

REPORT ON PROCEEDINGS BEFORE

PUBLIC ACCOUNTABILITY COMMITTEE

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

CORRECTED

At Macquarie Room, Sydney on Monday 20 August 2018

The Committee met at 10.00 a.m.

PRESENT

Reverend the Hon. Fred Nile (Chair)

The Hon. Greg Donnelly
The Hon. Courtney Houssos
The Hon. Trevor Khan
The Hon. Shayne Mallard
The Hon. Matthew Mason-Cox
Mr David Shoebridge

CORRECTED

The CHAIR: Welcome to the first public hearing of the Public Accountability Committee inquiry into the impact of the central business district [CBD] and South East Light Rail project. Before I commence, I acknowledge the Gadigal people, who are the traditional custodians of this land. I also pay respect to elders past and present of the Eora nation and extend that respect to other Aboriginals who may be present. Today we will hear from representatives of Transport for NSW, the NSW Small Business Commissioner, the Lord Mayor of Sydney, City of Sydney, the Mayor of Randwick City Council, the Auditor-General of New South Wales, representatives from the Australian Hotels Association NSW and a range of interest groups, including Save Sydney's Trees, Keep Sydney Beautiful and the Sydney Light Rail Action Group.

Before we commence, I will make some brief comments about the procedures for today's hearing. Today's hearing is open to the public and is being broadcast live via the Parliament's website. A transcript of today's hearing will be placed on the Committee's website when it becomes available. In accordance with broadcasting guidelines, while members of the media may film or record Committee members and witnesses, people in the public gallery should not be the primary focus of any filming or photography. I also remind media representatives that they must take responsibility for what they publish about the Committee's proceedings. It is important to remember that parliamentary privilege does not apply to what witnesses may say outside of their evidence at the hearing. I urge witnesses to be careful about any comments they may make to the media or to others after they have completed their evidence as such comments would not be protected by parliamentary privilege if another person decided to take an action for defamation. The guidelines for the broadcasting proceedings are available from the secretariat.

There may be some questions that the witness could only answer if they had more time or with certain documents to hand. In these circumstances, witnesses are advised they can take a question on notice and provide an answer within 21 days of receiving the question from the secretariat. Witnesses are advised that any messages should be delivered to Committee members through Committee staff. To aid the audibility of the hearing, I remind both Committee members and witnesses to speak into the microphones. In addition, several seats have been reserved near the loud speakers for persons in the public gallery who have hearing difficulties. I remind everyone here today that the Committee hearings are not intended to provide a forum for people to make adverse reflections about others under the protection of parliamentary privilege. I therefore request that witnesses focus on the issues raised by the inquiry's terms of reference and be careful when using individual's names during the hearing. Finally, I ask everyone to please turn their mobile phones to silent for the duration of the hearing.

ROBYN HOBBS, NSW Small Business Commissioner, sworn and examined

MARGARET PRENDERGAST, Coordinator General, Transport Coordination Office, Transport for NSW, sworn and examined

TONY BRAXTON-SMITH, Deputy Secretary, Customer Services, Transport for NSW, affirmed and examined

STEPHEN TROUGHTON, Deputy Secretary, Infrastructure and Services, Transport for NSW, affirmed and examined

The CHAIR: I welcome our first witnesses. Do any of you wish to make a short opening statement?

Ms PRENDERGAST: I will only take a couple of minutes. First, I would like to introduce the Transport for NSW team in our respective roles. Stephen Troughton is the Deputy Secretary, Infrastructure and Services. He looks after the Sydney Light Rail project. The delivery office reports to Stephen. He looks after the relationships with our delivery partners. Tony Braxton-Smith is the Deputy Secretary, Customer Services. He looks after the administration of the financial business assistance scheme that we have running now. I am Coordinator General, Transport Coordination Office. Our role is to do traffic and transport changes. I have precinct teams who engage with the businesses and the stakeholders. We also do all of the project and operational communications, assist with work scheduling and monitor complaints and issues. Firstly, I want to make some clarifications. Transport for NSW has a contract with ALTRAC to deliver the light rail project. They have subcontractors—Acciona to deliver the civil works, Alstom to deliver the system works and the vehicles, and Transdev to deliver the operations and maintenance.

There is significant transport investment happening at the moment, about \$51 billion worth. It is really important to understand the role of light rail. Light rail is part of an integrated transport plan. Together with bus, it will service the growth in the south-east. The reality is we could not service the growth that we are currently experiencing or that we have projected by buses alone. As you can see, the removal of the conga line of buses in the city has made a huge difference. There is an unprecedented level of private development occurring in the city as we speak. There is \$22.5 billion of development as in projects over \$5 million happening in the city alone. There is \$6.1 billion along the light rail alignment in the city. What we are seeing is cumulative impact for residents and businesses along the route. We have also seen significant public transport patronage increase. We have seen a 20 per cent increase in public transport use on a weekend and 10 per cent on a weekday. We also have seen an increase of people walking through the city.

We have been really up-front about the level of disruption and the impact that would result from the civil works. It is important to understand that the civil construction is the one with the severe impact through noise, dust and all those other impacts. The next phase we move to is systems, which is far less invasive, and then ultimately vehicle testing and driver training. We have undertaken extensive engagement, as we have outlined in our submission, but I really want to make the point that our program has graduated over time. It commenced with proactive marketing to promote businesses, but as delays became apparent we graduated that program to provide financial assistance to help businesses because we want the businesses who are located on the route today to be the ones who experience the uplift.

To date 88 businesses have been paid \$9 million in financial assistance since last August. Eighty-one per cent of those businesses who have applied have been successful. Those who have not been successful have not demonstrated an evidence in downturn in both sales or gross profit or indeed they are not impacted by the actual works. We have had strong support from the Small Business Commissioner in providing services. We have worked with both Randwick and City of Sydney to provide offset parking and we have provided tailored assistance. Pedestrian access has always been maintained. If there is localised disruption to access we notify the businesses or residents directly.

We also really appreciate the impact on residents. We undertake our works in line with planning conditions and we try to schedule the works to minimise impact. However, our conundrum is that there have been lots of high-rises developed since we got our approval, particularly in the south-east around Kensington, and we have Anzac Parade with significant transport and traffic volumes. We are trying to balance delivery of the work without impacting the transport corridor. ALTRAC offers alternative accommodation when there is three consecutive nights of night work. On the third night they offer an alternative. Transport for NSW has actually gone beyond and above this and offered a scheme starting last November to help residents out with further respite with alternative accommodation. We monitor and respond to all the complaints and we know that besides noise,

property damage and also the noise and vibration treatments for operations has become an issue for residents. However, there are formal processes which we can outline today. A mediation process does exist if residents are not happy.

Last but not least, we appreciate the loss of vegetation and its impact to the community but we have commenced revegetation. We will replant 1,800 trees. We have already planted 540 and we have saved another 120. We have provided a consistent team to engage with the community and residents. Last but not least, we fully acknowledge disruption, particularly the civil works, but there are many myths and there is much misinformation circulating about this project and we welcome the opportunity to appear at this inquiry. Thank you.

The Hon. COURTNEY HOUSSOS: My first question is for Mr Braxton-Smith. Who does Transport for NSW report to?

Mr BRAXTON-SMITH: Transport for NSW reports to the Minister for Transport and Infrastructure.

The Hon. COURTNEY HOUSSOS: I note that in 2014 you were in the role of Deputy Director General for Customer Experience.

Mr BRAXTON-SMITH: Correct.

The Hon. COURTNEY HOUSSOS: According to the 2013-14 annual report, your role was to coordinate the provision of advice to ministers to enable them to fulfil parliamentary obligations and respond to correspondence.

Mr BRAXTON-SMITH: Correct.

The Hon. COURTNEY HOUSSOS: Can you tell me very briefly what kind of regular documents you would prepare for the Minister? Would you prepare a House folder? Would you prepare her for question time? What were the kinds of documents you would prepare?

Mr BRAXTON-SMITH: One of the branches within the then Customer Experience Division was called Customer Relations and Government Services and its function across Transport for NSW was to coordinate the provision of all House folder notes, the provision of all documents that go to Cabinet, Questions on Notice, all correspondence to and from the Minister, and then to coordinate across Transport for NSW at that time Briefing Notes that required coordination across various divisions, but divisions also submitted their own briefing notes directly to the Minister's office as they were required to do.

The Hon. COURTNEY HOUSSOS: But in coordinating those House folder notes you would have been across most of the controversial or hot issues within the portfolio?

Mr BRAXTON-SMITH: No. My executive director, my general manager at the time, was the person that dealt with coordinating all of the notes. I had three other divisions reporting to me and my focus was much more about improving customer satisfaction with the services that we provide. It is an administrative function as opposed to an executive function.

The Hon. COURTNEY HOUSSOS: Would you say that you were aware broadly of controversial issues within the portfolio in order to do your job?

Mr BRAXTON-SMITH: To the extent that the media team also was part of my team, then yes.

The Hon. COURTNEY HOUSSOS: Would you read these notes? Would you keep an eye on any of these documents that were supposedly within your—

Mr BRAXTON-SMITH: No, it was not my practice to read any of the briefing notes or even the House Folder Notes that are outside my direct area of responsibility because, as I say, it is an administrative function; it is to ensure that all of the notes are prepared for the Minister in a timely fashion. I offer no subject expertise outside of my own area of responsibility.

The Hon. COURTNEY HOUSSOS: So you would not be aware of the coordinating of a broad range of issues across the portfolio?

Mr BRAXTON-SMITH: Of the content of the detail of the issue, no. The fact that it is an issue, yes.

The Hon. COURTNEY HOUSSOS: The fact that it is an issue. Okay. Thank you. With that in mind, I wish to refer you to the Auditor-General's report on the CBD and South East Light Rail project. On page 15 it

notes that by October 2014 Transport for NSW reported that mispricing and omissions in the business case had caused \$517 million of the \$549 million capital cost increase. Who did Transport for NSW report that to?

Mr BRAXTON-SMITH: I am not aware of how and when it was reported. The Auditor-General undertook that audit and presumably has included the information in a report, but I do not know.

The Hon. COURTNEY HOUSSOS: You just told me that Transport for NSW reports to the Minister.

Mr BRAXTON-SMITH: Correct.

The Hon. COURTNEY HOUSSOS: If they were reporting you would assume that they were reporting to the Minister?

Mr BRAXTON-SMITH: Well, that is an assumption.

The Hon. COURTNEY HOUSSOS: Is there anyone else that Transport for NSW reports to?

Mr BRAXTON-SMITH: Transport for NSW also reports to the Minister for Roads and Maritime Services and reports at the present time to the Minister for WestConnex.

The Hon. COURTNEY HOUSSOS: But in October 2014 matters relating to the CBD and South East Light Rail project would have been reported to the Minister for Transport?

Mr BRAXTON-SMITH: Yes, that is correct.

The Hon. COURTNEY HOUSSOS: Therefore, if the report says that Transport for NSW reported that mispricing and omissions in the business case had caused—

The Hon. SHAYNE MALLARD: Point of order: It is early in the inquiry but the terms of reference are fairly specific. It is not the financial background of the light rail project. It is specifically "the adequacy of the government's response to the financial impact and diminution in social amenity caused by the project on residents and businesses ... " This inquiry is about the impact upon businesses and residents. It is not a fishing expedition about the history of the financial arrangements for the establishment of the light rail. I ask you to make a ruling fairly early on in this inquiry that members need to refer to the terms of reference.

Mr DAVID SHOEBRIDGE: To the point of order: It is shameful that the Government is trying to cut down investigation into the gross cost overruns of this project, which are already at half a billion dollars.

The Hon. SHAYNE MALLARD: It is not in the terms of reference.

Mr DAVID SHOEBRIDGE: They are trying to hide from accountability. If that is the approach the Government is going to take in this, it is shameful. The community wants to hear this. There is also "any other related matters" in the terms of reference. It is clearly relevant.

The Hon. SHAYNE MALLARD: Then add it to the terms of reference.

The Hon. COURTNEY HOUSSOS: To the point of order—

The Hon. SHAYNE MALLARD: Then add them to the terms of reference.

The Hon. GREG DONNELLY: Cutting into our time, it is shameful.

The Hon. SHAYNE MALLARD: That is not what I am doing, Greg.

The Hon. COURTNEY HOUSSOS: Let me say this: If we are going to make points of order and eat into people's time—

The Hon. GREG DONNELLY: You are cutting into our time.

The Hon. SHAYNE MALLARD: That is not what I am doing.

The Hon. GREG DONNELLY: You are. It is a disgrace.

The Hon. COURTNEY HOUSSOS: —then we can both play that game. The issue of delays and mismanagement of the project is central to the impact on business. The idea that this project was fundamentally mismanaged from the beginning is key to our deliberations in terms of the delays and that impact. I ask that you allow this line of questioning.

Mr DAVID SHOEBRIDGE: It is what every resident and business says. It is a disaster.

The CHAIR: Members of the Committee are bound by the terms of reference of this inquiry. If you were not happy with them, you should have amended them in the House.

The Hon. GREG DONNELLY: We did not want them amended.

The CHAIR: To add the matters that you are now raising.

The Hon. GREG DONNELLY: Mr Chair, you are saying we cannot raise questions about the substantial point of the structure of this whole disaster at the very commencement, that it is outside the terms of reference? That leads directly to the issue of the impact on residents and businesses in terms of the delay.

The Hon. COURTNEY HOUSSOS: We need to establish why there is a delay in the first place.

Mr DAVID SHOEBRIDGE: Clearly, the cost blowout and the delay in construction is relevant to the impact on the businesses.

The Hon. GREG DONNELLY: Can I ask that the clock be stopped? We have lost four minutes.

The Hon. SHAYNE MALLARD: I think it is a fundamental issue in terms of the inquiry.

The Hon. COURTNEY HOUSSOS: That is fine, but we can stop the clock while we discuss it.

The CHAIR: We will stop the clock. Do you have the terms of reference in front of you?

The Hon. COURTNEY HOUSSOS: I have the terms of reference in front of me. The key part of this inquiry is about the impact on businesses and residents. The key reason why there has been such an impact on these businesses and residents is because of the delays. We need to ascertain why these delays are occurring.

The Hon. GREG DONNELLY: I note that the Auditor-General together with the Assistant Auditor-General are appearing this afternoon to give evidence to this inquiry.

The CHAIR: Perhaps they could answer the question.

Mr DAVID SHOEBRIDGE: We often have this issue in committees where we are looking at a substantive issue about delay and disruption and it becomes apparent in the course of that, that there are some related matters, which are the cost overruns and the impacts of delay and disruption. That is why these terms of reference expressly include:

1. d) any other related matters.

The fact of the delay causes ongoing anxiety and distress for residents and businesses and leads to substantial cost overruns. It is clearly covered by "any other related matters".

The CHAIR: The question should be directed as to why there were delays.

Mr DAVID SHOEBRIDGE: The impact of and the financial impact, it is clearly related, because the financial impact of the delay is every bit as relevant. It is a related matter.

The CHAIR: Do any other members want to support the point of order? If not, we will proceed with the questions.

The Hon. COURTNEY HOUSSOS: Thank you, Mr Chair.

Ms PRENDERGAST: Sorry, could you ask the question again please?

The Hon. COURTNEY HOUSSOS: The direct quote from the Auditor-General is that Transport for NSW reported that mispricing and omissions in the business case had caused almost the entire overrun of the capital cost, that if this was a matter to be reported it would be, as you said earlier, reported to the Minister for Transport as the relevant Minister.

Mr BRAXTON-SMITH: Yes.

The Hon. GREG DONNELLY: Have all of the negotiations over design and scope changes for the CSELR project been completed as of today's date? That is a yes or no answer.

Mr TROUGHTON: Yes. The majority of the design—

The Hon. GREG DONNELLY: The answer is no?

The CHAIR: The witness has a right to answer the question as he wishes.

Mr TROUGHTON: The majority of the design has been completed and we are at third-stage design, final design. What we are still experiencing is one or two small bits of design where we are still finding interesting aspects, heritage concrete for particularly pole foundations within the city and we do bespoke bits of design for a number of those. What I would say; yes, the majority of the design has been completed and has been documented. However, there are still one or two bits here and there that we have to go and look at and redo.

The Hon. GREG DONNELLY: That is design. What about any scope changes?

Mr TROUGHTON: The scope of the project is pretty clear now. I do not think there have been any modifications for a while now.

The Hon. GREG DONNELLY: You do not think, or you are sure?

Mr TROUGHTON: I am sure that the scope of the project is clear.

The Hon. GREG DONNELLY: There are no scope changes left at all? It is completed?

Mr TROUGHTON: I would hope so. Things still come up. We still find heritage items, unknown—

The Hon. GREG DONNELLY: I do not wish to challenge you, but either the scope changes have been resolved and settled once and for all, or they have not. It is either yes or no.

Mr TROUGHTON: I really wish it was that simple in a building construction project. Unfortunately, we still have to dig holes in the ground, we still have to build through centres. What I would say is, the scope of the project is very clear and has been for a long time. However, we still get unknown circumstances, heritage items and the like, that we have to look at and we have to make changes to as we go through. As I said before, even with the design for utility poles, we dig holes in the ground, they are quite large, we might find a pipe in the wrong place, therefore we have to go and amend stuff. So, scope; minor changes constantly happen, but what I would say, the major scope of the light rail project has been in place for quite a long time.

The Hon. GREG DONNELLY: The Auditor-General's report of November 2016 contained a recommendation in two parts. The first part had four subparts. The first subpart is for the CSELR project, that Transport for NSW should by December 2016—this is December 2016 and we are now approaching pretty quickly December 2018—finalise outstanding design and scope issues. That is a recommendation of the Auditor-General. Has that recommendation been met on this project?

Mr TROUGHTON: I think it has been met, yes.

The Hon. GREG DONNELLY: Notwithstanding your answer that you have just given me in terms of outstanding matters with respect to scope and design, you still believe the Auditor-General's recommendation is being met?

Mr TROUGHTON: Yes.

The Hon. GREG DONNELLY: You find no conflict at all with what your evidence is and what I have just asked you?

Mr TROUGHTON: I think you can define scope in many, many ways. In my take on the Auditor-General's report, she is talking about the whole of the scope of the project and the intent behind it and what it is trying to achieve and that agreements are in place with councils and other parties to do it. Minor scope changes are inevitable in every project and I think that is what we are talking about in this case.

The Hon. GREG DONNELLY: You are saying it is your take on the Auditor-General's report. What advice do you get to provide you with the capacity to call it your take and present it as being an expert interpretation of what the recommendation is? Where do you get your advice?

Mr TROUGHTON: From the Auditor-General when we have discussions with them over the report that they make.

The Hon. GREG DONNELLY: You are saying that the Auditor-General agrees that this in fact is being achieved?

Mr TROUGHTON: In this particular instance I cannot comment because it is before my time. But in my other negotiations with the Auditor-General and an understanding of the intent behind their recommendations, and we have follow up meetings with the Auditor-General to cover those off, and we have had those meetings in this case.

The Hon. GREG DONNELLY: We will ask the Auditor-General this afternoon. In the last 12 months have there been any changes made to the fundamental contract, the heads of agreement contract?

Mr TROUGHTON: No.

The Hon. GREG DONNELLY: None at all? What about the 12 months before that?

Mr BRAXTON-SMITH: We are not sure about the question because the contract was entered into as a public-private partnership [PPP] contract.

The Hon. GREG DONNELLY: Have there been any amendments made to it?

Mr BRAXTON-SMITH: It has provisions in the contract for variation.

The Hon. GREG DONNELLY: Have any variations been made?

Mr BRAXTON-SMITH: There have been a number of variations in accordance with the contract terms, but the terms of the contract itself, to my knowledge have not been changed.

Mr DAVID SHOEBRIDGE: I think it is about those variations that the question is asked. What were they?

Mr BRAXTON-SMITH: As you would be aware, there is currently action that is before the court and does this not therefore fall under the issue of privilege?

The Hon. GREG DONNELLY: No, we will come back to that. In the last 12 months how can you establish what those variations were? Where can we go to see the variations that were made to the contract? Are they detailed somewhere in some document?

Mr TROUGHTON: I think they are commercial in confidence so I would have to take on notice where they can be found.

The Hon. GREG DONNELLY: So you think they are commercial in confidence or you are not sure?

The CHAIR: He is taking the question on notice.

Mr TROUGHTON: I will take the question on notice about whether they are available.

The Hon. GREG DONNELLY: If you can and I would also like the list of the variations for the preceding 12 months as well.

The Hon. TREVOR KHAN: Point of order: I have gone and got a copy of the terms of reference. I know I was not here for the start but I have looked at the terms of reference and this line of inquiry—

The Hon. GREG DONNELLY: Could the clock be stopped?

The Hon. TREVOR KHAN: No, wait a minute.

The Hon. COURTNEY HOUSSOS: No, we have dealt with this already.

The Hon. SHAYNE MALLARD: It is not fun and games; it is a serious matter.

The Hon. GREG DONNELLY: I would ask that the clock be stopped, please.

The Hon. TREVOR KHAN: This line of questioning has been persistent since I have got here and none of it fits within the terms of reference of this inquiry.

The Hon. COURTNEY HOUSSOS: To the point of order: Mr Chair—

The Hon. GREG DONNELLY: Could I ask that the clock be stopped, please? This is interference by the Government.

The Hon. TREVOR KHAN: That is not true.

The Hon. GREG DONNELLY: It has been ruled on already, Trevor, before you even got into the room, mate. I ask for the clock to be stopped because our time is being wound down. It is the same question that was ruled on earlier. It goes to the heart of the issue of the project.

The Hon. COURTNEY HOUSSOS: Further to the point of order: The honourable member was not here when the previous ruling was made—

The Hon. TREVOR KHAN: I agree.

The Hon. COURTNEY HOUSSOS: —where we established that this inquiry needs to get to the bottom of why the project has been so delayed in order to work out why there has been such a significant impact on residents and businesses. It may not necessarily be strictly within the exact words written on the page but in order for us to ascertain why there has been such an impact on residents, it is essential that we determine the cause of these delays.

The Hon. SHAYNE MALLARD: To the point of order: —

The CHAIR: The time has expired so we will have to move on.

The Hon. SHAYNE MALLARD: Before you allowed the line of questioning to continue but you did not rule. It is fair and relevant for Mr Khan to raise it again as a point of order.

The Hon. COURTNEY HOUSSOS: He allowed the questioning to continue.

Mr DAVID SHOEBRIDGE: To the point of order: Mr Chair, you did rule by allowing the question that was objected to; you clearly made a ruling. I know—and it is no fault of his own—that the Hon. Trevor Khan was delayed by flights and was not here earlier but you have ruled on this and now the Government is trying to cavil with your earlier ruling. I ask that we be allowed to proceed without these interruptions.

The CHAIR: It is a question of whether you are satisfied; you have asked a question.

The Hon. TREVOR KHAN: This line of questioning has, in essence, ended because their time has ended. Clearly the terms of reference were prepared with the absolute involvement of those opposite and those terms of reference are quite clear in their scope. It would be my submission that for this inquiry, with the questioning I have heard, it does not fit within a bull's roar of the terms of reference that they themselves have drawn up.

The Hon. COURTNEY HOUSSOS: Come on, it is just that you do not want to hear it.

The CHAIR: The time for the Opposition's questions has expired so we will move on to Mr Shoebridge and leave that matter for further discussion.

Mr DAVID SHOEBRIDGE: Thank you all for coming today. Perhaps we should lay out the rubric of the original proposal. When was the original completion date? It was trumpeted at some point. What was the original proposed completion date?

Ms PRENDERGAST: March 2019.

Mr DAVID SHOEBRIDGE: I saw some suggestions from the Government that that might have moved to April 2019 but I now see a kind of generic 2019 as the completion date. Do you want to let us know what the completion date will be?

Mr TROUGHTON: Yes. I think it has been reasonably well reported that ALTRAC's advice at the moment is that the current completion date of the project is March 2020. We are working with them to try to bring that forward to a completion date around December 2019.

Mr DAVID SHOEBRIDGE: So you are now saying that you believe it will be finished by December 2019 or do you have reason to disbelieve ALTRAC's public statements about March 2020?

Mr TROUGHTON: As I said, they are officially telling us the project will be finished in March 2020 and we are working very hard with them to see how we can bring that forward to an earlier finish date.

Mr DAVID SHOEBRIDGE: What do you mean "officially"? Are they officially saying something here and then they are having a separate private conversation you are not telling the public about? What does "officially" 2020 mean? Is that just what you tell the public and then something different privately? What do you mean by "officially"?

Mr TROUGHTON: No, under the contract they are due to notify us of their completion date and that is the official notification we get. We are not overly happy with that and we are trying to work with them to see if there is any opportunity we can bring that date forward.

Mr DAVID SHOEBRIDGE: Have they told you they can bring it forward? They have given you an official notice under the contract that says March 2020. Have they told you another date?

Mr TROUGHTON: They have not officially told us another date. However, there may be some opportunities that arise as the contract proceeds in bringing that date forward.

Mr DAVID SHOEBRIDGE: Sorry? Is there some unofficial notice you have been given about December 2019 or are you just making it up? Is it a hope and a prayer or is it some actual advice you have had from the people building the project?

Mr TROUGHTON: It is in constant discussions and negotiations with them, both parties working together to look at opportunities to do so. There is nothing official at the moment. It is negotiation and discussions about how we might both work together to bring an earlier completion date to the project.

Mr DAVID SHOEBRIDGE: There is a penalty clause on this contract, is there not—half a million dollars a day for delay. When does that penalty clause kick in, Ms Prendergast?

Ms PRENDERGAST: It is really a question for the contract.

Mr TROUGHTON: Penalty clauses kick in really in line with the contract and most of them are associated with independent fee zones and liquidated damages associated with each fee zone.

Mr DAVID SHOEBRIDGE: Assuming that there is a liquidated damages clause that kicks in when the project has not been completed, when does the liquidated damages kick in? When can the people of New South Wales rely upon a contractual provision that actually starts forcing the completion of this project or has the contract been so badly drafted that we will never be able to rely upon it?

Mr TROUGHTON: The provisions of those are already in hand and unfortunately the liquidated damages get capped out for the fee zones at \$7.5 million.

Mr DAVID SHOEBRIDGE: So you have liquidated damages clauses that only last for a 15-day delay? Is that seriously the contract you relied upon? Once they are more than 15 days delayed, there are no liquidated damages. That is the most incompetent contract I could imagine for a project like this. Is that really what you are telling us?

Mr TROUGHTON: That is the contract in place, the fee zone. The contract is a slightly different contract—

Mr DAVID SHOEBRIDGE: So if they are two years late you cap out at \$7.5 million. That is insane and incompetent.

The CHAIR: Mr Shoebridge, we are just asking questions, not making rhetorical statements. Stick to asking questions.

Mr DAVID SHOEBRIDGE: They are laughing at you, aren't they, with a 15-day capping out of liquidated damages; they are laughing at you?

Mr TROUGHTON: Would you like me to finish?

The CHAIR: Could you ask a serious question, Mr Shoebridge?

Mr TROUGHTON: Under a PPP contract as well, you have to understand that this is a contract entered into with ALTRAC to build, operate and maintain a light rail project for 15 years. Under that contract they provide finance to do so. It is not like a standard design and construct contract, which I think you are trying to refer to. Design and construct is typically where we have a contract directly with a contractor, so we would actually appoint the contractor ourselves and we would manage that relationship with them. Under those circumstances we have far greater control over the contractor and larger layers of damages. In this instance we have a contract with ALTRAC, which is a PPP structure. They are subcontracted to three parties to build and operate their light rail.

What that means is Transport is not directly in contract with Acciona, who is doing the civils part of the construction, we are not directly in contract with Alstom, who are doing the systems and providing the vehicles and we are not directly in contract with Transdev, who are operating, which is a very different form of contract than under a PPP. We do not have any relationship with those parties, so the usual things that apply where we have much larger liquidated damages and the like, we do not have in this case. We have agreements with ALTRAC. ALTRAC have substantial financial raisings. There is a number of large amounts of liquidated damages around the finance that they have with their contractors. So ALTRAC have a relationship under contract with Acciona, who are building it. There are delays in that contract but that is not in the contract with the Government.

Mr DAVID SHOEBRIDGE: Basically you have a system design that says once the delay is greater than 15 days, because of the contractual provisions that were negotiated there is no pressure that you can bring under the liquidated damages clause. Once it is more than 15 days it is just free delay for them because you cap out at \$7.5 million. That was a deliberate design structure because you handed all that responsibility to a third party.

Mr TROUGHTON: Under a public-private partnership [PPP] that is what you tend to do. You appoint a third party to build, operate and maintain your contract for 15 years. There are significant damages within that main contract and they are passed through to their contractors. But as I said the Government does not have a direct contract with Acciona, who are doing the civil works.

Mr DAVID SHOEBRIDGE: Could you understand how outraged residents will be who are already suffering night after night of noise and dust when they hear there is at least another year of this construction project and the Government was so incompetent in its negotiations that it cannot pressure the contractors to finish? Will you understand how frustrated and annoyed residents will be?

Ms PRENDERGAST: The civil construction phase is the noisy bit; it is the disruptive bit. ALTRAC have announced a barriers down strategy which marks the conclusion of the main civil works, which is the disruptive bit, to be in January-February. There is not another year, because then we move into systems works—stringing cables et cetera, which is less invasive—and the vehicle/driver testing phase.

Mr DAVID SHOEBRIDGE: You have already said the official notification was a year of delay. It is a year more of construction work because of the incompetence of the Government's contract negotiations.

Ms PRENDERGAST: But the construction period is divided into three phases. It is the civil construction period that is impacting businesses and residents.

Mr DAVID SHOEBRIDGE: Absolutely.

Ms PRENDERGAST: And it will conclude in much sooner than a year.

Mr DAVID SHOEBRIDGE: When?

Ms PRENDERGAST: The barriers down that ALTRAC has announced has the barriers and the main civil works being completed between November and February and then there will just be some finishing touches and the systems works, which are not as invasive or disruptive to residents and businesses.

Mr DAVID SHOEBRIDGE: So you say now.

The Hon. MATTHEW MASON-COX: Ms Prendergast, can I ask you some questions about the business assistance program in particular?

Ms PRENDERGAST: Yes.

The Hon. MATTHEW MASON-COX: Before I go there, I want to frame the delays in a bit more detail in the particular zones. It has been put to the Committee by a number of the submissions that the expectation that businesses and residents had was that the construction would proceed in zones and that these zones would have an inconvenience time of, say, six to nine months—that might be shorter in some areas and longer in other areas. I am keen to understand whether that was the undertaking given by the project or the Government and whether there are variances in that so the Committee can understand the baseline for what the expected delay was. If it does vary, where does it vary on a zonal basis?

Ms PRENDERGAST: Sure. The original schedule set out start and finish dates for each zone. Six to nine months is not really what it was. The maximum was up to 380 days in some zones. Due to the utilities and the other heritage issues that we have encountered, obviously some of the zones have been delayed. The first two zones we occupied in October and December 2015, being zones 5 and 6 in the centre of the city between Market-King and Market and Park. These were actually opened in December 2017. We have opened zone 15 in Surry Hills. We are just going back to do final finishing works but we have had place making there since Christmas. We envisage with the barriers down policy to progressively release zones. For example, in zone 2 down near Circular Quay we have completed all the works on one side and we have flipped to do the final kerb works on the other side.

We try to contract the barriers wherever possible. We understand that it is the noisy civil works and the barriers that are blocking sight lines that are the biggest issues, so there has been some progressive removal. What

we will see over the next five months is a removal of those barriers or at least contracting that footprint. That will then open up the vista. It will also mark the end of the really heavy duty work, which is the utilities work, the excavation, the paving, the track work, the track bed. We now have 21 kilometres of track completed. Most of the track excavation is done. All that is left is to complete the last three kilometres of that track. It is then we move into some final works—the smart poles, the furniture, the tree planting—and they will be localised works rather than full occupation. And when we talk barriers down, which is what ALTRAC has committed to, that is what we are alluding to: moving the main footprint and coming back in a localised sense and, of course, building the stops.

The Hon. MATTHEW MASON-COX: Would it be possible for you take on notice to clarify the expected completion dates, the delays and where they have existed on a zonal basis so the Committee can get a better understanding of where the larger delays are? That might assist the Committee in relation to the business and financial package as well, to correlate that.

Ms PRENDERGAST: I totally understand that. We have actually assessed the overstay period in our assessment for financial assistance, so it becomes one of the criteria we weight against.

The Hon. MATTHEW MASON-COX: That is great.

Ms PRENDERGAST: We can provide the original schedule. There was a revised schedule in January because we actually did not start a lot of the zones until later. For example, we did not move in and occupy Circular Quay until July last year.

The Hon. MATTHEW MASON-COX: I notice that the actual program to compensate businesses—perhaps "compensation" is the wrong word—or to provide ex gratia payments to businesses started in August 2017. Can you give us an understanding as to why it started at that time and not earlier?

Ms PRENDERGAST: Yes. It did not start earlier because the delays had not become apparent. The zones had not been occupied for a lot longer than was originally envisaged. Once we realised that there were some construction difficulties—this is an incredibly difficult project—we then realised that we needed to help and there was hardship. We had not actually had a lot of issues raised from businesses. Still to date in our complaints profile less than 5 per cent of the issues have been raised by business and a lot of those are localised, but the hardship started to become apparent. It is really important to us that the businesses who are experiencing this hardship are the ones who then experience the uplift. We have seen this uplift in zones 5 and 6 where we opened last December. There is a lot of people and there is a lot of activity, so we know that there is a benefit at the end; we just want them to hang in. It was not compensation; it was an ex gratia payment as assistance to help those businesses hang on, to help them pay their rent and bills, to keep them through.

We have paid \$9 million. We have paid 88 businesses the first-round payment, we have paid 37 businesses a second-round payment and we have paid five businesses a third-round payment. All of those who came to us before in August, anyone who had come to us via email or through the hotline, we reached out to them directly straight up. We are not hiding this. Devonshire Street were the most affected. It is so narrow. The hoardings are up against their shopfronts. We have reached out. We know that cafes experience this more so because of the noise and the impact so we have reached out. It is also really important that we adjust our schedule to try to avoid lunchtimes and those busy periods where we know cafes exist. But that is not always possible.

The Hon. MATTHEW MASON-COX: In relation to businesses particularly affected, I notice, Ms Hobbs, that the Small Business Commissioner has gone out and spoken to those businesses.

Ms HOBBS: Mr Mason-Cox, we have been proactive even before the construction started in 2015. We have been out since 2014 and constantly speaking to businesses. We completed a health check as recently as May of this year where we visited every—

The Hon. TREVOR KHAN: What is a health check?

Ms HOBBS: It is visiting every business along the route. There is no doubt that we all accept businesses have been disrupted but what a business might need is totally different in every case. Some businesses might want help with rental relief. Some businesses might want us to help with negotiations with their landlords or with suppliers. Whatever they need, we will develop a personalised service for them. Remembering that English is not the first language of one third of our small business operators, whether it has been Chinese, Vietnamese or Korean, we have assisted those businesses in their own language.

The Hon. MATTHEW MASON-COX: You have physically gone into each of the businesses along the route and had a discussion.

Ms HOBBS: Correct.

The Hon. MATTHEW MASON-COX: Okay. I just wanted to be sure. In relation to the 86 businesses that have been paid the \$9 million since August 2017, do you know how many of those businesses are still operating or whether any have closed as a result of what has happened?

Mr BRAXTON-SMITH: We will need to take that on notice. To our knowledge none of those businesses have ceased trading.

The Hon. MATTHEW MASON-COX: That is the specific; in relation to the general, you would no doubt have a database of all the businesses that you have been to. Would you be able to give the information to the Committee as to which businesses have not been able to survive the project?

Ms PRENDERGAST: Yes.

The Hon. MATTHEW MASON-COX: In relation to the program for business assistance, if a business does actually fail, does it qualify for the program?

Ms PRENDERGAST: I can start. Between the Small Business Commission and ourselves, we have been monitoring businesses the whole time. We have been engaging, one on one, the entire time. In relation to the direct question you asked we have constantly surveyed but the most recent survey that we have undertaken shows that there are 51 vacant premises along the route. Of those 51 vacant premises eight are under refurbishment or refitting for a new business, 10 were vacant pre-construction—before we moved into a zone—and three are brand new developments. Even at the 50—discounting that some were already vacant, some were refitting and some are brand new—that is about a 7 per cent vacancy rate, which has been confirmed by the small business Commissioner's lease assessment.

Ms HOBBS: May I add to that answer? One of the other responsibilities I have is to be the Registrar of the Retail Leases Act. That sits within my area of responsibility. We looked at the entire route, from 2013—a good two-plus years before the construction started. So we have a scan which goes between 2013 right up until the present day in 2018. We have found—there are exceptions; the areas that have been impacted are definitely Surry Hills and Kensington, and I am happy to talk about those—that in terms of retail leases over 51 per cent of businesses are the same lessee. They are not changing over the lease.

Even though we had the period since we started measuring in 2015 up until the current point, they know there is disruption. None of that is pleasant—when you build anything there will always be disruption—but they are seeing it through. The other thing that we have seen is the vacancy rate in terms of leases. We can identify all of the areas. Particularly we see that if you looked at the raw data you would say, "Kensington looks like it is a difficult area and there are a number of vacant shops there." But when you go back and look at the data for Kensington and you drill down, they have always had a very high vacancy rate in Kensington. In fact, in 2015, we saw an uptake of people who were signing new leases in Kensington. We have 31 areas along the route—

Mr DAVID SHOEBRIDGE: It's been good for them!

The Hon. TREVOR KHAN: Sorry, I was distracted.

Ms HOBBS: There are 31 sections or zones along the length of the route. Every single one is totally different. If you look at George Street you can divide George Street into different sections. The important thing, on an average if you like, is that there is a real consistency in terms of the data we are seeing.

Ms PRENDERGAST: The second part of the question was about the criteria and closed businesses. It is not part of the criteria, however we do look at it case by case. There have been a couple that been in the media et cetera about ones that have closed. Some of those closed six weeks after we commenced construction out the front. There are now liquidators in place and it becomes very complex—assigning six weeks of impact when it was not overstay. It has to be looked at case by case, and we will look at those cases.

The Hon. MATTHEW MASON-COX: I notice Ernst & Young have been appointed to look at each business on a case-by-case basis. A number of submissions have put to us that the criteria are unclear and that it seems to be a process that is cloaked in secrecy rather than one that is clear to people who might be applying. I understand that, of course, these things are done in confidence and that parties have to sign confidentiality agreements for good commercial reasons, but perhaps you could just run through the criteria and provide, if you have documents to that effect, them to the Committee. Could you give us an understanding about those sorts of cases where you have said no and the reasons why.

Ms PRENDERGAST: I will start. The criteria has been clear from the start. In all of the media announcements and discussions at forums from the day that we inceptioned this program we made it really clear in terms of the criteria. There have been changes to adapt—such as owner-occupiers of small businesses are now qualified. We have upped to the FTE—the employee rate—from 20 to 50. Tony will run through those details that you requested.

Mr BRAXTON-SMITH: There is a Sydney Light Rail Fact Sheet, which is in the public domain. I will provide a copy afterwards, but it is quite clear there that the criteria are small businesses employing fewer than 50 full-time equivalent employees. The place of business is situated along the alignment or in close proximity by construction activity, and—

The Hon. MATTHEW MASON-COX: Sorry, Mr Braxton-Smith. I am really talking about the financial criteria. I think there is a ballpark of two months rental rebate. Then there are other factors you take into account. I am keen to understand the specifics in relation to how you deal with turnover decreases, how you deal with profitability decreases, how you assess other factors that might impact upon particular locations or zones.

Mr BRAXTON-SMITH: In relation to how we assess an impact upon the business, we ask them for copies of their Business Activity Statement. If they have it available we ask for their financial returns to the Australian Taxation Office for the most recent quarter and for the period before construction started. From that we can assess if there has been a downturn, either in turnover or in gross profit. If either of those criteria are met then there is an assessment, which is conducted by an independent external financial adviser, as to what the level of assistance might be in accordance with a formula. It starts on the basis of rent, for which purpose we seek a copy of their current lease agreement. If they happen to be an owner-occupier then there are, within the Australian Bureau of Statistics and other sources, which the Business Commissioner could tell you, typical percentages of turn-over that are attributable to rent. So it is actually rent per lease or an industry sector equivalent if they are an owner occupier. That is the starting point. Then factors are applied to assess the degree of impact by reason of the construction, by reason of their location and other factors are taken into account. That is done by the external financial adviser.

That results in a recommendation as to some alternatives of level of assistance for Government consideration. Its base is a factor of rent, because the concept of the scheme is to provide rent relief. That is then reviewed by a probity auditor before it is submitted to Government for approval.

The CHAIR: Just to clarify the answers you have been giving, as far as you know, no business has had to close down as a result of the CBD and South East Light Rail project. That is what you are saying.

Ms PRENDERGAST: What we said is that we are aware of closures that have occurred during the period, and there are currently 51 vacancies along the route, of which eight are under refurbishment, 10 were vacant before construction started and three are brand new developments. That accords with the rate—the normal rate of vacancy along the route—pre construction.

The CHAIR: So it has had no impact on the viability of those companies.

Ms PRENDERGAST: I would not say that it has had no impact, no. We know that it has been disruptive and we know that businesses have done it tough. So, no, there is no way that we would say that there is no impact. We appreciate that noisy works—civil works on their doorsteps—is an issue, which is why we are providing financial assistance to help them with their rent and bills through the period of civil construction.

The CHAIR: We will move on to Government questions.

Mr DAVID SHOEBRIDGE: I think the Government's time has expired. We are now up to the Chair's 10 minutes.

The CHAIR: We will move over to the Opposition.

The Hon. GREG DONNELLY: I will run through five examples. I think my question is best directed to Mr Braxton-Smith. If Mr Troughton is the one to respond I am happy for him, or indeed anyone else, to answer. Does Transport for NSW have any objections to ALTRAC appearing before this inquiry to give evidence?

Ms PRENDERGAST: No, not at all. We would welcome that.

The Hon. GREG DONNELLY: The same question: do you have objections in regard to Acciona Infrastructure Australia Pty Limited appearing before this inquiry to give evidence?

Ms PRENDERGAST: That would be up to ALTRAC because they have the contract with Acciona. We have the contract with ALTRAC. So Acciona, Alstom and anyone else appearing would be up to ALTRAC.

The Hon. GREG DONNELLY: But you—Transport for NSW—do not have any objection to Acciona Infrastructure Australia PL appearing before this inquiry to give evidence?

Ms PRENDERGAST: They are not contracted to us directly.

The Hon. GREG DONNELLY: That is not my question. My question is: Does Transport for NSW have any objections?

Mr DAVID SHOEBRIDGE: Does it matter?

The Hon. TREVOR KHAN: Yes, it is for us to have that argument.

Ms PRENDERGAST: We have no objection to ALTRAC appearing, and if it wants to bring its subcontractors that is totally up to ALTRAC.

The Hon. GREG DONNELLY: Does Transport for NSW have any objection to Alstom Transport Australia appearing before this inquiry to give evidence?

Ms PRENDERGAST: It is the same answer as before. It is up to ALTRAC.

The Hon. GREG DONNELLY: Does Transport for NSW have any objection to Transdev NSW appearing before the inquiry to give evidence?

Ms PRENDERGAST: If ALTRAC want to bring Transdev, that is fine.

The Hon. GREG DONNELLY: Finally, does Transport for NSW have any objections to Capella Capital appearing before the inquiry to give evidence?

Mr TROUGHTON: I am not sure that Capella Capital has any relationship to the contract anymore.

The Hon. GREG DONNELLY: That is an answer—

Mr TROUGHTON: I do not think it is associated with this project.

The Hon. GREG DONNELLY: It is out of it?

Mr DAVID SHOEBRIDGE: It was a disaster—it walked away.

The Hon. GREG DONNELLY: It is completely out of it?

Mr TROUGHTON: Yes.

The Hon. GREG DONNELLY: Okay, thank you for that. Once work has been completed in the five precincts, how long will commissioning of the project take before it becomes fully operational?

Mr TROUGHTON: Commissioning has started in what we call "fee zone R1", which is the Randwick zone. Commissioning takes place and works its way through as each fee zone is completed. There is R1, which is Randwick, R2, which is High Street, and then we go into Surry Hills and then through the CBD and then, finally, through Kingsford. We will work our way through and will commission each zone as we go through. The time to commission each zone will depend on how the performance goes and how the vehicles perform. They then go into driver training and the like. It is quite a complex part of the program but, essentially, they have started already and hopefully they can bring that forward and manage that so that it takes a shorter amount of time than it is currently programed to.

The Hon. GREG DONNELLY: My question was: Once the work and construction has been completed on the five precincts, how long will the commissioning of the project take before it becomes fully operational? There are five precincts. I understand the answer you gave, but I am talking about how long it will take to commission the running of the light rail from go to whoa after the precincts are complete.

Mr TROUGHTON: As I said before, they do not wait until the construction is complete; they actually phase it through. As the construction completes they can get into each part and start testing once they have put the systems in place. There are lots of different parts of testing and commissioning. It is highly complex. I do not know the program and I did not prepare it for today because I came for Small Businesses, but I will take the question on notice and will try to detail the commissioning. To get this clear, would you like me to detail the length of commissioning once construction is complete until commissioning is complete?

The Hon. GREG DONNELLY: We will move on then.

The CHAIR: Did you take that question on notice?

Mr TROUGHTON: Yes, but I am trying to clarify what we are providing on notice.

The Hon. GREG DONNELLY: You seem to have misunderstood my question so I will move on. On page 1 of your submission you referred to the NSW Small Business Commissioner commencing support to businesses along the alignment in late 2014, "well before the project commenced in late 2015." Did you explain to businesses as you engaged with them that the project plan involved completing one zone before commencing another?

Ms HOBBS: No.

The Hon. GREG DONNELLY: How did you explain it to the small businesses?

Ms HOBBS: We were out on the road at least a year before the project actually started. The important thing for any project is that they do cause disruption. We wanted businesses to be thinking about how they would deal with disruption when it happened. We wanted them to think about the sort of goods and services they might have sold and how they would promote them. Would it be different, for instance, if they had an online presence? How would they get deliveries into their premises?

The Hon. GREG DONNELLY: Sorry, I do not mean to interrupt, but I think you have answered the question. You said you did not tell them that it was going to be one stage at a time.

Ms PRENDERGAST: We definitely did not. We had an original schedule that did not show that; it showed concurrent activity along the alignment.

The Hon. GREG DONNELLY: Ms Hobbs, with respect to getting off the mark early, did you establish a database at the time to record information relating to individual businesses along the alignment regarding decline in their sales and turnover arising from the project?

Ms HOBBS: At the time that we visited them there had not been any decline in their sales from the project; we saw that later on when turnover did drop down. But we do have a physical recording of any business that we work with.

The Hon. GREG DONNELLY: In your submission you made the point that you got out early ahead of the time. Did you establish a database to record information relating to individual businesses along the alignment regarding declines that would take place in their sales and turnover arising from the project?

Ms HOBBS: That would have been an assumption that I could not have made at the time. There was not a decline in all cases, and we see that in the leasing and contract figures we already have.

The Hon. GREG DONNELLY: Okay, so you did not create a database. My next question is: did you establish a database to record information relating to individual businesses along the alignment regarding a decline in their profitability arising from the project?

Ms HOBBS: My previous answer stands.

The Hon. GREG DONNELLY: Okay, moving on then. Did you establish a database to record information relating to individual businesses along the alignment regarding the number of terminations and retrenchments of employees arising from the project?

Ms HOBBS: Let me just refer to the health check that we conducted in May—

The Hon. GREG DONNELLY: Was that the establishment of a database? That is my question.

Ms HOBBS: Again, I have to say, the question is a difficult one to answer because you are asking me if I have established a database to track downturns in sales, profitability or the number of employees, but in some cases the construction had not yet started. It is not a question that there is an answer to. If you position the question about what currently happens and what—

The Hon. GREG DONNELLY: No, I am talking about you getting ahead of the game.

Ms HOBBS: It is not a question that is possible to answer.

The Hon. COURTNEY HOUSSOS: We have limited time so I am going to jump in and ask a final question. Did you ever communicate to the Minister about this? What advice did you provide to the Minister on the feedback from small businesses?

Ms HOBBS: In terms of a ministerial relationship, I report to the Deputy Premier, John Barilaro. In my conversations with him, we would always talk about the disruption caused, which we would have expected along the route of the construction.

The Hon. COURTNEY HOUSSOS: Did you ever provide direct advice to the Minister for Transport and Infrastructure about feedback from small businesses?

Ms HOBBS: I will answer the question in two parts. My direct ministerial responsibility is to the Deputy Premier. I meet with him very frequently and communicate with him—

The Hon. COURTNEY HOUSSOS: Yes, you said that, but I am interested to know—I have limited time.

The CHAIR: Let the witness answer the question.

Ms HOBBS: My direct responsibility is to the Deputy Premier and I brief him and his office constantly. There have been other occasions when I have met directly with the Minister for Transport and Infrastructure and have briefed him on what I have seen with the situation along the route.

The Hon. COURTNEY HOUSSOS: Have you advised him that compensation is required for small businesses?

Ms HOBBS: The relief and financial assistance that has been provided has been rental relief; it has not been compensation; it has been rental relief for overstay in the construction zone.

The Hon. COURTNEY HOUSSOS: Did you say to the Minister for Transport and Infrastructure that there needed to be rental relief?

Ms HOBBS: Yes, absolutely.

The Hon. COURTNEY HOUSSOS: When did you say that?

Ms HOBBS: Approximately a year ago.

Ms PRENDERGAST: Just prior to us developing this scheme.

The Hon. COURTNEY HOUSSOS: A year ago you said to the Minister for Transport and Infrastructure that there needed to be rental relief?

Ms HOBBS: Yes.

The Hon. COURTNEY HOUSSOS: How many days delayed was the project at that point?

Ms HOBBS: I would have to take that on notice. It depends on the zone. Again, all the zones came on at different times. The thing I would add to the answer to that question is that I do not believe that rental relief or assistance should be provided only by the Government. There is a range of stakeholders who can also contribute to provide relief when these projects come along. I believe landlords can offer rental relief. I believe councils can offer rate relief. The State Government has also offered rental relief around Circular Quay and at Central. I think if everybody comes together and there is a package—I believe in the work that we do with tenants and with landlords a landlord would much rather have a tenant in the premises and getting a rent be it discounted with somebody there rather than a vacant shop. It is simply not, as I see it, for the State having to come in to provide rental relief. I think there is a real case to be put for all the stakeholders to contribute to providing assistance

The CHAIR: The Opposition's time has expired.

Mr DAVID SHOEBRIDGE: There has been substantial delay in the hearing today. Could I propose that we go through until 11.30 a.m. if the witnesses are able to remain? There are many questions that we need to resolve.

The CHAIR: We have other witnesses coming. I do not think we can change the schedule now.

Mr DAVID SHOEBRIDGE: I am happy to forego my morning tea.

The CHAIR: That is not the question.

Mr DAVID SHOEBRIDGE: Mr Troughton, did you say that the liquidated damages claims relate to individual zones?

Mr TROUGHTON: There is a number of liquidated damages parts. The bit we were talking about before was regarding this—

Mr DAVID SHOEBRIDGE: The delay. I just want to know whether or not there is a single amount or does it relate to different zones? It is a simple question.

Mr TROUGHTON: There are a number of ways damages get apportioned under the contract. I was referring earlier around the fee zones. There are other ways damages get done.

Mr DAVID SHOEBRIDGE: Tell me about the fee zones, because that is my question.

Mr TROUGHTON: My answer previously stands. It is probably best if I take it on notice to provide details of the different forms of damages under the contract because I do not have a copy of the contract here.

Mr DAVID SHOEBRIDGE: You can take it on notice. Ms Prendergast, residents of Surry Hills love public transport. They love the idea of light rail but they are furious with the Government for how it has delivered on this project. What on earth was in the Government's head to put such a damaging construction project right up through the guts of Devonshire Street and not put it where all the residents wanted it, which was along Oxford Street?

Ms PRENDERGAST: I am sorry, I was not with the project at that period. There was a lot of consultation around the decision with Devonshire Street. I joined as construction commenced in 2015.

Mr DAVID SHOEBRIDGE: Mr Braxton-Smith, does anybody know why that disastrous decision was made?

Mr BRAXTON-SMITH: The decision as to the light rail route was made by others. I do not have any evidence to present on that. Because it was not my role to decide the route I do not have any evidence to present on it.

Mr DAVID SHOEBRIDGE: I suppose you have got no idea either, Mr Troughton?

Mr TROUGHTON: It was a long, long time before my time. I can talk about where I was at the time if that would be helpful.

Mr DAVID SHOEBRIDGE: That would not be helpful. The residents of Surry Hills love light rail and they want a second stop. They want Surry Hills to be treated like the CBD so you have got stops within 500 metres of each other but the Government has rejected that and is refusing to build that second stop at Wimbo Park or Olivia Gardens. Why will you not build the public transport that the residents want?

Ms PRENDERGAST: What we have done is we have ensured that we have futureproofed that location so that we could add an additional stop. At the moment there is not a patronage circle to draw people. There is a huge park and then it moves up towards South Dowling Street. It just does not have the patronage to draw the people. If that changes we have got all the cables and everything in place so that we can add a stop.

Mr DAVID SHOEBRIDGE: You acknowledged earlier that the greatest impact is in the construction phase. Because we know additional residents will come, why not build the station now and finish all the construction impacts rather than revisit this same kind of pain on residents four, five or 10 years down the track?

Ms PRENDERGAST: We have futureproofed it and the pain would not be significant because all the conduits and all the things that are necessary are in. It would be a far simpler build. But at the moment the patronage modelling does not show that there is enough to warrant a second stop.

Mr DAVID SHOEBRIDGE: Could you provide the patronage modelling to the Committee on notice?

Ms PRENDERGAST: We can provide the analysis that was done showing the patronage catchment.

Mr DAVID SHOEBRIDGE: Can you give any advice on notice about what residents would have to do or who they would have to persuade in order to get that crucial second stop in Surry Hills? I am happy for you to provide that on notice.

Ms PRENDERGAST: Absolutely, we will take that on notice.

Mr DAVID SHOEBRIDGE: The project has already blown out by some \$549 million. Is that right? Is that the blowout to date, or were none of you there at the time?

Mr TROUGHTON: I was not there at the time.

Mr BRAXTON-SMITH: I am not accountable for the financial position of Transport for NSW so I cannot provide you with evidence on that point.

Mr DAVID SHOEBRIDGE: Ms Prendergast, it seems to be going down the food chain to you.

Ms PRENDERGAST: We published the cost in all our documentation at \$2.1 billion and that has been on all of our websites and all of our fact sheets consistently.

Mr DAVID SHOEBRIDGE: There has been no cost blowout; is that your position?

Ms PRENDERGAST: That included the additional cost from both the customer improvements that we made as well as the miscalculations at the time raised in the Auditor-General's report. That was the \$2.1 billion.

Mr DAVID SHOEBRIDGE: What was the cost blowout? Or are you saying there is no cost blowout; you always thought it would cost half a billion more than you originally said? Is that what you are saying, because that is a pretty remarkable answer?

Ms PRENDERGAST: No, through the Auditor-General's report we have illustrated what the additional cost was. What happened is the original forecast of cost was pre-tender. Once you tender you get a far better understanding of what the cost will be. That is how we came to the final cost.

Mr DAVID SHOEBRIDGE: I have one question of Ms Hobbs.

The CHAIR: Your time is up. We will move on to questions from Government members.

The Hon. SHAYNE MALLARD: Thank you for your submissions. They were very helpful and in my view demonstrated a thorough engagement process. Could one of you please table a list of the businesses that have received rental assistance and the amount each received?

Mr BRAXTON-SMITH: What we have is some statistical analysis here which we can provide to the Committee around the number of businesses per fee zone and how much they have received and also the number of businesses by category. For instance, I can tell you there were 34 cafes, restaurants and takeaway food services that have so far received assistance. Transport for NSW is very mindful of the fact that each of these businesses has provided us information on a confidential basis and undertakings were given to them for that to be maintained confidentially. We would prefer if the Committee insists on the information of individual businesses being revealed that it be dealt with in camera.

The Hon. TREVOR KHAN: I do. I insist. It does not mean that we would release it. That would be a matter for discussion.

The Hon. SHAYNE MALLARD: We would make it confidential.

Mr BRAXTON-SMITH: We can provide that to you separately but I do not have that information here with me today.

The Hon. TREVOR KHAN: I did not expect you would.

The Hon. SHAYNE MALLARD: Ms Prendergast, would you agree this project is unprecedented for New South Wales and for Sydney?

Ms PRENDERGAST: It is absolutely unprecedented. There is no other project like it. We have seen it in Edinburgh, we have seen it in France, we have seen it in San Francisco and we watched the Gold Coast. It is disruptive, but it is a really difficult project building so close to residents and businesses. The Gold Coast did a little bit of shopping guides and some local marketing. We have gone way above and beyond. We started from day one doing shopping guides, advertorials, local area marketing, TV advertising, place making, loyalty schemes—everything we could do to promote these businesses and to really give the message that Sydney is still open for business. Pedestrian access is maintained. We wanted people to still come and support these businesses and we worked really closely with the Small Business Commission.

As time went on and there were delays in zones and once we became aware and the Minister became aware of delays in the zones and there was hardship, that is when we went to the financial assistance scheme

because we realised that these businesses needed even more help just to get them through the civil construction period. That is exactly what we are doing. We are not only financially assisting them but we continue to market them, try to help them find new opportunities, do loyalty schemes. We have got signage and new plinths trying to direct people there. We are doing everything we can to keep footfall coming. The interesting thing is that footfall is here in Sydney. There has been a 45 per cent increase in footfall in the city since 2015. Circular Quay alone has experienced an increase from 50 million annual foot journeys around it to 67 million in two years.¹

The Hon. TREVOR KHAN: But you would not have seen that increase in Devonshire Street?

Ms PRENDERGAST: No, that is George Street when I am talking about that. Devonshire Street has experienced a loss in footfall, which is why we are up to third round financial assistance to help those businesses. When we have a special event we wayfind and try to push people up Devonshire, but we understand that the width of that street and where the hoardings are placed is impacting those businesses. That is why we are reaching out to them with more assistance, as much as we can, to keep them propped up until civils are finished. If you go up there now, we are getting closer.

The Hon. TREVOR KHAN: What about footfall, if that be the description, closer to the other end of this project?

Ms PRENDERGAST: Kingsford remains busy but we know that Kensington has experienced a downturn and some impact. We just monitor, watch and try to support them. We are working on a campaign for the east. In the east we have also done a major art moves project where we have created five different places, we have activated Meeks Street, we have supported local festivals. We work very closely with Randwick City Council to try to create activities and places that will attract footfall. But we know that in the East and in Devonshire Street it is far more impacted than George Street.

Ms HOBBS: May I add one thing, Mr Mallard, if I can? We have all learned lessons out of construction of the CBD and South East Light Rail line and we are applying those into the planning that is happening for Parramatta now. There is no point in not taking the lessons and trying to ensure that they do not happen again. Hopefully Parramatta will have the benefit of what has happened.

The Hon. SHAYNE MALLARD: As you probably know I was a councillor on the City of Sydney for 12 years and I am reminded of the disruption to the city before the Olympics when Frank Sartor widened the footpath and caused huge disruption. There were calls for compensation or rent relief that did not happen. Is there some precedent for the \$9 million rent relief that the Government has provided to tenants?

Ms PRENDERGAST: It is and it is in recognition of the hardship, as soon as the Government was aware that there was business hardship, because prior to that we were not getting inundated with issues—

The Hon. TREVOR KHAN: Prior to what?

Ms PRENDERGAST: Prior to mid-last year. So less than 3 per cent of our complaints or issues raised were about hardship from businesses—

The Hon. MATTHEW MASON-COX: But can I just interrupt you there? Is it not true that some businesses had gone out of business, had failed as a result of the project before this program was brought in?

Ms PRENDERGAST: That is correct but two of those businesses closed six weeks after construction began, so six weeks after we moved in, they closed. We accept that we may have been the final trigger, but obviously other factors are at play.

The Hon. MATTHEW MASON-COX: Do you know that?

Ms PRENDERGAST: No, I do not know that for sure.

¹ In correspondence to the committee received on 18 September 2018, Ms Margaret Prendergast, Coordinator General, Transport Coordination Office, Transport for New South Wales, clarified the following:

Circular Quay alone has experienced an increase from 50 million annual foot journeys around it to 63 million in two years.

The Hon. MATTHEW MASON-COX: So you are making an assumption that there were other factors at play?

Ms PRENDERGAST: Our financial assistance is geared up for overstay, where we said we would be in the zone for a certain period and when we have exceeded staying in that zone, then we actually start helping them.

The Hon. MATTHEW MASON-COX: So some of those zones that you mentioned earlier were over a year, so it is okay for a business to cop it in the neck for over a year or longer, depending on how the delays then work out because perhaps 365 days is a reasonable amount of time to cop it in the neck. Is that how it works?

Ms PRENDERGAST: This is not a compensation scheme; this is a business assistance scheme to keep the businesses up and running through the period.

The Hon. MATTHEW MASON-COX: If you are in business and you suffer a 40 per cent reduction in your turnover, you are in peril. The question is how long you can survive and 365 days in some of these zones, and now longer, is an extraordinary burden for a lot of small businesses, would you not agree?

Ms PRENDERGAST: The Gold Coast experienced the same.

The Hon. MATTHEW MASON-COX: Let us not talk about the Gold Coast. Let us talk about City Rail—light rail. Would you agree with that statement or not?

Ms PRENDERGAST: It is an impactful project; it is disruptive.

The Hon. SHAYNE MALLARD: If you talk about the benefits to the city, just outline briefly the scenario if you had not built the light rail. You talk about the congo line of buses?

Ms PRENDERGAST: Correct.

The Hon. SHAYNE MALLARD: You said there is a reduction of private traffic into the city now and I congratulate you on reducing the speed limit to 40 kilometres an hour, which is something I support, and the projection of what the city would like once the light rail is operational?

Ms PRENDERGAST: The reality is that there is significant public transport growth that we are catering for through investment in all modes, including road upgrades as well to support bus movements. However, we could not accommodate the growth from the south-east by adding extra buses. It just was physically not possible. Light rail offers us the ability to run at high-capacity, 13,500 per hour, with 6,750 in each direction; we can increase that. That is based on 15 trains in each direction. The contract allows for up to 20 trams in each direction. In time we can put extra services on for special events. We simply cannot cater for that growth with bus alone. Light rail enables us to cater for that growth with bus and light rail. What it has meant for us in the city by being able to remove the buses from the core and move them to the edge of the city is that it is making it more livable, it is making it a far better and easier place to walk. Ninety per cent of journeys are by foot. It has actually enabled us to limit traffic within the city centre. It is now reduced by 11 per cent in the morning peak and about 6 per cent across the whole day. The city is for people and cyclists. It is for those who need to be there, be it Taxi and rideshare or indeed freight and deliveries.

That is what a modern city is. What we have done is create priority for traffic on the edges and we have promoted people to travel on the edges. This is about modernising a city and the City of Sydney will come; they have a very strong vision. This city is about people. It is about foot fall; people vibrancy and this was needed to create that. You need only go down to zone 5 and 6 between King and Park streets to see the impact of having no traffic in the centre of the city.

The Hon. SHAYNE MALLARD: While you have brought that into the discussion—it is slightly outside the terms of reference—it would be good to see a pedestrian crossing times increased in the city as a result of this and the Lord Mayor will be pleased to ask: Can we have the cycle network completed?

Ms PRENDERGAST: We are working with the city on the cycle network and I am pleased to say that we have actually increased the frequency of pedestrian crossings, so with the reduction in traffic in January we commenced a trial where we decreased the traffic time from 110 seconds to 90 throughout the centre of the city, which gives pedestrians more opportunity to cross.

The Hon. SHAYNE MALLARD: And that leads to better behaviour?

Ms PRENDERGAST: Absolutely, and we are rolling out pedestrian countdown timers. We are looking at further improvements to make this city far more walkable.

The Hon. SHAYNE MALLARD: That is good to hear.

The CHAIR: I have a general question. There is always a problem in Sydney with sporting events because we have tens of thousands of people arriving and leaving at the same time. Have you had discussions with the various sporting organisations as to how you can organise the light rail to service those people?

Ms PRENDERGAST: Absolutely we manage events from the Transport Management Centre, which is also under my area. Light rail has the ability to run not only the core light rail service, which is 15 trains per hour from 7.00 a.m. to 7.00 p.m. all day long; we can overlay the special events. We also have an additional platform at both Chalmers Street and Moore Park to create a little shuttle to run additional light rail services. We can also top it up with additional bus services, if required, to cater for the events. We will cater for events at Randwick Racecourse, at the Entertainment Quarter and at the stadiums far more efficiently than we can now.

The CHAIR: I am old enough to remember the trams and the rails that were put down for the trams. Is there an ability to use any of those lines or do they not fit the light rail?

Ms PRENDERGAST: No, we have discovered a lot of old tram lines as we have done up George Street. We have discovered a lot of heritage, I have to say, under the road but, no, they just were not suitable for the purpose.

The Hon. SHAYNE MALLARD: Was it a mistake that we took it out in 1961?

Ms PRENDERGAST: I can actually happily say I was not born then.

The Hon. SHAYNE MALLARD: Was it a mistake to take out the tram rails?

Ms PRENDERGAST: I think it is a modern system. Buses do their purposes, and we are providing more and more bus priority but we just cannot keep throwing buses at the equation into the CBD and those congested areas. That is why light rail enables us to create a modern, efficient, reliable service that does not have the variability of buses. Running a mail haul line, we can supplement with additional buses to cater for even further growth. We just cannot solve the problem in these congested city areas by more buses. That is why things like metro is so important. It is also why more bus priority is more important heading into the city and across regional areas. A lot of our growth is actually across regional journeys as well.

The CHAIR: What is the situation with staffing the light rail because obviously there will be fewer employees?

Mr TROUGHTON: I think they might have started recruiting. ALTRAC actually operates the inner west light rail at the moment. They have staff and operations facilities already working on operating that. They will start to get staff on board as they bring Randwick operation centre and Lilyfield online. As soon as Randwick stabling yard is complete—they are fitting it out as an operation centre and they will start to bring people on as required. We would expect to see staffing ramping up over the next year.

The CHAIR: How many staff operate a light rail carriage train?

Mr TROUGHTON: There is usually one driver per train; that is the usual method we work through. There are possible changes where we have special events; we may have additional staff or platforms and the like to help navigate them around but there is really one driver per train.

Mr BRAXTON-SMITH: Then in addition there will be a number of customer services officers who are roaming the system to provide support to customers. That is part of the agreement with ALTRAC.

The CHAIR: Obviously you have had delays because this is a massive construction. Were some of those delays because of workplace rules and regulations and whether you could work 24 hours a day making the light rail preparations operate?

Mr TROUGHTON: I do not think it is workplace rules. I think the contractors are fully aware of all the workplace regulations. All the contractor does is that he certainly works a lot of weekends and a lot of night shifts. Ms Prendergast coordinates a lot of that work, particularly around intersections and lights. The contractor has done a lot of work to try to mitigate the impact, particularly at peak hour, but also making sure the city keeps moving. We do have a number of shift workers and a number of different times of working, particularly at weekends.

They also tend to work a lot harder during school holidays so Christmas is a busy, busy time and so will Easter be. No, they must comply with all workplace regulations. I do not have any knowledge of any issues of those occurring.

The Hon. MATTHEW MASON-COX: Can you provide us with a few work examples of how you have worked out the financial compensation for a few businesses, without names so we can understand the process of how you work it out?

The CHAIR: Can you take that question on notice?

Mr BRAXTON-SMITH: Yes, certainly, we can take that on notice. We have a formula. We will provide that formula table to you.

The CHAIR: Thank you very much for attending this hearing. We appreciate the information you have supplied.

Ms PRENDERGAST: Thank you, Mr Chairman.

The CHAIR: You have 21 days to answer the questions taken on notice.

(The witnesses withdrew)

(Short adjournment)

MONICA BARONE, Chief Executive Officer, City of Sydney Council, affirmed and examined

KIM WOODBURY, Chief Operating Officer, City of Sydney Council, affirmed and examined

BRIDGET SMYTH, Design Director, City of Sydney Council, sworn and examined

The CHAIR: Welcome. We have had an apology from the Lord Mayor of Sydney, Councillor Clover Moore. She is not well at the moment so she has asked to be relieved and has nominated Ms Monica Barone, Chief Executive Officer of City of Sydney Council, to attend in her place. Thank you very much for coming. Do any of you wish to make a short opening statement?

Ms BARONE: The Lord Mayor has asked me to read her statement. Is that alright?

The CHAIR: Yes.

Ms BARONE: And then obviously there may be some questions that we will take on notice back to the Lord Mayor if appropriate, if required.

The CHAIR: Good. Thank you.

Ms BARONE: So this is the Lord Mayor's statement as read by Monica Barone. The City of Sydney supports the CBD and South East Light Rail project but we have been disappointed with poor processes that have caused businesses to suffer and have left residents concerned and frustrated. For more than a decade the city has been advocating for light rail to ease inner city congestion to create more space for pedestrians and cyclists and provide a calmer, more appealing environment for workers, visitors and residents. When the New South Wales Government agreed to a light rail spine down George Street we responded with a contribution of \$180 million and then increased it by \$40 million to \$220 million to create a world-class boulevard with more trees, street furniture and public art. This is not only about design though; it is about the tangible economic benefits for our small and large businesses, our residents, workers and visitors, and it is the role it plays in creating a sustainable and thriving city.

We believe that the light rail project could be a game changer for Sydney. While the CBD and South East Light Rail project is a New South Wales Government project, the city has worked to support its delivery and support people negatively affected during its construction. Staff have been able to make improvements to the project but still have concerns with the Moore Park precinct, the George Street precinct and Devonshire Street. On George Street the city worked with Transport for NSW to deliver the Light Rail Activation Program, supporting businesses by encouraging people into construction areas with living colour floral displays, temporary furniture and waiving of outdoor dining fees and outdoor venue hire fees. We have provided businesses with a range of support grants and educational programs including grants for the Surry Hills Festival and the Surry Hills Creative Precinct. During early phases of the project the city hosted workshops and meetings for businesses to help plan for construction and signage.

The city has attended all of the Transport for NSW business reference groups and community reference group meetings as well as holding our own local stakeholder meetings to understand the issues the community is facing. At these meetings residents and businesses told us they were frustrated about poor communication with the Government and its contractors, particularly about project delays and time lines for completion. They told us about their frustrations with the lack of transparency about compensation offered by the New South Wales Government such as the alternative accommodation respite program offered by Acciona and Transport for NSW. They told us about safety concerns including uneven footpaths, missing pavers and missing utility lids. The city identified and documented these concerns with project staff and requested faster turnaround times for these hazards to be fixed.

Delivering major infrastructure projects is a complex business and unforeseen issues can lead to delays, but we believe that the extended delays the project is currently experiencing could have been avoided if the project had been adequately scoped with a comprehensive reference design included in the tender, because the design process with a contractor would have been more efficient and led to a more effective construction process. We believe the New South Wales Government needs to seek an external review and evaluation of its procurement and contracting model to identify improvements that will minimise problems with project coordination, construction delays and cost increases for future projects. Thank you.

The CHAIR: Thank you.

The Hon. GREG DONNELLY: Thank you all for coming along this morning. With respect to the amount of \$220 million that you referred to in the opening statement, an amount being a contribution by the City of Sydney to the project, has that amount of money been paid over to the Government?

Ms BARONE: We pay that amount in stages as per the contract once we have been satisfied that what was required and was delivered so that we could make the payment. We still have one or two more payments to do. Obviously we have some process to go through before we have signed off and accepted that the works, to the best of their abilities, were delivered.

The CHAIR: You are paying it in sections, not a total amount.

The Hon. GREG DONNELLY: In instalments.

Ms BARONE: In instalments, of course.

Mr DAVID SHOEBRIDGE: Don't pay the ferryman until he gets you to the other side would be a good thing with this Government.

The Hon. GREG DONNELLY: How many payments are left, as you understand it?

Mr WOODBURY: I believe there are three payments to be made, but it is a total of about \$40 million still to be paid. There is a process. Our development agreement with Transport for NSW is that we hand over the money to get certain outcomes—predominantly around creating a great boulevard for George Street, and a great urban outcome for the whole of it within the local government area.

There is a process where the independent certifier for the contract—which is appointed by Transport for NSW—oversees whether a payment is due. There is a time period and they have to certify, basically, that the fundamental obligations of the agreement are being met at that particular point in time in their view. So it is a fairly mechanistic thing. The independent certifier certifies it and the city pays.

The Hon. GREG DONNELLY: Just out of interest, who pays the independent certifier? Is that person contracted by Transport for NSW to do this certifying or is this done by some other body or entity?

Mr WOODBURY: The independent certifier is the same independent certifier with the contract between Transport for NSW and ALTRAC. I understand it is being paid by Transport for NSW.

The Hon. GREG DONNELLY: Going to the development agreement for the CBD and South East Light Rail project, which is the key document between you—the City of Sydney—and Transport for NSW, has this document been varied over the course of its life, since it has been signed?

Mr WOODBURY: To date it has not been, but there is one imminent change, which is about to be signed but has not yet been signed.

The Hon. GREG DONNELLY: Are you in a position to release that information to us today?

Mr WOODBURY: Yes, it is publicly available. There was a report to council some months ago. It is to vary the location of the trees and smart poles along George Street in the pedestrianised area—from a certain distance to a certain distance. It moves out slightly. It is a minor variation.

The Hon. GREG DONNELLY: Yes. I have one more question. I thank you for your submission. On the back page you have a series of recommendations. At this time, obviously, what we see is what we get in terms of the project. It is out there; it is being implemented. What should the priorities be between where we are at this point in time and getting this job done? The Sydney City Council makes a series of recommendations and you talk about a review of the project. We understand that, but in terms of getting on with it and getting it done, what are the one or two key priorities?

Ms BARONE: I will ask Kim and Bridget. Obviously it is not our project. Therefore we cannot in any way say, "Please get on and do this bit before you do that bit," or anything like that.

The Hon. GREG DONNELLY: Sure. You just want it done.

Ms BARONE: We just want it done, that is right.

Mr DAVID SHOEBRIDGE: You are not alone in that.

Ms BARONE: Are there any things in your understanding of the project that you think ought to be considered?

Mr WOODBURY: I would think the community and businesses would say exactly that—to get it done as quickly as you can. We would also add to do it in a quality way—not to cut corners to get a bad result. I think that is very import. Certainly it is a complex project. To make sure that the project is achieved as quickly as possible requires a lot of different things to happen.

Mr DAVID SHOEBRIDGE: And probably stop electrocuting people would be another key thing.

The Hon. COURTNEY HOUSSOS: Thanks very much for your time and for attending this morning. I want to ask you a couple of questions. Has the City of Sydney considered rate relief for businesses affected by the light rail project?

Ms BARONE: Rates are paid for by the business owners. Obviously they might transfer those costs through to their tenants. What we have done is given relief for footway dining, for outdoor events and for a number of things that we can directly control in the public domain.

The Hon. COURTNEY HOUSSOS: I just wanted to find out whether it had been discussed or considered by the council.

Ms BARONE: The council's contribution was the \$220 million to support the Government to run the project. If the Government then needed to allocate funds for relief that ought to be part of what they do.

The Hon. COURTNEY HOUSSOS: I appreciate that that is the City of Sydney's position. We received evidence from the Small Business Commissioner saying that one of the solutions that she thought was appropriate was to provide rate relief to businesses. Is that something that she has raised directly with the City of Sydney?

Ms BARONE: I do not recall. I would have to check.

The Hon. SHAYNE MALLARD: To be clear, she said in the package of landlords and—

The Hon. COURTNEY HOUSSOS: You have your time; I have my time.

The Hon. SHAYNE MALLARD: I was just trying to make the question clear.

Ms BARONE: The landowner pays the rates. Clearly, the fact that the city is able to give \$220 million is because we get those rates. So the money that is paid to us is what we have then given to the Government. It is unusual. I do not think you will find that any other local government anywhere is putting any money into light rail. I suspect in Western Sydney there might be a discussion but I am just trying to say—

The Hon. COURTNEY HOUSSOS: I am not disputing the contribution that the City of Sydney is making. What I am trying to ascertain is whether the Small Business Commissioner has advocated, to the City of Sydney—I am happy if you want to take this on notice—to see whether there should be rate relief or—

Ms BARONE: She may, but I do not recall.

The Hon. COURTNEY HOUSSOS: Could you provide that? I am happy if the answer is no—if the answer is no, then that is fine. I would just like to find out if she has had any written correspondence or any meetings, and what her role to advocate for that particular outcome has been. When was the City of Sydney first informed that the project was delayed?

Ms BARONE: Did we get any information that it was delayed prior to its being in the public domain? I doubt it. We sort of read about it like everyone else.

Mr WOODBURY: Yes.

The Hon. COURTNEY HOUSSOS: So there was no meeting with you, as a significant contributor to the project to say, "It has been delayed."

Mr WOODBURY: The city has regular meetings with Transport for NSW, and we form our own view as to whether we believe certain elements are running on track but it is a Transport for NSW project. We were never formally advised of the one-year delay until that occurred. I think various officers of the City of Sydney thought that March 2019 was probably not achievable prior to that announcement. But there was no formal conversation about.

The Hon. COURTNEY HOUSSOS: No formal notification of the City of Sydney. Have you been provided with the traffic modelling that Transport for NSW used in developing the project?

Mr WOODBURY: I was involved in a reference group early on—prior to going out to market—which had modelling. It was on a confidential basis only. I was not provided all of the details, but high-level results of that traffic modelling I was made aware of, on a confidential basis.

The Hon. COURTNEY HOUSSOS: Are you able to tell us if Transport for NSW was expecting, or in their original projections, was planning on having buses in addition to the light rail still being required to come into the city along the route?

Mr WOODBURY: I cannot really answer that. I am not in a position to. I do not know that information.

The Hon. COURTNEY HOUSSOS: If you are concerned about the confidential nature of the briefing—

Mr WOODBURY: No, it is not that. The business case and the modelling was really about the light rail itself. The buses was more a policy decision, as I understand it. I am not aware of any information—whether I can say so or not—that talked about whether buses were or were not going into the city in addition to light rail.

The Hon. COURTNEY HOUSSOS: In terms of the City of Sydney, whether buses are going to continue on that route or it is just going to be light rail would have significant implications for the way that the traffic comes into the city, and that would have implications for the way that you operate through your local government area. Is that correct?

Mr WOODBURY: One of the purposes of the light rail project is to free up congestion in the CBD and in the city. So the more that you can get onto light rail, in the city's view, the better for the economic viability and the livability of the city. It is our view that as much should go on light rail as possible.

The Hon. COURTNEY HOUSSOS: I am interested whether they informed you whether there was going to be the need for buses from the outset.

Ms BARONE: Do you mean buses on George Street?

The Hon. COURTNEY HOUSSOS: No, I mean buses along the existing route to transport people into the city. Obviously they will not be able to go along George Street now that it has been closed, but people were coming into the city along that route. There is a question about whether the light rail will be able to take all of those people or whether there will still be a need for buses to come into the city. Has anyone communicated with you about that?

Ms BARONE: No.

The Hon. COURTNEY HOUSSOS: That is fine.

The CHAIR: The point of the light rail project is to get rid of the buses.

The Hon. COURTNEY HOUSSOS: Yes, but the problem is that it is not going to.

The Hon. GREG DONNELLY: Ms Barone, in your opening statement you mentioned "mutual frustration" that was increasingly identified by the City of Sydney as it consulted and engaged with businesses and residents in regard to the project. From reading your submission, I understand that you were engaging with people pretty early on in the piece. Are you able to say approximately when it become apparent to the council that there were problems? I use the word "problems" in the generic sense in that residents were complaining about access to their properties and businesses were starting to experience a turndown in trade. Do you have a sense of when it started to bite? We have a sense that there was a gap between the Government waking up to the impacts and when the impacts started to bite. We are trying to narrow that gap down. Did you have a sense of the time that things started to stray a bit?

Ms SMYTH: From my recollection, probably mid-2017. When retailers were getting for Christmas and thinking about the future is when it became quite clear that construction would not be finished by March 2018. December 2017 was a bit of a threshold for businesses on George Street in their preparedness for Christmas and the lead up to the busy period.

The Hon. GREG DONNELLY: So it was about mid-2017. Before that what was the nature of the concerns that were being expressed to the council? If mid-2017 was a marker for businesses saying, "Christmas is almost before us and this is going to be a problem", what was happening before that in terms of the feedback that you were receiving from businesses and residents?

Ms BARONE: My recollection is that when it first started people felt that they knew the time frame, it helped, because people were able to plan. Anecdotally, we were told that businesses were able to move different parts of their business around. For example, if they knew that a certain activity was going to happen that was going to be really noisy, they could think about doing it at a different place, time or whatever. When people felt they could plan, there was less anxiety. The sorts of things we were getting in the beginning were the normal things we get around construction, for example "Do they really have to put that big ugly barricade there?" and "Why is that garbage bin there?"

The Hon. GREG DONNELLY: Are we talking about the back end of 2016?

Ms BARONE: Yes. But once people started to feel that they were not getting accurate information about what was going to happen when, people became much more anxious.

The Hon. GREG DONNELLY: When do you recall it was when people started calling up and saying, "Listen, the information is either not there or is inaccurate"?

Mr WOODBURY: I think mid-2017 is probably right. During the Christmas of 2016, businesses, particularly along the pedestrianised part of George Street, were told that they would be out of action for one Christmas. When the realisation that it was going to be another Christmas became apparent, I think that is when it started to hit. That was kind of like the litmus test.

The Hon. TREVOR KHAN: You still stick with the middle of the year?

Mr WOODBURY: Approximately, yes.

Mr DAVID SHOEBRIDGE: First, I thank the City of Sydney for the work it does in talking to residents and trying to understand what the concerns are. If we did not have local government on the ground monitoring this project, residents and businesses would feel like they had nobody to go to. I thank you for the work you do. It must be quite resource intensive for your staff on the ground?

Ms BARONE: Yes, but it is part of our normal business. We try to put a lot of effort into being available for people to tell us what is going on, and if we can do anything to respond we will do it. Certainly, if we can make representations we will. That is part of our normal way of doing business.

Mr DAVID SHOEBRIDGE: It is kind of the way local government works—it actually talks to people and tries to tell them the truth. That is your business model.

Ms BARONE: People may not always like what you tell them, but they prefer to know. That is the way we operate.

Mr DAVID SHOEBRIDGE: Part of what has been so frustrating for business owners and residents about this project is that with the feedback they are getting, they do not feel like they can trust what the Government is saying in terms of construction timetables or access to compensation. They do not feel like they can trust the information they are getting.

Ms BARONE: Clearly, people are frustrated with not getting clear answers to things when they would like them.

Mr DAVID SHOEBRIDGE: A number of business owners I have spoken to say that the impact of construction has been more horrendous than what they were initially told and the fact that it has gone on for about 12 months longer than they thought is close to crippling their business. Has the delay in construction and the impacts of construction been a feature in what people have been saying to the City of Sydney?

Mr WOODBURY: I think the length of time of construction is a feature in the feedback we get, as well as not knowing when it is going to end on their particular block, how it is going to affect them and when it is going to get to post-light rail construction.

Ms BARONE: We should also say that for most of the complaints, most people speak to the State Government and the project. Margaret Prendergast and others have always met with people and have been available so people know that those are the people they need to ask. We do not get a lot. We get some complaints and some of it does come through to us, but generally it goes to the project, as it should.

Mr DAVID SHOEBRIDGE: A number of residents in Surry Hills have been asking why they are not getting a second stop—I think it is around Wimbo Park or Olivia Garden at the top of the hill. They ask asking

why Surry Hills, which is very much part of the city, is not being treated like the CBD and having stops 500 metres apart. Does the City of Sydney have a view on whether there should be a stop there?

Ms BARONE: The City of Sydney advocated strongly for that second stop. Am I right?

Mr WOODBURY: That is right.

Ms BARONE: My recollection is that they were putting in some infrastructure to enable a stop to be installed if and when required. Am I correct?

Mr WOODBURY: Certainly the construction enables a future stop to go in. The stop will not be constructed but the infrastructure below ground will be there to enable it.

Ms BARONE: It was a very strong position of the Lord Mayor to have the extra stop.

Mr DAVID SHOEBRIDGE: I think that view is shared with the member for Newtown as well. Today, the State Government said that it is not proceeding with the second stop because its projection for resident numbers means there is no demand for that stop. What is the City of Sydney's position on the demand for that stop? Maybe you could take on notice what you are expecting residential numbers to be there in the future.

Mr WOODBURY: We could take that on notice but the City of Sydney does not have detailed modelling, as I mentioned before, on the light rail patronage.

Ms BARONE: But I think it is safe to say—and we know this—that the Lord Mayor's position is always that we need to invest a lot in public transport and that the more people that have access to public transport the better for the experience of the city.

Mr DAVID SHOEBRIDGE: Were you aware that the Government's liquidated damages provision in the contract caps out at \$7.5 million, which is \$500,000 a day, and that after more than 15 days of delay, the Government has no contractual leverage to get this project finished?

Ms BARONE: No.

Mr WOODBURY: No.

Mr DAVID SHOEBRIDGE: Could you imagine the City of Sydney entering into a major, complex construction project and capping out liquidated damages after 15 days? Surely you would have processes in your organisation to ensure that kind of mistake does not happen?

Ms BARONE: The City of Sydney does not do projects on this sort of scale, so I could not say that we would have experience. I could not really comment on that.

Mr DAVID SHOEBRIDGE: In terms of the impact of delay, surely if you are doing a complex contract you would want a contract that you could use to press the builders and the contractors to actually finish the project. If the liquidated damages claim caps out after 15 days of delay, that is a problem in a contract, is it not?

Mr WOODBURY: I think you would need to look at the whole package. We are not privy to the whole contract. You would need to look at the whole commercial arrangement. There could be other incentives or disincentives in the contract.

Mr DAVID SHOEBRIDGE: A number of residents particularly along Devonshire Street are concerned that those little green trip hazards and Ausgrid boxes are going to be popping up all along the route in what will already be a fairly constrained environment because apparently the contract did not provide for the proper laying of those electrical cables. Are you aware of that?

Mr WOODBURY: No, I am not aware. However, often the requirements for those boxes are dictated by Ausgrid. Ms Smyth may know something.

Mr DAVID SHOEBRIDGE: The whole of Devonshire Street has been torn up, new cabling has been done and apparently they did not provide a contract to put those cables—

Ms SMYTH: We are aware and we are aware of your response that it was not enabled in the contract to be undergrounded. Despite the fact that the city has advocated for them to be undergrounded they are not covered off in the contract which would require a modification to the contract to underground them.

Mr DAVID SHOEBRIDGE: All of Devonshire Street has been dug up and then the power cables are still going to be popping up in those green boxes because they did not provide for it in the contract. Is that the understanding?

Ms SMYTH: That is my understanding.

Mr DAVID SHOEBRIDGE: Personally, I find that an extraordinary missed opportunity and a failing of the Government. When did you become aware of this as the City of Sydney?

Ms SMYTH: Probably in the last six months.

Mr DAVID SHOEBRIDGE: Have you approached the Government to see if they can vary the contract so as Devonshire Street does not have those trip hazards and has a nice clean finish?

Ms SMYTH: I believe it has been raised at our regular meetings and we have done everything we can as staff of the city to assist in moving those, locating them. I do not recall how many off the top of my head. I do not think it is of great numbers, to my knowledge.

Mr DAVID SHOEBRIDGE: But do you know what the Government's response has been?

The Hon. TREVOR KHAN: That is not a great number of boxes, is it?

Ms SMYTH: Yes, I do not believe there is a great number of boxes.

Mr DAVID SHOEBRIDGE: What has been the Government's response though? Have they agreed to try to seek a variation in the contract?

Ms SMYTH: Not to my knowledge.

Mr WOODBURY: Not to date.

Mr DAVID SHOEBRIDGE: When they are talking about the impact of construction a number of business owners and residents have had the Government say that they will put double glazing in and some modifications once the project is finished but they will not put it in at the beginning when the noise is greatest because the modifications are apparently to deal with the ongoing impact of the light rail rather than the more significant immediate impact of construction. Have you had those kinds of concerns raised with you?

Ms BARONE: No.

Ms SMYTH: No.

Mr WOODBURY: No, but we are aware that they are proposing to do glazing on some. We are not privy to the detail of which ones and what tests they do or as to when they do it up-front and not up-front.

The Hon. SHAYNE MALLARD: Thank you for coming today and for your submission. Please convey our wishes to the Lord Mayor; we hear she is not well. I declare I was a councillor at the City of Sydney. As you said, this is a complex issue and retrofitting infrastructure into a constrained city environment is pretty much unprecedented. But the city has some experience in this. I do not want the answer to be, "We were not there then." We were there when the city did the upgrades of Oxford Street and Kings Cross. Before that Lord Mayor Frank Sartor did the Olympic upgrade, which was huge. What learnings did you get from that that you shared with the Government? The Lord Mayor is quite strong on saying that the scoping about what was underground should have been better. I know that the city understands that what is underground is unknown to a large extent. What were your learnings and how could you help the Government to do it better?

Ms BARONE: We were reflecting on this as we were coming in. We have certainly never done projects of this scale and this is unprecedented. It is not like we can look to other projects and learn from those. But what we did learn at the City of Sydney from doing things like street upgrades—you will recall early on how difficult they were and they were delayed and people were upset. Now we do street upgrades and I never get a letter. What we have learnt—and we are doing this with many of the infrastructure projects in Green Square—is really when you are in such a congested and constrained environment you need to know and do as much planning up-front as possible. Really try to understand the risks and really try to get all that work done before you touch anything. Do as much as you possibly can up-front. We have been certainly doing much more of that in our big Green Square projects to avoid unforeseen things and delays and impacts. That is the first thing.

The other thing that we spent a lot of time on is setting up the engagement and communications for projects. We really up-front think about who are all the different stakeholders, what might they need, how do we

get them onto databases, what is the best way to communicate with them? We are doing a lot of this in Green Square because there is so much happening. We are very proactive with people saying, "We will let you know before you know that something is happening. Just letting you know we are going to be coming in tomorrow and it's going to be really messy and it's going to be a bit noisy", or, "We are giving you a week's notice." What we have really learnt is you have got to do lots of planning up-front, as much as you possibly can. It does not mean being inflexible with design, because things come up. You have to accept that once you go in you are going to find things you did not know were there, but you should know as many of the things that you can know up-front.

The other thing of course—and it comes to the earlier question—is we think that once you touch an area you should truly improve it. Obviously one great opportunity with works around the city is to deal with contamination. I am always extremely proud every time we do another park or another site that we are dealing with another contaminated site that is no longer contaminated. In addition, you do not want to have to go back and retrofit things like undergrounding lines and those kinds of things. It might be a bit harder, it might be a bit more expensive, but it is worth doing once and doing it well. They are the things we have learnt. Obviously I think everyone is learning about big infrastructure projects in Sydney now. I would suspect the Government is saying exactly those things.

The Hon. SHAYNE MALLARD: Publicly it is said that the nub of the delay is because the scope was not covered adequately, yet I recall the huge disruption caused by the contractors looking for what was underground in the city. I remember every intersection was covered in different coloured paints and they were digging it up. What more could they have done? Clearly, there are a lot of things that are not mapped underground in the city.

Ms BARONE: Absolutely. We are hoping that there will be a really good map now as a consequence. Of course that is the case. People have said to me before, "Why don't they know? Why don't you know?" I say, "Have you noticed that every second footpath is gouged? Every time someone has got to go in and fix something they go back in and they pull up the footpath and they leave a big mess. That is because what is underneath the ground has never been properly mapped and people keep finding things." When I am asked what else could they have done, clearly no-one anticipated the amount of time that would take. Perhaps that is a lesson that everyone will have learnt—that once you go into these areas you just have to expect that part is going to take longer. The other thing though—and we have had similar issues with some of our Green Square projects—is that all of the bodies that have things under the ground have to know that they have got to be ready to work and respond. I think that we find delays from the different utilities who maybe have not been properly made aware that they are going to have to get in there and support the project.

The Hon. SHAYNE MALLARD: I think the telcos are exempt from notifying councils that they are going to open a road and do some work. Are they now required to inform the council, as the guardian of the public domain, of the work they are doing so that we get this information?

Ms BARONE: I think they inform us but they do not have to wait for us to say it is okay.

The Hon. SHAYNE MALLARD: But we get a mapping of it?

Ms BARONE: Yes.

The Hon. MATTHEW MASON-COX: You mentioned in your submission that you think there needs to be work done on making the business assistance program more transparent and indeed the process more widely known. Could you comment on that? In hindsight could you say what could have been done better and tell us what sort of transparency you would like to see in the process? Could you also comment on whether you think the process should be based on compensation or whether an ex gratia payment process is appropriate and whether you think the compensation or the ex gratia payment that is made to businesses is adequate or whether you can assess that at all?

Ms BARONE: I would say that this is an unbelievably fraught area because you cannot run a modern city and expect that there will not from time to time be major disruptions. If we do not do things, such as install light rail or the metro or other things, then actually the whole economy of the city will eventually be impacted. These things have to happen and the people who are being impacted now will in time, we hope, be the recipients of better economic results. When we were first all researching the light rail we brought the people in from the Gold Coast to hear stories about how things had gone. There certainly were stories of businesses that had really suffered during the process, but then once the light rail opened—and at the time they were cross because they were going to get a stop and they were going to lose their car park—what they then realised was that they might

have lost two or three car spaces, but they got a stop where 5,000 people were getting on and off—I might be exaggerating with the number, but a lot. So, suddenly the huge multiplier.

The challenge is how you help people survive the disruption, knowing that they are going to benefit from a good project. I think in hindsight, having thought that through perhaps earlier and had some sense of what was going to be acceptable, because I think that if every time the Government or council does a project people expect compensation, then we would stop doing projects. You just cannot run a city like that. But understanding that obviously a big business has the capacity—I know this is happening—we have four restaurants in this complex, we will take the chef out of the front restaurant where it is noisy and do extra trade in the back restaurant. A bigger business can have that flexibility and adapt. Smaller businesses do not have that and perhaps in future thinking about the impact on smaller businesses up-front may be something to be considered.

The Hon. MATTHEW MASON-COX: Do you have a view about having contractual arrangements up-front which compensate businesses or residents through the contractual process via a liquidated damages process or the like to ensure that there is money there should there be unexpected delays outside the contract arrangements?

Ms BARONE: They are all good ideas and this is why the Lord Mayor is saying after this is over we should all look back and say: Is this way of purchasing infrastructure projects the best way? Because all over the world people are learning better ways of doing it. Obviously, the issue is: Is it the contractor that caused the delay or is it the specification and therefore Transport NSW did not provide something? That is what will be fought out in court. We are all learning that if we are going to do big infrastructure projects we have to really look at all those different ways of doing things and things we might put into contracts in the future.

The Hon. TREVOR KHAN: The problem becomes this, does it not? If you put too many constraints within the contract, for instance with regards to liquidated damages with time, then the natural reaction from both contracting parties will be to extend the period of the contract to essentially avoid the liquidated damages component. You can work your way around these things, can you not? This is something that would affect your council.

Ms BARONE: We are learning and I think everyone is understanding that on projects such as this, and even some of the big projects that we are doing, you do have to accept and share risk. It cannot be the winner takes all in these sorts of things. We need to enter into contracts and into relationships with the people who deliver infrastructure where we accept both parties may not know everything, there needs to be more ways of negotiating. That means sharing the risk that the project may cost more, the provider may not make as much, but together it is delivered with the minimal impact.

The Hon. TREVOR KHAN: Indeed, if you do not do that you can discourage further projects from proceeding at all. The Lane Cove Tunnel and the Cross City Tunnel are examples of risk being borne essentially by one side and having an horrendous outcome.

Ms BARONE: Yes. I think this sort of discussion is happening all over the world and you see it come up in conferences: How are we going to find new ways of contracting and sharing risk for these kinds of projects? Because the downside is so much unhappiness for everyone, rather than saying: Okay, we win some, we lose some.

The Hon. TREVOR KHAN: One of the problems is if this project does not go ahead more buses cannot go into the middle of Sydney, is that not right?

Ms BARONE: Yes.

The Hon. TREVOR KHAN: The concept is fundamentally sound, we have to be able to move large amounts of people around, not by car, and unfortunately not by bus as well.

Ms BARONE: The buses were grinding to a standstill. In the City of Sydney local government area, we now have 1.2 million people a day. Most of them during the day are concentrated in this part of the city. You can see how wide the road is. There is no way 1.2 million people can come into work by car. A tiny, tiny fraction can. We were getting to the point where they could not even come in by bus. That is why cities of comparable size have light rails and metros, which of course is what the Government is doing. It is just a painful process. But you cannot maintain the economic output of this city and enhance it and support the growth that government wants without this infrastructure.

The Hon. TREVOR KHAN: Indeed, you cannot have students lined up in Eddy Avenue like they were, with the lines of buses that existed there as a viable means of transporting those people out to the University of New South Wales and Prince of Wales Hospital. That is right, is it not?

The Hon. MATTHEW MASON-COX: I take you back to my earlier question about transparency, which you answered quite generally. Can you give me some specific responses in relation to how the process for the business support program could be made more transparent?

Ms BARONE: We do not know what the process is.

The Hon. MATTHEW MASON-COX: That is a start.

Ms BARONE: I was not meaning to be vague. The best policy is to be really clear up-front about what you can and cannot do and tell people. If the answer is going to be no, then the answer is no, and that is really clear. If the answer is going to be, this is the sort of compensation that may be considered and this is the process—we do not really know what the process is. I have not seen it.

The Hon. TREVOR KHAN: In terms of your projects, such as Green Square, do you provide compensation or some form of recompense?

Ms BARONE: No. But mostly things are pretty much running on time.

Mr DAVID SHOEBRIDGE: You are not a year late.

Ms BARONE: Yes. Also in Green Square the development is occurring, people are still moving in.

The Hon. TREVOR KHAN: I am not being critical.

The Hon. SHAYNE MALLARD: It is a big construction zone anyway.

Ms BARONE: We have not had to face that situation.

The CHAIR: You have already mentioned the problems the contractors had when they were digging up George Street and other roads, that they were surprised at what they found. Prior to the construction of the light rail, did the Sydney City Council ever do any mapping of what is underground for its own benefit when putting in powerlines and so on?

Mr WOODBURY: The City of Sydney has records of its own assets under the road, such as stormwater and the like. Each of the utilities has their own. There is a process to go through—Dial Before you Dig—but that information can date back half a century and the reliability of that information is not high in some cases, high in other cases. The depths are not known. Transport for NSW did undertake some early work, potholing of the area, checking for services and the like prior to entering into the contract. It was done.

The Hon. TREVOR KHAN: Potholing—is that what it is called?

Mr WOODBURY: Potholing, yes, actually digging holes, as well as going off the desktop analysis of what is available.

The CHAIR: One of the major contractors had major problems with what they found, which they had not expected—I think it was the Spanish company.

Ms BARONE: But these are not our services that they are dealing with. Perhaps something that needs to be thought about going forward, and certainly in new areas, is that everyone is required to put everything on to a database and everyone has access to that database. The problem with different authorities and utilities going in, just digging up and doing what they want is that they do not necessarily tell us. We are hoping out of this project that there will be a much better set of data about those things.

The Hon. TREVOR KHAN: At least in a couple of streets?

Ms BARONE: Yes.

The CHAIR: Thank you for appearing before the Committee. We thank the City of Sydney for the wonderful job it is doing. I am very impressed with the Sydney Town Hall and its beautiful renovations.

Ms SMYTH: Thank you.

(The witnesses withdrew)

ALAN BRIGHT, Manager, Strategic Planning, Randwick City Council, affirmed and examined

LINDSAY SHUREY, Mayor, Randwick City Council, affirmed and examined

LUKE FITZGERALD, Executive Manager, Randwick City Council, sworn and examined

The CHAIR: Do any of you wish to make an opening statement?

Ms SHUREY: I would like to make a short statement. I wanted to point out that Randwick city was totally behind the light rail project from the beginning. We have been a great supporter of light rail and we have been working with Transport for NSW and ALTRAC really closely to try to get the best outcome. We have actually invested quite a lot about ratepayers' money into this. When the stop was changed from our memorial park, we invested a lot of money for the substation to be put underground so that the memorial park remained as pristine as it could be and its heritage trees were retained.

We also employed a business support liaison officer—and we still do—to work with our businesses and be the conduit for the businesses in our area. We spent quite a lot of money on remapping on ways of parking to mitigate the massive loss of parking along Anzac Parade for our residents. Because we are not the body that answers the questions, we do not know how much this has really affected our residents. We only know about the residents who come to us but there are obviously a lot of residents who go directly to government and to Transport for NSW. I can only really talk about what our residents have talked to us about.

The CHAIR: Thank you. We will move to questions from Opposition members.

The Hon. COURTNEY HOUSSOS: Thank you for your time and for your very detailed submission. We appreciate you coming along today. I wanted to ask first: Did the Small Business Commissioner ever advocate to Randwick City Council to provide rate relief for small businesses along the route?

Ms SHUREY: Yes, and we have offered rate relief to residents if they have asked for it. To date I am not sure how many have taken that offer up.

The Hon. COURTNEY HOUSSOS: Was that because the Small Business Commissioner advocated to you directly, something that came up within your business support liaison officer or from direct representations to the council?

Ms SHUREY: I do not think I can answer that. I am not sure if they came to us directly or how that was implemented.

The Hon. COURTNEY HOUSSOS: Would you mind taking that on notice?

Ms SHUREY: Yes, sure.

The Hon. COURTNEY HOUSSOS: How regularly does the Small Business Commissioner meet with Randwick City Council?

Mr BRIGHT: They met with us at the beginning of the project on a regular basis. They appeared at meetings with us on a regular basis but that was at the beginning of the project. I am pushing back my memory to probably to 2015, 2016, and since then I have had no dealings with them but that does not mean that other officers of council or our business liaison officer has not had dealings with them.

The Hon. COURTNEY HOUSSOS: You are saying that in your capacity as the manager of strategic planning the Small Business Commissioner has not engaged with you in any way for three years?

Mr BRIGHT: I can say that safely, yes.

The Hon. COURTNEY HOUSSOS: Could you provide to me on notice whether they are meeting regularly with your business support liaison officer or someone else, that would be useful?

Mr BRIGHT: Okay.

The Hon. COURTNEY HOUSSOS: Are you able to tell me what issues the Small Business Commissioner has raised with the council, and I am happy for you to take that on notice if you do not know?

Mr BRIGHT: Back then they were offering support to the local businesses and from memory—once again this is some years ago—it was about providing them with business support for their business planning and

how they could scope their business or better plan their business to react to the light rail construction, which at that stage was just about to commence. We provided them with advice about the nature of our businesses, particularly in Kingsford where a lot of the business owners come from a non-English-speaking background. We provided them with some advice and I think they offered a number of courses, et cetera. The take-up rates and things, I would have to get back to you on how successful it was.

The Hon. COURTNEY HOUSSOS: Just to change tack a little bit, I understand that Randwick City Council has done a great deal of planning around the project as well. Tell us about some of the traffic planning that you have done around it?

Mr BRIGHT: As the mayor mentioned at the beginning, we did have a light rail support plan of our own and one of the components was a parking mitigation program where we instigated a program of angle parking in our streets off the town centres to try to pick up some of the loss of parking as a result of the light rail project, which on Anzac Parade pretty much removed all the parking—over 700 car parking spaces. Our program provided—and I just literally got this number the other day—297 net increase in spaces on the side streets through angle parking. We also had two road closures that were to create public plazas. One of them has been instigated in Meeks Street in Kingsford. There is a temporary plaza there now but we will construct the final plaza when the light rail project is complete. I am not the Manager of Integrated Transport but I know that he liaises quite closely with Transport for NSW at various stages of the project when there is a need to redirect traffic or close roads temporarily, so there is a lot of interaction there, but once again that is not with me.

The Hon. COURTNEY HOUSSOS: Are you familiar with the EMM consultants report around the capacity of the light rail?

Mr BRIGHT: Is that the one commissioned by us?

The Hon. COURTNEY HOUSSOS: Yes, that is right.

Mr BRIGHT: Once again, it was from 2016, but I am relatively familiar with that report.

The Hon. COURTNEY HOUSSOS: Can you talk to us about what that showed about the light rail capacity compared with existing bus services?

Mr BRIGHT: You will have to excuse me. I was not really prepared for this question, but—

The Hon. TREVOR KHAN: It is probably outside of the terms of reference, but we will let it go for a minute.

Mr BRIGHT: Okay. We had that report prepared for a strategic planning project that we were undertaken which was a review of a planning strategy for our two town centres in Kensington and Kingsford. That was one of a suite of studies that we had carried out to support that planning strategy, which was a strategy to rejuvenate our two town centres—to react to the light rail project, if you like, but also plan for some additional growth in those two town centres. To plan for that we needed to understand the capacity of the light rail project and plan for that. That is what that study was basically for: to make sure that the increases of capacity we planned for those two town centres met with the capacity of the light rail project.

The Hon. COURTNEY HOUSSOS: My understanding is that that study showed that the light rail will carry fewer people with longer travel times than the existing bus services; is that accurate?

Mr BRIGHT: I would have to take that on notice, to be honest. That report was commissioned in 2016. I could not answer that question.

The Hon. COURTNEY HOUSSOS: Okay. I am happy for you to take it on notice and come back to us because I think this is a key question for the inquiry. There has been incredible disruption for small businesses and for residents, particularly within Randwick City Council but also across the City of Sydney. If this project after \$2.1 billion will actually provide fewer services than the existing capacity then you really have to wonder what the purpose of the project was.

Mr BRIGHT: I will take that on notice.

The Hon. COURTNEY HOUSSOS: Have you done any planning around the travel times for your residents into the city prior to the project and after the project?

Ms SHUREY: No, we have not.

The Hon. COURTNEY HOUSSOS: Okay.

The Hon. GREG DONNELLY: Thank you all for coming along this afternoon. Thank you for your very detailed submission. On page 32 of the submission is a statement for much of the page of a Mr Chris Bastic, who is the light rail business liaison officer, who is obviously not here with us today. Has anyone present had discussions with Mr Bastic about the content of his statement and its particular points—the project and its impact on business?

Mr BRIGHT: I requested that he contribute to this submission.

The Hon. GREG DONNELLY: I will ask some questions and if you feel you cannot answer them feel free to say so. The statement is several paragraphs long. I want to touch on some key phrases. Starting at the top, it states:

The construction phase of the South East Light Rail project has had a considerable detrimental financial impact of every single business along the construction route of Anzac Parade and High Street Randwick.

It is quite a strong statement. Is that a statement that from your discussions with Mr Bastic reflects his experience in the work he did directly liaising with businesses along the route?

Mr BRIGHT: I would say that. I actually discussed this with him and he is of the view that every business has been impacted to some extent by the project.

The Hon. GREG DONNELLY: That is fine. The statements are pretty strong. I jump to the next paragraph. At the end of the first line the words used are "closures of several businesses along the route due to a loss of trade". He says "several businesses". That is not one or two. Several is several. Is that your understanding of what he identifies?

Mr BRIGHT: He mentioned three businesses there.

The Hon. GREG DONNELLY: Yes, specifically.

Mr BRIGHT: Yes. They have closed. We had a discussion about this in the lead-up. They are all Kensington businesses. Kensington town centre is going through a bit of a downward trend at the moment. The light rail has contributed to that but I do not think it is the only factor in the downward spiral of Kensington centre. There are businesses that have closed there and not reopened because there are developers doing a bit of land banking there as well on the prospect of the sites being developed. So there are empty businesses that you cannot attribute to the light rail. But then there have been businesses that have closed as well. I am not saying that the light rail has not contributed to their closure but the centre's depressed character has a number of contributing factors.

The Hon. GREG DONNELLY: Two paragraphs on, Mr Bastic's statement continues:

The most damaging of their problems brought upon by the construction zone has been a severe loss of trade causing very real economic hardship.

That is a general statement for the businesses that he was liaising with. It continues:

The most affected are the shopfronts however even the Doctors, dentists, lawyers and accountants which are often located on the first floor of individual premises have advised me of their reduced client base.

Is that his experience in liaising with those business, as he communicated to you?

Mr BRIGHT: That is what he has written there. Yes.

The Hon. GREG DONNELLY: It is obviously not just the retail businesses, the shopfronts, but businesses which are found on the first and subsequent floors of multistorey buildings which tend to often have professionals as tenants, and he has described some of them.

Mr BRIGHT: Yes.

The Hon. GREG DONNELLY: I am not passing judgement here; I am just wondering. In the council's engagement with local businesses did the council seek to draw out information about the extent of the impact in terms of describing lost sales, reduced profitability or whatever the case may be, or was it a more generic discussion along the lines of the business not trading as well as it was 12 months ago?

Mr BRIGHT: I would say it is more generic.

The Hon. GREG DONNELLY: Right. Okay. There was no drawing out of specific information per se.

Mr BRIGHT: No.

The Hon. GREG DONNELLY: What about issues to do with employees of businesses, be they full-time, part-time or casual, who had to be released from their employment because of a downturn in business? Was that something he spoke to businesses about, as far as you know?

Mr BRIGHT: No, I am not aware of that sort of information being collected.

Ms SHUREY: I think there is something in the submission about the newsagency who said she had to lay off some of her casual staff but I do not actually have evidence of that.

The Hon. GREG DONNELLY: Okay. The next paragraph talks about businesses that have had to "borrow money just to keep their business afloat". That is a pretty significant action to be taken by a business operator, to have to go and sit with a bank manager and negotiate over a mortgage or some other financial instrument to tide them over. He says:

Several businesses have confided in me that they ...

Once again he uses the word "several". That is more than one or two, presumably.

Ms SHUREY: It would imply that it does but I do not have any personal knowledge of the businesses or that situation.

The Hon. GREG DONNELLY: That is fine. Mr Bright, do you have anything to add to that?

Mr BRIGHT: No, I could not put a number on that either.

The Hon. GREG DONNELLY: No. But we have no reason to disbelieve that the word "several" means what it plainly means. The development agreement for the Sydney light rail project is the key document between Randwick City Council and Transport for NSW. It is a very comprehensive document.

Ms SHUREY: Yes. It was developed to try to mitigate some of the impacts.

The Hon. GREG DONNELLY: Indeed. This is the executed version of the agreement. Has this been subject to any variation over its term?

Ms SHUREY: It has not been adhered to.

The Hon. GREG DONNELLY: With respect to not being adhered to—to use your words—can you give an example?

Ms SHUREY: I would have to take that on notice.

The Hon. GREG DONNELLY: That is fine.

Mr DAVID SHOEBRIDGE: Thank you for coming, and thanks to Randwick Council for its submissions. We heard from the Small Business Commissioner earlier today. A summary of her evidence would be that the rates of retail vacancies and closures along the light rail route are roughly the same now, with all the construction impacts, as they were before the start of the project. What does council say to that proposition?

Ms SHUREY: I had discussions about this not more than an hour ago. I am not totally convinced that it is the light rail that has made the vacancies, particularly in Kensington. It is a depressed area at the moment. But, as Mr Bright said, there is a lot of land banking going on because of the urban renewal projects et cetera. So a lot of them are buying up a building and they do not feel the need for the businesses to be there.

Mr DAVID SHOEBRIDGE: So it is a mixture of land banking and the light rail which is having a sort of combined impact on the area?

Ms SHUREY: Yes, and I would say that the land banking is because of the light rail.

Mr DAVID SHOEBRIDGE: Yes. It is hard to tease one from the other. In many ways the up-zoning was argued on the basis that light rail would deliver a whole lot of additional public transport capacity. You cannot really tease one from the other, can you?

Ms SHUREY: No, I do not think you can.

Mr DAVID SHOEBRIDGE: I do not think there is any doubt, is there, that the delays, in particular, of the construction phase of the light rail has had a very detrimental impact upon a number of businesses along the route?

Ms SHUREY: I think that more people may be talking about the problems that they are having now because of the fact that there is a delay. I know this about residents probably more. They thought there was an end in sight. They knew the end date. But now that there has been no clarification about when the end date might be, they are getting more vocal and voicing their frustrations and their problems.

Mr DAVID SHOEBRIDGE: Yes. They do not feel that they can see a light at the end of the tunnel.

Ms SHUREY: No.

Mr DAVID SHOEBRIDGE: This noise is going to go on forever for some of them. The Government has provided some figures that show that 55 per cent of the complaints that they are receiving is about noise. Maybe you could respond anecdotally or do you have any data yourself about the nature of the complaints.

Ms SHUREY: As I said, many of the residents do not come to us, but the ones that do tell us that the night-time noise of the construction is appalling. The breaches of the noise—the work—is constant. They are told that the noise will stop at 12 o'clock at night, but at 4 o'clock in the morning they are still taping sounds which are unbelievable. And this has been going on for such a long time. I couldn't live there and I know that any of you would have difficulty. I am sure they are going mental. It is not only the noise. There were not enough portaloos, for instance. So, in fact, council officers were going into flats in the morning where the workers had been using them as toilets. They continue to use the entrance hall to their flats as a toilet. There are other problems of contractors accessing their properties to use their water—to turn it on—which is totally—

Mr DAVID SHOEBRIDGE: Illegal.

Ms SHUREY: Definitely unacceptable.

The Hon. SHAYNE MALLARD: Are these all reported? Do you report these to the right people?

Ms SHUREY: Yes. For anybody who wrote to us or talked to us we would go to the right people .

The Hon. SHAYNE MALLARD: Did you get feedback on action?

Ms SHUREY: No, we do not get any feedback on the action taken.

Mr DAVID SHOEBRIDGE: When it comes to noise complaints, a number of residents have been told that if there is going to be 24-hour noise for three days or more then they may be, after the third day, provided with some funds for alternative accommodation. When you talk to residents what do they say about that kind of proposal?

Ms SHUREY: It is only recently that this has really been made evident to our residents. I had a meeting with Mr Constance, who indicated that he would definitely pay for the residents to have some form of mitigation paid.

Mr DAVID SHOEBRIDGE: But do residents know how to apply or where to apply, or where the policy is found?

Ms SHUREY: No. It is not given out to them on a really transparent basis on how they apply, what the criteria is—

Mr DAVID SHOEBRIDGE: If you are living in a house you might have kids going to schools and work routines. Are these residents really going to be moving up to a motel? Has anyone taken it up?

Ms SHUREY: We do have residents whose children are going through the HSC. It is becoming impossible for their children to study. It is really impacting on the future lives of these children. The noise is constant. Days are going on and they are not getting any sleep. It is really impacting on them.

Mr DAVID SHOEBRIDGE: And they do not know where to go for compensation.

Ms SHUREY: No, they do not.

Mr DAVID SHOEBRIDGE: As a councillor have you been told what the pathway is for people to get some compensation? Has a policy been given to you?

Ms SHUREY: No policy has been given to us.

Mr DAVID SHOEBRIDGE: Do you find it acceptable, given how damaging this can be for residents, that there is not even a clear policy that residents can find?

Ms SHUREY: I think they are becoming more and more vocal now, Mr Shoebridge, because they cannot see the end in sight. One of the major problems is the stabling yard, which we have not brought up. Council's recommendation was that the stabling yard should be on the corner of Wansey Road and High Street on the land of the racecourse, but they changed their minds about where the stabling yard was going to be. So now it abuts a residential street. As a mitigation they put in a large wall. I do not know if any of you have been to Berlin, but this grey wall is higher than the Berlin Wall. It abuts their gardens.

The problem is that because of the site that was chosen and the flooding issues—it is a flood area—the ground had to be raised up by almost a metre so infrastructure could be put underneath to deal with the flooding. So now the lights of the stabling yard—which go 24/7, by the way—are almost a metre over the top of the wall. So the wall gives no relief for the light spill. These people usually live in the back of their houses because Doncaster Avenue is quite a busy road. Traditionally they have slept in the back half of their houses, but now there is light spilling into their houses 24/7. There is no relief whatsoever. They are being talked to, individually, about some mitigation circumstances—having permanent blinds on the outside, which would mean that they would have to have air-conditioning because they would be in a locked room. I just think that their needs have not really been taken into account. These people are in a terrible place—a really terrible place.

Mr DAVID SHOEBRIDGE: The obvious point is that the flood lights were a metre above the wall. You raised it with the Minister and Transport for NSW. Why hasn't it been fixed? And why do these people have to live for 24 hours basically next to Sydney Cricket Ground lighting?

Ms SHUREY: I think that it cannot be fixed, quite frankly. The only thing they could possibly do would be to put baffling on the lights. Maybe that would help slightly, so that the lights would shine downwards and not outwards. Their lives have been ruined forever.

The CHAIR: A general question: There has been controversy about the removal of trees. In your submission you said the most significant event was the removal of large trees along the northern side of Alison Road and Centennial Parklands. The Government gave evidence of how many hundreds of trees they are going to plant, is that going to meet the need?

Ms SHUREY: No, because these trees were hundreds of years old. The canopy they offered was really significant. The reasoning for those trees coming out was because they wanted a second rail link for event spill. We went to them and said, "Please, can you not put a second rail line in," then that would have saved the trees. They insisted on having this event line so they can have the light rail banked up for when the races are on. The original plan for this stop was on the other side of the road, the racecourse side of the road, and that would have enabled the trees to survive and also the fact that the race goers are going to have to cross Anzac Parade to get to the racecourse, which seems crazy to me to have put it on Centennial Parklands side of the road. They have refused to put our lights on the support poles for the light rail. We are left with instead of a forest of trees we have a forest of poles. We have the light poles sitting next to the light rail pole and nobody will do anything about that, they say that is our problem. The poles are almost side by side. Why can we not have lights put on those?

The CHAIR: Are they consulting with your council about the location of the new trees or has that been left to some gardener somewhere?

Ms SHUREY: Yes. There will be trees put in after the light rail is finished and we have a plan for that, but nothing until it is finished and that could be a year away. What was a beautiful cycleway at the corner of Alison Road and Darley Road and a beautiful canopy of trees—the council had spent a lot of money on the cycleway—it was a really attractive place and now it is just ugly.

Mr DAVID SHOEBRIDGE: It is a desert.

The Hon. MATTHEW MASON-COX: Thank you for coming in. Listening to your evidence I cannot help but think that there seems to be a disconnect between what you are saying so far as the consultation process you have experienced, which sounds to be less than sensitive, let me put it that way. Perhaps a process that tells you what is going to happen rather than involving you in the decision-making and alleviating the problems from the council's perspective and a resident's point of view. The consultation process laid out by the government with

a myriad of consultation groups for business and residents, can you comment about that specifically, how you view the consultation process, whether you think there could be improvements and if so how?

Mr BRIGHT: As you said there was a lot of mechanisms set up for consultation. Some of them within the development consent specifically but also others that Transport for NSW have established. To some extent they have worked reasonably well to keep us informed of the project. But, as you filter down there seems to be a little bit of a disconnect with the residents. As our mayor said, we can only rely on the advice we get. Particularly when it comes to night works and that more fine grain liaison there seems to be a little bit of a disconnect at that level. I think that is probably correct.

The Hon. MATTHEW MASON-COX: How would you go about improving that?

Mr BRIGHT: It is difficult. We talked about this earlier. The project is trying to, in our area, not do works on the footpaths, for example, in front of the businesses during the day so they do not disrupt the businesses so they do it at night but then they disrupt the residents. Scheduling of the works, which is not something I am involved in whatsoever, but the short term scheduling and advice system, from the residents perspective, does not seem to be that accurate.

The Hon. MATTHEW MASON-COX: The actual information you are getting from government is not what you would call reliable and setting out with clarity what residents can expect?

The Hon. TREVOR KHAN: It is not from government.

The Hon. MATTHEW MASON-COX: The project manager.

Mr BRIGHT: I am talking about from our residents perspective it does not seem to be regular or accurate. From our perspective, we get regular notification on a weekly basis of what is happening but we do not live on the street on which it is happening, so their experience is different to our experience. There are a lot of avenues for information but there does seem to be a little bit of a disconnect at the residents' level. We gave you a lot of examples and that is all we can do.

The Hon. TREVOR KHAN: Were you aware of a website called sydneylightrail.transport.nsw.gov.au?

Mr BRIGHT: I am aware of a number of websites and there is a library of documents maybe on that website that I access from time to time.

The Hon. TREVOR KHAN: I am not having a shot. It seems to be the website for the project and amongst other things it deals with alternative accommodation with email addresses and for urgent enquiries the 24-hour construction line and gives an 1800 number. Are you aware of that?

Mr BRIGHT: I am aware there is an 1800 number for our residents because when people call us we give them that number as well.

The Hon. TREVOR KHAN: Is that 1800 775 465?

Mr BRIGHT: I could not tell you the number off the top of my head.

The Hon. TREVOR KHAN: If I can find that on the phone while we are talking—I am not saying every resident is capable of doing that and I am not having a shot at anyone—but there does seem to be mechanisms for the alternative accommodation to be accessed to an extent. I would say relatively easily but people would have different perceptions.

Ms SHUREY: I think one of the problems was that residents had to take the accommodation, pay for the accommodation first and then put in a claim for it. But, actually after meeting with Mr Constance he altered that. He was recommending that they should go through his office. He would arrange for money to be available up front so people were not out of pocket, I was very grateful to him for doing that.

The Hon. TREVOR KHAN: When was that discussion with Minister Constance?

Ms SHUREY: That discussion was on 30 April.

The Hon. TREVOR KHAN: Were you aware of the website that had the contact details for people accessing alternative accommodation?

Ms SHUREY: I am aware. I actually think, maybe I am speculating here, when my residents tried to go down the route of using the website that is where the difficulty came about because what the website was promising did not come about.

The Hon. TREVOR KHAN: If we talk in terms of a contact mechanism, it would seem that you and others are aware of the contact mechanism irrespective of how effective it works?

Ms SHUREY: There is one, yes.

The Hon. SHAYNE MALLARD: The businesses are impacted. How many shopfront businesses are there on the route to the Randwick council area?

Mr BRIGHT: I could not tell you. I would have to take that on notice.

The Hon. SHAYNE MALLARD: I think you have mentioned three that have closed.

The Hon. GREG DONNELLY: That was Kensington.

The Hon. SHAYNE MALLARD: I want the whole route in the Randwick council local government area.

Ms SHUREY: There are two separate routes.

The Hon. SHAYNE MALLARD: Yes.

Ms SHUREY: One going along Anzac Parade and the other one going Alison Road.

The Hon. SHAYNE MALLARD: I want to get the context of whether it is three versus 300 or 3,000. It would be helpful.

Ms SHUREY: I would have to get back to you on that.

The Hon. SHAYNE MALLARD: I am concerned about the issue and the units overlooking the stabling yard. How many homes are affected directly by that?

Ms SHUREY: I would have to take that on notice as well.

The Hon. SHAYNE MALLARD: Is it one building?

Mr BRIGHT: No, there are a number of single houses and a number of apartment buildings.

The Hon. SHAYNE MALLARD: That directly about it?

Mr BRIGHT: Yes. There are the properties that front Doncaster Avenue. At the rear of the properties is a drainage easement, which is probably three metres wide, 3½ metres wide, and then there is the sound barrier, or the noise mitigation barrier that the Mayor mentioned, and then there is stabling yard directly adjoining it.

The Hon. SHAYNE MALLARD: I live in the Blue Mountains. There is the M5, the M4, the new part of the M4 that is under construction. There are noise mitigation barriers all the way along the back of houses on those routes. They are not unusual. I would not like one on my back fence, I admit that, but they are not unusual treatments to reduce light spill and noise.

Mr DAVID SHOEBRIDGE: They do not have floodlights poking a metre above pumping light into your backyard.

The Hon. SHAYNE MALLARD: That is an issue that we should look at, but it sounds like you have suggested a reasonable resolution. Local government deals with light spill all the time.

Mr DAVID SHOEBRIDGE: They are breaching an Australian standard.

Mr BRIGHT: It is worth having a look at the number of light poles and the lighting—

The Hon. SHAYNE MALLARD: In the stabling yard?

Mr BRIGHT: Yes. There are a significant number of light poles.

The Hon. SHAYNE MALLARD: I might pop out there tonight.

Mr DAVID SHOEBRIDGE: You can see it from a long way off because of all the moths.

Mr BRIGHT: It is a unique but significant issue for those people.

The Hon. SHAYNE MALLARD: I am sure it is.

Mr DAVID SHOEBRIDGE: There is a simple solution, but it is not being rolled out. It must be frustrating for you as a council.

Mr BRIGHT: As the Mayor mentioned, we are not the consent authority for the project, so the role to mitigate those impacts or negotiate those impacts is not ours.

Mr DAVID SHOEBRIDGE: I have one question that cuts across all of this.

The CHAIR: The Government members have finished their questions, Mr Shoebridge.

Mr DAVID SHOEBRIDGE: There is meant to be an officer appointed by the light rail who has all the information about noise and light spill.

The Hon. TREVOR KHAN: Mr Shoebridge, relax.

The Hon. SHAYNE MALLARD: Put it on notice.

Mr DAVID SHOEBRIDGE: You do not care; I care.

The CHAIR: Put your questions on notice to the witnesses, thank you. The Government members do not wish to ask any more questions.

Mr DAVID SHOEBRIDGE: I am sure they do not.

The CHAIR: We will adjourn for lunch. We appreciate all your help.

(The witnesses withdrew)

(Luncheon adjournment)

MARGARET CRAWFORD, Auditor General of New South Wales, affirmed and examined

IAN GOODWIN, Deputy Auditor-General of New South Wales, sworn and examined

CLAUDIA MIGOTTO, Assistant Auditor-General of New South Wales, Performance Audit, affirmed and examined

The CHAIR: I welcome our next witnesses and thank them for their attendance. Do any of you wish to make an opening statement?

Ms CRAWFORD: I will make some very brief opening comments. First, I thank you very much for your invitation to give evidence today—we are very happy to do so. I appreciate the important work the Committee is doing to inquire into the impact of the construction of the CBD and South East Light Rail project on residents and businesses in the vicinity of the light rail route. As I said in my submission, my office tabled quite a significant report in November 2016 on the CBD and South East Light Rail project. Although the report did not specifically look at the impact on residents and businesses, it did examine how well Transport for NSW ensured that the planning and procurement for the project achieved value for money. As introduced, I have asked my Deputy Auditor-General, Ian Goodwin, and the Assistant Auditor-General, Performance Audit, Claudia Migotto, to assist me in answering any of your questions today.

The Hon. GREG DONNELLY: Thank you all for coming along this afternoon to provide us with an opportunity to ask some questions. I will direct my questions to the Auditor-General and if she wants to delegate that is fine. Are you okay with that?

Ms CRAWFORD: Yes, that is fine.

The Hon. GREG DONNELLY: Thank you. The last sentence of the paragraph commencing with "Since the planning stage..." on page 2 of your report says "TfNSW advised that it has progressively finalised third party agreements, with one outstanding in October 2016." As far as you know, were the third-party agreements related to matters to do with the scope and design of the work itself or were you referring to some other matter?

Ms CRAWFORD: I probably do not have all of that detail in front of me, but they were generally to do with the agreements with a number of key parties—the utilities companies, the councils, the Australian Turf Club and RMS in terms of the traffic impacts.

The Hon. GREG DONNELLY: Thank you for that. The first recommendation in the report—which is found on the bottom of page 4—has four subparts. It states that:

1. For the CSELR project, Transport for NSW should, by December 2016:
 - (a) finalise outstanding design and scope issues

I do appreciate that you were not here for the evidence this morning, but this morning I had the opportunity to question Mr Stephen Troughton, who is the Deputy Secretary, Deputy Secretary, Infrastructure and Services, Transport for NSW, about whether Transport for NSW had fully implemented the terms of that recommendation to finalise outstanding design and scope issues. In the first instance, his response was that they had, but when further pressed he moved slightly to the point of "not all" and when pressed further he said there may be a difference in the view or understanding of "scope and design". In other words, one person's understanding of "scope and design" may not necessarily be the same as another person's understanding of the term—they are my words, not his, but hopefully you get the point. In terms of any follow up work the Auditor-General's office has done with the New South Wales Government and Transport for NSW, do you believe that the outstanding design and scope works for this project have been completed?

Ms CRAWFORD: My office has not done a specific follow-up audit of this project. The normal practice is that 12 months after we have tabled a performance audit report, the Legislative Assembly Public Accounts Committee does a follow-up inquiry into the agency's progress against my recommendations. That process will play out in September when the Public Accounts Committee does review this project and calls Transport for NSW to give evidence. Beyond that, we look at what is publically available and I would comment that there is not much information that we can use to assess that status against that recommendation. Further to that, as a general matter, as part of our annual ongoing financial audits of all State government agencies, our financial audit team will make

inquiries of Transport for NSW in relation to major projects, their costs and benefits, etc. That work is ongoing. We have not concluded our financial audit for the last financial year at this point.

The Hon. GREG DONNELLY: Have you been provided with an explanation about why there is, in effect, a 10-month delay in the Legislative Assembly Public Account Committee review? If we go from November 2016 to November 2017, that is a 12-month period; fast-forward to September, that is basically a 10-month delay. Have you been provided with an explanation of that?

Ms CRAWFORD: I have not.

The Hon. COURTNEY HOUSSOS: This morning the witness said also that there were follow-up meetings between the Auditor-General's Office and Transport for NSW following on from your audit, is that correct?

Ms CRAWFORD: Not specifically in relation to this performance audit but, as I alluded to, as part of the normal financial audit process we do on all agencies every year, we meet regularly with officials from Transport, with the audit and risk committees, et cetera, looking at a range of impacts on their financial statements and because of the scale of this project and other projects we would be making inquiries about the status of those projects. But we have not concluded our financial audit for the last financial year at this point.

The Hon. GREG DONNELLY: Ms Crawford, I appreciate you were not here this morning but evidence was given about the certification process of the completed works, fully or part thereof. Transport for NSW obviously has this job contracted and there is a certification process that examines the project or parts thereof to basically certify that it meets what is the contracted job to be completed. We did not find out who the certifier was in this certification process, and given there have been some real challenges with it, did you touch on the certification of this project in your audit to ensure that the job tendered for and contracted for is in fact the job that is being delivered?

Ms CRAWFORD: I do not think that we have made any reference to that in the performance audit report and I am struggling to nail specifically the agent that you refer to—

The Hon. GREG DONNELLY: They were called "certifier A". It was not revealed who it was.

Ms CRAWFORD: I might ask Mr Goodwin whether as part of a financial audit that would be pertinent?

Mr GOODWIN: As part of the financial audit you have to appreciate that within the context of Transport this would be one of many infrastructure projects but what we would do in the context of a financial audit is validate the amounts that get reflected in Transport's financial statements—so we would look at process and controls. If there was a key process around certification that would lead to a payment or the release of an asset that would be part of it, but it would be in the context of what is a fairly large department in terms of scale and complexity. I do not have information in respect of the specifics of your question.

The Hon. GREG DONNELLY: With respect to the size of this project in terms of cost, the figure \$2.1 billion has been repeated over and over again. Is there a possibility that the cost of this project could exceed the \$2.1 billion that has been put on the table as the final cost for this project?

Ms CRAWFORD: I could not comment on that. I would not know. I have not audited that so I am not qualified to comment.

The Hon. COURTNEY HOUSSOS: Ms Crawford, I refer you to page 15 of your report. The second sentence in the first paragraph underneath the chart says:

By October 2014, TfNSW reported that mispricing and omissions in the business case had caused \$517 million of the \$549 million capital cost increase.

Who was this reported to?

Ms CRAWFORD: If I could just step back one moment? The whole purpose of our audit was to look at how effectively Transport for NSW planned and procured this project during the period from approximately 2011 through to the signing of contracts in early 2015. That was the focus that we were looking at. In the course of that to do our audit we relied on documentation from Transport for NSW, from the project manager, documents that were presented to the advisory committee for this project, and that really is the context of this as reported in the report. If I could just refer you to further down the page. The second last paragraph reads:

The Advisory Board noted the business case capital cost estimate had mispriced and omitted several items, and that market condition assumptions had changed

So if you read the report in that context, it means for those omissions Transport was reporting throughout that period on a regular basis any changes in cost estimates and the like to the Advisory Board.

The Hon. COURTNEY HOUSSOS: So are we to infer from that, the mispricings and omissions in the business case, that 94 per cent of the cost overruns, I think you said, were reported to the Advisory Board for Transport for NSW?

Ms CRAWFORD: That is correct.

The Hon. TREVOR KHAN: Point of order: We are talking about matters going back to October 2014. I have looked at the terms of reference and not one question by the Opposition has been asked with regards to any of the substantive terms of reference at this stage. I ask that the Opposition members be brought back to the terms of reference.

The Hon. COURTNEY HOUSSOS: Mr Chair, I only have two minutes left. Could I ask one final question?

The CHAIR: Go ahead.

The Hon. COURTNEY HOUSSOS: Did the mispricings and omissions constitute a cost overrun?

The Hon. TREVOR KHAN: Any concern about the businesses?

The Hon. COURTNEY HOUSSOS: You have your time, I have my time.

Ms CRAWFORD: I would not necessarily use that terminology.

The Hon. COURTNEY HOUSSOS: What terminology would you use?

Ms CRAWFORD: They represent changes to the costs estimates during a period in the lead-up to the signing of the tender. So they were as reported: They were changes to estimates that were being progressively made through to around October 2014, my apologies.

The Hon. COURTNEY HOUSSOS: When this was publicly announced the Minister trumpeted these as huge wins for the consumer. Is that how you would characterise them?

Ms CRAWFORD: I would characterise them as I have done in my report.

Mr DAVID SHOEBRIDGE: Mispricing and omissions?

Ms CRAWFORD: In part. I did also reference scope changes as well.

The Hon. COURTNEY HOUSSOS: In your investigations when compiling this report did you find that the Advisory Board reported to the Minister?

Ms CRAWFORD: The governance arrangements for the Advisory Board as set out do say that. We did not look at any of the detail about reporting between the Advisory Board and other parties.

The Hon. COURTNEY HOUSSOS: On page 17 it states:

To maximise transparency and accountability, TfNSW should maintain high standards when releasing information, particularly when there are major changes to project outcomes.

Do you believe that is now occurring?

Ms CRAWFORD: Again, it is not something that I have inquired into since I completed this report. No, I really could not comment any further. I do not have an opinion beyond the performance audit that I undertook.

Mr DAVID SHOEBRIDGE: This project kicked off with the Government missing two mandatory gateway assurance reviews: They failed to do a preliminary business case and they failed to do a strategic assessment gateway review. That is a pretty bad start to a multibillion dollar project, is it not?

Ms CRAWFORD: My report does make comments to that effect, that they were two very important stages that were missed. Having said that, the report also acknowledges that Transport for NSW did follow an approved process. Under the arrangements at the time they were authorised to do it that way, but we comment that they were two very important steps that may have assisted with this project planning and procurement.

Mr DAVID SHOEBRIDGE: To use your language, two mandatory gateway assurance reviews were skipped. That is a bad start to a project, is it not?

Ms CRAWFORD: We have commented in the report that they were two significant matters that we think would have improved this project.

Mr DAVID SHOEBRIDGE: Let us just step it through. They miss two mandatory gateway assurance reviews and then within about 12 months of kicking the project off the cost estimate goes up by a third—by, at the time of your report, \$516.9 million. Those things are related, are they not, because they had not done the adequate initial assurances and the thing blew out by \$516.9 million within 12 months? They are related, are they not?

Ms CRAWFORD: I have commented to that effect in my report, that they were two very important stages that would have improved the likelihood of this project being planned and procured effectively. They are not the only matters.

Mr DAVID SHOEBRIDGE: I did not say they were. I said they were related and I am asking you to agree or disagree with whether they are related.

Ms CRAWFORD: I think my report actually does that.

Mr DAVID SHOEBRIDGE: It says they are related, does it not?

Ms CRAWFORD: It calls out that they were two important steps that were missed.

Mr DAVID SHOEBRIDGE: As a result of missing those steps, just one element, the business case estimate for design, which they based upon what they said were comparable light rail projects but in fact were not when the complexities of this project were looked at, that alone made up for a \$183.4 million cost blowout, did it not?

Ms CRAWFORD: That is what we have reported, yes.

Mr DAVID SHOEBRIDGE: How could you describe this project as anything other than a great big bungle from the outset? I am happy for you to characterise it differently if you think so.

Ms CRAWFORD: The conclusion that I reached was that during that period Transport for NSW did not effectively manage the planning and procurement process to ensure that New South Wales had value for money from this project.

Mr DAVID SHOEBRIDGE: What assurance can you give us now, now that you have looked at it, that the people of New South Wales are now getting value for money from this project? Can you give us an assurance that we are getting value for money now?

Ms CRAWFORD: I cannot give you that assurance because further to this particular audit I have not subsequently audited this project.

Mr DAVID SHOEBRIDGE: We were not getting value for money at the time of your audit but you cannot say—quite reasonably, because you have not looked at it since—if there has been remedial action taken. Is that right?

The CHAIR: Do not put words into her mouth. Ask the Auditor-General a question.

Mr DAVID SHOEBRIDGE: I have asked the question.

The CHAIR: No, you made a statement and wanted her to agree to it.

Mr DAVID SHOEBRIDGE: You can agree or disagree.

Ms CRAWFORD: I cannot say anything further on that that I have not said in this report.

Mr DAVID SHOEBRIDGE: The nature of this project where in fact the Government does not even have a direct contractual relationship with the company building it but indeed has an indirect relationship with ALTRAC who then has separate contracts with the actual delivery, have you seen that kind of contract arrangement being used on a major project in New South Wales before?

Ms MIGOTTO: I am not aware that we have seen that sort of contract modelling but we are limited to the specific projects that we have actually looked at.

Mr DAVID SHOEBRIDGE: We found out this morning that the liquidated damages remedy for delay under the contract the Government has with ALTRAC is \$500,000 a day but capped at \$7.5 million. Did you look at that element of the contract when you did your audit?

Ms MIGOTTO: No, we looked at elements of the contract that allowed contingencies to be used and that allowed for renegotiation of elements of the scope. But we did not look specifically at that element.

Mr DAVID SHOEBRIDGE: As an auditor, if you want to ensure that the public is getting value for money for a large and complicated project which may have major delays on it, what is your view of capping liquidated damages to \$7.5 million, which is effectively limited to 15 days of delay? I am not asking you this in a neutral environment. I am asking you in the context of a contract that has already got a 12-month notified delay.

Ms CRAWFORD: The matter that you are referencing or questioning us on is outside the work that I have done in this audit and so I really do not have an opinion that I could offer.

Mr DAVID SHOEBRIDGE: Given that the delay is causing such significant disruption along the route and given that it is a major concern—I would say it should be a concern for the Government but it is definitely a concern for the Parliament, would you consider reopening your audit of the project to look at that major failing and the other additional concerns about costs?

Ms CRAWFORD: I am always open to suggestions for audit topics. I am not going to say here today that that would be one, but I am always open to consider doing follow-up audits or subsequent audits.

Mr DAVID SHOEBRIDGE: Consider this a suggestion from me that you look at what I think on any view of it is a hopelessly bungled contractual arrangement whereby the people of New South Wales cannot force this contract to end because we have no economic leverage over the contract.

The CHAIR: Mr Shoebridge, will you please ask a question and not give a little speech?

Mr DAVID SHOEBRIDGE: What is the transferred and retained risk adjustments that—just that little line—cost the people of New South Wales \$126.6 million?

Ms CRAWFORD: Could you help me with that reference?

Mr DAVID SHOEBRIDGE: It says that transferred and retained risk adjustments are \$126.6 million on page 16 at the bottom of the table. There is just a one-line explanation for \$126 million worth of public money. I think we would like to know what it is.

The CHAIR: Let the Auditor-General have time to find the reference.

Mr DAVID SHOEBRIDGE: It is about point five on the page at the bottom of the table.

Ms CRAWFORD: I wonder if I could take that on notice. It is a matter of detail that I do not really have right at the top of my mind at the moment.

The CHAIR: You will take it on notice?

Ms CRAWFORD: Yes.

The Hon. MATTHEW MASON-COX: Thank you very much for coming in today. In relation to the audits you formed in November 2016, I just wanted to be clear on the process. Is the normal process that the Public Accounts Committee does a review of your audit within 12 months and it is done by way of an inquiry?

Ms CRAWFORD: Just one correction: It is after 12 months. It is normal. They make a selection of audits from the previous period and they seek advice from agencies on the status of action against my recommendations. They then have a public hearing into a number of those audits and my colleagues and I attend and provide whatever assistance we can to the Committee.

The Hon. MATTHEW MASON-COX: It may not actually happen; there may not be any follow-up audit by the Public Accounts Committee in relation to this particular performance audit?

Ms CRAWFORD: No, for this one we are already on notice for 17 September.

The Hon. MATTHEW MASON-COX: When were you put on notice that it would be followed up?

Ms CRAWFORD: Quite some time back now. We were asked to provide some further advice. I cannot remember exactly but we have known for some time, not perhaps the date. The date of the inquiry I now know is 17 September.

The Hon. MATTHEW MASON-COX: Do you have any internal process to follow up the implementation by the agencies of any recommendations you have made?

Ms CRAWFORD: Not specifically except we do provide whatever advice we are able to to the Public Accounts Committee on what we might know, as I said, from the work that we do in our financial audits or the like. My office is currently contemplating whether in fact we should do additional follow-up audits of previous ones. We have tended not to. We have tended to think that within the limited resources available to us we have better impact if we do new topics, but I think we are reflecting on whether there might be a small number of follow-up audits that we should do at some point. We have not made that decision at this point.

The Hon. MATTHEW MASON-COX: Recommendation 2 is that Transport for NSW should comply with the Infrastructure Investor Assurance Framework. I take it that means where Infrastructure NSW will do six-monthly audits for assurance purposes?

Ms CRAWFORD: That is correct.

The Hon. MATTHEW MASON-COX: Are you aware of whether Infrastructure NSW has performed those six-monthly audits?

Ms CRAWFORD: Not specifically from any particular inquiries I have made.

The Hon. MATTHEW MASON-COX: They do not provide you with any of that information as a follow-up?

Ms CRAWFORD: They do not.

The Hon. MATTHEW MASON-COX: So you just hope that is happening?

Ms CRAWFORD: If I could perhaps offer a little bit more: In fact, the arrangements for Infrastructure NSW and those assurance processes were, at least in part, proposed by my predecessor following on from some significant performance audits that had been undertaken in relation to a number of other major projects. So that assurance process and framework is, we would agree, a step forward from what was occurring back here.

The Hon. MATTHEW MASON-COX: Just as a general question, in relation to these sorts of large infrastructure projects which are becoming more the norm in New South Wales with so many afoot—which is a wonderful thing from the current Government, I must say—there are no doubt some lessons we can learn through all of this. There is new ground that is being covered, and one of those lessons I wanted to get your thoughts on is the area where businesses and residents are impacted by projects—it might be the CBD light rail, it might be the Parramatta light rail, it might be WestConnex, major hospital projects, et cetera.

I think the community understands that there is always going to be dislocation and impact from these sorts of large infrastructure projects, but I was wondering whether it is perhaps time for the contracting authority, whoever it might be, to put that within the purview of the contract itself in a way that is perhaps a bit more sensitive to delays impacting beyond perhaps what would seem to be a reasonable impost for implementation of such contracts. I wonder whether you might reflect on that, if you are able, and whether perhaps it is time to be a bit more proactive in looking at some of the impacts we impose on, in this case, residents and businesses.

Ms CRAWFORD: To my knowledge, that has not been the subject of any performance audit that we have undertaken in recent times.

Ms MIGOTTO: I think it is worth clarifying that we assessed this part of this audit as to whether Transport had complied with relevant planning processes, which do include, obviously, requirements for community consultation. I appreciate that that is a limited part of what you are talking about, but certainly in the course of our future audits it is a matter we can, at the Auditor-General's discretion, widen in terms of our area of inquiry if we deem it relevant to what we are doing.

The Hon. MATTHEW MASON-COX: It is an interesting question itself as to what is reasonable in the circumstances in terms of imposition on residents or on businesses for the progression of a major infrastructure project which brings benefits to the whole community. It is perhaps how long is a piece of string, but it is an assessment that seems to have been wanting in some of the analysis that we have looked at today.

Ms CRAWFORD: Again, just further to Ms Migotto's comments, looking back at past audits we have looked at appropriate planning processes and appropriate consultation and the like. It is possibly something that we could look at in a future audit, but we really have not gone that far in the past.

The Hon. MATTHEW MASON-COX: Perhaps mechanisms of that sort might be useful.

Ms CRAWFORD: Two requests today.

The Hon. MATTHEW MASON-COX: That would be great. Another idea I have, which might be something to reflect upon, is a mitigation disruption plan or mechanism in relation to a major infrastructure project. Is that something that has been within your contemplation or within any sort of review that you have looked at?

Ms CRAWFORD: Not specifically is probably the correct answer. Obviously, when we are scoping these audits you have to define the area that you are going to look at, as we did in this case. That is a big piece of work in its own right. It would really depend on how we scoped an audit as to whether we would go to that.

The Hon. MATTHEW MASON-COX: Are you aware of any best practice in other States or internationally in relation to how government delivers these sorts of projects, be it by way of mitigating these sorts of impacts?

Ms CRAWFORD: I am not specifically aware of that.

The Hon. MATTHEW MASON-COX: Would you like to take that on notice?

Ms CRAWFORD: I will take that on notice, and perhaps I will just reference back to the time of this audit and three audits that preceded it. My office did look at the arrangements around the management of major projects and did make some quite significant recommendations into the role of Infrastructure NSW and the assurance framework. I think that was very significant at the time, and going forward we can certainly, as you suggest, consider scoping audits to pick up that element.

The Hon. SHAYNE MALLARD: Thank you for your submission and the report from 2016. Your office must be very busy.

Ms CRAWFORD: Yes, we are busy.

The Hon. SHAYNE MALLARD: New South Wales is undergoing an unprecedented infrastructure boom, the biggest in our living memory—roads, metro, light rail, hospitals, railway lines, new railway rolling stock—

Mr DAVID SHOEBRIDGE: The rolling stock is all built overseas.

The Hon. SHAYNE MALLARD: The procurement is still ours. Have you had to import or gear up expertise in the infrastructure space in the Audit Office given that there is so much infrastructure underway? It must be a big part of your work now.

Ms CRAWFORD: The scale of infrastructure is definitely one of the considerations that we take into account when we are planning our audit program. In the conduct of any performance audit we source the level of expertise that we consider is required to properly carry out audits. In the case of major infrastructure projects we would seek to have expert advice supporting our work, but we do not gear up in the sense of having those resources—

The Hon. SHAYNE MALLARD: In-house.

Ms CRAWFORD: —in-house all the time.

The Hon. SHAYNE MALLARD: What organisations would give you that advice for this particular report, for example, or an infrastructure report?

Ms CRAWFORD: Ms Migotto, do you know specifically?

Ms MIGOTTO: I cannot recall exactly the consultant that we used. It is entirely dependent on the specific project.

The Hon. SHAYNE MALLARD: A consultant, not a big firm of consultants?

Ms MIGOTTO: That would vary as well.

The Hon. SHAYNE MALLARD: A bit similar to my colleague's question about mitigation in terms of the impacts, but my question is broader: Are you able to benchmark the projects against other projects interstate—there are not many, I acknowledge that—but overseas as well?

Ms CRAWFORD: Again, depending on the particular scope for any project, we would often look at comparative projects either interstate or overseas. It is dependent on the particular scope that we are undertaking.

The Hon. SHAYNE MALLARD: It would not be easy; they are never the same, identical projects, I imagine.

Ms CRAWFORD: Each performance audit has different—

The Hon. SHAYNE MALLARD: Focus.

Ms CRAWFORD: Yes, things that you can look at to try to give you a comparative.

The Hon. SHAYNE MALLARD: I acknowledge that your report is now two years old, but at the time—a lot has moved on since then—did you do some benchmarking against other light rail projects around the world?

Ms MIGOTTO: In order to do benchmarking in the truer sense you need to have access to the evidence that has been used to create that benchmark. So while there may be examples at a higher level of other light rail projects that may be comparable, when you get to the detail unless we have some detailed information about how those projects have been implemented, we are not in a position to benchmark, strictly speaking.

The Hon. SHAYNE MALLARD: Did you find, looking at other light rail projects around the world, that none of them go smoothly and they all have contingency issues and budget issues and time line issues?

Ms MIGOTTO: We have not looked at other light rail projects around the world to that degree of detail.

The Hon. MATTHEW MASON-COX: Could I just ask you about the process used for providing compensation of a sorts to businesses affected by delays in the project? You have probably read it is not a compensation process, it is an ex gratia payment from the Minister, which goes through an external process done by Ernst and Young, where there is a case-by-case analysis of financials and impacts and other factors, which information is fairly limited on. Have you audited that type of ex gratia process before?

Ms CRAWFORD: Again, certainly not in my time. In regard to this report, we made just one comment around the disruption, which is in our Exhibit 3 on page 11, the second paragraph in that exhibit when we are talking about, in general terms, overestimating benefits and underestimating cost. We comment that "Transport for NSW did not quantify unavoidable disruption impacts of building the CSELR. While the economic appraisal and EIS acknowledged disruption impacts, they were limited to a qualitative description" rather than quantifying. That is one specific comment in answer to your question and that was the only comment in this report that goes to impact. My second response would be, as my deputy pointed out, when we are looking at the annual financial audits, we would look at arrangements that Transport was making in relation to ex gratia payments or the like.

Mr GOODWIN: The understanding is that there are some ex gratia payments in place right now. I think there was some testimony this morning to that effect. As part of the financial audit we would look at, if it was material, the design around those controls and the effectiveness of the information and controls. At this point we are doing the financial audit live now.

The Hon. MATTHEW MASON-COX: You would be looking at those issues. When do you expect to finish the financial audit?

Mr GOODWIN: I do not have the exact date but typically it is around late September for the department. The only thing I would say though is, it is not to minimise the effect of those payments, but in the context of a department that has operational expenditure in excess of \$12.5 billion, \$9 million has to be assessed in the scale and complexity against that because we take a material approach to our testing.

The Hon. TREVOR KHAN: In point 2 of exhibit 3 on page 11, you refer to the effect upon road users. Did your office give consideration to other potential impacts apart from road users? I am not having a shot, but that sentence seems to be directed towards traffic issues rather than what, with the benefit of hindsight, we are now looking at, which is the impact upon residents and businesses.

Ms CRAWFORD: Again, that was not part of our terms of reference or scope for this audit. We are referencing that because it was part of our assessment of costs. That is why we have referred to it there. Our audit did not go at any length into broader impacts.

The CHAIR: It has been mentioned today that in your key findings you make the statement that the business case and two early independent gateway assurance reviews were not conducted. Did you give a direction ordering that they be produced and made available publicly?

Mr DAVID SHOEBRIDGE: They were not done.

The CHAIR: I know. I said "be produced" and "made available publicly". What reaction did you have?

Ms CRAWFORD: No, I do not think we made that specific recommendation. We note that they had not been done. We further note in the report that the strategic planning work covered many of the aspects that you might get in a preliminary business case. Some of that work was part of the strategic plan that was done between 2011 and 2012. Some things were covered but not to the extent that we would have liked to have seen in a preliminary business case.

The CHAIR: You also mention that Transport for NSW did not fully document its consideration of the impact on costs, risks and benefits and presented a business case with an inadequate economic appraisal. What action have you taken to ensure this is done correctly? I assume you have to do the audit then tell the customer, the Government, where it has fallen down.

Ms CRAWFORD: Yes, certainly. The economic appraisal really goes to the level of specificity and clarity in relation to the cost estimates and our report certainly did comment on the errors and omissions in relation to those cost estimates. Our recommendations at a general level were that future projects should adopt better processes in that regard.

The CHAIR: Is there any other parallel project valued at \$2.1 billion that seemed to lack even these basic requirements? Do you know of any others?

Ms MIGOTTO: Our audit on WestConnex pointed to a lack of robust independent assurance for that particular project. That was in 2015.

The CHAIR: WestConnex?

Ms MIGOTTO: That is right.

The CHAIR: You are saying they have omitted to do the same things?

Ms MIGOTTO: That audit looked at the robustness of the application of independent assurance and it found that it was wanting in a number of areas, that project. That is a particularly focused area of assurance for project planning.

The CHAIR: Have you come to any deduction as to who is at fault? Is it the Director General of the Department, or the Minister, or some anonymous person?

The Hon. GREG DONNELLY: It was the Minister.

Mr DAVID SHOEBRIDGE: Point of order: I think the Auditor-General can answer who made the decision, rather than characterise the answer as to who is at fault.

The CHAIR: I am asking the question, Mr Shoebridge. Who is responsible for the omissions?

Ms CRAWFORD: The report points out that in the early stages of standing up this project, the governance arrangements were not as you would like to see in a project of this significance. That is detailed in my report. Those arrangements were improved over time. By around 2014-15 both the project office, the governance arrangements within Transport, the independent oversight by Infrastructure NSW, and also the work of the advisory committee that is referred to in this report, were all getting on top of the issues. But in the initial period of standing up this project, we are quite clear that the governance arrangements were not as robust as they should have been.

Mr DAVID SHOEBRIDGE: I cannot remember who was the Minister at the time?

The Hon. TREVOR KHAN: Be quiet.

Mr DAVID SHOEBRIDGE: Who was the Minister at the time, with the lack of robustness and Ma and Pa Kettle approach?

The CHAIR: Mr David Shoebridge will have to leave the room if he is not silent. We do not wish to point the finger.

Ms CRAWFORD: No, Chair, I do not wish to do that.

The Hon. GREG DONNELLY: We do.

The CHAIR: I note in your executive summary you say that the capital cost for the light rail is \$2.1 billion in 2014 dollars. Then you say "excluding finance, operation and maintenance costs". Have you done an estimate of what those other costs would be? What is the size of this project? Is it \$3 billion, \$5 billion?

Ms CRAWFORD: The public sector comparator, which is referenced throughout my report, does look broadly at both the capital costs and the operating costs. That is referred to in the report. I have not got any further insight that I can offer other than that.

The Hon. TREVOR KHAN: That is over the life of the project?

Ms CRAWFORD: Correct.

The CHAIR: Often overseas companies tender for these projects. Did you have any reservations about the Spanish company that successfully tendered?

Ms CRAWFORD: Again, section 3 of this report refers to the probity arrangements, et cetera, around this project. Basically we found that—I cannot remember the exact words—they were appropriate.

The CHAIR: I was thinking more of their skill or experience?

Ms CRAWFORD: We were not again assessing that level of technical detail in our report. We did not go to that. We just looked at their processes and whether they had appropriate processes in place to make those assessments, and we found that they did.

The CHAIR: You also made criticisms in your report that Transport for NSW discovered the incorrect assumption in the public sector comparator in the process and after the public-private partnership [PPP] tenders were evaluated. How did that occur and why?

Ms CRAWFORD: I cannot explain why, other than to say, as I said earlier, that throughout 2014 there were a number of a changes to cost estimates that were identified by Transport for NSW and reported to the advisory committee. In late October 2014 the final adjustment was made, again as you point out, because of changes to the assumptions around the management of a PPP.

The CHAIR: Thank you again for appearing before the Committee and for your help with previous inquiries. The Committee appreciates your experience and your advice.

(The witnesses withdrew)

SEAN MORRISSEY, Deputy Chief Executive Officer, Australian Hotels Association of NSW, sworn and examined

JASON BUTLER, Accountant, DFK Crosbie Accountants, sworn and examined

The CHAIR: Thank you for appearing before the Committee, for assisting the inquiry, and for the submission you have provided through DFK Crosbie Accountants. You have asked for it to be private and confidential. Therefore, we will not refer to the contents in this public hearing, but it will be treated as an attachment to your evidence today. Do either of you wish to make an opening statement?

Mr MORRISSEY: On behalf of the Australian Hotels Association, I thank the Committee for the opportunity to appear before this inquiry and to provide submissions to assist the Committee. The association is an industry body that represents approximately 1,800 licensed premises around New South Wales, and 25 of them front directly onto the light rail route. Throughout the course of the project to date, the association has engaged closely with these businesses. Members have made it very clear that the financial impact and downturn in trade they have experienced since the commencement of the project has been very significant.

Upon notification of the commencement of this inquiry, we invited those members located directly along the light rail route to provide certain trading and financial information both prior to and during the construction period. That information was de-identified, given its obviously commercially sensitive nature, and provided to Mr Butler and DFK Crosbie Accountants. In that regard, on behalf of the association, I acknowledge and thank the DFK Crosbie Accountants for the work they have done in compiling and analysing the information, which is contained in the annexure to our submission.

In summary and in terms of the appropriateness and adequacy of the financial compensation process established to date, we acknowledge and welcome those measures that have been implemented thus far. That said, and based on the feedback received to date from our members both generally and as part of this inquiry process, it is apparent based on the information available to us that the measures have at times lacked a degree of transparency and ease of access to information around eligibility for businesses impacted along that route.

It is also unclear to us and to our members at this point what a more comprehensive, longer-term compensation pack will ultimately look like. We trust that the information and the analysis that has been provided in our submission is of assistance in informing the Committee, albeit that it is a snapshot provided by our members along the route around the significant financial impact of the project on them. In closing and in the context of the terms of reference of the inquiry, our members are simply seeking transparency and certainty around a compensation package that provides full and fair redress for the ongoing losses that have been suffered as a result of the project.

The CHAIR: Have you had discussions about compensation with the Government as well as the individual operators on behalf of your members?

Mr MORRISSEY: Not directly to my knowledge.

The Hon. GREG DONNELLY: Thank you for appearing before the Committee this afternoon. Earlier today we heard from witnesses representing the Government, including the New South Wales Small Business Commissioner. We had an opportunity to engage with her about her role and her activities associated with what are now the very well-known difficulties with this project. She indicated in her submission—these are my words not hers—that she got out of the gate early in 2014 and "well before the project commenced to start engaging with small businesses in regard to what may be issues associated with the development of this project", except the businesses that were along the light rail alignment.

She then went on to give some detailed evidence—in her view at least—about the ongoing engagement she had as the Small Business Commissioner in respect of the small businesses that have been impacted in particular. She heard from them about their concerns and their issues with the building of this project. What engagement has she had with the Australian Hotels Association specifically in respect of the businesses along the alignment route?

Mr MORRISSEY: I am not aware of any direct engagement between the Australian Hotels Association and the Small Business Commissioner. I am also not aware of the nature or extent of any direct engagement if there has been any. I am happy to take the question on notice to establish whether that engagement has otherwise occurred.

The Hon. GREG DONNELLY: You are not aware but you will take it on notice. Is that what you are saying?

Mr MORRISSEY: That is correct.

The CHAIR: You will take that on notice?

Mr MORRISSEY: Yes.

The Hon. GREG DONNELLY: With respect to the numbers of hotels and members of your organisation along the alignment path, there are 25 of them, and your submission is very useful in that it nominates those hotels. Can you speak to your submission as to the general impact that this project has had on their businesses? Obviously there is the case study that we will come to involving the Shakespeare Hotel and in one sense one could argue that I am giving an extreme example and a terrible one that it is, but if you look across the 25 hotels, can you give a snapshot of how this project has affected these businesses?

Mr MORRISSEY: I might ask Mr Butler, who compiled the information, to respond.

Mr BUTLER: Looking at the eight hotels or seven; we did receive some additional ones post the close-off date, but looking at the ones we have received and highlighted, the effect ranges there as to profit—and we have talked about that in there—that it has been somewhere between \$80,000 reduction in profit and \$683,000 reduction in profit.

The Hon. GREG DONNELLY: That is an annual figure?

Mr BUTLER: That is an annualised figure.

The Hon. MATTHEW MASON-COX: That is gross profit?

Mr BUTLER: No, that is bottom-line profit, net profit—so not revenue, not gross profit; that is bottom-line reduction. That is looking at the 12 months prior and the 12 months post, annualising them out.

The Hon. GREG DONNELLY: So just to clarify it: The cut-off date, which is the financial year—pre and post.

Mr BUTLER: Yes, basically looking at the 12 months in the period of time prior to the light rail commencement out the front of that affected venue and the figures post-commencement. We have only looked at it from the point of view of the 12 months after, obviously not taking into account that we have not gone to the extent of looking at the reductions further on because we had to realistically look at it over a period of time that we could measure. The other thing too, in talking to some of the members who have not provided the information within this—although I will talk about this—the effect generally is that it had varying effects but definitely sizable effects on those businesses over that period.

The Hon. GREG DONNELLY: As to the size of that hit, how does that impact on the value of the goodwill of that business, in your experience? You have an operating business which has gone from this to that. What sort of effect would that have on the value of the goodwill if that were moved on to the market and sold?

Mr BUTLER: One of the things we have talked about in the report is the capitalisation rate, which is the rate that is used to value the business at that point. If a reduction of profit was, say, \$80,000, that capitalisation rate of, say, 10 per cent could have a half a million dollar reduction on that in the value. Obviously if you had a reduction of \$680,000 at 10 per cent, you are talking about a reduction at 10 per cent of up to \$6.8 million reduction at that point in time.

The Hon. TREVOR KHAN: That is a significant qualification at that point in time?

Mr BUTLER: Yes. I mean valuing any of these businesses is done on the basis of what is the bottom-line profit of those businesses and then there is a valuation rate that is applied to those to come up with the values but obviously the state of play within the market itself, et cetera, will affect that as well.

The Hon. GREG DONNELLY: If we take the \$80,000 figure, are you able to use that example without nominating specifically the hotel itself? What does that represent as a percentage in a reduction from the preceding financial year approximately?

Mr BUTLER: In regard to the \$80,000 it represents approximately a 20 per cent reduction.

The Hon. GREG DONNELLY: And the much larger one, do you have that figure to hand? Is it reasonably accessible?

Mr BUTLER: That is approximately around 25 per cent.

The Hon. GREG DONNELLY: I take you to the third page of the submission—and one or both of you may answer this—and the impact on the Shakespeare Hotel. The second sentence of the third paragraph makes reference to the hotel revenue being down 87 per cent since last year. Can you tell us when that last year was and what this year is as to the actual financial year?

Mr MORRISSEY: That is information which I understand was provided to the association directly quite recently in finalising these submissions, which may in fact relate to a different period than is contained in the assessment that Mr Butler has prepared.

The Hon. GREG DONNELLY: But obviously a reduction of that magnitude is an extraordinary amount, is it not?

Mr BUTLER: Yes.

The Hon. GREG DONNELLY: It almost goes without saying?

Mr MORRISSEY: Yes.

The Hon. GREG DONNELLY: For the purposes of describing the hospitality business and hotel trading in the city specifically along the alignment, to have that reduction take place, what does it mean for that business in the 12 months ahead? How would it normally affect the business as to what would it have to do in the 12 months looking ahead if it ultimately took that hit in a particular year? How would you respond as a hotelier?

Mr MORRISSEY: One of the principal matters that have been raised with us in that regard, probably the most obvious one, is the ability for a business to maintain staffing at a rate than it might have otherwise been able to do so. That is probably the principal impact that has been relayed to us by our members.

The Hon. GREG DONNELLY: Which is pretty important for a service industry like a hotel business?

Mr MORRISSEY: Correct.

The Hon. GREG DONNELLY: I take you to the second last paragraph on the bottom of that page. If you do not know the answer, say so and we can put the question on notice as a follow-up. The matter of the flooding that is referred to there and specifically the fact that it ultimately fell to the hotel itself to do the clean-up work. Do you know anything else beyond what is there?

Mr MORRISSEY: I do not have anything further beyond what is there. I am happy to take that question on notice. I do not know whether Mr Butler has obtained any information—

Mr BUTLER: No.

Mr MORRISSEY: —or obtained any further details. That is the extent of our knowledge. I can take that on notice to provide that.

The Hon. GREG DONNELLY: That is fine. I have one final question before I pass over to my colleague if there is any time left. With respect to the Small Business Commissioner, this morning I asked her about whether or not, when she commenced setting up her systems, she had thought to set up a database upon which she would record information coming in as to impacts on profitability and sales revenue reductions and also what might be terminations or redundancies of staff or cutting of hours of part-time and casual employees. She answered surprisingly that she had not thought to do that because the problems had not arisen yet, which I found curious. With respect to the hotels along the alignment, is it true to say, as far as you know, that all of them would have had to have, in one way or another, reduced the contracted hours of part-time and/or casual employees as a result of the impact of the project, or is that something you cannot speak to?

Mr MORRISSEY: We have been able, to an extent, to extrapolate from the financial figures that the hotels have provided, without going directly to the actual figures, noting a number of the venues' wages and salaries paid from the pre-light rail period to the construction period, that there have been in some of those cases a reduction in the overall wage bill, notwithstanding obviously over that period of time that increases to award rates and so forth have increased.

Mr DAVID SHOEBRIDGE: I do not have any questions.

The Hon. TREVOR KHAN: This morning the Committee received evidence from representatives from City of Sydney Council. I will not seek to identify a particular witness but essentially I think she indicated that when the light rail was being built at the Gold Coast in essence complaints arose during the period of construction, arising from such things as noise, interference with access, et cetera, but that post the construction there was general approval for the construction arising from what I am fairly safe in saying was an increase in business that flowed from the existence of the light rail project there. Have you heard such anecdotes in terms of that Gold Coast project?

Mr BUTLER: I have not heard anything at this stage, to be honest.

Mr MORRISSEY: The extent of the feedback and what we are hearing from our members is a mix of optimism in some parts and pessimism in others. The case study of the licensee's perspective in our submission goes to the less optimistic perspective: a fear that the business will not return to the way that it was given the fundamental change in the way that that area will operate. It has certainly been the position of the association that has broadly supported the project itself from its introduction and announcement and a hope and confidence that ultimately it will lead to positive impacts upon businesses and business areas. That is something that I guess time will tell.

The Hon. TREVOR KHAN: I suppose the question is this: If hotels are dependent upon the degree of foot traffic going by, and therefore deciding to pop in for a drink, and if that flows it brings with it the potential of an increase in the profitability of those businesses through increase in turnover—is that not right?

Mr MORRISSEY: That is correct.

The Hon. TREVOR KHAN: I am left struggling with this. As in all capital projects which change the nature of traffic flows around businesses, if there is short-term pain but long-term gain from the project not only for the city as a whole but also for the businesses along the route, why should there be compensation in the strict sense for the businesses that are going through the short-term pain but will receive the long-term gain?

Mr MORRISSEY: The position of the association is that any potential long-term gain is something that ought to be modelled into the way a compensation package should be framed. But if on the information available to us at the time—keeping in mind that these businesses have, on their account, been subjected to a degree of uncertainty around time frames for the completion of this project—

The Hon. TREVOR KHAN: You are not going to get any disagreement there.

Mr MORRISSEY: We would agree that the longer term gain should be factored into and modelled into the nature of any compensation arrangement.

The Hon. TREVOR KHAN: You were asked questions before with regard to essentially the value of the businesses. If indeed it transpires that this results in the increased profitability of those businesses along the route then the winners of that will be the sellers of either the premises or the licences themselves, will they not?

Mr BUTLER: Over the longer term if that is the case then yes, your profit would increase. The other thing to consider with some of these venues along the route is the ones who may be leaseholders who have those—

The Hon. TREVOR KHAN: Yes. That is why I talked in terms of licences.

Mr BUTLER: They have a finite period of time in those businesses. Obviously over the longer term they have to get there, and they may not be there at that point, so for them it is a bigger impact.

The Hon. TREVOR KHAN: In terms of these, your A to G in terms of that, and I am not going to nominate, are you able to at least identify not here but on notice the approximate location of those businesses? For instance, if they are all in Devonshire Street or in that congested area near the railway station I can envisage an immediate sea of impact that may be different compared to other areas of the route. That would not be unreasonable, would it?

Mr BUTLER: No. I would agree.

The Hon. TREVOR KHAN: If we were to use A to G as being representative of the entirety of this project, it may turn out that these A to G are not representative of that entirety of the route in terms of its impact upon members.

Mr BUTLER: I will take that on notice but I can say these are not all within the one locality from that point of view. They are spread over the period of time.

The Hon. TREVOR KHAN: You just have to defeat my cynicism, that is all.

Mr BUTLER: I know. Yes.

The Hon. MATTHEW MASON-COX: In table one of your submission there are 15 or so hotels listed whereas you have only had time to put six together for the confidential submission with all the detailed financials. Are you expecting to put in further details for these other hotels that came in after the date? Is that something you might be able to do to give us a broader understanding of the impact across the routes and perhaps link to what my colleague suggested—the locality—without giving names, so we can get a better understanding of the impact along the route? Would that be something worthwhile?

Mr MORRISSEY: Yes, most certainly. We can provide that summary. To address a point that you raised, the number of venues that provided the information was seven out of the 25 hotels located along that route. It was probably a combination of two factors there: one was a fairly short turnaround in terms of asking them to provide the information and the other a natural reluctance from businesses, despite our assurances around the confidentiality, to provide that.

The Hon. MATTHEW MASON-COX: Understood. We appreciate what you have done. It has been very useful. It is difficult information to provide for all those sorts of reasons, so thank you for taking the time to do it. It is very instructive. You suggest that the ex gratia payment offered for rent assistance because the project is delayed, whilst welcomed, is inappropriate given it is not best practice. Could you expand on what is best practice?

Mr BUTLER: I will probably take that question on notice, to be honest. The terms of reference was in regard to the adequacy of the conversation rather than providing an alternative, so I will take that on notice.

The Hon. MATTHEW MASON-COX: Okay. On page 9 you disagree that the ex gratia payment should be for rent assistance only and that more appropriate compensation should be considered based on economic loss for a selected period combined with concessional loans to allow a business sufficient cash flow to trade through the construction period. Is that the sort of thing you are looking at in terms of what might be better practice?

Mr BUTLER: It is a possible alternative.

The Hon. MATTHEW MASON-COX: I suppose an analogy one might use, and I do not mean to be insensitive in saying this, is that we have a terrible natural crisis with the drought and we have a range of assistance provided to farmers. Some of it is freight assistance, some of it is non-concessional loans et cetera. Do you draw an analogy to that in the sense that this could be described as a disaster in the sense of the impact on the businesses, particularly those that have suffered significant downturn driven from a government project? Is that what you are aiming at with those sorts of options?

Mr BUTLER: I think it is more in relation to looking at the losses that these businesses have suffered during the period of time we are looking at. The ex gratia payment being for rent assistance only assists in some cases but not all. Obviously with some of these where there is no rent—a tenant in a lease, for example, will have rent assistance but an actual freehold owner will not have rent in that instance—they are suffering just as the other businesses are. There needs to be some consideration given as to how we address that.

The Hon. TREVOR KHAN: Are you aware of any other project where compensation as you envisage or any compensation is being paid by local government or State Government for the project?

Mr BUTLER: Not in Australia.

The CHAIR: On page 1 of your submission you indicate how construction has affected the hotels along the route of the light rail. You say:

There is currently no indication when barricades will be removed and the project completed.

Could you explain how the barricades are affecting hotels in that region?

Mr MORRISSEY: A number of hotels have indicated to us that the erection of barriers in and around hotels has led to a number of things, such as the impeding of foot traffic and their ability to access hotels—particularly hotels that are located on corners.

The Hon. TREVOR KHAN: I can think of one in particular—

Mr MORRISSEY: That is correct. And it impedes various entrances to those venues. The issue of reduced car parking availability in the immediate vicinity of those venues is another matter that has been reported to us, that relates to those barricades being erected—

The CHAIR: Are the barricades located to stop patrons entering the hotel?

Mr MORRISSEY: Not to prevent them from entering the hotel but to impede their ability to move between one side of the street and the other and enter a particular entrance or entrances of a hotel.

The Hon. TREVOR KHAN: And they look pretty inhospitable as well.

Mr MORRISSEY: Yes.

The CHAIR: You also state on page 2 of your submission:

... the construction has seen the removal of over 100 car spaces along Devonshire Street that will not be returned to use once construction is completed.

Have you been advised of that? Is it physically impossible to restore them?

Mr MORRISSEY: Yes, I understand that that is what we have been advised. The source of that information I do not have before me, but it is something I can take on notice to obtain.

The CHAIR: Thank you. In your submission you mentioned the Shakespeare Hotel flooding. You stated that that was due to the construction zone's poor drainage. Obviously that would have caused some damage to the hotel and its stock. What has been done to rectify that? Was that part of this compensation package?

Mr MORRISSEY: As we have indicated, there has not been any remedy or rectification offered by the company, which we have been advised was responsible for that.

The CHAIR: Do they take responsibility for the flooding?

Mr MORRISSEY: I would have to clarify that.

The CHAIR: Or are they just ignoring it?

Mr MORRISSEY: The report that we have received from our members is that, on their account at least, the company referred to was responsible. It declined to offer any form of assistance or payment for damages and clean-up in relation to that particular incident.

The Hon. TREVOR KHAN: Was that Acciona?

Mr MORRISSEY: I would assume so, but that is something I would have to take on notice.

The CHAIR: You also write, on the same page, about the frustration with holes being dug and covered up, only to be dug again. Has that been a regular feature? It seems very odd. Why would they be digging holes, filling the holes in and so on?

Mr MORRISSEY: That may relate only to this particular precinct and this particular hotel. The case study, as we have provided it, is probably best described as a first-hand account given by one of our members to us. I understand that the information contained in that case study also formed a part of a recent article that appeared in the *Daily Telegraph*.

The Hon. TREVOR KHAN: Indeed it did.

The CHAIR: In regard to the hoardings and obstructions, you write about "hoarding and obstructions to patrons entering or exiting venues". That is what I was referring to in my earlier question. Are there some hotels where the construction is actually stopping patrons entering the building?

Mr MORRISSEY: Yes, that is correct. There are a number of venues that have indicated that that prevents the entrance to at least one of the entrances or exits to the building.

The CHAIR: So there may be another way of entering the hotel from a different direction or from a different street?

Mr MORRISSEY: For those, for example, who are fortunate or unfortunate enough to be located on a corner where there may be multiple entrances—yes, that is correct.

The Hon. COURTNEY HOUSSOS: With the indulgence of the Committee I would like to ask one extra question about the cost-benefit ratio of the project. We have seen a significant increase in the costs from the original calculation of the cost-benefit ratio. We are now seeing extensive delays, obviously with significant economic effects for the members that you represent. Do you think this means that the cost-benefit ratio should be recalculated by the Auditor-General in considering this project?

Mr BUTLER: I am not sure if I can answer that question.

The Hon. COURTNEY HOUSSOS: If you want to take that on notice that is fine.

Mr BUTLER: Yes, I will.

Mr MORRISSEY: Yes, most certainly.

The Hon. COURTNEY HOUSSOS: We heard from Randwick City Council earlier that it is providing rate relief for businesses within its local government area. Are you aware of any of your members seeking rate relief from council? I am happy for you to take that on notice.

Mr MORRISSEY: We have understood, anecdotally, that that is a measure that certain venues have looked at. We would need to take that on notice.

The Hon. TREVOR KHAN: Is it a standard term of leasing arrangements in pubs that the tenant licensee pays the rates?

Mr BUTLER: Yes.

The Hon. TREVOR KHAN: So they are directly passed on?

Mr BUTLER: Yes.

The Hon. TREVOR KHAN: So if the premises, for instance, were in Devonshire Street or thereabouts, they would be paying the rates.

Mr BUTLER: Yes.

The Hon. MATTHEW MASON-COX: Have any of your members applied for the Government's business assistance program?

Mr MORRISSEY: Yes, to our knowledge they have. It is difficult for us to assert with any great certainty who those businesses are. We understand that any arrangements in relation to compensation are subject to the confidentiality provisions where members might be required to sign some sort of deed of release and confidentiality. It is obviously a matter of concern for us broadly—it is part of the submissions that we have put—that there are one-off payments to venues, where there is obviously the ongoing issue of an ultimate completion date, whereby those members are required to sign their lives away for a one-off payment, with a release given in respect of any future compensation. It is of significant concern for us. But we do understand that at least one member has contacted us who has obtain or applied for such a package.

The CHAIR: You mentioned the frustration of your members not knowing when this project will be completed. There have been further dates mentioned. Are you seeking, on behalf of the association, further information from the Government as to the completion dates so your members would have some certainty for the future?

Mr MORRISSEY: Most certainly. That is something that we are very eager to engage directly. The feedback from our members is that they are seeking further clarity around that. So the answer to your question is yes.

The Hon. TREVOR KHAN: I suspect the answer is: watch this space.

The CHAIR: Thank you for making such a good presentation and for the information you have supplied. We hope your members will not be discomforted as much as they have been in the past, and that the light rail may bring a lot more patrons and prosperity to the light rail route and to those premises.

(The witnesses withdrew)

(Short adjournment)

HELEN ARMSTRONG, committee member, Saving Sydney Trees, sworn and examined

MARGARET HOGG, committee member, Saving Sydney Trees, sworn and examined

JANE GRUSOVIN, co-founder, Keep Sydney Beautiful, sworn and examined

KATEY GRUSOVIN, co-founder, Keep Sydney Beautiful, affirmed and examined

MARIA BRADLEY, co-founder, Keep Sydney Beautiful, sworn and examined

MERRILL WITT, co-founder, Keep Sydney Beautiful, sworn and examined

The CHAIR: Thank you for agreeing to be witnesses at the inquiry. The Committee appreciates your cooperation. Do you have a brief opening statement?

Ms HOGG: We would like to table evidence. In our submission we mentioned that we would have the evidence and would take you through some of the explanations with it as we do. There will be a folder coming around with quite a bit of information. We do not have a PowerPoint presentation for you but we have a number of slides and if we will ask you to indulge us by sticking only to the slides. The transcript is in the folder for later reference. For ease at the moment if you would look to the slides and we will take you through it which will make it a little clearer and save some time. Once everyone has their folders I will begin. The slides have a cover sheet that refers to the terms of reference so they are sectioned and at the bottom there are again the terms of reference mainly dealing with A and B and we will go on with the rest to the end.

Professor ARMSTRONG: They are in the black folder.

Ms HOGG: On the top at the very front. Section A works on diminution of social amenity. Points are: It is quite apparent that shade and tree cover is never going to be what it was in this area due to this project. Due to climate change there is increased need for shade trees in dense urban areas so it seems irresponsible to remove mature canopy trees. Heat islands—and you will see diagrams of heat island references on page 3 of the slides—have been created due to increased urban density and in this case increased by this project. Particulate pollution protections and air filtering have been taken away and water table stability diminished. The public were told that there were offsets. They do not offset but rather leave the community with a diminished canopy and its functions in regard to social and environmental amenity in the future diminished.

In the tree planting stage the losses were able to be calculated in canopy terms of over nine hectares depletion. So offsets were not like-for-like, not in area, and completely inadequate. Centennial Parklands and the local council were assigned the important task to find planting areas in this already densely built area. It is impossible. We note the losses that were inflicted upon us by the Cahill Expressway offsets, the shade of the second row of figs in Anzac Parade that were planted in the second corridor have been taken resulting in further diminishment because of this project. These trees were to be bought back by Centennial Parklands but they did not want them. They had plans to redesign so other areas in the parkland were not available. Contractually this is a gross negligence and calls for investigation of the complacency in this project rollout.

They assigned all responsibility for their trees to Acciona and Transport for NSW. Centennial Parklands and Moore Park Trust show enormous inadequacy of governance and adherence to charter and master plan that states clearly that they will protect the parklands from encroachment of development. The public interests have been failed but the private interests appear overwhelmingly positive on the face of it—only on the face of it. We move to point B, which is the financial compensation. Loss and damage of trees with ongoing costs to health budgets, including personal, State and Federal, are linked. They are linked to respiratory disorders, cancers, both lung and particulate linked blood, obesity, diabetes, mental health, Alzheimer's, Parkinson's, heart disease, deaths.

Consent condition 48, which is intrinsic to the protection of the tree assets in this project has been breached. Modification 1 on Alison Road, as a direct result of a private development application [DA] approval and influence of the Australian Jockey Club-Australian Turf Club is the first of many breaches. Due process, probity issues and signing of contracts before the end of environmental impact statements [EIS] on Modification 1 indicates abuse of community trust and interests throughout the project and a lack of concern for the best long-term public interest in the private public partnership. There is a decided negative cost to the public with ongoing costs to future generations. We point out that no dollar value for significant and large trees was assigned in the cost benefit analysis and the offsets are not the only costs that were included. The other costs have been completely omitted.

The Auditor-General has already issued a scathing report on this report for its omissions but there are more to come and ignoring them does not make them less real. The ongoing maintenance of 10 years, realistically, for our trees is not accounted for. The 25 juvenile figs on Anzac Parade with a commercial value stated at \$35,000 each—indicated at the time—now 10 are chipped and the remaining 15 at Heffron Park will never be restored to the stature and productivity they could have done and no costing has been assigned to this. Now we move from the slides to point C. Saving Sydney's Trees is submitting an audio file of three community meetings that exemplify the lack of clear information to the public, inaccurate minutes, lack of accountability, lack of planning detail and lack of answers. All the while misrepresenting this project to the public as something it is not. The public were told this project would deliver a transport system upgrade worthy of a State significant critical infrastructure title, something the Premier and Minister continue to say despite the projects' obvious failures. We were told it would increase capacity. That is particularly not so now and in the future. However, we note that the bus system they already had could.

We were told it would decrease congestion. Again, this is untrue. Even at the George Street level this is nothing but a transfer of traffic and diminishing of overall service, increasing congestion in Castlereagh and Elizabeth streets and upsetting the commercial investments, along with considerable public inconvenience and diminishing intersections along its route. Again, it was not costed. Economic advantages cannot be justified. There is conjecture only on tax income from private property high-rise sales to an area now greatly less livable with amenity and transport degraded, along with increased demand on school and play areas. Of course there is the sale of the light rail, but how much is that going to really cost us?

The public were told it would receive six to eight replacement trees for each significant tree. There are 800 such trees involved in the first draft, although that number keeps increasing. Over 12,000 trees have been affected in the impact area and with each modification it seems to increase as this plan rolls out on the hop. Even at six to one, the promised 1,800 to 2,200 trees is a vague promise and is grossly inadequate. Currently, we are told that 540 trees have been planted, but with each modification more trees seem to be going and the Urban Tree Management arborist simply obliges with a report indicating "It is in the way." Consent condition 48B means nothing and shows no regard to the public interest and wellbeing. In fact, deliberate amendments have been made to B47 and B48 effectively aimed at disarming this intended protection. We make the point that convenience is no justification for the obvious intention of these conditions of consent for this project and that it breaches both the contract and faith with the public.

We call for immediate maintenance to be forthcoming and ongoing by Urban Tree Management, and for it to be monitored by Transport for NSW or a responsible agent. This is becoming quite critical or we will lose even more. We point out that a continued audit entry system with Urban Tree Management indicates that tree protection zones are okay, calls for fertiliser and water, and to give one month's notice for compliance. This repeated call for nurture is ongoing and one has to ask if they received any additional water and who was responsible.

Saving Sydney Trees [SST] has provided a report that it undertook with photographic evidence depicting Australian tree standard breaches, which is also in your folder. In addition, B47 relates to the two trees on the corner of Darley Road and Alison Road. These two trees that could be seen as you entered our wonderful Centennial parklands had a "do not touch" order specifically assigned to them. Centennial parklands trust and Transport for NSW have ignored the B47 order. In fact, they have been instrumental in trying to dismantle it. How will this project compensate the public for this assault and the ongoing negative health and wellbeing effects on our current and future generations?

In relation to the tree damage and the detriment, SST applied for information from Transport for NSW under the Government Information (Public Access) Act. We applied in March and until Friday were in an appeal with the NSW Civil and Administrative Tribunal [NCAT], which produced our initial documentation and hundreds of pages of redacted information. The information received on Friday has given us access to that, but it has done nothing to distract us from our concerns. We believe the public will continue to lose trees associated with this project. It seems nothing has been learned from the demise of the Cahill Expressway trees and the massive losses to the city, its heritage and the air quality that the trees delivered. As indicated, there is further interaction with the Environmental Defenders Office [EDO] related to these issues.

We move to point D, which are related matters. We submit a Samsa report, dated April 2014, in your evidence file. It clearly indicates the lack of adequate planning; makes note of a no-merit based case review and adds that it finds it difficult to see merit for the public benefit; points to the need for resolution of issues before continuing; indicates no environment impact report has been provided, nor a multiple impact assessment. To all

of this, Transport for NSW replied to the effect: We will build it. This lack of thorough scoping leaves us with grave concerns. Further, this lack of scoping for the water table impacts from the depletion of the number of significant trees in this flood-prone wetlands area we feel will impact the area zoned high-rise associated with this modal change. This will put at risk the built and future buildings in this area.

This area has flowing, moving underground water that fluctuates with the tides and climatic conditions. No amount of stormwater drains can stop this. As foundations are built into this river, the pressure upon the surrounding buildings and future buildings will be felt, especially as we move into a time of rising tides. Even now in times of heavy rain, council trucks can be seen pumping water off the racecourse. After the trees on Maiden's Row were taken, which is one of the first pictures of the slides, significant flooding occurred on Alison Road into the park. The public has lost the trees to mitigate. We suggest there will be an added class action and damages that will result from this in the future. This is a frightening result for this project, which has been scoped, planned and executed so badly and with no responsible regard, despite our cries for the public and our future generations and the trees, their canopies and green spaces.

We call for a full display of all papers and the immediate inclusion of dollar value on tree canopy and green spaces in all projects and developments linked to the health budget as well as carbon and energy outlay. We call for a 10-year arboricultural management plan for all State significant infrastructure. We require offset consistency and terms and positive conservation outcomes in area. As indicated, the immediate public is detrimentally impacted without it. We look to scrutiny and review of awarding State significant critical infrastructure and the exclusion of the public in its execution. Along with Centennial Park and Moore Park Trust adherence to charter, we look for the restoration of trust in our Parliament. We call for mediation, for the faith, trust and protections of the public to be restored to our Parliament and its processes. We call for all correspondence and papers to be released to the public involved this project. I thank you for your time. It is a very important project. Keep Sydney Beautiful also have a comment.

Ms BRADLEY: Keep Sydney Beautiful was founded by a group of eastern suburbs residents after the Anzac trees along Anzac Parade were felled for the Sydney light rail. We are shocked that Sydney's green spaces, majestic trees and heritage could be taken so easily and heritage protections rendered meaningless. Further, we are dismayed that strong proponents of the Sydney light rail, including the Sydney Cricket and Sports Ground Trust now acknowledge it is not an adequate public transport solution to bring patrons to and from its venues. The Sydney Cricket Ground [SCG] trust now wants the Government to expand its proposed Metro West rail line to include a stop at Moore park. Recently, the Centennial Park and Moore Park Trust, another proponent, applied for development approval for car parking on a permanent basis on Moore Park East during events at the park and stadia. We view this application as further admission by the Sydney light rail proponents that the light rail is a failed transport solution and will not lead to a significant decrease in the number of cars going to and from the SCG, the Sydney Football Stadium and Randwick Racecourse, putting even more pressure on the park.

The fact that plans are also afoot to build a \$500 million 14-lane continuous flow intersection at the corner of Anzac Parade and Dacey Avenue, which is right next door to the transport route of the Sydney light rail, looks like tacit acknowledgement by Roads and Maritime Services that the Sydney light rail will not significantly reduce car traffic in our area. We believe the Sydney light rail debacle is an example of the failure in government processes for the planning and building of major new infrastructure, especially in relation to adequate consultation with the community. As it has been highlighted by numerous press articles and countless protests, residents along the route were not consulted about how the construction of the Sydney light rail would lead to the felling of so many historic trees and the devastating long-term destruction to local businesses, residents, massive cost blow-outs and safety concerns. Now we learn that the high cost of all this disruption will not be outweighed by the benefits of this new transport solution.

The Sydney light rail will not adequately address the public transport needs of the area's sporting venues let alone the demands of everyday commuters. Buses will still be needed along the route to supplement the Sydney light rail capacity during peak hours and that is included in the EMM report. We strongly report the cause of outgoing Infrastructure Australia boss Philip Davies for more transparency in relation to the development and planning of major infrastructure projects. His recent report notes that too often we see projects being committed to before a business case has been prepared, a full set of options has been considered, and a vigorous analysis of a potential project's benefits and costs has been undertaken. We might add that serious consultation with the community would have helped to anticipate and solve a lot of these problems. We believe that the State infrastructure approval process has become a rubber stamp for expediently approving ill-considered infrastructure projects with no accountability. We call for a judicial inquiry that considers whether the public was misled about

the benefits, in particular by the statement to Parliament by the member for Coogee, Bruce Notley-Smith, that stated that the House:

- (3) Notes that this project will link Randwick and Kingsford to Central Station and Circular Quay using a dedicated corridor, separated from traffic, making it faster and more convenient for the residents of Coogee to move around the electorate and to the city.

There is nothing in that statement that is accurate. That sums up our statement.

The CHAIR: Thank you. Do any of the members have questions?

Mr DAVID SHOEBRIDGE: I have a couple. First of all, I thank you all for the work you have been doing as protectors of the trees and the community in the absence of the Government. At least I give you my gratitude for the work you have been doing. A lot of the trees were lost not because of the long-term needs of the light rail, but simply to make it more convenient and potentially cheaper for the Government to construct the light rail. Do any of you know how many trees were lost simply for convenience, as opposed to being for the long-term needs of the light rail corridor?

Ms HOGG: As far as I understand, in Maiden's Row, there were an extra 58 to 60 trees just in that one section. It is still mounting. As this project rolls on, there seem to be more and more amendments made and more trees seem to be going with them. That was seen in the Government Information (Public Access) Act request release, where we started to see modification after modification. Each modification rolls out with more trees going. We have not been able to get those figures because we were unable to access all of the documentation until Friday afternoon. So we have not had a chance to have an audit on what has been lost.

Mr DAVID SHOEBRIDGE: Just on Maiden's Row, we know we lost 58 for that purpose?

Ms HOGG: Just for that particular one.

Mr DAVID SHOEBRIDGE: If you get some further detail once you go through those documents—

Ms HOGG: We will definitely pass it on to you. It is going to take a while.

Mr DAVID SHOEBRIDGE: It is a bit of a coincidence that you got them on the Friday before the hearing.

Ms HOGG: I thought so.

Mr DAVID SHOEBRIDGE: Could you provide some further detail on notice if you have some?

Ms HOGG: Definitely. The main person doing this was Kathleen, and ironically enough Kathleen is having terrible trouble with the air in Sydney at the moment so she was unable to attend.

Ms WITT: As a follow up on that, in regard to how you define "convenience", part of the design for the Sydney Light Rail was changed for the convenience of the Randwick Racecourse and that resulted in a lot more trees—I could not give you a number, but perhaps Ms Hogg could—being felled unnecessarily. If the Sydney Light Rail had followed its original route—

Ms HOGG: That was the 58 on Maiden's Row.

Ms WITT: Is that the 58?

Ms HOGG: Yes, that is the walkway.

Mr DAVID SHOEBRIDGE: Is that down Alison Road?

Ms HOGG: Yes, that was the Alison Road diversion.

The CHAIR: We will move to the Opposition's questions.

The Hon. GREG DONNELLY: I thank you all for coming along and for your detailed submission and supplementary material today. This inquiry is giving particular attention to what has happened with this project and some of the consequences associated with the completion of it. Trees have obviously been cut down and their stumps removed or ground down. Looking at the period between now and the completion of the project—which is still not certain but we hear it might be 12 months or so away—do you have a particular view or views about the replanting of trees, the types of trees that should be replanted, and where they should be replanted? I know it is no compensation for or a satisfactory answer to the issue of the detailed work you are doing to get to the bottom

of how this came about, but when looking at future generations and what can be done in the planting of trees, albeit it an inadequate substitute for the ones that have been cut down, do you have a view?

Professor ARMSTRONG: I would quite like to comment on that. You may not realise, but the University of Technology Sydney and the University of New South Wales are both undertaking significant research projects on the urban heat island issue using the area from Alexandria and Zetland up to Moore Park. In some of the sheets we have provided you, there are some images showing the heat differences. The problem is that the trees, as you know, are more than 100 years old and what they are doing when they intercept the sunlight is an important part of the heat island effect. What we are doing with the offsets is ignoring the 100-plus years that have been involved to establish that type of canopy. It is important to note that with the slide on the Cahill Expressway, what we cannot see is that due to the damage that has been done—which is a breach of contract—to the trees and that has resulted in the demise of the Cahill Expressway trees, unless there is a strong arboriculture program, we will lose what is left.

Ms BRADLEY: We also believe that it is not possible to replant along the route because of the cement. Less than 50 per cent—

Ms HOGG: They have taken out green spaces to build this rail so all of those potential places are gone. It is a built area—you cannot create them.

Ms BRADLEY: Again, we were misled because they said that there would be replacement trees, but they did not say that they were not going to be in the area.

Ms HOGG: Not in the area and not like for like. They will not be trees of that amenity. We have found already in the Cahill Expressway—as we look across these projects—that it was one tree for one tree but the one tree had a one-metre canopy. They said it was 65 litres, but at full growth was a one-metre canopy. And remember there are years in between for it to reach its full growth. There is also the inconsistency. We were told there would be six to eight trees but WestConnex was told it would be one tree for one tree of a certain litreage. Our trees will be diminished. We went through the initial tree report and it did actually specify what trees would be included.

When we add up the grown canopy when it comes to the production to be able to absorb those particulates and go into effect for the protection of the public—and it will not be along the route, but anywhere—we are looking at anywhere from 10 to 50 years for some of the trees. We are looking at least one to five generations of children who will grow up in this city that will have air that is unprotected and unfiltered. We have air-quality readouts now with WestConnex that reach out to Randwick in what they are able to show us with the air-quality readings. At the moment, in St Peters it is around 33 per cent in that particulate rating. Randwick is already sitting at 22 per cent. The world standard before it is considered a dangerous level is 25 per cent. We are very close and have exceeded. It is only getting worse and we have lost those generations—

The CHAIR: We need to leave some time for questions. We do not have much time left. Do any of the Government members wish to ask a question?

The Hon. TREVOR KHAN: No, Mr David Shoebridge is passionate about asking another question.

Mr DAVID SHOEBRIDGE: The tree canopy in Randwick is already at relatively low levels for Sydney—less than 15 per cent tree canopy cover. Your submission says that with the clear felling of all these fig trees in particular, there will be an initial nine hectare loss of canopy.

Ms HOGG: That is right.

Mr DAVID SHOEBRIDGE: As local residents, what has been the emotional and community effect of that nine hectares of mature canopy being lost?

Ms J. GRUSOVIN: I would like to answer that as a resident of Kensington. I do not where you all live but confronting trees going down every day is incredibly emotional. I think H. D. Nelson described it as "stalga" because we have this yearning for something we have known but it has gone and we are not going to get it back. In terms of the livability of the area, the south-east of Sydney has been destroyed—there is no doubt about it.

Mr DAVID SHOEBRIDGE: When you reflect that it is the same Government that last year said that it wanted to have a significant increase in green canopy that is going ahead with this project, how do you respond to that inconsistency?

Ms J. GRUSOVIN: It is a great inconsistency and is highly contradictory. In terms of livability, I could walk to Centennial Park nearly every day; I cannot get there from Kensington now. I do not walk because it is

ugly, the footpaths are narrower and it is quite dangerous. I do not know how else to say it, but it is just so brutal and so unnecessary. We actually had a fantastic bus system to start with that serviced brilliantly—from Kensington to the city it would take 15 minutes in peak hour. What we needed was a heavy underground system to serve us. This has been—and I speak on behalf at least some of us—a Trojan Horse for development, it is just so obvious, but at an enormous cost for us as residents.

The Hon. TREVOR KHAN: I am getting very old but if I remember when the eastern suburbs underground rail system was being built, the argument against its further extension beyond Bondi Junction was all about—

Mr DAVID SHOEBRIDGE: Who owned all the land at Bondi Junction.

The Hon. TREVOR KHAN: Yes. Precisely the same issues that you are referring to with regards to light rail were the issues that stymied the last one?

Ms J. GRUSOVIN: But that was 1978.

The Hon. TREVOR KHAN: Yes.

Ms J. GRUSOVIN: That was a long time ago.

Ms BRADLEY: But also if you have a choice to spend \$3 billion of public money—the Government had a choice to deliver an infrastructure project between the light rail and heavy rail. The question the public wants to know is: Why did it choose the light rail? It is obvious that it is a very poor choice. It did not do due diligence and the capacity is clearly inadequate. So why did it choose that infrastructure project? It is public money that is being spent; it is public amenity that is being destroyed.

Ms K. GRUSOVIN: We cottoned on four years ago when we actually saw the planning for the light rail. As residents of Kensington-Kingsford I would just like to say with regards to Centennial Park that I used it all the time but I cannot even go there anymore because it distresses me to see how Maidens Lane was shorn and the complicity of the Centennial and Moore Park Trust land in allowing this to happen, not for the amenity of the residents of the community. This was built as a Trojan Horse, once again, for development and also to service the turf club, to service the SCG, as well as the Entertainment Quarter. In fact, the day the Government signed the contract for the light rail to go ahead was the day Carsingha Investments, John Singleton and company, made the announcement that they had got the lease at the Entertainment Quarter. So we are very suspicious about why this was built.

Ms HOGG: It also showed no regard for the public because the EIS submission date was on that day, yet they had signed it after lunch on that very day of the EIS. They were not interested.

Ms K. GRUSOVIN: So you could see the utter contempt for the public. We are not engineers, we are not road builders, but we could see very clearly four years ago that this light rail was going to be cutting across and running across every single, major arterial road from the south-west running into the city—Chalmers, Riley, Bourke, Elizabeth, Crown—and at grade across South Dowling Street, the main road that services the airport, as well as the road down to Canberra. This is nuts. Now we are seeing the results of that today.

The CHAIR: In your submission you have made allegations of corruption and suggested that it should be referred to the Independent Commission Against Corruption. Do you still hold that view?

Ms J. GRUSOVIN: Well it seems there is a secret government—

Ms BRADLEY: I think the general public would definitely support a royal commission.

Ms HOGG: It definitely needs to be investigated.

Ms J. GRUSOVIN: Definitely.

Ms HOGG: There seems to be zonal changes that other people knew about except the general public. Going back before 2010, Inglis Estate with connections with the AJC, put in a submission for a way overdevelopment site that got brought back when O'Farrell came in and suddenly finds itself on a rezoning document coming through. That project now has no affordable housing in it; it is back to what it was originally was and has been allowed to do it. There must be something going on. It just should not be happening; it needs investigating.

Ms J. GRUSOVIN: I would also just quickly like to add in that it is not over yet because once the light rail is up and running—whether it is in 2020 or as I think I read today someone said they want to try and push it to opening in December 2018, which is highly unlikely—as Katey just said, this 67-metre long road train will be cutting across over 70 main intersections, 30 movements an hour. So the knock-on effect—if you put a compass in the middle at Central and then radiated it out you will be looking at serious traffic congestion and blockages, radiating out across Sydney. It is like no-one has taken a helicopter view above Sydney to look at what a disaster this would have been. It is crazy.

The Hon. COURTNEY HOUSSOS: I have one final question. Thank you for your time and for your passionate advocacy on behalf of not only the area but also the trees, which has been very eloquently put today. I wish to return to the EMM study—

Ms BRADLEY: Report, yes.

The Hon. COURTNEY HOUSSOS: I did ask the representatives of Randwick City Council about it earlier today and they have taken some questions on notice.

Ms BRADLEY: I have got a statement from one section—I think the group coming on after us will know more about it. Let me find it.

The Hon. COURTNEY HOUSSOS: I am specifically interested in whether the capacity of the light rail on day one of its operation will be greater than the existing capacity of the buses at the moment?

Ms K. GRUSOVIN: No.

Ms BRADLEY: According to the EMM report it will not. So we have really got to ask the question: Why are we spending \$3 billion for this project? Here is what the EMM report says:

It is a significant concern that the proposed light rail system capacity will actually be lower than the capacity of the existing peak hour bus services, which are currently using Anzac Parade and Todman Avenue, and the future corridor public transport system will effectively be operating at full capacity from the commencement of operations in 2019. This will require a significant number of existing peak hourly bus ...

I cannot find the rest but you get the gist.

Ms HOGG: But now on diminished roads that have just handed over two traffic lanes to a light rail route that cannot be used.

Mr DAVID SHOEBRIDGE: Basically it will be full to capacity from day one—

Ms K. GRUSOVIN: Yes.

Mr DAVID SHOEBRIDGE: —and there will less public transport links between Randwick and that part of Sydney central business district than before it started?

Ms HOGG: Yes.

Mr DAVID SHOEBRIDGE: Which is kind of a dud?

Ms K. GRUSOVIN: It does not take you where you want to go. This is a piece of infrastructure that does not—

Ms HOGG: It is a bit like the Cross City Tunnel when they were trying to direct everybody so they could then force them in—

The Hon. GREG DONNELLY: Ms Bradley, the document you were quoting from—

Ms BRADLEY: That was commissioned by Randwick City Council.

The Hon. GREG DONNELLY: Have you got the specific reference?

The Hon. TREVOR KHAN: It was evidence that we received this morning.

Ms BRADLEY: We can take that on notice and get it to the Committee. I think the group coming after us will have it.

The Hon. GREG DONNELLY: Just the precise reference is fine.

Ms J. GRUSOVIN: I think that EMM report was commissioned because Randwick as far as I understand—and I may be corrected by the group coming up next—the development applications started pouring into Randwick City Council in light of the light rail and citing the light rail as a reason why they could actually go bigger, higher, taller. So they commissioned this EMM report and these were the findings.

The Hon. GREG DONNELLY: I am grateful. Just the specific reference to that page.

The CHAIR: We will have to conclude this session because we have another group waiting.

Ms BRADLEY: Can I just make one final point?

The CHAIR: The evidence of the Sydney Light Rail Action Group will complement your evidence.

Ms HOGG: If I could just indulge a little bit longer? In the file that we are providing for you there is an audio of the three meetings in the community. In that there is reference from an engineer from the University of New South Wales—New South Wales or Sydney—who also asked about the scoping for the comparison between heavy rail and light rail. The answer was, "We spoke about it but there was never any actual document scoping."

The Hon. MATTHEW MASON-COX: Is that in the envelope?

Ms HOGG: It is in the envelope, yes.

Mr DAVID SHOEBRIDGE: Could you take on notice what you think the likely cost in terms of economic cost, let alone the health and other costs, of the loss of all that mature canopy was and whether or not that was included in the business case.

Ms BRADLEY: The final point I would like to make is that going through this process is bad enough but we are actually going through a very similar decision-making process with the knockdown and rebuild of the Sydney Football Stadium. That is even worse because they have got a business case that says that the costs are going to outweigh the benefits and yet there is a likelihood that that will get put through. So I do not know what is going on but it makes no sense to the public.

The CHAIR: We do not have time to discuss all the projects so we will have to stop there. Thank you for your submission and for appearing before the Committee today.

Ms J. GRUSOVIN: Thank you very much for having us.

(The witnesses withdrew)

PETER EGAN, Member, Sydney Light Rail Action Group, sworn and examined

ALEX KLEYTMAN, Member, Sydney Light Rail Action Group, sworn and examined

JOHN BELLAMY, Founding Member, Sydney Light Action Rail Group, sworn and examined

ROSEMARY MACKENZIE, Member, Sydney Light Action Rail Group, sworn and examined

JIM DONOVAN, Member, Sydney Light Action Rail Group, affirmed and examined

Ms MACKENZIE: I am secretary of the Kensington and Kingsford community precinct. It is one of the largest precincts and the most well-attended community precincts in the Randwick council area.

The CHAIR: We have your submission but does anyone want to make a brief statement?

Mr BELLAMY: I would like to. I am a founding member of the Sydney Light Rail Action Group. In 2014 the Liberal Government signed a \$2.1 billion contract for a Sydney light rail project that would kill over 1,400 Sydney trees, including 150-year-old Moreton Bay fig trees, the Kingsford Gateway tree, the Tree of Knowledge and trees dedicated to our Anzac soldiers in 1917. The project would also kill Sydney businesses, it would kill Sydney nightlife and drive residents insane. Not only that, it would cut peak hour public transport capacity by up to 75 per cent and it would increase peak public transport journey times by at least 25 per cent. What we want to know is: Are these 2014 figures still correct today or are they even worse in 2018? We believe that the Sydney light rail project should be stopped for the purpose of a full inquiry.

I will now introduce the rest of the panel. Ms Rosemary Mackenzie is the secretary of the Kensington and Kingsford precinct. Her main concern is that the light rail has been a complete waste of taxpayers' money. Neither the 2013 forty-five metre light rail vehicle nor the 2014 sixty-seven metre light rail vehicle would have sufficient capacity to carry the existing number of passengers per hour and the service will be full from commencement. Mr Alex Kleytman has been an engineer for 54 years. He was worked as a quantity surveyor and estimator for John Holland and Transfield and has worked on some of the largest infrastructure projects in Sydney and across Australia in the past 20 years, including the Sydney Olympic Stadium, the M2, M5 and M7 motorways and the Cross City Tunnel to name but a few. He has many concerns about the project and has detailed these issues in a letter to the Premier but he has not yet had a detailed response.

Mr Peter Egan is a civil engineer who has focused in recent years on transport analysis. His key concern is the capacity comparison. For standing area the Government has been comparing the operational capacity of buses and double-decker trains with the crush load capacity of the light rail and metro which it is introducing. Finally, Mr Jim Donovan has been a public transport advocate for decades and he was the first person to realise that there would be a shortage of seats in the trams. His main concerns are that we are not getting the truth about capacity. We will now take your questions. Thank you.

The Hon. COURTNEY HOUSSOS: I thank all of you for coming this afternoon. I would like to start exactly where you ended, which is there is a real question about the capacity of the light rail project and what the capacity will be on day one. Will there be more spaces available on day one of the light rail than are currently available on bus services?

Mr BELLAMY: No.

Ms MACKENZIE: The answer is no. My source for that is the EMM Consulting report by Dr Tim Brooker, a man with 30 years experience, commissioned by Randwick council pursuant to its draft local environment plan [LEP] strategy for Kensington and Kingsford in 2016. He did this report. The Government currently says that there is a capacity per tram of 466. There is supposed to be 15 trams running each way, 7½ trams to Randwick and 7½ to Kingsford. The total capacity they say is 6,750 each way from Circular Quay to Randwick and Kingsford.

Mr BELLAMY: Can I take over from here? The main objective of the light rail was to get 220 buses out of the city in peak hour. The crush load capacity of 220 buses is 25,300 passengers. You can see that this project is actually cutting capacity by nearly 75 per cent. They were the figures in 2014 before the Auditor-General's report that said the figures should be released. We are wanting to know are those figures still correct or are they different today?

The CHAIR: Is it possible for the Government to increase the number of tram carriages?

Mr BELLAMY: No. There was a vague proposal to do something after 10 years but we have not heard anything about that yet. Something like 8,000, which is irrelevant.

Ms MACKENZIE: The proposal was to increase it from 15 an hour to eventually 30 an hour but because it is so long—67 metres long—there is going to be a great deal of bunching between the traffic lights and intersections. When they did the intersection analysis they found that it simply was not feasible, especially in the city.

The Hon. GREG DONNELLY: Mr Donovan, you have a fair bit of experience. I have seen you before at other hearings.

Mr DONOVAN: I have prepared a diagram. I was taught that the capacity of a road lane with cars on it is 3,000 people per hour, of a bus or tram lane it is 20,000 people per hour and of heavy rail it is 20,000 people.² For the metro we are getting now they have claimed up to 45,000 people in the right circumstances. Anyway, that is not attainable on a tram that has conflicts with traffic. It is very clear now from what we are being told with the inner western light rail. I have prepared a diagram about the intersection of Pitt and Hay. The trouble with Pitt and Hay is you have got 19 bus routes, all those numbers shown there, with possibly 150 buses needing to use that intersection every hour, plus plenty of other traffic, plus pedestrian movements. You have got trams coming in from the Dulwich Hill line and the inbound ones have to halt traffic on Pitt Street and they separately have to halt traffic on one side of Hay Street when they turn right to go up to Central.

The outbound trams have to halt traffic at the Pitt-Hay intersection for just on half a minute for each tram. That conflict is a severe constraint on increasing the number of trams on the inner western line. At present it is running with the capacity of about 2,000 people per hour. You could do more with private cars on a single road. They are getting a couple more trams which might take it to 2,500 but, because of the constraints from intersections along Hay Street, they will never attain the 10,000 which is par for a light rail service. For the south-eastern one they are claiming almost 7,000 now. The trouble with the long trams they have got is they did increase the capacity a little bit but some city blocks are now shorter than the trams. If a tram enters one of those blocks it has to keep going otherwise it will block two cross-streets.

Several city blocks are shorter than two trams put together. Therefore, a tram cannot enter the block until it is certain that the one ahead of it has left, and that puts a constraint on trams. The most striking one to me has always been the intersection of Bridge and Grosvenor streets. That intersection is 55 metres long from the northern side of Grosvenor Street to the southern side of Bridge Street, so a tram that needs to clear that intersection has to travel its own length, 67 metres, plus the 55 metres of the intersection—that is 120 metres. The southbound trams doing that will have had to stop at a red light first and will have to stop immediately afterwards for the Grosvenor Street stop, and trams cannot do that in less than 20 seconds unless you give the passengers seatbelts; it just cannot be done with long trams, and even then it would be difficult.

The CHAIR: If they are giving precedence to the tram that it will not stop at those intersections, at those lights, it will just go straight through, except for the stops.

Mr BELLAMY: The main point in the Auditor-General's report was that as the journey time blew out from 34 to 38 minutes and decreased the benefits of the project by \$1 billion, that was mainly because they could not give the light rail the signal priority because RMS was not doing that. These are the figures in 2014. The Auditor-General recommended they release those in 2016, and we have got a letter from Tim Reardon that says "We acknowledge that", and we have heard from the Auditor earlier today. So we are wanting to know if the estimated journey time of the light rail still 38 minutes. Is that still correct, Liberal Party?

The Hon. COURTNEY HOUSSOS: Mr Bellamy, it is your testimony to us that prior to the construction of the Sydney Light Rail an individual could get a seat on a bus and travel into the city faster than after the construction of the light rail; they are going to get onto a light rail vehicle, be into what is essentially

² In correspondence to the committee received on 21 August 2018, Mr Jim Donovan, Fix NSW Transport, Sydney Light Rail Action Group clarified the following:

*The correct figure for buses/trams is 10,000 people per hour. Please alter 20,000 to 10,000.
However the figure of 20,000 shown for heavy rail is correct.*

what you call a crush situation and that is going to be their public transport experience. It is going to take longer than the bus trip took before and \$3 billion of the public's money has been lost.

Mr BELLAMY: The first part was correct. Basically, everyone knows living in the south-east that it takes about 30 minutes to get from Kingsford and Randwick to Circular Quay. This light rail project has blown out in 2014 to 38 minutes, now it is 40, 45—the Government will not tell us for some reason. That is already a 25 per cent increased journey time, which is obviously why the Auditor-General found that the project had blown out by \$1 billion, and that is why it is crucial for us to know the correct facts now, to know whether it is cost effective to proceed with the project. All the residents living south and east of Kingsford and Randwick, like myself, have to go from Maroubra. My bus will be terminating at Kingsford; I need to get off at Kingsford, wait for up to eight minutes for a tram, to stand up with 330 passengers bunched in at four passengers per square metre for the slowest light rail in the world, which will travel at approximate capacity of 12 kilometres an hour. And this was in 2014. What is the speed now, guys?

Mr DAVID SHOEBRIDGE: One of the concerns that has been repeatedly raised is the failure of the Government to compare like with like when it was doing the analysis for capacity. They were comparing the current capacity of the buses with the maximum theoretical capacity of the light rail. I do not know who is best to articulate that.

Mr EGAN: I guess the analysis ran off the road in the first instance when they used the crush load capacity for the metro and light rail versus the operational capacity of the double-deckers and the buses.

Mr DAVID SHOEBRIDGE: Can you just unpackage that for us, the difference between a crush capacity and the operational capacity?

Mr EGAN: The crush capacity—it comes down to standing area capacity and at crush capacity there are four passengers per square metre, and that is sort of a general industry standard. Essentially it allows the engineers working for the manufacturers to have calculated that the tram will run and there will be enough air et cetera for the passengers at the crush load capacity. It will probably get a bit warm and stuffy and people are pressed together and perhaps assaulting each other, et cetera—

Mr DAVID SHOEBRIDGE: But it is likely no-one will pass out?

Mr EGAN: Having had the experience of an uncontrolled loading going to the football at Olympic Park—this is for the Socceroos—people were at the point of doing that. I reckon that that carriage was about four passengers per square metre standing. But the operational capacity, and this is what Sydney Trains equate their numbers to, passengers per square metre standing, it comes out with 1.5 passengers per square metre as the comfortable maximum for operational purposes like the peak of the peak. It is interesting that Marg Prendergast a couple of years ago at budget estimates said that they basically plan with the standard bus having 50 passengers. That also fits with about 1.5 passengers per square metre standing, like eight, nine passengers standing in the corridor of a standard bus.

What that means to the peak capacity is that the operational capacity of these 67-metre trams will be about 240 passengers, which is about 53 per cent of the 450 that the Government has been using and, because you are considering related issues, if we throw the metro into this, the metro will have capacity for 800 people with 506 seated on the side-facing seats and essentially that is 60 per cent of the Waratah capacity, which is about 1,200, which the Government has been using in its comparisons.

Mr BELLAMY: So basically, this is how I understand it—it probably took me about two years to get that—but it is like when you get into a lift and it is packed full with 10 people and the licence plate says it is licensed to carry 20 people and you are like "What?" The Government for this capacity thing are not comparing apples with apples, they are comparing apples with oranges.

Mr DAVID SHOEBRIDGE: Apples with apple juice.

Mr BELLAMY: Basically they are saying that you can fit 20 people in a lift when you will only be able to carry 10, but they are comparing it to the 10 passengers on a bus. So it is a completely unfair comparison and we do not believe it has been attended to by the Auditor-General. What we want to know, again, is what is the operational capacity of the light rail compared to buses in 2018 and also the crush capacity of light rail compared to buses in 2018, as the Auditor recommended?

The Hon. GREG DONNELLY: Could I ask Mr Kleytman, as a retired civil engineer, whether there are some observations he would like to make?

Mr KLEYTMAN: Yes. After my consideration yes or no, I came to my final conclusion the project must be stopped. Why? The main reason for this, all technical and social conditions will be much worse after completion. Also, the light rail project before the construction should be stopped. Second, additional millions of dollars will be spent to complete the project, particularly for pedestrian safety and vehicles. There is something else but I do not have time. Time is limited; I do not know why.

Mr DAVID SHOEBRIDGE: The project is not going to be stopped; it is going to be completed.

Mr KLEYTMAN: It must be stopped.

Mr DAVID SHOEBRIDGE: I hear your position, Mr Kleytman, but realistically it is not going to be stopped; it is going to be completed. Can you think of any ameliorating actions the Government could take to deal with it?

Mr BELLAMY: The project should be stopped and then we have electric buses, renewable powered, that they have in China, in Sweden, whatever, running up and down George Street, and we replant the trees. We all thought it was going to be great, but it was a complete disaster. Let us just go, "We made a bit of a mistake. Let's fix up our beautiful Sydney, the best city in the world, and let's see what we can do to fix it".

The CHAIR: Would it make the light rail more efficient if the two stations are joined at the end of their routes—Randwick and Kingsford—just finish off out in the open and they are joined and become a circular loop?

Mr BELLAMY: A loop, that is impossible. Great idea. That is the underground rail. Mr David Shoebridge, back to you.

Mr DAVID SHOEBRIDGE: My question was predicated on the view that this project is going to grind its way through to completion. That is the political reality of it. Mr Donovan, what proposals do you have to ameliorate the problems?

The Hon. SHAYNE MALLARD: Mr Chair, I think you are chairing this meeting, not Mr Bellamy.

Mr BELLAMY: Sorry. I have never done this before.

The Hon. SHAYNE MALLARD: You might draw his attention to that?

The CHAIR: He is helping to point out the witnesses from his team. He knows who has the qualifications to answer these further questions.

Mr DONOVAN: The way to look at this project is the two legs at the southern end have more capacity each than George Street has on its own. The only way to fix it is to put in another terminus at the northern end somewhere, and I suggest the Government look at Bondi Junction station, Edgecliff station, Kings Cross station, St James station, Green Square station and possibly going on to Redfern station and ideally the University of Sydney. That would take the worst of the strain off George Street and permit the rest of it to function properly. Also, then you would have something that could be the nucleus of a decent light rail network in the south-eastern suburbs.

Mr DAVID SHOEBRIDGE: You see the capacity constraints leading into George Street as terminal for the overall functioning of this as a major light rail project?

Mr DONOVAN: George Street has not got enough capacity because of the intersection—and there are other intersections that are a worry also—to handle both the Randwick and Kingsford legs.

Mr EGAN: The problem is the traffic on George Street. An obvious answer to that is essentially a tunnel from Circular Quay to Moore Park, which would allow obviously a lot more trams that come in on that alignment. But the Government now talks about trams plus buses and we could be in a situation where from their data point of 2011 that there may not be a significant reduction in buses at all. Having introduced the light rail, the buses coming into the CBD could well be similar.

Mr DAVID SHOEBRIDGE: You are all asking for the Government to table its modelling and its predictions, both on light rail and bus capacity numbers?

Mr BELLAMY: Perhaps just stop the project for a full inquiry or at least until these guys have—as the Auditor-General recommended—the costs and benefits of the project in 2018 up online for all the public to see. That is what the Auditor-General wanted. Why can we not have that? Ms Mackenzie.

Ms MACKENZIE: What I want to talk about is from the EMM consultancy study. He has pretty well laid bare what this project will do. Whereas the Government is claiming that there is crush capacity for 6,750 people an hour, and looking at the University of New South Wales, and each tram has capacity for 466, Mr Brooker says that actual capacity is 25 per cent less. It is only 380—380 versus 466 is quite a significant shortfall. Whereas everybody here has been saying it is going to be full at commencement. No, it is not going to cope at commencement. The number of passengers the buses carry now are in excess of what the trams will carry at commencement. That was made very clear by Mr Goodling when he said goodbye at the end of 2014 when the contract had just been signed on 17 December. He told us at Randwick TAFE that this was a service not for peak hour travel; it was only for off-peak travel. He said it is going to have to have the support of the buses and what Mr Brooker says is that rather than the capacity of 6,750, it is going to be 5,670 an hour, which is a shortfall at commencement of 2,820.

The CHAIR: You are arguing we will need both the buses and the light rail?

Ms MACKENZIE: Yes, that is right.

Mr BELLAMY: And there is more congestion.

Ms MACKENZIE: Just wait please, wait. You have got a gun throat, Mr Bellamy. From 2020 he says with his table calculations, it is very clear—I will make a point of sending it in because I am not sure Randwick would want to from 2020, it is going to require between 26 and 29 buses per hour to support this light rail. That is if there are 1,500 additional dwellings. You must realise that this EMM report was commissioned as a result of the Government wanting Randwick to redo its local environmental plan [LEP], that is the Kensington and Kingsford LEP. Consequent to that LEP Randwick City Council came up with this figure of let us add 1,500 more dwellings. To which the Minister for Planning, when the spot rezoning went in to the Minister, returned it last December saying, "Oh no. We will have, 1,500 plus 600." So that is 2,100 out of the government-sponsored enterprise [GSE] total of 2,250.

The Greater Sydney Commission put this number 2,250 for the entire Randwick City Council area and the Minister wanted 2,100 of those in Kensington and Kingsford alone. There is no provision for growth, for increased population with this light rail. Mr Brooking says by 2020 we are going to need between 26 and 29 buses in peak hour to carry the people in the 1,500 extra dwellings. We have not got around to the 2,100 that the Minister wants. By 2020 he said the light rail frequency might increase the current six minutes to eight minutes, which means that there will be an extra 1,000 passengers per hour at the university station. By 2031 he says there will be an extra 35 to 40 buses needed to support the light rail, and after 2031 he says you will need heavy rail.

What I wanted to say was that this announcement of light rail, before it was even announced in 2013, Mr Hazzard, the then Minister for Planning, announced the Urban Activation Precinct [UAP]. That preceded the light rail. The UAP was by a gazetted announcement in April 2013. In August 2013 I put in a Government Information (Public Access) Act [GIPAA] request asking for the cost benefit analysis of the business case. It took some months. They stonewalled me and they finally came back and said they had not done it and they were not going to do it. This is a statutory requirement. Well, it is in the Treasury guidelines, which I read at length. The Department of Transport had not read it; the Minister had not read it. She was not interested. We had a meeting with her at Sydney Boys High School in September 2013. They were all people who were very well educated who gave her these figures. She just said she did not care; this was going to go ahead regardless.

The CHAIR: Thank you for that information. We are now well over time.

Mr EGAN: We started late.

Mr BELLAMY: We did start late.

Mr EGAN: Our group, anyway.

The Hon. GREG DONNELLY: Is Mr Donovan prepared to table his document?

Mr DONOVAN: Yes.

Mr DAVID SHOEBRIDGE: Can I ask you to take on notice one question: Who do you think made the decision and was responsible for the start of the problems, which was to skip the two mandatory gateway assurance reviews?

Ms MACKENZIE: Gladys.

Mr DAVID SHOEBRIDGE: Was it then Minister Berejiklian, or was it a bureaucrat? I am happy for you to take it on notice.

The CHAIR: Take it on notice so you do not commit yourself today.

Mr BELLAMY: We will take it on notice, but the Auditor-General did allude to that in her report. I will take it on notice, but it is mentioned in the Auditor-General's report.

The CHAIR: Thank you for your evidence. We appreciate all the work you are doing as unpaid public servants. That concludes the hearing.

Mr BELLAMY: Wow! Is that it? Mr Kleytman has something very important to say, if it is possible, Chair?

The Hon. SHAYNE MALLARD: The hearing has been closed.

Mr BELLAMY: This is really important.

Mr DAVID SHOEBRIDGE: I do not mind waiting back a minute to hear from Mr Kleytman.

The CHAIR: You may go ahead with your comment.

Mr KLEYTMAN: I have waited for this moment to say something I think is very important. Two and a half years, and you give me only five minutes. That is not fair. I am a designer, all my life. I am a road engineer. People have said how many trees we have lost, but how much road have we lost? The benefit from a road is three, five times bigger than from a train. We lost 150,000 square metres of road pavement. That is equal to seven metres wide and 21 kilometres long—a road. The profit of this road is \$16 billion. Compare this \$3 million profit from the rail station with light rail. You compare this one: What we lost and what we got. This is only the road; I am not talking about trees and everything else. Transfield Construction built a big tunnel and spent \$9.5 million to save one fig tree.³ My concern is not this one. It is the design because I am a designer. It is devastating. It is the wrong design. Why has this happened?

The CHAIR: Thank you for appearing before the Committee and for your submissions.

(The witnesses withdrew)

(The Committee adjourned at 4.56 p.m.)

³ In correspondence to the committee received on 18 September 2018, Mr Alex Kleytman, Retired Civil Engineer, Sydney Light Rail Action Group, clarified the following:

It has to be \$0.5ml (in value 1990th) instead \$9.0ml.