and trying to manage all the different moving parts. Being able to jump on a train and go straight to the door is going to make for a much nicer start to perhaps your holiday if that is what you are going to the airport for.

Ms RICHARDS: Thanks, Minister. I am interested now perhaps in exploring how you are working with the commonwealth and the airport on delivering this project. Again this is further to the questions that Mr Barton was asking earlier.

Ms ALLAN: Yes. Thank you, Ms Richards. I think I mentioned this before, but this is a joint project funded in partnership with the federal government—\$5 billion of investment has been made by each level of government into the project. I know I am repeating myself, but it is important to re-emphasise that it was a deliberate decision to run the airport trains through Sunshine because it provided for that connectivity that I spent a bit of time talking about in my previous answer. But also for many of our regional communities it does provide for that connectivity—very easy connectivity—from regional Victoria into the airport. So, as I said, the thinking about how we deliver this and how we continue to deliver this is going to be important, how we work with the airport—APAM, who operate the airport—given obviously the station and some of the track will be constructed on airport land.

Already there has been significant work with the airport. I mentioned before they are doing a lot of work on their road network within the airport environment, so we have to make sure that the construction time lines of both projects are not clashing against one another, to make sure that space is allowed for both the road and the rail network to come through and also to really make sure that we maximise the benefits for passengers at the airport end—to be able to get off at the airport and be able to seamlessly connect through to the terminals. I know the airport is doing some careful thinking about this as well, because it is a very busy spot. When the airport is going at full tilt, there are a lot of moving parts, and being able to have people come in on the train does relieve some of that pressure at the front door of the airport. Again, many people will have experienced in other jurisdictions and other airports how you get from the airport station to the terminal and to check-in and all of that. You want that to be as seamless and as easy a connection as possible. That is all part of the conversations we are having with the airport at the moment.

I have said ‘exciting’ a few times today, but it is—it is great to be able to be at the point of the conversation about how we are delivering these parts of the project given the airport rail project has been one that has been talked about for a really long time. Early works will be starting this year. We have got various packages out to the market. We are getting on. We have still got a few years left to build it, which again is usual for rail projects. I also should say I had very constructive conversations with the previous urban infrastructure minister from the commonwealth government, and I am very much looking forward to conversations with the new infrastructure minister on this joint project.

Ms RICHARDS: Great. Thanks so much, Minister.

Ms ALLAN: Thank you.

The CHAIR: Thank you, Ms Richards. Mr O’Brien.

Mr D O’BRIEN: Thank you, Chair. Good morning, Minister and team. Secretary, can I just go back—the minister has very helpfully pointed out page 25 of budget paper 4, which is ‘Movements in the state capital program’. However, I note that that is only cost variances since the 2021–22 budget. Could I ask if you can provide cost variances for all Department of Transport projects that are listed in budget paper 4 as existing or completed projects?

Mr YOUNIS: Thanks, Mr O’Brien. In the questionnaire we provided information about variations of budgets in accordance with the requirements of that. There is quite a bit of detail in the questionnaire that provides that information, and the budget documents also break down from 2020–21 the variances of each of those programs. As the minister pointed out, it is difficult to just look at all of those programs in one because some of them have significant increases in scope—the level crossing program is that—increases in budget and increases in program, so it is not a straight line item to compare those. But if you go to the questionnaire that we are provided as part of the PAEC papers, it provides that information—and the budget papers.

Mr D O’BRIEN: Does it provide that for all the completed and existing projects in the budget papers, in BP4?

Mr YOUNIS: I would have to go back and check, but I am pretty sure it provides all completed projects. There is an expenditure of completed projects. I will have to check that it does that, but there are the variances in those projects.

Mr D O'BRIEN: Okay. Thank you. Minister, can I ask: the West Gate Tunnel Project, which is on BP4, page 87, indicates a \$3.9 billion to \$4 billion blowout. Can I just confirm what the cost for taxpayers will be for that?

Ms ALLAN: Yes, certainly. And this is a really, really good example of the point I was endeavouring to make to Mr Newbury before, which is how we accurately represent the investment that is being made in our projects and not deceive and defraud the Victorian community. The state is going to contribute an additional \$1.9 billion as part of that total amount.

Mr D O'BRIEN: Have you got the exact? Because it was \$1.94 billion in the *Age* and I think a different figure in the ABC at the time.

Ms ALLAN: It is in the budget papers.

Mr D O'BRIEN: No, it is not in the budget papers.

Ms ALLAN: It is \$1.9 billion.

Mr D O'BRIEN: Just a straight \$1.9 billion? That has not changed since December?

Ms ALLAN: No.

Mr D O'BRIEN: No, okay. Can I ask, perhaps to the Secretary: how much has been spent on legal fees for the entirety of the West Gate Tunnel Project?

Mr YOUNIS: I have not got that figure with me, and I am not sure if that is broken down separately. I have not got that figure.

Mr D O'BRIEN: Has it been your department or is it Treasury and Finance that predominately is involved in the legal disputes that have inflicted that project?

Mr YOUNIS: Part of the role of MTIA and the West Gate Tunnel Project is to manage those variations with the whole of government, with DPC and with DTF. It is a collective government commitment.

Mr D O'BRIEN: Can I ask at the very least that you take on notice what the legal costs have been for DOT?

Mr YOUNIS: If I am able to provide that information, I will provide that.

Mr D O'BRIEN: When you say 'If I'm able to provide them', surely—

Mr YOUNIS: Well, I am not sure if we have got that completely broken down for the West Gate Tunnel. If I have got that broken down for the West Gate Tunnel and it is provided in that form, then I certainly will. But if we have not and it is combined in with other budgets, then I will not be able to separate that. But if I can provide that information, I certainly will.

Mr D O'BRIEN: Okay. Minister, as you will recall, the Auditor-General released a fairly scathing report on projects, including the West Gate Tunnel, in 2019. In response to the VAGO report, which I note that the Treasurer strongly criticised, the government then said that the West Gate Tunnel had a downgraded and revised BCR—benefit-cost ratio—of 1. Given the project has now blown out to \$10.2 billion in this budget, what is the revised BCR?

Ms ALLAN: What is important is to remember the benefits of delivering this project and making sure that is delivered. I know we have previously reported there is also a time delay on the project as a consequence of some of those complexities that we have been working through with Transurban and their construction partners, but we have to get on and deliver this project because if you are stuck on the West Gate Freeway thanks to an accident right now, you know that this project needs to be delivered.

Mr D O'BRIEN: I do not need to be—

Ms ALLAN: You might want to say, 'Hey, can you go back in your time machine?' and 'Can you go back and revise all of this work?'.

Mr D O'BRIEN: No.

Ms ALLAN: The simple answer is that we are getting on and delivering this project because it has been needed for some time. An alternative to the West Gate Bridge has been needed for such a long time. I know you are a frequent traveller on the M1 as someone who comes in from that part of the state. If there is an accident on the West Gate Bridge, it has a knock-on effect across the entire network, so we need to get and deliver the project—

Mr D O'BRIEN: That is all really interesting, Minister, but could I ask you to come back to the question—

Ms ALLAN: I have.

Mr D O'BRIEN: which is what is the revised benefit-cost ratio for the West Gate Tunnel?

Ms ALLAN: As I am saying, the focus we are having right now is delivering the project.

Mr D O'BRIEN: Have you undertaken a revised benefit-cost ratio?

Ms ALLAN: We are focused on delivering the project.

Mr D O'BRIEN: So you have not?

Ms ALLAN: We are focused on delivering the project. You may want us to add time to this project, but we are focused on—

Mr D O'BRIEN: No, we do not. You have done plenty of that yourself, Minister.

Ms ALLAN: Well, I do not know, because—

The CHAIR: Mr O'Brien, you ask the questions; the Minister has the opportunity to answer them.

Ms ALLAN: Also I have not even touched on the impact that the trucks on the local road networks have for communities in the inner west.

Mr D O'BRIEN: No, I am asking about the BCR.

Ms ALLAN: We cannot waste a moment. You may want us to add extra time to this project—

Mr D O'BRIEN: No. I am asking about whether you have done a BCR.

The CHAIR: Mr O'Brien!

Ms ALLAN: We are not going to. We are going to get on and deliver the project.

Mr D O'BRIEN: Minister, the purpose of this committee is to ensure that the Victorian taxpayer is getting value for money. You will recall the history of this project as well as anyone. This was a \$500 million commitment in 2014 for the—what was it called—West Gate distributor, then it became a \$5 billion project, then it became a \$6.7 billion project and then it became a \$10.2 billion project. We have been lectured by you and your Premier time and time again, particularly with respect to east-west link, about benefit-cost ratios. The Victorian taxpayer just deserves to know whether they are getting value for money for the \$10.2 billion project that now is on the table.

Ms ALLAN: I am pleased that you have done the history on how you calculate this project, because yet again it is another example of the fraudulent representation you make on our project—

Mr D O'BRIEN: We know it is a different project—

The CHAIR: Mr O'Brien, allow the minister the opportunity to answer the question.

Ms ALLAN: Your reference—that this project originally should have cost \$500 million—is a deliberate—

Mr D O'BRIEN: No, that is not what I said. I said that is what you committed to in 2014.

The CHAIR: Mr O'Brien, you asked the question.

Ms ALLAN: Which was a completely different project. It did not even involve a tunnel.

Mr D O'BRIEN: Which you dumped, and you picked up this one.

The CHAIR: Mr O'Brien, you asked the question. You need to provide an opportunity to answer it.

Ms ALLAN: It did not even involve a tunnel. So for you and your colleagues to continue to perpetuate the lie that the West Gate Tunnel's original cost estimate was \$500 million is treating the Victorian community like fools. Your disrespect—

Mr D O'BRIEN: That is what you told the Victorian community you would do. Now you have dropped that and gone on to a new project.

The CHAIR: Mr O'Brien!

Ms ALLAN: It is a completely different project, okay?

Mr D O'BRIEN: Okay. So what is the benefit-cost ratio for it?

Ms ALLAN: This is a different project, and the benefit of this project is that it is going to take thousands of trucks off local roads—

Mr D O'BRIEN: Right. So it is well under 1?

The CHAIR: Mr O'Brien, allow the minister the opportunity to answer your question.

Ms ALLAN: It is going to provide significant travel time savings for communities in the west, for people coming in and out from Ballarat and Geelong. It is going to provide a really important direct connection into the port of Melbourne, which is vitally important for our freight industry—a big and important part of our economy. These are the benefits that are going to come from this project. We have been very up-front and transparent in reporting the challenges. We have reported the budget pressure. We have reported the time pressure. We have reported those things accurately and transparently. What is not accurate and is indeed a deceitful approach is the one that you are taking that is conflating a different project to the one that we are delivering.

Mr D O'BRIEN: You said, in cancelling the east–west link, that it did not stack up because the BCR did not stack up—it was under 1. So why are we proceeding with this? Is it not good for the goose, good for the gander?

Ms ALLAN: Really, you want to go to east–west link? I think the Victorian community have had their say on the east–west link.

Mr D O'BRIEN: You should have some sort of consistency. You were just talking about deceitfulness. You say, 'If it doesn't stack up, then we won't do it', and you cannot even tell us how this one stacks up. All right, I will move on.

Ms ALLAN: No, I can tell you how this one stacks up. I will repeat—

Mr D O'BRIEN: Can I move on?

The CHAIR: Mr O'Brien, you have put in a proposition. The minister needs—

Mr D O'BRIEN: No, I have not put in a proposition. The minister is just debating the question.

The CHAIR: Mr O'Brien, you have put a question. The minister needs an opportunity to respond.

Mr D O'BRIEN: Well, she has not responded. There is no BCR—

The CHAIR: Because you are talking over the top of the minister, Mr O'Brien. If you would like to give the minister the opportunity to respond, I am sure she will.

Ms ALLAN: It will take 9300 trucks a day off local residential streets; I think if you talk to anyone in the inner west, they will understand that that is a big challenge. Five thousand cars a day—

Mr D O'BRIEN: What? Sorry, on the question of relevance, Minister—

Ms ALLAN: I think one of the benefits of the project that is not as well understood is what it is going to do to make some improvements to congestion on King Street and Spencer Street as well.

Mr D O'BRIEN: So if it is \$20 billion, do we just do it as well? We just keep going?

Ms ALLAN: Twenty minutes off a trip from the west—so for communities like Melton, Point Cook, Tarneit, Geelong and Ballarat there is going to be—

Mr D O'BRIEN: There is no question about the benefits, Minister. It is about the cost-benefit ratio.

Ms ALLAN: You were the one that was questioning the benefits.

Mr D O'BRIEN: No, Minister, I asked you about the cost-benefit ratio. You do not seem to understand the difference. Can I ask to move on, because I am not getting anywhere on this.

Ms ALLAN: No, I do understand the difference, but you can move on.

Mr D O'BRIEN: Page 85 has North East Link marked still as 'tbc'. We have seen for a couple of years now a figure of \$15.4 billion for North East Link. What is the updated cost of that project?

Ms ALLAN: To answer your question directly, I am not able to provide an update on that figure today. The simple fact is that the North East Link is more than the tunnelling part of the project; it is a big program of works that involves multiple components. If you can bear with me, because I am answering your question directly, there is the tunnelling part of the project. That contract was awarded in October of last year and has been publicly reported against.

Mr D O'BRIEN: How much was that?

Ms ALLAN: \$11.1 billion for that tunnelling part of the project. But as I said, this is a program of projects, it is not just a tunnel. This is another really good example of where, based on the work we do with local communities through both listening to their feedback through the EES processes and doing our own community engagement, the local community have asked us to add to the project, so we have added a longer tunnel. We have also—and I was just there this morning—added Melbourne's first dedicated busway, 11 kilometres of dedicated bus lanes to provide for more bus services along the upgraded Eastern Freeway. There is the upgraded Eastern Freeway, there is work on the M80 ring road, there is 34 kilometres of walking and cycling connections and there is also a big package of community and sporting upgrades. That is the program of works.

In terms of your question, there are what we call secondary packages. So the tunnel is the primary package; there are secondary packages which are currently out to market for the work particularly on the M80 and the Eastern Freeway. Given they are out in the market at the moment, we need to let those market processes run their course, and then we will be able to, as we do across all of our projects as contracts are awarded, make that information publicly available. But I think, Danny, this is hopefully a point we can agree on: we are not going to compromise the state's commercial position—

Mr D O'BRIEN: I am not asking you compromise anything.

Ms ALLAN: in terms of letting that process run its course.

Mr D O'BRIEN: Just for clarity, because I know you get very concerned about questioning on this: the \$15.4 billion that has previously been reported in the budget papers and is in this year's budget papers—has there been any scope change to the North East Link since that figure?

Ms ALLAN: Now I am going to ask Corey, or Duncan maybe can come and help us. I think that figure was a 2017 figure, yes?

Mr D O'BRIEN: No, it is still a figure in here.

Ms ALLAN: Yes, hang on, I am getting to it. You asked about since that figure was first used. I am saying that figure was first used in 2017, and since that period of time—

Mr D O'BRIEN: 2019 in the budget papers, but anyway.

Ms ALLAN: Well, I think publicly we have described it—I am not wanting to be misleading at all on dates, and we can come back and correct whether it is 2017, 2018 or 2019. But my point is this: since that figure was first used we have gone through a number of stages with the project, which is normal for a project of this size and scale. We have gone through the EES. A consequence of the independent environmental planning process and also listening to the feedback from the community was that we are building a longer tunnel than was originally estimated with the project. There has been a line on a Melway map for longer than I have been alive, so it has been talked about for a really long time—

Mr D O'BRIEN: Yes, I know. I do not need the background, Minister. I get the issue.

Ms ALLAN: No, no, let me finish. This is important—if you could just let me finish, you might get your answer.

Mr D O'BRIEN: Well, if I just let you go for another 25 minutes, you will chew up all my time.

Ms ALLAN: Well, do not interrupt and you will not chew up your time. Anyway, so what I was saying was that we have an opportunity whilst we are in the ground, like we do with level crossings and like we do on other projects, if we are in the community causing some disruption—and this will be a disruptive project—to add to it, and that is where the busway comes in. Since that figure has been used there have been some additions to the scope for the project—for example, the longer tunnel.

Mr D O'BRIEN: Okay. So why do you keep the \$15.4 billion in—

Ms ALLAN: Because of that point I made before. We are out in the market at the moment for the packages—

Mr D O'BRIEN: So it is really going to cost more than that?

Ms ALLAN: We are out in the market at the moment for those other packages, and when those other packages are concluded—as we do for all of our projects, we have a package approach; I have just talked at length about the airport, we have done it for the Metro Tunnel—we will come back, and we will not wait for the budget papers. We report on these things as we make the announcements, even if it is not in alignment with the budget papers and the publishing of the budget papers in a normal budget cycle.

Mr D O'BRIEN: Okay. My time has run out.

The CHAIR: Thank you, Mr O'Brien. We will take a 15-minute break in proceedings at this point and resume thereafter.

The CHAIR: I will reopen this public hearing, and the call is with Ms Taylor.

Ms TAYLOR: Minister and department officials, I would really like to explore for the committee the Regional Rail Revival. So if I could refer you to budget paper 4, page 189, and it is outlining the government's progress on the Regional Rail Revival, can you update us on the benefits of the program in progress?

Ms ALLAN: Thank you, Ms Taylor, I am very pleased to spend a bit of time or more than a bit of time this afternoon talking about our investments in regional communities as part of our Regional Rail Revival program, which again I will acknowledge up-front is a program jointly funded by the federal and state governments. As the level of government responsible for the delivery of the project, we are upgrading every regional passenger line in regional Victoria. To go directly to that question about the benefits, the benefits are giving regional

Victorians more reliable and more frequent services, which is critically important and not just for helping regional communities come in and out of Melbourne. Those of us who live in regional Victoria know well that it is not one-way traffic. It is about making sure that it is easy for people from Melbourne to connect into our regional centres, and intra-regional travel is also very important. It is not all about getting into the heart of the city, it might be wanting to travel within the regions. So having more frequent services to make those connections and having them more reliably is a really important outcome from the program. Then of course there are the jobs. There are something like 3000 jobs and also the supply chain opportunities, many of which are businesses in those regional areas where those projects are being delivered that get to work on our projects.

Also, importantly too the Regional Rail Revival program is part of a continuum, if you like, of Labor governments investing in regional rail services. If you go back to the regional fast rail program of the early 2000s, that was built upon the regional rail link. The Regional Rail Revival program is a continuum in that story, because each of the projects and programs build on the one before it to provide for improved passenger rail services. This current iteration, the Regional Rail Revival program, has been going for a few years now, and we are already seeing some significant benefits for regional Victorians. In my own part of the world there is a new station that opened up in December at Goornong, on the Echuca to Bendigo line. There are V/Locity trains running to Bairnsdale—and I cannot not mention Bairnsdale without referencing the fact that it took a Labor government to reopen the train line to Bairnsdale, a Labor government to do the works to see the V/Locity trains running to the Bairnsdale community—more services for the Shepparton community and 135 new services each week on the line to Ballarat, and they were services that started in 2021.

The Waurn Ponds station works were completed, and it was opened to passengers on the Sunday before last, 29 May, with additional services running in and out of the community of Waurn Ponds, a growing community that very much needs those additional services. Many of the benefits go to also how we are building on the existing infrastructure. At 10 key stations there is a second platform. A second platform means you can run those extra services in and out—and additional track. We have got four new stations, three completely rebuilt stations, 13 station upgrades in growth areas and car parking upgrades, as well as upgrades to 150 level crossings. It is about delivering those better connections. Helping regional communities get to where they need to go is a really important equity outcome. If you are in Ararat, it means you might be able to access health services in Ballarat without having to go all the way to Melbourne. It is about providing those really important equity outcomes in how regional communities can access their services.

Ms TAYLOR: Makes sense. Just zoning in a bit further here, can you please update us on the South Geelong to Waurn Ponds duplication project?

Ms ALLAN: I can. I am very pleased to advise the committee that we have very recently announced the preferred contractor for that project. I am going to have trouble—and Evan can help me—pronouncing the name. The Djilang Alliance, comprising McConnell Dowell, Downer, Arup and WSP Australia, has been selected as the preferred contractor for that piece of work. As I said, this is a good example of how it builds on other projects before it. I just mentioned the Waurn Ponds station upgrade. We have done that. Now we can move on to duplicating the track between Waurn Ponds and South Geelong. We will see major construction on the project later this year. Again, guess what that work involves. It involves relocating underground pipelines and utilities as part of the work that we need to do to run trains along the rail corridor. We have done a lot of geotechnical investigations along the corridor as well at more than 150 sites to support the planning and design of the work. One of the benefits from the project is that it will deliver five trains per hour during the peak and three per hour between the peaks for Marshall and Waurn Ponds stations—I have already mentioned the growth around Waurn Ponds. Again, it is providing those improved service benefits. Some of the project's scope includes station upgrades at South Geelong and Marshall. It includes two level crossing removals—so that gives you a sense that this is a really big project—signalling upgrades, track duplication and a new shared user path to better connect South Geelong and Waurn Ponds. So, as I said, that work will kick off later this year now that we have completed the Waurn Ponds station upgrade.

Ms TAYLOR: Very good. Can you also update on the extra trains the government is providing to complement the Regional Rail Revival?

Ms ALLAN: Yes. Thank you. I appreciate this may have also been a feature of Minister Carroll's presentation to the committee, because of course we do work very closely together. The delivery agency delivers the infrastructure that allows for the extra frequency, and that means the department gets on and orders

the rolling stock and makes sure the rolling stock is ready as we get to the point in time that the infrastructure works are completed and we are ready to run the new trains. A big feature of the work of the Regional Rail Revival program has been to run for the first time to a number of country communities the new VLocity trains. I mentioned earlier with the works we have done on the Gippsland corridor to Bairnsdale it means VLocity trains now can run to Bairnsdale. For the Warrnambool line works, that is also what is going to happen. When we complete the works on the Warrnambool line we can run VLocity trains to Warrnambool as well.

That is also true for the work we are doing on the Shepparton corridor. The work on the Shepparton corridor is not just bringing VLocity trains, it is bringing nine daily return services to the Shepparton community when stage 3 is completed, so that is a big boost to train services for the Shepparton community. That is why this year's budget provided funding for additional VLocity trains. The other great feature of those VLocity trains is they are built here in Victoria—manufactured in Victoria, running on Victorian train lines. They are great trains. They have been in operation for a few years now, and they continue to be great trains for our regional network. In addition to the 12 VLocitys that are in this year's budget papers we have also funded new stabling facilities at Bairnsdale. Again, we have reopened the line, we are running VLocity trains there, we have finished the building of the brand new Avon River bridge to help improve speed and reliability on that section of the track and now with the new stabling facilities at Bairnsdale it will mean all services on the Gippsland line can run as VLocitys. At the moment it is a bit of a mix. With the stabling in place at Bairnsdale, it simply means the VLocitys can go and stay overnight in Bairnsdale and make the return journey the next day.

Again, this is a really good example of how each investment builds on a previous investment, and we look at how we can continuously improve the delivery of services for regional communities. I should also mention those VLocitys are going to make up the additional services that I mentioned before for Shepparton. I mentioned the nine additional, daily return services for Shepparton. Some of those 12 VLocity trains that we have ordered in this year's budget will go towards the services on stage 3 of the Shepparton line upgrade. We have got another 12 VLocitys to add to our growing fleet, and we are also making the other investments in stabling facilities to support their ongoing operation.

Ms TAYLOR: Very good. Now, on the very important issue of jobs, I think you did mention before 3000 jobs at least being driven through the Regional Rail Revival. Could you unpack that a bit further as to what that means?

Ms ALLAN: Yes. Thank you. We are, through this program, supporting more than 3000 jobs, and not only are we supporting that total number but as part of the contract process we work with our construction partners to make sure that they are engaging local suppliers to deliver works on those projects. I was at Huntly station on Friday, which I will confess is in my own electorate. We are building a brand new station at Huntly. I think there are three or four local suppliers who have been part of the work as part of building that new station for the local community, so we do work really carefully with our contractors, our suppliers and our subcontractors to make sure that not just Victorians are getting the work but regional Victorians, local to those local areas, are working on that. That is part of that deliberate approach I mentioned earlier—for example, with the Major Projects Skills Guarantee. It is those policy levers that we use to make sure we are driving the benefits for businesses in regional communities and young people getting the opportunity to start their careers on our projects.

Then there is also the requirement to achieve an Aboriginal employment target of 2.5 per cent. If I can jump off rail for a tick and talk about the Echuca–Moama bridge, that is a terrific example of where we were able to achieve much higher than the 2.5 per cent Indigenous employment target on that project by engaging with local Indigenous businesses. I think an excavation company was part of it. Given the importance of that bridge, it has been talked about for a really long time, and also it needed to go through a very careful cultural heritage process. It is important to be able to return some of those benefits back to the local community, and that is a feature of the work we do right across our program.

Ms TAYLOR: Very good. Okay. I would like to move to the North East Link, noting there has been quite a bit of discussion here today. Obviously there is a lot of interest in the project, so that is a good thing. If I could refer you to budget paper 4, page 85, which outlines that the North East Link is being delivered through a series of works packages, which you have broadly referred to. Can you outline what these packages actually are?

Ms ALLAN: Thank you. I am very happy to. In the time available I will do my best not to repeat what was said earlier in the previous exchange other than just to remind colleagues that this is really going to bring local roads back to the local community. It is going to take 32 000 vehicles a day off Greensborough Road, 14 000 a day off Fitzsimons Lane, 9000 off Rosanna Road and 8000 off Manningham Road. If you have spent any time in those communities on those roads, it is really busy and it is dangerous. It is also better for the truck industry and the freight industry, having those improved road connections. You asked about the packages of work, and this does perhaps go a little bit to what I was saying earlier. The North East Link project is more than a tunnel, as big and important as that tunnel is in terms of addressing the missing link on our ring-road network. We have also taken the opportunity to address some of the other challenges in the transport network in that part of the city, and that is where a big part of the program is to overhaul the Eastern Freeway. It is being delivered under the North East Link umbrella, but it is a separate package of works. It is going to add more than 45 kilometres of new lanes along the Eastern Freeway.

I have also mentioned a separate package again, but it links in: the work on the dedicated busway that will add 11 kilometres of dedicated bus lanes that will give us the chance to run more frequent services and those tie-ins at the Bulleen and Doncaster park-and-rides. As I said, I was at the Bulleen one this morning, seeing great progress there. There is also the work on the M80 ring-road, overhauling the M80 ring-road. Again we could have just done the tunnel, but obviously it has got to connect into the rest of the network, which is why the Eastern Freeway upgrade is important and which is why thinking how it ties into the M80 is important as well. That is why there is the big upgrade to the M80 part of the network. I have also mentioned before a couple of times the 34 kilometres of walking and cycling connections as well. It is also making sure that we can help people to get to where they want to go through those modes of transport, so it really is covering off all the different modes through a program of works that goes beyond the one project that is the North East Link tunnel.

Ms TAYLOR: Very good.

The CHAIR: Mr O'Brien.

Mr D O'BRIEN: Thank you, Chair. Minister, can I continue with the North East Link and just a very simple question: do you expect the total project to cost more than the \$15.4 billion currently budgeted?

Ms ALLAN: I may be frustrating you a little bit in just referring you to my previous answer, because I mentioned in my previous answer that I am simply not going to, and I do not think you would expect me to—

Mr D O'BRIEN: I am not asking you to give a figure; I am just asking whether you think it will be more.

Ms ALLAN: I will say there is no doubt, like other projects we have touched on today but indeed projects around the country and globally, it is a project that is facing some challenges. It is a big and complex project, and it is also a very different project to the one that was first envisaged. I will not go back to the line on a *Melway* map for longer than I have been alive, but even if you go back to the concept that was put out there in the *Victorian Transport Plan* of 2008, it is a very, very different project. It is not just filling in the missing links; it is doing a much, much bigger program of works, and some of those decisions have been made to add to that program of works since the initial budget was set.

Mr D O'BRIEN: Okay. Can I come at it another way? You have told us that the tunnelling works have gone out at \$11.1 billion. What was that originally budgeted for as part of the \$15.4 billion that is budgeted?

Ms ALLAN: We did say this at the time. I will refer you back to October, and I might get Duncan to come up to help me out as well if that is okay. We awarded the contract in October of last year, and we had initially forecast that that contract would be between \$7 billion and \$9 billion. But that was also before a couple of things, and again we reported on this at the time. There were a couple of things that influenced the need for additional investment in that contract. The first was the outcome of the EES, which—not wanting to sound in any way like I am passing the buck—is a separate process that is outside of our responsibility. It is the Minister for Planning. That process came back and said, and also the feedback from the local community was, 'We want a longer tunnel to make sure we get better benefits in terms of both how the traffic moves around but also local amenity benefit in the local community'. So that is why the tunnel that we are building and the tunnel that was awarded as part of that contract is longer than what sat within that initial \$7 billion to \$9 billion. I think reasonable people would understand that if you are building a longer a tunnel, it is going to cost more. The second thing—

Mr D O'BRIEN: Okay.

Ms ALLAN: If you could just bear with me, the second important feature was that we were delivering this procurement through COVID. Again it is not just us here in Victoria. You can see from some recent reporting in New South Wales that they are taking a slightly different approach. They are choosing not to do projects, but that is for them to work through. What we have understood is that there is no doubt that COVID has added not so much cost, but added a risk element to projects so that governments have had to consider how it contributes to that risk of contractors delivering some of these bigger projects. So those features combined to come together to see that that contract was awarded at \$11.1 billion.

Mr D O'BRIEN: Okay. On that basis, that is, very roughly speaking, from \$7 billion to \$9 billion up to a final tally of \$11.1 billion. That is roughly speaking a 25 to 50 per cent increase on that portion of it. Can we expect the same on the things that are out there now—the packages that are out there now?

Ms ALLAN: Again, I am wanting to be really careful in answering this because I do not want to prejudice any tender processes that are underway, and given, as I have mentioned in answer to Ms Taylor, there are still very big parts of the package to come. The Eastern Freeway, the M80—there are still some moving parts to come, so I do not want to prejudice the outcome of those tender processes in any way to say yes or no to that extrapolation, but can I also say—

Mr D O'BRIEN: Okay, understanding that—

Ms ALLAN: No, no, hang on—

Mr D O'BRIEN: No, understanding that—

The CHAIR: Mr O'Brien, you cannot select the parts of the answer you want to hear and those you do not.

Ms ALLAN: I just wanted to make a general observation—

Mr D O'BRIEN: She has had a minute and a half, Chair, and she has answered the question. She has. The minister has answered the question.

The CHAIR: Mr O'Brien, you get to ask the question and the minister gets to answer it.

Mr D O'BRIEN: Gets to take up as much time she likes.

The CHAIR: Mr O'Brien—

Ms ALLAN: No, no, no, actually I am trying to provide information—

The CHAIR: Mr O'Brien, if you could just allow the minister to complete the answer, then less time will be wasted.

Ms ALLAN: I am actually genuinely endeavouring to—because I think a minute and a half frankly is not enough to answer a question on a project of this level of complexity in a global economic environment where governments around the world are experiencing particular challenges on project delivery. If you open the newspapers every day, it does not matter whether you are a domestic builder, a commercial builder or a civil builder, we are all facing the same challenges with materials going up, pressure on labour and decisions that are taken by other jurisdictions, and then you have got your supply chain—

Mr D O'BRIEN: I understand that, Minister. Thank you for the answer.

Ms ALLAN: That is why you cannot extrapolate the way you have done on what the ultimate cost of the project will be.

Mr D O'BRIEN: Can I ask when those contracts are expected to be finalised?

Ms ALLAN: There are four packages that are out to market at the moment. Two are due by the end of the first half of 2023 and the other two are—early 2024 or end of 2023—end of 2023, so two by mid-2023 and two by the end of 2023.

Mr D O'BRIEN: Okay. Minister, given the cost blowouts we have had on the West Gate Tunnel, the Metro Tunnel, the North East Link from the original project and the Suburban Rail Loop from what it was promised at, can you provide the committee with updated benefit-cost ratio analyses for all of those projects?

Ms ALLAN: On the way that you have framed that question the answer is no, because the framing of that question—we have publicly reported on the challenges with the Metro Tunnel and the West Gate Tunnel. They have been in these budget papers, they have been in previous budget papers, and when those exact cost pressures were known I went and stood in front of a media conference and reported against them. For you to then include the Suburban Rail Loop—I mean, really, we just started the project last week. It is a project that you and your colleagues—

Mr D O'BRIEN: You took it to the election and said it was about \$50 billion.

Ms ALLAN: But for you to say that it is a cost blowout is a complete nonsense.

Mr D O'BRIEN: What did you take to the election in 2018?

Ms ALLAN: It is a perpetuation of the deception—

Mr D O'BRIEN: Fifty billion dollars?

Ms ALLAN: that you are wanting to put to the Victorian community.

Mr D O'BRIEN: They were your commitments.

Ms ALLAN: It is our commitment, and you know what we are committed to? We are committed to delivering these projects—

Mr D O'BRIEN: At any cost.

Ms ALLAN: Let me answer your question in this way—

Mr D O'BRIEN: No, no—

Ms ALLAN: No, no, I get to decide how to answer your question. You do not get to tell me—

Mr D O'BRIEN: No, when I say, 'Can you provide us with a benefit-cost ratio'—

The CHAIR: Mr O'Brien—

Mr D O'BRIEN: you have already said no. That is the answer, Chair, and I would now like to move on.

The CHAIR: Mr O'Brien, you continuously—

Mr D O'BRIEN: No. Sorry, Chair—

The CHAIR: Mr O'Brien!

Mr D O'BRIEN: Excuse me. On the question of relevance, when I have asked a question the minister just told me no, she cannot provide me the BCRs. I do not then have to put up with her going on for 5 minutes with her political spin on whatever it is that she wants to say. This committee is trying to get to the bottom of what the government is spending its money on, not what is happening in the global scheme—

The CHAIR: Thank you, Mr O'Brien. In the interests of that, the committee would like to afford the minister the opportunity to answer the question that you have put—

Mr D O'BRIEN: Which she has done.

The CHAIR: without interruption so that everybody can hear the answer to your question.

Ms ALLAN: So that final retort about me referencing global circumstances demonstrates clearly that if you were actually genuine about wanting to understand the cost pressures on our program you would give us the

time and space and frankly the respect to sit down and have a mature conversation with you and this committee about the challenges that make up our program. There is no doubt—it does not matter whether it is the war in Ukraine, there are global supply pressures as a consequence of COVID—

Mr D O'BRIEN: Minister, if I had unlimited time, I would be very happy to have this, but I do not have unlimited time.

Ms ALLAN: there are supply pressures across the eastern seaboard, there are skill pressures, there are resource pressures. There is no doubt projects are under pressure in a way they have never been before, but the alternative is to walk away from these projects, walk away from vital transport infrastructure improvements and walk away from the tens of thousands of Victorians who rely on those pay packets every single week. That is a choice that we have made deliberately to push on and deliver projects that our city and state need.

Mr D O'BRIEN: How is this relevant to benefit-cost ratios, Chair?

The CHAIR: Mr O'Brien, the answer is entirely relevant to your question.

Ms ALLAN: Your side want to have a commission and cut projects.

Mr D O'BRIEN: Now we are going to politics.

Ms ALLAN: We just take a very different approach.

Mr D O'BRIEN: Minister, federal Labor has committed to \$2.2 billion for the Suburban Rail Loop, but we know, as we have heard earlier, that Infrastructure Australia is still assessing the project. You have actually sought \$11.5 billion from the federal government. What happens if you do not get that money because Infrastructure Australia says it does not stack up?

Ms ALLAN: I will seek your guidance, Chair. That is a hypothetical.

Mr D O'BRIEN: It is a fairly big project, and we need to know how it is going to be funded.

The CHAIR: Mr O'Brien, would you like to provide a budget reference?

Ms ALLAN: Frankie, could we get the business case back?

Mr D O'BRIEN: Seriously—

Ms ALLAN: I am happy, Mr O'Brien, to hand-deliver you our copy. This is a project that stacks up.

Mr D O'BRIEN: Okay.

Ms ALLAN: This is a project that has been through a rigorous business and investment case analysis that shows that it more than stacks up, it returns a positive—

Mr D O'BRIEN: You do not have to convince me, you have to convince your federal colleagues.

Ms ALLAN: No, it appears that I do. It appears that I do because you and your colleagues, from the moment we announced this project—

Mr D O'BRIEN: No. I do not have \$11.5 billion in my back pocket. Your federal colleagues are the ones you want the money from.

Ms ALLAN: seemed to want to undermine a project that brings \$58 billion in economic benefits to the state, to the nation.

Mr D O'BRIEN: So there is a BCR for that one, is there?

Ms ALLAN: Yes, there is, and the BCR is in there—

Mr D O'BRIEN: But you did not want to provide it to me before.

The CHAIR: Mr O'Brien.

Ms ALLAN: No, you asked me if it was a blowout. You cannot do an apple-and-orange comparison, because that is fraudulent, but it does seem to be the way you people want to operate when it comes to talking about projects.

Mr D O'BRIEN: 'You people'?

Ms ALLAN: Your side of politics.

Mr D O'BRIEN: 'You people'? Okay. Righto, we are going 'you people' now.

Ms ALLAN: Okay. Liberal and National party politicians—does that help?

Mr D O'BRIEN: Minister, have you written to the new federal government seeking that \$11.5 billion?

Ms ALLAN: I have written to the incoming federal minister and referenced the Suburban Rail Loop. We will have discussions with the incoming federal government. As you have pointed out, I wrote to the previous federal government; that information has made its way into the public domain. I will be having respectful, appropriate discussions with the federal minister, noting—

Mr D O'BRIEN: Okay. Thank you.

Ms ALLAN: I tried for 10 months to get a meeting with the previous infrastructure minister but could not get one. He did not seem to have Victoria as a priority. I think you used to work for him, actually. That is right. I should have asked you to help me out for a meeting.

Mr D O'BRIEN: Speaking of which, can I move—and I want to go with your figures because I do not want to be accused of being deceitful or anything. You have talked about budget paper 4, page 25, which references a \$5.8 billion cost overrun since last year.

Ms ALLAN: Four per cent variance.

Mr D O'BRIEN: With \$5.8 billion in cost overruns on those big projects, why can you not find \$5 million to do a business case to fix up the mess you have made of the Murray Basin rail project?

Ms ALLAN: Firstly, the Murray Basin rail freight project was first—and I know you know this, but I am going to have to give this answer—

Mr D O'BRIEN: No, you do not have to. Just answer the question.

The CHAIR: Mr O'Brien, the minister is attempting—

Ms ALLAN: There is a business case from 2012. Unfortunately that business case, 10 years later, does not reflect the current state of the network. It does not pick up on the extra 125 services that run through Ballarat on the passenger network, and it does not reflect the way that the freight network operates now post the investments that have been made in the Murray Basin rail freight network.

Mr D O'BRIEN: Hence the question.

Ms ALLAN: As a result of that, we undertook a rescoping of the project in partnership with the previous federal Liberal-National government that resulted in something like \$400 million of additional investments—federal and state—in the project. The project has been fundamentally reset because the business case from 10 years ago that did not actually adequately address the needs of the network then or indeed now required that rescoping and reset, and the work that we are focused on right now is delivering that program of works. That program of works is happening right now. I am very happy—because you are concerned about time—to take you through separately the works that are happening right now on the ground in north-western Victoria on that program of works. This is coming from the industry itself. I will not say who, but I recently met with someone from the industry from north-western Victoria, who said, 'Can we please start talking about what is needed beyond this?', because they feel that continuing—

Mr D O'BRIEN: That is exactly the question, Minister. So why haven't you put in \$5 million for another business case?

Ms ALLAN: No, because the \$5 million that the—

The CHAIR: Mr O'Brien!

Ms ALLAN: Look, this \$5 million—it is still not a thing, though. That was the previous federal Liberal-National government.

Mr D O'BRIEN: The updated business—

Ms ALLAN: I do not think the incoming federal Labor government have that commitment.

Mr D O'BRIEN: Okay. So they are not going to do it either?

Ms ALLAN: Well, we will have to check.

Mr D O'BRIEN: Have you been told that by the incoming federal Labor government?

Ms ALLAN: I am just saying we will have to check, because the landscape has changed, just like the landscape has changed in the last 10 years.

Mr D O'BRIEN: Okay. Going to that point, the budget papers, for a completion date for the Murray Basin rail say 'TBC'—there is not one. Do you have any intention of finishing it?

Ms ALLAN: We have invested jointly with the federal government. I must say I was very pleased to reach an agreement with the former federal infrastructure minister, Michael McCormack, on the reset of the project and to secure the significant additional funding for the project.

Mr D O'BRIEN: Because you messed it up.

Ms ALLAN: We are determined to complete the works on that. There are works underway at the moment, and we will continue to report on the delivery of that part of the project.

Mr D O'BRIEN: Given you have just said you are not sure that the federal Labor government is committed to it—

Ms ALLAN: The Secretary has very helpfully pointed out—and I am sure you would know this from reading the budget papers as closely as you have—there are some procurement processes underway. Once that has concluded, I will make sure, Danny, that we let you know what the updated time line is.

Mr D O'BRIEN: Deputy Chair, thank you, Minister. Okay. So will you be writing to the incoming federal minister and asking for that money to stay on the table?

Ms ALLAN: Any discussions I will be having with the new federal infrastructure minister will be done, I think you can understand, respectfully.

Mr D O'BRIEN: Okay.

Ms ALLAN: As I said, this was the approach I took with the previous to previous federal infrastructure minister, Michael McCormack. We were able to sit down and have these conversations in a confidential way. I could not get a meeting with his predecessor, which was a bit of a shame because we had a bit to talk about. But I will do that confidentially and respectfully with the incoming federal minister. Given she was only sworn in four or five days ago, we will give her a chance to get settled in.

Mr D O'BRIEN: In response to Ms Taylor before you talked about the Gippsland line and the Bairnsdale stabling and everything. When will Gippsland, beyond Traralgon, actually get new services?

Ms ALLAN: We are working through—look, you have got 9 seconds; we might have to have a follow-up conversation.

Mr D O'BRIEN: You surely can just say '2023'.

Ms ALLAN: Well, the construction works will be completed by the end of this year, but there is further signalling work to be undertaken next year.

Mr D O'BRIEN: If you could take it on notice, Minister.

The CHAIR: Thank you, Deputy Chair. Mr Richardson.

Mr RICHARDSON: Thank you, Chair. Thank you, transport infrastructure minister and department officials, for joining us today. I want to take you to the topic of the Suburban Rail Loop. We are learning a little bit about how some view this project and their opposition to it. A tweet by a PAEC colleague says that the construction works commencing do not count—that it was major service relocations announced and the removal of a sewer, amongst other things. Maybe they are not quite sure what early works are all about, probably why there were not any infrastructure projects during those four years. If we go to budget paper 4, page 12, which outlines the Victorian government's Suburban Rail Loop project investment, obviously that will have significant benefit for the community I represent from Cheltenham through to Chelsea, in the City of Kingston. I am wondering if you could outline, Minister, the extent of the works you have been undertaking on this project.

Ms ALLAN: Yes, thank you. It is great to be able to sit here at this PAEC budget estimates hearing and talk about work actually happening on the Suburban Rail Loop. I think I mentioned earlier that it was less than four years ago that we made the commitment to get on with this project, and after those four years, having undertaken all the extensive planning and detailed design work, we are coming towards the end of an environment effect statement process and going through tender processes. To be able to be at the stage to talk about work starting on the Suburban Rail Loop is really, really important, as I have said before a couple of times, because of the significant benefit that this project brings for the Victorian community. I have pointed a couple of times to the detailed business and investment case that I am very happy to leave a copy of with the committee for your consideration. It shows that this is a project that more than stacks up. It delivers \$58.7 billion in economic, social and environmental benefits, with a benefit-cost ratio between 1.1 and 1.7. So it more than stacks up.

Mr D O'BRIEN: Now we are talking about benefit-cost ratios.

Mr RICHARDSON: It is a good one, isn't it? You can get behind it.

The CHAIR: Deputy Chair, Mr Richardson—

Mr D O'BRIEN: When it suits her we rely on them.

The CHAIR: Thank you, Deputy Chair.

Ms ALLAN: Thank you very much. And, as I said, it has gone through an extensive EES process; something like 366 submissions were made. There were 40 days of public hearings. There is obviously a separate process that appropriately has to be gone through the Minister for Planning. But separate to that, through the Suburban Rail Loop Authority, which was established last year once the legislation passed through the Parliament, we have had more than 12 000 face-to-face conversations with members of the community. You live in this local area, Mr Richardson, so you can perhaps report more accurately than I can. There is great interest and excitement and I think an understanding of the benefit that this project will bring about—making sure that we have a heavy rail, mass-transit public transport option for people to connect into the suburbs. It is not just about having people come into the city to go around the city; it is also about connecting people to hospitals, to schools, to universities, to job centres along the alignment of the Suburban Rail Loop, particularly on the Suburban Rail Loop east section between Cheltenham and Box Hill. We have established precinct reference groups at six locations along the corridor, and that is again consistent with what we have done with level crossing removals and roads and other projects where we work with the local community—not just on the project, but this is where we get to hear and understand what else the community would like to see brought to the project and how we can respond to that.

You did mention early works in your question, and as I said, last Thursday we marked the start of early works on the project. What was also really pleasing was, as part of that, not just getting to that stage of work—and we have partnered with Laing O’Rourke as the managing contractor for that part of the project—but when we were there on site there were a dozen or so young cadets who are part of the project authority’s program. Some of them have been working since last year across a range of different fields, and they were all just so excited to be working on the project—probably understandably, because they can see that they have got at least 12 or 13 years of work ahead of them—and just understood the benefit of having a pipeline on the project.

So the initial and early works package is an important part of the project because it is a proven way of helping to de-risk your major project part of the project delivery, particularly with tunnelling, by having all the utilities moved out of the way. I think it is wrong to deride that as something that should not be acknowledged. It is a substantial piece of work. I think the sewer pipe is a 630-metre sewer pipe. It is important for the south-east community, but there are also going to be other works as part of the establishing of the TBM launch sites, other service relocations. It is also supporting 800 jobs, this initial and early works package, which is also an important part of the overall support that our infrastructure program gives to the Victorian economy.

Mr RICHARDSON: Obviously the Suburban Rail Loop project allows communities to reimagine every single element of planning, communities, businesses, community spaces and development into the future. That includes the existing rail network and lines, and I am wondering if you could outline for the committee’s benefit how the Suburban Rail Loop will connect with our existing rail network.

Ms ALLAN: Yes. We have done a lot of work over the last 7½ years on our existing brownfields network. That is big and complex work, and now we have an opportunity to deliver in the first stage the 26 kilometres of twin tunnels and six underground stations on a greenfields rail network, and it is also pretty exciting to be able to build a greenfields train network, because that means that we can think about and look at the world’s best practice—from use of technology, train technology, signalling technology, the way we construct the tunnel itself—and bring that thinking to the Suburban Rail Loop project.

It will operate independently of the existing rail network—I will come back in a tick and talk about where it ties in with the stations—and it will have a dedicated fleet of four-car, medium-capacity rolling stock. So the trains will be a little bit smaller than the big nine-car HCMTs that you see on the existing network, because they are being built to be fit for purpose for this type of tunnel and for this type of mass transit option. Also, in terms of how it connects in with the existing rail network at those six key station locations, we are doing work—and this is where the Suburban Rail Loop Authority works with the Department of Transport—on how that station-to-station transfer takes place, because in the detailed design phase of the project we have been working through that in terms of thinking about where is the best place to put these new stations in relation to the existing train network.

Again, I think you know, for example, how we have had to think carefully about what happens around Southland station and how we connect the station at Cheltenham into Southland station, because when SRL east is operationalised that Cheltenham to Box Hill section of track is expected to be a 22-minute trip, which is very quick compared to how you can get around at the moment. It is expected to be used by around 70 000 passengers a day. So that gives you a sense too, going back to: why is this project needed? There is already unmet demand for the Suburban Rail Loop. Already something like two-thirds of the trips that are taken in the suburbs—orbital road trips—are taken for work purposes. So we have a need to provide that orbital alternative on a train service, and that is what the Suburban Rail Loop will provide. As I said, 70 000 passengers a day from day one is going to be a very, very busy part of our train network.

Mr RICHARDSON: Minister, Victorians can see the current progress of the Big Build and the jobs that have been created. The Treasurer provided some evidence to the Public Accounts and Estimates Committee about the jobs created as part of that. But I am wondering if you can outline the approach the Victorian government has taken in job creation in relation to the Suburban Rail Loop.

Ms ALLAN: Thank you. As I said before, the initial and early works part of the project will support 800 jobs, and it is expected over the construction phase of the Suburban Rail Loop east section of the project that it will support 8000 direct jobs. Also the information in the business and investment case demonstrates that there are another 510 jobs that will be created during the next phase of the delivery. So, all up, there are thousands and thousands of construction jobs that will be supported as part of the construction of the project.

But again, some of the information you will find in the business and investment case goes to the job-creating impact that this project will have beyond the construction of the train line itself. It is estimated that as a result of bringing either a train station to these areas for the first time—like Monash University, for example—or better connecting existing job and service delivery centres like Clayton and Box Hill and putting a Suburban Rail Loop train station at Deakin Burwood and putting a train station connection in at the big retail precinct that sits around Cheltenham, we will also in turn support extra job creation around those precincts as we see more and more businesses attracted to be located near a train station. There is a lot of, again, international evidence that shows that when you put good transport infrastructure, particularly public transport infrastructure, into these areas they do have a job-generating impact. That is why the work that the Suburban Rail Loop Authority is undertaking is to both look at how we can drive the delivery of the project but also work with communities and councils about maximising those job-creation benefits that will come from being able to realise new opportunities simply by, for a business, it being easier for their workforce to get to work. That in itself is a big benefit that will drive further job opportunities in those precincts.

Mr RICHARDSON: I know, Minister, you have jumped into detail in press conferences before of some of the technicalities of how projects are constructed, but I am wondering if you could explain for the committee's benefit how the Suburban Rail Loop will be constructed and its interaction with the Victorian budget.

Ms ALLAN: Yes. Thank you. I have mentioned this a couple of times this morning in relation to other projects, but similar to those other big and complex projects like North East Link and Metro Tunnel, the Suburban Rail Loop will be broken up into a number of different work packages to ensure a competitive market process, which is important, but also to maximise how efficiently we can deliver the project. There has been a lot of market engagement that the Suburban Rail Loop Authority has undertaken—a lot of sitting down and listening to the market. Going back to the conversation we have been having over the course of the morning, many of the construction companies work around the country and around the world, and so getting their knowledge and information about some of the pressures that the market is under is important for how we put together the different packages of work. So there will be two tunnelling packages that will go out to market later this year. They are dividing them up between Cheltenham and Glen Waverley and then Glen Waverley to Box Hill.

It is also encouraging to look at the latest technology in the tunnel-boring machine technology. It is estimated that up to 10 tunnel-boring machines are going to be needed, so we are certainly using a lot of tunnel-boring machines at the moment—

Mr RICHARDSON: Nothing boring about that.

Ms ALLAN: Nothing boring in a tunnel-boring machine, no. Boom! Each of the tunnel-boring machines will need to be custom built. I was out at North East Link this morning talking about this as well. Each of the tunnel boring machines has to be customised to both the simple diameter of what we are building but also the ground conditions, recognising that there are different ground conditions in different parts of the city. The larger number of TBMs, up to 10, will hopefully help accelerate the tunnelling process itself, and that is where it has been broken up into those two separate packages.

There is also going to be, in addition to those tunnelling packages, two other packages of work to build the actual station boxes themselves—one for the Cheltenham, Clayton and Monash stations and the other for Glen Waverley, Burwood and Box Hill—again, recognising that they are also big jobs on their own and thinking about how they integrate into the tunnelling works. Then finally there is also going to be what is called a line-wide package of works, and that covers all of your systems—your signalling, power supply, fit-out works, the rolling stock is part of that, the maintenance. They are all the things you need to run the system. Again, this was an approach we took on the Metro Tunnel, where we had what was called a rail systems alliance package. Can I say it is all the brains that go into running the actual tunnel, so once the construction is done you think about the fit-out and how that goes along with it. So a lot of careful thought has gone into that and also the lessons learned from either projects like the Metro Tunnel or indeed Crossrail in London about how to best package up a project of this size to deliver good delivery efficiencies during the actual construction but also the actual outcome itself in terms of how the train network is going to run for the Victorian community.

Mr RICHARDSON: Fantastic. Thank you. I will leave it there, Chair. Thank you.

The CHAIR: Thank you, Mr Richardson. Mr Hibbins.

Mr HIBBINS: Thank you, Chair. Thank you, Minister and your team, for appearing today. I would like to ask about a project, the St Kilda Road bike lanes, which I believe falls under your auspices. This was announced in 2018, this particular project, and at the time I think there were some concept designs that were displayed on Channel 7. I think they were on the news. In 2019 you informed this committee that the business case would be completed by the mid-2020. Now in this budget there is an extra \$3 million due to changes in scope, and just \$1 million has been spent so far. So can I ask: what is the actual status of these bike lanes? Have the business case and/or the designs been completed?

Ms ALLAN: This has become quite a complex project. They are bike lanes, but because of where they are being constructed—I think we have talked about this before—around Anzac station, we have to take in the design of Anzac station, and also we want to make sure it is a smooth outcome and a good outcome for cyclists as well. It has become trickier and a more complex project than was originally envisaged. Now, is it you, Evan, or is it Allen?

Mr TATTERSALL: It is both. Anzac station is me. Allen is—

Ms ALLAN: And this is where we are working together across our agencies. We have, as you have noted, in the budget papers increased the TEI. We have completed the budget case for the project—

Mr HIBBINS: The business case.

Ms ALLAN: Yes, we have completed the business case, and what is happening now is MRPV is continuing to do some development work ahead of the construction starting for the project. I can get Allen—is it you, Allen?—to add to that. Do you want any more than that now or do you want it separately?

Mr HIBBINS: Yes, I would love to know what are the changes to the scope that have required the extra funding. And has the design been finalised? I think we have gone from a central lane to a Copenhagen lane a few times now. Has that been decided on and has that been landed on about what the actual design will be?

Mr GARNER: Yes. The design has been finalised. It is going to align with the Metro Tunnel arrangement that is being put in place to do with the station and the interchange arrangement, so they will be on the outer in the Copenhagen lane.

Mr HIBBINS: Okay. Thank you. And what are the changes to the scope?

Mr GARNER: It just reflects impact work around heritage items, particularly the trees and drainage. It has just been a greater understanding of the area.

Mr HIBBINS: Okay. Thank you. When is construction due to start?

Mr GARNER: Later on this year. We have not got an exact date. We have selected a contractor, and we are currently working up [inaudible] at the moment.

Mr HIBBINS: Thank you. What is the estimated completion date?

Ms ALLAN: The end of 2025.

Mr GARNER: Oh, the actual official date.

Ms ALLAN: Yes, by 2025.

Mr HIBBINS: By 2025—so that will take 3½ years?

Ms ALLAN: No—the end of 2022 to 2025. Sorry, my Secretary is now helpfully adding it has got to align with the opening of the Metro Tunnel.

Mr HIBBINS: Okay. So if construction is starting in 2022, does that mean we are going to see a staged approach to construction?

Mr GARNER: Potentially. That is what we are working through with the contractor at the moment, looking at the scope, how it is going to be rolled out and the interface between the parking lanes, drainage, heritage—all of those.

Mr HIBBINS: Okay, so potentially we could see some bike lanes in use prior to the 2025 completion date or the Anzac station completion date.

Mr GARNER: Was it 2025?

Mr HIBBINS: Sorry, I am just saying, if it is a staged approach, we potentially could be seeing cyclists using these lanes prior to the final completion date of the project.

Mr GARNER: Potentially, depending on which way it is staged.

Mr HIBBINS: All right. And will the final concept designs be released before construction starts? Will they be released soon to the public?

Mr GARNER: Yes.

Mr HIBBINS: Okay, so we can expect them this year?

Ms ALLAN: Yes.

Mr HIBBINS: Okay. Terrific. Thank you. I would like to move on now. There was a bit of discussion, Minister, regarding the history of the West Gate Tunnel Project and even projects before that with Mr O'Brien.

Mr D O'BRIEN: Do not go there, Sam. Do not go there.

Mr HIBBINS: Look, it is too late now. That previous project that was referred to had a number of names—the West Gate distributor and what have you. That was pitched as a \$500 million project that was going to take 5000 trucks a day off the West Gate Bridge. That has been replaced by a project that is 20 times that amount. It is not 20 times the trucks that are going to be taken off the road. Do you regret now, looking back, not proceeding with that project, which would have been done—completed, trucks off the road—now, and going ahead with the West Gate Tunnel, which is now over budget, over time and causing great distress to many communities?

Ms ALLAN: At risk, Mr Hibbins, of repeating some of what I said in the earlier exchange, when you consider those benefits that come from the up to 20 minutes in travel time savings, the direct connection to the port of Melbourne for the freight industry—given the freight industry, as I said, is a massive part of our economy here in Victoria; it is one of our strategic advantages—and getting trucks off local roads, there are other benefits too. There is the veloway, which is a big part of the delivery of the West Gate Tunnel Project. There are many, many benefits that will come, but particularly the benefit from having an alternative to the West Gate Freeway I should touch on. You mentioned what we should add—if you are talking about things we are doing above and beyond the alternative to the West Gate, we are adding capacity to the West Gate Freeway as well by expanding that from eight to 12 lanes. So there are many additional components to the project beyond that direct comparison that you made between two very, very different projects.

Mr HIBBINS: What went wrong from a government perspective? I mean, there seems to be a lot of blame put on Transurban or builders in terms of the issues that have come about because of this project. Was it too good to be true, and were you taken for a ride, or did you not do your due diligence in initially assessing this project?

Ms ALLAN: I will try and avoid the editorial bit of your question and go to your question. There is a bit of editorialising going on there. Look, this project has been mentioned in Auditor-General's reports. It has been canvassed more broadly. This was a project that was brought to government by Transurban. Transurban engaged their construction partners, CPB and John Holland, the contractual relationship with those construction partners sat with Transurban and what became apparent in 2020, I think—sorry, I am just trying to remember the sequence of dates—was that those three companies ended up in a contractual dispute that they were unable to extract themselves from. Now, you could argue and you could say, 'It came to government as a market-led proposal, and it should have been something that was just dealt with contractually', and we could have taken

that approach. But when it became clear that those parties were unable to resolve the dispute amongst themselves, government had to make a choice. You either try and help resolve the dispute, or you let it turn into a massive matter of litigation that benefits only a whole bunch of lawyers—it ends up in court.

If you look at something that I think is a contemporary example, the Sydney light rail from a few years ago, what happens is the project that had already started is left languishing. It means people do not have the security of employment and, as I said, it is only lawyers that benefit from that. So the decision we took was to bring the contractual partners together and try and look at how we could resolve this dispute. The resolution of that dispute ended up with, yes, the state making that additional \$1.9 billion contribution. But Transurban had to shoulder a massive part of the additional costs—\$2.22 billion; the builders had to forgo their revenue on the project—Corey might want to add to this, but that is a big hit for the construction companies; and importantly the project is getting delivered. It is an additional—

Mr HIBBINS: You do not see any changes, for example, to the market-led process or any of the due diligence or any of the undertakings that the state did before signing off on this project that could have looked at some of these issues or foreseen some of these issues or actually ameliorated them before they occurred?

Ms ALLAN: Again I do not want to sound like I am dodging the question, because I am not trying to. The market-led proposal policy setting is not one that I hold as transport infrastructure minister. It is a framework that is held by Treasury, and the project was assessed through that framework. But I would also note that it did go through an environment effects statement process—

Mr HIBBINS: Which we have had discussions about prior—the inadequacies of those.

Ms ALLAN: We have, but it did go through an EES process that set down certain requirements for the builders and Transurban to meet. But it does not matter whether we are talking about this project or some of the other projects we have been talking about today, when you are faced with challenges—cost and time challenges, complexity in materials or skills—government kind of has to make a choice. And particularly when projects have started and there are people employed on the project with pay packets going home every week, government has to make really tricky and difficult choices. You have to make a choice to either stop a project or work through the challenges, and what we have done in each and every project is to work through the challenges. Yes, for some of them, they have cost more. For some of them, they have cost less—level crossings, for example, are a really, really good example of that. But the alternative—for example, to have left the tunnel-boring machine shaft sitting there for years and years whilst the matter was fought out in court—was ultimately something we had to make our own cost-benefit analysis of in terms of the cost of the project not being built or having an uncertain time line versus getting some certainty around the project for motorists, for the freight industry, for the local residents and also for those workers who were relying on those pay packets.

Mr HIBBINS: But ultimately do you accept that by handing over so much control of this project to the private sector—Transurban, and obviously you have got contractors involved as well—essentially they know that you do not have a choice other than to probably stump up an extra few billion dollars or a couple of billion dollars extra for this project? Do you accept that that was actually a really severe risk to the state, handing over so much control to the private sector?

Ms ALLAN: Can I answer that question by looking prospectively at what we are doing. Again I think we can acknowledge that there are lessons that we learn from each and every one of our projects in both the delivery—early works is a good example; it is a great way of de-risking a major construction—but also the procurement as well, which I think is what you are going to. There is no doubt we have over the past 7½ years worked through various different procurement models to work out what is the right procurement model for each different transport project. It is why I spent a bit of time earlier talking about alliance contracting in the context of the rail network. We have taken that kind of a more partnership approach to the North East Link project. That is a PPP, but it has different elements in it in terms of how we are able to work with the construction industry to get that project away. So we have learned a lot from the different procurement challenges that we have faced and applied that to projects prospectively, which is why the Suburban Rail Loop, for example, is being packaged up in that particular way that I described before—and it is also based on construction industry feedback as well.

Mr HIBBINS: Okay. All right. Thank you, Minister. Can I ask now, in terms of the airport rail and its ultimate connection to the Suburban Rail Loop, will that be a direct connection from the airport through to the northern part of the Suburban Rail Loop or will that be an interchange?

Ms ALLAN: I do not know if—I do not know if we have got time—Frankie wants to come back up and talk about that. This is part of what we are working through. We are delivering airport rail now, and we are thinking about how we need to tie in the Suburban Rail Loop as part of that project, because what we do know is that for many people the airport is a destination. It is actually your point about does it travel through or is it an interchange. For many people, whether you are coming from the north or the west, the airport is the final destination. I think our modelling shows—and again it is in the business case—doesn't it that very few people want to transit through beyond the airport. So if you are coming from the west, there is not going to be the same volume. We need to factor that in in terms of how we are delivering that bit of the project. Did you want to add to any of that?

Mr CARROLL: I think we are working with Melbourne Airport rail project as well in relation to their design, making sure that the connection is actually a valid connection for the transit of customers at the heart of it as well.

Mr HIBBINS: Okay. Thank you. Now, east coast high-speed rail is back on the agenda with the new federal government, which previously did a study into high-speed rail which indicated there might be a station in the northern suburbs. Is that part of Suburban Rail Loop planning, is that factored in?

Ms ALLAN: If the committee is okay for me to just do a quick 30 seconds on this, this is something that is on a list of—we had the back and forth before with Mr O'Brien about what I am and I am not going to discuss with the incoming federal government. We need to get a sense of their timing, because this is a project that they have indicated they are interested in. From memory their initial commitment is between Sydney and Newcastle, I think was their initial part of the project, so we have time. The purpose of me answering it this way is we have time to work through what impacts it may or may not have on our suite of projects. And also in terms of the delivery of the Suburban Rail Loop and the northern part of the project, we also have time to factor that in as well.

Mr HIBBINS: Okay. Thanks, Minister. Thanks, Chair.

The CHAIR: Thank you, Mr Hibbins, and thank you, Minister. That concludes the time we have set aside for consideration of the estimates with you today. We thank you very much for appearing before the committee. 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.

The committee will now take a break before beginning consideration with Minister Williams at 3.30 pm.

I declare this hearing adjourned.

Witnesses withdrew.