

INQUIRY INTO IMPACT OF THE CBD AND SOUTH EAST LIGHT RAIL PROJECT

Organisation: Sydney Light Rail Action Group

Date Received: 9 July 2018

Attached material and supporting documents. 1. According to TfNSW if the costs and benefits of the light rail project were further eroded, the project would become unviable. Is it still viable? Where are the facts to support this? 2. Gladys Berejiklian press release. "Huge wins" 3. Business case summary - can the government detail the economic benefits of the project? 4. Letter from Tim Riordan noting the recommendations of the Auditor. Have these been enacted? 5. Confirmation of 220 buses to be removed. Capacity up to 25,300 passengers per hour (articulated vehicles.)

Why was the Sydney Light Rail project approved?

In November 2013, the Sydney Light Rail project business case summary estimated costs at \$1.6 billion with economic benefits of \$4 Billion.

By December 2014, the estimated costs had increased by \$549 million to \$2.1 billion and the economic benefits were valued at \$3 Billion.

By October 2014, Transport for NSW reported that \$517 of the \$549 million increase in costs, was caused by mispricing and omissions in the business case.

The **key contributor to the decrease of benefits was the estimated journey time, which grew from 34 to 38 minutes** from Circular Quay to Randwick and Kingsford. Capacity per hour also fell from 9,000 passengers per hour in one direction, to 6,750 in one direction.

In December 2014, Transport for NSW completed a rapid economic appraisal **and informed NSW Treasury and the NSW Government that the project's benefit-to-cost ratio had reduced from 2.4 to 1.4**

In December 2014, Transport for NSW, and the Transport Minister, Gladys Berejiklian, announced the increase in the capital cost of the project to \$2.1 billion. They explained that costs had increased because of the 'huge wins' offered by the preferred bidder of the PPP. These included 50 per cent more capacity than the 9,000 passengers per hour previously planned.

However, this was not correct. 94 per cent of the \$549 million increase was due to incorrect estimates in the business case. And the capacity had reduced by 25% from 9,000 to 6,750 passengers per hour in one direction.

Premier Gladys Berejiklian was sent details of a \$549 million blowout in the cost of the Sydney light rail project just weeks before, as transport minister, she issued information misleading the public about the reason for the increase.

Questioned about this following the release of the Auditor-General's report, Ms Berejiklian insisted that her statement was based on what she knew at the time.

Why was the Sydney Light Rail project approved?

But Ms Berejiklian is refusing to release the document, which has been deemed cabinet information by the transport department under the Government Information (Public Access) Act.

According to Transport for NSW the update "contains financial and other information on the CBD and South East Light Rail Project (CSELR) provided to the former Minister for Transport".

The department's response also reveals the document "was prepared before cabinet's deliberation on a matter and would reveal the position a minister has taken or was recommended to take on a matter in cabinet".

QUESTIONS FOR PARLIAMENTARY INQUIRY INTO THE LIGHT RAIL.

- 1) If the information about the massive increase of costs and decrease of benefits for the Sydney Light Rail project was provided to the NSW Treasury, the NSW government, and Gladys Berejiklian in October 2014, why did Transport for NSW and Gladys Berejiklian release false and misleading information about the project?
- 2) Why is Gladys Berejiklian claiming her statement was based on what she knew at the time?
- 3) Why won't she reveal the documents of the information she was sent in October 2014?
- 4) Gladys Berejiklian and Transport for NSW have claimed that the documents are 'cabinet in confidence' and are refusing to release the document. If the document was cabinet information, then why did the Transport Minister, a member of the cabinet, not know about the massive increase in cost, and the reason why?
- 5) If Transport for NSW knew about the massive increase in cost, why did they too release false and misleading information?
- 6) Who approved the Sydney Light Rail project, on what grounds did they approve the project, and why was the public consistently lied to until the release of the Auditor General report in late 2016?

SOURCES:

<https://www.audit.nsw.gov.au/news/cbd-and-south-east-light-rail-project>

<https://www.smh.com.au/national/nsw/revealed-gladys-berejiklian-was-sent-light-rail-cost-blowout-details-20170308-gut7ch.html>