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**TUGGERANONG COMMUNITY COUNCIL (TCC) POLICY  
CAPITAL METRO (LIGHT RAIL) PROJECT****CAVEAT**

**The following policy on the Capital Metro (Light Rail) project is that endorsed only by members of the Tuggeranong Community Council (TCC) and does not claim to speak for any other association or group within Tuggeranong.**

**BACKGROUND**

1. The ACT Government has initiated a Light Rail project called Capital Metro, the first stage of which is a tramway of 12 kilometres between Gungahlin and the Central Business District (CBD) of Canberra (Civic), referred to as the Gungahlin-Civic corridor.
2. The Capital Metro Agency, as the project office for Capital Metro, has already been created and the first stages of the project started, with a budget of some \$24 million in 2014-15. The ACT Government has committed to start construction sometime in 2016, but before the next election.
3. There have been many reasons put forth for the proposed Light Rail network and some say that it would be an investment for the future. With oil and gas prices increasing, an electrified rail service powered by renewable energy (another government priority), would look after many of our future transport needs. However, there are real concerns about the overall cost and the immediate benefit to all of Canberra and in particular the people of Tuggeranong.
4. The nominal capital cost of Stage 1 is \$614 million (this figure is a 2011, risk-free estimate). On 11 June 2014, the Chief Minister was reported as saying that the Cabinet 'will not tolerate much more than \$614 million' for light rail, updated to 2014 prices. However, the most probable capital cost, ignoring for the moment ongoing operating subsidies, could easily approach \$1,500 million or more, given recent experiences like those of the Gold Coast and Edinburgh tramways, as examples.
5. There are several important issues for the Tuggeranong community, arising from the Capital Metro project:
  - The ACT Government does not have a mandate from taxpayers to implement Capital Metro, which is the most expensive and controversial project ever proposed to be undertaken in the ACT. Nor does the Parliamentary Agreement for the 8th Legislative Assembly for the Australian Capital Territory, 2 November 2012 constitute such a mandate.
  - Canberra taxpayers have every right to know exactly how much each stage of Capital Metro will cost (capital and operations), how each would be funded and to be seriously consulted, before decisions to implement are taken by the ACT Government.
  - If the massive cost of the project has to be met by taxpayers, it would divert much needed investment away from other possibly higher priority projects around Canberra, such as for hospitals, health centres, schools, tertiary institutions, roads, in-fill residences and the bus network.
  - Even if the initial capital cost of Capital Metro can be totally, privately funded, such large investment would still divert substantial money away from sources otherwise available for other infrastructure.
  - Although Capital Metro envisages an eventual Canberra-wide rail network, a light rail extension to Tuggeranong suburbs is not believed feasible due to the distances involved, the need for rapid transport and the likelihood of relatively small patronage, all factors resulting in very high capital and operating costs that would not be recoverable from private investors.
  - There would be no tangible benefit to Tuggeranong residents from the Stage 1, Gungahlin-Civic line, even though all Canberrans will be expected to pay net costs, including ongoing operating subsidies.
  - The project has serious implications for the already inadequate Action bus services to and from Tuggeranong.
6. The TCC policy herein addresses only the current, proposed Gungahlin-Civic tramway. A policy in respect of the overall network envisaged for Canberra, including Tuggeranong, should await further studies being undertaken and some firm indication/decision from the ACT Government of the day as to extension of a network and how it would be funded.

**POLICY**

7. In respect of the first stage of the Capital Metro project, namely the 12 km Gungahlin-Civic tramway, the TCC adopts the following policy.
8. The TCC:
  - considers that the ACT Government does not have a mandate to implement this most expensive and controversial of projects and that the Parliamentary Agreement for the 8th Legislative Assembly for the Australian Capital Territory, 2 November 2012, does not constitute such a mandate;
  - calls upon the ACT Government to make public, without undue delay, the most probable estimates of the initial capital cost, ongoing annual net operating costs and the annual Government subsidy for the Gungahlin-Civic link, to be borne by taxpayers;
  - does not support any general levy on Canberra residents, businesses or institutions, outside the Gungahlin-Civic corridor, to pay for either the initial capital or ongoing operational net costs of Capital Metro;
  - does not consider there to be any significant benefit to the 90,000 Tuggeranong residents from the Gungahlin-Civic link;
  - does not support Tuggeranong taxpayers having to contribute to any outlays for the Gungahlin-Civic link, budgeted by the ACT Government; and
  - supports the continued development of public transport networks and to maximise their usage, but is not convinced that the Capital Metro network will ever be extended to Tuggeranong suburbs because of distances involved, low population density and unaffordable costs.
9. So that members may give consideration to the following motion, a background to the project, its pros and cons and discussion, relevant to Tuggeranong residents, are provided in the attached annex.

**Motion:**

10. "That the foregoing TCC Policy Statement on the Capital Metro Project be agreed."
  - Moved: M.R. Flint, Treasurer, TCC
  - Seconded:

TCC Executive Committee

1 July 2014

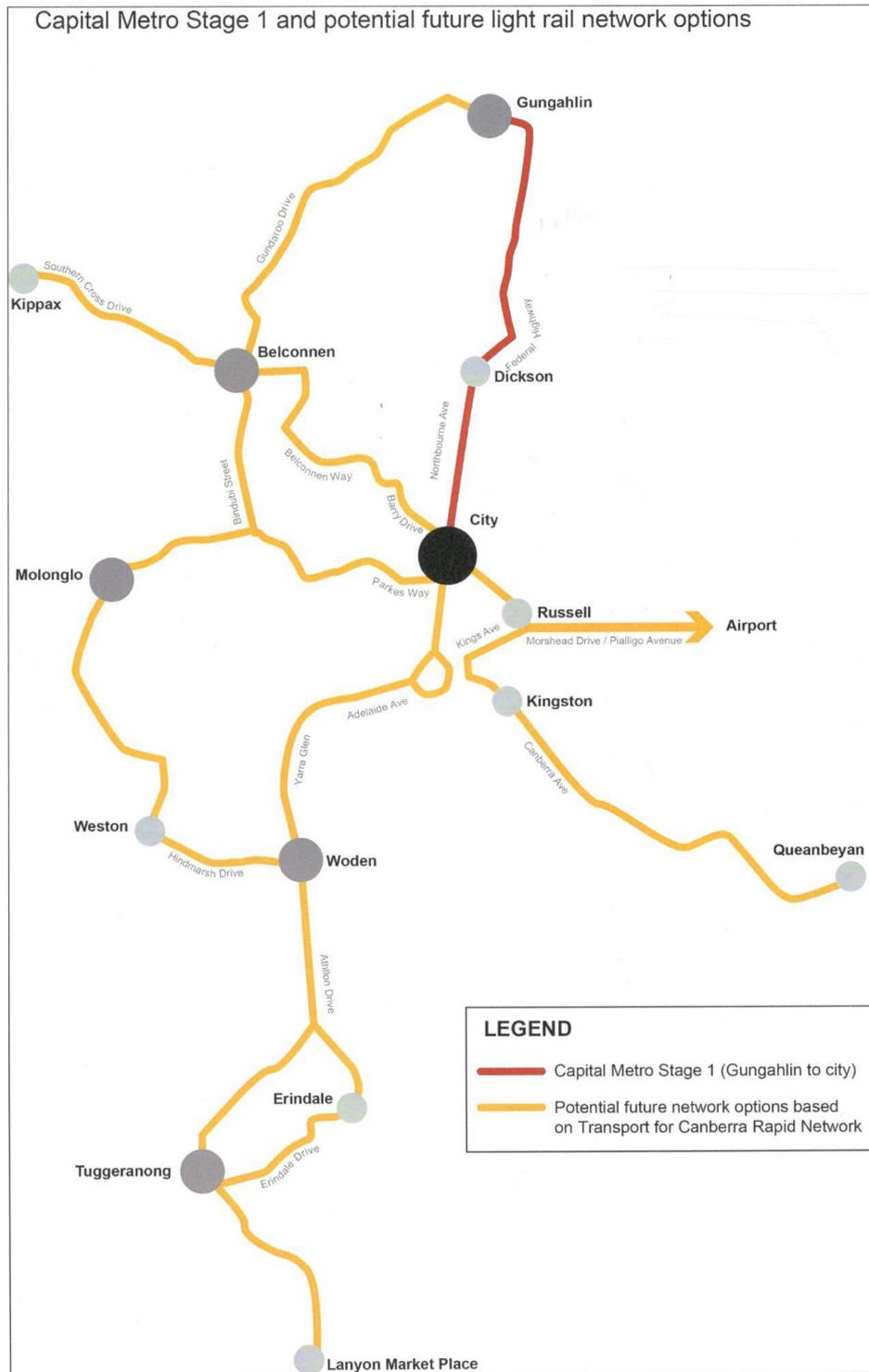
**LIGHT RAIL – RELEVANT INFORMATION****BACKGROUND**

1. The ACT Government has initiated a Light Rail project called Capital Metro, the first stage of which is a tramway of 12 kilometres between Gungahlin and the Central Business District (CBD) of Canberra (Civic), referred to as the Gungahlin-Civic corridor.
2. The Capital Metro Agency, as the project office for Capital Metro, has already been created and the first stages of the project started, with a budget of some \$24 million in 2014-15. The ACT Government has committed to start construction sometime in 2016, but before the next election.
3. There have been many reasons put forth for the proposed Light Rail network and some say that it would be an investment for the future. With oil and gas prices increasing, an electrified rail service powered by renewable energy (another government priority), would look after many of our future transport needs. However, there are real concerns about the overall cost and the immediate benefit to all of Canberra and in particular the people of Tuggeranong.
4. While the nominal capital cost of Stage 1 is \$614 million, this figure is a 2011, risk-free estimate. The most probable capital cost, ignoring for the moment ongoing operating subsidies, could easily approach \$1,500 million or more, given the recent experiences of the Gold Coast and Edinburgh tramways, as examples.
5. At the last ACT election in 2012, the ALP and the Greens signed the document at Reference A, by which the Labor Party was able to secure the support of the only Greens MLA and so retain government. The agreement commits the ACT Government to several undertakings, including a commitment by the ALP to “*Progress a light rail network..., with a target of laying of tracks for the first route commencing in 2016*”.
6. In 2012, through Reference B, the ACT Government sought funding from the Federal Government of \$15 million for initial work on the project but the application was rejected as not being feasible.
7. Reference B is also the primary document upon which the Government based its decision to choose light rail over a rapid bus solution, for the Gungahlin-Civic corridor.
8. While Capital Metro is currently addressing only the Gungahlin-Civic tramway, the overall plan for the future is to extend the network to other towns comprising Canberra, including Tuggeranong, as well as to Queanbeyan (see Figure 1).
9. The TCC policy herein addresses only the current, proposed Gungahlin-Civic tramway. A policy in respect of the overall network envisaged for Canberra, including Tuggeranong, should await further studies being undertaken and some firm indication/decision from the Government of the day as to extension of a network and how it would be funded.

**RECENT PRESS REPORTS**

10. The Canberra Times, 12 June 2014: “Light rail ‘to cost \$915 million, not viable’, according to an independent study commissioned by the ACT Liberal Party.” *[Note: This would be a nominal, risk-free estimate, so the real cost would be much higher.]*
11. Editorial, The Canberra Times, 12 June 2014: “*Second thoughts on light rail line*” (following the statement by the Chief Minister on 11 June 2014). “*How she responds could determine the government’s survival at the 2016 election.*”
12. The Canberra Times, 11 June 2014: “*Cabinet puts cap on light rail cost*”. The Chief Minister says that the Cabinet ‘will not tolerate much more than \$614 million’ for light rail, updated to 2014 prices.
13. The Canberra Times, 2 June 2014: “*Light rail to deliver ‘over 3,000 jobs’*”.
14. The Canberra Times, 10 May 2014: “*City levy may help pay for light rail*”. The ACT Government says that, while funding arrangements are not yet decided, there could well be a regime of special rates applicable to property adjoining the proposed corridor, so as to capture increase in property values, and a general levy on all Canberrans, to pay for the project. Also, the Government and Capital Metro Agency are also exploring private sector and joint government-private funding models.
15. The Canberra Times, 29 March 2014: “*Light rail route to Gungahlin is seen as the answer to congestion. But is the price tag worth it?*” Ross Peake investigates.

**Figure 1**



**WHAT ARE WE REALLY TALKING ABOUT?**

16. Light rail can cover several configurations from tramways, through light suburban rail (like in Perth) to heavy suburban rail (like in Sydney). Tramways normally share thoroughfares with motor vehicles but may have exclusive rights-of-way for some sections of a track and are limited to a speed of about 70 km per hour although most tramways in service average about 20 km per hour. Suburban rail uses heavier and faster vehicles on exclusive, right-of-way tracks.
17. While the Government and the Capital Metro Agency may have plans for a Canberra-wide network, the only phase currently under serious consideration is the Gungahlin-Civic link, which is a tramway of 12 km in length, from Gungahlin, along Flemington Road and down Northbourne Avenue to the city centre. This section lends itself to use of a tramway. However, a light suburban rail link on dedicated rights-of-way, if ever to eventuate, would seem to be more appropriate for a Tuggeranong-City link, given distances involved and the need for rapid transport.
18. Several important definitions:
  - **Light Rail:** Light rail or Light Rail Transit (LRT) is typically an urban form of public transport [including trams] using steel-tracked fixed guideways that operate primarily along exclusive rights-of-way and have vehicles capable of operating as a single train or as multiple units coupled together.
    - > *“Light rail is a term that applies to a variety of transport systems, including trams. Light rail is a modern version of tram that can operate at low speeds on streets and at high speeds in dedicated corridors. Light rail operates at road level and is electric, receiving power through overhead wires or recharge when braking.”* [[www.capitalmetro.act.gov.au](http://www.capitalmetro.act.gov.au)]
  - **Tram:** A tram is a rail vehicle which runs on tracks along public urban streets and sometimes on separate rights-of-way.
  - **Capital Metro:** Capital Metro is a proposed light rail system currently in the planning stages for Canberra. Stage 1 of the project is proposed as the Gungahlin-Civic link. [Reference D]
  - **Capital Metro Agency:** The Capital Metro Agency (the Agency) has been established and a number of key administrative elements put in place to deliver the project. A sub-committee of Cabinet has been established to provide strong oversight to this major ACT Government project. [[www.capitalmetro.act.gov.au](http://www.capitalmetro.act.gov.au)]

**ARGUMENTS FOR THE PROJECT**

19. The vision and objectives for a light rail network are set out at [www.capitalmetro.act.gov.au](http://www.capitalmetro.act.gov.au). The ACT Government, the Capital Metro Agency, lobby groups and individual proponents have advanced many arguments in support of the project:
  - Light rail will help achieve our vision of a more sustainable and modern city.
  - People prefer riding on trams rather than on buses.
  - The Project would be urban transformational, ie would help intensify residential and commercial development up to a kilometre either side of the proposed corridor, thus attracting considerable investment into the ACT.
  - Project funding to date is by the ACT Government. Future funding is expected from capturing the benefits of the increase in property values along the corridor, eg through betterment fees and rates.
  - It would provide for a cleaner Canberra environment. Light rail will reduce congestion on some Canberra streets which in turn will reduce greenhouse gas emissions and air pollution.
  - Canberra has the highest carbon emissions from passenger car transport per capita of any Australian capital city and growing levels of congestion which are projected to increase are imposing a cost on the ACT community in economic, environmental and social terms.
  - It would ease traffic congestion, especially on Northbourne Avenue, and reduce people’s commuting time. As a result, productivity would increase because the number of hours available for people to work would increase.

- Light rail has the ability to move large numbers of passengers quickly to their destinations and return more efficiently than the current bus network.
  - A light rail system would improve the efficiency of public transport in Canberra.
  - Light rail would contribute to greater levels of social inclusion in the ACT.
  - It would create some 3,000 jobs over several years, with an ongoing workforce for operations.
  - It would be good for all Canberrans.
  - Other cities are doing it, like Sydney and the Gold Coast.
  - It would be a tourist attraction.
  - Walter Burley-Griffin's design included the provision of trams operating in the suburbs and central areas.
  - As Canberra is working towards a 90 per cent renewable energy target by 2020, Light Rail could set Canberra up for the future, as electrified light rail becomes more economic and as petrol and gas become more expensive.
  - Development of a light rail service could alleviate the need for road construction, in particular extra lanes for rapid bus services as Canberra's population increases, as it is predicted to.
  - Certainty of routes would lead to more planned development and in-fill opportunities.
20. One may also refer to the information on the following website for that of the principal Light Rail **lobby group** in Canberra: [www.actlightrail.info/p/capital-metro-html](http://www.actlightrail.info/p/capital-metro-html).

## DISCUSSION

21. Neither the ACT Government nor the Capital Metro Agency has offered any cost estimates for the overall scope of the network planned for Canberra or any capital cost estimate for Stage 1 of the project (Gungahlin-Civic link) other than the initial nominal, risk free estimate (Reference B) of \$614 million. However, according to The Canberra Times, 11 June 2014: the Chief Minister has stated that the Cabinet '*will not tolerate much more than \$614 million*' for light rail, updated to 2014 prices. There has been no mention of providing for the very substantial cost risk in the project.
22. There has not been any estimate of operating costs offered, other than in Reference B, although the CEO of Capital Metro Agency, in her last presentation to the TCC, stated that substantial subsidies of operations can be expected. Note that the Action bus network is heavily subsidised - \$118 million in 2014-15 ACT budget.
23. The report at Reference B actually compared two systems – a Bus Rapid Transit (BRT) system with a Light Rail Transit (LRT), over the same corridor. The initial capital-only cost of the BRT was estimated at \$276 million versus \$614 million for LRT and the BRT was considered substantially more cost-effective than the LRT. Additional capital investment over 30 years from construction (expected life of the system) was estimated at \$82 million for the BRT and \$189 million for the LRT. Operating and Support costs were estimated at \$123 million for the BRT and \$200.1 million for the LRT over the 30 years. However, the ACT Government still opted for the more expensive and less efficient system.
24. The \$614 million estimate is a risk-free, 2011 figure, for initial capital expenditure only; it does not include any net costs of operations, support costs or costs to replace assets during the life of the system.
25. Even assuming the prevailing wage increase index of 3.5 per cent a year (the CPI is not an appropriate index in this case), the cost would be \$755 million in 2014 and \$1,029 million in 2016. Note that these are nominal, risk-free estimates. When risk<sup>1</sup> is applied, these figures can increase to \$1,100 million and \$1,500 million respectively. Given the Gold Coast and Edinburgh experiences with tramways of comparable length, even these estimates would seem to be too low. In August 2012 the cost of the 13 kilometres of Gold Coast light rail (GoldLinQ) was estimated at \$1,600 million (Reference G). GoldLinQ was due for launch in June 2014 at an updated cost reported to be around \$1,800 million. Edinburgh's 14 km tramway "was costed at £375 million (\$623 million) in 2003, but by May 2008, when contracts were signed, the cost had ballooned to £521 million (\$1,044 million). After extra interest payments are factored in, the final cost is expected to top

<sup>1</sup> Reference B, upon which the ACT Government decision to pursue light rail rests, says that the positive risk factor is 50 per cent.

£1 billion (\$1,668 million). The line opened on 31 May 2014". And this was at an average escalation of only 2.2 per cent (3.5 percent minimum would be applicable to a Canberra tramway). See Reference E.

26. At Reference F, the Chief Minister is reported to have said that the Cabinet "will not tolerate much more than \$614 million" for light rail (The Canberra Times, 11 June 2014), updated to today's dollars and in respect of Stage 1 (Gungahlin-Civic tramway). Experienced major project managers know that, once started, such large projects are pursued (with rare exception) to the bitter end, at whatever expense – witness the cost blowouts on the Cotter dam and on Majura parkway. The foregoing comments assume that Canberra taxpayers would be footing the bill for all costs unrecovered from Government imposts on developers and the travelling public during operation. Should the Government be able to convince Canberrans that the initial Capital Metro could be funded entirely by private investors, arguments against the project could diminish substantially. While private funding for the initial capital expenditure may be possible, the net costs of operations (including maintenance and replacement of capital assets) could still be expected to be paid by taxpayers, ie subsidised. However, even if the initial capital cost of Capital Metro is totally privately funded, such large investment would still divert money from sources otherwise available for infrastructure. Therefore, it is seen as essential for the Government to clearly state how all stages of the project will be funded before deciding on construction.

**NB.** *It is only the initial capital cost of each stage of Capital Metro that might attract total private investment, through development of the corridor. Thereafter, net costs of operations and replacement of capital assets will be subsidised by taxpayers.*

27. Capital Metro lines, with smaller population densities, can be expected to be highly subsidised. It should be noted that, by comparison, most European cities operating comparable tramways have typical population densities of 3,000-5,000 per square kilometre, whereas even that projected for Canberra in 2031, will be only about 450 per square kilometre. However, the projected density of Gungahlin is expected to be higher than the Canberra average, reaching about 1,000 per square kilometre by 2031. [Reference B]

## ISSUES

28. There are several important issues for the Tuggeranong community, arising from the Capital Metro project:
- The ACT Government does not have a mandate from taxpayers to implement Capital Metro, which is the most expensive and controversial project ever proposed to be undertaken in the ACT. Nor does the Parliamentary Agreement for the 8th Legislative Assembly for the Australian Capital Territory, 2 November 2012 constitute such a mandate.
  - Canberra taxpayers have every right to know exactly how much each stage of Capital Metro will cost (capital and operations), how each would be funded and to be seriously consulted, before decisions to implement are taken by the ACT Government.
  - If the massive cost of the project has to be met by taxpayers, it would divert much needed investment away from other possibly higher priority projects around Canberra, such as for hospitals, health centres, schools, tertiary institutions, roads, in-fill residences and the bus network.
  - Even if the initial capital cost of Capital Metro can be totally, privately funded, such large investment would still divert substantial money away from sources otherwise available for other infrastructure.
  - Although Capital Metro envisages an eventual Canberra-wide rail network, a light rail extension to Tuggeranong suburbs is not believed feasible due to the distances involved, the need for rapid transport and the likelihood of relatively small patronage, all factors resulting in very high capital and operating costs that would not be recoverable from private investors.
  - There would be no tangible benefit to Tuggeranong residents from the Stage 1, Gungahlin-Civic line, even though all Canberrans will be expected to pay net costs, including ongoing operating subsidies.
  - The project has serious implications for the already inadequate Action bus services to and from Tuggeranong.

**REFERENCES**

29. References pertinent to formulation of the TCC policy:

- A. The Parliamentary Agreement for the 8th Legislative Assembly for the Australian Capital Territory, 2 November 2012.
- B. City to Gungahlin Transit Corridor, Infrastructure Australia Project Submission (August 2012), URS Australia Pty Ltd.
- C. Information on the Capital Metro Agency website: [www.capitalmetro.act.gov.au](http://www.capitalmetro.act.gov.au) .
- D. Independent information on the project: [www.wikipedia.org/wiki/Capital-Metro-Canberra](http://www.wikipedia.org/wiki/Capital-Metro-Canberra).
- E. [http://en.wikipedia.org/wiki/Edinburgh\\_Trams](http://en.wikipedia.org/wiki/Edinburgh_Trams).
- F. Chief Minister's statement that the Cabinet "will not tolerate much more than \$614M" for light rail (The Canberra Times, 11 June 2014).
- G. <http://en.wikipedia.org/wiki/GoldlinQ>.