

NSW government ‘failure’ led to \$500m light rail cost blowout



NSW Premier Gladys Berejiklian. Picture: AAP

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Andrew Clennell

The NSW Auditor-General, Margaret Crawford, has panned the management of Premier Gladys Berejiklian’s controversial CBD light rail project, saying that a failure of the government to conduct a proper business case or “gateway reviews” of the project had led to a cost blowout of \$500 million.

When Gladys Berejiklian, as Transport Minister, announced the project from the city to the southeast of Sydney, she originally put the cost of it at \$1.6 billion.

But just before the 2015 state election, Ms Berejiklian hailed “huge wins”, in saying the project had blown out to \$2.1 billion.

But after Ms Crawford found in 2016 that the \$500 million blowout was due to “mispricings and omissions”, Ms Berejiklian was accused of misleading the public over the project.

Ms Crawford told a parliamentary inquiry into the project today that the government had “not effectively managed the procurement and planning processes to ensure that NSW had value for money for the project”.

She painted the picture of a rushed announcement under the O’Farrell government.

“Some things were completed but not to the extent we would have seen if we had had a preliminary business case done,” Ms Crawford said.

“They were two very important stages [missed].”

Since that controversy, sub-contractor Acciona has sued the government for \$1.2 billion on top of the \$2.1 billion, claiming it was misled about the cost of ripping up power lines under the CBD and replacing them.

Earlier yesterday the committee heard that according to the contract to construct the light rail, the most the government could penalise the contractor for being late on one of the 31 stages of the project was \$7.5 million.

The Auditor-General’s office gave evidence that the contract was unusual in that the government was contracted with ALTRAC to build the line, not the sub-contractor doing the building work, Acciona.

<https://www.theaustralian.com.au/national-affairs/state-politics/nsw-government-failure-led-to-500m-light-rail-cost-blowout/news-story/8e76532ed75424d12300f751de31788e>