



STANDING COMMITTEE ON PUBLIC ACCOUNTS

Elizabeth Kikkert MLA (Chair), Michael Pettersson MLA (Deputy Chair),
Andrew Braddock MLA

**Inquiry into Auditor-General's Report 8 of 2021: *Canberra Light Rail Stage 2A:
Economic Analysis***

ANSWER TO QUESTION TAKEN ON NOTICE

12 May 2022

Asked by Elizabeth Kikkert MLA on 12 May 2022: Duncan Edghill took on notice the following question(s):

Ref: Hansard Transcript 12 May 2022 Page 21-22

In relation to: How much did MPC Pay Ernst & Young for the Economic Appraisal of Light Rail Stage 2A Business case

Mr Edghill: Ernst & Young. They are sometimes referred to as one of the big four, the big four firms in this field being PwC, KPMG, Deloitte and Ernst & Young, or EY. In terms of the appropriateness of the economic appraisal, the ACT government engaged a recognised large specialist provider who had an existing understanding through the work on stage 1 of light rail in Canberra. They undertook their economic analysis consistent with nationally accepted principles for undertaking such measures. That is the first point.

The second point is that it is not correct to portray that Major Projects staff did not have any involvement with EY in that process on the way through. There is no one spreadsheet that sits behind the work that EY did. There are multiple inputs that all feed into the economic analysis, from transport modelling to the concept design itself, as well as quantity surveyor reports and so forth. At each point along the line, in terms of inputs coming from both other specialists and from the territory in to EY, and in turn reviewing the outputs of EY's economic report, a lot of time was spent by Major Projects Canberra staff through that entire process.

Ultimately, the ACT government, for this one narrow part of the business case, engaged EY to produce an economic appraisal report, and that is what we got. We have no reason to believe that the report that has been generated from EY is in any way inappropriate. In fact I think that the processes we have been through to engage a large firm who does this every day of the week gives us every comfort that we have chosen the right specialist to do this work.

THE CHAIR: How much did you pay them to do this economic appraisal?

Mr Edghill: I would have to take that on notice, but it would be a matter on the public record, on the notifiable contracts register, and indeed on the invoices register. I am happy to take that on notice

Chris Steel MLA: The answer to the Member's question is as follows:

The contract with Ernst & Young is available on the Tenders ACT website at <https://tenders.act.gov.au/contract/view?id=110758>

It is noted this contract was for a range of commercial advisory services in relation to Light Rail Stage 2 from the City to Woden and included scope beyond the economic analysis of Stage 2A.

The fees paid to Ernst & Young were associated with the preparation of the Stage 2A Business case including: drafting, economic, financial, options and procurement analysis. The total fee for this work was \$348,846.15 (ex GST). The economic appraisal of Stage 2A was a component of this fee.

Approved for circulation to the Standing Committee on Public Accounts.

Signature:



Date:

24/5/22

By the Minister for Transport and City Services, Chris Steel MLA