

# Melbourne Metro Tunnel Phase 2: Main Works video transcript



## Audit objective

In this audit, we looked at whether the tunnels and stations main works for the Melbourne Metro Tunnel Project are being delivered as planned.

## Who we examined

We audited 3 public sector entities: the Department of Transport (DoT), the Department of Treasury and Finance (DTF) and Rail Projects Victoria (RPV). We also audited 2 private-sector entities: Cross Yarra Partnership (CYP) and Metro Trains Melbourne (MTM).

## What we examined

We examined the progress of the works against the scope, time, cost and quality targets in the 2020 amended contract.

## What we concluded

While the tunnels and stations main works package is proceeding as planned, the overall project is facing time and cost pressure. There have been significant delays, mainly due to COVID-19, and RPV has descope some work and allocated almost all its contingency funds.

To stay within the project's \$12.58 billion approved budget and meet its target opening date, RPV needs to diligently manage the project's emerging risks.

## Why this audit is important

The Melbourne Metro Tunnel is one of the largest infrastructure projects announced in Victoria and will transform Melbourne's public transport system.

## Background

The tunnels and stations works are the largest construction package in the project.

The package involves boring two 9-kilometre tunnels underneath the inner city and building 5 new underground stations.

## Effective oversight

Overall, RPV is effectively overseeing the project. It has robust systems in place to monitor performance and respond to risks. RPV uses a rigorous process to approve scope changes.

CYP is meeting its construction quality, safety and environmental requirements, and we found no significant breaches.

However, the next stages of the project are risky and complex, and the project is already facing cost and time pressures.

## Time and cost pressures

RPV expects the tunnels and stations component to go \$364 million over budget, but it does not forecast an overspend for the overall project because of forecast savings elsewhere.

RPV has used or allocated almost all its available risk contingency funds and will probably need more funding from government.

CYP estimates that COVID-19 caused 52 days of delay in its schedule, posing risks to RPV's timelines for the project. In February 2022, CYP presented RPV with a plan to mitigate these delays. If approved by the government, this may lead to further costs.

## Mitigating electromagnetic interference

One key project risk is electromagnetic interference (EMI).

High Capacity Metro Trains produce electromagnetic emissions that could interfere with sensitive biomedical and research equipment near the State Library and Parkville stations.

RPV and CYP have worked with hospitals and research institutes to reduce these risks. While these measures will allow medical services and research to safely continue, they will cost money.

## What we recommended

We made 3 recommendations to RPV, DoT and DTF about reassessing the sufficiency of risk contingency funds, returning the project plan to schedule, and formalising EMI mitigations.

For more information, or to read our full report, please go to [audit.vic.gov.au](https://audit.vic.gov.au)

To access the complete video, please go to <https://youtu.be/Z2Z7eQmK6Es>