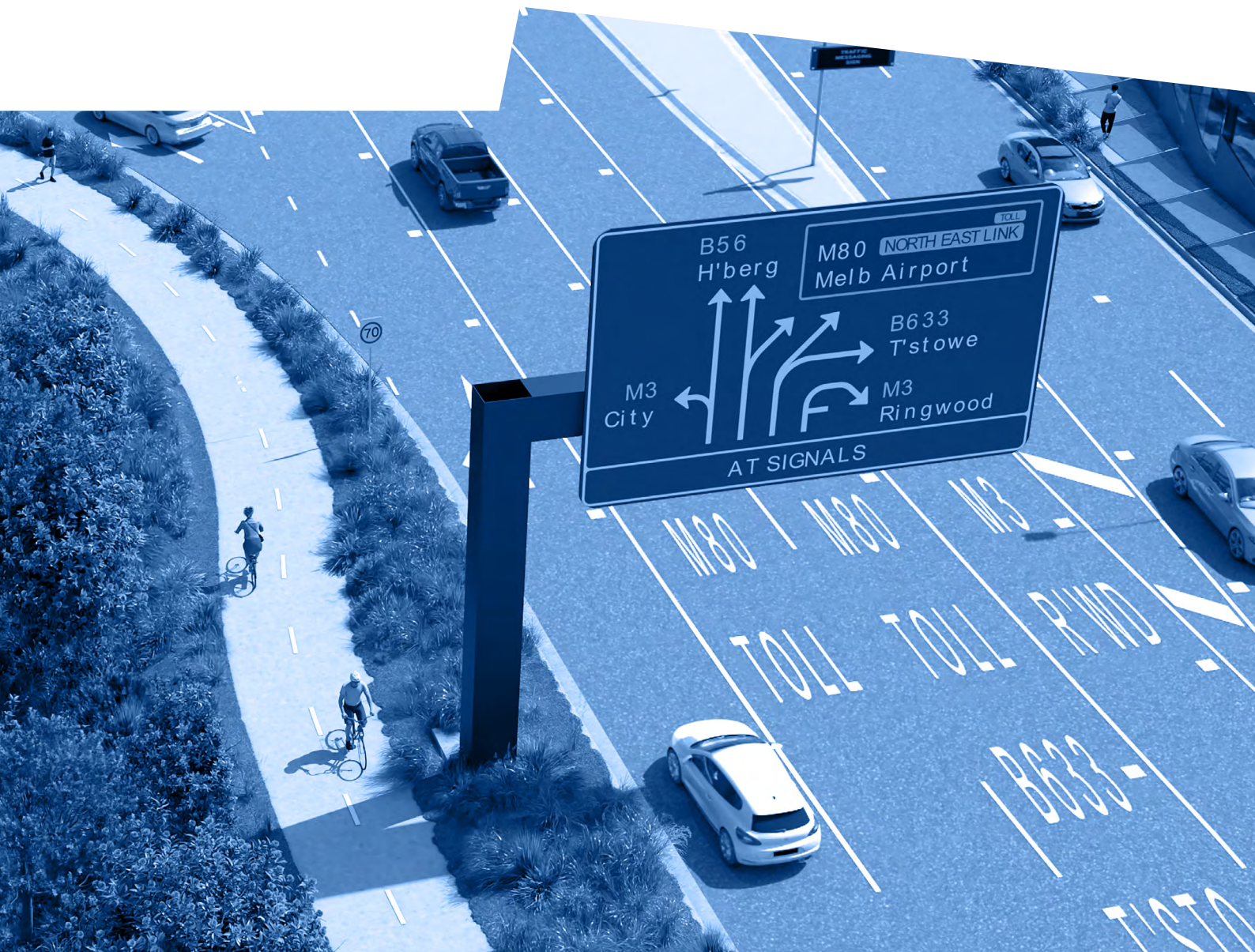


Case study:

# North East Link – Toll Collection Capability project

February 2025



# North East Link – Toll Collection Capability project

The North East Link (NEL) is a tunnel and freeway project that will connect and upgrade the Eastern Freeway and the M80 Ring Road. The State Tolling Corporation (STC) is responsible for the toll collection capability project that will collect NEL toll revenue.

This case study looks at STC's toll collection capability project, which is funded alongside the primary construction package that is building the new road tunnels.

**Figure 1:** Artist's impression of a future interchange at Bulleen Road from the Eastern Freeway to the new tunnels



Source: Victorian Infrastructure Delivery Authority.

## Key project data

<b>2024–25 BP4 project name:</b>	The Toll Collection Capability Project (TCC project <sup>1</sup> ) is part of North East Link – Primary Package (Tunnels) and State Toll Co (Primary Package)
<b>Previous reporting name:</b>	<ul style="list-style-type: none"> <li>• 2022–23: North East Link – Primary Package (Tunnels) &amp; State Toll Co</li> <li>• 2021–22: North East Link (from Greensborough)</li> <li>• 2019–20: North East Link</li> </ul>
<b>Project lifecycle phase:</b>	In procurement
<b>Financial year when first disclosed:</b>	2019–20
<b>Current approved cost (TEI):</b>	Not for publication (more than \$100 million <sup>2</sup> )
<b>Original approved cost (TEI):</b>	\$15.64 billion <sup>3</sup> (overall project's primary package TEI)
<b>Cost variance analysis:</b>	N/A
<b>Expected completion date:</b>	Quarter 2 2028–29
<b>Original completion date:</b>	Quarter 4 2026–27 <sup>4</sup>
<b>Time variance analysis:</b>	Delayed by 6 quarters (approximately 1.5 years)
<b>Responsible (BP4) entity:</b>	State Tolling Corporation (STC)
<b>Delivery entity:</b>	STC and Victorian Infrastructure Delivery Authority (VIDA) (only responsible for the tolling enabling infrastructure under the Primary Package)
<b>Approval authority:</b>	Minister for Transport Infrastructure

1. The TCC project is a component of the primary package and is not individually referenced in BP4. This case study specifically looks at the NEL STC and its overall responsibility for delivering and operating the TCC project.

2. The budget for the TCC project is not disclosed for publication because there is commercial sensitivity due to live procurement activity underway. The TCC project is funded within the \$14.03 billion TEI for the NEL – Primary Package (Tunnels) and State Toll Co project.

3. The original approved TEI was the initial forecast cost for the full NEL program. The TCC project cost was not disaggregated from this amount.

4. STC told us that the TCC project completion date is linked to the overall NEL program completion date because it cannot be delivered independently.

Note: BP4 is Budget Paper 4: State Capital Program. TEI stands for total estimated investment.

## Project summary

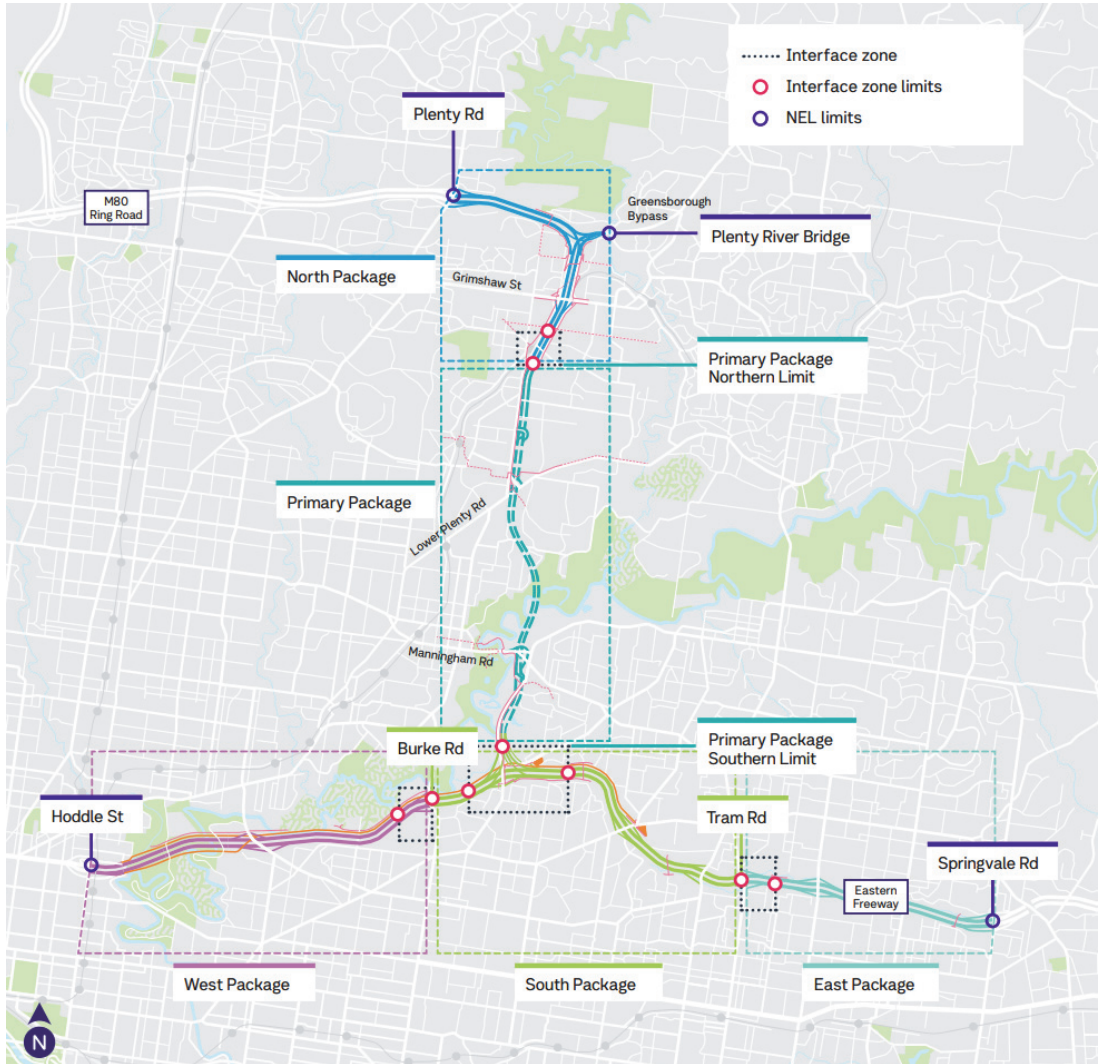
**Project description and purpose** The NEL will connect an upgraded Eastern Freeway with the upgraded M80 Ring Road. By building this new roads and tunnels link, NEL aims to remove 15,000 trucks from local roads a day and reduce travel time along the corridor by up to 35 minutes.

The overall NEL program has 5 packages, including the TCC project.

**Figure 2:** NEL program packages

NEL scope packages	Reference in 2024–25 BP4
Southern Portal	<ul style="list-style-type: none"> <li>• North East Link (State and Freeway Packages)</li> <li>• North East Link Connections (Bulleen/Watsonia)</li> </ul>
Northern Portal	<ul style="list-style-type: none"> <li>• North East Link (State and Freeway Packages)</li> <li>• North East Link Connections (Bulleen/Watsonia)</li> <li>• M80 Ring Road Upgrade (Greensborough)</li> </ul>
Western Package	Eastern Freeway Upgrade (Springvale to Hoddle)
Eastern Package	Eastern Freeway Upgrade (Springvale to Hoddle)
Central Tunnel Package (includes the TCC project)	North East Link – Primary Package (Tunnels) and State Tolling Corporation (Greensborough)

**Figure 3:** Location map of NEL project packages



Note: There was also an early works package to remove and relocate utilities and prepare the tunnelling works alignment. This was completed in 2021–22.

Source: Department of Treasury and Finance (DTF).

STC was established under the *North East Link Act 2020* to manage and operate the NEL. It is a signatory to the public–private partnership (PPP) contracts within the NEL Primary Package.

The STC will fund the PPP costs from toll revenue it collects from vehicles. STC is also the designated road authority for when the new NEL tunnels open to traffic.

STC has transferred the main package construction oversight responsibility to VIDA. This arrangement is documented in a ministerial direction and a delivery agreement. VIDA is therefore responsible for fulfilling STC’s obligations under the PPP agreement while the tunnels and connecting roads are being built.

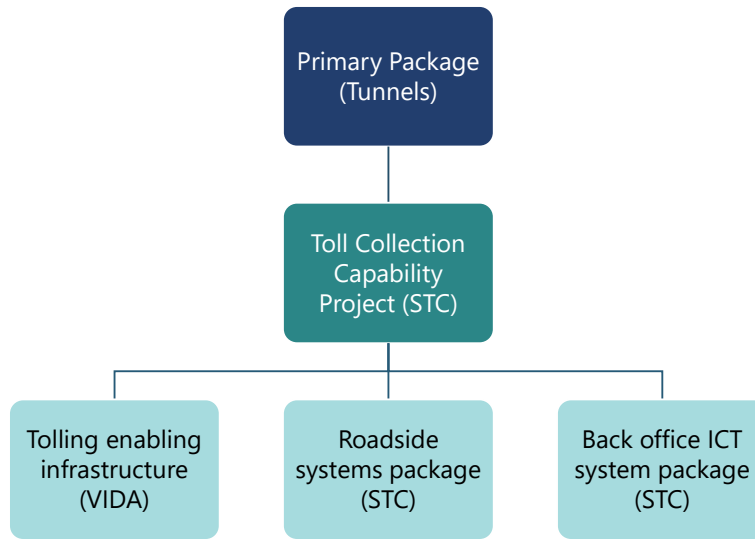
STC is responsible for ensuring the TCC project delivers infrastructure and systems to toll the new tunnels. There are 2 packages in the TCC project procurement:

- roadside systems (vehicle detection, classification and license plate images)
- back office systems (vehicle owner matching, billing, toll revenue settlement or collection and enforcement).

STC is also procuring 2 smaller technology packages to support future tolling operations.

STC told us that Spark North East Link is delivering the tolling enabling infrastructure, civil infrastructure and will install the tolling systems and equipment infrastructure. VIDA will oversee the delivery process.

**Figure 4:** TCC's sub-projects



Source: VAGO.

## Project status

**Red, Amber and Green (RAG) status** The criteria we used for this RAG assessment can be found at the end of this case study.

**Figure 5:** Entity self-assessment compared to VAGO assessment

	Scope	Cost	Time	Benefits
Entity self-assessment	Green	Green	Green	Green
VAGO assessment	Green	Green	Green	Amber

Note: Entity self-assessments were made in the specific project survey. Based on the information STC provided and survey responses, there is not enough baseline data to measure benefits, VAGO assessed benefits as amber.  
Source: VAGO.

## Cost, time and scope performance

The Primary Package's current TEI is \$14.03 billion in the 2024–25 BP4. The TCC project's budget is part of the overall TEI for the Primary Package.

The TCC project's budget has not changed significantly since it was first defined in October 2021. It includes risk and contingency allocations.

The TCC project is in the development and early procurement stage and tracking according to STC's project plan.

STC told us that the TCC project delivery is scheduled for implementation from mid-2026 into 2028. STC estimates that it will be finished by quarter 2 2028–29.

Although the TCC project is a major project (over \$100 million, in line with DTF and VAGO's definition of a major project) it is not separately reported in the Budget papers.

## Risks and emerging pressures



The TCC project is a high value high risk (HVHR) project. STC has completed all steps required by DTF's HVHR framework. It has had a program-wide gateway review and 2 project-specific assurance reviews.

STC has developed comprehensive planning documents for the TCC project.

The tolling working groups report TCC project risks through governance forums.

Time and cost overruns are inherent risks for technology projects. As noted in the Gate 3 review, STC could consider speeding up the procurement program and reviewing its project budget as they progress through procurement.

---

## Impacts of scope and other changes

The impact of changes to the project is not clearly documented in public reporting. But it is well-documented and reported internally every month.

Project working groups can escalate unresolved variance issues to the responsible minister. There are no examples of this happening to date.

---

## Key funding stakeholders

### Stakeholders

The NEL – Primary Package (Tunnels) and State Toll Co (Greensborough) project's TEI includes funding from both the Australian and Victorian governments.

To date, the Australian Government has contributed \$5 billion to the overall NEL program. Of this, \$1.75 billion is for all NEL packages including the Primary Package and TCC project. The remaining \$3.25 billion is allocated to the non-tolled NEL components.

---

## Project benefits

### Benefits

The TCC project's investment logic map (ILM) references 2 project benefits:

- managing transport demand through new tolling facilities
- improving transport network efficiency by implementing intelligent transport systems.

NEL's benefit management plan (BMP) does not include any specific key performance indicators relevant to the TCC project.

There are other potential intangible benefits that are not referenced, such as developing in-house tolling technology and commercial toll road capability in the public sector.

STC told us it is planning to develop a framework to report project benefits, but it is not clear whether STC, VIDA or the Department of Transport and Planning (DTP) will measure NEL program benefits as a whole after the building phase.

---

## Governance and assurance

### Governance and assurance

STC's governance and assurance processes are well-described and typical for a PPP, reflecting DTF and national requirements. There is a 3-party relationship between the state government (represented by VIDA), STC and Project Co.

STC has various governance mechanisms in place for the TCC project. This includes a steering committee made up senior executives from DTP, DTF and STC and independent expert specialist advisors. STC will also engage an independent verifier for the TCC technology elements.

The TCC project reports through the Minister for Transport Infrastructure.

VIDA oversees and manages 5 civil works packages under the NEL program with STC running the TCC project. During construction, VIDA manages the NEL program. STC is an observer with limited decision-making powers.

VIDA's and STC's roles are clearly outlined in their joint delivery agreement. But detailed information about the division of responsibility between STC and VIDA is not public.

---

## Procurement approach

### PPP model

STC is in the early stages of the TCC project procurement. The roadside systems package is currently out to market and the back office systems package is in the planning stage.

STC assessed options for packaging and determined that procuring through separate packages would be better than a single contract. STC said this approach allows for appropriate risk management and flexibility around scope changes, as well as the potential to achieve best of breed technology solutions.

---

## Better practice and lessons learnt

### Better practice



STC has demonstrated several innovative and better practice approaches on this project.

At present, the state does not have any direct capability in road tolling technologies. Building this capability means that any technical know-how is owned and operated by the state rather than the private sector. This gives options for the public sector in future toll road developments. It also allows the Victorian Government the option to operate existing private toll roads after their PPP contracts expire.

STC told us that it conducts a lessons learnt workshop at the end of each project stage (for example, after completing an expression of interest). These workshops are documented. STC analyses lessons learnt around project problem solving, issues resolution, community and stakeholders.

STC told us it also uses a challenge group of senior and experienced external experts for key stages, such as asking them to review and give input about the TCC project's delivery case. Outcomes from the challenge group are documented for future reference by the project.

---

## RAG rating definitions

Rating	Scope	Cost	Time	Benefits
<b>Red</b>	Current approved project scope is at risk and requires action and a decision by the government	Project is likely to be more than 20% over its current approved budget	Project is likely to be more than 6 months behind its current approved schedule	Project benefits measurement systems are not in place and baseline and progress data for project benefits described in the business case, ILM or BMP is not available
<b>Amber</b>	Scope risks are emerging but are being managed and no action or decision is required by the government at this point in time	Project is likely to be 11–20% over its current approved budget	Project is likely to be 4–6 months behind its approved schedule	Project benefits measurement systems are immature and baseline and progress data for project benefits described in the business case, ILM or BMP is unreliable
<b>Green</b>	Current approved project scope is clear and can be delivered within budget and schedule	Project is likely to be 0–10% over its current approved budget	Project is likely to be 0–3 months behind its current approved schedule	Project benefits measurement systems are well developed and baseline and progress data for project benefits described in the business case, ILM or BMP is reliable and up to date
N/A				There are no tangible or measurable benefits specified in the project's business case or objective(s)

Source: VAGO.