

## East West Link – Eastern Section

### A.1 Proposal type

Asset only

### A.2 Summary description

The business case presents the strategic case for the full East West Link (EWL) – an 18km freeway standard road from the Eastern Freeway to CityLink, the Port of Melbourne precinct and on to the M80 in Sunshine West.

The business case then presents the detailed analysis for the Eastern Section of the EWL as the proposed first stage of the EWL. The Eastern Section connects the western end of the Eastern Freeway in Clifton Hill to CityLink in Parkville (providing access to the Port of Melbourne using existing capacity on CityLink through to Footscray or Dynon Road interchanges).

This detailed analysis supports the submission for further development and delivery funding for the Eastern Section of the project, and planning for the Middle Section. The submission does not seek delivery funding for the full East West Link.

### A.3 Responsible Minister

Minister for Public Transport, Roads

### A.4 Coordinating Minister's ranking

N/A

### A.5 Budget priority

- ✓ Asset approved for consideration in the 2013-14 budget process

### A.6 Asset filtering [Section only required for asset initiatives]

Has this investment been approved by BERC as part of the 2012-13 or 2013-14 asset filtering process or approved by the Premier and Treasurer to proceed for funding consideration in the 2013-14 budget process?

Yes - BLEC agreed at a meeting on 26 March 2013 that the Business Case be considered by BERC.

### A.7 Location

<p>A connection from the western end of the Eastern freeway to CityLink, comprising:-</p> <ul style="list-style-type: none"> <li>• An interchange at Hoddle Street that will continue to provide for all existing traffic movements, with the main carriageways passing under Hoddle Street and the South Morang / Hurstbridge railway line (to maintain the existing connection for turning right from Hoddle Street south onto the Eastern Freeway) and new provision made for both northbound and southbound Hoddle Street traffic to turn west into the Eastern Section tunnel.</li> <li>• Tunnel portal west of Hoddle Street with significant cut and cover construction to transition from surface construction to the point of entry to the driven tunnel.</li> <li>• Twin 4.4 km three-lane tunnels in each direction from the Eastern Freeway to CityLink starting from west of Hoddle Street, running under Alexandra Parade and continuing under the Melbourne General Cemetery, Royal Parade and Royal Park</li> <li>• Tunnel portal in Royal Park just west of the Upfield railway line linking to separate elevated structures providing north-facing connections to CityLink near Brunswick Road and south-facing connections to CityLink near the sound tube.</li> <li>• Single lane west-facing exit/entry ramps allowing access to/from Flemington Road via Elliott Avenue.</li> </ul>
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### A.8 Performance measures

<b>Output name:</b>	Road Network Improvements					
<b>Performance measures</b>	<b>Unit of measure</b>	<b>Change in target if this initiative is endorsed</b>				
		<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>
<b>Quantity:</b>						
Progress of East West Link : Eastern section	per cent	N/A	3	22	24	21
<b>Timeliness:</b>						
East West Link – Eastern Section: Tender released	Date	N/A	Q2	N/A	N/A	N/A

Note: This initiative will also support the existing measure *Planning projects for major transport infrastructure requiring Commonwealth funding* in the Integrated Transport System Planning output. Additional measures will be considered for inclusion in future budget papers.

## A.9 Funding/revenue

### A.9.1 Funding history

Description of funding provided	2008-09 \$m	2009-10 \$m	2010-11 \$m	2011-12 \$m	2012-13 \$m
EWL Planning and Development				7.5	19.5

### A.9.2 Existing funding base over forward estimates

N/A

### A.9.3 Output funding

N/A

### A.9.4 Asset funding

#### Budget impact – capital funding construction period

Ref: Business Case: Table 33 pg 201; Attachment F

Nominal	2013-14 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m	Total TEI \$m
Estimated asset investment Construction <sup>1</sup>		1,262	1,360	1,220	1,003	623	5,468
Risk		161	173	161	145	116	755
Integrated PT and land use <sup>2</sup>		15	24	19	40	102	200
Land acquisition	165	25	27	28			245
State Costs <sup>3</sup>	59	30	20	21	22	23	175
Sub total (gross asset price increase) <sup>3</sup>	<b>224</b>	<b>1,493</b>	<b>1,603</b>	<b>1,450</b>	<b>1,210</b>	<b>864</b>	<b>6,843</b>

Note: Minor rounding in figures presented

1 Cost estimates do not include the State's share of any positive or negative impacts on the State's existing two toll road concessions. These impacts will be address further in the next steps of project development.

2 A nominal \$200M has been allocated towards the development and/or delivery costs of identified integrated public transport and land use initiatives. Detailed business cases for each of these initiatives are yet to be developed and it is expected draw down of funds for individual projects will subject to appropriate processes as required including DTF HVHR assessment once business cases developed. Required funds may include output funding as well as asset funding.

3 State costs include procurement phase, construction phase management and Independent Reviewer costs for the PPP delivery of the project but do not include the costs of any separate Government entity which may be established in the future to manage Governments receipt of toll revenues from the project.

#### Budget impact – CAC and depreciation equivalent revenue

N/A

## A.9.5 Revenue

### Revenue increase/decrease

It is proposed the Eastern Section will be tolled with the State to retain toll revenue. Toll revenues will commence in financial year 2019/20.

The estimated net toll revenue funding ‘contribution’ to project costs is equivalent to \$1.2 billion (nominal) in capital spending over the construction period.

See Section Section 11.2/Table 26 and 14.2/Table 33 of the business case for more detail.

## A.9.6 A.9.6 Proposed funding sources

No Commonwealth funding offset against the capital cost assumed.

The road will be tolled with the State to retain toll revenue. See A.9.5 above.

Availability PPP procurement model is recommended for asset delivery. A government funding contribution is assumed to be required during construction along with private finance. See section 14.3 of the business case for detail of expected budget impact post financial close.

## A.9.7 Alternative funding options

Chapter 12 of the Business Case identifies a range of options for additional revenues sources including adjusting arrangements on Melbourne’s existing toll roads, tolling beyond the project road and broader value capture mechanisms. Options have not been investigated in detail. A report back to BERC with additional analysis could be provided if required.

## A.10 Staffing requirements

### New VPS staff

Functional category	2012-13	2013-14	2014-15	2015-16	2016-17	Ongoing
Service delivery category (i)	TBD	TBD	TBD	TBD	TBD	TBD
Service delivery category (ii)	TBD	TBD	TBD	TBD	TBD	TBD
Public administration and accountability category (i)	TBD	TBD	TBD	TBD	TBD	TBD
Public administration and accountability category (ii)	TBD	TBD	TBD	TBD	TBD	TBD
Corporate support services	TBD	TBD	TBD	TBD	TBD	TBD
<b>Total</b>	TBD	TBD	TBD	TBD	TBD	TBD

**Existing VPS staff** (i.e. staff that can be transferred from within the Department)

Functional category	2012-13	2013-14	2014-15	2015-16	2016-17	Ongoing
Service delivery category (i)	TBD	TBD	TBD	TBD	TBD	TBD
Service delivery category (ii)	TBD	TBD	TBD	TBD	TBD	TBD
Public administration and accountability category (i)	TBD	TBD	TBD	TBD	TBD	TBD
Public administration and accountability category (ii)	TBD	TBD	TBD	TBD	TBD	TBD
Corporate support services	TBD	TBD	TBD	TBD	TBD	TBD
<b>Total</b>	<b>TBD</b>	<b>TBD</b>	<b>TBD</b>	<b>TBD</b>	<b>TBD</b>	<b>TBD</b>

**Non-VPS staff**

	2012-13	2013-14	2014-15	2015-16	2016-17	Ongoing
Service delivery staff*	TBD	TBD	TBD	TBD	TBD	TBD
Non-service delivery staff	TBD	TBD	TBD	TBD	TBD	TBD
<b>Total</b>	<b>TBD</b>	<b>TBD</b>	<b>TBD</b>	<b>TBD</b>	<b>TBD</b>	<b>TBD</b>

The project is expected to generate significant increases in broader economic activity induced by improvements to transport productivity and greater expenditure throughout the economy. This includes Victorian employment during the construction phase (full time equivalent jobs in 2017) of 4,300 extra jobs per annum and 870 extra jobs per annum (FTEs in 2035) during the operation phase.

**Attachments**

East West Link Business case and Business Case Attachments A-R