

REPORT OF PROCEEDINGS BEFORE

SELECT COMMITTEE ON THE CROSS CITY TUNNEL

INQUIRY INTO THE LANE COVE TUNNEL

At Sydney on Friday 16 June 2006

The Committee met at 9.00 a.m.

PRESENT

Reverend the Hon. F. J. Nile (Chair)

Legislative Council

The Hon. A. R. Fazio
The Hon. G. S. Pearce
Ms L. Rhiannon

Legislative Assembly

Mr A. J. Constance
Mr M. J. Daley
Ms K. K. Keneally
Mr S. B. S. Pringle

CHAIR: I give a warm welcome to the third public hearing of the Joint Select Committee on the Cross City Tunnel inquiry into the Lane Cove Tunnel. Before we commence, I would like to make a few comments about the procedure for today's hearing. It is possible that some of the questions directed to witnesses today may involve issues that may be considered commercial in confidence. If you are concerned that certain answers to questions are a matter of commercial in confidence, then you can request that that part of the evidence be heard in camera, which is a confidential meeting of the Committee. The Committee normally agrees to this request, and will then exclude the public and the media from the hearing. Transcripts of this evidence are confidential. I must advise, however, that the Legislative Council can reverse the decision of this Committee. However, this is extremely rare.

The Committee has previously resolved to authorise the media to broadcast sound and video excerpts of these public proceedings. Copies of the guidelines governing broadcast of proceedings are available from the table by the door. For those in the media: in accordance with Legislative Council guidelines for broadcast of proceedings, members of the Committee and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photographs. In recording the sittings of this Committee, the media must take responsibility for what they publish or interpretations placed on anything that is said before the Committee.

Witnesses, members and their staff are advised that any messages should be delivered through the attendants or Committee clerks. I also advise that under standing orders of the Legislative Council any documents presented to the Committee that have not yet been tabled in Parliament may not, except with the permission of the Committee, be disclosed or published by any member of such Committee or by any other person. The Committee prefers to conduct its hearings in public. However, the Committee may decide to hear certain evidence in private if there is need to do so. If such a case arises, I will ask the public and the media to leave the room for a short period. We will be having a session in camera at 11.50 a.m. today, in the scheduled hearing time between 11.15 a.m. and 12 noon.

We are aware that the public hold strong and divergent views regarding the Lane Cove Tunnel project. I wish to emphasise that only questions from the Committee and the evidence of witnesses are recorded in the transcript. Uninvited interruptions are not recorded and may make it more difficult for witnesses to fully express their views. I now welcome our first witnesses, Mr Ray Kearney and Ms June Hefferan, members of the Lane Cove Tunnel Action Group and Groups Against Stack Pollution, and Mr Mark Curran, member of the Residents Against Polluting Stacks and Groups Against Stack Pollution. I thank you for agreeing to attend this inquiry.

JUNE MARY HEFFERAN, Deputy Chair, Lane Cove Tunnel Action Group Inc., and

MARK CURRAN, President, Residents Against Polluting Stacks, sworn and examined; and

RAYMOND KEARNEY, Chairman, Lane Cove Tunnel Action Group Inc., affirmed and examined:

CHAIR: Ms Heffernan, what is your occupation, and in what capacity do you appear before the Committee?

Ms HEFFERAN: I am a journalist, and I appear in the capacity of Deputy Chair of the Lane Cove Tunnel Action Group.

CHAIR: Are you conversant with the terms of reference for this inquiry?

Ms HEFFERAN: I am.

CHAIR: Mr Curran, what is your occupation, and in what capacity do you appear before the Committee?

Mr CURRAN: I am retired, and I appear here in the capacity of President of the group Residents Against Polluting Stacks. I am also a member of the M5 Air Quality Group. However, I am not appearing as a member of that group.

CHAIR: Are you conversant with the terms of reference for this inquiry?

Mr CURRAN: I am.

CHAIR: Dr Kearney, what is your occupation, and in what capacity do you appear before the Committee?

Dr KEARNEY: I am an academic, and I appear here as Chairman of the Lane Cove Tunnel Action Group.

CHAIR: Are you conversant with the terms of reference for this inquiry?

Dr KEARNEY: I am.

CHAIR: I inform each of the three witnesses that if you should consider at any stage that certain evidence you may wish to give or documents you may wish to tender should be heard or seen only by the Committee, please indicate that fact and the Committee will consider your request. Do any of you wish to make an opening statement?

Dr KEARNEY: I do.

CHAIR: Would you proceed.

Dr KEARNEY: Mr Chairman and honourable members of the Committee, the RTA, the only authority in New South Wales to regulate and manage roads, has formed alliances, in my view, with the corporate stakeholders to augment wealth and profit by shifting costs of associated health impacts to the community—the taxpayers. Human health costs do not appear on any corporate balance sheet. The engineering achievements in the construction of the Lane Cove Tunnel are very praiseworthy. However, the trade-off in this Public-private partnership, according to the Department of Environment and Conservation—formerly the New South Wales Environment Protection Authority—is expected to be death and sickness.

The most vulnerable in our society—the children and the elderly as well as the developing foetus—are likely to be the most affected in the short, medium or long term. Such predicted outcomes are supported by overseas and local research. Levels of fine particle matter, so-called PM2.5, in Sydney's airshed already exceed the national annual average for PM2.5 reporting standards. Twice as many people die in Sydney from exposure to vehicle exhaust than die from road accidents. In 2005, NSW Health published two papers—one reporting adverse effects on the developing foetus of mothers exposed to Sydney's pollution and the second, the increased risk of heart attack in the elderly, confirming overseas findings.

I was in Canberra yesterday as an invited speaker at the Bureau of Transport and Regional Economics [BTRE] Colloquium to speak about "Health Impacts of Fossil Fuels". During discussion I was advised by Dr David Cosgrove from that bureau that he had for years been trying to make the standards for particulates more stringent, that is, to incorporate numbers and surface area of fine particles as a measure, rather than by weight. Similarly, Mr Robin Seeley, Assistant Director, Air Quality Section, Department of the Environment and Heritage, expressed major concerns about the irrelevance of the current standards for particles in terms of health risk. In my written material I provide the link to the paper of international experts Professors Lidia Morawska and Michael Moore of Queensland. It is highly relevant that in section 1.3, under "Toxicology", they make the following profound statement:

All of the studies available to us demonstrate that the primary determinant of the effect of ultrafine particles is their number and their surface area and not the weight of particles present. This means that the traditional use of PM weight measures is inappropriate in evaluation of the likely biological effects of ultrafine particles.

The point is that weighing particulate pollution, as is currently done, is inappropriate for determination of health risk. For example, one coarse PM10 particle is equivalent in weight to one billion PM0.01 particles, but the latter has 1,000 times the surface area of one coarse PM10 particle⁴. The other factor is the coarse particles are insoluble. In contrast, fine particles are soluble in the respiratory tract and

release chemical carcinogens. The current fine PM2.5 measures are for "reporting only", and this toxic fraction representing the major portion of particulates from vehicle exhaust is already exceeding the annual average set in the national environment protection measure [NEPM] of 8 micrograms per cubic metre in Sydney's airshed. Mr Chairman, for the sake of time, I will truncate my statement and table my paper.

Document tabled.

But I conclude by saying that among the outcomes of the inquiry I would like to see are the following. First, the Committee to acknowledge and understand that the current measurement of particles, by weight, from the tail-pipe emissions is inappropriate for evaluating health impacts. Equally, it is improperly applied in these projects. Secondly, until the RTA releases a current traffic management plan as required under the Minister's conditions of approval, only then will the broad community be in a far better position, than several years ago, to assess traffic impacts on the surface roads.

Thirdly, the Committee to acknowledge the inappropriateness of these tunnel projects being based on two different traffic data sets. One is public and is based upon serious underestimation of the traffic volumes that are used to present a lower health-risk analysis. The other data set, with much higher traffic figures, is kept confidential and is applied in the base case financial models. The confidential data set, for example, for 2016, some 50 per cent higher, is not incorporated in the air-quality modelling. I am quite happy, Mr Chairman, to table that documentation. Fourthly, and finally, the Committee acknowledge that the report by Parsons Brinckerhoff and the response report by Dr Peter Manins tabled on 25 May 2006 at the last Lane Cove Tunnel Air Quality Community Consultative Committee [AQCCC] has not been evaluated fully by the members of the AQCCC. Such evaluation will be undertaken at the next Lane Cove Tunnel AQCCC meeting on 29 June 2006, when both Dr Manins and the representatives of Parsons Brinckerhoff will be present to address such questions. I would like to table my letter requesting that that information be deferred.

Document tabled.

Finally, every human being has the inherent right to life. I believe the State has a duty to deliver the essentials of life to people so that they should live a normal healthy life. In the context of these tunnels the New South Wales Government and the relative bureaucratic authorities, in my view, have failed to deliver.

CHAIR: Is that letter attached to your submission?

Dr KEARNEY: I have given all three documents to the Hansard reporters.

Documents tabled.

CHAIR: How many members are in the Lane Cove Tunnel Action Group?

Dr KEARNEY: Currently the membership is drawn from associations in the community, the commercial sector as well as the industrial sector. If you want to know how many associations it is probably about 15. The actual membership extends beyond into the respective associations.

CHAIR: You do not have individual residents as members of the group?

Dr KEARNEY: Yes we do. I happen to be one of them.

CHAIR: How many people are there in Residents Against Polluting Stacks [RAPs]?

Mr CURRAN: It is difficult to say now because the organisation is quite old and the pressures are varied.

CHAIR: That group was formed mainly through the M5?

Mr CURRAN: Yes, basically we formed in 1998-99 and we tended to enrol families. We have about 700 families on our books at the moment. We distribute our email letter, which is distributed by request, to almost 1,000 people, so that gives you an idea of the coverage.

CHAIR: You were previously involved with the M5 tunnel. Are you conversant then with the Lane Cove Tunnel?

Mr CURRAN: Yes, RAPS is also representative around the M5. The other group, GASP, to which I belong, is an overgroup of people who are interested in tunnel action. I doubt that it has a formal membership because it is basically people who are involved with the Lane Cove Tunnel groups and things like that. I think that would be the best word to describe it.

Ms HEFFERAN: I think the membership of GASP is constituent groups that have been involved in action for all of the tunnels, that is, the two Cross City Tunnel groups, Lane Cove Tunnel action group and RAPS. They got together to form GASP as an umbrella group.

Mr CURRAN: The last public meeting that RAPS ran we had over 200 people turn up on a wet, cold, windy night.

CHAIR: Going by your opening statement, Dr Kearney, you are not very happy with the whole method of measuring matters relating to air quality. Do you believe that the conditions of approval for the Lane Cove tunnel project that relate to air quality are adequate?

Dr KEARNEY: I have, in fact, brought a model along, a cardboard replica of what appears to be a crystal sugar enlarged 1,000 times. On the far right-hand end we have the relative size of a so-called PM10 particle. Next to it, in the middle, is a so-called PM2.5 and at the very extreme end is the ultra-fine particle. The current PM10 measurements are claimed to measure all of those measurements. Not so. The fact is that one billion of these very fine particles are equivalent by weight to one of these particles but the surface area of those billion particles is one thousand times more than one of those particles.

The point is that measuring this by weight bears no relationship to the delivery capacity of toxins by these fine or ultra-fine particles. These are the particles generated in the tail pipe, not these. These are produced by mechanical processes such as wear and tear of tyres, dust swept up off the road. These are insoluble. These are soluble in the lung, offloading chemicals that are absorbed onto their surface. So current measurements, as indicated by Professor Morawska, is that measuring this bears no relationship to the toxicity potential. You need to count the numbers of particles and also their surface area to get an appropriate measure of the health risk.

CHAIR: Are those instruments actually measuring that ultra-fine particle?

Dr KEARNEY: There are certain instruments. These are not actually involved in the current monitoring. We do have a system of filtration, of capturing particles: one day in six the filter is weighed before and after. That tells us nothing about the peaks and troughs of the concentrations of those particles during the day. The other method, the so-called TEOM method, is one that measures continuously but, very conveniently, New South Wales has failed to apply the correction factor needed to measure that monitoring system accurately.

CHAIR: Where would you say the blame lies and who is at the point where the wrong decision is being made? Is it the RTA or the CSIRO?

Dr KEARNEY: It starts right at the very top, at the national level, where, as I indicated in my statement, it is now conceded that those measurements are not in the interests of health but in the interests of economic growth. In other words, if you make them more stringent then the petrol companies or the oil companies will not be able to meet those standards through the combustion engine so what we have is a trade-off—sickness and death, just as in tobacco where excise coming in exceeds the expenditure going out. That is good economic rationalism and the same applies here.

At the national level there needs to be an immediate review of the standards so that they relate to health risk not economic growth. Might I also say that the current national standards are

abused by the New South Wales jurisdiction. By that I mean the national standard does not apply to a point source pollution, such as from a stack. It applies only to the ambient background of a population of some 25,000, nor does it apply to the canyons or the space between buildings. So what do they do? They apply it inappropriately. They apply a system that is not proper in the first place to assess health risk and then it is applied incorrectly to monitor plume concentrations out of a point source. So the defects are all the way, from the State jurisdiction all the way up to the national body, the National Environment Protection Council.

CHAIR: If members of the public absorb those particles, what actually are the health effects? Is it lung infections?

Dr KEARNEY: These are not infections. The lung, which consists of five lobes, and if you were to unravel the internal surface area, it would be equivalent almost to half the size of this room, the size of a tennis court, so the lung has a very major interface between the external environment and the body. Inhaling these particles here, these ones get trapped in the upper airways and get propelled outwards. That is not a problem. But these ones get carried all the way down in the respiratory tract to the gas exchange units called the alveoli, where they cause irritation. The irritation causes inflammation, which then leads to fluid coming into that little sac, causing the exchange of oxygen, carbon dioxide, to be affected but, importantly, that inflammation is also linked into coagulation, clot formation.

So in the elderly, as NSW Health reported last year, those 65 and over who already have narrowing of the coronary artery supplying the heart through atherosclerosis and who perhaps have blood pressure further constricting, are at greater risk of heart attack by inhaling these particles, which, in turn, can induce coagulation and clotting, those clots get carried back to the heart, get pumped into the coronary artery system and block the artery supplying the heart muscle. When that happens the distal muscle is not fed the appropriate oxygen and so a heart attack occurs.

Mr STEVEN PRINGLE: Dr Kearney, on page 2 of your submission you state that the reason for the two-lane entrance in Epping Road for the east-bound tunnel as constructed rather than the recommended three lanes was that the RTA sold the adjacent land at the intersection of Mowbray Road and Epping Road for townhouses—that little section on top of the cliff that we all notice as we drive past. Could you briefly explain the facts, as you understand them, as to why the RTA made such a decision to sell the land and completely change the configuration of the tunnel?

Dr KEARNEY: The run-up to the actual tunnel was a proposal of a cut and cover tunnel on Epping Road. That was rejected. That was followed by the widening of Epping Road. That, too, was rejected. And about that time the Lane Cove Tunnel action group came into being and we got advice from the engineering expert, he came back to us and said that the most appropriate tunnel would be a long, bore-driven bypass tunnel, where the western portal would be at the intersection of Mowbray and Epping roads and the eastern portal would be on the eastern side of Pacific Highway. I come back to the point: at that particular time the Lane Cove Tunnel action group made public that proposal.

The RTA wanted to thwart that proposal by selling off their land at the intersection between Mowbray Road and Epping Road, and they did, and with the assistance from Willoughby Council, that area was rezoned residential and subsequently passed to the developers, sold to the developers for the building of those current townhouses. That was a bad decision on the part of the RTA.

Mr STEVEN PRINGLE: An appalling decision.

Dr KEARNEY: An appalling decision.

Ms KRISTINA KENEALLY: How do you explain Mr Ian Hunt yesterday telling this Committee that it could have been done and he, in fact, tendered for it?

Mr STEVEN PRINGLE: Wait your turn.

CHAIR: You can ask that question later.

Ms KRISTINA KENEALLY: I put Dr Kearney on notice that I would like that question answered.

CHAIR: Just answer Mr Pringle's question.

Dr KEARNEY: So Mr Chairman, members of the Committee, the opportunity to put in a portal such that it was wide enough to accommodate three lanes going in eastbound and three lanes coming was lost. The only option now was to carve the portal into the middle of Epping Road, and there are limits to the width of that portal. On the one hand the curtailment was to have two lanes going eastbound up to the point where the tunnel went under Stringy Bark Creek and there it would spread out into three lanes. The westbound tube had three lanes all the way. It was a compromise situation caused essentially by the sale of RTA land, despite the proposal that was put out by the Lane Cove Tunnel Action Group

Ms HEFFERAN: I would like to say something about community. I can see time getting on, and I would like to say something about community consultation before we leave. I have an opening statement, as does Mr Curran.

Mr STEVEN PRINGLE: Just a quick follow-up question. I note, again on page 6 of your submission, section 1.5, tabled documents, you state that documents show the departments know that the standards and conditions being used to regulate tunnels are inadequate, and the information used to approve projects has been manipulated. These are quite stunning and very serious accusations. What evidence do you have to support these claims?

Dr KEARNEY: In terms of the standards, first of all I have already indicated that the monitoring of the particulates in terms of PM10 is not appropriate for measuring very fine particles that come out of the tunnel pipe. Other methods should be applied. Secondly, and I have already indicated this, the national standards PM10 and PM2.5 do not apply to point source of pollutions. Thirdly, even though the PM10 is currently being used, the PM2.5 nationally is only a reporting standard. Currently the companies and the RTA are monitoring PM2.5, but even if there is an exceedence it is only for reporting, it not for enforcement to improve the quality. As I said, the background to PM2.5s in Sydney is already exceeding that reporting standard. Why emit more PM2.5 into a background that is already exceeding the national reporting standard?

Ms LEE RHIANNON: Could I suggest that we hear from the other two witnesses, otherwise it is not fair?

Mr ANDREW CONSTANCE: I have a question for Ms Hefferan.

CHAIR: Ms Hefferan, if you could outline your statement.

Ms LEE RHIANNON: Let us hear from all the witnesses.

CHAIR: I am asking Ms Hefferan to contribute. I understand that Mr Kearney was making a statement on behalf of the three witnesses.

Ms HEFFERAN: No.

Mr CURRAN: No.

Ms LEE RHIANNON: No, they all have statements.

Ms HEFFERAN: As well as being the deputy-chair of the Lane Cove Tunnel Action Group [LCTAG] I am also a community member of the Construction Community Liaison Group [CCLG] that deals with Epping Road between Mowbray Road and the Pacific Highway. For those of you who are not familiar with the area, we cover almost the full length of the tunnel on the surface works through the heart of Lane Cove and passed its industrial area. These works include the establishment of the 24-hour bus lane and reinstatement of right turns that will give many residents direct access to their homes for the first time in 25 years. It is our role to monitor that area, the tunnel and the surface works. I have been a community representative on every RTA consultation process in Lane Cove for

the last 20 years. That includes a Gore Hill Freeway, all of the Epping Road option studies, the Lane Cove Tunnel EIS and the current project. I have had some experience of consulting with the RTA.

In the 12 years of consultation that culminated in the EIS, our community learned not to trust the RTA. We felt that we had been told half-truths, we had been manipulated in processes with a predetermined outcome, and most of our submissions were ignored. In those years the process became adversarial and, largely, it remains that way today. One of yesterday's witnesses was an ICLR for the Lane Cove Tunnel project. She confirmed our contention that TJH and the RTA see consultation primarily as information giving. On the other hand, community representatives believe it should be about seeking advice and negotiating the best solutions to the problems that arise. For a project like this community achievement should be much more than choosing a variety of tree, or whether a noise wall should be clear or opaque—examples given of grand community achievements at the Falcon Street works. If community consultation is to have any meaning at all, it has to involve some negotiating on the big-ticket items. There has to be room to manoeuvre, not just for the RTA and the contractor but also for the community.

We recognise that the EIS concept probably will change during construction: after all, that is the nature of concepts. In fact, we were directly informed that the community would have a significant input into the development of the Epping Road surface works, and this was partly because the EIS concept was such a long way from what had been recommended by the community before and during the EIS consultation phase. But time and again we have seen changes to the so-called approved project when it suits the RTA or the contractor. Conversely, when a community suggestion might require some modifications or when we attempt to exercise our responsibility to monitor compliance by pointing out that a proposal does not meet one of the Minister's conditions, we are told, "This is the approved project" or "This group is not a decision-making body." Obviously, I do not have all the answers, but I would like to offer some suggestions that might improve the process for future community representatives.

The most important requirement is to define consultation and to ensure that it is broader than a mere exchange of information. Cogent reasons should be required from the RTA for changes to the Minister's conditions or to the approved project. If these occur after construction has begun they should be submitted for community consultation. It should be rare to reject community recommendations. These are not made capriciously. At the present time there is a willingness to negotiate with the community, merely an attitude of, "You can recommend what you like and we will do what we have already decided." Safety audits should be public documents, especially where there are significant safety concerns, as we have with the Epping Road cycle and pedestrian path. Community views should be sought as part of the audit, at least from the CCLG. The agencies, such as the EPA, Health and Planning, that are supposed to protect the public good must be given real powers and responsibilities. Our submission provides one example of the RTA's high-handed rejection of EPA concerns, but there are many others. These agencies should have a statutory responsibility to set standards and the power to enforce them.

The RTA's power to be proponent, judge and jury when changes to the project are being considered should be removed. It is a clear conflict of interest for the RTA to propose amendments, determine whether they are minor or consistent with the Minister's approval and then proceed without even notifying the EPA or the Department of Planning. This has occurred during construction of the Lane Cove Tunnel. When members of the community liaison groups resign they should be replaced as soon as possible. The CCLG to which I belong has two vacancies: one community and one business. Nearly three months ago we, the CCLG members, unanimously nominated a community replacement, a person who has a longstanding interest in the area, but an appointment has not been made. In conclusion, the task of community representatives is time consuming and onerous. We have attended at least one meeting a month for the past couple of years. We have been on on-site visits. We have read a vast wad of documents, written countless admissions and reported back to our community. We do this as volunteers, in good faith. The least we expect in return is to play a real part in ensuring the best outcome for our community.

Mr ANDREW CONSTANCE: The other evening we heard from the Mayor of North Sydney that the community consultation was good. On what basis has she made that statement in light of what you have just said?

Ms HEFFERAN: With the greatest respect, I do not think she attends the community consultation process. I do not think she is on a CCLG. I, too, was shocked to hear her say that. The consultation process, on the surface, can appear to be pleasant and it is pleasant so long as everybody sits there and says, "Yes, sir" and, "Isn't that lovely?" and, "Thank you for telling us." But the moment there is any disagreement it is unpleasant and at times I think most people dread attending the meetings.

CHAIR: Mr Curran, you seem to have a document there. Could we table that as a submission from you?

Mr CURRAN: I had hoped to deliver this as an introductory statement.

CHAIR: We are going to run out of time. How long will it take? The Committee would like to ask you questions.

Mr CURRAN: I have tried to encapsulate these problems and put them more clearly. I suspect eight minutes, which is what I timed myself at. I represent the group Residents against Polluting Stacks. My first involvement with tunnels was in 1986, when I made a submission to the M5 tunnel. I claim 20 years experience. It would save time if I made clear the following. We, as a group, believe that tunnels have their place in an integrated transport and road system. Personally, I am in awe of the technological excellence, which, I am sure, you saw on your trip through the Lane Cove Tunnel. Tunnels probably will have a generally beneficial effect on air quality over any regional area, so long as there is no extra traffic. However, one would be entitled to expect that you would get something for the amount of money that is being spent—the enormous expenditure of money. Our problem with tunnels relates to the adverse impacts that they can have on both users and those who live around the tunnel. These have been significantly underestimated, and the general advantage and the gain of the many from the tunnel have been bought at significant expense of the few. I, for one, find this could completely unacceptable.

At the last hearing we, as a group, addressed issues that are of a more general nature relating to process. The issues raised in our current submission are more specific and, although there appear to be two distinct issues, they feed one into the other. The first concerns the adequacy of current air quality standards, and on this I agree with what Professor Kearney has said about the current air quality standards and their application to tunnels. The second is about the action that we can and perhaps would take to reduce the impacts of road tunnels. First, let us state the obvious: tunnels are designed and built by engineers. Engineers are not experts in air quality or in the adverse health impacts of vehicle emissions. For this expertise they must depend on others, and for our purposes it is the EPA and the Department of Health. However, these organisations do not have experience in tunnel design, nor do they have significant experience in the special problems that arise. More importantly, knowledge about the hazards posed by vehicle emissions has grown at an extremely rapid rate. I have provided you with a short list of the more significant medical papers that runs to four of five pages. These are all basically within the past 10 years.

It is now beyond debate that short-term exposure to fine particles, especially in conjunction with ozone and nitrogen dioxide, causes immeasurable adverse impacts on the healthiest in the community. The problem that the community has with the current so-called standards for air quality in the tunnel is that they do not represent this increasing knowledge, nor can they be updated in the future to do so despite the fact that tunnels are with us for many decades at least. It is not surprising that unexpected problems have arisen with some of the features of ventilation design when the design rules treat this harmful particle pollution as something that is only a nuisance and a visibility problem rather than a serious health risk. The community has similar issues with the assessment and control of the impact outside the stacks and portals. We cannot expect to get the design of tunnels right if the basis of the design is wrong. What is required is a radical re-examination of what are adequate and effective standards and limits for such impacts under Australian conditions, using Australian assumptions, about the value and quality of life. Do not depend on what they do in Europe. The question of filtration is directly connected to what are assessed to be appropriate standards for in-tunnel and external air quality. I think that is obvious.

To the community two things are obvious. Firstly, the air quality inside tunnels like the M5 is unsatisfactory and immediately dangerous to at least some members of the community. There have

been numerous complaints. We heard Dr Manins' comment on this yesterday. Secondly, in spite of the fact that the tunnels and portals appear to meet the criteria set for them, there have been too many experiences of adverse effects outside the tunnel related to the stack and, to some extent, the portals, for these to be ignored. Here I must take issue with Dr Manins. Although he correctly said that the measured changes in the atmosphere resulting from tunnel exhausts are very small, these changes are based on the measurement of mass. As Professor Kearney just explained, this is inappropriate. What he failed to explain was that the ultimate monitors, the people who actually live around the tunnels, are being affected, and some of them quite severely. Something is obviously wrong.

The best available evidence points to the fact that these impacts are caused mainly by fine and ultra-fine particles. These have been shown repeatedly to be directly correlated to adverse health impacts inside and outside tunnels. There are clear and consistent explanations of the causal pathways for such impacts. The real problem is that ultra-fine particles are effectively invisible to the sorts of monitoring that is done. Professor Kearney attempted to explain that. They are just not measured or recorded. The implications of this are clearly explained in the 2002 WHO publication on the measurement of fine and ultra-fine particles data for use in epidemiological studies. I can tell you where you can access that document.

Vehicle exhaust is dangerous and harmful. Highly concentrated vehicle exhaust, as found in tunnels, provides more and greater impacts. The full extent of the harm is not yet known, but it is clear that it is much greater than was previously thought. Air pollution, mainly from vehicles, kills twice the number of people each year as die from motor accidents. It is the new asbestos. A commuter using the M5 tunnel might save half an hour but he or she will increase the total daily exposure to particulate pollution by 35 per cent by using the tunnel instead of the surface road. This sort of realisation really should change our assessment of the risks and the costs of this form of pollution.

It is clear that effective technology to remove a significant part of this risk is available and that the cost is affordable. The actual costs are demonstrated to be much less than previously, and I believe irresponsibly, stated by the RTA and the tunnel proponents. Only this week I am told—and I believe you were told this yesterday—that community representatives were told by a member of the tunnel consortium that the cost of filtering the Lane Cove Tunnel would be \$500 million. It is part of the conditions of approval for all three tunnels that filtration be able to be fitted if the air quality goals are not met. If indeed the cost is \$500 million, why was it approved as a contingency measure? Was this assessed by Planning?

I would suggest that the figure quoted for the filtration cost was blatantly inaccurate and a fatuous attempt to mislead, in line with other aspects of so-called community consultation. More realistically, the planning documents for the much longer and more complex North-South Bypass tunnel in Brisbane, currently under construction, put the all-up cost of fully filtering that tunnel at \$70 million. This is largely consistent with the cost quoted for the Calle 30 tunnel in Madrid—and I provided you with documentation about that—where filtration is seen as legitimate, cost-effective and environmentally responsible. What is really significant in our consideration is that all of these cost estimates are to add filtration to an existing tunnel design: design the tunnel, then decide later on to stick filtration on it.

In fact, two countries—Japan and Norway—that are experts in the use of filtration, both claim significant cost savings result from the use of filtration when tunnels are designed on the basis of their use. The Japanese, based on experience in actual named tunnels, have claimed a whole-of-life cost saving of as much as 30 per cent resulting from the use of filtration. It does not cost money, it saves money. The savings result from smaller ventilation plants, less fan usage and lower power consumption. The RTA's own reports say this. Why, to this day, has there been no expression of interest sought for filtration? No-one has ever been asked to say how much it would cost. Why was the proposal for the Lane Cove Tunnel filtration not accepted? Instead, we have elastic prices based, it seems, on political motivations more than public interest.

Knowing that in-tunnel filtration was the way to go and that it is cheaper to put it in at the time of building rather than more expensive retrofitting, why has this not happened with the Lane Cove Tunnel? Why has the public good, in terms of health, economics and greenhouse gases, not been taken into account in the design of this tunnel? Why have the recommendations of three inquiries been ignored and their findings denied? After the disasters of the M5 East and the Cross City Tunnel, the

public has a right to expect better design and better regulation, and better spending of our money, and certainly better answers to our valid questions.

Ms KRISTINA KENEALLY: Your evidence seems to contradict that given by Mr Hunt of Connector Motorways, who yesterday said that they tendered for three tunnels eastbound.

Dr KEARNEY: I think you have to understand here that the original proposal by the RTA was a two-lane twin tunnel—two-lane, not three-lane. It was not until proper figures were established that indeed it required three lanes each way.

Ms KRISTINA KENEALLY: And we have heard it is 66 per cent three lanes eastbound and 100 per cent three lanes westbound. I am trying to understand. Your evidence suggests that the RTA sold land to subvert the process.

Dr KEARNEY: Correct.

Ms KRISTINA KENEALLY: But that contradicts the evidence given yesterday by Mr Ian Hunt of Connector Motorways that they tendered for a three-lane entry eastbound.

Dr KEARNEY: They may indeed have tendered but the fact of the matter is—

Ms KRISTINA KENEALLY: I do not know how they could have possibly put a tender together, if what you are saying today is correct.

Dr KEARNEY: They can change the tender, as we have already found—

Ms KRISTINA KENEALLY: But they cannot change the physical environment. If your claim is that the physical environment was altered—

Dr KEARNEY: Yes, they can change the physical environment. Epping Road was the only option left to build the portals. It could not be built under the townhouses for safety's sake.

Ms KRISTINA KENEALLY: That still does not explain the contradiction between yourself and Mr Hunt.

Ms HEFFERAN: Could I come in here? I understand that TJH, along with a number of the other tenderers, put in a range of options—options that in various tenders that went in included filtration—and they included three lanes in either direction. One of them included a very long tunnel that did not come out until the Warringah Expressway. The fact that these things were all put in does not mean they were all immediately feasible or economically viable or that they could be accepted.

Ms KRISTINA KENEALLY: I would not think that a company like Connector Motorways would have put together a tender that had no physical or financial possibility of ever coming to fruition.

Ms HEFFERAN: All I can say to you is that somebody put in a tender—and I know who it is—that went to the Warringah Freeway. Now you would have had to charge about \$10 a toll. That is not a feasible thing, but it would have been a better traffic solution. I think you have to be a bit careful about saying if Connector Motorways put in a tunnel saying it had to have three lanes, that there might not have been some difficulties about starting off at three lanes. They might have been able to move out to three lanes—

CHAIR: We will clarify that when we have the RTA giving evidence.

Mr MICHAEL DALEY: I see on page 2 of Mr Curran's submission and in your oral submission this morning, Mr Kearney, it says it was indeed the Lane Cove Tunnel Action Group who proposed a continuous long bore-driven bypass tunnel as the most acceptable alternative to the RTA's proposal to widen Epping Road and that you indeed proposed to press that route for the Lane Cove Tunnel and recommended the most suitable sites for the portals. Given you say your group is

representative largely of the community in that area, do we take it then that the community basically got what it wanted?

Mr CURRAN: My submission did not say that.

Ms HEFFERAN: It was our submission, the Lane Cove Tunnel Action Group submission.

Dr KEARNEY: That is correct, that the Lane Cove Tunnel Action Group came into being with the proposal for a long bore-driven bypass tunnel, and that was on the recommendation of an expert in tunnel design and ultimately it was the tunnel action group who proposed the actual route that was adopted by Lane Cove Council and we then publicised it through the local newspaper, the *North Shore Times*.

Ms LEE RHIANNON: Mr Curran, we have heard the ongoing disputes about the various pollutants. I was wondering what you would see as a satisfactory regulatory level for in-tunnel pollutants such as carbon monoxide particles and nitrogen oxide. Also, what reductions you would like to see in those levels.

Mr CURRAN: Where do we start? The levels set for the three Sydney tunnels refer to 87 parts per million over 15 minutes. That level is actually set and it is the only level set and it is expected that that will also provide control for the other sort of pollutants; that if you get one of them right the rest will fall into place. It would appear in the M5 tunnel that this does not happen. The M5 tunnel is much too smoky, much too dirty and people get sick. The new Victorian East Link tunnel—

CHAIR: Can we stick mainly with the Lane Cove Tunnel?

Mr CURRAN: These are about the controls for all tunnels, what should be for all tunnels and the way in which the Lane Cove Tunnel should be. So that the level for the Lane Cove Tunnel is 87 parts per million over 15 minutes. The new Victorian East Link tunnel, just to give you an example, has set a much lower limit of 50 parts per million over 15 minutes; the new Brisbane North-South Bypass tunnel, which is also currently under construction, has set 70 parts per million at any single point, not an exposure. That is a much stricter control. So that those newer tunnels are adopting much stricter controls.

I believe we should also try and control specifically the other components, and this is difficult. I know there have been difficulties here in New South Wales and people have actually discussed it. I believe that a useful point to start would be the experiments they did in Sweden where they showed that 300 micrograms per cubic metre of nitrogen dioxide plus 100 micrograms per cubic metre of PM_{2.5} actually caused harm to people inside the tunnel. So you start at that level and you must be below that level. The point I would make is that this level is regularly exceeded in the M5 tunnel. We do not know what will happen in the Lane Cove Tunnel, but we should have a regulation that provides safety for all users.

CHAIR: We are running out of time. Are there any urgent questions?

Mr MICHAEL DALEY: I have a couple of urgent questions. Can I just ask if any of the people who are giving evidence here have any academic qualifications or particular academic expertise in relation to air quality, testing or filtration—all the things you are giving evidence about today?

Mr CURRAN: Can I start? I spent 30 years teaching plant physiology at Sydney University, specifically teaching instrumentation. My research was on the ventilation of mangrove roots—strange as it may seem, it is a microcosm, shall we say—but they are surprisingly similar to tunnels: they have little stacks too. The sorts of concepts that are involved are exactly the same.

Mr MICHAEL DALEY: So you are not an air quality expert in the same sort of vein as Dr Manins was, who gave evidence to us yesterday?

Mr CURRAN: No, I am not. Perhaps I should add to that, however, I put in a lot of time and study into an attempt to develop the correction factors for the TEOM measurements that are done. In

this I have spent many, many, many hours and days with the air quality experts discussing the fine details of it. I have a library on air quality, reams of papers, that is a stack in the corner about as high as this desk.

Mr MICHAEL DALEY: But no formal qualifications?

Mr CURRAN: I have no formal qualifications.

Mr MICHAEL DALEY: What about you, Dr Kearney?

Dr KEARNEY: My background is in immunology and in infectious diseases where I have a very good understanding of the impacts of outside irritants on the respiratory system. I have a very good understanding of the induction of tumours, the process of tumour genesis. I find that, having spent over 12 years in association with the Lane Cove Tunnel project, I have become extremely familiar with the issues of pollution and their impact on health and the ensuing complications, particularly in relation to allergic response.

In terms of the infectious disease side, Mr Daley, you might be interested to know that diesel fumes increase the receptors on cells in the respiratory tract to certain products of bacteria so that the bronchitic who responds adversely to bacterial presence in the upper airways responds worse to the presence of diesel because the receptors are increased in number and hence they, that is, the patients, become exquisitely sensitive to lower doses of bacteria products called endotoxins. I find that I am quite capable and competent to evaluate and respond to such issues.

The Hon. GREG PEARCE: Time is up, Mr Chair.

Mr ANDREW CONSTANCE: This is not urgent.

Mr MICHAEL DALEY: It is just as well that diesel fuels are getting cleaner, then, sir. Yesterday Mr Ian Hunt, who is the chief executive officer of Connector Motorways, said that as part of the tendering proposals and post-tendering proposal, they did detailed costings and analyses on the different types of filtrations that might be put into the Lane Cove Tunnel. He said that they checked out two methods of filtration: one including a method, of which I am sure you are aware, called electrostatic precipitation, and another method to filter nitrates in the tunnel. His costings for in-stack filtration of 100 per cent of the air, using both electrostatic precipitation and the removal of nitrates, was \$400 million to \$500 million. Those costings vary wildly with the figures that we have heard today from you. How do we explain the discrepancy there?

Dr KEARNEY: Mr Chairman, may I respond to the questions? I was at the last AQCCC meeting where, for the very first time, that figure of \$500 million in respect of stacks for the Lane Cove Tunnel was in fact stated publicly. It was myself who indeed requested those figures to be tabled—I am sorry, to be minuted—so that at the next meeting Mr Ian Hunt would have a case to answer—

Mr MICHAEL DALEY: He gave evidence in that regard yesterday.

Ms KRISTINA KENEALLY: He gave very detailed evidence.

Dr KEARNEY: —to justify such outrageous figures of \$500 million when the project is \$1.1 billion.

Mr MICHAEL DALEY: He gave evidence under oath in that regard yesterday, sir.

CHAIR: We will have to close up, unless there is an urgent question. You may put them on notice.

Ms LEE RHIANNON: I am happy to put them on notice. Dr Kearney, the interesting point that I really need to clarify in your submission is on page 11 section 2.3 headed, "From representatives report to contractee". You state that the Lane Cove Tunnel concept was submitted for ministerial approval with serious and unresolved concerns, not just from the community but also from the EPA.

Can you give any evidence that the RTA ignored what you would call unresolved concerns from the EPA in the RTA's representations report and the contractee?

Dr KEARNEY: Mr Chairman, documents that have been tabled in Parliament to disclose—and I believe in our submission we have those records in the appendix—specifically that the RTA submitted the representations report by the Lane Cove Tunnel without responding to the serious issues raised by the EPA regarding air quality matters. The RTA also failed to respond to the concerns of the EPA in terms of their assessment that the cancer risk for so-called receptors was between three to four times higher than normal.

CHAIR: We will have to close off because we have gone way over time. But if you want to provide on notice that additional information in answer to that question, could you do that?

Ms HEFFERAN: It is there in appendix 1. It is all there. It is a description of the correspondence.

Ms LEE RHIANNON: In appendix 1?

Ms HEFFERAN: Yes.

Dr KEARNEY: To finish my point, Mr Chairman, the RTA ignored such important information before they had in fact submitted their representations report.

CHAIR: We thank you again for coming and giving us your evidence. Do you want to leave those statements? We will still need those. The material you have read covers everything. There are no extra notes?

Mr CURRAN: I would just like to add that I could, for the information of the Committee, actually provide you with the call for expressions of interest that the Madrid authorities put out for their much larger tunnel than the Lane Cove Tunnel, and also a draft of the quote provided for that which is part of the basis of my claims about costs.

CHAIR: You could table that?

Mr CURRAN: I could table that, if you wish.

CHAIR: Yes, we would like you to table that.

Motion by Mr Steven Pringle agreed to:

That the document be tabled.

Document tabled.

CHAIR: Thank you very much once again for appearing before the Committee. We appreciate all the hard work that you do.

(The witnesses withdrew)

JOHN ERIC PIERCE, Secretary, New South Wales Treasury, Level 27, 1 Farrer Place, Sydney, sworn and examined:

KERRY ELIZABETH SCHOTT, Deputy Secretary, New South Wales Treasury, Governor Macquarie Tower, Level 27, 1 Farrer Place, Sydney, affirmed and examined:

CHAIR: We will have a short Committee meeting to adopt some submissions when we commence the in camera session. Mr Pierce, thank you for appearing. At least it is after the budget, so that weight is off your shoulders.

Mr PIERCE: You will perhaps have to excuse me. I have my usual post-budget lurgy. If my voice cracks up, feel free to ask me to speak up.

CHAIR: Even though you have done so many times, for this particular Committee, you will have to take an oath or affirmation. Are you conversant with the terms of reference for this inquiry?

Mr PIERCE: Indeed.

Dr SCHOTT: I am.

CHAIR: As you already know, should you consider at any stage that anything that you wish to say or documents you wish to tender should be seen or heard only by the Committee, please indicate that fact and the Committee will consider your request. Does either of you wish to make an opening statement?

Mr PIERCE: I would like to say a few words. Thank you and the honourable members of the Committee for the opportunity to appear before you today. As I understand it, today is part of the process of matters concerned in relation to the Lane Cove Tunnel having regard to the terms of reference of the inquiry. I will not go through the history of this particular project. It is something that others can fill in on the detail. I would just say that, given the parallel tender processes of the other toll road projects, the review panel that was overseeing the procurement was kept much the same as with the other toll road projects to ensure, if you like, continuity.

Treasury's primary responsibilities in relation to the Lane Cove Tunnel project were primarily under section 20 of the Public Authorities (Financial Arrangements) Act. The Treasurer has statutory responsibility for the approval of arrangements defined as joint financing arrangements under section 5A of the Act, Treasury advises the Treasurer on these matters. The Lane Cove Tunnel, like all the other toll road projects, is classified as a joint financing arrangement under that Act. Secondly, for a privately financed project, government agencies and departments are required to comply with the Government's *Working with Government Guidelines*, and Treasury is responsible for the administration of those guidelines.

Treasury is actively involved in the various stages of the tendering process. We are represented on both the review panel overseeing the process and on the subgroup assigned to the assessment of the financial aspects of the project. We are involved in the development and signing off of the public sector comparator. The traffic flows used in the public sector comparator were those that were exhibited in the EIS. The *Working with Government Guidelines* set out a three-stage process for these types of procurement consisting of the initial expressions of interest to assess the capacity of the proponents, followed by short listing, and finally a request for detailed proposals. That final stage can involve negotiations and execution of the contracts with the preferred proponent.

Four submissions were received in response to the expressions of interest. All four proponents were short listed and progressed to the next stage of the tender. The main reason for that was to maintain a sufficient degree of competitive tension in the process. The request for detailed proposals, that documentation, outlined the various tolls applicable and the quarterly escalation regime, both of which had previously been approved by the budget committee of Cabinet. In line with other toll road projects, the RDP sought a development fee for the reimbursement of the RTA's costs and also mentioned the option of a business consideration fee for the ongoing right to operate the business during its term, although that fee could be traded off against a shorter concession period.

Following the selection of the preferred proponent, the budget committee of Cabinet approved some further discussions between the Treasurer and the Minister.

The Hon. GREG PEARCE: I am sorry Mr Pierce, can you just go back to the previous paragraph? I did not quite follow what you said about the consideration fee.

Mr PIERCE: There was included in the documentation the option of people putting forward a business consideration fee for the right to operate the business during the term.

The Hon. GREG PEARCE: That was documentation approved by Treasury?

Mr PIERCE: Yes, it would have been, although that fee could be traded off against a shorter concession period. As I say, following the selection of the preferred proponent, Treasury was involved in two issues. One was to provide advice concerning the preference for the development fee, that is a fee that is supposed to cover the RTA's costs, and whether that should be received as an up-front payment or a series of deferred payments. Secondly, essentially to monitor and help manage the RTA's expenditure so as to minimise any impacts on the State aggregates as distinct from the RTA's own budget, things that they do within that. As is always the case, I am quite happy to answer questions and to take questions on notice.

CHAIR: Were there any differences in the contract negotiations between your processes between the Cross City Tunnel and the Lane Cove Tunnel? Did you learn any lessons from the Cross City Tunnel that were incorporated into the Lane Cove Tunnel, or were they the same?

Mr PIERCE: I will ask Kerry Schott if she is aware of any issues. From where I sat this process was very straightforward and clear because of the nature of the project that was initially conceived and put out to tender. It did not change all that much on their way through. There was no need for a supplementary EIS and a very radically different design proposed. Whilst the general process was, if you put down heads about what are the stages in the process, they would have been the same. The nature of this project was much more straightforward.

CHAIR: Are you able to tell the Committee what the impact would be of the decision by the New South Wales Government to use debt to fund infrastructure?

Mr PIERCE: As a point of principle? The main impact would be that if you did the same projects—let me put it this way, a number of projects going forward, some of which are financed through the PFP type of arrangements. If a decision was made not to do those, but to fund them all essentially through Treasury and the issuing of government bonds, the most immediate impact is that the State's debt levels would increase, without any increase in the amount of infrastructure that is provided. Given that would then raise questions about what is the State's total debt carrying capacity over the time that we are looking for, we would have to consider that extremely carefully.

But ultimately there are capital and debt carrying constraints. For projects which are delivered through PFPs, which provide an additional revenue stream, that is through tolls, over and above the revenue that the Government would have available, once you hit those debt carrying constraints you would have to get into some rationing of projects. You would end up having less infrastructure delivered.

Dr SCHOTT: We have always used debt to finance infrastructure. There is nothing different in our policy in that regard now to how it was before the budget. The only difference is that we are doing more infrastructure, so we have more debt.

CHAIR: Yes; the quantities.

Dr SCHOTT: The quantities are different.

CHAIR: Will the Government's decision to reverse road changes associated with the Cross City Tunnel, after negotiations broke down, increase the costs of PPPs because of increased uncertainty? There has been some criticism in the business community.

Dr SCHOTT: I think you probably need to watch what happens. There is only an additional cost if a material adverse event can be proved. You have to be able to prove that the action of the road changes does have an impact on traffic.

CHAIR: If the Lane Cove Tunnel is refinanced to improve profitability for the owner, would the Government share the benefit? Is there any possibility of that?

Dr SCHOTT: Yes. There is a clause in the contract that that such benefits do get shared.

The Hon. GREG PEARCE: During the earlier part of this inquiry the Committee had an enormous amount of invasive and misleading evidence on the business consideration fee. I am pleased that you are now prepared to accept that Treasury approved of that payment. Do you agree with the Auditor-General's conclusion that if the business consideration fee had not been charged on the Cross City Tunnel the toll could have been 51¢ lower on the tunnel opening and more than one-third lower by 2018?

Mr PIERCE: The first point is that Treasury could be rightly accused, if that is right word, of allowing the general formula and the number of variables and recognising that within the variables you have to deal with these projects that a business consideration fee is appropriate at the beginning of the process. It is something that may be, if you like, filled in during the process. In terms of the specifics of the business consideration fee in relation to the Cross City Tunnel, the Committee is in possession of some documentation or advice from Treasury that indicated some concerns on our part about the business consideration fee in the specific case of the Cross City Tunnel. That is to say, we recommended its approval, although that is possibly a bit too strong.

The Hon. GREG PEARCE: You coalesced. You let it go through to the keeper.

Mr PIERCE: I think we raised some concerns and issues around it. At the end of the day we are here to provide advice and the Government makes decisions.

The Hon. GREG PEARCE: Yesterday the Committee heard from one financial adviser to the Lane Cove Tunnel that without the business consideration fee the tolls would be about 20¢ lower.

Dr SCHOTT: There was no business consideration fee paid on the Lane Cove Tunnel.

The Hon. GREG PEARCE: Well, perhaps you should read the evidence.

Dr SCHOTT: It was a development fee.

The Hon. GREG PEARCE: Was it a development fee?

Mr PIERCE: Yes.

The Hon. GREG PEARCE: Yesterday ABN AMRO and the tunnel operators told the Committee that the fee was a total of \$79 million, of which \$56 million was reimbursement and \$23 million was a business concession fee.

Dr SCHOTT: That is not my understanding. My understanding is that the \$79 million was related to reimbursement for various construction costs and also project development costs related to such things as the EIS—

The Hon. GREG PEARCE: Could you provide the Committee with that documentation?

CHAIR: Allow the witness finish her sentence.

The Hon. GREG PEARCE: Could you provide the Committee with the documentation—

CHAIR: Allow the witness finish the sentence, Mr Pearce, she did not finish what she was saying.

The Hon. GREG PEARCE: I think she has.

Dr SCHOTT: No I have not, Mr Pearce. I was about to say that the \$79 million covered the cost of the EIS and other project documentation as well as particular construction work related to the project.

The Hon. GREG PEARCE: Could you provide to the Committee documentation showing those calculations because—

Dr SCHOTT: I suggest the RTA is the appropriate body to do that.

The Hon. GREG PEARCE: You just gave the evidence. I want you to support your evidence by producing whatever you are relying on to come to that conclusion. Yesterday the Committee had direct evidence from the tunnel operator's financier that the RTA told them that the costs being reimbursed at the time of the tender were \$56 million, not \$79 million.

Dr SCHOTT: I suggest that you get that documentation from the RTA, who are the depository, rightly, of all documents.

The Hon. GREG PEARCE: What are you relying on to give your evidence?

Ms KRISTINA KENEALLY: Mr Pearce, you did not ask Mr Hunt to provide evidence.

CHAIR: Mr Pearce has the call.

The Hon. GREG PEARCE: What are you relying on to give your evidence?

Dr SCHOTT: On the role that Treasury played in the review panel and the documents that we reviewed at that time are in a file with the RTA. The evidence that was reviewed by that review panel was done in a secure room and Treasury physically never took those documents, they are with the RTA.

The Hon. GREG PEARCE: Are you operating just from memory?

Dr SCHOTT: No, I am operating from briefing notes.

The Hon. GREG PEARCE: Where are the briefing notes?

Dr SCHOTT: Sitting in front of me.

The Hon. GREG PEARCE: Would you provide a copy of those briefing notes to the Committee, thank you?

Dr SCHOTT: I suggest to you that—

The Hon. GREG PEARCE: I will ask the RTA, but I want to know why you are putting forward the view that the \$79 million did not include a concession fee, which is what it was? The operator believes that it did and their financier gave explicit evidence that the RTA told them that it did.

Dr SCHOTT: I still suggest that you get the evidence from the RTA because we do not physically have it.

CHAIR: To clarify that, the term "business fee" and the term "concession fee" have been used.

The Hon. GREG PEARCE: The concession comes from the Auditor-General's report, in which he explains that the fee paid on the Cross City Tunnel include a development costs of \$54 million, so reimbursement of \$54 million, and a concession fee of \$46.1 million.

CHAIR: Is that term "concession" used as an alternative to a "business consideration fee"? Is that the same?

Mr PIERCE: Mr Pearce, are you referring to the Auditor-General's report?

The Hon. GREG PEARCE: Yes.

Mr PIERCE: Do you have the reference?

The Hon. GREG PEARCE: The first reference is on page five of the executive summary and it occurs on a number of occasions in the chapter on the business consideration fee. You have read it, Mr Pierce, because you have written back to the Auditor-General in a copy of your response is in the report.

Mr PIERCE: Yes. He talks about the RTA being offered \$101.1 million as an upfront payment and that comprised the development fee of \$54 million, the RTA's initial cost estimate for the project and a business consideration fee of \$46.1 million. The total fee was reduced because of interest rate movements. The Auditor-General went on to say, from memory, that as things turned out all of the upfront payment was absorbed through RTA costs. I think it is important to make this distinction between the purpose of the development fee and the business consideration fee, they are quite different in that the development fee is designed to deal with the RTA's costs associated with the project, and the business consideration fee, if you like, if it exists, is a measure of the potential returns or values from this project over and above what would be required to service the debt and attract equity into the project. If you like, it is a measure of excess returns associated with the project that, if you like, is something that you would want back to the Government rather than being kept by the proponents.

The Hon. GREG PEARCE: On page 25 of the report the Auditor-General says that it is a fee payable by the proponent to the RTA for the right to operate the business.

Mr PIERCE: That is correct.

The Hon. GREG PEARCE: As a concession fee.

Mr PIERCE: Whether that has a positive value or not depends on whether there is any excess left over after servicing the debt and attracting the equity.

Mr ANDREW CONSTANCE: What percentage increase in the toll price will the business consideration, concession fee or whatever we are going to term it, have in terms of the Lane Cove Tunnel?

Mr PIERCE: My understanding is that there is not a business consideration fee, but that the upfront payment of \$79 million is a development fee accounted for by expenditures associated with the project that the public sector will be incurring.

Mr ANDREW CONSTANCE: What percentage impact will that have on the toll price?

Mr PIERCE: I do not have those numbers with me, but I am sure we could calculate them for you.

Mr ANDREW CONSTANCE: Could you take that on notice?

Mr PIERCE: Yes.

The Hon. GREG PEARCE: Is it the case that what we are hearing is the same sort of misleading evidence we had on the Cross City Tunnel: that at the time the contracts were entered the RTA and the Treasurer and the roads Minister believed there was a business consideration fee, that you have now been able to reach calculate it and recast it by adding in extra costs that the RTA has incurred since that time? That clearly is what happened on the Cross City Tunnel. That is what the

Auditor-General said happened with the Cross City Tunnel, although he says \$9 million of that still has not been spent.

Mr PIERCE: I think it is accounted for—

The Hon. GREG PEARCE: If you actually gave honest and complete evidence to the Committee, you would actually say that, you would actually accept that. We have had to wait for the Auditor-General to give us the full truth, which is that at the time of the contract the RTA and the Government expected a concession fee, and now you have been able to conveniently give evidence that, with extra costs that have been incurred, that has basically been eaten up, and you now give evidence that says it was just a reimbursement of expenses. But the truth is that at the time the contracts were entered it was not that.

Mr PIERCE: I am quite happy to go over my previous evidence to this Committee, but my recollection is that we have always said that our understanding was that what was reflected in the Auditor-General's report was consistent with the evidence we have been giving: that we have made allowances for a business consideration fee within these sorts of projects, and whether or not one emerged or not depended on what happened during the process, and that at the end of the day with the Cross City Tunnel the amount that was received was accounted for by expenditures by the RTA.

The Hon. GREG PEARCE: But you do not disagree, do you, with the Auditor-General that at the time the contract was entered there was expected to be a business consideration fee or concession fee of \$46 million-odd?

Dr SCHOTT: In the Cross City Tunnel there was both a development fee paid and a business consideration fee paid. In the Lane Cove Tunnel there was a development fee paid, there was no business consideration fee paid, and in the tender documents it was made clear to the tenderers that the RTA's preference was to have no business consideration fee, and that if there was excess money that could have been used to have a business consideration fee and that the concession period be shorter.

The Hon. GREG PEARCE: Thank you. Can I ask you about the no cost to government excuse that the RTA and the roads Ministers have been using? In your response to the Auditor-General, Mr Pierce, you say that government approval was not—and you use bold letters—conditional on there being no cost to government.

Mr PIERCE: That is correct.

The Hon. GREG PEARCE: Then how was it that this Cross City Tunnel project proceeded and we got to the mess that we did, with the RTA insisting all the way through it was at no cost to government, when in fact you say that is not correct? You say Treasury was responsible for overlooking these things.

Mr PIERCE: No. The issue is: What does this term no cost to government mean? In principle, we have no hard and fast rules about it. We accept with these types of projects that we should allow for the possibility of a government contribution over and above anything it may provide in terms of kind or land for instance. So, as part of the general formula, you can have a government contribution. The issue is: if that is required, where does it come from? And does it come from an increase in the total amount of government spending that that would represent? Does that get reflected in the State's financial aggregates? Or does it come out of the budget and forward estimates of the agency responsible for the project? Obviously, it is up to the budget committee to decide where the source is.

All we have ever said in relation to the Cross City Tunnel, or indeed in relation to the Lane Cove Tunnel, is that Treasury's advice would be that if there is a government contribution required, the total RTA budget would not increase; rather, that it would come from within that budget, that is, the roads people responsible for administering the roads budget would need to make some decisions between funding that or funding other things that they have got planned within their forward estimates. So it is not a case of "It can't happen." I can happen. It is a question of: Where should it come from? And, as you might expect, Treasury's preference is that it come out of agencies' budgets,

and agencies prefer it to come out of Treasury. That advice goes to the budget committee, and it is up to them to make a decision.

The Hon. GREG PEARCE: Do I take it from that answer that you are saying that it was the budget committee of Cabinet that decided that the Cross City Tunnel should proceed on a no cost to government basis?

Mr PIERCE: I think you can take it that the roads Minister and the RTA knew that if they wanted to get an increase in the RTA's budget to fund any of their additional costs—as distinct from putting off other projects that they would want to do—they would be facing the budget committee with different sort of advice coming from Treasury.

Mr MICHAEL DALEY: Mr Pierce, if we look at the fee paid by the consortium in respect of the Lane Cove Tunnel, that is the combination of the development fee and the other fee, is there in lay terms a windfall to the Government, or a profit if you like, in the payment of those fees after expenses had been deducted?

Mr PIERCE: We do not believe so. If there were, then we would have expected there to have been a business consideration fee. But, as we have said, our understanding is that the development fee is accounted for by expenditures incurred by the RTA associated with the project.

Mr MICHAEL DALEY: So there is a significant difference in respect of the Lane Cove Tunnel, as compared to the Cross City Tunnel, in that regard?

Mr PIERCE: Well, at least as initially conceived. But, as I said, the Lane Cove Tunnel is a much more straightforward type of project in the sense that things that were estimated and expected at the beginning of the process turned out to be the actual; by the time we get to the contract signing, the financial estimates that were made at the beginning of the process were much closer to what actually ended up in the final contract, which was not the case with the Cross City Tunnel in relation to the specific issue that you refer to, the major one being the estimate of the cost that the RTA would be incurring because of the project, and the changes associated with the longer tunnel and the supplementary EIS and the way they drove the RTA's costs as well.

Mr MICHAEL DALEY: If, in theory, there was a windfall—and I accept your evidence that there was not—where would the payment go? Would it go into consolidated revenue, or would it go into the RTA's coffers?

Mr PIERCE: That is a decision that is made on a case-by-case basis, so I cannot really say what the outcome would be, other than to say it would be something that the budget committee would have to consider. Those funds would always come into consolidated revenue, but whether they then went from there to other road projects, or to other parts of the government, would be a decision to be made.

CHAIR: Treasury would make that decision?

Mr PIERCE: The budget committee would make the decision, and it would be in receipt of advice from Treasury.

Ms LEE RHIANNON: Mr Pierce, when you made your opening remarks you spoke about the work that was undertaken by your department on the public sector comparator, and how you worked on the traffic flows. Can you go through what you did—because I am still trying to understand the work that goes into this and how you can be confident about the recommendations that are made to you, particularly in the light of the gross overestimation that was made of Cross City Tunnel traffic flows and the underestimation made of the M5 East? Are there still concerns that we are going to have problems here? How confident are you?

Mr PIERCE: Kerry might talk more specifically about the particular forecasts for these two projects. I just make the point that this is a forecasting exercise, like any other forecasting exercise, and whether the project is privately financed, publicly financed, delivered with a toll or without a toll,

these projects are always going to be subject to the same levels of uncertainty. It is innate to the projects, rather than to the method of financing.

Ms LEE RHIANNON: Is the forecasting any different from that in the other two projects? And are you saying that the uncertainty is still as great?

Mr PIERCE: The level of uncertainty is peculiar to the particular projects. On advice that I have, the nature of the Lane Cove Tunnel, and the way in which it integrates with the other parts of the road network, result in, if you like, bounds of uncertainty around those forecasts that are tighter or not as great as is the case with the Cross City Tunnel. The sorts of forecasts that were presented to us for the Lane Cove Tunnel by the proponent, at least in the initial periods of time, were very close to those that were included in the EIS. They undertook more extensive studies on land use further out into the future, and that gave them some higher forecasts in the latter part of the concession period. At least in the initial period, everyone's numbers appeared to be reasonably close.

Dr SCHOTT: In terms of the difficulties with traffic forecasting, as a general statement, the differences between different traffic forecasters are usually around ramp-up. It is quite difficult to forecast how long ramp-up is going to take. It is also difficult to forecast off-peak usage. The forecasts of peak usage are usually easier and there is more agreement about those between forecasters. The other variable between the forecasters is the length of the peak. With the Lane Cove Tunnel in particular, because of where it is, there are employment areas around it where the peak periods may well be wider than the CBD peaks, just because of the nature of the work that is happening around the Lane Cove Tunnel.

As John said, the traffic forecasts that were done by Masson Wilson Twiney for the RTA were not much different, they were in the EIS and the proponents forecasts were very similar for the first few years and after that, they have done a lot of work on land use around the tunnel and that led them to assume that the peaks were a bit wider and that there would be more use of vehicles than the Masson Wilson Twiney forecasts. It was in the outer years that that happened, but what I would say about forecasts is that whoever they are, they are going to be wrong.

Ms LEE RHIANNON: You say they are going to be wrong but we are not sure how wrong they are going to be?

Dr SCHOTT: Yes, it is an art not a science.

Ms LEE RHIANNON: Up or down?

Dr SCHOTT: Who knows.

Mr PIERCE: These are professional forecasters and everyone uses different people but the bounds around them I suppose we would regard as the normal sort of the bounds that you would expect when you employ different groups of professionals to answer the same sorts of questions. It is no different to interest rate forecasts, GDP forecasts or employment forecasts.

Mr MICHAEL DALEY: Or lawyers?

Mr PIERCE: Yes.

CHAIR: You referred a couple of times to the concession period. Could you explain that with respect to the Lane Cove Tunnel?

Mr PIERCE: It is the period of time that you are allowing the proponent to run the business, if you like, in simple terms, and at the end of that concession period the asset normally reverts to the public sector.

CHAIR: What is the concession period for this project?

Mr PIERCE: I think it ended up at 33 years.

Dr SCHOTT: I think it completes in 2037.

CHAIR: You said there was a change in the concession period? Was it 30 originally and then it increased to 33?

Mr PIERCE: I think it was initially conceived that a period as long as 40 years was proposed and considered, and it ended up being shortened down to 33. At some stage during the process it might have gone to 30 and then in the final analysis—

CHAIR: It started as a 40-year concession?

Mr PIERCE: As originally proposed, well before it went to market. Well before we went to the EIS process, that was one perimeter that was considered.

CHAIR: Why would it have been so long compared to the other periods?

Mr PIERCE: I am not really sure.

CHAIR: The public has the expectation that some day it is going to get the tunnel?

Mr PIERCE: Yes, certainly.

CHAIR: And 40 years is getting a long way into the future?

Mr PIERCE: I point out that it did not end up there.

CHAIR: It is 33 years.

Mr PIERCE: There are a number of variables with all these things, of course, and the term is just one of them. When you change one of those variable you impact on the others and you have to come to a reasonable view of a balance between the variables. It would not be unusual for us to start off with a range on all of these variables and then as the project develops to narrow them down.

CHAIR: Dr Schott was answering earlier questions from Mr Pearce about the business consideration fee. Do you have an explanation about why you think the operators of the Lane Cove Tunnel seem so convinced that there was a business consideration fee?

Mr PIERCE: Sorry, no, I cannot square that box for you. I cannot reconcile that from what I know at the moment. I think you can take it as a given that it will be something that we will be going away and looking at.

Dr SCHOTT: When we see the transcript we can come back with our understanding of the differences between us, if there are differences.

Mr ANDREW CONSTANCE: Mr Martin from AMBRO said:

There are two elements to the business consideration fee. One portion of that, around \$56 million, is a reimbursement of the RTA's costs for developing the project up to the point where we bid for it. So that is the development fee, as it is termed. There is a separate component of \$23 million, which is the business consideration, as we refer to it. That adds up to \$79 million.

He also went on to say:

We are quite used to this process. We set a maximum toll and then we bid for the business development fee.

That was what was supplied to the Committee yesterday.

Dr SCHOTT: That is not our understanding of the \$79 million. It may be different usage of words.

Mr ANDREW CONSTANCE: You are saying that the financier of the project got it wrong?

Dr SCHOTT: No, I am not saying that but I just need to clarify it.

CHAIR: We may need to clarify with him, too, in answering that question whether he was talking about the general policy?

Mr ANDREW CONSTANCE: It is adding upwards of 20¢ to the toll for the motorist every day.

Mr PIERCE: I would also point out that there are two other major variables in between the setting of the toll and whether there is a business consideration fee or not, one being the construction costs of the tunnel in the first place—

Mr ANDREW CONSTANCE: But that does not alter the fact that 20¢—

CHAIR: Let Mr Pierce answer the question.

Mr PIERCE: That might well be true. What we are saying is that you have got two different views about the nature of the 79 and at this point in time I cannot help square that box. I am just making the point that in between the setting of tolls and whether there is one or not, there are two major variables: how much the thing costs to construct and what the traffic flow will be and hence given the toll, what sort of revenues there will be available.

Mr ANDREW CONSTANCE: I think that is pretty obvious to everybody. It is the 20¢ that I am focused on.

Mr MICHAEL DALEY: Following on from the question from Mr Constance, I think the figure used yesterday was 7 per cent, that is, the tolls may end up being around 7 per cent higher on Lane Cove Tunnel because of this development fee. Hypothetically, if the RTA charged no development fee and decided to wear the \$79 million—

Mr ANDREW CONSTANCE: \$56 million—

Mr MICHAEL DALEY: If they did not get \$79 million from the consortium for the fee for the Lane Cove Tunnel project, a fee that you referred to as a development fee?

Mr PIERCE: Yes.

Mr MICHAEL DALEY: Where would that \$79 million have come from? Is it not the case that it would have come out of the RTA's budget?

Mr PIERCE: It would have been Treasury's advice that that is where it came from and, hence, there would have been some other project that the RTA has which would not happen but the actual outcome, of course, could also be that there is \$79 million worth of additional expenditure in the State aggregates and hence an additional \$79 million of additional debt on the State's budget.

Mr MICHAEL DALEY: So it has to come from somewhere, so potentially \$79 million extra would have had to be borrowed, or \$79 million worth of projects, whether they be road projects such as flashing lights at schools or government expenditure into roads, schools, hospitals, nurses, teachers, things like that would have been compromised, is that the case?

Mr ANDREW CONSTANCE: Point of order: Mr Chair—

CHAIR: You are questioning the question are you?

Mr ANDREW CONSTANCE: My point of order is that Treasurer does not even know what the \$79 million is for. The question is merely hypothetical.

Ms KRISTINA KENEALLY: It is not a point of order; it is a debating point.

Mr MICHAEL DALEY: Mr Constance misunderstands my question, but I think you understand, Mr Chairman.

Mr PIERCE: It is certainly true that there is no magic pudding. It has to come from somewhere and the possibilities are that other RTA projects and conceivably other projects in other parts of government will not be delivered because we have additional debt in the future.

CHAIR: It may be better in the future if the developer has to incorporate all those costs in the overall project, such as changes to electricity lines, water, pipes, which we understand is what the development fee covers, as part of the project.

Mr PIERCE: Some of those things like electricity I think the proponents do actually cover. What you are raising is some further thought being given in the consideration of the scope of the project as to who has responsibility for which parts, the proponent or the RTA. From the Treasury perspective we are open to that. The decisions as to who is responsible for what generally get decided by the view as to which party is in the best position to manage those particular components of it and manage the construction risks and the planning risks associated with it. It is usually not so much a difference of view about the scope of the project but a view being formed about which party is in the best position to manage those parts of it, but certainly it is an aspect that I would be comfortable in you raising questions about.

Ms LEE RHIANNON: Were there any tax concessions granted to the private builders and operators of the Lane Cove Tunnel over the life of the project so far?

Mr PIERCE: No tax concessions as such. Like previous projects in relation to land tax the Valuer-General was asked to give an assessment of the value of the tax base that would attract land tax at the beginning of the project. Given that value, the land tax liability was estimated and that made part of the contract. They bid knowing that the land tax liability is X so what we are really doing is providing certainty about what that land tax payment is going to be.

Ms LEE RHIANNON: Over the whole life of the project?

Mr PIERCE: Yes. I suppose it is an assessment that provided that certainty ends up in a lower cost being put forward in the bid, not because they are paying ex-ante, an expectation of a lower level of tax; just that they are being provided with a higher degree of certainty.

Mr MICHAEL DALEY: It might end up being higher, though, if land tax is abolished potentially.

Mr PIERCE: Yes.

Mr STEVEN PRINGLE: Following up on Reverend Nile's issue, that is, about some of the intangibles that go into a project: net, overall, what public moneys do you think have actually been expended on this project?

Mr PIERCE: Our understanding is that it is in the order of \$79 million, which is then reimbursed through the fee, so that by the time that transaction happens, you come up with zero. But also whilst it is covering the RTA's costs, if you really want to be pedantic about it, there are costs that Treasury incurs and the planning people incur in doing what they do in relation to this project, but one might argue that is what we are here to do anyway.

Ms LEE RHIANNON: Did you finish answering the question? Were there any other concessions apart from land tax?

Mr PIERCE: Not that I am aware of.

Ms LEE RHIANNON: Do you want to take that on notice or can you say "No."

Mr PIERCE: I am happy to have another look at it but the issue with the Cross City Tunnel and the M7 in relation to stamp duty on mortgages did not arise in this case—I am happy to take it on

notice—but I would also point out that we would not regard the land tax as a concession; just a different way of treating the land tax liability.

CHAIR: Because they are paying land tax?

Mr PIERCE: Yes.

Ms LEE RHIANNON: Can I ask a question on notice? Professor David Richmond's review of future provision of motorways in New South Wales was supportive of the then draft Treasury guidelines for public disclosure of information arising from New South Wales government tenders and contracts. Have these guidelines be released? The New South Wales Auditor-General in the past has been very critical of agencies' compliance with disclosure guidelines. How will you ensure that they are followed by relevant agencies?

CHAIR: Do you want to take that on notice, or can you give us a quick answer?

Mr PIERCE: The guidelines have been drafted and are ready to go before Cabinet. Perhaps when they come out of Cabinet I will be happy to talk about their contents a bit more. Compliance with them will be included within the normal monitoring that Treasury does for a whole heap of compliance requests.

The Hon. GREG PEARCE: Did you do any calculation, or what value do you give to the fact that payments were made up front on the Cross City Tunnel? You got \$97 million three or four years ago and they still have not spent it. What is the value of that up front?

Mr PIERCE: If the payment is not received up front then it will be received as a series of instalments. The present value of those two numbers I would expect to be the same. The accounting treatment of them is the same. Despite efforts to treat it as instalments at close, it is still recognised as revenue in the year in which the financial close occurs, so there is no difference in the way it would appear in the State accounts. The only differences are some commercial considerations around the advantages of a bird in the hand now as distinct from having an obligation due to you over a period of time.

CHAIR: Do you charge interest if they do not pay it straightaway?

Mr PIERCE: In effect, yes. That is essentially what I am saying, in the sense that if the payment is received up front then the present value of instalments would equal that upfront payment, which essentially implies that there is interest applied to it.

(The witness withdrew)

KERRY ANNE CHIKAROVSKI, Director, sworn and examined:

CHAIR: In what capacity are you appearing before the Committee? Are you appearing as an individual or as a representative?

Mrs CHIKAROVSKI: As an individual.

CHAIR: Are you conversant with the terms of reference for this inquiry?

Mrs CHIKAROVSKI: I am.

CHAIR: If you should consider at any stage that certain evidence you wish to give or documents you may wish to tender should be heard as seen only by the Committee, please indicate that fact and the Committee will consider your request.

Mrs CHIKAROVSKI: I will.

CHAIR: Do you wish to make an opening statement?

Mrs CHIKAROVSKI: No, I do not, other than to say that I am happy to provide whatever information the Committee is looking for, but I am not entirely sure why I have been called.

CHAIR: As a member from Lane Cove, where you are active in advocating for a Lane Cove Tunnel? If so, why?

Mrs CHIKAROVSKI: When I was first elected to Parliament, the question of traffic along Epping Road was a matter of some concern to the electorate mainly because people could not get in and out of the village of Lane Cove itself. When I was first elected, the proposal was that there would be grade separation at a number of intersections along Epping Road, in particular Longueville Road and Epping Road and Centennial Avenue and Epping Road. I think—I will have to check my records—that there were some discussions about the Sam Johnson road as well. The reason was that, in that way, people could get in and out, and through traffic could go through.

I became pretty aware pretty quickly that the whole idea of grade separation was not acceptable to the community. The question was what could be done as an alternative and what was both viable in terms of what the community would accept but also in terms of cost. Ian Longbottom, who was then a councillor I think on the council, or certainly about to be elected, started advocating for the tunnel. It became clear after a while that the cost of a tunnel, given the fact that tunnelling costs were coming down, was something which would probably be viable for the local community, so I was happy to assist in those discussions.

CHAIR: Are you happy with the current project? Did it meet your expectations, or does it meet your expectations?

The Hon. GREG PEARCE: Is not open yet.

CHAIR: Will it meet your expectations?

Mrs CHIKAROVSKI: I was going to say, Reverend Nile, that it is a bit hard to see how well it works until it actually does open. But it certainly is an improvement on having all the traffic on the surface in the way that it was. The volume of traffic in Lane Cove increased dramatically over the years that I was the local member—the 12 years that I was the local member—and I think it is fair to say that the local community was looking for some relief. I would think that they would hope that the tunnel would provide that.

CHAIR: Are you aware of the changes proposed for Epping Road?

Mrs CHIKAROVSKI: No. Look, I have to be honest with you, Reverend Nile, and say that since I have left Parliament, I have left these matters to the local member, which is I think appropriate. I have actually moved out of the area, as I have just told you, so I only keep a watching brief as much as anybody else does in the newspapers.

CHAIR: In view of the traffic and the fact that there will be a tunnel, do you feel that restricting Epping Road to one lane—

Mrs CHIKAROVSKI: Are you talking about the proposed changes now, as opposed to what was first discussed?

CHAIR: Yes, the proposed changes now.

Mrs CHIKAROVSKI: Again, I am not quite sure what those proposed changes are. I can only talk about what was discussed when I was first in discussion with it.

CHAIR: The latest plan apparently is to have one lane and the traffic on Epping Road—

Mrs CHIKAROVSKI: And a bus lane? Is that still the proposal?

CHAIR: And a bicycle lane.

Mrs CHIKAROVSKI: The discussions which we had when I was the local member certainly involved a narrowing of Epping Road. It certainly involved a question of reducing the volume of traffic on the surface by some narrowing of the road, and there was a fair bit of representation to me from local people, particularly those who lived along Epping Road, who were keen to see that happen.

Mr STEVEN PRINGLE: The issue of the three lanes versus two lanes and in particular as the final configuration travelling from west to east has that initial section which is only two lanes, were you aware of the proposal?

Mrs CHIKAROVSKI: Look, I had some discussions with various people about what was going to happen. Clearly my preferred option would have been three lanes.

Mr STEVEN PRINGLE: On that same theme, were you aware that at the intersection of Mowbray Road west with Epping Road, where there are those townhouses that are set up on top of the cliff there, we have been told by some of the action groups that because the RTA sold the land off, that precluded the three lanes on that section of the road. Were you aware of that?

Mrs CHIKAROVSKI: No, I am not aware of that.

The Hon. GREG PEARCE: What are your views on filtration of the tunnel?

Mrs CHIKAROVSKI: Look, I had a meeting with the Minister for Planning as both a local member and as the Leader of the Opposition. The question of filtration was one which was concerning me in both those capacities for a number of years when I was here. I suggested very strongly to the then Minister for Planning that they should be filtered. I also suggested that if it was a question of cost, then it would make sense—and I am sure there would be not a great deal of objection from the community or anyone else—if the term of the contract was extended to cover the cost of adding filtration.

It seemed to me that allowing the contract to go for another three or four or whatever number of years to provide safety for the community in terms of its health was a fairly good trade-off. The tunnel operators will be required to hand back the tunnel in good condition to the Government anyway, so if they had management of it for another three or four years but at the same time we were able to get the filtration, I thought that was a fair deal for the community.

Ms KRISTINA KENEALLY: Thank you for coming today. You just mentioned the possibility of extending the contract to pay for filtration. Were you aware that the Committee yesterday heard evidence from Mr Ian Hunt that put the cost of filtration at \$500 million?

Mrs CHIKAROVSKI: I am not aware of what the cost was, but I can certainly tell you at the time when we were talking about it—and I am sure that my friend, Dr Kearney, who is in the audience here will concur—it was nowhere near that cost that was being discussed.

Ms KRISTINA KENEALLY: That was certainly what was testified to under oath yesterday.

The Hon. GREG PEARCE: At the high end.

Ms KRISTINA KENEALLY: In those terms, you would have to extend the contract to 20 or 30 years to pay for that.

Mrs CHIKAROVSKI: Ms Keneally, there are a couple of issues in relation to that. I am not quite sure whether it was built because the high end costs were always considered when they were retrofitting and that was always going to be an issue for retrofitting. It would be much more expensive. Certainly when we were talking about building filtration in as part of the project, it was never suggested it would be that high.

Ms KRISTINA KENEALLY: What was it suggested to be then?

Mrs CHIKAROVSKI: I cannot remember the exact figure but it was not going to—what is the cost of the tunnel now?

Ms KRISTINA KENEALLY: It is \$1.1 billion. That is the tunnel and the widening of the Gore Hill Freeway and the Falcon Street ramps.

Mrs CHIKAROVSKI: And it would certainly have not been anything which was going to be 50 per cent more. I would have certainly recalled a figure like that.

Ms KRISTINA KENEALLY: Okay. I would also like to ask Mrs Chikarovski, if I could, Mr Chair, if she is aware that the tunnel is three lanes 66 per cent of the way eastbound and three lanes westbound approximately 100 per cent of the way?

Mrs CHIKAROVSKI: So in fact what you are saying to me, Ms Keneally, is that you are going to end up with the bank up on one end and a bank up on the other end.

Ms KRISTINA KENEALLY: No, what I am saying to you is that we have delivered to you what Lane Cove council actually called for. If I could just read onto the record a motion moved by Councillor Longbottom on 4 February 2002:

That Lane Cove council supports the two-to-three lane continuous tunnel to link the M2 motorway with the Gore Hill Freeway.

Is it not the case that this Labor Government is delivering what Liberal councillors and a Liberal member in a Liberal-held seat have asked for?

Ms LEE RHIANNON: It is great that that is on the record.

Mrs CHIKAROVSKI: Ms Keneally, as I said to you—

Mr ANDREW CONSTANCE: That is a knock-out blow, that one.

Ms LEE RHIANNON: I would be using that one.

CHAIR: Let the witness answer the question.

Ms KRISTINA KENEALLY: I would like to know.

Mrs CHIKAROVSKI: Ms Keneally, as I said to you earlier, my discussions with the people who were talking about building this tunnel was that my preferred option at the time was for three lanes. What has happened subsequently, I cannot make comment on.

Ms KRISTINA KENEALLY: You did mention that you had left these matters to the local member, and that is fair enough; you are no longer the local member. But this Committee has not heard from the current local member. We have not had a submission, nor have we had him indicate that he is willing to appear before this Committee. He has said that he would have preferred a six-lane tunnel but accepted that the cost of this option would have been prohibitive. He said that in the *Northern District Times* on 13 April 2005. Do you agree with his comments?

CHAIR: We should clarify that. We never invited Mr Roberts to appear as a witness.

Ms KRISTINA KENEALLY: He made no submission either.

CHAIR: He has to be on the witness list.

Ms KRISTINA KENEALLY: He made no submission either.

CHAIR: That is right.

Mrs CHIKAROVSKI: Ms Keneally, I would suggest that anything that Mr Roberts did, you should question him on. I am not in a position to answer for him or speak for him.

Ms KRISTINA KENEALLY: I would like to question Mr Roberts but he has not actually spoken or made a submission to this inquiry.

Mr ANDREW CONSTANCE: We would like to question the Minister, but he does not seem to want to come along either.

Ms KRISTINA KENEALLY: He has not made a submission to this inquiry. Can you comment on why a local member would not make a submission to this inquiry?

Mrs CHIKAROVSKI: Ms Keneally, as I understood it, I could have not come to this inquiry as well, Mr Chairman. I chose to come here at the request of the director.

CHAIR: And we appreciate that very much.

Mrs CHIKAROVSKI: Thank you. In doing so, I made it clear that my conversations with this Committee would be about what I knew, not about what other people knew.

Ms KRISTINA KENEALLY: Do you know if it is Liberal Party policy that members of Parliament do not appear before committees when they are inquiring into mega infrastructure projects?

Mrs CHIKAROVSKI: To take up the comments of my colleagues on the other side, is it Labor Party policy that Ministers refused to appear?

Ms KRISTINA KENEALLY: I can say, as a Labor Party member, I appeared at an inquiry into Redfern-Waterloo. I would like to know why the local member for Lane Cove has not chosen to make a submission to this inquiry.

Mrs CHIKAROVSKI: I suggest you ask him.

Ms KRISTINA KENEALLY: I would love to ask him.

Ms LEE RHIANNON: I am happy to support us having another session so that we can get him along. We could have another session.

Mrs CHIKAROVSKI: Mr Chairman, I am not really sure what this adds to your inquiry.

CHAIR: Are there any further questions in relation to the Lane Cove tunnel?

Mr STEVEN PRINGLE: Just one quick question. Are you aware of the up-front payment, which of course has now worked out to be \$79 million? During your time as the local member, was there any talk of an up-front payment?

Mrs CHIKAROVSKI: The difficulty that I had was that I was in Opposition and not part of the Government. Any of those sorts of discussions were commercial discussions which went on between the Government and the contractor. So, no, I am afraid I was not aware of those things at the time.

Ms KRISTINA KENEALLY: I note, though, that you did say that you had been working strongly with your colleagues both in Government and in Opposition to ensure the government of the day's commitment to this solution. You said that in August 1997. Were you working with the Government, or were you not?

Mrs CHIKAROVSKI: Certainly. I have just already admitted that I had meetings with the Government I had meetings with the Minister for Planning. I tried very hard—and Dr Kearney will attest to that, I am sure, if he has the opportunity—to get the Government to commit to the filtration because I thought that was an important part of this project and I thought it was significant for the health of the community in Lane Cove that we would have the Government approve something like that, as I had tried to get them to put in filtration in other tunnels which now exist in the city. So, yes, I worked with the Government on those issues. I make no apology for working for the local community in that respect and I would have been absolutely—absolutely—appalled if I, as a local member, had not put the first thing in terms of their health as a priority for the project. I make absolutely no apology for that.

Ms KRISTINA KENEALLY: Are you familiar with the advice given to this Committee yesterday by Professor Peter Manins?

Mrs CHIKAROVSKI: No. Ms Keneally, I was not here yesterday.

Ms KRISTINA KENEALLY: And you have already admitted that, as you are no longer the member, you have not kept abreast of the development of the issues with this tunnel, so you are not aware that Professor Peter Manins has testified before this Committee that filtration in this tunnel would have a negligible impact on health and that he would see that this tunnel is the third priority in terms of tunnels that should have filtration in Sydney?

Mrs CHIKAROVSKI: Well, Ms Keneally, that probably is an indictment of the Government that there are two others ahead of it. It does not mean that the community in Lane Cove is less entitled to make sure that their health is protected than anywhere else in this State.

Ms KRISTINA KENEALLY: Then you are not aware that Professor Manins has testified before this Committee that this tunnel meets World Health Organisation standards and provides an excellent outcome in terms of health of the local community?

Mrs CHIKAROVSKI: Ms Keneally, if you had been around for a long time you would understand that those sorts of assurances have previously been given on other tunnels and the local community—

Ms KRISTINA KENEALLY: So you are suggesting that we should not listen to a CSIRO scientist?

Mrs CHIKAROVSKI: Ms Keneally, I think it is my turn.

CHAIR: Let the witness finish the answer to your question.

Mrs CHIKAROVSKI: Thank you, Ms Keneally. But those assurances have been given on other tunnels. I can assure you if you have gone out to places like the M5 East and stood where that stack is and seen the gunk that has spewed out of it and seen the reaction of the local people to the fact that they have to breathe that stuff in on a daily basis, you will understand that they do not accept those assurances which were given to them at the time, and I would not expect my Lane Cove community to accept the same assurances.

Ms KRISTINA KENEALLY: So we have an assurance from a CSIRO scientist who we are simply meant to dismiss? Are people breathing in the "gunk" as you put it whether the cars are in a tunnel or on surface roads?

Mrs CHIKAROVSKI: Have you driven through the M5 East recently?

Ms KRISTINA KENEALLY: I have.

Mrs CHIKAROVSKI: And you tell me that you can breathe in that stuff? You put your windows up as you go through.

Ms KRISTINA KENEALLY: I tell you that those cars are going to be coming into the city whether they are on the M5 East or on surface roads and we are going to breathe in that "gunk" as you have put it, whether it is coming out of a tunnel or a car exhaust.

Mrs CHIKAROVSKI: I am not a scientist and therefore I am not going to argue the case with you. I suggest, as I said, there are other people who can argue that. I do know that over the last several years in my term in Parliament I met with a number of people who are experts in this field who were concerned about the M5 East and will be concerned about the Lane Cove Tunnel. It is well and good, and easy for you, to sit here and say that it is not a matter of concern, and one expert says one thing and another expert says another, but at the end it is the people who actually live in those areas who have to cope with the consequences, the consequences of not filtering. I would rather be on the side of the argument which says we filter to be safe than we do not filter and accept what might happen in the future.

Mr ANDREW CONSTANCE: Recently when appearing before the Committee the mayor of North Sydney said that the RTA did a good job with community consultation. What was your experience as the local member at the time in terms of the RTA's consultation with the community?

Mrs CHIKAROVSKI: I have got to say that the RTA certainly had a fair bit of material and publicity out. There were meetings. I think the difficulty with these things, Mr Constance, is that it is always question of degree. Some people will think it is enough and some people will not. But I certainly think that it did make an effort.

CHAIR: Ms Lee Rhiannon has actually left the room.

Ms KRISTINA KENEALLY: So has the Hon. Greg Pearce, if we could note for the record.

CHAIR: Do you want to add anything?

Mrs CHIKAROVSKI: I think that the whole of the tunnel debate will continue to go on at length, particularly in relation to the question of filtration, because I think it is a question of local communities, quite rightly, having the highest expectations about projects in their areas, providing for a proper outcome for them. If that means filtration then I think it is an obligation on whoever is constructing it, and their partners, to make sure that they look at filtration to make sure that the health of that community is preserved.

CHAIR: It is obvious that the Government has met the requests of Lane Cove residents in building the tunnel.

Mrs CHIKAROVSKI: As I said, there was certainly a very strong lobby to get a tunnel put in because that was going to relieve the traffic on the surface and make life easier for access in terms of people trying to get in and out of Lane Cove. So yes, that was why I was happy to support the

project, and continue to be happy to support the project. I am just disappointed that we are not going to have the filters.

(The witness withdrew)

DENISE MARGARET ROBINSON, medical practitioner, Miller Street, North Sydney, and

VICKY SHEPPEARD, medical practitioner, Miller Street, North Sydney, and

MICHAEL PHILLIP STAFF, medical practitioner, Miller Street, North Sydney, affirmed and examined:

CHAIR: In what capacity do you each appear before the Committee?

Dr ROBINSON: I am appearing as the Chief Health officer with NSW Health.

Dr SHEPPEARD: As Senior Policy Analyst with NSW Health.

Dr STAFF: I am the Director of NSW Environmental Health Branch.

CHAIR: Are each of you conversant with the terms of reference of this inquiry?

Dr ROBINSON: I am indeed.

Dr SHEPPEARD: Yes, I am.

Dr STAFF: Yes, I am.

CHAIR: If any of you should consider at any stage that certain evidence you wish to give, or documents you may wish to tender, should be heard or seen only by the Committee, please indicate that fact and the Committee will consider your request. Do you want to make an opening statement?

Dr ROBINSON: Yes I will. Thank you for the invitation to appear before you today, and in particular my appreciation for you moving my time slot around to fulfil the requirements of my diary. It is very generous of you to do so. And thank you too for allowing me to bring Dr Michael Staff who is the head of our Environmental Health Branch, and Dr Vicky Sheppeard who, as a medical epidemiologist has a particular interest in this area. As you are probably well aware NSW Health does not have a particularly legislative role with respect to tunnels. Our role is restricted to the advising of our agencies that do have a defined legislative responsibility. We also do have an opportunity to provide advice with respect to environmental assessments that are part of major projects where there is some potential health impact.

Our focus of undertaking those works is to look at the protection of the health of the population of New South Wales. Our particular reason for appearing before the Committee today is to give information with respect to the proposed health study surrounding the Lane Cove Tunnel, and I appreciate the opportunity to give you that advice. We have taken advantage of the situation, responding to the concerns raised by residents of Lane Cove, and commissioned a study through the Wilcock Institute in the Co-operative Research Centre [CRC] for Asthma and Airways, to prospectively look at the health of people within the study area.

The Hon. GREG PEARCE: Has that study been supplied to the Committee?

Dr ROBINSON: The study is in the design phase and will be commissioned in the near future. Currently we are enrolling people into that study. It is designed to look at how this new piece of infrastructure impacts, if indeed it has an impact, on the health of the local community. The EIS, as you probably are aware, has predicted that there will be an improvement in air quality surrounding the infrastructure, but despite that the concerns rested in the community and therefore we have taken the opportunity to look at the opportunity in respect of local air quality. The proactive study will enable us to address those concerns, because it will have a second arm that compares the situation following the opening of the tunnel and will have the potential thereafter to further inform us in deliberations about standards in urban air quality.

The independence of the study is very important and therefore I would like to emphasise the role of the CRC and the Wilcock Institute. We have also commissioned an expert advisory panel,

which not only is assisting in the design of the study but also will provide me with advice with respect to the implications of the findings when available. We believe that the governance arrangements that we have established will ensure that it is seen as an impartial and appropriate study. We will have the opportunity to compare the situation with respect to the reasons that are part of the study over a period of time.

CHAIR: To clarify, what is the timetable for the study? Has it commenced? Will it continue after the tunnel is open?

Dr ROBINSON: It has two arms, and Dr Staff is in a better position to give a further exposition with respect to it. At the moment we are enrolling approximately 2,000 people, and an equal number that we need to have enrolled in the studies. A series of households are being enrolled in three separate areas and varying distances from the stacks that are planned as part of the process and there is also a control area involved as well. We will go back in approximately 12 months time to examine the situation again so we have the before and after analysis, which is most important if we are to draw any conclusions.

Dr STAFF: In terms of time frame, as Denise has said the investigators have started recruiting people. The idea is to get some baseline information prior to the opening of the tunnel and then to repeat and collect that information in approximately 12 months, which is needed for control of some factors such as seasonal variation. We started collecting on 1 June. It is a little unclear exactly when the tunnel will open, so we have decided to err on the side of caution and start now, recruit over the next few months and then repeat that data collection again in 12 months time, that is towards the end of 2007. The data will be cleaned, analysed and a report will be produced.

CHAIR: That will be a report by the Department of Health, with recommendations to the RTA if any action is required.

Dr STAFF: It is a research study conducted under the auspices of the Co-operative Research Centre for Asthma and Airways. An independent report will be prepared on the study and that will be provided to NSW Health, which will then provided it to other appropriate government departments.

CHAIR: I assume you will make recommendations based on that report?

Dr STAFF: We will certainly look at the findings and within our portfolio we will make discussions, comments and recommendations concerning the validity of the study and what it means in terms of health so other departments whose portfolio deals with other issues can make informed decisions.

CHAIR: That is all above-surface testing. Is there any plan to do testing on motorists using the tunnel after the tunnel opens?

Dr STAFF: The study we have at the moment is a prospective study looking at future impacts. Obviously there are no motorists in the tunnel, as it is not operating at the moment. It is important to get this part of the study done and it is confined to local residents because that is the issue the community has spoken to us about. At this stage there is no plan to do any in-tunnel health studies.

CHAIR: It is not impossible that there be a study, but no decision has been made at this stage?

Dr STAFF: It certainly can be done. In fact we did it at the M5. There will be monitoring reported from within the Lane Cove Tunnel and it depends on whether there is any need to do such a study, it would be a little early to pre-empt any need for that.

Mr STEVEN PRINGLE: The RTA has not asked you to do that? Or anyone else?

Dr STAFF: No.

CHAIR: What involvement does the Department of Health have when it comes to determining the planning conditions of approval for tunnel projects, specifically the Lane Cove Tunnel project?

Dr STAFF: As Denise pointed out we have an advisory role. Certainly there is a series of steps which we go through in a planning proposal. On occasions the planning department will ask various departments for their director general requirements for the preparation of an EIS. If we are asked to do that we will respond. We have not been asked to do that with every tunnel. We have been asked for the M4 tunnel proposal, to put director general requirements ahead. We were not asked for the Lane Cove Tunnel. Once the environmental impact statement has been prepared we will provide comments and recommendations on that. Following that, the next step is that the proponent provides a report on the EIS and we will review those comments. The next step is to produce the conditions of consent, in which case we will also provide appropriate advice within our portfolio or range of power. These are bits of advisory information that we provide to the regulatory authority or planning authority for them to make their decision.

CHAIR: Has the Department of Health had any previous studies? You have explained the proposed one for Lane Cove. Have you done previous ones? You mentioned the M5.

Dr STAFF: Certainly motorway tunnels are an issue that is becoming more on the horizon for us, and more of an issue. We have done some studies, mainly around the M5 tunnel. There was a large two-phase study there, looking at external air quality and residents. There has been an in-tunnel air quality study done.

CHAIR: As you would be aware, there has been criticism by some resident groups and others about the methodology for the M5 phase one and phase two study. How are you responding to that criticism?

Dr STAFF: We have been made aware of that. A lot of criticism stems from the technical issues and people's understanding of exactly the purpose of the different phases. Essentially it was a two-phase study done at the M5. The first phase was to characterise people's symptoms, so we could then go and look for an association in the second phase. I do not think that was appropriately acknowledged in the review that was conducted—essentially, reading more into phase one than was really there, because it was not an analytical study. Either way, in our report and in the way we responded to the M5 study findings, we acknowledged several limitations.

We acknowledge those limitations upfront, and those are the substantive criticisms that have come out of the review of the study that has been done. Those are inherent limitations. The first of the two that people have discussed most is that we did not have any baseline data to compare what data we collected with the M5—in other words, we did not have anything before the tunnel opened to look for changes relative to second lot of data that we collected. The issue with that was that, based upon the EIS and air modelling, there was no expectation that there would be health effects because there was no evidence of any significant increases in air pollution. So that was an issue we could not tackle, and that is a limitation that we acknowledge.

Another limitation was the fact that very few children were involved in the M5 study. That was not from our design. We asked community members who had any symptoms to present to us, as part of phase one, to go and see clinicians and give us the sorts of symptoms that they may be experiencing so that we could develop a case definition. That is another limitation that we acknowledge.

Having been through the M5 study, we decided if we were going to do another study we needed to address those limitations. We feel we have done that in the way that the Lane Cove Tunnel study has been planned in that we are collecting baseline data—that is, data before the tunnel opens—and there is a specific component that looks at children. Again, it is a survey-based study that asks people about self-reported symptoms. But there is also another element of it in that a group of children are being followed and some objective, clinical measurements are being taken about lung function. So those are, we feel, the substantive criticisms that the review has put up, and we acknowledged those at the beginning. But there are difficulties in doing any epidemiological work.

CHAIR: You used the term that now tunnels are on the horizon you are involved. Do you think the Department of Health should have been more aggressive or more proactive as a health body on matters regarding the health of tunnels before the complaints started coming in?

Dr STAFF: NSW Health has a lot of issues to deal with. Certainly, air pollution is one of those. There has been quite an extensive amount of air research applicable to tunnels. As I have said, this is a developing science across not only Australia but internationally. I feel the steps we have taken and the proactive steps we have taken demonstrate a real commitment to trying to work out the sciences and protect the health of the people of New South Wales. So I would say we have adequately responded to things. But, like everything else that evolves, there will be increasing demand for us to do extra work, and we are working in a situation where we need to find further scientific evidence as a basis on which to make decisions and provide advice to other departments.

The Hon. GREG PEARCE: Do you have a standard or guide for when filtration ought to be included in tunnels?

Dr STAFF: Filtration is not a matter for NSW Health. NSW Health needs to advise people when there is a health risk. Having identified whether there is a health risk, there may be the need for a response to that. Then I think we need to advise and discuss with other agencies what the appropriate response or responses may be. We are not experts in filtration. We are aware that that is a response that perhaps the Government could have, but we would not be commenting on whether that is appropriate or not appropriate. We need to highlight when there is an issue, the character and nature of that issue, discuss the matter with departments that have appropriate expertise in order to come up with a solution. And after they have given us an idea what that is, we can then perhaps tell them what that might mean in terms of health effects. Hopefully, that would improve any health effects. Certainly, at this point in time, there is no definitive evidence of any health effects that we have seen.

The Hon. GREG PEARCE: So you are not experts on filtration, you do not and would not give the Government any advice on whether filtration is or is not appropriate, and you do not have a standard to know whether it is required or not?

Dr STAFF: I would agree with your first two comments. The third is whether there is a standard, and whether we are required to do some intervention. What that intervention is, or its nature, is not a matter for our department. Certainly, there are standards that we use. They are based upon the World Health Organization air quality standards.

The Hon. GREG PEARCE: Do you have a standard for filtration in motor tunnels?

Dr STAFF: We have a health-based standard for health effects.

The Hon. GREG PEARCE: So you cannot say whether filtration is required or is not, based on any particular standard or any guide that you have?

Dr STAFF: I think the issue is that we can say whether we have a standard or a guide; and where there needs to be some action, what that action is is not necessarily our call.

CHAIR: You said, I think, you are following the World Health Organization standard.

Dr STAFF: The World Health Organization's air quality standards, yes.

The Hon. GREG PEARCE: Have you ever, in the various consultation phases for approvals for motorway projects, recommended filtration?

Dr STAFF: No, we have not.

The Hon. GREG PEARCE: In the case of the M5 you did not even consider it, because you did not at the time believe there was any potential health impact.

Dr STAFF: With the M5 an EIS was conducted. An essential part of that EIS is prediction of any changes in air quality that may result from the infrastructure being put in place. Based upon that,

there were very small incremental changes that we would not expect to be associated with health changes, so there was no need to recommend that something needed to be done.

The Hon. GREG PEARCE: You have not been able to do a study since because you do not have baseline information from which to work?

Dr STAFF: For the M5 we were able to do a study. The study was a cross-sectional study, which is a weaker form of study than a prospective study. Certainly, that is the case: we did not collect baseline data, so that we could not conduct that. But, now that we are obviously moving towards looking at another tunnel, that is, the Lane Cove Tunnel, we are trying to rectify that limitation by collecting data at the baseline.

CHAIR: Can I clarify something? You are the Director of the Centre for Health Protection.

Dr STAFF: No. I am Director of the Environmental Health Branch.

Mr ANDREW CONSTANCE: Will the baseline study not be affected by the fact that there is going to be disruption on Epping Road? It was admitted yesterday that traffic changes would be disruptive to the local community, and I would have thought that would lead to significant congestion on Epping Road. Will not your baseline study be affected as a result of that? Why have you waited until June 2006 to commence a study that will run through into next year, during a period when there is going to be concentration of traffic chaos on Epping Road as a result of the changes?

Mr MICHAEL DALEY: Dr Staff, you might explain to Mr Constance what a baseline study is. That might assist him.

Mr ANDREW CONSTANCE: My question is quite simple. If there is going to be traffic chaos on Epping Road—

Mr MICHAEL DALEY: When, and according to whom?

Mr ANDREW CONSTANCE: It was announced yesterday.

Ms KRISTINA KENEALLY: Are you suggesting there is not traffic on Epping Road now?

CHAIR: Just let the member ask his question.

Mr ANDREW CONSTANCE: If there is going to be traffic chaos on Epping Road, will that not affect the baseline study?

Dr STAFF: I think what we are talking about here is a major piece of infrastructure. We are talking about removing a whole lot of traffic from surface roads and diverting it into a tunnel. So there is going to be a very large change in traffic patterns—far more than any disruption that may or may not be occurring at this point in time. So, no, I do not—

Mr ANDREW CONSTANCE: That is my point, Dr Staff. There is going to be a change in traffic patterns, so will that change not affect your baseline study?

Dr STAFF: Essentially, what I am saying is that we are collecting information on the baseline at this point as it is at the moment. Traffic patterns change throughout Sydney all the time. You cannot go back say three years and collect baseline data. The appropriate data to collect would be that immediately before a tunnel opens, and then collect some data after the tunnel has opened, and compare the two. What I am saying is that—

Mr ANDREW CONSTANCE: I would like to go back to my original question.

CHAIR: Let the witness finish his answer.

Dr STAFF: What I am saying is, in terms of likely contribution, I would have thought that by removing a lot of traffic from surface roads and putting that traffic into a tunnel would have a far

bigger effect than any other minor disruption that may be occurring at this point in time, considering that the volume of traffic that is going along Epping Road needs to be the same during the construction period as it was before the construction period. Certainly, the major issue with putting in a tunnel is to try to better disperse air pollution that may come out of cars that either are sitting in a line of traffic on a surface road and putting that traffic into a tunnel and affecting the dispersion of air.

Mr ANDREW CONSTANCE: Now let me go back to my original question. If there are going to be changes made to Epping Road, and that will lead to traffic disruption, therefore there will be a concentration of traffic. Will that affect your baseline study?

Dr STAFF: I am sorry, but I am a little unclear as to what changes you are talking about at the moment. Are you talking about changes that are inherent in the construction of the tunnel, or when the tunnel is actually operating?

Mr ANDREW CONSTANCE: On Epping Road.

Dr STAFF: When the tunnel is operating?

Mr ANDREW CONSTANCE: That is right, when the consortium moves into the next phase of making changes on Epping Road. My question specifically relates to changes that are going to result on Epping Road, and through that construction phase there will be traffic disruption on Epping Road. I am asking you whether that will have an impact on your baseline study.

Dr STAFF: Theoretically, there may be some small impact. I am not sure because I do not know exactly what will be the changes you are talking about. I would have thought it would be insignificant in terms of study design and the sort of intervention we are talking about here. The fact is that we are collecting data from several areas, not just from those on Epping Road. We are collecting from around where the filtration stacks are located, and we are looking at a remote control area. Without knowing the precise amounts, I would not have thought that would have a significant impact at all on the baseline data, and the baseline data would be best collected then.

The Hon. GREG PEARCE: If I could finish on the issue of filtration. You have indicated that you do not have any expertise on filtration, you have never recommended filtration for any of the tunnels, and you do not have a standard for filtration for tunnels. Have you ever been asked by another government department or the Government in any form to give an opinion on whether filtration is required in any of the tunnels?

Dr STAFF: I have not.

The Hon. GREG PEARCE: Has the department?

Dr ROBINSON: No, not that I am aware of.

Dr STAFF: Not to my recollection.

The Hon. GREG PEARCE: So you have never been asked to advise the Government on, for example, whether filtration is required in the M5 East tunnel?

Dr ROBINSON: No. As Dr Staff indicated, we would see our role as defining whether or not there was the potential for a health impact in relation to any findings in any study, and we would then be proposing that, should there be any potential impact on health, there should be a mitigation of those risks. We would not be advising a mechanism to mitigate those risks. That is in the purview of someone who is much more experienced in building and filtration matters than we are. We would not define how this should occur.

The Hon. GREG PEARCE: Are you aware that numerous Ministers of this Government and the RTA and the Department of Planning have claimed, on many occasions, that they have relied on the Department of Health's advice in not filtering the tunnels?

Mr MICHAEL DALEY: Have you got those claims in front of you, Mr Pearce?

The Hon. GREG PEARCE: Would you let him answer the question?

Mr MICHAEL DALEY: Point of order—

The Hon. GREG PEARCE: You are a bit sensitive.

Mr MICHAEL DALEY: You are talking about claims. Where are the claims?

The Hon. GREG PEARCE: The witnesses have been saying that they have never advised on filtration of a tunnel.

Mr MICHAEL DALEY: When, by whom, and on what date, and in what forum?

The Hon. GREG PEARCE: Let me answer the question.

Mr MICHAEL DALEY: He cannot answer the question, because he does not know what quote you are talking about.

The Hon. GREG PEARCE: Very sensitive!

CHAIR: The member can rephrase the question. It is whether the Department of Health has given any advice on the filtration issue.

The Hon. GREG PEARCE: I have already asked that question, and they have said no.

CHAIR: Then you have got the answer.

Mr STEVEN PRINGLE: From a layman's perspective, my constituents would be thinking that currently you have all the traffic going on the surface and now it will be going into a tunnel and presumably the Department of Health would be concerned or interested or have a viewpoint on all that traffic now going into a tunnel and then going out unfiltered stacks. Do you have any thoughts on that?

Dr ROBINSON: I will give the first response and allow Michael with his greater expertise to respond. When you have a series of vehicles that are on a roadway, you have a level of pollution that exists at the local level. If you take that same traffic and you put that traffic underground in a tunnel and you then have an exhaust from that tunnel, you are then dispersing what was at that local level to a much higher level and dispersing it more broadly.

Dr STAFF: I would agree with what Denise has said. It is about dispersion of pollutants and impacts. That is why there is modelling done in the EIS to see will this improve local air quality or will it make it worse, and certainly the most sensitive way of looking at it is environmental monitoring, measures and predictions. I would be reassured by the fact that the EIS modelling shows that local air quality will generally be improved in that situation. It is a simple matter that if we have a whole lot of congested cars idling with exhausts that are this far from the road, then dispersion will not be particularly good, so I do not think there is any issue that it does not make sense that a tunnel may improve local air quality.

Mr ANDREW CONSTANCE: Did Lane Cove Council ask you to do a two-year benchmark?

Dr STAFF: Lane Cove Council has asked us to collect some baseline data.

Mr ANDREW CONSTANCE: Over a two year-period or not?

Dr STAFF: I cannot recall specifically what the letter said. They did say that they would like some baseline data collected. What Denise has done in her capacity as the chief health officer is to get an expert panel together, that is a panel with an expert group led by a public health professor with

several respected expert researchers, and they feel that the study design that is being proposed by the Woolcott Institute is appropriate, including the baseline data collection.

Mr ANDREW CONSTANCE: Were there supposed to be observers from local government and public schools overseeing that process.

The Hon. AMANDA FAZIO: Point of order: Time for Opposition questions has expired.

Mr ANDREW CONSTANCE: I have just asked a question about whether there was supposed to be a school representative and a local government representative on that committee.

Dr STAFF: It is an expert panel or an expert group so that everybody who is on that group has got an area of expertise.

Mr ANDREW CONSTANCE: Did not the community resolve to allow a local government and a public school representative to be involved?

Dr STAFF: And the members of the committee are experts in their area. The chief health officer understood that there would need to be some community representation on that. It was felt appropriate that there would be an expert nominated by the community or the community's representatives. Certainly there is a member on that expert group who is a modeller and he was nominated by Lane Cove Council and he sits on that expert group to represent the community as a community representative.

The Hon. AMANDA FAZIO: Dr Robinson, I wanted to ask a question about some of the comments that have been going around in public in recent times about the community health study that the Department of Health is going to undertake, and I refer, in particular, to comments made on radio 2SM last month by Mr Ray Kearney, Chairman of the Lane Cove Tunnel Action Group. I will quote what he said:

What really troubles me is that the Health Minister, John Hatzistergos, has indicated that New South Wales Health is going to undertake another study on so-called health impacts on residents. We are not in the Holocaust where such experiments are performed on children and adults when we know that the hazards currently exist. I am appalled by the lack of ethics and morality in this whole process. The hazards are already defined; the literature is well documented in terms of the impacts of these pollutants that will come out of the stacks and into the local precinct.

Have you got any comments to make on these, I think, quite bizarre statements from Mr Kearney and can you tell us what you are doing to actually inform the local community about your health studies so that they know the facts and not the sort of scurrilous misinformation?

Dr ROBINSON: I am certainly aware that Professor Kearney has a particular interest in tunnels and, as I understand it, he is a resident of the local area and has consistently expressed concern with respect to the impact or potential impact on Lane Cove residents. I am also well aware from driving through the area that there has been significant lobbying with respect to the current traffic-related issues in Lane Cove and that there has been widespread support for the introduction of a tunnel to mitigate some existing concerns.

I would say to you that the study that we are proposing is providing us with a measure of any link that exists at the present time between polluted levels and local air quality and the health of residents and that to continue with the second phase of the study once the tunnel has been opened and removed the traffic from surface to below ground would be a more than appropriate and ethical way of us proceeding at the present time.

The Hon. AMANDA FAZIO: In relation to the outcome of your study, because a lot of people have been quite concerned about getting some definitive information on these sorts of issues because there has been so much anecdotal information and many self-declared experts making pronouncements on these issues, how are you actually going to disseminate the results of your study to both the local community and the wider community who have an interest in these issues?

Dr ROBINSON: As Dr Staff indicated a little bit earlier, we obviously would be making the results of those studies, when they are available, available to other agencies which have an interest in

that area, but it would also be my expectation that the results of the study would be more broadly known and made available to the public. Our earlier studies in respect to the analysis of phase one and phase two of the M5 Tunnel investigation are available on our web site.

Mr MICHAEL DALEY: Mr Pearce asked a question earlier that I was unclear about. Could you tell us what standards do exist in relation to particulates and emissions in tunnels? Were they World Health Organisation standards that you referred to earlier?

Dr STAFF: I will ask Vicky to answer that because it is her area of expertise.

Dr SHEPPEARD: When the M5 Tunnel was being planned we advised the adoption of the World Health Organisation 15 minute guideline for carbon monoxide, which is 87 parts per million. Any standards for particles in the world do not exist for very short exposures like you would expect in a tunnel. There are only 24-hour guidelines, and they have been applied for outside the tunnel, but there is not an expectation that people will be in there for a very lengthy period, they were not appropriate to apply inside.

We learnt from the experience in the M5 Tunnel that transits did tend to be longer than expected, longer than 15 minutes on occasions, so when the Cross City Tunnel and Lane Cove Tunnel were being planned we recommended that the 30 minute World Health Organisation carbon monoxide guideline of 50 parts per million be adopted also, so for those two tunnels there are two World Health Organisation guidelines that we have recommended be adopted.

CHAIR: I wanted to clarify the structure within the Department of Health dealing with health issues relating to projects such as tunnels. You are the Director of the Environmental Health Branch?

Dr STAFF: Yes.

CHAIR: Is that part of the Centre for Health Protection?

Dr STAFF: Yes. There is a Centre for Health Protection.

CHAIR: And you are a branch of that.

Dr STAFF: Yes, and that is a branch of the Chief Health Officer. There is a Public Health Division, of which Denise is the Deputy Director General and Chief Health officer and underneath that is the Centre for Health Protection and it has several branches within it—the Clinical Disease Branch and the Environmental Health Branch are two of the main branches and I am the Environmental Health Branch.

CHAIR: And that is the branch that has had and will have responsibility for projects relating to tunnels?

Dr STAFF: Environmental hazards

CHAIR: Or health issues that affect residents or motorists?

Dr STAFF: Yes, it primarily has health protection components of that. There is another injury part in the Health Department the talks about motor vehicle accident and things like that.

CHAIR: Dr Sheppard, you have information about World Health Organisation standards. Are you part of that branch?

Dr SHEPPEARD: Yes.

CHAIR: So in future you will be the people we should be dealing with on these issues. We will continue in this role of monitoring this area?

Dr ROBINSON: Yes, they are certainly the people with the greater expertise in this area.

Ms KRISTINA KENEALLY: I have two questions for Dr Robinson. There has been some suggestion that NSW Health should be recommending different types of technology in the construction of infrastructure projects. Can you clarify why it is not relevant to make those sorts of recommendations or what you see—because I do not want to put words in your mouth—as New South Wales' role in relation to the question was asked earlier?

Dr ROBINSON: With respect to major projects, I see our role as being involved in assessment of the environmental impact statements that are provided and to provide advice to the relevant agency, which has been designated responsible for determining controls or conditions with respect to any potential health impact that may arise. As I indicated earlier, I do not believe our role is to determine how those health impacts would be mitigated, should they need to be but we should be defining that they need to be when they are and we should be providing advice in terms of the level, if a level appropriately exists.

Ms KRISTINA KENEALLY: I understand that the study you are undertaking represents the first time that researchers have conducted such a detailed health study in Australia around an infrastructure project such as a motorway tunnel. Can you outline the importance of the findings and how the findings might be used?

Dr STAFF: I could probably best to answer that. As you have pointed out—and I have stated previously—this is an emerging area. Air pollution in general is an emerging area. The benefits of conducting a study like the Lane Cove study is not just for this particular piece of infrastructure but for other pieces of infrastructure and, in fact, it will actually provide some extra information for Australian authorities and world authorities in looking at the relationship between air pollution and health. The fact that the Co-operative Research Centre for Asthma and Airways is involved in this is that primarily their interest is looking at this broader relationship between air pollution and health. They have a program which looks at public health care setting standards, so that is why they are interested in it. That is why they are funding a lot of it and putting a lot of effort into it.

The sort of information that we are going to get out of this study will be the national process, which sets air quality standards. At this point in time that is run by the Commonwealth Department of Environment and Heritage. They set these national environment protection measures and we are working at getting extra information based upon health into setting these, so that we have appropriate standards for that. This study that we are doing at the moment is certainly a win-win for everyone in that it is responding to community concerns, but it is also providing us with the groundbreaking sort of research that is going to provide us with answers to the bigger questions, those questions about what is the actual relationship between air pollution and health effects in an urban environment such as Sydney.

CHAIR: What is the budget for that study? Is that part of the Health Department's budget?

Dr STAFF: NSW Health is involved with the Co-operative Research Centre for Asthma and Airways. They are funding the study. NSW Health is a supporting partner and has even given some cash contribution to the CRC but under the normal structures of CRCs there is also a Federal component of matching it dollar-for-dollar, so there is a complex funding structure. It is not being funded totally out of NSW Health Department funds, and I think that is appropriate in the sort of research and the sort of findings that will be produced here.

CHAIR: Do you know the total cost of the survey, approximately?

Dr STAFF: Approximately is about \$700,000 to \$800,000 that has been committed by the CRC.

CHAIR: What is the whole cost of the project?

Dr STAFF: Our component of the health study will be about \$700,000 or \$800,000. The CRC obviously has a much bigger budget than that.

CHAIR: Do you know the overall cost of it? Is it \$1 million for the whole survey?

Dr STAFF: Between \$700,000 and \$800,000.

CHAIR: That would be the total cost?

Dr STAFF: Yes.

CHAIR: In relation to asthma, I suppose the Health Department is monitoring the increased number of cases of asthma, particularly in children, in Sydney and in other parts of Australia. Do you feel that is related to pollution?

Dr STAFF: There are lots and lots and lots of factors associated with asthma, such as air pollution. People with asthma are sensitive to air pollution, but whether that is causing any changes that we may see in asthma problems or incidence is very hard to know. Certainly, as we have alluded to, the CRC has lots of projects running on asthma. There are various different allergens, viruses and a whole lot. Certainly what we can see is that asthmatics are a sensitive group, and it is a group that should be studied. That is what we are doing here as part of the study.

Mr MICHAEL DALEY: Following the New South Wales Department of Health assessment of the EIS for the Lane Cove Tunnel, did you find it necessary to recommend any further measures be undertaken in relation to mitigation, or were you satisfied that the ventilation measures were adequate?

Dr ROBINSON: If you do not mind, I will get Dr Staff to answer that because he was involved at the time.

Dr STAFF: We reviewed the conditions of consent and we looked at several different issues. When we are talking about a large piece of infrastructure like this, we are talking about lots of things. We are talking about adequate public transport, physical activity opportunities and all those sorts of things. Based upon what we saw in the EIS, which was modelling of air quality, we thought it was appropriate that the conditions of consent, as they stood, would necessarily be protective of human health around there. We did not feel, based upon what we had seen or knew at that time, that there would be any need to recommend anything further.

Mr MICHAEL DALEY: And you have no reason to call into doubt that modelling?

Dr STAFF: I am not a modelling expert. Certainly, there are lots of limitations in modelling, including predicted traffic flows and all those sorts of things. What we usually do is ensure that the modelling is done by a reputable group with expertise that has the appropriate input of that expertise into the modelling and then take that at face value. It would not be appropriate for the Health Department to say that we have some issues with this modelling.

The Hon. AMANDA FAZIO: How are you going to recruit or select the people to be in this group of 2,000?

Dr STAFF: What we have done with this, we feel that with a study like this there needs to be certainly a lot of involvement, and people need to be fully informed of what is going on so that they get the right understanding of what the issues are about. What has been recommended and what is actually happening is a face-to-face door knock approach to people to recruit people, provide them with information and an opportunity to speak to someone at that point in time to answer their questions. It is a very labour-intensive way of doing it. What we will ensure is that we get a representative group of the community involved in the study and also they will have an opportunity to get their questions answered then and there if they have any concerns about whether they should participate in the study or what the actual aim of the study is.

The Hon. GREG PEARCE: You said the department does not have any expertise on filtration. Who would you ask about filtration, if you were asked about it?

Dr STAFF: Filtration is a matter for the RTA.

(The witness withdrew)

(Luncheon adjournment)

ELIZABETH COLBYN, Director General, Department of Environment and Conservation, 59 Goulburn Street, Sydney, affirmed and examined and

SAM HADDAD, Director-General, Department of Planning, 23 Bridge Street, Sydney, and

JOE WOODWARD, Executive Director, Operations, Department of Environment and Conservation, 59 Goulburn Street, Sydney, both sworn and examined:

CHAIR: In what capacity are you appearing before the Committee?

Ms CORBYN: As Director General of the Department of Environment and Conservation.

CHAIR: Are you conversant with the terms of reference of the inquiry?

Ms CORBYN: Yes, I am.

CHAIR: In what capacity are you appearing before the Committee?

Mr HADDAD: As Director General of the Department of Planning.

CHAIR: Are you conversant with the terms of reference of the inquiry?

Mr HADDAD: Yes, I am.

CHAIR: In what capacity are you appearing before the Committee?

Mr WOODWARD: As an officer of the department.

CHAIR: Are you conversant with the terms of reference of the inquiry?

Mr WOODWARD: I am.

CHAIR: To all the witnesses, if you should consider at any stage that certain evidence you wish to give or documents you may wish to tender should be heard or seen only by the Committee, please indicate that fact and the Committee will consider your request. Do any of the witnesses wish to make an opening statement?

Ms CORBYN: I will make a brief statement. The Department of Environment and Conservation incorporates the Environment Protection Authority [EPA], which has an environmental regulatory role in relation to the Lane Cove Tunnel. The terms of reference for this parliamentary inquiry examine the role of government agencies in relation to negotiation of the contract with the Lane Cove Tunnel consortium. The Department of Environment and Conservation [DEC] has not been involved in contract negotiations with the Lane Cove Tunnel consortium. The DEC's main roles as a regulator are twofold: one is advising the Department of Planning on the environmental assessment of the projects and on the environmentally related conditions of consent for the project, which includes air quality, water quality, noise and waste.

The second main role is issuing an environment protection licence for the construction of the Lane Cove Tunnel. The DEC's legislative powers cover licensing of the construction, but not the operation, of the tunnel. We regulate air quality issues, including dust, noise, water quality issues and waste during the construction phase. We also identify the environmental outcomes that we expect to be achieved by the project, including the air quality standards that need to apply to the project. We do not specify the design nor the technology that is used to achieve those outcomes, that is up to the proponent, but we do assess whether we think the proposal can meet the specified outcomes. On community consultation we liaise with the community through meetings and consider their submissions to the environmental impact statement in finalising the conditions of our environment protection licence. The environment protection licence is publicly available on our public register.

The main environmental issue of concern raised during the approval stage was, of course, air quality. In general, Sydney's air quality is good, compared with other international cities, but we do need to continue efforts to be able to meet ozone and particulate standards. I note that air quality is now the subject of a separate parliamentary inquiry. To manage Sydney's air quality we have had in place since 1998 Action for Air, which is the Government's 25-year air quality management plan, and it outlines the key strategies for air quality improvement. These strategies include cleaner vehicles and fuel programs, regulating industrial emissions and controlling and providing education on the small but multiple sources, such as wood heaters, which do have a cumulative impact on our air quality.

Motor vehicle emissions are a significant contributor to air pollution in Sydney. However, both vehicle emission systems and fuels are becoming significantly cleaner. Generally, the contribution to ambient air quality—that is, outside air quality—from road tunnels and associated stacks is very small compared with total vehicle use in the metropolitan area and compared with industrial sources. We carefully consider the impact that any new proposal, such as the Lane Cove Tunnel, may have on Sydney's air quality. The Lane Cove Tunnel has stringent but necessary air quality standards that are built into the conditions of consent. The stack's limits are set to ensure that the contribution from the stack will not compromise ambient air quality goals. The standards are derived from regularly reviewed national standards.

Our other related role is to provide air quality data through our DEC air quality monitoring network. We also provide advice, where requested, on technical air monitoring issues. The conditions of consent for the Lane Cove Tunnel require the installation of at least four ambient air quality monitoring stations to provide real-time data to the local community on ambient air. This is additional to our monitoring network. So, in summary, the DEC's role is to regulate the environmental impacts of the construction of the Lane Cove Tunnel and provide technical advice on air standards monitoring and reporting to the Department of Planning.

CHAIR: Apparently there were some changes to the ventilation tunnel for the Lane Cove Tunnel, minor or major. Should they have been developed in consultation with the EPA or your department?

Ms CORBYN: We were not consulted in the development of those changes. However, we did write to the RTA and ask them to provide information on the changes that were made so that we could assess the impact of those changes from an air quality perspective, and we did look at that information.

CHAIR: What was the result of your assessment?

Ms CORBYN: We concluded that the environmental outcomes would continue to be able to be met. But we were not consulted before, that is true.

CHAIR: The same applies to the Department of Planning?

Mr HADDAD: Yes.

CHAIR: Did the Department of Planning confirm that the RTA's consistency report for the revised ventilation tunnel was sufficient?

Mr HADDAD: Yes. If I can just make firstly the comment that the decision whether to proceed with the formal modification or not is always one for the RTA to do. There are statutory provisions that they are to follow. In this case they consulted us and then they have made that decision; they have submitted to us what they have done and we concurred broadly with what they have done after this decision.

CHAIR: How will changes to the Environmental Planning and Assessment Act change the way the Department of Planning oversees major projects such as the Lane Cove Tunnel? Will it have any impact on your department?

Mr HADDAD: Yes. As the Committee may know, this project was assessed and determined under the then part 5 of the Environmental Planning and Assessment Act. The then Minister for

Planning was the consent authority. If it was to be assessed today it would come under the new part 3A of the Environmental Planning and Assessment Act and the Minister for Planning will also be the consent authority. So substantially there is no change as to who is the determining authority. It is always the Minister, because it is a project of State significance.

There are procedural changes in that, for example, we have requested a bit more information upfront before issuing what we call director general requirements. That will be a procedural change. We would have to put the documentation on public exhibition. We would ask for what we call a statement of commitments by the proponent, that they would have to go through the range of commitments that they would have to do. I note in that regard that notwithstanding these new provisions, the RTA did provide what we call a project preferred activity report whereby they did actually respond to the submissions.

Probably the main differences, as I said before to this Committee, would have been an opportunity to have more of a strategic look at the conceptual level. I am advised that in this case they did work since the late seventies, I think, in terms of the number of options, which would have been broadly qualified under the current system.

The Hon. GREG PEARCE: Mr Haddad, how do you determine what you are going to require in relation to air quality in a motorway tunnel?

Mr HADDAD: In terms of the director general requirements, we have a process called a planning focus meeting where we involve a number of agencies. We consult closely with the Department of Environment and Conservation and, essentially, we tailor the requirements to respond to the merits of the particular proposals. So in this case the main factors would have been the nature of the activity and certainly the surrounding land uses, that is, the locational context of the activity itself. We have a lineal development which would have impacted on the sort of level of analysis that you require, and then we consult, in terms of the assessment, with the DEC.

The Hon. GREG PEARCE: Specifically, how would you decide whether filtration ought to be included in a motorway tunnel?

Mr HADDAD: The assessment that we conduct tries to relate using modelling techniques and other techniques and relying on verifications provided to us, either independently by experts and certainly from the Department of Environment and Conservation, by comparing the ambient levels, for instance, in this case, against what we believe are national and international criteria. So we are guided by those criteria.

The Hon. GREG PEARCE: Which particular criteria would guide you as to whether filtration is required?

Mr HADDAD: I refer to my colleagues here, but I think in this case we were guided by criteria of particular methods, what we call PM10, which I think we used the criteria of 55 per million as being the relevant criteria at the time, and then we compared that with the predicted impacts. When we do that, of course, we do it to the best technological techniques available during the predictions and we then impose conditions—as we did in this case; we said we are going to put in our monitoring regime, an auditing regime, and the judgment was made that if there are exceedances under certain conditions that are specified by conditions, then we will go and provide for opportunities to retrofit. That was the scheme that we adopted.

The Hon. GREG PEARCE: Is that the same scheme for the M5?

Mr HADDAD: It is the same scheme for the M5, yes.

Ms CORBYN: Perhaps I could comment a little bit. Certainly from a DEC perspective we look primarily at the stack limits because those emissions would end up in the environment rather than the in-tunnel perspective. So we actually start with the national ambient air quality standards, which are ambient standards, and we use those to then derive stack emissions. And there are ambient air quality goals set at a national level for carbon monoxide, for nitrogen dioxide, for particles and a range of other things. So we use those to then derive more stringent stack limits.

I believe that from an in-tunnel perspective carbon monoxide has traditionally been the pollutant that is used the most because of its potential impact as a design factor from an in-tunnel perspective. Joe might wish to comment further on that, but I think we look at them in two ways: one, from a stack limit perspective—and we have very stringent limits on the stack—and there are also very stringent limits that are derived from a CO—

The Hon. GREG PEARCE: What you are saying is you basically assume that filtration will not be—

Ms CORBYN: We make an assumption or look at modelling and the results. So we start with what will be the environmental outcome that actually occurs and then you consider what the technologies might be if you need to put further controls on. But our interest is whether the outcomes will be achieved, and from our perspective the modelling that was done showed that those environmental outcomes would be achieved.

The Hon. GREG PEARCE: For Lane Cove?

Ms CORBYN: For Lane Cove, that is right. You raised a question about the difference between M5 East and Lane Cove, and there are some different conditions that have been put on the Lane Cove Tunnel that I think are more stringent from a stack perspective, as well as in-tunnel.

CHAIR: Did Mr Woodward want to add anything?

Mr WOODWARD: No, not to that. That covers it.

Mr STEVEN PRINGLE: Mr Haddad, can we specifically look at that ventilation design air quality modelling that Parsons Brinckerhoff undertook as part of the design of Lot 2. Have you accepted their modelling?

Mr HADDAD: That is part of their modifications?

Mr STEVEN PRINGLE: Yes.

Mr HADDAD: If I can get back to that. I know that we did evaluate it and we sought advice back again as to the detailed technical analysis that was undertaken and generally I think we did accept the outcome of the modification. We would expect retrospective, as I tried to say, compliance with the conditions that said that at the end of the day they would have to meet the requirements set in the conditions as to the ambient level limits that we have set.

Mr STEVEN PRINGLE: In terms of the PM10 and nitrogen dioxide limits, are there any penalties for breaching those?

Mr HADDAD: There are penalties involved in terms of breaching the development consents and the breach of the development consent attracts, I think, under part 8—but I will double-check the Environmental Planning and Assessment Act—a range of penalties. I will have to get back to the Committee as to the specific numbers.

Mr WOODWARD: I think it is fair to point out as well that the assessment has been done on the basis that there would not be breaches, and the tunnel has been designed and the checking has been to try and ensure that there will not be breaches of it. In terms of the design of the Lane Cove Tunnel, certainly from a DEC perspective, the design is quite conservative and should easily meet the goals. In terms of the sanctions, as Sam said, there are sanctions for breaching development consent, but also the development consent conditions do have other sanctions in there in terms of if there are any exceedances not only does there need to be open and transparent communication and notification to the community, there are also triggers there that can lead to the installation of further controls and, indeed, the conditions also require that sort of provision there. So there are safeguards there even though the predictions indicate that they should not be required.

Mr STEVEN PRINGLE: To what extent do you work with the Department of Health on these issues?

Mr WOODWARD: I think the Department of Health works closely with the DEC on these issues and also Planning and the others as well. In terms of in-tunnel air quality, the Department of Health has particularly been interested in the in-tunnel air quality issues of carbon monoxide and also nitrogen dioxide, and that is why there are more stringent levels on this particular tunnel compared with the M5 East, because of knowledge that has been gained there. In terms of the external ambient air qualities, the DEC provides the lead advice in terms of those limits.

Mr ANDREW CONSTANCE: Mr Haddad, have you received any application from the Roads and Traffic Authority to reverse any road closures in relation to the Cross City Tunnel?

Mr HADDAD: Yes, we have received a request to modify certain conditions.

Mr ANDREW CONSTANCE: How many applications have you received?

Mr HADDAD: I have received one application only just recently and we are going through it to examine its adequacy in terms of it complying with the regulatory requirements, and then we will get on with the planning approval or other processes associated with it.

Mr ANDREW CONSTANCE: How many closures does that relate to in terms of that application?

Mr HADDAD: I cannot recall exactly. I know that the RTA have announced that they were looking at 13 closures but I cannot recall exactly. As I said, we just received it so I have not examined it in detail.

Mr ANDREW CONSTANCE: Could you perhaps take that question on notice?

Mr HADDAD: Yes, I will.

CHAIR: Could you include in your answer a copy of the actual request?

Mr HADDAD: Yes. There is a process that the RTA and the department will have to go through in terms of the planning modifications. It is a statutory process. So there are obligations for all this information to be made available as applicable, and there are appropriate planning requirements under the law that will have to be followed.

The Hon. GREG PEARCE: How long do you expect to take to assess it?

Mr HADDAD: It depends on me looking at the modifications in a bit more detail. I will just have to look at it.

The Hon. GREG PEARCE: It does not sound as though you have got any sense of urgency about it.

Mr HADDAD: No, there is. We will deal with it efficiently and on the merits of the case.

The Hon. GREG PEARCE: To what extent do you liaise with the Department of Health in relation to air quality?

Mr HADDAD: We liaise with the Department of Health and we involve them in what I said, planning focus meetings and them inputting their requirements for the assessments. As part of the assessment process the Department of Health will obviously have an interest in a number of things and we take their advice quite seriously and we incorporate them in the design of our conditions in monitoring. We liaise with them almost on an ongoing basis. I am aware that the Department of Health has raised a number of concerns associated with the M5 and with others. We learn from those experiences. In the case of the Lane Cove Tunnel, their earlier advice on M5 and the Cross City

Tunnel were instrumental, I think as Lisa was saying, on us modifying certain in-tunnel conditions. It is an ongoing process both in terms of us taking their advice and incorporating it as applicable.

The Hon. GREG PEARCE: Have you received any application to modify the M5 East approval to allow for filtration?

Mr HADDAD: No, I have not.

The Hon. GREG PEARCE: How will you assess it if you do receive such an application?

Mr HADDAD: As we do it we will just follow the requirements of the legislation. First, we will have to determine to what extent they want to change the way the ventilation system will work and if we determine that it is a substantial change then we will ask for a modification, which would have to be put on public exhibition and then an assessment process done with public involvement, and then a decision made by the Minister, because the Minister had approved the original project.

The Hon. GREG PEARCE: Who would you rely on for the expert advice as to whether the filtration was in fact necessary and what its impact would be?

Mr HADDAD: That is in terms of the M5?

The Hon. GREG PEARCE: Yes.

Mr HADDAD: On the filtration?

The Hon. GREG PEARCE: Yes.

Mr HADDAD: We will liaise with the Department of Health and with the DEC. We may or may not seek, together with the Department of Environment, independent advice as well. From time to time we go to independent expert consultants who are specialists in this area. We are aware that the community is particularly interested in the outcome, so we may be double-checking, triple-checking to the best of our ability and then we will make a judgment and advise the Government accordingly.

The Hon. GREG PEARCE: Does the DEC have expertise in relation to filtration?

Ms CORBYN: Not filtration particularly, but we do have people who are specialists in air quality inventories and modelling. That is a particular expertise that we do have so we would go through quite carefully any proposal, and, as Sam said, we consult with Planning, we consult with Health. We would consult—depending on what the circumstances are—with other experts if we do not have the expertise in-house.

The Hon. GREG PEARCE: You had better be careful about consulting with Health because they were just in here and told us they had no expertise in relation to filtration.

Mr MICHAEL DALEY: That is not what they said. You might look at the transcript tomorrow.

Ms KRISTINA KENEALLY: Mr Haddad, one of the terms of references of this inquiry relates to community consultation. Could you, in your role as Director General of the Department of Planning, advise us what role community consultation plays in the planning development and approval of major infrastructure projects such as the Lane Cove Tunnel?

Mr HADDAD: Community consultation plays a critical and important role. We always try our best to improve the way that we deal with community consultation. We take it quite seriously. I know that from time to time people may perceive otherwise, but we do take it very seriously. There are essentially two roles: one is a legislative one—we are required to do it, and that means that we have to have submissions prepared on behalf of proponents, and we have to have those submissions prepared as a result of the consultation. So when we ask for director general requirements we put the onus on proponents, such as the RTA and others, to go and consult with proponents and to report back on the outcome of that consultation in their documentation. We put documents on public exhibition;

we seek submissions. Under part 3A we have a statutory obligation for proponents to actually take into account those submissions and report back.

We have a wide range of statutory obligations. Notwithstanding that those statutory obligations are on proponents, if they are not followed, anybody, any third party, can go to the court and say that they have breached laws. I know that the community, for a number of reasons, may not be able always to access all this stuff, but at least we have the law that is there. We try to place much more emphasis on the actual practice of community consultation. We have been promoting and encouraging and going out and trying to get proponents to talk much earlier on with communities in terms of their proposals, in terms of formulating their proposals. I know that in the case of the Lane Cove Tunnel there have been a number of workshops that have happened. I know I was involved myself earlier on in the projects in a number of focus meetings with councils, in particular in the late nineties, from memory. During the preparation of the EIS, there were a number of other community consultative mechanisms. What we do is to impose conditions on the approved projects for community consultative committees as an ongoing mechanism for having communities reporting back.

Having said all that, I know that the response of communities will vary from projects to projects and from community to community. I know that, for example, the recent Auditor-General report told us that we have to improve our community consultative mechanisms with the RTA in relation to the Cross City Tunnel. We may or may not agree, but what I am saying is that it is a culture that we try very hard to promote within planning, in particular, quite seriously and, I am sure, in other organisations. We may not get it 100 per cent right all the time but it is something that, particularly as director-general, I am putting much, much higher emphasis and much stronger emphasis on.

Ms KRISTINA KENEALLY: Yesterday we had testimony from Ms Roberta Ryan who is involved as an independent community consultation liaison person with this particular project. She gave a view that community consultation was not about trying to make everyone happy but rather about trying to balance the community's competing demands. Could you comment on that in your experience in planning? I appreciate that you have given us a very detailed and technical explanation of how the department tries to involve the community. More generally, what is the function of involving the community?

Mr HADDAD: We basically in practice rely on community consultative committees to do two things: one is really to alert us and other agencies, either as a group or even sometimes as individuals within the community, as to things that they think that the community is seeing, perceiving or actually experiencing as going wrong with the projects. That is a very important source of information for us and that is where we react. We react, for instance, by having quality mechanisms or complaints mechanisms and referring them, and rely on them. As you said, we do rely on them in bringing us, hopefully, a balanced view, taking into account a number of things in relation to how the community sort of perceives the project.

Our experience indicates, as I was saying, that different members within the community, within a community and within a committee, may have different views at different times. You have to respect that, but at the end you have to get a body or a forum which will report back in one way or the other. Whatever is reported is taken seriously and is acted upon. That is basically how we do it. That is something that, as I said, we try to improve on and we learn as we go from different cases. Different perceptions will vary because the projects may never be acceptable. We do not expect all people to accept all projects all the time, but as long as we do take it seriously and bring their views into the decision-making process, that is what we do.

CHAIR: How do you physically get that information from that group—by having a Department of Planning person within the group?

Mr HADDAD: We have in the case—that is an issue. We get this information. There are reporting mechanisms that come to us from some of those groups and we have experienced people—

CHAIR: That is what I am asking you. What is that reporting mechanism?

Mr HADDAD: We have written reports coming from those committees that are written by people who are servicing those committees. Sometimes we find that members of those committees then write to us separately and say, "We agree or disagree with the reports that you have received; we in fact did not say that", or, "We said this." That is one way. Then what we do, as I said, is we just investigate the complaint, the specifics. We do send officers to those committees, but we do not send them on an ongoing basis. We find this to be a bit of a resource issue for us, that is why I am sort of being honest in saying that. But we do send them, when requested.

We rely on the chair of those committees and others to say, "We have a problem. We have an issue. We have been discussing that issue. We cannot find a solution. We need someone to come." When a project is going through a particular issue in terms of, for example, looking at air quality in the context of Lane Cove, I know there is an air quality consultative committee. We have been sending people as many times as we can, particularly where there are verifications, reports and other things.

Ms CORBYN: Could I comment also, from a Department of Environment and Conservation [DEC] perspective, that the community input is very important. Our role particularly is in relation to the construction of the tunnel. We liaise, as I said in my opening remarks, with people in the approval phase. But also the community in many ways provides us with very useful advice about issues that might be coming up through the construction, whether they are noise issues or dust issues that may be affecting them directly. If there are technical issues, and the air quality committee asks for our advice, we too actually send someone along.

We also have an independent EPA board. I know that community members also liaise directly with that board to raise their concerns to make sure that we, as an agency, are aware of concerns. Our officers would be dealing with community members on individual issues, whether it be through an environment complaint line, if there is one, all the way through to comments that people can make more broadly to our board.

CHAIR: So the same applies to your department. You would get a report from the consultative group. Say there are four groups—

Ms CORBYN: It depends on what the issue is.

CHAIR: Is there a monthly report that they meet each month?

Ms CORBYN: Not that I am aware of. I do not think that we get a monthly report submitted to us.

CHAIR: What about progress reports?

Ms CORBYN: If there are issues or questions that have come up, they would generally be referred to us—not just through that committee. As I said, it could be individual members raising concerns either through an environment line that we have, which is a public reporting process, or by people clearly raising issues that they might have with our independent board.

CHAIR: Is the chairman appointed by the company, the Lane Cove Tunnel?

Ms CORBYN: The chairman of?

CHAIR: The chairman of those groups.

Ms CORBYN: Our independent board is separate to that, so community groups can actually raise issues that way or, as I said, through an environment line, so it is not always brought just to that air quality committee.

CHAIR: There seemed to be some frustration with some members of those committees. Often they felt that their concerns were not being responded to. I was just wondering whether their concerns always were being transmitted accurately to the various agencies, to the RTA and to you.

Mr HADDAD: If I may make just a comment, and it is an honest response. If really there are issues, then those members should sort of come to us almost immediately and let us know. If we are not responding or we do not respond, obviously we are not doing something, or we must have a reason why we are not doing that. This reason may not all the time be accepted. People may think that we should have responded all the time but we have responded once or twice and then made a decision, rightly or wrongly, that that is not the case. But I think that is the only thing I can respond to in the sense that if people within committees—we are not after just establishing those committees as a layer of sort of a bureaucratic thing. There is no reason.

If there is a serious issue with those committees, we are more than happy to rethink them to see how we can make them work differently. We do have projects, not on this one, where for instance community groups separately from those committees come and have discussions with us—the M5 one being a case where we had extensive discussions with the community group, involving that almost directly, and outside the forum of community consultative processes.

CHAIR: Do you actually attempt to measure the consultative process to see that it is being effective, that is, the overall process? Are you happy with the way it has worked with, say, the Lane Cove Tunnel, or the way that it is working?

Mr HADDAD: I am not in a position to give a fair sort of response. I think certainly I have not been. If I compared it to other projects, that does not mean that that is the case, but I have not been personally getting the sort of representations in terms of the extent of the presentations or whatever that I receive relative to other projects that I can think of. That does not mean that there is not an issue there but, as I said, if there is, maybe people are not aware. But certainly people do write to us outside the committees, including members. They write to me and they sort of follow us. Then, as I said, if we do not respond, they make it known that we do not.

CHAIR: But you are happy with the process of having those formal groups covering those four regions? You are happy with that?

Ms CORBYN: For the construction.

Mr HADDAD: I think for the construction, it is appropriate. Now, for the operation, it may well be that we need to rethink something in terms of the operational one. I am not sure. But for the construction of the projects, I think it is an appropriate mechanism, in my view.

Mr WOODWARD: If I can just add to that that in my experience there has been a huge change in the commitment by the government agencies to both engage the community on major projects such as these and also to acquire the proponents to engage with the community. As to whether we have seen that improve over the various tunnel issues, certainly our experience, which covers some but not all of the community liaison for the Lane Cove Tunnel, has certainly seen an improvement over some of the community liaison between that particular tunnel and some of the previous tunnels. There will always be different views in the community as well. Sometimes people will not be happy with the outcome. But it is important to differentiate the difference between people not being happy with the decision versus people not being happy with the community side of it.

I think there are other examples that show the real commitment to improved community involvement—and that is things like having the community committees, the consultative committees and the air quality monitoring committees—so that the community actually has the ability to decide on the location of some of the air monitoring equipment or the ambient air monitors by way of conditions of consent. That would have been unheard of a decade ago and there is so much more transparency. The community gets very fast access to the development consent conditions and to all the monitoring information, so there is transparency there and genuine decision making in some cases back with the community in an attempt to increase the confidence of the community in some of these projects.

CHAIR: You are improving the process with each major project from which you learn lessons.

Mr HADDAD: We do.

CHAIR: This process has been an A-grade consultation process but, again, there may be improvements for the next big project that you could incorporate.

Mr WOODWARD: Yes.

Mr HADDAD: Yes. I think Joe Woodward is right in terms of that to the point where community concerns, just broadly, are an integral part of, say, approvals. The example of having a condition which requires an independent monitoring station run by the community or on behalf of the community completely independently with the results available and the ability of the community to get back to the regulators and say, "This is showing this is different from that", is something that has progressed over the years. That is something that was not practised, say, five or 10 years ago.

CHAIR: No. Very good.

The Hon. AMANDA FAZIO: Can I just ask you, from a planning perspective, how important is this sort of missing link that you have there, the Lane Cove Tunnel, in terms of getting the orbital road network up and running properly?

Mr HADDAD: The better assessment indicates that it is important. It is an important part, whether we call it the orbital or what, but more particularly it is important in terms of achieving the objectives of—

Mr STEVEN PRINGLE: The M5?

Mr HADDAD: Yes, of traffic, just in terms of Lane Cove. We are always comparing it with, and without, this activity. If we compare what the traffic would be without whatever, be it the tunnel or not, on Epping Road or whatever, given all the focus that you are giving now to the north west and everywhere and where we want to have populations and all the rest of it, then the comparison would definitely indicate that it is an important and significant piece of infrastructure that we would like to see work. That is the thing now.

Mr STEVEN PRINGLE: Can I just follow that up, Mr Chairman, for one second?

The Hon. AMANDA FAZIO: No.

Ms KRISTINA KENEALLY: No. Mr Daley has been waiting to ask a question.

Mr MICHAEL DALEY: Mr Haddad, I would like to ask a question, if I might, about the regime which is in place, following on from the questions asked of you about community consultation—the regime that is in place for community consultation following the close of community consultation. What regime is in place where a modification is made to a project? The reason I ask you is because the Lane Cove council has made criticisms of the community consultation process in respect of changes to the ventilation design, going so far as to say in its submission in respect of the deletion of one of the ventilation tunnels that the change to the approved ventilation system was secretly made without community, council or government agency consultation. What regime is in place for modification to projects like these, after the close of community consultation?

Mr HADDAD: There is a regime. Again, where there is a modification, it depends on the extent of the consistency of this modification to the approved activity whether a full public exhibition is required or not. That is the legal requirement. People have to follow the law. If they do not, well others can come in and say, "You have not followed the law", and do something else. Apart from specifically just looking at what happens in this situation—and I am happy to provide much more information when I go back and have a look at it—there is an air quality community consultative mechanism. I am advised that they would advise of these changes and they were told what they were, and all the rest of it, as part of the discussions that were happening there. I am happy to come back with more information.

CHAIR: The Committee has heard evidence from residents about excessive construction noise at certain times. Has the Department of Environment and Conservation received such complaints? How did you handle them?

Mr WOODWARD: Yes, we have received complaints about construction noise. We issued a penalty notice to the operators for that. I think that was just once, so that was considered an appropriate response in that situation. I think in terms of the overall project, which was a pretty major project, generally we would rate it better than construction noise complaints from other projects, so it was better than those. Yes, we did get some complaints and we did issue a penalty notice.

CHAIR: A construction company gave the Committee the impression that when it wanted to change the conditions it would approach your department and the department would then permit operating earlier or later. Is it correct that you could make some changes to its licence?

Mr WOODWARD: That is correct. Because such a major project cannot be prescribed in every detail of when every event and concrete truck will arrive and things like that in advance—

CHAIR: The company particularly mentioned with bad weather heavy rain may delay some activity?

Mr WOODWARD: So the approval provides for that in terms of having general requirements that specify the outer limits for the times, for noise or for various operations and then the approval does recognise that under certain circumstances there will be situations where they may apply to us for an extension of hours. For example, it might be they are half-way through a concrete pour and it reaches 5 o'clock and they are meant to stop then so that is recognised in such a major project, so they can apply to us and we can assess that and we can say "yes" or "no", depending on the circumstances. We take into account what has caused it, whether it would have been foreseeable and avoidable, what the impact would be on the community and how they might notify the community. So we take all those into account and then we might issue or reject an approval. That is acknowledged in the development consent process.

Ms CORBYN: There is generally quite close scrutiny by our people of those requests. The company also has to provide an annual return at the end of each year to tell us whether it thinks it has also complied with all the conditions and, if it has not, what it has done about it to allow us to actually manage issues that might come up in the future, as well.

CHAIR: When you said "we assess it" obviously it is not you personally. Do you have a representative on site who makes those decisions? What is the procedure?

Mr WOODWARD: They have to make the application to us. We do not have a representative on site all the time, no. Our people then will make the assessment and we will make a regulatory decision as to whether we will or will not approve that. At times we do not approve it. There are other times when operators do that and we take action. We recently prosecuted another project operator for doing significant out-of-hours work that was contrary to the times that were permitted.

CHAIR: You mentioned a penalty notice, did the offence involve a fine? If so, how much?

Mr WOODWARD: That was a fine and I would have to take notice for the exact amount but it is in the order of about \$1,500.

CHAIR: What was that a breach of?

Mr WOODWARD: I think it was rock hammering that created excessive noise.

CHAIR: I imagine it is difficult to stop the noise when hammering rock?

Mr WOODWARD: Well, we expect them to take all precautions to minimise the noise and that is why there are time constraints on it as well.

Ms CORBYN: I would have to say, as Joe mentioned, the comparison of previous tunnelling programs that we have had versus this are quite different. Companies have learned a lot in actually how to manage noise, which was a very difficult issue. But we have also got time constraints and weekend and public holiday constraints on them.

CHAIR: You can direct them, if they are going to make excessive noise, to do it in the least disturbing time rather than early in the morning or late at night?

Ms CORBYN: Yes. I should also say I think the community has generally been really good about understanding that there will be noise impacts. This goes back to community consultation questions, if there is a good communication process so that people know for how long the noise is going to be, they are much more tolerant if there is a good communication process. If that communication process is not good then we usually get more complaints.

CHAIR: A company indicated that it issues notices sometimes up to 14 days before the event to residents affected by an operation, whatever it may be.

Ms CORBYN: That does not always make people feel better when the noise actually happens, but I think the community has responded very well in understanding when noise might happen, and usually the big issue with noise is when people are surprised about it and it is not something that they had expected, and if it goes over a long period of time.

CHAIR: From your point of view notices were being issued? The Committee was told they were issued. Were residents involved?

Ms CORBYN: I have not heard that they were not.

Mr WOODWARD: Yes, my understanding is that they were working.

Mr STEVEN PRINGLE: Mr Haddad, noting your department's obligation to protect residential amenity and all the noise and air quality type issues, in relation to the two-lane section of 1.3 kilometres from Mowbray Road west travelling east, how did your department view that?

Mr HADDAD: Sorry?

Mr STEVEN PRINGLE: To what extent did your department assess the impact of the two lanes on residential amenity and air quality issues? How did your department do that?

Mr HADDAD: The assessment indicated that the operation comply with the conditions that we have in force so that the outcome of the assessment indicates that in terms of traffic impacts, on noise and air quality, they could meet the standards.

Mr STEVEN PRINGLE: You were not concerned, noting the wildly over fluctuating figures for the M5 East and the wildly under expectations for the Cross City Tunnel? Surely your department would have been concerned about that?

Mr HADDAD: As I said, we took into account in a sense the implications of this. There is condition 33, I think, in the approval which requires monitoring of the traffic, including the traffic on Epping Road and those sections and surrounding areas and traffic in the tunnel to be monitored pre-operation and after operation. There are reporting mechanisms, I am sure, in condition 33 and then there is a requirement to the effect that if the outcome results are substantially inconsistent with the ones reported in the EIS, therefore the ones that were used as the basis of our assessments, then appropriate mitigating measures are taken in respect to operating hours. Now that was the response, in a sense, to any possible uncertainty to the generating impacts. That was the condition that is enforced.

The Hon. GREG PEARCE: I asked you earlier whether you had received any application for modification approval for filtration equipment and you said "no"?

Mr HADDAD: That is on the M5?

The Hon. GREG PEARCE: On the M5, yes.

Mr HADDAD: The answer is "no".

The Hon. GREG PEARCE: Have you received any application for a trial of filtration equipment in any of the tunnels?

Mr HADDAD: No. I was aware that the then Minister or the RTA were considering a number of initiatives that was for public examination but certainly I have not, to the best of my knowledge, as I am saying now, received any formal application or any application to actually initiate the process of modifying.

The Hon. GREG PEARCE: Have you received any application for additional ceiling jet fans in the M5 East tunnel?

Mr HADDAD: No.

The Hon. GREG PEARCE: Would you enlighten the Committee on the process that occurred for the ramps to Falcon Street on the Lane Cove Tunnel? The Committee has heard evidence that their locations altered. Would you run us through the process?

Mr HADDAD: Would it be possible to take that question on notice?

The Hon. GREG PEARCE: Yes.

Mr HADDAD: I just need to remind myself of it, if possible, and I will get back to the Committee as soon as possible.

The Hon. GREG PEARCE: There was not a formal modification and the issue is as to how the decision was made. Could you take that on notice?

Mr HADDAD: I will. I will check what precisely happened and get back to you.

The Hon. GREG PEARCE: Are you aware of that issue?

Mr HADDAD: I was aware of it. As I said, I just need to remind myself of the decision.

Ms KRISTINA KENEALLY: Is it fair to say that often in public-private partnerships innovation comes out of the tendering process?

Mr HADDAD: Yes.

Ms KRISTINA KENEALLY: Is it fair to say that is one of the benefits of public-private partnerships?

Mr HADDAD: Yes, possibly, in that context. Of course, innovations will happen, changes will happen and the planning process provides for those modifications to happen, and so it should, as long as there is a process. The main observation that I want to make is that there are modifications that are really substantially the same or substantially not the same. When they are not substantially the same then they have to go through a level of approval which is much higher with the associated public participation processes, as I said, to do that relative to much simpler modifications. We do get requests from people to change typing errors in consents, or wording here or there where obviously they are not substantial and not important for us to put the whole bureaucratic set of notifications and the rest of it. But we do also get modifications that are much more substantial.

Ms KRISTINA KENEALLY: I am referring to a recent inquiry held by the bipartisan Public Accounts Committee into public-private partnerships. The Committee received evidence that indicated that one of the benefits of public-private partnerships is that in the tendering process different tenderers might provide innovations that were not originally part of the project but at the end

of the day they deliver a substantially better project that might normally not have come about. I am wondering as Director General Planning if you concur or acknowledge that that is the case?

Mr HADDAD: I certainly concur. If I can just put down my views? Essentially there are two situations: one which says once we give you planning approval. It relates to a specific scheme that has been assessed—and being assessed meaning that it has been exposed to a public process of assessments—and then we send it out there and then there is a tender process and the tenders come back. Sometimes some of those tenders can actually provide, because of innovation and other factors, a better method of achieving the outcome. The question is "Well, in that case we have to go back and repeat the planning process." An example in case was the Eastern Distributor whereby a substantial difference happened and then the planning process had to recommence in some aspects. There is an issue that that is not appropriate because in a sense that may sort of discourage innovative solutions; after the planning approvals people will not want to go back and start again.

The response of the planning system to this, because certainly we want to make sure that there are good outcomes at the end, was to introduce this thing called "constant approvals" or broader with these infrastructure projects whereby we can still provide an approval but it is at the most strategic level. Then tendering can happen under that strategic approval. But then how to do it in detail can be done by way of the other thing, and therefore we can keep a credible balance between private participation and having the public and others being involved in it without necessarily hindering this innovative outcome. That is one benefit definitely of this new system of part 3, which has been a bit overlooked in the public domain. It is a good thing sometimes to expose them at the strategic level and then allow the private sector to provide better solutions. Then the question becomes not whether it will happen, but how it is to happen. That is the answer to that.

Mr ANDREW CONSTANCE: Has either department been reimbursed out of the project fee for your costs associated with the project?

Ms CORBYN: From our perspective, no. There is a licence fee that is paid, but that goes into Consolidated Revenue, so the funds do not come back to us as a department.

Mr HADDAD: I can come back with the details. We have a fee agreement with the RTA, I am not sure whether it was fully reimbursed or partly or what.

The Hon. GREG PEARCE: Could you do that for the Cross City Tunnel as well as the Lane Cove Tunnel?

Mr HADDAD: I am happy to do that. Those fees never cover costs, if I may make that comment.

(The witnesses withdrew)

BRETT JAMES SKINNER, Finance Director, Roads and Traffic Authority, 260 Elizabeth Street, Surry Hills, affirmed and examined:

PHILIP JOHN MARGISON, Acting Director Traffic and Transport, Roads and Traffic Authority, 260 Elizabeth Street, Sydney,

MICHAEL JOHN HANNON, Acting Chief Executive, Roads and Traffic Authority, 260 Elizabeth Street, Sydney, and

LESLIE ROBERT WIELINGA, Director Motorways, Roads and Traffic Authority, 260 Elizabeth Street, Sydney, sworn and examined:

CHAIR: Are you each conversant with the terms of this inquiry?

Mr HANNON: Yes.

Mr WIELINGA: Yes.

Mr SKINNER: Yes.

Mr MARGISON: Yes.

CHAIR: For the benefit of all witnesses, if you should consider at any stage that certain evidence you wish to give or documents you may wish to tender, should be heard or seen only by the Committee please indicate that fact and the Committee will consider your request. Mr Hannon, do you wish to make an opening statement?

Mr HANNON: Yes, and Mr Wielinga will give a short presentation with your indulgence. The Roads and Traffic Authority [RTA] welcomes the opportunity to appear again before the Committee in relation to the Lane Cove Tunnel project. Appearing with me today is Les Wielinga, the Director Motorways, Brett Skinner, the Director Finance and Philip Margison, the Acting Director of Traffic and Transport. The Lane Cove Tunnel project is the final link in the Sydney Orbital road network. The project has been sought by the local community and local representatives for decades. Public records certainly shows that. It will complete the 115 kilometre long road network linking the city. It is a project worth \$1.1 billion.

The project comprises 3.6 per kilometre twin tunnel motorway beneath Epping Road, linking the M2 at North Ryde with the Gore Hill Freeway at Artarmon. Widening the Gore Hill Expressway to three lanes each way, with a 7.5 kilometre cycle and pedestrian path at Wicks Road, North Ryde, to Naremburn. The Lane Cove Tunnel will cut travel times to the Sydney central business district by 15 minutes and will bypass five sets of traffic lights. Motorists travelling from Neutral Bay to the M2 will bypass 26 sets of traffic lights. The tunnel will reduce traffic noise along Epping Road and improve access to local streets, including the reinstatement of right turns. It will mean also improved pedestrian amenity and public transport.

The concept of the Lane Cove Tunnel project was settled by the M2 Epping Road taskforce, established by the Minister for Roads in 1997. The task force was chaired by the then Parliamentary Secretary for Roads and made up of mayors and other representatives from Lane Cove, Willoughby, Ryde and North Sydney councils. From 1997 onwards there was an extensive program of community consultation, which is detailed in our submission to this part of the inquiry. As with the Cross City Tunnel project there was a robust assessment phase that incorporated the Lane Cove Tunnel overview report, which was completed in 1999; the environmental impact statement exhibited between 8 November 2001 and 1 February 2002; the Preferred Activity Report publicly exhibited between 15 July and 16 August 2002; with final planning approval given to the project by the then Minister for Planning on 3 December 2002.

It is expected that when the Lane Cove Tunnel opens later the car tolls will be no more than \$2.60 for the tunnel and no more than a \$1.30 for the new Falcon Street northbound on-ramps. Heavy vehicles on the motorway will be charged at twice the toll for cars. As with other motorway projects

the RTA worked in conjunction with a large number of government agencies and local government representatives throughout all stages of the Lane Cove Tunnel project. Importantly, government approvals were obtained at key stages. First, the project was given endorsement by the Government at critical stages, which included approvals from the Cabinet standing committee on the budget. Secondly, the RTA followed the Government's guidelines including the working with government's guidelines for privately financed projects through all aspects of the project's development and its implementation.

Thirdly, the RTA used across-government expertise in the expertise of the private sector in delivering the project. The RTA consulted extensively with the community and is complying with the requirements of the planning approval for the project and has co-operated with other government agencies involved in the process. The Committee has already heard evidence about the \$79 million upfront payments. As with the Cross City Tunnel, M7 and Eastern Distributor projects the RTA did receive an upfront payment for the Lane Cove Tunnel project. The payment is for the costs of the RTA on project development, costs associated with guiding proposals for the project, numerous property acquisitions, many of which are still to be completed, RTA project management costs and infrastructure construction.

Today we will table a schedule setting out expenditure to date on those costs. The remainder of the upfront payment will be spent on similar expenditure in connection with the Lane Cove Tunnel. Of course, the Lane Cove Tunnel has not yet opened and the RTA looks forward to the benefits it will bring to motorists in this final section of the Sydney Orbital. I draw attention to the Minister's decision to set up a Lane Cove Tunnel Integration Group. It will have representation from the RTA, connected motorways, the Premier's infrastructure implementation group, and the State Transit Authority and will be provided with advice from appropriate advisers in traffic and other matters.

That committee will provide advice on transitional issues and that will include advice on the length of any transitional period necessary arrangements and financial implications. It is clear that lessons can be learnt from the Cross City Tunnel experience and such a transitional team can assist in that regard. In the early stages and after opening of the tunnel we can expect speeding problems. Of course, we have that with all our projects. There will be a ramp-up period. As you heard yesterday from the chief executive of the connected motorways, that ramp-up period will obviously have an impact on how it operates. We will have to put those transitional arrangements in place.

I will comment briefly on filtration. The Committee is aware that the Minister has announced an air quality improvement plan, including a filtration trial for the M5 East tunnel. The reasons for that, as spelt out in the Minister's statements, are that the volume of heavy vehicles, many with illegal emissions, is up to three times higher on the M5 East than experienced in other Sydney tunnels. Filtration technology has become more cost efficient and the gradients on the M5 East tunnel, particularly on the western areas, are significantly higher than in our other tunnels.

It is important to understand those issues because they are critical to understanding the filtration plan. Together with fellow directors, we are happy to take questions. I will hand over to Les Wielinga, who will give a brief presentation on the project.

Mr WIELINGA: I hope the Committee will find this information useful. The Lane Cove Tunnel is the last link in the Sydney Orbital project, which is important economic infrastructure for Sydney. It assists in our ability to compete with Melbourne, Brisbane and Auckland. This road infrastructure is very important to the future function of our city. When the Lane Cove Tunnel opens for the first time, we will have that complete orbital route. You can see the other main arterials connecting to the Sydney Orbital. It is worth spending a short time to look at the development of the project. There have been substantial previous studies for this area of the corridor, going back to the 1980s, and several studies were produced.

In 1990 there were proposed roadworks between the Gore Hill Freeway and the Castlereagh Freeway, and options were being evaluated. The focus was on surface road corridors in those times. In the area of the Lane Cove Tunnel project, we were looking at major grade separations, with interchanges at Longueville Road, Centennial Avenue, Sam Johnson Way and Mowbray Road. In 1994 there was what was called the Epping Road Options Study. It focused on options for the development of Epping Road. Lane Cove Council and the community were involved. They examined

five options, which ranged from: do minimum; construction of a motorway standard road with grade separation; and a 2- or 4-lane tunnel. From a traffic point of view, the grade separated motorway and 4-lane tunnel worked best, but the overwhelming preference by the local community at that time was for a tunnel. That led to a study to determine the cost of a tunnel.

In 1997 there was a Route Development Strategy from the M2 Motorway to the Warringah Freeway. At that time it was looking at a medium-term strategy; grade separation at Sam Johnson Way; widening of Epping Road to seven lanes, west of Centennial Avenue; a short tunnel from Centennial Avenue to east of Princes Highway; additional ramps on the Princes Highway; and widening of the Gore Hill Freeway. Community feedback at that time indicated there was still strong support for a longer tunnel. In 1997 the Minister for Roads set up a Task Force Study, which was chaired by the Parliamentary Secretary for Roads, and included the mayors of Lane Cove, Willoughby, Ryde and North Sydney councils.

The study objective was to progress and lead community discussions on future development of the road corridor. It basically led to the identification of six different long tunnel options, and Hyder was then engaged to examine those six long tunnel options. In 2000 there was an overview report put out. The outcome of those studies was reflected in the report. There was strong council and community support for both a long tunnel coupled with changes on the Epping Road/Longueville Road area. The overview report basically recommended the proposal described in the EIS.

I turn to the environmental impact statement. There were five focus groups established as part of developing the environmental impact statement. They were formed to provide detailed community input to tunnel ventilation and air quality; Epping Road and tunnel traffic and transport and urban design; cycling, pedestrian and public transport; the Gore Hill Freeway and Falcon Street. Some of the mechanisms used were: community workshops, submissions, face-to-face discussions, value management workshop, and a concept design workshop. I will not go into them, but the environmental impact statement includes 14 working papers which detail the particular issues associated with a major highway project.

It is important to reflect on the project objectives. Consistent with large infrastructure projects of the time, most of these projects had a whole-of-transport set of objectives. It was not just a road project; it also had important public transport and community objectives. The project objectives are: improve east-west travel along the corridor; improve operation of public transport; provide safer conditions for cyclists; provide benefits at least cost to government; improve amenity and safety of local community and businesses on Epping Road by reducing traffic and congestion, reducing noise, improving air quality, re-introducing right turn traffic movements along Epping Road, and reducing traffic on adjacent local roads.

It is probably important to appreciate that this particular project, being delivered by Connector Motorways, is more than just a tunnel. About 50 per cent of the construction costs are in the tunnel, with 50 per cent of the construction costs in the Gore Hill Freeway widening, and substantial works west of the tunnel from Lane Cove River bridge through to Wicks Road. The purple is the Gore Hill Freeway, and the hatched blue is the tunnel. The Falcon Street ramps are part of the project. There are two ventilation stations, at Sirius Road and Marden Street.

This is a layout of the plan for the Pacific Highway, from the Pacific Highway towards the North Shore railway. It is a quite substantial construction, with major interchanges. You can see that there are four lanes running through the middle, from out of the tunnel and into the tunnel, with merging arrangements either side, with the T2 lanes. There are significant connections onto the Pacific Highway and into the tunnel from the Pacific Highway. It is fairly substantial surface road infrastructure in this area.

Key features of the project are that it is a BOOT delivery model—build, own, operate and transfer; the capital cost is around \$1.1 billion; it is to design, construct, operate and maintain, and of course financing is part of the BOOT delivery project; its satisfaction date was December 2003; the concession period from that satisfaction date was of 33 years; there was fully electronic tolling; and displayed are the toll levels set in 1999.

We will take just a quick look at a schematic for the ventilation system on the Lane Cove Tunnel. The blue tunnels introduce fresh air into the middle of the tunnel. We have got an air intake station at the middle of the project. The orange areas are the separate ventilation shafts, which collect air from the tunnel and take it away to the ventilation stations. These are substantial structures. They are almost the same size as the main tunnels that the traffic goes through. This is a very substantial ventilation system. I understand the Committee has been looking at the three-lane/two-lane issue. I think most of you would already have seen this diagram. Essentially, we have three lanes in the westbound carriageway, and about two-thirds of the eastbound carriageway has three lanes.

A primary objective of the project is to improve public transport. Some of those public transport initiatives include: 24-hour bus lanes on Epping Road, including bus lane enforcement systems; a bus interchange for eastbound buses; a pedestrian overpass over Longueville Road to enhance access to the bus interchange; bus priority facilities at traffic signals on Epping Road between Mowbray Road and Epping Road; a 24-hour T2 transit lane in each direction on Gore Hill Freeway; and a continuous bus lane on Falcon Street/Military Road from the off ramp northbound from Warringah Freeway to Watson Street.

This is a layout of the Falcon Street arrangements. You can see at the bottom of that diagram that there is a new bus lane ramp. We have actually created an untolled ramp towards the centre of the motorway for cars entering from those areas. And you can see the two toll ramps to the north. The southbound offload ramp and the northbound onload ramp at Falcon Street provide a direct connection between the Warringah Freeway and Military Road, serving Mosman and areas further east, for example, Manly; a toll of not more than \$1.30 on cars, on opening, is expected; motorists seeking not to pay the toll on the ramps may continue to use their existing routes—for example, the Pacific Highway, Alfred Street ramp, and the Berry Street ramp; a new northbound exit ramp from Warringah Freeway to Falcon Street is nearing completion, however this ramp will not be tolled; and the existing northbound existing ramp, as I have mentioned, will be used by buses and left turning vehicles.

The current approved project requires mid block lanes reduced to: eastbound, in Epping Road, between Mowbray Road to the Pacific Highway, one general purpose lane and one bus lane; westbound, Mowbray Road to Sam Johnson Way, two general purpose lanes plus one bus lane, and between Sam Johnson Way and the Pacific Highway, one general lane and one bus lane. Council and the community supported reduction in traffic and the introduction of these public transport measures. Additional turning movements are going to be provided at the intersections to help with the movement of local traffic.

A Public Transport Committee was established under the conditions of approval. It has representatives from the State Transit Authority, the Bus and Coach Association and Police. It is chaired by a representative from the Ministry of Transport. The committee's role is to co-ordinate the interests of public transport agencies; minimise the impact of construction on public transport; and maximise public transport opportunities. Work is being done on local area traffic management. The conditions of approval for the project require us to do that. Four community advisory groups have been established to assist the RTA in identifying measures to mitigate the impacts of significant changes in traffic on local roads. Draft schemes have been developed with input from the community advisory groups, and will go on public exhibition in the near future.

Proposed measures include line-marking, signposting, pedestrian refuges, kerb blisters, pavement colourings, some speed humps, and two turn bans. No road closures have been proposed. "Before" traffic counts have been undertaken on local roads, and "after" traffic counts will be taken approximately six months after the tunnel opens. The measures are to be implemented by councils, and funded by the RTA. The Committee will probably already be aware that five community groups were established—four for different areas of the project, and one for air quality. Finally, progress to date. The contract was awarded to Connector Motorways in December 2003. Construction is well advanced, with tunnel excavation 95 complete, tunnel pavement 85 per cent, electrical and mechanical 20 per cent, surface road works west of Lane Cove is about 90 per cent, Gore Hill is about 80 per cent, and the Falcon Street ramps are about 95 per cent complete.

Document tabled.

CHAIR: Do you wish to add any further information?

Mr HANNON: No, Mr Chairman.

CHAIR: Why is there such a large difference between the traffic estimates of the RTA in the EIS and the traffic estimates of Connector Motorways in their base case financial model?

Mr WIELINGA: It is probably important first to clearly distinguish traffic that is in the tunnel itself and Falcon Street. Some people have added Falcon Street traffic and the tunnel traffic together and compared that with the RTA's EIS model. When you have a look at the RTA's preferred activity report, the RTA or its traffic advisers were projecting about 105,500 in the tunnel in 2007, whereas the Lane Cove Tunnel Company, in its financial model, is projecting about 107,800. At the early years of the project, the traffic projections are essentially similar.

Where the difference comes is in the growth that is expected. The Lane Cove Tunnel Company has predicted a much faster growth in traffic in the corridor, so that by the time we get to 2016 the comparisons are about 152,000 versus 112,000. In undertaking their traffic work, Connector Motorways took advice from Parsons Brinckerhoff and Booz Allen Hamilton. Normally, when you do traffic projections, you go to the Traffic Data Centre [TDC] and you get information about land use, expected usage, where employment growth is going to occur, where the residential activity is going to happen, and all of those sorts of things, and they make projections about the mode share between road usage and public transport usage and so forth.

What the Lane Cove Tunnel Company did was engage Access Economics, and it did its own land use study on how it saw Sydney developing in the future. The key differentiating factors in their model were the population growth that would be serviced by the tunnel would be higher than the TDC figures; the employment growth would be about twice that of the TDC figures; and the work force growth in that part of Sydney that would be serviced by the tunnel would be much higher as well.

In undertaking their traffic projections, they assumed, because of this increased work force growth in employment, that there would be higher car usage in the future than the RTA had put in its model, which is as a result of the wealth factors that they assumed. They also incorporated significant peak spreading effects in their forecasts. And, in addition, they assumed reasonable development of the network over time to come up with their projections.

CHAIR: You are explaining why their figures are higher than yours?

Mr WIELINGA: That is right.

CHAIR: Are you still confident with your figures?

Mr WIELINGA: We have based our projections on the material from the Traffic Data Centre. We are confident on those.

CHAIR: Will there be any problems if their figures are correct in regard to congestion in the tunnel? Will there be any problems with the tunnel coping with that higher figure?

Mr WIELINGA: One of the things you need to look at when you are looking at flow in a road corridor is that you cannot just look at a particular project in isolation. The key message to understand here is that this is about compatibility in the network. What we have done is develop a Lane Cove project that fits in with the rest of the corridor. There is about a 10 per cent increase in capacity eastbound and about a 30 per cent increase in capacity westbound in the tunnel. When you look at the capacity that is on the M2 and when you look carefully at what is happening with the Gore Hill Freeway, the Warringah Freeway, the Bradfield Highway and into the harbour crossings, congestion—and the level of it—is not only controlled by a single project. It is controlled by how a whole corridor functions.

CHAIR: Mr Hannon, you mentioned the figure of \$79 million paid by the Lane Cove Tunnel consortium. What matters were covered by that \$79 million?

Mr HANNON: I have a break-up of that expenditure which the RTA has incurred. It is similar to the expenditures that we talked about on the Cross City Tunnel. It is the RTA costs associated with the development of the project, the preparation and all the planning documents, the EIS, the project management. On this particular project there was significant expenditure on property acquisition, and, as I said in the opening, some of the property acquisition is still ongoing. Obviously negotiations take some time and having a final figure, of course, will take some time and it is not until all those negotiations are complete.

CHAIR: So there is no business consideration fee included in the \$79 million?

Mr HANNON: In this case the deed has it as a development fee, the RTA's development costs.

CHAIR: That is a no then; there was no business consideration fee.

Mr HANNON: The deed between the RTA and the consortium indicates that \$79 million that was paid to the RTA, plus GST, was a development fee, representing RTA costs.

CHAIR: The evidence we had was that the company seem to be under the impression that they thought that a segment of that amount was a business consideration fee, so there is an error there somewhere or a misunderstanding.

Mr HANNON: Mr Wielinga might be able to explain some of those.

Mr WIELINGA: Yes. My understanding always is that it was just one number project development fee. The request for proposals that went out to the short-listed proponents nominated a figure of \$70 million at that particular time as being RTA costs. They were only RTA costs going forward. We had that figure plus a contingency for construction. Now, as Mike said, the deed refers to a project development fee and when you have look at RTA known direct costs all the way through the project, they have always been in the order of about \$89 million plus we are assuming a \$30 million contingency to allow for construction, so at no time were we looking at any other figure than RTA project development costs.

Mr SKINNER: Can I add to that point? It is probably fair to reflect a little bit on the fact that we have had three significant projects happening over the course of the last number of years and the RFP that Mr Wielinga mentioned, the LCT actually went out in July 2002. Financial close for the Cross City Tunnel occurred on 19 December 2002, so subsequent to that date, and the Western Sydney Orbital closed on 14 February 2003. Those prior two projects did include BCFs, so it would not be untoward to expect that the consortiums which were bidding on both those projects may have structured their proposals along those lines to extract that value.

The other point to make, I think, is how the consortiums treat that amount of money in their books. There are certain things they need to take into account in terms of how a development fee is treated from an accounting perspective but also from a taxation perspective. There are certain tax allowances they can pick up from a development fees versus a business consideration fee. A business consideration fee would have to be deducted across the whole term of the concession instead of being deducted upfront and may have implications for the consortiums, so there maybe some of those things that were built into their proposals.

CHAIR: That would be misleading to the taxation department, would it not?

Mr SKINNER: I am not for one second suggesting that they have not declared that in their tax returns.

CHAIR: But the categories, if they stated that there was a business fee in it and there was not one?

Mr SKINNER: It depends on how they have filled it out.

Mr WIELINGA: It is very important to note that when RTA finalised the deed that we called the money what it was, a project development fee.

Mr SKINNER: I draw your attention to clause 14 of the project deed, you will see that it clearly articulates that this is a project development fee to the RTA, and that has been signed off by both parties.

CHAIR: What is the current status of the trial of the filtration announced by the New South Wales Government in 2004? Has there been any progress in that area?

Mr HANNON: As I indicated in the opening address, the Minister today has made the announcement and I assume a copy of the media release has been distributed.

CHAIR: Yes, we have just been given copies of that.

Mr HANNON: And that is the current status. The Minister has announced that it is to proceed. The money has been set aside for expenditure in 2006-07. We are now in the process of progressing as per the media release that has just been released.

CHAIR: The problem will be if the tests show that there is the need for increased ventilation. What are the prospects now of including that in that Lane Cove Tunnel project? Obviously it is a lot easier if it is during the construction stage rather than after conclusion of construction.

Mr HANNON: The ventilation system that we have got in place in the Lane Cove Tunnel project, we are absolutely confident that is going to suffice. The need for filtration is what this is about.

CHAIR: That is right. The Government is trialling it on the M5 East because it sees the M5 East as a very different project to the Lane Cove Tunnel project for the reasons I indicated earlier.

Ms KRISTINA KENEALLY: Could you restate those?

Mr HANNON: The number of heavy vehicles that use the M5 East is considerably more than the number of heavy vehicles that use the other tunnels in Sydney; the gradient that we have, particularly at the western end of the M5 East Tunnel at 8 per cent is higher than we have in any other tunnels in Sydney. Obviously the dirty vehicles that we have there have given us a problem and the Minister has announced a program where he will put in the clean fleet plan where he will try and get all the trucks in that plan and is going to filter the tunnel with the filtration plant that the RTA proposes to put in consistent with what the Minister has announced.

CHAIR: So you do not see any connection between the M5 East Tunnel and the Lane Cove Tunnel if that testing showed there was a need for additional ventilation for particles?

Mr HANNON: The Lane Cove Tunnel is a very different tunnel to the M5 East Tunnel.

CHAIR: You do not think it will have any impact?

Mr HANNON: Mr Wielinga indicated in the presentation that the ventilation system we are putting in place with a separate tunnel—

Mr WIELINGA: It needs to be appreciated that what has been announced today is a comprehensive package for the M5 East that is tailored to that project so that we can get significant air quality improvements inside the tunnel and meet our obligations for ambient or background air quality. The package includes a filtration trial that is now no longer 50 cubic metres; it is being increased fourfold in size; it is now a 200 cubic metre system. To install it in the tunnel we have to do substantial civil engineering works. We have to build an underground cavity to put this filtration equipment in and the nitrogen dioxide equipment.

That cavity is 50 or 60 metres long just for the equipment and 10 or 12 metres wide and about 6 metres high. It is very substantial. This is significant civil engineering work. It has been

targeted at the western end of the M5 East Tunnel for very good reason. We have that very steep gradient, as Mike as indicated, where trucks start to work very heavily and we have lot of film that shows the smoke that comes out of these smoky, heavy vehicles when they are working very hard on that gradient. As I said, this is a solution that is tailored for that tunnel and that is one of the good reasons why we are putting it there.

What also needs to be appreciated is that when you look at what is happening with haze in the tunnel in a sophisticated way on the M5 East, when you look at the heavy truck volumes during the week when you have about 8 per cent trucks or 8,000 trucks a day, there is a direct correlation between the haze that is in the tunnel and the number of trucks using it. When you look at the M5 East on weekends when the truck levels are similar to what they are on weekdays in other tunnels, there is virtually no haze in the tunnel. We had to come up with a comprehensive strategy that looked at how we could address that problem.

We did not want to hit the truckies over the head. We wanted to work with them to overcome the problem, so the strategy that the Minister has announced today works in the clean fleet program to do that. We will detect these people. We have cameras already in the tunnel that can detect when a truck is based smoky vehicle; they will automatically pick them up, they will take a video of them. We intend to write to these people and say, "Look, you have a problem with your truck. We want to help you to understand how to properly maintain your truck. We want to give you some ideas about how to overcome the problem. Please come into our station at Botany" or where ever "and we will do some tests on your truck and will provide some advice." There is the possibility of them going to a free TAFE course as well to help them overcome the problem.

Now if we get people who do not want to fix the problem, that is when you get into the enforcement regime. In addition, we are putting extra ventilation fans into the tunnel. We have ordered 12; they have already been ordered and we are expecting to get those in early September and we will start installing those as quickly as we can.

The Hon. GREG PEARCE: Mr Wielinga, I think you indicated that you are going to table a document that shows the expenditure of the business consideration fee.

Mr WIELINGA: I am sorry; I did not bring it with me today. I will have to send it to you. Mike mentioned that.

CHAIR: Not the business consideration fee, the development fee.

The Hon. GREG PEARCE: We will call it the business consideration fee. We really had a frustrating time in the first part of this inquiry trying to get some straight answers on these fees and we have now got the same situation where the consortium has told us that they believed, and were told by the RTA, that they were paying \$56 million reimbursement and a \$23,000 million fee. Are you saying that is not correct?

Mr WIELINGA: I have already explained what my recollection was. What I can do is undertake to you to go away, check it out and provide you with a comprehensive response.

The Hon. GREG PEARCE: What we all missed on the first part of this inquiry is that you were very clever in the way you explained the use of the fee for the Cross City Tunnel in that you told us that the fee was being used for your expenses. It actually took the Auditor-General to pick up where you were misleading us because the Auditor-General actually looked at the situation at the time you entered the contract and that is when he worked out the lie because at that time you were budgeting \$54 million for your project costs and a business consideration fee of \$46.1 million.

Mr WIELINGA: The Auditor-General was talking about the figures that were around at the time the request for proposal went out.

The Hon. GREG PEARCE: What time was that?

Mr WIELINGA: That would have been about 18 months before the contract was signed.

The Hon. GREG PEARCE: When we look at the documents prepared in November by Ms Legaspi, who I did really want to get in last time, why do these documents have tables in them which continue to show payment to the RTA of \$46.1 million? You have seen those documents before because you had a look at them to reply to some questions on notice last time.

Mr WIELINGA: Look, I would have to have another look at the documents.

The Hon. GREG PEARCE: When was the budget for \$96.7 million of expenditure on Cross City Tunnel actually derived? When did that become the budget?

Mr WIELINGA: When we provided the information last time we provided to you a summary sheet that detailed what our RTA costs were. That was the summary sheet that was prepared by the project manager at that time.

The Hon. GREG PEARCE: Can you produce that actual document to us?

Mr WIELINGA: I would have to go away and have a look.

The Hon. GREG PEARCE: I know you will.

CHAIR: You can take that on notice?

Mr WIELINGA: I can.

The Hon. GREG PEARCE: Can you produce a contemporaneous document at the time of signing the Lane Cove Tunnel, which shows that your budget at that time for the expenditure was the \$79 million?

Mr WIELINGA: We will go away and have a look and see what we can do.

CHAIR: And you are going to send us a breakdown too of the \$79 million because you do not have it with you?

Mr WIELINGA: Sure, if that is what you want.

CHAIR: You will take that on notice.

Mr WIELINGA: Yes.

Mr HANNON: We will take both those questions on notice.

The Hon. GREG PEARCE: Certainly, having regard to the way you answered these questions before you would have to believe the consortium ahead of what we are being told in relation to this matter?

Mr HANNON: Maybe I could help try and clarify this matter because it keeps getting raised.

The Hon. GREG PEARCE: Well it does because you do not give direct answers.

Mr HANNON: What the RTA does at the outset of these projects, and you have to appreciate, certainly after the numerous hearings we had on the Cross City Tunnel, the complexity of these projects. What the RTA attempts to do is to assess what costs are involved in basically setting up the job. That involves all of the planning processes, which, as you can see from our submissions, go for many years. Huge dollars are involved in working our way through a planning process. Huge dollars are involved in a community consultation process. Similar money is involved in talking to various consortia, seeking proposals, calling tenders, paying consultants and the like—there is a significant cost there. That cost sometimes dwarfs when you look at the property you have to acquire to build these projects.

In the case of the Lane Cove Tunnel project, the cost of property alone to allow us to construct the project is somewhere in the order of \$50 million to \$60 million. Trying to estimate back in 2001 or 1999 what is going to cost to eventually acquire property in 2006 is such that you cannot be absolutely accurate. We came up with strategic and conceptual estimates, and eventually you get to a cost that is the actual cost. Anybody who was involved in these sorts of projects would appreciate that if you said five years ago that you are likely to spend \$75 million and if you still spend only \$70 million in 2006 you have done an extremely good job of estimating. As the Auditor-General noted in the Cross City Tunnel report, we actually had lots of dollars: we talked about a development fee and we thought there may be some money left over, depending on the bids we got. Those two numbers added together give us a large amount of money.

Ultimately, as the Auditor-General drew attention to, the amount of money we got as a development fee and the amount of money we got as a business consideration fee still was not enough to build the project from an RTA perspective. In fact, we had to raise another \$35 million after the supplementary EIS was conducted. I make the point that the estimates are estimates that we make in good faith. In this case we had estimates, and the actual cost is the actual cost. In relation to the Cross City Tunnel, at the last inquiry you asked for detail and I think we gave you all the detail we had. We can do that again. We will give you exactly how much was spent on the Lane Cove Tunnel.

The Hon. GREG PEARCE: Just to be absolutely clear, at the time you entered into these contracts—November-December 2002—were you expecting to get a fee, or were you expecting only to get your costs recovered? What we have now discovered with the Cross City Tunnel is that at that time you were still expecting to get a fee. When you were asked about this previously you dissembled and you did not answer the question completely. You answered by telling us what you have just told us now, but without making that distinction. We have asked for these documents and we have asked you to establish what the actual position was on so many occasions that it is more than frustrating. I want to know what the position was when you entered into the contract. Is it clear now?

Mr WIELINGA: Yes. We will go away and get what we can for you.

CHAIR: It is a comparison between the estimate and the actual cost?

Mr HANNON: No, that is not my understanding of the question.

The Hon. GREG PEARCE: You understand what it is?

Mr HANNON: The question is: what was our estimate at the time we entered into the contract?

The Hon. GREG PEARCE: Correct.

CHAIR: That is right.

Mr ANDREW CONSTANCE: Who within the RTA was advising the consortium on what you are describing as the project fee?

Mr HANNON: We are not advising on the business consideration fee, because that is what they are tendering. We cannot advise it, though.

Mr WIELINGA: Once the request for proposals go out there are no discussions like that at all until a bid comes in. It is all controlled by a probity auditor. There is no advice to them about what we think the money should be. It is entirely for them to determine their own financial aspects associated with the project. They generate their own electronic financial models. They do their own concept design. They do their own geotechnical model. They do their own traffic models and their own estimates, all those key inputs into the financial model. They do all their own work as far as predictions about market conditions, interest rates and debt coverage ratios. They do all of their own relationships with the banks in bringing debt in. All the equity providers do their own arrangements about how they are going to work together and what returns, et cetera, they want associated with the risk on the project. That is all part of the proposal they submit.

Mr ANDREW CONSTANCE: How do you feel about the statement made yesterday by the financier of the project, "We set a maximum toll and then we bid for the business development fee. That is quite a normal practice. That is the New South Wales way of doing it"?

Mr WIELINGA: Obviously, that is their view about it and in these circumstances the toll was one of the things that was on the environmental impact statement, but it was also an opportunity for them to put in alternatives, should they wish, and some of them did.

Mr ANDREW CONSTANCE: Ultimately, what is the cost on the motorist in terms of the toll?

Mr WIELINGA: As you said, the toll was set as part of the request for proposals.

Mr ANDREW CONSTANCE: That is the maximum. Ultimately, in terms of this, what will be the cost to the motorist?

Mr WIELINGA: If you come at it from a slightly different way to get to the same point, what was the total cost of the project? Was all the money around the project used for the project? The answer to that is yes.

Mr ANDREW CONSTANCE: But that is not my question. I suspect we are going to identify a \$23 million business consideration fee at the end of the day. My question is: what is the impact on the toll as a result of the \$79 million figure that you are talking about?

Mr WIELINGA: Do you mean what would be the difference in toll level?

Mr ANDREW CONSTANCE: Yes.

Mr WIELINGA: We would have to do some modelling to work that out. I do not have a figure now.

Mr ANDREW CONSTANCE: It is not around 7 per cent?

Mr WIELINGA: I have no idea.

The Hon. GREG PEARCE: Would you take that on notice?

Mr HANNON: It is not a straight pro rata.

The Hon. GREG PEARCE: Mr Hannon, can you verify what Mr Wielinga just said, that there was no discussion between the RTA and the successful tenderer on the Cross City Tunnel on the level of the business consideration fee before the contract was signed but after the Budget Committee of the Cabinet approved it?

Mr HANNON: That is effectively the tender in this case because the way the RTA has been conducting these projects is that the project is defined—what they have to design, construct and operate—and the toll was set and the concession period was set. Effectively, the tendering process is that they actually tender the dockets. That is actually what goes through the tender box.

The Hon. GREG PEARCE: Can you confirm for the Committee that there was no communication between the RTA and the successful tenderer about the level of the business consideration fee up until signing?

Mr HANNON: There is some confusion with the names.

Mr WIELINGA: Yes, there is

The Hon. GREG PEARCE: It was called a business consideration fee on the Cross City Tunnel.

Mr HANNON: It was a development fee and a business consideration fee that came together to be the tender that they put in, that is right. There has been no communication. It is a very secure process where the tenderers all tender.

The Hon. GREG PEARCE: What did you mean when you provided written answers to questions on notice to the Committee on 13 February 2006 when you said, "Accordingly, the RTA acknowledges that during the negotiations that occurred after a decision of the Budget Committee of Cabinet had been made both it and CCN were aware that the RTA was concerned to ensure CCN's business consideration fee remained consistent with the amount it had initially included in its bid"?

Mr HANNON: Could we have a look at it?

The Hon. GREG PEARCE: This is the period in which CCN came back to you and asked for the increase in the toll escalations, which you agreed to.

Mr HANNON: At this point in time we are dealing with only one consortium. It is not a competitive situation. This is a negotiation, not a tendering process.

Mr WIELINGA: What was going on at that time is that we were going through a supplementary environmental impact statement process, which I know you are aware of. There were some changes to the project. The air quality condition standards changed at that time. It went from 87 parts per million for 15 minutes to 50 parts per million over 30 minutes. There were changes at Cowper Wharf Road. There was a change to a lid on the eastern end of the Kings Cross Tunnel, and there were numerous other minor changes to the project. What we were doing was keeping the position as it stood at that time. There were no discussions with them about the level of that business consideration fee. We were coming up with mechanisms to pay for the changes to the project.

CHAIR: The development fee part?

Mr WIELINGA: That is right.

The Hon. GREG PEARCE: Mechanisms to pay for the changes to keep the business consideration fee at its tender level?

Mr WIELINGA: That is right.

Mr ANDREW CONSTANCE: Obviously, we received a document from you yesterday saying that in the westbound direction approximately 100 per cent of the tunnel is three lanes and in the eastbound direction approximately 60 per cent of the tunnel is three lanes. If you drive in a westerly direction into the tunnel how far do you drive with a two-lane tunnel heading westwards?

Mr HANNON: From the Gore Hill Freeway?

Mr ANDREW CONSTANCE: Yes. Is it 800 metres?

Mr HANNON: It is 800 metres.

Mr ANDREW CONSTANCE: About 25 per cent of the tunnel, which is hardly 100 per cent.

Mr HANNON: Except that another lane is going west as well, which is where—

Mr ANDREW CONSTANCE: But that is an entrance lane. You are driving into a two-lane tunnel, but you are trying to create the image that it is a three-lane tunnel.

Ms KRISTINA KENEALLY: There are three lanes, Andrew, count them.

Mr MICHAEL DALEY: Two coming off Gore Hill and one coming off the Pacific Highway.

Mr ANDREW CONSTANCE: No, you enter the tunnel in a two-lane consideration, is that correct?

Mr HANNON: That is attached to the drawing with the information you are talking about.

Mr ANDREW CONSTANCE: I am talking about your map yesterday. I want to know when you enter the tunnel from the east how far you drive in a two-lane configuration.

Mr HANNON: Attached to the letter is a drawing that indicates 800 metres.

Mr ANDREW CONSTANCE: What percentage of the eastbound lanes is three lanes? Do you not drive for 1.3 kilometres in a two-lane configuration, then another 1.3 kilometres in a three-lane configuration and then you go back to one kilometre of a two-lane configuration?

Mr HANNON: You have some drawing in front of you.

Mr ANDREW CONSTANCE: It is pretty clear. Your diagram shows that you drive for 1.3 kilometres, then you drive for 1.3 kilometres in a three-lane configuration and then you have an exit point, and then you go back to a two-lane configuration for one kilometre.

Ms KRISTINA KENEALLY: The third lane continues.

Mr ANDREW CONSTANCE: Wait your turn.

Ms KRISTINA KENEALLY: I am interested in this spin that is trying to be projected that this is a three-lane tunnel.

Mr MARGISON: Can I just clarify that the third lane that Mr Constance is referring to in fact continues to the Gore Hill Freeway. It is in a separate structure, but it is a third lane.

Mr ANDREW CONSTANCE: Why does the RTA web site say that it is a two-lane tunnel in both directions? I am interested in the spin that is trying to be created. I can table the document from the RTA web site, if you like.

Mr HANNON: I am not sure. Are we supposed to be spinning it as a two-lane tunnel or a three-lane tunnel?

Mr ANDREW CONSTANCE: You are trying to spin it as a three-lane tunnel. You have a choke point—

Mr MICHAEL DALEY: How can they spin it as a three-lane tunnel if the web site says it is a two-lane tunnel?

Mr ANDREW CONSTANCE: You are spinning it is as a three-lane tunnel. You have created a choke point to the east into the tunnel, when we heard yesterday from the consortium that they asked to build an additional third lane as you enter from the east.

Ms KRISTINA KENEALLY: They tendered.

Mr ANDREW CONSTANCE: They actually went to the RTA and asked if they could build a third lane, and offered to put up more money to do it. You have created a choke point on entry into the eastward lane, have you not?

Mr HANNON: We have two lanes coming into the Lane Cove Tunnel project, that is true. There is provision to add another lane if we choose to in future. That is a facility we can take on board later on.

Mr ANDREW CONSTANCE: But at what cost? If the consortium is offering to build it today, I presume at a much more reduced cost than it would cost in the future—

Ms KRISTINA KENEALLY: Because you are a financial wizard.

Mr ANDREW CONSTANCE: Why don't you keep quiet, you little smart Alec. Why have you created a choke point? Why would the consortium come to you and say, "We think it is necessary to build a third lane as you enter the tunnel from the eastward perspective"?

Mr WIELINGA: When I spoke a little earlier I spoke about this thing from a corridor perspective and the important message here was to build a project that was compatible with that corridor. When the consortium put in proposals for this project they looked at the project in isolation. If you were to make an extra lane into this project all the way through, you would have to immediately put additional lanes on the Gore Hill Freeway in order to make it work. In the medium term you would have to do something about the complex merging arrangements on the Warringah Freeway. You would have to look seriously at expanding the Bradfield and you would have to do something about the harbour crossing. You are looking at a minimum of \$2 billion or \$3 billion to solve those problems. You cannot just look at a single project in isolation. It is very important that you look at something else that can happen.

Mr ANDREW CONSTANCE: So what is going to happen?

Mr MICHAEL DALEY: So what you are saying then is that it is not a choke point. That is what you are saying.

Mr ANDREW CONSTANCE: So what is going to happen?

Ms KRISTINA KENEALLY: You can avoid a choke point?

Mr WIELINGA: I think it will have that capacity.

Mr ANDREW CONSTANCE: What is going to happen when you have Epping Road adjoining the M2 and then you will have a choke point entering the tunnel?

Mr WIELINGA: Well, let us talk about—

Mr ANDREW CONSTANCE: I presume that is what is going to happen. It is going to be chaos.

Mr WIELINGA: I understand the point you are making. As Mike Hannon said a little while ago, part of the reason that we built the stub into the tunnel is to provide us with an opportunity to put additional capacity there in the future, but if you are looking at developing the M2 corridor, strategically you have to do a couple of things. The first thing you have to say is: What is the total capacity of the corridor we require? How does this new expanded road system fit into the total transport arrangements for Sydney? How big do you want the road corridor? How big do you want public transport? What functions will that infrastructure have?

If you decide that you are going to develop and further enhance the road corridor through that area, the question then becomes: How do you go about it? When you are looking at these inner-city corridors in the inner part of Sydney, sensibly the strategy will be to develop out. You do something about the harbour crossings first, then the Bradfield, then the Warringah, then the Gore Hill, and the Lane Cove Tunnel and then the M2. It is possible to develop isolated sections when you have very strong origin destination attractors, but generally when you have a high commuter flow, like we have on this corridor, the sensible strategy would be to look at developing it from the city out.

Mr ANDREW CONSTANCE: So why would you not therefore have built or allowed for the tunnel lane, a third lane, to be built alongside the T-lanes? Why would you not stick a curtain up, stick a barrier up, and allow it to exist as opposed to now, in 30 years time, revisiting this at enormous cost to the taxpayer?

Mr WIELINGA: It is significant additional cost to do that, and there was no way of predicting when this might have been in the future. No-one can say for certain whether or not we are going to finish up with another rail line or significant bus routes or a road corridor in this area.

The Hon. GREG PEARCE: Because there is no planning by this Government.

Mr MICHAEL DALEY: You had better read the Metropolitan Strategy.

(Short adjournment)

CHAIR: We have spent a fair bit of time on the two-lane/three-lane discussion. Is there any final question on that?

Mr STEVEN PRINGLE: Yes, there is from me. What cost benefit analysis did the RTA do on this? I am particularly concerned, of course, about the western side. Surely you did do a costing. Surely you did look at the long-term ramifications. Surely there was a detailed plan involved in making that decision.

Ms KRISTINA KENEALLY: Surely we can have one question at a time.

Mr HANNON: What aspect of the western side?

Mr STEVEN PRINGLE: The two versus three lane section.

Mr WIELINGA: The arguments are fairly comprehensively detailed in the environmental impact statement. I cannot recall the figures or how that argument flowed, but we can take that out and send it to you.

Mr STEVEN PRINGLE: I am concerned to know whether there was a cost-benefit analysis because when we look at the three-lane freeway only being two lanes and the high cost of retrospectivity, I need to know whether there was a detailed cost-benefit analysis?

Mr WIELINGA: I cannot answer the question. I need to find out for you.

Mr STEVEN PRINGLE: My next question is that we had an earlier witness who alluded to the former RTA depot on the corner of Mowbray Road and Epping Road which was sold off for a housing development. Why was that sold off? How did that impact upon your ability to provide a three-lane tunnel in this section?

Mr HANNON: I will speak generally. The RTA sells an enormous amount of property every year. The RTA would have come to the view that the property that they have got is redundant. For many years now, certainly after the amalgamation of the three agencies which came together to form the RTA, there was a downsizing in the organisation of some thousands. Depots and workshops were closed. The workshop or the depot that was in that location was closed. The property was redundant, and the property was sold.

What happens with that money is that the money we get from the sale of depots and the like that are redundant goes into our programs, as does the property that becomes surplus when we acquire large properties and put roads through. Then there are new properties adjacent to the roads we construct. What we do in those cases is we consolidate those properties, talk to local government and maximise the position for the Government. Whatever income we generate from that, as they say, goes into the RTA programs.

Mr STEVEN PRINGLE: What income was generated from that site?

Mr HANNON: It was sold some many years ago. It was not last year.

Mr STEVEN PRINGLE: It was quite a few years ago?

Mr HANNON: Mr Skinner might know.

Mr SKINNER: This is the first we were aware of it this morning, but we just did a bit of research on it over the lunch break. That particular piece of property was sold in September '98, well

in advance of when the EIS or the request for proposal [RFP] started to commence. I am advised that the tender process involved in the process had already commenced when the discussion about the Lane Cove project was put up. It then went back to public discussion. There were clauses put into contracts about the availability of that contract for the sort of project going forward, so there was no issue to do with the Lane Cove Tunnel in stopping the sale of the property.

Mr STEVEN PRINGLE: How did the sale of this impact on this particular intersection in the western part of the project?

Mr WIELINGA: When you have a look at the western end from an engineering point of view, as you come up towards Mowbray Road, the tunnel ducks away to the left. There is a sandstone wall there and it ducks underground fairly quickly. You could have put extra lanes in there from an engineering point of view if you needed to, if it was compatible with the rest of the network, and sometime in the future it would be possible to have a similar alignment with another shaft down through that area if you needed to. So you need to look at the topography.

CHAIR: Let me clarify that. You say the sale of the land had no negative effect?

Mr WIELINGA: I do not know anything about the sale of the land, when it happened or anything. What I am just telling you is that I am a road engineer. Looking at the topography at that end and at the sandstone wall where the tunnel ducks away, the construction would have been possible because we get underground fairly quickly. One of the advantages of the tunnel, as I am sure you are aware, is that you get underneath the foundations fairly quickly and then you can build your infrastructure in those strata.

Mr MICHAEL DALEY: Would that have been possible, notwithstanding the sale by the RTA of the property, that has been referred to?

Mr WIELINGA: I am an engineer. I like to check things out and I have a look at it. On the face of it, I believe that is the case, but I am not going to give you categorical assurances.

CHAIR: Take that on notice and just get it confirmed when you have given it further consideration.

Mr STEVEN PRINGLE: While still on the same subject, the spur that you have put in there, how would that actually go? What design have you got if you were to make the third lane using this spur? Is it going to be a separate tunnel, or does it involve widening the existing one? What considerations have you taken into account for that possibility?

Mr WIELINGA: A number of design options would be available for use structurally to do it. Probably the easiest option would be to build an extra shaft, a separate tunnel, to make that connection. That would be the easiest option. But, you know, with the advances in rock mechanics and the advances in tunnel construction that are happening fairly rapidly, I do not know what is going to be available in 10 years time or 15 years time or 30 years time or what sort of engineering you could do at that particular time. One of the important considerations when you are widening infrastructure like that is what to do with the existing traffic flow at the time as well, and how that would be facilitated. But that would require some detailed design consideration. It would require a group of professionals including civil engineers, geomechanical people, et cetera, to take a careful look at it and decide what is the most cost effective and economic way to do it at the time.

Mr STEVEN PRINGLE: That has not been done already?

Mr WIELINGA: What we did was create the opportunity by putting the shaft there. We know there is an option where you can connect a separate shaft, so we provided the opportunity with minimum impact on traffic flow, if that is the option we want to select in the future. It is just creating an opportunity.

Mr HANNON: I think that is the critical issue: the stub is there, so it means that a connection can be made without a significant impact on the operating tunnel. That is why it is there.

CHAIR: If I could just follow this up. There has been some debate, as you know, about the pedestrian crossing in Falcon Street. Why was there not some proposal to have an overpass or an underpass in your planning? The Minister announced the other day that there will be one. I am just wondering why it was not a factor in your planning, and why it is six lanes or eight lanes?

Mr HANNON: In the planning that was done, careful consideration was given to pedestrian movements across that intersection, but by virtue of the fact that we had the two ramps, obviously the movement across there was going to be somewhat slower than it might have been before. That has been a matter which has been under discussion with council and others for quite some time. It has now been resolved. The Minister has announced that a bridge will be built. Significant consultation will now take place with all parties—the local community, with the council itself, and with the schools.

CHAIR: We have also had evidence from the companies that are in the Lane Cove west business park. They are concerned about congestion at the intersection of Epping Road and Sam Johnson Way, particularly with the lights and the narrowing of Epping Road. Are you able to give some consideration to how to cope with that congestion of vehicles leaving the business park and trying to enter Epping Road?

Mr HANNON: There have been a couple of the directors here who have actually been involved in this, but there has been a lot of consultation with EBR and the business park. The Minister has set up the integration group which is mentioned in one of the press releases that came out. We are going to look at not just the Sam Johnson Way intersection but obviously all the intersections and the impact of the tunnel and the reduction in lanes as per the approved project. That will need to be carefully monitored basically from day one. It will be an interesting exercise because the consortia have indicated that there will be a free toll period when it opens. One would expect when that is in place that there will be a fair amount of induced traffic re-flow that does not normally use that corridor. We will have to carefully monitor that ourselves with the group that the Minister is putting in place.

When the toll is put in place, it will be a matter of how much of the induced traffic actually stays in the corridor. There will have to be serious consideration of exactly how many go through the tunnel. We would then carefully have to look at the ramp-up period. I know that was discussed yesterday. Ramp-ups are fairly tricky to anticipate, although in this case, because it is actually connecting an established motorway at the other end, one would expect the ramp up to be much quicker than we had on the Cross City Tunnel project. In terms of the detail of how we do all that monitoring and then make adjustments to traffic signals and the like, Phil Margison, the director of traffic and transport is responsible for the transport management centre. He will be assisting us and he will be able to give you some more detail.

CHAIR: Does that include in your answer whether there were problems that the arrangements for Epping Road might be changed, just as there have been changes with the Cross City Tunnel situation? Include that in your answer.

Mr MARGISON: Certainly. I might just first go back to the intersection of Sam Johnson Way. The design for that intersection incorporates provision forward to right-turn lanes and to allow the more efficient right-turn movement. The modelling indicates that the intersection will work at the forecast traffic volumes. In fact the submission by the Lane Cove west business group had in it some work by an independent consultant who did some traffic figures on that. Their figures show that with the forecast traffic volumes, the traffic volumes expected on that part of Epping Road will be accommodated by the intersection, according to their own analysis.

In terms of monitoring the traffic during the transition period, the RTA has its transport management centre which can monitor traffic in a number of ways by its dedicated field staff, by its traffic cameras and by monitoring the traffic control system, the Sydney Co-ordinated Adaptive Traffic System [SCATS]. That system is capable of adapting to traffic changes by itself to a certain degree. The transport management centre is also able to intervene and manage the traffic as it changes from day to day, so that will be occurring during the ramp-up period. During the transition period, there will be that level of monitoring of the traffic conditions on Epping Road.

CHAIR: So it means that you could actually have the lights changed to allow vehicles involved in traffic congestion in Epping Road to come out, or there would be a greater opportunity to do that?

Mr MARGISON: Within reason. The SCATS, as I said, balances the traffic flows in accordance with certain preselected plans for times of the day and also in accordance with the traffic flows at that location and at adjacent locations. But if unusual traffic conditions exist, the transport management centre has the ability to adjust traffic flows to react to abnormal situations.

Ms LEE RHIANNON: Today we received a media package from the Minister. It says that he has announced the New South Wales Government air quality improvement plan. He also said that on becoming the Minister he asked the RTA to work on it. There are three aspects of it. I really want to check. It seems as though two aspects are reannouncements. Is the video identification of the pollution causing heavy vehicles the plan that was announced in April? Does it involve Alstom Transport Engineering Systems Intelligent Designs? Is that what the Minister is talking about?

Mr WIELINGA: It is the same technology but it has been further refined to make sure that it functions the way it should. It has been extensively tested. In addition, the package associated with the detection of smoky vehicles, like all good policy, has been developed further. So it has got a combination of carrot and stick. What we are trying to do now is work closely with the trucking industry to improve the problem. We are devolving it into the clean fleet program as well as an enforcement process. So we are trying to identify trucks that are having problems with smoke. We are trying to work with them—or will be trying to work with them.

Ms LEE RHIANNON: It is not operating yet, is it?

Mr WIELINGA: The cameras are all working and ready to go and this is about getting it going in the near future.

Ms LEE RHIANNON: Why have the cameras not been turned on if they were installed three years ago?

Mr WIELINGA: As I said, we were still developing and testing them. When you are starting to get evidence of people that have got smoky vehicles you have to make sure that it is sound. It is digital technology so you are looking at both identification and identifying the problem itself, and working that together, developing the software and developing the systems and having it independently reviewed and carefully looked at is an important part of the process. And we would rather get it right than take a risk with it.

Ms LEE RHIANNON: So three years and at least two announcements later, when can we be confident that the switch will be turned on?

Mr WIELINGA: All I am saying to you is that today it has been announced that we are going to get on with it, and the RTA will try to make it happen as quickly as possible.

Ms LEE RHIANNON: I am also interested in the filtration technology that has also had a chequered history. We all know we are coming into an election. From what I could ascertain from the paperwork we were promised a trial filtration in the lead-up to the 2003 election and then the RTA spent approximately \$500,000 on that trial and it never eventuated. I think you were also actively pursuing it in 2004. Is that the case? Have there been any other false starts with filtration? When will it happen?

The Hon. GREG PEARCE: They did not even get planning approval for it. They did not even put in an application.

Ms LEE RHIANNON: Yes. How can we be confident?

Mr WIELINGA: Let us start with what we are physically talking about. What we are looking at, or what was announced by the Minister today, is a filtration system that is four times the size of what occurred before. All of the two stages of tendering that occurred is still relevant and it

will feed into this final detailed proposals that we will now see. When we spoke about this before, the RTA had said that it was dealing with a Department of Planning audit of the M5 East and it was waiting to see what came out of that. It was also looking at how the different ventilation system on Cross City Tunnel was working and what sort of outcomes were good with the third ventilation shaft. And we were going to feed in that extra knowledge into what was going to happen on the M5 East. The other thing that we have been doing there—I know you are aware—is we have had some portal monitoring stations outside the portals and we have been having a look at air quality outcomes from those portal monitoring stations.

Ms LEE RHIANNON: On page 2 of the Minister's statement he says it will not be operational for 12 to 15 months. Why does it have to take so long? Your answers are more informative and sound as though all these things have to be done before it will happen.

Mr WIELINGA: Yes.

Ms LEE RHIANNON: Why should we believe this time that it will happen?

Mr WIELINGA: I am saying to you we have been asked to do it, that is the only way I can answer that question. You have to appreciate that when you have got a system that is four times the size of what it had before, as we said before the break, there is significant civil infrastructure that has got to be constructed before the technology is put into it. We have to construct an underground cabin that is about 60 metres long, 10 metres wide and 6 metres high. The technology will go into that. We will have to organise connections into the tunnel and then we will put in the filtration technology.

Ms LEE RHIANNON: Will that take you 12 to 15 months?

Mr WIELINGA: You have got to go through a detailed design process. If you think about the sequence of events that have got to come together—some environmental assessment that is not expected to be complex will have to take place and some detailed design has to take place both from the civil and structural and rock mechanics point of view about how this cabin is going to work, where the best place to put it is, how to make the connection into the tunnel, and those sorts of detailed design. We have got concepts that we understand how this stuff works. In addition, we need to get a reasonable idea of the actual technology that will go into this area.

Ms LEE RHIANNON: Do you not have that technology worked out yet?

Mr WIELINGA: We have still got a competitive process going. There are a number of different technologies around and it continues to develop and we will take a look at it as part of the final step in the tendering process.

Ms LEE RHIANNON: Do you agree that in 2003 and 2004 the RTA talked about filtration? Have there been any other times when the RTA has talked about filtration but not delivered?

Mr WIELINGA: I cannot confirm the dates. I was not working in this area at that time.

Ms LEE RHIANNON: Mr Hannon, can you confirm the dates?

Mr HANNON: No.

Ms LEE RHIANNON: Will you take the question on notice?

Mr HANNON: Exactly what am I confirming?

Ms LEE RHIANNON: In 2003, going into the last State election, a commitment was made for a filtration trial. I have seen documents that suggest that the same thing was proposed in 2004. Will you confirm that? Have there been any other announcements of filtration trials that have not eventuated?

Mr HANNON: Copies of press releases?

Ms LEE RHIANNON: Yes, and how many times this has been announced. In relation to bicycle infrastructure funding associated with the Lane Cove Tunnel, do you have any involvement in that project? If so, what is it?

Mr HANNON: Bicycle infrastructure has been provided. I know yesterday the consortia indicated the sorts of dollars that were involved in that. We would not know the precise value of the work that has been done because we do not pay for it. It is actually paid by the consortia who have engaged the contractor. So there is a considerable amount of bike infrastructure that has been provided at no cost to government but effectively funded by the tolling regime that is in place.

CHAIR: Yesterday the figure of \$40 million was provided.

Mr HANNON: That would be their figure, not ours.

CHAIR: Yes it was the consortia figure.

Ms LEE RHIANNON: Is there any day-to-day or periodic involvement from staff from the RTA in that aspect of the Lane Cove Tunnel project?

Mr HANNON: We would be requiring the consortia and the contractor that is part of the consortia to comply with the approved project. There would be a sign-off that all that has to be provided under the contract is provided. We would depend on, in the main, the independent verifier who reports to both the consortia and to the RTA to ensure that what is supposed to be provided is provided, and that they would be provided consistent with the planning approval.

Ms LEE RHIANNON: Considering the bicycle lane was provided with the Cross City Tunnel but now it will be removed and the tunnel operator met with its requirements—it provided it but then it was taken away—could the same scenario be faced with the Lane Cove Tunnel? Could the infrastructure be provided but, for some reason, on a reconfiguration it is lost? Is that a possible scenario?

Mr HANNON: In the case of the Cross City Tunnel, of course, many road changes were made. Most of the road changes were made following on the recommendations of this Committee.

Ms LEE RHIANNON: Removing the bike lane was certainly not a recommendation of this Committee, and I am sure you know that. Mr Roozendaal has talked about taking away the bike lane about which the tunnel operators do not have a problem because they provided the bike lane and did the right thing. Can the same scenario arise with the Lane Cove Tunnel, that is, the lane is provided and then we lose it?

Mr HANNON: No, the project will have to be delivered in accordance with the planning approval. The planning approval requires bus lanes, T2s and T3s and bicycle lanes and the like. As I indicated earlier, there will be transitional stage when we will try to get this tunnel to operate effectively. What we will be doing during that transitional stage is looking at how the cars actually move through that corridor, having regard to the amount of ramp-up that we have, the amount of traffic that goes through the tunnel and the amount of traffic that remains on the top. We will make sure it works through the systems that my colleague, Mr Margison, mentioned.

Mr WIELINGA: One of the recommendations of the Committee was that the RTA look at reversing all B, C and D road changes, and bike lanes are a part of those B changes.

Ms LEE RHIANNON: Yes, but the Committee did not say to remove the bike lane. I still dispute that with you. What is the total amount in the RTA budget for cycling infrastructure?

Mr HANNON: In the total RTA budget?

Ms LEE RHIANNON: Yes.

Mr HANNON: We can give you a break up. What happens on a lot of our development projects, obviously a component of the development project often incorporates a bicycle provision, so

it is a percentaging sort of exercise. Phil can probably give you a general breakdown on the sort of money we are spending on bike lanes.

CHAIR: Will you take that question on notice?

Mr MARGISON: As Mr Hannon mentioned, a range of projects that the RTA is constructing, or the private sector is constructing on behalf of the Government, contain bicycle facilities. The Sea Bridge recently opened down on the South Coast contains a bicycle facility and the M7 obviously has its own separated bicycle facility. As Mr Hannon said, it is difficult to estimate the exact amount that would be spent. It is like asking how much is spent on kerb and guttering. You could extract it out. Given the size of the budget of the RTA I think we would have to take it on notice to find out just exactly how much money would be provided of the RTA's budget as part of those projects. It is a fairly extensive.

Ms LEE RHIANNON: I will clarify my question. Up until this year we had been able to find out what we have spent. That information had been available. I am seeking the amount of funding from the RTA budget. In the past sometimes the RTA has provided money put in by local government under the dollar-for-dollar arrangement it has or some of the private projects and has included that in the budget. I want to know the funding out of the RTA budget for cycling.

Mr MARGISON: What has been indicated previously is, as you said, separate RTA funding. Also funding that the RTA makes available to local government on a 50:50 basis. We clearly identify that, for example, in any one year it might be \$3 million to local government, therefore, the total expended by State Government and local government for that program is \$6 million.

Ms LEE RHIANNON: I appreciate that but sometimes that has been presented as a State government presenting that amount. I want to know the RTA's part of the budget.

Mr MARGISON: Yes, we can make that available.

Mr MICHAEL DALEY: Mr Hannon, before the afternoon tea break Mr Constance asked why was the RTA on its web site underspinning the benefits of the Lane Cove Tunnel project. He accused the RTA of putting on its web site that the east-bound carriageway is two lanes. I now have a printout of the web site of the RTA and I have highlighted an extract. Would you read that out?

Mr HANNON: "The east-bound tunnel will begin as two lanes with a third lane from about 1.1 kilometres into the tunnel. This lane will carry traffic to an exit on to the Pacific Highway and a new transit lane on the Gore Hill freeway."

The Hon. GREG PEARCE: So it is an exit lane?

Mr ANDREW CONSTANCE: Home goal You have confirmed it is an exit lane.

Mr MICHAEL DALEY: How embarrassing to you. You had better talk to your research assistant. I have a couple of simple questions about North Sydney. The mayor of North Sydney gave evidence to the Committee on Wednesday that—

Mr HANNON: I am sorry, it has just been drawn to my attention that I did not finish reading.

Mr MICHAEL DALEY: Sorry.

Mr HANNON: "This lane will carry traffic to an exit on the Pacific Highway—

The Hon. GREG PEARCE: An exit lane—

Mr HANNON: and a new transit lane on the Gore Hill freeway."

Ms KRISTINA KENEALLY: Will you please read it? "This lane will carry traffic to an exit."

The Hon. GREG PEARCE: Yes, it is an exit lane.

Ms KRISTINA KENEALLY: No, "and a new transit lane".

The Hon. GREG PEARCE: Could you show where is the new lane on the Gore Hill freeway that you are talking about, Mr Hannon?

The Hon. AMANDA FAZIO: Mr Chairman, will you call them to order because they are just wasting government time?

The Hon. GREG PEARCE: No, I want you to show us on the plan where this new transit lane on the Gore Hill freeway is that you get into from that exit.

CHAIR: Let the witnesses answer the questions.

The Hon. GREG PEARCE: I just want to know where it is.

CHAIR: You have asked the question.

The Hon. GREG PEARCE: Where is the new lane on the Gore Hill Freeway?

CHAIR: The Opposition has had its time to ask questions. Mr Daley may now ask questions.

Mr MICHAEL DALEY: On Wednesday last the Committee had evidence from the mayor of North Sydney pointing out that North Sydney council has some concerns that the Falcon Street ramps will worsen traffic impacts in North Sydney. I am at a loss to see how that is the case. For example, if you are travelling west down Falcon Street to get onto the northbound carriageway, you have to do a loop through the middle of North Sydney CBD. How do you think the exit ramps on Falcon Street will assist traffic flowing in North Sydney.

Mr HANNON: Mr Margison is well aware of that and will explain.

Mr MARGISON: Falcon Street ramps provide access to and from the north. Traffic which currently has to head along Falcon Street and then either travel on the Pacific Highway to the north or come down through North Sydney to head north on the Warringah Freeway and Gore Hill Freeway, will be able to travel directly north on the Gore Hill Freeway, not into any of the other joining roads. Also, the south-bound off-ramps, off the Warringah Freeway will allow traffic to exit onto Falcon Street and then to Military Road rather than heading further south down through Alfred Street and winding its way back through the local community. There will be reductions from those two new ramps in local traffic in the North Sydney area.

Mr MICHAEL DALEY: The mayor of North Sydney is also concerned about the size of the variable message signs [VMSs] in Miller Street. She said that much to her horror as she drove down Miller Street she saw huge welcome signs, 7.5 metres high. She said they were hidden in the EIS, I take that to mean they were contained in the EIS and therefore disclosed. Can you tell the Committee the purpose of those VMSs?

Mr MARGISON: The VMSs will be part of the overall incident management and information system. You would have seen variable message signs across Sydney on freeways, arterial roads and other roads. They provide an opportunity to advise motorists when there are incidents or other occurrences on the road, for their information so that they can take action before they get to a critical decision point and choose to go another way rather than enter the road that might be congested.

Mr MICHAEL DALEY: I would have thought they would be a benefit for motorists and to the North Sydney community.

Mr MARGISON: They are of benefit, to provide information to motorists as they are driving.

Mr HANNON: If I could clarify about the T2 lane going on the Gore Hill Freeway.

Ms KRISTINA KENEALLY: That would be of use to the Committee.

The Hon. GREG PEARCE: According to this diagram, it is the lane off Epping Road.

The Hon. AMANDA FAZIO: You are not asking the questions, so put it down and behave yourself.

The Hon. GREG PEARCE: You have one lane at Epping Road and one lane—

Ms KRISTINA KENEALLY: Could you be quiet and allow the people here to testify and answer. You interrupt anyone who disagrees with you. Be quiet.

Mr MARGISON: To explain it in simple terms, when the third lane of the tunnel that comes out serves two purposes. As the single lane comes out, before the tunnel ends it expands out into two lanes.

The Hon. GREG PEARCE: It is an exit lane.

Mr MARGISON: One of those lanes ends up on the Pacific Highway it then expands into another two lanes. One of this is the T2 as it comes out of the tunnel. In addition there is another lane that comes down from Epping Road that also feeds into the same area.

Mr ANDREW CONSTANCE: What were the traffic projections?

CHAIR: Your time is up, you have had your question.

Ms KRISTINA KENEALLY: I would like to read a couple of statements to you that were part of the documentation that had been on the public record and get you to comment. One is a motion moved by Councillor Longbottom at Lane Cove council on 4 February 2002, that the Lane Cove council supports a two to three lane continuous tunnel to link the M2 motorway with the Gore Hill freeway. Would you say that is what this project is delivering?

Mr HANNON: That is our understanding.

Ms KRISTINA KENEALLY: Another statement: a fundamental outcome for the Lane Cove Tunnel Action Group and the local community is that vehicular traffic on Epping Road be narrowed with unused road pavement devoted to cycle ways and pedestrian facilities. That is from the Lane Cove Tunnel Action Group response to the Lane Cove Tunnel EIS, January 2002, page 5. Would you say that is what this current project is delivering?

Mr HANNON: That is the approved project, yes.

Ms KRISTINA KENEALLY: I am interested also in the impact of the opening of the Lane Cove Tunnel upon congestion at the Sydney Harbour Tunnel crossing. Is a cashless system the solution? If so, why can it not go cashless tomorrow, as some have suggested?

Mr HANNON: The reality is that 70 per cent of people who use the Sydney Harbour Bridge use a tag, and 30 per cent do not. The number is where it is today, and it has been slowly increasing over the past several years.

Mr ANDREW CONSTANCE: She asked about the tunnels.

Mr HANNON: The bridge and the tunnel. The view that the RTA has formed is that ultimately it will be fully electronic. Until such time as the percentage who have tags increases to probably 90 per cent the impact of making it fully electronic now on the network generally will be significant. So, the approach we have used for quite some time, and that is why we have some lanes that are fully electronic, is a slow transition to ensure the system does not break down. It will be

progressively more tags and we expect the number of tags to increase fairly quickly because the Lane Cove Tunnel is fully electronic. The M7 is now fully electronic. Some others are likely to move in that direction as well. Throughout Sydney the expectation would be a continuing increase in the number of tags. When that number gets to 90 per cent, probably, at that point we will probably make the call. But there are some other considerations which Phil might explain.

Mr MARGISON: To reinforce what Mr Hannon said, if we introduce cashless tomorrow there will be increased congestion for some motorists because of the 30 per cent who do not have tags. As Mr Hannon said, the RTA constantly monitor the take-up and usage of tags on both the harbour tunnel and the harbour bridge. For some years we have been implementing additional facilities for tag users, both to respond to increased usage and to encourage other users to take up tags.

CHAIR: It seems from media reports that the e-tag lane is congested with a bank-up of traffic. The cash lanes moving more freely. So e-tag drivers were using the cash lane.

Mr MARGISON: On the approach to the harbour tunnel, in the e-tag only lane, there is a toll booth where you can get change, then there are two toll booths where you have to use exact change or an e-tag. There are facilities on both sides of the toll plaza for people with tags. Most people choose to use the e-tag only lane and that lane flows continuously. It appears longer because it is flowing and motorists are not held up behind someone getting change or fumbling for change. However, the usage of tags in the two booths that do have tag facilities is about 50 per cent, and that is where the 70 per cent comes from. Whilst it appears that the queue at the e-tag only lane is longer, in fact it is moving at a steady pace. It does not come up against a stationary vehicle.

Mr MICHAEL DALEY: You are still getting through quicker if you use a tag?

Mr STEVEN PRINGLE: I do not think so.

Mr MARGISON: If the people with tags thought that they would get through faster by using other booths I imagine they would be in those other lanes.

Mr WIELINGA: From an engineering and traffic point of view, when looking at the way that toll gates operate, there are different speeds that traffic come through those toll gates when they merge downstream of the toll gates and from what side they merge has a big influence on the way you design and when you make changes, when you get the traffic flows. When you look at people using those gates, 70 per cent have tags, 30 per cent use cash. They both passionately think that that ought to be the way they can pay their toll. Not everyone understands that you get a significant benefit from the free flow. The question becomes: what is a sensible way for implementing a full cashless strategy?

Having a staged approach to do that seems to be the commonsense way to do it. Let us take action to help us increase the level of tags, whether through marketing or the way we physically change the lay out of the tollgates. A recent example, that you are probably aware of, is the M2 where Transurban put two free-flowing lanes in either direction in the middle of the motorway with the cash booths out to the side. A staged approach. That has been successful in increasing the level of electronic tags that are being used. No-one disagrees about the outcome we are looking for. We need to think about, in a sophisticated way, what is a sensible way to do that with the community.

Mr STEVEN PRINGLE: Have you thought about making it a tunnel?

CHAIR: Order! The Hon. Amanda Fazio has the call.

The Hon. AMANDA FAZIO: One issue that was brought to our attention during the Cross City Tunnel inquiry was people who accidentally ended up using the Cross City Tunnel because they felt that the signage for exits and turning off to avoid having to use the tunnel was inadequate. What measures will you take to make sure that the signage is adequate and addresses all the criticisms that were made during the Cross City Tunnel phase of the inquiry so that people know what they are going to have to pay, know when they need to turn off, and everything else concerned with the operation of the Lane Cove Tunnel?

Mr HANNON: At the outset, I could say that the Lane Cove Tunnel is in a better position than the Cross City Tunnel project, because it is part of the Orbital. A huge number of customers will come down the M7 and then the M2 and go through to the Gore Hill Freeway. They will come the other way as well. Explaining to people where that motorway is will be pretty much in your face. The Cross City Tunnel, when you are coming from the Anzac Bridge, leaves quite a few people confused as to how you actually get to it. That is the first thing, which is part of the project.

The RTA has worked closely with the consortia from the very early stages, certainly that interface became much more regular after the Cross City Tunnel issues. We have been working closely with them to ensure that they have a good working relationship with the M2, so all of their customers can be fully aware of what they must do if they want to continue through to the Lane Cove Tunnel, or get off the Lane Cove Tunnel at Epping Road. They have been working closely also with us so we can ensure that we have appropriate signage on our message systems as well.

It is important for the RTA, and we certainly have our people working on this, is that now we have finished the Sydney Orbital itself, there is a real need for the RTA and probably for the Government to let people know exactly how the orbital works—that is the M5, the M7, the M2 and the rest. I suppose the short answer is much better communications on the back of the Cross City Tunnel experience, and working closely with the consortia to making sure the community knows.

The Hon. AMANDA FAZIO: You have spoken about much better messaging and so on. Mr Wielinga showed us in his presentation the map of the orbital system of roads. I think much of the problem relates to a lack of community perception that the orbital system works, though they use different bits of it for journeys they may want to take. What do you think we need to do to address this lack of awareness, to let people know that, if they are using one part of it, which is the quickest way to get wherever they want to go using the rest of the orbital network?

Mr HANNON: There needs to be a major campaign by us to alert the people of Sydney to the fact that the orbital is now complete. I think a lot of people did not realise that the orbital was an orbital until such time until as we finished the M7, because the M7 was that massive motorway basically from the south-east to the south-west. That really as the linchpin to making this a significant road to get around Sydney. The issue for us now is to mount a major campaign that tells people where they can get on and get off.

This is a critical issue. They need to be told what it is going to cost, so that they are not surprised. They need to be told that the way to really get around this system is to use their tag, because the systems are in place to let the people know what it costs. Accounting and the like are being improved all the time. From the RTA's point of view, we have some consortia out there who are eager to work with the RTA to get that message across. The Transurbans, the Macquaries and now the Lane Cove Tunnel Consortia are very eager to make sure that the network works because it is in all their interests for it to work, and it is certainly in the interests of the people of Sydney to make it work as well.

The Hon. AMANDA FAZIO: I would like to clarify part of the answer. Will the Lane Cove Tunnel have permanent signs about costs? It is not just going to use those variable message signs, as the Cross City Tunnel does, is it?

Mr HANNON: I would have to take advice on that.

Mr WIELINGA: I believe it is the case, but I would need to confirm that with their chief executive officer.

CHAIR: Are there any other questions that could be taken on notice?

The Hon. GREG PEARCE: What do you expect to be the usage of the tunnels when they first open?

Mr HANNON: As I have indicated, I expect the usage rate will be high when it first opens because it will be free.

The Hon. GREG PEARCE: Do you have a number per day?

Mr HANNON: No.

The Hon. GREG PEARCE: Could you get one on notice for us?

Mr WIELINGA: Yes, we can have a go at it.

The Hon. GREG PEARCE: Thank you.

Mr HANNON: As I indicated earlier, it is because of the ramp-ups and because of the fact that it is free.

Mr WIELINGA: It is probably very important to appreciate that when you look at traffic projections and environmental impact statements, what we are talking about is equilibrium traffic after the ramp-up period occurs. One of the most difficult things to do—

The Hon. GREG PEARCE: That is why I have asked you what you think will happen at the beginning, because we saw that problem with the Cross City Tunnel.

CHAIR: We will ask you to take that question on notice. Are there any other questions?

The Hon. GREG PEARCE: Do you expect there to be congestion at the entry to the twin tunnels at peak hours, from the beginning of the operation of the Lane Cove Tunnel?

Mr WIELINGA: Ian Hunt, the chief executive officer of Connector Motorways, said he expects the traffic to be free flowing.

Mr ANDREW CONSTANCE: Could I also get from you, on notice, the traffic projections for the harbour bridge and Epping Road once the tunnel opens? When the Lane Cove Tunnel opens, what are the traffic projections for Sydney harbour bridge and the Sydney harbour tunnel and also Epping Road?

Mr HANNON: We will get some information.

CHAIR: Are there any further questions on notice? We are proposing to allow ten working days from the day you receive the Committee's letter with the questions on notice. We thank you for your attendance and for providing all that information.

(The witnesses withdrew)

(The Committee adjourned at 4.52 p.m.)