



**LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY**

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

(Reference: [Draft Variation to the Territory Plan No 327: Capital Metro–Light Rail  
Stage 1 Gungahlin to Civic](#))

**Members:**

**MS M FITZHARRIS (Chair)  
MR A COE (Deputy Chair)  
DR C BOURKE  
MR A WALL**

**TRANSCRIPT OF EVIDENCE**

**CANBERRA**

**WEDNESDAY, 20 MAY 2015**

**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.

**WITNESSES**

**ALLDAY, MR STEVE**, Executive Director, Procurement and Delivery,  
Capital Metro Agency ..... **31**

**CORBELL, MR SIMON**, Minister for Capital Metro ..... **31**

**EDGHILL, MR DUNCAN**, Executive Director, Finance and Economics,  
Capital Metro Agency ..... **31**

**THOMAS, MS EMMA**, Director-General, Capital Metro Agency..... **31**

## **Privilege statement**

The Assembly has authorised the recording, broadcasting and re-broadcasting of these proceedings.

All witnesses making submissions or giving evidence to committees of the Legislative Assembly for the ACT are protected by parliamentary privilege.

“Parliamentary privilege” means the special rights and immunities which belong to the Assembly, its committees and its members. These rights and immunities enable committees to operate effectively, and enable those involved in committee processes to do so without obstruction, or fear of prosecution.

Witnesses must tell the truth: giving false or misleading evidence will be treated as a serious matter, and may be considered a contempt of the Assembly.

While the Committee prefers to hear all evidence in public, it may take evidence in-camera if requested. Confidential evidence will be recorded and kept securely. It is within the power of the committee at a later date to publish or present all or part of that evidence to the Assembly; but any decision to publish or present in-camera evidence will not be taken without consulting with the person who gave the evidence.

*Amended 20 May 2013*

**The committee met at 2.02 pm.**

**CORBELL, MR SIMON**, Minister for Capital Metro

**THOMAS, MS EMMA**, Director-General, Capital Metro Agency

**EDGHILL, MR DUNCAN**, Executive Director, Finance and Economics, Capital Metro Agency

**ALLDAY, MR STEVE**, Executive Director, Procurement and Delivery, Capital Metro Agency

**THE CHAIR:** Good afternoon, everyone, and welcome to this public hearing of the Standing Committee on Planning, Environment and Territory and Municipal Services inquiring into capital metro. Minister and officials, on behalf of the committee, I thank you for coming today and I draw your attention to the privilege statement before you on the pink card. Can you acknowledge that you are familiar with that and understand that card?

**Mr Corbell:** Yes.

**THE CHAIR:** I remind witnesses that the proceedings are being recorded by Hansard for transcription purposes, webstreamed and broadcast live. Before we get underway, minister, would you like to make an opening statement?

**Mr Corbell:** Yes, I would. Thank you to the committee for the opportunity to provide some opening remarks and to attend this hearing this afternoon. This committee hearing has been arranged following the resolution of the Assembly in February last year. I welcome the opportunity to appear before the committee and to update the committee on the project, noting that the last public hearing occurred in August last year.

On 16 April this year the government entered into the request for proposal phase of the capital metro project. The request for proposal phase marks an important milestone in the overall capital metro project. Over the next five months the two shortlisted consortia, Canberra Metro and ACTivate, will be preparing their proposals for the project that are due for submission in September this year. Both consortia have exceptional national and international transportation credentials, which will result in a robust and competitive request for proposal procurement process.

The RFP documentation, which has been released to the proponents, will provide the shortlisted respondents with the information they need to assist in the preparation and lodgement of their proposals. To ensure the commercial integrity of the procurement process, the government will not be releasing the RFP documentation during the RFP stage.

The proposals will include details of each bidder's plans for the design, construction, financing and operation of the project. When preparing their proposals, both shortlisted respondents have been urged to be particularly mindful of the territory's affordability bounds, our desire to obtain a world-class, smart, seamless and modern light rail system that prioritises safety, the customer experience, personal security, reliability, frequency, simplicity and convenience. They have also been asked to have close regard to the need to display excellence in urban design that recognises

Canberra's unique, planned city history and creates a beautiful and vibrant entrance to Australia's capital city. Finally, the respondents have also been told that they need to be cognisant of our community's aspirations for the project, including our desire as Canberrans for meaningful dialogue to be maintained with us, effective engagement of local industry and local jobs to minimise disruption in the project's delivery and to have an ongoing focus on sustainability.

In addition to submitting proposals for stage 1, from the city to Gungahlin, the shortlisted respondents' bids will include an option to extend the light rail to Russell. This is an exciting prospect for the territory and one which we will consider closely once proposals are received later this year.

A single private sector partner will then be engaged in the first half of next year to finance, design, construct and operate the light rail service from Gungahlin to the city. Construction is scheduled to commence mid-2016, with completion operations for the city to Gungahlin component commencing in late 2019 to early 2020.

The development of the capital metro project as a public-private partnership was an election commitment on the part of both the ACT Labor Party and the ACT Greens during the last election. As a government, we are delivering on this promise. We will not put Canberra's future on hold. Stage 1 of the network demonstrates our commitment to infrastructure and a commitment to meeting the demands of a growing city. It is an essential project, and it is the right thing to do. It is right for public transport users; it is right for commuters; it is the right thing for our city's future.

With that, I am very happy to take any questions, as are my officials, in the hearing today.

**THE CHAIR:** With regard to the RFP, you mentioned the time frames. Could you elaborate a little more on the detail of what might be happening, what the agency might be doing, over the next couple of months in the lead-up to that?

**Mr Corbell:** I will ask Ms Thomas, the project director, to give you a bit of a summary of the activities that are now underway in relation to the RFP process.

**Ms Thomas:** The Capital Metro Agency at the moment is in the midst of our RFP phase. We have received, obviously, expressions of interest. We have shortlisted those expressions of interest. The RFP was released in the middle of April, and the process now until 4 September, when those RFPs are due back in, will be for us to interact, go through an interactive tendering process, with the two tenderers, answer any questions, make sure they have clarity on our requirements and give them any directions they need so that they can put in the very best bids they can at that time. Our agency as a whole is engaged in that activity.

We are also continuing with our own consultation activities. We have an environmental impact statement consultation that we are required to undergo, and we will also be continuing with our normal consultation processes we have done throughout the project to consider views of the community as we understand and learn more about the project ourselves. It is our intent to continue with that communications process throughout the time that we are in discussions with tenderers.

Once we receive those tenders—there will be tenders delivered to us in two phases, once on 4 September and then in early October for the Russell option—we will then go into evaluation of those tenders. That evaluation process will be undertaken throughout the remainder of the year. When we are ready to provide our preferred tenderer response to the government, we expect to do that early in 2016. I do not know if that goes far enough into the time lines. I guess it can continue post that time, after the preferred tenderer is known. That is really a decision for the government to make on their terms about whether they can accept the preferred tenderer we put forward to them. Provided there is an acceptance of a preferred tenderer, then we will move forward to contract negotiations to get to contract close.

**THE CHAIR:** I understand the nature of the procurement with the consortia, including both significant national and global businesses but also engaging local businesses. Can you talk a little more about what expertise is being brought from around the country and around the world and how that is being brought together with local understanding and local expertise?

**Mr Corbell:** Ms Thomas can provide some more detail but there is no doubt that the two consortia represent very significant global presences in a range of fields, including transport, public transport provision, engineering and construction and rolling stock manufacture. They are a very significant gathering of industry leaders globally. What has been very encouraging is that both consortia have already indicated a strong commitment to engagement with local industry. I am certainly aware that both consortia have already entered into options at the very least with local businesses, should they be successful in the tendering process. We will need to look very closely at their credentials in this area as part of the assessment process and the local industry plan that has been promulgated as part of this project.

In terms of their bid presences, we are certainly aware that consortia are basing some of their staff here in Canberra already as part of that process to engage with the government but also to understand the local context better. That is a good thing in terms of them having a local presence early, even during the bidding stage, so that they can understand the city, understand the debates, understand the community issues and make sure that they factor those considerations into their bids.

**THE CHAIR:** A little further to that, does the whole-of-life costing of the project that is involved through this method mean the process is normal and comparable to other PPP procurements around the country in terms of transparency? You have mentioned previously, minister, the business case being made public, which is a first. Are there other aspects of it that are continuing to be the same along the procurement path or are there other ones we are doing uniquely?

**Mr Corbell:** Certainly we are adopting a very strong probity framework to guide the assessment process and the engagement process in the lead-up to the submission of the proposals. That is important to maintain the integrity of what is a very large procurement. Capital metro, both the board and the agency, have given very detailed advice to government, which has been accepted in full, as to how these probity issues should be managed.

In terms of the release of the business case, yes, you are right, it is unusual for governments to release a business case, particularly ahead of a decision on procurement. I would certainly state with confidence that this government has been very transparent in the business case that has informed the decision to proceed to procurement. We have released the full business case as presented to cabinet, and I think you would be struggling to find any other government recently in Australia that has done that. Compare it, for example, with the East West Link project and the controversy surrounding that. That business case was never released by the government ahead of the procurement or, indeed, even after the procurement had been completed. In contrast, we have been very transparent in making that information available and subjecting it to scrutiny from a broad range of commentators.

**THE CHAIR:** You mentioned the consultation will continue over the next couple of months and the EIS that is forthcoming. Are you able to talk a little more about how the consultation will roll out? I take it that is an ongoing program and the RFP work will happen alongside that.

**Mr Corbell:** There are certainly a range of discrete consultation engagements that will be occurring—both those that will be undertaken by Capital Metro Agency directly as well as those that have been undertaken by other parts of government. For example, the Environment and Planning Directorate is undertaking community engagement around the planning framework for the broader Northbourne Avenue corridor, the urban design response and the other planning control responses for the corridor as a whole. They will be running their own public engagement and consultation through that process. Certainly capital metro will continue to have engagements both informally and formally over the next few months. Emma might be able to talk more about those.

**Ms Thomas:** Certainly. We aim to look for both informal opportunities to consult as well as more formal opportunities. In the case of the EIS, that is a more formal opportunity and we will definitely be doing that consultation. But we have done a number of activities already this year. We have been able to go to parties at the shops that have been happening around the various areas of Canberra. We also went to Celebrate Gungahlin, and we will continue to look for those opportunities. We have another party at the shops this weekend, in Ainslie. We continue to be where people are in Canberra so that it gives them the opportunity to come and speak with us about any concerns they have or any questions they have along the way.

I imagine as we start to develop more ideas, for instance with TAMS, around the principles of bus integration and some of those aspects, we will be looking to do some consultation there. I do not have any direct time lines on that because we really need to do the work before we can go out and talk with people about what we are thinking. There are lots of opportunities to keep up the discussion.

**THE CHAIR:** What sorts of questions are people asking you?

**Mr Corbell:** One of the most common questions is: is it really happening?

**THE CHAIR:** And the answer is?

**Mr Corbell:** And the answer is an unequivocal yes. Despite our very high level of scrutiny, reporting and public debate, because the question of light rail for Canberra has been around for so long, I think there is still a bit of a public consciousness perhaps of is this really happening or not. I am aware the capital metro team are very willing to tell people the answer is in the affirmative, and that is a good thing.

More broadly, certainly the advice I have from capital metro is that people are interested in a whole range of issues. Obviously there are people who come forward and who are interested in issues around the business case and understanding the economics. There are others who are interested in frequency, interested in the urban design issues, how that will be managed along Northbourne Avenue in particular. Bus integration commonly comes up as well and how that is going to operate. Those are the types of questions we would be expecting. The engagement has been very, very good.

**THE CHAIR:** Mr Coe.

**MR COE:** Is there a reason why you do not plan on making the RFP documentation public?

**Mr Corbell:** Again, as I said, it is for commercial reasons—because we are in the middle of a very complex and large procurement process.

**MR COE:** But could you not say the same about the full business case?

**Mr Corbell:** The business case was developed for the government to determine whether or not to proceed with investment in this project. The RFP is detailed in a completely different area, for example, in relation to passenger experience and expectations, performance, frequency, urban design, a whole range of issues that go to the technicalities of development of the project. So it is very different from the detail that is covered in the business case.

**MR COE:** What was the purpose of the full business case?

**Mr Corbell:** The purpose of the full business case was to allow the government to make a formal decision whether or not to proceed with the project.

**MR COE:** If you claim you had a mandate you took to the election, did you not make a formal decision before the election?

**Mr Corbell:** I think you have to characterise the difference between a political decision and a decision of the territory government, and those are two different things, obviously.

**MR COE:** So we cannot take a political decision in the lead-up to an election, such as a promise, as actually being a commitment of the future government?

**Mr Corbell:** An elected government will obviously seek to implement its election commitments, but it will still undertake due process in doing that. That is what the business case is.



**MR COE:** I do not quite understand. You seem to go around town saying that the government had a mandate to go ahead with this, to do this.

**Mr Corbell:** Yes.

**MR COE:** Yet you are also saying that you did not actually commit to it until October last year. How do those two statements correlate?

**Mr Corbell:** Very easily. We did not decide to proceed with procurement until we had finalised all of the economic analysis. That is a normal thing for any project. I am sure that, as with any other election commitment, it does not mean that governments waive due process and due analysis. If the government makes a promise, for example, to build a hospital, it will still want to go through a process to satisfy itself within the organs of executive government, as opposed to a political election commitment, that it can proceed with that. It is no different from any other election commitment in that regard.

**MR COE:** In the event that the business case had not come up the way it has, are you saying that the government could have dropped it in October-November?

**Mr Corbell:** The former Chief Minister is on the record as saying that, making clear that the government would only proceed to work to implement its commitment if it was satisfied with the business case. The former Chief Minister is on the record as saying that.

**MR COE:** If that had happened, would that have been not fulfilling an election promise, or would the election promise still have been fulfilled?

**Mr Corbell:** It is a hypothetical question because we are proceeding with the project.

**MR COE:** What would have to have been included in the business case for the government to have decided, “Sorry, we’re not going to go ahead with this”? Is it the BCR? Is it wider economic benefits? What would it have been? What would have been the threshold at which the government would have said, “Actually, it doesn’t stack up”?

**Mr Corbell:** Again, I refer you to the former Chief Minister’s comments on affordability and ensuring that our expectations around affordability were still up to date and consistent, and they have been. That certainly was a key consideration.

**MR COE:** The affordability went up from what was promised. You promised \$30 million. At the time it was expected to cost \$614 million. Now it is projected to cost \$783 million. Is it simply affordability or would the BCR have been a factor as well?

**Mr Corbell:** It is difficult for me to answer a hypothetical scenario which is in the past and which did not occur. That is what your question is seeking to do. Let me clarify a couple of points. The cost is consistent with what we projected in our election documentation. I would ask Mr Edghill to give you an explanation of that.

**MR COE:** Was that documentation submitted to Treasury for costing?

**Mr Corbell:** Let me address the issue of 613 versus 783, which was your first question, and then I am happy to turn to the other one. Mr Edghill can address the 613 versus 783 question.

**Mr Edghill:** Contained within the business case is a discussion around the earlier cost estimate and the cost estimate that was contained within the business case and providing a reconciliation between the two. One of the important factors for us to note is that if you want to make a comparison between the two, you need to do so on a like-for-like basis, and simply saying 614 versus 610, plus 173 or 783, is not necessarily a complete like-for-like basis because there is a difference between the point in time at which you are measuring those dollars. From memory, the 614 was based on 2010 or 2011 dollars, whereas the business case was obviously a point later in time, so you need to make adjustments for inflation costs and so forth.

The other big adjustment which you have to take into account is around the risk contingency. The 614 was calculated on a slightly different basis where there was no explicit risk contingency shown in that dollar amount. The process that we undertook was a two-step process. We worked very closely with our cost advisers to develop a bottoms-up cost estimate, which was very detailed, that fed into the development of the 610 number, but we also went through a risk exercise where we went through an identification of risk process and then separately we went through an allocation of risk process. We considered where the risk would be likely to ultimately fall—whether it would sit on the territory's side or whether it would sit on the side of the proponent.

The other element that we went through was to provide quantification against those risks. With the assistance of our commercial advisers, we went through that detailed process. Our commercial advisers undertook a Monte Carlo analysis around the quantification of each individual risk, and that is what fed into the \$173 million. When you look back at the \$614 million number previously, it did not have that explicit risk contingency number which we have put into the business case.

**Mr Corbell:** That is why the government has been very clear to confirm the capex figure and then make explicit the risk contingency to demonstrate that we have sought to make a like-for-like comparison against that earlier 614 figure.

In relation to the issue of what was in the election documentation, the election documentation was the financing needed for, effectively, the work leading up to and including procurement. That is what that figure was. That is a direct cost to the budget in the period of the forward estimates. As you would appreciate, when you put in costings for election commitments, Treasury accepts them over the budget cycle, which is the current financial year plus the three forward estimate years. With a PPP, the payment was at that time outside of the forward estimates. That is the framework within which all political parties operate, and Labor as a party did nothing different from anybody else. The Treasury does not take into account costs that are outside the forward estimates for the election's policy costing framework.

**MR COE:** Are you saying that your election policy of 2012 does not include the final

year of the term of which the policy applied?

**Mr Corbell:** My understanding of the election policy costing framework—and you would have to ask Treasury for the detail of it—is that they ask for estimates over the forward estimates. At the time of the 2012 election, 2020 was well outside the period of the forward estimates.

**MR COE:** Are you saying that your policy did not include 2019-20?

**Mr Corbell:** Sorry?

**MR COE:** Are you saying that the costings you submitted to Treasury did not include the year 2019-20?

**Mr Corbell:** They did not include anything beyond the forward estimates.

**MR COE:** Did it include 2015-16?

**Mr Corbell:** As I said, it did not include anything beyond the forward estimates.

**MR COE:** 2015-16 should have been in the forward estimates, shouldn't it?

**Mr Corbell:** The reason for that is that Treasury cost policies on the basis of the budget impact over the budget cycle, which is the current financial year plus the three forward estimates years. That is how territory budgets are constructed.

**MR COE:** The request for costing as on the Treasury website is policy No 87. You have 2016-17—so this goes through to 30 June 2017, after the next election—and you have zero dollars for capital.

**Mr Corbell:** That is right. That is because it is a PPP, Mr Coe. The capital cost is met by the private sector consortium, not the territory.

**MR COE:** Therefore, are you now saying that you will not be making a capital contribution?

**Mr Corbell:** The territory has indicated that we will give consideration to a capital contribution, and those are matters that we will determine at the appropriate point in time.

**MR COE:** But is a capital contribution to the project required if you are to get the asset recycling money from the commonwealth?

**Mr Corbell:** Asset recycling money has been allocated to the capital metro project. The issue is around the timing of a capital contribution and the quantum. Those are matters which the territory is still giving consideration to.

**MR COE:** In order to get the commonwealth funds from the asset recycling scheme, where you only nominated one project, are you bound to make a capital contribution?

**Mr Corbell:** A capital contribution, as the territory has indicated, would only be made once construction is complete, which is beyond the 2019-20 financial year. The territory has not formally announced that it will be making a capital contribution. I think we have been very clear that we have secured funds under the asset recycling scheme for a capital contribution, but we have not formally announced the specifics of a capital contribution at this time.

**MR COE:** In the event that you do not make a capital contribution, does that mean that you will forgo that commonwealth money?

**Mr Corbell:** It is not for me to make announcements about government policy today, but obviously we have entered into an arrangement which has been successful in seeing the federal government endorse capital metro as productive infrastructure and that they are willing to assist with a capital contribution.

**MR COE:** In terms of clarifying yes or no, are you bound to making a capital contribution in order to get the \$60 million-odd from the commonwealth?

**Mr Corbell:** If we want to access the \$60 million-odd from the commonwealth, yes, we will need to apply it to the project. But, as I have indicated, it is still within the territory's discretion as to whether or not to do that. The Chief Minister and I have not yet formally announced any details of a capital contribution.

**MR COE:** When you signed up to this asset recycling, did you make it clear to the commonwealth that you have not made a formal decision as to whether or not you are going to take the money?

**Mr Corbell:** What we made clear to the commonwealth was that we were yet to determine the timing and the conditions associated with a capital contribution.

**THE CHAIR:** Can I ask a quick supplementary. The commonwealth's criteria around providing funding to states and territories through the asset recycling initiative are very strict. My understanding is that, across the country, given the ACT was the first jurisdiction—I think the only still, possibly—to sign up, they needed a high level of certainty around the project.

**Mr Corbell:** Yes.

**THE CHAIR:** Any uncertainty would have led them to be reluctant to sign an agreement with the ACT.

**Mr Corbell:** Yes. That is absolutely the case. We have had to put the capital metro project through a rigorous process in the commonwealth Treasury. The commonwealth Treasury have recommended to the federal Treasurer, and he has accepted their recommendation, that the capital metro project meets the criteria of the asset recycling scheme because it is productive infrastructure. That is the very clear endorsement of the commonwealth.

Let me be very clear about a capital contribution: it is highly likely that the territory will make a capital contribution. The reason for that is that it reduces the availability

payment, which means Canberrans will pay less each and every year, once the project is operational, than they would have without a capital contribution. A capital contribution reduces the ongoing cost to the territory and it would be foolish for the government not to give consideration to it.

**THE CHAIR:** In capital contributions, in terms of comparable projects around the country or around the world, is there a range of options about timing? Are you able to elaborate more on any of them?

**Mr Edghill:** Certainly. Looking at other PPP projects in Australia and no doubt elsewhere around the world, capital contributions have been used for different reasons and at different points in time during a project's life cycle. If you were to look at the capital framework, the PPP framework, which is ACT government policy, there is a discussion in there around capital contributions. Those policies contemplate that there may be good reasons why a government would decide to provide a capital contribution. Typically, the number one reason which we are probably seeing in the market at the moment is that it delivers value for money to the territory. It is not too dissimilar to making a down payment on a car or on your home loan. If you make that down payment, it reduces your ongoing financing costs over the life of the term. But there is a balance to be struck between making that down payment and also ensuring that there is enough finance in the transaction still to ensure the project delivery partner is sufficiently incentivised monetarily to deliver the project outcomes that you are looking for.

If we were to cast our minds back seven years or so ago, with the GFC, particularly for very large projects the driver at that point in time for capital contributions may have been a little bit different. The driver was a lack of liquidity in private capital markets and, therefore, government was stepping in to reduce that marginal cost of debt on the last piece of debt into a project. There are different reasons why a government may want to do it, but typically in the market today it is around that value for money prospect.

There are different points in time when a capital contribution can be made. In other projects there might be a capital contribution made during the construction phase. The disadvantage of doing so is implicitly that the government would be then bearing some form of construction risk. Certainly from CMA's perspective, we would not recommend making a capital contribution during the construction phase of the project if the ACT government has not done it before. Contributions may be made at the completion of construction. A contribution could be made at the first refinancing point during the term of a project, or a capital contribution could be made in some other form throughout the operating phase of the project.

Of course, one of the moving parts for us is the construction date. We are working on an estimate based upon our own work that fed into the business case. Ultimately, the date for construction completion and the date for refinancing are all items which will be bid back to us as part of the procurement process.

**MR COE:** On that same issue, with regard to the roughly \$400 million that the government is expected to receive from the asset sales, which is going to generate the incentive payment, are you obligated to invest that money into capital metro?

**Mr Corbell:** Yes.

**MR COE:** You are obligated to bring that \$400 million, the sale proceeds, and then also the incentive payment?

**Mr Corbell:** Yes, that is the condition of the agreement with the commonwealth. If we want to realise the commonwealth's payment, yes, that is what we have to do.

**MR COE:** Suddenly you might be in a situation whereby you are putting more than 50 per cent of the cost of this project up-front, which is in contrast to the language you have been saying for a long time, which is that it is going to be a PPP and, therefore, it is just going to be availability payments. Do you accept that?

**Mr Corbell:** No, I do not. The reason for that is, as Mr Edghill has outlined, first of all the government's preferred approach is that no capital contribution is made until construction is complete. The reason for that is to make sure the risk associated with any variation in cost is something that is borne by the private sector. If we make a capital contribution ahead of completion of construction, we are bringing some of that construction risk back to the taxpayer side of the ledger, and we do not want to do that. We want to make sure that the private sector carries the risks associated with capital expenditure costs. If they get it wrong, they are paying, not the taxpayer. I do not accept your proposition, for that reason.

The other point I would make, though, of course, is that if we make a capital contribution then we pay less in availability payments. That is a very important consideration for the government, and I have no doubt it is an important consideration for the community. As Mr Edghill says, if we structure it properly so that we make a down payment, effectively, on the purchase of this project at the right time, where the risk does not come back to the taxpayer, then we reduce the ongoing cost to the taxpayer. I think the taxpayer would consider that prudent.

**THE CHAIR:** Mr Wall.

**MR WALL:** Minister, I want to go back to the request for proposal and why it is not being released publicly. You mentioned that we are currently undergoing a competitive tender process for this. But, given you have two proponents with the same request for proposal in front of them, what is the detriment to releasing that publicly?

**Mr Corbell:** I will ask Ms Thomas to give you some more details around that.

**Ms Thomas:** It is common practice in the ACT in terms of procurement, and in many jurisdictions, not to release the RFP during the actual tendering process. That is because we try and keep the tendering process as clean and unencumbered as possible. Sometimes RFPs are released close to the tender process so that they come out with a project report that summarises what the project is, how it is tendered, what the contract price was and everything else. But generally across Australia it is not common practice for an RFP and the content of that RFP to be publicly released during the time of the actual tendering. In our discussions with Shared Services Procurement within the ACT, that seems to be the preferred approach here as well.

For all of those reasons, it is important for the overall probity and management of the contract.

**MR WALL:** Will this RFP be released once the submissions have been made?

**Ms Thomas:** That would be a decision for government.

**Mr Corbell:** The government will certainly be giving consideration to that. I have already indicated in the most recent Assembly debate on capital metro in relation to Mr Coe's motion on capital contributions that it is our expectation to release a summary document of the contractual terms, and obviously issues around the documentation in the RFP will be part of that consideration as well.

**MR WALL:** What will the successful consortium from the RFP process be responsible for?

**Mr Corbell:** That is a very broad-ranging question. Are there particular areas that you are interested in understanding?

**MR WALL:** It is a broad question because a fair number of constituents have raised questions about this proposal with me. There is a lot of uncertainty as to what extent they will be constructing, managing, maintaining and then potentially expanding the light rail.

**Mr Corbell:** In very general and simplistic terms, the consortium will be responsible for the construction, the operation and the maintenance of the line.

**MR WALL:** Who will be responsible for subsequent extensions to the network, for that work?

**Mr Corbell:** That would be the subject of a separate procurement process.

**MR WALL:** Obviously a lot of the infrastructure that will be installed in the first stage, such as the rolling stock, the trams, will be proprietary equipment that can only be purchased and used by one manufacturer. What guarantees are there then for government in any subsequent stages to ensure that they are getting best value for money, given that they are ultimately tying themselves to a rail model in the first stage?

**Mr Corbell:** There would be a range of considerations that would have to be undertaken in relation to that. But it would be the case that, with a light rail operator in place, the government would have to give consideration as to how to engage with the existing operator in relation to any extension. I make the point that there are not just downsides associated with that; there are also upsides associated with that. The obvious analogy to draw is that if you already have rolling stock and you already have maintenance yards and you already have a skilled workforce, you do not have to import that again for future operations and future expansions. Effectively, you have those up-front costs already having been paid and then you can expand at a lower cost than if you were starting from scratch.

That is certainly the experience in Adelaide, for example, where their initial city to Glenelg line was costly but subsequent expansions have been less costly because the rolling stock is already available, the maintenance facilities are already available and so on. Those are the types of considerations that the government will have regard to, but there would still need to be a separate, specific procurement process to determine those questions.

**MR WALL:** The concern I am raising there is that, ultimately, once you have committed to buy a certain style of tram, the manufacturer of that technology is largely able to hold the government to ransom, and future governments to ransom, as to how much additional expansions may be.

**Mr Corbell:** The government are aware of this issue, and we have already taken steps to ensure that that is not the case. Ms Thomas can elaborate on those.

**Ms Thomas:** It is a requirement that we ask for the provision of non-proprietary submission of rolling stock. It means they cannot lock in a particular type of technology without being able to share that across future technologies. So it does not lock it in; you can use other forms of rolling stock on the same line into the future if that is required.

**MR WALL:** In terms of the proposed Russell extension, would that be an additional cost? What is the anticipated cost of that extension?

**Mr Corbell:** The government have undertaken modelling on that, but we have decided that we will not precondition the market in relation to what they will bid. We have asked, instead, the two shortlisted consortia to bid on what they believe it will cost to deliver Russell. Then the government will use that and use our modelling to determine whether or not that bid represents value for money and should be included in the stage 1 project.

**MR WALL:** Should that additional phase or extension of the tramline go ahead, would it be completed under the same PPP or would that be a separate agreement from the Gungahlin to city proposal?

**Mr Corbell:** It would be the same agreement insofar as we would be dealing with the same consortium for both.

**MR WALL:** It would be a secondary agreement, ultimately, to do that additional line?

**Mr Corbell:** It will be a different part of the same agreement. The base case is locked in. The government have said we will procure, subject to being satisfied that the consortia have met our requirements in the RFP, Gungahlin to the city. The government have said we are considering whether to procure city to Russell, and that is subject to the procurement process that we are now going through. The PPP, if the government decided to include Russell, will be composed of two parts, a Gungahlin to city part and a city to Russell part, but it would be the one PPP agreement with the one consortium.



**MR WALL:** What analysis is currently being undertaken by capital metro regarding that proposed extension?

**MR COE:** Is there a business case?

**MR WALL:** Is there a business case for it?

**Mr Corbell:** Commercial and technical analysis, and a business case will be finalised once we have seen the market's pricing for that option. Unlike Gungahlin to the city, where we have had to develop our own pricing because we have not gone to a competitive process, the fact that we are in a competitive process for Gungahlin to the city means that, rather than rely solely on assumptions, we can have a market price that we can then plug that figure into a business case for Russell to the city, and a business case will be prepared once we have seen those prices. Then the government will make a decision based on that business case as to whether or not to proceed with city to Russell.

**MR WALL:** Would the additional extension from the city to Russell require any additional procurement of rolling stock?

**Mr Corbell:** It will require additional train sets compared to Gungahlin to the city, because it is a longer line and to maintain the frequency you will need more trains. But that has been included as a matter that is bid back by the consortia.

**MR COE:** How did you choose the extension to Russell as, in effect, stage 2? What staging analysis was there for any other route in Canberra?

**Mr Corbell:** City to Russell was considered the most suitable option because of its relatively short length and its potential for patronage gain.

**MR COE:** But what staging analysis was done to compare city to Russell versus other destinations?

**Mr Corbell:** Capital metro drew on the analyses that are publicly available about options for development of the frequent network and the development of light rail services that have been developed over an extended period.

**MR COE:** Was the 2003 study into staging considered or not?

**Mr Corbell:** As I said, all the relevant documentation, including that one, was considered, yes.

**MR COE:** Was that 2003 study considered at the time of choosing Gungahlin to the city?

**Mr Corbell:** Gungahlin to the city was chosen by the government in the context of our election commitments and the work and the studies that preceded that political decision.

**MR COE:** What are the key statistics for the extension to Russell? What is the

additional patronage that will be generated as a result of that?

**Mr Corbell:** It is about a 30 per cent increase in patronage compared to the base case.

**MR COE:** An extra 4½ thousand, 5,000 people a day?

**Mr Corbell:** I can get those figures.

**MR COE:** Up to around 20,000?

**Mr Edghill:** The absolute numbers depend upon whether you are looking at 2021 projections or 2031 projections, but whatever 30 per cent of 15,000 is in 2021 then it will add 30 per cent of 20,000.

**Mr Corbell:** There are about 5,600 additional journeys a day.

**MR COE:** Just over 20,000?

**Mr Corbell:** Patronage rises to 20,700.

**MR COE:** But you are not aware of what the patronage increase would be if it, say, went to Belconnen or went beyond Gungahlin marketplace?

**Mr Corbell:** The government has not considered options in relation to Belconnen for the reasons I have mentioned in my earlier answer. In relation to the Gungahlin marketplace, consideration was given to alternative stops within the Gungahlin town centre, further to the west of the proposed existing terminus at Gungahlin Place. But for a range of technical reasons it has been determined that Gungahlin Place is the most appropriate stop.

**THE CHAIR:** Could you give us an update—I assume you keep in touch with your colleagues around the country—in terms of other light rail systems? I was recently in Adelaide and was able to go on their system and, as the minister said, that extension to Glenelg. The feedback I got, when I asked the taxi drivers and the people in the hotels, “What do you think?” was that they wanted it to go further. It was controversial before it was built. “Now that it’s here, we want more of it.” Is there any particular relevance for the ACT experience from the Adelaide one? Specifically, how is the Gold Coast one going? I understand the patronage for that is pretty good. Can we learn anything from either of those two?

**Mr Corbell:** I think there are lessons to be learnt from both of those light rail projects, in terms of both the community debate and the physical delivery. Certainly in terms of the community debate around the benefits and costs of light rail infrastructure, it is pretty clear that the experience in both Adelaide and the Gold Coast was very similar to the experience we are going through here, which is that, during the procurement and the construction stages, there were a large number of loud voices who said, “Too expensive, not needed, would have a whole range of other adverse impacts.” But once built, public sentiment rapidly became: “This is really good infrastructure. We can see how it works and we want more of it.”

I will give some context. I took the opportunity to visit Adelaide at the beginning of last year. I had an opportunity to meet with the former minister who was in charge of their light rail expansion, the former director-general of the transport department who was responsible for the project and current officials of the department, and the learnings from them were that there is inevitably a level of opposition to light rail during its development. In Adelaide people said things like King William Street would become unworkable, which is the main thoroughfare through the Adelaide CBD, that it would destroy retail, that shops would close, that traffic would not work properly, that no-one would catch it. I think all those themes would sound pretty similar to some of the criticisms we hear locally.

However, once the project was developed, it was overwhelmingly supported and the debate now in Adelaide is not about whether or not they should have light rail but who should get it next and where it should go and why has it not happened sooner. That is the political debate in Adelaide right now.

There have also been some really interesting changes in commuter behaviour as a result of the investment in light rail. For example, because Adelaide has now expanded their light rail, if I recall properly, down the Port Road to the Adelaide entertainment centre, commuters are utilising the very large amounts of vacant car parking at the entertainment centre, because it is empty most of the time, and using the light rail to make the final commute to the city. They are doing that because it is cheaper. They are doing that because it is convenient. It is a great example of people being able to utilise light rail in a way where they still use their cars for part of their journey. But they are saving money, they are reducing parking pressures and they are moving more efficiently around the city.

There are some really interesting changes in behaviour in the Adelaide experience, which we are looking very closely at in the context of park-and-ride facilities, for example, in Gungahlin. We know there will be continued pressure on car parking in the city centre, in the parliamentary triangle, in Russell. But if there is the capacity to provide for good park and ride, exactly like we are contemplating right now in Gungahlin, then that will give people some real choices in that they will be able to park at cheap or free car parking, for example, in Gungahlin near Well Station Drive or in the Gungahlin town centre itself and then use light rail to get to their destination, their place of work, in the city or potentially in Russell. There are some real, significant benefits that can be realised there.

There certainly have been some useful lessons learnt in the Gold Coast project around how constructability was managed, issues around utilities relocation and how that should be managed, lessons learnt from the Gold Coast experience. Those are matters that certainly capital metro has looked very closely at in determining how to proceed with this project.

I also throw in there that we have been fortunate to have good engagement with Transport for New South Wales and the planning they are undertaking for their light rail projects in the Sydney CBD. They are not at construction stage yet but they are ahead of us in terms of having completed their procurement. So we have had the opportunity to get lessons learned from their procurement stage as we head into our procurement stage, which we are in now.

**THE CHAIR:** Is the patronage on the Gold Coast route more and different? Do you know enough about that yet?

**Mr Corbell:** Yes. I have only seen the public reporting but it is consistent with the experience in Adelaide, which is that patronage has exceeded the projections at the time the service started. I think they have reached their five millionth passenger in less than 12 months. That is an outstanding result. It is higher than they anticipated but that is the consistent trend with light rail services in Australia. They tend to exceed their patronage expectations once the project is physically operational. That was certainly the case in Adelaide as well.

**MR COE:** The original plan—

**Mr Corbell:** I should also make the point that there has also been a very large increase in bus use in the Gold Coast.

**THE CHAIR:** To feed into the—

**Mr Corbell:** As people integrate their journeys and are using bus to connect to and from their light rail journey. It has grown bus patronage as well as growing light rail patronage above that which was projected.

**MR COE:** But they were meant to get the five million in three months, though, were they not, at 50,000 a day?

**Mr Corbell:** No, they were not.

**MR COE:** Did the Labor government not promise 50,000 people a day?

**Mr Corbell:** It is not for me to speak for the Queensland government but my understanding is that they have met and exceeded their patronage targets as set out when the project opened.

**MR COE:** I think you will find the initial projection was for 50,000 a day, and then the Newman government revised it down to 17,000, and now they are exceeding the 17,000.

**Mr Corbell:** It is good that they have exceeded the target set by the Liberal-National government.

**MR COE:** That is right. Great win!

**THE CHAIR:** That is presumably more of a tourist route—

**Mr Corbell:** It is not.

**THE CHAIR:** It is a commuter route?

**Mr Corbell:** It is definitely a commuter route.

**THE CHAIR:** Are people using it at night? Are people using it not just to go to and from work but to socialise and do their shopping?

**Mr Corbell:** The line is being utilised for a range of uses. Obviously, tourists use it because it services the heart of the tourist centre on the Gold Coast. But day to day the largest volume of users would be locals, and they are using it for journeys to work, they are using it for shopping and they are using it for a whole range of other journeys.

**THE CHAIR:** Do kids use it for school?

**Mr Corbell:** There is no disputing it. They are getting more customers than they thought they would. The uptake has been quicker and larger than anticipated, and that is a very, very positive and consistent trend across light rail services in Australia.

**THE CHAIR:** Mr Coe.

**MR COE:** Minister, with regard to the wider economic impact as stipulated in the business case, would you talk me through how those figures were derived? There is very little by way of the underlying assumptions included in the business case.

**Mr Corbell:** I will ask Mr Edghill to talk about the detail of that but, in summary, I simply make the point that the wider economic benefits have been calculated in accordance with the approaches adopted by Infrastructure Australia and consistent with other transport PPP projects in Australia. There is nothing unusual, different or novel about the way we have calculated wider economic benefits; it is consistent with the standards applied by IA. That has been confirmed by independent assessment of the business case. I will ask Mr Edghill to talk through some of the detail around this.

**Mr Edghill:** We engaged EY as our commercial advisers. As I am sure you are aware, EY are a global advisory firm with expertise in such matters. The starting point in the analysis throughout the business case is where guidelines exist in the Australian market. Where the Australian market may be less mature than other markets—for example, the UK or New Zealand—then our commercial advisers have used those guidelines from other countries where appropriate but always going back to using Australian evidence in coming up with their calculations.

With the wider economic impacts—some of this is set out in the business case—it looks at agglomeration benefits; it looks at imperfect competition. There is another category or two in there. One of the things that we were particularly mindful of and one of the things that our commercial advisers were particularly mindful of when calculating the wider economic impacts was to do so in a manner which ensured that there was no double counting of benefits which had been recognised in other elements of the business case.

**MR COE:** Minister, what do you mean by “have been reviewed”? You said the wider economic impacts have been reviewed. What do you mean by that?

**Mr Corbell:** Capital metro commissioned Professor Derek Scrafton, an economist, a very experienced transport administrator and former head of the department of

transport in South Australia, as an academic reviewer of the business case. Professor Scrafton has extensive experience in the public transportation field, and he was commissioned to provide an independent assessment on the appropriateness of the methodology adopted in the business case. His review confirmed that the methodology is sound, the document contains sufficient detail overall and makes realistic conclusions and recommendations. His review concluded that the business case is fit for purpose, uses appropriate and realistic methodologies in the analytical sections and follows guidelines which are recommended and approved by national organisations. That is what I am referring to.

**MR COE:** I was referring to the assumptions regarding the wider economic impacts. What scrutiny has there been of those?

**Mr Corbell:** As I say, Professor Scrafton looked at whether or not appropriate and realistic methodologies were used, including the methodologies in relation to wider economic impacts.

**MR COE:** It actually says quite explicitly in the preface:

It is important to note that the review is not expected to comment on assumptions.

Who has actually looked at the assumptions?

**Mr Corbell:** Assessment of wider economic impacts is done through appropriate methodology, and Professor Scrafton has concluded that the methodologies used there are appropriate. I will ask—

**MR COE:** He did not look beyond the full business case. He did not look at any supporting documentation. He did not look at the technical documents, according to his preface. Therefore, if the assumptions are not here, who has looked at them to actually validate whether they stack up or not?

**Mr Corbell:** The question you asked was whether or not the methodology used was appropriate.

**MR COE:** No, I explicitly said the assumptions, not the methodology.

**Mr Corbell:** You were questioning whether or not there was something novel or different about the wider economic impact assessment.

**MR COE:** Look at the *Hansard*.

**Mr Corbell:** The fact is that there is not. But Mr Edghill can provide you with some more detail about it.

**Mr Edghill:** I am happy to elaborate a little further. As well as Professor Scrafton's review, obviously one of the reasons we have engaged EY is that, as a starting point, before anything comes to us, they have their own independent, internal review processes which they go through. It is not the case that we have engaged a single

individual, for example, and are reliant upon that individual to have checked their work. There is an independent check within EY before those numbers are presented to us.

But, depending upon which assumptions in particular you are talking about, in the business case, in table 60 and table 61, for example, we set out wider economic impact assumptions. Regarding those assumptions, for example, around weight sharing, elasticity assumptions, I would have to go back and check my notes, but those either come from existing TFNSW guidelines or from AusRAIL guidelines or from other public guideline sources.

**MR COE:** Given that without the wider economic impact the BCR drops to one, is it not critical that you provide the underlying information, other than just figures which have no evidence behind them whatsoever?

**Mr Corbell:** I reject that assertion. As Mr Edghill says, they have been prepared based on the relevant standards, including the standards—

**MR COE:** Where is that? We have not seen it. Nobody has seen it.

**Mr Corbell:** Let me answer—including the standards applied by Austroads and including the standards applied by IA. Professor Scafton concurs. Professor Scafton says that it uses appropriate and realistic methodologies and follows guidelines which are recommended and approved by national organisations. Unless you are questioning the methodology and the guidelines that dictate how wider economic impacts are assessed, as approved by these national organisations, then I do not really see what the problem is.

**MR COE:** What Derek Scafton is saying is that these numbers are being used in the methodology appropriately but he has not analysed whether the actual numbers are right or not, because he has not looked at the assumptions nor the underlying analysis. Who has looked at this? Are you simply asking Canberrans to take your word for it?

**Mr Corbell:** Let me turn to what Professor Scafton actually said on page 3 of his independent review. This is in relation to the chapter 9 financial analysis. This is Professor Scafton's analysis of the chapter 9 financial analysis:

A thorough analysis following Infrastructure Australia guidelines, including provision of a Public Service comparator to the preferred PPP options. Assumptions in this section are realistic ...

**MR COE:** You should continue, though. It is regarding the fare of \$1.35; it is not regarding the wider economic benefits.

**Mr Corbell:** That is not—

**MR COE:** You are referring to the wrong section.

**Mr Corbell:** The average fare, Mr Coe.

**MR COE:** But he said this section—

**Mr Corbell:** He is using it as—

**MR COE:** In this section; in this section.

**Mr Corbell:** He is using it as an example. He is using the average fare as an example; he is not saying that that is the complete range of assumptions that are addressed in that chapter.

**MR COE:** Are we going to see the other independent review or is that just going to be kept hidden and exclusively for the government?

**Mr Corbell:** The government will make a decision when to release that review, but, as I have already said publicly, that second review concurs with Professor Scrafton's conclusion.

**MR COE:** Why would you not release the second independent review, which goes to the credibility of the business case and, therefore, the credibility of the government's number one infrastructure project?

**Mr Corbell:** Because I have already released an independent review that does just that. The timing of the release of other documentation is a matter for the government.

**MR COE:** That is why I am asking: why would you not release it now?

**Mr Corbell:** Because it is a matter for the government as to when we believe the best time is to release it.

**MR COE:** You are the Minister for Capital Metro. I am asking you your opinion as to why you are not releasing it now.

**Mr Corbell:** Because I am not yet convinced that it needs to be released—

**MR COE:** What convincing would you require?

**Mr Corbell:** and I have decided that I will release it at a time I feel is appropriate.

**MR COE:** What are the factors for that?

**Mr Corbell:** Those are matters for my judgement, Mr Coe.

**MR COE:** That is what I am asking you.

**Mr Corbell:** And that is my answer.

**MR COE:** That is not good enough, is it?

**Mr Corbell:** You may not consider it that, but documents prepared for the executive government are a matter for the executive government as to when they are released.



**MR COE:** The government has commissioned an independent review into the credibility of the full business case.

**Mr Corbell:** Yes.

**MR COE:** And you are refusing to release it. Do you understand that that looks a bit dodgy?

**THE CHAIR:** I am sorry, Mr Coe—

**Mr Corbell:** I am not refusing to release it; I am simply saying that I will release it at a time of my choosing, not yours.

**THE CHAIR:** Thank you. Mr Wall.

**MR WALL:** Minister, what preliminary works is the agency currently undertaking before construction commences, particularly in identifying the utilities and obstacles applying in the transit corridor?

**Mr Corbell:** Very extensive analysis has been undertaken in relation to utilities in the corridor and which of those utilities will require relocation and which will not and what factors flow from those considerations. I am happy to ask officials to get into the detail of that, but the short answer is that there has been a very thorough survey along the corridor, including physical excavation, review of available plans and other documents that identify utility location. All of that material has now been provided to the two short-listed consortia so that they can rely on that as they choose in preparing their bids.

**MR WALL:** Which utilities have been identified as requiring relocation?

**Mr Corbell:** I will ask Mr Allday to tell you about what surveys have been undertaken, what types of utilities have been identified and what information has been made available to the consortia.

**Mr Allday:** We have been looking at the utilities, or the potential for utilities, along the whole of the alignment for about a year now. We did a number of different exercises to try and identify as clearly as we could what is out there. This started off with a simple desktop exercise looking at the information available from Dial Before You Dig. Clearly that gives you some indications, but it is not the whole thing because you have to then double-check on that.

We then set about undertaking an exercise where we looked along the whole of the alignment, where we were actually going to run the light rail system. So we were looking at the depot itself and all the way along the median from Gungahlin right from the terminus through to the terminus. That included some intrinsic or detailed burrowing down. We did some trenching and we tried to make sure that, for those utilities that we identified in the desktop exercise, what Dial Before You Dig was telling us was really there. Needless to say, some of it was there; some of it was not there. Again, this all adds to the amount of information available and you are clear

then to do further checks. We probably got an 80-odd per cent clarification of those that we thought we would find which we actually found, and there were those elements that we did not find, so we sought to find exactly where they were.

The next stage of that was to talk to all of the utility companies to verify with them what their records show and what their records indicate as to where their utilities are. We went through an exercise with them where we shared with them the information that we had from the desktop exercise, Dial Before You Dig and also from the searches that we carried out, and we compared those with their records. That identified some further utilities and, again, we double-checked and found out exactly what was there. Again, with any utility searches there are always the utilities that you know, there are the utilities that you know you do not know, because we found those from doing our searches, and you will always have an element of the unknowns—that is, you don't know what you don't know. That is normal in any project.

The exercise we then went through with the utility companies was to further verify with them and do some further checks on site of their utilities and for them to identify and agree, “Yes, that is our utility; yes, that is the depth.” So we have an overall picture now all the way along the alignment of exactly what we believe is there and what the utility companies agree with us is there.

After that, the next step was to say, “What do we need to do with those utilities? What exactly, if we were doing some construction works, would we have to do?” What that really means is what utilities cross over the alignment, what utilities run along the alignment, how deep are they and would they be impacted in any way, shape or form by the construction works we are proposing to do—recognising, of course, that the respondents who are tendering for the works will always have their way of doing things. This is for information purposes, to assist them in any of the exercises they want to do when they start to compile their design.

We categorised those clashes—we call them clashes—where the light rail alignment clashes with the utility companies' assets that are already there, and we categorised them in a number of ways. Effectively, we call them red, amber and green. The red ones are the ones where both we and the utility companies agree that they cannot live in harmony together so they will have to be relocated, or, if relocation, which is the final thing—if we have to or could protect them—would be possible. We go through each of those red clashes one by one. We identify the potential solution for each of those clashes and then we jointly agree what is the most appropriate way, between us and the utility companies, of dealing with those clashes. We have gone through all of the red clashes with every single utility company now and identified with them what the proposed solution is in terms of dealing with those clashes.

The same thing is going on with the amber ones. The amber ones are a little different. The amber ones are where there is more likelihood that we could probably protect. So we look at the methodologies that could be adopted in terms of protecting rather than relocating.

The final ones are the green ones, where we both agree that there is nothing much really required because there is such a depth, they are going well underneath and they are not likely to be impacted in any way, shape or form by any construction works—

so we again jointly agree.

All of that having been said, we decided that it was probably appropriate to do an extra little bit of work, and that was really around the fact that, in the knowledge that we will have to relocate a number of the utility services, where is the most appropriate place that we would have to relocate those to. We did some further works, along with our colleagues in TAMS, where they were carrying out surveys in the verges for future utilities as part of the Northbourne Avenue works. We have identified with them where existing utilities are outside of the median that we need to be aware of so that we can then at least, when we are looking at relocating the existing utilities that we have to move, know where the appropriate place is to put them.

Again, we are working with the utility companies on all of those things to make sure absolutely that we understand what our options are and, more importantly, that all of that data is collected and put into the data room so that the respondents have a fairly good picture of what is in the median, what they are likely to hit, what they would probably have to move and where they could possibly move it to.

All of that work we have done. On top of that, there are other utility issues which are known as stray current issues because you get those with any light rail system. This is because we use a DC traction system. As part of a further analysis of work to help the respondents, we have worked with all of the utility companies and we are now going through an exercise where you look at the existing arrangements with the infrastructure that the utilities companies have. We identify what the current status is in terms of any stray current issues that exist in the ACT today and that gives you a baseline from which to work as you introduce the traction system along the route. That feeds into the design. It helps the design for the respondents but, more importantly, it helps to understand and assess that issue as you move forward. We have also worked with the ACT regulator throughout all of this process as well.

**MR WALL:** What kinds of services have been found through this work?

**Mr Allday:** There are electrical cables along there, there is gas along there and, as you would expect, there are an awful lot of telco cables along there. I believe we have 12 different utilities that we are dealing with.

**MR COE:** Is the gas main classed as red for any of the—

**Mr Allday:** Yes, in certain parts of it—not all the way along the route. There is part of the median where the gas main effectively along Northbourne Avenue is to the side of the median. It is believed that that probably does not need to be looked at. But if you go beyond Dickson and to the Federal Highway, yes, it will need relocating.

**MR COE:** That is, in effect, the mains for Canberra; is that right?

**Mr Allday:** It is a secondary pipe but, nonetheless, it is live, it is real, and it will need relocating. I think I touched on the fact of known knowns, known unknowns and unknown unknowns. I think it is quite important and Mr Edghill touched on it earlier in terms of how we do risk assessments. We have been able to assess and work with the utility companies to identify an indicative order of costs for them to move their

utilities inclusive of protection and/or relocation and any programs associated with that.

On top of that, we look at the likelihood of hitting utilities that we have not identified. When I say “hitting”, when you do construction you will always find something. It would be foolhardy to think you would not hit something. A lot of those things that you will ultimately discover will not be live utilities; they will no longer be utilised by anybody. The reason the utility companies do not know about them is that they have forgotten about them and do not use them anymore. Nonetheless, that still has an effect and a risk associated with it, so we take all of that and we do a risk assessment based on the overall costs of what utilities are likely to face in terms of movement and then put a risk assessment along that. That is included in the overall risk.

**THE CHAIR:** Do you have any sense of the proportion of red, amber, green?

**Mr Allday:** We do. There is a report in the data room—I cannot remember it because I have not read it in detail—and we update it on a regular basis. At the moment we have put what we found in there, bearing in mind that, ultimately, whatever we provide into the data room is for information purposes to the respondents. The respondents themselves are responsible for talking to each and every one of the utility companies. In terms of what we have identified as a red, an amber and a green with the utility companies, they could challenge that. They could come at it with a different solution. They take that information and they work on that. The answer is kind of in-confidence because commercially it will be different between each of the two respondents.

**MR COE:** In the event that you are able to cap it all, put a box culvert around the utilities, who makes the call about what sort of spacing you would need for manholes and general accessibility?

**Mr Allday:** Again, as part of our exercise with the utility companies, we clearly identify, as I said, what their assets are and where their breakout points are. When we are going through that process of identifying whether we need to relocate or whether they can stay in situ, if they stay in situ it is not an issue at all; it is just a matter of protection. If we have to relocate then we discuss the arrangements which will be in place on a like-for-like basis. So whatever they have there today, we are relocating it and they then identify where the breakout points are aligned with what they have currently got today. The way the likelihood is that the trenching work and the pipe work and everything that goes for all of the telco-type companies and the electrical companies will be done probably by the respondents, but the companies themselves have the responsibility to relocate their cable. They will run their new cables. They will identify where their breakout points are. They will do all of that.

The construction works are done to their standards so there is no dubiety over the work and the quality of the work; it is done to the standards of the utility companies, which are, again, provided to the respondents and are in the data room. They understand exactly what they are building or what they are likely to build, what the standards are they have to build them to, and they understand everything that has been discussed between capital metro and the utility companies themselves. Added to that, there will be covering arrangements that give them some comfort as to what those

discussions have been between the utility companies and CMA.

**THE CHAIR:** Given the age of some of our infrastructure in the city, presumably some of that infrastructure, the utilities along the corridor, is ageing already. Are there some that are likely to have to be moved anyway in the near future or are you not really able to assess that?

**Mr Allday:** Some of that is probably in the commercial field in terms of the discussions that we are having with the utility companies. We certainly go through things like dilapidation arrangements. We have all of those in that information as well.

**THE CHAIR:** With the telco one, is there any opportunity to talk to NBN about the possibility of seeing, when some of this is potentially taken out, whether NBN could be rolled in at the same time?

**MR COE:** The NBN is down there, though, is it not?

**Mr Allday:** NBN is down there.

**MR COE:** Is any of that in the red?

**Mr Allday:** There is some of it, yes, because, not surprisingly, they used the median. Indeed, I am sure you see some of them rolling out cables even today. There is pipe work in there and they will utilise that. When the relocations take place, again as I said, the arrangement as to what the utility companies need in terms of that relocation is agreed. There will be pipe work in there. To answer your question, there are always spare pipes in anything. Anything you ever do, you always put spare pipes in for telcos.

**THE CHAIR:** Any other utilities questions?

**MR WALL:** Yes. The consortia will bear the full cost of the relocation of all the utilities that have been identified?

**Mr Allday:** Yes.

**MR WALL:** To what extent have the upgrade works on Constitution Avenue been used as a test case for the Gungahlin to the city route?

**Mr Allday:** You would not be surprised to learn that we have talked to our colleagues in TAMS about what they did down Constitution Avenue. Indeed, we have been talking with them and going through lessons learned from how they approached the utility relocation on Constitution Avenue, what issues they found. We have even discussed those again with the utility companies, because they have been part and parcel of it. All of that we have actually built in to how we are approaching the utility movements as far as capital metro is concerned.

**MR WALL:** Has the same process of assessing the utility clashes with the proposed transit line been done for the potential second stage of light rail, if it were to extend to Russell?

**Mr Allday:** As part and parcel of the works we will do with the utility companies, we have taken the opportunity to look at the Civic to Gungahlin length as well. The work that we did there, we have done exactly the same to Russell.

**Mr Corbell:** We are in the fortunate position insofar as, because of the works along Constitution Avenue, we have got real-life exposure of what is there, and that gives us a very high level of visibility because of the works that have been undertaken.

**MR WALL:** Of the works that have been undertaken, once they are completed, particularly for the upgraded section from London Circuit through down to CIT along Constitution Avenue, how many utility clashes will remain on what the proposed corridor would be?

**Mr Allday:** We are still identifying exactly where those utilities are. We have got the information from the utility companies and we are doing that process at the moment. But that information will be finalised and will be released as part and parcel of an addendum that will be released to the respondents that will, again, go into the data room to give them the information that they are seeking.

**MR WALL:** Do any of the recently aligned utilities cause a clash with the transit corridor along Constitution Avenue?

**Mr Allday:** No. In the work that has been done by TAMS along the new piece, they have actually moved the utilities out of the way. Again, very early on we always had discussions with them just in case there was ever an alignment to go down there. While they have been working down there we have made sure those utilities, where they are working, are out of the way.

**MR WALL:** Who has been bearing the cost to date of identifying the utility clashes along the transit corridor?

**Mr Allday:** It has been part and parcel of our research work as part of the CMA, to prepare ourselves for the RFP process.

**MR WALL:** What, to date, has been the cost in identifying those utilities?

**Mr Corbell:** I would have to take that on notice. It is fair to say it is part of capital metro's due diligence to prepare for the procurement.

**MR WALL:** Have the utilities borne any responsibility of the cost in trying to identify utilities that were not identifiable through Dial Before You Dig or plans and archival files?

**Mr Allday:** The utility companies have taken the same approach as all utilities take when it comes to projects and identifying where their infrastructure is. All of that is included in what we have done in terms of the overall costs for identifying the utilities.

**Mr Corbell:** The approach is no different compared to any other project.

**MR WALL:** What is that approach?

**Mr Corbell:** You pay.

**MR WALL:** They put them where they like and if they are not where they say they are—

**Mr Corbell:** No, the approach is, “If you want to find out about our utilities and where they are, you pay for that.”

**Mr Allday:** They have a vested interest to make absolutely certain that the information they give us and the information that we have correlates, because it is their infrastructure. The only thing I would say is that the feedback we have had to date is that the work that has been done by capital metro in respect to utilities is probably greater than they have ever seen before.

**THE CHAIR:** We will take a break.

### **Sitting suspended from 3.35 to 3.51 pm.**

**THE CHAIR:** Minister, I want to ask a few more questions on the economic benefits, specifically construction and jobs. My observation driving down Flemington Road most days is that there are three cranes on the skyline. I have had a number of people talk to me about the fact that they are moving into the corridor, particularly along Flemington Road and particularly younger people who are looking to invest in their first house, which is a flat or an apartment, along that corridor. Do you think we are seeing some of that economic benefit happening now in terms of construction and investment along the corridor?

**Mr Corbell:** Anecdotally, yes, I believe that is the case. I think it is probably too early to be able quantify that more formally, but in due course I think it would be very useful to do that. Certainly anecdotally the impressions and the feedback I receive are very similar to yours. We know for sure that the last government land releases along the corridor in or around Harrison attracted a premium price compared to previous sales for similar parcels of land with similar zonings. That is certainly an indicator that there is a premium that people are prepared to pay, developers are prepared to pay, for land along the corridor.

Certainly anecdotally it is very clear that people are thinking about the future accessibility that will be available to them should they choose to live within the corridor, within walkable distance of a light rail stop. That is simply consistent with what we know is the experience right around the world in cities that have invested in light rail—that is, people vote with their feet and choose the convenience, the accessibility and the permanence of that service which is delivered by LRT which is not able to be delivered by other public transit modes.

If we painted a lane green and said that was for a bus, we probably would not have the same impact on people in terms of their physical location or their preparedness to invest or their preparedness to put a premium on land value compared to the fact that there will be a permanent right of way with rail along the corridor. I am very

encouraged by that feedback.

The government has received approaches from landowners along the corridor who are keen to rezone to provide more residential properties along the corridor. That is another very positive market response to the opportunities that light rail creates. To have people who own land along the corridor that is currently not zoned residential to say, “We’d like to rezone it for residential because we can see the real benefits and the premium that comes with that,” is entirely consistent with the broader planning objectives we have.

As a government we recognise that between now and 2050 there will be another 230,000-odd residents living in Canberra. A very large proportion of that growth will occur in the Gungahlin and inner north districts of Canberra, based on existing population projections. We need to plan for that growth. That is one of the reasons why Gungahlin to the city has been identified. It is not about the population today; it is about the population in 2050 and beyond and planning for that and investing in infrastructure that meets that demand in a way that provides for more people to live close to great public transport that gives them the accessibility they would not otherwise have.

I think it is unfortunate that all too often in these debates people characterise it in terms of the population today. It is actually the population over the next 35 years that we have to be planning for—at least—and that is exactly what we are doing.

**THE CHAIR:** Do you have a sense of people being interested in shifting to Mitchell or businesses relocating? I know its growth has been quite significant, to the extent that the recent works announced along Gungahlin Drive are to give the traffic flowing south along Gungahlin Drive in the morning a clearer run because of the amount of traffic turning into Mitchell. Do you have a sense of anything in particular happening around Mitchell or what that might look like in five or 10 years?

**Mr Corbell:** Not in the same way that I do in relation to residential development opportunities or mixed-use development opportunities. Certainly at this point in time we are not envisaging a huge change at Mitchell, because Mitchell is very much a service trades suburb. We are not envisaging any particular change because it is a quite discrete and particular range of uses permitted there. That may change over time. The planning for capital metro has regard to the fact that we will make sure that in the development of the line there is appropriate thinking put into whether or not Mitchell should be serviced discretely by a station into the future. But it is not proposed at this time.

**THE CHAIR:** In terms of the jobs that come with the project—this may have been gone over previously—and when the local jobs will start to emerge in the project and what sort of legacy it might have in skills and expertise left in the Canberra labour market once the project is constructed—

**Mr Corbell:** I am sorry, Ms Thomas interrupted me and I missed part of your question. Could you repeat it, please?

**THE CHAIR:** Do you have a rough idea of when the jobs are coming to Canberra



and what sorts of jobs? What sort of legacy might it leave in the labour market here, in expertise that we do not currently have and that we are likely to have after construction?

**Mr Corbell:** That job generation is starting to occur now because we have two bidding consortia who are locating some of their personnel here and they are also recruiting locally for their bid teams.

**THE CHAIR:** How many people are on a bid team?

**Ms Thomas:** I would not know, but many of the bids are huge and it is quite a big deal.

**THE CHAIR:** Dozens?

**Ms Thomas:** Probably more.

**Mr Corbell:** We know the bid teams want to establish a local presence here during the bid process. That means people are either being employed locally or they are coming in and spending their salaries here. That is a good thing. In terms of the longer term opportunities, we know what the numbers are for construction—about 3½ thousand jobs during construction is the assessment in the business case. We know the longer term benefits that flow—around 50,000 jobs over the duration of the business case analytical period. We also know that there are new skills and new types of jobs that will be created once capital metro is developed.

One of the most significant opportunities is in relation to civil, mechanical and electrical engineering. These are opportunities which we are exploring very closely to make sure that there is a lasting opportunity around training and potentially employment in civil, mechanical and electrical engineering here in the ACT, not just during construction. That is an area which is generally recognised as one where we often face skills shortages because of our relative size but one that we can potentially tackle and improve on as a result of this project. I am hopeful the government will be able to talk more about what is happening in that space in the future.

We cannot underestimate the jobs. So many of these jobs will be local jobs because we are talking about concreters and form workers, we are talking about carpenters and general labourers, we are talking about landscapers and we are talking about electricians. There are enormous opportunities, for example, for some of the personnel who are, unfortunately, potentially going to lose their jobs with the ActewAGL changes because of the Australian Energy Regulator's decision. Line workers, for example, who are not retiring as a result of that process will have some real opportunities potentially to secure work in what is going to be a very significant line working task as light rail is developed. In all of the catenary and electrical infrastructure, there will be very significant opportunities.

We are trying to work as effectively as we can in making sure consortia understand what those local opportunities are and aligning that with what is in our local industry plan so that as many Canberrans as possible secure jobs and secure opportunities and as many local Canberra contractors contracted to the larger consortia are able to get in

and share the benefits of this very big investment.

**MR WALL:** As a quick follow on, I am curious, minister: what role will carpenters have in this project?

**Mr Corbell:** Form work.

**MR WALL:** A form worker would do form work, not a carpenter.

**Mr Corbell:** Carpenters and form workers have interchangeable skills.

**MR WALL:** I think you have just offended a huge chunk of the trades sector in the ACT.

**Mr Corbell:** There is also work associated with the stations and the depot.

**MR WALL:** So a very minor role for a carpenter?

**Mr Corbell:** Every job is a valuable job, I would have thought.

**MR WALL:** Regardless of how temporary it might be?

**Mr Corbell:** If you give people a choice between not having a job and having a job for a two or three-year period, I think you know what the answer is.

**MR WALL:** Two or three years? It must be a big depot.

**Mr Corbell:** It is disappointing that you diminish construction jobs. That is the nature of the construction industry. Our challenge is to make sure there is a pipeline of work to keep people in employment in the construction sector. This project delivers a very significant pipeline.

**MR WALL:** You are talking probably to the only person in this room that comes from that industry.

**Mr Corbell:** You described it as “temporary”.

**MR COE:** Is it not temporary?

**THE CHAIR:** Our jobs are temporary.

**Mr Corbell:** I thought the comment was fairly derogatory.

**MR COE:** With regard to the \$783 million figure, does that include the cost of finance?

**Mr Edghill:** As set out in the business case, the \$783 million is just the capital delivery component. Separately set out in the business case are the operating and life cycle cost components. Then elsewhere in the business case there is both a public sector comparator and a PPP proxy. And the PPP proxy essentially wraps up

financing costs.

**MR COE:** David Hughes has written in the *Canberra Times* that he expects the availability payment to be in the vicinity of \$80 million to \$100 million, and that might be with a rate of, say, eight or 10 per cent. Is he in the ballpark if it is 100 per cent PPP with no down payment, in effect?

**Mr Corbell:** I think you know what my answer is, Mr Coe, because you have asked this question before in a number of ways. The government have made clear our position that we are not going to speculate publicly on what the availability payment looks like ahead of the conclusion of the procurement stage. The reason for that is to maintain a very strong competitive tension and not precondition bidders ahead of the conclusion of the procurement stage.

**MR COE:** Surely the competitive tension is actually driven by the capital cost, the actual cost of construction, and, therefore, the availability payment is derived from that, in addition to the maintenance and operations? Therefore, by giving away the 783 figure, is that not doing away with the competitive tension?

**Mr Corbell:** There is still competition in relation to the cost of finance itself, and there are still issues around how the consortia will choose to deliver the project—that is, will they choose to have a higher construction cost but then ensure a lower maintenance cost because of the quality of build? Or will they instead choose to have a lower construction cost and have higher ongoing maintenance costs? These are matters that the consortia will have to determine, and we will make a proper assessment of that.

**MR COE:** What levers or what variables are within the successful consortium's control that would be able to diminish the life cycle costs as opposed to capital? How do they spend capital to reduce their maintenance costs?

**Mr Corbell:** I will ask Ms Thomas to explain.

**Ms Thomas:** There are a number of ways that they can control and think about their costs and how they allocate those costs. Because their contract involves them doing the maintenance of not only the light rail vehicle but the corridor itself and the stations and the depot over time, the decisions on what type of equipment they put in, how often that equipment needs to be changed over a 20-year period, whether the landscape design or the design of the stations requires someone to come along every day and clean something or not clean something, the graffiti treatment and the anti-vandalism treatments they choose to put in that might cost more up-front but then mean they have less vandalism because people cannot vandalise that particular material all impact the whole-of-life cycle costs for a project. There is quite a lot of decision-making that goes on within the bidders themselves as to how they affect those costs.

**MR COE:** The examples that you mentioned are surely in the margins when you are looking at an availability payment of \$80 million to \$100 million.

**Mr Corbell:** They are still a relevant consideration.

**MR COE:** In the event that \$460 million is put into the scheme as an up-front cost, what would the availability payment be then?

**Mr Corbell:** Again, that will depend on the bid price that we receive. We will not know that until the conclusion of the procurement process.

**MR COE:** There are subcontractors around town saying that they have been approached by a consortium and the consortium are openly saying they are working on \$1 billion for the project. Have you heard this?

**Mr Corbell:** No.

**MR COE:** Would that be within the realms of possibility—that the route, Gungahlin to the city, could end up costing a capital outlay of \$1 billion?

**Mr Corbell:** We have set out our affordability bounds. We have made a range of assumptions that are public and in the business case. We will wait to see what the bids are.

**MR COE:** Have you sent an affordability signal? Is that the term? There is a term in the business case that refers to, in effect, the pros and cons of sending such a signal to the market. Has that been done?

**Mr Corbell:** Yes.

**MR COE:** That is separate to the 783? This is an affordability signal for the availability payment or is it an affordability signal for the capital?

**Mr Corbell:** Both are relevant considerations for the consortium.

**MR COE:** But which one? Have you given a signal regarding affordability for the annual payment?

**Mr Corbell:** We have sent a signal in relation to the quantum around an availability payment as well as highlighting the importance of the capital expenditure figure.

**MR COE:** How have you come to the decision to do that?

**Mr Corbell:** Through cabinet.

**MR COE:** Through cabinet? The capital metro full business case says that there are both advantages and disadvantages to such an approach. You have obviously gone for doing it. What would be the potential disadvantages of doing it? What did cabinet consider as the potential risks of giving that affordability signal?

**Mr Corbell:** It is not for me to disclose the deliberations of cabinet.

**MR COE:** It is in the business case, so that is why I am curious about it.

**Mr Corbell:** It is not for me to disclose the deliberations of cabinet. No-one would be surprised to learn that affordability is a very important consideration for the government because we know it is important to the community.

**MR COE:** In terms of the contingencies, what revision to the scope do you have in mind in the event that the affordability is exceeded—if the price exceeds the affordability?

**Mr Corbell:** That would be pre-empting the outcome of the bidding process. It is for the consortia to demonstrate how they can deliver this project and meet the territory's affordability expectations. We have not seen the outcome of that bid process yet.

**MR COE:** What likelihood is there that the length of the operation term will be increased?

**Mr Corbell:** The government has been pretty clear about the length of the operation term. Our thinking has not changed on that.

**MR COE:** So 20 years?

**Mr Corbell:** Plus the construction period.

**MR COE:** The full business case says, regarding the affordability threshold, if it is exceeded, that several strategies may be adopted, including that the project scope may be modified and the proposed operation term may legitimately be lengthened, with an attendant reduction in annual availability payments.

**Mr Corbell:** The government has given no consideration to that.

**MR COE:** Obviously you have given some consideration to it because it is in the business case.

**Mr Corbell:** There is commentary in the business case, but we have given no consideration to doing that.

**MR COE:** So you have done no contingency planning in the event that the affordability is exceeded?

**Mr Corbell:** We are making it very clear to the consortium that we expect the issue of affordability to be addressed.

**MR COE:** Sure, but this goes to in the event that it goes over affordability—

**Mr Corbell:** The business case is used to determine whether to proceed to procurement. How we manage procurement is a separate matter.

**MR COE:** This is explicitly about procurement. This says—

**THE CHAIR:** It also says that several strategies may be—

**MR COE:** Exactly, and I am asking what those strategies are.

**Mr Corbell:** Mr Coe, the business case is not the rule book for procurement. The business case is a document produced for the purposes of determining whether or not to proceed to procurement.

**MR COE:** The first line—

**Mr Corbell:** No. I do not know how much clearer I can be. We have said that affordability is extremely important. The government have made that explicitly clear to the consortia. The pressure is on them to deliver.

**MR COE:** Exactly. But in the event that they come back and say, “You know what, we just can’t do it for that price,” this is the scenario which 9.9.1 in the business case is discussing:

ACT Government may wish to provide an affordability ‘signal’ to market during the procurement process.

It then goes on, in the event that it is exceeded, that you might want to change the scope or lengthen the operations. It would be foolish to not consider this, surely?

**Mr Corbell:** I am sorry; I missed the last part of your question, Mr Coe.

**MR COE:** I said it would be foolish not to consider this, wouldn’t it? In effect, it is giving a scenario, albeit a slim scenario, perhaps, that affordability is exceeded. It says “several strategies, including revising the scope or lengthening the contract”. I am simply asking: what consideration have you given in the event that the two consortia come back and say, “You know what? We just can’t do it for the price you stipulated”?

**Mr Corbell:** Those matters will be addressed through the evaluation criteria that are applied by the evaluation teams and ultimately considered by the board. The board will make decisions and recommendations to the government in relation to how the government should respond to that eventuality, should it arise.

**MR COE:** Are we able to hear from your financial adviser on some background to this?

**Mr Corbell:** I do not know how much clearer I can be. You have acknowledged that it is probably a slim possibility—

**MR COE:** I said it may be a slim possibility, and it may well be.

**Mr Corbell:** That is what I said.

**MR COE:** But there are lots of potential slim possibilities that are discussed in the business case—

**Mr Corbell:** I would say that proper regard is being had to that through the evaluation

process—

**MR COE:** You just said that you have had no consideration of it.

**Mr Corbell:** I have said that the government has not considered changing its position in relation to the contract term at this time. That is what I said.

**MR COE:** And shooting from the hip perhaps.

**Mr Corbell:** Let me answer the question. Should the eventuality arise, it will be addressed through the evaluation criteria and considerations of the evaluation team and the deliberations of the capital metro board and their advice to the government on what the government's options are.

**THE CHAIR:** Minister, can I go to the availability payment in terms of what is contained in that? Can you provide us a comparable example—for example, what would constructing a hospital through a similar process be? You would have to take into account operating costs and maintenance costs. What sort of certainty does an availability payment provide the government in terms of future budgets?

**Mr Corbell:** It provides certainty insofar as we know what our costs are going to be up-front. As long as risk is appropriately managed and allocated effectively, you can very effectively manage ongoing costs to the taxpayer in a way that you cannot through other procurement processes. Mr Edghill can probably talk a little bit further on that.

**Mr Edghill:** In terms of what goes into the availability payment, it is essentially everything—lock, stock and barrel—that the project carrier is taking responsibility for. To use a very simple hypothetical example: suppose we were to ask somebody to build a house for us and over a 20-year period they would not only construct it but also maintain it, they would pay the water bill for us, they would pay the Foxtel bill for us and if something broke in 15 years they would fix it at their own expense, and in return for them doing everything for us, we paid a single periodic payment. That is equivalent to what the availability payment is under our PPP. So it incorporates not just the debt and equity and financing component but also the operations, the life cycle replacements, the maintenance costs, the energy costs and the insurance costs. It is essentially everything that you can think of associated with the project that the project carrier is responsible for.

**THE CHAIR:** In terms of decision-making, minister, for governments or any organisation, obviously there are always possibilities, some slim. How useful and efficient would it be for governments to be discussing every conceivable possibility at every point of a project?

**Mr Corbell:** I think it is sensible to identify what the possible scenarios are and make sure that there are appropriate mechanisms in place to develop further advice and propose responses, should those scenarios arise. That is exactly what we have done. We have a very robust governance framework where the assessment will be done by a properly constituted and very experienced assessment team. They will report to the board of the capital metro agency. The board will determine whether or not they are

satisfied with that assessment and whether they are satisfied with what the team are recommending to them and what recommendation the board feels they should make to the government.

The board will come to me and advise me of their deliberations on that and then I will determine whether or not I am prepared to take that recommendation to cabinet. It is a very robust framework. The board is composed of people very experienced in public administration and it has an independent chair with some of the best knowledge in the country on the application of PPPs for a range of projects, including large-scale urban redevelopment and transport projects. I think we have people with the necessary expertise and experience to provide advice to government on the range of scenarios that may arise.

**THE CHAIR:** Mr Wall.

**MR WALL:** Minister, I turn to the well-debated topic of the trees on Northbourne Avenue. When is work expected to start on removing the trees that are currently on the Northbourne corridor?

**Mr Corbell:** That will be determined as part of the finalisation of the bid proposals from the consortia. But it will not be in the first calendar year of the project.

**MR WALL:** Is that work to be undertaken by the ACT government or will that be undertaken by one of the consortia?

**Mr Corbell:** It will be undertaken by the consortia.

**MR COE:** To clarify, you are saying it will not be done in 2016?

**Mr Corbell:** No.

**MR COE:** Nor earlier?

**Mr Corbell:** No.

**MR WALL:** How long is it anticipated that body of work will take?

**Mr Corbell:** I do not believe we have visibility yet on the time frame around that. We have an understanding of when it would be required, which is post-2016, but those will be matters for the consortium to determine in terms of their deployment on the ground.

**MR WALL:** How many trees have been identified for removal in the median?

**Mr Corbell:** I think those have been identified in the reports previously prepared. The final details of that will be resolved once we have seen the final detailed design from the consortium.

**THE CHAIR:** Have some trees already started to be removed anyway because of their age and condition?



**Mr Corbell:** Between the last two recent tree surveys, the number of trees in the median has declined from approximately 900 down to about 450-odd.

**MR COE:** I think in terms of comparing like for like—

**Mr Corbell:** That is over a period of about three to four years.

**MR COE:** Is it true that 480 are only between Antill Street and the city, whereas the 900 figure includes trees on the Federal Highway, north of Antill Street?

**Mr Corbell:** I am not sure, Mr Coe. I would have to seek advice on that.

**MR COE:** I think you should be very careful about quoting those numbers.

**Mr Corbell:** The bottom line is that the number of trees along the corridor has declined compared to the previous tree surveys.

**MR COE:** Just maybe not halved.

**Mr Corbell:** That points to tree decline along the corridor.

**THE CHAIR:** I want to ask some questions around urban design along the corridor. The consultation that was done last year—has that finalised and been reported on? I may have missed that. Regarding the next stage of some of the urban design work, is a similar amount of work planned for the Flemington-Gungahlin town centre part of the corridor?

**Ms Thomas:** I think you referred to the end of last year, but we carried out some consultation in January this year. Is that the one you are referring to?

**THE CHAIR:** Yes, that is the one I mean.

**Ms Thomas:** That consultation was around the urban design features of particularly the Northbourne corridor. We were eager to talk about that specifically because obviously it is important for us to engage with the National Capital Authority when it comes to that part of the corridor. So we elected to talk about that first. We looked at a number of aspects, including the landscape treatment and there was a little bit more information and consultation about how people might use stops. Even though it is not part of the scope of capital metro, we were interested in how cyclists would move around the corridor at that point in time. We had enormous amounts of feedback from that time.

We introduced a new concept with our consultation called the “have your say” website, which allowed people to not just bring in their comments but see what other people were saying at the time. It gave us a much richer conversation throughout the consultation period. We are in the process of preparing that report. I understand that we will provide that to the minister and he will decide when he releases that. As we have done with all of our consultation processes, we have been keen to get the summary of what we have done in consultation back out into the community.

With respect to the Flemington Road part of it, we are very keen to get out in the community and talk to them. We will be looking at doing that very shortly—within the next month or so—to talk further about what the urban design features of that part of the corridor might look like and seek some community feedback on that part of the corridor as well.

**THE CHAIR:** The recent competition with students—are you able to tell us more about the thinking behind that and what came out of it?

**Mr Corbell:** I was delighted with the work by the agency in relation to the engagement with schools. It was done in coordination and with the assistance of the Royal Australian Institute of Architects. It was a station design competition for secondary schools. We had quite a good number of high schools participating right across the city and I was fortunate to have the opportunity to meet and present prizes to the winners of that design competition, which was held at UC over a period of two days. They did their physical design on site over a two-day period. It was very generous of the schools to allow the kids that period of time.

We saw some really clever and exciting design ideas come from young people who will be the future beneficiaries of this infrastructure. They and their parents came along to the awards night at the conclusion of the two-day process. They were mentored throughout by people from the school of architecture at UC and the Institute of Architects themselves. There was a design panel that reviewed the designs and gave awards for best design in a range of categories, and there was also a people's choice award where people could vote online for their preferred award. We had a really amazing response to that. I think there were a couple of thousand votes—5,000 votes, which is remarkable. The winning design was a joint design from the Daramalan and Merici colleges. The “hexaplex design”, it was called. There were 5,289 votes, and that was the winning design in the people's choice category. It was a really great engagement. Over 100 secondary kids—year 9 and 10 students—participated in that.

**THE CHAIR:** Any chance that the winning station will be built?

**Mr Corbell:** It is a pretty innovative design. As with all of these things, we certainly will make sure the consortia are aware of these engagement exercises. How they choose to follow up on that is a matter for them. Very much it was focused as a design competition, not necessarily something that would be translated into actual construction. Nevertheless, it taught the young people involved about some fundamentals of the design process and explained to them how they need to not just undertake that but then explain their design response and so on to some of those disciplines associated with architecture. Certainly a number of the young people I spoke to who were involved in that exercise indicated to me that they were interested in becoming architects and interested in doing urban design and they saw this as a great opportunity to test that out.

**THE CHAIR:** The data room was mentioned before. That is for the consortia to have access to not just technical data but the data around consultation and community views and all of that as well?

**Ms Thomas:** Yes, the data room is our confidential way of communicating backwards and forwards with the consortia. It is not actually a room. There is no room that you can come and visit to see all the data. The data room has not only our items like the RFP and all of those documents but also anything that is of relevance. It has policy decisions that have been made, work other directorates are doing—for instance, the digital strategy for Canberra—and anything that helps the consortia understand the whole Canberra environment.

**THE CHAIR:** Transcripts of committee hearings?

**Ms Thomas:** I am sure that will be relevant. They are probably listening right now. It is being streamed live, so they will not need the transcript. They have all the information on consultation and all of our brochures that are provided by not just the agency but the whole of the ACT government. It is our aim to give them a consolidated view of everything that is being done across land development and in terms of the environment, planning and TAMS. We work with everybody to put the right sort of information in there that might be relevant to them.

**THE CHAIR:** Are they coming in to you, effectively, and not going out and doing any consultation of their own, talking to local businesses and talking to local communities? Are they restricted in any way from doing that?

**Mr Corbell:** It is possible for the consortia to do that, should they choose to. They need to advise us that they are and they need to ensure that the way they do that is consistent with our expectations as set out in the RFP. There is nothing to stop them from doing that so long as they do that in accordance with the conditions set out in the RFP.

**THE CHAIR:** Mr Coe.

**MR COE:** Minister, would you talk the committee through your legal advice about what the restrictions are for the territory to cancel contracts?

**Mr Corbell:** Yes. The provisions of the self-government act make it clear that the territory cannot legislate to void a contract. Unfortunately, I cannot recall the relevant clause, but I will see if someone can provide me with a reminder on that during the hearing for the balance of this afternoon. The territory is bound by the relevant protections in the commonwealth Constitution that prohibit the acquisition of property without just terms—compensation. The effect of that is—

**MR COE:** Constitutionally bound or self-government act bound?

**Mr Corbell:** Both, insofar as the relevant constitutional protection is replicated in a specific provision of the self-government act, which makes it clear that property cannot be acquired without just terms of compensation, so you cannot—

**MR COE:** Section 23(1)(a) is the clause you are referring to, which reads:

Subject to this section, the Assembly has no power to make laws with respect to:

(a) the acquisition of property other than on just terms.

**Mr Corbell:** That is correct.

**MR COE:** If you are saying that you are bound by the Constitution and by the self-government act, how are you saying that is different for a state? That is bound by the Constitution, is it not? Or are you saying that that clause in the Constitution only applies to the commonwealth?

**Mr Corbell:** The clause in the Constitution applies to the commonwealth.

**MR COE:** Exclusively, and, therefore, it applies to us through the commonwealth.

**Mr Corbell:** We are a creature of the commonwealth.

**MR COE:** Sure. In the event that a government did seek to cancel a contract, surely it would be subject to normal legal proceedings regarding appropriate costs?

**Mr Corbell:** It would be subject to challenge; that is correct. A law made by the Assembly that sought to void a contract and remove any liability on the part of the territory would be an acquisition of property without proper compensation.

**MR COE:** However, if appropriate costs were paid, fair costs, which may well be profit, then there would be no issue?

**Mr Corbell:** The contract vests property in the form of certain entitlements, should the contract be voided—cancelled. A contract would have compensation clauses that would specify either a methodology or actual amounts for determining what compensation should be paid. Any law of the territory that sought to void such a contract and remove that liability from the territory as a party would be an acquisition of property and not permitted under the self-government act.

**MR COE:** Are you aware of a time when a state has legislated to cancel a contract?

**Mr Corbell:** I am aware that a state has raised the prospect of cancelling a contract via legislation.

**MR COE:** Are you aware of an instance whereby they have done it?

**Mr Corbell:** I would have to seek advice on that question. You would be talking about over 100 years of case law in every state across the commonwealth.

**MR COE:** Sure. But, that said, it would be a fairly significant precedent if it had been done; therefore, I do not think it would be too hard to track down.

**Mr Corbell:** I am happy to provide that advice to you, but what is very clear is that the current government in Victoria raised or did not rule out—perhaps that is a better way to put it, and I think that was their language—legislating to void a contract.

**MR COE:** In which case that was potentially a significant form of sovereign risk, what they were proposing. Is that what you are saying?

**Mr Corbell:** As I said before, it is a pretty good bargaining position to have to say, “Well, you can either negotiate revised compensation terms with us or we reserve the right to void your contract by act of parliament.” The point that I have made consistently is that the territory will be in no such negotiating position, should you be elected at the next election as the government and seek to tear up the contract.

**MR COE:** Sure. In that event, that means that your argument about sovereign risk is a complete furphy because it cannot be cancelled, according to your argument, and, therefore, it would simply be terminated on just terms, which is hardly sovereign risk.

**Mr Corbell:** It is not my language alone around sovereign risk; it is the view of Infrastructure Partnerships Australia and it is the view of the Prime Minister, who says that any party—

**MR COE:** He said “sovereign risk”, did he?

**Mr Corbell:** He said that contracts should be honoured.

**MR COE:** But did he say “sovereign risk”?

**Mr Corbell:** He has indicated to Victoria, in relation to what has happened in Victoria, that they have created sovereign risk problems through that process.

**MR COE:** Do you believe it is honouring a contract if it is terminated using a termination clause in the contract?

**Mr Corbell:** I think contracts entered into by the territory should be honoured insofar as they should be completed as set out.

**MR COE:** But if you exercise a termination clause in the contract, how is that not honouring the contract as well?

**Mr Corbell:** It is putting the parties to the contract to significant and unwarranted expense.

**MR COE:** There are termination clauses for a reason in these contracts. Therefore, if a termination clause is enacted in accordance with the contract, how is that a risk to the ACT in any way? Is that not simply exercising the same termination clause or the same termination options which may well exist in all ACT government contracts?

**Mr Corbell:** The issue that the government of the day would have to justify is why it believed it was appropriate to spend many millions of dollars to get nothing.

**MR COE:** Do you accept, though, that if this issue is central at the next election and the opposition is successful in winning government, in part on this issue, therefore, the people of Canberra would be willing participants in that contract termination?

**Mr Corbell:** We will see how the political debate plays out, Mr Coe. I think the issue of sovereign risk is not solely related to the way you approach this particular contract. If a territory government enters into a major procurement there is an issue around the territory's reputation as an entity with which to do business. If we want to attract investment into our city in the future, if we, as a community, view there is a viable role for the private sector to bring investment for public infrastructure, do you seriously think that any large consortia will look at the ACT again if you are in the unfortunate position, from my perspective and from our city's perspective, of terminating a contract? Even if you terminate it consistent with the terms of the contract, do you seriously think the reputational risk will not linger? Do you seriously think that anyone will ever take dealing with the ACT government again seriously when it comes to large infrastructure investment projects? I can tell you they will not. That is not just the view of the government; that is the view of Infrastructure Partnerships Australia, which is the industry body that represents the private sector industries that invest in public infrastructure and build public infrastructure on behalf of governments, and it is the view of your own Prime Minister.

**MR COE:** Therefore, you must think that Victoria's reputation is shot.

**Mr Corbell:** I think Victoria's reputation is seriously damaged, yes.

**MR COE:** Do you think they will ever get major consortia coming forward to them? You have just said the ACT could not if we cancelled a contract. So, given they have just cancelled a contract—

**Mr Corbell:** I think there is a greater possibility—

**MR COE:** Just a second, please. Given they have cancelled a contract worth \$339 million, you would think there must be some ramifications there.

**Mr Corbell:** I think there is a greater possibility for Victoria to recover because they are a much larger market. We are not. We are a small city. We are embarking on the PPP process for the first time and, whilst there will be opportunities for much larger markets to re-establish their reputations, we as a government have been successful in attracting some of the largest global names in transport provision and infrastructure development to our city. If—

**MR COE:** For the right price, anybody will come.

**Mr Corbell:** Hang on. If you decide you want to trash the city's reputation—

**MR COE:** It would not be me; it would be the voters of Canberra.

**THE CHAIR:** Mr Coe!

**MR COE:** It would be the voters of Canberra.

**THE CHAIR:** Mr Coe, you are pushing the bounds of good manners.

**MR COE:** Mr Corbell was earlier, and you did not cut him off.

**THE CHAIR:** No, and I will if he does it again.

**MR COE:** Thanks.

**THE CHAIR:** But his track record so far in this hearing is not to cut you off; it is the other way around. Could you let him finish, please.

**Mr Corbell:** Through you, Madam Chair, if Mr Coe wants to trash the reputation of our city as a place to invest, to achieve cheap political advantage, which is exactly what he is trying to do, then there will be consequences for our city. The consequences will be that large global firms will not consider the ACT as worth their money to even consider investing here. Let us be very clear: there is not just the cost associated with the contract being terminated; there are all the sunk costs in bidding.

In some PPP frameworks, governments pay the bidders their costs. But we are not. We think that is a cost that should be borne by the bidders. But let us be very clear: the bidders spend millions of dollars in preparing their bids, and all that will be for nought if Mr Coe has his way. The consequence of that is that those bidders will not take any further interest for a very long time in the ACT as a private sector infrastructure investment.

**MR COE:** But you accept that would be only if we won the election with the majority of Canberrans backing us? Do you accept that?

**Mr Corbell:** What is the question?

**MR COE:** You keep saying, “Mr Coe, Mr Coe.” But the reality is that this scenario, this hypothetical which you are playing out, would only eventuate if the people of Canberra elected us to do it. Therefore, how can you singularly blame me or even the opposition if the people of Canberra elect us to do it?

**Mr Corbell:** Because I think you are misleading the people of Canberra about what the consequences are of your rash political position.

**THE CHAIR:** Is there any indication at the moment—

**MR WALL:** We think you are misrepresenting it as well.

**THE CHAIR:** Thank you, Mr Wall. Is there any indication, given that Infrastructure Partnerships, a respected organisation, have indicated that the opposition’s position flirts dangerously with sovereign risk, that some of that is being factored into the thinking of the consortia at the moment?

**MR COE:** Sovereign risk is impossible under the self-government act. That is the purpose of the self-government act, to remove any possibility of sovereign risk, is it not?

**Mr Corbell:** Are you having a debate amongst yourselves or asking me a question?

**MR COE:** I ask you to consider that in your answer.

**THE CHAIR:** Thank you, Mr Coe.

**Mr Corbell:** I am sorry, Madam Chair, what was your question?

**THE CHAIR:** Is there any indication at the moment that the consortia are contemplating the impact of potential sovereign risk?

**Mr Corbell:** That would be difficult to determine definitively until we have seen their bids, but I think it would be very fair to say that they are alive to the debate in our city.

**THE CHAIR:** Mr Wall.

**MR WALL:** A supplementary on that, minister: what value of compensation is the Capital Metro Agency expecting the government to pay the losing consortia for completing a full request for proposal?

**Mr Corbell:** None. The bidders meet all of their costs, not the government.

**MR WALL:** What work on the capital metro project is currently being undertaken by contractors or consultants?

**Mr Corbell:** There is a wide range of contractors and consultants engaged to provide advice on a wide range of issues.

**MR WALL:** Would you be able to provide to the committee, on notice, a list of who is currently being engaged?

**Mr Corbell:** All of the relevant contracts are reported in accordance with the procurement act and are publicly available via that process.

**MR WALL:** Regarding the specialist adviser consultancy services panel, it was stated last year at estimates that there was an anticipated cost of \$4 million over a period of 18 months to two years. How much has been spent to date or committed?

**Mr Corbell:** I can provide that answer, I am advised, before the close of this hearing, but I do not have it immediately to hand.

**MR WALL:** Speaking of the two consortia that were eliminated from the request for proposal process, what were the reasons given to them as to why they were unsuccessful in moving to the next stage?

**Ms Thomas:** Sorry, can you repeat the question?

**MR WALL:** What were the reasons given to the two consortia that were unsuccessful in progressing to the next stage as to why that was the case?

**Ms Thomas:** I do not think it is appropriate that we give out the reasons for individual consortia, because that is relevant to them. But we did speak with both consortia who



were not successful and we provided them with feedback individually on the basis of their bids. Ultimately, if we turn back to what the EOI is about, people had to demonstrate a number of different aspects in that and, clearly, they were not as well versed in articulating those benefits as the two winning consortia. I think that is as forward as I can be with that response. It is not appropriate for us to give individual responses that were meant for them more broadly.

**MR COE:** When were those, in effect, exit interviews conducted?

**Ms Thomas:** They were conducted the week after we announced the shortlisted consortia.

**MR COE:** Who actually made the call as to which two consortia progressed?

**Mr Corbell:** Cabinet.

**MR COE:** Cabinet?

**Mr Corbell:** On the recommendation of the capital metro board.

**MR COE:** On what date was that?

**Mr Corbell:** The government does not tend to disclose the dates of its cabinet meetings.

**MR COE:** On the website it does.

**Mr Corbell:** Sorry?

**MR COE:** You do on your website.

**Mr Corbell:** Then you can go and read them on the cabinet site.

**MR COE:** The dates of the meetings are there. On what date did cabinet make the call?

**Mr Corbell:** If it is—

**MR COE:** It is not too unreasonable a question, is it?

**Mr Corbell:** It is reasonable only insofar as if it is publicly available you can already review it. I direct you to that. You understand, Mr Coe, that cabinet deliberations are confidential unless otherwise proclaimed.

**MR COE:** The decisions of cabinet are not.

**Mr Corbell:** The decisions of cabinet are if cabinet chooses them to be so. There is a process for publicly reporting a summary of cabinet deliberations.

**THE CHAIR:** Any other questions, members?

**MR COE:** Yes, there are.

**THE CHAIR:** We have 10 minutes. We might each take a quick question to even it out. In terms of the “rideability” of the train, are you able to give us an update on disability standards and people being able to take bikes on the train?

**Mr Corbell:** It is a requirement of the bidding consortia that they deliver a solution which provides for no step and is fully DDA compliant. That is a requirement of the bidders. In relation to bicycles, we have made it clear that, based on our community consultation to date, the capacity to carry bicycles on board must be provided in their proposed responses. As to how that is delivered, we will be interested to see what innovation they are prepared to put into that. But it is a requirement in regard to both of those matters that you raise that there is no step, they are fully DDA compliant for people in wheelchairs, for people with mobility challenges, and also that there is the capacity to carry bicycles on board.

**THE CHAIR:** Do current systems have provision for bicycles on board, and how do they do that?

**Mr Corbell:** Not in Australia. This will be an innovation for Australia but I think an important one because as a city we have a very strong cycling culture and we want to support that and strengthen that further. We want people to be able to use a range of modes for their journeys, and the capacity to combine cycling with a light rail journey is a very powerful one in terms of encouraging more active transport and giving people more choice. The capacity to take your bike on board, I know, is very popular, and a lot of people are really looking forward to seeing how the consortia respond to that requirement.

**THE CHAIR:** Are there some internationally that do it, and do you know what that looks like?

**Mr Corbell:** I am personally familiar with heavy rail systems that do that. I have seen pictures of some light rail networks in other places that have bicycles configured for carriage in different ways. Ms Thomas might be able to elaborate.

**Ms Thomas:** The minister is correct. The fact is that it is done in a number of different ways around cities. On heavy rail often people just have enough room that they can wheel their bikes on and stand there. A lot of European systems hook their bikes up. You may have seen them sitting upright and swinging about in various cities. But for light rail they tend to be held captive. They have to be clipped in somehow. That will be the technical challenge here in Australia to meet the safety requirements. You can imagine light rail stops a lot faster than heavy rail. It also takes off a lot faster than heavy rail.

It is important that, for a safety solution, they have a good system that can hold the bikes while the tram is in operation, to protect both the people with the bikes but also the other customers around them. I think we will not see a particularly standard, off-the-shelf solution—someone will grab something and put it there—it will be something that the consortia are thinking about currently.

**THE CHAIR:** Does that mean the stations will be designed to include people and their bikes as well?

**Mr Corbell:** Yes, they will. We will also make provision for bicycle parking at stops and stations, recognising that not everyone will want to carry their bike to their ultimate destination but may want to store it at the station, similar to what happens at bus stops now at various locations around the city.

**THE CHAIR:** Mr Coe.

**MR COE:** Minister, what particular campaigns has your agency referred to the campaign reviewer?

**Mr Corbell:** All the campaigns that are required to be referred.

**MR COE:** Which ones?

**Mr Corbell:** I would have to provide you with that answer on notice, but I am happy to take it on notice.

**MR COE:** Are the promotional costs all treated as individual expenses or, in the event that, say, you get a dozen YouTube videos made, are they treated as individual campaigns or are they treated collectively?

**Mr Corbell:** That is not a level of detail I can provide to you today but I am very happy to provide an answer on notice to that question.

**MR COE:** In your initial statement you made mention of the community's aspiration and, in effect, the obligation on the successful consortium to harness the community's aspiration for light rail. I am paraphrasing but that is, in effect, I think what you said.

**Mr Corbell:** Yes.

**MR COE:** Does that mean that as part of either the RFP or the ultimate contract there will be a requirement for the successful consortium to promote light rail before it is operational? In effect, will we see the successful light rail consortium advertising next year?

**Mr Corbell:** You have no self-interest in that, do you, Mr Coe?

**MR COE:** Of course I have got self-interest in it. It was not a cryptic question, I do not think.

**Mr Corbell:** My answer is that it is, I understand, normal for consortia, when they are successful, to establish their presence in the city because they are not just someone there that is constructing; they are a company that will be delivering a service for a 20-year period. It is normal for them to seek to explain who they are, what it is they are doing and why they are here. I expect this will be no different.

**MR COE:** Can we expect the consortium to be advertising next year or not?

**Mr Corbell:** That will be a matter for the consortium.

**MR COE:** Will it be in the contract?

**Mr Corbell:** We do not require them to do that but we certainly say that, where they are going to do that, they need to do that in a way that is consistent with other public information that the government makes available in relation—

**MR COE:** So you will not be requiring them to do public consultation and public engagement?

**Mr Corbell:** That is a different question. You were asking me about promotion. That was my understanding of your initial question.

**MR COE:** I am happy for them to be treated as totally separate things.

**Mr Corbell:** If you want to clarify what it is you are asking me, I will do my best to answer it.

**MR COE:** Please do then.

**Mr Corbell:** Can you clarify what it is you are asking me?

**MR COE:** Clarify the clarification?

**THE CHAIR:** You just say “advertising”?

**MR COE:** Yes, that is right, and I am happy—

**Mr Corbell:** You said “advertising”; you did not say “consultation”.

**MR COE:** That is right. The clarification I am seeking is: what is going to be the difference between advertising versus community consultation as per the contract?

**Mr Corbell:** Certainly it is our expectation that the successful consortium will be required to engage with the community about how it is going to deliver the project on the ground. The successful consortium will need to communicate a very broad range of things. They will have to, first of all, make sure people know who they are—who are these people, why are they here, what are they doing? That is pretty fundamental to any other further engagement. Then, following on from that, they will need to communicate with the community and consult the community on issues around managing impacts during construction, issues around employment opportunities, issues around design, issues around service delivery. They will need to be talking with the community on all of those issues over the period leading up to and including the commencement of operations. A strong level of community engagement is essential for the successful consortium.

**THE CHAIR:** Sorry, Mr Wall, would you like one more question?

**MR WALL:** I will defer mine to Mr Coe.

**THE CHAIR:** We have two minutes.

**MR COE:** With regard to the Government Procurement Act, will the government be moving any amendments to restrict the publishing of contracts regarding light rail?

**Mr Corbell:** The government has given no contemplation to that at this point in time, no.

**MR COE:** Therefore, the contracts will be published?

**Mr Corbell:** The government has not yet taken a decision on how the details in the contracts will be made available. As I have said in the Assembly, we will conclude our position on that once the procurement process is complete and we have determined the preferred consortium. I have indicated in the Assembly already that, at the very least, we will provide a summary of the contractual arrangements.

**MR COE:** How would that be consistent with the Government Procurement Act?

**Mr Corbell:** Anything the government does will have to be consistent with the relevant legislation.

**MR COE:** Therefore, you are not ruling out amending the Government Procurement Act to allow you to not publish the contracts and simply publish a summary?

**Mr Corbell:** We will act in all ways consistent with our obligations under the law. As I say, we have given no consideration at this time to amendments to that legislation.

**THE CHAIR:** Thank you, minister.

**Mr Corbell:** Mr Wall asked me a question—I beg your pardon, Madam Chair—about a particular contract. We thought we could get that answer for you today. Unfortunately we cannot, so I will take it on notice.

**THE CHAIR:** Is there anything you would like to say in conclusion, minister?

**Mr Corbell:** No. I think we have had the discussion.

**THE CHAIR:** I was going to give you 60 seconds. Thank you very much. Thank you to all the officials for supporting the minister in his appearance today. A couple of questions were taken on notice. Could we have responses to those by Friday, 12 June. Again, thank you very much for your time this afternoon.

**The committee adjourned at 5 pm.**