

REPORT ON PROCEEDINGS BEFORE

**PORTFOLIO COMMITTEE NO. 2 – HEALTH AND
COMMUNITY SERVICES**

INQUIRY INTO ROAD TOLLING

CORRECTED PROOF

At Penrith on Wednesday, 12 April 2017

The Committee met at 2.00 p.m.

PRESENT

The Hon. G. Donnelly (Chair)

Dr M. Faruqi
The Hon. J. Graham
The Hon. T. Khan
The Hon. Dr P. Phelps

The CHAIR: I welcome you to Portfolio Committee No. 2 – Health and Community Services inquiry into road tolling in New South Wales. The Committee will inquire into a range of matters relating to the following regimes in New South Wales, including the processes for determining how tolls are set, how tolling contracts are negotiated, varied and scrutinised and opportunities to increase assurances to the public that tolling arrangements represent the fairest possible outcomes. Before I commence, I acknowledge the unique status of the Aboriginal people as the original carers, owners and custodians of these lands and waters, including the lands and waters of the Penrith city.

This is the second three hearings days that have been set aside that we plan to have for this inquiry. Today it is held at the Committee is at Penrith City Library. I thank Penrith City Council and its staff for their cooperation in making this lovely place available to conduct this hearing and for their kindness and assistance today. The Committee will hear from representatives from local government and community action groups.

Before I commence, I will make some brief comments about the procedures for the hearing. The people in the gallery are very welcome. I ask members of the audience to respectfully observe the discussion today. Please be aware that today's hearing is not an open forum for comment from the floor. Audience interruptions make it difficult, particularly for witnesses to communicate with the Committee. If interruptions come from audience members I may stop the hearing and ask for quiet or for those making the noise to leave the room. I do not expect that that will happen.

In accordance with the broadcast guidelines, I inform members of the media both local and mainstream media from Sydney who are here or who may be joining us that while Committee members and witnesses may be filmed or recorded, people in the public gallery should not be the primary focus of any filming or photography. I also remind media representatives that they must take responsibility for what they publish about the Committee's proceedings. It is important to remember that parliamentary privilege does not apply to what witnesses may say outside of their evidence at this hearing. So I urge witnesses to be careful about any comments they may make to the media or to others after they complete their evidence, as such comments would not be protected by parliamentary privilege if another person decided to take action for defamation. The guidelines for the broadcast of proceedings are available from the secretariat.

There may be some questions that a witness could answer only if they had more time or with certain documents at hand. In those circumstances witnesses are advised that they can take a question on notice and provide an answer to the Committee within 21 days. I remind everyone here today that Committee hearings are not intended to provide a forum for people to make adverse reflections about others under the protection of parliamentary privilege. I therefore request that witnesses focus on the issues raised by the terms of reference of the inquiry and avoid naming individuals unnecessarily. Witnesses are advised that any messages should be delivered to Committee members through the Committee secretariat staff. Please turn off or place on silent mobile phones. Today the Committee will hear evidence from Western Sydney Regional Organisation of Councils, Penrith City Council and Blacktown City Council.

CHARLES CASUSCELLI, Chief Executive Officer, Western Sydney Regional Organisation of Councils, sworn and examined

STEPHEN BALI, Mayor, Blacktown City Council, sworn and examined

KERRY ROBINSON, General Manager, Blacktown City Council, affirmed and examined

JOHN THAIN, Mayor Penrith City Council, sworn and examined

CRAIG BUTLER, Assistant General Manager, Penrith City Council, sworn and examined

The CHAIR: The Committee secretariat has received the submissions and incorporated them with other submissions. Submission number 103 is from the Western Sydney Regional Organisation of Councils [WROC], number 104 is from Blacktown City Council and number 94 is from Penrith City Council. Those submissions can be taken as read so there is no need to go into those submissions in a lot of detail. The longer the opening statements the less time there is for questions. Do you want to make an opening statement?

Mr THAIN: I would like to make an opening statement. As Mayor of Penrith City Council I will start by thanking the Committee for bringing this afternoon's session to Western Sydney. We warmly welcome you to Penrith. Tolls are a hot topic in our community, particularly the reintroduction of tolls on the M4 later this year—a road that tolls were so popularly removed from in 2010.

The reality in Penrith, and indeed in Western Sydney, is that we need our cars to get around. Research by Deloitte showed that 88 per cent of Western Sydney residents rely on their cars to get to work. Public transport options are limited—we have a railway line that has been here since 1863, which is great if you want to go to the Sydney central business district but so many in our community work elsewhere. Even travelling to a job in the broader Western Sydney region can mean travel on the M2, M7, M5 or M4 or a combination of these.

So the thought of having more tolls inflicted on our community causes emotions to run high. But I realise the Committee does not deal in emotion; it deals in fact. Here is a fact—tolls are a deterrent to business. I will provide two case studies today of local residents impacted by tolls. They are a deterrent to people starting out and joining the workforce. We have low employment self-sufficiency—there are not enough jobs for our residents so they travel, often long distances, to get to work. Two out of every three residents in Penrith have to leave our city each day to get to work. Despite this, our community has very high participation rates in the workforce, and Penrith's unemployment rate is lower than the Sydney Metro and the levels in New South Wales at 4 per cent.

Without suitable public transport alternatives, asking them to pay an extra \$6,500 per year to travel on a currently free road will burden families that are already paying for roads through petrol levies, compulsory third party and registration costs. The benefit of saving a few minutes on what is already a one-to-two-hour journey twice a day is negligible. Currently the M4 banks up not far from here, in St Clair during the morning peak, which is 20 kilometres before any potential improved flows will be felt. Our proposition to this Committee is that communities with poor public transport services and low jobs density should be compensated with a daily or weekly toll cap, just like users of Opal cards who have their travel capped at \$60 per week. We also propose the newly widened section of the M4 should not incur a toll charge—widening this section, which has been a parking lot for decades, should be considered business as usual for the government, not a new road attracting a toll. Thank you

Mr BALI: I echo the comments of Mayor Thain and also thank the Committee for coming out to Penrith in Western Sydney as it is very important. Western Sydney is one of the largest growth areas. We are looking at more than one million people moving into Western Sydney in the next 20 years, almost 20 per cent of whom will reside in Blacktown City. We have an extremely diverse population including culture, linguistics, skills, health, finances and economics. We have some of the most marginalised residents. Housing affordability is one of the many drivers that is resulting in the population growth. Many residents, due to their specialised skills, need to travel across Sydney for work. Long travel times adversely impact on quality of life issues and on their ability to spend much needed time in building family relationships. Free-flowing and accessible roadways, as well as public transport, including trains, are essential services for the people of the west.

I will outline some of our concerns. The first is affordability, including toll capping. Household incomes in Sydney's west are generally lower than those on the eastern seaboard of Sydney. Hence, a distance-based toll for the residents of Western Sydney, who have to travel longer distances, will have a devastating impact on families' disposable income. The current New South Wales tolling system is inequitable and unfairly targets those least likely to be able to afford to use toll roads. Excluding those who cannot afford tolls will result in longer travel times and less quality family time. Capping is an acceptable principle that occurs on toll roads in

Melbourne on single uninterrupted trips, and there is weekly capping on Sydney Train fares. It is not unreasonable to ask that a weekly cap be applied to Sydney toll roads. It should be no more than \$40 per week.

We are also concerned about performance-based tolling. Prior to the expansion of the motorways, average travel speed in peak hour was approximately 17 kilometres per hour. This would result in travel time between the proposed Badgerys Creek Airport to Sydney CBD in peak hour being almost three hours. As I said, the population of Western Sydney is expected to increase by about one million over the next 20 years. I doubt that when the new road network is completed it will improve speeds on current toll roads, let alone if they must accommodate the increased population. Why should people pay the maximum toll when the new road network will not match user needs? Tolls can be proportionally discounted when the average speed on a motorway drops below a guaranteed average speed.

Our third concern relates to fairness and equity in charges. When WestConnex opens, to travel by car from Marsden Park in Blacktown city to Sydney Airport will cost \$9.04, \$18.13 or \$21.74, depending on the motorways used. This convoluted, multi-operator system should be replaced by a centrally-coordinated system. When the WestConnex project begins to charge tolls in 2017, Sydney will have eight different tolling regimes. We will have a series of independently operated tolling zones, which does not make sense. We recommend that this Committee seek a technology-driven single tolling system that does not create a multiplier effect for drivers who move through these zones.

Tolls across Australia are categorised as applying to four different vehicles: motorcycles, cars, small commercial vehicles, or large trucks. Sydney has a two-category system. If you are driving a 16-tonne truck, you will pay the same toll as that paid by someone driving a 62-tonne truck. How can those people pass on their costs? Obviously the cost per kilometre for a small truck will be a lot more than the cost for a large truck. A small truck driver who rang me just before I came to this hearing said he was a subcontractor. He said that he had spoken to his contractor, who said that there was no way they would accept the higher costs.

Tolls should take into account public transport availability. We should have cheaper tolls that apply to trips from those areas with limited public transport options and higher tolls for routes with good public transport alternatives. We should also take financial hardship into account. Lower tolls could apply in socially disadvantaged suburbs. For example, we should have a cash-back system for socially disadvantaged areas to compensate low-income residents. Travel on the upgraded M4 should be toll free for the first two years of operation so that performance outcomes are proven against benchmarks and improvements to previous standards. As I said earlier, 17 kilometres along the M4 does not make sense. There is one extra lane, and I am sure that we will still be chugging along with the bottlenecks.

Finally, over the past 12 months tolls have increased by about 4 per cent. That is much more than the CPI, which is 1.5 per cent, or the average annual national wage increase until December 2016 of 1.9 per cent. The recent Fair Work Commission attack on weekend penalty rates in industries such as retail, which is where many Western Sydney workers are employed, will make tolls even more unaffordable. Toll increases should be no more than the CPI or the average growth in wages to avoid additional financial hardship to families.

Mr CASUSCELLI: I would like to add briefly to what has been said. From the Western Sydney Regional Organisation of Councils [WSROC] perspective, three structural inequities built into the tolling regimes need to be addressed. Some of them have been mentioned, but others have not. One of the inequities is the alternative to paying tolls on motorways; that is, public transport and free roads that are available for the people of Western Sydney. We are not talking about a small group of people; about 275,000 people head east every day and come back west. A fair chunk of them are road users.

The second inequity is that while road users may pay for the privilege of using the motorway, the benefit is not confined to the road users; the benefits are also enjoyed by those local communities that have had a fair amount of traffic, both private motor vehicles and trucks, taken off their local roads. They are now travelling on a motorway that goes under or around those local communities. That is a benefit to those local communities, but they are not paying part of the cost of the motorway. There has to be a better way of apportioning the road usage charged with where the benefits accrue. Let us be honest, if you look at WestConnex in terms of what it proposes to do, it is not a project only for the benefit of Western Sydney. It is a project that benefits all of Sydney; in fact some have gone further and said that it will have a dramatic impact on the national economy. Let us look at where the benefits lie and see whether there is a better way to apportion the costs.

The third thing amuses me. We know the background; that is, we know that the current tolling regime is a crude mechanism for recouping capital, paying off debt, covering operating cost and the like. It has very little to do with the other components of building a modern transport system. The third inequity is that even within a region, regardless of where you live—you could be living in the north west, the west or the south west

of Western Sydney—dramatically different charging regimes are applied. It varies from zero to thousands of dollars. The only reason that exists is that the tolling regimes are not based on the benefits accrued to the communities and some of the more strategic issues in terms of building transport networks. It simply reflects the business case at the time and the financial arrangements required to make it work and have it built in the first place. WSROC welcomes investment in infrastructure. Western Sydney will need its own very sophisticated transport network, public and otherwise. If it does not it will not be able to accommodate the extra one million people who will have to be accommodated and the extra 300,000 jobs.

The Hon. JOHN GRAHAM: Thank you for your submissions. They have been of real assistance as the Committee has started to grapple with these issues, which, as you say, are a real concern. I refer first to WestConnex and the aspect of the project that relates to the M4 widening. The Government's submission to the inquiry says that tolls are fair in that they apply the principle of user-pays, meaning that those who benefit most from the toll road pay. Given that you are now being asked to pay a new toll, simply to widen the M4, do you feel that is fair?

Mr THAIN: Well, I do not think it is fair for the roads that have been untolled for a number of years, particularly James Ruse Drive, Silverwater Road, Hill Road and Olympic Drive, they have all been free for a number of years. There is really nothing added to that. If you are going to put the toll on, put it on the new section of the road which is WestConnex only. That is what we believe.

Mr BALI: The other aspect really is, we do not even know how successful this additional lane will be. As I said previously, the average speed of 17 kilometres an hour in peak hour is atrocious. I live in Doonside and travel to work at Granville and now is the school holidays, it is supposed to be the easy time to get to work but I have to actually get up earlier by half an hour to do it. I don't know what has happened in the last week or so—it must be this toll inquiry. The amount of people using the road, you are just bumper to bumper. As Mayor Thain indicated before, it is around St Marys, then you get a little bit of a run through Mount Druitt and Eastern Creek and then you hit Blacktown and Reservoir Road, you have got two entrances there. You are chugging along all the way through to Parramatta. And I know the argument will be that they are expanding the road and there are road works et cetera, but this has been the case for many years.

The Hon. JOHN GRAHAM: And many of the submissions to the inquiry—in fact, I would say the majority of submissions to this inquiry—feel like this road has already been paid for.

Mr THAIN: Exactly.

Mr BALI: Exactly.

The Hon. JOHN GRAHAM: Do you agree with that view?

Mr THAIN: Yes.

Mr BALI: Well it has been paid for in spades and then, it finally got taken off, I suppose—I have forgotten when?

Mr THAIN: 2010.

Mr BALI: In 2010 and now it has come back on and as Mr Thain said, you know, where is the benefit? At the moment we have not seen anything and I think performance-based tolling, if you are going to have tolls which, obviously, we are not too wild about—

The Hon. JOHN GRAHAM: So we will come to the issue of performance-based tolling. I just want to stick with this for a minute. I want to talk about a similar project to the M4 widening and that is what happened on the M5. It was a \$400 million project and I want to quote from the Treasury website, because the Roads and Maritime Services [RMS] was unable to confirm this yesterday. But this is what the Treasury website says about that project—a similar project:

The RMS and Interlink Roads reached final agreement to widen the M5 southwest motorway to three lanes in each direction between Beverly Hills and Prestons. This \$400 million project was funded through two things, a 3.3 year concession extension and an increase in truck tolls to three times car tolls.

That is from the Treasury website. The M4 widening is going to cost \$500 million, that is only \$100 million more. It is going to have a toll on it for 43 years. So 3.3 years, compared to 43 years. Is that fair?

Mr THAIN: No, it is not.

Mr CASUSCELLI: I just want to take the community's perspective for a moment, forgetting about the financing arrangements, because there are arrangements get entered into. Let us consider it from the community's perspective. The Government has been on the record as saying that any increase in tolls has got to

be demonstrated to us as some value proposition. There has got to be a reduction in travel times, there has got to be clear benefits associated with the imposition of tolls or the imposition of new tolls. For WestConnex, the reality is that there has been a widening of the road. There is new pavement. The old one has been ripped up and a new one laid down. So there is a cost associated with that. But from a community's perspective, they do not really care. What they care about is, if I am going to be paying a toll, am I going to get a better journey going to and from work? So just look at the commuter.

The Hon. JOHN GRAHAM: But don't they care how high the toll is and for how long they will pay it? Is that not something they care about?

Mr CASUSCELLI: Well I think there is a second order issue. If the tolling is reasonable and the value proposition—

The Hon. JOHN GRAHAM: Is it a second order issue for 43 years? That is what we are talking about here.

Mr CASUSCELLI: I do not think the communities think of it in those terms. I think the communities think about: If I am going to have to pay a toll, am I going to get to my work sooner and get home sooner to my family? For WestConnex, I do not think it is a secret, our position is that we are calling for a suspension of tolling on the eastbound carriageway of the M4 duplication, simply because the value proposition will not be there until Stage 2 is completed. So the reality is, for someone going to work in the morning, there will not be a reduction in travel time because they still go to the same set of traffic signals on Parramatta Road.

The Hon. JOHN GRAHAM: Thanks for that. So I understand the benefits. This is 13 times the period of tolls. At the moment the Committee has been provided with no explanation about why the difference between what look like, on the face of it, two very similar projects. Have you been provided with any explanation for the length of those tolls?

Mr THAIN: No. Can I also say, 13 times over that period but it is the increases in tolls over that much longer period as well that we are up for and a lot of it on infrastructure we have already paid for over and over again.

The Hon. JOHN GRAHAM: Yes, so let us come to the tolls.

Mr BALI: It is also the affordability of people in this area. The facts have shown that the average income of people in western Sydney is a lot less than what you would see on the eastern seaboard, as I said before. So the impact financially on the day-to-day household budget is going to be tremendous. And if you then elect not to go on the toll road and to go on the back streets, then you are going to have an even longer trip. In the end, let us face it, we as a government, whether it is local, state or Federal, we are here to build a good society and how can we say that we are helping society if we are forcing mums and dads out there to be a longer time away from their families? And then you get people screaming out about delinquent children not being looked after.

The Hon. JOHN GRAHAM: I want to stick with the specifics just for a minute, which is the WestConnex website says the maximum toll for this section will be \$4.21 in 2015 dollars. It predicts 163,000 vehicles a day will be using it in 2031. So the toll revenue coming in every year is hundreds of millions of dollars for a \$500 million project. Should not this toll be coming off in three years' time, not in 43 years?

Mr BALI: Absolutely. The finance should match the cost because basically the way you are doing it is an additional cost impost on western Sydney and forcing them not only to pay for this road but to pay for all the infrastructure around western Sydney.

The Hon. JOHN GRAHAM: And is not that what is really going on here? Motorists in western Sydney are paying for other bits of the network. That is what is really happening.

Mr BALI: Well it is basically a tax increase just because you live in western Sydney. It is disgusting to say that we have got to pay more just to live in western Sydney.

Mr THAIN: By 2019 they are going to be paying \$6,500 a year, that is what they are really up for. Within a few short years it is a really significant amount for people in western Sydney. That is why we believe that it should be capped, similar to the Opal Card, because then it is equity for everyone across the city, whether they travel east or whether we are traveling west.

The Hon. JOHN GRAHAM: And is not that what is really going on here, with the amount that your community is being asked to pay? People in Penrith are being asked to pay for people to commute from Rozelle to St Peters. Is not that what is going on here?

Mr THAIN: Yes.

Mr BALI: Yes.

The CHAIR: Hansard does not record a nod.

The Hon. JOHN GRAHAM: You need to answer for the benefit of the record. Nodding is appreciated but not good enough. I will come to your point, Mr Thain, about the increase in the tolls. So these tolls are 4 per cent, going up each year by 4 per cent or by the CPI, whichever of those two is higher. At the same time, tolls on the Harbour Bridge have not gone up since about 2009, so they have not increased at all. These are going up at the second highest rate around the country. Is that fair?

Mr BALI: Well, it is atrocious. It is the double standard I suppose that is coming across. Council rates are being capped at 1.5 per cent and yet they are saying toll increases are going to be either 4 per cent or CPI, whichever is higher. And it is just ridiculous. You either have a standard of what the Government believes in, that should be increases, or you do not. You cannot simply say for private operators, you get the benefit of a 4 per cent increase; if you are local government, trying to provide good local services, you are going to have either zero per cent, if you are an amalgamated council, or 1.5 per cent if you are an existing council, which does not make sense.

Mr THAIN: And I think Mayor Bali said earlier that there should be a standardisation of how they are charged across the city, so that there is a standard and a standard price increase, if there is one, as well.

The Hon. JOHN GRAHAM: Yes, you said in your submissions that you do not believe they should be going up above the CPI. They are going up above the CPI and by 2060 that is going to add up by a lot. You are calling for it to be reduced to the CPI. We are talking about an even bigger comparison here though, where they are not going up at all on the Sydney Harbour Bridge or the Sydney Harbour Tunnel.

Mr THAIN: Which is inequitable.

The Hon. JOHN GRAHAM: Yes. Any other views on that question?

Mr BUTLER: I think we have got a vehicle established to determine equity in price inflation for infrastructure provided by government or provided by the private sector on behalf of government and that is the Independent Pricing and Regulatory Tribunal, so we strongly believe that IPART should play a role in determining escalation.

The Hon. JOHN GRAHAM: So would you welcome IPART casting an eye over this process to deal with the inequities that you are observing?

Mr THAIN: I would certainly welcome them having a look over the whole process, yes.

Mr BALI: Well the other aspect apart from IPART looking at it, is that not only have we got the toll that hits us but we are travelling longer distances. So we do not want distance-based tolling because living out in Penrith or Blacktown and travelling into town or to south-western Sydney or the North Shore it will add extra costs. The other aspect is that by travelling extra kilometres you are using more petrol and you have to pay more petrol tax—obviously per litre you have to pay extra. So we are getting hit left, right and centre as far as expenses being dumped on Western Sydney and that is where we lose the fairness and equity in the debate.

The Hon. JOHN GRAHAM: The Committee was referred to some good research yesterday that looked at that question for the first time. It said that all of these things add up. You might pay one toll but if you are looking down the barrel of paying a number of tolls it all adds up. It looked for the first time—University of Sydney research—at the idea of how much is too much for toll road users and said that for the first time Sydney might be reaching toll saturation point. People just cannot pay on top of these other charges toll after toll after toll. Do you believe that we have reached in your communities the saturation point for toll payments?

Mr THAIN: I do, and not just for our residents but for our small businesses that are here as well. It costs them an enormous amount of money in tolls if they are doing work in the city compared with someone closer to the city who they are competing against. If a company had to send a couple of vans into the city and it was there for about six months it is going to really affect their costs, and if they tender against it that will make it very difficult for them because they already have a huge amount of money that upfront they have to look at before they tender as well.

Mr CASUSCELLI: The answer to your question in more detail is that it depends where you live. There are parts of Western Sydney where they do not pay tolls and other parts that pay an extraordinary amount of tolls. But I would err on the side that the tolling regime at the moment unfairly applies on the budgets of those in Western Sydney generally.

Mr ROBINSON: Could I make a comment in relation to IPART's involvement and draw a parallel with the valuable role that IPART plays in relation to local government in looking at developer charges?

The CHAIR: Yes, please.

Mr ROBINSON: I make the point that just because IPART is involved does not necessarily mean that absurdities in the system are not allowed to continue. The brief that IPART has is the most important thing. What I am referring to in our space is at the moment IPART reviews section 94 contribution plans to look at their merit, but government policy precludes us letting for community facility buildings in release areas. So we have no source of funding for libraries, pools and community meeting halls. It is the scope of IPART's involvement that is all important.

The CHAIR: That is a good point.

Mr BALI: Just picking up on that point. Once again to reiterate that small lorry drivers—the ones driving the 16 tonne trucks—subcontractors, small business, family owners that work in a precarious type of employment relationship, if they are going to start paying thousands of dollars compared to the B-doubles, et cetera, their capacity to pay is diminished and they will not be able to pass it on. Has Western Sydney reached that toll saturation point? Let us look at the employment statistics. They say in Australia, from the statistics that I have seen, that about 50 per cent of the whole workforce is in full-time employment; you have about 33 per cent casuals and 17 per cent permanent part-time. That would probably be more skewed against Western Sydney residents working in retail, et cetera, all the precarious employment. How can they afford these increases in tolls?

Mr BUTLER: The final point I would make is that I welcome the inquiry. I think it is time in Australia for a big discussion about where money is being directed. Roads certainly are helpful for getting people to a broad range of jobs but are we going to hitch so much of our investment in roads with twentieth century infrastructure? If you have an Opal card you can only ever pay just over \$3,000 to get to work or to move around the city. If you live in Western Sydney, a household will spend a minimum of \$22,000 annually for the same luxury. There is around \$18,000 that is directed towards roads and tolls and charges. Imagine what could be done if some of that money was liberated across Western Sydney. Imagine if that could be directed to more affordable housing or to bringing down mortgages or to secondary education. We are tying up all this revenue and I think it is in the national, State and community interests to release some of that revenue rather than directing it into roads infrastructure alone.

Dr MEHREEN FARUQI: Good afternoon and thank you for inviting the Committee to Penrith. You have all given your opinions on the inequity and unfairness for people living in Western Sydney who now have to pay more tolls and also travel longer distances. The Committee has heard evidence, for example, that when a new toll road project is about to be planned comparisons are made with just the current situation in looking at the benefits of that toll road and not necessarily at other alternatives that could make the situation better such as public transport. Do you think there is a gapping hole in how projects are chosen?

Mr BALI: I think to a large extent the Greater Sydney Commission at least for the first time in many years is trying to do a plan that looks across the Sydney Basin. The State Government is also looking at the transport, the rail infrastructure needs across Western Sydney. It is time before we actually start putting more and more tolls on people and just doing one-off projects that we actually sit back and look at the impact of having an extra one million people in Western Sydney. These numbers are phenomenal. They might just roll off the tongue but Blacktown City is going to be growing in the next 19 years, by 2036, which is not that far away when we think about where we were in the year 2000—the Sydney Olympic Games, which most of us probably remember quite vividly—and we are going to have a growth in population from 350,000 to 520,000 for people living in one local government area, in Blacktown. Do not worry about the toll roads we will not be able to go from Riverstone to Blacktown, let alone getting out to Penrith or anywhere else.

There is no concentrated State Government plan to tell us the State roads, the rail needs and an integrated transport system. Once the residents of Sydney Basin know how you can move around—whether it is to the North Shore, to Manly beach, down to Cronulla or out across the west—and the public realises how much the total cost of the transport system is then you may have a bit more support I suppose for some type of tolling system as long as there are caps and you are taking on their needs. At the moment it just seems like a confetti of ideas thrown around but there is nothing really promised to actually deliver transport needs.

Mr CASUSCELLI: I must declare a bias. I am Roman, so we have built lots of roads in our day. You need roads if you want public transport efficiency because without an official road network you cannot get the other forms of public transport to work. I remember waking up every morning for four years having a look at what was happening in the area between Strathfield and the Sydney central business district [CBD] in terms of

the traffic silos described by Parramatta Road and its effect on local community in terms of decreased faith, increased congestion, environmental issues, and pollution. I remember that I could not understand why the Government had not made a decision about building an extension from Strathfield on the M4 and connecting to another motorway somewhere—it did not matter where. I think New South Wales was the only State in the world that had a motorway ending at a set of traffic signals right in the middle of the Strathfield electorate.

Are we choosing the right projects to be delivered at the right time? That is a really good question. In terms of trying to fix a problem with our city, WestConnex does attempt to do something—it is addressing an issue that has been here for an awful long time—but WestConnex is now going to introduce a whole bunch of new inequities for the people of Western Sydney. That is the reality. One small part of Western Sydney did not pay any money to get to the CBD and all of a sudden they are going to have to pay a fair chunk of money. We have a real crude application of some of these things on our motorways. Distance-based tolling in terms of how we apply it in New South Wales does not work. It does not really acknowledge that a traveller from Western Sydney does not use one motorway, often they use multiple motorways. Having a cap on a single link does not quite work because you need journey caps. It takes me a while to get to where I need to go with multiple links. Therefore, give me a journey cap. That solves some of the problem.

Today we have the technology available to us. When we apply a charge to someone we can actually say that they are from Penrith, their public transport options are rather limited and so they should not be paying the same toll for use of the motorway as someone who is living at Five Dock and getting on to WestConnex. We now have the technology to do an origin and destination analysis so you can apply differential charges. The issues of inequity are no longer a technological challenge; it is a challenge for government policy.

Mr THAIN: Our residents do not have much choice. They have to use their motor car to get to where they are going because there is a lack of public transport to some areas, particularly if you are travelling north to south. I give credit, as Mayor Bali said, to the Greater Sydney Commission [GSC] that they are looking at integrated networks. It is really important that we look at public transport in the future. I am going to push my little barrow here, but I think a north-south rail line would be incredibly beneficial to the people from our region because there would be a link that would tie Campbelltown to Penrith and then on to Windsor, et cetera. That would mean that you could get a lot more people out of cars and using heavy rail.

Dr MEHREEN FARUQI: Mr Casuscelli, you were saying earlier that WestConnex provides benefits for the community. Many in the community and experts would argue that WestConnex does not provide any benefits to the community. We are hearing today that at this point in time with the re-tolling of the M4 there is literally no benefit but a cost to Western Sydney. The Government is justifying that toll by saying it has to build the rest of the road and that is why it needs to put this charge on. Do you have any better models for funding something like that if the Government wants to push ahead with it that would be more equitable to the community?

Mr ROBINSON: I will answer that and also touch on your question of equity. If one is to use a tolling system, it is applying the tolls to the relevant cost of the bit of infrastructure that you are using, not applying a toll somewhere else to fund a piece of infrastructure in another location. To come back to your more fundamental question of equity, in Western Sydney we need to continue to advocate for equity because there is so much in the delivery of government services which is inequitable. Whether it is medical research, arts and culture funding, the distribution of higher education places and a whole range of things, there is a disparity between the east and the west of the city. About two-thirds of economic activity in Sydney happens in the east of the city and only about one-third of economic activity happens in the west. That, plus education, plus medical services means that people in the west need to travel more than people in the east. That is a fundamental thing. Our land economy reflects that.

People make housing choices largely geared to affordability, which means that those with the least capacity to pay must select houses in the west of Sydney. A particular challenge in moving to distance-based tolling, which is advocated by some, means that the cost impost is greatest on those that are already the most significantly disadvantaged. How we transition from one model to another is important because we frequently think of old tax and new tax rather than what the transitional arrangements need to be. If we are to move to a distance-based regime, how we adequately compensate those who are already disadvantaged and will be further disadvantaged is particularly important and relevant to our communities.

Mr THAIN: It is changing the subject a little bit, but we need job density in Western Sydney. We need to stop 65 per cent of our people travelling east every day. The work should be closer to where we live. That is what should be happening. You are going to reduce the need for toll roads then if people have the ability to work closer to where they live.

Dr MEHREEN FARUQI: I could not agree with you more. Also there is one company, Transurban, which owns and operates the vast majority of toll roads in Sydney and New South Wales as well as in Australia. Do you think that with such little competition the public is not getting value for money because we have this meta-monopoly called Transurban and in negotiation it has a bigger influence on government? Is that one reason why there is no competition in setting tolls and why there is unfairness and inequity as well? Is that something you would like to comment on?

Mr BALI: Arguably it is really the role of the State government. They are the bigger entity in the room. Transurban has been lucky enough and saw the opportunity to make lots of money—living in a capitalist world, good luck to them—by buying up roads. If they can make so much money I suppose the typical question that comes to me is why is it not owned by super funds or why does the Government not run toll roads given that instead of the profits going into the back pockets of some shareholders, it gets spread to the Government and therefore we can build more roads from the profits that they make? It is really a rhetorical question back to the Government of why do they allow one operator to have a monopoly? How does the Australian Competition and Consumer Commission [ACCC] and everybody allow a monopoly to take place? You do not just deal with one supermarket entity, do you? There are a few out there. Why is the Government allowing one entity to do it? Secondly, it comes back to our other argument that should there be a daily cap on road usage. If you have Transurban that owns most of them, it should be pretty easy to apply a daily or weekly cap for the use of our roads.

Dr MEHREEN FARUQI: We also heard evidence about non-competition clauses in contracts with road tolling companies. Some contracts have non-competition clauses, for instance, on not providing alternative public transport. Do you think those sorts of conditions really hamper value for money for the public?

Mr BALI: It does. Once again, I do not want to sound like we have a chip on our shoulder in Western Sydney and look at how we are disadvantaged, but closer into the city most of the railway stations have been upgraded and have lifts. At our vast majority of stations or some stations across the Blacktown local government area we are still waiting for lifts. There are no lifts at Doonside railway station. There is no commuter car park. By not building commuter car parks, you are forcing people to go on to the road to travel into town for that freedom of moving to exactly where they are working. Not everyone works in Sydney, you work all over the place. It really comes back to having a coordinated policy.

You should not be funnelling people so they do not have a choice, they have to use the motorway and have to pay, and if they do not use the motorway it is going to take an extra hour or two hours out of their day. Instead of arriving home at seven o'clock at night you are arriving home at nine o'clock and the kids are in bed. Is government here to provide a society where we can actually look after our kids or not? In the end they are our next generation, our future. If parents are not spending enough quality time with their children because you are forcing us, if we cannot afford to use the toll roads, you have got to go on the side street and if you go on the side street there are so many obstacles it adds so much more time that it is just ridiculous. The Government needs to look at the bigger picture.

Mr THAIN: It comes back to inequity again because it actually stops competition and stops us having the opportunity to look at other avenues because there is a monopoly.

Mr BUTLER: In the twenty-first century also I would like to think that we could agree as a nation that there should not be barriers to us having integrated transport infrastructure and being as productive a city and nation as we can be. The great global cities that we travel to are not known necessarily by their roads; they are known by the fluid movement of workers in short bursts of time to get to a range of services and jobs by public transportation. We in Western Sydney would be offended by contracts and other deals that cut against and mitigate against public transportation.

Mr CASUSCELLI: Dr Faruqi, I am aware that in previous governments' policy as part of the negotiation process for a motorway there has been capacity constraints applied on adjacent routes to motorways. You do not have to be an Einstein to work it out. But I am not aware of where there has been non-compete clauses that affects public transport. The M2 has a bus lane through the centre of it. When WestConnex is finally built I know that the local bus services will have their own bus lane on Parramatta Road and it will free up the capacity, coverage and frequency of some of the public transport around the inner west, for example. So I would agree with your proposition that the capacity constraints associated with negotiating those motorways have an adverse impact on the resilience of our communities.

Dr MEHREEN FARUQI: I can tell you that we were told by Transurban that there are non-compete clauses in contracts on public transport.

Mr CASUSCELLI: Non-compete for what, though?

Dr MEHREEN FARUQI: For public transport, and that they will provide a list of what contracts have them. They have come out with the minutes of the meeting.

Mr THAIN: Mr Chair, before I forget, could I table some case studies on people in Western Sydney?

Documents tabled.

The Hon. Dr PETER PHELPS: To both of the mayors, could you both agree that the M4 has been a good thing for Western Sydney or would you prefer that people commuted along Parramatta Road, the Great Western Highway? You are not fundamentally opposed to the creation of new multi-lane highways, are you?

Mr BALI: You need them.

Mr THAIN: But there is not much difference probably over the last couple of years between Parramatta Road and the M4.

The Hon. Dr PETER PHELPS: But if the M4 had not been built, then Parramatta Road would be even worse. It is just that there are people who do have an ideological opposition to multi-lane roads.

Mr BALI: No, you need them.

The Hon. Dr PETER PHELPS: That is not your position; it is basically about the equity measures of who pays for it?

Mr BALI: Who pays for it, yes.

The Hon. Dr PETER PHELPS: Getting onto that, the standardisation of charges across Sydney I think was raised. How would you actually envisage that? Are you saying that we should break the existing contracts on the M5, M2, Eastern Distributor and M7 and then re-open it to interpretation by IPART, or are you only speaking prospectively of new motorway charges?

Mr BALI: In the end it is the State Government that knows what these contracts are. Obviously, as mayors of our respective towns, we would not have negotiated those types of contracts, but we are not in State Parliament. So it really comes up to I do not know what the terms are or what your recontracting is or how you increase tolls. I assume that health costs have to go through some type of ministerial sign-off; so if you can actually stop toll increases for the next five years it would be great. I do not know what is in your contracts, obviously. We are just hearing about non-competitive clauses, so it is something that the Committee needs to ask the Government that signed the contracts.

The Hon. Dr PETER PHELPS: I am surprised that you say that, considering that the uplift clauses for them are, in fact, publicly available for all of those roads which I mentioned and, indeed, for the proposed NorthConnex, the Lane Cove Tunnel and the Cross City Tunnel.

Mr BALI: You might be employed fulltime to be parliamentarians, but as mayor we need a day job and we cannot read every single thing. I know the administrators have been appointed and get \$300,000 to do the job of a mayor, but anyway, as mayors we are only on a humble allowance and do not get super.

Mr CASUSCELLI: Dr Phelps, there seems to be a consensus among some of the professionals that deal with this every day that the only entity who is in a position to actually—and they use the term the harmonisation of tolls across the existing toll network and the new motorway that is about to come on board—that there should be some dialogue between the private motorway operators and the Government to see a way forward in terms of harmonising the tolls through some sort of new regime.

The Hon. Dr PETER PHELPS: Are you suggesting that the Government unilaterally breaks the contracts that it has with Transurban to either give the ability for the existing tolls to be increased or decreased or amended in some other way for harmonisation? Are you suggesting that the State Government breaks a series of long-term contracts? Is that really what you are suggesting?

Mr CASUSCELLI: No. What I am asking for—

The Hon. Dr PETER PHELPS: Have you thought about the consequences of what that would mean for long-term infrastructure projects in this State?

Mr CASUSCELLI: You jumped from me suggesting a dialogue between the entities that are capable of coming together for the benefit of the community and their businesses to begin a dialogue that ultimately sees a significant community benefit, benefits for the government of the day and future governments. No, I am not suggesting they need to break contracts—and contracts can be broken if the parties agree to it. What I am suggesting is that the dialogue be initiated with the leadership of the State Government to see whether there is a way of harmonising these tolls, where the benefit to the community outweighs everything else. At the moment,

the benefit from these things is weighted not to communities but to the people that invested in the thing in the first place. The reality is that most people would say that whenever those negotiations took place most of the talent was on the private sector side, not the government side.

Mr BUTLER: I think that the proposition is, on behalf of our community, that when a deal is a bad deal and a bad deal for decades, we would like to think that government would find a solution to that bad deal.

The Hon. Dr PETER PHELPS: And what is that solution that you are suggesting?

Mr THAIN: I think the proposal was for IPART to look at—

The Hon. Dr PETER PHELPS: At existing tolling.

Mr THAIN: Look at the existing contracts.

The Hon. Dr PETER PHELPS: That is not the position of either the Government or the Opposition. I will be told that I am in the wrong—

Mr THAIN: Could I finish, Mr Chair?

The CHAIR: You asked the question and the mayor should be able to answer it.

Mr THAIN: I think the proposition was for IPART to look at it and look at standardisation of increases in the tolls. I do not think anyone is proposing to actually break contracts. I am sure if it is just one company there can be some negotiation between the company and the Government.

The Hon. Dr PETER PHELPS: NorthConnex will cost roughly \$3 billion, M5 cost \$380 million. Are you suggesting that people coming in from Bankstown should, effectively, subsidise the NorthConnex project? Because that is what harmonisation would mean: you would see lower tolls on NorthConnex and higher tolls on the M5. Is that really what you are suggesting?

Mr THAIN: I think the suggestion was that IPART have a look at it; they could make some recommendations.

Mr ROBINSON: I think an alternative way of looking at it is that many of the services which are delivered by government are delivered equitably across the city. Health services are delivered broadly across the whole of the city. There are disparate needs in various parts of the city and they are funded from a broad tax base so that there is a service delivery matching demand. That model could be applied in terms of transport funding.

The Hon. Dr PETER PHELPS: In relation to the daily cap proposal, who would pay the difference to Transurban? Who do you suggest? Is that going to be made up by taxpayers? Who would pay the difference between the capped amount and what would be the normal cost of tolls?

Mr BALI: The questions you are asking are extremely valid and something that the Committee needs to be looking at as far as what are the contracts, looking through where the costs are and the different options. Possibly you need Transurban down here to discuss the different ways they may negotiate. They probably would not want to do it in a public forum.

The Hon. Dr PETER PHELPS: Actually, they discussed it yesterday in a public forum in Parliament House.

Mr BALI: Okay, well if you are negotiating it is up to you how you negotiate, but in the end, maybe at the time of doing any more new toll roads, you might want to negotiate that in public rather than behind closed doors as well. But we were talking earlier about the new charges that the M4 is going to be putting back on. The people of Western Sydney did not have a say or a discussion or some type of input into the types of tolls—what we are prepared to pay or have a discussion. The Government, behind closed doors, has sat down—as you do in negotiating contracts—and has signed off the contract. Now you are coming back to us to say come up with a solution of how the Government can break the contract. Well, we did not ask you to sign that contract in the first place; we did not want to pay tolls in the first place.

You are only adding one extra lane, which we do not even know is going to have a major impact. The role of government is to make sure that people can flow around the city and do things—you have got to deliver it. How you deliver it, what type of tax base you have, how you raise money is something you guys have got to look at it. When your budget comes out in June, work out how things are going to be funded.

The Hon. Dr PETER PHELPS: Councillor Thain, Emu Plains is in your LGA, is it not?

Mr THAIN: Correct.

The Hon. Dr PETER PHELPS: What will the proposed tolling arrangements mean? What additional charge would the proposed tolling arrangements mean for a person who lives in Emu Plains and commutes to, say for example, Police Headquarters in Parramatta every day?

Mr THAIN: I cannot tell you off the top of my head. I can tell you what the full freight is: \$421 for the whole rate.

The Hon. Dr PETER PHELPS: How many tolling points are there between Blaxland and Parramatta?

Mr CASUSCELLI: There is one at Church Street on the other side. You would have to get off at Church Street and you will not be tolled.

The Hon. Dr PETER PHELPS: That is correct. In other words, these arguments about equity only relate to those people who go past Parramatta. Have you done any studies? Do you have any figures which indicate the number of commuters who actually get off at Parramatta and what percentage of M4 motorway users get off at some stage before Parramatta, yet use a section of the M4 in that period before Parramatta?

Mr BUTLER: The Government has all of that information at hand in the journey to work data, and they know that 88 per cent of our workforce—and it is a fairly typical standard for Western Sydney—commute all across metropolitan Sydney. They are a particularly hardworking community and they are commuting a long distance; most of them are multiple trips along multiple motorways.

Mr THAIN: Could I also say that there is probably a great deal of our residents that live in Emu Plains that have accessibility to public transport to Parramatta and will utilise that.

The Hon. Dr PETER PHELPS: At the current time is it correct that people in Penrith go via the M4, M7, M2 and Lane Cove Tunnel as a quick way to get into the city and pay the tolls along the way?

Mr THAIN: Correct.

The Hon. Dr PETER PHELPS: Why would you not be supportive of the construction of a direct route to fill that missing link between Strathfield which would allow them easier access into the city? They can stay on the M4 all the way along.

Mr THAIN: But if you were on the M4, M7, M2 and the Lane Cove Tunnel you would probably be going to the north of the city rather than across the bridge. You are talking about the opposite direction. It takes far longer to go completely through the city to go to North Sydney than it does the other way.

The Hon. Dr PETER PHELPS: Possibly except today on the bus the Committee travelled our professional driver took us from Parliament House in the central business district, over the Sydney Harbour Bridge, on the Bradfield Highway, through the Lane Cove Tunnel, along the M2 and then along the M7 because that professional driver realised it was the quickest route, despite the fact that there were tolls occasioned by it.

Mr THAIN: Which probably cost you about \$28 a trip.

The Hon. Dr PETER PHELPS: That is right, so why are you not supportive of a tolling arrangement which will build that missing link that will connect Strathfield to the city?

Mr THAIN: We are not saying that we do not support it, we are saying that the toll for it should be fair and it should be capped.

Mr CASUSCELLI: There is a clear value proposition, a line of government rhetoric of the day, which is that that we will not be applying tolls unless there is a clear value proposition, that is, reduced journey times. Our position at the moment is that there is very little evidence from both professionals and others that the M4 duplication will deliver in the east bound direction the sort of savings that would say to the community "It is fair and reasonable for you to pay these tolls" regardless of what they may be.

The Hon. Dr PETER PHELPS: In relation to road user benefits, when the motorway stops at Strathfield, as you would know Mr Casuscelli, there is a major traffic problem on that missing stretch.

Mr CASUSCELLI: Called traffic signals.

The Hon. Dr PETER PHELPS: The creation of that will necessarily have flow-on benefits, will it not, for the entire length of the M4 because once you clear out that bottle neck no road exists in and of itself; it is connected to other roads, and more particularly, that section is connected to the M4. Is it fair to say that the benefits that you will get from building WestConnex will have flow-on effects to users of the M4?

Mr CASUSCELLI: Stage one, absolutely not. The reason I can say that with absolute certainty—

The Hon. Dr PETER PHELPS: But we cannot snap our fingers and build things overnight.

Mr CASUSCELLI: I understand. The bottom line is: is there going to be of any benefit to users of the M4 in the eastbound carriageway in the morning commute? The answer is no. The reason it is no is because the entire road network around that set of traffic signals at the end of that motorway is in a chronic state of congestion already, without the increased efficiency of bumping even more traffic on the same end of the traffic users sitting there pre the construction of the M4 duplication. However, I will say, for the Government's benefit, that in a westbound direction because you have now got additional capacity going westbound, as soon as you clear that bottleneck at Parramatta Road and the M4 you will have a dream run getting back to the west.

Our position is a clear demonstration of value proposition—happy to pay as long as it is not too much, and there is a certain element of equity, but in the eastbound stage one there is no way that there is a value proposition and that any toll should be applied. Stage two, I would grant you, that the area between Strathfield and Ashfield, after stage two is completed, will be a wonderful place to live in terms of increased amenity and safety and more reliable public transport.

The Hon. TREVOR KHAN: Before we conclude, could I apologise for my absence. I had to deal in my other role as Deputy President with a problematic Parliament.

The CHAIR: Do you want to make any final comments?

Mr THAIN: I would like to thank all of you for coming out to Western Sydney. We greatly appreciate the opportunity to have some input to the inquiry. I hope that the inquiry has a good result.

Mr BALI: I too thank you for holding this inquiry and for travelling by bus to see Western Sydney. In summary, as we have talked about before, you have to see a demonstrable increase in flow of traffic before you start whacking on a fee on people. Stage one, as we have been advocating, even in the short-term that the fee toll is waived. Stage two, when you can start to see some benefits, fine have the fees in there. I welcome the inquiry and the questioning was really good. Hopefully the inquiry will examine ways to look at the cost benefit of breaking a contract if it is going to cost a State a little bit, fine, but you guys need to work out as far as the impact and the bottom line of affordability of the contract. But it needs to be re-assessed. I think as we move forward, hopefully we have been able to demonstrate that you cannot look at one road in itself each time and then come up with a toll base on that road.

If you are at a situation where the Government has signed some type of contract for 43 years, if we are going to pay for this one road over and over, something like 20 times over, what benefits are we going to get in Western Sydney? The ability for families to build that social connection and social harmony for parents to take their kids to local sporting organisations et cetera, it all depends on the ability of how much time that the family can spend together. This is something that hopefully is not glossed over. We have to travel longer, yes we support multi-lane roads et cetera, we need them, we also need a coordinated infrastructure for rail and supporting buses. Let us think what we want to build.

As a government we need to look at building the family unit to sustain them and help the kids of the future. Having parents sitting in cars for hours on end, paying mega amounts of toll, and as we heard earlier from Craig Butler, the amount of dollars was something like another \$6,000 to \$8,000 per year he was talking about, that could be spent on the sport for families or doing activities. We have to have an equitable system in place, not just making people of Western Sydney pay through the nose constantly on tolls or petrol taxes and everything else that is charged out here.

Mr CASUSCELLI: Western Sydney deserves and needs its own transport network. We need it in pretty quick time, given the aspirations that have been put upon us by both Federal and State governments in terms of increased population and the need to generate 300,000 jobs—I think was the last figure I heard. It is clear to us it is not going to happen without private sector investment. But this issue is about equity, I know that harmonisation of tolls on existing road network is going to be difficult, I get that, but it is not something that we should not actually have a look at as a first step to something even better.

The reality today is that we now have the technology to refine these very crude models that are applying now in a very crude distance-based charged—very crude in terms of setting the level of tolls all based on financial models and nothing else. We now have the ability using technology to create virtual networks of our road network that can be road usage charged or tolled in some way. We could actually go to the point where we can redistribute the charges that are collected from the existing very small motorway—we are talking about 200 kilometres of motorway in Sydney.

The State road network—not local roads—is 22,000 kilometres all of which have a demand in terms of needing funds to maintain them and enhance them. Sooner or later the Government is going to have to deal with

the issue that it does not collect enough money to actually maintain the current roads or actually build and enhance the road network based on those funding arrangements. We are going to have to look at this. Perhaps when we are looking at this we could also be looking at the fairness and equity issues because today it is government policy, it is not technology or the means to actually achieve the end, which is more fairness and equity for the people of Western Sydney.

The CHAIR: It has been a good opportunity for the Committee to ask questions of you and flesh out a number of points you made in your submissions. It has been a privilege to hear firsthand from you and to talk to the local community about these issues. Clearly it is heartfelt out here.

(The witnesses withdrew)

(Short adjournment)

JIM DONOVAN, Action for Public Transport NSW, affirmed and examined

RHEA LIEBMANN, WestConnex Action Group, affirmed and examined

JOHN LOZANO, No Westconnex Public Transport Inc., affirmed and examined

NATHAN ENGLISH, No Westconnex Public Transport Inc., sworn and examined

The CHAIR: The Committee has received the following submissions: No Westconnex Public Transport Inc., submission No. 99; WestConnex Action Group, submission No. 98; and Action for Public Transport NSW, submission No. 102. The witnesses can take the submissions as read. I invite you to make an opening statement. Please limit any statement you make to allow the maximum opportunity for questions and answers. Mr Donovan, do you wish to make an opening statement?

Mr DONOVAN: Yes, thank you. I see a close connection between road tolls and road access pricing. Road access pricing has a curious history in politics these days—everyone thinks it should be brought in after they have retired. Only four years ago I gave evidence to a Legislative Assembly inquiry chaired by Mr Charles Casuscelli, whom the Committee heard from not long ago. That committee never reported and the inquiry expired at the end of the last parliamentary term. All our evidence and the committee's deliberations went west. I find it curious that the opponents of road access pricing got their way and what we said went to waste. Someone hinted a few minutes ago that it would be possible to bring in road access pricing in eastern Sydney, and people from Western Sydney seem to think that would be fair compared with the tolls they are about to pay. I stated in our submission that we would only need a finite number of new toll barriers in eastern Sydney to go a reasonable way towards road access pricing.

I have prepared a map showing possible toll routes. I have brought 10 copies for members of the Committee. The way the older part of Sydney—that is, the part east of Lidcombe—was built meant that watercourses were quite a barrier and there were relatively few roads across them. There is the Cooks River, Botany Bay, the Georges River, Lane Cove River, and Middle Harbour, perhaps. There are very few road crossings. I think there are 23 red spots on the map. If toll barriers were put at those places—which is quite economical these days and just about everybody I know has a toll gadget in their car—you would be able to keep a tab on the distance that people drive in the eastern part of Sydney. The toll might be \$2 off-peak or \$5 during peak hours, and it would be collected every time you pass a red spot. That would start to become a deterrent to the long-distance motorist, which is the effect I am trying to achieve.

I know members have been told during this inquiry that motorists pay fuel taxes and everything else. The economists will tell you that that is not an efficient way of controlling the distance people drive. You should measure it by the distance rather than the amount of fuel consumed. If that is so, this is one way of doing it. Another way it can be done—I believe it has been done in cities elsewhere—is to fit all vehicles with GPS gadgets to log where they go. If you wanted to do that in Sydney, you would have to get two million gadgets invented, manufactured and fitted in cars. I do not know that that is an overnight option. I commend this sort of thing to the Committee to show it is possible to move towards road access pricing in eastern Sydney. It is not impossible in the west, but you would need a lot more red spots.

The CHAIR: Thank you for that opening statement. Ms Liebmann, would you like to make an opening statement?

Ms LIEBMANN: I thank the Committee for the opportunity to appear in this inquiry and for having read our submission. By way of background, WestConnex Action Group is purely a community group. We are not a professional group, we are completely non-partisan, and we are not affiliated with any political party. The sole purpose of our group is to campaign against the WestConnex proposal. We have a large following. We do not have memberships, but our Facebook page now has just under 10,000 followers. We are often quoted in the media as a source of information and community viewpoint on WestConnex. Our submission therefore really related only to WestConnex and the tolls that were proposed to be imposed on the elements, parts of WestConnex and the proposed extensions such as the City Gateway, the Southern Connector and the Western Sydney Harbour Tunnel, although all of that is still as yet unknown, unapproved and unannounced.

The CHAIR: Not quite unannounced.

Ms LIEBMANN: You are absolutely right—unapproved. It has been announced—discussed. Our submission outlined a number of very strong concerns that the community has around the tolling issues of WestConnex and I believe they are all relevant to the terms of reference B, C, D and G. As I said, I will take those as read, if I may. What I wanted to do is really to encapsulate out of those points the main aspects of the proposed toll regime for WestConnex that the community is particularly alarmed and concerned about. The first

of these is the ongoing lack of transparency around the negotiations, around the setting. There has been no accountability about these decisions being made by government—which roads will be tolled, to whom the tolls are going to be paid, how much the tolls are, the terms of toll concessions, the length of time they are payable, et cetera. All of these have been negotiated in private, without any opportunity for public discussion.

WestConnex is a really significant government project. We are talking about a minimum of \$17 billion and if these extensions are going to come along, I should not imagine that that would double the cost. As such, we firmly believe that they should be subject to the same scrutiny, the same transparency and the same ability to get information, as though it were a government project.

The CHAIR: "They" being?

Ms LIEBMANN: "They" being, both the Government, which has been quite widely condemned for its lack of transparency around this by both the New South Wales State Auditor and the Federal Auditor, in terms of process and disclosure of information. More particularly, the Sydney Motorway Corporation [SMC], as a private corporation is not susceptible to Freedom of Information or Government Information (Public Access) Act—or GIPA—requests and we have seen experientially, and we saw it yesterday, that they will play the "no comment" card and continue to do so. So we do not hold out any hope that SMC will suddenly become more open in its conversations or the information that it provides. If there can be no assurance around public scrutiny, then there can be no assurance around public benefit, because we simply do not know what the contract terms will be until they are announced and a fait accompli. We also do not believe that setting it up as a private corporation encourages any form of alternative discussion. Once that decision is made, the opportunity costs, both the discussion and the funding, we believe has been lost.

The second main point is the transfer of financial benefits from the public purse to the private sector. Companies like Transurban have no public benefit obligation or interest. Their only interests are making money and their shareholders, they have been very public about that. The tolls seem to be priced in order to sell the concessions, rather than to provide a public benefit or to actually charge for road use. It seems to be entirely based on return on investment, rather than considering—it is purely based on financial and cost considerations to the exclusion of social, technological, health and environmental considerations. Given that we are talking about a 40-year contract, I think that those considerations need to be paramount, or at very least equal, to the financial consideration of what this costs now and how we are going to pay for it.

Thirdly, I think the most objectionable part of the tolls proposed is the inequity of the user-pays and distance-travelled toll regime. Sydney is broadly spread. On the assumption that no-one who lives in one part of Sydney is better than anybody else, it seems to us that it is completely inappropriate for Sydney, as a city, to be charging based on distance. We want to grow—we have to grow out. Those further out from the centre are probably those least likely to be able to pay these tolls. To us it seems a regressive tax, hitting those who can least afford it, like western Sydney small business owners, tradesmen and commuters, who often cannot pass those costs on.

Because the proposed toll increases are higher than CPI, they will therefore represent an exponential increase in proportion of people's income. So it is not only that you are being punished for living out west but you will continue to be punished, and on an exponentially increasing basis, over 40 years. And that seems to us to be completely unfair. I think the other element is that this proposal, with different tolls on different aspects of WestConnex, even though we have been told there will be a cap on the whole system—but we do not know whether that includes the gateway to the airport, we do not know whether that includes the tunnel, we do not know what that includes really—there is the failure to recognise this issue of toll saturation. I really believe that people have reached the point at which they simply cannot afford, on an individual basis, to pay toll after toll after toll.

The CHAIR: Not wanting to cut you off but this is just the opening statement. There will be the opportunity to have a dialogue with you.

Ms LIEBMANN: Absolutely. That is all right. I think they are the main points we wanted to bring about: The inequity; the transfer of money to private companies, rather than for public benefit; and the lack of transparency around the negotiations and the terms..

The CHAIR: Mr Lozano?

Mr LOZANO: Thanks to the Committee for allowing me to talk about our submission. Current infrastructure planning is flawed and open to manipulation by vested interest groups. If you ask a concreter to give you landscaping advice, you are going to end up with swathes of concrete and pot plants. It is, after all, all they know and where they make their money. So it should come as no surprise if the Government think-tanks include road infrastructure organisations and bankers, that solutions, irrespective of the problem they are trying

to address, are going to be predominantly toll roads, government subsidised loans, asset recycling and Public Private Partnerships. We must have wider diversity in our infrastructure planning but most important of all, exclusion of anyone with a vested interest.

Think about the planning that goes behind the most successful and iconic solutions. At the centre you will find an open process calling on submissions, sometimes on the world stage, followed by public evaluation, professional critique and then competitive tendering. Our own Opera House is proof positive of what can be achieved. The challenge for us now is to remove the constraints that currently bind our infrastructure planning, because the benefits are enormous. At the same time the State Government was appointing AECOM Australia to provide traffic modelling for WestConnex, AECOM Australia was negotiating an out-of-court settlement to the tune of a quarter of a billion dollars for over-optimistic traffic modelling on Queensland's toll roads. The due diligence process alone should have excluded them from being appointed. There are 15 toll roads in Australia, 13 of them are owned by one company. That type of monopoly wields tremendous influence over public transport policy. That is something that is stated as an objective in their own mission statement.

WestConnex Stage 3 aims to join the M4 and the M5. It is touted as the missing link. It could be argued it is probably the only missing link in a toll road portfolio. Why should Mary, an aged-care worker living in Penrith, working in a nursing home at Chullora, have to pay tolls to fund a tunnel at the end of the M4? Yes, we have to pay for infrastructure, but who is dictating the infrastructure that Mary is forced to pay for? Road widening increases capacity. It benefits the toll operator. Congestion is not an issue for a toll operator, it is kind of irrelevant. In fact, in the long term, you could argue that it is actually good for business: If you have more capacity, you have more cars; if you have more cars, you have more tolls; if you have more tolls, you have more congestion. More congestion starts the process again: more road widening, another missing link, another tunnel, another toll road, another source of revenue.

When the M2 was widened we were told it was to resolve congestion. The benefit of a contract extension to 2048 and the increase in tolls talked about in the investment briefs was for an increased traffic forecast of 16 per cent. When is an increase in traffic conducive to actually solving congestion? Using toll roads to fund public transport infrastructure provides broad benefits to our community—it increases public transport usage and, in turn, it reduces road usage and congestion and negates the need for further road expansion. The concept is sound but perhaps diametrically opposed to the aims of a toll operator, to the extent that we find anti-competition clauses inserted into contracts preventing investment in competing forms of transport and it was reported this week in the *Sydney Morning Herald* that public transport options have been omitted from the business case. That totally invalidates the business case. It is supposed to be a genuine comparison of options, with the best option then put forward for selection. Exclusions such as this are not in the public interest.

We are paying outrageous long-term sums for private sector delivery of infrastructure. We are also losing revenue that could fund not only public transport infrastructure but also staples such as hospitals. The annual road budget for our entire nation is about \$25 billion. The State Government has chosen to spend \$17 billion on one road, in one city, and has appointed one Minister to oversee it. How is that equitable or justifiable? Based on figures for 2016 alone, that \$17 billion would have funded the Health capital works program for the next 11 years. In conclusion, I will leave the Committee with some words that the Government likes to use each time an event is staged in our city. The Government tells you to leave the car at home and to take public transport—and to entice us they even make it free on occasions. The Government knows full well how to deal with congestion. The problem we have is that proposals are being put on the table that are just inappropriate. At the moment infrastructure planning is being done for profit, not for the benefit of the wider community. I truly hope that this inquiry makes a change to that.

The CHAIR: Mr English, would you like to add to that?

Mr ENGLISH: Yes, I would. I thank the Committee for the chance to speak at this inquiry. It is a rare privilege that people like us are able to do so. It is worthy of noting this week's headlines, as Mr Lozano has said, where a government tells its bureaucrats to forget public transport and to develop a F6 motorway. The Sydney Motorway Corporation has done a runner from this inquiry, an Auditor-General has made it clear that capacity will be reached and delays will become increasingly common on the city's rail networks if we do not fund upgrades, and just this morning the loss of investors to renew the Bays Precinct because of inadequate public transport to make it attractive. Why? That is the question that we as everyday citizens need answered.

We at NoW Public Transport have been watching the development of the current crop of toll roads with despair. For us it seems clear that WestConnex is not so much a tollway project but a tollway network. It is being developed to enshrine the city's dependence on motor vehicles for the next few decades, despite the fact that we, and the world, are facing a mounting energy crisis. It is time to get real. As yet there is no power source that can replace the millions of internal combustion engines that people use daily in this city in private vehicles powered by fossil fuels. However, the age of fossil fuels is now beginning to decline, especially oil. This will

become ever more obvious in the decades ahead. As the price of extraction rises our cost of living will increase. Why burden that further with tolls?

One has to burn a lot of coal to power the number of electric cars we will require to stop our dependence on oil at present. We are not prepared. It will increasingly affect our economy, average commuters, mums and dads, and tradies. The best thing that we can do is to transition as many people as we can onto efficient, quality public transport networked across the entire Sydney Basin by investing in comprehensive and integrated rail alternatives. This will free-up the road space we already have, which should then suffice. Reasonable leaders will heed this warning and not just perpetuate the profits demanded by those who operate tollways. If they do not, and the reason comes down to toll operators funding politics, the ability for that to continue should be reviewed.

The CHAIR: Thank you. We will now proceed with questions.

The Hon. JOHN GRAHAM: Thank you for your submissions. I will begin with the issue of transparency and the culture of secrecy in this program that you have all talked about. Ms Liebmann, your organisation has a very close interest in this development.

Ms LIEBMANN: Obsessively so.

The Hon. JOHN GRAHAM: How difficult have you found it to get information?

Ms LIEBMANN: Extremely difficult. Any requests to the Sydney Motorway Corporation [SCM] for information have been denied. Our most recent attempts have not been around road tolling, they have been around health and safety issues—in the demolition and constructions at St Peters there were some very serious issues. We wrote to the Premier, the WestConnex Minister and a whole range of other Ministers, and we also wrote to the chief executive officer of the Sydney Motorway Corporation. We received some responses back from the politicians. We received a form letter back from Mr Cliché that said that SMC and its contractors comply at all times with laws, our key stakeholders are X, Y and Z, and we are a private company and as such we claim commercial-in-confidence. I saw no reason for any of those statements to have been made, given that we gave exact examples and identified particular instances of breaches.

The Hon. JOHN GRAHAM: Would you give the Committee an idea about what sorts of things you have asked for, what you would like to know and what you have not been able to find out about.

Ms LIEBMANN: We have asked for copies of contracts relating to those who are doing the demolitions at St Peters.

The Hon. Dr PETER PHELPS: Point of order: This inquiry is into road tolling. The question whilst obviously seeking an elucidation on the issue of tolling now appears to have moved into areas of health and safety, which are not demonstrably part of the terms of reference here.

The CHAIR: The matter of the Sydney Motorway Corporation does loom large over this inquiry.

The Hon. Dr PETER PHELPS: But the issue of the construction of WestConnex is not a matter of item per se.

The Hon. JOHN GRAHAM: I am happy to wrap up this element.

The Hon. Dr PETER PHELPS: I withdraw the point of order.

The Hon. JOHN GRAHAM: I am really trying to get a sense of the sorts of issues. I will ask a more direct question. I was looking forward to the appearance of the Sydney Motorway Corporation at this inquiry but the Committee was informed that they were unable to appear yesterday. We will be engaging in some further dialogue with them. How central to getting to the bottom of those tolling issues and the issues that you are raising do you think it is for Sydney Motorway Corporation to turn-up and answer some of those questions?

The Hon. TREVOR KHAN: With respect, the question is in two parts. The questioning of SMC will be consistent with the terms of reference relating to tolls.

The Hon. JOHN GRAHAM: I agree with that.

The Hon. TREVOR KHAN: Not the other matters that you added in your question.

The Hon. JOHN GRAHAM: I am happy with that clarification.

Ms LIEBMANN: The answer to that would depend on whether there is a difference. We are not certain as to who does the negotiations with the toll concessions. SMC has been tasked to deliver the project but it is acting as agent for RMS. If RMS are conducting those discussions and are in on the same negotiations then

that information can eventually be obtained from RMS but it will be a long way behind in terms of the concession contracts, how the pricing is established, et cetera. If SMC has its own power and will be negotiating those without direct reference and involvement of RMS then we will never be able to find out, unless they choose to provide that information.

The Hon. JOHN GRAHAM: And answer those questions.

The Hon. TREVOR KHAN: We took evidence on that yesterday. Transport for NSW made clear that it is their job, not SMC.

The CHAIR: We are having a side discussion. The witness is entitled to respond as she can to the question. Once that has been done we can move on. I do not think we need reflections on the evidence given yesterday.

The Hon. JOHN GRAHAM: What could we do to make these contracts more open in your view?

Mr ENGLISH: Sydney Motorway Corporation is a very strange beast, it would seem. They are using public funds in the billions funnelled directly from the Government to execute plans that the community has had very little ability to affect the outcome of. When we ask direct questions of SMC we are quite often told that Roads and Maritime Services are the ones which have to answer. When we ask Roads and Maritime Services we quite often will get stalling tactics. If we ask the Minister for WestConnex we quite often have any number of people writing on his behalf back to us, including SMC. I would like to propose maybe regulations on SMC being strengthened so that the accountability that they have based on the fact that they are using taxpayers' money becomes something aligned with government agencies.

Mr LOZANO: I can only second what Mr English has said. But just think about the public perception that exists here. We have what broadly could be described as a government infrastructure project being run by a private corporation. The public perception is that the private corporation was set up to stop inquiry, to stop any sort of scrutiny over their activity. The way that they do their community consultation is short, sharp and brief. It is always done after the proposal is on the table. There is no consultation there: that is information dissemination. A true community consultation allows for a variety of options to be put on the table and discussed. Of course, you cannot have that going on for years but that is true consultation.

The Hon. JOHN GRAHAM: One thing that came out of the discussion we had yesterday was that the demand modelling for WestConnex had not changed after the announcement of a second Sydney airport and a discussion has now occurred about the Sydney Metro West and its future. How important do you think that might be to the project? Do you regard that as significant or not?

Ms LIEBMANN: I think it is significant. The road and traffic modelling that was done for stage one, the M4, and then stage two depended on, at that stage, a proposal that there be a Camperdown interchange at stage three. That was taken off the table. That will greatly affect the amount of traffic exiting at St Peters. We cannot believe that those traffic projections remain the same even though there has been continuous changes in design, particularly the removal of the Camperdown interchange.

I would say exactly the same applies in relation to the southern connector, the F6 and the Sydney Gateway. Particularly the Sydney Gateway, because at the moment the real issue is that the M5 just does not go to the airport. You are still going to have the rat running once you get off this massive interchange until that gateway is built. There has been no design around that. There has been an announcement. We do not know how many houses are going to go and we do not know whether there is going to be additional tolls placed on that section. So, yes, I think the traffic modelling must be affected by all those elements. In fact, we put in a submission to say that the traffic modelling for the second stage, the new M5, should be revised for the approval because we do not believe it is relevant anymore.

The Hon. JOHN GRAHAM: Mr Donovan, in your submission you say, "Contracts were let before the project was properly assessed and indeed before it was properly planned. The project is being redesigned month by month ..." Do you have anything you want to add to that?

Mr DONOVAN: No, I have not. That is still my view. I am strongly opposed to WestConnex. That is why I came today.

Mr LOZANO: The Australian Auditor-General's office themselves said that the way that the funding was pushed forward to accelerate the completion of several stages was flawed and the way they actually placed those loans was in contradiction to advice that was given to the Ministers at the time. Again, the perception of the public is that this is something that needs to happen quickly to ensure we have got a foothold in a freeway. There is perhaps an underlying fear that we could end up with a Melbourne or a Western Australia style freeway abandoning.

The Hon. JOHN GRAHAM: The Committee was assured yesterday that the cost of WestConnex is still \$16.8 billion. Do you believe that is the case?

Mr ENGLISH: Absolutely not.

The Hon. JOHN GRAHAM: Why not, if that is not the case? Why do you not believe that?

Mr DONOVAN: You will find that they have left out the interchanges, they have left out the tunnel under the harbour, they have left out the northern beaches link and all those things are necessary to try to hide the extra traffic WestConnex will generate. They will cost an awful lot. It is going to be way over \$16.8 billion.

Mr ENGLISH: When they cancelled the Camperdown exit and on ramps they widened that section of WestConnex. They are planning to widen it now from six to eight lanes underground. There is no tunnel in Australia that is four lanes in both directions underground that wide for that length. This is going to come with considerable engineering costs. The sorts of things that they are planning—it does not matter what they change about the plan, it is always this \$16.8 billion. They are planning on building the Rozelle tunnel under the Balmain peninsula to get to Iron Cove where there will be another bottleneck for no extra cost. It is just fantasy. Total fantasy. So much of the motorway would cost what the initial forecast was, then it blows out and all of a sudden we can afford absolutely every possible thought bubble that RMS chooses to have. It is fantasy.

Mr LOZANO: You have got to think about—it is quite popular in the media—the pub test. Just ask a simple question to anyone who is building a house. "I changed this, I changed this and I changed that but it didn't cost me a cent." That does not happen. If contracts change, costs change. Mr English just touched on some of the things that they are planning to do. There is an extension to Rozelle. That was not talked about, but that is for free. That is just going to be for free. There was an interchange that was going to be above ground at the rail yards. "Well, we're just going to bury that, but don't worry, it won't cost you an extra cent," I think one Minister said.

Dr MEHREEN FARUQI: Thank you very much coming today to provide evidence and for your submissions. If you think that the cost will be even higher than \$16.8 billion how do you think that cost will be recouped? Would that translate into even higher tolls as time goes by to that currently proposed or would the taxpayer have to subsidise it in some other way?

Mr LOZANO: The cost will be recouped in a variety of ways. First of all, if it is unpalatable to actually increase the tolls quite simply Transurban will negotiate—if they are the ones who win the bid—the length of the contract. It is a pattern. It is always, "No, we won't put up the tolls but give us another 20 years." That is a given. If even that becomes unpalatable, then there will be some sort of cash-back scheme that needs to be applied, and eventually the taxpayer will pay for it anyway.

Mr ENGLISH: Of course, there is also asset recycling—what we have left. We could always try and sell some of that off and then, potentially—although it has only been applied to things like the Sydney Metro and light rail and what have you at the moment—there is ongoing talk of developer contributions, is really what it is, but value capture mechanisms, things like that, will start to be experimented with. Beyond that, there is a lot of talk in higher circles in industry about using superannuation funds to foot the bill. That is highly concerning, and should be, for all Australian taxpayers to have superannuation funds funding motorways of this scale, of these projections, because the average vehicle kilometres travelled has plateaued since about 2008, which means that people are still driving but they are only choosing to drive so far before they make a transition to public transport, and that is why we are seeing the projected capacity rises on public transport, which also needs attention.

This is toll fatigue, it is the money, time, ratio, all put together for people to say, "You know what? I don't want to drive any further". It is fuel, it is everything. The reality is we have had two major tollways in Sydney in recent years collapse—the Lane Cove Tunnel and the Cross City Tunnel I think have both gone into receivership twice and have been snapped up by Transurban for a song by comparison to what it was to build them. So for superannuation funds to be put forward to fund this sort of infrastructure as a last resort is shockingly dicey and the Australian taxpayer and super payer should be very, very concerned.

Dr MEHREEN FARUQI: How do you think it should be funded then? If we are to build, let us say if there is a need to build toll roads—I would argue that there is—how would you fund them? How should governments fund them, in your view?

Mr ENGLISH: My personal opinion is they should not be funded further until we have invested properly in the public transport which can first relieve the road network we already have, which actually, by world standards, is quite comprehensive if only we could reduce the amount of traffic on it. So there are those that will always need roads—we are not disputing that. I have four children, I drive a car—I have to—but, at the

same time, I catch public transport whenever I can and it is not comprehensive enough to get me from one end of the inner west at the moment to the other, given I live on the Balmain peninsula. I think we should be investing in what public transport alternatives we need first and then, if there are still congestion points, we look at funding the roads—outside of maintenance costs for what we already have.

Ms LIEBMANN: Just to address that: I do not think there is a problem in principle with public-private partnerships. What I think we have a real issue with is the abdication of complete benefit and responsibility to the private sector. I think a real partnership involves a sharing of costs—

The CHAIR: Do you mean the private sector or public sector? Abdication to the private sector or—

Ms LIEBMANN: To the private sector of benefits and profits and responsibilities. I believe that a partnership involves sharing costs and benefits. That is not what we are doing here; we are selling off a part of our motor network, and the tolls are being calculated to repay that investment to make it a saleable proposition. But, as with any sort of Ponzi scheme, that can only go so far because the investors will run out before you get to Seaforth, I should imagine.

In terms of believing the \$16.8 billion, apart from the fact that we continue to have extra bits that keep getting added for free, there is the real issue that the original business case estimated this to be \$10 billion. Now we have a 60 per cent increase, and that is at this stage; stage 3 has not even gone through its full designer stage yet. I cannot believe that you can have a cap on something without knowing what it is going to entail; it is just not believable. It just does not make common sense.

Mr LOZANO: I would just like to add, it is where the money goes. I think most Australians are fairly decent-minded about these things; they feel it is an equitable money charge that is going to do something of benefit to the community. I think you will find that most people will say, "Okay, I can see the good in that". But the fact of the matter is this is not going back into the community; it is going into a private entity. You are going to get arguments from people who say, "If we don't have private entities involved we're not going to get this infrastructure". Well, let us have a think about that.

I think it was Jeff Kennett who negotiated the first public-private partnership with Transurban. He himself has come out in the press saying that this was a short-term proposition—I think it was something like 20 or 30 years, from memory—and it was always going to revert back to the government and so forth. He also made a point that at the time when he negotiated that, it was a different environment; the markets were not conducive to cheap loans and government accessing money—they needed another source, and that is why it was done. That is not the case today. We have record low interest rates and a government can borrow lower than a corporation. It just does not make sense. If this is so needed, then the Government should be prioritising and looking for ways to actually put it on the ground, and if they need to have a private entity involved, okay, but let us shorten that period now and let us make sure that that money as soon as possible reverts back to State coffers and we can have an equitable distribution, because, God knows, we need it right across every area of our State.

Dr MEHREEN FARUQI: It does seem though that not many of them are going to revert back to the public for a very, very long time. We know that the M7 toll concession has been in place until 2048, M2 the same, and they are both going to pay for the unsolicited NorthConnex. We heard earlier the M4 is being re-tolled to pay for other parts of the WestConnex. I am interested in your view of this never-ending cycle to pay for more toll roads. Does that just tie us into this pattern of just building more roads rather than looking at public transport alternatives, and how do we break that?

Mr ENGLISH: The thing about these long-term contracts to pay for the toll roads, ever since the M2 contract was signed there were clauses put in to stop competitive transport alternatives jeopardising the projections for what could be earned from these sorts of roads. So there is that to bear in mind as well. No private organisation is going to invest in a public toll road that will have nothing running through it. So by its very nature, as John was saying, the more cars in it the better, and that is something which seems to be a major hindrance in us getting a modal change for a lot of Sydneysiders because you have got this knee-jerk reaction every single time that you challenge the ability to put public transport down that could change things.

Have a look at where the public transport is being sponsored in Sydney at the moment. We have got the Metro system going in, which is coming with a massive population of its own due to urban renewal to help pay for it and everything else, that will probably, given the smaller capacity that that holds compared to double-decker suburban lines, will just be adequate for the new population coming in. It will be frustrating for everybody in the surrounding suburbs, so they will continue to use the M2 or the bus lanes or whatever it is that is provided. That does not necessarily jeopardise the balance because it is sort of a bit of a downgrade on what they could have had.

The same with the Bankstown line extension where we are replacing one perfectly good rail line that operates quite well for another that for a long period will frustrate people, who will turn to the M5. So that will bolster things there. Then we have got the city South East Light Rail, which continues to frustrate people with its implementation. It could be good once it is finished and it will be carrying people, but there is no motorway to compete with that out there, so that is a safe one for them to invest in—it is not upsetting anybody; it is not upsetting Transurban.

Dr MEHREEN FARUQI: In the submission of No Westconnex Public Transport Inc. you state that at present, however, for each dollar spent by a user on driving an effective subsidy of \$9 is provided. By contrast when a user spends a dollar on public transport they are only subsidised by \$1.50. Could you expand on that a little bit more or you can take the question on notice?

Mr ENGLISH: We might take that on notice. We are both speaking to the submission; we did not write it.

Mr DONOVAN: I do not think that is correct about public transport. On my understanding above the rail costs in the inner suburb an area up as far as Parramatta or somewhere the fares pay about half of it. When you start getting up to other areas, Lithgow and those places, the fares pay a quarter of the above the rail costs and for the country less again. That is above the rail costs, the rails have to be there in the first place and that costs money.

Dr MEHREEN FARUQI: If you would expand on that more—

Mr LOZANO: I want to comment on how do we change the view. We hear governments talk about the need to have open markets and more competition and to be more productive. The Government, depending on its flavour, hates monopolies, especially government-run monopolies. Yet what in essence are we creating here? A private monopoly. If you had competing forms of transport against the tollway there is a true open market and you will find a balance very, very quickly. I am not a modelling engineer, I am a private citizen. I am well travelled though. I have been to London, Paris and Rome and I have never gone near a car. I have never needed to except when I get home. It is a mess. The first thing I am hit with when I get out of the airport is \$15 thank you very much. Why is that there? If the Government wanted to induce public transport that should be lifted.

Is there a connection to perhaps an infrastructure that was built at Sydney airport? Maybe, certainly if I am going to Sydney airport and I have three or four people it is uneconomical to take public transport even though it is probably the best alternative to get there. It is into the car and into the car park because it is just economically more palatable. Those things have to change. If you really want to change the people, people are smart, give them options. The Opal card was doing a roaring trade on weekends when the initial scheme came out but then they changed it. All of a sudden they are finding that they are not having the usage on weekends. Go figure. It is not hard to work out.

The Hon. Dr PETER PHELPS: Why do you make the assertion of reduced capacity for double decker on north-west rail?

Mr ENGLISH: Whilst the North West Rail Link is going to run at higher frequency there is no reason why your double deckers cannot run at higher frequency also. So it is lack of investment in the double-decker network at the moment that is stopping that. If you had them running at the same frequency you would soon find that the double-decker capacity was much, much higher. That is what I mean.

The Hon. Dr PETER PHELPS: Do you know what the allocated station stay-times are at Town Hall and Wynyard?

Mr ENGLISH: What I know when I stand at Central platforms is the trains come through the same platform I am standing on, on average at peak hour, about every two to three minutes.

The Hon. Dr PETER PHELPS: Do you know what is the actual standing time requirement for Sydney Trains at Wynyard and Town Hall?

Mr ENGLISH: I do not catch train from there.

The Hon. Dr PETER PHELPS: Would you be surprised to know that it was no more than one minute? Given that, capacity constraints mean that getting all passengers off a car in one minute makes it difficult for double-decker trains to have the same capacity as single-decker trains?

Mr LOZANO: So you are promoting the fact that a double-decker train is not as efficient over a single-decker train? If you look at the move overseas you will find that double-decker trains are what they are adopting for longer journeys. On smaller journeys it is for single-decker trains for what you are saying. But for longer journeys it is not. Yes, you have a point in saying that perhaps a single-decker train can move people in

and out quicker but the fact is that there is mismatch in the planning. You have a 63 kilometre rail line, unheard of in the world to be standing up for. You are replacing that line—you are not adding capacity to that line, you are actually replacing that line—with another form of transport. If you want to be fair dinkum about it, yes, have single-decker carriages but perhaps use them in high impact zones around the city and the inner west where people make short trips and they need to get in and out quicker, not on journeys of that length.

Mr ENGLISH: When the single-deckers are used in Asian countries such as Hong Kong and Japan at crush hour it is actually quite hard to get onto them before people are let off. So I actually would challenge your notion as to how efficient that is likely to be.

Dr MEHREEN FARUQI: There is an ABC Fact Check on that as well.

Mr ENGLISH: There is. The Paris REI is a double-decker train which runs at incredibly efficient time slots, and that would be worth you checking also.

The Hon. Dr PETER PHELPS: The Rail, Tram and Bus Union has different views to you on that point but they know they are the experts in that area.

Mr ENGLISH: Internationally it is not standard.

The Hon. Dr PETER PHELPS: In relation to your claims that a monopoly exists, Mr Lozano, will you elaborate on why you think Transurban has a monopoly in New South Wales?

Mr LOZANO: Let us just talk about the word "monopoly" it needs to have more than another person to a point where they have basically—what do you want to argue 75 per cent, 80 per cent, 95 per cent—15 motorways, 13 of them owned by Transurban.

The Hon. Dr PETER PHELPS: Yes, is Microsoft Windows a monopoly?

Mr LOZANO: Microsoft Windows is a very popular operating system but it actually has quite a lot of other competition out there—you have Apple macOS, Linux and quite a lot of open sources. There is a choice there to actually go and choose whatever you want. Microsoft Windows, I would argue, is the operating system of choice in a home and medium-sizes business but when you are in banking and stuff outside of the front office staff you will find that they are running on different systems.

The Hon. Dr PETER PHELPS: So what do you mean when you say that Transurban has a monopoly? Do you mean it simply has a large share of the market?

Mr LOZANO: That is usually what a monopoly means, sir.

The Hon. Dr PETER PHELPS: A monopoly means a single provider who can then use their ability to charge super normal profits from the services that they provide. How is it a monopoly if I have alternate transport routes, both public transport and public roads, but I choose to use a service which offers me greater speed and efficiency?

Mr LOZANO: Define greater speed and efficiency, you heard us saying before—

The Hon. Dr PETER PHELPS: For example, if I am travelling from Campbelltown to Hornsby I could go without tolls along F4, Cumberland Highway, Pennant Hills Road or I could take toll roads. One would take me an hour longer.

Mr LOZANO: Did you not hear from the previous people that the average speed on the M4 is something like 17 kilometres an hour?

The Hon. TREVOR KHAN: That is beside the point, the issue is you have an monopoly where you are the only provider. In the example given there is either the motorway, the toll road, or there are alternatives on a free road or public transport. The question becomes, whatever the value of this is, is it accurate to assert a monopoly where there are viable alternatives? If it is correct that you can only go 17 kilometres an hour then the alternatives are more viable than the motorway.

Mr LOZANO: My comments were about the ownership of the motorway. We seem to be only talking about the monopoly as opposed to transport options.

The Hon. TREVOR KHAN: Is that the relevant criteria?

Mr LOZANO: Let us talk about transport options. We live in Penrith. We have two transport options. They are the motorway or the public transport system.

The Hon. TREVOR KHAN: No, there is also—

The Hon. Dr PETER PHELPS: Parramatta Road, Great Western Highway.

Mr LOZANO: Okay, think this through. I live in Penrith and I work in the city. I do not know where you park but I cannot park in the city. My option is public transport. By investing money in the toll road you are denying the efficiency that public transport can create because if you read through any of the materials available you will find that the public transport option between outer Western Sydney and the city is at capacity; that the crush rate—I cannot quote those figures—is quite high, that the frequency is quite high, that the people cannot actually get a seat. Do you not think that if there were an equitable distribution of funding towards the road and the train that you could then compete on an opening playing field and say that a lot of people actually use the train because they cannot park in the city? It is as simple as that.

The Hon. TREVOR KHAN: Let me address a couple of things. First, the evidence, including that from WSROC among others, is that very few people from far west of Sydney actually commute all the way into Sydney. That is quite right. One of the reasons for that is that there is nowhere to park. Indeed, that was some of the evidence the Committee heard yesterday. In fact, something like 10 per cent or 12 per cent of all the people who commute into the city do so using private cars; the rest come by public transport. In terms of your example of travelling all the way in on the expressway, that is not the general practice. There are people who use segments of the expressway for a variety of reasons. You are quite right; there does need to be an equitable balance in terms of public transport as well as motorways and roadways of various sorts. I do not think anyone at this table argues with that concept. However, there is a difference in emphasis between different people about where that balance lies. There might actually be a degree of agreement between the two of us on that subject.

Ms LIEBMANN: I want to address this issue of monopoly. I think Dr Phelps' question was in relation to why we are calling Transurban a monopoly. It is because it holds more than the bulk of the toll roads.

The Hon. TREVOR KHAN: It is 13 out of the 15 or 16. That is an objective fact.

Ms LIEBMANN: That is correct. So, within the toll road sector, that is close to a monopoly. It is perhaps a duopoly. However, it gives Transurban enormous power in terms of negotiating those contracts, particularly when other alternatives are not given equal standing. We know that is the case. There is no issue around a monopoly of transport. Yes, there are alternatives, whether or not they are palatable. However, if those alternatives are not funded and properly explored, and the negotiating power of the toll road operator is such that that cannot happen, you have an ever-increasing lack of alternatives because they are not funded or are not widely available, depending on where you live. The question of whether or not something is called a monopoly is a red herring. It is about how much power they have in terms of determining policy.

The Hon. TREVOR KHAN: Except that the term has been repeatedly used by people sitting on that side of the table. Dr Phelps' question arises from the assertion made from your side of the table.

Ms LIEBMANN: I do not understand the question in the context of what we have said because a monopoly is a monopoly.

The CHAIR: Mr English, I think you wanted to respond.

Mr ENGLISH: I would like to address both of those issues. I will deal first with this concept that only a very small percentage of people in west drive to the central business district. That is true because there is a very good transport network that delivers most of them into the CBD. But for everywhere else in the eastern suburbs—north, south and central—there are not very many train options. For example, if you study at the University of New South Wales, there is nothing. You will pay handsomely for parking there as well, as I have done while studying for a masters in planning.

Many people come into the CBD specifically to cross over the Western Distributor and to use the Sydney Harbour Bridge on their way to the North Shore. I would like to see the figures added to what you are quoting, which is what Clover Moore quotes, about how many people come to the CBD to discourage the need for WestConnex. However, a number of people rely on the road networks across the Anzac Bridge, which is totally at capacity during morning and afternoon peak hours. They are simply trying to get to the Sydney Harbour Bridge. Vic Lorusso will testify to that. The other thing that we were talking about was this issue of monopoly. I live on the Balmain Peninsula. We have the Rozelle Junction planned for us, and it has a number of Transurban branches coming off it.

The Hon. TREVOR KHAN: Can I just—

Mr ENGLISH: Hang on. For me, the issue of a monopoly is that if I want to use the toll road it is owned by Transurban.

The Hon. TREVOR KHAN: I have stopped you because this is straying well away from the issue that has been raised.

Mr ENGLISH: The point is that if I want to get anywhere—

The Hon. TREVOR KHAN: I think Dr Phelps has one final point.

The CHAIR: Mr English, do you want to finish what you were saying? Dr Phelps can then complete his question.

Mr ENGLISH: As I said, I live on the Balmain peninsula. A caller spoke to Wendy Harmer this morning about the cancellation of what is happening in the Bays Precinct as far as public transport is concerned because the White Bay power station is no longer an issue with regard to promoting investment. A cement worker rang in to talk about the importance of aggregates, gypsum and everything else being dumped at the Glebe Island dock to service the cement industry. The basic premise of this is that a cement truck with its payload has about 30 minutes worth of travel to service construction around the inner Sydney core. They are going to be using this specific motorway junction to go wherever they need to go. In a commercial sense, that is a monopoly for that group because Transurban owns every single branch.

The Hon. Dr PETER PHELPS: One of the witnesses said, "WestConnex provides no benefit to the community." Are you arguing that there is not a problem between Homebush and Haberfield in relation to peak-hour traffic?

Mr LOZANO: There is an absolute mess out there. I live in the area. Have you been there?

The Hon. Dr PETER PHELPS: As a matter of fact, I have lived in Camperdown, Summer Hill, Dulwich Hill, and Concord. I went to Fort Street High School on Parramatta Road.

Mr LOZANO: Excellent.

The Hon. Dr PETER PHELPS: I went to Camperdown Demonstration School on Parramatta Road. I also went to Summer Hill opportunity classes, which involved me catching the old 465 bus along Parramatta Road every day. As a matter of fact, yes, I do know the area very well.

Mr LOZANO: Excellent. I catch the 480. Let us think about what the WestConnex is doing. You have proved that you are from the area. That is fantastic. At the moment there is congestion exiting the M4 along Parramatta Road and joining the City West Link. How is congestion created? Congestion is created because there are people travelling at higher speeds entering the city. However, they need to park, they need to stop for red lights, and they need to be aware of pedestrians, so the traffic starts banking up. You see this phenomenon on any road where someone has an accident or something else happens. It just banks up like a caterpillar. If someone in Sussex Street is parking their car, that creates congestion. It goes over the Darling Harbour flyover, down the West Link, down Parramatta Road, and onto the M4. On a good day it is probably banked up to the Olympic site, and on a bad day it goes beyond that. You are proposing to take the M4, build a tunnel and connect it to—

The CHAIR: I do not think Dr Phelps is proposing anything.

Mr LOZANO: The WestConnex is proposing to take a tunnel from the end of the M4 and to join it to the West Link. It is already congested; it is already banked up. What net effect will that have on congestion? It will have absolutely none. What will happen is that for the first few days traffic in the tunnel may appear to flow, and then it will hit the West Link. People will see that Parramatta Road looks pretty good, and they will use it instead. More people will say, "It wasn't a bad run", and they will also join the traffic on Parramatta Road. In a very short amount of time, there will be a bottleneck again. The issue of congestion starts in the city. You cannot address it by funding more roads into the city. As a previous speaker said, you may get them out because multi-lane motorways were designed to move people between cities, and they are very efficient at doing that. However, they are not designed to move people across the suburbs and into the city. They just do not work. If you do not believe me, have a look—

The CHAIR: You will have to conclude now.

Mr ENGLISH: The point was, is not Haberfield going to be better off as a result of what is happening with the M4? What I am saying is that the bottleneck is going to move to Haberfield. It will not be better off and anybody that is trying to get in or out of Haberfield towards western Sydney is going to pay—say it is a tradie working somewhere in eastern Sydney, that is where his bread and butter is going to be for the next year because he is working on someone's house or what have you, and he has to travel most days to a really big job that is going to last months, if he does that every single day for a year, \$2,100 for stage one upgrade of WestConnex to hit a bottleneck that is a couple of clicks down the road from where it used to be, where it was

free. Then the tunnel itself is going to have a bigger toll on it, so he is actually going to be paying more once it gets to Haberfield. Is Haberfield going to be better off? No, because it is congested still. So, the unequivocal answer is, no it is not.

The CHAIR: Mr Donovan, Ms Liebmann, Mr Lozano and Mr English, thank you for coming along. It has been a great opportunity to have been able to have this exchange and discussion of the ideas and issues around your submissions. Your submissions were very good but this has provided an excellent opportunity for us to get you to elucidate. Thank you. There may be some supplementary questions that arise. Members may have some questions they wish to direct to you following reading the Hansard and upon reflection. The Secretariat will liaise with you if there are any questions on notice. The turn-around time is 21 days to return, so hopefully that will be suitable to you. Once again, thank you very much.

(The witnesses withdrew)

The Committee adjourned at 4.31 p.m.