

Supplementary Question 1

Question:

Further to the answers you gave at the public hearing on 11th April 2017 (pages 13-14, Hansard), what has been the nature of the discussions that Transurban have had with the NSW Government regarding any or all of the sections of the WestConnex project? Please provide details.

Response:

Transurban and our partners have continual discussions with Government regarding roads we operate, roads that interface or connect with these roads and the broader Sydney road network, including planned future roads identified by Government, such as WestConnex. Transurban and our partners consider this an important part of our role as long term partners to Government.

These discussions occur mostly with relevant departments and agencies as well as occasionally with elected members and their staff.

These discussions can include our consideration or contemplation of ideas to improve the operation of roads that Transurban operates as well as other areas of the Sydney road network.

Transurban participated in the market sounding process on the potential sale of WestConnex.

Transurban has also participated in a number of briefings to industry, public briefings and industry events relating to WestConnex.

Supplementary Question 2

Question:

Further to the answers you gave at the public hearing on 11th April 2017 (pages 13-14, Hansard), what has been the nature of the discussions that Transurban have had with the NSW Government regarding unsolicited offer(s) on any or all of the sections of the WestConnex project? Please provide details.

Response:

In 2013, Transurban submitted a written proposal for consideration under the unsolicited proposal framework for duplication of the M5 East, which is being delivered as part of the WestConnex project. This proposal did not proceed past Stage 1 of the unsolicited proposal framework into Stage 2, that is, it was not deemed to be of sufficient interest to Government to warrant further development and progression to a more defined project.

In 2014, Transurban submitted a written proposal for consideration under the unsolicited proposal framework covering tolling and customer management services for the WestConnex project. However, this proposal did not proceed past Stage 1 of the unsolicited proposal framework into Stage 2.

Supplementary Question 3

Question:

Further to the answers you gave at the public hearing on 11th April 2017 (pages 13-14, Hansard), what has been the nature of the discussions that Transurban have had with the NSW Government regarding the Northern Beaches Link? Please provide details.

Response:

Transurban and our partners have continual discussions with Government regarding roads we operate, roads that interface or connect with these roads and the broader Sydney road network, including planned future roads identified by Government.

Transurban and our partners consider this an important part of our role as long term partners to Government.

These discussions can include our consideration or contemplation of ideas to improve the operation of roads that Transurban operates as well as other areas of the Sydney road network.

Transurban has had a range of discussions regarding transport access and congestion issues in the northern suburbs and northern beaches regions. These discussions primarily occur with relevant departments and agencies and may occasionally occur with elected members and their staff.

Supplementary Question 4

Question:

Further to the answers you gave at the public hearing on 11th April 2017 (pages 13-14, Hansard), what has been the nature of the discussions that Transurban have had with the NSW Government regarding the Western Harbour Tunnel? Please provide details.

Response:

Transurban and our partners have continual discussions with Government regarding roads we operate, roads that interface or connect with these roads and the broader Sydney road network, including planned future roads identified by Government.

Transurban and our partners consider this an important part of our role as long term partners to Government.

These discussions can include our consideration or contemplation of ideas to improve the operation of roads that Transurban operates as well as other areas of the Sydney road network.

Transurban has had a range of discussions regarding transport access and congestion issues that relate to crossing Sydney Harbour. These issues are particularly relevant to our investments in the Eastern Distributor, Lane Cove Tunnel and M2 Motorway.

These discussions primarily occur with relevant departments and agencies and may occasionally occur with elected members and their staff.

Supplementary Question 5**Question:**

Further to the answers you gave at the public hearing on 11th April 2017 (pages 13-14, Hansard), has Transurban had any discussions whatsoever with the NSW Government regarding entering into a concession agreement to operate the tolling arrangement on the Sydney Harbour Bridge? Please provide details.

Response:

Transurban and our partners have continual discussions with Government regarding roads we operate, roads that interface or connect with these roads and the broader Sydney road network, including planned future roads identified by Government.

Transurban and our partners consider this an important part of our role as long term partners to Government.

These discussions can include our consideration or contemplation of ideas to improve the operation of roads that Transurban operates as well as other areas of the Sydney road network.

Transurban has had a range of discussions regarding transport access and congestion issues that relate to crossing Sydney Harbour. These issues are particularly relevant to our investments in the Eastern Distributor, Lane Cove Tunnel and M2 Motorway.

These discussions primarily occur with relevant departments and agencies and may occasionally occur with elected members and their staff.

In addition, Transurban participated in the formal Request for Information (RFI) process regarding the replacement and upgrade of Roads and Maritime Services' tolling back office systems and services. These back office services include the Sydney Harbour Bridge and Sydney Harbour Tunnel. Transurban participated in this procurement process as a potential service provider for the physical equipment and systems. The procurement process did not relate to a concession agreement for the tolling arrangements.

RFI responses were submitted in January 2017. To our knowledge, the process has not yet proceeded to a subsequent request for tender (RFT) stage.

Supplementary Question 6

Question:

Further to the answers you gave at the public hearing on 11th April 2017 (pages 13-14, Hansard), has Transurban made any unsolicited offer(s) to the NSW Government regarding entering into a concession agreement to operate the tolling arrangement on the Sydney Harbour Bridge? Please provide details.

Response:

Transurban has not made any submissions for consideration under the unsolicited proposal framework regarding entering a concession agreement for operating the tolling arrangement on the Sydney Harbour Bridge.

Transurban and our partners have continual discussions with Government regarding roads we operate, roads that interface or connect with these roads and the broader Sydney road network, including planned future roads identified by Government.

Transurban and our partners consider this an important part of our role as long term partners to Government.

These discussions can include our consideration or contemplation of ideas to improve the operation of roads we operate as well as other areas of the Sydney road network.

The tolling arrangements for the Sydney Harbour Bridge have been included in discussions regarding the Sydney road network and/or particular sections of it.

Supplementary Question 7

Question:

Further to the answers you gave at the public hearing on 11th April 2017 (pages 13-14, Hansard), has Transurban had any discussions whatsoever with the NSW Government regarding entering into a concession agreement to operate the tolling arrangement on the Sydney Harbour Tunnel? Please provide details.

Response:

Transurban and our partners have continual discussions with Government regarding roads we operate, roads that interface or connect with these roads and the broader Sydney road network, including planned future roads identified by the Government.

Transurban and our partners consider this an important part of our role as long term partners to Government.

These discussions can include our consideration or contemplation of ideas to improve the operation of roads that Transurban operates as well as other areas of the Sydney road network.

Transurban has had a range of discussions regarding transport access and congestion issues that relate to crossing Sydney Harbour. These issues are particularly relevant to our investments in the Eastern Distributor, Lane Cove Tunnel and M2 Motorway.

These discussions primarily occur with relevant departments and agencies and may occasionally occur with elected members and their staff.

In addition, Transurban participated in the formal Request for Information (RFI) process regarding the replacement and upgrade of Roads and Maritime Services' tolling back office systems and services. These back office services include the Sydney Harbour Bridge and Sydney Harbour Tunnel. Transurban participated in this procurement process as a potential service provider for the physical equipment and systems. The procurement process did not relate to a concession agreement for the tolling arrangements.

RFI responses were submitted in January 2017. To our knowledge, the process has not yet proceeded to a subsequent request for tender (RFT) stage.

Supplementary Question 8

Question:

Further to the answers you gave at the public hearing on 11th April 2017 (pages 13-14, Hansard), has Transurban made any unsolicited offer(s) to the NSW Government regarding entering into a concession agreement to operate the tolling arrangement on the Sydney Harbour Tunnel? Please provide details.

Response:

Transurban has not made any submissions for consideration under the unsolicited proposal framework regarding entering a concession agreement for operating the tolling arrangement on the Sydney Harbour Tunnel.

Transurban and our partners have continual discussions with Government regarding roads we operate, roads that interface or connect with these roads and the broader Sydney road network, including planned future roads identified by Government.

Transurban and our partners consider this an important part of our role as long term partners to Government.

These discussions can include our consideration or contemplation of ideas to improve the operation of roads we operate as well as other areas of the Sydney road network.

The tolling arrangements for the Sydney Harbour Tunnel have been included in discussions regarding the Sydney road network and/or particular sections of it.

Supplementary Question 9

Question:

Further to the answers you gave at the public hearing on 11th April 2017 (pages 13-14, Hansard), has Transurban had any discussions whatsoever with the NSW Government regarding entering into a concession agreement to operate a tolling arrangement on the Anzac Bridge? Please provide details.

Response:

The Anzac Bridge is not a tolled road. Transurban is not aware of any plans to introduce a tolling concession on the Anzac Bridge and has had no discussions with the NSW Government regarding entering into a concession agreement to operate a tolling arrangement on the Anzac Bridge.

Supplementary Question 10

Question:

Further to the answers you gave at the public hearing on 11th April 2017 (pages 13-14, Hansard), has Transurban made any unsolicited offer(s) to the NSW Government regarding entering into a concession agreement to operate a tolling arrangement on the Anzac Bridge? Please provide details.

Response:

Transurban has not made any submissions for consideration under the unsolicited proposal framework regarding entering a concession agreement for operating any tolling arrangement on the Anzac Bridge.

Supplementary Question 11

Question:

You stated in your opening statement that “Every day 155,000 hours of time is saved by Sydneysiders who use the motorway network. In doing so, \$14 billion worth of benefits have been derived over the past 10 years in economic and social areas and, just as importantly, in environmental areas”.

- a) Please provide the analysis underpinning this statement
- b) Does this statement consider the economic cost of paying the tolls?

Response:

The 155,000 hours of time saved is calculated using analysis completed by Transurban’s in-house traffic specialists. The analysis compares actual median travel time of commuters on Transurban’s motorway network with the median time taken on alternate (untolled) routes. The hours saved is the difference between the two travel times aggregated for all workday trips across the motorways Transurban operates in Sydney.

The travel time data used in the analysis is sourced from independent vehicle probe data provided by Tom Tom, an international traffic, navigation and mapping product and service provider.

The alternate routes are selected based on their closest alignment with the tolled path.

The analysis compares travel time for different time periods within the workday, for example, morning peak, morning shoulder, midday, afternoon peak and afternoon shoulder, and in both directions of travel, to ensure understanding of travel time variations during the day.

Further information on our methodology, including examples of analysis on the specific alternate routes utilised in our analysis, is provided in Appendix 2.

The \$14 billion in economic, social and environmental benefits was included in independent analysis undertaken by KPMG in 2015 commissioned by Transurban. The scope of work included quantifying the ‘total economic contribution’ of the toll roads in Australia, including using the productivity metrics approach developed by the National Guidelines for Transport System Management. The approach entails initially assessing the direct business and personal travel time and vehicle operating cost savings and productivity benefits/wider-economic benefits of the toll roads currently operating and then estimating the total (including flow-on) economic contribution using a computable General Equilibrium Model.

The analysis assesses the benefits of toll roads relative to a counter-factual scenario and has modelled the benefits of toll roads on the assumption that the roads being assessed would have been delayed by 10 years. The scenario assumes that operating these roads as direct user-pays toll roads enabled their construction and operation 10 years earlier than if they had been reliant on Government funding only. The estimated value of toll roads in this scenario reflects the present value of their 10-year net benefit stream. This value represents the potential loss in economic benefit to Australia were they not constructed and operational between 2011 and 2021. The analysis does not include the cost to the customers of paying tolls or the benefits to the economy of tolling revenue.

To ensure this analysis was reasonable, the KPMG modelling was supported by sensitivity analysis. Using Infrastructures Australia’s recommended real discount rate of 7 per cent (as at 2014), the analysis shows that over

a ten-year period, the present value of the foregone benefits equates to \$14 billion. KPMG state that the analysis should be considered as “highly conservative” and the estimated annual benefits should therefore be interpreted as the minimum level of benefit attributable to the toll roads. The report is available at:

https://www.transurban.com/content/dam/transurban-pdfs/02/news/report_economiccontributionautollroads.pdf

Supplementary Question 12

Question:

Did Transurban receive any toll concession period increases, or any other compensation, on any of its roads in New South Wales as a result of waiving the non-compete clause relating to public transport in the M2 agreement to allow construction of the North West Rail Link?

- e) If yes, what was the compensation or toll concession period increase and for which roads?

Response:

In 2010, the concession deed for the M2 Motorway was amended by agreement with Roads and Maritime Services to enable the M2 Upgrade Project to proceed. During negotiation of these amendments, a number of clauses were updated to bring the agreement in line with more recent contracts. As part of this, the non-competition clause relating to public transport was amended to permit the construction of the North West Rail Link.

No compensation was provided for the amendment of the clause. Transurban assessed and accepted the request by Government to adjust the non-competition clause along with a range of other updates.

Transurban and its partners funded the \$550 million M2 upgrade through a 4-year extension to the M2 concession term and a once off increase to the toll price (of approximately eight percent).

Information on the amended arrangements relating to the M2 is available on the NSW Treasury website <https://www.treasury.nsw.gov.au/projects-initiatives/public-private-partnerships/awarded-projects>

Supplementary Question 13

Question:

Has Transurban ever received any toll concession period increases, or any other compensation, on any of its roads in New South Wales as a result of waiving any non-compete clause relating to public transport?

- a) If yes, please provide details of each instance.

Response:

To date, the M2 concession agreement is the only contract in relation to which non-competition clauses relating to public transport have been adjusted. Transurban assessed and accepted the request by Government to update this clause when updating the M2 concession agreement to facilitate the M2 Upgrade Project.

In the revision of the M5 concession agreement in 2012 that facilitated the M5 Widening Project, a range of provisions were amended, such as the exclusion of specified projects, including the South West Rail Link, from any potential claim of material adverse effect by Transurban or our partners.

Transurban has not received any other toll concession period increases or any other compensation for the waiver of non-competition clauses relating to public transport.

Supplementary Question 14

Question:

In regards to the statement “That is probably a really good example. We would be happy to provide some detail on the public-transport-enabling capacity in the central median of the M7. The question that is important”, please provide further information.

Response:

The WestlinkM7 concession agreement includes specific arrangements for public transport (such as light rail or a busway) to occupy the central median – between the carriageways of the motorway – should this be required or desired in the future.

These arrangements specify that RMS (or another Government entity) can build, operate and maintain this infrastructure and any connections required to it. The arrangements also specify that any effects this potential light rail or busway may have on M7 traffic usage is excluded from any potential claim of material adverse effect by Transurban or our partners.

Further detail is publicly available on pages 28-32 and 38-39 of the contract summary available on the NSW Treasury website: https://www.treasury.nsw.gov.au/sites/default/files/2017-02/Westlink_M7_contr.pdf

Supplementary Question 15

Question:

Please provide a list of the number of toll road concession extensions requested by Transurban as unsolicited proposals to the NSW Government, including date and whether or not the extension was agreed by Government.

Response:

The NSW Government introduced the unsolicited proposal framework in 2012. In addition to the four stage assessment process that forms part of the framework, potential proponents are strongly advised to participate in discussions with relevant Government agencies, in particular the Department of Premier and Cabinet, to explore whether a proposal is likely to meet the Stage 1 assessment criteria and to guide potential proponents in their decision regarding whether to lodge a proposal.

Once a potential proposal or submission is provided, the Department of Premier and Cabinet oversees two significant gateways before it proceeds to detailed assessment:

1. Stage 1 (a) is a preliminary assessment of the proposal by the Department of Premier and Cabinet and relevant agencies to determine whether the potential submission constitutes an unsolicited proposal and contains sufficient grounds to justify direct dealing and therefore undertake a Stage 1 assessment. The proposal is either approved for progression to Stage 1 (initial assessment) or not by the Unsolicited Proposal Steering Committee and the proponent is advised of the outcome.
2. Stage 1 (b) includes an initial assessment of the proposal identifying the potential benefits to Government of further consideration of the proposal. The outcome of this assessment is an indication to the proponent of progression to Stage 2 (detailed proposal) or that the Government does not wish to proceed with further consideration of the proposal.

The unsolicited proposal framework has been designed to encourage non-government sector participants to approach Government with innovative infrastructure or service delivery solutions. In order to encourage free information exchange, the framework provides for the treatment of information provided in the proposal as commercial-in-confidence unless the proposal reaches Stage 2 where brief details are published on the NSW Government website and information is included in reports on the unsolicited proposal framework.

Transurban and our partners have continual discussions with Government regarding roads we operate, roads that interface or connect with these roads and the broader Sydney road network, including planned future roads identified by Government. These discussions can include our consideration or contemplation of ideas to improve the operation of roads we operate or other areas of the Sydney road network. These do not always lead to or contemplate submission of a proposal for consideration under the unsolicited proposal framework.

The below table includes proposals where a formal submission (in written proposal form) was provided to the Department of Premier and Cabinet and was intended for potential consideration under the unsolicited proposal framework. Limited information is provided if the proposal did not proceed to Stage 2 of the framework.

Proposal	Timeframe	Status	Government
NorthConnex (including amendments to the M2, M7 and Lane Cove Tunnel concessions)	Financial Close Feb 2015. (proposed in 2012)	This was the result of an original and supplementary proposal to deliver a motorway connection between the M1 and M2 (formerly known as the F3-M2 connection) and related	O'Farrell/Baird Liberal National

		integration works on existing motorways. This proposal proceeded through all stages of the framework and resulted in agreement.	
Duplication of the M5 East	2013	This proposal did not proceed to Stage 2.	O'Farrell Liberal National
Tolling and customer management services for WestConnex.	2014	This proposal did not proceed to Stage 2.	Baird Liberal National
Delivery of adjustments to the Eastern Distributor and Cross City Tunnel to assist with potential impacts of the construction of the Sydney Light Rail.	2015	This proposal did not proceed to Stage 2.	Baird Liberal National

In addition to the above table, prior to the commencement of the current unsolicited proposal framework, Transurban made direct approaches to relevant agencies as follows:

Proposal	Timeframe	Status	Government
M4 – proposed concession extension (with tolls retained under a modified regime) in return for network enhancements in the corridor.	2009	Proposal was made under previous direct negotiation arrangements – proposal was not accepted.	Rees Labor
M2 Upgrade	2010 (proposed in 2007)	Proposal was made under previous direct negotiation arrangements – proposal was accepted.	Iemma/Rees/Keneally Labor
M5 South West widening	2012 (proposed in 2010)	Proposal was made under previous direct negotiation arrangements – proposal was accepted.	O'Farrell Liberal National / Keneally Labor

Supplementary Question 16

Question:

How many complaints regarding tolling did Transurban receive in the following financial years (please provide a list broken down by each toll road operated by Transurban)

- a) 2011-2012
- b) 2012-2013
- c) 2014-2015
- d) 2015-2016
- e) 2016-2017 to date?

Response:

Context for understanding complaints data collection

Transurban engages with our customers at an account or individual level. As such, disputes, complaints and queries are not routinely categorised by individual roads. Our system is designed to streamline the service provided to the customer, which allows a single point of contact for the customer so that multiple and separate disputes or queries are not required to be lodged for a single journey.

- Roam Express* is the Transurban customer interface tailored for users of the Hills M2, Lane Cove Tunnel, Cross City Tunnel (all 100% owned and operated by Transurban) and the Eastern Distributor (majority owned and operated by Transurban).
- Roam is the Transurban customer interface for tolling of the M7 (50% owned by Transurban and operated by Northwestern Roads Group).
- Transurban is a 50% shareholder in the M5 South West which is operated by Interlink Roads and its customer account services are provided through E-Way. Since E-Way is outside the Transurban group, the company does not have access to its disputes, queries and resolutions data.

*Roam Express will be known as Transurban Linkt from 17 May 2017. This change in branding is to further simplify access to services for customers and to reduce any confusion regarding Roam and Roam Express.

Further information on how Transurban engages with our customers is attached as Appendix 1.

The table below presents expressions of dissatisfaction from customers as well as issues identified by customers that cannot be resolved in their first interaction with our customer services team. This means that the tallies may include matters not specifically related to tolling such as neighbours reporting litter or debris on the motorway.

The customer interactions also include contact from motorists using the M7, M2, Lane Cove Tunnel, Eastern Distributor or Cross City Tunnel who may not be customers of these retailers – for example, they could be customers of E-Way or RMS or even of tolling products in other States such as Breeze, the customer interface for EastLink in Melbourne. The information in the table below includes the number of trips taken on these roads as an indication of the pool of motorists that could complain. The table indicates the percentage of motorists who provide negative feedback is minimal.

In summary, the response to this question and question 17 are better understood as customer service performance data (including complaints) collected by Transurban's retail entities in NSW i.e. Roam and Roam Express.

Year	Trips taken	Roam		Roam Express	
	on the M2, M7, LCT, ED & CCT	Complaints received	Complaints as a percentage of trips	Complaints received	Complaints as a percentage of trips
2016-17 (till 31 March)	135,482,102	465	0.0003%	495	0.0004%
2015-16	175,805,520	692	0.0004%	295	0.0002%
2014-15	164,778,024	343	0.0002%	247	0.0001%
2013-14	154,062,108	543	0.0004%	350	0.0002%
2012-13	142,622,453	567	0.0004%	646	0.0005%
2011-12	140,418,598	433	0.0003%	605	0.0004%

Supplementary Question 17

Question:

How many complaints regarding tolling received by Transurban were referred on to the Tolling Customer Ombudsman in the following financial years (please provide a list broken down by each toll road operated by Transurban):

- a) 2011-2012
- b) 2012-2013
- c) 2014-2015
- d) 2015-2016
- e) 2016-2017 to date?

Response:**Context for Ombudsman complaint handling**

It was at Transurban's initiative in 2007 that the role of an independent ombudsman for tolling customers was created and formalised.

Consistent with good practice in independent complaints handling, Transurban committed to meet all costs associated with the role, including the maintenance of a website to ensure the availability of information and activity reports to the public.

Since 2009, some new entrants to the toll road sector have also voluntarily provided access to the Tolling Customer Ombudsman scheme as a benchmark benefit to their customers.

Customer complainants who remain dissatisfied following interaction with the Transurban Customer Resolution Team are proactively informed of the existence of the Tolling Customer Ombudsman (the Ombudsman) and are advised of their right to take their complaint to independent assessment and resolution.

Further information as to how Transurban engages with our customers is attached as Appendix 1.

As with many ombudsman services, the Ombudsman encourages the parties involved to mutually resolve the issue, and only when the parties are unable to resolve the matter to their mutual satisfaction does the Ombudsman move to make a formal decision.

The ombudsman service remains fully independent of the industry participants that offer the service to their customers.

The use of the ombudsman service does not negate any other consumer advocacy channels available to the customer. Transurban, as a voluntary industry participant, undertakes to be bound by the decision of the Ombudsman.

The Ombudsman reports on contact with customers by customer interface rather than by individual toll road. Complaints made to the Ombudsman for the years requested are:

Year	Trips taken	Roam		Roam Express	
	on the M2, M7, LCT, ED & CCT	Complaints received by the Ombudsman	Complaints as a percentage of trips	Complaints received by the Ombudsman	Complaints as a percentage of trips
2016-17 (till 31 March)	135,482,102	89	0.0066%	80	0.0059%
2015-16	175,805,520	115	0.0065%	89	0.0051%
2014-15	164,778,024	75	0.0046%	58	0.0035%
2013-14	154,062,108	72	0.0047%	37	0.0024%
2012-13	142,622,453	76	0.0053%	51	0.0036%
2011-12	140,418,598	72	0.0051%	41	0.0029%

Supplementary Question 18

Question:

In the course of negotiations were you required to disclose how much profit is Transurban forecasting to make on this deal?

Response:

Transurban is unable to answer this question, as it is not clear which negotiation is being referred to.

However, in every project negotiation, a base case financial model is agreed between the potential proponent and the Government. This model forecasts cash flow and returns throughout the concession. The models are retained as commercial-in-confidence. This is standard practice across the infrastructure sector.

Consistent with the practice of ASX listed entities, Transurban does not make long term forecasts available to the market. If financial models or forecasts were made public, it may jeopardise the competitiveness of procurement processes.

Supplementary Question 19

Question:

Does your contract with RMS provide for a toll free period to be provided as part of the opening of the Northconnex?

a) If so, how long will it be?

Response:

There is currently no 'toll-free' period specified in the NorthConnex concession agreement.

Historically, Transurban and our partners have voluntarily considered this practice without it being explicitly included in the concession agreement. When the M7 opened in 2005, there was a one-month toll-free period.

Transurban and our partners will consider any toll-free period closer to the NorthConnex opening date.

NorthConnex is currently on schedule for completion in late 2019.

Supplementary Question 20

Question:

How many unsolicited bids in relation to the road system does Transurban have with government at the current time?

Response:

Transurban currently has no proposals with Government for consideration under the unsolicited proposal framework.

Supplementary Question 21

Question:

What is your response to the suggestion that an independent body such as IPART be asked to sign off on a completed deal to certify it is in the public interest?

Response:

IPART's core function is to regulate monopoly services where there is no other choice for the consumer.

There are two key elements of the toll road industry in NSW that differ from a monopoly:

- A monopoly service provider usually indicates a lack of choice for the consumer – there are alternative service providers in the form of untolled routes and public transport options available to commuters for all tolled routes in NSW; and
- If unregulated, a monopoly service provider may have unfettered ability to set prices – all toll roads in NSW are regulated through a very tightly prescribed concession deed and the tolls can only be adjusted by what is agreed in that concession deed.

Transurban believes that existing arrangements include a high degree of regulation including through published reviews of procurement processes, decision making and resulting agreements by the Auditor-General.

The regulatory environment for the delivery and operation of toll roads in NSW is outlined further in Section 5 (page 36-38) of Transurban's submission.

Transurban considers its role, as a private sector participant, is to follow any processes prescribed by the NSW Government.

Supplementary Question 22

Question:

In the Transurban announcement of 2 February 2015, you disclosed you had given \$200 million to the NSW Government, and in return you were to receive an extension of the M2 toll concession, an extension of the Lane Cove Tunnel concession and an increase in truck tolls. Can you explain the regulatory measures that will be in place to ensure trucks use the NorthConnex? Will you receive any of the fines?

Response:

NorthConnex will provide a tunnel connection from the M1 Pacific Motorway through to the M2 Motorway. This is a major north-south thoroughfare for heavy vehicles.

It will be mandatory for some trucks, such as those travelling from the M1 to the M2 and not delivering within the neighbouring areas, to use the NorthConnex tunnels. This will remove up to 5000 heavy vehicles per day from Pennant Hills Road and away from schools, residential areas and shopping districts.

Roads and Maritime Services (RMS) will determine all enforcement measures for this arrangement. NorthConnex will comply with and assist in the implementation of these measures once finalised.

NorthConnex will not receive the fines resulting from the enforcement measures. NorthConnex may receive financial compensation from RMS if a certain percentage of heavy vehicles continue to use Pennant Hills Road (and other conditions are satisfied). This would represent compensation for loss of revenue from tolls that those vehicles would have been expected to pay had they instead used NorthConnex.

Supplementary Question 23

Question:

As the owner of the Eastern Distributor, has the Government consulted with you about the Westconnex? If the Westconnex has the effect of reducing traffic on the Eastern Distributor, is Transurban entitled to any compensation?

Response:

Transurban and our partners have continual discussions with Government regarding roads we operate, roads that interface or connect with these roads and the broader Sydney road network, including planned future roads identified by Government, such as WestConnex. Transurban and our partners consider this an important part of our role as long term partners to Government.

To date, no formal consultation by the Government, with the owner of the Eastern Distributor (of which Transurban is a majority shareholder) regarding WestConnex has occurred.

Part of WestConnex is currently under construction. The final alignment of all stages of WestConnex and associated network changes are yet to be confirmed. As such, the extent of any traffic impacts on the Eastern Distributor are unable to be meaningfully assessed at this stage. Transurban looks forward to discussing this with the Government at an appropriate time.