



RAIL

The Brumby Government says it will cost more than half-a-billion dollars to build a humble 3½-kilometre rail extension from Epping to South Morang. How is this possible?

Tracking the cost

By **MARY-ANNE TOY**

WHEN the State Government recently announced that it was going to build the long-awaited South Morang railway extension, at a cost of \$562.3 million, few people were more pleased than local school teacher Darren Peters.

As head of the tenacious lobby group the South Morang Rail Alliance, Peters is thrilled that the Epping line is going to be extended 3.5 kilometres to a new station. It will be the first extension of Melbourne's suburban rail network since the 1930s, when the Glen Waverley line was built.

But Peters is mystified as to why 3.5 kilometres of new rail — from Epping station to South Morang in Melbourne's outer north-east, with the option of extending the line north to Mernda — will cost more than half-a-billion dollars.

He is not alone.

When Steve Bracks, as Labor opposition leader in 1999, promised to build the line, it was estimated to cost \$8 million. In 2001, the then department of infrastructure commissioned planning and infrastructure firm Parsons Brinckerhoff to look at options for extending the Epping line. The report, delivered in May 2003, gave several options for extending to South Morang, the most expensive costing \$44.5 million. This comprised "all costs including stations and public transport interchange facilities" including parking and signalling upgrades.

Most of this cost — \$26.5 million — would be in duplicating the five kilometres of single track from Keon Park to Epping station, which would have to be done before the 3½-kilometre stretch of new track to South Morang could be built (for \$18 million, including a new, lowered

station).

In 2003, the Department of Infrastructure requested \$16 million for the South Morang project.

Six years later, the cost is \$562.3 million — or \$650 million if you include initial operating costs. (By contrast, the transformation of Spencer Street station from a dowdy backwater to an internationally acclaimed transport hub cost \$700 million — even after cost blow-outs. The engineering and operational demands for the station with its undulating roof were enormous, and arguably dwarf any technical difficulties that could arise from the South Morang extension.

Nicholas Low, director of Melbourne University's Centre for Governance and Management of Urban Transport (GAMUT), is among those who believe the public deserves an explanation. Low says that with the 27-kilometre Frankston bypass costing \$700 million to build, to spend not much less than that on 8.5 kilometres of track from Keon Park to South Morang is ridiculous.

A Transport Department insider says some within the bureaucracy are also questioning the cost of the South Morang extension — which is essentially the same project as has been on the boards for the past 20 years. He believes previous cost overruns such as the regional rail and the myki ticketing fiasco have made the department sensitive, to the point where some suspect they are now producing "grossly inflated figures" in the hope of avoiding embarrassment.

Peters says his organisation was briefed this week on the project but that the massive cost still seemed inexplicable. "The State Government needs to come clean on the costs and release the evaluations done so the public can see where the money is being spent," he says.



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When first asked for an explanation, Transport Department media officers told *The Age* that huge increases in train patronage (with 21 million more train journeys in the year to March 31 than in the previous year) required a "more holistic approach to scoping the expansion of the Epping line". This meant that the South Morang extension was no longer simply a rail extension but a "complete package of works" including five bridges and three major grade separations.

They could not explain the discrepancies between the costings in the 2003 Parsons Brinckerhoff report and the present costings.

Then it turned out they had not seen the Parsons Brinckerhoff report — no one in the department could find a copy, even though the department had released it only last year under Freedom of Information to state Greens MP Greg Barber — who is also puzzled by the huge cost increase — and the South Morang Rail Alliance.

The department finally allowed *The Age* to speak directly to the Transport Department official responsible for costing South Morang. The man in charge of rail infrastructure planning is Uday Dube, general manager of transport development & implementation. Dube is a former private-sector infrastructure planner with experience in ports and other transport hubs. He joined the department five years ago.

The 2003 Parsons Brinckerhoff report saying South Morang could be delivered for \$44.5 million was simply wrong, says Dube. It was only a preliminary report — even though it took 18 months to complete. And all those years that the Labor Government was insisting it was committed to building the railway was mere talk — the Transport Department only began seriously working on the project two years ago, which is when it realised the real cost of what was once a simple 3½-kilometre extension.

Dube says a key factor in the greater cost is that the department no longer builds level crossings. The South Morang project requires three costly grade separations (installing bridges or underpasses to

separate road and rail traffic).

Further, the signalling along the Epping line, as well as along the separate Hurstbridge line (the two meet at Clifton Hill), now has to be upgraded. Dube says Australia has only three signalling companies and signalling — the rail equivalent of air traffic control — is expensive.

The new station at South Morang is also to be a "premium" station, so is dearer to build. Other extras include a bike/pedestrian path, and stabling for three trains at Epping and five at Eltham station, on the Hurstbridge line.

Dube says the Department of Transport has effectively not planned or built any new rail services since the late-1980s when the City Loop was completed. This means there is no expertise in accurately costing an extension to the passenger rail system. Furthermore, the costs of building heavy rail have skyrocketed — far more than inflation. "There's been very little work done in the railways (since the mid-1980s) ... so for 15 years there's been a hiatus of capital expenditure in the railways and because of that vacuum, the only knowledge people had of what things cost was anchored in the 1970s and '80s."

◀ We have now started becoming realistic about what things cost. ▶

UDAY DUBE, Department of Transport

He says that much of the line-duplication work will have to be done at night to avoid disruption to services, and that labour award conditions mean workers will have only three hours of actual construction a night, between last rail services and first morning services. The fact that people are now living along the South Morang railway reservation would increase costs because people would object to the disruption. Nor, Dube says, will it reduce costs significantly to simply close the line for a period of



around-the-clock construction. "I don't agree we are overestimating costs. We have now started becoming realistic about what things cost."

Parsons Brinckerhoff, a 120-year-old international engineering and infrastructure firm, which has been working in Australia for the past 40 years, directed all queries on its 2003 report and costings to the State Government.

Rail experts and the public have cited international and local rail projects that seem to have been delivered at a much lower cost than the South Morang project. France's LGV EST, with its 300 kilometres of high-speed track plus 160 kilometres of conventional track, cost 5.5 billion euros (\$A9.5 billion) — or about \$20 million a kilometre. Western Australia's \$1.2 billion Perth-to-Mandurah rail project included 72 kilometres of new double-track (albeit narrow gauge), a 770-metre tunnel under Perth's CBD, 11 new stations — two underground — plus 20 road, rail and pedestrian bridges or underpasses, including a bridge over the Canning River.

It did this at the height of the resources boom in WA when the cost of labour and materials went "gangbusters", according to WA's infrastructure planning major project manager Andrew Cartledge. Cartledge insists, however, that he cannot comment on the cost of building railway in Melbourne as each city has different technical, geographical and geological challenges.

The most expensive recent grade separation in Melbourne is at Springvale Road in Nunawading announced in the last budget at \$140 million — a far bigger project than anything required for the South Morang line.

The Middleborough Road separation, completed in 2007, cost \$66 million and included lowering the Belgrave/Lilydale railway line by up to six metres and a new station. This also dwarfs the biggest grade separation in the South Morang project, at Epping station.

Bill Russell, deputy director of GAMUT, says level crossing accidents have been painful for the community but that the price of installing grade separations is now distorting the cost of expanding Melbourne's train system. The government policy is being interpreted as requiring grade separations over even minor streets, he says. He says that at least one of the three grade separations planned for the

South Morang extension is over a minor road and that the money would be better spent upgrading far more dangerous level crossings elsewhere in the state.

"The reality is that grade separations are for the benefit of motorists, and we haven't had a public debate about that," Russell says. "If we say every single little street has to have a grade separation then it is very, very unlikely that any future extensions will be built."

Liberal Opposition transport spokesman Terry Mulder says that while grade separations are expensive, the cost per kilometre for South Morang is still too high. "Taxpayers have a right to expect that they are getting good value for money spent. If Perth can build a 72-kilometre double-track railway with 11 stations including two underground stations for \$1.2 billion, you'd have to say that for effectively 8½ kilometres of new railway in Melbourne to cost \$562 million then Victorian taxpayers are being duded.

"Transport Minister Lynne Kosky should explain why she just doesn't fly in some people from the West to show us how to build these projects and get more (rail extensions) under way," Mulder says.

Daniel Bowen, of the Public Transport Users Association, fears that bundling road and overdue maintenance costs into new rail projects will make future rail extensions such as Doncaster and Rowville seem prohibitively expensive. He fears that the roads lobby in Victoria will then claim it can solve transport issues by building more roads far more cheaply and easily than extending railways.

In the end, says John Kirk, the former head of the Australasian Railway Association, it comes down in part to attitude. He argues that Victoria lacks a great rail culture and is therefore constantly outmanoeuvred by the roads lobby.

"Whenever something's costed it seems to be extravagantly costed so it always looks overpriced, but when the thing is built it's the cheapest that works. There is this mentality I have found that they could do it better for less, but they don't. It's very, very frustrating. I don't know what it is, this kind of apologist attitude," he says.

"The road guys have things well-costed and ready to go and they lobby for them, but for rail they seem to dodder along a bit."

Mary-Anne Toy is a senior Age writer.