CRITIQUE OF REPORT

LIGHT RAIL FIVE YEARS ON

A Letter to Editors

On 1 April 24, the Canberra Times reported on the ACT Government's report "*Light Rail Five Years On: Benefits Realisation Report 2024"*, April 2024, prepared by Transport Canberra, thus by a government agency writing its own report card.

While the report is well written, well presented an apparently well researched, it is not without some errors of fact and has deliberate omissions of importance to taxpayers. Essentially, it is a one-way street of claimed positive outcomes of Stage 1, but contains nothing of the many downsides to taxpayers.

The report addresses only perceived 'benefits' of light rail, from the Government's point of view and, except for the claimed $675 million for construction, does not attempt to identify the many actual costs to the taxpayer, nor direct benefits to the Government (and taxpayer) by 'claw back' from land sales or by taxes imposed on the claimed benefits to others such as the construction industry.

There is no way of validating claimed figures - dollars or otherwise - without access to source data, but that would not be possible under this Government, which is baldly saying 'Trust us!' However, a revue of the report by the Auditor-General, to validate claims, would be very useful and probably enlightening.

While this long-awaited report gives some interesting data about light rail operations and claimed benefits (assuming validity), yet nothing at all on negative impacts, it can easily be seen as government propaganda leading to the ACT's October 2024 election.

Discussion

In late April 2024 (exact date not published), the ACT Government released the report "*Light Rail Five Years On: Benefits Realisation Report 2024"*, prepared by the Government's own agency, Transport Canberra.

It is therefore a report by an organisation writing its own report card. What else could be expected other than only positive reporting in the eyes of itself?

This brief[1] critique is based in part on extracts from the report and comments listed in Table 1.

While the report is well written, well presented an apparently well researched, it is not without some errors of fact and has deliberate omissions of importance to taxpayers. It is a one-way street of claimed positive outcomes but nothing of the many downsides and, so, may be easily seen as government propaganda leading to the October ACT election.

The report addresses only perceived 'benefits' of light rail, from the Government's point of view and does not attempt to identify most of the actual costs to the taxpayer nor direct benefits to the Government (and taxpayer) by 'claw back' from land sales or by taxes imposed on the claimed benefits to others such as the construction industry.

Very few of the figures in the report could ever be validated by the public, without access to detailed source records, which would not be forthcoming from this government which is baldly asking readers to 'Trust us!" But who trusts this government? However, a revue of the report by the Auditor-General, to validate claims made in the report would be very useful and probably enlightening.

The report says nothing about the downside of light rail, namely the tax burden on at least 96 per cent of non-user taxpayers; mentioning (invalidly) only one cost component of the many project and life-cycle costs involved; ignorance of the gross opportunity costs to our health and education systems and general upkeep of the city and suburbs.

The report lists only the $675 million Present Value (PV-2019) cost of construction and ignores all other costs attributable to the project over its projected life.

[1] This critique is brief but backed by ten years of analytical reports published by various light rail opponent entities.

It fails to address the hefty ongoing subsidy involved. The nominal cost of construction and 20-years of Operations & Maintenance (O&M) was $1.78 billion[2] (Auditor-General figure). This is paid for over 20 years, by a $300 million down-payment upon commissioning, with the rest at an average cost of $74 million a year. At a maximum of 4 million passengers a year the overall subsidy is $22.5 per passenger (1.78/4), less the average fare paid.

While lauding the claimed benefits to industry and other businesses, it completely ignores discussion of direct benefits to the taxpayers by way of 'claw back' by the government through marginal profits of land sales or annual taxes on land/building/occupation, or other sources of tax revenue that could be directly the result of light rail. Thus, ACT taxpayers still do not know what financial return they are getting for their money being spent on light rail.

The population of Gungahlin and North Canberra combined is expected to grow from 160,000 in 2024 to 200,000 by 2037 and Canberra from 474,000 to 587,000[3].

Owner/occupiers and investors along the corridor, able to access light rail, may constitute some 16,000 to 20,000 residents (estimate only), being about 3.4 per cent of Canberra's population and possibly 4 per cent of Canberra taxpayers of whom the other 96 per cent are paying. So, who is winning?

The report lauds the Private Public Partnership (PPP) contracting arrangements in place. However, PPP contracting has since been discredited to some extent and can be shown to be the most expensive way for a government to do contracting. Light rail in Canberra is a glee club of the unions and a few contractors, set to fleece the taxpayer for decades into the future.

The achievement of 4 million paying passengers a year for Stage 1 will be as good as it will ever get, given the 12 operational trams, travel patterns and that the trams are already at capacity during peak hours. This patronage figure, although good, is well short of the 6.3 million a year given in the2014 Business Case, upon which initial justification of Stage 1 was largely based.

Readers should question the inclusion of Section 4 on diversity as to its relevance to the benefits of light rail.

Finally, it should be noted that opponents of light rail for Canberra, like Smart Canberra Transport (and its predecessor Can the Tram Inc), have never denied the economic benefits of a well serviced transport corridor, but have claimed it could have been done just as well with a Bus Rapid Transport (BRT) system at half the cost to taxpayers. This contention has been well documented in the past by both government and private analysts who showed the far better economics of a BRT over a Light Rail Transit (LRT) system, but which the ACT Government simply ignored to fulfil its election promise in 2012 to woo the Greens who were insisting on light rail as a condition of coalition.

Conclusions

While this long-awaited report gives some interesting data about light rail operations and claimed benefits (assuming validity), yet nothing at all on negative impacts, it can easily be seen as government propaganda leading to the ACT's October 2024 election.

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[2] $1.78 billion includes $300 million paid by the government up-front upon commissioning. The budget has to meet $1.48 billion over 20 years, ie an average of $74 million a year (verifiable if one can find the figures in budget papers)

[3] https://www.treasury.act.gov.au/snapshot/demography/act

[4] Max Flint is a retired senior officer of the RAAF, who is a qualified engineer and has a Master of Science Degree (Logistics Management with distinction). He was an acquisition manager of major capital projects in Department of Defence and for many years was a private consultant, specializing in support systems and life cycle costing for major projects.

Table 1 – Specific comments on the document

Page/Ref	Claim	Comment
P1 P3,1.3	Runs on 100% renewable energy	Not so, as admitted by Mr Rattenbury. It is about 70% renewable powered.
P7 2.3	Final outcome (2019) for construction cost was a Present Value (PV) of $675M	This figure for construction only. The nominal construction plus 20-years of Operations & Maintenance (O&M) was $1.79 Billion (A-G figure). This reduced to a PV of $1.32 Billion.
P10 Figure 1	Best Total Passenger number for a year so far is a shade over 4,000,000 in 2023.	This figure is well short of the 6,400,000 per annum given in the2014 Business Case. It should be noted also that this achievement of 4 million is about as good as will ever be achieved, with the 12 operational trams, travel patterns and that the trams are at capacity during peak hours.
P13 3.1	Business Case estimated benefits over 30 years at PV $1Billion. Other dollar figures claimed as benefits	The actual PV was $1.32 Billion for construction and O&M. Therefore, the project was/is not economic as said in the Auditor-General's (A-G) report on Stage 1, in 2016. Figures as claimed by the Government – no way available to check validity.
P14 3.2 Patronage	Jan24: 13,945 per work day	Consistent with 4M pa (240 work days pa).
P15 3.2 Patronage	Average of 6,752 per non-work day	Consistent with 4M pa (125 non-work days pa)
P17 Table	Light rail saving 3,400 tonnes of CO2e pa	This may be so but, in fact, has zero effect on global warming, let alone permanent climate change.
P27 Table	Corridor dwelling approvals	No information of 'claw back' by Government
P28 Land values	Increases in corridor unimproved land values	Gains by individual investors but what gain for the taxpayer? Owner/occupiers and investors may constitute 12,000 being about 2.5% of Canberra's population and about 4% of Canberra taxpayers.
P42 4.3 Advisors	Gungahlin Advisory Group	Gungahlin Community Council is not represented. Why not?
P43 4.5	Inclusion of Diversity Initiatives	Readers should question the inclusion of Section 4 on diversity as to its relevance to the benefits of light rail.
P46 5.1	PPP Relation ship	The report lauds the Private Public Partnership (PPP) contracting arrangements in place. However, PPP contracting has since been discredited to some extent and can be shown to be the most expensive way for a government to do contracting. Light rail in Canberra is a glee club on the unions in cahoots with contractors to fleece the taxpayer.