



**PARLIAMENT OF VICTORIA**  
Legislative Council  
Economy and Infrastructure Committee

# **First report into infrastructure projects**

Parliament of Victoria  
**Economy and Infrastructure Committee**

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This report is also available online at the Committee's website.

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# Chair's foreword

Infrastructure projects can provide significant benefits to the Victorian economy and the lives of Victorians, however significant infrastructure projects are also expensive. Projects currently commenced by the Victorian public sector are worth more than \$49 billion. Therefore it is critical that they are delivered efficiently and effectively, to ensure no public money is wasted.

Throughout this term of Parliament, the Standing Committee on the Economy and Infrastructure will produce a report, every six months, on the progress of selected key infrastructure projects. This is the first of those reports.

The projects examined in this report are still in the early stages with many details not yet finalised. The Committee's work in 2015 has focused on identifying the Government's expectations of what their infrastructure projects will be, what benefits they will deliver and how the projects will be managed. The Committee has identified crucial next steps for the projects and noted some areas of potential concern. Future reports will use this work as a baseline to understand changes in the projects and to track the development of the projects in the years to come.

This report sets out the information gathered to date. It should prove useful to any members of Parliament or the community wanting to better understand the current status of the projects under review.

In the lead-up to this report, the Committee invited a number of people to appear before it in public hearings. I would like to thank Mr Scott Charlton, Mr Kevin Devlin, Mr Gary Liddle, Mr John Merritt, Mr Evan Tattersall and Mr Robert Vaughn for their time and effort in meeting with the Committee and, in some cases, providing further information on notice. I would also like to thank all of the people who worked behind the scenes supporting these individuals.

In addition to the public hearings, the Committee has sought information on a number of issues from the Minister for Public Transport, the Hon. Jacinta Allan MP. While the Minister did provide a response, I consider it most unfortunate that the response was not more forthcoming with the details requested by the Committee. Transparency around major infrastructure projects is important to enable proper scrutiny by the Parliament. I sincerely hope that the Minister will provide more assistance to the Committee in the future.

Infrastructure projects are often hotly contested politically.

I would like to particularly thank my fellow committee-members for the collegiate manner in which they have worked on this inquiry.

Finally, I would like to thank the members of the Secretariat for their hard work, which has been greatly appreciated by myself and all other members of the Committee.



**Mr Joshua Morris MLC**  
**Chair**

# Executive summary

The Victorian Parliament's Legislative Council has asked the Economy and Infrastructure Committee to investigate and report on five key infrastructure projects every six months. These projects are:

- the Level Crossing Removal Program
- the Western Distributor
- the Melbourne Metro Rail Project
- the sale or lease of the Port of Melbourne
- the Melbourne Airport Rail Link.

This is the first report to be tabled as part of that inquiry.

The Committee has not looked at the proposed lease of the Port of Melbourne in the preparation of this report, as another committee was exploring that matter in more detail at the same time. The Committee will consider the Port of Melbourne as part of its next report, drawing on the findings of the other committee and its own investigations.

The Committee has provided an overview of the other four projects in this first report. However, many details of these projects are still to be finalised. The Level Crossing Removal Program and Melbourne Metro Rail Project are both in the early stages, with planning still in process. The Western Distributor proposal is currently being assessed by the Government and the details of the project are subject to change as it goes through the assessment process. The Government currently has no plan to progress with the Melbourne Airport Rail Link, though the Committee was informed that a long-term rail network plan is currently under review, which may include an airport rail link.

## Conclusions

Given the current early stage of the projects under review, the Committee has not been able to undertake analyses of many aspects of the projects. Although work has begun on the Level Crossing Removal Program and Melbourne Metro Rail Project, neither of them has a finalised business case. The Western Distributor proposal is still being considered and has not been finalised, so it does not have a completed business case at this time either.

As a result, precise cost and benefit estimates for these projects are not available for the Committee to analyse. Nor are the assumptions on which these will be based available for scrutiny. As the delivery plans have not been finalised, the Committee cannot yet form a view on whether the plans for these projects are realistic and adequate to achieve the intended benefits. Nor can the Committee identify whether broader impacts of the projects (such as disruptions to rail and road users or impacts on the amenity of residents near project sites) have been adequately addressed.

As part of the inquiry, the Committee was informed that business cases for the Level Crossing Removal Program and Melbourne Metro Rail Project will be completed by the end of 2015. A decision on the Western Distributor is also expected by the end of 2015, at which point more details should be released. The Committee therefore anticipates that it will be able to undertake deeper analyses of these projects with the next report.



From the Committee's perspective, the completion and release of business cases and plans is a key priority. As part of these business cases and plans, the Committee would expect to see plans for managing the disruptions caused by these projects, the finalisation of funding arrangements and more precise cost estimates.

The Committee also hopes to see the development of broader, long-term infrastructure plans to ensure that the full benefits of projects are achieved.



## 1.1 Scope of the inquiry

On 27 May 2015, the Legislative Council referred an ongoing inquiry to the Economy and Infrastructure Committee with the following terms of reference:

... to inquire into, consider and report, at least once every six months, on public sector infrastructure and public works projects, including current and past infrastructure projects and proposals and, in particular –

- (a) projects relating to the removal of railway level crossings;
- (b) the Western Distributor;
- (c) the Melbourne Metro Rail Project;
- (d) the sale/lease of Port of Melbourne; and
- (e) Melbourne Airport Rail Link;

and any other public sector infrastructure or public works projects the Committee determines appropriate.

This is the first of at least six reports that will be tabled as part of this inquiry.

This first report is primarily focused on getting an overview of the projects, as a number of the projects are still in the early stages. Business cases and detailed plans have not been finalised for three of the projects which are currently underway (the Level Crossing Removal Program, the Western Distributor and the Melbourne Metro Rail Project). As a result, the information in this report primarily reflects statements made by the Government or the people delivering the projects.

In the absence of business cases and similar documents outlining the bases for these statements, the Committee has not been able to conduct a thorough assessment of the claims made about the projects. This includes statements about the expected benefits, estimated costs and anticipated disruptions. The Committee anticipates much more information being available by the time of the next report. At that time, the Committee will be able to conduct a more critical analysis of the plans and assumptions for these projects.

In addition, two key management authorities (the Level Crossing Removal Authority and the Melbourne Metro Rail Authority) have only recently been established. The Committee has met with representatives of each authority, but has only sought basic information from these bodies, as they are still undertaking the major task of establishing themselves.

Similarly, the Government has indicated that it will introduce two new bodies relating to infrastructure delivery in Victoria – Infrastructure Victoria and Projects Victoria. The legislation to establish Infrastructure Victoria has only recently been passed (September 2015)<sup>1</sup> and Projects Victoria has been funded<sup>2</sup> but has not yet begun operations. Infrastructure Victoria is expected to develop a long-term infrastructure strategy and provide advice to the Government on priorities.<sup>3</sup> Projects Victoria is expected to oversee the delivery of major projects and improve project development and delivery.<sup>4</sup>

Once the projects are further progressed and the relevant bodies more established, the Committee will be able to explore a number of issues in more depth.

The Committee has determined not to look at the Port of Melbourne as part of this first report. In August 2015, the Legislative Council established a select committee “to inquire into and report on the proposed lease”, with detailed terms of reference (see Section 5.2). To enable the Select Committee to undertake its inquiry, the Committee resolved to defer its consideration of the lease of the Port of Melbourne until its next report (mid-2016). At that time, the Committee will be able to consider the findings of the Select Committee (due on 30 November 2015), along with any subsequent developments.

As a result of the reduced scope for this first report and the early stages of these projects, this report does not include any recommendations. However, the Committee has identified a number of areas of particular importance or concern. The Committee will be examining progress in these areas in future reports and will make recommendations in those reports as appropriate.

## 1.2 The process

In the preparation of this report, the Committee held public hearings and heard evidence from six witnesses:

- Mr Kevin Devlin, Chief Executive Officer, Level Crossing Removal Authority
- Mr Evan Tattersall, Chief Executive Officer, Melbourne Metro Rail Authority
- Mr Gary Liddle, Acting Chief Executive Officer, Public Transport Victoria
- Mr John Merritt, Chief Executive, VicRoads
- Mr Robert Vaughan, Project Director, Level Crossing Removal Project, Metro Trains Melbourne
- Mr Scott Charlton, Chief Executive Officer, Transurban.

Transcripts from the hearings are available on the Committee’s website ([www.parliament.vic.gov.au/eic](http://www.parliament.vic.gov.au/eic)).

1 *Infrastructure Victoria Act 2015*

2 Department of Treasury and Finance, *Budget Paper No.3: 2015-16 Service Delivery* (2015), pp.92-3

3 *Ibid.*, p.313

4 *Ibid.*, p.93

In addition to the public hearings, the Committee sought answers to a number of questions from the Minister for Public Transport, Hon. Jacinta Allan MP, through correspondence. The Committee received a response from the Minister on 23 November. The Minister also supplied a copy of the business case prepared in 2011 for the Melbourne Metro project. However, the Committee was disappointed to note that the Minister's response failed to directly address a number of the Committee's questions.

The Committee also made use of a variety of publicly available materials.

### **1.3 The report**

This report provides an introduction to the key infrastructure projects identified by the terms of reference for the inquiry. This report includes:

- summaries of each of the five specified projects and their intended benefits
- information on their current stages of development
- future plans for the projects (where relevant)
- issues raised with key organisations in public hearings.

The report is not intended to be a comprehensive analysis of the projects. The time available to the Committee for this initial phase of the inquiry, the current status of several bodies and the need to provide an initial outline of the projects have meant that a comprehensive analysis has not been practicable.

Future reports are expected to examine the projects in more detail.



# 2

## Level Crossing Removal Program

### 2.1 Overview

The Level Crossing Removal Program is intended to remove 50 level crossings around Melbourne. In some cases, various enhancements to the surrounding areas are also planned. The Government has undertaken to remove 20 of these level crossings by 2018.<sup>5</sup> The Government has estimated the cost of the program at \$5.0-6.0 billion, including up to \$2.4 billion over the next four years.<sup>6</sup>

The Government has identified the 19 crossings to be removed first. The order of the remaining crossings is still to be determined.<sup>7</sup>

The business case and strategic plan for the program have not yet been finalised.<sup>8</sup> Once this work has been completed, the Committee will be able to look at the project in more detail. The Committee will be particularly keen to see appropriate plans in place to mitigate disruptions to road and rail users in the plan, along with more detailed costings.

### 2.2 Background

The removal of metropolitan level crossings has been a priority for successive governments. The previous government provided the first tranche of funding for a program to remove level crossings in 2011,<sup>9</sup> and launched the Metro Level Crossing Blitz Program in 2013.<sup>10</sup> In total, the previous government planned to remove 27 level crossings.<sup>11</sup>

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5 Mr Kevin Devlin, Level Crossing Removal Authority, *Public Hearing*, 1 September 2015, p.2

6 Department of Treasury and Finance, *Budget Paper No.3: 2015-16 Service Delivery* (2015), p.41; Department of Treasury and Finance, *Getting on with It: 2015-16 Budget Information Paper* (2015), p.3

7 See further discussion with Mr Gary Liddle, Public Transport Victoria (*Public Hearing*, 6 October 2015, pp.15-16)

8 Mr Kevin Devlin, Level Crossing Removal Authority, *Public Hearing*, 1 September 2015, p.4

9 Department of Treasury and Finance, *Budget Paper No.3: 2011-12 Service Delivery* (2011), p.86

10 Department of Treasury and Finance, *Budget Paper No.3: 2013-14 Service Delivery* (2013), p.56

11 Department of Treasury and Finance, *Infrastructure Investment: 2014-15 Budget Information Paper* (2014), p.17. The previous government also noted that it was delivering 13 grade separations as part of the Regional Rail Link.

In total, five level crossings were removed before the 2014 election.<sup>12</sup> Funding (totalling \$659.3 million) for the construction of four further removals<sup>13</sup> was included in the 2014-15 budget estimates and expressions of interest were sought during 2014.<sup>14</sup> Funding for the construction of another four crossings<sup>15</sup> was provided in the 2014-15 Budget as part of the \$2.0-2.5 billion Cranbourne-Pakenham Rail Corridor project.<sup>16</sup> An additional 14 crossings were in planning, with the locations of seven announced.<sup>17</sup> The previous government also stated its intention to develop a pipeline of level crossings to be removed in the longer term.<sup>18</sup>

Prior to the 2014 election, the Labor Party committed to “remove 50 of the most dangerous and congested level crossings on the metropolitan rail network”.<sup>19</sup> The specific level crossings to be removed were determined by the Labor Party prior to the election.<sup>20</sup>

## 2.3 The program

The removal of the 50 specified crossings (referred to as the Level Crossing Removal Program) was funded in the 2015-16 Budget, following the Labor Party’s election. The program aims to remove the 50 crossings over the next eight years, with 20 to be completed by 2018.<sup>21</sup> Nineteen level crossings have been identified as the first to be removed. The nineteen were selected because planning work had already been done for them by VicRoads<sup>22</sup> (fifteen of these crossings had been included in the previous government’s plans<sup>23</sup>) or because they were close to the ones for which planning work had started.<sup>24</sup>

12 Rooks Road (Mitcham), Mitcham Road (Mitcham), Springvale Road (Springvale), Anderson Road South (Sunshine) and Anderson Road North (Sunshine) – Department of Transport, Planning and Local Infrastructure, *Plan Melbourne: Metropolitan Planning Strategy* (2014), p.95; Hon. Terry Mulder MP, Minister for Public Transport and Minister for Roads, “No More Driver Frustration as Sunshine Level Crossing Removal Makes History” (media release), 23 June 2014

13 Burke Road (Glen Iris), North Road (Ormond), Blackburn Road (Blackburn) and Main Road (St Albans)

14 Department of Treasury and Finance, *Budget Paper No.3: 2014-15 Service Delivery* (2014), p.64; Hon. Michael O’Brien MP, Treasurer, “Shortlisted Bidders to Deliver Metro Level Crossing Blitz” (media release), 29 October 2014

15 Murrumbeena Road (Murrumbeena), Clayton Road (Clayton), Centre Road (Clayton) and Koornang Road (Carnegie)

16 Department of Transport, Planning and Local Infrastructure, *Plan Melbourne: Metropolitan Planning Strategy* (2014), p.95, 97; Department of Treasury and Finance, *Budget Paper No.3: 2014-15 Service Delivery* (2014), pp.64, 67

17 Department of Treasury and Finance, *Infrastructure Investment: 2014-15 Budget Information Paper* (2014), p.17; Department of Transport, Planning and Local Infrastructure, *Plan Melbourne: Metropolitan Planning Strategy* (2014), pp.95, 97

18 Department of Transport, Planning and Local Infrastructure, *Plan Melbourne: Metropolitan Planning Strategy* (2014), p.98

19 Victorian Labor, *Project 10,000* [2013], p.21

20 Hon. Daniel Andrews MP, Premier, “Only Labor Will Remove 50 Level Crossings” <[www.danielandrews.com.au/policy/only-labor-will-remove-50-level-crossings](http://www.danielandrews.com.au/policy/only-labor-will-remove-50-level-crossings)>, accessed 28 November 2014

21 Department of Treasury and Finance, *Budget Paper No.3: 2015-16 Service Delivery* (2015), p.41; Mr Kevin Devlin, Level Crossing Removal Authority, *Public Hearing*, 1 September 2015, p.2

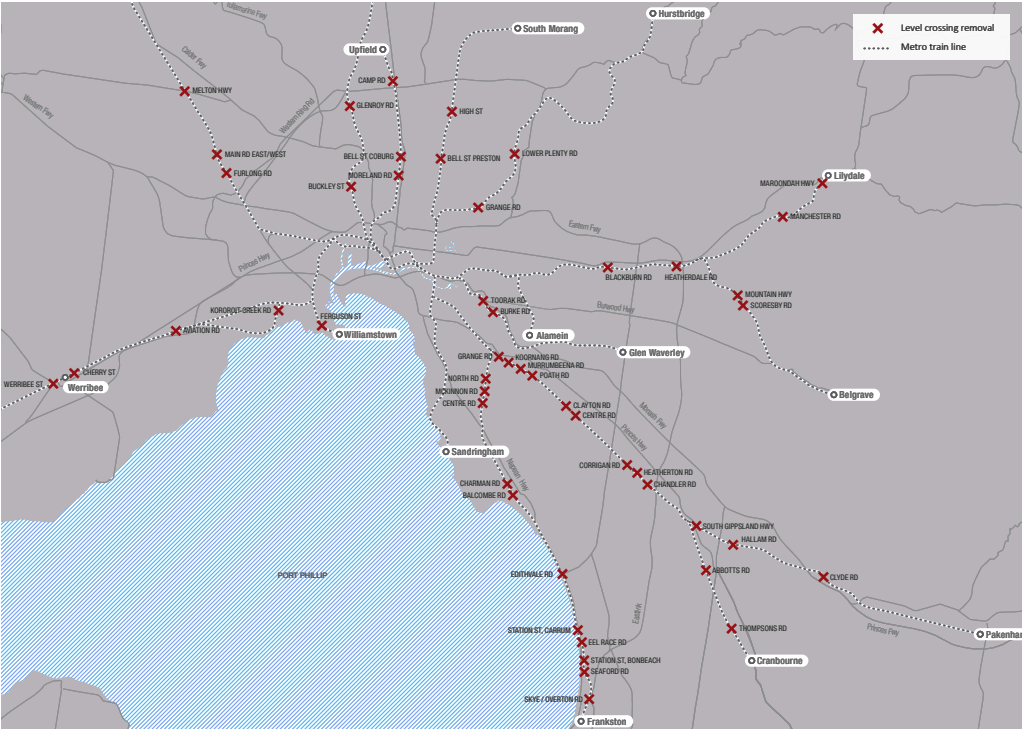
22 Mr Kevin Devlin, Level Crossing Removal Authority, *Public Hearing*, 1 September 2015, p.8

23 Committee calculations.

24 Mr John Merritt, VicRoads, *Public Hearing*, 6 October 2015, p.2



Figure 2.1 Level crossings to be removed



Source: Department of Treasury and Finance, *Getting on with It: 2015-16 Budget Information Paper* (2015), pp.4-5

The Government has established a new body to oversee the program – the Level Crossing Removal Authority. The Authority has indicated that it is treating the 50 removals as a program of works rather than as individual projects. Mr Kevin Devlin, the Chief Executive Officer of the Authority, expected this approach to enable efficiencies through doing “corridors of work”, that is, a number of crossings on the same line. This is expected to reduce costs and disruptions to both road and rail networks.<sup>25</sup>

Mr Devlin also indicated that approaching the projects as a program of work enabled a process of continuous improvement to further drive efficiencies.<sup>26</sup>

In addition to removing the level crossings, Mr Devlin informed the Committee that:<sup>27</sup>

In the process we are also identifying and hoping to deliver some community-enhancing, value-capture opportunities at these particular sites to enhance the public realm around the level crossing removals, many of which are embedded within key activity centres and shopping strips.

This includes rebuilding stations, modifying stations, power upgrades and signalling upgrades.<sup>28</sup>

25 Mr Kevin Devlin, Level Crossing Removal Authority, *Public Hearing*, 1 September 2015, pp.3, 7

26 *Ibid.*, p.3

27 *Ibid.*, p.2

28 *Ibid.*, pp.3-4

The Committee was also informed that the Level Crossing Removal Authority was looking at undertaking construction work “offline” (that is, not directly on the rail network), to reduce the costs associated with working in a live rail environment.<sup>29</sup>

## 2.4 Intended benefits

According to the Level Crossing Removal Authority, the removals will:<sup>30</sup>

- deliver significant safety improvements for drivers and pedestrians
- improve travel around Melbourne – whether you’re a train user, pedestrian, cyclist or driver
- get people home safer and faster
- make our roads more reliable, enabling people to better predict their travel times
- stimulate economic growth by creating thousands of jobs during construction
- revitalise local communities, with many areas benefiting from station rebuilds
- enable more trains to run more often and on time.

Mr Devlin provided more details about how the program will provide for additional public transport. He explained that there are limits to the amount of time that boom gates can be down, to allow for the needs of road users. These limits restrict the number of train services that can run.<sup>31</sup> Removing level crossings can therefore increase the capacity of the lines. In the case of the Cranbourne-Pakenham line, all level crossings will be removed between Caulfield and Dandenong. This is expected to enable an additional 37 trains to run on that corridor.<sup>32</sup>

In addition to the above, Mr Devlin indicated to the Committee that the benefits of the program also included:<sup>33</sup>

- “improving the reliability, accessibility and intermodal transport solutions at these interchanges, connecting buses, aligning timetables better with these central transport hubs, which a lot of these locations are”
- reconnecting suburbs currently divided by level crossings, providing urban renewal opportunities and “enhance[d] community outcomes”
- supporting the freight industry.

The Minister for Public Transport also noted the importance of this program for the freight industry. In a hearing with the Public Accounts and Estimates Committee, she explained that the Cranbourne-Pakenham line is a busy freight

<sup>29</sup> Ibid., pp.3, 7

<sup>30</sup> Level Crossing Removal Authority, “About the Project” <[levelcrossings.vic.gov.au/about](http://levelcrossings.vic.gov.au/about)>, accessed 29 October 2015

<sup>31</sup> Mr Kevin Devlin, Level Crossing Removal Authority, *Public Hearing*, 1 September 2015, p.2

<sup>32</sup> Ibid., p.4

<sup>33</sup> Ibid., p.2

corridor as well as a busy passenger corridor and removing level crossings will enable more slots to be available for freight trains.<sup>34</sup> She also noted that it will enable a more reliable regional passenger service from Gippsland.<sup>35</sup>

The 2015-16 budget papers estimate that the program would create a peak of 4,500 jobs<sup>36</sup> and Mr Devlin estimated “in the order of 4000-odd jobs”, with approximately 10 to 20 per cent “white collar” and the balance “blue collar”.<sup>37</sup> However, Mr Gary Liddle of Public Transport Victoria indicated that they were still determining how to track actual job numbers.<sup>38</sup>

## 2.5 Funding

The Government has committed \$5.0-6.0 billion for the Level Crossing Removal Program. The 2015-16 budget papers note that \$2.0-2.4 billion of that will be spent over the next four years. However, the budget papers do not break that figure down into individual years, with the exception of \$3.0 million that was expected to be spent during 2014-15.<sup>39</sup>

Two contracts have been awarded to date (see Section 2.6), with:

- \$524 million for the first package of four crossings<sup>40</sup>
- \$481 million for the second package of four crossings.<sup>41</sup>

## 2.6 Progress to date

Prior to the 2014 election, VicRoads had commenced the procurement process on four level crossing removals as part of the previous government’s plans (see Section 2.2). Following the election, this process was expanded to include an additional four sites that were on the list of 50 committed to by the Government while in opposition. These additional four sites were selected because of their proximity to the first four.<sup>42</sup>

34 Hon. Jacinta Allan MP, Minister for Public Transport, *Public Hearing for the Public Accounts and Estimates Committee’s Inquiry into the 2015-16 Budget Estimates*, 15 May 2015, p.17

35 *Ibid.*, p.25

36 Department of Treasury and Finance, *Budget Paper No.3: 2015-16 Service Delivery* (2015), p.41

37 Mr Kevin Devlin, Level Crossing Removal Authority, *Public Hearing*, 1 September 2015, p.7

38 Mr Gary Liddle, Public Transport Victoria, *Public Hearing*, 6 October 2015, p.9

39 Department of Treasury and Finance, *Budget Paper No.3: 2015-16 Service Delivery* (2015), pp.36, 41; Department of Treasury and Finance, *Getting on with It: 2015-16 Budget Information Paper* (2015), p.3

40 Hon. Daniel Andrews MP, Premier, “Contract Awarded for First Four Level Crossing Removals” (media release), 19 May 2015

41 Hon. Daniel Andrews MP, Premier, “Level Crossing Contract Awarded with Works to Start within Weeks” (media release), 8 September 2015

42 Mr John Merritt, VicRoads, *Public Hearing*, 6 October 2015, p.2

These eight crossings have been divided into two packages (see Appendix 1) and alliance contracts have been established for each:<sup>43</sup>

- for Package 1 (four projects), a contract has been awarded to a consortium of John Holland and KBR, with the alliance contract also including the Level Crossing Removal Authority, VicRoads and Metro Trains Melbourne
- for Package 2 (four projects), the contract has been awarded to Leighton Contractors, Aurecon and Hyder Consulting, with the alliance contract also including the Level Crossing Removal Authority, VicRoads and Metro Trains Melbourne.

Work on both packages has begun.<sup>44</sup>

For a third package, consisting of nine level crossings between Caulfield and Dandenong (see Appendix 1), the tender process has begun but had not been concluded in October 2015.<sup>45</sup>

A fourth package of two crossings in Bayswater (see Appendix 1) has gone to tender, with a preferred bidder identified.<sup>46</sup>

A fifth package of eight projects on the Frankston line (see Appendix 1) was announced in November 2015, with construction expected to start in 2018.<sup>47</sup>

As the first two packages were commenced by VicRoads, VicRoads is currently the lead party within the alliance contracts. However, VicRoads intends to novate the contracts to the newly formed Level Crossing Removal Authority and then become a service provider.<sup>48</sup>

In September, the Committee was advised that the Level Crossing Removal Authority had approximately 80 staff and 40 advisers but was continuing to hire staff, with a full complement of 220 staff anticipated.<sup>49</sup> Approximately twelve staff have been seconded from VicRoads to facilitate appropriate planning for road network issues.<sup>50</sup> The Authority is working with Public Transport Victoria to ensure that the works reflect the needs of the public transport network and Metro Trains Melbourne is also providing advice.<sup>51</sup>

43 Mr Robert Vaughan, Metro Trains Melbourne, *Public Hearing*, 6 October 2015, pp.3, 9; Mr John Merritt, VicRoads, *Public Hearing*, 6 October 2015, pp.2-3; Mr Kevin Devlin, Level Crossing Removal Authority, *Public Hearing*, 1 September 2015, p.3; Hon. Daniel Andrews MP, Premier, "Level Crossing Contract Awarded with Works to Start within Weeks" (media release), 8 September 2015

44 Mr Kevin Devlin, Level Crossing Removal Authority, *Public Hearing*, 1 September 2015, p.3; Level Crossing Removal Authority, "Level Crossings" <levelcrossings.vic.gov.au/crossings>, accessed 2 November 2015

45 Mr Robert Vaughan, Metro Trains Melbourne, *Public Hearing*, 6 October 2015, p.3

46 Ibid.; Hon. Jacinta Allan MP, Minister for Public Transport, "Bayswater Crossings Next to Go in Labor Government Blitz" (media release), 5 November 2015

47 Hon. Daniel Andrews MP, Premier, "Work on Eight More Frankston Line Crossings to Start This Term" (media release), 8 November 2015

48 Mr John Merritt, VicRoads, *Public Hearing*, 6 October 2015, pp.2-3, 9; Mr Gary Liddle, Public Transport Victoria, *Public Hearing*, 6 October 2015, p.9

49 Mr Kevin Devlin, Level Crossing Removal Authority, *Public Hearing*, 1 September 2015, p.2

50 Ibid., p.11

51 Mr Gary Liddle, Public Transport Victoria, *Public Hearing*, 6 October 2015, p.3; Mr Robert Vaughan, Metro Trains Melbourne, *Public Hearing*, 6 October 2015, p.3

The Committee was informed that a significant program of consultation had accompanied work to date. Mr Devlin advised the Committee that:<sup>52</sup>

I have been meeting with all the councils and CEOs. We have been undertaking community information sessions, trader workshops and visits. At the moment I think we have hosted over 50 community and trader information sessions. We have distributed newsletters, community updates, to over 200 000 households, and we have also been at many of the stations and shopping centres with pop-up sessions to inform the community about what is coming and to encourage contributions to our engagement task.

We are using some innovative interactive mechanisms, some social media channels. We are trialling a new interactive social media platform called Social Pinpoint, which is an opportunity for the community to go on to a geographic site and pin, essentially, comments, concerns and issues at each particular site across the network. We have had over 1500 responses to that Social Pinpoint, so everyone can go and view what everyone is saying. It is a very effective way of capturing concerns, issues and knowledge as well.

We have also established on the Caulfield–Dandenong line some urban design principles in partnership with the local councils, which we are consulting on to inform and ensure we get a really good urban design outcome with the level crossings.

Mr Devlin also indicated that a community tender advisory panel was being trialled for the Caulfield to Dandenong package.<sup>53</sup>

Mr Devlin stated that consultation had begun with local councils and other government stakeholders for other level crossings that are being planned.<sup>54</sup> He indicated that all members of Parliament in the relevant areas will be consulted.<sup>55</sup>

## 2.7 Future work and timelines

The Committee was informed that the Level Crossing Removal Authority was expected to reach its full staffing complement by the end of 2015.<sup>56</sup>

The business case for the program is expected to be completed by late 2015, and will include “the road map and strategic plan for delivery and sequencing and packaging of the 50 level crossings and also outlines the overall net benefits to the program as a program of 50.”<sup>57</sup> The strategic plan will also seek to identify the best strategy for managing the impact on the road and rail network,<sup>58</sup> including access to replacement bus services.<sup>59</sup>

<sup>52</sup> Mr Kevin Devlin, Level Crossing Removal Authority, *Public Hearing*, 1 September 2015, p.4

<sup>53</sup> *Ibid.*, p.5

<sup>54</sup> *Ibid.*

<sup>55</sup> *Ibid.*, pp.11-12

<sup>56</sup> *Ibid.*, p.2

<sup>57</sup> *Ibid.*, p.4

<sup>58</sup> *Ibid.*, p.6

<sup>59</sup> *Ibid.*, pp.14-15

The business case will be jointly owned by Public Transport Victoria and the Level Crossing Removal Authority.<sup>60</sup> Mr Liddle from Public Transport Victoria noted the importance of ensuring that the program delivers the outcomes that Public Transport Victoria is seeking to achieve for the public transport network as a whole.<sup>61</sup>

In terms of construction work:

- Package 1 is expected to be completed by 2018<sup>62</sup>
- Package 2 is expected to be completed by mid-2017<sup>63</sup>
- the Caulfield to Dandenong package is expected to begin in 2016 and be completed by 2018<sup>64</sup>
- Package 4 is expected to start in 2015 and be completed by late 2017<sup>65</sup>
- Package 5 is expected to commence in 2018.<sup>66</sup>

The Committee was informed that planning will take place for all 50 crossings in the short term:<sup>67</sup>

We are very confident of achieving 20 complete by the end of 2018, but over the next 12 to 18 months we have got considerable planning and development work to do on the balance of the 33. It will not be a program of ‘Do these 20 and then that 30’, it will be, as you describe it, a progressive rollout with all the level crossings being at various stages of construction right up to 2022.

## 2.8 Managing disruption

During the construction process there are going to be significant disruptions to both road and rail users. Mr Liddle of Public Transport Victoria explained:<sup>68</sup>

... inevitably there will be disruption when we are doing such major works across the whole network, so we acknowledge that. Our task is to make that the best outcome we can for commuters and make sure people are informed about what that disruption is so that they can plan their journeys.

<sup>60</sup> Mr Gary Liddle, Public Transport Victoria, *Public Hearing*, 6 October 2015, p.15

<sup>61</sup> *Ibid.*, p.12

<sup>62</sup> Hon. Daniel Andrews MP, Premier, “Contract Awarded for First Four Level Crossing Removals” (media release), 19 May 2015

<sup>63</sup> Mr Kevin Devlin, Level Crossing Removal Authority, *Public Hearing*, 1 September 2015, p.5; Hon. Daniel Andrews MP, Premier, “Level Crossing Contract Awarded with Works to Start within Weeks” (media release), 8 September 2015

<sup>64</sup> Hon. Daniel Andrews MP, Premier, “Shortlist Announced for Nine Level Crossing Removals” (media release), 7 July 2015

<sup>65</sup> Hon. Jacinta Allan MP, Minister for Public Transport, “Bayswater Crossings Next to Go in Labor Government Blitz” (media release), 5 November 2015

<sup>66</sup> Hon. Daniel Andrews MP, Premier, “Work on Eight More Frankston Line Crossing to Start This Term” (media release), 8 November 2015

<sup>67</sup> Mr Kevin Devlin, Level Crossing Removal Authority, *Public Hearing*, 1 September 2015, p.8

<sup>68</sup> Mr Gary Liddle, Public Transport Victoria, *Public Hearing*, 6 October 2015, p.12

The Level Crossing Removal Authority is exploring a number of techniques to reduce disruptions, including:<sup>69</sup>

- doing some of the work “offline” (that is, not directly on the rail network)
- temporarily moving the tracks so that trains can continue running under low speed
- undertaking work on multiple crossings at the same time.

Mr Vaughan from Metro Trains Melbourne also noted the importance of co-ordinating work on the Level Crossing Removal Program with maintenance works to minimise disruptions.<sup>70</sup>

Mr Merritt from VicRoads noted the importance of undertaking work in the time windows that will cause the least inconvenience. He noted that this approach makes minimising delays a key concern.<sup>71</sup> Mr Merritt also indicated that VicRoads is looking at options to make replacement buses more efficient, such as adjusting the traffic light system to favour the buses.<sup>72</sup>

The Committee was informed that the contractors undertaking the level crossing removals will be responsible for the supply of buses to replace trains and the timetabling of these buses.<sup>73</sup> Mr Liddle informed the Committee that:<sup>74</sup>

While they [the contractors] actually would set the timetable, it would be done in collaboration with PTV [Public Transport Victoria]. It is true that they will actually arrange the services as part of their contracts, but the actual arrangement of the timetables for those will be a collaborative effort between the contractors and PTV to ensure that we have the right level of service going forward for those replacement buses.

## 2.9 Committee comments

A key next step for this program is the finalisation of the business case. As the Committee was informed, this will identify the strategic plan, the sequence of crossing removals and the benefits of the program (see Section 2.7). The business case will be an important component of the accountability framework for this project. The Committee anticipates examining this document as part of its next review of the Level Crossing Removal Program.

Several witnesses provided information about work being done to manage and minimise disruptions (see Section 2.8), and this is another area that the Committee will be watching as the project progresses. Effective community

<sup>69</sup> Mr Kevin Devlin, Level Crossing Removal Authority, *Public Hearing*, 1 September 2015, pp.3, 7

<sup>70</sup> Mr Robert Vaughan, Metro Trains Melbourne, *Public Hearing*, 6 October 2015, p.12

<sup>71</sup> Mr John Merritt, VicRoads, *Public Hearing*, 6 October 2015, p.12

<sup>72</sup> Ibid.

<sup>73</sup> Mr Kevin Devlin, Level Crossing Removal Authority, *Public Hearing*, 1 September 2015, p.15; Mr Gary Liddle, Public Transport Victoria, *Public Hearing*, 6 October 2015, p.4

<sup>74</sup> Mr Gary Liddle, Public Transport Victoria, *Public Hearing*, 6 October 2015, p.4

engagement will be an important part of this, as will effective engagement with other authorities. The Committee notes the information provided by Mr Devlin about work undertaken so far and the anticipated future work (see Section 2.6).

As with all infrastructure projects, managing the costs is also going to be important. In this case, the Committee has been informed that the Level Crossing Removal Authority is looking at a number of ways to produce efficiencies (see Section 2.3). The Committee will be looking to see whether or not the efficiencies are actually realised. Where efficiencies are achieved, the Committee will be looking at whether they enable the anticipated reductions in cost.



# 3

## Western Distributor

### 3.1 Overview

The Western Distributor is a proposal to take traffic off the West Gate Bridge by providing an alternative route from the West Gate Freeway to West Melbourne. The proposal includes a tunnel and elevated motorway through Yarraville and Footscray.

The project is a “market-led” proposal from Transurban, a private sector company. In November 2015, the Minister for Public Transport informed the Committee that, “The Western Distributor Project is under consideration by government.”<sup>75</sup>

It is too early in the process for the Committee to make significant findings on the project, as many aspects of the project are still to be determined. Much of the information in this chapter is drawn from Transurban’s publications. The Committee has not had the opportunity to verify the information and has not come to an overall view on the project at this time. The Committee has noted concerns about the transparency of the market-led proposal process, the need for appropriate plans to make the Western Distributor an attractive option for trucks and the potential negative impacts on Yarraville and Footscray residents. The Committee will be exploring these and other issues in more depth in future reports, should the Government proceed with the proposal.

The Committee took evidence from the Chief Executive Officer of Transurban on 18 November. This hearing took place too late for the information to be fully considered as part of this report. However, this hearing will contribute to the Committee’s next report. A transcript of the hearing can be found on the Committee’s website ([www.parliament.vic.gov.au/eic](http://www.parliament.vic.gov.au/eic)).

### 3.2 Background

While in opposition, the Labor Party committed to a project referred to as the West Gate Distributor. This project was expected to divert 5,000 trucks per day off the West Gate Bridge by providing an alternative route from the West Gate Freeway to the port through Yarraville and Footscray.<sup>76</sup> The Labor Party estimated the cost at \$400-500 million, with tolls to fund “a considerable portion of the project”.<sup>77</sup>

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<sup>75</sup> Hon. Jacinta Allan MP, Minister for Public Transport, correspondence received 23 November 2015

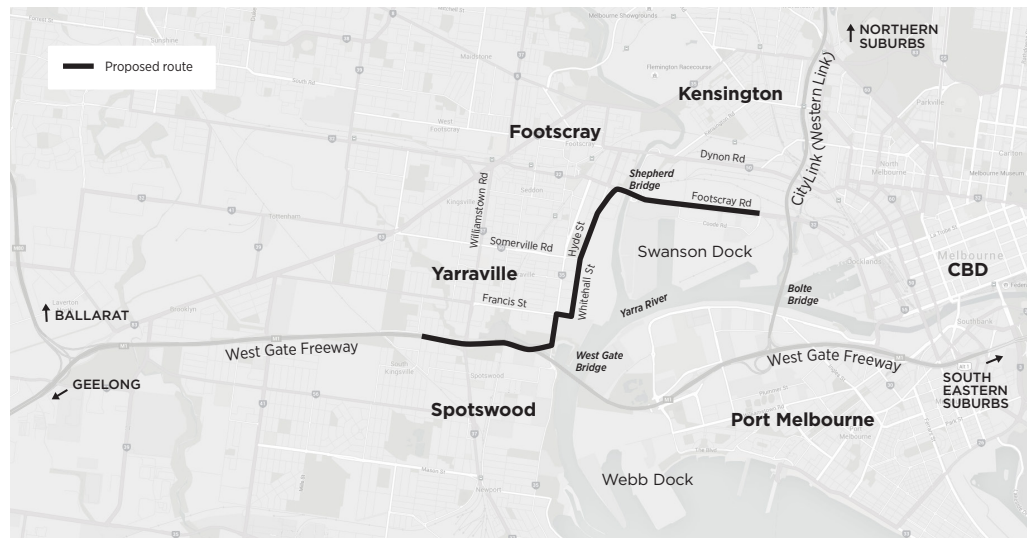
<sup>76</sup> Victorian Labor, *Project 10,000* [2013], pp.32-3

<sup>77</sup> *Ibid.*, p. 30

The intention of the West Gate Distributor was to:<sup>78</sup>

- ease congestion for city-bound traffic from Geelong, Ballarat and the western suburbs
- increase productivity for the freight industry accessing the port by reducing journey times
- provide easier access to the northern and western parts of the CBD.

**Figure 3.1** West Gate Distributor



Note: This map is approximate and does not represent a finalised proposal.

Source: Economy and Infrastructure Committee, based on Victorian Labor, *Project 10,000* [2013], p.33 (map data ©2015 Google)

The Government has identified the project as one of its top transport priorities.<sup>79</sup>

In January 2015, the Government called for expressions of interest for the first stage of the West Gate Distributor.<sup>80</sup> This first stage “includes the widening of Whitehall Street to provide an upgraded connection to Footscray Road, and the strengthening and widening of Shepherd Bridge over the Maribyrnong River.”<sup>81</sup> This is expected to cost \$40.1 million and to be completed by mid-2017.<sup>82</sup>

<sup>78</sup> Ibid., p. 33

<sup>79</sup> VicRoads, “West Gate Distributor – Northern Section” <[www.vicroads.vic.gov.au/planning-and-projects/melbourne-road-projects/west-gate-distributor](http://www.vicroads.vic.gov.au/planning-and-projects/melbourne-road-projects/west-gate-distributor)>, accessed 29 October 2015

<sup>80</sup> Hon. Daniel Andrews MP, Premier, “Straight to Work: 5000 Trucks off the West Gate” (media release), 21 January 2015

<sup>81</sup> Department of Treasury and Finance, *Budget Paper No.3: 2015-16 Service Delivery* (2015), p.45

<sup>82</sup> Ibid., pp.21, 37; Department of Treasury and Finance, *Budget Paper No. 4: 2015-16 State Capital Program* (2015), p.17

In March 2015, Transurban submitted a proposal for an alternative project – the Western Distributor.<sup>83</sup> Whereas the West Gate Distributor would upgrade and duplicate existing roads in Yarraville and Footscray,<sup>84</sup> the Western Distributor would build a tunnel and elevated roadway through Yarraville and Footscray.<sup>85</sup>

The Western Distributor is still being considered by the Government. The Minister for Roads and Road Safety has stated that Stage 1 of the West Gate Distributor “will proceed irrespective of whether we proceed with the West Gate distributor or the western distributor.”<sup>86</sup>

### 3.3 The project

Transurban has indicated that its proposal includes three key sections:<sup>87</sup>

- Western Distributor – a proposed tunnel and elevated motorway that connects the West Gate Freeway with the Port, CityLink and the CBD, providing an alternate river crossing and easing pressure on the West Gate Bridge.
- West Gate Freeway widening – additional lanes from the M80 Ring Road to the West Gate Bridge to boost capacity.
- Webb Dock access improvements – upgrading Cook Street and the West Gate Freeway-to-Bolte Bridge ramp to complement works already underway and improve safety and access from Webb Dock.

Transurban released an updated proposal in September 2015. Transurban stated that the update was in response to community consultation and technical work undertaken during 2015.<sup>88</sup> However, one of the Committee’s members, after attending some of the sessions run by Transurban, had several concerns about the way that the community engagement process had been undertaken.

The primary change between this proposal and earlier plans relates to the location of the southern tunnel entrance.<sup>89</sup> The new location would require ramps to be built over the Stony Creek Reserve. Transurban has proposed offsetting the lost public space by acquiring some private land which is currently contaminated, decontaminating it and making it new open public space. The Committee was informed that the ramps would be “at the closest point about 150 metres from any homes”.<sup>90</sup> Concerns will continue throughout the development process about the closeness of these ramps to people’s homes.

<sup>83</sup> Department of Treasury and Finance, “Market-Led Proposals” <[www.dtf.vic.gov.au/Infrastructure-Delivery/Market-led-proposals](http://www.dtf.vic.gov.au/Infrastructure-Delivery/Market-led-proposals)>, accessed 10 October 2015

<sup>84</sup> Victorian Labor, *Project 10,000* [2013], p. 33

<sup>85</sup> Transurban, “Western Distributor” <[www.transurban.com/westerndistributor.htm](http://www.transurban.com/westerndistributor.htm)>, accessed 16 October 2015

<sup>86</sup> Hon. Luke Donnellan MP, Minister for Roads and Road Safety, *Public Hearing for the Public Accounts and Estimates Committee’s Inquiry into the 2015-16 Budget Estimates*, 22 May 2015, p.3, cf. p.5

<sup>87</sup> Transurban, “Western Distributor” <[www.transurban.com/westerndistributor.htm](http://www.transurban.com/westerndistributor.htm)>, accessed 16 October 2015

<sup>88</sup> Transurban, *Western Distributor: Proposal Design Update* (September 2015)

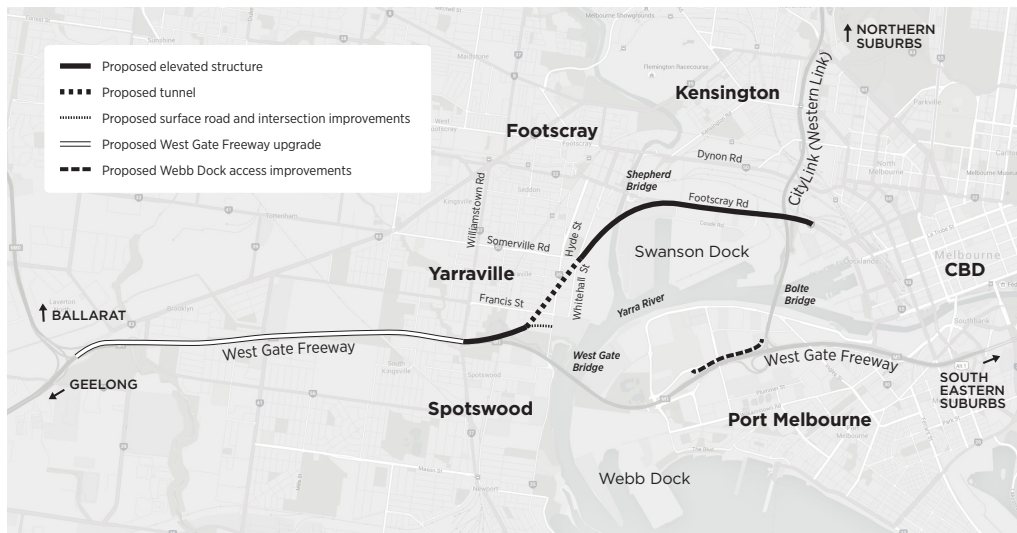
<sup>89</sup> Ibid.

<sup>90</sup> Mr Scott Charlton, Transurban, *Public Hearing*, 18 November 2015, p.8

Mr Charlton, Chief Executive Officer of Transurban, informed the Committee that no residential properties would need to be acquired under the current proposal, though parts of some commercial properties would need to be acquired.<sup>91</sup>

A number of details of the project are still to be finalised.

**Figure 3.2** Most recent Western Distributor proposal (as at September 2015)



Note: This map is approximate and does not represent a finalised proposal.  
 Source: Economy and Infrastructure Committee, based on Transurban, *Western Distributor: Proposal Design Update* (September 2015) (map data ©2015 Google)

### 3.4 Intended benefits

The project is intended to ease traffic congestion. Transurban has estimated that:<sup>92</sup>

The Western Distributor would nearly halve travel times for trips to the city from the M80-West Gate Freeway interchange during the morning peak and help wipe around 15 minutes off trips to the city from Geelong and Ballarat.

Truck trips into the Port of Melbourne would be up to three times faster and the proposal would take up to 50 per cent of trucks off local roads in the inner west, improving liveability.

The Committee notes that the assumptions and modelling underlying these estimates have not been made public and the Committee has not been able to assess their reasonableness.

<sup>91</sup> Ibid., pp.3, 6  
<sup>92</sup> Transurban, “Victorian Government and Transurban to Progress Western Distributor Proposal” (media release), 30 April 2015

Transurban also estimates that the project would:<sup>93</sup>

- reduce travel times for motorists heading west in the afternoon peak
- enhance road safety, including for cyclists.

Transurban considers that the project would facilitate access to jobs in the centre and east of Melbourne for people living in the western suburbs.<sup>94</sup> Transurban has emphasised the importance of these benefits in the context of Melbourne's anticipated population growth.<sup>95</sup>

Removing trucks from the roads in Yarraville and Footscray is one of the benefits of the project. That was one of the main goals of the Government's West Gate Distributor plans<sup>96</sup> and is one of the key considerations for VicRoads in assessing the Western Distributor proposal:<sup>97</sup>

From VicRoads perspective in assessing their [Transurban's] final proposal, at the end of their discussion, we are particularly interested in getting as many trucks out of the inner west as we can. We have had quite a bit of involvement in Francis Street, Somerville Road and Moore Street. Obviously we have some limited curfews there acting in Somerville Road at the moment around school times and the night-time curfew at Moore Street. But these curfews, particularly the Moore Street curfew, only affect the non-local trucks at night. We have taken about half of the trucks out of Moore Street at night, which is an improvement. Francis Street still remains highly problematic for those residents there.

For the benefits of the project to be fully realised, it will be important to ensure that trucks choose to use the tunnel in preference to the existing routes. This is particularly important given that Transurban has proposed a toll for trucks using the tunnel.<sup>98</sup> Mr Merritt noted the importance of complementing the tunnel with other measures such as truck curfews in the alternative routes.<sup>99</sup>

It will also be important for environmental impacts to be minimised, especially noise at the tunnel entrance and air quality around the areas of tunnel ventilation.

Transurban expects the project to generate 3,500 construction jobs and 4,500 indirect jobs.<sup>100</sup>

Transurban engaged Deloitte Access Economics to conduct an economic evaluation of the project. Deloitte concluded that the project had a benefit cost ratio of 1.6 when excluding wider economic benefits and 2.1 when including

<sup>93</sup> Transurban, *Western Distributor: Benefits* (2015)

<sup>94</sup> Ibid.

<sup>95</sup> Ibid.

<sup>96</sup> Hon. Luke Donnellan MP, Minister for Roads and Road Safety, *Public Hearing for the Public Accounts and Estimates Committee's Inquiry into the 2015-16 Budget Estimates*, 22 May 2015, p.9

<sup>97</sup> Mr John Merritt, VicRoads, *Public Hearing*, 6 October 2015, p.8

<sup>98</sup> Transurban, *Western Distributor: How Pricing Might Work* (2015)

<sup>99</sup> Mr John Merritt, VicRoads, *Public Hearing*, 6 October 2015, p.8

<sup>100</sup> Transurban, "Victorian Government and Transurban to Progress Western Distributor Proposal" (media release), 30 April 2015

the wider economic benefits. Key drivers of this assessment include travel time savings and vehicle operating cost savings.<sup>101</sup> Deloitte noted that its work was based on traffic modelling data provided by Transurban.<sup>102</sup>

### 3.5 Funding

Transurban estimates that the project would cost \$5.0-5.5 billion.<sup>103</sup>

Transurban's proposal anticipates that one third of the funding would be provided by the State or Commonwealth Government, with the remainder to come from tolls on the Western Distributor and an extension of the CityLink concession.<sup>104</sup> Transurban has proposed extending the CityLink concession by 10-15 years from its current completion date of 2035.<sup>105</sup>

Transurban has indicated that the toll prices for the Western Distributor have not been finalised, but has indicated that they may be approximately \$3 for cars and approximately \$13 for trucks (in current prices). Cars and trucks would be charged for use of the Western Distributor. Trucks would also be charged for the improved section of the West Gate Freeway.<sup>106</sup>

In terms of Commonwealth funding, the former Commonwealth Assistant Minister for Infrastructure and Regional Development stated that:<sup>107</sup>

... it would be highly unusual for the Australian Government to commit funding to a major infrastructure project without a substantial financial contribution from the Victorian Government.

He also indicated that Commonwealth funding would be contingent on Infrastructure Australia's assessment of a full business case for the project.<sup>108</sup>

### 3.6 Progress to date

Transurban's initial proposal was submitted to the Government in March 2015.<sup>109</sup> Mr John Merritt (Chief Executive of VicRoads) explained to the Committee:<sup>110</sup>

<sup>101</sup> Deloitte Access Economics, *Western Distributor: Economic Evaluation Report* (2015), p.10

<sup>102</sup> *Ibid.*, p.4

<sup>103</sup> Department of Treasury and Finance, "Market-Led Proposals" <[www.dtf.vic.gov.au/Infrastructure-Delivery/Market-led-proposals](http://www.dtf.vic.gov.au/Infrastructure-Delivery/Market-led-proposals)>, accessed 10 October 2015

<sup>104</sup> Mr Scott Charlton, Transurban, *Public Hearing*, 18 November 2015, p.5; Transurban, "FAQs" <[consult.transurban.com/western-distributor-join-the-conversation/faqs](http://consult.transurban.com/western-distributor-join-the-conversation/faqs)>, accessed 29 October 2015

<sup>105</sup> Mr Scott Charlton, Transurban, *Public Hearing*, 18 November 2015, pp.16-17

<sup>106</sup> Transurban, *Western Distributor: How Pricing Might Work* (2015)

<sup>107</sup> Hon. Jamie Briggs MP, Assistant Minister for Infrastructure and Regional Development, "Western Distributor Proposal" (media release), 30 April 2015

<sup>108</sup> *Ibid.*

<sup>109</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2015-16 State Capital Program* (2015), p.7

<sup>110</sup> Mr John Merritt, VicRoads, *Public Hearing*, 6 October 2015, p.6

[Transurban] have made an initial proposal, and they will ultimately submit a finalised proposal for how the project would work. VicRoads is supporting the Department of Treasury and Finance in the assessment of that proposal in line with our works, so the timing of when Transurban will submit their final proposal is a matter for Transurban. They have put up some details of how it would work and they have put some amended propositions up, and there are public consultations scheduled ...

There is ... some interest in the amended proposal, and I think that is what is going to be the subject of public discussion.

The proposal is being considered by the Government under its *Market-Led Proposals Guideline*, issued in November 2015 (following an interim guideline issued in February 2015). The Guideline is intended to provide “transparent and competitive processes for considering whether market-led proposals are in the public interest, represent value-for-money and are consistent with Government policy and priorities.”<sup>111</sup>

The five stages of the process are:<sup>112</sup>

Stage One: **Preliminary assessment of ideas and proposals.** A private party submitting a market-led proposal for Government consideration and DTF determining whether it complies with information requirements and is appropriate for consideration under the Guideline.

Stage Two: **Strategic assessment and recommendation.** The Government conducting a strategic assessment of the merits of the proposal to determine whether the proposal should proceed, and if so whether this should be through a competitive tender process or through an exclusive negotiation.

Stage Three: **Detailed due diligence, investment case and procurement preparation.** The Government agreeing with the proponent either the terms of the exclusive negotiation or the approach to a competitive tender process.

Stage Four: **Negotiation and assessment of final offer.** The Government conducting an exclusive negotiation or competitive tender process to develop a final offer for Government consideration.

Stage Five: **Award contract.** The Government awarding the contract.

In April 2015, the Government announced that the project has progressed to Stage Three.<sup>113</sup> The 2015-16 budget papers explain:<sup>114</sup>

The stage two assessment concludes that the proposal has the potential to deliver material benefits to the State, including aligning with the Government’s policy objectives and infrastructure priorities. Should the stage three assessment

<sup>111</sup> Department of Treasury and Finance, *Market-Led Proposals Guideline* (2015), p.1

<sup>112</sup> Department of Treasury and Finance, “Market-Led Proposals” <[www.dtf.vic.gov.au/Infrastructure-Delivery/Market-led-proposals](http://www.dtf.vic.gov.au/Infrastructure-Delivery/Market-led-proposals)>, accessed 19 November 2015

<sup>113</sup> Hon. Daniel Andrews MP, Premier, “New Project to Reduce Congestion on West Gate Bridge Progresses” (media release), 30 April 2015

<sup>114</sup> Department of Treasury and Finance, *Budget Paper No. 4: 2015-16 State Capital Program* (2015), p.7

recommend proceeding further with the proposal, the Government would then commence either direct negotiations with Transurban or a competitive approach to project procurement.

Mr Merritt indicated to the Committee that:<sup>115</sup>

VicRoads' role in the first instance is to support the evaluation of the proposal, which as a market-led proposal is run by the Department of Treasury and Finance. Ultimately under the Road Management Act VicRoads would be required to sign off on a proposal – that it works in with the road system.

### 3.7 Future work and timelines

As noted above, the proposal is currently being assessed as part of Stage Three of the *Market-Led Proposals Guideline* (see Section 3.6 above). The Department of Treasury and Finance has indicated that:<sup>116</sup>

The proposal will be further developed and assessed at Stage Three and at conclusion advice provided to Government on:

- whether Transurban could improve its proposal to provide better value to the State and a value for money commercial and funding arrangement could be negotiated exclusively with Transurban;
- whether an alternative funding and contracting approach would deliver superior value for money; and
- whether a final scope that would satisfy the State's objectives could be negotiated and agreed.

The Government's *Market-Led Proposals Guideline* indicates that:<sup>117</sup>

A detailed description of the proposal will be publicly disclosed at the end of stage three, including the proposed scope and benefits, and the reasons why a competitive or an exclusive negotiation process was pursued. The published information will be approved by the Treasurer. The content disclosed will take into account commercial considerations.

The Guideline includes a provision to request the view of Infrastructure Victoria (the new statutory authority to advise the Government on long-term strategic infrastructure planning) on a project.<sup>118</sup> The Treasurer indicated to the Public Accounts and Estimates Committee in May 2015 that, because Infrastructure Victoria was not yet in place, the Government had engaged external consultants

<sup>115</sup> Mr John Merritt, VicRoads, *Public Hearing*, 6 October 2015, p.8

<sup>116</sup> Department of Treasury and Finance, *Western Distributor Proposal – Proponent: Transurban Group: Probity Plan for Stage Three Assessment – Market-Led Proposals Interim Guideline 2015* (2015)

<sup>117</sup> Department of Treasury and Finance, *Market-Led Proposals Guideline* (2015), p.9

<sup>118</sup> *Ibid.*, p.7



to oversee the assessment process as “a quasi-Infrastructure Victoria process”.<sup>119</sup> The consultants were Dr Kerry Schott, a former NSW commissioner of audit, and Mr Tony Canavan from Ernst & Young.<sup>120</sup>

A decision is expected to be made by the Government by the end of 2015.<sup>121</sup>

Exact timings for construction are still to be determined. However, the Government expects that the project could start at the end of 2015 and that all works could be completed by late 2020.<sup>122</sup> In November 2015, Mr Charlton informed the Committee that the Webb Dock component was ready to start as soon as there is an agreement to start the project.<sup>123</sup>

### 3.8 Committee comments

As the project is still in an early phase, many aspects of the project remain unknown. However, there are three major areas of interest for the Committee at this stage.

Firstly, it is important that an appropriate and transparent process be adopted for considering the proposal. Details have been provided about the market-led proposals process (see Section 3.6) and the Committee notes that consultants have been engaged to oversee the process in the absence of Infrastructure Victoria (see Section 3.7). The Committee will be observing the process to ensure that it achieves the best outcomes for Victorians.

Secondly, appropriate plans must be put in place to ensure that the Western Distributor is a more attractive option than the West Gate Bridge for trucks. Otherwise, the Western Distributor may not achieve its anticipated benefits. As noted in Section 3.4, this may require Government actions (such as truck curfews). The Committee will be looking to see that appropriate and effective plans are put in place.

Thirdly, the Committee notes the importance of minimising the negative impacts of the project on the community of Yarraville and Footscray. Details of matters such as noise at the tunnel entrances and air ventilation are still to be determined. The Committee will be watching as the proposal progresses to ensure that community concerns are adequately addressed.

Once the Government has decided whether or not to go ahead with the project, and once the proposal is finalised, the Committee will be able to investigate this project in more detail.

<sup>119</sup> Hon. Tim Pallas MP, Treasurer, *Public Hearing for the Public Accounts and Estimates Committee's Inquiry into the 2015-16 Budget Estimates*, 8 May 2015, p.19

<sup>120</sup> *Ibid.*, pp.18-19

<sup>121</sup> Parliamentary Debates (Hansard), *Legislative Council Written Adjournment Responses*, 1, 2 and 3 September 2015 (Extract from book 12), 1 September 2015, p.2983

<sup>122</sup> Hon. Daniel Andrews MP, Premier, “New Project to Reduce Congestion on West Gate Bridge Progresses” (media release), 30 April 2015

<sup>123</sup> Mr Scott Charlton, Transurban, *Public Hearing*, 18 November 2015, pp.13-14



# 4 Melbourne Metro Rail Project

## 4.1 Overview

The Melbourne Metro Rail Project involves building two nine-kilometre rail tunnels from South Kensington to South Yarra, travelling underneath Swanston Street in the CBD. The tunnels will link the Sunbury line with the Cranbourne-Pakenham line and allow for five new stations at Arden, Parkville, CBD North, CBD South and Domain. Train/tram interchanges will be provided at Parkville and Domain stations.<sup>124</sup> The project is a variation on the previously planned Melbourne Metro project.

The Government's intention is for this project to:<sup>125</sup>

... increase public transport passenger capacity and reliability across the network, improve access to employment, education and other opportunities, and support urban development.

The Government has estimated the total cost of the project at \$9.0-11.0 billion. The 2015-16 Budget included \$1.6 billion of this, to be spent between 2014-15 and 2018-19 to complete planning, design and early works, with major construction intended to commence by 2018.<sup>126</sup> The Government went to market for the first package of works in November 2015.<sup>127</sup>

Work is currently underway on the reference design and business case.<sup>128</sup> Without these details being finalised, the Committee's ability to assess the project is limited. The Committee hopes to see this work finished in the near future and will be looking to see that this work provides more precise cost estimates and clearer plans for how disruption will be managed. The Committee also notes the importance of finalising a broader, long-term rail network plan to facilitate the wider benefits anticipated by the Melbourne Metro Rail Tunnel.

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<sup>124</sup> Department of Treasury and Finance, *Budget Paper No.3: 2015-16 Service Delivery* (2015), p.42; Mr Evan Tattersall, Melbourne Metro Rail Authority, *Public Hearing*, 18 August 2015, pp.3-4

<sup>125</sup> Department of Treasury and Finance, *Budget Paper No.3: 2015-16 Service Delivery* (2015), p.42

<sup>126</sup> *Ibid.*, p.36; Department of Treasury and Finance, *Getting on with It: 2015-16 Budget Information Paper* (2015), p.6

<sup>127</sup> Victorian Government, *Melbourne Metro Rail Project: Early Works Managing Contractor: Invitation for Expressions of Interest*, Tender No.19739 (2015)

<sup>128</sup> Mr Evan Tattersall, Melbourne Metro Rail Authority, *Public Hearing*, 18 August 2015, p.5

## 4.2 Background

A new underground rail link has been planned for a number of years. It was put forward in 2008 by Sir Rod Eddington in *Investing in Transport: East West Link Needs Assessment*. This report recommended that:<sup>129</sup>

Planning work should commence for the staged construction of a new 17 kilometre Melbourne Metro rail tunnel linking Melbourne’s booming western and south-eastern suburbs and providing a major increase in the capacity of the rail network.

The tunnels proposed in the report were to be in two stages. The first stage was a nine-kilometre tunnel from Footscray to the Domain via the Parkville area and under Swanston Street in the CBD. The second stage was an eight-kilometre tunnel from the Domain to Caulfield.<sup>130</sup>

The tunnels were seen as “a major step towards creating Melbourne’s first ‘metro’ style passenger line (a common feature of successful overseas rail networks).”<sup>131</sup> According to Public Transport Victoria:<sup>132</sup>

Metro-style systems are passenger-focused and characterised by:

- Simple timetables with ‘turn up and go’ frequency and consistent stopping patterns
- Stand-alone, end-to-end lines that do not intersect or merge with other lines to prevent any service disruptions cascading across other lines
- Separate train fleets, maintenance and stabling facilities for each line
- Modern high capacity signalling technology to maximise the numbers of trains that can operate on each line
- Modern high capacity trains designed to minimise boarding and alighting times by use of wide doors and clear areas around doors
- Frequent services designed to facilitate connections between trains at junction stations and with connecting buses and trams
- Grade separations of level crossings.

In 2009, the Commonwealth Government provided \$40.0 million for “planning and development activities” related to the first stage.<sup>133</sup> In 2012, a further \$49.7 million was provided by the State Government to continue planning and development.<sup>134</sup>

129 Sir Rod Eddington, *Investing in Transport: East West Link Needs Assessment* (2008), p.14

130 *Ibid.*, p.213

131 *Ibid.*, p.212

132 Public Transport Victoria, *Network Development Plan – Metropolitan Rail* (2012), p.6

133 Department of Treasury and Finance, *2009-10 Budget Update* (2009) pp.153-4; Department of Treasury and Finance, *Budget Paper No.3: 2010-11 Service Delivery* (2010), pp.353, 355

134 Department of Treasury and Finance, *Budget Paper No.3: 2012-13 Service Delivery* (2012), pp.70, 73

Several business cases were subsequently developed and provided to Infrastructure Australia. The first stage of the project was classified as “ready to proceed” by Infrastructure Australia in 2010.<sup>135</sup>

In 2014, the State Government committed to an alternate project called Melbourne Rail Link. Melbourne Rail Link consisted of a tunnel from Southern Cross to South Yarra stations via Fishermans Bend, with new stations at Fishermans Bend and Domain. It also included an above-ground rail link to Melbourne Airport.<sup>136</sup>

Following the change of government in 2014, Melbourne Rail Link was discontinued and the Melbourne Metro Rail Project was funded.<sup>137</sup> The Melbourne Metro Rail Project is similar to the first stage proposed in Sir Rod Eddington’s report, though the tunnels continue from Domain Station to South Yarra, linking the Sunbury and Cranbourne-Pakenham lines.

#### 4.2.1 Infrastructure Australia’s assessment of the previous government’s 2011 business case

A business case produced in 2011 reflected a project similar to the one currently proposed. The business case claimed that the benefits would include:<sup>138</sup>

- an additional 17 train services, providing for approximately 25,000 additional passengers in the peak hour in the peak direction
- potential to provide for more than 60,000 passengers per hour in each direction (if projects to remove other constraints on the system are undertaken)
- a saving of 8 million tonnes of greenhouse gases across the project life
- improved access to several activity and employment centres.

The business case estimated the cost to build the project at \$7-7.5 billion (in 2010-11 prices).<sup>139</sup> It estimated a benefit cost ratio of 1.3-1.4 excluding wider economic benefits and 1.6-1.8 including wider economic benefits. Reduced crowding was the most significant benefit in the business case’s assessment, with other benefits to public transport users (such as reduced travel times) and a reduction in congestion on the roads also factoring into the benefits.<sup>140</sup>

Infrastructure Australia assessed the project in 2013, based on an updated business case, which indicated a benefit cost ratio of 1.2. However, Infrastructure Australia noted that the cost had subsequently been revised to \$9-11 billion and this had not been factored into the benefit cost analysis.<sup>141</sup>

<sup>135</sup> Infrastructure Australia, *Getting the Fundamentals Right for Australia’s Infrastructure Priorities* (2010), p.50

<sup>136</sup> Department of Treasury and Finance, *Infrastructure Investment: 2014-15 Budget Information Paper* (2014), p.10

<sup>137</sup> Department of Treasury and Finance, *Budget Paper No.4: 2015-16 State Capital Program* (2015), p.101; Department of Treasury and Finance, *Budget Paper No.3: 2015-16 Service Delivery* (2015), p.42

<sup>138</sup> Department of Transport, *Melbourne Metro Business Case*, Version 2.1 (2011), p.11

<sup>139</sup> Ibid.

<sup>140</sup> Ibid., p.230

<sup>141</sup> Infrastructure Australia, *Melbourne Metro: 2012-2013 Assessment Brief* (2013), pp.1, 3

Infrastructure Australia was generally supportive of the project, stating:<sup>142</sup>

A review of the concept of operations completed by Infrastructure Australia indicates that the network modelling is robust. There is a high level of confidence that the planned additional network capacity will be delivered by the proposed infrastructure.

Infrastructure Australia raised concerns about some of the costings and the governance arrangements proposed at the time, stating:<sup>143</sup>

Given that some elements of the cost estimate are considered to be at the lower end of a reasonable range, the proposed procurement strategy is yet to be finalised and the procurement period is overly lengthy, the Office of the Infrastructure Coordinator recommends that a stronger governance framework is put in place to ensure robust oversight of the project's implementation.

Overall, Infrastructure Australia recommended:<sup>144</sup>

... that the project be included on the 2013 Infrastructure Priority List at Threshold with the following conditions:

- The proponent addresses the specific items related to the cost estimate review;
- The proponent validates the economic appraisal presented with an updated third party review; and
- The proponent includes the direct representation of independent experts on the project steering committee or the project control board.

## 4.2.2 Identified risks

The 2011 business case identified a number of significant risks that would require mitigation including:<sup>145</sup>

- **Geotechnical** risks regarding knowledge of ground conditions, geology, hydrogeology and construction method;
- **Construction** impacts and disruption, including work injuries and failure of major equipment on critical path (eg TBM [tunnel boring machine]) during construction
- **Scope** creep resulting from stakeholder requirements and inter-dependent projects not proceeding as expected
- **Work packaging** interface and management risk
- **Market** unable to support sufficient consortia/finance for multiple, competitive bids, resulting in higher project costs or funding/delivery model design does not cater for market appetite
- **Industrial Relations** – delays due to industrial disputes, access agreements and difficulties in achieving acceptance of new technologies/standards.

142 Ibid., p.2

143 Ibid.

144 Ibid., p.3

145 Department of Transport, *Melbourne Metro Business Case*, Version 2.1 (2011), p.11

### 4.2.3 Long-term transport context

The Melbourne Metro rail tunnels were originally conceived as part of a broader program for Melbourne's transport system. In 2012, the previous government released the *Network Development Plan – Metropolitan Rail*, which outlined a plan for railway projects over the next 20 years. The Melbourne Metro project (as then conceived) was an important part of that plan.

However, the plan noted the importance of understanding the tunnels within a wider program of works to fully achieve benefits:<sup>146</sup>

... the construction of the Melbourne Metro rail tunnel on its own will provide significant benefits. However, when combined with new turnbacks, platforms and signalling enhancements the project will enable generational changes to many lines on the network.

The previous government's Network Development Plan identified a number of other projects that would be enabled by the tunnels, such as improvements to the capacity of other lines and extensions of the network (including to Melbourne Airport).<sup>147</sup>

The Committee was informed that the Network Development Plan is currently being reviewed.<sup>148</sup>

Mr Gary Liddle from Public Transport Victoria indicated that Public Transport Victoria is:<sup>149</sup>

... working with Melbourne Metro Rail Authority to again ensure that the needs of the broader public transport network are being reflected in the development of that project and ensure that the objectives we are looking for in terms of what Melbourne needs going forward will be achieved by that.

The Committee considers that this process would be facilitated by the completion of a new long-term plan for public transport in Victoria.

## 4.3 The current project

The current Melbourne Metro Rail Project was funded in 2015 following the change of government in 2014.<sup>150</sup> It is similar to previously planned projects (see Section 4.2), consisting of rail tunnels from South Kensington to South Yarra via Parkville, Swanston Street and the Domain.

<sup>146</sup> Public Transport Victoria, *Network Development Plan – Metropolitan Rail* (2012), p.22

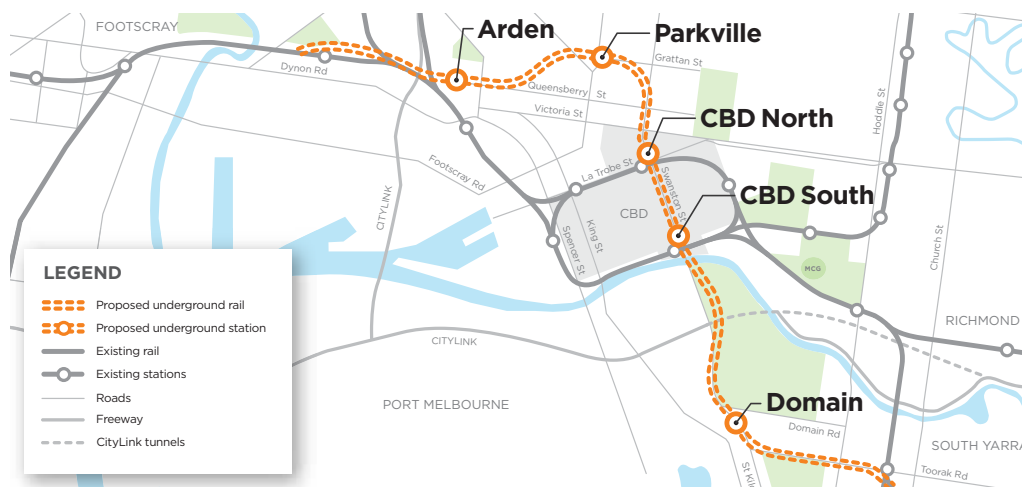
<sup>147</sup> Ibid., p.75

<sup>148</sup> Mr Evan Tattersall, Melbourne Metro Rail Authority, *Public Hearing*, 18 August 2015, p.2

<sup>149</sup> Mr Gary Liddle, Public Transport Victoria, *Public Hearing*, 6 October 2015, p.3, cf. p.12

<sup>150</sup> Department of Treasury and Finance, *Budget Paper No.3: 2015-16 Service Delivery* (2015), pp.36, 42

Figure 4.1 Melbourne Metro Rail Project



Source: Melbourne Metro Rail Authority, *Melbourne Metro Rail Project* (project overview fact sheet) [2015]

In addition to the tunnels, key features of the project include:<sup>151</sup>

- creating dedicated overnight stabling and maintenance facilities for trains on the Sunbury and Cranbourne-Pakenham lines
- connecting the new CBD North and CBD South stations to Melbourne Central Station and Flinders Street Station via direct underground connections
- high-capacity interchanges between trains and trams in Parkville and the Domain
- new signalling
- stations that will accommodate high-capacity and longer trains, enabling more passengers to fit on each train.

As the new train line is expected to reduce the need for people to use trams on Swanston Street, some tram services will be permanently relocated to William and Spencer streets. This is expected to provide additional access to Docklands and the western end of the city.<sup>152</sup>

Mr Tattersall (Chief Executive Officer of the Melbourne Metro Rail Authority) informed the Committee that the reference design is still being finalised and is expected to be completed by the end of 2015.<sup>153</sup> While generally following the earlier plans, a number of modifications are being made.

Mr Tattersall explained to the Committee that:<sup>154</sup>

151 Mr Evan Tattersall, Melbourne Metro Rail Authority, *Public Hearing*, 18 August 2015, pp.3, 6, 9

152 *Ibid.*, pp.4, 8-9

153 *Ibid.*, pp.4-5

154 *Ibid.*, p.5



A body of work done a few years back was sort of a baseline. We started with the work that had been done over quite a period of time but went on hold a few years back. We took all of that as our baseline and updated that as best we could based on that information that is already out there. But a lot of things have moved on since then, so we have had to relook at the whole patronage modelling, where people want to work and where people are moving. The growth that we talked about has increased significantly from years ago. We are looking at longer trains now under this scheme to the previous one ...

He also indicated that the current planning work was exploring different ways of crossing the Yarra and a less disruptive technique for building the tunnel under Swanston Street.<sup>155</sup>

## 4.4 Intended benefits

The Melbourne Metro Rail Project is expected to provide more capacity for the metropolitan train network. Mr Tattersall noted the importance of this given the combination of population growth in Melbourne and a shift in employment opportunities to the inner city. He explained:<sup>156</sup>

... rail patronage has doubled, effectively, from 2000–2010. It has flattened off a little bit in recent years but is predicted to grow again at significant levels – 4 per cent – through to 2030, driven by that obvious population growth and the desire of people to work in the inner city areas. They do not want to drive cars because of the cost of parking, congestion and environmental concerns.

He noted that the Sunbury and Cranbourne-Pakenham lines, which will use the new tunnels, serve particularly intense growth areas.<sup>157</sup>

The Melbourne Metro Rail Authority has stated that the project will:<sup>158</sup>

- increase the capacity, reliability and efficiency of Melbourne’s busiest train lines
- allow for 20,000 more passengers to use the metropolitan rail network in the peak hour
- improve access to public transport by building five new inner city stations
- employ more than 3,500 people during peak construction
- improve access to employment, education and opportunity in Melbourne’s growth areas
- ease congestion on the busy St Kilda Road/Swanston Street tram corridor
- reduce road congestion
- pave the way for future expansion of Melbourne’s public transport network
- help to keep Melbourne as one of the world’s most liveable cities.

<sup>155</sup> Ibid., pp.6, 10

<sup>156</sup> Ibid., p.2; cf. Mr Gary Liddle, Public Transport Victoria, *Public Hearing*, 6 October 2015, p.3

<sup>157</sup> Mr Evan Tattersall, Melbourne Metro Rail Authority, *Public Hearing*, 18 August 2015, p.3

<sup>158</sup> Melbourne Metro Rail Authority, “About the Project” <mmrailproject.vic.gov.au/about-the-project>, accessed 28 October 2015

Mr Tattersall indicated that the project also has the potential to provide further benefits in the future:<sup>159</sup>

... the capacity of these two new tunnels is in the order of 70 000 people, if you take people going in both directions. The day 1 service plan is based on the timetable that Public Transport Victoria will implement and the rolling stock that is available, which is in the order of a 20 000 person uplift across the peak hour. But the potential to have much greater than that is there with this project. Because you have got two tunnels, you can get 24 trains an hour, in that order, with much higher capacity, longer trains. So the potential is huge to get a lot more people onto the project.

A key benefit of the project is that it enables train lines to be made independent. By building a tunnel that is completely independent of the existing City Loop, disruptions on the Sunbury and Cranbourne-Pakenham lines will be prevented from impacting on other lines and vice versa.<sup>160</sup>

The project is also expected to reduce pressure on the tram network, as it will provide an alternative for people travelling along Swanston Street, St Kilda Road, Royal Parade and Flemington Road.<sup>161</sup>

The new station at Arden is expected to facilitate urban renewal in that area.<sup>162</sup>

The *Network Development Plan – Metropolitan Rail*, which is currently under review (see Section 4.2.3), planned for all lines to ultimately be independent.<sup>163</sup> The Melbourne Metro tunnel was a key part of this, as it was expected to not only make the Sunbury and Cranbourne-Pakenham lines independent of the rest of the network, but also to enable a number of other lines to have exclusive use of tracks and platforms.<sup>164</sup>

## 4.5 Funding

The Government estimates the total cost of the project at \$9.0-\$11.0 billion. This includes \$1.6 billion between 2014-15 and 2018-19, broken down as follows:<sup>165</sup>

2014-15	2015-16	2016-17	2017-18	2018-19
\$40.0 million	\$122.4 million	\$137.6 million	\$420.0 million	\$840.0 million

This funding is intended to enable the Melbourne Metro Rail Authority to:<sup>166</sup>

- complete the reference design
- undertake the statutory planning process

<sup>159</sup> Mr Evan Tattersall, Melbourne Metro Rail Authority, *Public Hearing*, 18 August 2015, pp.7-8

<sup>160</sup> *Ibid.*, p.2

<sup>161</sup> *Ibid.*, p.3

<sup>162</sup> *Ibid.*

<sup>163</sup> *Ibid.*, p.4; Public Transport Victoria, *Network Development Plan – Metropolitan Rail* (2012), p.48

<sup>164</sup> Public Transport Victoria, *Network Development Plan – Metropolitan Rail* (2012), p.75

<sup>165</sup> Department of Treasury and Finance, *Budget Paper No.3: 2015-16 Service Delivery* (2015), p.36

<sup>166</sup> Hon. Daniel Andrews MP, Premier, “\$1.5 Billion to Get Started on Melbourne Metro Rail Project” (media release), 28 April 2015

- acquire land
- prepare expression of interest and request for tender documents
- undertake early works (such as tram rerouting and service relocations).

In May 2015, a number of ministers responded to questions from the Public Accounts and Estimates Committee about funding for the project. The Treasurer informed that committee that the funding arrangements had not been finalised.<sup>167</sup> The Minister for Public Transport indicated the Government's intention that the project "would be funded a third by the state, a third by the federal government and a third by the private sector."<sup>168</sup>

The Premier noted that the Commonwealth Government had not committed to that arrangement but emphasised that "there are great opportunities for the private sector to be a partner", particularly in relation to the five new stations.<sup>169</sup>

Overall, the Treasurer indicated that:<sup>170</sup>

... it will principally be funded out of federal and state allocations ... It would be unfortunate if the state of Victoria ultimately has to carry the load on its own. ... but nonetheless, if we have to, we will. Remembering that there will be a very substantial amount of unallocated capital going forward that can be tasked to this project over a responsible and long-term period, that will be the core of the funding base going forward.

When asked about "any increase in the cost of train and tram fares, CBD parking, rating on properties, road toll premiums and other taxes, charges and fees", the Premier indicated that "we have no plans to do any of that".<sup>171</sup>

In November 2015, the Treasurer released updated information on the procurement strategy:<sup>172</sup>

A multi-billion dollar Public Private Partnership (PPP) will deliver the largest package of works on this mega-project, including two nine-kilometre rail tunnels and five underground stations.

It will be an 'availability-based PPP', meaning that, on top of designing and building the tunnels and stations, the private sector will also be responsible for financing, operating and maintaining the infrastructure.

<sup>167</sup> Hon. Tim Pallas MP, Treasurer, *Public Hearing for the Public Accounts and Estimates Committee's Inquiry into the 2015-16 Budget Estimates*, 8 May 2015, p.9

<sup>168</sup> Hon. Jacinta Allan MP, Minister for Public Transport, *Public Hearing for the Public Accounts and Estimates Committee's Inquiry into the 2015-16 Budget Estimates*, 15 May 2015, p.6

<sup>169</sup> Hon. Daniel Andrew MP, Premier, *Public Hearing for the Public Accounts and Estimates Committee's Inquiry into the 2015-16 Budget Estimates*, 8 May 2015, pp.10-11

<sup>170</sup> Hon. Tim Pallas MP, Treasurer, *Public Hearing for the Public Accounts and Estimates Committee's Inquiry into the 2015-16 Budget Estimates*, 8 May 2015, p.9

<sup>171</sup> Hon. Daniel Andrew MP, Premier, *Public Hearing for the Public Accounts and Estimates Committee's Inquiry into the 2015-16 Budget Estimates*, 8 May 2015, p.10; cf. Hon. Tim Pallas MP, Treasurer, *Public Hearing for the Public Accounts and Estimates Committee's Inquiry into the 2015-16 Budget Estimates*, 8 May 2015, pp.8-9

<sup>172</sup> Hon. Tim Pallas MP, Treasurer, "Centrepiece of Melbourne Metro Rail to Be Built Through PPP" (media release), 19 November 2015

Additional works will be delivered through separate procurement packages, including relocation of existing services, reconfiguration of existing tracks, and high capacity and conventional signalling upgrades.

The public private partnership is expected to be worth approximately \$5 billion.<sup>173</sup>

## 4.6 Progress to date

The establishment of the Melbourne Metro Rail Authority was announced in February 2015.<sup>174</sup> By August 2015, the Committee was informed that:<sup>175</sup>

We have over 300 people working on the project at the moment. About half of those are design engineers from Aurecon Jacobs and Mott MacDonald, and Grimshaw is the architect. They are a consulting firm doing the reference design. We have also got advisers from the construction industry helping us particularly with how do we minimise the impact around the heart of the city. Then we have a bit over 100 VPS employees, and we have a management structure in place that will manage the whole of the project. We expect that will probably grow from the 320 but that it will fall away again once the engineers finish the reference design. So we will manage it with that structure.

In August, work was underway on developing the reference design and business case. It was expected that these would be completed by the end of 2015.<sup>176</sup> Geotechnical work is being undertaken to inform this process (see Section 4.6.3). The Committee was informed that the Authority is working with other bodies, including:

- Public Transport Victoria to “ensure that the needs of the broader public transport network are being reflected”<sup>177</sup>
- Metro Trains Melbourne, who are providing “safety advice, accreditation advice and methodology advice on scoping”<sup>178</sup>
- VicRoads to “develop the road operation proposals that might absorb the impact of the project during the construction phase”.<sup>179</sup>

The Government went to market for the first package of works, worth approximately \$300 million, in November 2015.<sup>180</sup> This package includes:<sup>181</sup>

173 Melbourne Metro Rail Authority, “Tenders and Service Providers” <mmrailproject.vic.gov.au/about-the-project/tenders-and-service-providers>, accessed 25 November 2015

174 Hon. Daniel Andrews MP, Premier, “Work Begins on the Melbourne Metro Rail Project” (media release), 16 February 2015

175 Mr Evan Tattersall, Melbourne Metro Rail Authority, *Public Hearing*, 18 August 2015, p.7

176 *Ibid.*, p.4

177 Mr Gary Liddle, Public Transport Victoria, *Public Hearing*, 6 October 2015, pp.3, 5

178 Mr Robert Vaughan, Metro Trains Melbourne, *Public Hearing*, 6 October 2015, p.3

179 Mr John Merritt, VicRoads, *Public Hearing*, 6 October 2015, pp.3, 5

180 Hon. Daniel Andrews MP, Premier, “Construction of Melbourne Metro Rail to start in 2017” <www.premier.vic.gov.au/construction-of-melbourne-metro-rail-to-start-in-2017/>, accessed 25 November 2015

181 Hon. Daniel Andrews MP, Premier, “Construction of Melbourne Metro Rail to Start in 2017” (media release), 24 November 2015

... moving and protecting underground services such as gas, sewer and water mains, stormwater pipes and telecommunications cables, and the relocation of trees and other road features to enable the construction sites to be established.

These works are expected to commence in 2017.<sup>182</sup>

#### 4.6.1 Land acquisitions

The process of compulsory acquisitions has also commenced. Although acquisitions are not expected to take place until 2017 or later, the Minister for Public Transport indicated that the process of notifying people who are likely to lose their property began in October 2015.<sup>183</sup> The Minister indicated that 94 property titles in 44 buildings had been identified, consisting of:<sup>184</sup>

- nine houses in South Kensington
- five houses in South Yarra
- an apartment building in the CBD with 49 apartments
- 31 commercial properties.

Mr Tattersall informed the Committee that compensation would be available under the Land Acquisition and Compensation Act.<sup>185</sup>

#### 4.6.2 Stakeholder engagement

The 2011 business case suggested that stakeholder engagement had taken place at that time. The business case stated that the project enjoyed strong support from the community and all levels of government, with 93 per cent of the community responses to the alignment options and station locations favouring the project.<sup>186</sup>

As part of the current project, the Melbourne Metro Rail Authority has begun stakeholder engagement through a number of means, including:

- producing fact sheets on different aspects of the project<sup>187</sup>
- holding a forum and conducting one-on-one meetings with businesses and business associations<sup>188</sup>
- meeting with other groups, such as Bicycle Network Victoria<sup>189</sup>

<sup>182</sup> Ibid.

<sup>183</sup> Hon. Jacinta Allan MP, Minister for Public Transport, "Melbourne Metro Rail Project Property Acquisition" (media release), 20 October 2015

<sup>184</sup> Ibid.

<sup>185</sup> Mr Evan Tattersall, Melbourne Metro Rail Authority, *Public Hearing*, 18 August 2015, pp.6, 12

<sup>186</sup> Department of Transport, *Melbourne Metro Business Case*, Version 2.1 (2011), p.11

<sup>187</sup> Melbourne Metro Rail Authority, "Library" <mmrailproject.vic.gov.au/library>, accessed 28 October 2015

<sup>188</sup> Mr Evan Tattersall, Melbourne Metro Rail Authority, *Public Hearing*, 18 August 2015, p.11

<sup>189</sup> Ibid., p.15

- holding community information sessions in a variety of affected locations<sup>190</sup>
- online consultation.<sup>191</sup>

In the public hearing, Mr Tattersall acknowledged the importance of community and stakeholder engagement:<sup>192</sup>

Community engagement will measure the success or failure of the project ... We have had a lot of discussion with other projects around Australia and internationally, and the message is: how do you make these projects successful? It is communication, communication, communication ... We have been putting a lot into this already, just establishing relationships, creating awareness of the project, letting people understand what it is we are trying to achieve, the bigger picture, and yes, the impact that is necessary in order to deliver it.

### 4.6.3 Geotechnical work

The Melbourne Metro Rail Authority began geotechnical work in 2015 and this was expected to continue until mid-2016.<sup>193</sup> The Authority has explained that:<sup>194</sup>

These investigations will include:

- Confirming sites are free of underground electricity, power, water, gas and communications services before starting investigations
- Drilling boreholes up to 50 metres deep to take rock and soil samples
- Monitoring of groundwater levels in some locations
- Measurement of ground gas levels, and
- Testing soils and groundwater.

This work is an important part of planning the project.<sup>195</sup> As Mr Tattersall explained:<sup>196</sup>

One of our biggest risks is the geotechnical conditions in and around Melbourne, particularly near the Yarra, so the more we do there the better we can mitigate that risk.

As an example of the importance of the geotechnical work, recent geotechnical work had enabled an improved plan for the Yarra River crossing. Previous plans had anticipated an “immersed tube”, which “is effectively building at the base of the river and bringing precast units in, dropping them in and sealing them off progressively.” Recent work on the ground conditions has indicated that

<sup>190</sup> Melbourne Metro Rail Authority, “About the Project” <[mmrailproject.vic.gov.au/about-the-project](http://mmrailproject.vic.gov.au/about-the-project)>, accessed 28 October 2015

<sup>191</sup> Melbourne Metro Rail Authority, “Have Your Say on the Melbourne Metro Rail Project” <[yoursay.mmrailproject.vic.gov.au/melbourne-metro-rail-project](http://yoursay.mmrailproject.vic.gov.au/melbourne-metro-rail-project)>, accessed 28 October 2015

<sup>192</sup> Mr Evan Tattersall, Melbourne Metro Rail Authority, *Public Hearing*, 18 August 2015, p.15

<sup>193</sup> *Ibid.*, p.4; Melbourne Metro Rail Authority, *Melbourne Metro Rail: Geotechnical and Site Investigations* [2015]

<sup>194</sup> Melbourne Metro Rail Authority, *Melbourne Metro Rail: Geotechnical and Site Investigations* [2015]

<sup>195</sup> *Ibid.*

<sup>196</sup> Mr Evan Tattersall, Melbourne Metro Rail Authority, *Public Hearing*, 18 August 2015, p.4

tunnelling under the river is an option. Mr Tattersall explained that this would have less impact on the environment and on the bars, restaurants and rowing clubs in the area.<sup>197</sup>

Mr Tattersall advised the Committee that the volume of spoil from excavations was likely to be “in the order of the volume of the MCG”.<sup>198</sup> He indicated that the locations where spoil will be taken have not yet been finalised, though one site near Melbourne Airport was being looked at in August 2015.<sup>199</sup> Mr Tattersall stated that testing would be undertaken for contaminated waste and explained that:<sup>200</sup>

There could be [issues about contaminated waste], but given that the majority of the fill is coming from a tunnel, it is very unlikely that there will be contaminated material.

## 4.7 Future work and timelines

Given the scale of the project, the Melbourne Metro Rail Project is not expected to be completed until 2026.<sup>201</sup> The Melbourne Metro Rail Authority has identified the following timelines for the shorter term:<sup>202</sup>

2015 – 2016

- Site investigations
- Complete project Reference Design development
- Community consultation
- Planning and environmental approvals
- Update business case

2017

- Finalise planning and environment approvals
- Procurement for major construction contract
- Enabling works before major construction

2018

- Award major construction contract
- Start major construction works

<sup>197</sup> Ibid., p.10

<sup>198</sup> Ibid., p.13

<sup>199</sup> Ibid., pp.7, 13

<sup>200</sup> Ibid., p.14

<sup>201</sup> Department of Treasury and Finance, *Budget Paper No.4: 2015-16 State Capital Program* (2015), p.98; Mr Evan Tattersall, Melbourne Metro Rail Authority, *Public Hearing*, 18 August 2015, p.4

<sup>202</sup> Melbourne Metro Rail Authority, “About the Project” <[mmrailproject.vic.gov.au/about-the-project](http://mmrailproject.vic.gov.au/about-the-project)>, accessed 28 October 2015

Mr Tattersall informed the Committee that the reference design and business case were expected to be completed by the end of 2015.<sup>203</sup> Minister Allan stated that the new business case will be released to the public in 2016.<sup>204</sup>

## 4.8 Managing disruption

As the tunnel will run under Swanston Street, there are expected to be major disruptions in the CBD. Parts of Swanston Street will be closed for a number of years.<sup>205</sup> To minimise the impact, the two CBD stations will be worked on simultaneously and the tunnel in-between the stations will be built underground without having to take the road pavement up.<sup>206</sup>

However, it will still be necessary to undertake open-cut construction for the two CBD stations.<sup>207</sup> As a result, Swanston Street will be closed to traffic. A number of tram routes will need to be diverted.<sup>208</sup> Mr Tattersall informed the Committee that the same number of services would still run during construction work. However, the routes will be altered, with trams diverted up Elizabeth, William and Spencer streets.<sup>209</sup> It is the Melbourne Metro Rail Authority's intention to maintain pedestrian access.<sup>210</sup>

Construction of the Parkville and Domain stations will involve closures of Grattan Street, St Kilda Road and Domain Road. This will also result in disruptions to private vehicles, trams and buses.<sup>211</sup>

Mr Tattersall informed the Committee that the Authority was still developing the plan for how best to reduce and manage disruptions.<sup>212</sup> Mr John Merritt (Chief Executive of VicRoads) indicated that VicRoads is working with the Authority to appropriately respond to the impact of the project on the road network:<sup>213</sup>

As those proposals are developed, we will be undertaking traffic modelling and road network assessments, and VicRoads will work with that authority, councils, PTV and public transport operators to develop the road operation proposals that might absorb the impact of the project during the construction phase.

The project will also involve disruptions to businesses trading in the vicinity of construction works (especially along Swanston Street). Mr Tattersall indicated that the Melbourne Metro Rail Authority was working to minimise these

<sup>203</sup> Mr Evan Tattersall, Melbourne Metro Rail Authority, *Public Hearing*, 18 August 2015, p.5

<sup>204</sup> Hon. Jacinta Allan MP, Minister for Public Transport, correspondence received 23 November 2015

<sup>205</sup> Mr Evan Tattersall, Melbourne Metro Rail Authority, *Public Hearing*, 18 August 2015, p.7

<sup>206</sup> *Ibid.*, pp.6, 9

<sup>207</sup> *Ibid.*, p.6

<sup>208</sup> *Ibid.*

<sup>209</sup> *Ibid.*, p.9

<sup>210</sup> *Ibid.*, p.6

<sup>211</sup> Melbourne Metro Rail Authority, *Melbourne Metro Rail: Traffic and Roads* [2015]

<sup>212</sup> Mr Evan Tattersall, Melbourne Metro Rail Authority, *Public Hearing*, 18 August 2015, pp.6-7

<sup>213</sup> Mr John Merritt, VicRoads, *Public Hearing*, 6 October 2015, p.3



disruptions. For businesses which are acquired, compensation will be available. For other affected businesses, Mr Tattersall indicated that the Authority was looking at ways to help them, such as helping them to relocate.<sup>214</sup>

## 4.9 Committee comments

The finalisation of a business case and reference plan is a critical next step for this project. The Committee hopes to be able to examine these documents as part of its next review, as these should provide important information about the project and its expected benefits.

The Committee notes that a number of the wider benefits enabled by the project require changes to other parts of the rail network (see Section 4.2.3). Completing the review of the long-term development plan for the rail network is therefore also very important. This plan will facilitate wider benefits being realised and facilitate the Melbourne Metro Rail Project being delivered in a way that most efficiently and effectively achieves these wider benefits.

As discussed in Section 4.5, funding arrangements for this project have yet to be finalised. This is another key area of concern for the Committee. Given the expected cost of the project, the way that it is funded is going to have a significant impact on the State's finances. Whether or not Commonwealth funding can be secured and (if it can) how much funding will be provided are particular concerns. The Committee will be watching developments in this area as the inquiry continues.

Given that this project involves construction works in the CBD and inner city, managing the resultant disruptions is going to be a major challenge for this project. The Committee was informed that planning is underway on how best to manage the disruptions (see Section 4.8). The Committee will continue examining progress in this area.

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214 Mr Evan Tattersall, Melbourne Metro Rail Authority, *Public Hearing*, 18 August 2015, pp.6, 11-12



# 5

## Sale or lease of the Port of Melbourne

### 5.1 Overview

The Government has proposed leasing the commercial operations of the Port of Melbourne, with legislation introduced into Parliament in May 2015.<sup>215</sup> The Government's bill proposes a lease of up to 50 years, with an option to extend the lease by a further 20 years.<sup>216</sup>

The Premier has indicated that:<sup>217</sup>

Only the port's commercial operations will be leased. The Victorian and Commonwealth Governments will retain responsibility for regulating the port's safety, security and environmental functions.

The proposed lease is a significant project in its own right. However, it also has financial implications for other projects considered as part of this inquiry, as the lease is expected to provide funding for transport projects including the Melbourne Metro Rail Project, the West Gate Distributor and the Level Crossing Removal Program. The lease will also make the State eligible for additional funding from the Commonwealth Government under its Asset Recycling Scheme.<sup>218</sup>

In discussing the infrastructure projects to be funded by the lease, the Victorian Treasurer noted that, "If we were unable to implement the sale of the port, that would put a considerable impediment upon the capacity for us to deliver."<sup>219</sup>

### 5.2 Port of Melbourne Select Committee

As stated in Section 1.1 of this report, the Port of Melbourne Select Committee is examining the proposed lease in detail. The Select Committee's terms of reference are:

... to inquire into and report on the proposed lease of the Port of Melbourne as contemplated by the Delivering Victorian Infrastructure (Port of Melbourne Lease Transaction) Bill 2015 and, in particular –

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<sup>215</sup> Delivering Victorian Infrastructure (Port of Melbourne Lease Transaction) Bill 2015

<sup>216</sup> Ibid., clause 11

<sup>217</sup> Hon. Daniel Andrews MP, Premier, "Lease the Port, Remove the Crossings, Create 5000 New Jobs" (media release), 27 May 2015

<sup>218</sup> Ibid.

<sup>219</sup> Hon. Tim Pallas MP, Treasurer, *Public Hearing for the Public Accounts and Estimates Committee's Inquiry into the 2015-16 Budget Estimates*, 8 May 2015, p.22

- a. the structure and duration of the proposed lease;
- b. the potential impacts of the proposed lease on the development of a second container port in Victoria;
- c. the potential impacts on the environment of the further expansion of the Port of Melbourne;
- d. the potential impacts of the proposed arrangements on the competitiveness of the Port of Melbourne, the supply chains that depend on it and cost effects on goods passing through the Port of Melbourne;
- e. the effectiveness of the proposed regulatory framework in dealing with the transfer of a monopoly asset from the public sector to the private sector;
- f. how the proposed lease balances the short-term objective of maximising the proceeds of the lease with the longer-term objective of maximising the economic benefits to Victoria of container trade; and
- g. any other relevant matters.

The Select Committee is required to report by 30 November 2015.

As a result of the Select Committee being established, the Economy and Infrastructure Committee resolved that it would defer consideration of this matter until the next report, due in the middle of 2016.

# 6 Melbourne Airport Rail Link

## 6.1 Overview

As a result of anticipated growth in the use of Melbourne Airport (Tullamarine), the existing transport infrastructure to and from the airport may struggle in the future.<sup>220</sup> One possible way to increase access to the airport is a rail link from the CBD.

Several studies have investigated options for a railway to the airport. The Government committed to building an airport rail link in 2014 as part of the Melbourne Rail Link project. However, that project was discontinued following the change of government later that year.

There is currently no commitment from the Government to build a rail link to Melbourne Airport. The Minister for Public Transport told the Committee that:<sup>221</sup>

The capacity of potential future rail projects such as an airport rail link is dependent upon the Melbourne Metro Rail Project being complete. The Government is delivering on its election commitment to build the Melbourne Metro Rail Project prior to consideration of a rail link to the airport. The potential for a rail link to the airport will be subject to future consideration.

## 6.2 Background

A rail link between Melbourne Airport and the CBD has been discussed for many years. Financial analysis and a patronage study were conducted in 2001, following which land was reserved for the railway through the Albion Corridor.<sup>222</sup>

In 2011, the Government commissioned the Melbourne Airport Rail Link Study to investigate and identify the best route for a rail link between Melbourne Airport and the CBD.<sup>223</sup> The study considered a number of alternative routes and concluded that the previously reserved Albion route was the best option.<sup>224</sup>

A rail link to Melbourne Airport was included in Public Transport Victoria's long-term rail plan (see Section 4.2.3) in 2012. The rail link was included as part of stage 3 of the plan, which was expected to happen within 15 years. It was expected to happen after the Melbourne Metro rail project.<sup>225</sup>

<sup>220</sup> Public Transport Victoria, *Melbourne Airport Rail Link Study: Study Overview and Findings* (2013), p.2

<sup>221</sup> Hon. Jacinta Allan MP, Minister for Public Transport, correspondence received 23 November 2015

<sup>222</sup> Hon. Peter Batchelor MP, Minister for Transport, "Melbourne Airport Rail Link Not Viable Now" (media release), 18 January 2002

<sup>223</sup> Public Transport Victoria, *Melbourne Airport Rail Link Study: Study Overview and Findings* (2013), p.2

<sup>224</sup> *Ibid.*, p.8

<sup>225</sup> Public Transport Victoria, *Network Development Plan – Metropolitan Rail* (2012), pp.8, 75

In 2014, the Government of the day committed to a project called Melbourne Rail Link, which included a railway from Southern Cross Station to Melbourne Airport and a rail tunnel from Southern Cross Station to South Yarra.<sup>226</sup> The Government estimated that the entire project would cost \$8.5-11.0 billion, with early works to commence in 2016 and major construction to begin in 2017.<sup>227</sup>

Figure 6.1 Melbourne Rail Link



Source: Department of Treasury and Finance, *Infrastructure Investment: 2014-15 Budget Information Paper* (2014), p.11

Following the change of government in 2014, the Melbourne Rail Link project was discontinued.<sup>228</sup> The Melbourne Metro Rail Project (see Chapter 4) provides an alternative to the tunnel from Southern Cross Station to South Yarra but does not include a rail link to the airport.

### 6.3 Intended benefits

The Melbourne Airport Rail Link Study noted that the number of passengers using Melbourne Airport was expected to double over the next 20 years<sup>229</sup> and found that:<sup>230</sup>

226 Department of Treasury and Finance, *Budget Paper No.3: 2014-15 Service Delivery* (2014), p.68; Department of Transport, Planning and Local Infrastructure, *Plan Melbourne: Metropolitan Planning Strategy* (2014), pp.88-9

227 Department of Treasury and Finance, *Budget Paper No.3: 2014-15 Service Delivery* (2014), pp.64, 68

228 Department of Treasury and Finance, *Budget Paper No.4: 2015-16 State Capital Program* (2015), p.101

229 Public Transport Victoria, *Melbourne Airport Rail Link Study: Study Overview and Findings* (2013), p.2

230 *Ibid.*, p.4

Melbourne Airport is fundamental to Melbourne's continuing growth and competitiveness, providing regional and global connections for millions of overseas and domestic business travellers as well as tourists and Victorian residents.

Access to Melbourne Airport is entirely road based and dependent on the Tullamarine Freeway and Melrose Drive. Demand on some parts of the freeway is approaching capacity and parts of the Airport's internal road network are constrained, leading to delays on both internal and external roads.

...

Work to date has found that people are increasingly using Skybus or other bus services to access Melbourne Airport, and that mode shift to mass transit options will need to continue to ensure that the airport's growth and access needs are not constrained.

The *Network Development Plan – Metropolitan Rail* indicated that the project (as planned at that time):<sup>231</sup>

- Enables Melbourne Airport to be serviced by metropolitan train services for the first time
- Enables Melbourne Airport to be directly connected to the Dandenong corridor via the Melbourne Metro rail tunnel, offering easy travel opportunities for passengers in the southeast wishing to access the airport
- Enables good connections from other lines, especially regional and metropolitan lines in the west that will interchange with Melbourne Airport Rail Link services at Sunshine and Footscray.

## 6.4 Current status

The Committee notes that Public Transport Victoria's long-term plan is currently under review.<sup>232</sup>

Mr Gary Liddle (Acting Chief Executive Officer of Public Transport Victoria) informed the Committee that:<sup>233</sup>

At some point in time in the future as part of the network there will be potentially an airport rail link. It is about looking at the totality of the transport system, and what we are doing at the moment in that space is an upgrade of CityLink to Tulla. We are continuing to work with SkyBus about improving their service, and as part of our network planning into the future we will look at an airport rail link.

<sup>231</sup> Public Transport Victoria, *Network Development Plan – Metropolitan Rail* (2012), p.103

<sup>232</sup> Mr Evan Tattersall, Melbourne Metro Rail Authority, *Public Hearing*, 18 August 2015, p.2

<sup>233</sup> Mr Gary Liddle, Public Transport Victoria, *Public Hearing*, 6 October 2015, p.14

He further indicated that:<sup>234</sup>

... there is a large range of public transport projects being planned and implemented at the moment, and an airport rail link would logically follow the introduction of a Melbourne Metro. In fact, it probably could not be made to operate in the network before a Melbourne Metro is implemented, and it will be part of the planning for the future that PTV [Public Transport Victoria] does.

The Committee notes that the Melbourne Metro Rail Project is not due to be completed until 2026.<sup>235</sup>

My Lyell Strambi, Chief Executive Officer of Australia Pacific Airports Corporation (which owns Melbourne Airport), has recently been cited in the media as supporting a rail link to the airport.<sup>236</sup> The Committee will be seeking to meet with him as part of future infrastructure investigations.

## 6.5 Committee comments

The Committee has been informed that this project may feature in future plans, but that Public Transport Victoria's long-term plan is currently being reviewed (see Section 6.4). The Committee would like to see clarity around whether the project is anticipated in the longer term or not. If the Government does not intend to go ahead with the project, the Committee would hope to see details of the alternative transport solutions to be put in place over the longer term.

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<sup>234</sup> Ibid.

<sup>235</sup> Department of Treasury and Finance, *Budget Paper No.4: 2015-16 State Capital Program* (2015), p.98; Mr Evan Tattersall, Melbourne Metro Rail Authority, *Public Hearing*, 18 August 2015, p.4

<sup>236</sup> E.g. Steve Creedy, "Melbourne Airport Chief Lyell Strambi: Only Blue Skies Ahead", *The Australian*, 20 November 2015; Jamie Freed, "New Melbourne Airport Boss Lyell Strambi Wants Train Line, More Overseas Flights", *Sydney Morning Herald*, 14 October 2015



# 7 Conclusions

Most of the projects examined in this report are in the early stages. The Committee's focus at this time is therefore on the planning and scoping work for the projects.

The Committee notes that work has commenced on the Level Crossing Removal Program and Melbourne Metro Rail Project, but business cases and detailed plans are still in development. Completing these key documents will be the next important step.

An initial proposal has been put to the Government for the Western Distributor, with some modifications to the plan made during 2015. However, the proposal is still being considered by the Government and details of the project are still to be finalised.

Over the next six months, the Committee hopes to see progress on the plans for these three projects. The Committee was informed that the business cases for the Level Crossing Removal Program and the Melbourne Metro Rail Project will be completed by the end of 2015 (see Sections 2.7 and 4.7). A decision on the Western Distributor is similarly expected by the end of 2015 (see Section 3.7).

For accountability and transparency, the Committee hopes that all business cases will be made publicly available.

The Committee also hopes to see further development of plans for managing the disruptions caused by these projects, including appropriate engagement with relevant stakeholders.

Funding arrangements for these three projects have not yet been finalised. The total cost for the Level Crossing Removal Program is still a \$1.0 billion range. The total costs and funding sources for the Melbourne Metro Rail Project and Western Distributor are still to be finalised. The Committee would hope to see further specification of the cost estimates and funding sources in the next six months.

The Committee has also noted the importance of considering these projects within a wider planning framework. The Committee was informed that the *Network Development Plan – Metropolitan Rail* is currently under review. The completion of this review may assist with the effective planning of the Level Crossing Removal Program and Melbourne Metro Rail Project. It may also provide some indication about the future possibility of the Melbourne Airport Rail Link.

This sort of planning work may be assisted by the establishment of Infrastructure Victoria. The Committee will be watching the work from that body as this inquiry progresses.

As the projects develop, the Committee will also be interested in understanding the oversight processes that are put in place to ensure that projects are planned and delivered appropriately. As well as the delivery agencies, both the Department of Treasury and Finance and the planned new body Projects Victoria have important roles to play in this regard.

# Appendix 1

## Level crossing removal packages<sup>235</sup>

### Package 1

Centre Road, Bentleigh  
North Road, Ormond  
McKinnon Road, McKinnon  
Burke Road, Glen Iris

### Package 2

Main Road, St Albans  
Furlong Road, St Albans  
Blackburn Road, Blackburn  
Heatherdale Road, Ringwood

### Caulfield to Dandenong Package

Grange Road, Carnegie  
Koornang Road, Carnegie  
Murrumbeena Road, Murrumbeena  
Poath Road, Hughesdale  
Clayton Road, Clayton  
Centre Road, Clayton  
Corrigan Road, Noble Park  
Heatherton Road, Noble Park  
Chandler Road, Noble Park

### Package 4

Mountain Highway, Bayswater  
Scoresby Road, Bayswater

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<sup>235</sup> Based on Mr Kevin Devlin, Level Crossing Removal Authority, *Public Hearing*, 1 September 2015, pp.2-3 and Level Crossing Removal Authority, "Level Crossings" <[levelcrossings.vic.gov.au/crossings](http://levelcrossings.vic.gov.au/crossings)>, accessed 24 November 2015

## Package 5

Station Street/Bondi Road, Bonbeach

Station Street, Carrum

Charman Road, Cheltenham

Edithvale Road, Edithvale

Skye/Overton Road, Frankston

Balcombe Road, Mentone

Eel Race Road, Seaford

Seaford Road, Seaford

## To be included in later packages

Grange Road, Alphington

Clyde Road, Berwick

Moreland Road, Brunswick

Camp Road, Campbellfield

Bell Street, Coburg

South Gippsland Highway, Dandenong

Abbotts Road, Dandenong South

Buckley Street, Essendon

Glenroy Road, Glenroy

Hallam Road, Hallam

Toorak Road, Kooyong

Aviation Road, Laverton

Maroondah Highway, Lilydale

Thompsons Road, Lyndhurst

Manchester Road, Mooroolbark

Bell Street, Preston

High Street, Reservoir

Lower Plenty Road, Rosanna

Melton Highway, Sydenham

Cherry Street, Werribee

Werribee Street, Werribee

Ferguson Street, Williamstown

Kororoit Creek Road, Williamstown North

# Appendix 2

## Public hearings

### **Tuesday 18 August 2015**

#### **Melbourne Metro Rail Authority**

Mr Evan Tattersall, Chief Executive Officer

### **Tuesday 1 September 2015**

#### **Level Crossing Removal Authority**

Mr Kevin Devlin, Chief Executive Officer

### **Tuesday 6 October 2015**

#### **Public Transport Victoria**

Mr Gary Liddle, Acting Chief Executive Officer

#### **VicRoads**

Mr John Merritt, Chief Executive

#### **Metro Trains Melbourne**

Mr Robert Vaughan, Project Director, Level Crossing Removal Project

### **Wednesday 18 November 2015**

#### **Transurban**

Mr Scott Charlton, Chief Executive Officer

