

PORTFOLIO COMMITTEE NO 2
INQUIRY INTO ROAD TOLLING

Supplementary Questions: Mr Dennis Cliche, Sydney Motorway Corporation

Answers are to be returned to the Committee secretariat by Wednesday 21 June 2017.

- 1. For Westconnex as a whole are there any penalty claims currently pending against the Sydney Motorway Corporation?**

Typically all contracts contain provisions which entitle a Contractor to submit a claim where there is a contractual right to do so. Therefore, claims are a normal part of contract administration. As is the case for a large, time critical construction project like WestConnex we have received claims from our contractors.

- 2. What is the value of these claims?**

Details of any claim are commercial in confidence.

- 3. Have any claims been settled?**

See above answer to 2.

- 4. At what cost?**

See above answer to 2.

- 5. For Westconnex as a whole are there any liquidated damages currently pending against the Sydney Motorway Corporation?**

No.

- 6. How much money did Sydney Motorway Corporation contribute to the sponsorship of the GWS Giants?**

Refer to response on page 50 of transcript by Dennis Cliché.

ALSO

Sydney Motorway Corporation is committed to delivering a lasting positive legacy for communities within and surrounding the WestConnex project corridor, including supporting community engagement programs being delivered by the GWS Giants.

Contractual terms for the partnership agreement are commercial in confidence.

- 7. How many vehicles are using the M4 at the moment?**

More than 100,000 vehicles a day use the M4, which experiences congestion for up to 13 hours a day.

8. The Westconnex is due to open in a short time. How many vehicles a day do you expect to be using the widened M4 once the toll is being charged?

The traffic volumes on the M4 are well-known, with more than 100,000 vehicles a day already using the motorway. As shown in the updated strategic business case, 163,800 vehicles are expected to use the widened M4 on an average weekday by 2031.

9. The toll is set to be between \$1.77 and \$4.56. What are you forecasting for average daily toll revenue?

This is commercially sensitive information which if released would impede the Government's ability to achieve best value when it launches a competitive trade sale later this year by calling for expressions of interest to acquire at least 51 per cent of Sydney Motorway Corporation and its subsidiaries.

10. What are you forecasting to collect in tolls on the widened M4 in the first year?

This is commercially sensitive information which if released would impede the Government's ability to achieve best value when it launches a competitive trade sale later this year by calling for expressions of interest to acquire at least 51 per cent of Sydney Motorway Corporation and its subsidiaries.

11. In 2016 Dennis Cliche was reported in the Australian Financial Review as saying: "You will be able to get on that motorway and travel from Parramatta to the airport in 40 minutes with no traffic lights," <http://www.afr.com/business/infrastructure/roads/westconnex-what-could-go-wrong-20160919-grjtlo>. Do you stand by that claim?

WestConnex will deliver more than \$20 billion in economic benefits to NSW including significant travel time savings for motorists.

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, with the benefits of a completed WestConnex, travel times for an average peak journey between Parramatta and Sydney Airport will be 40 minutes faster than they would be without WestConnex, and motorists will be able to bypass up to 52 sets of traffic lights.

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.

12. At what time of day and what reference year will this be the case?

Forecast traffic flows and changes, including travel time savings which are outlined in the updated strategic business case are based on morning peak in 2031.

13. What are the key difference(s) between the WestConnex Road Traffic Model (WRTM), and RMS's Sydney Strategic Traffic Model (SSTM)?

The Sydney Strategic Travel Model (STM) is developed and maintained by Transport for NSW. The key function of STM is to predict travel by all modes of transport including cars, commercial vehicles, public transport (train, bus, ferry, etc.) and active transport. The STM estimates of car and commercial vehicle demands are used as initial travel demand inputs to WRTM.

WRTM is designed to predict car and truck volumes on tolled and untolled routes. The WRTM also assesses toll choice decisions based on customer willingness to pay for travel time savings arising from using toll roads.

14. What difference to the average time savings would it make if the SSTM willingness to pay were used?

Given that STM is not designed to predict toll volumes, it is not the appropriate model to predict the time savings from toll road users.

15. Does WRTM include what Professor Hensher described as "the time of day traffic model"?

WRTM assesses traffic demand at four different periods of the average school day – (i) the morning peak, (ii) the mid-morning to mid-afternoon inter-peak, (iii) the afternoon peak and (iv) during the evening and night.

16. Does WRTM include ramp waiting times?

Yes. WRTM includes delays to traffic generated at intersections and along sections of road (between intersections), including ramp waiting times.

17. What formal controls are there on the flow of information between SMC and RMS?

Roads and Maritime Services, on behalf of the NSW Government, commissioned Sydney Motorway Corporation (SMC) to finance and deliver the WestConnex program of works.

The basis of the working relationship is set out in concession deeds for the design, construction, operation, maintenance and financing of WestConnex projects.

All project documentation and correspondence is transmitted and captured through the TeamBinder electronic document management system managed by SMC. Access to both the system and to specific documentation is limited to authorised parties.

- 18. Does the SMC plan to sign construction contracts for the M4-M5 link prior to the proposed sale of the Sydney Motorway Corporation?**

The timetable for the sale is a matter for Government.

- 19. Are there any non-compete clauses related to the light rail or heavy rail in the contract between SMC and RMS for WestConnex?**
- a. If yes, and the Government does go ahead into the provision of a rail line along the M4 corridor, or reasonably close to it, is there any compensation triggered to the owner of Westconnex?**
 - b. Are there any other non-compete clauses in the contracts for Westconnex?**
 - i. If so, what are these clauses?**

All Concession Deeds granted by RMS for WestConnex are disclosed on the RMS website, in accordance with GIPA requirements. NSW Government is not precluded from providing a light or heavy rail line along the M4Corridor.

- 20. If the WestConnex is a failure and does not get anywhere near the number of vehicles projected use the road, who will wear the financial cost and risk of that? The concession operator or the Government?**

WestConnex is being delivered by an innovative financing model which includes an initial contribution from the NSW and Australian governments, with private sector debt, supported by tolling revenue, providing the remaining funding for the project.

As a private company, Sydney Motorway Corporation (SMC) is not an agent of the State and is explicitly not guaranteed by the State. Any risks associated with project construction and traffic patronage are borne by SMC and its subsidiaries.

- 21. What is the expected compensation from the NSW Government to the Sydney Motorway Corporation to operate the toll free period on Westconnex Stage 1a M4 widening?**

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- 22. With the sale of majority shares of the SMC, will the contract between RMS and SMC for Westconnex remain the same, or is it expected to change? If so, how?**

We are not expecting any changes to the Concession Deeds.

- 23. Is there any compensation payable to the Sydney Motorway Corporation if Stage 3 is not completed?**

The Concession Agreements for Stage 1 and Stage 2 operate independently of any Stage 3 Concession.

- 24. RMS have confirmed that there is a concession agreement already in place with the subsidiary of SMC, is that correct?**
- a. What is the name of the subsidiary?**
 - b. What does the concession agreement cover?**
 - c. What are the terms of the concession? For how long will it run?**

This information is available on the RMS website which publishes the Concession Agreements.