

SL06/230

CSLIS



7 July 2006

Mr Simon Johnston
A/Director
Joint Select Committee on the Cross City Tunnel
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Mr Johnston

INQUIRY INTO THE LANE COVE TUNNEL

I refer to your letter dated 22 June 2006.

Attached is the RTA's response to questions on notice from the Joint Select Committee.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mike Hannon', written over a horizontal line.

Mike Hannon
Acting Chief Executive

JSC CROSS CITY TUNNEL

10 JUL 2006

RECEIVED



Questions on Notice – Friday 16 June 2006

Question 1 – Mr Wielinga, I think you indicated that you were going to table a document that shows the expenditure of the business consideration fee [for the Lane Cove Tunnel project].

The RTA estimates its project development costs for the Lane Cove Tunnel and expanded Gore Hill Freeway (including contingency) at \$119,800,000 (in \$ 2003).

The summary of RTA's project development costs incurred as at 30 June 2006, and budgeted for 2006/07 and 2007/08, is at Attachment 'A'.

Question 2 – [T]he consortium...were told by the RTA that they were paying \$56 million reimbursement and a \$23 million fee. Are you saying that is not correct?

The Request for Proposals nominated at section 2.4(a) a figure of \$70 million for the development fee, which was stated as being "based on the RTA's project development costs".

It is not correct to say that the RTA told the consortium to pay a \$56 million reimbursement and a fee of \$23 million.

Question 3 – why do these documents [relating to the CCT] have tables in them which continue to show payment to the RTA of \$46.1 million? You have seen those documents before because you had a look at them to reply to some questions on notice last time.

The actual upfront payment received by the RTA (\$96,859,688) was calculated on the day of financial close (December 2002) and has been disclosed in the Summary of Contracts and in the Project Deed tabled in the Legislative Assembly and in hearings before the Committee. The RTA's project development costs at that time were identified at approximately \$97.8 million.

Question 4 – When was the budget for \$96.7 million of expenditure on CCT actually derived? When did that become budget?

See response to question 3.

Question 5 – Can you produce a contemporaneous document at the time of signing the Lane Cove Tunnel, which shows that your budget at that time for the expenditure was the \$70 million?

See Attachment 'B' which shows that at the time of contract signing in December 2003, the RTA estimated its project development costs for the Lane Cove Tunnel and expanded Gore Hill Freeway at \$119,300,000 (in \$2003).

Question 6 – Were you expecting to get a fee or were you expecting only to get your costs recovered? [What was the RTA’s estimate of costs at the time of entering into the contract?]

At the time of contract execution in December 2003 RTA forecast that its costs arising out of the Lane Cove Tunnel and expanded Gore Hill Freeway project were \$119,300,000 (inclusive of GST). The amount of the up front payment made to the RTA by Connector Motorways was \$79,301,000 plus GST.

Question 7 – What is the impact on the toll as a result of the \$79 million figure that you are talking about?

If traffic and other variables are held constant, the hypothetical toll difference on the base toll for cars at \$2.00 (\$1999) is \$0.15. This is calculated from Connector Motorways’ Base Case Financial Model by removing the upfront \$79M payment, whilst maintaining the same cumulative equity rate of return.

If taxpayers absorbed the \$79 million cost, motorists may pay up to \$0.15 less on the toll; however the RTA’s road program would need to be re-prioritised, with some projects either delayed or cancelled altogether in order to fund development costs associated with the Lane Cove Tunnel and expanded Gore Hill Freeway project.

Question 8 – I am concerned to know whether there was a cost-benefit analysis [on the Lane Cove Tunnel in relation to having two versus three lanes] because when we look at the three-lane freeway only being two lanes and the high cost of retrospectivity, I need to know whether there was a detailed cost-benefit analysis?

A cost-benefit analysis was undertaken on the current tunnel arrangement, which has three lanes westbound and three lanes for 60% in the eastbound direction.

Although a separate cost benefit analysis was not undertaken for a third eastbound lane through the entire length of the tunnel, this arrangement was considered during the preparation of the EIS. The third eastbound lane was not adopted as it would have resulted in capacity for an additional 50% of traffic using the tunnel with associated traffic congestion and significant queuing back onto the Pacific Highway and in the Tunnel at the merge area on Gore Hill Freeway.

Queuing in the tunnel and on the Pacific Highway represented a significant safety concern to the RTA and could only have been resolved by an increase in downstream road network capacity. That is, another lane would be required on the Gore Hill Freeway, Warringah Freeway and a third harbour crossing would need to be constructed in addition to the harbour bridge and harbour tunnel neither of which could practicably be widened. Preliminary estimates indicated that these capacity improvements would cost significantly more than \$2 billion.

Question 9 – Would that have been possible [getting underneath the foundations fairly quickly to provide for an extra lane to the Lane Cove Tunnel on entry], notwithstanding the sale by the RTA of the property that has been referred to.

The sale of the former RTA depot on the corner of Mowbray Road West and Epping Road had no impact on the constructability of the 3 lane option for the Lane Cove Tunnel and expanded Gore Hill Freeway project. A third eastbound lane to the tunnel could have been provided within the existing road boundaries and within the property purchased from the Community Association for the current works.

Question 10 – In 2003, going into the last State election, a commitment was made for a filtration trial. I have seen documents that suggest that the same thing was proposed in 2004. Will you confirm that? Have there been any other announcements of filtration trials that have not eventuated?...how many times this has been announced[?]

In June 2006 the Minister for Roads announced that the filtration trial would be expanded to be four times larger than the trial proposed in 2004.

Question 11 - What is the total amount in the RTA budget for cycling infrastructure?...In the past sometimes the RTA has provided money put in by local government under the dollar-for-dollar arrangement it has or some of the private projects and has included that in the budget. I want to know the funding out of the RTA budget for cycling.

The RTA's 2006/2007 funding for cycling infrastructure is \$71M, of which just over \$3.3M is allocated to local government on a dollar-for-dollar basis.

Question 12 – Will the Lane Cove Tunnel have permanent signs about costs? It is not just going to use those variable message signs as the Cross City Tunnel does, is it?

Condition of Approval No. 55 requires that appropriate signage be erected displaying the toll will be installed at locations before entering the Falcon Street ramps and the Lane Cove Tunnel and expanded Gore Hill Freeway.

Connector Motorways has indicated that it intends to use fixed (and not variable) signage to indicate the level of the toll.

Question 13 – What do you expect to be the usage of the tunnels when they first open?

The EIS projected that the daily traffic volume averaged over the course of the first year of opening in 2006 would be 104,786 vehicles. However, as has been stated previously these figures are not the opening figures. Motorway opening traffic figures are not forecast as they are significantly affected by a number of externalities, such as public perception, marketing, time of year the project opens, and fuel prices. These externalities are variable and cannot be accurately projected.

However, usage of the Lane Cove Tunnel and expanded Gore Hill Freeway on opening is expected to be high as the tunnel will form part of an existing corridor and is part of the

Sydney Orbital network, with a relatively high existing usage of e-tags and motorists have good awareness of where they will start and end their journey through the tunnel. There will also be a toll-free period for approximately a month when the tunnel opens.

Question 14 - Could I also get from you, on notice, the traffic projections for the harbour bridge and Epping Road once the tunnel opens? When the Lane Cove Tunnel opens, what are the traffic projections for Sydney harbour bridge and the Sydney harbour tunnel and also Epping Road?

For Epping Road, volumes averaged over the period of a year for the tunnel opening in 2006 are available from *Table 8.5 on page 92 of Working Paper Four of the Environmental Impact Statement*. The volumes are:

	Epping Road Location		
	East of Pittwater Road	West of Johnson Way	Sam Stringy Creek Bark
AM Peak Hour - eastbound	2,643	1,091	621
AM Peak Hour - westbound	2,812	782	1,049
PM Peak Hour - eastbound	3,356	920	1,372
PM Peak Hour - westbound	4,529	1,585	829

Once the Lane Cove Tunnel and expanded Gore Hill Freeway project opens, it is anticipated there will be a ramp up period and some adjustment time needed for motorists. Traffic impacts will be continuously monitored and necessary adjustments made.

Additional Questions to RTA

Question 1 - Why was the species impact study of Pages Creek bushland not carried out until after construction on the Lane Cove Tunnel had commenced?

The Environmental Impact Statement identified the proposed extent of clearing required to construct the project and included an assessment of impacts. In accordance with the Minister for Planning's Conditions of Approval, a detailed flora and fauna assessment was undertaken as part of the Construction Method Statement for the Epping Road widening works.

Question 2 - Has a water and drainage study of Pages Creek been undertaken?

The water and drainage studies undertaken have focused on the impacts of the project and on the required management measures. A water and drainage study of Pages Creek has not been undertaken as it is outside the scope of the project.

Question 3 - Is such a study a requirement of the Planning Director's instructions for the EIS?

In accordance with the Director-General's requirements, the Environmental Impact Statement included a detailed water quality and drainage study. The Director-General's requirements did not require a study of Pages Creek.

Question 4 - Will there be portal emissions from the Lane Cove Tunnel?

The Lane Cove Tunnel and expanded Gore Hill Freeway will be operated in accordance with the planning Conditions of Approval. Condition of Approval No. 152 requires that the tunnel ventilation system be designed, constructed and operated to avoid emissions of tunnel air from portals, except under prescribed circumstances including emergency situations.

Question 5 - Do you anticipate planning approval will be given for portal emissions considering that when the illegal portal emissions associated with the M5 East occurred in 2003-4 people became sick?

The Lane Cove Tunnel and expanded Gore Hill Freeway will be operated in accordance with the planning Conditions of Approval. Condition of Approval No. 152 requires that the tunnel ventilation system be designed, constructed and operated to avoid emissions of tunnel air from portals, except under prescribed circumstances including emergency situations.

- 6) What are the RTA's plans to ensure bike lanes constructed as part of the Lane Cove Tunnel project are integrated into surrounding bike routes?

RTA's plans for the integration of cycleways constructed as part of the Lane Cove Tunnel and expanded Gore Hill Freeway Project are detailed in the RTA's Cycleway and Pedestrian Plan which has been developed in consultation with the Community Liaison Groups, NSW Health, Bicycle NSW and local Councils. The Cycleway and Pedestrian Plan will be submitted to the Director-General of Planning for approval in accordance with Condition of Approval 42.

- 7) What is the budget for the construction of the continuous bike route from Epping Road to the Harbour Bridge ?

A cycleway is planned from Epping Road at Wicks Road, North Ryde to Merrenburn Avenue, Naremburn as part of the delivery of the Lane Cove Tunnel and expanded Gore Hill Freeway project. The remainder of the Cycleway would need to be funded by the RTA as it is unrelated to the Lane Cove Tunnel and expanded Gore Hill Freeway project.

- 8) When will work commence on the construction of the bike lane from Epping Road to the Harbour Bridge ?

Work has already commenced on the cycle route from Epping Road at Wicks Road to Mowbray Road West and from Gore Hill Freeway at the Pacific Highway to Merrenburn Avenue, Naremburn as part of the Lane Cove Tunnel and expanded Gore Hill Freeway project construction.

Work is planned to commence on the Epping Road section between Mowbray Road West and the Pacific Highway after the Lane Cove Tunnel and expanded Gore Hill Freeway opens.

A pedestrian/cycle bridge will be provided over the Warringah Freeway in the vicinity of Falcon Street, which will form part of the cycleway connection from Merrenburn Avenue to the Sydney Harbour Bridge. Construction commencement for this facility is planned for the end of 2006, subject to the outcomes of community consultation.

9) How long do you anticipate the construction of the bike lane from Epping Road to the Harbour Bridge will take?

The works on Epping Road from Wicks Road to Mowbray Road West and on the Gore Hill Freeway from the Pacific Highway to Merrenburn Avenue are almost complete and will be commissioned when the Lane Cove Tunnel and expanded Gore Hill Freeway opens.

The section of the cycleway on Epping Road and Longueville Road between Mowbray Road West and the Pacific Highway is planned to be completed within six months after the opening of the tunnel as per the Minister for Planning's Condition of Approval No. 42.

The recently announced pedestrian/cycle bridge to be provided over the Warringah Freeway in the vicinity of Falcon Street, forming part of the cycleway connection from Merrenburn Avenue to the Sydney Harbour Bridge, is likely to be completed by the middle of 2007.

There is no current timeframe to complete the remainder of the cycleway from Merrenburn Avenue, Naremburn to the Sydney Harbour Bridge.

10) What are your plans to ensure the bike lane that currently ends at Naremburn has a safe egress to nearby local roads or onto a safe bike path?

The cycleway that is being provided as part of the Lane Cove Tunnel and expanded Gore Hill Freeway project has been designed to *Austrroads Part 14* requirements. Austrroads design principles are based on safety and useability.

11) Is the continuous bike route from Epping Road to the Harbour Bridge a number of discrete projects?

Yes.

12) If this is the case what is the budget and the time line for each discrete project that makes up the continuous bike route?

See responses to questions 7 and 9.

ATTACHMENT A

Lane Cove Tunnel Project

Summary of RTA costs incurred to 30 June 2006 and budgeted costs for 2006/07 and 2007/08

CATEGORY OF COSTS	AMOUNT (\$)	COMMENT
Property Acquisition	26,990,000	For: <ul style="list-style-type: none">• Property acquisition and other agreements to provide land access to meet RTA's commitments under the Deed and enable project delivery.• Property lease costs for leases and other agreements to provide land access to meet its commitments under the Deed and enable project delivery.• Management of property acquisition - RTA Property Services costs plus statutory processes costs related to compulsory acquisitions.• RTA property survey and cadastral costs associated with property acquisitions• RTA Motorways Directorate project management costs relating to property matters.

**Project
Development**

9,415,500 For:

- Geotechnical investigation and reports to “prove” the concept buildability.
- Civil engineering concept design and feasibility study “prove” the concept’s practicality and allow preparation of estimates and assessments of environmental and other impacts.
- Traffic Studies to predict impacts and patronage.
- EIS report studies and preparation to describe the project for community and environmental review under the original EIS and later the Supplementary EIS for the preferred design.

- Costs of internal/external advisers undertaking peer review of EIS.
- RTA costs related to its management of project development, environmental assessment, and community consultation.

- Miscellaneous professional service contracts and other costs

**Project
Procurement**

7,793,200

Registration of Interest and Requests for Proposals:

- Technical Advice to evaluate, clarify and negotiate effectively during the procurement process
- Legal Advice

- Financial Advice

- Geotechnical Advice

- Engineering Advice

- Pavement Design Advice

- Urban Design Advice

- Road Design Advice

- Proposal evaluation

- RTA costs to prepare Summary of contracts and for other administrative activities.

**Infrastructure
Construction**

16,433,000

For:

- Preliminary construction work - cost includes Mowbray Park temporary carpark, bus bay and other miscellaneous physical work contracts prior to LCT Deed project works.
- RTA supplied telecommunications equipment and miscellaneous signposting.
- Pre-agreed change order costs for Falcon Street Ramps and removal of the Moreton Bay Fig tree as described under the Project Deed.
- Other net change order costs to RTA as at 30 Jun06

**Project
Management**

9,159,900

For:

- RTA management and administration of the Project Deed during design and construction. It includes monitoring delivery of the final design, construction quality, operation and as-built documentation.
- Motorways Directorate overheads and component of RTA Corporate overhead.
- RTA activities to comply with Minister for Planning's Conditions of Approval, including legal costs for minor modifications to Conditions.
- Mowbray Rd maintenance, Epping Rd pavement testing and additional signs on Warringah Freeway.

**Local Area
Traffic
Management**

130,400

For:

- External advisers for developing LATM plans and facilitation of community advisory groups.
- Costs incurred by the RTA in the development of local area traffic management schemes to ameliorate future traffic changes resulting from the LCT project.

Total 69,922,000

Further expenditure budgeted for 2006/2007 \$6 million and 2007/2008 \$19 million.

Lane Cove Tunnel

Monthly Financial Report

ATTACHMENT

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Item	Current financial year (2003\$)					Overall project (2003\$)						
	Year to date		Financial year			Actual/forecast expenditure						
	Forecast expenditure (\$'000)	Actual expenditure	Variance	Approved allocation	Forecast expenditure	Variance	Expenditure to date	Remaining expenditure (confirmed works)	Contingency required	Anticipated final cost	Proposed project allocation	Variance
1. Project Development												
Concept Design/EIS	0	50	50	0	0	0	8,864	86	0	8,950	7,770	1180
2. Regn of Int./Request for Propsls												
ROI/RFP docs & evaluation	2,686	2,533	-153	2,000	2,000	0	7,271	259	0	7,530	6,600	930
3. Property acquisitions												
Acquire properties *	11,500	11,985	485	21,126	18,126	-3000	20,269	29,178	2,918	52,365	54,585	-2220
Mgt of Property Acquisitions	195	200	5	250	250	0	200	455	45	700	590	110
Project Management	10	15	5	24	24	0	15	45	5	65	65	0
4. Project Management - Delivery												
Project Management	473	434	-39	2,530	2,530	0	435	14,253	1,425	16,113	16,113	0
Client Representation	24	0	-24	70	70	0	0	252	25	277	277	0
5. Construction Contingency												
Construction Contingency	0	0	0	n/a	0	0	0	30,000	0	30,000	30,000	0
6. Finalisation												
Local Area Improvements	0	0	0	n/a	0	0	0	2,655	265	2,920	2,920	0
Project management by MSB	0	0	0	n/a	0	0	0	309	31	340	340	0
Client Representation	0	0	0	n/a	0	0	0	36	4	40	40	0
Totals	14,888	15,217	329	26,000	23,000	-3000.00	37,054	77,528	4,718	119,300	119,300	0

(\$'000)

	Previous Yrs	03/04	04/05	05/06	06/07	07/08	Total
Expenditure Profile (02/03\$)	21,837	22,793	24,081	11,681	6,386	2,522	89,300
Construction Contingency	-	-	5,000	10,000	10,000	5,000	30,000
Road Cost Index	-	1.03	(1.03) ²	(1.03) ³	(1.03) ⁴	(1.03) ⁵	-
Required Budget	21,837	23,477	30,852	23,691	18,443	8,720	127,020 (Rounded)