

**Submission  
No 370**

## **INQUIRY INTO IMPACT OF THE WESTCONNEX PROJECT**

**Organisation:** EcoTransit Sydney

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**EcoTransit Sydney**



A submission to the

NSW Legislative Council  
Public Accountability Committee Inquiry

**Impact of the WestConnex Project**

Prepared by EcoTransit Sydney  
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Authorised by the Executive Committee of EcoTransit Sydney

The submission consists of 14 pages.

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# About the authors of this submission:

EcoTransit Sydney (ETS) is long-standing, not-for-profit, community-led advocacy group. Its main focus has been advocacy of sensible public transport and active (walking and cycling) transport solutions for the pressing transport problems facing Sydney and NSW.

An important underlying motivation for the solutions and projects proposed by ETS is a desire to have scarce public funds and resources allocated to those projects that maximise environmental sustainability and community amenity. Projects that offer an alternative to what has almost become an involuntary need for private vehicle dependence across Sydney. The WestConnex project represents the antithesis of these aims.

Members of ETS have been active in NSW since the battle to save [Wolli Creek](#)<sup>1</sup> in the later 1990s, which ended with the M5 East tunnels and the Airport Line compromise that mitigated their impact.

Members also (bravely) initiated and participated in legal [proceedings](#)<sup>2</sup> which led to the important [legal affirmation](#)<sup>3</sup> by the High Court of Australia on 9 March 2000 that third parties, whether they be community groups or state Attorneys General, do have standing in legal proceedings in which they have no direct involvement. The NSW government argued against third parties having legal standing, choosing to side with private toll road proponents instead of accountability, transparency and the public interest.

EcoTransit Sydney stands for less motor vehicle dependence, a better environment and the advocacy of efficient, practical but cost-effective public transport investments over more motorways.

1 [https://www.youtube.com/watch?v=7ehv5fMNawo&index=1&list=PLiLlflKJqyQdmQWm\\_8n3cZ2UsErLpOEot](https://www.youtube.com/watch?v=7ehv5fMNawo&index=1&list=PLiLlflKJqyQdmQWm_8n3cZ2UsErLpOEot)

2 [https://en.wikipedia.org/wiki/Truth\\_About\\_Motorways\\_Pty\\_Ltd\\_v\\_Macquarie\\_Infrastructure\\_Investment\\_Management\\_Ltd](https://en.wikipedia.org/wiki/Truth_About_Motorways_Pty_Ltd_v_Macquarie_Infrastructure_Investment_Management_Ltd)

3 <http://www8.austlii.edu.au/cgi-bin/viewdoc/au/cases/cth/HCA/2000/11.html>

There are several outcomes ETS hopes will be achieved as part of the discussion for this enquiry:

- 1. To have a spotlight shone on the proponents of WestConnex and their conflicts of interest.**
  
- 2. That holistic transport planning be restored within the metropolitan areas of NSW including the basic requirements of publicly available cost-benefit analyses (economic & social) and Environmental Impact Statements, with a proper respect for planning expertise;**
  
- 3. An analysis of the extent to which the NSW government's policy of uncontrolled toll road development across Sydney is:**
  - a) Diverting scarce public funds away from alternate transport modes, such heavy and light rail, that a smaller environmental footprint and would assist NSW in reducing its dependence on fossil fuels and its overall greenhouse gas emissions;**
  
  - b) Directing transport funds away from regional and rural NSW toward toll road projects in Sydney that are more attractive to private sectors investors;**
  
  - c) Reinforcing car dependence at the expense of public and individual health, community amenity and livability.**

We want these things brought to the public's attention and discussed because it is our firm belief that the governance practices and implementation of WestConnex — now the biggest toll road project for a single city, anywhere in the world — stands as a demonstration of everything that is wrong with infrastructure selection and Government process in this State.

## **The staggering cost of WestConnex to the community:**

The cost of WestConnex is often cited in newspapers as being \$16.8 billion. However, the truth is it will come at a much higher cost to NSW taxpayers. Opponents of the WestConnex project (like the City of Sydney) often claim a more accurate total sum would be \$45 billion, once all the other planned network additions are built, surface roads are adjusted for traffic flows and other existing revenues are surrendered as sweeteners for the potential investors (eg. free registration for regular toll users, etc) have been accounted for.

We have never paid for a project of this scale in NSW before, yet we are now. The sale of WestConnex is imminent, but its profit will continue to be paid from the people's purse. It will add to Sydney's cost of living, and we want to know why this was considered reasonable.

One can unfavourably compare what is happening in Sydney with what is occurring in Melbourne (a city that will soon surpass Sydney in population). There a forward-thinking government has scrapped plans for a similar 'mega road' project, and is now making plans to invest in an orbital rail line that will link not only to Melbourne Airport (long overdue) but provide greater rail options for movements across their entire city. Meanwhile, here we are stuck with the NSW Government spending the same amount of money on an enormous expansion of the toll road network. Again we would like to know why?

We want these things brought to the public's attention and discussed by this Inquiry, because it is our firm belief that the implementation of WestConnex — now the biggest toll road project for a single city, anywhere in the world — stands as a demonstration of everything that is wrong with infrastructure selection and Government process in this State.

The manner in which the WestConnex has morphed and [metastasised](#)<sup>4</sup> over time, with options discarded and justifications abandoned; EIS statements submitted and rubber-stamped within days by supposed gatekeeper agencies, with thousands of community responses ignored; shows the extent to which the NSW Government has failed to operate in the public interest.

Conversely, the NSW Government has been extremely solicitous of private sector interests. It has sought at every opportunity to transfer all project risk to the public while guaranteeing high returns to private sector investors. The public has been, and will continue to be forced to pay for this largess in the coming decades through taxation, asset recycling/privatisation, user pays charges, and toll road charges.

4 <https://www.smh.com.au/national/nsw/new-motorways-and-road-upgrades-take-westconnex-bill->

# Appreciation of Inquiry

The WestConnex Network has been selected as the State's 'priority number 1' for all the wrong reasons. Academics and transport planners agree that it is being implemented to make money for certain players in the private sector, particularly those already invested in the toll road sector, far more than it having been chosen to help 'bust congestion'.

The process we have arrived at

The unequivocal lesson from the past three decades is that the answer to road congestion is not more freeways (as the discussion below on induced demand makes clear). Even less in our interest is a massive road project that seeks once-and-for-all to 'bust congestion'; it cannot but simply shift the bottlenecks down the road. The only way to alleviate traffic is to invest in alternate public transport modes that offer a practical alternative to road-based options.

Induced traffic demand is a well understood phenomenon, and has been noted in motorway developments both here in Sydney and internationally. It has also been acknowledged by the Department of Main Roads engineers in testimony to the 1981 Kyeemagh-Chullora Road Inquiry and the 1983 Warringah Transport Corridor Inquiry, both of which were undertaken by [David Kirby](#)<sup>5</sup>.

It's a real phenomenon. Open a bigger road and it induces more interest in using it, which over time sees the benefits of more road space evaporate – and congestion increases wherever wide roads merge to meet narrower ones. If we wish to address congestion, travel by trains and other modes of public transport need to receive a level of investment that will permit them to be seen as a competitive alternative to single occupant vehicle travel.

The transport policies/ideology which have given us WestConnex are doing the opposite, and based on the concessions granted by the NSW government to enhance the commercial attractiveness of WestConnex to toll road operators, we can expect this situation to continue for

beyond-40-billion-council-20170414-gv11pe.html

5 <http://roadinquiry.blogspot.com/>

the next forty years.

WestConnex is not just an enormous sunk cost, and a surrendering of public capital in the here and now, it is surrendering it for the next [four decades](#)<sup>6</sup>.

These concessions and associated [shadow tolling mechanisms](#)<sup>7</sup> — which have been largely veiled from Parliamentary and public scrutiny courtesy of being designated *Commercial in Confidence* and/or *Cabinet in Confidence* — have the potential to cost the community billions of dollars. This is illustrated by the M5 South West cashback scheme. The accumulated [cost of the scheme](#)<sup>8</sup> now exceeds \$1.5 billion, and yearly costs now exceed \$100 million per year.

That is unsustainable and against the public interest.

NSW needs to invest in something other than roads to solve our existing congestion problems. EcoTransit Sydney is concerned the ongoing implementation of this megaproject (and other toll roads now [proposed](#) to support it's long-term viability<sup>9</sup>) represent too high a risk for the community. It represents a significant [opportunity cost](#)<sup>10</sup> to current and future generations as every dollar funnelled into expanding the toll road network is a dollar that will not be spent improving other more sustainable transport alternatives, such as light and heavy rail, which alleviate congestion instead of inducing it.

The NSW government, has used taxpayers' money as a start-up fund to launch an enormously

6 <https://www.smh.com.au/national/nsw/m5-tolls-to-stay-50-years-20140406-3677r.html>

7 <http://images.smh.com.au/file/2014/04/06/5328174/WestConnex%2520-%2520Financing%2520Strategies%2520-%2520Macquarie%2520-%2520FINAL%252016%2520July%25202013.pdf?rand=1396791142735>

8 <https://www.smh.com.au/national/nsw/taxpayer-bill-for-cashback-scheme-on-sydney-toll-roads-hits-15-billion--and-climbing-20161208-gt6hiq.html>

9 <https://future.transport.nsw.gov.au/plans/future-transport-strategy>

10 [https://en.wikipedia.org/wiki/Opportunity\\_cost](https://en.wikipedia.org/wiki/Opportunity_cost)



expensive project with an opaque and largely unscrutinised business case. We would welcome a cost-benefit analysis or at least a semblance of 'due diligence' on this matter.

The absence of rigorous assessment has been a constant for this project. Of particular concern was the continual application of [P50 cost estimation](#)<sup>11</sup> during the [initial assessment phase](#)<sup>12</sup>, and subsequent revisions of the WestConnex project.

The advantage for a proponent of P50 cost estimation is that it yields of lower project cost which in turn improves the benefit cost ratio, making it easier to gain sign-off from budgetary agencies.

By contrast, heavy and light rail projects in NSW are subject to P90 cost estimation. This makes rail projects much less appealing than road projects to government.

In February 2017, the Australian National Audit Office released a [report](#)<sup>13</sup> on the \$2 billion concessional loan provided by the Commonwealth to NSW to help fund WestConnex. The loan was criticised as not necessarily offering good value to the [taxpayer](#)<sup>14</sup>.

*In a report highly critical of the federal government's funding of the \$16.8 billion motorway, Commonwealth Auditor-General Grant Hehir also found that upfront payments and altering milestones for later support "did not adequately protect the Australian government's financial interests".*

The choice to apply P50 cost estimation instead of the more rigorous P90 cost estimation was a political decision on the part of the NSW Coalition Government.

The ideological preference of the NSW Coalition Government for toll roads over rail transport solutions extends to the abandonment of evidence-based planning processes. During

11 <https://www.smh.com.au/national/nsw/westconnex-infrastructure-australia-gives-thumbs-up-to-motorways-business-case-20150227-13qc8j.html>

12 <http://infrastructureaustralia.gov.au/policy-publications/publications/files/NSW-WestConnex.pdf>

13 <https://www.anao.gov.au/work/performance-audit/approval-and-administration-commonwealth-funding-westconnex-project>

14 <https://www.smh.com.au/national/nsw/audit-office-highly-critical-of-government-funding-for-westconnex-20170214-guc9dr.html>

consideration of the F6 project, the government was found to have been [instructing](#)<sup>15</sup> transport officials to ignore public transport alternatives to motorway projects. These are not the actions of a government that prioritises the public interest or sustainable development.

Much the same attitudes prevail at the Federal level.

The Prime Minister at the time, Tony Abbott in his book "Battle Lines" wrote 'the common man in his car is king'. His view of transit provision was such that public transit was not something the commonwealth need fund — that if roads were taken care of, the electorate was free to drive their own cars around and they'd be happy.

On becoming Prime Minister, the Coalition government cancelled contracts and plans for major Commonwealth-funded rail projects claiming the Government should 'stick to its knitting' and fund roads not rail. Joe Hockey as Federal Treasurer incentivised road projects at a State level by only offering Commonwealth funds for road building. He also encouraged asset recycling for the purposes of funding road projects.

Taking its lead from Mr Hockey and engaging in a form of reverse asset recycling, the NSW government has irresponsibly offered multi-decade concessions to facilitate the sale of the WestConnex project in order to attempt to recoup some of the project's upfront expenses. Even more irresponsibly, it has willingly shifted the commercial risk of the project to NSW taxpayers. In short, rather than busting congestion, the NSW Government may well bust the NSW economy over the longer term, and inducing rather than relieving congestion.

The best way forward, and the only one supported by a common-sense approach to the use of road space, its interaction with public transit and with demand management, is to invest in public transport solutions *first*. The ribbon-cutting opportunities may not be as abundant for transit as for rapidly-built roads, but this wonderful city of ours and its citizens will thank whoever can step forward, in the mould of John Bradfield, to give us the future-oriented public transit networks we need.

15 <https://www.smh.com.au/national/nsw/f6-planners-told-to-ignore-public-transport-build-roads-documents-show-20170407-gvgbon.html>



# EcoTransit's view of WestConnex

ETS has many concerns regarding the planning and governance practices that have resulted in the current design, construction and ongoing extensions of the WestConnex project.

We were especially concerned at the establishment by the NSW government of the wholly government owned Sydney Motorway Corporation to deliver the project.

The government's motivation in doing so appears to have been the adoption of a structure and governance mechanism which has freed it from having to satisfy any of the normal transparency and public accountability requirements of a government entity. This is especially the case given the enormous sum of public monies committed to the project.

As noted in the Sydney Morning Herald [report](#)<sup>16</sup> of 16 October 2015:

*The largest transport project in the country could be shielded from public scrutiny after the government transferred control of the \$15.4 billion WestConnex motorway to a "private corporation".*

*The transfer means information about the Sydney Motorway Corporation, which is now in charge of building the motorway, cannot be captured by freedom of information requests.*

*The government this month closed the former WestConnex Delivery Authority, and transferred its functions to the Sydney Motorway Corporation, once the organisation solely responsible for financing the road.*

*One implication of the transfer is that there are now no representatives from transport agencies on the board of the organisation responsible for building the 33-kilometre WestConnex - instead, the board is made up of treasury officials, builders and financiers.*

16 <https://www.smh.com.au/national/nsw/westconnex-shielded-from-scrutiny-after-control-handed-to-private-corporation-20151016-gkapzx.html>

There are a great many other concerns shared by EcoTransit Sydney and the community. In our view, the WestConnex project is:

- A monumental and irresponsible waste of State money to facilitate ongoing profits and motoring to help big construction and investment sector. It has been characterised by lack of proper planning processes that used to be considered fundamental in this state, such as economic & social cost-benefit analyses.
- Reinforcing a toll regime of motor dependency at a time where we should be moving towards sustainable, less polluting and more efficient transit for Australia only Global city.
- It was initially without public support – and the government acted to pursue it without an established mandate.
- A waste of taxpayers money to promote it in a positive light — including sponsorship of sporting clubs and schools — which ETS maintains is misleading.
- Will raise the cost of living for everyday Sydneysiders, despite inadequate business plans that have been subjected to scrutiny that is transparent and independent.
- Proponents have personal agendas to make money through the delivery of mega-scale infrastructure projects and spin — not an agenda to serve the public interest.
- A plan that continues to change and has never been finalised before the public was asked to comment and the approvals for each stage granted.
- Not tested against other modes of transport due to a biased preference for private motoring as a transport provision.
- Locking NSW taxpayers into a toll regime that will most likely be upheld by contract for decades – this effectively dictates the path of transport policy in Sydney.

It is worth reviewing the [original justifications](#) offered for the WestConnex project. WestConnex [was going to](#)<sup>17</sup>:

- Eliminate congestion on Parramatta Road allowing it to be re-developed as a pleasant tree-lined boulevard that would be lined by attractive, low-rise residential developments.
- Facilitate the bypassing of Parramatta Road for freight and through traffic to Port Botany, Sydney Airport and the CBD.

Consider what it has become:

- A network of tollways that seeks to capture traffic from as many parts of Sydney as possible, including the northern beaches, the Inner West, the eastern and southern suburbs and of course, greater Western Sydney. It is designed in such a way that each individual stretch can't deliver people the full distance they likely wish to travel. Once in, they are likely to follow through to a second toll gantry, if not a third in order to reap the benefit of time savings which first lured them in.
- WestConnex Stages 1-3 doesn't provide direct connections to the CBD or Port Botany. Instead, it delivers people to already congested traffic choke points which have not been alleviated by this multi-billion dollar disaster.
- Little more than a cash cow for its future facilitators, this is why Transurban is interested and not waiting for the first purchaser to go into receivership like it has previously. This time the model will work as it will perpetuate demand for its existing acquisitions and vice versa.
- "It's more like a business in its own right as opposed to maybe just one single standalone asset," observed Transurban chief executive [Scott Charlton](#)<sup>18</sup>. This is based purely on re-enforcing toll collection in the absence of competing transport

<sup>17</sup><http://www.infrastructure.nsw.gov.au/media/1160/>

[insw\\_tfnsw\\_and\\_roads\\_and\\_maritime\\_services\\_wcx\\_25\\_sept\\_2012\\_final\\_120927.pdf](http://www.infrastructure.nsw.gov.au/media/1160/insw_tfnsw_and_roads_and_maritime_services_wcx_25_sept_2012_final_120927.pdf)

<sup>18</sup> <https://www.smh.com.au/national/nsw/transurban-ready-to-pounce-on-westconnex-as-sydney-toll-roads-power-profits-20170207-gu6z83.html>

modes, by feeding one existing tollway stretch into another, with the perception they can lead you anywhere in Sydney at speed, provided you pay.

- Due to most transport funds being diverted to toll roads for the foreseeable future, its likely tolls will still prove cheaper than most public transport for some areas of Sydney – particularly in terms of time savings, unless there is a traffic jam or some other holdup.

We urge the Committee to investigate the matters raised in this submission, and the other submissions from the public.