

# Gladys under fire as Auditor-General slams flawed project blowout

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**TREASURER Gladys Berejiklian has been accused of misleading taxpayers by claiming a \$500 million light rail cost blowout was the result of “huge wins” rather than a botched business case when she was transport minister.**

Ms Berejiklian yesterday took “full responsibility” for the CBD light rail project as Auditor-General Margaret Crawford revealed that it was hampered by errors that increased costs by \$517 million, with \$1 billion also wiped off the estimated benefits.

Ms Crawford’s report reveals that by October 2014, Transport for NSW knew that “omissions and mispricing” had caused the blowout yet, that same month,

then-transport minister Ms Berejiklian (below) crowed about changes being a “huge win for customers”.



*NSW Treasurer Gladys Berejiklian and Minister for Transport and Infrastructure Andrew Constance today. Picture: Jonathan Ng*

In a media release she said the wins “will mean an increase in the overall budget”.

In December 2014, Ms Berejiklian publicly repeated that “wins” had led to the increasing price tag.

The government was then just three months out from an election, after which Premier Mike Baird made Ms Berejiklian Treasurer and demoted Andrew Constance to transport.

Ms Crawford’s report slammed the shameless public spin in late 2014, saying “94 per cent of the \$549 million increase was due to incorrect estimates in the business case”.

Ms Berejiklian took “full responsibility” but insisted she had been upfront and truthful in December 2014. “At the time, of course I explained to the public what I knew, what I understood to be the situation,” she said.

Asked whether she knew about the mispricings and omissions at the time, she said: “No, when I explained at the time in December 2014, I explained everything I knew at the time.”

## **Shock to the system**

*Changes that hit the project in December 2014 (Source NSW Auditor-General)*

- Travel times — Longer travel times due to different traffic signal timing and intersection layouts. Services from Circular Quay to Randwick and Kingsford estimated to increase from up to 34 to up to 38 minutes.
- Vehicle length — Longer light rail vehicles with capacity for 466 passengers per vehicle (108 seated and 358 standing), compared with the original 300 passengers per vehicle (100 seated and 200 standing).
- Service frequency — Less frequent services to complement higher capacity vehicles. Service intervals increased to four minutes in the CBD and eight minutes on the branches compared with three minutes in the CBD and six minutes on the branches previously assumed for 2021 (with 2.5/5 minute intervals beyond 2036).
- Number of stops — Removal of World Square stop due to construction complexity and proximity to adjacent stops.
- Capital costs — Increase in capital cost estimates from around \$1.6 billion (nominal 2012 dollars) to \$2.0 billion (nominal 2014 dollars). Operating costs Increase in the stand-alone operating cost (excluding Inner West Light Rail) from around \$34.9 million a year (nominal 2012 d



*Devonshire Street light rail animation*

Travel times for light rail services blew out and the estimated project benefits tumbled from \$4 billion in the 2013 business case, to just \$3 billion by December 2014, changing the benefit-to-cost ratio from 2.4 to just 1.4. “This was mainly due to increases in travel time assumptions flowing from changes in project scope,” Ms Crawford’s report states.

Nevertheless, Ms Crawford said the project was on track to be finished by late 2018.

<http://www.dailytelegraph.com.au/news/nsw/cbd-and-south-east-light-rail-project-report-shows-lengthy-travel-times-and-extra-costs/news-story/bb9407ff3222579d8c3a07a697d9d81b>