

PORTFOLIO COMMITTEE NO 2
INQUIRY INTO ROAD TOLLING

Supplementary Questions: Ms Leilani Frew, NSW Treasury

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

- 1. Have the market's responses to the risks associated with buying Sydney Motorway Corporation been factored into what percentage of the SMC will be sold off?**

Yes.

- 2. Is the reason behind not selling 100% of SMC that the market is not ready to take the risk associated with buying 100% of it?**
- a. If so, what are the risks?**
 - b. Has the Treasury advised the Government on mitigating these risks? If so, what is that advice?**

No.

- 3. Is the Government expected to receive any dividends from the Sydney Motorway Corporation after it is 51% sold?**

The decision to pay dividends is a decision for the Board of SMC. Should the Board of SMC decide to pay a dividend post a sale of 51% then the Government would receive its 49% share.

- 4. What is the level of risk that has been taken on by State Government in the building of Northconnex, specifically the level of risk related to the traffic forecast?**

The risk allocation with respect to NorthConnex is consistent with the risk allocation applied on precedent NSW toll road projects, whereby the private sector bears the risk of building the road and the actual traffic underperforming forecasts.

- 5. Have you considered the risk to Government of keeping SMC a public asset?**

Yes.

- 6. Has the Department of Treasury ever modelled retaining the Sydney Motorway Corporation as a Government asset?**
- a. What was the result of that modelling?**
 - b. What were the risks to Government of retaining SMC?**
 - c. What were the benefits to Government of retaining SMC?**

The Government has undertaken a comprehensive Scoping Study to inform the proposed transaction. The contents of which are commercial in confidence.

- 7. Has the Department of Treasury advised the Government on the scenario of Government borrowing the money to build and operate Westconnex?**
- a. If so, why was that option not taken further?**
 - b. If not, why was that option not considered?**

NSW Treasury's responsibility is to support and advise the government on the management of the State's fiscal position in accordance with the *Fiscal Responsibility Act* (2012). NSW Treasury has advised the Government on the suitability of a number of funding and financing strategies for the WestConnex motorway.

- 8. Has the Department of Treasury advised the Government to include any non-compete clauses in the contract for Westconnex before shares in the Sydney Motorway Corporation can be sold?**

No.

- 9. The Sydney Motorway Corporation is a private company limited by shares and established by the NSW Government under the Corporations Act 2001 (Cth) on behalf of the State. Is the Treasury aware of any other similar examples of such an arrangement?**
- a. If so, what are these examples? And, where?**

Governments across Australia have established a number of private companies under the *Corporations Act 2001* (Cth), including:

- Cobbora Holding Company Pty Ltd, Generator Property Management Pty Ltd, Australian Technology Park Sydney Limited, Asbestos Injuries Compensation Fund Limited, Port Kembla Lessor Pty Limited, Port Botany Lessor Pty Limited and Port of Newcastle Lessor Pty Limited established by the NSW Government
- Fed Square Pty Ltd established by the Victorian Government
- Australian Egg Corporation Limited established by the Commonwealth Government and
- a number of companies set up by the Tasmanian Government including Aurora Energy Pty Ltd, TasPorts, Transend Networks Pty Ltd and TT-Line Company Pty Ltd.

In addition the NSW Government holds shares in City West Housing Pty Ltd.

- 10. How much funding has the NSW Government given to the Sydney Motorway Corporation in the following financial years?**
- a. 2012-13**
 - b. 2013-14**
 - c. 2014-15**
 - d. 2015-16**

- a. Zero
- b. Zero
- c. \$940,000,000
- d. \$1,446,156,552

These totals include NSW Government contributions through Restart NSW, equity injections from the State and Commonwealth funding.

11. Can the extension of a toll road concession be considered under the unsolicited proposal process?

As the Department of Premier & Cabinet has carriage of the NSW Government's unsolicited proposals process, this question is referred to DPC for response.

12. The unsolicited proposal guidelines state that projects that are not considered unique are unlikely to proceed, including "proposals for significant extensions to existing contracts". Does any proposal to extend toll concessions fall into that category?

As the Department of Premier & Cabinet has carriage of the NSW Government's unsolicited proposals process, this question is referred to DPC for response.