

**Submission
No 418**

**INQUIRY INTO IMPACT OF THE WESTCONNEX
PROJECT**

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Parliamentary Inquiry Into Impacts of WestConnex

Submission by Clare Grant

I do not work for, consult, own shares in or receive funding from any company or organisation that would benefit from the outcomes of this inquiry.

My submission is relevant to the first term of reference.

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

(a)

1. On 2 Oct 2012, Infrastructure NSW announced support for WestConnex, including a funding strategy. To fund its plan, INSW recommended a mix of state funding, private investment and user-pays such as tolls on new or upgraded motorways. The following day, 3 Oct 2012, the NSW Premier announced that they would proceed with a 33km motorway. Despite having no Business Case, they forecast a total cost of \$10 billion.

In mid-January 2013, names of various consortiums for the building of WestConnex were announced. Cost was now projected to be \$10 billion-\$13 billion. The Business Case was being developed by companies with major interests in building the infrastructure, as reported in the *Australian Financial Review*. A Business Case for WestConnex was not released until 2015.

2. The Business Case was only able to present itself as viable by omitting various costs:

* To cross-subsidise by introducing tolls onto existing roads – the M4 and M4East. This will change people's driving habits, as only wealthier drivers will use the tolled roads, especially for regular use.

* This is born out by reports, most recently in *Inner West Courier*, August 14, 2018: 'Thousands give M4 tolls the flick: Streets turned to "carparks" as motorists dodge M4'.

* The projected travel time savings of \$18 million didn't account for people unwilling or unable to pay tolls.

For the majority of users (30% fewer motorists are using the M4 from Parramatta to Homebush than were using it before tolls were introduced last August, *Inner West Courier*, August 14, 2018), drivers are staying on more crowded and actually slower roads. They face travel time increases, or not driving or working at all. This is a huge impost on these people, on top of the disruption due to road closures and road works, which cause significant delays.

* Details of cost increases due to travellers forced onto slow roads after the introduction of tolls were not included in the Business Case. The Business Case did not include the cost to people of paying for previously untolled roads.

* It was originally planned to make earliest sections operational and then sell them off when the numbers were proven. The flawed overestimation of paying users means that they will now get considerably less for the tollroads. Transurban will now be paying only about half of the construction costs (paid for by the NSW Government/taxpayers), which is a very bad deal.

* Further, delays were not accounted for in the Business Case.

3.

* RMS is spending millions of dollars to alter existing roads; narrowing Parramatta Rd, Sydney Park Rd and Mitchell Rd. These are arterial roads, which compete with M4 and M5Tollways. Therefore, to further decrease competition, there is no provision for rapid bus transit, light rail and heavy rail.

This is not normal practice if you were actually providing alternatives for a cost-benefit analysis.

* While narrowing competing roads they are widening McEvoy Road, which will funnel cars onto the Tollroad. This is an extra cost of multi-millions of dollars and massive disruption and loss of amenity to surrounding areas. None of these changes were in the original business case and NONE were funded, but they are being paid for by the RMS. All narrowing and widening of roads should have been included in the cost of WestConnex. These are now 'hidden' costs that are not being accounted for within the funding formula for the WestConnex Tollways project.

b)

* The current business model is a combination of State and Federal equity, funneling funds into Sydney Motor Corporation (SMC), along with funds from four different banks, and a Commonwealth loan of \$2 billion. So far they've raised roughly \$10 billion; overall costs are predicted to be roughly \$20 billion.

* There are currently no funds for Stage 3 (the connection between the M4East and the M5)

j) Huge opportunity costs:-

Negative costs to Sydney of increased pollution

Negative costs of increasing congestion

The lost opportunity to invest in improvements to the reliability and efficiency of public transport. Improvements to public transport are the only way to improve roads, by increasingly enabling commuters and travellers to be able to make the switch to public transport.

In the conception, building, and now sale of WestConnex, the Government of NSW has not been accountable to the taxpayers of NSW. Without doubt, the money would have been better spent on mass transit systems in order to reduce congestion, pollution and improve reliability.

Yours sincerely,

Clare Grant

