

INQUIRY INTO IMPACT OF THE WESTCONNEX PROJECT

Organisation: Sydney Transport Partners

Date Received: 24 September 2018

Monday, September 24, 2018

Director
Public Accountability Committee
Parliament House,
Macquarie Street
Sydney, NSW 2000

RE: Inquiry into the impact of the WestConnex Project.

Thank you for the invitation to provide a submission to the Public Accountability Committee's inquiry into the impact of the WestConnex Project.

Sydney Transport Partners, an Australian-based consortium comprising Transurban (50 per cent), AustralianSuper (20.5 per cent), Canada Pension Plan Investment Board (20.5 per cent) and Tawreed Investments Limited (9 per cent), a wholly-owned subsidiary of the Abu Dhabi Investment Authority, has been announced by the State as the successful bidder in the New South Wales Government's sale of 51 per cent of the Sydney Motorway Corporation (WestConnex).

Sydney Transport Partners' investment in the WestConnex Project is expected to reach contractual close at the end of this month. Until contractual close is achieved, Sydney Transport Partners does not have a financial interest in the WestConnex Project.

While Sydney Transport Partners is happy to assist with the inquiry, having examined the Committee's Terms of Reference (See Appendix A) we do not believe our involvement will provide further information beyond what has been disclosed to date by the NSW Government, whom we have relied on for our information disclosures as part of the transaction.

Sydney Transport Partners' members have significant interests in toll-roads both in Australia and overseas, with direct ownership interests in 25 toll-roads globally.

Transurban is Australia's largest publicly-listed infrastructure company, with 16 motorways under operational control in NSW, Victoria, Queensland, the Greater Washington Area and Montreal. Transurban is a leading developer, operator and long-term motorway concessionaire. It undertakes operational roles for a substantial proportion of the 1,325 lane kilometres, including 30 kilometres of tolled motorway tunnels, that it has interests in. It began in Melbourne with the CityLink project in 1995 and today employs 2000 people. Around 30 per cent of Transurban's investors are located in NSW.

AustralianSuper is Australia's largest industry superannuation fund, with \$140 billion in members' assets as at 30 August 2018, of which more than \$13 billion is invested in infrastructure. It has more than 2.2 million members (including more than 600,000 in NSW, as at June 2017), and 220,000 employers. In 2016, AustralianSuper's consortium was successful in its bid to lease 50.4 per cent of the NSW Government's electricity network, Ausgrid, which supplies power to 1.7 million homes in Sydney, the Central Coast and Hunter Valley. Roughly half of NSW's electricity customers rely on Ausgrid's network for their power. In addition to Ausgrid, AustralianSuper has investments in NSW Ports and Perth Airport.

AustralianSuper also partnered with Transurban and Tawreed in a consortium which acquired Queensland Motorways Limited (QML) in 2014. Now rebranded Transurban Queensland, the transfer has delivered significant benefits to customers, local communities, and the Queensland Government. Transurban Queensland has since expanded its local operations and is working with the Queensland Government and local councils to deliver a number of critical infrastructure upgrade projects, including the Gateway Upgrade North, Inner City Bypass Upgrade and the Logan Enhancement Project.

Canada Pension Plan Investment Board (CPPIB) has funds under management as at 30 June 2018 totaling C\$366.6 billion (A\$392 billion). CPPIB is one of the world's top ten largest retirement funds and has invested about \$11 billion in Australia, including those with material NSW operations and presence. CPPIB's investments include Pacific National, Australia's largest rail freight business. Together, Transurban, CPPIB, their WestLink M7 partners along with State and Federal Governments are overseeing the construction of the NorthConnex project; twin 9 kilometre long road tunnels connecting the Hills M2 and the M1 Pacific Highway. In addition to providing a solution to one of Sydney's "missing links", NorthConnex is also helping transform a disused quarry providing a lasting benefit for the community in north-west Sydney. Approximately one million cubic metres of excavated shale and sandstone material from the tunnel is being used to fill the former Hornsby Quarry, with the local Council working to develop it into a dedicated community space.

Tawreed has been a significant investor in Australian infrastructure, successfully acquiring NSW Ports (with AustralianSuper) and QML (with Transurban and AustralianSuper). In 2015, it invested in the NSW Government's power transmission network, TransGrid, and the Port of Brisbane in 2010.

Sydney Transport Partners' members have invested in, delivered and operated some of NSW and Australia's most critical transport and energy infrastructure, including electricity businesses, airports, ports, toll-roads and freight rail. This combined experience shows that our consortium partners are aware of the challenges, needs and expectations of local customers.

With experience in partnering with governments across Australia and internationally to successfully deliver and manage critical infrastructure, our consortium members have made these investments for the long term and committed to developing innovative and effective transport solutions that meet the needs of growing cities. We are more than 70 per cent Australian-owned, committed to creating jobs and fostering economic growth for the people of NSW. We represent the interests of over four million Australians through superannuation and investment opportunities and are entrusted with hundreds of billions of dollars of retirement savings.

With Sydney's population expected to reach eight million by 2056, Sydney Transport Partners appreciates the challenge facing NSW. According to the Bureau of Infrastructure, Transport and Regional Economics, congestion now costs the State more than \$6 billion a year, with that figure expected to more than double by 2030. We believe WestConnex will help remedy this problem.

We appreciate the State's vision to create a fully connected transport network and continual job growth, while balancing cost of living pressures. WestConnex will extend the M4 from Homebush to Haberfield, double the capacity of the M5 East corridor running from Kingsgrove to St Peters and join these underground routes together via a new tunnel creating a new western bypass of the Sydney CBD. During construction, about 10,000 workers will be employed on the project. Drivers using WestConnex will be able to avoid 52 sets of traffic lights, 28 of them on Parramatta Road alone.

Local communities will benefit from 23 kilometres of new and upgraded cycle and pedestrian paths joining existing networks, while trucks and traffic will be removed from local roads. Through the 33-kilometre WestConnex network, communities will be better connected, travel times reduced and access to employment centres increased; all of which helps make Sydney a more liveable and productive city.

We are of the view that WestConnex, Australia's largest road infrastructure project, is another example of Sydney's transformational change which includes new Metro train lines, a second airport, schools, hospitals as well as sporting and cultural facilities. The delivery of this once-in-a-generation infrastructure agenda will set Sydney apart, underlining its economic success and prominence as a global powerhouse over the many decades to come.

Yours Sincerely,

Andrew Head
Group Executive, New South Wales Development
Transurban

Appendix A

We provide the following comment in response to the Terms of Reference:

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

This was developed by the NSW Government in 2013. Sydney Transport Partners respectfully declines to comment on this.

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

This work was undertaken by the WestConnex Delivery Authority and Sydney Motorway Corporation. Sydney Transport Partners respectfully declines to comment on this.

(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

This is a matter of NSW Government policy. Sydney Transport Partners respectfully declines to comment on this.

(d) the compulsory acquisition of property for the project

This is a matter of NSW Government policy. Sydney Transport Partners respectfully declines to comment on this.

(e) the recommendations of the Audit Office of New South Wales and the Australian National Audit Office in regards to WestConnex

This is a matter of NSW Government policy. Sydney Transport Partners respectfully declines to comment on this.

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

This was developed by the NSW Government in 2012. Sydney Transport Partners respectfully declines to comment on this.

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

This is a matter of NSW Government policy. Sydney Transport Partners respectfully declines to comment on this.

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

This is a matter of NSW Government policy. Sydney Transport Partners respectfully declines to comment on this.

(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

This is a matter of NSW Government policy. Sydney Transport Partners respectfully declines to comment on this.

(j) any other related matter.

Please see our earlier comments on our consortium's experience, credentials and the importance of this project to the ongoing development of the Sydney transport network.