Submission No 375

INQUIRY INTO IMPACT OF THE WESTCONNEX PROJECT

Organisation: Action for Public Transport (NSW) Inc

Date Received: 31 August 2018

WESTCONNEX LEGISLATIVE COUNCIL INQUIRY

APTNSW SUBMISSION

Who we are

Action for Public Transport (NSW) ("APTNSW)") is a transport advocacy group active in Sydney since 1974. We promote the interests of beneficiaries of public transport; both passengers, and the wider community.

Conclusion and key submission to Inquiry

We are pleased that the Public Accountability Committee has decided to inquire into and report (by 1 December 2018) on the impact of the WestConnex project.

Sydney's liveability and quality of life are being eroded by the increasing burden of heavy traffic flows. Westconnex is part of the problem, not part of the solution.

Our submission is that a quantum leap in the availability and frequency of public transport is the key to accommodating increased population without damaging the quality of life of Australians, and degrading our environment.

The pressing task now is to retrofit the parts of Australian cities that were unwisely developed without adequate public transport, to give residents a high quality, high frequency public transport alternative (see http://aptnsw.org.au/documents/connectivity.html.) Some moves in that direction are underway in Sydney, and this is welcome.

Westconnex is however soaking up much of the money, time and attention needed to bring the necessary urgency to the task. It is an expensive and ultimately pointless distraction.

This is a key impact to which we draw the Committee's attention.

(a) the adequacy of the business case for the WestConnex project, including the cost-benefits ratio

The establishment of Infrastructure Australia and corresponding bodies in most Australian States, including NSW, was motivated by the desire to "depoliticise" decision-making by subjecting proposals to objective (or "expert") appraisal.

In practice, "objective appraisal" tends to be equated to "economic appraisal". This in turn rests primarily on cost-benefit analysis, which dominates business cases for infrastructure projects.

The product of the analysis is a ratio, interpreted as indicating whether or not a proposed project is a worthwhile project for governments to fund and build. In this school of thought, a project that does not "stack up" in a cost-benefit analysis should not be undertaken, and vice versa (see Terrill, Emslie and Coates 2016).

APT submits that such heavy reliance on cost-benefit analysis is inappropriate, although it may have begun with the best of intentions. There are serious deficiencies inherent in cost-benefit analysis, which we contend is not fit for purpose in the transport field. In addition, there are particular deficiencies evident in the cost-benefit assessment of this particular project.

General

The essence of cost-benefit analysis (sometimes called benefit-cost analysis) has been described by the OECD (2006, p.17) as follows:

> *The essential theoretical foundations of CBA are: benefits are defined as increases in human wellbeing (utility) and costs are defined as reductions in human wellbeing. For a project or policy to qualify on cost-benefit grounds, its social benefits must exceed its social costs. "Society" is simply the sum of individuals. The geographic boundary for CBA is usually the nation but can readily be extended to wider limits.*

That is, CBA purports to be about human well-being and it purports to be about society. But it approaches these things in a narrow and idiosyncratic way. It is very easy to be misled by a decision-making tool that cannot cope with the important things that add up to quality of life: access to employment and education, social equity and inclusion, and a healthy environment.

Narrow scope

The principal input into the CBA exercise in the case of road transport projects is the "strategic transport model"[1]. These models produce estimates of travel time savings, which heavily dominate the "benefits" side of the ledger in CBA (around 80% in the case of Westconnex). The "costs" side of the ledger is dominated by the forecast costs of construction.

Important **social and environmental impacts** are often left out of cost-benefit analyses because they are not easily assigned a dollar value. Litman (2009) sees the omission of such impacts from cost benefit analyses as a source of inaccuracy:

> *People involved in economic evaluation should understand the difference between accuracy and precision. Accuracy refers to correctness of information. Precision refers to the level of detail in measurements. A measurement can be very precise but inaccurate …*
>
> *Nonmarket cost estimates are often criticized because they lack precision... However, if such impacts are likely to be significant in magnitude, it would be more accurate to incorporate them imprecisely than to omit them in ways that bias results.*

Sometimes an attempt is made to attach a monetary value to non-tradeable "items", such as clean air, but Ackerman (2008, p.3) notes that this is highly artificial and may not improve matters:

> *When important benefits are not defined in monetary terms, economists often resort to implausible, circuitous methods of inferring and inventing the missing prices... When the measurement of costs and benefits becomes a complex, detailed process, the calculation loses transparency and often objectivity as well, as partisan interests learn to cloak their agendas in the opaque technicalities of the evaluation.*

The Assessment Guidelines issued by Infrastructure Australia (2018) require business cases to provide material relating to impacts that are not captured in CBA, such as social impacts, cultural impacts, visual amenity and landscape, biodiversity and heritage impacts. The implication is that these factors might provide a sound basis to proceed with a project that does not achieve a positive cost benefit ratio, and vice versa.

[1] *Measuring Wider Economic Benefits in Australian Cities* (KPMG 2017, p.15)

In practice, though, the headline figure (ratio) dominates, and indeed there have been suggestions that, by law, CBA should have even greater emphasis (Terrill, Emslie and Coates 2016):

> *Governments … should not be able to commit to a transport infrastructure project before tabling in parliament a rigorous like-for-like evaluation of the net benefit, conducted by an independent body.*
>
> *Governments would then be free to make and defend decisions on the basis of a clear rationale for investment. Politicians would be less eager to invest in projects that don't stack up.*

Projects that "stack up" on bases not properly captured in CBA, like social, cultural and environmental benefit, or regional development, would be even more disadvantaged under this scenario.

Land use impacts are also routinely overlooked in cost benefit assessment practice. The failure to consider land use/transport interaction in CBA is acknowledged in draft ATAP guidelines (T3, December 2017, p.5):

> *To date, most economic appraisals of transport interventions in Australia in major cities have assumed constant land use. The spatial concentration of jobs and population is assumed to be the same in the base and project cases.*

This is at odds with empirical evidence. Rail infrastructure, in particular, shapes land use, as should be obvious to any observer of the rapid land use change in the north-west sector during the construction of the North-West Metro link.

The issue was highlighted in evidence given to a recent House of Representatives Inquiry into the role of transport connectivity in stimulating development and economic activity. Dr. David Adams (Technical Director at Aurecon) described what he called the "invisible worm" in transport project assessment:

> *So the invisible worm in Australia is that the national guidelines used for evaluating transport projects instruct the person doing the evaluation to ignore land value impacts. So all of the appraisers in Australia have been instructed to ignore land value impacts.*
> (Official Committee Hansard, Standing Committee on Infrastructure, Transport and Cities, Monday 7 March 2016, p.10).

Dr. Adams gave the Parliamentary Committee an example of the way the mandated approach influences outcomes.

> *What I am suggesting to you is that the high-speed rail phase 2 report was derailed because the worm in the national guidelines ate away at it. The terms of reference for the high-speed rail phase 2 study is 17½ pages long. … Ninety-five per cent of those terms of reference instructed the study to assume that land use was fixed. Ninety-five per cent said, 'Assume that nobody changes where they live as a result of high-speed rail', because that is what the national guidelines say. That is a nonsense, and, by implication, the findings of the study are therefore a nonsense. You ask the wrong question, you get the wrong answer (p.13)*

The Australian Transport and Infrastructure Council seems to recognise that disregarding land use impact is erroneous. The following observation appears in draft ATAP guidance on the consideration

of “wider economic benefits” in transport project assessment (T3 *Measuring WEB in Australian Cities* Draft December 2017, p.5):

> *The constant land-use assumption is, however, not appropriate for major, ‘city-shaping’ transport initiatives. By definition, city-shaping initiatives have a significant impact on land use because the changes to travel costs are large enough to affect the location decisions of households and businesses.*

This is a tentative step towards broadening of the exercise to include factors like agglomeration impact (a land use impact), but it is still early days.

APT (NSW) is clearly not alone in its scepticism about the value of CBA in relation to transport infrastructure investment. According to KPMG (2014) the “City Deals” approach used in Manchester “moves from narrow benefit–cost analysis to an agreed measure of gross value added for a region” (in practice, additional tax receipts). The key driving factors for the change are said to include:

> • *recognition that a combination of project-by-project traditional benefit–cost ratios (BCR) and lobbying was a very costly and inefficient allocation mechanism, …;*
>
> • *recognition (sparked by the London Crossrail project) of the role of transport infrastructure in driving economic performance, leading to fundamental questions about the traditional fixed (i.e. jobs, population and incomes are fixed) BCR approach to appraisal*

Low (2010) is less polite in his critique of cost-benefit analysis in the transport field, describing it as *“nonsense on stilts which no-one should take seriously”:*

> *If the assumptions are not supported by evidence then there is no point in ever more sophisticated modelling.*

Inaccurate forecasts

ATAP Guidelines (F3 *Options Generation and Assessment*) state that CBA should be "supported by strong evidence" (p.19) and speak of "benefit management" which asks (after the event) whether an initiative achieved its intended outcomes (p.20).

According to the *Infrastructure Decision-making Principles* issued by IA in July 2018, post-completion evaluation is in fact rarely undertaken (IA aims to change this situation).

Research work undertaken by Low and Odgers (2012) tested the claim made for the City Link toll roads in Melbourne that, “*following construction, travel time savings on the road system would ensue with a consequent reduction in congestion costs*” (p.195). They found (p.193) that:

> *the construction of City Link, involving a massive increase in high-quality road space, did not in fact result in a gross reduction in time spent in travel on the urban road system*.

This, as Low and Ogden point out, is the outcome predicted as long ago as 1994 in a major UK study, *Trunk Roads and the Generation of Traffic*. The phenomenon this report highlighted is known as “induced traffic”. Additional capacity sparks an unintended behavioural change. Additional drivers join those already using the route. Some take advantage of the (initial) time reduction to move

further out. Both behaviours increase the total vehicle kilometres travelled on the road system, gradually increasing congestion until the situation is back to where it was in the first place.

The phenomenon of induced traffic is recorded (though not acknowledged as such) in the Project Overview contained in the EIS for the Westconnex "new" M5. It notes (2015, p.9) that the "old" M5 was congested within just six months of its opening in 2001 and was experiencing (at the time of the EIS) "*the slowest typical travel speeds of any of Sydney's main motorways*" (see http://aptnsw.org.au/documents/new_m5_eis.html.

Relevant ATAP Guidelines (T1 *Travel Demand Modelling*) acknowledge the reality of induced traffic and contain the worrying observation that a modal shift from public transport can account for up to half of the estimated induced traffic on a road corridor (2016, p.29). It appears that some consideration of induced traffic was included in the 2015 version of the Westconnex Business Case at the insistence of Infrastructure Australia.

Low (2010) observes:

> *The inconvenient truth is that building motorways saves no time in travel but instead gives people the opportunity, indeed incentive, to travel further.*

Failure to consider alternative solutions

Cost benefit analyses compare a "base case" with a specific "project case". This practice fails to consider whether the project is the best way to tackle the problem it aims to solve.

The conventional approach to transport planning (or more correctly, road planning) can be described as "predict and provide". The "predict and provide" approach is an exercise in circular reasoning and self-fulfilling prophecy.

Transport modelling is based on projected population growth, from which growth in travel is assumed. Past patterns of mode share, adjusted for committed transport projects (few of which are public transport projects), are then projected forward as "forecasts". The Westconnex M5 EIS for example rests on the forecast (Vol.1A, p.4-12) that "72 per cent of journeys in 2031 will be made on the road network each weekday by vehicle, equal to an additional 4.3 million new trips compared to current traffic movements".

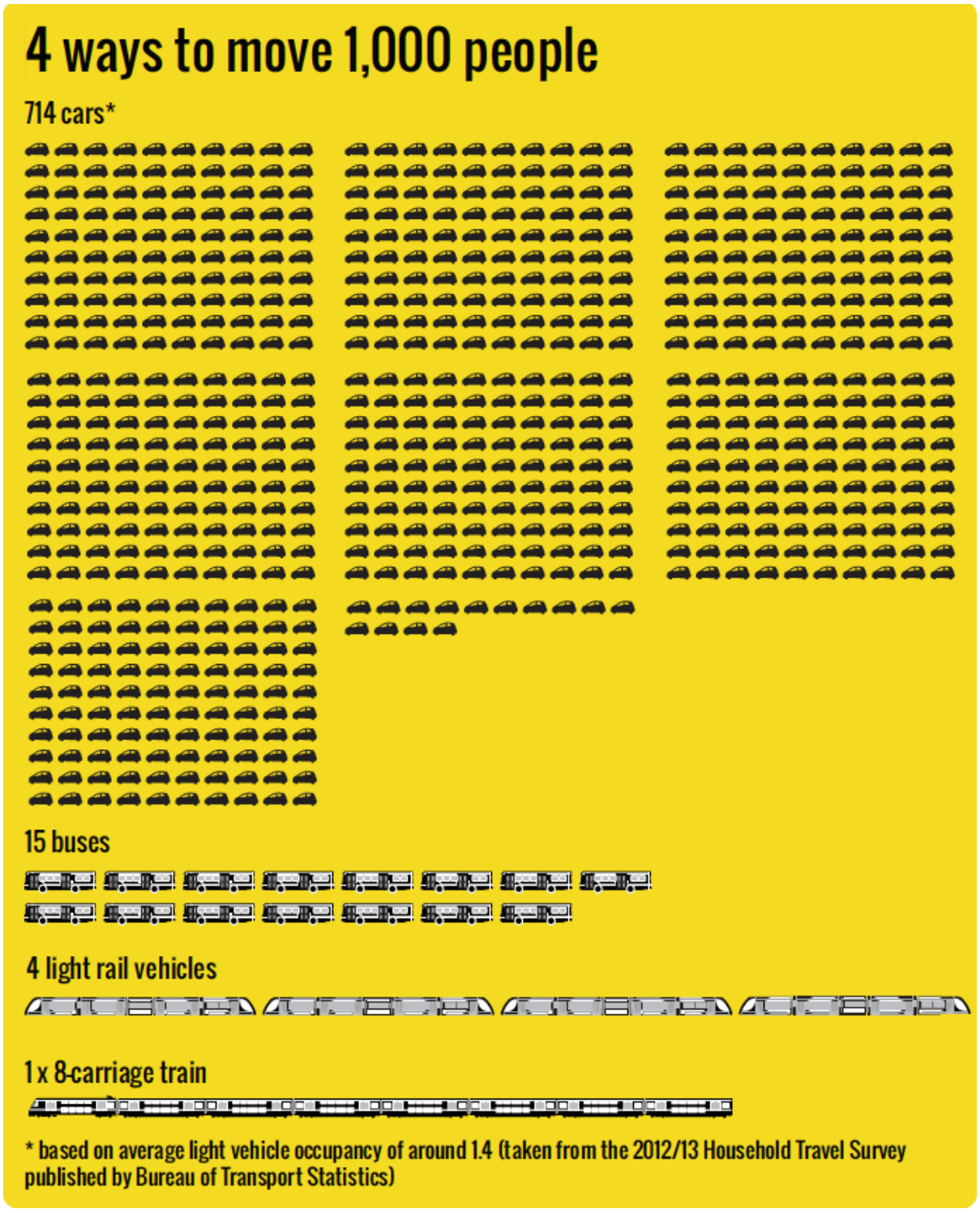
If motor vehicle travel demand is projected to grow in excess of supply, standard modelling leads inexorably to the proposition that more road space should be constructed to accommodate it. A "project case" then goes forward for assessment against the "base case", and nothing else. Alternative approaches will not emerge from the "predict and provide" approach, which is well past its use-by date.

Ackerman (2008) suggests that an analysis of a proposal for a new road really only answers the question, "*If there were no choices except the status quo or the new road, which would be better*?" He points out (in line with Kahneman 2011) that "*the framing of the question can often determine the answer*".

Waste of space

Transport infrastructure projects do more than shape cities by enabling changes in surrounding land uses. They are land uses in their own right. They utilise space, which in urban areas is very valuable and is almost always already in use for productive purposes, such as housing and commerce.

Motorways are land hungry. Public transport uses valuable urban space far more efficiently. On a purely physical level, *public transport makes space for development and economic activity*.



The opportunity cost of concreting over land otherwise available (or currently used) for more productive uses is not included in CBA. The direct conflict between Westconnex and Urban Growth's plans to rejuvenate the Bays Precinct is a striking example.

Winners and losers

Cost-benefit analysis consciously ignores the question of which groups and places accrue benefits, and which bear costs. The ATAP document *Wider Economic Benefits* (June 2017, p.10) confirms that CBA "*adds together costs and benefits regardless of to whom they accrue*", to produce the single ratio known as the cost benefit ratio (or the benefit-cost ratio).

Most of the costs of a project might fall on one group or place, and most of the benefits on another. Reverse the situation entirely, and the ratio will be unaffected. Yet the consequences (the outcomes) of the decision are in reality very different.

SGS Economics and Planning (2013) explain that:

> *… CBA focuses on net community benefit. In effect, a project is deemed worthy of investment if the beneficiaries from the project could compensate the losers and still remain in positive territory,* ***regardless of whether they are actually called upon to make such compensation****.* (emphasis added)

It is this inherent characteristic of CBA (combined with its narrow range of concerns) that causes areas with smaller populations to lose out in any competition for infrastructure funds in which CBA is treated as the deciding factor. The result is disadvantage for both regional areas and proposed new release areas (which begin with small populations, and wind up with large populations and poor public transport options).

Ackerman (2008, p.4) raises an ethical objection to this characteristic of CBA:

> *In real life, of course, few people are indifferent about who pays and who benefits; many ethical, political, and religious beliefs imply that it matters a great deal whether the poor subsidize the rich, or the rich subsidize the poor. Economic theory tries to excuse this ethical lapse by observing that if net benefits from a policy are positive, the winners could choose to compensate the losers. All too often, however, the winners choose to keep the winnings for themselves – and thus the ethical problem persists.*

ATAP Guidelines M1 –Public Transport (May 2018) suggest that equity impacts of this kind can be considered, but separately from the core CBA:

> *These impacts should be reported in the Appraisal Summary Table (AST) (see Part F3) and highlighted in the business case. (p.42)*

Whether or not this is commonly done is not clear. The influential "headline CBA" however will not change. In practice, it can be difficult for a project that alleviates or averts transport disadvantage to be recognised as "worthy of investment", despite the link between transport disadvantage and reduced employment and educational prospects.

A research report prepared for the Productivity Commission indicates that there is deep and persistent disadvantage in many rural and regional communities (http://www.pc.gov.au/research/supporting/deep-persistent-disadvantage). Recent work by

Professor John Stanley and Associate Professor Janet Stanley at the Melbourne Sustainable Society Institute (University of Melbourne) indicates that a lack of transport choice in regional areas is a big factor in low rates of preschool attendance, low levels of educational attainment, and low levels of job readiness.

Discounting the future

SGS (2013) suggests that other issues in CBA can be resolved, but not the systemic failings arising from its discounting of the future:

> *These systemic failings all relate to an aspect at the heart of CBA which is the idea of discounting future costs and benefits. Typically, the discount rate chosen (usually 4- 10%) means that any costs and benefits beyond 25 or 30 years are 'discounted' to a point where they have a negligible impact on the benchmark indicators.*
>
> *Conventional cost benefit analysis therefore tends to heavily 'discount the future', particularly future benefits which generally continue to flow into the future, well after the most significant costs have been incurred. For major infrastructure projects which have the potential to re-shape the city for generations, or for projects with a major future environmental pay off, this is problematic.*

Ackerman (2008) points to the ethical issue of intergenerational equity:

> *When the time span is so great that different generations are involved in costs today and benefits tomorrow, the analogy to an individual investment decision breaks down. Instead, questions of intergenerational responsibility are involved, ultimately reflecting our commitments to and desires for our descendents…*

Terrill and Batrouney (2018) are advocates of CBA, but critical of the fact that the "discount rate" used in most of Australia (the exception is SA) has been stuck at 7% since at least 1989. They argue that this figure is too high, and has a distorting impact:

> *The choice of discount rate can affect not only whether a project is worthwhile, but also which project among several is the most worthwhile… As a general rule, projects with deferred benefits are hit hardest by high discount rates.*

The high discount rate currently in use in CBA is a source of serious bias against rail projects, which are city-shaping, and benefit many generations (as Bradfield's rail system has done).

A better way

In questioning over-reliance on CBA, APT (NSW) in no way suggests that costs and benefits do not matter. An understanding of costs and benefits is essential to good decisions; but it does not follow that the last computational step in CBA delivers a valid guide to action. Ackerman argues that there should be open deliberation on public policy choices:

> *Analysis of costs, and of benefits, is an essential part of any systematic thinking about public policy…*
>
> *If analysts can describe the costs, and separately the benefits, of a proposal … society can decide whether or not to "buy" the package as a whole. This is a far more transparent,*

understandable process than the attempt to put price tags on each individual component of the benefits.

Particular deficiencies in Westconnex business case

Cart before horse

Terrill and Danks (2016, p.3) say:

> *All main political parties have committed to sound analysis and planning of infrastructure, to avoiding waste, and to making decisions with broad social benefit. But in practice they continue to announce projects before they have been properly assessed.*

This comment is certainly apt in the case of Westconnex, which was announced and funded in October 2012, well in advance of the business case dated July 2013. The 2014 Audit Office NSW Performance Audit concluded:

> *The preliminary business case submitted for Gateway review had many deficiencies and fell well short of the standard required for such a document. Further, on our analysis, the business case put to the Government still included some deficiencies that independent Gateway reviews and external assurance arrangements, if they had occurred, should have identified.*

In relation to the City Link tollway project in Melbourne, Low and Odgers (2012, p.197) observe a similar modus operandi, noting that the economic rationalisation of the project "*was something of a post hoc affair since it was conducted after the decision to proceed with City Link (the Concession Deed was signed in October 1995, and presumably the decision was made well before that)*".

Construction contracts were let before the Westconnex project was properly assessed and indeed before it was properly planned. It was not until 2015 that a final business case for the project emerged. We hope the Committee can find out why this happened.

Framing

The 2014 NSW Audit Office performance audit report notes (p.15) that the Westconnex project began with the NSW Government asking Infrastructure NSW (established mid-2011) to provide advice on "Sydney's next motorway priority" as part of its work in developing the State Infrastructure Strategy (SIS). Exactly when and how this request was made is not indicated in the report. Nor is it clear why the request was made, presuming as it does a need for another motorway.

In October 2012 INSW released the State Infrastructure Strategy "First things first"; it referred to a Northern Beaches Link, "which has been advocated in a number of unsolicited proposals to the NSW Government". It would be reasonable for a government fielding unsolicited transport proposals to have in place a strategic framework against which such proposals could be assessed. The question actually asked was however bound to elicit something else entirely.

In October 2012 Infrastructure NSW duly brought forward the first version of *Westconnex: Sydney's next motorway project*. We now have a project selected and funded ahead of better projects not answering the description "motorway".

Moving bottlenecks

The EIS for the M4 East concluded that constructing that section of Westconnex would worsen traffic at the point it emerged on Parramatta Rd (Wattle St.) That EIS proposed that the problem could be mitigated by building more "Westconnex projects". The likelihood that Victoria Rd and Anzac Bridge will be overwhelmed by additional traffic generated by Westconnex seems to have sparked extensions (Beaches Link, Western Harbour Tunnel) that are claimed to solve the problem the Westconnex project itself is creating (see http://aptnsw.org.au/documents/westconnex_stage3_submission.html and http://aptnsw.org.au/documents/parra_rd_URS.html.)

Pretty pictures

The project is largely above ground (14 kilometres of road above ground according to ANAO p.10) in heavily populated areas of an established city. Pictograms used for publicising the project show Westconnex as a tunnel with happy people enjoying active streets and attractive parks above it, untroubled by heavy traffic and exhaust fumes.

This seeks to obscure the degradation of urban living environments by Westconnex and its associated series of portals, flyovers, and widening of connecting roads. The combined effect is severance of existing community connections.

Following yet another amendment to the plans, the proposed tunnel connecting the M4 and M5 now features an above ground spaghetti junction of enormous proportions in the Bays Precinct at Rozelle.

(b) the cost of WestConnex project, including the size and reasons for overruns

As noted above, the State Infrastructure Strategy "First things first" (October 2012) confirmed that a Northern Beaches Link had been "advocated in a number of unsolicited proposals to the NSW Government" though it did not say who made these proposals or give any more detail. The Committee's inquiry may be able to obtain clarification.

In this case however the NSW government decided to construct Westconnex, and to do so itself, with Commonwealth assistance. Its intention is to progressively recoup the cost from anticipated profits from the sale of tolling rights for completed sections.

The ANAO Performance Report (p.35) notes that NSW originally intended to sell Stage 1 (M4 widening) to fund Stage 2 (M5 widening and associated work including interchange at St Peters) and sell Stage 2 to fund Stage 3 (Haberfield to St Peters via Rozelle). It notes that a concessional loan from the Commonwealth has instead been used to fund Stage 2:

> *The provision of the concessional loan has meant that the delivery of Stage 2 has been de-linked from the sale proceeds of Stage 1.*

It is evident that the cost of the project has been escalating. The 2014 Audit Office NSW Performance Audit says:

> *The WestConnex final business case was completed in July 2013 and estimated its capital cost at $11.5 billion in 2012 dollars.*

The ANAO Performance Audit report puts the cost at $16.8B at time of its publication (February 2017).

The Committee will no doubt establish what has been spent so far, and whether the cost of Westconnex has continued to increase. Our concern is that the actual cost of Westconnex appears to be obscured in several ways. It seems that:

- A large and expensive program of roadworks aiming to accommodate the additional traffic Westconnex will generate is being paid for from public funds, but not identified as part of the cost of the project.

- As the Committee's terms of reference already note, the "Gateway" element has been excluded though it does what Westconnex was supposed to do – connect the western suburbs to the airport and port (in that regard we wonder why rail access to the Moorebank intermodal terminal is not being expedited instead)

- The Beaches Link and Western Harbour Tunnel proposals have been put forward largely as a means of "mitigating" the insuperable congestion problems that would be created by Westconnex pushing more traffic onto the Anzac Bridge.

- RMS is responsible for reporting on the expenditure of Commonwealth funds, which has caused problems in itself (ANAO p.35). The Committee may be able to establish whether the cost of doing so is paid for from RMS budget. The Committee may also be able to establish whether the Westconnex public relations campaign is recognised as a cost of the project.

- There is now to be free registration of vehicles if their owners pay private toll operators more than $25 a week, a scheme expected to cost government $100 million in its first year of operation, and to climb over time (in the same way as the cost of the M4 "cashback" scheme escalated).

  This is a circuitous way of subsidising an incoming tollway operator and reducing its exposure to "demand risk" (the risk that the motorway attracts fewer users than the projections in the business case indicated). The ANAO Performance Audit Report (2017, p.35) notes that "*the viability of WestConnex is linked to the implementation of a toll regime"*.

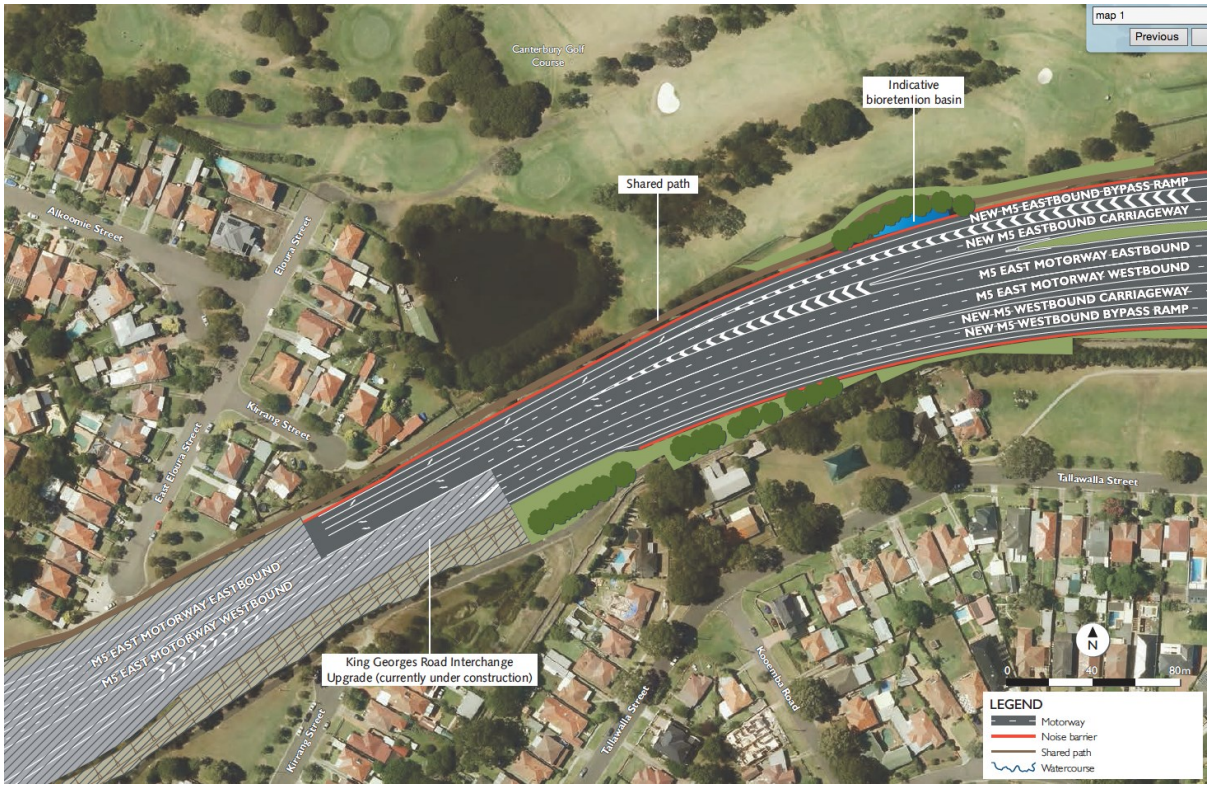
We expect that the Committee will find that the cost of Westconnex has been grossly underestimated in its cost-benefit analysis.

(c) consideration of the governance and structure of the WestConnex project including the relationship between Sydney Motorway Corporation, Roads and Maritime Services, the Treasury and its shareholding Ministers

We will leave this issue to others at this point. We suggest however that the Committee should also include in its consideration the role of the Westconnex Delivery Authority (established in October 2013).

(d) the compulsory acquisition of property for the project

We will make no comment on this issue, other than to point out that perfectly sound and useful housing is being replaced with swathes of concrete, while governments are strenuously working to increase the supply of housing.



(e) the recommendations of the Audit Office of New South Wales and the Australian National Audit Office

We have dealt with aspects of these performance audits under other headings and make no further comment here.

(f) the extent to which the project is meeting the original goals of the project as articulated in 2012

We take it that this term of reference refers to the 2012 INSW document *Westconnex -Sydney's next motorway project*, which says that the objectives of the project are to:

1. Support Sydney's long-term economic growth through improved motorway access and connections linking Sydney's international gateways and Western Sydney and places of business across the city.
2. Relieve road congestion so as to improve the speed, reliability and safety of travel in the M4 and M5 corridors, including parallel arterial roads.
3. Cater for the diverse travel demands along these corridors that are best met by road infrastructure.

4. Create opportunities for urban renewal, improved liveability, and public and active transport improvements along and around Parramatta Road.
5. Enhance the productivity of commercial and freight generating land uses strategically located near transport infrastructure.
6. Fit within the financial capacity of the State and Federal Governments, in partnership with the private sector.
7. Optimise user pays contributions to support funding in a way that is affordable and equitable.

Objectives 1 ,3 and 5 feature a predetermined method interwoven with the objective, and objectives 6 and 7 are arguably constraints or parameters rather than objectives. The objectives on which we will comment are objective 2 (congestion relief) and objective 4 (rejuvenation of Parramatta Rd.)

Congestion relief (objective 2)

Stage 1 of Westconnex is complete. If congestion on the M4 to that point has been reduced, it could be argued that this objective is being met, at least for now. There is however a confounding factor – the reintroduction of tolls.

Tolls paid to operators are a way to recoup the costs of construction from users and provide a solid profit for the operator. Unlike "road pricing" schemes, tolls are not necessarily intended to function as demand management measures; but they are indistinguishable from the point of view of the user. A reduction in congestion could be due to the additional road space, or it could reflect the impact of the toll.

Civilising Parramatta Rd

The objectives of the project in relation to Parramatta Rd. could be in conflict. Objective 2 seeks to relieve road congestion "so as to improve the speed, reliability and safety of travel in the M4 and M5 corridors, *including parallel arterial roads*". The corresponding "challenge" is said to be:

> *Congestion, low travel speeds and unreliable travel times on the M4, M5 East, Parramatta Road and in the Sydney Airport/Port Botany precinct that delay freight, public transport and add cost to business.*

Speeding up traffic on Parramatta Rd. would not normally be suggested as a way to provide opportunities for urban renewal, improved liveability, and public and active transport improvements (objective 4). Nor would this normally be seen as a way to address the challenge of "poor urban amenity along Parramatta Road due to heavy traffic volumes and congestion throughout weekdays and on weekends". We look forward to the Committee's findings on the extent to which drivers have stopped using Parramatta Rd. and transferred to the tolled M4.

At any rate, we have not seen more frequent and reliable bus services along Parramatta Rd in the stretch parallel to Westconnex Stage 1. Nor are there any obvious signs of improved urban amenity. If traffic volumes on this stretch of Parramatta Rd. have reduced, there is a window of opportunity for urban improvements (principally wider footpaths). As noted earlier, history suggests it will not remain open for long (http://aptnsw.org.au/documents/parra_rd_URS.html).

(g) the relationship between WestConnex and other toll road projects including the Sydney Gateway, Western Harbour Tunnel, F6 and Beaches Link

As noted earlier, it appears that the Western Harbour Tunnel and Beaches Link have been proposed as a way to "solve" the traffic problems Westconnex would itself create. We also noted earlier that according to INSW's Westconnex – Sydney's next motorway (2012) the Beaches Link was one of several unsolicited proposals from toll operators.

We hope the Committee can obtain these proposals as they may shed further light on this term of reference.

(h) the circumstances by which WestConnex and the Sydney Gateway were declared to be separate projects in 2017

We cannot say. But we note the effect was to reduce the acknowledged cost of Westconnex and improve its CBA figure.

(i) the cost of the project against its current valuation as determined through the sale of the Sydney Motorway Corporation and whether it represents a good investment for NSW taxpayers

At this stage both elements of this term of reference are unclear. APT (NSW) suggests the Committee should consider whether there are any indications that sale documents will include conditions and representations that taxpayers will undertake expenditure (such as giving funding priority to the F6) or take other actions that benefit the purchaser.

We would particularly like an assurance that there will be no impediment to public transport improvements that might be seen to compete with the interests of an incoming toll operator.

The project cannot reasonably be said to be a "good investment" if it fails to meet its objectives (reduced congestion and a rejuvenated Parramatta Rd.) regardless of the price obtained on a sale of the right to collect tolls.

(j) any other related matter.

APT (NSW) submits that NSW has been flailing about since 2012, and possibly earlier, in the absence of anything vaguely resembling integrated land use and transport planning. The Westconnex project is a hangover from a dysfunctional process.

It seems that in 2012 INSW responded to the completion of the orbital motorway system by regressing to a version of the destructive inner-city freeway program of the 1970s and earlier (this time, with tolls). It failed to understand that the point of the orbital approach was to distribute traffic around the periphery of the city rather than damaging productive and important destinations by directing traffic towards the centre.

By contrast, we believe that the Future Transport 2056 is a genuine attempt to integrate transport and land use planning
http://aptnsw.org.au/documents/future_transp_strat_2056_submission.html.

The integration of transport and land use planning is encapsulated in Figures 50 and 51 in the Future Transport Strategy. In order to move from the system shown in Figure 50 to the one illustrated in

Figure 51, many of the missing links in Sydney's rail network glaringly evident in figure 50 would be filled. With a rolling series of comparatively modest initiatives, accompanied by a dramatic improvement in service frequency, something approaching the excellent systems that exist in Tokyo, Paris, London and New York can be created.

{copy in figures 50 and 51)

The weakness of the Future Transport Strategy lies in the accompanying Services and Infrastructure Plans (Greater Sydney Services and Infrastructure Plan, Regional NSW Services and Infrastructure Plan, Greater Newcastle Future Transport Plan).

Too many public transport initiatives consistent with the key strategic directions proposed are relegated to the status of "to be investigated", but not delivered for at least 10 years. This means a lag of many years even for planning to commence. The only committed *regional* public transport initiatives appear to be the federal inland rail project, the "Fixing Country Rail" projects and the Newcastle light rail project.

Meanwhile, initiatives that run completely counter to the strategic directions proposed appear at the head of the funding queue, for reasons that remain opaque. The ill-advised Westconnex, and its equally ill-advised extension to the northern beaches (via a tunnel under Sydney Harbour) are prime examples. Both do nothing to support the key strategic directions for Sydney. Neither will achieve their stated aim of reducing traffic congestion. Yet both are shown as "committed" (in the latter case, "subject to business case" – which is odd in itself).

The ever- expanding Westconnex folly is taking money and attention away from the task of retrofitting Sydney with a public transport system suited to its size and function and improving public transport for regional NSW. It should proceed no further. The government should avoid succumbing to the "sunk-cost fallacy" and throwing good money after bad (Kahneman 2011, p.343-346).

APTNSW

31 August 2018

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