



LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

**STANDING COMMITTEE ON PLANNING, ENVIRONMENT
AND TERRITORY AND MUNICIPAL SERVICES**

(Reference: [Annual and financial reports 2013-2014](#))

Members:

**MS Y BERRY (Chair)
MR A COE (Deputy Chair)
DR C BOURKE
MR A WALL**

TRANSCRIPT OF EVIDENCE

CANBERRA

FRIDAY, 21 NOVEMBER 2014

**Secretary to the committee:
Mr H Finlay (Ph: 620 50129)**

By authority of the Legislative Assembly for the Australian Capital Territory

Submissions, answers to questions on notice and other documents, including requests for clarification of the transcript of evidence, relevant to this inquiry that have been authorised for publication by the committee may be obtained from the Legislative Assembly website.

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Amended 20 May 2013

The committee met at 11.33 am.

Appearances:

Corbell, Mr Simon, Attorney-General, Minister for Police and Emergency Services,
Minister for the Environment and Minister for Capital Metro

Capital Metro Agency

Thomas, Ms Emma, Director-General

Edghill, Mr Duncan, Executive Director, Finance and Economics

THE CHAIR: Good afternoon, everyone. Welcome to this public hearing of the Standing Committee on Planning, Environment and Territory and Municipal Services inquiry into annual and financial reports 2013-14. On behalf of the committee I would like to thank you, Mr Corbell, and your officials for attending today. Today the committee will be examining the Capital Metro annual report. Can I draw your attention to the privilege statement that is in front of you?

Mr Corbell: Yes, thank you, Madam Chair.

THE CHAIR: I remind witnesses that the proceedings are being recorded by Hansard for transcription purposes and are being webstreamed and broadcast live. Before we go to questions, minister, do you have an opening statement?

Mr Corbell: Thank you very much, Madam Chair, and thank you to the committee for the opportunity to appear before you this morning. I do have a brief opening statement, so I will proceed with that.

The Capital Metro Agency was first established on 1 July last year, and has been charged with the responsibility for managing all aspects of the ongoing planning, design and delivery of stage 1 of a prospective light rail network for the ACT as a whole. So this is the first full reporting year for the Capital Metro Agency.

Fast-forward 12 months, and I am pleased to report that much has been achieved by the agency in its first 12 months. Our city is growing, and the government has a responsibility to sustainably accommodate and plan for this growth, whilst maintaining our city's unique identity and creating economic opportunities for its residents.

Light rail is an innovative way that will boost a sustainable pattern of growth for our city. It will help change and improve Canberrans' transport options. It will help adjust to more sustainable settlement patterns and create opportunities for jobs. The government is committed to delivering a highly integrated, quality public transport network for our city. We went to the last election with a commitment to establish light rail for our city, and we are committed to delivering on that promise.

The capital metro project has been agreed to by the government, and we are proceeding through the early stages of a tender process. Shortly after the CMA was established the project director and director-general, Ms Emma Thomas, and the independent chair of the CMA board, Mr John Fitzgerald, were appointed.

The Capital Metro Agency since that time has continued to grow in expertise, with specialised officers from across the ACT public service, including people with extensive experience in legal and commercial areas and in the physical delivery and engineering aspects of a light rail project. Other specialist consultancy firms have come together to create this very capable, enthusiastic and dedicated team.

Clear aspirations have been set for this project by the government: to attract Canberrans to public transport through a high quality customer experience, focusing on a reliable, frequent, easy-to-use, safe and modern light rail service; to deliver excellent urban design outcomes that befit the system's prominent location in the primary gateway to the nation's capital; to support the community by engaging local industry, creating jobs, minimising disruption and embracing a sustainable outcome for our city; achieving affordability, and ensuring innovation is used to deliver the best outcome for the territory. The customer sits at the heart of all of this work.

The challenges we face as a city today and into the future are very real. I know that some Canberrans continue to ask why we need light rail, or why this corridor is being built first. In response, I would outline the following points.

Our population is growing. Projections indicate that Canberra's population will increase to over 600,000 residents by the middle of this century. That is an additional 200,000 Canberrans. We have a limited amount of land to accommodate this growth in population. We need smarter ways to manage this growth. We need smart growth.

In the future Gungahlin is estimated to grow from its current population level of 50,000 to 70,000 residents by 2021, and to 85,000 residents by 2031. We know that congestion and journey time are expected to grow comparatively over this period. Canberra has a very high, and indeed growing, level of car dependency, due to the prioritisation of public expenditure on private vehicle use and road infrastructure. As a result congestion continues to increase, and the economic cost of this congestion is estimated to be \$200 million a year by 2021. That is an increase of 82 per cent over a 15-year period.

The Northbourne Avenue-Federal Highway corridor is one of the most congested routes in our city. The city centre and the corridor itself are in need of revitalisation, both to create a more attractive and effective amenity for residents along this key corridor and to create economic opportunity.

So we have these opportunities before us to address issues of co-dependency and congestion now in a way which is more affordable than it will be at some future point. We have the opportunity to create an attractive public transport solution that actually gives people an incentive to move out of their cars. It is time, therefore, that we focus on and discuss and plan for how light rail will be delivered, rather than whether or not it is needed.

The Capital Metro Agency has been central to this engagement with the community. From 30 June to 10 August, the agency has run successful consultation programs which have seen more than 16½ thousand individual interactions with the local community and stakeholder groups, and this includes 432 responses to an online

survey, 572 attendances by individuals at information sessions and the CMA's pop-up information centre, more than 9,000 visits to the capital metro website and over 5,800 views of capital metro videos on YouTube.

This morning I released the early design and consultation report from the agency which identifies the feedback received on the early design for stage 1 of the light rail network. The feedback from the community and from stakeholders is directly influencing how the government makes decisions on how this project will be delivered. For example, as a result of the strong level of feedback and reflecting the very strong cycling culture that already exists in our city, the government will seek light rail vehicles that can accommodate bicycles on board.

In addition to significant community support, the stops at Swinden Street and Well Station Road are now included in final design, ahead of stops at Owen flats and Lysaght Street.

Customer experience is integral to the capital metro project, and the consultation report has underlined the community's wish that the light rail service be safe, easily accessible and will interact effectively with other modes of transport, not just cycling and walking but also cars through park and ride facilities and the ACTION bus network. Community feedback has been really important to ensure that we deliver a high quality project.

The government is not alone in seeing this project as an exciting opportunity to shape the nation's capital. The industry briefing held earlier this year attracted over 250 local, national and international industry participants. This shows a very high level of interest from the industry in being involved in this project.

Establishing key relationships with industry has been an important task for CMA this year. Recently, the federal assistant infrastructure minister, Jamie Briggs, called for all states to adopt the practice of releasing business cases for large infrastructure projects. The government are committed to delivering this project in an open and transparent way and we underlined this commitment by releasing the full capital metro business case at the end of October this year.

We have, simultaneously of course, as members would know, also commenced the expression of interest period for this project and that closes on Friday, 19 December this year.

There is a lot of work that has already been undertaken by CMA but there is still a lot more work to proceed. This is a very significant project for our city. It lays the foundation for how we view public transport in our city, how people move around our city and the economic opportunities that come from investment in a fixed rail infrastructure. It has great sustainability benefits, economic benefits and city building benefits, and for all of those reasons the government remains strongly committed to the project.

With that, my officials and I are very happy to try to answer your questions.

THE CHAIR: Minister, some people have been making comments that seek to divide

the Canberra community by pitting areas of Canberra against each other, implying that some parts of the community will miss out because of where the first stage of the light rail is planned. What do you say to that, and will this divide the community or is this an opportunity to bring the community together?

Mr Corbell: I think this is an opportunity to talk about what sort of future we want for our city, and I do not accept the analysis which suggests that it is only existing public transport users that benefit from this project, which I know some in the debate have asserted. The point I would make is in a couple of areas.

First of all, the beneficiaries of this project are not solely those people who will be patrons on the capital metro service. It will also be all of those people who are using this corridor by other transport modes as well. By improving travel time and congestion along the corridor by investing in this project, it is not just those who are catching public transport, it is those who are driving, it is those who are walking, it is those who are cycling and who are able to utilise a more efficient transport corridor.

The immediate benefits for transport along the corridor extend beyond those who use public transport. It benefits car users, it benefits cyclists, it benefits pedestrians, and it benefits businesses along the corridor.

I guess that comes to the broader point of the benefit for the city as a whole. The whole purpose of the business case is to demonstrate whether or not there is a beneficial economic outcome for the territory economy as a whole as a consequence of making this infrastructure investment, and the business case confirms that that is the case, that the benefits to our community as a whole are significant.

The cost-benefit ratio is 1:1.2. For every dollar spent, \$1.20 is returned to our economy and that has benefits right across the ACT economy. Obviously, it creates jobs in the short term in terms of construction, and we know there are 3,500 jobs during the construction period. That is a very significant benefit that flows through to contractors, subcontractors and labourers right across the city, regardless of where they live.

But it also delivers benefits in the long term to the economy, and it delivers them in a whole range of ways. It delivers them in transport time savings. It improves productivity across our economy—transport time savings of around \$222 million. It delivers better and more efficient use of infrastructure to the tune of \$140 million. Those are savings that are spread across the economy. It delivers health benefits in the order of \$5 million.

These are important in the context of what we know are significant community concerns about the growth in obesity, the cost of that to our community and how we can address that through more active lifestyles, particularly through people choosing more active transport choices.

There are a whole range of benefits that this project delivers in the short term and in the longer term. It provides for more sustainable patterns of urban development and it brings forward land use development outcomes that would not be expected under the business as usual scenario. That means more jobs in construction, in redevelopment of

sites, in the development of sites than would otherwise occur if it was business as usual. We know how important the construction sectors are for our economy and giving them the opportunity to bring forward development opportunity in the jobs, and the economic activity that comes with that should not be underestimated.

Finally, I simply make the point that we have a choice as a city as to how transport works in our city. We can continue to be car dependent or we can provide real, meaningful choices that allow people, where it is practical and suitable for them to do so, to make the switch from using their car to using great public transport, and that is what this project provides.

THE CHAIR: Does stage 1 of the whole network—

Mr Corbell: The government certainly envisages that this stage is the beginning of a broader network for our city. My colleague Minister Gentleman is responsible for the development of a comprehensive master plan that confirms the existing reservations that are in place in the territory plan for rapid inter-town public transport services and goes down to the next level of detail around how light rail fits within those corridors and the relative priority that those individual corridors should be given in terms of the government's future decision-making.

What we know from the experience of other cities is that, once this decision is made and once the first leg of this type of light rail infrastructure is constructed, decisions are made and support is built for the future extension of those networks over time. That has been the case in Adelaide; that has been the case in Sydney; and we are seeing similar debates now in smaller cities like Newcastle and in places like the Sunshine Coast—as well as the delivery of light rail on the Gold Coast. These are not discussions and debates new to our city; they are happening in other places. Canberra is very much taking its place at the leading point in these debates in the same way that other cities around the country are.

THE CHAIR: Thank you, minister. Mr Coe, do you have a substantive question?

MR COE: Yes, I do. Minister, can you please describe to the committee how the \$614 million figure for the light rail was derived?

Mr Corbell: I am very happy to do that. I will ask Mr Edghill to give you some breakdown on that.

Mr Edghill: Just to be clear for this, Mr Coe, the 614 figure that you are referring to is the previous cost estimate.

MR COE: Yes, that is right.

Mr Edghill: The previous cost estimate, which fed into previous Infrastructure Australia submissions, was a body of work which was undertaken before my time, but I understand that that cost estimate was based upon a very preliminary and high-level estimate of what was envisaged at that time could be light rail features in the Gungahlin to city route.

MR COE: Is it just coincidence now that the figure of 783 is pretty much exactly the \$614 million plus CPI?

Mr Edghill: I would be happy also to talk to the process that went into creating the 783 number; then I can talk to the differences between those two figures. The 783, which is the 610 plus the contingency amount, was created following a number of different bodies of work and involved input from a number of different expert advisers to the project.

If we begin with the 610, which is the base costs—as a covering note, the cost estimation process that went into the business case was done entirely independently of cost estimation activities which had happened previously. With regard to the 610 number, firstly, there were a number of design innovations which were undertaken by Capital Metro Agency's expert technical advisers. There were at least two design iterations before we got to the iteration which was costed. There was an early concept design or a constructability design which really went to fundamental questions about whether the light rail line could be effectively built in the corridor. And then, building upon that design, there was what we refer to as a definition design, which was a much more detailed design and process.

Once we had that detailed definition design, those design materials were provided to a separate expert cost estimation firm with deep industry experience in this and other similar projects. Effectively what they did was undertake a very detailed bottom-up cost estimation. They went through, effectively, the nuts and bolts of the project as contained in the definition design; they costed each item. That arrived at the \$610 million figure. As part of that process, the cost estimators worked very closely with the technical designers to ensure that they had a thorough understanding of what had actually been produced in the design drawings.

As a separate body of work with regard to the 173 contingency figure, there was a risk identification, quantification and allocation process which we went through. Firstly, there was a separate body of work which was undertaken—within the agency, but again engaging our expert advisors—to identify all the risks that we could think of that may be associated with the project. Once we had identified those risks, we went through a process which involved the cost estimators, our commercial estimators, CMA staff and our technical experts in a room where we went through it, and for each individual risk we assigned a maximum foreseeable loss, for want of a better term, to each of those risk outcomes. We performed a probability distribution against each of those risk outcomes, and then, with the inputs there, our commercial advisors took that data and performed a Monte Carlo analysis on each of those risk figures. That is what determined the 173 million contingency in that.

So the 610 plus the 173 was done entirely independently. And you add those together and it adds up to the 783. Superficially it does kind of look as though the figures are the same between the previous cost estimate and the process that we went through, but I think in the business case we point out that the 614 estimate did not have any clear risk contingency amount in there. And depending upon whether you want to escalate those numbers forward or you want to discount our normal figures back, there is a difference between those two numbers.

Mr Corbell: I note also, Mr Coe, that in your comments on radio this morning you indicated that the cost was 783 million and then there is a contingency on top of that. That is not correct. The cost is 610 with a contingency on top of that of 173, summing the total to 783 rather than the suggestion of 783 plus the contingency.

MR COE: I think you will know from your own report that the business case does highlight that there is a very good chance that in actual fact it is going to go over \$783 million. However—

Mr Corbell: That is not correct.

MR COE: Okay. With regard to the agglomeration benefits, which are on pages 102 and 103 of the business case, would you please advise how you estimated the number of workers and freight that will benefit from reduced travel times? And how did you estimate the value of this?

Mr Edghill: By way of background, the agglomeration benefits, in short form, are effectively the productivity benefits that are had by locating firms and people closer together. For example, it is fundamentally the reason why we have cities—because there are productivity and agglomeration benefits to be had from that co-location. The economic analysis—and this applies not just to the agglomeration aspect but to the entirety of the analysis—again followed a very detailed series of steps in arriving at these outcomes.

If I were to begin at the beginning, which is always a good place to begin, there was a body of work—which was completed, again, by one of our expert advisers—on understanding land aspects of the corridor and what the existing situation in the corridor is. The outputs from that land work and locating where people are now is then fed in to another expert who undertakes a four-step Zenith transportation model process. To give you a sense of the detail and the complexity that went into that body of work, effectively the transportation modeller has a series of very powerful computers. The data is fed into it and these computers take three or four days to produce the results. That is because those transportation models are looking at the entirety of the ACT and surrounds at a very micro level as to where people live and where they may move.

Coming out of that transportation modelling is not just one model but a series of models. So we looked, as is set out in the business case, at both a 20-20 model and a 20-30 model. We also looked at a without light rail case versus a with light rail case. Another important point to make is that we had options we could choose in terms of the inputs that we fed into that modelling. For the purposes of the business case we deliberately chose the more conservative of the assumptions available to us.

We fed that into the transportation modelling. It produced a series of outputs. It is effectively the delta or the difference between the with light rail and the without light rail cases which were measured. That produced a series of economic outputs which came from the transportation modelling to our commercial advisers. Our commercial advisers then took that data and put it into their own economic assessment, which follows industry-accepted guidelines. It was that economic modelling which looked at a whole variety of factors, from land to where people are moving in the corridor with

and without light rail. It was that economic modelling which then produced the agglomeration benefits that are in the business case as well as the other benefits that are set forth in that document.

MR COE: Given that the wider economic impact is absolutely vital for getting to a BCR of over one, are you able to tell us what assumptions you have made with regard to those agglomeration benefits?

Mr Edghill: Yes, certainly. Within the business case itself, tables 60 and 61, for example, set forth some of the inputs that went into the economic productivity benefits as well as, on a very detailed industry basis, more of the arcane economic assumptions that go into the model with regard to, for example, wage sharing agglomeration elasticities.

MR COE: But there is still some factor, is there not, which is going to be required to actually use as a base for the estimated time savings?

Mr Edghill: Certainly. When Ernst & Young, who are our commercial advisers, performed the agglomeration aspects, the methodology that they used was from Transport for New South Wales guidelines, the *Principles and guidelines for economic appraisal of transport investment and initiatives*, which, in turn, was based on another academic report assessing the wider economic impacts of transport infrastructure investments. I understand that the approach that we used is the same approach that was used on the north-west rail link, for example.

MR COE: What about the assumptions for the urban densification? Again, that is something else which is absolutely vital to get to a 1.2 BCR. What underlying assumptions are included?

Mr Edghill: Without repeating what I have just talked about and the process and the assumptions that went into it, in table 26 in the business case we talk about some of the assumptions and methods which we use. For example, with regard to public infrastructure and service provision savings with respect to utilities, health, education and waste collection, what was utilised was evidence of the difference in cost between the provision of services to greenfield areas and to brownfield sites, and that is based upon empirical evidence.

MR COE: Is the project dependent upon a form of subsidy for property developers to move into the area?

Mr Edghill: There was no assumption as to any form of subsidy for property developers to move into the area.

MR COE: I might have to come back to it, but there is reference in the business case that some encouragement may be required, in effect, to bring densification to the corridor. Are you able to advise in what form that encouragement, for want of the exact term, might include?

Mr Edghill: I am not sure if that is exactly the right categorisation of what is in the business case. If it is the section that I think you may be referring to, we in the agency

were at pains, in the business case and in our discussions with cabinet, to be very open about not just what it takes to construct the light rail system but also to be very open that government should take a number of factors into consideration in its future activities and their interaction with light rail.

We may have made the point that, if there were to be such encouragement, you would maximise or optimise the benefits beyond what has been stated in the business case; likewise we also point out that there would be a number of decisions which government could make which would go in the opposite direction. Effectively, what we were trying to do with that section that you refer to was to be very clear to government about some of the considerations it should bear in mind when thinking about light rail into the future.

Mr Corbell: To be very clear, there is no assumption in this business case and in the BCR analysis that there is any subsidy to promote development in the corridor as part of the urban densification benefits. That is not an assumption that underpins the BCR analysis.

MR COE: I have just found the reference. Page 78 says:

This approach aims to broaden the mix of land uses along the corridor through deliberate actions to attract developers and other participants in a way that is mutually beneficial.

What do you mean by “mutually beneficial”?

Mr Edghill: Mr Coe, could you repeat the reference?

MR COE: Yes. Page 78 states:

This approach aims to broaden the mix of land uses along the corridor through deliberate actions to attract developers and other participants in a way that is mutually beneficial.

Mr Edghill: Certainly. That was a reference which was made in an earlier rapid business case. An approach to attract developers does not necessarily mean subsidies. In fact subsidies are not what we have in mind. An approach to attracting developers can be as simple as maintaining a business-friendly stance in the ACT when it comes to land development matters, for example.

Mr Corbell: For example, the territory is a significant landowner along the corridor. Obviously the territory is keen over time to realise the benefits that will come from the redevelopment of territory-owned sites along the corridor. To achieve that it will require a coordinated and forward-looking approach that actively promotes the benefits of development along those sites that the territory owns to maximise the return to the community from the increased value of that land.

MR COE: So in order for light rail to work, there are all of these wider activities that all have to come off, and even then that is just to get a BCR of 1.2, pending the costs being kept under control in construction. What it surely means is that you have to get a certain densification there and you have to get a certain number of businesses living

in this corridor to meet the assumptions that have been made in this report. Therefore the government will do whatever is mutually beneficial, whether it be reducing the lease variation charge, whether it be selling the blocks at a lower rate, whether it be not releasing land in other parts of Canberra. Surely all of these things are in the government's armoury to ensure that the densification does actually take place up and down the corridor?

Mr Corbell: I think that is a bridge much too far. It is nothing exceptional for a government, as a property owner, on behalf of the community, to want to seek to maximise the return it gets from the development of sites that it owns. It does not mean some of the things that you suggest. It does not mean restricting supply in other areas. It does not mean that, because the ACT property market is highly segmented, and there are different needs and different demands in different locations.

It does mean being coordinated. It does mean making sure that we market the benefits of sites the territory chooses to release over time to maximise the return to taxpayers. It does mean making sure we have got a strong urban design framework in place so that when those sites are redeveloped, they are redeveloped to achieve the urban design outcomes that we want along the corridor, that the community expects, and that we know will, over time, add value. We know that good urban design adds value over time directly to land, to the value of land, as well as to broader community benefits.

It is those types of issues that that is referring to.

MR COE: How many units do you need? How many residential units do you need to be constructed along the corridor in order to actually meet the assumptions which you have been outlining?

Mr Corbell: The assumptions that are in place—Mr Edghill will correct me if I am wrong—reflect the existing zoning that is in place along the corridor. It does not assume any change to zoning; it reflects the existing density that can be achieved under the existing zoning along the corridor.

MR COE: Yes, but how many units do you need? How many units? You must know.

Mr Corbell: That depends on the design responses on each individual site, but the important point to make is that the assumptions about how many more additional gross dwellings can be achieved is consistent with what the existing planning zoning provides for.

THE CHAIR: We will come back to you, Mr Coe, because you have had a fair go.

MR COE: Sure. You must know how many units.

THE CHAIR: We will move to other committee members now. You can have another turn later.

MR COE: Sure.

MR WALL: Just a supplementary, if I could, please, chair.

THE CHAIR: Supplementary, Mr Wall.

MR WALL: Minister, you contested Mr Coe's claim that there is a significant chance of cost overrun on this project from the \$783 million budget. What assurances can you give the committee that the \$783 million budget will not be exceeded, and what is the basis for that claim?

Mr Corbell: Mr Coe made quite a misleading claim on ABC 666 radio this morning when he said, "For instance, they estimate the cost at 783 million, and then there is a contingency on top of that." That is not correct. That is misleading. The cost is 610 plus a contingency of 173 million. To suggest that it is 783 million and then a contingency is false. It is disappointing, but not surprising, to hear that sort of commentary from Mr Coe.

MR COE: Page 87 might suggest otherwise.

THE CHAIR: Dr Bourke.

DR BOURKE: Thank you.

Mr Corbell: Turning to the specifics of Mr Wall's question, the cost estimate of 610 plus 173 is based on a P75 level of assumption and conservatism. That is based on the advice of the capital metro board. The capital metro board looked very closely at what level of conservatism the final cost estimate to government should be, and whether it should be a P50 level, a P75 level or, indeed, a P90 level. The very clear advice I have from Mr John Fitzgerald, as chair of the board and on behalf of the board, is that a P75 estimate is considered the most prudent and the most appropriate level of conservatism for the cost estimate. A P90 is considered to be too—

MR COE: Surely that is more prudent. P75 is not the most prudent, is it?

THE CHAIR: Mr Coe, please.

Mr Corbell: Mr Fitzgerald is the current acting head of Infrastructure Australia. He has over three decades—

MR COE: Yes, but it is not the most prudent, is it?

Mr Corbell: He has—

THE CHAIR: I will just ask committee members to not interrupt when the minister is responding to a question, thank you.

Mr Corbell: I said the most appropriate.

MR COE: No, you said the most prudent.

THE CHAIR: Mr Coe.

Mr Corbell: He is the acting head of Infrastructure Australia. He has over three decades of experience in the delivery of large-scale public infrastructure projects, both in Victoria and in New South Wales. And now he is responsible for the overall supervision of the delivery of Infrastructure Australia's assessment of infrastructure projects around the country. I have a very strong level of confidence in his advice. His advice to me and to the government is that a P75 estimate is the most prudent level of assessment that should be taken when it comes to assessments of risk in relation to the cost estimate.

THE CHAIR: Dr Bourke.

MR BOURKE: Minister, could you tell me more about the community consultation highlighted in today's media release? And do you get the impression that there is a Canberra-wide sense of community ownership of the light rail?

Mr Corbell: Like any large-scale infrastructure project, the project is not without some controversy, and the government acknowledges that in the broader community debate. But we are confident that there remains a strong level of support for the project overall and for the objectives that the government has set for this project. What is perhaps more important to stress, though, is that there has been a very high level of engagement by Canberra residents in the consultation process as run by capital metro. We ran a very detailed consultation process from 30 June to 10 August this year, looking at the initial design issues associated with the project and what people would like to see addressed and taken into account as we proceed with a procurement process.

We saw over 16,500 interactions with Canberrans through this process; that included over 400 responses to an online survey, over 500 people attending information sessions, more than 9,000 visits to the website, and more than 5,800 views of the videos on capital metro's YouTube channel. It really did highlight that there was a lot of engagement; people were reaching out and seeking to find information and taking the opportunity to provide comments.

The consultation report that I have released this morning highlights, in particular, strong levels of support for fully embracing the opportunities that come with the delivery of a light rail service, to make it easy for people to wheel their bikes on and off and immediately start or complete their journeys. That is a really exciting opportunity that comes with the delivery of this project and will help support the active transport choices that we want to get from this project. We also saw some really good feedback in relation to station location; that was of significant assistance in deciding which stations we should recommend, propose and require through the RFP process and which were of lesser importance to the community. As a result, as I said in my opening statement, a couple of changes were made following that feedback.

DR BOURKE: You seem to have been very responsive to this community feedback, minister. Is there anywhere else in Australia or around the world where bicycles are being carried on light rail? I have always presumed that was something that you did with heavy rail.

Mr Corbell: It is the case that, to the best of our knowledge, in Australia, it is not the case for bicycles to be carried on board light rail vehicles. It is the case to have park-and-ride and cycle-and-ride type facilities at stations, but not to be able to physically take them with you on board. That will be an innovation in the Australian context for the capital metro project. It is more common, as you say, for it to be permitted in some circumstances on heavy rail services, but not on light rail services. We think this is a great opportunity to further build a product, a public transport service, that is particularly responsive to the dynamics of Canberra and of this corridor. We are looking forward to seeing how industry responds to that requirement when we proceed through to the RFP stage.

DR BOURKE: Also in today's media release, as you have previously mentioned, the Lysaght Street light rail stop in Mitchell is being dropped due to low community support. Do you imagine sometime in the future, with the development of the suburb of Kenny, that the Lysaght Street stop might again become relevant? Also, let us think about Mitchell and whether this light rail project is going to cause changes or rezoning as a result of the opportunity that becomes available.

Mr Corbell: The feedback at the time was that the most preferred stop in that stretch between the existing suburbs of Gungahlin, EPIC and the Federal Highway intersection was the stop at Well Station Drive. That aligns very well with the planning that is already in place through Territory and Municipal Services to plan for a park-and-ride facility at that intersection.

That is going to become a very popular stop because it is close to existing Gungahlin suburbs and it is also going to be the site of a park-and-ride facility. So it will be a great opportunity for those Gungahlin residents who need their car for that shorter journey—it might be the drop-off to school or whatever it might be—as they will be able to park at Well Station Drive and then commute into the city and avoid the parking charges associated with driving into the city.

We looked at a couple of possible locations for stations to service the Mitchell industrial area. That included both the Lysaght Street and Sandford Street intersections. We will be making provision in the RFP process for there to be the capacity to retrofit a station at Sandford Street in the future. There will be some base engineering works that will be asked to be done as part of the RFP process so that at a future point in time it is easy to come back and develop a station at Sandford Street.

DR BOURKE: What about the implications for Mitchell, for potential there and possibilities of rezoning, minister?

Mr Corbell: That is why it is important to plan, and that is why we are doing that in relation to the capacity to retrofit a station at Sandford Street easily, by having done some of the base works that will just sit in the ground and that can potentially be utilised at a later point.

Right now, and for the foreseeable future, our assessment is that the journeys into Mitchell are predominantly journeys that are going to be more likely to be undertaken by motor vehicle for a range of reasons. There is a lot of delivery, pick-up of goods and services from those locations that is not suited to public transport use. But we are

making provision for that, should it change as a result of redevelopment in that area over time, through that Sandford Street provision.

MR COE: I have a supplementary on that. Minister, did you make that call about Lysaght Street and the Owen flats simply based on the consultation with the community, or was there something more scientific behind it as well?

Ms Thomas: We did quite an extensive process that did not just involve community consultation. People may be aware that we undertook three phases of design as part of our design process for this body of work. We had a feasibility study which looked at the alignment and whether light rail fitted with that alignment. We then moved on to a scoping study, which had a more broad look at stops, stop locations and how things would work in that, and we then moved on to our definition design.

As part of that design process, it was not just the community consultation; we looked at where future populations might lie. We had a number of discussions with various community groups all the way along the corridor, and we had numerous discussions technically about where possible stop locations could go and what made sense with those possible stop locations. Obviously we do not want to put stops in areas where there are large curvatures and we want to keep them not too close together. They were all part of the considerations in understanding where those stop locations would go.

When we were looking at the stop locations along particular areas such as Mitchell, which is not a highly populated area at the moment, a number of options were presented to the community. There were two options with Lysaght Street and Well Station Drive. We were very interested to see what the community feedback might be around those stop locations because having a stop at both locations did not seem to be a practical approach to that at the moment. The community gave us really interesting feedback on that, and it also allowed us to think about how Sandford Street and the relationship to the potential depot location could work together into the future.

So it was not solely on the basis of that community consultation, but they did help to inform us of their preferences. That was one of the things we were hoping that the consultation would achieve.

MR COE: Does this potentially mean that someone who actually worked at the depot could not get the tram to the depot? Where is the nearest stop to the depot?

Ms Thomas: It is pretty common in light rail alignments for depots to have what is called a driver interchange kind of stop. So it is not a stop location for passengers. You will see something similar at the Gold Coast, for instance, where the depot does not have a stop location. The nearest stop to the actual depot for public transport passengers is about 200 to 300 metres down the road. But at the depot itself there is a small driver platform and obviously some secure entry to the depot where the drivers can do their interchange points throughout the day. So it is a fairly common practice, certainly in Australia, to have that sort of provision allowed for.

MR COE: How far is it from, say, the Totalcare facility, where the Linen Service is et cetera, to the nearest stop, to EPIC or to Well Station Drive?

Ms Thomas: I do not know the exact distance of that. I would probably have to take that on notice to get the exact distance, or we could Google it on a map now.

Mr Corbell: It would probably be several hundred metres. The nearest stop would, I understand, be the EPIC stop, and it would be several hundred metres, I would imagine, but I am happy to get the exact distance.

Ms Thomas: We will get it during this hearing.

MR COE: Thanks.

THE CHAIR: Did you have any more supplementaries?

MR COE: I have one more supplementary. You mentioned that you could park at Well Station Drive and then avoid the cost of parking in the city. The 2012 Infrastructure Australia submission, in effect, had the doubling of parking in the city as part of the proposal. What are the parking assumptions in the city as part of the business case?

Mr Corbell: Much less aggressive assumptions have been put in place in relation to this business case compared to the Infrastructure Australia proposal from 2012. The assumptions in this business case are the existing level of car parking charges, with a CPI indexation only, over the full period of the business case.

MR COE: So given that the ACT government have not actually increased parking by just CPI for the last six years—they have increased it by more than CPI—does that mean we are going to see a slowdown in the increase in parking fees?

Mr Corbell: The business case's role is not to determine other areas of government policymaking in relation to fees and charges. It establishes a baseline assumption to help make the assessment around economic benefit. The assumption, as you can see from the fact that it is the existing level plus CPI, is a conservative assumption.

MR COE: But it is a key parameter. It must be included as a driver of patronage, surely?

Mr Corbell: Yes. If we were to raise parking charges above CPI—

MR COE: Which you have in the last six years.

Mr Corbell: then it would improve the benefit-cost ratio further.

THE CHAIR: We might go to Mr Wall now. Mr Wall, do you have a substantive question?

MR WALL: I certainly do, thank you, chair. Minister, what work is the agency currently undertaking as preliminary works before construction can commence on the project?

Ms Thomas: The agency is working along a number of different avenues at the

moment. Our primary task at the moment is the procurement of the light rail infrastructure. So we are working on the expressions of interest. We expect those documents and the expressions of interest to come in on 19 December, when we will be performing an evaluation task and providing that information back through to the government for decision.

We are also currently working on building up the request for proposals. We have to prepare a number of documents that will go into that request for proposal task. It is understood that once we have shortlisted proponents we will then go forward into an RFP process. That will take us through much of next year.

In line with that, we are also considering and finalising work that we have been doing with the survey works along the corridor. We have completed all of our physical survey works for geotechnical, utilities location works and contamination, and we are producing reports for those activities so that they can be provided to future bidders to give them information about the site on which the light rail is being built. They are the predominant tasks at the moment for the agency to complete.

MR WALL: As to the site surveys to identify the exact positioning of the project but also the utilities and remediation work that needs to occur along the corridor before ultimately the rail and the stations are constructed, what has been identified and who is going to be bearing the risk for that remediation work?

Ms Thomas: We have not received the final survey works for the contamination. We are awaiting that at the moment. But from all reports that we have had so far, they look to be fairly standard and stable. We have not found anything that has been beyond the discussions we have had on current price, which is good news. We will be providing that work to the contractors to understand what their bids might look like.

In terms of risk sharing, we have a number of different risk approaches through all of those areas. Geotechnical, for instance, would be at the risk of the contractors themselves.

In terms of contamination, if there was something that was discovered that was wildly beyond what the contamination surveys had been and it would be unreasonable for them to have assumed that, then that would be a case where the territory would take on that risk. But that is why we are doing the significant due diligence to understand that work at the moment.

In terms of the utilities work, we have done a number of significant assessments of risk at the moment. We continue that work as part of our building up the RFP and our project approach to this. It is probably fair to say that it is too early to assess where each part of the risk would lie. We have got some further work to do to understand that. We have made an allowance in the price for risk to be transferred to the contractor but also for some of that risk to be retained by the Capital Metro agency. It is still part of the work that needs to be done in the future.

MR WALL: Will the owners of the utilities, particularly, say, ACTEW or Telstra and the like, have any responsibility in the relocation of those services or will the cost be borne by the directorate or the contractor?

Ms Thomas: In terms of financial responsibility, those costs lie with the capital metro project, if I can use the umbrella term for that. But they do have a number of obligations through various acts to cooperate and work with us on finding the best and most appropriate solution for that utilities work. It depends how different utilities companies carry out the works. Some utilities companies prefer to do it themselves and some utilities companies are happy to work with the proponent to organise for that utility work to happen.

MR WALL: Is the cost of remediating the corridor, as far as the geotech contamination and utilities go, inclusive in the \$783 million project cost or is that a separate—

Ms Thomas: Yes, it is.

MR COE: What happens if a telco refuses to cooperate? What if they just—

THE CHAIR: Would you put your questions through me, please.

MR COE: Sorry, Madam Chair. A supplementary.

THE CHAIR: Yes.

MR COE: What happens if a telco refuses or just does not cooperate?

Ms Thomas: My understanding of the various acts is that they cannot refuse to cooperate; it is part of the way the legislation on infrastructure works within the ACT. But our aim is not to get to that point. We have commenced our discussions with the utilities companies. We are aiming to get to a point where we can have a fairly good level of cooperation and consideration of where those utilities might best be placed in the corridor for their future working with them, and ours as well.

It is not dissimilar to the process that was undertaken for Constitution Avenue. The works that have been going on there have removed a number of utilities from the centre of the road and put them into a common trench on the side of Constitution Avenue. It is not uncommon for this work to happen around the city, and we will be following the same principles and processes to undertake that work now.

MR COE: What about the gas main? I understand there is a gas main. Where is that likely to be reconstructed?

Ms Thomas: The gas main itself moves in different directions along the corridor. Sometimes it is in the middle and sometimes it is on the side.

MR COE: I can imagine it going around trees and all sorts of things, yes.

Ms Thomas: We have got a good understanding of where that gas main is. We have not done the work to assess where it will move to at the moment, but we are working with ActewAGL and Jemena and we will continue to work with them to understand where the best location for the gas main is.

MR COE: Could it be in the median still or is it likely to be on the kerb or on a totally different alignment altogether, like hundreds of metres either side?

Ms Thomas: It is very unlikely to be hundreds of metres either side. The gas main in some parts looks to be in a place where we may not have to move it, and in some locations it looks to be in a place where it will likely need to be removed. But the general aim is to keep it as close to its original location as possible and not move it too far but also consider what the utilities companies need for their future access requirements to their own infrastructure. That is very important.

MR COE: So keeping it in the median?

Ms Thomas: It could be on a verge or in the median or in a kerb. There are lots of different choices and that is one of the assessments that we will make, together with both those utilities companies.

DR BOURKE: You mentioned not having to move it. Is there a reason why you would not have to move it?

Mr Corbell: In some locations I am advised that it is simply not in a location that is going to be impacted by the development of the light rail infrastructure. So it can remain in situ.

DR BOURKE: Does that apply to any other services or just the gas main?

Mr Corbell: There are a range of utilities that, at least in part, do not need to be relocated. But, as Ms Thomas says, there are a range of utilities that, in part, will need to be relocated.

MR COE: But surely for an uninterrupted supply it is going to be very hard to actually keep the existing main rather than construct a new one and then, in effect, turn the whole thing on? How would you utilise part of the gas main and, in effect, reconnect it seamlessly such that there is not major disruption to the network?

Mr Corbell: Utilities companies do this type of work all the time. They augment or extend their networks and connect to existing points of supply, and they have well-established procedures to do that whilst maintaining supply.

THE CHAIR: Mr Wall.

MR WALL: I have one further follow-on question. As far as the relocation of these services or utilities is concerned, who has responsibility for determining their final location? Is that something that the directorate is doing prior to the request for proposal or will there be an element for proponents to identify where these services will be relocated to?

Ms Thomas: It is a two-phase process. The work that we are undertaking at the moment is to identify potential locations and reach as much agreement as we can with the utilities companies on where their interests might lie and find solutions that they

would be happy with. It is certainly our desire to get as much of that understood before the RFP goes out. But, ultimately, it does depend as well on the final designs that the proponents put forward and how their design interacts with the utilities that are there. We can do as much preparation work as we can and we can certainly provide some options as to where the utilities can be moved to, but ultimately, like most of the things that we are preparing at the moment, these are our estimates and provisions of designs and it is the consortium that bids that will ultimately provide us with the information that we need.

THE CHAIR: Minister, I want to ask about the Canberra light rail design competition. It is a bit unusual to have a design competition to design part of this project. Who was on the judging panel and how did the decision come about to have a competition to design a train stop at Dickson?

Mr Corbell: I will turn to the identities of the judging panel shortly, but in general terms I will just give some background. The design competition was a partnership put in place between Capital Metro Agency and the ACT chapter of the Institute of Architects. The purpose was to encourage young architects, in particular, to look at the opportunities for good design outcomes for stations on a light rail project. A small amount of funding, \$5,000, was provided to support the institute's light rail station design competition. This was open to all ACT architects, and also students of architects, to design a light rail station. The Dickson station was chosen as the site for that design competition.

The purpose is really to engage young designers in the opportunities that are presented by this type of public infrastructure. We know that in other places around the world, station design can be very effectively utilised to harness and create a sense of place and a sense of arrival at a particular location as well as deliver efficient, safe and effective station facilities for customers. This was meant to be a way of engaging the broader community. The Institute of Architects have been very strong supporters of this project throughout, and we are very keen to partner with CMA to highlight what can potentially be achieved in terms of station design.

I know that in other light rail projects around Australia, local architects have been very closely involved either in similar design-type competitions or in the actual detailed design of stations themselves. For example, the light rail projects in Adelaide had an actual process to engage local architects in the final design choices for the stations in Adelaide, and local architects were essential in devising the uniform station design that is used for the Adelaide CBD light rail system. They are some great opportunities that we are keen to build on.

There were three judges on the panel. John McNerney is a very well-known architect and urban planner nationally, I think a former Lord Mayor of the City of Sydney, and also a former commissioner for land and planning here in the ACT. Pamille Berg is a well-known designer here in Canberra. And Iain Maxwell is from the University of Technology, Sydney.

THE CHAIR: Are any of the designs from this project going to be actually used as the station design?

Mr Corbell: That will be up to the individual consortia, to decide whether or not they want to build on that process and look at how they can leverage local design talent in their bids. We will certainly be drawing that to their attention. It was never proposed that the design competition was meant to choose the winning design that would be built; that was not the purpose of the design competition. Nevertheless, it is a resource that is out there that consortia may choose to build on.

THE CHAIR: It goes to some of the interesting and innovative ways that capital metro are using to consult with the community. I know you touched on this earlier with Dr Bourke. Are you working with the real estate agencies in your consultations at all?

Mr Corbell: Not individual real estate agencies per se, but capital metro is engaged with peak industry bodies such as the Property Council of Australia, who represent real estate developers and who obviously have linkages with those other sectors like real estate agents. But, no, not directly.

THE CHAIR: I asked that because I was just checking on Allhomes. On the Well Station bus stop there is an advert for some housing there. It says, “This housing is close to everything.” It goes on to say, “A bus stop is at your doorstep—and the capital metro light rail project, due to start in construction in 2016, will run right past the front door.” I just wonder whether you have heard of anyone from the real estate sector talking down the capital metro light rail project. Or is this a fairly common conversation that you are having with this sector about what capital metro light rail will mean for people who live on that corridor?

Mr Corbell: Real estate agents are pretty good judges of what sort of language and what sorts of things are useful to highlight to sell property. That is their job. And clearly—

THE CHAIR: It certainly does not sound as though they are talking it down.

Mr Corbell: Clearly they see it as a sales point for that property. I am not surprised by that. It is not something we are in any way encouraging or highlighting to the sector, but I am not surprised that people selling property are seeking to highlight the advantages of living close to fixed rail infrastructure. We know that is one of the great benefits of fixed rail infrastructure compared to other forms of public transport. It is permanent. It is going to be there. It is going to provide a guaranteed level of frequency of service. It is not going to change in the way a bus route can change. Those are all very attractive selling points—and, indeed, one of the reasons why there are assumptions for capacity for light rail to move land development activity beyond business as usual towards an enhanced level of development activity.

THE CHAIR: Thank you, minister. We have 10 minutes to go, members. If we are quick, everyone else can have another question.

MR COE: The \$783 million figure—does that include, for instance, all intersection works?

Ms Thomas: Yes, it does. That 783 million, as Duncan explained earlier, is a number

that has been built up as a bottoms-up estimate of the cost of producing the light rail system for the ACT. So it does include intersection works.

MR COE: Does that include, for instance, not just existing intersections but new intersections and also pedestrian crossings?

Ms Thomas: Yes, that is correct.

MR COE: What about park and ride?

Ms Thomas: No. The current price estimate is quite explicit in this discussion of excluding park and rides, because the park and rides that either have been proposed or there is provision for currently are considered to be appropriate for the use of capital metro.

MR COE: What about the bus interchanges?

Ms Thomas: No. Again, with the bus interchanges we have been quite explicit in the discussion of that. We have a bus interchange already in Alinga Street that is already serving a number of people. We have a planned bus interchange at Dickson. We—when I say “we”, I am saying the ACT government—have already made consideration for that. It is something that Territory and Municipal Services are currently looking at. There is a bus interchange area already at Gungahlin that may look to be changed as part of the future ongoing growth of that suburb.

Mr Corbell: To build on that point, an example of the types of infrastructure that are mentioned there are infrastructure projects that have already been under consideration prior to a decision being made about capital metro. That includes the smaller interchange at Dickson. There has already been recognition of the need to establish some form of interchange facility at Dickson regardless of whether or not light rail proceeds. Obviously the key consideration is to therefore make sure that, given that either decisions in principle or actual funding allocations have already been made in relation to a range of those projects, they are able to integrate well with this project. That has been the key focus of CMA.

MR COE: Does that mean that the patronage predictions do not include additional patronage that will be made possible through the construction of the Dickson and Gungahlin interchanges?

Mr Edghill: The patronage modelling both at 2021 and 2031 makes a number of assumptions around the integration of the transportation network at those points in time in the territory. For example, we know that there will be new suburbs built in the Gungahlin region in 2031 which do not exist today and there will be continued population growth in that area. With regard to the transportation modelling—this is just an example—we do take into account that there will be bus routes servicing those new suburbs. We also take into account in the patronage modelling that there will be interchanges at various locations along the line.

Mr Corbell: This, again, highlights the very conservative level of assumptions and ability of our patronage assessments.

MR COE: If it is built into the assumption that it is going to be constructed, then perhaps it should be included in the cost of construction if it is, in effect, required in order for light rail to function. What about—

Mr Corbell: My point is that they are projects that have been identified separate from the decision to build light rail; ie, they are projects that have been identified as needing to be undertaken in any event.

MR COE: They are not in the four-year budget.

Mr Corbell: Not everything is but they have been previously identified in previous planning work done by the government or, as I said, in previous appropriations the government has allocated. It is entirely proper that they are dealt with separate from the capital costs of the delivery of this project.

MR COE: What about the impact on ACTION revenue and the operating costs of ACTION to feed into Dickson or Gungahlin, especially if you are going to be taking revenue from the tram and that means, if you are going to have a transfer system, you are not taking revenue for the people that feed on from the bus? Does the business case take into account the lost revenue for ACTION and potential increase in expenses in operating their network to Dickson and Gungahlin?

Mr Edghill: The short answer is, yes, the business case takes into effect the net impact upon the transportation network in the ACT. I think with regard to ACTION in particular, as it is an operation where expenses exceed revenues, where there is a replacement of buses with light rail, then you actually see a net benefit from the withdrawal of loss-making buses in duplication to the light rail.

MR COE: Is route 200 loss making?

Mr Edghill: I am talking from a general perspective. In the business case we do include a section which looks at revenues, on a very conservative basis, that may be generated by the light rail system itself. An important point to make there is that we do that for illustrative purposes when we put the business case up for approval. The revenues are actually included in the economic benefits, in the economic analysis, and that is consistent with the industry-accepted guidelines for doing so. But we also take into account, on a net basis, all of those features that you mentioned.

MR COE: And would you agree that the finance costs are looking to be in the vicinity of \$70 million or \$80 million a year?

Mr Corbell: You mean in terms of the availability payments scheme?

MR COE: Perhaps more?

Mr Corbell: The government has made clear that it would be not prudent to speculate on the availability payments arrangements ahead of the bidding process, and the reason for that is to maintain competition in the market and to make sure that we get value for money for taxpayers.

MR COE: But in terms of what the ACT government is willing to pay on a yearly basis—and, of course, you have stipulated how much you want to pay at capital—why not stipulate how much you are willing to pay on an annual basis?

Mr Corbell: The government's advice and view is that this is a particularly sensitive issue for the commercial negotiation process and we do not wish to compromise our capacity to get the best possible value for money outcome for territory taxpayers by speculating on what that figure may be.

MR COE: You said that previously, though, about the capital cost and then you came out and said what the capital cost was going to be. Why would there be a difference between the availability payment and telling the market, "We're going to spend \$783 million for construction"? Why not leave that up to the market as well and have a far greater scope for variance in amongst the expressions of interest?

Mr Corbell: These are matters the government has taken advice on and has determined not to compromise the competitive nature of the bidding process.

MR COE: I accept you have taken advice on it. I am not suggesting that you have just done it on a whim but I am keen to know what the basis of that advice is and why you would publish the capital cost but you would not even pretty much make mention of the annual payment that is highly likely. Surely it goes to the core, the essence, of whether light rail in Canberra is viable as to how much it is going to cost on an annual basis to actually put a dozen trams on the red rapid route.

Mr Corbell: I think what has been really clear from the public commentary and debate, questions in the Assembly and elsewhere, has been a very strong emphasis and focus on the capital delivery cost and how that has varied or not varied from the previous, earlier preliminary cost estimates that have been made publicly available, such as the earlier IA submission. That has clearly been the area of greatest interest.

The government determined that we needed to address that issue squarely and make it very clear to Canberrans what the revised capital delivery cost estimate was. We have done that because we recognise that that has been a big issue for Canberrans and we wanted to be very up-front about that.

But we have also taken advice that we do not want to put all our cards on the table. We do not think we should do that because that simply creates an environment where we may pre-condition the market to an unreasonable degree and, therefore, reduce competitiveness in the bidding process and, therefore, reduce the opportunities to get value for money for ratepayers. We are very conscious of the need to do that. So we are not going to put absolutely all our cards on the table. I think it would be unwise to do so.

THE CHAIR: I have a supplementary on that. You made a decision to release the business case for this project. Why did you decide to do that? Apologies, everyone, we are going to 1.30, not 1 o'clock. We have got another half an hour, minister. I just wondered why you made a decision to release the business case. Is it a normal course of action for a government to do that?

Mr Corbell: It has been very unusual for governments in Australia to release the full business case for large scale infrastructure projects like this. We have seen governments in other places actively resist calls for the release of the business case. Most notably in the current context, the Napthine Liberal-National government in Victoria have explicitly refused to release the business case for the East West Link project, which is a multi-billion dollar project, as members may know, and which has been very controversial. But they have explicitly resisted calls to do that.

Full business cases have not been released for the Gold Coast light rail project. Business cases have not been released for the various Sydney light rail projects. They have just recently gone to the market and had a successful consortium chosen. So it is very unusual in the Australian context for the full business case for a large scale infrastructure project to be released.

I note that, as I said in my opening statement, the assistant minister responsible for infrastructure and IA, Jeremy Briggs, has made it clear that, in the federal government's view, it is desirable that these business cases are released. There is no doubt that the ACT government's decision to release its business case, with the level of transparency and openness that we have done, has attracted significant interest from all the other jurisdictions because they know that they are under similar pressure to release theirs and they are watching closely, I guess, how that pans out here in the ACT.

I have to say I have been very pleased with the response from Canberrans to the release of that business case. I acknowledge that there are some who do not agree with some of the assumptions in the business case. That is not unusual. You can always have an argument about assumptions. But I have been very pleased that people have acknowledged that the government have been open and transparent in deciding to release the business case in full in the manner that we have. I think that is entirely appropriate and consistent with this government's commitment to openness and transparency in these matters.

DR BOURKE: Minister, perhaps you could remind the committee what the advantages of light rail are over buses on this corridor, because we have already been talking about that particular service from Gungahlin to Civic?

Mr Corbell: I think we have had that discussion at some length. Just to briefly reiterate, obviously there are significant benefits—environmentally, socially and economically—from investment in this form of infrastructure. The benefits include the capacity to encourage more active transport choices. We know that light rail as a mode works very well at interacting with walking and cycling and people's capacity to move around in a much more flexible manner, and in a manner so that they do not need to plan or be cognisant of what timetables look like and so on. That is not always the case with bus services.

Equally, we know that light rail provides that permanence of service delivery, that guarantee of service delivery, because there is rail in the ground. It is not going anywhere. It is there and people can have a high level of certainty that it is going to be a permanent service. Therefore people are more likely to invest, people are more

likely to bring forward decisions around development, and that is very welcome. That clearly is associated with the more sustainable patterns of urban development and land use benefits that are reflected in the business case.

Also, of course, light rail brings environmental benefits both in terms of more sustainable patterns of land use and urban consolidation and in terms of its capacity to use renewable and clean sources of energy as part of its service delivery. We have had these debates at length. I do not propose to relitigate them further, but perhaps briefly to summarise them in that way.

DR BOURKE: Thank you, minister. With the proposed layout of the tracks on this stage 1, will it allow a mixture of express and all-stops trams?

Ms Thomas: It is not common in light rail to have express-type services. Sometimes there are options—for instance, in Adelaide—where some stops are only on request. So a tram will continue moving along the street until someone rings a bell and an announcement will say, “If you wish to stop at this stop, please advise the driver through the bell.” That is how some of the more express-type services can be delivered. Indeed, in a rail system, and especially one where you consider that in the peak a light rail vehicle may be moving every five minutes or even less, an express service would not make sense in that scenario because they would end up all coming together at some stage. There are, of course, areas where trams can cross and pass each other made available along the route, but generally we do not allow for having so much of a really explicit express service versus a really explicit all-stops service.

Mr Corbell: It is worth highlighting too that there may be some stops that are only utilised for certain events. The EPIC stop may—this decision is yet to be made—only be used for the purposes of events at EPIC where there is sufficient patronage to justify stopping at that station. For example, for Summernats, the National Folk Festival and other large events where we know we already face significant challenges with managing traffic at those locations—the Canberra show, obviously—there are some great opportunities to make sure that people can move to and from those large-scale events efficiently and easily by utilising the EPIC station as a specific event type station rather than an everyday station. But those are decisions that are yet to be taken. Obviously there is the capacity to do either or both of those things.

DR BOURKE: On the map in the annual report on page 6, there are light grey circles around each stop. What does that signify?

Ms Thomas: It is really there just for graphic purposes, to show where those stop locations are and how far apart they are. It demonstrates the area around the stops and generally what the stops might look like. It is not really meant to be a to-scale representation of anything in particular.

DR BOURKE: On page 50 the report says that the light rail master plan is investigating and identifying a potential future Canberra light rail network to guide government’s decision making. What are the priorities, minister, that you balance in choosing one route over another?

Mr Corbell: Obviously there are a range of considerations at play in terms of the

economics of different routes, their patronage, their constructability—a range of factors. Those are matters that are being assessed through that process.

THE CHAIR: So that would be the decision making about Woden and Weston versus going out to Belconnen at some point in the future?

Mr Corbell: As I say, there are a range of considerations such as those that I mentioned. They will be taken into account as part of the assessment process for that work, which my colleague the Minister for Planning, Mick Gentleman, is responsible for.

THE CHAIR: Mr Wall.

MR WALL: Minister, has there been a breakdown of a cost per household as to what light rail is expected to cost?

Mr Corbell: The government does not tend to do that sort of analysis for any public infrastructure project, whether it is a hospital or a school, or whether it is a light rail service.

MR WALL: A commonly reported line in the budget.

Mr Corbell: It is not something we tend to do, but I know that you and your colleagues are keen to do that, and I will let you continue to use your pocket calculators to that effect.

MR COE: I have a supplementary. Why is it a strategic indicator for ACTION then, to have a cost per user or a cost per trip?

Mr Corbell: Those are matters you would have to ask ACTION.

MR COE: You do not think there is any merit in having a cost per boarding or something like that as a target indicator for light rail?

Mr Corbell: We do not seek to attribute cost per boarding or, indeed, the amount of benefit per boarding. If you were going to do one, perhaps you would want to do the other, and say every time someone boards there is X amount of economic benefit. But we do not do that, either. I think the important thing—

MR COE: But you do for ACTION.

Mr Corbell: I beg your pardon?

MR COE: You do for ACTION. You do report the cost.

Mr Corbell: There may be particular reasons why that is a performance measure for an operating service. I will leave that to ACTION to address. But what I think is important is that we be very transparent and clear about the costs of this project and the benefits of this project. That is why we have released the business case in full.

MR WALL: As you would imagine, particularly for my constituents down in Tuggeranong, the further south you go, the more heartfelt the feeling is that this light rail project is going to deliver no benefit for that part of the community. How does the business case attribute a value to a resident or a constituent in Tuggeranong, say, in my electorate, who is going to be paying for the capital cost, paying for the subsidy to run this service into the coming years, yet receives no direct benefit?

Mr Corbell: The first point to make about that is that governments make decisions about investments in pieces of infrastructure that have to be physically located in some part of the city which other people will not use or will not use very often. So every time, for example, we build a school in Gungahlin, it would be fair to say there is no direct benefit for people who live in the Lanyon valley from building that school.

MR COE: But there was when you—

MR WALL: Likewise there is equal access to a school—

THE CHAIR: Just a moment, members. Please don't interrupt.

Mr Corbell: Let me address the point. You build a school in Gungahlin; there is no benefit for people in Lanyon. But should people in Lanyon be asked to contribute to that school? The answer is yes, and they are.

MR COE: It would be relevant if there were no schools in Tuggeranong.

Mr Corbell: It is the same if we build, say, a new public hospital at the University of Canberra. Is anyone in Lanyon going to be regularly using that public hospital? Probably not to the same degree that they would be by going to the Canberra Hospital.

MR COE: But it is an option, isn't it?

Mr Corbell: But does that mean they should not be asked to pay for it?

MR WALL: That rationale is clearly flawed when there is access to schools distributed across the territory.

THE CHAIR: Order, members! Mr Wall! Seriously, I do not want to have to keep refereeing your interruptions. Both of you—Mr Coe and Mr Wall—please let the minister complete his answer.

Mr Corbell: I think it is a straw man. It is a false argument to construct. If you follow the logic of that argument, you only ever pay for things that you use every day. That is not the way our society works. We all contribute to the common good and to the common benefit of our city. There is common good in providing schools, in providing hospitals and in providing roads even if we never use those services, even if we never drive on them.

It is the same for the investment in this project. That is what the business case demonstrates. There is common benefit from investing in this project. There is common benefit because there is a billion dollars worth of benefits. They do not only

accrue to the people who use the service; the \$1 billion in benefits accrues to the economy as a whole.

MR COE: But you have taken the same billion from the economy.

Mr Corbell: So it accrues to everyone who participates in the economy—everyone who has a job, everyone who is looking for a job, everyone who is buying goods and services, everyone who is selling goods and services. They accrue to the economy as a whole. That is what the business case demonstrates.

What I say to people who present that argument to me, like you have, Mr Wall, is, first of all, that there are benefits to people as a whole. There are jobs that are going to be created through this project, and those jobs are going to be shared across the economy. People who live in the Lanyon valley, people who live in the Tuggeranong valley, people who live in Woden, people who live in Weston Creek, people who live in north Canberra, south Canberra, Gungahlin or Belconnen—they all benefit in terms of economic opportunity, in terms of jobs, in terms of the overall benefit in our economy. And, I would say, they benefit from the fact that we are laying the foundation for a service that has the capacity to service our city as a whole over time. That has significant benefits.

We can be parochial about it, but it is a pretty miserable endpoint if you adopt that parochial approach. What it means is that you only ever pay for things that you are guaranteed to use, and that is not the way we fund any other form of infrastructure in our city.

MR WALL: In that strain, minister, you talk about the economic benefit of a billion dollars that will be returned in exchange for spending \$783 million. There were a number of other opportunities open to government, open to cabinet, as far as capital infrastructure projects that could be developed in the territory are concerned, that would return an equivalent benefit, if not more, or attract new markets to the territory—as opposed to simply building a piece of capital infrastructure that will not, in turn, increase tourism or increase economic activity other than along that corridor.

Mr Corbell: Your claim is wrong. The benefits—

MR WALL: So there is no better piece of capital infrastructure that could be pursued?

Mr Corbell: No; your claim that the benefits only accrue to people in the corridor is wrong. The business case is an economy-wide assessment of benefit and cost—economy wide, Mr Wall. The benefits accrue across the ACT economy, and all the participants in the ACT economy accrue those benefits directly or indirectly.

MR COE: And jobs are lost from Tuggeranong according to the—

Mr Corbell: It is wrong to suggest that the benefits only accrue to people in the corridor. But coming to your other point—sorry, it has just popped out of my head. What was your other point, Mr Wall?

THE CHAIR: It is probably due to the continuous interruptions, but perhaps if you—

Mr Corbell: Yes, choices. Mr Wall, governments are elected to make choices and governments are elected to make assessments about which projects proceed and which do not. We do that on the basis of an assessment, and we do that also on the basis of honouring our promises. This government was elected with a very clear promise put to the community at the last election, which was the development of this light rail corridor.

MR WALL: That is a long bow.

THE CHAIR: I have a supplementary to that, Mr Corbell.

MR WALL: I have one more follow-on, please.

THE CHAIR: Sure; no worries. I will just ask my supplementary. When you are talking about the social benefits, the economics of this project are very important. It is right for people to discuss that and have a conversation about that, but also there are the social benefits for Canberra as a community. How do you measure social benefits? The thing I am trying to get to is this. When the arboretum was first described to the Canberra community, I do not think anybody saw themselves as benefiting from that, but now I do not think there are many people who would talk the arboretum down. How do you see this as a vision for bringing the community together around the social benefits as well? I know we keep talking about this, Mr Corbell, so please be patient with us, but it has to be more than just economics, environmental, tourism and uplift.

Mr Corbell: Yes.

THE CHAIR: People have to be able to see what this is as a vision of Canberra. How do you describe that to people?

Mr Corbell: I think it is a point well made, Madam Chair. If you were to just decide whether or not to build a national arboretum based on its business case, it would not stack up. It would not have a BCR greater than one, so you would say, “We won’t do it.”

There are lots of things that we do as a government and as a community that we do because we recognise that they deliver other valuable things to our community beyond the economic. It is the same with this project. There is analysis that is beyond the economics of the project. This is not just an economic decision. It is a decision about what sort of city we want to live in, how we want to connect our community, how we want people to interact, and what sort of physical environment we want to enjoy and we want future generations to enjoy. That is very similar to the decision about the arboretum. It is not an economic decision to build an arboretum; it is the civic pride that is engendered by that project, the sense of ownership that people have and the common identity that comes from that project. It is the physical beauty of the place, which you cannot put a dollar figure on. All of those things engender that project in people’s hearts—

MR COE: So you would like to keep 350 trees on Northbourne?

THE CHAIR: Please do not keep interrupting the minister.

Mr Corbell: It is similar with this project. Northbourne Avenue is an avenue that could be a much more vibrant, active and contemporary landscape environment that befits the national capital. There are just parts of Northbourne Avenue that are not up to scratch, and they need to be revitalised. They need to be revitalised not just by public expenditure but by encouraging people to redevelop and create those public spaces and places that people are attracted to. In doing that, yes, that has economic benefit, because that engenders investment, engenders jobs and delivers the agglomeration benefits that people like Mr Edghill talk to me about every day. But it does more than that: it creates a sense of ownership, identity and civic pride. That is valuable, but it is not a value that we can try and capture in economic terms.

THE CHAIR: Thank you, minister. Mr Wall, you had another supplementary?

MR WALL: Yes. Minister, I am still struggling to see how residents in my electorate are going to benefit from this project at a time when Tuggeranong, particularly, has seen a decreasing population and a number of businesses are closing. Where are the benefits going to come from for the owner of the fish and chip shop that was closed down at Lanyon mall, the newsagency at Calwell or those types of businesses? How are they going to reap the benefits of this almost \$800 million project?

Mr Corbell: In simple terms, I would perhaps put one proposition to you, Mr Wall. If there are 3½ thousand people to be employed over the four years of the construction of this project, you can bet that a fair number of them are going to come from Tuggeranong. That means they are going to have a job, that means they are going to have money in their wallet, and that means they are going to be spending that money in the shops near where they live.

MR WALL: What proportion of contractors and individuals involved in the project are expected to come from within the territory?

Mr Corbell: We expect a significant number of them to be delivered from people who live in the ACT, because we know that at the moment there is significant under-capacity in the civil construction sector. We know how important, for example, the Majura parkway project has been in delivering jobs for local people and local contractors and subcontractors. That project has been built overwhelmingly by local labour. Yes, some people have come from outside who bring their specific expertise. It will be the same with this project. But that is not uncommon for projects in the ACT. It is the same with Majura. But a large number of these people are going to be Canberrans. If there is one thing I would say to you, Mr Wall, if you do not accept any of the other arguments, I think it is hard to refute that if you have 3½ thousand people employed over the lifetime of this project, those 3½ thousand people are getting paid every fortnight, they have money in their pocket, and they are able to continue to spend and buy services and products from businesses in your electorate.

MR COE: That does not stack up, because you have already taken that same billion dollars through taxes and all you are doing is supposedly returning a billion dollars to the same people.

Mr Corbell: That is not—

MR COE: It is just a wealth distribution, is it not?

Mr Corbell: That is not correct, because the government does not pay a billion dollars, or \$783 million, up front for this project. You know that is not how this works.

MR COE: With regard to that, what does—

THE CHAIR: A supplementary, Mr Coe?

MR COE: Yes, please. What does the business case say as being the amount of the construction dollars that will actually go to people living in Canberra?

Mr Edghill: The business case does not attempt to answer that question. The business case was formed to allow government to make an investment decision on the project. So with regard to the cost component of the business case, it is really trying to understand, through a very robust process, what the likely cost is going to be, and then when you move to the economic analysis, it is on an ACT-wide basis.

MR COE: Sure, but if you spend \$500 million—

Mr Corbell: The government has developed a very strong local industry policy as part of this project. What we will be saying to consortia who end up bidding for this project is that they will have to demonstrate how they implement the objectives of that policy, and that will be given a particular weighting and assessment through the assessment process.

We are very clear about the importance of creating those jobs and that economic opportunity for Canberrans. But I think you cannot underestimate the significance of a project that is delivering 3½ thousand jobs over the three to four-year period of construction of this project. That is larger than the Cotter Dam build. That is larger than the Majura parkway build. And we know how important those projects have been for supporting the construction sector in our city. It is larger than the ASIO building, and we know how important that project was, and the number of people that employed. So those are—

MR COE: The Majura parkway had a BCR of four, as well.

Mr Corbell: Those are big projects, and we know how beneficial they were. I am sure you know, Mr Wall, many people in your electorate who worked on those projects. Those projects were not in Tuggeranong, but they got the economic benefit of it, and it is the same with this project.

MR WALL: For the benefit of the committee, minister, are you able to provide a copy of the local economic policy that Capital Metro is operating on?

Mr Corbell: I am very happy to do so. It is already a public document and online on the Capital Metro website. I am happy to provide a further copy to the committee.

MR COE: On that jobs situation, don't you think it makes a huge impact—say there are 50 or 100 engineers working on this project, if they are doing their paperwork out of Sydney, aren't we just transferring taxpayers' dollars to Sydney as opposed to having those 50 or 100 engineers sitting in a building here in Canberra?

Mr Corbell: As I have said, there will be some expertise that comes from other places. But even when people come from other places to work here, they are still spending their money here. They are still living here, albeit they might be living here some of the time and they might be commuting. But they are going to be living here, they are going to be buying meals here, they are going to be having their accommodation here and they are going to be buying other goods and services here—

MR COE: But the profit all goes elsewhere if it is an international or interstate company, doesn't it?

Mr Corbell: and that is good for our community. But whether they are here permanently because they are local labour or whether they are labour that comes into the city, these are all economic benefits. There are direct and indirect jobs supported by this project. The government has released a very detailed jobs assessment associated with this project, which is also a public document, which you can go and have a look at and which highlights the very significant number of direct and indirect jobs that are supported. All of those benefits flow through into the broader economy.

DR BOURKE: Minister, the contingency goes both sides of the \$610 million, doesn't it? I recall that we built a couple of schools that we completed—

Mr Corbell: The contingency figure is \$173 million, which is based at a P75 level of confidence.

DR BOURKE: I am just recalling those schools that we completed in the last year or two that came in tens of millions of dollars under budget.

Mr Corbell: It is important to stress that the \$783 million estimate is that—it is a cost estimate at a P75 level of confidence. We will be very interested to see what industry will bid. But a P75 level is a very reasonable level of conservative assumption and we will be very interested to see what industry actually physically are prepared to put in to their bids.

DR BOURKE: So there is the potential for that bid to come in under that figure?

Mr Corbell: We would hope that we will see bids that are more competitive than that.

MR COE: Minister, with regard to the emissions, what are the embedded emissions associated with construction?

Mr Edghill: I am afraid I do not have that figure to hand.

Ms Thomas: I do not have that figure either. I believe we have done an assessment of part of the environmental considerations that you are talking about—environmental

emissions. One of the things with the project is that we are undertaking an ISCA rating, an Infrastructure Sustainability Council of Australia rating. As part of the consideration of the environment, we will be looking at different construction issues. If you are referring to the emissions requirements out of the business case in terms of the environmental benefits, Duncan, can you answer that question?

Mr Edghill: Certainly. The environmental benefits which are stated in the business case over the entire course of the operations of the light rail system is a net figure. So it does take into account the fact that there is electricity supply going into powering this system. It also takes into account that by taking, for example, cars off the road there is an outlaying benefit environmentally from that aspect of the project.

MR COE: I am not so interested in the operational side of things. I am more interested in the construction side of things and whether fixed emissions are included in the outyears.

Mr Edghill: Certainly in the outyears of the project—and remembering that it is a very long life asset; the economic analysis was performed over a 30-year period—the environmental effect in those outyears out to year 30 was taken into account.

MR COE: But I am not just talking about the operating emissions. I am talking about the construction emissions. Do you have a breakdown of the embedded emissions associated with construction?

Mr Edghill: To hand, no, but in large part the answer to that question will come, of course, through the procurement process which we are undertaking at the moment. It is up to the market to give back to us not just a price but a very important aspect of what they will be giving back to us is how they intend to go about constructing the system which, of course, will then have an impact upon construction—

Mr Corbell: That is why we are registering the project with the Infrastructure Sustainability Council of Australia for the project to achieve an infrastructure sustainability rating. That rating will score the project across a range of criteria including management and governance, resources, emissions, pollution and waste, ecology, people and place, and innovation. We will be seeking to get a successful IS rating but that obviously can only be determined in detail once we have a particular proposal and particular construction outcomes as a consequence. There are six projects nationally that have been awarded in infrastructure sustainability rating to date. Two of those were in the ACT—the Googong water treatment plant chemical facility upgrade and the enlarged Cotter Dam. Both of those achieved an ISCA rating that identified emissions associated with the build of the project itself, the embedded emissions of the build. We would expect the same assessment to occur here.

MR COE: But it was not included in the BCR?

Mr Edghill: The BCR followed industry accepted guidelines. I would have to take on notice exactly what environmental figures were included in there, other than to say whatever we have done has been in accordance with the calculation of the BCR for any other project in Australia.

MR COE: It is, in effect, a capital cost. In the same way that you have attributed a value to emissions in operation, you contribute a value to—

Mr Corbell: And to the extent that those are attributed in any other project of this nature, they have been attributed to this project.

THE CHAIR: Members, we are out of time. If members have supplementary questions, can they get them to the committee office within three business days. Answers to questions on notice and supplementary questions are to be submitted by Friday, 12 December. Thank you, minister, and thank you, officials.

The committee adjourned at 1.32 pm.