

QB25-000030

ISSUE: SUBURBAN RAIL LOOP (SRL) EAST

KEY POINTS:

- I have approved \$2.2 billion in Australian Government (AG) funding towards land acquisition, geotechnical and development works and utilities upgrades for the SRL East, in line with Infrastructure Australia (IA)'s recommendations detailed in its evaluation report, which is published on its website.
- The named scope items represent the best value for money for the AG's investment as they would support broader objectives such as housing supply and are well advanced, with low risk of escalation.
- As for all projects funded under the Government's Infrastructure Investment Program, SRL East has been assessed in accordance with the *National Land Transport Act 2014* and the *Public Governance, Performance and Accountability Act 2013*.
- On 16 November 2025, the Prime Minister, the Hon Anthony Albanese MP, announced that the Australian Government would commit additional funding to SRL. The details of funding amount and timing will be finalised through the 2026-27 Budget.
- On 1 September 2025, the Victorian Minister for Transport Infrastructure, the Hon Gabrielle Williams MP, wrote to me requesting an additional \$9.3 billion in Australian Government (AG) funding towards SRL East.

SUMMARY:

- The Victorian Government commenced construction on SRL East in June 2022, with work underway at all six station sites.
- Contracts have been awarded for initial and early works, power works, and tunneling, with tunneling expected to begin in 2026.
- SRL East will deliver twin tunnels with six underground stations at Cheltenham, Clayton, Monash, Burwood, Glen Waverley and Box Hill.

Facts and Figures:

- At the 2022-23 October Budget, the AG committed \$2.2 billion towards the SRL East election commitment.
- SRL East is expected to be completed in 2035.

If Asked/Sensitivities

- Sensitivities remain in the public domain on the SRL project, including:
 - significant costs, constrained market capacity and competing priorities;
 - that the Business and Investment Case (BIC) anticipates over \$9 billion in additional AG funding that has not yet been finalised; and
 - the absence of a detailed business case and the Victorian Government not submitting all requested information to IA.
- The Victorian Government has sought an additional \$9.3 billion in AG funding, to increase the total AG contribution from \$2.2 billion to \$11.5 billion (which is one third of the total project cost of \$34.5 billion).

- To support this request, in November 2025 Victorian officials submitted a Project Proposal Report (PPR), and additional information as recommended by Infrastructure Australia (IA).
- The department is currently reviewing the information provided and will provide advice to me as part of the 2026-27 Budget process. As per normal processes, the department has sought advice from IA on the PPR.

BACKGROUND:

- On 19 August 2021, the Victorian Government released a BIC for SRL, which estimated the:
 - cost of SRL East (Cheltenham to Box Hill) is \$30.0 - \$34.5 billion; and
 - the Benefit Cost Ratio (BCR) of SRL East and SRL North to be 1.1 to 1.7 (at a 4 per cent discount rate).
- In August 2022, the Victorian Parliamentary Budget Office (PBO) released an independent cost estimate that indicated:
 - the cost to build SRL East is \$36.5 billion;
 - the cost to build and operate SRL East and North over 50 years (including \$125 billion in asset expenses) is \$200.3 billion; and
 - the BCR for SRL East and North is likely to be between 0.6 and 0.7 (at a 7 per cent discount rate).
- In March 2024, the Victorian PBO released updated estimates to build and operate SRL East and North, with a \$16.4 billion increase across the two sections, bringing SRL East to \$84.1 billion and SRL North to \$132.5 billion.
- On 18 September 2024, the ANAO tabled its performance audit report of the Australian Government's commitment to the project in Parliament. The ANAO did not make any recommendations and made the following findings:
 - The department was largely effective in managing the approval and administration of the AG's \$2.2 billion commitment to SRL East.
 - The department provided largely appropriate advice to the AG on the SRL East project.
 - There are established processes in place to support land transport infrastructure investment by the AG, which align with legislative requirements and have review mechanisms in place.
- In making these findings, the ANAO noted that as at June 2024, the SRL East project was yet to go through the formal project approval process, which must occur before funding can be expended.
- On 3 February 2025, you approved \$2.2 billion in AG funding towards land acquisition, geotechnical and development works and utilities upgrades for the SRL East project.
- On 21 March 2025, IA released its final evaluation report for the SRL East Project, which follows a draft report shared with the department on 31 January 2025, ahead of project and funding approval. IA recommended that:
 - \$2.2b in AG funding be allocated towards tangible elements of the project, including land acquisition, road upgrades and enabling works;
 - prior to the AG committing any further funding toward the project, the AG should seek an updated cost estimate, a more comprehensive funding and financing strategy with consideration of value capture, and an analysis of SRL East's social, economic and environmental benefits;

- if further funding is committed, the AG participates in the relevant governance body and supports the proponent to develop a detailed exit strategy.
- The first payment is expected to be made this financial year (2025-26).

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Current as of: 20 November 2025