

From: John Louis Goldberg
To: GPSC3 <gpscno3@parliament.nsw.gov.au>
Date: 19/12/2011 12:30 pm
Subject: Re: General Purpose Standing Committee No. 3 - Inquiry into rail infrastructure costing in NSW
Attachments: French letter to SYSTRA.docx

Response to Hon. Niall Blair.

Let me first repeat the idea I proposed. One takes samples of the costs for a particular component of the rail system. The most probable cost is the mean or average of the sample costs. The mean will have an uncertainty which can be quantified. It is called the standard error. Obviously the larger the mean value is with respect to the standard error, the more reliable is the mean cost estimate. As I stated in evidence, one can specify by this method what is called the confidence interval. This is the probability range within which the true value lies. This is a proper statistical approach to the problem. It avoids the Evans and Peck approach of guessing a contingency value. The method I am proposing calculates properly what the contingency actually is from the sample statistics.

At this stage, I have written to SYSTRA to see what information they have. I enclose a copy of the letter for you. I have asked for specific information about accuracy (justesse). When I receive a reply I will contact you again.

Response to Hon. Cate Faehrmann

I do not know in detail of any such projects. However, the Gold Coast Light Rail runs along a road way. I suggest that a good contact would be Peter Newmasn in WA. He was responsible for the Perth Rail system that also runs along a roadway and was a great success.

With kind regards
Dr John L Goldberg