

---

# Transport Infrastructure Development Corporation

---

## AUDIT OPINION

The audit of the Transport Infrastructure Development Corporation's (TIDC) financial report for the year ended 30 June 2007 resulted in an unqualified Independent Auditor's Report.

## KEY ISSUES

For general rail industry information, refer to the 'Overview of Rail Services' section earlier in this Report.

The rail industry has a shortage of signal engineers who are qualified to test and commission new infrastructure assets such as the Epping Chatswood Rail Line and Clearways projects. RailCorp and TIDC are jointly managing this issue. Insufficient qualified signal engineers for testing and commissioning may lead to delays in completing projects and increased project costs.

### Epping to Chatswood Rail Line (ECRL) Project

The planned completion date of ECRL was scheduled for mid 2008. The final commissioning of track work connections at Epping and Chatswood is expected in mid 2008. RailCorp expects to undertake train testing and driver training on the new line from mid September 2008. Passenger Services on the Epping to Chatswood Rail Line is scheduled to commence in late 2008. The delay has mainly arisen from scheduling difficulties with certain works needing to be done in a particular order. The cost impact from the deferred commissioning date is being reviewed by TIDC.

As reported in the prior year, the estimated project costs of \$1.6 billion (in 2000 prices) per 2003-04 budget papers did not include post 2000 escalation costs for the project of \$447 million or interest cost on borrowings. The total final forecast cost of the project was revised upward by \$241 million to \$2.3 billion (excluding interest costs on borrowings) in July 2006. This increase comprised:

- rises in construction sector costs above budgeted increases (\$160 million)
- settlement of a claim for noise mitigation works above forecasted costs (\$28.0 million)
- increased scope of works, other modifications and commissioning costs (\$53.0 million).

As at 30 June 2007, 83 per cent of the projected cost has been expended totalling \$1.9 billion.

### Rail Clearways Program

The objective of the Rail Clearways Program is to improve capacity and reliability on CityRail's Sydney suburban network. It comprises 15 key projects being delivered by TIDC on behalf of RailCorp. The program involves separating the network's 14 metropolitan rail routes into five independent rail clearways.

TIDC's total forecast cost of the program is \$1.8 billion following the extension of the Quakers Hills to Schofields project to Vineyard. The Program aims to improve on time running by reducing the impact of disruptions across the network and increasing the network capacity. Expenditure by TIDC on the program to 30 June 2007 totalled \$290 million.

The key projects of the Clearways program and their planned construction completion dates are as follows:

Key Projects	Due completion date
<b>1 Eastern Suburbs &amp; Illawarra</b>	
Bondi Junction Turnback	Completed April 2006
Cronulla branch line duplication	2008
<b>2 Bankstown</b>	
Lidcombe turnback and platform	2008
Liverpool turnback and platform	2010
Sydenham to Erskinville extra tracks	*
<b>3 Campbelltown express</b>	
Kingsgrove to Revesby quadruplication	2010
Macarthur fourth platform	2010
<b>4 Airport &amp; South</b>	
Macdonaldtown turnback	Completed August 2005
Homebush turnback	2008
Revesby turnback	2008
Macdonaldtown stabling	2007
<b>5 North West</b>	
Berowra Platform	Completed August 2006
Hornsby Platform	2008
Quakers Hill to Vineyard Duplication	2012**(was 2010)
Carlingford line passing loop	2010

\* A feasibility study of the Sydenham to Erskinville project was completed. Scheduled completion date has not been determined and funding is yet to be allocated to the construction phase of this project.

\*\* Date changed following extension of the Quakers Hills to Schofields project to Vineyards.

## OTHER INFORMATION

### Chatswood Transport Interchange

The Interchange is being delivered as a Public Private Partnership (PPP) between TIDC and CRI Australia Pty Ltd. The new Chatswood Transport Interchange will feature upgraded transport facilities as well as retail space and three residential towers.

Stage One of the Chatswood Transport Interchange is now in use and project costs of \$25.6 million were transferred to RailCorp at 30 June 2007. The remaining transport elements supporting the start of services on the new ECRL will be completed by August 2008.

### **Parramatta Transport Interchange**

The Parramatta Transport Interchange is complete and now provides an improved transport gateway to Western Sydney, linking rail services with the Western Sydney Transitway Network, local bus and other transport services. It supports Parramatta as Sydney's second major employment and commercial centre and has been integrated with other major developments in Parramatta.

At 30 June 2007, TIDC transferred the remaining \$15.8 million in project costs for the Parramatta Transport Interchange to RailCorp.

### **North Sydney Station Project**

The estimated cost of the North Sydney station upgrade was \$69.9 million at 30 June 2007. The total forecast cost of the project was revised by \$9.7 million to \$79.6 million in August 2007. This estimated cost is being renewed due to increased scope of construction and remediation works and additional costs associated with supporting World Youth Week.

As at 30 June 2007, the project has incurred costs of \$28.5 million. The project is expected to be completed by September 2008.

### **Metropolitan Rail Expansion Program (MREP)**

The Metropolitan Rail Expansion Program was announced by the Premier of NSW on 9 June 2005. This program consists of three projects being the South West Rail Link, CBD Rail Link and North West Rail Link (NWRL). Refer to the 'Overview of Rail Services' section earlier in this Report.

The Government plans to invest \$8.0 billion in the MREP over the next 15 years. As at 30 June 2007, \$9.8 million has been incurred in undertaking the design and planning phase.

At present, concept plans for the South West Rail Link have been approved. A review of the configuration and staging arrangements around Glenfield Junction are yet to be finalised. Delivery of South West Rail Link is planned for 2012.

The North West and CBD Rail Links are currently in the planning and design phases. Stage One of the NWRL to Hills Centre is scheduled for completion in 2005. Stage Two to Rouse Hill is scheduled for completion by 2017. The CBD Rail Link is scheduled for completion in 2017.

### **Newcastle Rail Corridor**

TIDC and United Group Infrastructure (UGI) have formed an alliance to deliver the Newcastle Rail Corridor project. Works include platform extensions at Hamilton, Wickham and Civic Stations, new pedestrian access ramps at Wickham and Civic Stations and the relocation of signalling equipment at each station location. This project aims to reduce waiting times for road traffic and pedestrians at level crossings and improve connectivity between the CBD, the Honeysuckle Precinct and the waterfront.

This project commenced in November 2006 with a budget of \$11.1 million. To date, all works are complete with the exception of level crossing commissioning. Actual expenditure as at 30 June 2007 totalled \$7.8 million. This project is expected to be completed by November 2007.

**FINANCIAL INFORMATION**

**Abridged Income Statement**

Year ended 30 June	2007 \$'000	2006 \$'000
Government grants	1,107,419	201,137
Third party contribution	991	9,197
Other	<u>228,618</u>	<u>83,175</u>
<b>REVENUE</b>	<b><u>1,337,028</u></b>	<b><u>293,509</u></b>
<b>EXPENSES *</b>	<b><u>222,657</u></b>	<b><u>80,808</u></b>
<b>SURPLUS</b>	<b><u>1,114,371</u></b>	<b><u>212,701</u></b>

\* Both direct and indirect costs are capitalised as construction work in progress for the ECRL project. Expenditure on the Rail Clearways Program and non-ECRL projects is recouped from RailCorp, MOT and the RTA.

**Abridged Balance Sheet**

At 30 June	2007 \$'000	2006 \$'000
Current assets	83,819	107,120
Non-current assets	<u>1,889,059</u>	<u>1,523,084</u>
<b>TOTAL ASSETS</b>	<b><u>1,972,878</u></b>	<b><u>1,630,204</u></b>
Current liabilities	178,861	326,791
Non-current liabilities	<u>162,157</u>	<u>720,947</u>
<b>TOTAL LIABILITIES</b>	<b><u>341,018</u></b>	<b><u>1,047,738</u></b>
<b>NET ASSETS</b>	<b><u>1,631,860</u></b>	<b><u>582,466</u></b>

Non-current assets represent construction work-in-progress (project expenditure and capitalised interest) relating to the ECRL Project.

The decrease in current and non current liabilities is primarily due to the repayment of borrowings held to fund the ECRL project. During the year, \$960 million was granted by Treasury to assist TIDC with the repayment of these borrowings.

## **CORPORATION ACTIVITIES**

The Transport Infrastructure Development Corporation was incorporated as a statutory State owned corporation on 1 January 2004 under the *State Owned Corporations Act 1989* and the *Transport Administration Act 1988*. The Corporation was established to deliver major transport infrastructure projects for the Government as directed by the portfolio Minister.

The two shareholders of the Corporation as at 30 June 2007 were the Premier and the Minister for Finance.

For further information on the Corporation, refer to [www.tidc.nsw.gov.au](http://www.tidc.nsw.gov.au).