

PORTFOLIO COMMITTEE NO. 2 INQUIRY INTO ROAD TOLLING

SUPPLEMENTARY QUESTIONS

NOTICE GIVEN: 11 April 2017

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- 1. How can the NSW Government know that it has secured the best possible outcome in a negotiation for a road project being undertaken by the private sector (in whole or in part), if that project has not been subject to the competitive pressures of a tender process?**

The NSW Government has a comprehensive set of guidelines and policies to ensure rigorous assessment and transparency for Public Private Partnership (PPP) projects including toll road concessions. This includes the following:

- NSW Government's Guide for Submission and Assessment of Unsolicited Proposals (available on NSW DPC website)
- Publishing a copy of class 3 contracts on the RMS website in accordance with the *Government Information (Public Access) Act 2009*.
- Public Private Partnership Guidelines (available on the NSW Treasury website)
- Infrastructure Investor Assurance Framework (available on the Infrastructure NSW website). The Framework is administered by Infrastructure NSW and applies a risk based approach to assurance of capital infrastructure projects.

The NSW Audit Office provides further assurance by reporting on PPPs and NSW Treasury contributes to the procurement process.

In NSW, for any public infrastructure project with a total estimated capital value exceeding \$100 million, PPPs must be assessed as a potential procurement method having regard to Value for Money (VFM) criteria. The NSW PPP Guidelines also provide a transparent mechanism to competitively pursue innovative solutions that deliver improved services and better value for money. These Guidelines are based on the following principles:

- ensure PPPs are procured in a professional and transparent manner, minimising tender costs and providing fair opportunity to all prospective private sector participants;
- ensure stability of PPP delivery structures, with sustainable debt financing and robust commercial and financial structures;
- the Government will not guarantee private sector borrowings;
- encourage innovation in the provision of infrastructure and service delivery; and
- ensure the timely disclosure of information on contracts and tenders.

Once funding and procurement has been approved by Cabinet, further Expenditure Review Committee (ERC) approvals are required at certain stages of the tender process. In particular, at each milestone, ERC will consider any material changes in the risk allocation and if procurement remains in the public interest and is likely to provide value for money.

The Government has announced it is proceeding with the sale of at least a 51% stake in the SMC. The sale will incorporate an interest in the three stages of WestConnex. To maximise

value for money to the people of NSW, the sale will be conducted through a competitive, open market process. The sale will help finance and fund the M4-M5 Link – the third and final stage of WestConnex. The WestConnex M4-M5 Link is the most critical section of WestConnex, providing the vital connection between two of Sydney’s busiest motorways.

Competitive tender processes have been undertaken for the design and construction of the WestConnex New M4, WestConnex New M5, and NorthConnex. Sydney Motorway Corporation (SMC) has completed a competitive Expression of Interest (EOI) process to construct the M4-M5 Link mainline tunnel.

Infrastructure NSW independently reviews major projects (including all toll road projects) throughout their development and delivery. Infrastructure NSW monitors Tier 1 project performance through independent Gateway Reviews and Health Checks.

The Gateway Review Process is in place to strengthen governance and assurance practices and to assist delivery agencies to successfully deliver major projects and programmes. Gateway Reviews are part of an assurance process which provides confidence to Government in the information supporting their investment decisions, the strategic options under consideration, and the delivery agency’s capability and capacity to manage and deliver the project. These reviews are conducted by an independent team of experienced practitioners at specific key decision points (gates) in the project’s lifecycle.

Gateway Reviews are supported by periodic Health Checks which assist in identifying issues which may emerge between decision points. Health Checks are carried out by an independent team of experienced practitioners (industry experts including from the private sector), appointed by Infrastructure NSW.

2. When undertaking negotiations over a road tolling concession agreement, who are the members of the negotiating team representing the NSW Government? By negotiating team I mean which Government departments, agencies and bodies including consultants are represented on the negotiating team?

Highly experienced, senior professionals from Treasury, Transport for NSW and Roads and Maritime represent the NSW Government. In addition, for unsolicited proposals senior Department of Premier and Cabinet (DPC) staff may be involved in the negotiations.

3. When undertaking negotiations over a road tolling concession agreement, what specific role does NSW Treasury play?

It is standard for NSW Treasury to be involved throughout the negotiation phase. Specifics of involvement may vary depending on the project and are set out in the PPP Guidelines. The NSW PPP Guidelines require that agencies involve NSW Treasury in all project phases, including from the initial business case and procurement decisions for likely PPPs to facilitate efficient and effective project delivery and management of contractual issues

Toll road PPPs are usually joint financing arrangements as defined pursuant to section 5A of the *Public Authorities (Financial Arrangements) Act 1987* (PAFA Act). The Treasurer’s approval is required under section 20 of the PAFA Act for a public authority to enter into a joint financing arrangement, on the recommendation of the responsible Minister and NSW Treasury.

4. In regards to the statement “Contracts are not allowed to contain penalties, so generally where performance standards are met there may be regimes with regard to what the consequences of not meeting performance standards are”, please

provide a list of the current 'regimes with regard to what the consequences for not meeting performance standards are', for each toll road concession in NSW.

The contractual arrangements for the operation of private toll roads include specific obligations for motorway concession holders to operate motorway assets safely and efficiently. Motorway concession holders address this by including the following in the operation and maintenance sub-contracts:

- payment deductions for lane closures resulting from failure to meet performance standards; and
- Key Performance Indicators for incident response times.

In addition, Roads and Maritime requires motorway concession holders to establish Operation and Maintenance manuals and Traffic Control plans to ensure Motorway works are safe for all users at all times.

Roads and Maritime partners with concession holders to ensure these obligations are managed and met.

5. In 2016/17 what is the total budget for road upgrades conducted by RMS?

\$9.7 billion was committed in the 2016/17 NSW budget for roads, maritime and freight. Further detail is provided in the budget papers.

6. Which cities might have more tolls than Sydney? By the time WestConnex is finished, will Sydney be the most tolled city in the world?

As Australia's largest city, Sydney has the largest population; the most registered vehicles; the most homes, businesses, schools, etc.; a very large geographical footprint; the most roads; the most extensive rail and public transport network; the highest economic output (generating nearly a quarter of Australia's Gross Domestic Product); the most trade and commerce; and the largest workforce of any city in the nation. In this context, it is not surprising to find that a number of toll roads form part of the Sydney's transport network.

Currently there are 16 toll roads operating in Australia with a total length of 241 km. Of the 16, eight are in NSW, two in Victoria and six in Queensland. In terms of road length, NSW accounts for around 40 per cent, Victoria 25 per cent and Queensland around 35 per cent. It is common for large international cities to have toll roads with different pricing models. Some apply area or zone based charges, such as London, Singapore, Stockholm and Milan; some apply link or connection based charges, such as Sydney Harbour Bridge, or the Mersey Tunnel Toll in Liverpool; and some apply charges across networks of toll roads similar to Sydney – this is common throughout Europe, the UK and Asia.

7. How many toll road kilometres are there in Sydney?

The current length of the eight toll roads in Sydney is 98.7km

8. Does Sydney now have more toll road kilometres than any other comparable city in the world?

There are a range of road financing and user pay models in place around the world, not all of which are calculated on basis of the distance travelled on a toll road network. Therefore, direct comparison between cities based solely on toll road kilometres is not necessarily an accurate reflection of the role road tolling plays in large cities across the world. Within that

context, it would appear that a number of comparable international cities have more toll road kilometres and higher toll charges than Sydney.

For example, the well-known London congestion charge covers a 21km² area of central London incorporating hundreds of roads at a current cost of around A\$20 per day. By comparison, a user of WestConnex using the scheme to the network cap twice per day would incur a maximum charge of A\$8.60 each way – so A\$15.20 (in equivalent 2017 dollars). Subsequently, the charge to use tolled roads in London to commute daily is approximately 30 per cent more expensive than a similar 'to and from work' journey in Sydney on WestConnex.

Toll roads are also a key feature in many Asian cities, particularly Singapore and Tokyo. Singapore has a long history of area based toll charges, with a sophisticated system of gantries and variable toll charges currently in place. There are also reports of plans under consideration to expand the tolled network to incorporate the entire main island of Singapore with an area of around 700km².

Tokyo has a total toll road network length of over 300kms – more than three times that of Sydney – with additions to that network currently under construction. Charges vary from several hundred to several thousand Japanese Yen (JPY). For example, the Tokyo Bay Aqua-Line – a 14km bridge–tunnel combination across Tokyo Bay bypassing the congested downtown Tokyo area – has a toll charge of 3,000JPY each way for a standard car. A two-way trip on this toll road would cost 6,000JPY – equivalent to over A\$70, or almost five times the capped cost of the 33km of WestConnex.

Questions in relation to the M4 Widening

9. Haven't motorists in western Sydney already paid for the M4? Why are they now being tolled again?

Please refer to page eight of the NSW Government submission.

Tolls on the WestConnex New M4 will help fund the New M4, not the existing motorway.

The widened New M4 represents only 16 per cent of the total motorway and there will always be a free alternative.

Tolls are being applied to fund the improvements to be realised by the WestConnex New M4 as part of the overall integrated WestConnex motorway network.

The WestConnex New M4 involves widening the M4 to four lanes in each direction from Parramatta to Homebush and extending the M4 in a tunnel to Haberfield. The first stage - a new upgraded section of road between Parramatta and Homebush, with an extra lane in each direction – will open later this year.

The WestConnex New M4 will enable motorists to bypass the significant bottleneck where the M4 merges with Parramatta Road.

10. According to the NSW Treasury website, the June 2012 widening of the M5 South West Motorway to three lanes each way cost \$400 million and the toll concession period to pay for it was extended for 3.3 years. Is this correct?

The following information is available on the NSW Treasury website:

19-Jun-2012 MS South West Motorway Widening

The RMS and Interlink Roads reached final agreement to widen the MS South West Motorway to three lanes in each direction, between Beverley Hills and Prestons. The \$400 million project was funded through:

- *A 3.3-year concession extension, to December 2026;*
- *An increase in truck tolls to 3 times car tolls, to be implemented following construction completion;*

The NSW Government is contributing around \$50 million towards the project cost, being for noise walls, drainage and other works arising out of the final Planning Approval conditions.

The M5 West Widening was completed on time and on budget in 2014. This project has increased the capacity of the M5 South West Motorway by 50 per cent by adding a third lane in each direction and reducing congestion.

11. The M4 widening is going to cost \$500 million – only \$100 million more than the M5 – but it is going to have a toll on it for 43 years. Is this correct?

12. What is the explanation for this difference?

13. Given that the M4 widening adds only 30 per cent capacity to the M4, why is it being tolled as if it was a new road?

14. Motorists on the widened M4 are obviously paying for more than the widened M4. Where is that money going?

15. Why are motorists on the M4 subsidising other road projects?

11-15. The WestConnex New M4 from Parramatta to Haberfield has an estimated total cost of \$4.3 billion and the concession period runs until 2060. It is one part of the entire 33km WestConnex network.

The WestConnex New M4 involves widening the M4 to four lanes in each direction from Parramatta to Homebush and extending the M4 in a tunnel to Haberfield.

The WestConnex New M4 will enable motorists to bypass the notorious bottleneck where the M4 merges with Parramatta Road. Motorists will be able to travel from Haberfield to the Blue Mountains without stopping at a single traffic light.

WestConnex is an integrated scheme, being delivered in stages. From 2023 it will operate as one integrated motorway.

Delivering the WestConnex project in stages allows the efficient delivery of WestConnex. It enables effective competition for the design and construction packages. It also enables the reinvestment of the State's investment in later stages. However, the boundaries between the stages will have little consequence to motorists from 2023 when the connected network is complete.

A single, capped tolling approach will apply to all of WestConnex. Like the M7 today, tolling will be distance-based, so motorists will only pay for the sections of road that they use.

WestConnex is Australia's largest transport infrastructure project. It is 33 kilometres long and has an estimated total cost of \$16.8 billion.

Very large infrastructure projects often need to be delivered in stages. A good example is the Pacific Highway Upgrade. The Australian and NSW governments have been jointly upgrading the Pacific Highway over many years to provide a four lane divided road from

Hexham to Queensland. 41 projects have already been completed as part of the Pacific Highway Upgrade. As each section is completed, it is absorbed into the highway and viewed as part of a single route.

16. When will the widening of the M4 be completed?

Please refer to Mr Kanofski's response on page 21 of the Inquiry into Road Tolling transcript.

17. From now till 2060, how much in tolls on the M4 will be collected?

Toll revenues will be a function of toll calculation schedule and the traffic volumes. The toll calculation schedules form part of the Project Deeds which are available on Roads and Maritime website.

Toll revenues help fund the WestConnex New M4 from Parramatta to Haberfield.

The WestConnex program is an integrated scheme relying on toll revenues to enable the recycling of the Government's initial contribution. This reduces the overall burden on the NSW taxpayer so that there are more funds available for essential services such as hospitals, schools and police.

Bidders in the upcoming sale of at least 51 per cent of SMC will need to form an opinion of the value of future WestConnex New M4 toll revenue. Commenting on possible future revenue is speculative and could compromise this competitive sale process.

18. What will the toll be for travelling the full length of the existing but widened M4?

Information is available on the WestConnex website.

The maximum toll for travelling the full length of the WestConnex New M4 from Parramatta to Haberfield is \$7.29 in 2017 dollars.

19. How was this toll calculated?

Information is available on the WestConnex website.

The toll is based on a flagfall, per kilometre rate and a trip cap. This is enabled by improvements in tolling technology.

The flagfall operates as a connection charge, reflecting the high cost of providing motorway connections and better reflects the true cost and value of short trips on WestConnex. Short motorway trips require merging, which can reduce travel speeds and increase congestion for all motorway users. The WestConnex flagfall is \$1.22 in 2017 dollars.

A per kilometre rate has been used on the M7 since its opening and is a fairer approach because motorists pay for actual distance travelled. The WestConnex per kilometre rate is \$0.45 in 2017 dollars.

Single trips on WestConnex will be capped to provide certainty to users and improve the overall value for money to the community. WestConnex tolls will be capped at \$8.60 (in 2017 dollars) after around 16 kilometres, compared with the total motorway length of 33 kilometres.

20. It will be in place until 2060?

The WestConnex concession period runs until 2060. Please refer to the response to supplementary question 11.

21. Who was involved in deciding this?

As with all recent toll road agreements, Roads and Maritime entered into the WestConnex New M4 and New M5 agreements after securing appropriate Government approvals as with all toll road agreements.

22. Was there any opportunity for members of the public to offer their views on an appropriate toll level before the tolls for the M4 widening were set?

The NSW Government has been transparent about the financing model for WestConnex including tolls since first announced in the State Infrastructure Strategy in 2012. Each WestConnex sub-project has been subject to rigorous public consultation and assessment processes in accordance with the *Environmental Planning and Assessment Act 1979*. The Environmental Impact Statements for the WestConnex M4 Widening, M4 East and New M5 Projects were exhibited for public consultation and included the toll levels and the detailed traffic assessments.

23. The WestConnex website says that 163,000 vehicles will be using the widened M4 by 2031. With the toll escalating by at least 4% each year till 2031, how much in tolls will be paid in that year to use the widened M4?

Toll revenues will be a function of toll calculation schedule and the traffic volumes. Toll calculations schedules form part of the Project Deeds which are available on Roads and Maritime website.

Bidders in the upcoming sale of at least 51 per cent of SMC will need to form an opinion of the value of future WestConnex New M4 toll revenue. Commenting on possible future revenue is speculative and could compromise this competitive sale process.

WestConnex toll prices will increase by the greater of CPI or 4 per cent per year until 2040 and CPI thereafter.

24. The M4 widening is a \$500 million project. How many times over are motorists using the M4 widening going to pay for this project over the next 43 years?

Toll revenues will be a function of toll calculation schedule and the traffic volumes. The toll calculations schedules form part of the Project Deeds which are available on Roads and Maritime website.

The WestConnex New M4 from Parramatta to Haberfield has an estimated total cost of \$4.3 billion and the concession period runs until 2060.

The WestConnex New M4 involves widening the M4 to four lanes in each direction from Parramatta to Homebush and extending the M4 in a tunnel to Haberfield. The WestConnex New M4 will enable motorists to bypass the notorious bottleneck where the M4 merges with Parramatta Road. Motorists will be able to travel from Haberfield to the Blue Mountains without stopping at a single traffic light.

25. From now till 2060, how much in tolls on the M4 will be collected?

Please refer to the response to supplementary question 17.

26. What is the threshold at which the sale of the concession on the widening of the M4 is triggered?

27. When is it expected that the concession on the widening of the M4 be sold?

26-27. The Government has announced the sale of at least a 51 per cent stake in the Sydney Motorway Corporation, the company delivering all three stages of WestConnex, to help fund the final stage – the M4-M5 Link.

The Government will call for expressions of interest for the WestConnex sale later this year, and is targeting a transaction closing date of mid-2018.

28. Can the NSW Government please explain why motorists are paying for this again and to what end will it serve all residents in Western Sydney, including low income earners?

Please refer to the response to supplementary question 9

WestConnex is part of an integrated transport solution to address the needs of a growing city. WestConnex will provide 33 kilometres of motorway to link western and south-western Sydney to key employment and economic hubs across Sydney

WestConnex tolls are consistent with NSW Government policy on tolling in particular that new tolls are applied only where users receive a direct benefit.

Tolls will commence when the first stage of WestConnex opens in 2017. This is the section of the current M4 between Parramatta and Homebush which is being widened from three to four lanes. There will be no new tolls for the M4, west of Church Street, Parramatta. The WestConnex tolls will favour road users taking long trips, with the toll capped at \$8.60 (in 2017 dollars) after around 16 kilometres.

WestConnex will deliver over \$20 billion in economic benefits to NSW including significant travel time savings for motorists. Users will save 40 minutes on a typical trip on Parramatta to Sydney airport. WestConnex will bypass 52 sets of traffic lights.

From opening of the widened section of the M4 motorists will benefit from reduced travel times and this benefit will increase as each section of the motorway is completed.

By 2031, WestConnex will provide travel time savings of about:

- 40 minutes between Parramatta and Sydney Airport
- 20 minutes between Burwood and Sydney Airport
- 30 minutes between Liverpool and south Sydney employment area
- 30 minutes from Port Botany to Silverwater.

Tolls allow motorways to be built sooner; this directly benefits drivers by delivering new infrastructure and travel time savings sooner. Communities benefit through the reduction of traffic on local roads.

An un-tolled alternate route is always available, ensuring motorists have a choice in how they get to their destination.

29. Will any of the funds raised from the M4 widening be used to fund the Beaches Link, and if so, how much or what percentage?

WestConnex tolls will contribute to the cost of WestConnex projects.

30. How do the tolls charged on each section of WestConnex relate to the cost of that section of WestConnex?

WestConnex tolls contribute to the funding of the overall \$16.8 billion total cost of delivering WestConnex.

Tolls are based on the NSW Government's tolling principles as outlined in the submission. The tolling principles aim to balance the following (not limited to):

- transport network outcomes via consistent pricing
- cost of delivering the motorway network
- benefit attributable to users

WestConnex is an integrated motorway that uses a consistent distance based tolling regime across each stage. Adopting a distance based tolling regime ensures that motorists only pay for the sections of the motorway they use with a tolls capped at a maximum amount for fairness. A benefit of this approach is a consistent tolling regime which will make it easier for motorists to understand as they won't have different tolls across each section.

There will always be a free alternative route.

31. How do the tolls charged on each section of WestConnex relate to the benefits to the users of that section of WestConnex?

Refer to the response to question 30.

WestConnex will:

- provide over \$20 billion in economic benefits for NSW, including over \$5.9 billion of travel time saving benefits.
- support Sydney's expected population growth of 1.6 million over the next 20 years
- improve motorway access and transport connections between Western Sydney and key employment hubs across the city.
- provide vital links to Sydney's major international gateways at Sydney Airport and Port Botany.
- by 2031, cut 40 minutes from an average peak time journey between Parramatta and Sydney Airport.
- create 10,000 jobs during construction including hundreds of apprenticeships.

32. How does the level of the tolls on each section of the WestConnex relate to the forecast usage, given that the New M5 appears to have far less than half the users of the similarly cost M4 extension?

WestConnex is an integrated motorway which applies a consistent distance based toll regime across each stage.

Please also refer to the response to supplementary question 30.

33. Is there a model of cross-subsidy between the different sections given the widely varying forecast use, and the similar build costs?

34. How does the widely varying forecast use compared to the cost of building affect the expected sales forecasts for the WestConnex in stages?

33-34. WestConnex is an integrated motorway which applies a consistent distance based toll regime across each stage.

The financing and delivery of WestConnex involves partnering with the private sector to keep the cost to the NSW Government and taxpayers to a minimum. As part of this approach, private sector debt raised against tolling revenue has provided part of the financing for the project. Each stage has been financed on a standalone basis (similar to other toll road PPP structures) with private sector debt being provided on a limited recourse basis against the specific tolling revenue of each section. The financing for each stage does not rely on cash flows from other stages, but does reduce the level of government contribution.

35. If as expected a bid is received for the procurement of the right to collect tolls for 50 per cent of the capital value of all three stages of WestConnex, how is the remaining 50 per cent of the capital value to be funded?

The total estimated project cost is \$16.8 billion.

Stages 1 and 2 are funded through Government contributions including State funding of \$1.8 billion, Federal Government funding of \$1.5 billion and toll revenues. Government is currently developing funding options for Stage 3.

Government has recently announced that it will sell a majority stake in SMC. Proceeds from this process will be used as part of the financing of the M4-M5 Link.

36. Can the Government provide any guarantee that the sale value of the WestConnex will cover the cost of building the WestConnex?

WestConnex business case has always assumed a \$3.3 billion combined contribution from the NSW and Federal governments.

The final sale price will not be known until the sale transactions have been finalised. The sale process will be undertaken as a competitive process to maximise the returns on the taxpayer investment.

Questions in relation to the WCX

37. Will the Government guarantee that it will not accept any recourse financing for WestConnex, that is, will it guarantee that the taxpayer will not have to contribute any funding to the WestConnex if the WestConnex fails in any part to meet the Government or SMC's forecast usage?

SMC and its subsidiaries are not guaranteed by the State. The private sector financing raised to date has no recourse to the State.

38. What is the current timing of the sale of the concessions on for each of the stages of the WCX project?

Please refer to the response to supplementary question 26.

39. Is it still intended that the sale of such concessions still occur each in a separate stage?

The WestConnex New M4 and New M5 are currently in construction phase and SMC are currently undertaking the procurement for the Design and Construction (D&C) of the WestConnex M4-M5 Link. The sale of at least 51 per cent of Sydney Motorway Corporation is targeted for mid-2018 and will incorporate the three WestConnex Concessions.

Under the current financing approach the WestConnex stages will be delivered sooner and motorists and the economy will realise the benefits earlier. This is particularly important for the M4-M5 Link which connects the M4 and M5 Motorways, provides an inner west bypass of the Sydney CBD, and enables the proposed Western Harbour Tunnel.

40. What is the cost of WestConnex?

The total estimated project cost is \$16.8 billion.

WestConnex questions

41. What is your estimate of the actual total cost to taxpayers of local road upgrades required to be completed from within the RMS budget as a result of WCX?

Road improvements are spread over the broader network and are about improving the entire road network, not just supporting WestConnex.

42. What is the estimated cost of the Western Harbour Tunnel?

43. What is the estimated cost of the Beaches Link?

44. What is the estimated cost of the Southern Gateway and F6 extension?

42-44. The NSW Government has announced the preferred route, the start of geotechnical drilling and the commencement of a market sounding process for the delivery of the Western Harbour Tunnel and Beaches Link. This next stage of work is expected to be completed in mid-2018 and will include a reference design; confirmed final project costings; funding strategy including tolling options and private sector involvement; and construction timeline including start and completion dates.

No decision has yet been made regarding construction of the proposed F6 Extension. In February 2015, the NSW Government committed \$300 million to address critical pinch points along the A1, A3 and A6 routes south of the M5 Motorway. Information is available on the Roads and Maritime website.

45. What is the cost of the current Airport West road upgrades?

46. What is the cost of the current Airport East road upgrades?

45-46. A \$500 million package of works is being delivered by the NSW Government and Sydney Airport to improve travel times, reduce congestion and deliver economic benefits from improved efficiency.

Roads and Maritime Services is delivering these major upgrades on behalf of the NSW Government, with three key precincts identified for improvement:

- Airport East Precinct, covering Wentworth Avenue, Botany Road, Mill Pond Road, Joyce Drive and General Holmes Drive, Mascot
- Airport West Precinct, in the vicinity of Marsh Street, Arncliffe
- Airport North Precinct, in the vicinity of O'Riordan Street, Mascot.

Airport East – Wentworth Avenue extension

Roads and Maritime will upgrade roads east of the airport to improve the movement of rail freight facilities to and from Port Botany, and improve traffic flow and access to the airport and Port Botany.

As part of the upgrade, various services across the project area require relocation, including electricity, gas, water, sewerage and communications. Major service relocation work will take place along Botany Road and Wentworth Avenue.

This service relocation work started on Monday 17 April 2017 and will take around 12 weeks to complete, weather permitting.

Upcoming activities will include:

- installing site fencing
- installing traffic controls including signs, temporary traffic barriers and line marking
- modifying pedestrian access with temporary footpath closures
- saw cutting and trenching on footpaths along Botany Road and Wentworth Avenue
- trenching and underboring along Botany Road and under Wentworth Avenue
- investigation and relocation of services including electricity, gas, water, sewerage and communications
- installing pipes, wires and cables
- removing concrete medians and replacing road pavements
- carrying out earthwork and pavement work
- trimming and removing some vegetation and trees
- excavating utility pits
- delivering equipment and materials to the work area.

Airport West – Marsh Street widening

Roads and Maritime is widening Marsh Street, Arncliffe to three lanes westbound to increase traffic capacity and reduce congestion. Marsh Street is the primary connection to the Sydney Airport T1 international terminal and is a key access point for the M5 Motorway and Sydney's southern suburbs.

Work to be carried out in the coming months will include:

- building an improved separated cyclist and pedestrian path on the northern side of Marsh Street between Innesdale Road and the Giovanni Brunetti Bridge. This new path will allow safe pedestrian and cyclist movements in this area
- removing four eucalyptus trees along Marsh Street, east of Innesdale Road, to allow the new path to be built
- finalising the upgraded drainage system
- continuing to install new pedestrian fencing along the westbound side of Marsh Street
- continuing to upgrade the traffic lights at the intersection of Marsh Street and Flora Street
- continuing to install a separated cyclist and pedestrian path along the southern side of Marsh Street
- asphaltting the new westbound lane
- starting work for a retaining wall on the eastbound side of Marsh Street, between Levey Street and the Giovanni Brunetti Bridge
- relocating street lights on the southern side of Marsh Street to enable the road widening
- continuing to carry out concrete finishing work between 5am and 7am and 6pm and 8pm up until June
- general landscaping and finishing work.

Airport North – O’Riordan Street widening

Roads and Maritime will widen O’Riordan Street to three lanes in each direction between Bourke Road and Robey Street. The project will also reconfigure Robey Street and O’Riordan Street as one way streets, to accommodate upgrades to the new one-way road system through the T2/T3 domestic terminals, and help improve traffic flow around the airport.

Investigation work is continuing to confirm the location of existing utilities on O’Riordan

Street, between Qantas Drive and Bourke Road. The information gathered from this investigation will continue to help develop the detailed design for the project.

47. What is the estimated cost of the upgrades planned for Gardeners Road?

48. What is the estimated cost of the upgrades planned for Euston Rd?

49. What is the estimated cost of the upgrades planned for Sydney Park Rd?

47-49. Road improvements are spread over the broader network and are about improving the entire road network, not just supporting WestConnex.

The NSW Government is upgrading local roads around the St Peters Interchange to provide safe and efficient connections for local traffic, vehicles entering / leaving WestConnex, pedestrians and cyclists.

Local road upgrades include:

- Upgrade and widening of Euston Road, from the upgraded Campbell Road / Euston Road intersection to the intersection with Maddox Street to the north of Sydney Park. Pedestrian and cycle facilities will be provided along the upgraded Euston Road with connections to existing pedestrian and cycle paths.
- Upgrade, widening and extension of Campbell Street / Campbell Road from the railway bridge near Camdenville Park to a new intersection with Bourke Road, Mascot
- Upgrade and widening of Bourke Road / Bourke Street, Mascot between the new Campbell Road intersection and Church Avenue
- Widening of Gardeners Road, west of Kent Road and construction of a new connection over the Alexandra Canal to the St Peters interchange
- New and upgraded bridges and structures.

50. What is the estimated cost of the upgrades to roads around Iron Cove Bridge to accommodate the Iron Cove link?

The toll-free Iron Cove Link will be entirely underground. The road connections for the Iron Cove Link include entry and exit portals at the southern end of the Iron Cove Bridge. These will connect to the Rozelle interchange in a two lane configuration. The Iron Cove Link will provide an underground connection to and from the Anzac Bridge, and to and from the New M5 via the M4-M5 Link main tunnels.

The Iron Cove Link will remove traffic from Victoria Road by duplicating the section between Iron Cove Bridge and The Crescent, Rozelle.

Costs are included in the \$16.8 billion cost for WestConnex.

The benefits of the Iron Cove Link are:

- Release surface road capacity to enable movements into and out of the Bays Precinct and White Bay and Glebe Island Port facility;
- Release surface road capacity to enable more efficient and reliable public transport;
- In releasing road capacity along Victoria Road, open place-making and development opportunities along the corridor; and
- Provide a free flow movement between the ANZAC Bridge and Iron Cove Bridge avoiding a minimum of six traffic lights.
- In the absence of an Iron Cove Link, significant works along this section of Victoria Road are likely to be required to facilitate development along the corridor (including around Darling Street and for the Bays Precinct).

- 51. Why has the NSW Government or SMC not revised its forecasts for WCX in light of the Western Sydney Airport being announced?**
- 52. Why has the NSW Government or SMC not revised its forecasts for WCX in light of the Sydney Metro being considered?**
- 53. What are the likely changes in demand as a result of these projects?**

51-53. The traffic projections used in the WestConnex Updated Strategic Business Case and Environmental Impact Statements (EISs) are based on the WestConnex Roads Traffic Model (WRTM). The WRTM model uses land use projections developed by Transport Performance and Analytics (TPA)—formerly the Bureau of Transport and Analytics (BTA) and prior to that the Bureau of Transport Statistics (BTS).

TPA use a robust and methodical process for producing land use forecasts by travel zones which factors in broader population projections published by the Department of Planning and Environment with long term network and pricing considerations. The WRTM model is refreshed and revised over time to reflect updated TPA land use projections. RMS maintains a control registry to track the TPA land use version used in each WRTM model run.

Earlier versions of WRTM were based on LU12 land use assumptions. LU12 was published by BTS in 2012. LU12 does not factor in the development of the Western Sydney Airport, but assumes development of the North West Section of Sydney Metro from Chatswood to Rouse Hill.

WRTM was subsequently updated to incorporate the LU14 land use assumptions. LU14 was published by BTS in 2014. LU14 assumes the development of the Western Sydney Airport and development of a Sydney Metro heavy rail from Rouse Hill to the CBD via Chatswood

The BTA published LU14v4 in 2016. RMS has updated the WRTM to include LU14v4 assumptions. LU14v4 assumes the development of the Western Sydney Airport and development of a Sydney Metro heavy rail from Rouse Hill to Bankstown via Chatswood and the CBD.

- 54. Has the NSW Government or SMC modelled the likely effects on local road congestion from toll avoidance, given the annual cost of tolls will become prohibitive for some?**
- 55. Will the NSW Government or SMC commit to modelling the likely effects of toll avoidance, as revealed in the research from the University of Sydney entitled *How much is too much for tolled road users: Toll saturation and the implications for car commuting value of travel time savings*?**

54-55. Roads and Maritime traffic modelling has assessed the implications of toll avoidance on local road traffic conditions and although some users will avoid tolls, overall, WestConnex will significantly reduce congestion and traffic volumes on local roads.

The WestConnex Road Traffic Model (WRTM) considers the level of toll users incur on all tolled roads across the Sydney metropolitan area. The WRTM considers future changes in perceived value of tolls taking into account escalation of tolls, effects of inflation, and changes in average weekly earnings. The WRTM assesses toll choice decisions based on customer willingness to pay for travel time savings relative to overall journey costs (including tolls).

To validate customer willingness to pay tolls, Roads and Maritime conducted a comprehensive market survey in 2012 and 2013 - for both commercial and private use vehicles. Independent expert peer reviewers provided oversight throughout the design and

analysis of the survey. The survey results were then benchmarked against values from other studies in Australia and internationally.

- 56. Were the tolls for the various components of the Westconnex set at a level that reflects the convenience or travel times saved for each link to be tolled?**
57. How are the relative tolls set for each tolled section of Westconnex?

56-57. Please refer to the response to supplementary questions 19 and 30.

- 58. Is the toll on the M4 widening set such that it will cover the cost of building the M4 East and the New M5, because neither of those links is considered financially viable in isolation?**

Please refer to the response to supplementary question 33

- 59. What were the planning and demand management principles used to test the toll level scenarios?**
60. What are the financial targets used to test the toll level scenarios?
61. What were the predicted usage sensitivity analyses used to test the toll level scenarios?

59-61. Please refer to the response to supplementary question 19 for how the toll was calculated.

During the project development phase for all NSW toll roads, different toll levels are tested to optimise economic benefits, road network performance and attractiveness for private investment. This requires the setting of tolls at an appropriate level which represents value to motorists and a willingness to pay. If toll levels are set too high, the level of demand for the motorway will decrease negatively impacting economic benefits, road network performance and attractiveness for private investment.

Further information is provided in the WestConnex Updated Strategic Business Case which has been subject to assurance review by Infrastructure NSW and is available on the WestConnex website.

The benefit cost ratio of WestConnex is 1.88 with wider economic benefits. WestConnex is economically viable and will return \$1.88 for every \$1 invested.

- 62. There are no designs yet released for the "Sydney Gateway" - the section of the motorway to connect to the Airport and Port. This was the original justification for the project. Why are there no plans for this section of the motorway?**
63. There have been reports that this section may require moving the Port Botany rail freight line - is this the case?
64. Will the Gateway be tolled?
65. What is the estimated cost of the Sydney Gateway?
66. Have they modelled the different traffic impacts on alternative routes of lower tolls?

62-66. Roads and Maritime is currently developing designs for Sydney Gateway to optimise connectivity to the port and airport precincts.

- 67. Is there consideration of a lower toll being applied on the widened M4 when it starts to be tolled, than that which was announced?**

The NSW Government has announced a one-month toll free period from the completion of construction for the WestConnex New M4.

68. Which companies have provided commercial/economic or legal advice on tolling for WCX?

Details of advisors engaged by Transport Cluster agencies are available through NSW e-Tendering and Roads and Maritime websites.

69. Which companies have provided commercial/economic or legal advice on financial aspects of WCX?

Details of advisors are available through publicly released documents on the Roads and Maritime and NSW Parliament websites.

70. Will the Northern Beaches Link toll be included in the WestConnex daily cap?

71. Will the F6 toll be included in the WestConnex daily cap?

72. What is the description of the toll roads that are included for the purposes of the daily cap?

73. Will the Western Harbour Tunnel toll be included in the WestConnex daily cap?

70-73. Under the terms of the WestConnex concessions, the WestConnex Scheme cap applies to the 33 kilometres of the WestConnex Motorway.

Please refer to the response to supplementary question 19 for details on the toll trip cap.

74. What would the financial cost be to the NSW Government of a toll starting 50c lower than what they have planned?

75. What would the financial cost be to the NSW Government of a toll linked to CPI?

74-75. Toll levels are tested and set to optimise economic benefits, road network performance and attractiveness for private investment.

Tolling concessions involve a trade-off between the escalation rate, the initial toll price, amount of government contribution, and the length of the concession. Reducing the initial toll price would require an increase to one or more of these other factors.

76. The Base Case Financial Model documents for the Lane Cove Tunnel and Western Sydney Orbital (Westlink M7) were tabled in the Legislative Assembly on 9 November 2005. Why have the same documents for the NorthConnex and WestConnex been concealed from public scrutiny?

This information is commercial in confidence. Current PPP Guidelines have been complied with.

77. How much profit is WestConnex estimated to make over the life of the concession?

Bidders in the upcoming sale of at least 51 per cent of SMC will need to form an opinion of the value of future WestConnex revenue and profit. Commenting on possible future revenue and profit is speculative and could compromise the sale process. SMC is currently 100 per cent owned by the State. The sale proceeds will be used as part of the asset recycling process for the funding of the M4-M5 Link. The higher the sale price, the more funds the Government will have to recycle into new infrastructure projects and a better return on taxpayer investment.

78. Have any penalty payments been made by the Sydney Motorway Corporation to contractors engaged in constructing the WestConnex?

This is a matter for SMC.

79. In Mr Kanofski's evidence on 11 April (page 21), he said: "The WestConnex business case is tolled until 2056....." Is this correct?

The WestConnex concession term runs to 2060.

80. How was the flagfall on the WestConnex set? Are there any other toll roads in Australia that use a flagfall?

Please refer to our response to question 19 for details on the flagfall.

RMS is not aware of a flagfall being adopted in relation to any other Australian toll road.

81. Have any planning approvals for any stage of WCX been rejected?

No. Information on Planning Approvals is available on the Department of Planning and Environment's website.

82. Have there been any contractual disputes with any stage of WCX?

83. What is the current estimation of the value of claims against the project?

82-83. This information is Commercial in Confidence.

84. Is the Sydney Motorway Corporation part of the NSW public sector?

Sydney Motorway Corporation Pty Ltd is a company established under the Corporations Act.

85. Does the final cost of WestConnex include the cost of impacts on the rail freight corridor from Port Botany and any associated increase in the duplication costs of the freight rail corridor?

No.

86. What will be the daily cost of suspending the toll on the widened M4?

The cost of suspending any toll would be the subject of commercial negotiation.

Roads and Maritime has granted Sydney Motorway Corporation entities a concession to finance, design, construct, operate and maintain the WestConnex New M4. SMC successfully raised \$1.7 billion of private sector debt in November 2016 against the WestConnex New M4 Concession, with lenders having security over toll revenues. Suspending tolling therefore also requires financier consent.

Toll revenues are a function of traffic volumes and the toll calculation schedule.

In 2031, the forecast average traffic per day on the widened M4 (Parramatta to Homebush) is 163,800.

Questions in relation to NCX

87. How did the RMS decide if the NorthConnex was a good deal?

NorthConnex will allow motorists to bypass 21 sets of traffic lights along Pennant Hills Rd providing more reliable and safer traffic conditions whilst also returning local streets to local communities.

Using NorthConnex as an alternative route to the CBD from the north avoids up to 40 traffic lights on the Pacific Highway. It will also allow motorists to drive from Newcastle to Melbourne, without a single set of traffic lights. NorthConnex will redirect around 5,000 heavy vehicles each day off Pennant Hills Road into the tunnel, improving local air quality and reducing traffic noise. The tunnel will create opportunities for improving public transport services on Pennant Hills Road and create 8,700 jobs for NSW. NorthConnex will also boost the state and national economies by providing more reliable journeys and shorter travel times for movement of freight.

The unsolicited proposal process includes a four stage assessment process. Proposals are assessed against defined criteria including: uniqueness, value for money, whole of government impact, return on investment, capability and capacity, affordability and risk allocation. The governance structure included a whole of government coordinated approach led by the Department of Premier and Cabinet and a project/proposal specific steering committee.

Please also refer to the response to supplementary question 1.

**88. How did you know that 2048 was the right concession period – not 2043 or 2053?
How was the toll set?**

89. What was the process?

88-89. The NorthConnex concession term was evaluated as part of the unsolicited proposal (USP) process described in response to supplementary question 87.

Tolling concessions involve a trade-off between the escalation rate, the initial toll price, amount of government contribution, and the length of the concession.

NorthConnex included an \$800 million government contribution which assists in reducing the required toll level.

90. Was there any public involvement or opportunity for the public to be involved in setting the tolls?

NorthConnex has been subject to rigorous public consultation and assessment processes in accordance with the *Environmental Planning and Assessment Act 1979*. The Environmental Impact Statement for NorthConnex was exhibited for public consultation on 15 July 2014 and assessed the project on the basis that the NorthConnex toll would be broadly consistent with the Hills M2 Motorway toll.

91. In the course of negotiations about NorthConnex was Transurban required to disclose to Government how much profit it is forecasting to make on this deal?

92. In return for contributing \$2.09 billion to the construction of the NorthConnex, Transurban is to receive tolls from the NorthConnex to 2048, extension of the Westlink M7 concession to 2048 and an increase in the Westlink M7 truck toll. Has the RMS financial model estimated how much profit that Transurban will make on this deal? If so, how much? If not, why not?

91-92. Return of Investment (ROI) is a key criterion used in the Unsolicited Proposal Framework. As part of assessing the NorthConnex proposal, the proposed ROI was assessed relative to the risks and industry benchmark returns.

The financial assessment included project return associated with the changes to the related concessions.

In respect of the profit estimated, the information is commercial in confidence but was assessed as being within market benchmarks.

93. On page 13 of your submission you say about CPI caps on toll increases: Government needs flexibility when negotiating Public Private Partnerships and the escalation rates on toll roads to ensure the best overall outcome for NSW and the taxpayer are achieved. Placing a blanket limit of CPI to escalation rates could have the effect of pushing up the initial price on future toll roads. A CPI cap would also make it more difficult to attract private investment; reduce competition in the market; and would be likely to increase costs for Government, taxpayers and road users.

Is attracting private investment really a good reason to make motorists pay more than the CPI?

Public Private Partnership agreements go through a rigorous whole-of-Government assessment process to ensure they provide the best overall outcome for NSW taxpayers.

Tolling concessions involve a trade-off between the escalation rate, the initial toll price, amount of government contribution, and the length of the concession.

Some NSW toll roads, including the Eastern Distributor and the M2 provide for a minimum 4 per cent toll price escalation per year. This is to attract private investment into motorway infrastructure, therefore reducing the Government contribution toward these projects. This approach enables the Government to invest more taxpayer dollars into other essential services like hospitals, schools and police.

94. The NSW Government received a \$200 million up-front payment from Transurban in 2015, correct? Presumably, Transurban intends to recoup this from motorists via tolls, is that right?

95. The Auditor General in 2006 said about the fee that was paid up front by the Cross City Tunnel to the RTA:

“Paying an upfront [BCF - fee] is particularly onerous for the selected bidder. If it is paid before the cash flow from the project starts, it needs to be raised as capital or borrowed. If it is borrowed, the repayments will add significantly to the operator’s costs. The motorist will eventually pay these costs as increased tolls.”
Why has RMS returned to the practice of taking up front payments?

96. Do you agree with the Auditor General that motorists will eventually pay this costs through increased tolls?

97. Is it essentially just a lump-sum tax?

94-97. Yes, there was \$200 million payment that was injected directly back into the NorthConnex project. Also please refer to the response to supplementary question 92.

Unlike the Cross City Tunnel instance, the NSW Government did not receive an upfront Development Fee or a Business Consideration Fee as part of the NorthConnex transaction. All funding received by Government as part of the transaction was applied to pay for project costs.

NorthConnex Company Ltd has invested in the NorthConnex project on a commercial basis. They have accepted significant risks commensurate to their expected return, which was assessed as providing good value for money to the State of NSW.

98. The Auditor General's 2006 report into the RTA's handling of the Cross City Tunnel, said on page 3 "Escalation factors should do no more than reflect underlying cost movements or inflation."

Why has the RTA ignored this position and proceeded to impose tolls that increase tolls above the CPI on WestConnex and NorthConnex?

Please refer to the response to supplementary question 93

99. There is a revenue sharing arrangement in place on the Northconnex. According to the financial model used to negotiate the Northconnex concession, when do you estimate that RMS will start receiving revenues and how much will RMS receive over the life of the NorthConnex concession period?

If the traffic revenues exceed base case projections, the state will receive payments in accordance with the revenue sharing mechanics in the transaction documents. The toll road operator bears the downside risk that patronage is lower than expected. In accordance with the GIPA Act, a copy of the NorthConnex contract can be found on the Roads and Maritime website.

100. Can you explain the regulatory measures that will be in place to ensure trucks use the Northconnex? How much will the fine be? Does Transurban receive any revenue stream from the administration or enforcement of this regulation?

Key obligations of Roads and Maritime under the Project Deed will be it will use its best endeavours to implement appropriate regulatory measures with respect to heavy vehicles travelling on the motorway or on Pennant Hills Road. Provided certain conditions are satisfied, Roads and Maritime will compensate the Project Company if a certain percentage of heavy vehicles continue to use Pennant Hills Road (as opposed to the motorway).

A copy of the NorthConnex contract is available on the Roads and Maritime website.

101. Please provide the commercial and financial advice on which the toll and concession period was set.

Please refer to the response to supplementary questions 87 and 88.

Specific analysis regarding this process is Cabinet in Confidence.

102. What is the justification for requiring users of the M7 to cross-subsidise the NorthConnex?

NorthConnex will allow motorists to bypass 21 sets of traffic lights along Pennant Hills Rd providing more reliable and safer traffic conditions whilst also returning local streets to local communities. Using NorthConnex as an alternative route to the CBD from the north avoids up to 40 traffic lights on the Pacific Highway. It will also allow motorists to drive from Newcastle to Melbourne, without a single set of traffic lights. NorthConnex will redirect around 5000 heavy vehicles each day off Pennant Hills road into the tunnel, improving local air quality and reducing traffic noise. The tunnel will create opportunities for improving public transport services on Pennant Hills Road and create 8700 jobs for NSW. NorthConnex will

also boost the state and national economies by providing more reliable journeys and shorter travel times for movement of freight.

In the absence of a network approach to tolling, the NorthConnex project would require a higher toll level and/or greater government contribution which would have resulted in the project being delivered later than currently forecast. The funding approach has reduced the level of government contributions required for the project, freeing up capacity to invest in other social infrastructure projects. e.g. schools, hospitals, etc.

Questions in relation to tolling generally

103. In order to properly plan the non-tolled part of the Sydney road network, departments of transport, planning and RMS would all benefit from unhindered access to usage by time of day and day of week of all toll roads at all tolling points. What arrangements are in place to make sure this information is available?

Under the project deeds, Roads and Maritime receives quarterly actual traffic volumes on private toll roads. This data is used by the NSW Government for planning and performance reporting purposes.

104. In relation to any Sydney toll road, if traffic cannot exit a tollway because of local congestion, thereby reducing the attractiveness of the toll road to drivers, does the toll operator have any recourse to compensation?

No.

105. Given the significant increase in toll burdens falling primarily to lower socio-economic areas of Western and South-Western Sydney, and that tolls will grow faster than inflation, will the NSW Government guarantee that the quality of the untolled road network, and the average travel speed of the untolled road network, will not deteriorate any further as a result of the planned tolled network?

The introduction of new toll roads provides additional motorway capacity for through-traffic, better manages traffic flow and reduces travel times along the entire network. For example: NorthConnex will remove 5,000 trucks per day from the un-tolled Pennant Hills Road and WestConnex will remove up to 10,000 trucks per day from Parramatta Road.

Roads and Maritime continues to invest heavily in improvements to overall road network efficiency.

The total roads, maritime and freight budget is \$9.7 billion in 2016/17. This includes all capital projects and maintenance activities.

This expenditure benefits road users through maintaining our road assets so that they are safe to use as well as providing improvements and upgrades to the network to provide improved safety outcomes as well as improving capacity to make journeys more reliable and relieving localised congestion.

The NSW Long Term Transport Master Plan (LTTMP) is the first integrated transport strategy in NSW. It brings together land use and transport planning, and it integrates planning for freight and passenger movements, as well as all modes of transport. It includes actions for road, rail, bus, ferries, light rail, cycling and walking. All current transport investments are guided by the LTTMP.

Questions in relation to Toll escalation

106. When was the last change to the toll on the Sydney Harbour Bridge and Harbour tunnel?

The last time tolls for the Sydney Harbour Bridge and Tunnel were changed was when 'Time of Day' tolling was introduced on 27 January 2009.

107. Why hasn't the toll on the Harbour Bridge increased since then?

This is a matter for the NSW Government.

108. Your submission says that the current toll on the M2 from North Ryde is currently \$6.89. What will the toll be for that person at the end of the concession in 2048 on the M2 motorway?

From 1 April 2017, the toll at the main toll plaza at North Ryde is \$6.95 for cars. M2 toll prices will increase by the greater of CPI or 1 per cent, per quarter. A forecast toll at the end of the concession will be dependent on CPI movements.

109. What will be the minimum toll level at the end of the concession for each of the sections of the Westconnex projects?

WestConnex toll prices will increase by the greater of CPI or 4 per cent per year until 2040 and CPI thereafter.

A forecast toll at the end of the concession will be dependent on CPI movements.

110. The tolls on the Westlink M7 move in line with the CPI – they can go up or down depending if there is inflation or deflation. Why is this approach not being used on the Northconnex or Westconnex?

Please refer to the response to supplementary question 93.

Questions in relation to Non-compete clauses

111. Are there any non-compete clauses in the contracts for WCX?

112. Is government constrained in any way from building any public transport solution to get people along the M4 corridor faster?

113. Is any consultation required?

114. Is any compensation triggered?

111-114. There are no arrangements that would constrain the Government from enhancing public transport along the M4 corridor. As stated in the EIS, it is an objective of the New M4 to release road capacity on Parramatta Road to improve public transport services.

115. Are there any non-compete clauses in the contracts for NCX?

116. Is government constrained in any way from building any public transport solution to get people along this corridor faster?

117. Is any consultation required?

118. Is any compensation triggered?

115-118. Roads and Maritime has entered into a project deed with NorthConnex Company Pty Ltd. This deed includes clauses to ensure the NSW Government is not restricted in any

way from changing or extending the public transport network. The deed is published on the Roads and Maritime website.

Questions in relation to Travel speeds

- 119. What are the current afternoon peak travel speeds for the following corridors**
- a. the m5/eastern distributor**
 - b. M4/Parramatta road/city west link**
 - c. M2 lane cove tunnel/gore hill?**

The RMS Roads Report provides meaningful information to help inform customer journeys in the Sydney and greater metropolitan area (covering Newcastle and Wollongong).
<http://www.rms.nsw.gov.au/about/corporate-publications/roads-report.html>

The interactive RMS Roads Report allows users to set their own data analysis criteria such as: the date, time period, selection of weekday or weekend, traffic direction, road, suburb or local government area.

Users are able to view and report on historical performance utilising colour coded maps, interactive charts and easily extractable data that can be downloaded in a usable format and printed.

- 120. What are the estimated afternoon peak travel speeds in ten and twenty years' time for the following corridors:**
- a. the m5/eastern distributor**
 - b. M4/Parramatta road/city west link**
 - c. M2 lane cove tunnel/gore hill?**

Sydney is home to nearly five million people and is Australia's fastest growing economy. In the next 10 years, another million people will call Sydney home. As collective transport needs increase and become more complex, Sydney will need a transport system that enables people to move seamlessly across transport modes and also to enable freight to move efficiently. The NSW Government has considered all travel modes simultaneously and examined land use and transport options together. The investment in motorways is only part of a wider integrated transport solution.

To keep up with the demand for transport services, the NSW Government is delivering on a number of major projects, these include:

- Sydney Metro - a new railway system running from Sydney's North West under Sydney Harbour, through new underground stations in the CBD and beyond to the South West.
- New light rail - providing reliable turn-up-and-go services in Sydney CBD and South East, and Greater Parramatta.
- Improved public transport in Sydney CBD through train station upgrades and the new Barangaroo Ferry Hub.
- A new B-Line bus service providing more frequent and reliable services for customers travelling between the Northern Beaches and the Sydney CBD.
- A connected motorway network through WestConnex and NorthConnex, easing congestion, connecting communities and reducing the number of heavy vehicles on local streets.

- A significant number of road upgrades to reduce traffic delays, manage congestion, improve travel times on major roads and provide access to the planned Western Sydney Airport at Badgery's Creek.

The NSW Government is developing and delivering an unprecedented number of motorway projects to support Sydney's long-term economic growth. These projects have been identified in key strategic planning documents including:

- First Things First: The State Infrastructure Strategy 2012-2032 recommended the construction of WestConnex, NorthConnex, and the F6 Extension.
- The Long Term Transport Master Plan (December 2012) identified the missing links in the Sydney motorway network: WestConnex, NorthConnex, the F6 Extension, widening the M7 and the Western Harbour Tunnel corridor. It also identified Sydney Gateway, the Outer Sydney Orbital and the Castlereagh Freeway as corridors for investigation/preservation.
- The State Infrastructure Strategy Update 2014 recommended expediting the WestConnex Northern and Southern Extensions, and the Western Harbour Tunnel & Beaches Link.
- The current (February 2017) Infrastructure Australia Infrastructure Priority List identifies:
 - The M4 Upgrade / Smart Motorway and WestConnex as a High Priority Projects
 - Sydney Gateway and Outer Sydney Orbital corridor preservation as High Priority Initiatives
 - The F6 Extension, Western Harbour Tunnel & Beaches Link and Western Sydney Infrastructure Plan (including M12) as Priority Initiatives.

The NSW LTTMP looked at volumes in 2011, and those forecast in 2031, assuming a 'do nothing' scenario (where no new infrastructure is built) across 46 strategic transport corridors across all travel modes. At present, six corridors are considered highly constrained in meeting travel demand, while 11 face medium constraints.

Without action by 2031, the six most constrained corridors will be dealing with increased demand and much higher road congestion than at present, leading to increased peak travel times. This slowing down of Sydney's major transport corridors will have follow on effects right across the city's transport system, reducing our ability to keep high volumes of passenger and freight traffic flowing freely and efficiently. For example, by 2031, peak travel times by road are forecast to increase by an average of 15 minutes between Parramatta and the CBD and by 33 minutes between Rouse Hill and Macquarie Park in the morning peak period. The increase in traffic congestion will lead to further delays and unreliability for bus users on some corridors.

Virtually all of the key roads along the Parramatta to Sydney CBD, Sydney CBD to airport, and airport to Liverpool corridors already exceed capacity in the morning peak. As time progresses, congestion on these corridors is forecast to worsen. The NSW Long Term Transport Master Plan provides the following analysis:

- "Southern Cross Drive currently operates at capacity during the morning peak period, slowing to an average speed of 35 km/h. Due to congestion on the Eastern Distributor, traffic diverts onto the adjacent arterial road network including O'Riordan and Bourke streets, which are also congested. Increasing activity at Sydney Airport, population and employment growth in the south Sydney and airport areas (including Green Square), and higher traffic volumes along strategic connections to the South West Growth Centre, including the M5, will place increasing pressure on this corridor"
- "For drivers travelling between Parramatta and the CBD, both the M4 and Parramatta Road are congested and at capacity during peak periods. Most bus services on Parramatta Road are full during peak periods and experience variable travel times,

with an average variance of up to eight minutes in the morning and evening peak periods due to congestion at the CBD-end of the journey. Growth in demand on this corridor under a 'do nothing' scenario is forecast to result in car travel times increasing by 16 minutes between the CBD and Parramatta. Rail demand is also forecast to exceed existing capacity"

- "The M5 is very congested during peak periods, [with volumes exceeding capacity] and average speeds reducing to below 40 km/h. The high population growth forecast in south west Sydney will place increasing pressure on this corridor, further reducing speeds on the M5 by 2031."

Questions in relation to Trucking tolls

121. What consultation happened with the trucking industry prior to the announcement of the large increases in tolls on a range of toll roads?

During the EIS phase of the project on 21 March 2014 and 17 April 2014 respectively, Roads and Maritime engaged with the Road Freight Industry Council. The Council included representatives from the Australian Trucking Association, the Livestock and Bulk Association, Transport Workers Union, Toll and Linfox and Roads and Maritime met with the Council again on 2 December 2014. Roads and Maritime also met with NRMA during the EIS consultation period and following project approval.

122. What consideration was there of the fact that some of these companies would have, or did, sign contracts based on the existing toll prices?

A key function of the NorthConnex project was to provide an alternative to Pennant Hills Road for the movement of heavy vehicles, the NSW Government will be introducing regulatory measures to ensure heavy vehicles (other than dangerous goods vehicles or those with a genuine origin or destination along Pennant Hills Road) use the NorthConnex project rather than surface roads. These measures may include introducing, or changing the operation of existing, traffic control facilities, advisory and / or regulatory signage, route designations, notices, application of permits, or other traffic measures. Any regulatory measures that have the effect of regulating heavy vehicles would need to be consistent with the objectives of the National Heavy Vehicle Law, where applicable.

The benefits of the project for freight in terms of travel time savings and reduced vehicle running costs outweighs the cost of the toll. This alone is incentive for trucks to use the tunnel, rather than creating means to avoid the toll.

123. The TWU submission says that they are unaware of any consultation taking place. What consultation took place?

During the EIS phase of the project on 21 March 2014, 17 April 2014 and 2 December 2014, Roads and Maritime engaged with the Road Freight Industry Council on the NorthConnex project. TWU were invited to attend these meetings. The Council included representatives from the Australian Trucking Association, the Livestock and Bulk Association, Transport Workers Union, Toll and Linfox and Roads and Maritime met with the Council again on 2 December 2014.

124. What is the justification for setting tolls for trucks at three times tolls for cars?

125. If the Government seriously wants to attract truck traffic onto the toll roads to avoid conflict with car traffic and boost economic productivity, why are truck tolls three times the car toll?

124-125. The Government's approved tolling principles provide for truck tolls to be at least three times higher than car tolls. This is designed to:

- Be nationally consistent
- Reflect the increased maintenance costs and re-sheeting intervals over the life of the project concession attributable to trucks use of the assets.
- Historical traffic figures data showed no significant diversions of trucks to the wider arterial networks as a result of the setting tolls for trucks at three times tolls for cars.