# Sydney Metro developments

*Are recent developments with Sydney’s Metro railway straws in the wind or embers heralding an infrastructure inferno?*

Readers of Pearls etc. following the Sydney Metro saga know the strategic problems it creates such as reducing Western Sydney’s access to opportunities. These stem from its permanent incompatibility with the existing transport network – via e.g. small tunnels - and unsuitability for commuters due to few seats. A formal inquiry is needed.[[1]](#endnote-1)

At present there is a NSW Upper House Inquiry into one aspect of Metro - a take-over of a commuter line from suburban Bankstown to Sydenham (near the city). It has been told Metro is motivated by bureaucratic infighting – rather than public policy considerations.[[2]](#endnote-2)

Premier Berejiklian kicked off Metro when Transport Minister. She has a well-deserved reputation of wasting fortunes on white elephants like Sydney Light Rail, WestConnex and a fleet of trains too wide for tunnels. She ordered demolition of the perfectly good Sydney Football Stadium so it could be rebuilt.

Yet her main problems aren’t squandering tens of billions of dollars or the by-now usual multi-billion-dollar blowouts. The real damages are: her projects leave Sydney worse off; dishonesty about projects is leading to a loss of public trust in institutions.

Some who hoped Sydney Metro would be an exception were buoyed by its first stage being $0.9billion – 10% - below budget. This distracted from the Government’s stark failure to publish any ‘business case’ or benefit:cost assessment – what should be an absolute minimum prior to commitment of $9.0billion or so of your money – for the project. However, since its opening – after the March 2019 State election – even the small hopes of it ‘beating the budget’ and working well have been dashed.

This first stage has been plagued by frequent, prolonged breakdowns. The promise of greater reliability due to automation and a single line – rather than (the silly claim of) Sydney Trains’ ‘tangled network’ – was false. A delay on the line impacts all Metro trains because a bypass is unavailable. The absence of train drivers turns minor mishaps into major delays.

The system appears under-designed - shown when one of its tunnels flooded due to rain, stopping services for days. The Government’s explanation - flooding was due to challenging terrain - was contemptible. It was as if railway design doesn’t take terrain into account. More likely, the flooding is related to the underspend.[[3]](#endnote-3)

Metro’s second stage -the under-construction Metro extension to Bankstown - will double its length, amplify technical problems and add many more. The cost of this stage was set at $11.5-12.5 billion. Or so the public was led to believe, including throughout the 2019 State election campaign where the Premier promised NSW can ‘*have it all’*.

In early February 2020, the Sydney Morning Herald put the cost at $16.8 billion. Among the causes for the $4.3-5.3billion increase were misspecification of the project – fleet, stations etc. The Herald claimed its source to be a budget review by the Metro operating agency (part of Transport for NSW) written 18 months ago – well before the State election.[[4]](#endnote-4)

The Government is not suggesting the blowout - 34% to 46% - might influence wider Metro plans it had costed at $66.0 billion. In this, it might be taking a cue from Infrastructure Australia – which (uniquely) recommended the stage without knowing its cost. With such a cost increase, the already highly dubious – overstated - benefit:cost ratio estimate for the project of 1.3:1.0 is more like 0.9:1.0. The project certainly lacks economic merit even were its grave strategic flaws - mysteriously overlooked by Infrastructure Australia – ignored.[[5]](#endnote-5)

The Government might also be taking a cue from ‘influential’ Mr Tony Shepherd AO, former chair of WestConnex, current chair of the SCG Trust. After the Herald’s revelation, he said governments should not inform the public - too early – of project costs because blowouts are likely. In any event, people aren’t interested in costs (i.e. how their money is used). He advised governments to work harder at having good relationships with infrastructure contractors.

With respect, such views need to be challenged. Government always plays some role in major infrastructure - usually by conferring privilege on infrastructure builders, operators or owners. In a properly operating democracy,[[6]](#endnote-6) a Government does so only on behalf of the public. That public must be able to hold its Government to account at the ballot box, but will be unable to do so unless it knows the costs and benefits of, and the arrangements its Government has made for, infrastructure. Failure for the public to be properly so advised corrodes trust in institutions, weakens democracy and creates an environment conducive to corruption. The public must be told about the costs, benefits and consequences of infrastructure projects – and especially about cost overruns - irrespective of opinions about their ‘interest’ in those matters. To delay advising the public on those matters would be disturbingly anti-democratic – even more so if an election was held while information was withheld.

Last week, the Transport Minister said the Metro cost overrun was just $3.0billion. He said ‘sorry’ and the cause is general construction cost pressures. He claimed to be ‘*absolutely not*’ aware of the blow-out until after the State election – even though the election was many months after the estimate was revised*.*

The Premier was also asked about the cost blowout. Her first response was she’d rather talk about bushfires, but later said: *‘hand on heart’* every issue talked about during the election campaign was with honesty and integrity.[[7]](#endnote-7)

Such hand on heart honesty and integrity has been on display before. One case is denial of a ‘*legislative*’ restriction on Newcastle Port containers – preventing urgently needed port diversification and the subject of court case about breaching competition laws.[[8]](#endnote-8)

Another case is Sydney Light Rail. In response to a question about its cost the Premier said: *“I can hand on heart say the government’s working day and night to bring this project to completion”*. She probably meant it had been working tirelessly to use your money to keep the infrastructure club busy. The $1.6billion project ended up costing $3.0billion. Its flawed original business case had a benefit cost ratio of 2.5:1.0 – most likely inflated. A quick recalculation of those numbers suggests it should have been below 1.2:1.0 i.e. not worth the risk.

Included in the light rail costs was $0.6billon to settle the builder’s lawsuit for being misled by the Government. That case was in train before, but settled after, the election – as was the project’s cost. And, like Metro, light rail has suffered operating problems since opening – also after the election.[[9]](#endnote-9)

The Sydney Football Stadium has similar pre- and post- election form. The ‘builder’ started demolition during the election campaign, but after the election – and destruction - walked out saying not enough money was available for construction. This project, often promised to be ‘on-time on-budget’ was, after the election, revealed to be at least a year late and $100million or 14% over budget. A new design excludes the ‘curtain’ which was the key to gaining political support from sport associations who wanted to disguise the normal paltry attendance at games. Its original business case had a benefit:cost ratio of 0.9:1.0 i.e. economic loss. A quick recalculation including the now-evident higher costs shows this to fall to 0.8:1.0 – i.e. greater economic loss.[[10]](#endnote-10)

Back to the claim the Minister and Premier didn’t know about the Metro project’s real cost until after the election. Readers who were/are public servants might gasp. Those who read Mr Mitchell’s Pearls etc. views on NSW Government integrity might consider it another bald-faced lie.[[11]](#endnote-11)

However, it might be true. It, and apparent lack of consequence for – sacking of - public servants who didn’t pass on the news, fits the Metro-as-bureaucratic-warfare hypothesis. Was a naive new Transport Minister hoodwinked – in 2011 - into taking a (wrong) side in the war? Did the Minister - now Premier – have so much at stake that Metro must continue however high the cost and low the benefits? So much that nobody gives the Government real news? Like Sydney Light Rail is Metro a ‘vanity project’ but on a destructive epochal scale?

This should be considered by the Upper House Inquiry, due to report in March. However, the Inquiry will find it difficult to discern the essential truth from strange comments of Government ‘witnesses’ – whose evidence is troubling, not just for being implausible but for being distracting.[[12]](#endnote-12)

Yet the Inquiry has achieved one thing – reversing the plan to needlessly stop current trains to (and abandon) nine railway stations west of Bankstown - towards Lidcombe and Cabramatta, near the centre of the metropolitan area. That there was such a plan to further degrade Sydney Trains – a secret to many including top railway staff and no doubt to project assessment – supports the bureaucratic warfare thesis.[[13]](#endnote-13)

With the gulf between pre-election promises and post-election results, questions about whether the public was misinformed at the election, infrastructure assessments not worth the paper they are written on, projects causing substantial economic losses, a multi-billion-dollar Metro cost blowout (so far), no change to Metro plans and the only working hypotheses for its idiotic projects being a cohort with virtually no respect for the public, public funds and institutions - and/or Vanity - the Inquiry will need to do plenty more to avoid becoming the first witness at the inevitable Royal Commission. Wish them well!

J Austen

28 February 2020

1. E.g. <https://johnmenadue.com/john-menadue-sydney-metro-a-forty-billion-dollar-deception/> [↑](#endnote-ref-1)
2. <https://www.parliament.nsw.gov.au/committees/inquiries/Pages/inquiry-details.aspx?pk=2551> [↑](#endnote-ref-2)
3. <https://www.smh.com.au/national/nsw/sydney-metro-flooding-prompts-review-of-network-20200212-p54043.html> [↑](#endnote-ref-3)
4. <https://www.smh.com.au/national/nsw/4-3-billion-cost-blowout-in-sydney-s-metro-rail-project-20200203-p53x7n.html> [↑](#endnote-ref-4)
5. <https://www.infrastructureaustralia.gov.au/projects/sydney-metro-city-southwest> [↑](#endnote-ref-5)
6. <https://www.smh.com.au/national/nsw/caution-urged-in-states-costing-big-transport-projects-after-blowouts-20200220-p542ty.html> [↑](#endnote-ref-6)
7. <https://www.smh.com.au/national/nsw/berejiklian-under-fire-over-4-billion-blowout-in-metro-rail-project-20200204-p53xjp.html> [↑](#endnote-ref-7)
8. <https://johnmenadue.com/john-menadue-newcastle-port-another-botched-privatisation-a-repost-from-5-september-2016/> [↑](#endnote-ref-8)
9. <https://www.abc.net.au/news/2019-12-14/sydney-light-rail-opens-after-delays-and-cost-blowouts/11766132>

 <https://www.railway-technology.com/news/sydeny-light-rail-technical-issues/> [↑](#endnote-ref-9)
10. <https://www.abc.net.au/news/2019-12-18/morning-briefing-wednesday/11808110> [↑](#endnote-ref-10)
11. <https://johnmenadue.com/alex-mitchell-how-nsw-is-becoming-a-corporate-autocracy/> [↑](#endnote-ref-11)
12. E.g <https://www.parliament.nsw.gov.au/lcdocs/submissions/67087/0030b%20Mr%20John%20Austen.pdf> [↑](#endnote-ref-12)
13. [↑](#endnote-ref-13)