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Melbourne Airport Rail Link – Potential Pathways to Delivery

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Executive Summary

Ensuring an appropriate passenger transport solution to access a growing Melbourne Airport is vital to safeguard the economic benefits for Victoria, supply a high quality of passenger comfort, and provide room for future development. A fixed link public transport solution has been proposed as the more favourable option, deemed the Melbourne Airport Rail Link.

The Business Case for the Melbourne Airport Rail Link was completed in November 2021, with an Infrastructure Australia evaluation following in September 2022, and provides a compelling case for this proposed solution, as this will connect Melbourne city centre to the airport, provide a reliable journey to the airport with guaranteed journey times, reduce vehicle volumes on the Tullamarine Freeway, and contribute to continued growth for Victoria (Infrastructure Australia, 2022).

The Victorian and Federal Governments have, in the past, both committed $5 billion to this project as they see the value. Other key stakeholders, like the management of Melbourne Airport – Australia Pacific Airports (Melbourne) (APAM) – and the public, also see the high value of this project, showcasing the need and viability of the fixed transport rail link.

Despite the agreement among stakeholders regarding the merit and benefits of this project, there has been an apparent relationship breakdown between the Victorian Government and APAM, and a misalignment of expectations. One of the main factors for this apparent breakdown is the shift from the proposed elevated overground rail station at the airport, to an underground station by APAM. This, along with the COVID-19 pandemic, a national review of key infrastructure projects, and other factors, have contributed to a delay and ultimately a pause in the project.

In order to recommend a pathway to deliver this project, various meetings were conducted with key stakeholders who were available within the time constraints of this report, including APAM, Victorian Government, IFM Investors and Laing O'Rourke. These meetings aimed to understand the background of the project, any causes of conflict, and the desires of the stakeholders in order to form recommendations to deliver this project.

This report illustrates this project is a necessary development due to population increases impacting the expected capacity limit of the Tullamarine Freeway, connections to future rail projects within Melbourne, and increasing passenger numbers transiting through Melbourne Airport. Without this project being delivered, there is the risk of a loss of economic benefits to Victoria and to APAM.

It is recommended that work continues at Sunshine Station to transform this into the major transport hub it was planned to be. Subject to budget constraints, this would be a "no regrets" strategy, due to the work already completed and the future benefits this would provide. Significant early works have already been undertaken to relocate utilities in the path of the proposed rail alignment and adjusting current rail tracks, to allow freight and passenger lines to co-exist.

It is not possible to recommend that an underground station be considered in detail at Melbourne Airport at this time. There are significant issues with this proposal, including the current lack of a

comprehensive geotechnical survey and a complete business case. This option could be considered in the future in conjunction with other projects, such as the Suburban Rail Loop.

Should APAM wish to progress with an underground station option at the airport, it is recommended they produce a suitable and comprehensive business case to do so. This will require adequate and sufficient geotechnical studies to be carried out, together with a tried and tested methodology, so that key stakeholders can examine the proposal in detail.

As this project is key to the future economic success and development of Melbourne Airport, it is vital that all key stakeholders establish and maintain open lines of communication and engage in meaningful negotiations to deliver this project. The benefits of the successful delivery of this project to all stakeholders, including the public, are too great to be foregone.

Introduction

Scope of Report

The scope of this report is to identify possible pathways forward for the delivery of the Melbourne Airport Rail Link (MARL) project, in view of what looks like a relationship breakdown and a misalignment of expectations between key stakeholders. The COVID-19 pandemic, its lockdowns, and its consequential effects on supply chains, also had a deleterious effect.

This report will consider key issues and concerns from relevant stakeholders (available in the timescale to prepare this report), budget costings and potential timelines for delivery, and legislative impacts, while focusing on delivering a high standard of passenger experience. This report aims to outline the background to the project, reasons for the perceived misalignment of stakeholders, and provide a potential pathway for the delivery of MARL, which can, if agreed, be considered by all parties in due course. The consulting scope brief is attached as Appendix A.

Melbourne Airport and Investment Commitments

Melbourne Airport is the second largest airport in Australia and is located approximately 23 kilometres northwest of the city centre. In the 2023 Financial Year, over 30 million passengers transited through the airport, which is a 138% increase from the previous financial year (Melbourne Airport, 2023). As the airport continues to grow in terms of passenger numbers, the importance of a fixed transport link to the airport, with guaranteed journey times, will also continue to grow, particularly as the majority of journeys to and from the airport are currently by car.

Fixed link transport solutions to the airport have been proposed several times in the past. The most recent being this one, a joint commitment from the Victorian and Federal governments, which proposed using Sunshine Station as the connection to the existing heavy rail network. Following a proposed funding announcement by the then Prime Minister Malcolm Turnbull, a preliminary business case for the rail link was completed in 2018, with funding commitments from the Australian Government and Victorian Government following in 2019. Initially both stakeholders committed to the project on a 50:50 basis, with each entity providing $5 billion to the project.

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Business Case – Melbourne Airport Rail Link

The Business Case for the Melbourne Airport Rail Link, completed in November 2021, is a very comprehensive document, which makes a very compelling case for this project to proceed. It stated the MARL project "responds to the growth needs of Melbourne's airport precinct and provides long-term capacity for connections to and from the airport for Victorians and visitors to the state" (Australian Government & State Government of Victoria, 2021, p. i).

Infrastructure Australia have also conducted a Business Case Evaluation for the MARL, published on 8 September 2022, which reinforced the strong case for the MARL project. The business case found the MARL to be the best suited solution to future airport passenger growth, as the entrance to the airport itself is relatively restricted and there would be difficulties in expanding vehicle access without causing major disruption. The airport station design appears to well thought through and provides a good passenger experience, with level boarding/alighting and good access to the airport. APAM do have development plans for the airport, including elevating roadways which will improve ground transport within the airport area, but not necessarily improving access to the airport terminals from the road network.

Infrastructure Australia (2022) have suggested the project would have the following benefits:

- connect Melbourne's primary airport to the regional and metropolitan rail networks for the first time.
- deliver a faster and more reliable journey to Melbourne Airport via public transport, with a travel time of approximately 30 minutes between Melbourne Airport and the CBD.
- significantly increase public transport patronage

- reduce vehicle volumes on the Tullamarine Freeway
- provide congestion relief and improved travel speeds across the broader road network
- improve productiveness and competitiveness for Victoria

The Business Case envisioned the rail link would have the following scope and attributes (Infrastructure Australia, 2022, p. 3):

- a new elevated railway station at Melbourne Airport.
- a track pair starting at the Airport Station and transitioning into an elevated viaduct at Mercer Drive that continues across Sharps Road and the Western Ring Road (M80) – the track continues on an embankment toward and through the Albion-Jacana freight corridor from Steele Creek, including a new bridge crossing over the Maribyrnong River, and a twin track flyover past Albion Station after which the track merges into the Sunbury line just before entering Sunshine Station.
- future proofing for an intermediate station (proposed at Keilor East).
- works at Sunshine Station to enable delivery of Melbourne Airport Rail.
- an additional order of five High Capacity Metro Train (HCMT) 7-car sets.
- protection and relocation of utility services, including the ExxonMobil jet fuel pipeline and Ausnet high-voltage transmission lines.
- freight reconfiguration from Airport West to Albion.
- line-wide rail systems that are interoperable with those being incorporated into the Metro Tunnel.

As part of the Business Case, the Victorian Government confirmed the MARL's benefit cost ratio at that time was 2.1 (Australian Government & State Government of Victoria, 2021, p. ii).

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This plan also predicts 76.6 million passengers by 2042, and so recognises the rail link will be a necessary element of successful airport growth (Australia Pacific Airports (Melbourne), 2022, p.101).

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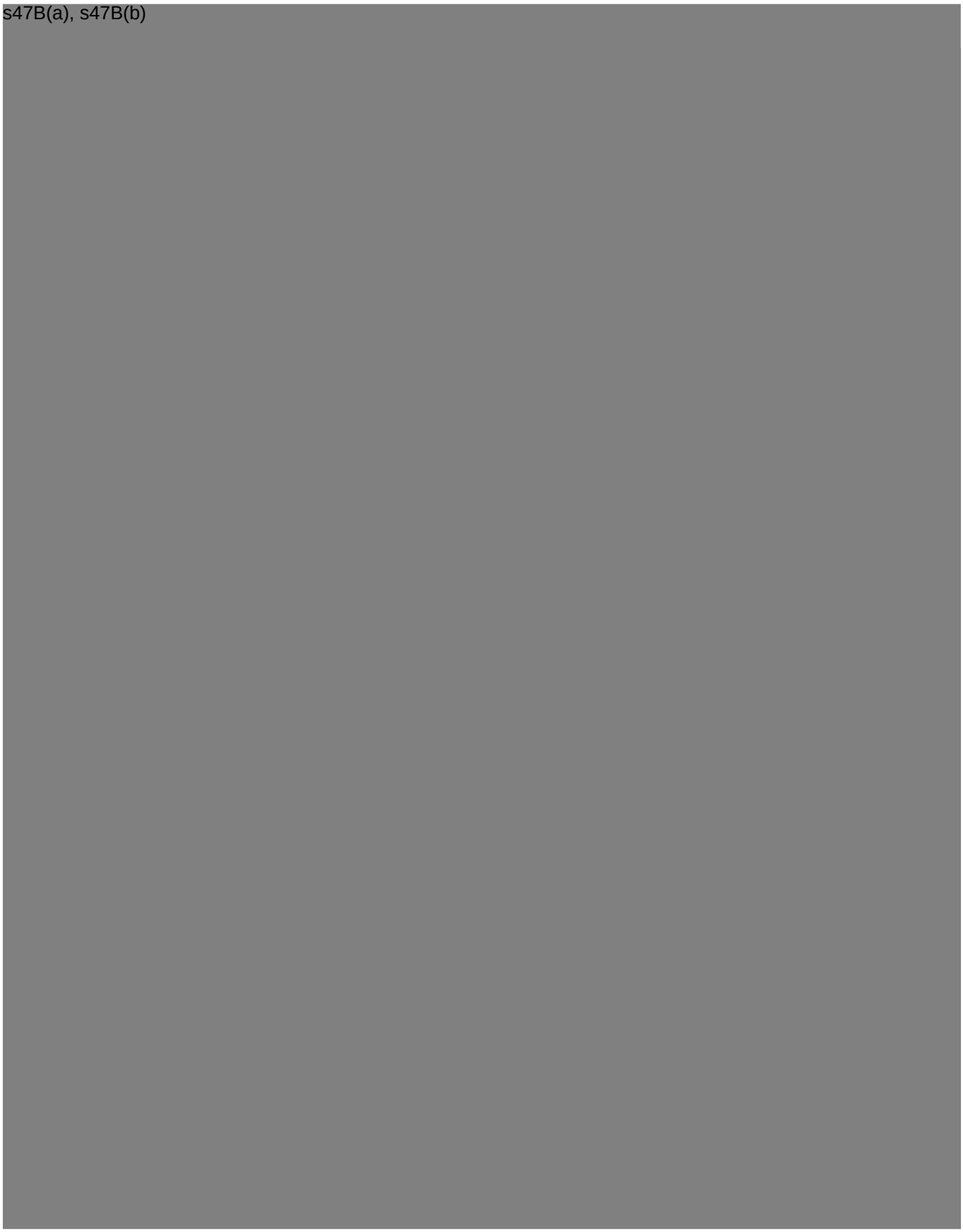

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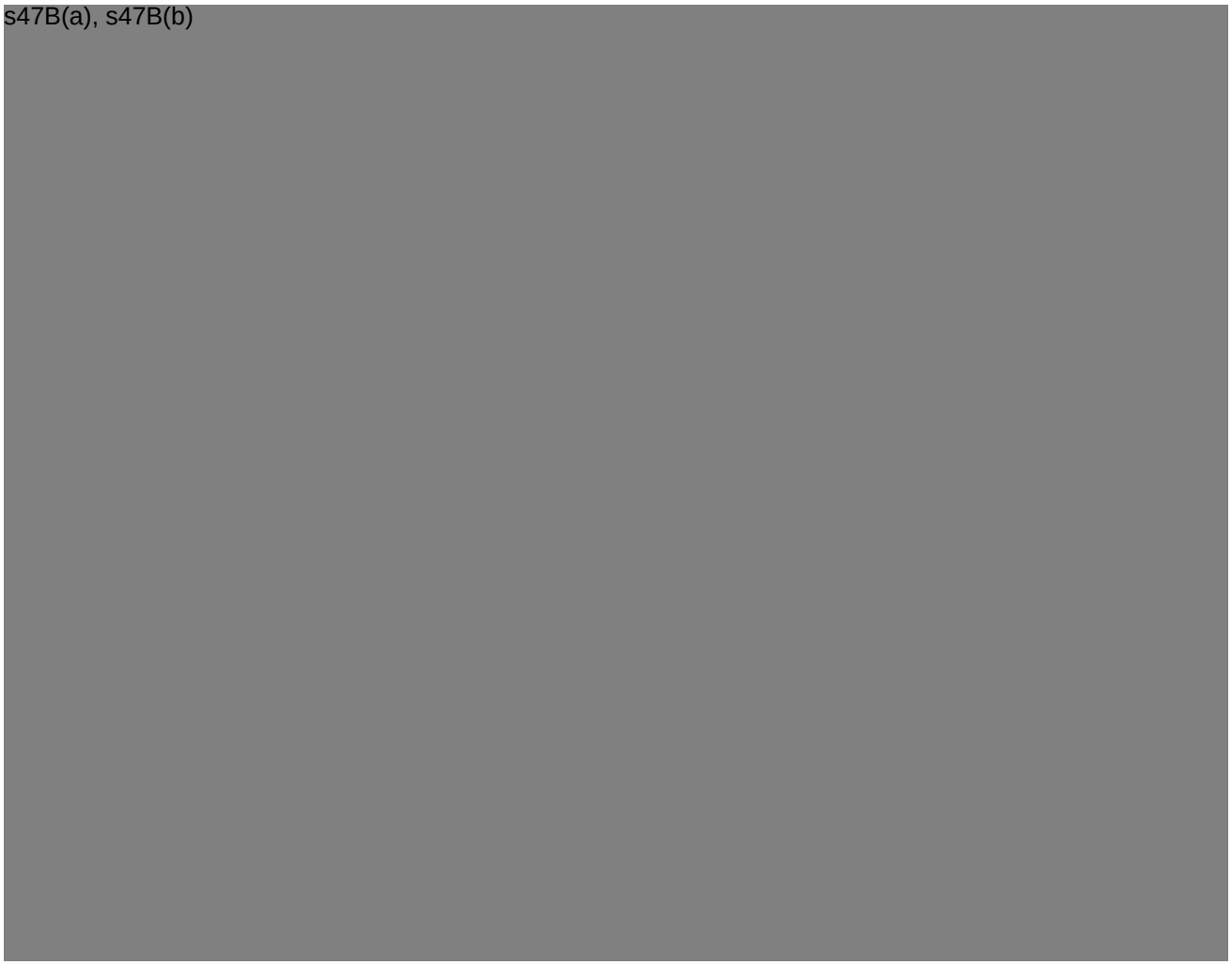

Stakeholder Engagement

As part of the preparation of this report, meetings were conducted with various stakeholders of the MARL project, to ensure all concerns and desired outcomes were taken into consideration in providing recommendations for the potential pathway for delivery.

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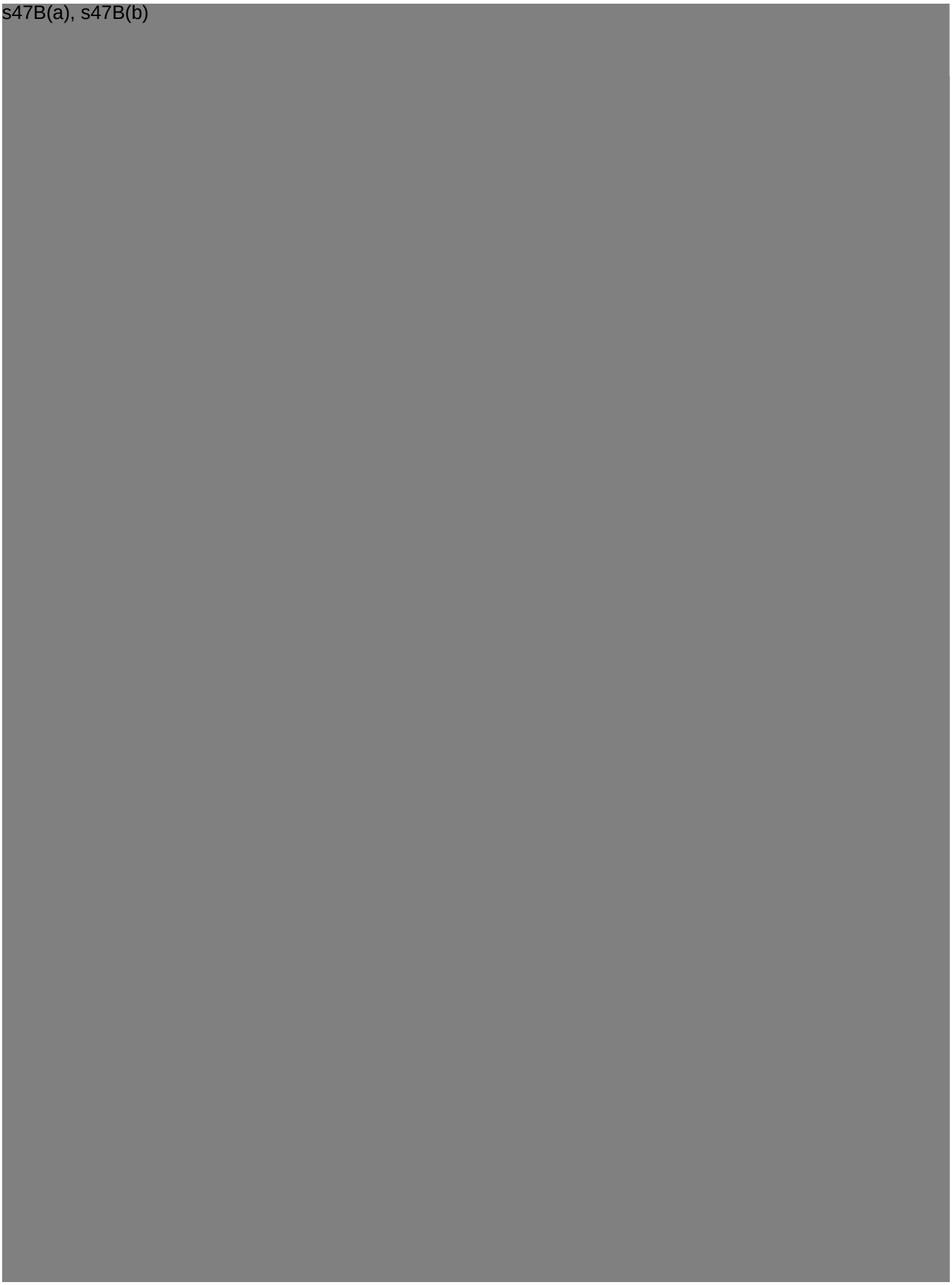

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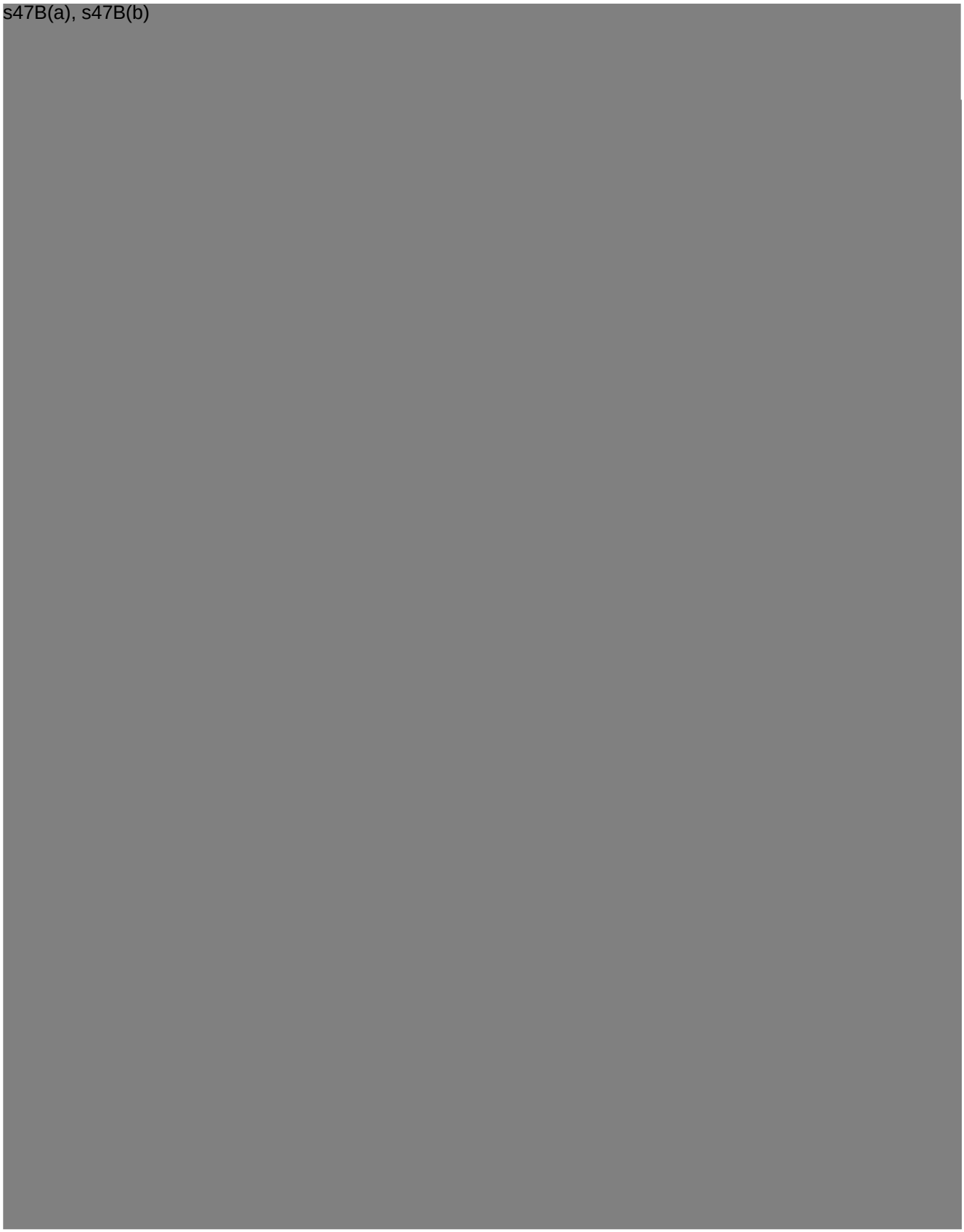

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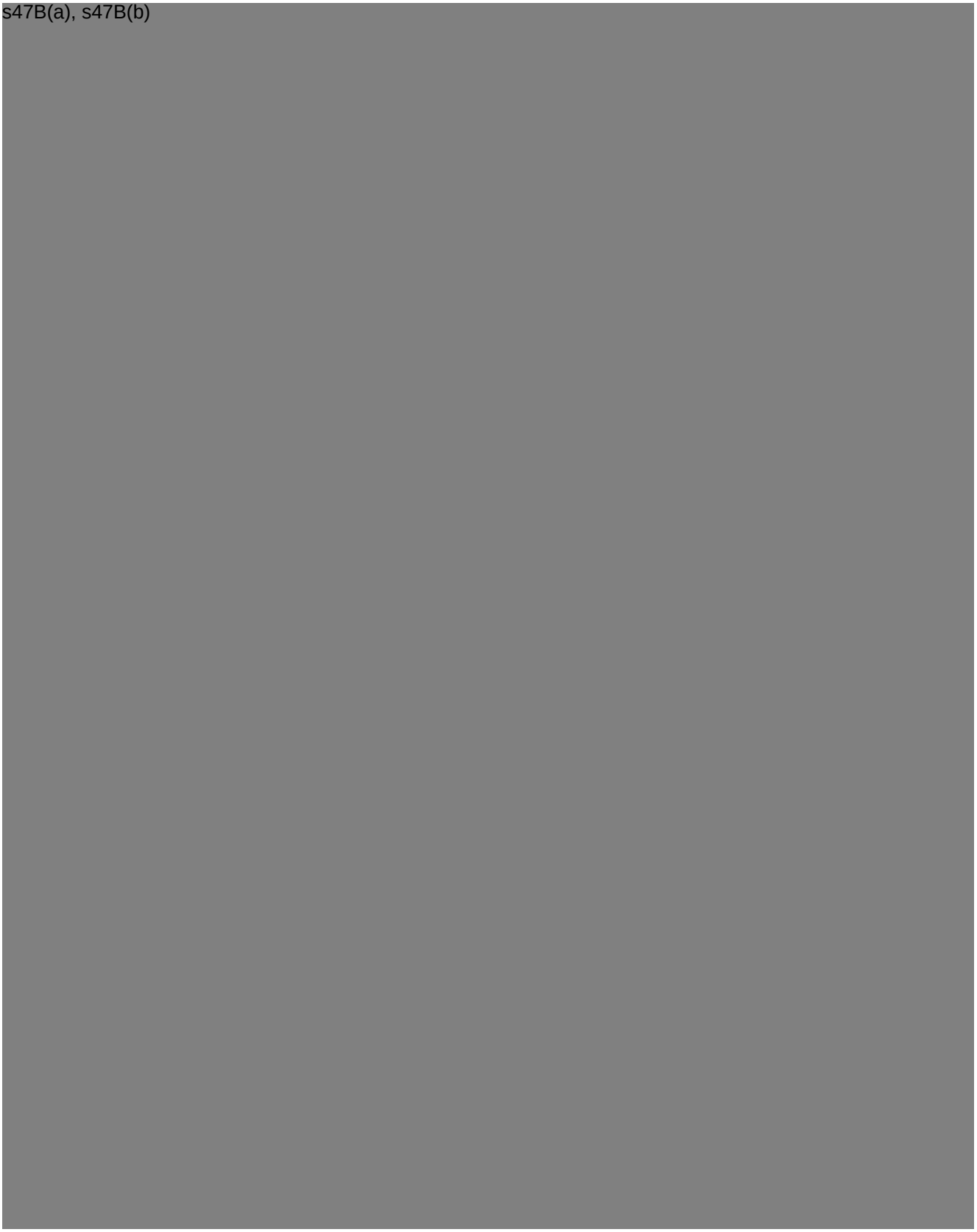

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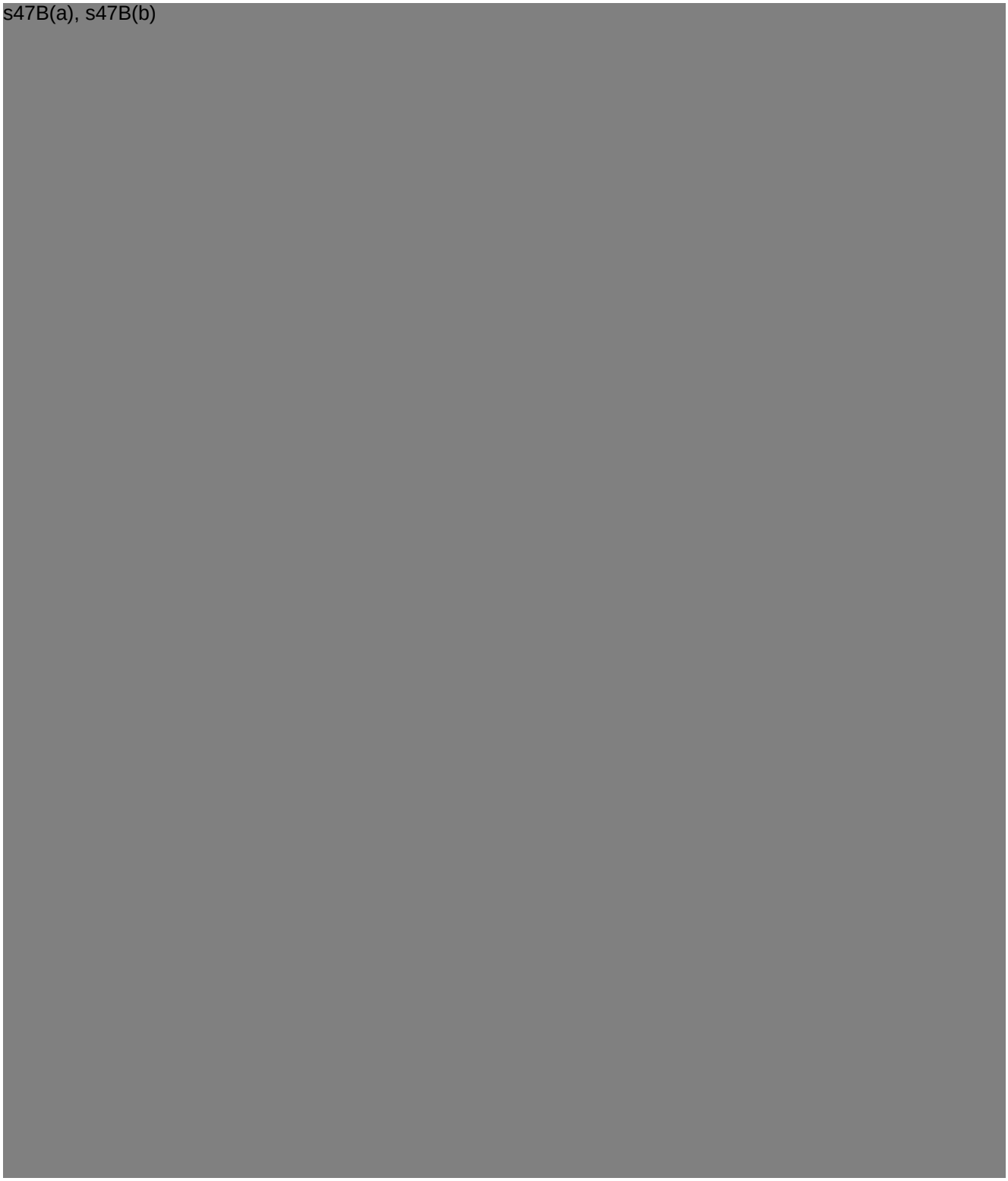

Conclusion

The MARL project would appear to be a well thought through, considered, and necessary project, which when completed will provide ongoing economic benefits to Victoria and support Melbourne Airport dealing with increasing passenger numbers. It will also provide an improved

customer experience for passengers and improve the quality and cohesiveness of Melbourne public transport. The MARL project is viewed by key stakeholders and the public as a sufficient and necessary addition to the public transport network and Melbourne Airport.

However, despite the popular agreement that this project is needed, there seems to have been a relationship breakdown between the key stakeholders of APAM and the Victorian Government, contributed in part by APAM changing their requirements to an underground station from an elevated surface station. This, along with other factors like the COVID-19 pandemic, have contributed to regrettable delays in the delivery of the MARL. It is important to get this project back on track and this report has made recommendations for a pathway to delivery.

Firstly, a "no regrets" strategy is possible to build upon the early works already undertaken at Sunshine Station and the surrounds. s47B(a), s47B(b)

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The Airports Act 1996 (Cth)

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Appendix

Appendix A – Consulting Scope

Terms of Reference

Melbourne Airport Rail Link (MARL) – Independent Negotiator

The Department of Infrastructure, Transport, Regional Development, Communications and the Arts (the Department) is seeking to engage an independent expert to engage with the Victorian Government and Australia Pacific Airports (Melbourne) Pty Ltd (APAM) to negotiate a pathway forward for the delivery of the Melbourne Airport Rail Link (MARL) project.

The negotiator will have experience in negotiating the delivery of complex infrastructure projects, including technical expertise to understand the issues and test assumptions of the alignment and design solutions proposed by each party.

Background

The Australian Government and Victorian Governments have committed $5 billion each towards the cost of MARL.

MARL connects the Melbourne Airport to Victoria's regional and metropolitan train network. A key feature of MARL's scope is the new rail connection and terminal at Melbourne Airport. The present design is for an elevated rail connection and terminal structure at Melbourne Airport.

The delivery of MARL has been paused by the Victorian Government, while it seeks more certainty as to the scope and cost of the project, with completion now expected to be later than 2029.

The APAM has proposed that the design of the rail link and terminal at the airport should be reconsidered. APAM has proposed that an underground link and terminal would better meet the future operational and expansion needs of the airport.

Scope

The independent negotiator will need to work directly with the Victorian Department of Transport and Planning (DTP) and APAM to identify possible pathways forward on the scope and design of the airport rail link and terminal that would support the successful delivery of MARL.

The scope of the engagement is limited to consideration of the alignment and design of the airport station including connections to the broader MARL and the airport terminal facilities. The engagement will consider:

i. the impacts of the respective options on the operation of the airport precinct, including traffic management during construction of MARL airport link and terminal,

ii. options that can deliver superior connectivity and network outcomes and have a high regard for passenger experience, but that may not be deliverable within the current delivery timeframe, and

iii. potential day of opening impacts and the potential constraints of solutions on the long-term expansion of MARL and Melbourne Airport.

In undertaking the engagement, the negotiator should also consider:

i. the key issues and concerns from both parties relating to the respective parties proposed alignments and designs for the airport rail link and terminal station typology,

ii. infrastructure and operating priorities and requirements of each party in relation to the airport precinct and MARL,

iii. the scope, design, schedule for build, timing needs of the project, cost and current capacity to deliver the options proposed by the parties, including potential for off-airport impacts to the design and delivery of MARL and stakeholders,

iv. options that would be either agreeable or not agreeable to both parties to resolve the scope and design of the airport rail link and terminal for MARL,

v. options for an achievable pathway towards agreement of a preferred scope and design between the parties for MARL, and

vi. any legislative implications or changes that may be required to facilitate the progress of MARL.

Administration

The independent negotiator will be engaged by the Department in line with its standard procurement processes and contractual arrangements.

The independent negotiator will be supported by the Department in undertaking the engagement.

Deliverable

The negotiator will deliver a report to the Department that sets out possible pathways and constraints for the delivery of MARL.

The report is to include analyses of options that would, if adopted by the respective parties address such constraints, including potential changes to the timing for delivery and cost of MARL.

The timeline for delivery of the draft report will be by 15 April 2024.

Pages 20 to 60 have been deleted under section 22(1)(a)(i) as they contain material exempt under section 47(1)(b) and section 47G(1)(a) of the FOI Act.

Pages 61 to 79 have been deleted under section 22(1)(a)(i) as they contain material exempt under section 47B(a) and section 47B(b) of the FOI Act.

Appendix D – Summary of Airport Master Plans

In each Master Plan since at least 2008 (noting earlier Master Plans are not readily available for review) APAM has contemplated that passenger rail would be developed at the Airport. For example:

- Master Plan 2008 - contemplated the "[d]evelopment, by the State Government, of an airport rail link if and when commercially viable" (page 10) and as part of its Ground Transport Plan contemplated that APAM "will work in conjunction with the Victorian and Local Governments to develop a Ground Transport Plan…and work with the State Government regarding the suitability of the proposed Airport Rail Link" (page 55);

- Master Plan 2013 - provided that the "Master Plan and proposed developments retain a rail corridor which is consistent with the Albion-East alignment…However, the decision to build a rail link ultimately rests with the Victorian Government. Melbourne Airport continues to advocate for a dedicated rail link" (page 17). Further, this Master Plan provides that the objectives of the Ground Transport Plan are to "improve ground transport access for all modes of travel, including a rail link". APAM further states at 9.2.4 that: "Melbourne Airport supports a direct link to the airport as a critical transport option to enable the airport's future growth, and to further reduce the reliance on the road network. This Master Plan, like previous Master Plans, makes provisions for developing a rail link, including reserving land to be used for rail…Melbourne Airport encourages Victorian and Federal Governments to commit funding for these important rail projects to support the future growth of Victoria's aviation connections";

- Master Plan 2018 - further illustrates how APAM is supporting the delivery of rail, including noting that "landside access…will continue to be safeguarded for ground-based transport access, including future rail connections" (page x) and that this Master Plan period "will also see Melbourne Airport take a proactive role in planning medium-term and long-term infrastructure initiatives (including a rail link to the airport)" (page 176). Again, the Ground Transport Plan dedicates a section to the future delivery of rail and notes that "Melbourne Airport strongly supports the proposed Airport Rail Link" and notes that this Master Plan "makes provision for a rail link, including reserving land on-airport for a rail alignment" and notes that the "extension of Airport Drive includes a wide median reservation to allow for construction of a rail connection" (at 14.2.4.1); and

- Master Plan 2022 (approved late last year) - reflects the statements above and notes that "construction of Melbourne Airport Rail will be underway in this period" (the period until 2027) and continues to note that "landside access…will continue to be safeguarded for ground-based transport access, including future rail connections" (page 23). For the first time, this Master Plan indicates delivery dates - with an indicative construction start date of 2022 and a target completion date of 2029 (page 41). The Master Plan also refers to the delivery of rail as a key factor in delivering post-COVID growth in passenger numbers and air freight exports (see page 100).