

***IN CAMERA* REPORT ON PROCEEDINGS BEFORE**

**PORTFOLIO COMMITTEE NO. 5 – INDUSTRY AND
TRANSPORT**

WINDSOR BRIDGE REPLACEMENT PROJECT

At Macquarie Room, Parliament House, Sydney on Tuesday, 29 May 2018

The Committee met at 2:00 pm

CORRECTED

PRESENT

The Hon. Robert Brown (Chair)

The Hon. Rick Colless

The Hon. Wes Fang

Dr Mehreen Faruqi

Mr Scot MacDonald

The Hon. Daniel Mookhey

The Hon. Peter Primrose

CORRECTED PROOF

Evidence in camera by **RODD ANDREW STAPLES**, Secretary, Transport for NSW, sworn and examined

CORRECTED PROOF

Mr STAPLES: Yes, so the cost of the project estimated at the time of the business case was \$101 million.

The Hon. DANIEL MOOKHEY: What is the current cost estimate?

Mr STAPLES: In advance of awarding the contract and reviewing where the project was up to Transport for NSW has allocated up to \$137 million for the potential cost of the project. That is to cover costs to date spent on the project in terms of investigative work, design work and preparation of the environmental impact statement.

CORRECTED PROOF

The Hon. DANIEL MOOKHEY: Your knowledge as at today is that this is a tier 3 project under Infrastructure NSW?

Mr STAPLES: I believe at the time it may well have been increased to a tier 2 since then.

CORRECTED PROOF

Mr STAPLES: So what you are saying here is exactly what the assurance process is designed to do—

The Hon. DANIEL MOOKHEY: Exactly, yes.

Mr STAPLES: —which is to bring some independent eyes, rigour and test into a business case. Clearly there was significant revision in this instance but that is, from where I sit, a very positive reflection of the fact that that independent review has been done. You will note also that the expert review panel had an ability to assess whether they thought the response was acceptable and they have provided that response—that they believe the way it has been dealt is acceptable, so from my point of view I think the process has worked very soundly.

The Hon. DANIEL MOOKHEY: Where did the expert review panel respond to—

Mr STAPLES: If you look at the right-hand column, "Expert Review Panel/IA Assessment". It says, "Acceptable. CLOSED". That, from my point of view, in respect of the documents that are in front of me—

The Hon. DANIEL MOOKHEY: Did that change your final business case? Was the benefit-cost ratio adjusted to account for anything?

Mr STAPLES: Based on what I am reading here, yes.

The Hon. DANIEL MOOKHEY: The expert review panel criticises RMS effectively for not modelling the base case properly. I am on page 10 of the first document. BN8 states:

The base case appears to be distorted resulting in user costs that are exceptionally high.

The base case has assumed \$18m will be spent on upgrading the bridge, but have not included any benefits to users coming from this, e.g. trucks would be allowed to cross the bridge at 50kph instead of 40kph.

...

The base case has no improvement in Freemans intersection over the 30 years resulting ... A reasonable base case would assume that as traffic delays and accidents increased RMS would upgrade the intersection to a roundabout before 2025.

It is in the same category. It responds to one of the criticisms about this product, which is that RMS modelled and designed the project so its preferred outcome came through, but it was perhaps a bit scant and less focused on detail when it came to the other options. Are you able to provide any detail as to whether the assurance process resulted in any meaningful changes to that modelling? I cannot see what exactly RMS did in response to that criticism.

Mr STAPLES: Firstly, I cannot comment on motives, which is partly referenced in your question, but in respect of the document I have here in front of me, it also refers the action to BN9, so the reference of base case modelling is all intertwined with the previous question you asked me. What you find here is that clearly there has been a view given to the team that put the business case together that they thought they needed to do more work on the traffic modelling. That is not unusual. There are a number of assumptions in traffic modelling, and the fact that the review panel challenged that and then required that the team redo that and they are now comfortable that that has been closed I think represents the process has worked appropriately and those things are now addressed.