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OPINION

Gautrain on slippery slope

November 3, 2005

The debate on the Gautrain has at last reached the front pages - now that it is obvious that this project is going to cost the taxpayer.

The hassles the project is experiencing are, of course, not unexpected. Some literature has built up around the phenomenon of "megaprojects".

Perhaps one of the best-known authors in the field is Bent Flyvbjerg. In How (In)accurate Are Demand Forecasts in Public Works Projects? The Case of Transportation, he shows with very high statistical significance that forecasters generally do a poor job of estimating the demand for transportation infrastructure projects.

In nine out of 10 rail projects, passenger forecasts are overestimated, the average overestimation being 106%. (It was stated recently that the Gautrain would need an "earthquake event" to attract the required ridership.)

Disconcertingly, though, in Underestimating Costs in Public Works Projects: Error or Lie? Flyvbjerg finds with overwhelming statistical significance that the cost estimates used to decide whether such projects should be built are highly and systematically misleading. He finds that underestimation can't be explained by error and is best explained by strategic misrepresentation: that is, lying.

Flyvbjerg attributes, in What Causes Cost Overrun in Transport Infrastructure Projects?, the causes of cost escalation in transport infrastructure projects to the length of the project-implementation phase, the size of the project and the type of project ownership.

He concludes that, first, decision-makers and planners should be highly concerned about delays and long implementation phases because they translate into risks of substantial cost escalations (the Gautrain is already running two years behind schedule); second, projects have grown larger over time, and for bridges and tunnels, larger projects have larger percentage cost escalations (the Gautrain has trimmed back, but tunnels and bridges remain a key element in the mix); third, it was shown that the claim that public ownership is problematic and private ownership effective in curbing cost escalation is an oversimplification.

In his latest book, Megaprojects and Risks, Flyvbjerg concludes: "The cost-benefit analyses, financial analyses and environmental and social impact statements routinely carried out as part of megaproject preparation are called into question, criticised and denounced more often and more dramatically than analyses in any other professional field we know."

No feasibility studies for the Gautrain have been made public. The closest was in a chapter on the environmental impact assessment (EIA), where it was found the project would create fewer jobs and less GDP than the average Gauteng infrastructure project.

The author of that EIA section called the Gautrain an "underperformer". All of that was, of course, when the project had a R4-billion price tag - five times less than the latest (and growing) figure.

The ambition to leave a legacy (to Premier Mbhazima Shilowa) and to please (the project proponent) has made the Gautrain a megaproject that is steadily steaming towards another case study for Flyvbjerg.

Willem van Zyl
Tshwane

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Max: 29°C
Rain: 0%

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