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# Appendix one – Response from agency



Your ref: D2004366/PA2311  
Our ref: 6458156v2

Ms Margaret Crawford  
Auditor-General for New South Wales  
Audit Office of New South Wales  
GPO Box 12  
SYDNEY NSW 2000

Dear Ms Crawford

I refer to your letter of 29 April 2020 and thank you for the opportunity to respond to the final report for the follow-up performance audit on the CBD and South East Light Rail.

Transport for NSW notes the findings and recommendations in the report.

Further, a summary of Transport for NSW's response to the audit and its recommendations, as well as details of actions taken to date are enclosed.

If you have any further questions, Kamal Cheema, Executive Director Strategy & Implementation, Infrastructure and Place, would be pleased to take your call on (02) 8202 3415. I hope this has been of assistance.

Yours sincerely

A handwritten signature in black ink, appearing to read 'R. Staples', is written over a light blue horizontal line.

**Rodd Staples**  
**Secretary**

9/06/2020

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Transport for NSW

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## Transport for NSW Response

### **Recommendations**

**By June 2020, Transport for NSW should:**

**2. publicly report the final project cost**

As previously discussed, publicly reporting the final project cost would be possible by December 2020, as the project needs to reach Completion and finalise outstanding commercial issues.

**By April 2021, Transport for NSW should:**

**4. publicly report on benefits achieved during the first year of operations.**

As previously discussed, performance could be reported by this date, however it is unlikely to reflect performance under mature operations and without an annual comparison (e.g. October 2020 vs October 2021) is subject to seasonality impacts. Performance during this time (particularly the first six months, and given the patronage impacts of COVID-19) will not be a reflection of the long term benefits the project will deliver. If first year benefits are to be reported publicly, adequate context to support performance should be included. Tracking of benefits prior to October 2020 will be inaccurate, given the patronage impacts of COVID-19 and as operational maturity will not have been reached and some contractual mechanisms will not yet be in full force to encourage optimal operations.

### **Construction costs**

Transport for NSW has previously stated that revised construction costs for the CBD and South East Light Rail project equate to \$2.993 billion, excluding financing costs. Additionally, the stated funding includes Contingency, which may or may not be expended.

### **Were the project costs against budget regularly reported to the relevant governance bodies**

As highlighted to the NSW Audit Office during its investigations, the Advisory Board asked Transport for NSW to provide it with quarterly Final Forecast Cost estimates. The NSW Audit Office has not accounted for the Forecast Final Cost (FFC) Quarterly Report - June 2017 provided by Transport for NSW during the July 2017 Advisory Board meeting and the Forecast Final Cost (FFC) Quarterly Report - September 2017 provided during the November 2017 Advisory Board meeting. These reports contained pertinent FFC, contingency and other financial information requested by the Advisory Board.

### **Expected benefit of changes to bus services**

Transport for NSW reiterates that the significant patronage growth in South Eastern Sydney experienced between 2012, when the original business case was drafted, and 2020 means that the Integrated Bus Service Plan has had to be reviewed and adjusted. This is in line with Transport for NSW's usual approach, where we continually review and adjust our public transport services in order to meet demand.

## Performance Audit Recommendations: CSELR - follow up

Ref #	Recommendations	Action plan	Timeframe to complete actions	Accountable Deputy Secretary / Executive Director
1	Publicly report average weekly journey times	Average weekly end-to-end journey times for the L2 and L3 Lines will be reported weekly on the CBD and South East Light Rail project page on <a href="http://transport.nsw.gov.au">transport.nsw.gov.au</a> , commencing in June 2020. This will be for a 6 month period, as services are bedded in.	June 2020	Deputy Secretary and Executive Director, Infrastructure and Place
2	Publicly report the final project cost	It is not possible to complete this recommendation in this timeframe, as previously discussed. Transport for NSW suggests this would be possible by December 2020. See below:  Publicly reporting the final project cost would be possible by December 2020, as the project needs to reach Completion and finalise outstanding commercial issues.	June 2020- December 2020	Deputy Secretary and Executive Director, Infrastructure and Place
3	Publicly report the updated expected project benefits	Updated expected project benefits will be reported on the CBD and South East Light Rail project page on <a href="http://transport.nsw.gov.au">transport.nsw.gov.au</a> in December 2020.	December 2020	Deputy Secretary and Executive Director, Infrastructure and Place
4	Publicly report on benefits achieved during the first year of operations	It is not possible to complete this recommendation in this timeframe, as previously discussed. Transport for NSW suggests this would be possible by October 2021. See below:  Performance could be reported by this date, however it is unlikely to reflect performance under mature operations and without an annual comparison (e.g. October 2020 vs October 2021) is subject to seasonality impacts. Performance during this time (particularly the first six months, and given the patronage impacts of COVID-19) will not be a reflection of the long term benefits the project will deliver. If first year benefits are to be reported publicly, adequate context to support performance should be included. Tracking of benefits prior to October 2020 will be inaccurate, given the patronage impacts of COVID-19 and as operational maturity will not have been reached and some contractual mechanisms will not yet be in full force to encourage optimal operations.	<del>April 2021</del> October 2021	Deputy Secretary and Executive Director, Infrastructure and Place