

**PUBLIC ACCOUNTABILITY COMMITTEE**  
**INQUIRY INTO THE IMPACT OF THE CBD AND SOUTH EAST LIGHT RAIL**  
**PROJECT**  
**HEARING – 5 NOVEMBER 2018**  
**RESPONSES TO SUPPLEMENTARY QUESTIONS**

Question S1	
<b>Question</b>	How many drafts of the Ausgrid Guidelines did Ausgrid provide to Transport for NSW and what were the dates that each draft was provided?
<b>Response</b>	Please see our response to <b>Question 3</b> of the questions taken on notice.

<b>Question S2</b>	
<b>Question</b>	On what date was a first version or draft of the Ausgrid Guidelines given to Transport for NSW?
<b>Response</b>	Please see our response to <b>Question 1</b> of the questions taken on notice.

Question S3	
<b>Question</b>	When was Transport for NSW first informed that Ausgrid Guidelines were being prepared?
<b>Response</b>	<p>The Adjustment Guidelines were prepared as required under the Deed.</p> <p>As per our response to <b>Question 4</b> of the questions taken on notice, Ausgrid first provided the draft Adjustment Guidelines to Transport for NSW on 3 February 2015.</p>

<b>Question S4</b>	
<b>Question</b>	When did Ausgrid first inform Acciona that the Ausgrid Guidelines were to be drafted?
<b>Response</b>	<p>Ausgrid first discussed the Adjustment Guidelines with Acciona at the Kick Off Meeting.</p> <p>Ausgrid notes however that Schedule B4 to the PPP Contract (which was provided to Ausgrid together with Schedule F8 on 30 March 2015) lists the specific clauses in the Deed which ALTRAC are required to comply with as the successful Bidder.</p> <p>Further, clause 1.2(a) of Schedule B4 states that Ausgrid and Transport for NSW have entered into, or will enter into, an agreement entitled “Agreement for Adjustment Works to Network Assets” substantially in the form of a document with the reference number ME_117018097_2 uploaded into the Sydney Light Rail Data Room on 31 October 2014.</p>

Question S5	
<b>Question</b>	Why did Ausgrid issue the Ausgrid Guidelines to Acciona on 27th February 2015?
<b>Response</b>	Please see our response to <b>Question 3</b> and <b>Question 16</b> of the questions taken on notice.

Question S6	
Question	Why were drafts of the Ausgrid Guidelines not provided to Acciona before 27th February 2015?
Response	We refer to our responses to <b>Question 3</b> of the questions taken on notice and <b>Question S4</b> .

<b>Question S7</b>	
<b>Question</b>	Who made the decision to issue the Ausgrid Guidelines to Acciona after the contract had been signed and not before?
<b>Response</b>	Please see our response to <b>Question 3</b> and <b>Question 16</b> of the questions taken on notice.

Question S8	
Question	Did Transport for NSW ask or tell Ausgrid not to issue the Ausgrid Guidelines to Acciona before a certain date?
Response	No. We refer to our responses to <b>Question S1</b> and <b>Question S4</b> .

<b>Question S9</b>	
<b>Question</b>	<p>Did Transport for NSW give Ausgrid permission to provide the Ausgrid Guidelines to Acciona?</p> <p>a. If so, on what date was this permission given?</p>
<b>Response</b>	<p>Ausgrid considers that it was always contemplated that the Adjustment Guidelines would be provided to the Bidders. The Deed between Transport for NSW and Ausgrid stated that Transport for NSW would provide the Adjustment Guidelines to Bidders.</p> <p>Ausgrid provided the Adjustment Guidelines to Acciona after the Kick Off Meeting.</p>

Question S10	
<b>Question</b>	<p>How many meetings did Ausgrid have with Transport for NSW about the Guidelines before 27th February 2015?</p> <p>a. Who, by name, attended these meetings?</p>
<b>Response</b>	<p>Ausgrid has a record of a meeting proposed for 19 February 2015.</p> <p>We otherwise refer to our response to <b>Question 3</b> of the questions taken on notice.</p>

<b>Question S11</b>	
<b>Question</b>	<p>Was Ausgrid aware of the proposed treatment of its assets as set out in schedule F8 to the SLR Contract?</p> <p>a. If so, on what date did Ausgrid become aware of the content of schedule F8?</p>
<b>Response</b>	<p>Please see our response to <b>Question 14</b> of the questions taken on notice.</p>

<b>Question S12</b>	
<b>Question</b>	Did Ausgrid at any time before 17th December 2014 indicate to Transport for NSW that it would require treatments of its assets different to those included in schedule F8?
<b>Response</b>	<p>Please see our response to <b>Question 14</b> of the questions taken on notice.</p> <p>Ausgrid's Network Standards were available at all times on Ausgrid's website. Any works undertaken which may affect an Ausgrid network asset must meet Ausgrid's Network Standards.</p>

<b>Question S13</b>	
<b>Question</b>	<p>Did Ausgrid ever suggest to Transport for NSW an alternative route through the CBD than George Street?</p> <p>If so, when was this advice given and what were the reasons behind this suggestion?</p>
<b>Response</b>	Please see our response to <b>Question 7</b> of the questions taken on notice.

**Question S14**
**Question**

In the transcript you were asked:

*The Hon. COURTNEY HOUSSOS: You never suggested that the costs were going to be \$600 million, \$700 million in excess to go down George Street?*

*Mr ARMSTRONG: Very, very early in the peace there was some advice provided that we thought that George Street, in terms of the nature of our assets, and as I said, the integration of this project relative to our assets, could cost in that order.*

- A. Who gave this advice?
- B. Who was this advice given to?
- C. On what date was this advice given?
- D. In what form (eg letter, email etc) was this advice given?
- E. Was a response from Transport for NSW received to this advice?
- I. If so, what was the response, when was it received and in what form?
- F. Was this advice provided to any party other than Transport for NSW?
- I. If so, who was it given to?
- G. Was this advice ever given to any of the bidders for the project?
- I. If so, which bidders received this advice?
- H. If not, why not?

**Response**

- A. Ausgrid completed a preliminary assessment of the impact of the CSELR Project on Ausgrid's assets in September 2013. The findings of this preliminary assessment are set out in the report titled 'CSELR-0015 Preliminary Ausgrid Assessment, Treatments and Supply Advice' ("**Report**"). The Report outlines the significant impact that the CSELR Project would have on Ausgrid's assets, particularly along George Street. However, the Report does not suggest that the costs were going to be \$600 million - \$700 million in excess to go down George Street.
- B. The Report was provided to Transport for NSW and their consultants, Everything Infrastructure.
- C. A meeting was held between Ausgrid and Transport for NSW on 18 September 2013 to discuss Ausgrid's findings and a copy of the Report was provided to Transport for NSW approximately one week later.
- D. The advice was set out in the Report.
- E. Yes, Transport for NSW provided Ausgrid with written comments in response to the Report on 19 December 2013. In its response, Transport for NSW identified aspects of the Report which, in Transport for NSW's opinion, required further discussion or further clarification, confirmation or amendment by Ausgrid. Ausgrid and Transport for NSW continued to discuss the Report and subsequently entered into the MoU on 20 February 2014.
- F. Yes, please see B above.
- G. We are not aware whether the Report was provided to the Bidders by Transport for NSW. Ausgrid did not provide the Report to the Bidders.
- H. Ausgrid did not provide the Report to the Bidders as Ausgrid was not a party to the tender process.

<b>Question S15</b>	
<b>Question</b>	<p>In evidence given by Mr Bede Noonan of Acciona, he gave examples of Ausgrid pits being expanded and enlarged. Does Ausgrid make a contribution when its assets are upgraded like this?</p> <p>a. If so, who does it pay?; or</p> <p>b. Does it just get a new upgraded and enlarged pit at no cost?</p>
<b>Response</b>	<p>Where Ausgrid requires improvements or upgrades to be made which are in addition to the Adjustment Works, this would be additional works and pursuant to the Deed, Ausgrid is required pay for these upgrades.</p> <p>As far as Ausgrid is aware, none of Ausgrid's assets have been upgraded as part of the CSELR Project.</p> <p>Ausgrid's primary responsibility is to maintain current reliability, accessibility, maintainability and operability of the existing network with future ability to access, augment or replace the asset significantly limited in the corridor.</p>

<b>Question S16</b>	
<b>Question</b>	In his evidence on 4th October 2018, Mr Bede Noonan, said that scope changes were the reason for the delays on the project and that there were two sorts of scope changes, one arising from changes by Government and one from “the impact has occurred as a result of Ausgrid requiring upgrades to their underground pits and conduits.” Do you accept that Ausgrid requiring upgrades has led to the disruption and delays on the project?
<b>Response</b>	<p>No. Ausgrid does not accept that it has required any upgrades to its assets as part of the CSELR Project.</p> <p>As per our Opening Statement, it is the Ausgrid Network Standards that sit at the top of the document hierarchy. The Network Standards set out the key requirements for anyone wanting to undertake works which impact the network and must be adhered to. The Network Standards are (and have at all relevant times been) publicly available.</p> <p>ALTRAC’s own electrical supplier, Alstom, identified some design issues with the ground rail track power system for the trains to be installed by ALTRAC. In order to rectify their own design issue, ALTRAC submitted new Treatment Plans which proposed some pits doubling in size. Ausgrid approved these Treatment Plans.</p> <p>To be clear, the Adjustment Guidelines did not require pits to double in size. Any changes to pit sizes were only required because of ALTRACs own design requirements.</p> <p>Notwithstanding the fact that the proposed pits were substantially larger than Ausgrid’s standards require, these Treatment Plans were approved by Ausgrid to enable the CSELR Project to continue. Whilst these changes may have caused consequential issues for ALTRAC, they were not in any way driven by Ausgrid and are not in any way an “upgrade” of our Network Assets.</p>

<b>Question S17</b>	
<b>Question</b>	<p>According to Acciona's answer to Questions on Notice they have completely rebuilt 19 Ausgrid pits and partially rebuilt a further 14. Some of these have doubled in size. Has Ausgrid contributed to the cost of any of these rebuilds?</p> <p>a. If so, what proportion of the total cost have you paid?</p>
<b>Response</b>	Please see our responses to <b>Question S15</b> and <b>Question S16</b> .

<b>Question S18</b>	
<b>Question</b>	<p>Mr Bede Noonan advised us that Ausgrid's failure to perform essential works to facilitate the undergrounding of local power supplies in Kensington and Kingsford caused a further delay to the project. Is this assertion correct?</p> <p>a. What is the cause of the problem in this area?</p>
<b>Response</b>	<p>Ausgrid does not agree that it failed to perform essential works to facilitate the undergrounding of local power supplied in Kensington and Kingsford has resulted in a further delay to the project.</p> <p>As per our Opening Statement, in terms of interface with Ausgrid, the CSELR Project can be separated easily into two distinct sets of zones. Zones one to three and zones four to six.</p> <p>The first three zones, which cover the first 4km of the route from Circular Quay to South Dowling Street (including the CBD) is covered by the Adjustment Guidelines.</p> <p>Zones four to six, covers the remaining 8kms of the route to both Kingsford and Randwick and is not covered by the Adjustment Guidelines. As these zones are subject only to our standard process for Contestable Works, our role in these zones principally involves facilitating ALTRAC's accredited service providers to undertake works necessary to enable to construction of the CSELR Project and facilitating outages in a safe and timely manner.</p> <p>This means that ALTRAC are required to contract directly with ASPs to undertake Contestable Works. Ausgrid's role in the project is to provide ancillary services such as certification, inspection and energisation upon request in accordance with the relevant Contestable Works approval processes.</p> <p>Ausgrid has made and continues to make considerable efforts to assist in the delivery of the CSELR Project.</p>

<b>Question S19</b>	
<b>Question</b>	Is the reason Ausgrid has given for not performing this work as agreed, a lack of resources?
<b>Response</b>	Please see our response to <b>Question S18</b> .

<b>Question S20</b>	
<b>Question</b>	We heard evidence from Acciona that after raising its concern regarding the disparity between the contract requirements and the Ausgrid Guidelines that Transport for NSW required Acciona/Altrac to participate in a collaboration process with Ausgrid and Transport for NSW to review the treatments required for the Ausgrid assets. Did Ausgrid change and/or reduce its treatment requirements for its utilities as a result of the collaboration process in 2015 and 2016?
<b>Response</b>	<p>Yes, as previously mentioned in our response to <b>Question 18</b> of the questions taken on notice, stakeholders can request a dispensation from the Network Standards where that stakeholder is unable to comply with all of the requirements in the Network Standards.</p> <p>Please see our Opening Statement for more information regarding Ausgrid's treatment requirements for its utilities which are relevant to the CSELR Project.</p>

<b>Question S21</b>	
<b>Question</b>	Do you agree that your requirements did not change materially and were substantially greater than those proposed to be undertaken in accordance with Schedule F8 of the SLR Contract?
<b>Response</b>	Please see our response to <b>Question 14</b> of the questions taken on notice.

## Definitions

<b>ALTRAC</b>	means the ALTRAC Light Rail consortium. Prior to October 2014, ALTRAC were known as CSC.
<b>Adjustment Guidelines</b>	means the guidelines to be prepared by Ausgrid pursuant to the Deed.
<b>Adjustment Works</b>	means the protection, relocation, replacement or modification of network assets including the modification of existing means of accessing network assets or the creation of new access ways or new network assets, which will or may be affected or required by the works undertaken by or on behalf of Transport for NSW in connection with the CSELR Project.
<b>Bidders</b>	means the consortia short listed for the CSELR Project.
<b>Cardno</b>	means Cardno (NSW/ACT) Pty Limited.
<b>CSC</b>	means Connecting Sydney Consortium. CSC consisted of Acciona Infrastructure Australia Pty Limited, Transdev Sydney Pty Ltd, Alstom Transport Australia Pty Limited and Capella Capital Pty Limited. CSC changed its name to ALTRAC when it became the preferred Bidder in October 2014.
<b>CSELR Project</b>	means CBD and Sydney East Light Rail Project.
<b>Deed</b>	means the Deed for Adjustment Works to Network Assets between Transport for NSW and Ausgrid dated 5 February 2015.
<b>Kick Off Meeting</b>	means 'Sydney Light Rail and ALTRAC Light Rail Partnership and Ausgrid Kick Off Meeting' held on 27 February 2015
<b>MoU</b>	means the Memorandum of Understanding between Ausgrid and Transport for NSW dated 20 February 2014.
<b>PPP Contract</b>	means the contract in relation to the CSELR Project entered into between Transport for NSW and ALTRAC.
<b>Proposal Period</b>	means the period in which the parties will or have engaged in the activities described in clause 5.2 of the Deed until the date of execution of the PPP Contract.
<b>Treatment Guidelines</b>	means the Transport for NSW treatment guidelines for Ausgrid assets which were issued to Bidders as part of the tender process and which were not endorsed by Ausgrid.
<b>Treatment Rules</b>	means the Transport for NSW treatment rules for Ausgrid assets which were issued to Bidders as part of the tender process and which were not endorsed by Ausgrid.
<b>Treatment Plans</b>	means the Treatment Plans for Ausgrid assets which Transport for NSW was required to procure that ALTRAC develop which meet Ausgrid's requirements pursuant to the Deed.