

From: [Edghill, Duncan](#)
To: [REDACTED]
Cc: [REDACTED]
Subject: FW: Legislative Assembly for the ACT: edited proof transcript of questions without notice, Tuesday, 16 September 2014 [SEC=UNCLASSIFIED]
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[REDACTED], [REDACTED],

Thank you again for your time on Monday.

Please find below Hansard from the Assembly yesterday which will give you an insight into some of the discussion around the release of the business case.

As I briefly mentioned on Monday, it would also be much appreciated if you could please provide a short discussion on the release of an affordability signal to market. Points I thought this could cover include:

- With the release of the business case, whether we will have effectively provided an affordability signal regardless
- Pros and cons of providing an affordability signal
- Whether other jurisdictions release affordability thresholds
- How an affordability threshold is best articulated (eg PSC v PPP Proxy v Capital cost v availability payment – I'd have thought that if the availability payment is our concern, this is how we should describe any affordability threshold, but I'll leave this to you)
- Phrasing affordability language to give us some leeway
- When and to whom to release eg public or confidentially to shortlisted bidders only.

Many thanks in advance.

Kind Regards
Duncan

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From: Pulford, Nikki
Sent: Wednesday, 17 September 2014 8:49 AM
To: Thomas, Emma; Edghill, Duncan; Smith, BenjaminM; Allday, Stephen; Kugathas, Kuga; Barton, Kim

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Hi All

Please see attached the Hansard from yesterdays question time. For your information, below are the questions related to Capital Metro:

Transport—light rail

MR COE: My question is to the Minister for Capital Metro. Minister, on 25 June this year in estimates, you said:

The government is not proposing to release revised cost estimates as we approach the procurement process. To do so would be to potentially compromise that procurement process and competitive tension in that process. It could also compromise value for money for the government and the community.

Minister, why did you disclose the revised cost estimate of \$783 million? Aren't you now jeopardising a competitive procurement process, to use your words?

MR CORBELL: I thank Mr Coe for the question. Absolutely not, Madam Speaker. The decision to release the capital delivery cost is based on the very clear and unambiguous advice from the board of Capital Metro and, in particular, the board chair, Mr John Fitzgerald, that it does not compromise. But clearly there are potentially a range of other issues associated with the business case that could potentially compromise. Therefore we are taking further advice from the Capital Metro board and, indeed, from our other advisers, before making a decision on the detail that will be released when the final business case is released.

Of course, this is consistent with the government's approach to both protect value for money for the territory and to be open and transparent and provide the highest level of information possible. We have done more as a government than most governments around the country when it comes to infrastructure projects of this size and cost, and we will continue to adopt a very proactive approach. I note that the estimates committee recommended that there be no release of any material until after the competitive process was completed. The government agrees with the sentiment but does not agree with all of the detail behind that recommendation because the advice we have to us is that some information can be released. We continue to adopt a prudent and careful approach on that matter, and will continue to do that as we lead up to the release of the business case for the capital metro project at the end of October.

MADAM SPEAKER: Supplementary question, Mr Coe.

MR COE: Minister, does the government have a final estimate of the cost of the relocation of the pipes and wires and utilities along the route?

MR CORBELL: All of these matters are outlined in the final business case. Once the government has concluded and received the further advice that I referred to earlier, we will be proceeding to release that final business case for scrutiny.

MADAM SPEAKER: A supplementary question, Mrs Jones.

MRS JONES: Minister, has the government revised the cost-benefit ratio to \$783 million, and when will you release the updated BCR?

MR CORBELL: When the final business case is released.

MADAM SPEAKER: Supplementary question, Mrs Jones.

MRS JONES: Minister, why is the government spending \$783 million on a light rail project while school classrooms are over capacity and education infrastructure is decaying?

MR CORBELL: This government is committed to investing in health, education and better public transport and supporting those home owners who are facing real challenges as a result of the asbestos legacy issues left to us by the commonwealth. Those are the government's priorities. We spend over half of our budget each and every year on health and education for the citizens of Canberra, and we are going to continue to make that investment. But we also need to make an investment in better public transport for our city and for our community.

Over the last 10 years, we have spent over \$700 million on road infrastructure in this city. To suggest that we are not able to make a similar commitment to better public transport belies the facts. The fact is that we can invest in better public transport; we can invest in the type of infrastructure we need to shift more people out of their cars and onto public transport; we can invest in infrastructure that gives people more transport choices and lays the foundation for a better transport system for our city. Those are the decisions this government is committed to taking.

Transport—light rail

MR SMYTH: My question is to the Minister for Capital Metro. Minister, why is the government committed to building light rail before releasing the final business case, and will any changes be made to the business case before it is made public?

MR CORBELL: The government has determined to proceed with the project because we have considered and endorsed the final business case. That is the right way about; I am not quite sure how Mr Smyth envisages these decisions are made. We have considered and endorsed the final business case and given approval for the project to proceed to the procurement stage.

In relation to the release of the final business case, the government has committed to a transparent release of as much information as possible—

Members interjecting—

MADAM SPEAKER: Order! Mr Corbell has the floor. Chief Minister, Mr Coe, I cannot hear Mr Corbell.

MR CORBELL: with the only consideration being whether or not the release of some information may compromise the tender process, and we are seeking further advice on those questions.

MADAM SPEAKER: A supplementary question, Mr Smyth.

MR SMYTH: Minister, will the final full business case provide an extensive cost-benefit analysis, and will that cost-benefit analysis be released in full?

MR CORBELL: The final business case contains a detailed cost-benefit analysis, and I expect that information will be made available.

MADAM SPEAKER: A supplementary question, Mr Coe.

MR COE: Minister, does the full business case urge the government to deliberately favour development in the corridor, as was argued by the Capital Metro Agency in the rapid business case?

MR CORBELL: There are good reasons why the government is seeking further advice about the release of the final business case before undertaking that exercise, for the reasons that I have outlined earlier. In relation to a range of these questions that the opposition is asking, those details will become very clear when the final business case is released.

MADAM SPEAKER: Supplementary question, Mr Coe.

MR COE: Minister, have the contractors working on the final full business case completed work on that document?

MR CORBELL: Yes, they have.

Transport—light rail

MR WALL: My question is to the Minister for Capital Metro and relates to the cost of capital metro. Minister, you said on 16 May last year in relation to the \$614 million cost of light rail:

The current cost assessment includes a significant contingency for unknown factors.

However, you said today on radio, explaining your \$783 million total cost, “What we’ve done is added to that a contingency that was not explicit in the earlier URS costings.” Minister, how do you reconcile these two statements?

MR CORBELL: I do not need to reconcile them because Mr Wall misrepresents my answer, and so has Mr Coe in his comments on the radio.

Members interjecting—

MADAM SPEAKER: Sit down, Mr Corbell. Firstly, it is unparliamentary to suggest that someone has misrepresented you. Would you like to (a) withdraw and (b) rephrase that?

MR CORBELL: I am happy to withdraw, Madam Speaker. The assertion made by those opposite is

wrong. It is wrong because my answer was in relation to the costings then being developed by capital metro. They were not in relation to the 614 figure; they were in relation to the costings being developed by capital metro. So the claim is absolutely accurate and consistent. It is the case that the URS figure, the \$614 million figure, had no explicit contingency. In contrast, the figures for capital metro, the capital delivery figures that the government released yesterday, have an explicit and detailed contingency, and we have been up-front and very clear with the Canberra community about that.

MADAM SPEAKER: A supplementary question, Mr Wall.

MR WALL: Minister, why did you state last week that an \$800 million price tag is “well and truly over and above what we are anticipating”, and then announce a cost of \$783 million?

MR CORBELL: We have heard all sorts of outlandish claims from Mr Coe, and I was responding to those. Mr Coe has made all sorts of outlandish claims, including claims that may or may not involve a contingency, and may or may not involve other assumptions. The facts are that Mr Coe seems to believe this figure is heading upwards, past \$800 million. I hear that even today they are using \$800 million when they know that is not the figure released by the government. It is not surprising that we will take with a fairly large bucket of salt any suggestion made by Mr Coe and those opposite.

MADAM SPEAKER: Supplementary question, Mr Coe.

MR COE: Minister, what other statements have you made on the costings of light rail which are inconsistent with previous statements?

MR CORBELL: It is a ridiculous question, Madam Speaker.

MADAM SPEAKER: Supplementary question, Mr Coe.

MR COE: Minister, how can the public have any confidence in your costings when you have been inconsistent in detailing how your previous costings were calculated?

MR CORBELL: I have been entirely consistent. With those opposite, the only consistency we have seen from them is the consistency to confuse and mislead the Canberra community. We have seen it from day one, and they continue to do so.

This government has made a rock-solid commitment to release a very high level of detail around the business case and financial analysis for this project. That stands in marked contrast to state Liberal administrations around the country—around the country—who refuse to release any detailed assessments in relation to their business cases. Go and look at the Napthine government in Victoria; they are refusing—just point-blank refusing—to release any detail of any significance in relation to their infrastructure projects. There are similar approaches in New South Wales from the Liberal government there. In this territory, though, the government has committed to a detailed release of the full business case. We remain committed to that, and we will be working through the process the government outlined yesterday to achieve that and to make that available at the end of October, the same period of time when the expression of interest process commences.

Transport—light rail

MS LAWDER: My question is to the Chief Minister. Chief Minister, on 10 June 2014 you said, in relation to the \$614 million cost of capital metro:

Cabinet's tolerance is in that order, updated for 2014 dollars.

Updating the \$614 million figure to 2014 gives you a cost of approximately \$665 million. Chief Minister, given your previous statement in June this year, why did cabinet then endorse a \$783 million tramline?

MS GALLAGHER: My comments that I have made in relation to the costings for the capital metro project are consistent on a like-for-like comparison. The \$614 million figure, when compared with the capital construction cost, or the capital construction estimate, as was released yesterday and will be released with the full business case, is consistent with those costs.

MADAM SPEAKER: A supplementary question, Ms Lawder.

MS LAWDER: Chief Minister, is the cost of building park and ride facilities at Well Station Drive, EPIC and Dickson factored into the \$783 million cost estimate?

MS GALLAGHER: No, it is not.

MADAM SPEAKER: A supplementary question, Mr Coe.

MR COE: Chief Minister, did you see a cost-benefit ratio for other routes before committing to the Gungahlin to the city option?

MS GALLAGHER: On all of the issues relating to this I am not going to get drawn into releasing the business case drip by drip. It will be released, as we have agreed, on 31 October.

MADAM SPEAKER: A supplementary question, Mr Hanson.

MR HANSON: Chief Minister, why is the government pushing ahead with this \$783 million project when our hospitals are full and described by senior clinicians as unsafe?

MS GALLAGHER: I welcome the supplementary from the Leader of the Opposition. In relation to the health infrastructure fund, the health infrastructure program, I can inform the Assembly that \$878 million has been spent on hospital infrastructure over the last six years. I am happy to take members through that. It has included a new hospital for women and children, it has included extra capacity in the emergency department—

Mr Coe interjecting—

MS GALLAGHER: You might not want to hear this but let me answer the question. It included intensive care unit expansion, the Calvary hospital emergency department expansion, the

Gungahlin community health centre and the Duffy House respite centre. We have the Belconnen and Tuggeranong walk-in centres, the Tuggeranong community health centre, the Belconnen community health centre, the Capital Region Cancer Centre, additional operating theatres at Canberra Hospital, additional beds at Canberra Hospital, the mental health assessment unit, the new PET scan, the neurosurgery suite, the intensive care unit at Calvary hospital, the multistorey car park, an adult mental health unit, with funding now being provided for further staging and decanting at the Canberra Hospital, the Calvary car park, the clinical services and inpatient unit design, the linear accelerator procurement and replacement project, and the adult secure mental health unit. They are the priorities of this government, all \$878 million and counting.

Transport—light rail

MS BERRY: My question is to the Minister for Capital Metro. Minister, yesterday you announced that the government has approved the business case for Capital Metro. Can you please detail for the Assembly what this means for the project?

MR CORBELL: I thank Ms Berry for her question and I thank the opposition for their support as well and for their ongoing interest in relation to this project.

Mr Hanson interjecting—

MR CORBELL: The approval of the business case means that the government can now proceed to the procurement stage for the delivery of the first stage of Canberra's light rail network through a public-private partnership. This will entail the design and construction of the 12-kilometre light rail route from the city centre to the Gungahlin town centre, including stops, the depot, road, signalling, preparatory and other works, the supply of the light rail vehicles themselves, and the financing and ongoing operation and maintenance of the light rail system.

Ultimately, the cost will be determined through the competitive market process. The government has outlined its understanding of the estimated capital delivery cost of \$610 million plus \$173 million in contingency. This estimate is consistent with the previous estimates of \$614 million adjusted for considerations, including installation and risk. We know that there is very strong interest in this project—

Mr Hanson interjecting—

MR CORBELL: strong interest from industry, who are paying close attention to the significant opportunity to reshape this city and deliver better public transport for Canberrans.

Mr Hanson interjecting—

MADAM SPEAKER: Mr Hanson, I warn you.

MR CORBELL: Of course we heard the claims earlier from Mr Coe and others, who said, "Industry will never be interested in this; no-one is going to seriously look at this project." Those were the claims of the Liberal opposition. There were over 350 industry representatives at the industry briefing yesterday—350 from national and international firms who clearly were interested in this project. They understand its potential for the city, they understand why it is important for

our city, and this government is committing and backing better public transport for our city.

We have clear priorities for Canberra. We continue to support and invest in health, in education and in better transport. Those are our objectives, those are our commitments, and we are committed to delivering on them in a prudent and responsible way. The feedback from the industry briefing yesterday was very strong and positive. We look forward to the expression of interest process and we look forward to those consortiums coming together and to their further engagement in this process.

MADAM SPEAKER: A supplementary question, Ms Berry.

MS BERRY: Minister, could you please tell us more about why the government will be releasing the business case?

MR CORBELL: It is very important that the government releases as much detail as possible about the project and the government remains committed to doing that in a responsible and prudent way. As I said in question time earlier today, it is unusual for a state or territory government to release a very large amount of detail from the business case, but that is our commitment. That is our commitment to being open and transparent about the analysis behind this very important project for our city. And it stands in marked contrast to the approach adopted by Liberal governments around the country who continue to refuse to release any substantive detail in relation to business cases for their infrastructure projects.

The government is taking a short period before releasing the final business case to obtain final, external advice on managing the procurement process to make sure we deliver value for money through that procurement process. But we are going well beyond the approach adopted by other state jurisdictions or, indeed, well beyond the approach suggested even in the bipartisan recommendations of the estimates committee.

The government have a very detailed process in front of us. We remain committed to releasing that information and we have said we will do so on 31 October this year.

MADAM SPEAKER: A supplementary question, Mr Coe.

MR COE: Minister, what is the annual ongoing liability that taxpayers will take on for the cost of finance and the cost of running the trains?

MR CORBELL: The point to be made first of all in relation to these matters is that through a PPP process the government makes an annual payment over the concession term. It is not broken up in the way Mr Coe suggests; it is an annual payment for both the capital delivery and the operational costs of the infrastructure. The government is not going to compromise the competitive tendering process by outlining those details. We are interested, absolutely interested, and committed to achieving value for taxpayers, value for the Canberra community, and we are not going to disclose our assessment of those liability payments ahead of the competitive process. That would not be a sensible or prudent approach.

MADAM SPEAKER: Supplementary question, Dr Bourke.

DR BOURKE: Minister, what are the next steps for this project?

MR CORBELL: The next steps are to progress to the procurement phase. On 31 October, we will open the EOI process. Industry will be forming consortia both before and during that stage, and there will be an opportunity for them to lodge their interest through that EOI process until late December. Submissions will then be assessed in the first quarter of 2015, and a minimum of two consortia will be short-listed. Those short-listed consortia will prepare their detailed formal proposals throughout the remainder of 2015. The contract negotiations with the selected tenderer will occur at the beginning of 2016. We expect financial close also around that time, the beginning of 2016. And those contract negotiations with the selected tenderer will see the contract commence in the first half of 2016.

This is a very important time frame, one that the government set out clearly at the beginning of its parliamentary term and one that we are pleased we are able to demonstrate and deliver commitment on so that we will meet the time frame set out in our agreements for the purposes of forming government, including commencing construction in the second half of 2016.

Ms Gallagher: I ask that all further questions be placed on the notice paper.

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