

**UNCORRECTED PROOF
GENERAL PURPOSE STANDING COMMITTEE NO. 3**

Friday 12 October 2012

Examination of proposed expenditure for the portfolio area

ROADS AND PORTS

The Committee met at 2.00 p.m.

MEMBERS

The Hon. N. Blair (Acting-Chair)

The Hon. J. Ajaka
The Hon. G. J. Donnelly
The Hon. A. R. Fazio
The Hon. C. M. Faehrmann

The Hon. P. Green
The Hon. S. Mitchell
The Hon. P. G. Sharpe

PRESENT

The Hon. Duncan Gay, *Minister for Roads and Ports*

ACTING-CHAIR: I declare this hearing for the inquiry into budget estimates 2012-2013 open to the public. I welcome Minister Gay and accompanying officials to this hearing. Today the Committee will examine the proposed expenditure for the portfolio of Roads and Ports. Roads will be examined from 2.00 p.m. until 3.30 p.m. and Ports from 3.45 p.m. to 4.45 p.m. Before we commence, I will make some comments about procedural matters.

In accordance with the Legislative Council's guidelines for the broadcast of proceedings, only Committee members and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photographs. In reporting the proceedings of this Committee, members of the media must take responsibility for what they publish or what interpretation they place on anything that is said before the Committee. The guidelines for the broadcast of proceedings are available on the table by the door.

Any messages from advisers or members' staff seated in the public gallery should be delivered through the Chamber and support staff or the Committee clerks. Minister, I remind you and the officers accompanying you that you are free to pass notes and refer directly to your advisers seated at the table behind you. Transcripts of this hearing will be available on the web from tomorrow morning. Minister, the House has resolved that answers to questions on notice must be provided within 21 days. I remind everyone to switch off their mobile phones. All witnesses from departments, statutory bodies or corporations will be sworn prior to giving evidence. Minister, I remind you that do not need to be sworn, as you have already sworn an oath to your office as a member for Parliament. I remind Mr Les Wielinga, the Director General of Transport for NSW, that he also does not need to be sworn as he was sworn at an earlier budget estimates hearing.

PAUL MICHAEL HESFORD, Director, Corporate Services, Roads and Maritime Services,

PETER JOHN WELLS, Director, Customer and Compliance, Roads and Maritime Services,

GEOFFREY JAMES FOGARTY, Director, Infrastructure Department, Roads and Maritime Services,

TIM PETER REARDON, Deputy Director General, Policy and Regulations, Transport for NSW, and

MARGARET PRENDERGAST, General Manager, Centre for Road Safety, Transport for NSW, affirmed and examined:

PETER JOHN DUNCAN, Chief Executive, Roads and Maritime Services, sworn and examined:

LESLIE ROBERT WIELINGA, Director General, Transport for NSW, under former oath:

ACTING-CHAIR: I declare the proposed expenditure for the portfolio of Roads and Ports examination. As there is no provision for a Minister to make an opening statement before the Committee commences questioning, we will begin with questions from the Opposition.

The Hon. PENNY SHARPE: Minister, you would be happy with a recommendation from Infrastructure NSW that the Pacific Highway duplication is essential for economic growth?

The Hon. DUNCAN GAY: Yes.

The Hon. PENNY SHARPE: You would also be aware that the remaining unfunded unduplicated sections are the Port Macquarie to Urunga and Woolgoolga to Ballina sections?

The Hon. DUNCAN GAY: Yes.

The Hon. PENNY SHARPE: I am interested in your view about the Infrastructure NSW recommendation that talks about re-scoping the works on the Pacific Highway by delaying the duplication of those two sections to instead prioritise the F3 to Raymond Terrace section of the road. I am wondering what your views are about that, Minister.

The Hon. DUNCAN GAY: On the Infrastructure NSW recommendations that came out—and I have to say it is a great report—as a Cabinet we accepted two of them up-front, and we will be looking at the remainder and making decisions on them. For your information 52 per cent of the Pacific Highway already has been upgraded to dual carriageway and another 59 kilometres, almost 10 per cent, is under construction. In relation to the timing for the completion of the Pacific Highway upgrade, discussions are continuing between our State Government and the Australian Government towards the shared desire of seeing the dual carriageway upgrade finished as soon as possible.

The Hon. PENNY SHARPE: Minister, can you guarantee that those sections, Port Macquarie to Urunga and Woolgoolga to Ballina, will not be delayed under any re-scoping proposals?

The Hon. DUNCAN GAY: If you can give me a guarantee that you can get Anthony Albanese to commit the money that we are waiting for. People ask me, "How safe is 2016?" We are all working towards 2016, except the Federal Government took away the funding. Instead of it being 80-20, they moved to 50-50.

The Hon. PENNY SHARPE: Minister, that is my question. My question is specifically in relation to—

The Hon. DUNCAN GAY: Well, no, this is an answer to your question.

The Hon. PENNY SHARPE: No, this is a question that is in your hands because you have to respond to the Infrastructure NSW report. The Infrastructure NSW report is very clear.

The Hon. DUNCAN GAY: When you are finished, I will answer the first question. This is a new question.

The Hon. PENNY SHARPE: Yes. I want to know whether in the priority of works Port Macquarie to Urunga and Woolgoolga to Ballina will happen first.

The Hon. DUNCAN GAY: Mr Chairman, I will now address the first question that I was asked. If there is a subsequent question, I will come to that then. The first question was on the funding.

The Hon. AMANDA FAZIO: Why? Do you not know the answer?

The Hon. DUNCAN GAY: What was that? Would you like to put something on the record?

The Hon. AMANDA FAZIO: I said, "Why? Do you not know the answer?"

The Hon. DUNCAN GAY: I do know the answer to both.

The Hon. AMANDA FAZIO: Then why do you not answer the question you were asked?

ACTING-CHAIR: Order!

The Hon. DUNCAN GAY: Mr Chairman, decency should prevail from members of the Labor Party. If they ask a question, they get an answer; and then, if they want another question, they can ask another question. Mr Chairman, can you clarify which question I am answering?

ACTING-CHAIR: The first question posed by the member has been asked. The Minister is free to answer the question in the manner that he sees fit, provided it is generally relevant. I remind all members that interjections are disorderly at all times.

The Hon. DUNCAN GAY: Thank you, Mr Chairman. Our commitment is to complete the Pacific Highway duplication. It means that we are prioritising sections—for example, the Port Macquarie to Urunga and Woolgoolga to Ballina sections. In view of the first question, we will have a full response to the species impact statement [SIS] by the end of the year.

The Hon. PENNY SHARPE: But it is not your position, Minister, that they should be delayed in any reprioritisation or re-scoping process?

The Hon. DUNCAN GAY: We have always wanted to finish the Pacific Highway as soon as possible. If you put some effort into convincing your Federal colleagues to provide the money that they failed to give us for the Pacific Highway, we would be in a much surer position to achieve that 2016 target than we are now. It was just incredible that somehow the Federal Government failed to provide adequate funding.

The Hon. PENNY SHARPE: Minister, I am not asking you about the Federal funding.

The Hon. JOHN AJAKA: Point of order: I have been most patient but this continual interjection while the Minister is halfway through an answer to a question being asked by the member who keeps interjecting is clearly out of order.

The Hon. GREG DONNELLY: To the point of order: The Minister is asking rhetorical questions back to the member asking the question in the first place: If you can contact or speak to Anthony Albanese. It is not for the Minister to ask questions of us about what we should do. This is an opportunity for the Opposition to question the Minister.

ACTING-CHAIR: I uphold the point of order. The Minister was being generally relevant to the question with his answer. Again, I remind all members that injections are disorderly.

The Hon. DUNCAN GAY: The answer I was trying to give is that we will finish this as soon as possible. We are committed to this duplication and we are committed to achieving it by the Prime Minister's time span of 2016. As I said earlier, the only thing that is putting it at risk is the change of rules by the Federal Government where it has climbed from 80:20 to 50:50. That has left us a hell of a hole that we are looking for ways to fill at the moment to fulfil that promise that the Prime Minister made.

The Hon. PENNY SHARPE: The Northern Rivers NSW Business Chamber has said that a person is killed every nine days on the Pacific Highway. Your colleague Don Page conceded last week that the duplication of the Pacific Highway will not be realised until at least 2020. Do you disagree with that assessment?

The Hon. DUNCAN GAY: My prime task is to finish this highway as soon as I possibly can.

The Hon. PENNY SHARPE: Is it going to be 2016 or 2020?

The Hon. DUNCAN GAY: Once again, Mr Chairman, I have been asked a question and I said about four words and that very rude individual cut in on me.

ACTING-CHAIR: Again I remind all members to give the Minister the common courtesy to allow him to attempt to answer the question.

The Hon. PENNY SHARPE: Can the Minister have the common courtesy of answering the question?

ACTING-CHAIR: The Minister is entitled to answer the question in any way he sees fit. As long as he is generally relevant I cannot direct the Minister how to answer the question.

The Hon. AMANDA FAZIO: Truthfully would be good for a start.

The Hon. JOHN AJAKA: That is an outrageous imputation of a Minister of the Crown. To use the words "Truthfully would be a good start" is specifically stating that he is being untruthful. I ask that that comment be withdrawn. It is outrageous.

ACTING-CHAIR: Once again, I remind all members of the Committee that interjections are disorderly. The Minister should be allowed to attempt to answer the question with the common courtesy provided to all Ministers in budget estimates.

The Hon. DUNCAN GAY: The honourable member asked me a question to do with deaths on the highway and trying to finish as soon as possible. Certainly the concern of the chamber of commerce is one that I share as well. The sooner we can finish this highway the sooner we will lower the death rate on the undivided highway. Our goal remains to finish it by 2016. Frankly, the only thing that is stopping us doing that is the Federal Government cutting the funding from 80:20 to 50:50.

The Hon. PENNY SHARPE: Are you saying you disagree with your colleague Don Page, who is a member from up in that neck of the woods? He told the paper last week that the target will now have to be 2020 and that 2016 will not be met. Are you saying he is wrong?

The Hon. DUNCAN GAY: I do not disagree with my colleague.

The Hon. PENNY SHARPE: So you agree with him—it will be 2020?

The Hon. DUNCAN GAY: Will you stop being very rude, please?

The Hon. AMANDA FAZIO: Can you start answering questions?

The Hon. DUNCAN GAY: Mr Chairman, I got three words into a question and a very rude individual cut in before I have a chance to answer. This is an important question and I am more than willing to answer it if the Labor Party had some sort of decency about it.

ACTING-CHAIR: The Minister has the call and is allowed to answer the question in silence.

The Hon. DUNCAN GAY: Don Page quite rightly was expressing a view on behalf of the community that what the Federal Government has done in changing the funding may affect the completion date. My target remains 2016. He only made those comments in the context of what he saw from the Prime Minister, Julia Gillard, and Minister Anthony Albanese in cutting the funding from 80:20 back to 50:50. His belief is it might put the date out. I continue to want to finish this by 2016 and I will continue to try to get the funds to achieve this.

The Hon. PENNY SHARPE: When you were in opposition you railed about the loss of life and urged the then Labor Government to provide the funding required, as you said, "to save the lives of people in New South Wales who have to use the highway". Given that you now basically lay the blame at the Federal Government for the move away from your 2016 target, do you believe that something has changed from opposition to government?

The Hon. DUNCAN GAY: Something has changed during government. When we came to government, the agreement with the former Government was 80:20. The agreement in our first part of our government was 80:20 and then it changed to 50:50. That is the difference. Your Federal Labor colleagues have gutted New South Wales. They have ripped out \$2.1 billion. They are the ones who are putting people at risk, not us.

The Hon. PENNY SHARPE: The 50:50 arrangement was set up under the Howard Government. The 2016 duplication was also set up by the Howard Government. I know there is a lot of backwards and forwards about the 80:20 split. Are you saying that the Federal Government is not putting record amounts of money into the Pacific Highway and that it is simply okay now for the State Government not to match that funding?

The Hon. DUNCAN GAY: The New South Wales Government is putting record amounts of money into roads funding—

The Hon. PENNY SHARPE: No, into the Pacific Highway.

The Hon. JOHN AJAKA: Point of order: The honourable member cannot continue to ask a question and then appear to want to answer the question, and not allow the Minister to answer the question. Her role is to ask the question, not ask and then answer it.

The Hon. AMANDA FAZIO: To the point of order: It should be obvious, even to this Minister, that this line of questioning relates to the Pacific Highway. It is very disingenuous of him to try to start talking about the overall Roads budget when the question directly relates to the Pacific Highway. I ask you to remind the Minister that he has to be in some way generally relevant to the question asked and not just waffle on about other matters.

ACTING-CHAIR: The Minister had only just started to give his answer and from the information he had provided before he was interrupted he was being generally relevant. However, again I will rule that interjections are disorderly. The Minister should be given the opportunity to answer the question without being interrupted as soon as he starts his answer. If this continues, the majority of the time that members have to ask questions will be taken up with points of order raising the same issues over and over again. I urge all members to show the common decency and courtesy provided to the Minister to allow him to at least attempt to answer the questions being asked by members.

The Hon. DUNCAN GAY: This is the doper questioning I have seen in a long time. Members of the Opposition have wasted half their time in being rude. The New South Wales Government supports the Prime Minister's goal of completing the highway upgrade by 2016. We do not support the Australian Government's attempt to shift the funding agreement from an 80:20 split to a 50:50 split between our two governments. The agreement reached between the Australian Government and the previous New South Wales Labor Government included an 86 per cent Federal Government, 14 per cent New South Wales Government funding split. The Australian Government's public commitment to completing the Pacific Highway was not contingent upon a 50:50 funding agreement between our two governments; however, the Australian Government is now seeking such an agreement. In real dollar terms this would mean cutting the Australian Government contribution by \$2.3 billion.

The Hon. PENNY SHARPE: Minister, with respect, I am not asking you about the Federal Government's contribution. I am asking about the State Government's contribution.

The Hon. JOHN AJAKA: The question that was clearly asked by the member was: What circumstances have changed? Clearly, the Minister is not only being generally relevant he is being specifically relevant as to what circumstances have changed.

The Hon. PENNY SHARPE: I actually asked about the commitment of the Minister in opposition to government, which is a very different question.

The Hon. JOHN AJAKA: That is exactly what your question was: What circumstances have changed?

ACTING-CHAIR: Order! I ask that while a member is taking a point of order that interjections cease. Once a point of order has been taken, members will have the opportunity to make a contribution to the point of order. Again I ask members to show each other that common courtesy. I uphold the point of order. The Minister was being generally relevant.

The Hon. DUNCAN GAY: For example, the 2012-13 \$941 million Pacific Highway funding commitment is more than what was delivered by any Labor government. We are doing more than you ever did or ever could or ever will do. The \$941 million funding will allow us to get on with the job of completing major projects like the Kempsey bypass, the Bulahdelah duplication, and the Herons Creek to Stills Road upgrade. Importantly, it will allow planning and preconstruction work to continue in areas where construction is yet to get underway. As soon as funding becomes available we can get on with the job of construction. A number of major construction projects have recently been completed, including Banora Point, the Ballina bypass and the Glenugie upgrade. Three other projects will be completed in the 2012-13 financial year: Kempsey bypass, Bulahdelah duplication, and Herons Creek to Stills Road.

The Hon. GREG DONNELLY: Point of order: My point of order addresses misrepresentation of facts. The Ballina bypass opened about 18 months ago.

The Hon. DUNCAN GAY: I cannot see where I was misrepresenting facts when I said "a number of major construction projects have recently been completed, including the Ballina bypass". Welcome back to the real world, Greg. Listen and you will learn.

The Hon. GREG DONNELLY: No, it opened last year.

ACTING-CHAIR: There is no point of order. The Minister was being generally relevant.

The Hon. PENNY SHARPE: I note it has been stated that if the Federal Coalition is elected, it is committed to diverting infrastructure funding to the Pacific Highway. I put to you that that essentially is colluding with your Government to push back the 2016 target. However, beyond that, it has been stated also that you will need \$17.7 billion to complete the duplication. Even if all of the Federal money is there and, as you believe, will be redirected to the Pacific Highway if the Federal Coalition is elected, an amount of \$680 million is still not funded. Are you committing the State Government to plugging that black hole for the duplication?

The Hon. DUNCAN GAY: Mr Acting-Chair, the question contains a number of components. I just cannot accept her statement as reality without addressing some of the issues raised in the various parts of the question. I did note that the Federal Government has indicated that it would move the \$2.1 million that is currently sitting—

The Hon. PENNY SHARPE: That would be the Federal Opposition, Minister.

The Hon. DUNCAN GAY: I am sorry, you are correct. I stand corrected. The Federal Opposition has indicated. We would like the Federal Government to do it. In fact, we have asked the Federal Government—

The Hon. PENNY SHARPE: No, you asked the Federal Government to put that \$2.1 billion into the North West Rail Link, let us not forget.

The Hon. DUNCAN GAY: That is correct. When they did not, we put our own money into the North West Rail Link and indicated that we would like them to move it to the Pacific Highway for that missing amount of money. It fell on deaf ears. Robert Oakeshott and his mates in the Labor Party did not support it, yet Tony Abbott and Warren Truss are the good guys from Opposition.

The Hon. PENNY SHARPE: Minister, I remind you that you asked this Committee to give up Government time basically for Dorothy Dixers, attacks on the Federal Government and to tell us how wonderful

you think Warren Truss is. This is Opposition time to ask questions. I have asked you a specific question about the \$680 million black hole.

The Hon. JOHN AJAKA: Point of order: The member is well aware that this issue was discussed in the Committee and dealt with unanimously when the Opposition voted—

The Hon. AMANDA FAZIO: What is your point of order? You are just making a debating point.

ACTING-CHAIR: Order!

The Hon. JOHN AJAKA: Are you going to allow me to finish now or will you not allow anyone to finish?

ACTING-CHAIR: Order!

The Hon. JOHN AJAKA: You keep interrupting.

ACTING-CHAIR: Order! The member on the point of order has the call.

The Hon. JOHN AJAKA: It is inappropriate for this member to now raise issue with something she voted for unanimously with the rest of the Committee and somehow imply that the actions of the Minister are inappropriate because there will be no Government questions.

The Hon. PENNY SHARPE: There will be no agreement next year if you do not want to have time for dixer.

ACTING-CHAIR: What is your point of order?

The Hon. JOHN AJAKA: My point of order is that it is improper for her to be raising this issue.

The Hon. PENNY SHARPE: That is no point of order.

ACTING-CHAIR: There is no point of order.

The Hon. AMANDA FAZIO: You are just deliberately wasting Opposition time.

The Hon. PENNY SHARPE: Two minutes gone, thank you.

The Hon. GREG DONNELLY: You just wasted two minutes of our time, John.

The Hon. JOHN AJAKA: And you are not doing any of that yourself?

The Hon. PENNY SHARPE: You are earning your money as Parliamentary Secretary today.

ACTING-CHAIR: Order!

The Hon. GREG DONNELLY: We can use our time as we see fit.

ACTING-CHAIR: Order!

The Hon. GREG DONNELLY: There was no deal about you wasting our time.

The Hon. JOHN AJAKA: So, use it stupidly. Is that what you are saying?

The Hon. PENNY SHARPE: You earned your money today, John, didn't you?

The Hon. PAUL GREEN: Earlier with the Tourism portfolio I believe you commented about Eastern Distributor signage with one sign displaying "north to Sydney" and the other displaying "city north" and said it is the most confusing sign, if ever there was one, for tourists. What is the Government doing about providing a better signage strategy?

The Hon. DUNCAN GAY: Many people have indicated that the signage in Sydney is confusing.

The Hon. PAUL GREEN: Will you change that sign?

The Hon. DUNCAN GAY: I will answer that in two parts. First, we have noted a number of confusing signs across the city and we actually have a website for people to report confusing signs, whether it is about directions or traffic rules. The ambiguity on some signs that has been there for sometime is being addressed through that. The NRMA has reported some to us and we have changed them. Any that come in, we try to clarify them. We do not mean to put confusion out there, but sometimes it happens in trying to address road safety. As far as directions go, we announced recently alphanumeric route marking. The naming of signs across the State will change next year as a project to standardise the system. This system is used currently in Queensland and Victoria and identifies road corridors in order of importance.

In fact, the system is used widely around the world. The aim is to make it easier for motorists to know if they are travelling on a motorway or a route of national or State significance as they plan their trips. It is interesting and we announced it recently with the A, B and M roads with numbers. I was intrigued because at the time there was some criticism and the usual bleating from the usual people, but one person who was quite critical was Mr Daley, a former Minister for Transport in the previous Government. He said he knew about it and he stopped it. I went back and had a look. For a number of years, including the time he was the Minister, this sort of signage continued to be put in place. So either Mr Daley did not know that he had not stopped it or he was actually telling a little bit of a porky when he said that he had stopped it.

The Hon. GREG DONNELLY: Point of order: That is an imputation on a member of the other place. That is a direct imputation about a member.

The Hon. PENNY SHARPE: A cheap shot.

The Hon. GREG DONNELLY: I ask for that comment to be withdrawn. You are reflecting on a member of the other House.

The Hon. PAUL GREEN: I would like to proceed if I can.

ACTING-CHAIR: The Hon. Greg Donnelly has taken a point of order that the Minister is reflecting on members of the other place. Although budget estimates hearings have a more wide-ranging scope than the normal standing orders that apply to the House, I ask the Minister if he wants to withdraw that comment.

The Hon. DUNCAN GAY: I am more than happy to retract the "porky" part and leave the fact that he was deliberately misleading. He was hoodwinking.

The Hon. PENNY SHARPE: Point of order—

The Hon. PAUL GREEN: I am quite happy with your ruling on the point of order. If you uphold the point of order, I will move on.

The Hon. PENNY SHARPE: My point of order is on the issue of whether the Minister withdraws the comment unreservedly. The Minister clearly did not do that. We have been through this a lot recently. It is very clear.

ACTING-CHAIR: I remind members that budget estimates have wider scope and rules than those that apply to normal debate in the House. The Minister has withdrawn that part of the comment.

The Hon. PAUL GREEN: Some time ago in the upper House you spoke about the floods costing New South Wales about half a billion dollars in further road asset maintenance. How much money have you given for road asset maintenance for those roads affected by the floods earlier this year across New South Wales?

The Hon. DUNCAN GAY: I will in a moment, if you are happy, refer that to Mr Wells or Mr Duncan, but in general terms with that sort of money the councils have been terrific in the work they have done, as has the interface with RMS. I indicated earlier that we have had two record amounts of funds of over \$5 million in the portfolio, but it has been made a little difficult to get ahead given the huge amount of wet weather we have

had, including the sort of wet weather we have today where the SES, RMS, police and others will be doing a terrific job. Peter, do you want to add anything?

Mr DUNCAN: The answer to the question about the dollars in the budget for this year's allocation towards repair of road links is—

The Hon. PAUL GREEN: No, that was not the question. The question was: How much to date has been given out for emergency asset maintenance?

Mr DUNCAN: I would have to take that on notice.

The Hon. DUNCAN GAY: Can we take that on notice and come back with a detailed answer?

The Hon. PAUL GREEN: Yes, I am quite happy with that. The next question is easier. I acknowledge the \$1 million that has been invested into the investigations regarding the Shoalhaven Bridge. Has any work commenced on the investigation of route options for what is known as the third Shoalhaven Bridge crossing options?

The Hon. DUNCAN GAY: My understanding is that money is in the budget. If I have not got a detailed answer on that, whether that work started—

The Hon. PAUL GREEN: You can take that on notice.

The Hon. DUNCAN GAY: I may have an answer.

The Hon. PAUL GREEN: I have a few questions and I am running out of time.

The Hon. DUNCAN GAY: We have not got a date. The money is for the scoping study. What you are looking for is a date when it starts?

The Hon. PAUL GREEN: Yes. My understanding is that there should be desktop investigations going on and I am wondering if they have started, given the latest budget?

The Hon. DUNCAN GAY: We may have an answer by the end of estimates.

The Hon. PAUL GREEN: The Princes Highway upgrades, particularly Gerringong to Bomaderry, have started. Is it on time and on budget?

Mr DUNCAN: I can clarify that the work to date is on time and on budget.

The Hon. PAUL GREEN: You have some work going on in South Nowra which was interrupted by that wonderful species, the green and golden bell frog.

The Hon. CATE FAEHRMANN: They are everywhere.

The Hon. PAUL GREEN: Plague proportions I hear, especially down our way, which is great.

The Hon. CATE FAEHRMANN: Good to see they are recovering.

The Hon. PAUL GREEN: Everyone is welcome to have a look. Is that job now on schedule and on budget?

The Hon. DUNCAN GAY: As you know we had a huge delay whilst we addressed the green and golden bell frog issue. At that stage it was under budget.

Mr DUNCAN: We would need to confirm the position. Work did stop in November last year for a matter of about two to three months. We can clarify the position.

The Hon. DUNCAN GAY: We have not got a note on whether it is under budget. We will take that on notice.

The Hon. PAUL GREEN: The Gooloogong bridge—also known as the Holman bridge—over the Lachlan River is a vital line of communication with Brisbane, Dubbo, Canberra, Wagga Wagga, Orange and Melbourne. A tremendous amount of money has been spent to constantly repair this dilapidated bridge yet it continues to be unreliable and dangerous. Will the Minister be investing any funding into replacing the bridge in its entirety? If so, when and how much will it cost?

The Hon. DUNCAN GAY: I am sure the honourable member has travelled over the Gooloogong bridge; it is one of the most magnificent wooden bridges left in the State. As such it presents its own particular problems. My understanding is that it is one of the bridges in our Bridges for the Bush program. As such if we can get matching funding from the Federal Government it will be repaired. My understanding is it is a unique bridge and it cannot be pulled down and replaced. The option always is to bypass it but we will get you more information on that one.

The Hon. CATE FAEHRMANN: Minister, Roads and Maritime Services does not have a spot on the Infrastructure NSW board, does it?

The Hon. DUNCAN GAY: No.

The Hon. CATE FAEHRMANN: Can you inform the Committee whether you or any of your officers have had any conversations with the Infrastructure NSW regarding WestConnex prior to the announcement?

The Hon. DUNCAN GAY: Yes.

The Hon. CATE FAEHRMANN: What form did those discussions take? Were they informal meetings, did they run the proposal past you once complete, or were you instrumental in guiding that work?

The Hon. DUNCAN GAY: Agreement on the first two. The third one, were we instrumental in guiding that, no. That was something that came out of Infrastructure NSW, but certainly there was a close relationship throughout with involvement by Transport for NSW and Roads and Maritime Services. The Premier, when he put Infrastructure NSW in place, asked them to identify which of Sydney's missing motorway links needed to be prioritised and that was the report that came back. As you know Cabinet made the decision to endorse that and have sent it back to us to put in a special vehicle to progress it.

The Hon. CATE FAEHRMANN: When did those meetings start with Infrastructure NSW to discuss WestConnex specifically?

The Hon. DUNCAN GAY: I could not give you a date but it was very early in its genesis. The working relationship with Infrastructure NSW through this period has been terrific.

The Hon. CATE FAEHRMANN: Do you then know why Infrastructure NSW would meet with you so much regarding WestConnex and not meet with Transport for NSW regarding the central business district bus tunnel at all?

The Hon. DUNCAN GAY: This was a specific project about roads. There was another project that they were looking at, which is just a cracker, which is the Bridges for the Bush. It is an initiative we sent to them and we sent to the Federal Government; and thankfully it came back. Not to have a relationship with them on that I would have thought was silly, but it does not mean we always agree—but we talk.

The Hon. CATE FAEHRMANN: The video on the Infrastructure NSW website says that WestConnex is the highest priority project for New South Wales. Is that the highest priority project for the Government or for Infrastructure NSW?

The Hon. DUNCAN GAY: That was a comment made on their website. The New South Wales Government has a large number of high-priority projects including within Transport for NSW. Transport for NSW has two major projects: the North West Rail Link and WestConnex. There are many others—we have the Pacific Highway, Princes Highway and Bridges for the Bush. That was their comment, not mine.

The Hon. CATE FAEHRMANN: The video also says that the 33 kilometres of new toll roads will transform Sydney's congestion. Can you explain how those 33 kilometres of toll roads will transform Sydney's congestion?

The Hon. DUNCAN GAY: Their indication and our belief is that those links are important in removing pinch points. You will see widening on the M4. The M5 East duplication—frankly that was a tunnel that should never have been built the way it was built. It was a bad piece of infrastructure. They took the initiative by saying a lot of traffic does not necessarily need to get into the central business district. They have linked the M4 and the M5 and then made it a connection within the west. It is a sensible way of doing it. That is what it has caused. The benefits are increased road capacity and reduced traffic congestion, as I indicated, on the M4 and the M5, more reliable travel times and the missing link goes in there—

The Hon. CATE FAEHRMANN: Minister—

The Hon. DUNCAN GAY: If you bear with me for one moment.

The Hon. CATE FAEHRMANN: Be quick.

The Hon. DUNCAN GAY: I will be quick. That is the two ports: The airport and Port Botany.

The Hon. CATE FAEHRMANN: I will get to that. In relation to reducing congestion has your department seen the modelling in relation to how WestConnex will reduce congestion?

The Hon. DUNCAN GAY: We received this recommendation and we have set up the Sydney Motorways project office and it will do detailed planning work which will include the project definition, including the reference scope, costs and resource requirements—

The Hon. CATE FAEHRMANN: With respect, your Government has announced that it is building the WestConnex. The question was whether the Government, perhaps some of your officers around the table, whether anybody has seen any modelling to justify the claims that WestConnex will reduce traffic congestion? Has modelling been undertaken?

The Hon. DUNCAN GAY: I am happy to answer that. I think it does. Part of what we are doing is setting it up to address it properly.

The Hon. CATE FAEHRMANN: Do you have the modelling?

The Hon. DUNCAN GAY: In relation to your specific question our department worked through with Infrastructure NSW, the planning department, Roads and Maritime Services, the Premier's department, and did that early part—

The Hon. CATE FAEHRMANN: Minister, have you approved WestConnex without seeing modelling?

The Hon. DUNCAN GAY: Can I just finish? The Infrastructure Subcommittee of Cabinet was the one that did that.

The Hon. CATE FAEHRMANN: The Infrastructure Subcommittee of Cabinet undertook the modelling for WestConnex?

The Hon. DUNCAN GAY: No.

The Hon. CATE FAEHRMANN: Did the Infrastructure Subcommittee of Cabinet see modelling undertaken for WestConnex?

The Hon. DUNCAN GAY: Modelling on what? There are several areas—

The Hon. CATE FAEHRMANN: Traffic modelling. You have claimed that WestConnex will reduce traffic congestion. The question is: What modelling has been undertaken to demonstrate that WestConnex will reduce traffic congestion? What is that modelling?

Mr DUNCAN: I can confirm that preliminary through to conceptual modelling has taken place, and officers from both Transport for NSW and Roads and Maritime Services were involved in that with Infrastructure NSW officers.

The Hon. CATE FAEHRMANN: Could you table that modelling for the Committee?

Mr DUNCAN: It is not modelling that we have. It is modelling that was part of the Infrastructure NSW work.

The Hon. DUNCAN GAY: Which would be part of the Infrastructure Subcommittee of Cabinet; it would be a Cabinet document.

The Hon. CATE FAEHRMANN: So modelling that has been undertaken that the Committee cannot see, that is, secret modelling. Is conceptual modelling actual modelling? I am confused.

Mr DUNCAN: The WestConnex work has to be developed over the next nine to 12 months, so there will be further work that will occur on that.

The Hon. CATE FAEHRMANN: So, Mr Duncan, no modelling has been undertaken to justify the claims made today that WestConnex will reduce traffic congestion? No modelling has been undertaken. The Government has announced WestConnex and no modelling has been undertaken to suggest it will reduce traffic congestion?

The Hon. DUNCAN GAY: No, that is not correct.

The Hon. CATE FAEHRMANN: So it has been undertaken?

Mr DUNCAN: That is not what I said. I said preliminary through to conceptual modelling has been undertaken as part of the Infrastructure NSW work, and officers from other departments across government have seen that modelling and were involved in the development of that conceptual work.

The Hon. CATE FAEHRMANN: I am not sure whether conceptual modelling is real modelling or modelling in the clouds; I am actually not sure what that is. So, for clarity in this discussion, could that modelling be tabled for the Committee to see for itself?

The Hon. DUNCAN GAY: My understanding is that that is part of the Infrastructure Subcommittee of Cabinet and it is a Cabinet document. If it is not, we will certainly table it. The WestConnex annexure to the SIS is a joint document from Roads and Maritime Services, Transport for NSW and Infrastructure NSW.

The Hon. CATE FAEHRMANN: Usually, traffic modelling documents are not Cabinet in confidence. Minister, do you know what the "term traffic-induced growth" means?

The Hon. DUNCAN GAY: I have made a commitment that if this is not a Cabinet document we will table it. I am more than happy to do that.

The Hon. CATE FAEHRMANN: I move on to the next question then. Do you know what the term "traffic-induced growth" means?

The Hon. DUNCAN GAY: No, not off the top of my head.

The Hon. CATE FAEHRMANN: Does anybody around you know? Mr Wielinga?

Mr WIELINGA: "Traffic-induced growth" is also called "latent demand". When you have a certain capacity on the network there is a certain tolerance of people using that network, delays and so forth, for them to want to use the network. If you increase the capacity, that latent demand can be enriched because you get faster travelling times and you get a different traffic distribution or curve. There is a relationship between capacity on the road network and demand for its use.

The Hon. CATE FAEHRMANN: It also relates to the fact that generally new motorways fill up after a few years. Traffic-induced growth means that when you build it they will come.

Mr WIELINGA: Most of the good theory on congestion in a global city like Sydney talks about multifaceted strategies to deal with it. It is not just as simple as the capacity on the road network; it also takes into account supplementary policies like parking, and it takes into account the capacity of the public transport system to move people. Each situation is unique for each city. It depends on the combination of factors, and they collectively determine the outcomes that you achieve.

The Hon. PENNY SHARPE: Minister, I want to come back and ask one last question on the Pacific Highway, which you did not answer in the last round. It is that, all things being good in your neck of the woods and you get all of the money from the Federal Government that perhaps is coming, do you still concede that there is a \$680 million shortage in funding to complete the duplication of the Pacific Highway? And can you, and will you, commit to the State Government plugging that hole?

The Hon. DUNCAN GAY: No, I do not concede that it is \$600 million short. According to my arithmetic, there is \$1.54 billion from the State, \$3.86 billion from the current Federal Government, and \$2.1 billion from the current Opposition, which is a total of \$7.4 billion, which leaves a \$300 million shortfall. But I have to say that is a lot closer than the more than \$2 billion that we are currently short.

The Hon. PENNY SHARPE: You concede that there is a hole. I am not going to argue with you about the mathematics. I still say that it is \$680 million. Are you saying that the State Government will provide that funding?

The Hon. DUNCAN GAY: It is estimated that the cost is \$7.7 billion. By the Federal Opposition freeing up that \$2.1 billion—

The Hon. PENNY SHARPE: They have got to get elected first, Minister.

The Hon. DUNCAN GAY: If they keep going the way you guys are going they will not, but they are much better than you are. It is estimated that \$7.4 billion is the figure according to my arithmetic. Frankly, if we get as close as \$300 million, we will be excited. I reckon somewhere someone will find what is a relatively small amount. Three hundred million dollars is a still a large amount of money, but it is a couple of billion dollars closer than your friends in Canberra reckon.

The Hon. GREG DONNELLY: Minister, could I move to another line of questioning, and you can return to that if you wish?

The Hon. DUNCAN GAY: Sure.

The Hon. GREG DONNELLY: I would like to revisit the WestConnex project. Are you familiar with the full report of the First Things First, State Infrastructure Strategy 2012-2032, Minister?

The Hon. DUNCAN GAY: Yes.

The Hon. GREG DONNELLY: Have you had a chance to read through the document, or are you generally familiar with it?

The Hon. DUNCAN GAY: Well, let's hear your question? You are trying to set me up for something—I can feel it coming.

The Hon. GREG DONNELLY: You are familiar with the document though?

The Hon. DUNCAN GAY: I am familiar with the document in general terms. Let's have your specific question.

The Hon. GREG DONNELLY: In the section of that document to do with WestConnex, which is specifically the point I want to raise with you, it says that analysis indicates that WestConnex could primarily be funded by user contributions, supported by limited government support. That is a statement in the report. Does the Government actually support that statement?

The Hon. DUNCAN GAY: Would you repeat that statement for me?

The Hon. GREG DONNELLY: Yes. With respect to WestConnex, it says that WestConnex could be primarily funded by user contributions, supported by limited government support.

The Hon. DUNCAN GAY: Yes, I agree with that.

The Hon. GREG DONNELLY: Has the Government, having had a chance to reflect on this, moved to the position that it does believe that the project would in fact be primarily funded by user contributions, supported by limited government support?

The Hon. DUNCAN GAY: Can I answer it this way? As you know, the project has a target cost of about \$10 billion in today's money and will be partly funded by government and partly funded by tolls. Our Government has already committed \$1.8 billion and will be seeking additional funding from the current Australian Government. In fact, we have already had a pledge from the Opposition of \$1.5 billion. So there is substantial funding from us and from the Federal Opposition. But, as I indicated earlier, we have created the Sydney Motorways Project Office and it will do the detailed planning work, including the project definition, including reference, scope, costs and resource requirements, project milestones, including program staging—

The Hon. GREG DONNELLY: Minister, I am not looking for information about that organisation.

The Hon. DUNCAN GAY: The key is the point I am making now in response to your question. This is about funding. It will start the environmental assessment and the planning approval. We put \$30 million in. I have spoken to the Federal Government. It has indicated that it is going to put in \$25 million. Mr Chair, could I get—

The Hon. GREG DONNELLY: I want to ask a question about the funding arrangements. What you said, Minister, if I understand you, is that it would be funded partly by Government and partly by user contributions. Is that what you are saying?

The Hon. DUNCAN GAY: No, that is what you said, and I agreed with it.

The Hon. GREG DONNELLY: That is what you said in your answer to the question; that in fact it would be part government, part user.

The Hon. DUNCAN GAY: What is your question? You are wasting your own time now.

The Hon. GREG DONNELLY: I am just asking for clarification. This talks about primarily being funded by the consumer and part by government, but I understand your position is that it is simply part by government, part by consumer. Is that what you are saying?

The Hon. DUNCAN GAY: That is what I said.

The Hon. GREG DONNELLY: It is not the Government's position that consumers or road users would be the primary means of paying for the actual WestConnex itself?

The Hon. DUNCAN GAY: The statement that was made by Infrastructure NSW is an accurate statement. If we are to fund this, the 75 per cent, in round figures, needs to come from non-government sources.

The Hon. GREG DONNELLY: That is fine. I just want to get the proportions, that is all. It is at least 75 per cent?

The Hon. DUNCAN GAY: I did not say at least 75 per cent; I said around that figure. I talked about the project office, which has been set up on level 18 of Roads and Maritime Services at North Sydney to progress this, and they are going to do it properly.

The Hon. GREG DONNELLY: You have confirmed that; that is fine. In the same document it says—this is what I have been referring to—"alternate funding mechanisms, which may include some degree of value capture, will also be taken into consideration should the Government choose to proceed with the scheme". We

take it the Government has decided to proceed with the scheme. It says, "will also be taken into consideration". So there are other funding mechanisms. Has consideration been given to what those other funding mechanisms might be?

The Hon. DUNCAN GAY: That is a job for the Sydney Motorways Project Office.

The Hon. GREG DONNELLY: Moving on then and, once again, quoting from the same page, it says, "An element of private funding would be adopted to manage the project delivery's risk. But given the pricing of risk in the current financial markets, government financing and risk sharing may also be required to ensure a value for money outcome." What do you make of that statement in the report?

The Hon. DUNCAN GAY: It stands there as a statement. We need a value-for-money outcome, and that is going to be the task of the Sydney Motorways Project Office.

The Hon. GREG DONNELLY: The first part of what I have said is, "Government financing and risk sharing may also be required". The question I want to get to is: Do you have a view about whether the Government should, in fact, be involved in this risk sharing, as proposed by this report?

The Hon. DUNCAN GAY: We already are—\$1.8 million in there, and a commitment from the Federal Opposition for a further \$1.5 million.

The Hon. GREG DONNELLY: With the greatest respect, Minister, that is not what risk sharing is referring to here; this is referring to something else. This is talking about the current financial markets and the current economic situation we find ourselves in. It makes a very clear statement that it believes that the Government may have to consider financing and risk sharing the project. Do you have a view about that?

The Hon. DUNCAN GAY: The answer that I have given before is the proper answer to that. That is the recommendation that came out and Cabinet has made a decision on that and we are referring the development to the Sydney Motorways Project Office. It has been created; I will be the Minister that is responsible for it; the chair of the board will be the head of Transport for NSW, Les Wielinga; they will answer straight through Peter Duncan; there will be a mix of Infrastructure NSW people and our people on that; there will be State and Federal money. Do you want to add anything, Les?

The Hon. GREG DONNELLY: Minister, I think that is as far as I can go with that particular question.

The Hon. DUNCAN GAY: Les might want to add something.

The Hon. GREG DONNELLY: Can I move to another aspect of the question that I want to ask? In terms of the issue which is of great interest to the community—distance tolling and the capping of distance tolling—that is going to be part of the consideration for this project?

The Hon. DUNCAN GAY: The capping of distance tolling will not be part of the consideration because we have already indicated that distance tolling will be capped. The project office will work through the financing options. We need to consider the best one that is available, given the failure in Sydney of projects like the Cross City Tunnel and the Lane Cove Tunnel projects under the previous Government. That is why we are being careful in doing this. The more money the Federal Government puts in here the better and the sweeter this is going to be.

The Hon. GREG DONNELLY: Of course. If the Feds can bail you out that would make you very happy. But in terms of the capping and your commitment to the capping, as I understand your answer, are you committed to a cap, as recommended by Infrastructure NSW, of a maximum of \$7?

The Hon. DUNCAN GAY: We have always indicated that the situation on the M7, where there is a cap of \$7, is a sensible one to look at as the potential cost. You have asked me questions and your colleagues have asked me questions in the House. There is a limit that people will not pay. Whilst we have indicated there will be a cap at around that M7 mark, which is around that \$7 mark, for it to go higher means that people will not use it. It is not a matter of just building roads, as Cate said in part of her question, and people will come. They will not always come if the price is too dear and the thing does not work, as we have seen in a couple of the ones that you built, particularly the Cross City Tunnel.

The Hon. GREG DONNELLY: That is a definite maybe, okay. On the issue with respect to sections of the M4 and the M5 that taxpayers have paid for already, will those parts, under the proposition that is being looked at, be subject to tolling?

The Hon. DUNCAN GAY: My comments on tolling are well-known and I have not changed.

The Hon. GREG DONNELLY: This is a very specific question.

The Hon. DUNCAN GAY: My comments on tolling are quite specific as well.

The Hon. GREG DONNELLY: So that is a yes.

The Hon. DUNCAN GAY: My comments on tolling: if there is a major upgrade to a road we would look at it. We will only toll roads that have not got a current toll if there is a major upgrade.

The Hon. GREG DONNELLY: With respect to WestConnex, would you call that a major upgrade?

The Hon. DUNCAN GAY: Let us wait and see what comes out of the group.

The Hon. GREG DONNELLY: You do not think WestConnex is a major upgrade?

The Hon. DUNCAN GAY: Let us wait and see. The project office is doing the finance structure, not me. I will wait to get it and it will be a decision that we will either recommend or not to Cabinet on what is in there.

The Hon. GREG DONNELLY: I may come back to that shortly.

The Hon. DUNCAN GAY: Mr Chairman, can I get a clarification? Is it a contempt of the Committee if members who are part of the Committee are communicating through Twitter, indicating things were said in here that may not have been said in here? For example, Penny Sharpe has tweeted that "RMS set up another committee for roads infrastructure. I thought Transport for NSW was supposed to reduce duplication." I want to know where Parliament stands on a committee when a member—

The Hon. GREG DONNELLY: You are cutting up my time deliberately.

The Hon. DUNCAN GAY: I am willing to give you extra time on this because I want clarification on this.

ACTING-CHAIR: Order! A contempt in this matter would be a severe interference with the Committee process. Although members should not be tweeting while they are participating in this budget estimates hearing this afternoon, it is not a contempt. I will restart the clock.

The Hon. DUNCAN GAY: Thank you for the clarification.

The Hon. PENNY SHARPE: On what basis can you say what we can or cannot do during the Committee meeting? Are you saying we cannot read or look at emails? There is absolutely no standing order in relation to this. This is a public hearing. If I was sitting up in my office I could be doing exactly the same as what I am doing here. There is no rule about whether we can or cannot sit here and do work.

The Hon. GREG DONNELLY: What about iPads? If I have an iPad, Mr Chair, does that require a separate ruling?

The Hon. AMANDA FAZIO: Can I say as a member of the Privileges Committee that a matter relating to the use of twitter in the Chamber and whether that breached parliamentary privilege was referred to the Privileges Committee. The Privileges Committee did not find that that constituted a breach of privilege. I fail to see that there would be a difference in this comparison.

The Hon. DUNCAN GAY: I was only looking for clarification.

The Hon. AMANDA FAZIO: No, you are looking at taking up time.

ACTING-CHAIR: Order! I have been asked a question. I will now give my answer to the question. The Minister asked whether it was contempt of the Committee. I have ruled that it was not. We will now continue with the questioning. The honourable member has the call.

The Hon. PENNY SHARPE: And honourable members are free to participate in the way in which they choose.

ACTING-CHAIR: I said that members should not be tweeting during their actual participation.

The Hon. PENNY SHARPE: It is not up to you to say that.

ACTING-CHAIR: I did not say members shall not. I said members should not be tweeting.

The Hon. PENNY SHARPE: It is not up to you with respect, Mr Chair.

The Hon. DUNCAN GAY: Are people before the Committee in a position to address issues raised by tweets?

The Hon. AMANDA FAZIO: No, you are not.

The Hon. DUNCAN GAY: That seems very strange.

The Hon. AMANDA FAZIO: Because you are here to answer questions, as you well know.

The Hon. PAUL GREEN: Point of order: Can we get back to the Roads portfolio? We have a few questions. I cannot tweet them to the Minister because I do not have my mobile phone.

The Hon. GREG DONNELLY: How much extra time do I get? I am due to finish at 3.02 p.m. and I have lost almost five minutes.

ACTING-CHAIR: I have re-started the clock.

The Hon. GREG DONNELLY: Minister, with respect to the M2 to F3 unsolicited proposal from Transurban, which you are familiar with, you are considering that at the moment?

The Hon. DUNCAN GAY: No, I am not. It is with the Department of Premier and Cabinet [DPC] at the moment. We indicated that that is where it went in the first place. If it comes out of the Department of Premier and Cabinet with a recommendation it would go into our Sydney Motorway Project office as well and sit beside WestConnex. It has to be evaluated where it is currently in the Department of Premier and Cabinet. As I indicated at the time, I am quite excited about it, as I think a lot of people in Sydney are, but it has to add up. It definitely has to add up.

The Hon. GREG DONNELLY: I understand your comments from your earlier statements in the media about it. With respect to what you have said as to a referral to DPC, does that mean at the moment there is no consideration in terms of any element of it with respect to your portfolio responsibility whilst it is in that sort of consideration position at DPC?

The Hon. DUNCAN GAY: Rather the contrary. All parts are being considered and whether it should go ahead for a more detailed situation.

The Hon. GREG DONNELLY: By your department?

The Hon. DUNCAN GAY: I can give you a detailed answer if you would like one.

The Hon. GREG DONNELLY: No, it is just a straightforward question. You indicated in answering the first part of my question that it had gone off to DPC.

The Hon. DUNCAN GAY: I am trying to save your time. I thought I had answered the question. I am trying to help you.

The Hon. GREG DONNELLY: That is very generous. You said it has gone to DPC, but there is in fact analysis going on in your department now about the proposition?

The Hon. DUNCAN GAY: We are working to the guidelines. There is a three-stage process for unsolicited bids.

The Hon. GREG DONNELLY: Which guidelines are they? Which document?

The Hon. DUNCAN GAY: The guidelines from the Government on receiving unsolicited bids.

The Hon. PENNY SHARPE: Would you be able to provide those to the Committee or take it on notice and provide them?

The Hon. DUNCAN GAY: It is a public document on the Treasury website. It is in the second stage. The committee part of Premier and Cabinet that is examining it has Transport for NSW, and Roads and Maritime representatives, amongst others, on it.

The Hon. GREG DONNELLY: As you would be aware, the Infrastructure NSW report indicates that the Government should look at allocation of risk to encourage public-private partnerships. That is at page 203. Given this, there is a greater need to ensure transparency and value for money on behalf of New South Wales taxpayers when looking at projects. Minister, what steps are you taking to ensure that the proposal is subject to competitive tension with the requisite transparency and integrity required with something as large as this?

The Hon. DUNCAN GAY: Which one? Are you talking about WestConnex?

The Hon. GREG DONNELLY: No, I am talking about the proposition with respect to the M2 to F3.

Mr WIELINGA: The working guidelines for privately financed projects deal with this issue as well. The simplest terms that I can explain it is when an unsolicited proposal comes in, if it does not satisfy the requirement of uniqueness that makes it stand alone in most circumstances in the efforts to go ahead there would be a competitive tendering process. The unsolicited proponent would be told that. But the guidelines require the looking for that uniqueness.

The Hon. GREG DONNELLY: So it has got to get over that first hurdle?

Mr WIELINGA: It does. It is one of the stages that needs to be looked at.

The Hon. GREG DONNELLY: What you have just said is in the guidelines? That question about the uniqueness of the project is one of the components in the guidelines?

Mr WIELINGA: Yes. These guidelines explain the process for—

The Hon. GREG DONNELLY: Thank you. They are in the guidelines. That is fine. I can look at those later. In terms of safeguards to be considered against what could be considered monopoly ownership of such a significant and big project, is that high in your consideration in terms of looking at something like this? It is a very major link, very significant in terms of traffic throughput, and obviously monopoly control of such an asset is very significant.

The Hon. DUNCAN GAY: It is a fair question and it is certainly something that they would be looking at. I guess the things that give concerns on monopoly also give the project connectivity and an ability to perform better because the same owner—or a similar owner, not exactly the same—has projects on either side of it. That gives them probably a unique ability to be able to deliver something cheaper, maybe. But that is the decision and one of hundreds of issues that will be addressed by others.

Mr WIELINGA: The question of competitiveness in these sorts of projects always arises. Even in a situation where an unsolicited proposal has been accepted, very often the requirement is for the major components of that work to still be contracted out even though the person with the unique proposal maintains a

portion of it. For major infrastructure and services generally they look for a way of competitively tendering that to get the best value for money.

The Hon. PENNY SHARPE: Minister, can you tell the Committee what the current condition of the Windsor Bridge is?

The Hon. DUNCAN GAY: It is the oldest existing crossing of the Hawkesbury River. We have investigated the condition of the existing bridge and frankly found it is nearing the end of its useful life and needs to be replaced. In fact it is not just us. A member of the Labor Party, the Hon. Eric Roozendaal, announced in 2008 that it should be replaced.

The Hon. PENNY SHARPE: I just wanted to ask you what your understanding of the condition of the bridge is. You are saying it needs to be replaced. Given the condition of the bridge, why have you recently upgraded the load rating of the bridge by nearly 50 per cent?

The Hon. DUNCAN GAY: We would have to confirm that.

The Hon. PENNY SHARPE: Can you confirm to the Committee that basically it has been upgraded—and this has happened over time—to 60 tonnes for B-double trucks recently? Can you tell us a date on which that was upgraded and obviously provide an explanation as to why the limit has gone up so high if it is in such poor condition?

The Hon. DUNCAN GAY: It may well have been a safety issue, but certainly we will take that on notice.

ACTING-CHAIR: Order! Before I move to the crossbench, for the information of Committee members I return to the question raised about tweeting during the proceedings this afternoon. Although there is nothing in the standing orders that specifically addresses this, and I know that it has been raised from other committees but not during the process of the actual Committee taking place, it is not a breach of privilege unless there is a disclosure of any confidential material. However, the concern in relation to it is the potential for the practice to undermine the workings of the Committee. Although there is nothing specific in the standing orders to ensure that the proceedings this afternoon are not undermined by any of those activities, I am asking members to wait until the end of the proceedings before they resume tweeting.

The Hon. PENNY SHARPE: Although I do not want to take up any of the member's time, I indicate that I disagree. I do not believe that you have any ability to stop us from doing that.

ACTING-CHAIR: I am not telling you that you cannot do it; I am asking. There is a concern and I am clarifying why I say members should not do it.

The Hon. PENNY SHARPE: Sure.

ACTING-CHAIR: I explained my reasoning for saying that members should not do it. However, I have nothing to refer to in the standing orders to stop members from doing it. I just wanted to clarify that.

The Hon. PAUL GREEN: Thank you, Mr Chairman.

The Hon. DUNCAN GAY: Mr Green, I have two quick answers.

The Hon. PAUL GREEN: You can give them to me after my two quick questions, Minister.

The Hon. CATE FAEHRMANN: Or maybe take them on notice.

The Hon. PAUL GREEN: Just put them on notice.

The Hon. DUNCAN GAY: Yes, I am happy to do that. The Holman Bridge in Gooloogong will be replaced.

The Hon. PAUL GREEN: Minister, given that higher mass vehicles will be a large part of the future of transport, and given that large trucks quite often travel on very vulnerable and failing roads and that in some

parts of rural New South Wales they tear up the centre of towns, what will the Government be doing to engage in consultation before changing any roads or routes to higher mass limits?

The Hon. DUNCAN GAY: This question relates particularly to your former mayor's hat and local government. For example, this week I announced volumetric loading of livestock. It has taken 30 years for this to happen. It is a great thing for regional New South Wales. But within that, there has been huge consultation with local government. Local governments have the power to set the mass limits on their roads. They will continue to do that. We have worked with them and local governments have indicated that they are happy in the main for this to happen. We worked through the Local Government and Shires Associations on this and had a lot of meetings. Peter Duncan from Roads and Maritime Services has indicated that he will be putting extra money in there to help them with the signage. Their main concern is about their bridges.

We have indicated that while we will do it on our roads immediately, we will start a little later on local government roads where councils want them. The short answer is that local governments retain the right to make those decisions, but we will always consult with them. The Shoalhaven bridge has not started but it will go to tender in the next two months.

The Hon. PAUL GREEN: Thank you. In regard to the flashing lights strategy, I know that you have done a great job of increasing those flashing lights. Could you tell me what criteria are used to install them? I put it to you that maybe a preschool or a primary school should be a higher priority than a high school in most cases, not all cases. How do you prioritise that, given the younger kids crossing the road and road sense? How many have you installed? Finally, can a school lobby be lifted up through the priority list if it is a preschool or a primary school?

The Hon. DUNCAN GAY: I will answer the last question first. It is very hard for a school to lobby. Schools can, and they can talk to us; then we talk to Marg. Marg Prendergast has just been made the head of our road safety area.

The Hon. PAUL GREEN: Congratulations.

The Hon. DUNCAN GAY: This is Marg's first budget estimates. I will get her to answer your question in detail. As you know, we have added extra money to this. We have specifically added money for the regional areas because the traffic numbers in regional areas dictated that virtually no regional schools were getting them initially. That is why we added a bit extra and we are making some changes to the provision of them. Marg will tell you about the criteria. They make these decisions; I do not make them.

Ms PRENDERGAST: The criteria do not relate to age, particularly. We still have a very strong theory that if you are under 10, you should be accompanied and holding someone's hand on approaching the open road environment. The criteria are very much around the crash risk—either crash history or potential risk; pedestrian movement, actual pedestrian volumes; traffic volumes; approach speed is an important one—what is the speed on approach to the 40-kilometre an hour zone, and therefore what is the risk of them still having a higher speed as they enter the school zones; and sight lines. We have to consider local characteristics at these locations. What is the site like? What is the visibility from both a pedestrian and a vehicle? There is a crash risk model. We actually enter all schools. There are 10,000 school zones and over 3,000 schools. We enter that into the model and there is a calculation. We do allow for some community input as well to factor into it, but it is an equation based on those risk factors to which I alluded.

The Hon. PAUL GREEN: Thank you for that very concise answer. Is a disadvantaged area a factor where kids quite often go to school on their own, unfortunately? Ideally, they should be holding someone's hand, but what about disadvantaged schools where they have a high proportion of kids that come from broken families who quite often have to cross those roads themselves? Is that one of the factors?

Ms PRENDERGAST: That is not. Socio-economic is not a factor.

The Hon. PAUL GREEN: It certainly is in our area because this particular school does not have flashing lights.

Ms PRENDERGAST: No.

The Hon. PAUL GREEN: This particular school does not have flashing lights, but all the other schools do. I would have thought that would have been the first school in our area that would have got them, for instance.

Ms PRENDERGAST: It is not a factor in the risk assessment as at present. That would come from local community input or input from the schools. We have a very clear system. We have a safety around schools coordinator at Roads and Maritime Services who is in contact with schools and local government. There are other avenues through which to highlight local issues such as that.

The Hon. PAUL GREEN: I am pretty sure they lobbied initially, but before this Government, and they still do not have them, which is surprising. Minister, can you update the Committee on where the Richmond Road project is up to? Is it on budget and on time?

The Hon. DUNCAN GAY: We put extra money in this year for Richmond Road. If you give me some time I will certainly let you know. If I do not come back to you by the conclusion of today's proceedings, I will certainly take that question on notice.

The Hon. PAUL GREEN: Thank you. I refer to Infrastructure NSW looking after infrastructure. Do you see the F6 extension as a priority for the Government? If so, where do you see it fitting in?

The Hon. DUNCAN GAY: Certainly. Before I come to the F6, there is extra money in this year's budget—\$20 million for the Towson Road intersection—but as to whether it is on budget or not, I will come back to you on this. The F6 corridor is a critical corridor. Certainly in our 20-year plan, our Transport for NSW plan and Infrastructure NSW plan, the key to the F6 is locking in place that corridor. It is one that we need to do. It was one that we considered to be the key missing links that we put into Infrastructure NSW. As we have seen, the recommendation that came out of Infrastructure NSW was WestConnex. But included in that and our transport master plan is the protection of the corridor.

The Hon. PAUL GREEN: Where in the priority is The Bells Line of Road, or expressway?

The Hon. DUNCAN GAY: The Bells Line was once again in the Infrastructure NSW plan and in the Transport for NSW master plan. The key commitment we made leading into the election was a corridor. The key part of the corridor that needs to be protected on Bells Line is the eastern escarpment corridor. Not an easy one but that is certainly one that we will be looking at.

The Hon. CATE FAEHRMANN: Minister, Infrastructure NSW says WestConnex will deliver more than \$15 billion to the State's economy. Have you seen a cost-benefit analysis that says that?

The Hon. DUNCAN GAY: I have not seen that cost-benefit analysis, but I am sure they would not make that statement without proper backup.

The Hon. CATE FAEHRMANN: Your Government has announced that WestConnex will be built?

The Hon. DUNCAN GAY: Yes.

The Hon. CATE FAEHRMANN: So have you, or any of your officers around the table, seen the cost-benefit analysis behind WestConnex?

The Hon. DUNCAN GAY: There is a VCR always attached with any piece of infrastructure. Certainly at Roads and Maritime Services we would have seen it.

The Hon. CATE FAEHRMANN: Which officers around the table have been instrumental in advising you on WestConnex and have they seen a cost-benefit analysis that says that WestConnex will bring a \$15 billion benefit to the economy?

The Hon. DUNCAN GAY: That was done through the infrastructure committee. I am not a member of the infrastructure committee of Cabinet. If that is a public document, I will get it for you.

The Hon. CATE FAEHRMANN: You are the roads Minister and this is a toll road. You are suggesting that the infrastructure committee may have seen modelling that this toll road will reduce congestion

and may have seen a cost-benefit analysis, but you and your officers around the table have seen neither of those documents, and you have announced WestConnex.

Mr WIELINGA: It is important that I explain the dynamics happening here.

The Hon. CATE FAEHRMANN: I think that is a no.

Mr WIELINGA: Infrastructure NSW prepared a State infrastructure strategy that contained a number of projects including the WestConnex project. They initiated the work, working with their own teams and consultants in preparing a package and a recommendation to government. They facilitated the economic analysis, the conceptual development of the project, et cetera, and made a recommendation to government. Our process is in implementing government policy. The Government has made a policy decision to deliver this project—

The Hon. CATE FAEHRMANN: That is why I am directing the question to the Minister because he is the Government.

The Hon. DUNCAN GAY: And, as I indicated, there are a number of Cabinet subcommittees. Not every Minister serves on each one of them. The Minister who serves on the infrastructure subcommittee of Cabinet representing transport is my colleague the Minister for Transport. I serve on housing, I serve on planning and I serve on others because we cannot serve on all of them. Roads and Maritime Services was part of the working group for WestConnex and I am sure members of the Roads and Maritime Services team that was there would have seen that. Mr Wells and Mr Fogarty were not on a day-to-day basis in that. This is the sort of information that would have been there and it is certainly part of our development as we go forward.

The Hon. CATE FAEHRMANN: What role did you have in the Government's approval and sign-off on WestConnex? As roads Minister, what role did you have in that?

The Hon. DUNCAN GAY: I was part of Cabinet. The Premier put the paper to Cabinet.

The Hon. CATE FAEHRMANN: Did you have final sign-off on that or did the Premier and Cabinet? Did you recommend it be built?

The Hon. DUNCAN GAY: I certainly supported it being built because we were part of the working group associated with it, and they kept us briefed as they went ahead.

The Hon. CATE FAEHRMANN: Do you think any Government Minister has seen a cost-benefit analysis into WestConnex or seen traffic modelling that shows it will reduce congestion in Sydney?

The Hon. DUNCAN GAY: As I said before, I cannot answer that specific question because I am not part of the infrastructure committee.

The Hon. CATE FAEHRMANN: It certainly sounds to me as though the Government does not have before it a cost-benefit analysis into WestConnex or traffic modelling that shows it will reduce traffic congestion. That is what it is sounding like.

The Hon. DUNCAN GAY: I cannot comment on something I am not part of.

The Hon. CATE FAEHRMANN: But you are the roads Minister.

The Hon. DUNCAN GAY: I am the roads Minister and I certainly support this. The information that was made public would have been released with proper procedure in place.

The Hon. CATE FAEHRMANN: By whom—by the Government and you as roads Minister?

The Hon. DUNCAN GAY: By the groups that did the reviews on it.

The Hon. CATE FAEHRMANN: This is extraordinary.

The Hon. DUNCAN GAY: No, it is not.

The Hon. CATE FAEHRMANN: We have a \$10 billion project—

The Hon. DUNCAN GAY: This is a \$10 billion project that is about to—

The Hon. CATE FAEHRMANN: It is extraordinary that you have not seen a cost-benefit analysis into it and you cannot tell me who has.

The Hon. DUNCAN GAY: That is about to go on the proper development. This is about to go into the committee for proper development. What you were asking was—

The Hon. CATE FAEHRMANN: But you have committed to it.

The Hon. DUNCAN GAY: Was there a VCR done in there, was a cost-benefit analysis done, and my answer was yes.

The Hon. CATE FAEHRMANN: Could you table that cost-benefit analysis, please?

The Hon. DUNCAN GAY: You asked me whether I saw that cost-benefit analysis and I said no. I have already indicated that if it is a public document I will table it.

The Hon. CATE FAEHRMANN: There are two documents now. You have committed to tabling the traffic modelling. Now you have just committed to tabling the cost-benefit analysis, if there is one.

The Hon. DUNCAN GAY: That is correct.

The Hon. CATE FAEHRMANN: Will there be dedicated public transport corridors on WestConnex?

The Hon. DUNCAN GAY: Yes.

The Hon. CATE FAEHRMANN: Can you describe what type of public transport corridors?

The Hon. DUNCAN GAY: Certainly in general terms there will be bus corridors, but as far as the detail, we can get the detail. Some of the detail will be part of the development.

The Hon. CATE FAEHRMANN: So you are committing today that there will be dedicated bus-only corridors on the new WestConnex?

The Hon. DUNCAN GAY: I indicated that there certainly would be public transport corridors.

The Hon. CATE FAEHRMANN: On the F3 or M2 link? Are there dedicated public transport corridors, bus corridors, on those as well?

The Hon. DUNCAN GAY: I cannot answer that definitively. I will take that on notice.

The Hon. CATE FAEHRMANN: Are you supportive of the slot concept on Parramatta Road for WestConnex?

The Hon. DUNCAN GAY: We are supportive of the process. As we indicated, we are going to take it back in and have a careful look at the development. It has worked in other areas and there is certainly a cost benefit in doing that, provided you do it properly.

The Hon. CATE FAEHRMANN: Do you know how much money is saved building it as a slot rather than as a tunnel?

The Hon. DUNCAN GAY: I could not tell you that off the top of my head.

The Hon. CATE FAEHRMANN: Could you please provide that on notice?

The Hon. DUNCAN GAY: Sure.

The Hon. CATE FAEHRMANN: Mr Wielinga, what do you think of the slot concept as compared to a tunnel on Parramatta Road?

Mr WIELINGA: My understanding of the objectives of Infrastructure NSW was that they were looking for a strong link between land use and transport. I believe their intentions were to facilitate development in that area, to give people access to both road and public transport along the corridor.

The Hon. CATE FAEHRMANN: Are you comfortable with Parramatta Road being ripped up for several years while that takes place?

Mr WIELINGA: Looking at the buildability and the construction of it is part of the exercise the motorway group will have to do. All this information will have to go into an environmental impact statement that needs to be prepared, not only for buildability of the project but how we facilitate the movement and our transport system. The economic and financial impacts, the proposed tolling arrangements, the scope of the project and how it fits in to the rest of the network are all yet to come.

The Hon. CATE FAEHRMANN: Minister, how do you feel if Parramatta Road has to be ripped up for several years and the impact that would have on local businesses and residents?

The Hon. DUNCAN GAY: Certainly you would have to try to minimise the impact on residents and businesses. Until we have the concept of how it would be staged we do not know the exact ramifications. Certainly we have to try to minimise that, and I can certainly understand your concern.

The Hon. CATE FAEHRMANN: It would be much more inconvenient for residents and businesses than bike paths in the city, would you not think?

The Hon. DUNCAN GAY: It is all relevant.

The Hon. CATE FAEHRMANN: How is it relevant? Relevant or relative?

The Hon. DUNCAN GAY: It is relevant that they do not have a road that works at the moment, and potentially they will have something that works and is better. I am not sure that the other one works.

The Hon. CATE FAEHRMANN: There have been a fair few comments about the fact that works on the Eastern Distributor would divide the community, for example, because there is a park on the other side. Have you heard those concerns?

The Hon. DUNCAN GAY: I have heard those concerns and they are the sorts of issues we need to work through with the community. That is why we are taking it into detailed planning to address those concerns and work through them with a community. We do not need communities divided and we do not need businesses unduly interfered with. There is a price for progress, as I quite often indicate when we are building things, but we have to make sure that that price is not too much for our community.

The Hon. CATE FAEHRMANN: On the issue of bike paths in the central business district, the draft transport master plan says at page 161, "We will introduce temporary measures to establish and assess user demand before making more permanent changes." Could you explain what temporary measures mean at page 161 of the draft transport master plan?

The Hon. DUNCAN GAY: That is one for my colleague Gladys Berejiklian.

The Hon. PENNY SHARPE: He does not do bikes anymore.

The Hon. AMANDA FAZIO: They took bicycles off him because he has been so publicly opposed to bike racks.

The Hon. GREG DONNELLY: And he does not look good in lycra either.

The Hon. DUNCAN GAY: That is true. I have never been there, but I have always made that assumption.

The Hon. CATE FAEHRMANN: Minister, I would appreciate it if you did not respond to interjections during my question time. Regarding the M5 tunnel, I was pleased when you announced in August that fixed signs would be directed at both entrances to the M5 tunnel to warn motorists to close their windows and use recycled air. You know that I have been asking about that for some time.

The Hon. DUNCAN GAY: You sure have.

The Hon. CATE FAEHRMANN: Have these signs been installed?

The Hon. DUNCAN GAY: Because Hansard cannot record my photo, I will indicate that the answer is yes.

The Hon. CATE FAEHRMANN: Is that an electronic sign?

The Hon. DUNCAN GAY: They are the signs. They are already there. The ones we promised we would put there, we actually have put there.

The Hon. JOHN AJAKA: A picture is worth a thousand words.

The Hon. CATE FAEHRMANN: That is good to see.

ACTING-CHAIR: Would you like to table that document Minister?

The Hon. CATE FAEHRMANN: It is good to see.

The Hon. DUNCAN GAY: I am not sure if it works, but I am happy to table it.

The Hon. CATE FAEHRMANN: I acknowledge good work by governments if and when it happens. Minister, you announced also that a public education campaign will be conducted by booklet and online. I have looked at the RMS website and could not find this campaign. Does the campaign exist? Am I looking in the wrong place?

The Hon. DUNCAN GAY: We are currently working on this. No, it does not exist yet, but we will be doing it as I indicated.

The Hon. CATE FAEHRMANN: So you will commit to doing it?

The Hon. DUNCAN GAY: We have committed and whilst it is not there yet, it will be there.

The Hon. CATE FAEHRMANN: Is it your understanding that greenhouse gas emissions from cars and trucks make a contribution to climate change?

The Hon. DUNCAN GAY: I will accept your premise.

The Hon. CATE FAEHRMANN: Is it your understanding?

The Hon. DUNCAN GAY: Sorry?

The Hon. CATE FAEHRMANN: Is it your understanding that—

The Hon. JENNIFER GARDINER: I do not pretend to be an expert in this area. What is your question?

The Hon. CATE FAEHRMANN: My question is: Is it your understanding that greenhouse gas emissions from trucks and cars contribute to climate change, as the Minister responsible for cars on roads?

The Hon. DUNCAN GAY: It is my understanding that a lot of people believe that.

The Hon. CATE FAEHRMANN: Are you suggesting that you do not believe that?

The Hon. DUNCAN GAY: What is your question?

The Hon. CATE FAEHRMANN: Is it your understanding, not other people's understanding?

ACTING-CHAIR: Unfortunately, your time has expired.

The Hon. DUNCAN GAY: Mr Chair, I would like to make a brief statement. I am happy to give whoever wants an extra question at the conclusion regarding this. The WestConnex BCR is 1.5. It is in the document and on the website. If you invest a target of \$10 billion, the return is \$15 billion.

(The witnesses withdrew.)

[Short adjournment]

DOM FIGLIOMENI, Chief Executive Officer, Port Kembla Port Corporation, Department of Transport,
GARY ALAN WEBB, Chief Executive Officer, Newcastle Port Corporation, Department of Transport,
JOHN GRANT GILFILLAN, Chief Executive Officer, Sydney Ports Corporation, Department of Transport,
RACHEL JOHNSON, Deputy Director General, Freight and Regional Development, Transport for NSW, and
TONY MIDDLETON, Director Maritime, Roads and Maritime Services, sworn and examined:

ACTING-CHAIR: We will now examine the Ports portfolio. We will commence with Opposition questions.

The Hon. PENNY SHARPE: Minister, the Government has indicated that you intend to increase the cap, or remove it, on container throughput at Port Botany. The current consent conditions impose a cap of 3.2 million containers. Will you commit to a full environmental assessment and independent determination as part of any changes to the cap?

The Hon. DUNCAN GAY: Thank you for that question. You are correct that the Government has indicated that we are likely to reach the 3.2 million TEU planning cap by 2017, which, as you know, is many years earlier than anticipated. The cap had to be removed to ensure the use of the port is not artificially restricted and the fact that the expansion Sydney Ports Corporation has put in place already has increased the capacity of the port well beyond the current cap. The decision has been made on the basis that measures are being put in place to improve traffic congestion in the precinct, the Enfield Intermodal, the PBLIS and the track marshalling yard at Moorebank. Ms Johnson, do you want to add anything?

The Hon. PENNY SHARPE: Specifically, if you get beyond the 3.6 million are you committed to a full environmental assessment and independent determination for any further changes?

The Hon. DUNCAN GAY: Certain procedures need to be done when that happens, which includes environmental et cetera. We will certainly adhere to the proper planning procedures.

The Hon. PENNY SHARPE: Are you looking at increasing the cap beyond 3.6 million?

The Hon. DUNCAN GAY: We are lifting the cap.

The Hon. PENNY SHARPE: I want to talk about freight on rail targets. There has previously been a freight on rail target of 40 per cent. I understand that that has been reduced recently to 18 per cent. Can you confirm what the current arrangements are for freight on rail movements at Port Botany?

The Hon. DUNCAN GAY: I am sorry, I missed the question.

The Hon. PENNY SHARPE: The question is about the percentage of freight movements on rail, the freight on rail targets. Under Labor the targets were 40 per cent. My understanding is the target has been reduced, I want to know what the current target is.

The Hon. DUNCAN GAY: The current target is 28 per cent, which is a doubling of where it was when we came in.

The Hon. PENNY SHARPE: The target was 40 per cent and you are saying that it is now 28 per cent, is that correct?

The Hon. DUNCAN GAY: What I am saying is the percentage of freight that was carried by rail when we entered Government was 14 per cent. There was a target of 40 per cent that the world knew was a joke, a target that was never going to be achieved. It was so farcical that people had given up on it. What we put in place is a real world target of 28 per cent, which is going to be tough to get to. That is a doubling of what we inherited when we first came to Government. It is a key performance indicator [KPI] that is there in the letter sent to me by the Premier and one I will be working towards.

The Hon. PENNY SHARPE: What is the latest data on the proportion of container freight moved by rail?

The Hon. DUNCAN GAY: I could not tell you that off the top of my head, but I am happy to take it on notice. I do have the information, it is currently 14 per cent.

The Hon. PENNY SHARPE: There was a target of 40 per cent, the target is now 28 per cent?

The Hon. DUNCAN GAY: Yes.

The Hon. PENNY SHARPE: You are saying that target is aspirational. It is not a locked-in target?

The Hon. DUNCAN GAY: No, the target that the former Government had of 40 per cent was aspirational and the people involved in the port knew it was a joke. Our target is not aspirational.

The Hon. PENNY SHARPE: You will meet the 28 per cent target?

The Hon. DUNCAN GAY: That is a target I have to meet.

The Hon. PENNY SHARPE: By when?

The Hon. DUNCAN GAY: It is in my KPIs. By 2020.

The Hon. PENNY SHARPE: I am interested in the privatisation arrangements for Port Botany and Port Kembla and, in particular, the charges and who will set the charges in relation to wharfage, navigation and pilotage. Are you able to inform the Committee about that?

The Hon. DUNCAN GAY: That is part of the transaction and should have been asked of the Treasurer.

The Hon. PENNY SHARPE: Can I confirm you will not answer any questions about privatisation of the ports?

The Hon. DUNCAN GAY: I will not answer questions on the lease because that is for the Treasurer. I have to say I was surprised when a statement was put to the Treasurer that there are no questions in this area.

The Hon. PENNY SHARPE: Minister, given the impending sale of Port Botany, who is going to administer the Port Botany improvement strategy, the Government or the new operator?

The Hon. DUNCAN GAY: That is part of the scope and study that is going forward.

The Hon. PENNY SHARPE: You do not know?

The Hon. JOHN AJAKA: That is not what he answered.

The Hon. DUNCAN GAY: That is not what I answered.

The Hon. AMANDA FAZIO: Do not interject.

The Hon. PENNY SHARPE: Minister, are you able to say which agency will administer the powers under the Ports and Maritime Administration Act to set performance standards, penalties and other measures?

The Hon. DUNCAN GAY: I missed the first part, I apologise.

The Hon. PENNY SHARPE: I want to know which agency is going to then administer the powers under the Ports and Maritime Administration Act to set performance standards, penalties and other measures to ensure compliance and ongoing efficiency of the port?

The Hon. DUNCAN GAY: You asked me a question to do with the transaction and scoping and I indicated that was an area for the Treasurer. You indicated that you understood that but you are still asking me questions in the same area.

The Hon. PENNY SHARPE: I thought you might have a view on that. I am specifically asking about the transaction. I am asking about the details of who is going to be in charge of what under any scenario. If you do not want to answer that is fine.

The Hon. GREG DONNELLY: I have a related question, Minister. I understand what you say in terms of the financial transaction, but will you as the Minister for Roads and Ports, with the portfolio responsibilities you have that cover Port Botany, have to be involved in preparing legislation to take before the Parliament in regard to the matter?

The Hon. DUNCAN GAY: Yes. When you talk about the land side there is one thing I can say, whilst it is the area of the Treasurer, is that the Government will be in charge, not the private operator.

The Hon. GREG DONNELLY: Related to that, can I ask you to have a look at this document, which I am sure you are familiar with?

The Hon. DUNCAN GAY: The ministerial handbook.

The Hon. GREG DONNELLY: Could I take you to the first page that is highlighted?

The Hon. DUNCAN GAY: The cover is highlighted.

The Hon. GREG DONNELLY: It is an index page.

The Hon. DUNCAN GAY: Yes.

The Hon. GREG DONNELLY: Go over the next page. At point five you see "financial impact"?

The Hon. DUNCAN GAY: Yes.

The Hon. GREG DONNELLY: I do not want you to get the wrong idea because it says "Cabinet". I want to read the paragraph, which states:

All Cabinet minutes must include a section summarising the financial impacts. Apart from detailing additional costs and/or revenue to the proponent agency these sections must fully explore and identify all flow-on costs for other agencies as well as any direct financial costs and offsets. How impacts will be funded and the scale of costs will also be included in this section.

The next paragraph states:

Where there is a financial impact Treasury should be consulted and its concurrence to the proposed costing should be obtained before the minute is submitted to the DPC. While Treasury will receive the financial impact of the proposals primary responsibility for the accuracy of the information provided in the Cabinet minute, including the estimated financial impact, rests with the submitting Minister.

Over the page you will see a mock table they are proposing should be used for that analysis. If we take you over to the next page—

The Hon. SARAH MITCHELL: Is there a question?

The Hon. GREG DONNELLY: I am trying to help the Minister so he does not feel he is being led down a particular path. You have the template Cabinet minute and the same table you have been taken to. Minister, will you confirm in relation to legislation that you bring before the Parliament in regard to the Port Botany transaction that you will seek that advice that is provided for in that guideline in regard to information from Treasury about the cost impacts?

The Hon. DUNCAN GAY: I do not discuss matters that are before Cabinet.

The Hon. GREG DONNELLY: No, I am saying the guidelines. Do you undertake to follow the guidelines required to receive the Treasury—

The Hon. DUNCAN GAY: These are the guidelines for a Minister that is putting a document to Cabinet. I quite clearly said, and you understood and agreed, that it is not me who puts this to Cabinet.

The Hon. GREG DONNELLY: You have said, Minister you will be taking a piece of legislation to the Parliament.

The Hon. DUNCAN GAY: No, that is the end of it.

The Hon. GREG DONNELLY: You will not answer it? You are not answering a question to do with a very important transaction.

The Hon. DUNCAN GAY: I have answered it.

The Hon. GREG DONNELLY: No, you have not, Minister. You have said you will be taking a piece of legislation to Parliament in regard to the Port Botany transaction. My question is, will you follow the guidelines in regard to the information you have to obtain from Treasury.

The Hon. DUNCAN GAY: The Government is taking it, not me.

The Hon. GREG DONNELLY: It's not you, it's the Government?

The Hon. DUNCAN GAY: I have said that.

The Hon. AMANDA FAZIO: Are you responsible for anything?

The Hon. GREG DONNELLY: You are responsible for the Port Botany transaction in the context of being the port's Minister.

The Hon. DUNCAN GAY: No, I am not. Your colleague accepted that earlier.

The Hon. GREG DONNELLY: You are not prepared to explain to this Committee that you are going to meet the guidelines required of you to bring legislation before the Parliament dealing with this transaction?

The Hon. DUNCAN GAY: I am sure the Treasurer will.

The Hon. GREG DONNELLY: You said you will bring legislation before the House.

The Hon. DUNCAN GAY: Don't you understand that the scoping and the lease is one that the Treasurer is taking, not me.

The Hon. JOHN AJAKA: Point of order: My point of order is relevance. Clearly the Minister has indicated that this is not a matter covered in the Committee's terms of reference, which state:

Budgets Estimates inquiry refers to the estimates of expenditure from the Consolidated Fund and other matters covered by the Budget Papers.

The Hon. GREG DONNELLY: You are taking up my time.

The Hon. DUNCAN GAY: I think there might have been a misunderstanding, because I did indicate that I would be taking it to Parliament.

The Hon. GREG DONNELLY: Well, that is what you said, yes.

The Hon. DUNCAN GAY: In our House, I certainly will be taking it to Parliament. I did not say I would be taking it to Cabinet. I guess that is where the confusion is.

The Hon. GREG DONNELLY: No. I asked you whether you would be bringing it to Parliament, and I understood your answer was that yes you would be bringing it to Parliament.

The Hon. DUNCAN GAY: I meant the Government would be bringing it to Parliament. Mr Gilfillan might want to add something to that.

Mr GILFILLAN: The nature of the transaction is a financial one. As a State-owned corporation we have two shareholding Ministers and one portfolio Minister. Quite clearly, it is the responsible of the shareholding Ministers, and they are running the whole process, including Treasury.

The Hon. PENNY SHARPE: Minister, I take you back to the freight-on-rail target. Can you tell the Committee what strategies you have put in place to get to the 28 per cent target and, in particular, if there is any modelling done about how you are going to increase that?

The Hon. DUNCAN GAY: We want to move freight more quickly and economically by rail to our ports, and as part of New South Wales 2012 we have committed to enhancing rail freight movement and, as I indicated, to doubling the proportion of container freight movement—

The Hon. PENNY SHARPE: What are you actually doing to double that? I am interested in specific strategies.

The Hon. DUNCAN GAY: Would you like me to answer?

The Hon. PENNY SHARPE: Yes.

The Hon. DUNCAN GAY: Thank you. By achieving this target we will maximise the operational capacity of our ports, and it is to help ease road congestion. We are putting in place a freight and port strategy, integrated with strategic land use and transport planning, which is being developed by Rachel Johnson, and I will get Les Wielinga to add a bit more in a moment. The strategy will be supported by detailed modelling to determine future operation capacity of New South Wales ports, and that includes an analysis of the landside infrastructure and options to increase the use of rail to service the ports. We are building Enfield and we are supporting Moorebank. I will hand over to Les Wielinga.

Mr WIELINGA: The objective here is to provide a strong rail competitor for road. At the moment, 308,000 containers go on rail. When you look at the market niches, it is heavily focussed on regional container movements at the moment. In order to overcome that, there are three areas of strategies: the first is infrastructure, the second area is rail operation—

The Hon. PENNY SHARPE: I am sorry to interrupt, but I do not want to take up the time of my colleagues. It is not that I do not want to hear your answer. If you could provide that to the Committee on notice, that would be terrific.

The Hon. CATE FAEHRMANN: Everyone is supporting each other on this Committee today, and I am just about to ask a couple of questions for my colleague the Hon. Paul Green. So don't let it ever be said that the Christian Democratic Party and The Greens don't work together.

The Hon. GREG DONNELLY: A new alliance.

The Hon. CATE FAEHRMANN: A new alliance, yes, Greens and Moses.

The Hon. DUNCAN GAY: That's a new shade of green.

The Hon. CATE FAEHRMANN: Minister, can you clarify the plan for Port Kembla?

The Hon. DUNCAN GAY: Would that be the outer harbour?

The Hon. CATE FAEHRMANN: I am not sure.

The Hon. DUNCAN GAY: I am going to assume it is the outer harbour, and I will ask Dom Figliomeni to respond.

Mr FIGLIOMENI: Where we are at with the outer harbour, we are currently moving forward: We have just finished reclaiming about seven to eight hectares of land; and we are in the process now where we

have shortlisted four tenderers to do the design for the first berth in the outer harbour, further reclamation and dredging. So the outer harbour plan is continuing to move forward.

The Hon. CATE FAEHRMANN: Thank you.

The Hon. DUNCAN GAY: You, on behalf of your colleague, may be interested in a proposed biodiesel facility, in a move that will further diversify trade through the port. The National Biofuels Group received approval to establish a biodiesel plant at Port Kembla approximately three years ago. The proposal involves the construction of new processing and storage facilities. An unloader would also need to be built to unload the proposed one million tonnes per annum of soybeans used to crush and make biodiesel; and the residue from the process is soybean meal, which would be used in the poultry and feedlot industries.

The Hon. CATE FAEHRMANN: Minister, are you concerned that a section of the community is very concerned about the privatisation of this port?

The Hon. DUNCAN GAY: We are concerned where people have worries over it. My feeling is that it is only a small section of the community, but that does not diminish the fact that there is a group that has concerns. I have been down there on numerous occasions, and the Treasurer and I have met with the workforce and with the board at Port Kembla, and have been available for virtually all the media in the area on this issue. We have also indicated, as part of the transaction, if it goes ahead and whether it is a single one or a duplicate one, and whether it is in conjunction with Port Botany or whether it is a stand-alone development, that there will be \$100 million extra from the transaction for the Illawarra.

There is a meeting coming up. I know the outstanding Minister for the Illawarra, Greg Pearce, has indicated that he will be attending. When I was talking to Dom Figliomeni today he indicated that he would be going to this meeting. There is strange scuttlebutt pervading the Illawarra that somehow whoever leases the Port Kembla enterprise will put it in mothballs and not develop the container part and use Port Kembla. That is voodoo economics. If you are going to spend a large amount of money—and we will not be leasing this unless there is an appropriate amount of money—you want to make the thing work properly. So that is just a strange argument. But my feeling is that it is a very small group, but nevertheless it is a group that we need to talk to and address their concerns.

The Hon. CATE FAEHRMANN: I move to my questions now. Minister, is it the case that you lifted the 3.2 million container cap at Port Botany to increase the sale price of Port Botany as a container terminal?

The Hon. DUNCAN GAY: We lifted it because it was about to reach or go beyond capacity. I think I answered that in an earlier question.

Mr GILFILLAN: Sydney Port started working on supporting documentation, if you like, to lift the 3.2 million cap about two years ago. We recognised that with the growth we had we were going to reach the 3.2 million a lot earlier than anticipated. It was originally, when the port was being planned, thought to be about 2025; now it is 2017. We produced a document that looked at a lot of the strategic issues; that looked at issues around transport. Now we have even more momentum on the transport initiatives through Transport for NSW, which has a dedicated group working on that. So it is something that has been on our agenda for two years.

The Hon. CATE FAEHRMANN: Minister, is there any truth to the report in the *Sydney Morning Herald* of 14 June this year by journalist Brian Robins, who said that investment bank Morgan Stanley—which I assume was advising the Government on the port sale—is believed to have told the Government that, unless it can indicate to the buyer that the planning cap of 3.2 million containers can be raised, this will significantly limit the potential sale price?

The Hon. DUNCAN GAY: As much as I like Brian Robins, and as much as I am tempted to weigh into this, this lease really comes into the area addressed by the Treasurer.

The Hon. CATE FAEHRMANN: So are you saying to the Committee that you are not aware that Morgan Stanley so advised the Government?

The Hon. DUNCAN GAY: It was a specific question regarding Morgan Stanley's approach to the Minister who was in charge of this area. It is a question for that Minister.

The Hon. CATE FAEHRMANN: Minister, do you think that the Government's lifting of the 3.2 million container cap impacts the sale price or the lease price?

The Hon. DUNCAN GAY: Once again, that is one for the Treasurer. I am more than happy to take it on notice but it is not one for me.

The Hon. CATE FAEHRMANN: As ports Minister you do not think that that—

The Hon. DUNCAN GAY: I have had my thoughts but certainly this is an area for the shareholder Minister and the Minister in charge of the lease, and that Minister is not me.

The Hon. CATE FAEHRMANN: On 27 July 2012 a joint media release from you and Mike Baird said that you would use the moneys received through the privatisation or lease, as I think you guys like to call it, to fund infrastructure projects across New South Wales. Is that correct?

The Hon. DUNCAN GAY: That is correct.

The Hon. CATE FAEHRMANN: Minister, is not one of the justifications for building WestConnex a result of the projected increase in truck movements as a result of the massive increase in container movements as a result of you lifting the cap?

The Hon. DUNCAN GAY: This is some convoluted argument that is going to say because—

The Hon. CATE FAEHRMANN: It is fact. It says on the Infrastructure NSW website that container movements are a significant part of the congestion problem around Port Botany, and WestConnex is part of dealing with that problem apparently.

The Hon. DUNCAN GAY: WestConnex will certainly be helpful in the movement of heavy vehicles in the city, to the airport, to Port Botany and to the west.

The Hon. CATE FAEHRMANN: So WestConnex is being built in part because there are so many trucks on the road around Port Botany. Is that not correct?

The Hon. DUNCAN GAY: That is what you said, not what I said.

The Hon. CATE FAEHRMANN: I am asking you is WestConnex part of the solution to addressing the potential increased container movements coming out of Port Botany?

The Hon. DUNCAN GAY: WestConnex is being built to address many issues, and part of those issues is the current congestion; the fact that there has been bad planning in the past; a connection to the M4 and the M5; a connection to the airport; a recognition that even now there is a large amount of traffic that is on the M4 that does not necessarily want to go to the city but in fact to get across to either the airport or Port Botany has to use roads that link to the city roads that are already congested.

Mr WIELINGA: There are two strategic scenarios that you need to keep in mind when considering this issue. We have three major port facilities—Kembla, Port Botany and Newcastle. If the majority of those containers come into Sydney where their market is, those containers are delivered within 45 kilometres of the port and we can build an appropriate balance between rail and road and we will get the most efficient outcome from the transport point of view and from an energy point of view. If those containers go to Newcastle we will have to build significant infrastructure to bring them back to Sydney.

The Hon. CATE FAEHRMANN: Mr Wielinga, do you know how much will trucks with containers be using WestConnex?

Mr WIELINGA: They are using the F5 at the moment, and when you have a look at the freight demand movements over the next 20 years, both that M5 corridor and the M4 corridor have significant demand on them. The answer is yes, but there are also rail options that we are looking to develop.

The Hon. CATE FAEHRMANN: Part of the reason for building WestConnex, is it not, is to do with the expected increase in container movements coming out of Port Botany?

Mr WIELINGA: Does it have strong economic objectives? Yes, it does. There are two very large traffic generators in that area, both the port and Sydney airport.

The Hon. CATE FAEHRMANN: So just to get a clear answer: Part of the justification for building the WestConnex is that increased truck movements are expected out of Port Botany?

The Hon. DUNCAN GAY: Let us be clear: There are already problems with trucks on the roads. Whether or not there is a lift in the cap, we have to address it. Some 7.9 per cent of movements on the M5 are truck movements; we already need more capacity on the M5 and the M4.

The Hon. CATE FAEHRMANN: But what was the expected container increase to 2030?

The Hon. DUNCAN GAY: Sorry?

The Hon. CATE FAEHRMANN: I refer to the expected container increase from 3.2 million containers. What is the increase?

The Hon. DUNCAN GAY: I will get you that figure in a moment. What were the dates?

The Hon. CATE FAEHRMANN: I have it in front of me. It is seven million containers by 2030, so an increase of five million containers coming out of Port Botany. How much of that is expected to be on rail by 2030?

The Hon. DUNCAN GAY: We expect to double our percentage from 14 to 28—that is our KPI—at the very least. You are trying to put the prosecutor case that we are only building WestConnex to service Port Botany. The fact is that the M4 and the M5 corridors are already at their design capacity. We need to build something now, not necessarily because of Port Botany but because they are already not delivering what they need with the amount of traffic that is there.

The Hon. CATE FAEHRMANN: But by your lifting the cap from 3.2 million to seven million and only doubling the amount you are shifting from freight—

The Hon. DUNCAN GAY: You are trying to prosecute a case—

The Hon. CATE FAEHRMANN: I am not trying to prosecute a case; I am just asking you about where these millions of truck movements are expected to go and whether WestConnex is being built to cater for a lot of these increased truck movements.

The Hon. DUNCAN GAY: And I have already told you that WestConnex, in part, is being built because we are already without the capacity. Certainly some of those truck movement increases at Port Botany will use WestConnex—of course they will. But your question implies that we are only building WestConnex so we can lift the cap on Port Botany. That is incorrect.

The Hon. CATE FAEHRMANN: Not only that you are doing it but the fact that your privatisation of Port Botany funding is going to fund new infrastructure including WestConnex and you are lifting the cap for the sale, which is basically contributing to the truck movements that you—

The Hon. DUNCAN GAY: It is also going to the Pacific Highway and it is also going to the Princes Highway.

The Hon. CATE FAEHRMANN: Minister, are you aware of a \$600 million private sector development proposal for the Newcastle Mayfield site, which would have included a container terminal? I think the proponents are Newcastle Stevedores and Anglo Ports.

The Hon. DUNCAN GAY: Yes.

The Hon. CATE FAEHRMANN: What advice has the Government given these companies about how the privatisation—or long-term lease, as you guys like to call it—affects their investment and interest in the container terminal?

The Hon. DUNCAN GAY: We have indicated that certainly in the short term that is not a direction that we will be taking in government.

The Hon. CATE FAEHRMANN: Given your party's apparent commitment to decentralisation, why would you not choose Newcastle as a container terminal instead of lifting the cap on Port Botany from 3.2 million to seven million containers and building the WestConnex?

The Hon. DUNCAN GAY: We believe in decentralisation. We also believe in the suite of operations of our ports that there was a better way to operate that section.

The Hon. CATE FAEHRMANN: What reason did you provide at that time for ruling out the former Newcastle Steelworks site becoming a container terminal?

The Hon. DUNCAN GAY: We indicated in our forward planning that we believed that it should be going to Port Kembla and to Port Botany.

Mr WIELINGA: I mentioned a while ago the two scenarios. To get efficient transport systems you need to put the systems where the freight is moving. The freight is coming to Sydney; it is the big generator. It comes into the port and, as I said, within 45 kilometres of the port most of those containers, well over 80 per cent, get delivered in that framework. It is a combination of the right transport systems, the right land use outcomes, locating intermodal terminals, locating the freight development areas where containers are made up and broken down so that we have an efficient transport system. It also involves getting proper coordination of the logistic change. We have a rail operator, a port operator, intermodal terminal operators—they need to work together to get an efficient outcome.

From a strategic sense, it makes sense to locate those port facilities. We have already got significant port facilities in Port Botany; they are capable of handling a lot more containers. When you look at the rail network, the metropolitan freight network, that comes out of Port Botany connecting to the intermodal terminals there are 308,000 on it now. With a small amount of investment we can lift that container capacity to well over a million. We need to find a way to get those operating plans and that small amount of investment in place to make that logistic change work.

The Hon. GREG DONNELLY: Minister, I will ask you not to give a lengthy answer but just a précis answer on this. Can you provide an update to the Committee this afternoon on the development of the former BHP site at Newcastle?

The Hon. DUNCAN GAY: I will hand to Mr Webb in a moment, but the first part is the bulk liquids, which is pretty exciting. I am advised that on 8 June 2012 the Department of Planning and Infrastructure approved the development and operation of Stolthaven's bulk liquids facility at Mayfield. The Newcastle Port Corporation is currently working with Stolthaven to support the development of the bulk liquids facility. The Newcastle Port Corporation has received a number of high-quality bids in response to its expression of interest for the development and operation of other bulk liquid facilities adjacent to the Stolthaven site. One of the problems with the development in the Hunter traditionally is that there has been a shortage of fuel and ability on the bulk liquids side. There is certainly a huge amount of interest in this. As I indicated in answer to the questions earlier, we are revitalising the former BHP steelworks site at Mayfield to cater for trade growth.

The portside lands concept plan details the type of land use that Newcastle Port Corporation proposes for the redevelopment. The Minister for Planning and Infrastructure has approved the concept plan following a stringent assessment process. The plan indicates that the site's development may support a range of cargo handling infrastructure for general cargo, bulk material, bulk liquids and containers. It will be developed in stages as and when the market demands. The concept plan approval sets out the range of issues that will have to be addressed. The port corporation will continue to work closely with the Australian Rail Track Corporation [ARTC] and Roads and Maritime Services [RMS] to ensure the transport networks are adequate to meet the freight growth.

The Hon. GREG DONNELLY: In light of what Mr Wielinga had to say about Port Botany, by the reference specifically to containers in your answer are we to conclude that it would be a relatively small component of what is being considered with respect to Newcastle?

The Hon. DUNCAN GAY: Within the general freight area, a small amount in that area. We have ruled them out in the short term but we have—

The Hon. GREG DONNELLY: Ruled what out, sorry?

The Hon. DUNCAN GAY: A large container presence there.

The Hon. GREG DONNELLY: That has been ruled out very clearly?

The Hon. DUNCAN GAY: Very clearly, but not in the long term.

The Hon. GREG DONNELLY: In terms of the long term, do you have a general time line for that?

The Hon. DUNCAN GAY: It would be in a situation once the capacities of Port Botany and Port Kembla have been—

The Hon. GREG DONNELLY: So that is well and truly into the future.

The Hon. PENNY SHARPE: Do you have modelling about when that is likely to happen?

The Hon. DUNCAN GAY: No, I have not but we are not ruling it out definitely. We have to have a contingency that if we need to use the port of Newcastle in the future the ability is there.

The Hon. GREG DONNELLY: But for all intents and purposes in the immediate and medium-term future in terms of time frame there is no prospect of having a large container—

The Hon. DUNCAN GAY: That is correct. Do you want to add something on that, Ms Johnson?

Ms JOHNSON: The only thing that I would say is because we have just—

The Hon. GREG DONNELLY: I am sorry, I do not wish to cut you off and be rude, but I have another question that is unrelated to this one. Mr Gilfillan, can I ask you a question about Port Botany in terms of the terminals. This is the answer you gave at budget estimates last year on page 28 of *Hansard* when you were asked about Port Botany:

A very large part of Port Botany, and the most important part economically, is the container terminals, and there are three of those. The DP World container terminal on the southern side is around 35 hectares in size. On the northern side of Brotherson dock is Patrick terminal, which is about 42 hectares. The new terminal completed in June-July this year, which we call Terminal 3, is 63 hectares. In addition, there is a large area called Molineaux Point and offhand I cannot give you the size in area of that, but I could take that on notice.

We have three completed terminals now at Port Botany, is that the position?

Mr GILFILLAN: Correct.

The Hon. GREG DONNELLY: With respect to the piece of land Molineaux Point, can you provide an update of what is happening there?

Mr GILFILLAN: Molineaux Point is what we call a bulk liquids precinct and the container terminals are adjacent to it. In fact DP World's terminal is technically on Molineaux Point. But the rest of Molineaux Point is predominantly storage tanks for aviation fuel with a number of different tenants there. There is an underground storage tank for LPG, a very large one, and there are some small container parks there but it is essentially a different business there than the container terminals themselves.

The Hon. GREG DONNELLY: For that business there that you have just described, are there development plans for Molineaux Point that are being considered at the moment?

Mr GILFILLAN: Only in the sense of us running our normal course of business, which is to enable expansion. There is a very rapidly expanding requirement for imported fuels, aviation fuel, but also everyone is aware of what is happening with Caltex and what the impact of that will be to the more refined fuel coming in.

Some of that will come into Molineaux Point. But there is no other plan for Molineaux Point other than to allow expansion of those liquid facilities.

The Hon. GREG DONNELLY: In terms of the community awareness of what is going at Molineaux Point in terms of those examples you have just given, is the community kept up to date with plans?

Mr GILFILLAN: At the moment we are not in a position to be talking openly about anything that we are doing down at Port Botany with regard to leases and subleases because of the transaction. The transaction has an overarching effect on what is happening there.

The Hon. GREG DONNELLY: Including Molineaux Point?

Mr GILFILLAN: Yes, as well. Molineaux Point is part of Port Botany.

The Hon. GREG DONNELLY: So a cone of silence has effectively descended on the whole Port Botany operation while the financials are being run?

The Hon. DUNCAN GAY: There is a second bulk liquids berth that went through the usual procedures with community consultation.

Mr GILFILLAN: Correct. We are in the process of constructing a second bulk liquids berth at the moment, so that is the facility that ships pull up at. That is about one-half to two-thirds complete, but that process has been one where there was community consultation as part of developing that.

The Hon. GREG DONNELLY: Can I ask a question in regard to the Patrick Stevedores lease extension. Does the 31-year extension of Patrick Stevedores lease at Port Botany to 2043 as we understand the date include rights over the land at Port Botany referred to as the Knuckle?

The Hon. DUNCAN GAY: Yes.

The Hon. GREG DONNELLY: Why was a decision made not to put this land up for competitive tender at the expiry of the existing Patrick lease?

Mr GILFILLAN: That decision was made by a previous Government in about 1996, from memory.

The Hon. GREG DONNELLY: Which decision is that?

Mr GILFILLAN: A decision to allocate a parcel of land that ultimately became known as the Knuckle to Patrick in exchange for Patrick exiting from Darling Harbour to enable Darling Harbour to be developed as a terminal for TT-Line to run the ferry to Tasmania. So that was a direct deal with the Government's consent at the time to allocate that parcel of land to Patrick.

The Hon. AMANDA FAZIO: My question is regarding access to berthing facilities in Sydney Harbour. Minister, why do you support the interests and profits of private cruise ship companies over Australia's national security interests?

The Hon. DUNCAN GAY: What a great question. I wish you had asked me that one earlier. I support Sydney and the people of Sydney. I also believe that—

The Hon. GREG DONNELLY: And the people of New South Wales.

The Hon. DUNCAN GAY: Certainly and the people of New South Wales.

The Hon. PENNY SHARPE: Do not forget all those country people.

The Hon. DUNCAN GAY: And all those country people, I include them. We have never said we want the Navy to go. We want the Navy to stay, but what we would like is the best of both worlds. We would like the Navy to stay and enhance the cruise ship industry, which is an important part of our economy. I reject the fact that I am against our defence forces and somehow pro the capitalists. I am about developing this State and getting the best we can. The sad thing is we felt that we had a better deal from the Hawke report than what

actually happened. When we were briefed on the final recommendations they were quite different to the ones that came out.

However, we are thankful that the Federal Government is allowing three cruise ships this year. The current Prime Minister also supports the cruise ship industry, as she indicated at the Labor conference this year. We are greedy in New South Wales. We like the Navy, we like their money and we like their people. We want them to stay, but we would like a little bit of sharing in that facility so that we can have more cruise ships.

The Hon. AMANDA FAZIO: Thank you, Minister, for the advice that you are greedy.

ACTING-CHAIR: Are there any more questions?

The Hon. CATE FAEHRMANN: Yes, I do have one.

The Hon. DUNCAN GAY: I am happy to take another question or so because of the inference that I wasted time earlier, if that is helpful.

The Hon. PENNY SHARPE: I appreciate that, Minister.

The Hon. CATE FAEHRMANN: Everyone is all friends again.

The Hon. AMANDA FAZIO: Not me.

The Hon. PENNY SHARPE: Last year we asked questions regarding whether there was a cost-benefit analysis done on Port Botany privatisation or leasing, depending on how you want to describe it. Has the Treasurer provided you with that cost-benefit analysis?

The Hon. DUNCAN GAY: That is a question for the Treasurer. I will refer it to him.

The Hon. PENNY SHARPE: No, it is a question of whether the Treasurer has provided you with the cost-benefit analysis for the Port Botany privatisation. It is a direct question to you.

The Hon. DUNCAN GAY: I will take that question on notice.

The Hon. CATE FAEHRMANN: Minister, are you looking at removing the bus depot in the Port Botany precinct?

The Hon. DUNCAN GAY: Not that I am aware of, but bus depots are under the portfolio of my colleague the Hon. Gladys Berejiklian.

Mr GILFILLAN: Sydney Ports has approached the State Transit Authority [STA] on a number of occasions to see if it was possible for a relocation of that bus depot on Bumborah Point Road. I think it is, because we were looking for a truck marshalling area for part of our logistics solutions down at Botany. The impediment to them moving, as they explained it to us, was finding another suitable location. Unfortunately, land in Port Botany is in scarce supply, so they declined our request to move out. That is the only contact that we have had.

The Hon. CATE FAEHRMANN: Thank you. Minister, are you looking into reviewing heavy vehicle operations and restrictions in the precinct—for example, looking at the potential to use B-doubles and potentially B-triples, but B-doubles specifically on the network in off-peak hours?

The Hon. DUNCAN GAY: In which network?

The Hon. CATE FAEHRMANN: Around Port Botany.

The Hon. DUNCAN GAY: B-doubles already operate there.

The Hon. CATE FAEHRMANN: B-triples?

The Hon. DUNCAN GAY: No.

The Hon. CATE FAEHRMANN: Earlier this year in Parliament in response to a question I put to you on 19 June regarding the Newcastle Port Strategic Development Plan, you said to me it would be released very soon. Has it been released yet? Maybe Mr Webb can say?

Mr WEBB: No, it has not been released as yet.

The Hon. CATE FAEHRMANN: Minister, considering that on 19 June you said to me it would be released very soon, how long will the Newcastle community have to wait until that has been released?

The Hon. DUNCAN GAY: It will be released as soon as we possibly can.

The Hon. CATE FAEHRMANN: What is the delay in releasing the report? Do you have a draft strategic development plan before you?

The Hon. DUNCAN GAY: My understanding is that the port corporation is currently working to finalise the strategic development plan. The plan sets out how the port will grow and develop over time, as you well know. The plan is consistent with the planning recommended under the National Ports Strategy and will complement the New South Wales Freights and Ports Strategy that is currently being developed and delivered by the freight and regional development division of Transport for NSW. The port corporation will undertake public consultation and strategic development once it is finalised.

The Hon. CATE FAEHRMANN: The port corporation will undertake consultation on the final strategic development plan?

The Hon. DUNCAN GAY: Public consultation—

The Hon. CATE FAEHRMANN: On a draft?

The Hon. DUNCAN GAY: Yes.

The Hon. CATE FAEHRMANN: Mr Webb or Ms Johnson, could you clarify that public consultation is taking place in relation to the draft strategic development plan, or a final document?

Mr WEBB: It will be a document that we have completed, but the consultation will be to take on any advice that we have that may then see a next revision.

The Hon. CATE FAEHRMANN: So it is almost like notification of what the plan is, really. As you would be aware, consultation generally takes place on draft documents so that the community can have genuine input.

Mr WEBB: And the community will have genuine input.

The Hon. CATE FAEHRMANN: So you are notifying the community that this is a first document, and then there will be a revised document as a result of the consultation?

Mr WEBB: It will be the first document that the community will have seen in the compiled sense. Elements of that document are already in the public domain. Certainly the consultation will enable a next revision to occur, should that be required.

The Hon. CATE FAEHRMANN: Mr Webb, do you think that that is close to being released and that the community might see that before the end of the year?

Mr WEBB: We will be delivering that as soon as possible.

The Hon. CATE FAEHRMANN: So the strategic development plan that I believe the Newcastle community has been calling for and talking about for a very long time is in the final stages of your organisation, ready to go to the Minister. Is that a fair comment, or is it not quite in the final stages?

Mr WEBB: We are working to complete the process so that we can go to consultation.

The Hon. CATE FAEHRMANN: When you say you are working on that process, do you have a number of staff working on it? What resources are being deployed within the Newcastle Port Corporation?

Mr WEBB: The Newcastle Port Corporation has a dedicated group that comprises a number of people, but it also taps into our wider area of operations, et cetera. We look forward to the process of being able to consult with the broader community on this document.

The Hon. CATE FAEHRMANN: What are the underlying assumptions around the assumed growth of the port? What assumptions are you building into that in terms of growth—a particular expansion of the coal industry, a particular expansion in cargo and bulk goods, obviously not container?

Mr WEBB: Certainly the National Ports Strategy, and the Ports and Freights Strategy will be looking at what the future requirements might be, but for this document it is about a longer-term view. It is about precinct planning and, as we say, the opportunity to consult with the local community and businesses. It will be a good opportunity for us.

The Hon. CATE FAEHRMANN: Minister, in relation to a longer-term view, is the Newcastle Port Corporation [NPC] taking into account what seems to be a downturn or a slower-than-growth in coal exports over the past few months particularly?

The Hon. DUNCAN GAY: Going back to the crux of what you are asking about, this will go out after the freight and regional development draft plan is out there. They both will work together. The freight regional development one has to go first, and then this one comes out. That will be part of the ongoing analysis. And all those issues, like commodity prices, et cetera, will form part of that.

The Hon. CATE FAEHRMANN: This question is probably to you, Minister, and Mr Webb: In what seems to be a downturn—in fact, it was reported this morning on *AM* on the ABC—in the coalmining sector, particularly the shedding of thousands of jobs, some mines are reassessing their operations. I am wanting to know—

The Hon. DUNCAN GAY: I would not get too excited just yet.

The Hon. CATE FAEHRMANN: The question is whether that is being considered as part of the development plan for the port?

The Hon. DUNCAN GAY: Those sorts of issues are always being considered, but certainly presently there is still the opposite concern in the near and medium future, and that is the ability to be able to handle what is coming in.

The Hon. CATE FAEHRMANN: Back to Port Kembla: Because the cap on container movements at Port Botany is being raised to such a high amount, Port Kembla will have no need to develop itself as a container port in the foreseeable future. Port Kembla is there to take the overflow, is it not?

The Hon. DUNCAN GAY: We certainly have not formed that opinion. It is an integral part of what we are planning to do, including our friends opposite. Their Federal colleagues are looking at putting the money into the Maldon-Dombarton rail line, et cetera. Port Kembla hits equally part of south-west Sydney—which is one of the growth areas of the city—nearly as well as Port Botany. The Moorebank intermodal is a key for both of them. I am sure Mr Figliomeni would want to add something.

Mr FIGLIOMENI: Part of the plan for the development of the outer harbour has always been on the premise that it will be demand driven. Currently we have approval for one bulk berth and, as I alluded to earlier, that is proceeding. We have approval for one container berth and that will be demand driven. The port was also on the premise, as I said, that there will be the demand there to drive the development but we are moving ahead with that development at this stage.

The Hon. CATE FAEHRMANN: Can I just clarify: Does that demand only kick in when Port Botany is full?

Mr FIGLIOMENI: That will be driven by the port users themselves. There may be a port user who sees there is an advantage in coming to Port Kembla, and they would then make that decision.

The Hon. CATE FAEHRMANN: It appears that the growth in container movements and the growth in a lot of container port activity is taking place at Port Botany. How does this fit with your Government's decentralisation plans? You are a Nationals Minister. The Nationals Ministers seem to be talking decentralisation every two seconds and closing down and moving various things, like Cronulla fisheries, for example, out of Sydney. Why are you not considering Port Kembla and Port Newcastle rather than raising the container movements so dramatically in Sydney and having to build motorways to deal with that demand?

The Hon. DUNCAN GAY: First of all, I deny that we are just building the motorway to lift the cap. The cap has been lifted because of the increasing demand of the growing New South Wales economy. The key thing we want to do is kick this place on, and as the economy grows there is going to be a greater demand. Certainly Port Kembla is an important part of that. We have not ruled out Newcastle for development in the future. It is an important part. We need to take and use the best modal link for the supply chain.

The Hon. CATE FAEHRMANN: It has not been built yet.

The Hon. DUNCAN GAY: No. In your mind you are just saying one modal link. There are several ways you can get to Port Botany. We certainly believe that Moorebank, Minto and Enfield are important, but you can certainly come to Port Botany from modal links at Cootamundra and Parkes and elsewhere.

The Hon. CATE FAEHRMANN: But two incredible projects for regional New South Wales in terms of jobs and investment in this State would have been to make Newcastle port a container terminal and put that capacity in Port Kembla as well, for regional jobs and regional communities.

The Hon. DUNCAN GAY: We are developing Newcastle port—T3 and T4 are currently under construction.

The Hon. CATE FAEHRMANN: T4 is on hold; T4 is not under construction.

The Hon. DUNCAN GAY: It is under construction. It is not under construction, I am sorry; it is about to start construction once the planning process happens. T3 is under construction there. They are major impacts. You ask what we are doing for regional New South Wales. Part of the money for the leasing of the ports that we have liberated is for bridges for the bush—\$145 million—and we are hoping to get funding from the Federal Government to kickstart the economics in the bush in New South Wales to put in higher mass limit bridges so the economy can kick along.

(The witnesses withdrew.)

The Committee proceeded to deliberate.
