

TRANSCRIPT

STANDING COMMITTEE ON THE ECONOMY AND INFRASTRUCTURE

Inquiry into infrastructure projects

Melbourne — 24 May 2016

Members

Mr Joshua Morris — Chair

Ms Colleen Hartland

Mr Khalil Eideh — Deputy Chair

Mr Shaun Leane

Mr Nazih Elasmr

Mr Craig Ondarchie

Mr Bernie Finn

Staff

Secretary: Dr Christopher Gribbin

Witness

Mr Evan Tattersall, chief executive officer, Melbourne Metro Rail Authority.

The CHAIR — I declare open our Standing Committee on the Economy and Infrastructure public hearing and extend my welcome to everyone present here today. I will begin by explaining that today's committee is hearing evidence in relation to the infrastructure inquiry and the evidence is being recorded. This hearing is to inform the second of at least six reports into the infrastructure projects, and witnesses present may well be invited back to future hearings. All evidence today is being recorded and is also protected by parliamentary privilege.

I will hand over to you at this point, Mr Tattersall, and welcome to you. I believe you might have some introductory comments for us, and then we might move into some questions following that.

Mr TATTERSALL — Good afternoon, everyone. I intend to go through a fairly short presentation of probably about 10 minutes if that is okay. Since I last met with you we have done a substantial amount of work in terms of implementing this project. If I could just recap slightly on the benefits of Melbourne Metro, and then I will move into the status update on where we are at.

Visual presentation.

Mr TATTERSALL — Growth issues for Melbourne you are all a very familiar with: pressure on the network, on Melbourne's rail network as opposed to other components of the public transport system in particular. Strong growth from 2000 to 2010, which is forecast to grow just under 4 per cent going forward for the indefinite future driven by population, road congestion, people wanting to work in the inner city area, cost of parking et cetera.

Our network has a number of constraints. All rail lines go around the city loop and depend on the city loop to certain degrees. The city loop is almost at capacity. North Melbourne station is a choke point. Richmond station is a choke point. What the Melbourne Metro project does is — via those orange dotted lines — implement a 9-kilometre twin tunnel section of line with five underground stations. But the important message is that it creates about a 45 per cent uplift in the capacity of the city loop — so through the heart of the system. That is a massive uplift compared to what is there. We then take the Dandenong line and the Sunbury line out of the loop and run them through this new tunnel. That then frees up a heap of space in the city loop, which enables us to run more services on other lines around Melbourne to take up the capacity that is enabled in the loop. So we are actually impacting about 70 per cent of Melbourne's network with this project.

It is also an enabler for expansion. So there are areas like Melton and other areas around Melbourne that are in need of transport rail extensions, but you cannot extend it and bring more services into the heart of the city until you fix the capacity in the central area of the system. This is Melbourne's current network. This reflects the areas of the lines that are uplifted by this project, inclusive of that blue section through the middle, which reflects the tunnel.

The business case was released in late February — strong economic credentials, associated with the business case the enabling of the full funding of the project, which you will all be reasonably familiar with. The importance of the funding is that right now we are actively out procuring contracts for the project, and the full funding has certainly given the market a lot more confidence than prefunding.

Some of the key aspects of the project — we have got obviously some development opportunities. This is Arden here in the foreground, with the blue rectangle representing the station location. There is potential for development of this area, being so close to the city, having a station as the catalyst. There is a lot of strong interest, particularly from the medical fraternity and the educational fraternity. The Metropolitan Planning Authority is doing a strategic plan for this area at the moment that will potentially result in a mix of commercial, residential and retail.

Other areas around the city — we have got opportunities at CBD North and CBD South for integrated developments with the stations. The whole intent is to make sure there is life once these stations open. We have got parallel developments that are sympathetic to the areas to ensure that we not just look at the economic return from those developments but also the amenity of Melbourne.

In the other areas, this slide shows a functional indicative layout of Parkville station. We are just a little bit shy of releasing architectural drawings for all the stations. A point of interest to note from this slide is the platform screen doors you see on the sides there. These are all around the world. They are enabled on this project because of the fact we are buying new trains that are dedicated to this line. Platform screen doors — they are a safety issue,

they are an amenity issue, from air conditioning, noise in particular. High-capacity trains — 65 on order. That is not one of them, but it is indicative.

Initially we will roll out trains that have 7 carriages, with a capacity of about 1100 people, but we are building platforms in the five underground stations that enable these trains to be extended in the future to 10, which gives you about a 1600-person capacity.

High-capacity signalling — the first time this has been done in Australia. They are doing it up in Sydney in parallel with us. In essence it enables you to move more trains through in the same period of time, and it is a safer system because it is more computer controlled, particularly in the braking area, than driver controlled.

Community consultation — we have done a lot of it. Thousands of people we have been talking to — stakeholders and public. Some of the changes we have made in our design based on feedback from all areas of the community and the stakeholders: Parkville station, for example, you will see there we are building a station under Grattan Street near Royal Parade. The original concept had that blue box, which represents the station, straddling Royal Parade, much closer to the Royal Melbourne Hospital and the cancer centre. We have moved it further to the east for two reasons: one, to stay away from the hospitals more so, in terms of our construction impact, and, two, to keep out of Royal Parade, given the impact on the trams and the emergency services in that area in particular.

I think since I was last here we have also gone to a deeper alignment under the Yarra. Particular feedback from sporting clubs, users of the Yarra, the businesses to the north side of the Yarra — had we gone with the previous shallower version, we would have caused huge impact to those areas. So more geotechnical work enabled us to go deeper, which is a good outcome for that precinct. Similarly, through the heart of the city we were going with a solution that went over the existing city loop. So this is showing the CBD North station with the current solution that runs under the existing city loop. It avoids us having to move all the trams off Swanston Street — big holes in Swanston Street — moving heaps of services, huge impact on businesses and the public. From the original solution — it was doable, but this is a much better solution. Just a couple of examples of where we have sort of moved to.

In terms of the community engagement, we are conscious of the areas we are dealing with in terms of cultural and linguistic diversity, so translating of all our information into various languages. We are in the process there. We have got experts on board with us now advising us as to which languages and which material should be translated.

In terms of how we build this thing, we have got three fronts we will be building in parallel. The purple represents the northern section, the blue represents the southern and then the yellowy colour is the centre of the system. We have to build all three in parallel and build all stations in parallel because the time it takes to build these stations is in the order of five years. It is a long time. We cannot do them sequentially because of the really strong need of this project coming online for Melbourne. Building them in parallel does create a greater level of disruption, as you would appreciate. It is a much bigger area that we are impacting.

Just some examples: previously that was Museum station, now Melbourne Central. You can see the shot tower on the left there. They diverted La Trobe Street while they built it. London: that is one of the oldest public gardens in London, and they have got a great big shaft in the middle of it at the moment. That is part of the, right in the heart of London. New York: Second Avenue subway, Upper East Side. That is an example of an acoustic shed that is covering a shaft. It is not particularly pretty, but it is effective in managing the noise disruption that comes from construction. Hong Kong: they do this stuff all the time right in the heart of the urban area. These things are big challenges, but they are done all over the world. We will be using tunnel boring machines for the areas outside of the central city. These are about 7 metres diameter from Crossrail. As an example, in the centre of the city we will be using roadheaders — a different type of underground mining equipment for the cabin-style stations that we are building there.

That is an example of a shaft. We will have these things out at Arden, where I showed you, down near Domain station but also in the city up at Franklin Street, at A'Beckett Street and in the city square, to enable access to get into these cabin stations.

That is what we will be doing out at Arden. That is all the precast units that line the tunnels. That is why we need that 14-odd hectares out there during the construction phase, which then ultimately will enable development to follow. A lot of equipment needs to be taken into the tunnel to line the sections.

Just on a planning update, we are doing an environmental effects statement. This is probably the most comprehensive, robust method of gaining a planning approval that you can do. It enables the highest opportunity for public and stakeholder input. In effect we develop our concept design with an envelope. We have a construction method that goes with it. We get experts to do a whole series of assessments on the impact of that construction methodology, and then we develop performance requirements around that method to mitigate the impact that are then locked into our contracts going forward and then managed through performance requirements in those contracts.

We will be out on public exhibition tomorrow for a period of six weeks, where the public and stakeholders will have an opportunity to put submissions in on all of the construction methods and impacts that flow from the project. There will be assessment committee hearings, so an independent panel that will review submissions and hear submissions from 22 August until 30 September — another six-week period. That panel will then make recommendations to the Minister for Planning, who will ultimately decide whether what we have proposed in terms of managing the impact is sufficient or whether they will add other constraints onto us, hopefully enabling the planning approval by early next year.

There will be a whole lot of community information sessions and public display of the EES material that goes with all of that. We have got about 12 public sessions lined up, and there are seven locations around Melbourne where people will be able to review this information.

We have got a big focus on sustainability. I will not take too long here, but we have got a whole lot of targets that we have established for ourselves that will be incorporated into our contracts. Probably a couple of important ones to note include the ISCA, so we are working closely with the Infrastructure Sustainability Council of Australia. We have established an overall rating score that we are going to achieve on this project. And we are working with the Green Buildings Council of Australia. It is the first time we have developed a rating tool for underground stations. It is probably the first time in the world that there has been a rating tool for an underground station — setting that at a five-star minimum rating.

There is a lot of effort at the moment going into workforce opportunities around graduates. We have got 10 graduates on board. We will be having an intake of 10 each year, but a lot more work going on in terms of social procurement and skills development, Indigenous employment et cetera.

On procurement — we are just about at the end here — we have got about \$7 billion worth of work that is out in the marketplace in varying forms at the moment. We have an early works package represented by the green up top and the green circles, which predominantly is for work around the stations to set it up for the main contract and when they come in to do the tunnels and the stations. We are finalising assessment of submissions on that contract at the moment, with an award later in June hopefully.

The black represents the tunnels and stations. This is the big availability PPP, just shy of \$6 billion worth of work. We are out with an expression of interest that closes on 9 June. We will be out with the tender process for that later this year, with an award later next year. We are also out in the marketplace with the blue one, which is the rail systems alliance, which includes our high-capacity signalling all through the tunnels and it includes signalling work pretty much between Dandenong and Sunbury in terms of upgrading existing plus rolling out the high-capacity system.

That expression of interest closes about 23 June, I think, and we will be out for the tender process later this year and award that mid next year ahead of the main tunnel and stations contract, because there is a high degree of interface between the two. We want to get the rail systems in place before we finalise the tunnel stations contract, and then we have another rail infrastructure alliance to follow once we know who is preferred on the tunnels. The marketplace will reset itself to bid for that last bit of work.

This one just represents the interest in the project at the moment. The flags represent the countries internationally who are interested, and the red dots represent where they have worked. We have got a strong degree of interest. I suppose the market is challenged a bit in terms of locals — —

The CHAIR — Mr Tattersall, I am very conscious of time. We have spent a bit of time on this, and I am sure the committee has got a lot of questions.

Mr TATTERSALL — Sure. So my last slide has a simple message: we start significant works early next year and the real big works in 2018.

The CHAIR — Thank you, Mr Tattersall, and I might begin with a couple of questions. The Melbourne Metro rail business case puts the capital costs of the project at \$10.9 billion in nominal terms. Just recently, major news outlets reported that the CFMEU is set to win a 15 per cent pay rise for Victorian construction workers over the next three years. Wages in the Victorian economy are tracking at 2.4 per cent annual growth according to the ABS, and the state budget forecast wages growth to average 3 per cent over the next three years. Consumer prices went backwards last quarter and are tracking at 1.7 per cent according to the ABS. At 5 per cent a year, the CFMEU deal, I could imagine, is quite generous. With the slated CFMEU wage deal, will it blow a hole in the construction costs for the Melbourne Metro rail project?

Mr TATTERSALL — No. The process we go through is obviously to develop our own estimate. Ultimately the pricing will be determined by the market, but in our estimate we use experts who do this work all the time, and they have made appropriate provisions for the marketplace with appropriate contingencies.

The CHAIR — So those expert estimates, were they up to 15 per cent for the three years?

Mr TATTERSALL — I am not going to go into the specifics of what has been allowed, but there is appropriate provisions, knowing the marketplace that we are in and the way the marketplace is likely to go forward.

The CHAIR — So another way of asking: in terms of the \$10.9 billion capital costs, how much of that is construction wages, which will be affected by the CFMEU deal?

Mr TATTERSALL — A very large proportion, but I am not going to go into the breakdown. I mean, we have got about a \$6 billion package there, which is a very large proportion of it, and obviously the tunnels and the stations component is an area of high CFMEU coverage, but ultimately that pricing will be determined by the market, who we are about to engage in a tendering process with, so I am not about to start breaking down what those dollars might be.

The CHAIR — Are you concerned that, as a result of this wage deal, we are going to see a blow-out in the cost of Metro rail?

Mr TATTERSALL — No.

The CHAIR — No?

Mr TATTERSALL — No.

Mr ONDARCHIE — Did you say there will not be a blow-out?

The CHAIR — That is a good question. You are not concerned so — —

Mr TATTERSALL — No, I am not concerned that there will be a blow-out.

Mr FINN — Can you give us a guarantee that it will not happen?

Mr TATTERSALL — No, I do not think anyone can give guarantees in this world about anything, but we use the best people that we can to do our estimates that support the business case, and ultimately the market will determine what the cost of the packages are.

The CHAIR — Using the 7 per cent discount rate, which is the rate referred by Infrastructure Australia, the business case reports that the benefit-cost ratio for the MMR is 1.1. This reflects present value benefits of \$7.9 billion and present value costs of \$7.3 billion, which gives a net present value of about \$600 million. So that \$600 million is a pretty slim margin for error with a project of this scale, and I am certainly reminded of the wafer-thin surplus that Wayne Swan promised in 2012 and I guess unsurprisingly failed to deliver. But what is

the chance that this CFMEU construction wage deal and the future deals will flip the economics of the MMR from a net positive to a net negative position?

Mr TATTERSALL — The benefit-cost ratio on this project, given the scale and complexity and enabling aspects of this project, is actually a pretty good number. If you take wider economic benefits into it, it gets you up to 1.5, and there are real wider economic benefits that flow with this, which is a point to your first preamble there.

The CHAIR — So which discount rate did you use?

Mr TATTERSALL — Seven per cent. If you use 4 per cent, which others in the industry suggest is maybe appropriate, you get a much, much higher — like dramatically higher — benefit-cost ratio. To get to your point about potential — —

The CHAIR — Flip.

Mr TATTERSALL — Yes, to take it into, say, a negative BCR, these projects are costed based on proven industry contingency provisions that you have at this stage of the project, and as you get out to the market and move closer in terms of certainty of costing, that contingency then narrows, but right now our contingency covers the sort of risk profile that you are referring to in the industrial climate.

The CHAIR — So overall you do not think there is a significant concern with the 15 per cent wage deal?

Mr TATTERSALL — I do not think there is a significant concern that our benefit-cost ratio will diminish because of one aspect, being the industrial relations scene, based on the scale of this project and the way we have priced it.

Mr EIDEH — My question is regarding the South Yarra station. The Liberal Party and the Green party have endorsed a plan, from Stonnington council, to build a second station in South Yarra and to also upgrade the existing station. Have you met with Stonnington council, and what is your assessment of the plan for South Yarra to have two train stations?

Mr TATTERSALL — A station at South Yarra, to be clear, has never been part of the scope of this project. Yes, I have met with Stonnington, numerous times, but most recently I met with the CEO over this particular submission that they put forward, but what they are proposing is in essence what has been proposed and looked at before — to have two extra platforms but have another station just south of the existing, with connectivity to the existing station. Given the economics of that, the cost, the impact on the property in that area relative to the benefits you get out of it — bearing in mind the benefit we are talking here is not about the ability for people to get on a train and get into the city, because they have about a 2-minute service now, a train every 2 minutes, and that is what they will have once Melbourne Metro opens, because we can run more trains on the Sandringham line and the Frankston line, so it is not about people getting into the city, it is about the ability of people to transfer at South Yarra to the Dandenong line or vice versa, and the number of people who want to do that per day is a few thousand, it is not huge — the significant cost relative to the very low benefit does not justify building the station.

Mr EIDEH — In your meeting with the commonwealth government and Infrastructure Australia has it been mentioned that commonwealth funding or support for the project would be dependent on the inclusion of South Yarra station?

Mr TATTERSALL — It is not really a question that I can answer. I think that is probably one for those who have been dealing at senior levels with the federal government.

Ms HARTLAND — I have got a couple of technical questions. I am not going to ask you about CFMEU wages, because I do not have a problem with construction workers being well paid, considering the kinds of dangerous work they do, but I will ask you some technical questions around the funding of the project. Are you aware or can you confirm that there has now been an absolute rejection of commonwealth funding for metro rail via the asset recycling scheme?

Mr TATTERSALL — Sorry, when you say a rejection — —

Ms HARTLAND — I understand that the commonwealth are not putting any money into Melbourne Metro, which surprises me for such a big public transport project. Can you talk to us about where the federal funding is sitting and where the state funding is sitting on this project?

Mr TATTERSALL — Certainly there are still discussions going on at a federal level, and we are providing information to both the federal Department of Transport and Infrastructure Australia on essentially the business case and them getting into a greater level of detail behind what we have developed. So I would say no, there is still definitely an ongoing process with the federal government regarding funding. Yes, they have announced the asset recycling initiative recently. My understanding is that that has been there for some time, but definitely there are still discussions going on about further federal funding.

Ms HARTLAND — Are you aware of any restrictions that are being placed on the project in terms of design et cetera to be able to guarantee federal funding?

Mr TATTERSALL — No, I am not aware of any restrictions. There has been discussion around value capture opportunities et cetera, but it is only general. There is nothing specific that I am aware of.

Ms HARTLAND — I will come back.

Mr ONDARCHIE — Evan, let us continue with this discussion about South Yarra. I think there was a figure quoted by the then public transport minister — —

Who is the public transport minister?

Mr FINN — That would be Jacinta Allan.

Mr ONDARCHIE — Still?

Mr FINN — Apparently. Word has it.

Mr ONDARCHIE — Crikey. She said on 15 May that to put two extra platforms around Osborne Street, South Yarra, is going to cost about \$700 million. That was her number. Given that the federal government has indicated it will provide \$857 million in the federal budget for Melbourne Metro, couldn't you just go ahead and do the South Yarra platforms now?

Mr TATTERSALL — I think the answer is quite simple: yes, we could go ahead and do a platform at South Yarra, but it does not make economic sense. It is far too great a cost for the benefit that you get out of it, so why would you spend that public money — —

Mr ONDARCHIE — You quoted a figure that around 2000 passengers would use that swap.

Mr TATTERSALL — A few thousand.

Mr ONDARCHIE — A few thousand. Have you got some data around that?

Mr TATTERSALL — Public Transport Victoria has data around that, yes.

Mr ONDARCHIE — I wonder if that can be made available to us, Chair. The Domain station platform under St Kilda Road is going to be a pretty long platform, in my understanding — about 234 metres — to ensure it is not curved. Is that going to have any effect on the existing Yarra Trams Domain construction that was only constructed two years ago?

Mr TATTERSALL — As part of the construction of Domain station that whole intersection there of Domain and Albert Road is rebuilt. It is a long station; you are right. It is about 220-metre-long platforms to take these 10-car trains, which means you end up with a station box that is more like 250 metres long, because you have got to have plant and equipment at the end. To construct that in that location is quite challenging with the geometry there. However, the staging that we have planned — and again this is subject to contractors ultimately helping us with this — is to do the station in a single stage, which means we temporarily relocate tram infrastructure — build a temporary tram stop — so that we can stage the work such that the trams continue to run entirely throughout our construction phase and we enable bike lanes still to operate throughout that phase. So it is a challenge. We had options of building the station in two halves, which meant it would take a couple of

years longer than what our actual program is now, so we think we have probably got the right balance there in our method, but we will get help from the contractors when they come on board. They may be able to innovate and have a better solution than we have come up with.

Mr ONDARCHIE — That lovely new interchange that was done for Yarra Trams must have only been a couple of years ago. Is that all going to go, is it?

Mr TATTERSALL — That is going to be replaced, yes. Ultimately we will have tram infrastructure in the centre of St Kilda Road with direct connection down to the station — so really good tram interface to the trains there. It will actually be quite a benefit with trams that go up that St Kilda Road-Swanston Street spine, because people coming up St Kilda Road, for example, who want to go to the unis will get off the tram onto a train and they will be there in several minutes, as opposed to trundling up via what is a fairly congested spine that could take more like 15 minutes.

Mr ONDARCHIE — So what is your response to the people who use that route 8 interchange — that lovely interchange that the local people just love — given it was only built a couple of years ago?

Mr TATTERSALL — I think the building of that infrastructure was important. It was done, as you say, a number of years ago.

Mr ONDARCHIE — It was not ‘a number’.

Mr TATTERSALL — It was a few years ago.

Mr ONDARCHIE — I am not sure. It was only 2013–14.

Mr TATTERSALL — Anyway, it was done, as I understand it, for safety and amenity reasons that were needed. It will be 2018 before we are doing works there. Yes, we will be rebuilding it as part of this project, but when they built that tram infrastructure I do not think this project was proceeding at that stage. We make no apologies — this is a massive project with massive benefits for Melbourne. There will be disruption, there will be issues to be managed and there will be rebuilding of existing infrastructure in order to facilitate it.

Mr ONDARCHIE — I would prefer you did not say ‘no apologies’, because I think there will need to be some apologies to the people inconvenienced.

Mr ELASMAR — Thanks, Evan. The metro tunnel goes from Kensington to South Yarra. Can you explain how the project will benefit the outer suburbs of Melbourne, and how will this project allow for more trains from the outer suburbs to run to the city?

Mr TATTERSALL — What I was saying before, during the presentation, is that we create capacity through the heart of Melbourne. Not only does that new section of tunnel that links the Sunbury line to the Dandenong line enable a much more reliable service all the way from Dandenong, or Cranbourne and Pakenham for that matter, right through to Sunbury; it is independent of the rest of the network effectively, except for key points of underground transfer at Melbourne Central and Flinders Street. It is independent from a rail sense, so that gives you a much better, reliable service and much greater capacity. But by taking those two lines out of the city loop we can then put more trains on Upfield, Craigieburn, Werribee, Sandringham and Frankston lines. So that is where, as I said before, about 70 per cent of the network gets service uplift from this project, which is not often understood. People just think it is the Sunbury and Dandenong lines, but it is not; it is about 70 per cent of the network. So to that extent they all get that benefit.

This is an enabler for the network in the future to be transformed into a true metro-style system, where you have a whole series of independent lines. The more reliable you can make other lines and the more independent they become, then the more reliable the whole network is, so it is an enabler for that ultimate plan that Public Transport Victoria have, which does help all the other lines.

Mr FINN — Mr Tattersall, I may have missed the full context of this, but it certainly caught my attention when you said Sunbury would be taken out of the city loop. Did I get that correctly?

Mr TATTERSALL — That is correct.

Mr FINN — So Sunbury line will be put in the new tunnel? Where will Sunbury people or people on the Sunbury line be able to access the city? What stations will they be able to use to access the city?

Mr TATTERSALL — What we currently call ‘CBD North’, which is under Swanston Street between Latrobe and Franklin, right next to Melbourne Central station. So they will be able to get off there, and there will be direct underground connection from the new CBD North station to Melbourne Central. They will also be able to get off at the CBD South station, which runs between Flinders Street and Collins Street and has direct underground connection to Flinders Street.

One of the concepts for these international metro-style systems is that it is easy to transfer to other lines, so someone who wants to get on a Ringwood train can easily transfer at Melbourne Central or Flinders Street.

Mr FINN — So at the moment Sunbury people or people on the Sunbury line have access to the city via I think it is five stations. That would be cut down under this proposal to two.

Mr TATTERSALL — To two, but with direct transfer to access all the other three stations in the network.

Mr FINN — What exactly is direct access to other stations? What are we talking about?

Mr TATTERSALL — It is an underground pedestrian link that goes directly into platforms on Melbourne Central and platforms on Flinders Street.

Mr FINN — So basically we are telling people on the Sunbury line, ‘Get out and walk’?

Mr TATTERSALL — We are telling people on the Sunbury line and the Dandenong line and all other lines in Melbourne that if you want an international metro-style system you need to transfer, like you do in all the other major cities around the world that have these systems.

Mr FINN — Let me get this straight: people on the Sunbury line have lost access to three stations — they have been cut from five to two — and if they want to access the others, they actually have to get out and walk. I am sure they are going to be thrilled to hear that.

Mr TATTERSALL — They do not lose access; they just need to transfer.

Mr FINN — They just have to walk the rest of the way.

Mr TATTERSALL — No, they transfer to another train.

Mr FINN — Mr Tattersall, I have absolutely no problem with walking. I think it is a wonderful way of losing weight. But I am not sure of the joy of the Sunbury people or the people in St Albans or Footscray when they are told that they have in fact lost access to about 150 per cent of the stations that they used to have.

Mr TATTERSALL — To be clear, they do not lose access. They walk between one station and another — a very short walk — to transfer —

Mr FINN — A very short walk. How short is the walk?

Mr TATTERSALL — so they can catch a train to go around to Southern Cross or to Parliament.

Mr FINN — So they actually have to get off a train, walk to the next station, get another train to go to where they are getting off directly now.

Mr TATTERSALL — It is a very short walk. Some good health benefits come with this!

Mr FINN — Yes, ‘Get out and walk’ — that could be Metro’s slogan in the years ahead. Last time you were here, Mr Tattersall, we talked about the dumping of contaminated soil from the tunnels, and you indicated, as I recall, that you were looking at some land out near Melbourne Airport. I am just wondering if you have been able to confirm where that soil will be dumped and if indeed it will be near Melbourne Airport.

Mr TATTERSALL — To be clear, last time I was here I did not say that. What I said was there will be a lot of spoil. Contaminated material, I said last time, will be appropriately managed and disposed of in accordance with the EPA requirements.

Mr FINN — And then you said you were looking at land out near Melbourne Airport.

Mr TATTERSALL — Not for contaminated material.

Mr FINN — Right.

Mr TATTERSALL — Most of the material that comes out of this project is clean material. I think there was a misinterpretation of what I said last time, perhaps.

Mr FINN — One of us must have misspoken.

Mr TATTERSALL — I think one of us must have.

Mr FINN — Fair enough. So where are we looking at dumping the contaminated soil?

Mr TATTERSALL — Contaminated soil will be managed in accordance with EPA requirements, and those requirements require you to, as much as possible, manage it on site, where you blend it with other clean material, or it is disposed of at appropriate EPA controlled sites.

Mr FINN — And where would they be?

Mr TATTERSALL — Not landfills out the back of Tullamarine.

Mr FINN — Right, okay; just wondering. Where would those sites be at the moment? Are we looking at, perhaps, Ravenhall?

Mr TATTERSALL — We are not at that stage in the project yet. There are a number of sites that are licensed landfills, but there is also potentially a lot of opportunity to use the good clean material for other projects. Often you find, as you get closer to the material coming out of the ground, that there is a road project or a reclamation project where good clean material — not contaminated material — can be used. It is a win-win.

Mr FINN — I am delighted to hear that the good clean material can be used on other projects, but what about the contaminated material — where will that go? I mean, you have said it could go to a number of areas, I am just asking: where are those areas?

Mr TATTERSALL — Well, there are a number of sites around Melbourne.

Mr FINN — So you keep saying. I am just wondering where they are.

Mr TATTERSALL — It could be any of those.

Mr FINN — Which ones, though?

Mr TATTERSALL — Any of the ones that are licensed.

Mr FINN — Which ones are they? I mean, you must have some idea where they might be.

Mr TATTERSALL — I am not going to try to recall where all of the sites are around Melbourne, but EPA's approach is to try to manage the material on site if you can, if it is realistic to do so — so reuse it in ways that is in a controlled manner on the project site.

Mr FINN — Well, if we are being directed by the EPA, we can wish ourselves good luck on that. On the question of Swanston Street, you seemed to indicate — or you did indicate — that it would not be dug up in the way that had been originally proposed. What exactly is Swanston Street now going to be like when the tunnel is built, or when the tunnel is being built, should I say?

Mr TATTERSALL — The street itself will remain pretty much as is. Trams will continue to run, and the pedestrian amenity on the footpaths and the cyclists will continue to flow. What we will be doing, though, is effectively creating building-like sites off to the sides of Swanston Street where we can then access, via shaft light structures that I showed you before, to come in underneath and build the stations underneath Swanston Street. That avoids us having to move the trams and the services and the massive costs in moving things like the Telstra services that are under there. We do not have to do any of that now. There will be a much reduced impact on the heart of Melbourne going it this way, cabin-style construction.

Mr FINN — So there will be significant disruption still to small businesses in Swanston Street?

Mr TATTERSALL — There will be significant disruption to everywhere along the alignment of this project. We make it very clear that we will mitigate as much as possible, but there will still be significant disruption that goes with this project. You cannot do this in the heart of Melbourne and not have disruption.

Mr FINN — Have we had any discussions or have you had any discussions about compensation for those businesses that are hit by this project?

Mr TATTERSALL — We have had a lot of discussion with stakeholders, particularly in the heart of Melbourne. Our focus has been on, and we have been quite successful in working out, how we mitigate the impact on those businesses. Where there is direct impact on businesses there is entitlement in the Land Acquisition and Compensation Act for compensation.

Mr LEANE — Mr Tattersall, you mentioned in your presentation that there are some packages out to tender, particularly, as you called them, early works packages. How far off is the project actually scratching the ground, as in men and women in red jackets and hard hats out digging up stuff?

Mr TATTERSALL — We are actually out there now doing stuff. We have done about 180 boreholes, and we have more recently been out opening up the roadways to confirm the locations of services in particular, but that is relatively minor. We will be doing more of that throughout the rest of this year, some minor service relocations. The more significant work will start once we get our planning approvals in place, so by early next year.

Mr LEANE — Your current workforce doing those operations you just mentioned, do have an idea of the current workforce that is working on the project?

Mr TATTERSALL — It is relatively low. It is about 30-odd people, but the whole of the project is about 500 at the moment.

Mr LEANE — As far as planning and so forth.

Mr TATTERSALL — Yes, but the field resources are relatively low.

Mr LEANE — So the early works package workforce will increase that once the tender has been awarded?

Mr TATTERSALL — Yes.

Mr LEANE — I suppose it might be a hard question, and I am happy to take it on notice, but what would you think the workforce working on this project would be, say, in about 12 months time?

Mr TATTERSALL — I know that the early works contractor work that we have done today indicates that there will be a couple of hundred people on that project alone, but ultimately we will be creating about — it is probably out in the press — in the order of 4000 jobs on this project during the peak period.

Mr LEANE — Inclusive of, as you said before, that in the contracts you are putting ratios around apprentices and other groups.

Mr TATTERSALL — Yes, and bearing in mind that is new jobs created, so the actual peak workforce will be higher than that, but we need the proponents to give us submissions to know exactly what those numbers will be.

Mr LEANE — When you say that number, I noticed in your presentation you had the site where the concrete will be prepared offsite, so do you include that in the 4000, where you talk about it being outsourced?

Mr TATTERSALL — That is across the project. That is including the supply chain.

Mr LEANE — Fantastic. That is all I have got to ask.

The CHAIR — Thank you, Mr Tattersall, for your attendance today. I will just remind you that you will receive a copy of the transcript of today's evidence for proofreading in the coming days, and those transcripts will ultimately be made available on the committee's website. Once again, thank you for your attendance.

Committee adjourned.