

**ACT GOVERNMENT RESPONSE TO
AUDITOR-GENERAL'S REPORT ON LIGHT RAIL STAGE 2A**

On 24 September 2021, ACT Auditor-General issued its economic analysis of Light Rail Stage 2.¹ See this report and the following extracts plus notes on www.alogstudycentre.com.au/Light Rail. See Box 1 for relevant extracts from conclusions of the report and notes by Smart Canberra Transport (SCT).

Box 1	Extracted Responses
	<p>Project Cost Estimates:</p> <p>“... the economic appraisal, the September 2019 Stage 2a Business Case identified a present value figure of \$162 million (2019, discounted at 7 percent) for capital costs associated with the construction of Light Rail Stage 2a. However, the capital cost of Light Rail Stage 2a is expected to be higher...”</p> <p>Table 1.1 puts the present value cost of Stage 2A \$268 million (2019 prices discounted at 7%pa).</p> <p>Note: SCT has estimated the cost of Stage 2A at \$400 million (2019 prices, using a more realistic discount rate.)</p> <p>“Inadequate information was provided in the Stage 2a Business Case in relation to the development costs, the methodology for quantification and the assumptions underpinning the estimate.”</p> <p>Note: A development contract for Stages 2A and 2B has been let to a consultant for \$98 million.</p> <p>“The Benefit Cost Ratio for Light Rail Stage 2a, calculated to two decimal places, was 0.38 excluding Wider Economic Benefits and 0.56 including Wider Economic Benefits. These were rounded up to 0.4 and 0.6 respectively for the Stage 2a Business Case.”</p> <p>Note: An admitted Benefit to Cost Ratio (BCR) of only 0.56 and an AG estimate of 0.4. It will most likely be much less.</p>

In December 2021, Minister Steel tabled the Government’s response to the report.² Its response was replete with the usual platitudes about light rail and excuses for redacted content of the A-G’s report and effectively ignores anything of significance that the A-G report had to say. See Box 2 for relevant extracts from the response.

Box 2	Extracted Responses
	<p>Recommendation 1: Economic Analysis</p> <p><i>“The ACT Government does not propose to re-acquit the 2019 business case or associated economic analysis as the project has moved past this formative stage. This analysis was only one of a number of inputs that informed the ACT Government’s decision to progress with Light Rail Stage 2A. The government is now focused on project procurement and delivery.”</i></p> <p>Recommendation 2: Development Costs and Benefits</p> <p><i>“As noted in the ACT Government’s response to recommendation 1, the ACT Government does not propose to revise the historic economic analysis contained within the Light Rail Stage 2A business case. The focus of the ACT Government is now upon the procurement and delivery of light rail to Woden, with Stage 2A as its first step.”</i></p>

¹ ACT Auditor-General’s Report; Canberra light rail stage 2A: Economic analysis; Report No. 8 / 2021

² Government Response to the ACT Auditor-General’s Report No.8 of 2021 – Canberra Light Rail Stage 2A: Economic Analysis

Recommendation 3: Benefits Realisation Plan

“The Government supports the continuation of a structured approach to embedding and improving benefits realisation processes for key infrastructure investments in the ACT.”

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