



**ACT LIGHT RAIL COST ESTIMATES
STAGE 2A**

Summary

Editor, Canberra Times

Light Rail Stage 2A

The Canberra Times (8Dec23) reported a contract price for Light Rail Stage 2A of \$577M. However, the article did not say of what that figure comprised. It is, in fact, the contract price for the Delivery Phase only, ie for design and construction.

To this must be added the following costs: Five (5) new trams, battery driven plus retrofitting the existing fleet (14 trams) with batteries, and additional facilities (a known \$181M); raising London Circuit (a known \$100M) and 20 years of Operations and Maintenance (O&M) (an estimated \$331M); for a total of \$1,189M for construction plus 20 years of O&M. Note there is also around \$100M in off-contract costs for project management and consultancies.

To put this enormous sum into perspective, the equivalent contract price for Stage 1 from Gungahlin to Civic stood at \$1,149M in 2022, for 12 km of track, ie. \$95.6M/km. Stage 2A will cost \$699M per km, for each of its 1.7 km – about 7.3 times more per km than for Stage 1.

This wasteful government should have a lot of explaining to do for its wanton abuse of taxpayers. It should at least make public the cost composition of the \$577M for the Delivery Phase. And let us not forget the probable effect of the long-standing MOU between this government and UnionsACT.

M. Flint

Coordinator, Smart Canberra Transport
Erindale Centre, 16Dec23

Purpose

This document provides and discusses the latest independent cost estimates by Smart Canberra Transport and Australian Logistics Study Centre (ALSC) for ACT light rail Stages 2A, based mostly on information released by the ACT Government, reports in the media and on independent life-cycle cost analysis. However, it should be noted by readers that the ACT Government is parsimonious at best in release of any cost information and contract details in respect of light rail.

This review was prompted by the release on 7 December 2023 of the contract price for the Delivery Phase of Stage 2A, at \$577M for 1.7 km of track, which was a watering eye-opener. This figure is over twice the estimate of \$254M, made previously in the update of 21 May 2023.

Stage 1

Stage 1 (Gungahlin-Civic) followed the Parliamentary Agreement between the Greens and Labor after the 2012 election that construction of Stage 1 would start before the 2016 election, which it did. It has been operating since April 2019, quite successfully, given the effects of the unpredicted COVID-19 pandemic which cut patronage considerably.

Table 1 gives the official original (2016) and current (2022) contract prices for Stage 1, operating from its commissioning in April 2019 through to April 2039.

Table 1				
STAGE 1 Contract		https://www.tenders.act.gov.au/contract/view?id=130871		
				Length Km
				12
Contract	Date	Price (PV) \$	Price (Nominal) \$	Price/Km \$
Oeiginal Contract	17-May-16	939,000,000	1,780,000,000	78,250,000
Current Amount	Jul-22	1,149,104,277	1.90	95,758,690
Changes		210,104,277		
Modification Order (Escalation ?)	Jul-22	199,354,066		
Modification Order (Escalation ?)		9,600,211		
Mitchell tram stop		1,150,000		



Stage 2A

Once the sheer difficulty and probable cost of Stage 2 dawned upon the Government after the 2016 election, the Government split Stage 2 into two sub-stages, with Stage 2A limited to a feasible but expensive leg from Civic to Regatta Point.

Although only 1.7Km¹, it is very expensive in incurring the decision to raise London Circuit and install a complicated intersection at a cost of some \$100M. In addition, there would be a bridge needed across Parkes Way and upgrading of the Acton waterfront, as well as the purchase of five additional trams and modification of the existing 14 trams.

In respect of raising London Circuit, one should note that it was not really needed for light rail but, rather, was a political decision to capture the valuable land now taken up by the clover-leaf access to Commonwealth Ave.

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To this must be added the following costs: Five (5) new trams, battery driven plus retrofitting the existing fleet (14 trams) with batteries, and additional facilities (a known \$181M); raising London Circuit (a known \$100M) and 20 years of Operations and Maintenance (O&M) (an estimated \$331M); for a total of \$1,189M for construction plus 20 years of O&M. Note there is also around \$100M in off-contract costs for project management and consultancies.

To put this enormous sum into perspective, the equivalent contract price for Stage 1 from Gungahlin to Civic stood at \$1,149M in 2022, for 12 km of track, ie. \$95.6M/km. Stage 2A will cost \$699M per km, for each of its 1.7 km – about 7.3 times more per km than for Stage 1.

This is an exorbitant and irrational amount of money that demands an explanation by the Government. It should at least make public the cost composition of the \$577M contract, but is expected, as usual, to hide behind contract confidentiality.

Detailed, revised estimates for Stage 2A are shown in **Table 2**.

Given a miserable BER², of 0.38, according to a thoroughly inadequate business case, poor expected patronage of about 1 million pa and some \$1,149M, over 20 years for 1.7Km, Stage 2A by itself is an extremely very poor investment. It only makes some sense if Stage 2B eventually proceeds, which, given the major infrastructure difficulties to overcome and the projected cost, most likely will not happen at all using light rail. That is not to say that an Electric Bus Rapid Transit (EBRT) system would not be used instead to connect Regatta Point to Woden, which is the obvious, rational way to go.

M.R. Flint
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Canberra, 16 December

Table 2 attached

¹ Km = kilometre

² 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 (Auditor-General's report).



SMART CANBERRA TRANSPORT (SCT)

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Light Rail Stage 2A						
Table 2						
Revised Cost Estimates						
					Km	
Smart Canberra Transport - 16 December 2023					PV 2023	
Contractual Items		Date & Constants	Price \$M	Price /km \$M	Comment	Notes
Delivery + Enabling + O&M + Off-Contract			1,289	758		
Delivery + Enabling + O&M			1,189	699	Stage 1 is \$95.6m /km	0; 1
Delivery + Enabling			858	505		
Delivery + Related Delivery			758	446		
Delivery Contract, including:		07-Dec-23	577	339	Known price	2
Wire-free track						3
Two new signalised intersections						3
Bridge over Parkes Way						3a
In-ground pedestrian lights in key locations						3
Protected cycle ways on newly designed						3
Cobbled median on London Circuit West						3
Landscaping						3
Green track sections						3
Paths for pedestrians and cyclists						3
Related Delivery Contracts						
Five (5) new trams, battery driven		Aug-22	181		Known price	3
plus battery fit to existing fleet of 14 trams						
Enabling Works		Jul-22	100			
Raising London Circuit			100		Known price	4; 5
Operations & Maintenance (O&M) [20Y]		%Delivery	331		25% of combined St1 and 2A Build cost	6
All Track + Stations		39%				7
Raising London Cct		0%	-		Estimate	8
Off Contract Expenditure			100			
Project office & planning			50		Estimate	9
Consultancies			50		Estimate	9
Notes:						
0 Stage 1 price (2016) [delivery plus 20y O&M; \$939M. Current price: \$1,149M						
0 www.tenders.act.gov.au/contract/view?id=130871						
1 Stage 1 cost/km is \$95.6M over 12 km						
2 https://www.cmtedd.act.gov.au/open_government/inform/act_government_media_releases/barr/2023/additional-funding-for-canberra-light-rail						
2 and Canberra Times, 8Dec23						
3 https://infrastructurepipeline.org/project/act-light-rail-stage-2						
3a Assumed included but needs verification						
4 Major enabling works						
5 \$60M contract plus \$40M attendant contracts [RiotACT report, 2Jul22]						
6 \$O&M 25% of combined Delivery Cost of St1 and St2A (2023 prices)						
7 \$O&M 39% of Delivery + Enabling						
8 Assumes difficulty factor of 2 for O&M for combined St1&St2A due to all battery trams and higher maintenance track						
9 Estimates only but real						