

**Submission
No 396**

**INQUIRY INTO IMPACT OF THE WESTCONNEX
PROJECT**

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Earlier this year, Credit Suisse released an analysis of WestConnex (1) which would suggest that had the State simply sold the rights to 51% of the M4 and M5 it should have received a return of around 4.5 billion.

Instead, the State has not just sold the rights to 51% of the M4 and M5, it has variously spent or committed to spending a total of 13.4bn.

In exchange, it has received a total return of 10.4bn, and a 49% share of the M4 East, the New M5 and the M4-M5 Link, against which must be offset a 49% share of 8bn of debt that the privatised company will be carrying, according to Transurban's release "WestConnex Acquisition - Transurban equity raising" (2).

In effect the Government has spent \$7 billion and given up 51% of the existing M4 and M5, assets with an estimated value of \$9 billion, in exchange for a 49% share of assets with an estimated value of \$4.5 billion.

This would appear to be a net loss of some \$7 billion, before counting the cost to the travelling public, which is substantial.

I ask the Inquiry to determine if this degree of value destruction was understood by those responsible for recommending the project proceed.

I ask the Inquiry to make recommendations which would prevent a similar destruction of value happening in the future.

I ask for the opportunity to present before the Inquiry.

References: https://research-doc.credit-suisse.com/docView?language=ENG&format=PDF&sourceid=csplusresearchcp&document_id=1069771631&serialid=IPty0mkSZEHybYk%2BUNFjz%2FDSN7mwedVVVQ34Ui8ams%3D
<https://www.asx.com.au/asxpdf/20180831/pdf/43xwysd3wsxnts.pdf>