

GENERAL PURPOSE STANDING COMMITTEE NO. 2

Monday 31 August 2015

Examination of proposed expenditure for the portfolio area

ROADS, MARITIME AND FREIGHT

The Committee met at 2.00 p.m.

MEMBERS

The Hon. G. J. Donnelly (Chair)

The Hon. S. Cotsis
Dr M. Faruqi
The Hon. P. Green (Deputy Chair)
The Hon. D. Mookhey

The Hon. M. R. Mason-Cox
The Hon. Dr P. Phelps
The Hon. B. Taylor

PRESENT

The Hon. Duncan Gay, *Minister for Roads, Maritime and Freight*

CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS

Corrections should be marked on a photocopy of the proof and forwarded to:

**Budget Estimates secretariat
Room 812
Parliament House
Macquarie Street
SYDNEY NSW 2000**

CHAIR: Welcome to the public hearing for the inquiry into budget estimates 2015-16. Before I commence I would like to acknowledge the Gadigal people, who are the traditional custodians of the land. I also pay respect to elders past and present of the Eora nation and extend that respect to other Aboriginal people present here today.

I welcome Minister Gay and accompanying officials to this hearing. Today the Committee will examine the proposed expenditure for the portfolio of Roads, Maritime and Freight. Today's hearing is open to the public and is being broadcast live via the Parliament's website. A transcript of today's hearing will be placed on the Committee's website when it becomes available. In accordance with the broadcasting guidelines, while members of the media may film or record Committee members and witnesses, people in the public gallery should not be the primary focus of any filming or photography. I 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. I therefore urge witnesses to be careful about any comments they make to the media or others after they have completed their evidence here this morning as such comments would not be protected by parliamentary privilege if another person decided to take an action for defamation. The guidelines for the broadcast of proceedings are available from the secretariat.

There may be some questions that a witness could only answer if they had more time or with certain documents to hand. In those circumstances, witnesses are advised that they can take a question on notice and provide an answer within 21 days. Any messages from advisers or members' staff seated in the public gallery should be delivered through the Chamber and support staff or the Committee secretariat. Minister, I remind you and the other officers accompanying you that you are free to pass notes and refer directly to your advisers seated behind you. A transcript of this hearing will be available on the website from tomorrow morning. I remind all to turn off mobile phones for the duration of the hearing.

All witnesses from departments, statutory bodies or corporations will be sworn prior to giving evidence. Minister, I remind you that you do not need to be sworn as you have already sworn an oath of office as a member of Parliament. As there are a large number of witnesses appearing in this session, we have not been able to accommodate them all at the main table. We will swear in all witnesses at the beginning of the hearing, including those seated at the table behind the main table. I ask that these witnesses, when responding to questions, come forward, bringing their nameplate, and swap places with a witness at the front table.

BERNARD CARLON, Acting General Manager, Centre for Road Safety,

DENNIS CLICHE, Chief Executive, WestConnex Delivery Authority,

PETER DUNCAN, Chief Executive, Roads and Maritime Services,

GRANT GILFILLAN, Chief Executive Officer, Sydney Ports, and

TIM REARDON, Secretary, Transport for NSW, sworn and examined:

KEN KANOFSKI, Chief Operating Officer, Roads and Maritime Services,

MARGARET PRENDERGAST, CBD Coordinator General, Transport for NSW, and

JEFF McCARTHY, Director, Infrastructure Development, Roads and Maritime Services, affirmed and examined:

CHAIR: It has been agreed that the Government members will not be asking questions, so the questions will be asked rotating from the Opposition to the crossbench in 20-minute blocks. I now declare the proposed expenditure for the portfolio of Roads, Maritime and Freight open for examination. As there is no provision for a Minister to make an opening statement before the Committee commences questioning, we will begin with questions from the Opposition.

The Hon. DANIEL MOOKHEY: I thank the Minister and witnesses for their attendance. Minister, can you confirm that in Budget Paper No. 2 the envisaged cost of the WestConnex is \$15.4 billion?

The Hon. DUNCAN GAY: I thank the Hon. Daniel Mookhey for the question. I can confirm that the original costings stand, with the exception of where we have changed the scope. There has been extra on that. Mr Cliche might like to add something here.

The Hon. DANIEL MOOKHEY: Thank you, Minister, but in respect to your statement that the original costings stand, as stated in Budget Paper No. 2 the estimated nominal out-turn cost for the WestConnex project is \$15.4 billion. Is it the case that that is \$500 million more than it was last year?

The Hon. DUNCAN GAY: The estimate that we put in there remains the same. The out-turn costs remain the same. As I indicated earlier, yes, there will be an increase, because we are looking at a change of scope. But for the original scope the costs remain the same. Our contracts have come in the same or under budget. We are pretty happy with it. It is a good news story. You should come out and visit it sometime. You would be most welcome. Mr Cliche might want to add something here.

Mr CLICHE: Yes, of the \$500 million you have queried \$216 million is for caverns and stubs to provide for the southern connector, which is, as the Minister said, a scope change, additional scope on the original. There is roughly \$300 million for additional works around St Peters, so that again is scope related.

The Hon. DANIEL MOOKHEY: Minister, can you confirm that be it the \$14.9 billion or the \$15.4 billion in this year's papers, it is approximately \$4 billion higher than the statement you released in October 2013 when you said:

The NSW and Australian Governments are providing \$3.3 billion in funding for the \$11-\$11.5 billion project ...

The Hon. DUNCAN GAY: I answered that earlier. This is all about out-turn costings—you cost in the original year and the cost per year goes up with the inflation that happens between years. It is obvious that you have not built anything.

The Hon. DANIEL MOOKHEY: Minister, are you asserting that the \$4.4 billion increase is inflation?

The Hon. DUNCAN GAY: No, what I am saying is that the costs, as I indicated earlier, have not blown out; they are the same as they always were. In 2012 dollar terms, WestConnex was valued at \$11 billion

to \$11.5 billion—a nominal out-turn cost of about \$14.9 billion when construction is completed. That is the standard costing in infrastructure of this type. That is the way the costing is. I know you have no experience of actually building anything but I would have thought that before you asked these questions you would have taken the time to learn.

The Hon. DANIEL MOOKHEY: Thank you, Minister; I am sure you will educate me.

The Hon. DUNCAN GAY: I am trying to, but you keep cutting me off.

The Hon. DANIEL MOOKHEY: Well, I have learnt that much. Minister, is there any other project in your portfolio or any other Government portfolio that has experienced a 40 per cent rise over four years?

The Hon. DUNCAN GAY: There has not been a 40 per cent hike in this. There has not been a hike at all. This thing is on budget and is on the costing we indicated. If you are asking if there are other projects with out-turn costs, yes, there are. Every project that we build has an initial cost and an out-turn cost. That is the costs and what they are. Mr Reardon might want to add something here.

Mr REARDON: It is usual, standard practice for us to go through a strategic business case and a final business case with the cost estimate at that time, and then we will have an ultimate out-turn cost. That always includes an escalation, and that is what we have here. As Mr Cliche also pointed out, there are two points to this, between \$14.9 billion and \$15.4 billion, which relates to scope. That brings us to the \$15.4 billion figure.

The Hon. DANIEL MOOKHEY: Starting with the \$500 million discrepancy between last year and this year, of which you attribute—

The Hon. DUNCAN GAY: It is not a discrepancy.

The Hon. DANIEL MOOKHEY: Okay, let us call it an adjustment.

The Hon. DUNCAN GAY: Look, you asked a question on it and we answered it. You are now misrepresenting it. This was a change in scope.

The Hon. DANIEL MOOKHEY: Okay, on that point, and accepting your logic that it was a change of scope, you have identified \$216 million of the approximately \$500 million. Are you able to explain the other change of scope that covers the balance?

The Hon. DUNCAN GAY: We have already answered the question, but I will ask Dennis to answer it again: St Peters interchange was the extra cost. Had you listened you might have learnt.

The Hon. DANIEL MOOKHEY: I did listen.

The Hon. DUNCAN GAY: It would have saved you going through this process again.

Mr CLICHE: It was the additional changes required around St Peters. It was related to the scope that we were delivering, which was different to the \$14.9 billion.

The Hon. DANIEL MOOKHEY: Was that the full \$500 million or just the \$216 million?

Mr CLICHE: The \$216 million dollars was for the southern connector, caverns and stubs, which will allow for the future construction of the southern connector. A decision was taken to incorporate that into the base of the project, and we will deliver that with our stage two contract. The other \$300 million was for additional scoping works around the St Peters interchange. Again, that was additional scope to what was originally contemplated in the \$14.9 billion.

The Hon. DANIEL MOOKHEY: Just to interrupt you there. You said beyond "originally contemplated in the 14.9 billion", which was last year. So these additional scoping requirements arose in the past 12 months?

Mr CLICHE: Yes.

The Hon. DANIEL MOOKHEY: When was the Minister apprised of that?

The Hon. DUNCAN GAY: I was not apprised; it was a decision we made. They did not have to tell me they were changing the scope, we made a decision.

The Hon. DANIEL MOOKHEY: When did you make the decision?

The Hon. DUNCAN GAY: Before that.

The Hon. DANIEL MOOKHEY: At what point in the past 12 months did you make that decision?

The Hon. DUNCAN GAY: It was not in the past 12 months, it was before that.

The Hon. DANIEL MOOKHEY: Why was it not included in last year's budget papers?

The Hon. DUNCAN GAY: It had not been scoped at that stage. You asked when the decision was made.

The Hon. DANIEL MOOKHEY: The full \$500 million is to do with changes of scope.

Mr CLICHE: Initial scope, yes.

The Hon. DANIEL MOOKHEY: What about in respect of any increase in land acquisition cost?

The Hon. DUNCAN GAY: It is my understanding that it does not include that.

Mr CLICHE: Some land acquisition costs are included. It is a mixture: probably 50 per cent of that \$300 million would relate to some land and there is also some additional physical construction.

The Hon. DANIEL MOOKHEY: The budget paper states, "With the approved scope changes and increases in land acquisition costs, the estimated nominal out-turn costs for the WestConnex project is \$15.4 billion." I am now even more confused as to how this \$500 million is being spent: \$216 million is to do with St Peters connectors and the land acquisition costs are derived from the balance of that \$300 million. What proportion of that \$300 million are the land acquisition costs?

The Hon. DUNCAN GAY: Can you explain that again? I think you are contradicting your original statement?

The Hon. DANIEL MOOKHEY: Mr Cliche said \$216 million came from St Peters connectors—

Mr CLICHE: Southern connectors.

The Hon. DANIEL MOOKHEY: Of the \$500 million, there is \$284 million—

Mr CLICHE: Three hundred million, of which roughly 50 per cent is land and 50 per cent is additional work around St Peters.

The Hon. DANIEL MOOKHEY: So an additional \$140 million on land?

Mr CLICHE: Yes.

The Hon. DANIEL MOOKHEY: Is that going to the same stock being acquired or are you acquiring more homes?

Mr CLICHE: Everything that has been discussed, other than a little bit to be ascertained when we select the design and construct for stage two.

The Hon. DANIEL MOOKHEY: Presumably that has gone up because property prices have gone up?

Mr CLICHE: That is an element, yes.

The Hon. DANIEL MOOKHEY: Should property prices continue to increase then one could expect those figures to continue to rise?

Mr CLICHE: The majority of our property acquisition has already been advised. There is some, as you point out, that is related specifically to stage two design and construct. As you may be aware we are in a process of evaluation of three consortiums for stage two. They do have slightly different needs specifically around St Peters and until we finalise and award that contract there will be a little bit of movement at the margin. We have been working with the community to make sure that our St Peters interchange works effectively and addresses the needs that the community has raised, so there is a bit of change around that as well.

The Hon. DANIEL MOOKHEY: Therefore the \$15.4 billion in this budget paper is not the maximum for the duration of the project? We can expect a new gross in next year's budget papers?

The Hon. DUNCAN GAY: Yes, it is.

The Hon. DANIEL MOOKHEY: The \$15.4 million is the maximum?

The Hon. DUNCAN GAY: That is what we expect the maximum to be.

The Hon. DANIEL MOOKHEY: Minister, are you prepared to guarantee that the cost of the project will remain at \$15.4 billion?

The Hon. DUNCAN GAY: Are you prepared to guarantee that you will not be telling any fibs out of this meeting?

The Hon. SOPHIE COTSIS: We ask the questions, Minister.

The Hon. DUNCAN GAY: No-one believes you.

The Hon. DANIEL MOOKHEY: Minister, are you prepared to state that next year's budget papers will include \$15.4 billion or are we likely to have more increases in property values?

The Hon. DUNCAN GAY: Our understanding is that next year's budget papers will have \$15.4 billion apropos this year, so it will be an out-turn cost as of next year.

The Hon. DANIEL MOOKHEY: So the answer is no. Do you need time to consult?

The Hon. DUNCAN GAY: But this remains the same?

Mr CLICHE: Yes.

The Hon. DANIEL MOOKHEY: What was the conclusion of that dialogue?

The Hon. DUNCAN GAY: Exactly as I indicated, no change.

The Hon. DANIEL MOOKHEY: No change: \$15.4 billion next year.

The Hon. DUNCAN GAY: Yes, for this section.

The Hon. DANIEL MOOKHEY: What cost-benefit ratio is being applied to the \$15.4 billion?

Mr REARDON: The Government previously put out the business case for stages one, two and three. That is on the public record already; I would refer you to that business case.

The Hon. DUNCAN GAY: Are you referring to the business case surmised in the document titled "WestConnex Business Case Executive Summary September 2013"?

Mr REARDON: I am not sure if the document you are referring to is the one that appears on our website, but if it is then that is the one—

The Hon. DANIEL MOOKHEY: So could—

Mr REARDON: If I could complete my response?

The Hon. DANIEL MOOKHEY: Please do.

Mr REARDON: In terms of an update to that business case, the Government is committed to update our business case, and we are going through that process right now. Stage one, as you are aware, is in construction; stage two, we are going through a process that Mr Cliche just pointed out in terms of procuring the contractor; and stage three, we are still going through some of the final stages of that. When all three stages are complete we will update the business case. The Government is committed to releasing that business case. That is still a work in progress.

The Hon. DANIEL MOOKHEY: That is very helpful information, but until that point in time the business case released in 2013 stands?

Mr REARDON: We are updating the business case. I have indicated that.

The Hon. DANIEL MOOKHEY: In the business case released in 2013 you applied a benefit-cost ratio of 2.55. The document states, "WestConnex will deliver benefits of more than \$20 billion to NSW, with a benefit-cost ratio of 2.55." Do you know what the cost-benefit ratio applied in 2013 by Infrastructure NSW was?

Mr REARDON: I do not. But what I do know is that as these projects go through assurance, Infrastructure NSW actually assures each case, and like any other step, they will assure the next business case update as well. Just to round that out, the RMS and WestConnex Delivery Authority are the ones that actually produce the business case and therefore the cost-benefit ratio.

The Hon. DANIEL MOOKHEY: I understand that the purpose of Infrastructure NSW is to act as an advisor to the Government. Would it surprise you to know that Infrastructure NSW applies a benefit-cost ratio of 1.5?

The Hon. DUNCAN GAY: Sorry?

The Hon. DANIEL MOOKHEY: Would it surprise you to know that Infrastructure NSW applies a benefit-cost ratio of 1.5?

The Hon. DUNCAN GAY: Why would it surprise me?

The Hon. DANIEL MOOKHEY: I am just asking.

The Hon. DUNCAN GAY: No.

The Hon. DANIEL MOOKHEY: That was in October 2012, and in September 2013 the Government applied a benefit ratio of 2.55. Can you explain that discrepancy? What additional benefit did you see that Infrastructure NSW did not?

Mr REARDON: In terms of how we undertake business cases and benefit-cost ratios, the Commonwealth Government produces a thing called the Australian Transport Guidelines, which we in New South Wales and the transport cluster follow, so we actually apply the same guidelines but specific to our projects—they follow the same parameters. We then use our business case guidelines, including the benefit-cost ratio guidelines to actually assess our own projects. So we produce our own benefit-cost ratios.

The Hon. DANIEL MOOKHEY: So you produced the benefit ratio that led to 2.55?

Mr REARDON: In terms of Infrastructure NSW and the processes it applies I can only refer you the information you have in front of you; the information we use in terms of standard benefits, standard costs, wider

economic benefits and any urban uplift, we apply those processes within our portfolio and that is what we are going through in terms of the stage one, two and three business case updates right now.

The Hon. DUNCAN GAY: Can I just get a clarification? Are you talking about Infrastructure NSW or Infrastructure Australia?

The Hon. DANIEL MOOKHEY: I will refer to the document precisely, "WestConnex—Sydney's next motorway priority October 2012" by Infrastructure NSW, Transport for NSW, Transport, Roads and Maritime Services." Does that help?

The Hon. DUNCAN GAY: My understanding is that Infrastructure Australia, not Infrastructure NSW, has a benefit-cost ratio of 1.8.

The Hon. DANIEL MOOKHEY: I will read from page 27 of the document.

The Hon. DUNCAN GAY: We are happy to take that on notice. Our understanding is that our benefit-cost ratio and that of Infrastructure New South Wales are very similar. The one from Infrastructure Australia differs because it takes different parameters into consideration.

Mr REARDON: That is correct. Infrastructure Australia will always undertake its own assessments. It has undertaken some of those assessments to—

The Hon. DANIEL MOOKHEY: I accept that point but I am not talking about Infrastructure Australia, I am talking about Infrastructure NSW. I understand that you take different parameters into consideration.

The Hon. DUNCAN GAY: We will take that on notice.

The Hon. DANIEL MOOKHEY: Thank you. I have additional questions on the benefit-cost ratio that you found. You can answer them now or take them on notice. Minister, you said that the department applies its guidelines. The department's document says that these guidelines cover: travel time savings; travel time reliability improvements, savings in vehicle operating costs; reductions in air pollution, greenhouse gas emissions and noise pollution; reductions in road accidents; reductions in local road maintenance; and the removal of surface traffic, enabling improvements to public transport. Apparently once you include all those factors in your model, the benefit-cost ratio is 2.55, when Infrastructure NSW says it is 1.5. Would you release the modelling?

Mr REARDON: I am in a position to point you to the Transport for NSW guidelines. They are several hundred pages long, but I am happy to go through any of the parameters. They are on the public record. We use them to assess our business cases. Various jurisdictions may look at changes to some of those parameters, but in my experience the changes have been only minor. I cannot comment on what has been used by another agency, compared to our own. I am happy to furnish you with a copy of our guidelines and what we base all our transport projects on.

The Hon. DANIEL MOOKHEY: Once you apply the ratio of 2.55 to the \$15.4 billion figure—and I accept that you may revise the ratio in the updated business case—it works out that you find \$10 billion more of advantages than Infrastructure NSW finds. Are you able to explain the magnitude of difference?

Mr REARDON: I can comment only on the Transport for NSW transport clusters guidelines. You will need to provide more information on the Infrastructure NSW parameters, because I do not have them in front of me. The Minister has taken the question on notice. We are happy to provide any information we can, but we do not have that information in front of us. We use the Transport for NSW guidelines to assess our projects.

The Hon. DANIEL MOOKHEY: Did you talk to Infrastructure NSW about this?

The Hon. DUNCAN GAY: Be aware that this project has been through Infrastructure NSW and would not have been approved if it had not given it a tick. For a project to go through Cabinet, it requires the approval of Infrastructure NSW as a prerequisite. A benefit-cost ratio of 1 is, in many instances, high to be able to get through. For a project to do better than that is an indication that it is particularly good. My understanding is that the Infrastructure NSW figure that you have quoted is based on the early infrastructure plan that included far

less tunnelling. More tunnelling lessens the impact on the community but increases the cost. The benefit-cost ratio is still positive. The Government announced the \$15.4 billion, and it is sticking to that. The benefit-cost ratios that you refer to are very positive. They would not have been approved by Infrastructure NSW had they not been positive.

Mr REARDON: The role of Infrastructure NSW in this project, as with all our major projects, is to undertake the assurance. At each stage of the process, it undertakes an assurance review. Its role on WestConnex is even more important: to assess whether we continue to deliver against the business case benefits.

The Hon. DANIEL MOOKHEY: I accept that point. But on the basis of the previous answer that Infrastructure NSW prepared a benefit-cost ratio of 1.5 that related to surface roads, not tunnelling, if the project were resubmitted to Infrastructure NSW the benefit-cost ratio would be lower. Have you spoken to Infrastructure NSW, the independent advisory body set up by the Government? Have you asked it to remodel the project?

The Hon. DUNCAN GAY: We talk to Infrastructure NSW all the time. This project would not be happening if Infrastructure NSW had not approved the model. Infrastructure NSW is currently involved in the work that we are doing on the revised business plan. Some at the table will not like to hear that the plan is going to be even better than the original one because the change of scope will provide a better outcome for the people of Sydney.

Dr MEHREEN FARUQI: Good afternoon, Minister. Good afternoon, everyone. Thank you for coming today. I will continue with the theme of WestConnex. Last year in estimates, Minister, you guaranteed a \$7.35 toll cap for the end-to-end use of the road. I thought at the time that that was brave of you. Analysis that I did at the end of last year, based on very generous assumptions, which was published in the *Australian Financial Review*, showed that for the project to break even an end-to-end user of the motorway would be required to pay a toll of at least \$26. Will the Government charge this exorbitant toll, or will the public bail out the project in the future?

The Hon. DUNCAN GAY: We will not charge that toll. The indication of the cap, given in 2013 dollars, continues to be the case. There is a difference between our figures and those in the scare campaigns. I know you would not run a scare campaign, but other people in the community have been doing so.

Dr MEHREEN FARUQI: Minister, do you recommit to the \$7.35 amount?

The Hon. DUNCAN GAY: I just did. That is a cap based on 2013 dollars.

Dr MEHREEN FARUQI: Will you confirm that Sydney Motorway Corporation is currently in negotiations with financiers to sell stage one, which is the widening of the M4, to fund stage 1B, which is the M4 East?

Mr CLICHE: We are not in negotiations to sell anything. We are looking to raise debt. That is what the Sydney Motorway Corporation is in the market to do today. It is raising \$1.5 billion of debt for stage two.

Dr MEHREEN FARUQI: For stage two, not for the M4 East?

Mr CLICHE: Yes.

Dr MEHREEN FARUQI: Minister, what will be the toll on the widened M4?

The Hon. DUNCAN GAY: That is on the website.

Dr MEHREEN FARUQI: From what I recall, it is \$3.90. Could you confirm that?

Mr CLICHE: Yes.

The Hon. DUNCAN GAY: Yes, that is correct.

Dr MEHREEN FARUQI: If \$3.90 is the toll for the widening of the M4, which costs about \$450 million, that leaves only \$3.45, if one looks at the total toll cap, for the Government to recoup the cost, or

for a private sector organisation that funds WestConnex to recoup the rest of the \$14 billion. Could you explain how that will work?

The Hon. DUNCAN GAY: I wish I could explain your logic. That is totally illogical. You assume that this is the only place that people will enter the motorway. The implication is that we are paying for the whole motorway with tolls from only the people who travel from Church Street to Homebush Bay Drive. That is not the case. People will enter at Homebush Bay Drive to go to Rozelle. People will enter at Rozelle and go across to St Peters. People will enter from the M5. The tolls from all those sections will be used.

Dr MEHREEN FARUQI: I understand that, but the toll cap is still \$7.35. Unless 300,000 cars use the motorway and all of them pay the full toll, the money can never be recouped. If you are so confident of the numbers, Minister, when will you release them? When will you release the full business case?

The Hon. DUNCAN GAY: We will release the full business case, on the reviewed scope, later this year.

Mr CLICHE: As you would imagine, the model is complex. It looks at ins and outs.

Dr MEHREEN FARUQI: I understand. I am an engineer and I understand those ins and outs.

The Hon. DUNCAN GAY: There is a difference between being an engineer and being an expert in tollways.

Dr MEHREEN FARUQI: Thank you for highlighting that, Minister.

The Hon. DUNCAN GAY: I am here to help.

Dr MEHREEN FARUQI: I always appreciate your help, Minister.

Mr CLICHE: My point is that we have looked at all the ins and outs and what the revenue will be. To the Minister's point, not everybody will get on and off at the same spot.

Dr MEHREEN FARUQI: I understand that.

Mr CLICHE: We have done extensive modelling. We have done the numbers, and the numbers generated the economic out-turn, the benefit-cost ratio that the Minister referred to.

Dr MEHREEN FARUQI: So will you be releasing those numbers with the business case later in the year, Minister? Could you give us an approximate time—even the month?

The Hon. DUNCAN GAY: Later on this year—certainly before the end of the year. I am just looking; I have some more information.

Dr MEHREEN FARUQI: While you are looking for it I will ask my next question. The Auditor-General's assessment for WestConnex, which he released in December last year, was pretty damning. He highlighted a lack of independent overview and assurance, also some deficiencies in the business case and some governance arrangement issues as well. Later Infrastructure Australia also raised some weaknesses with the business case. Minister, have you addressed those weaknesses and the issues raised by the Auditor-General and Infrastructure Australia?

The Hon. DUNCAN GAY: Where necessary we have, and I will ask Tim in a moment to follow up. The Auditor-General made two comments that enemies of WestConnex—there are probably one or two in the room—have leapt upon. The first one was that there was not a gateway process for WestConnex. WestConnex went through Infrastructure NSW [INSW] and then went through the full Cabinet process. The Government made a decision to do it following that full process. I do not know what you would call not a proper process but that is what happened. When the full Cabinet makes a decision following the INSW scrutiny that it wants to do something I do not know how you come up with that. But given that the Auditor-General was very strong on that, the next one we will make sure that we address those concerns.

Dr MEHREEN FARUQI: Have you addressed those concerns already? It has been quite a few months.

Mr CLICHE: I should point out that the key comment made by the Auditor-General was that we did not have gateways. By the time the Auditor-General's report was out, the board of WestConnex had been constituted with an independent chair, Tony Shepherd, and a full number of independent directors. We had at that time already been using full gateways; so we had been using full gateways for at least six months prior to the Auditor-General's report. He had issue with the fact that the board was given oversight of the WestConnex project at that point, but the board had already embarked on the process of gateways well before the Auditor-General had recommended it. In fact, we used gateways for every single step of all three stages of the project well before the Auditor-General's report came out.

The Hon. DUNCAN GAY: With independent people doing it. Tim, do you want to—

Dr MEHREEN FARUQI: I think you have answered my question.

The Hon. DUNCAN GAY: But you keep coming out and saying that this does not add up because it does not have a gateway process or a business case. You ask us the question and we should have the right to answer it.

Dr MEHREEN FARUQI: You have answered it.

Mr REARDON: I would just like to reinforce the point that I made previously, which is that INSW's role is to independently assure all our major projects—and WestConnex is no different from that—in taking this forward. As Dennis pointed out, WestConnex itself was undertaking its gateway assurance processes; INSW continues to take those forward and, as I said, the stage one, two and three business case update, that will be the same process we will follow as we do for every other major transport project.

The Hon. DUNCAN GAY: Because there has been criticism of that report, we accept there was a perception, but the gateways were there; we are going to make sure that the gateways are not only there but reinforced going forward and that business case will come out. So when they go I do not know what you will have left to criticise it on.

Dr MEHREEN FARUQI: There is plenty more where this is coming from. Minister, are you aware that the Federal Auditor-General has been referred the WestConnex business case as well to look into and are you concerned what they might find at the Federal level?

The Hon. DUNCAN GAY: No to both parts of the question.

Dr MEHREEN FARUQI: Minister, can you confirm that there will be no cycleway infrastructure completed as part of the M4 project, especially east of Homebush?

The Hon. DUNCAN GAY: On WestConnex?

Dr MEHREEN FARUQI: Yes.

The Hon. DUNCAN GAY: My understanding is no, there will not be cycleways.

Dr MEHREEN FARUQI: There will not be cycleways?

The Hon. DUNCAN GAY: It is a tunnel.

Dr MEHREEN FARUQI: You can have cycleways not necessarily in the tunnel but as part of the project anywhere.

The Hon. DUNCAN GAY: We are spending a record amount of money on cycleways but we do not envisage putting them into the tunnel.

Dr MEHREEN FARUQI: Minister, WestConnex is reported as saying that 182 properties will be acquired just for the M4 East. Is that correct?

The Hon. DUNCAN GAY: That is my understanding, yes. We do not like acquiring properties. Had we not made the decision to go by tunnel there would be a lot more properties needed. You may or may not remember but there used to be a dedicated roadway there that was sold off by a previous Labor Government. The Premier at the time, Neville Wran, said, "I've found hollow logs. I am going to realise this money."

Dr MEHREEN FARUQI: I do not want to go over that.

The Hon. DUNCAN GAY: You might not want to go over it but it is important when we talk about the houses. You do not like tunnels but we are going by tunnel. By going by tunnel we minimise the number of houses that are affected.

Dr MEHREEN FARUQI: One hundred and eight-two houses are still a lot.

The Hon. DUNCAN GAY: It is a lot. We would prefer it was none.

The Hon. PAUL GREEN: I just want to correct, Minister, that we like tunnels and we would like one from the other side of The Grand Parade right up into Sydney—it is called the SouthConnex, I think.

The Hon. DUNCAN GAY: It is a nice thought.

The Hon. PAUL GREEN: We will not start with that particular SouthConnex project, thank you. Can you elaborate on the proposed plans by the State Government and Sydney Airport for a joint investment of \$500 million to address the traffic flow around Sydney Airport? When does the Government intend to start such a project and what is the intended finish time?

The Hon. DUNCAN GAY: I will hand over in a moment to Ken Kanofski on this. I pay tribute to Sydney Airport Corporation Limited [SACL]. After years of government and the airport corporation being at each other's throats in the past two or three years finally we are working together—it is probably me getting nicer and them getting nicer as well. We are addressing the issues; it is not just on New South Wales roads and it is not just on the airport; it is a joint situation. For example, when there is trouble in the international airport, the tail comes back out and interferes with a State road. So it is a matter of getting their infrastructure right and ours. We are looking at the future to change directions of roads, to have one-way roads, and even more into the future on top of that when we get to WestConnex and the gateway on those projects. I will hand over to Ken Kanofski for the detail on the \$272 million.

Mr KANOFSKI: Yes, there are three projects being undertaken by Roads and Maritime that pair up with the works that are happening on the airport proper. Those three projects are the widening of Marsh Street; there is also the extension of Wentworth Avenue to join up with Joyce Drive, providing an additional path to the airport; and there is the creation of a one-way pair, O'Riordon Street and Robey Street one-way pair, which will match up to the new entrance to Sydney Airport. Two of those projects will be in construction towards the end of this year—Marsh Street and the Wentworth Avenue project will be in construction by the end of this year, with around a two- to 2½-year construction period. The Robey Street-O'Riordon Street project probably will not be in construction until about 2018 because there are some complex planning issues that have to be sorted out with that project.

The Hon. PAUL GREEN: Minister, in terms of the North Coast, residents are claiming that ageing roads and bridges are putting lives at risk and local governments are calling for more assistance from State and Federal governments. I note particularly in the local government inquiry at the moment we are finding that there has maybe been a cost shifting of between 10 per cent and 15 per cent on the regional roads shortfall for local councils. Of course, I commend the Government for putting \$1.55 billion into council roads since you have been in government. Can you comment on any difficulties Roads and Maritime Services [RMS] may be having with councils and the priorities they set for their ratepayers' money, and what can we do to improve this situation?

The Hon. DUNCAN GAY: I thank you for that important question. You referred in particular to the North Coast roads, and the biggest single money that we are spending up there, of course, is on the Pacific Highway in the region, which is a huge amount of money. But your question was specifically on council owned and managed roads. We have put up to 40 per cent increase in grant funding to regional councils, including repair and block grant funding, compared to the previous Government's last four years in office.

A historic \$326 million was committed in the 2015-16 budget. New funding initiatives for local and regional roads have been delivered under this Government, including \$42.85 million for Fixing Country Roads for which we have leveraged up to \$100 million by partnering in joint funding arrangements with Federal initiatives such as the Bridge Renewal program and the Heavy Vehicle Safety and Productivity program. Regional councils can start applying for round two of Fixing Country Roads funding this September.

I do not have a great argument with councils; I accept that they are doing it tough in their road funding and their management. Some could argue that some of their internal management could be better but that is different to this. The amount of money they have got for their local roads is less. We have actually taken a brave step. The fact that I am actually putting money into council roads is something that has not been done before. The response we have had from local government has been terrific. We are putting it through a body where I do not get the final say, so I cannot pork barrel this money, as such. And it is based on productivity within their council areas.

The Hon. PAUL GREEN: Is the Government working with councils in trying to get a benchmark across New South Wales in road building and the way it is done?

Mr DUNCAN: We do our annual grants process and each region works very closely with local government to help them with their road planning.

The Hon. PAUL GREEN: I am talking about a single benchmark across.

Mr DUNCAN: We have a maintenance benchmark and we work at that level. With regards to planning of local roads, that really is a local government responsibility. But, as I said, our local regional managers are available and do, in fact, get involved in monthly meetings with most local government areas.

The Hon. PAUL GREEN: One of the comments I am trying to point out here is that it has come to me that basically there is no benchmark of road building and, of course, different councils will build roads according to their engineer. I am wondering if the Government has got inside—

The Hon. Dr PETER PHELPS: Do you mean a benchmark of quality or quantum?

The Hon. PAUL GREEN: A bit of both, but obviously quality for a start because if you are losing knowledge of—

The Hon. DUNCAN GAY: There are standards.

The Hon. PAUL GREEN: Standards, and basically they are embraced by the 152 councils.

Mr DUNCAN: At the very top level there are national standards and they go to the guidelines provided by Austroads. Local government is represented on the board of Austroads. They have full input and there is something like 400 guides available to local government and State government in the area of road building. So that is very extensive and it has been around for a long time.

The Hon. DUNCAN GAY: One of the things we are looking at, particularly on bridges, is to be able to come up with a standard bridge that you can build in size to four or six metres. How many metres?

Mr DUNCAN: About six but it varies in modules and this is a bridge that will be available at a very low cost that has mostly precast elements.

The Hon. Dr PETER PHELPS: Bailey bridges.

Mr DUNCAN: Not quite.

The Hon. PAUL GREEN: One of my questions and one of your favourites, Minister: Can you update us as to where the Bridges for the Bush program is up to? Is it still running and is it on budget?

The Hon. DUNCAN GAY: Yes, it is.

The Hon. PAUL GREEN: How many more bridges have we got to go?

The Hon. DUNCAN GAY: We have got quite a few. We are currently working on the Bruxner Highway timber truss bridge. The Bridges for the Bush—Kapooka is underway; in fact, I was down there recently. Funding of \$210 million has been committed to support the Bridges for the Bush initiative, with \$27.5 million from the Federal Government. The program includes upgrading or replacing five priority bridges on State roads and 12 timber truss bridges on State and regional roads. Since the start of the program in 2012, timber truss bridges have been replaced at Crookwell and Gooloogong and upgraded at Carrathool and Dunmore. To answer the second part of your question, 13 bridges remain on the program to be upgraded or replaced over the next few years.

The Hon. PAUL GREEN: I ask about the duplication of the Dubbo bridge over the Macquarie River. Where is that up to?

The Hon. DUNCAN GAY: That is one promised out of the poles and wires money. My understanding is that early geotech work is currently happening on that one.

Mr DUNCAN: The early planning work on that has started.

The Hon. PAUL GREEN: The desktop work or digging work?

Mr DUNCAN: As the Minister said, geotech work is work on site. We have not started construction. We are not in that place at the moment. What we will be doing is getting the planning approvals, design and all the pre-work done. That will be part of the program of works that goes along the Newell Highway.

The Hon. DUNCAN GAY: That is the old L. H. Ford Bridge. Many people who have been to Dubbo, that is the long bridge that was built in the sixties and named after Alderman Les Ford, who was the mayor of Dubbo, who coincidentally drove a cadillac. He was a Holden dealer with the name Ford; it was a strange coincidence.

The Hon. DANIEL MOOKHEY: I return to the question of the land acquisitions. In your previous answer, Minister and Mr Cliche, you said that 184 properties had to be acquired in stage 1 of WestConnex. How many properties will be acquired in stages 2 and 3?

Mr CLICHE: There are actually 182, we said, for stage 1B. Stage 3 is yet to be defined because we are still working through the business case and, for the most part, the reason for the choice of the Rozelle rail yard is to have little to no property impact, as well as the St Peters site, for the same reason. Stage 2, we are awaiting finalisation of the preferred design and construct [D and C] contractor to have the exact number.

The Hon. DUNCAN GAY: It should not be a lot, given where we are going in and where we are coming out. We have deliberately tried to minimise property in this situation. For example, the King Georges Road intersection, there was very little property there and where the tunnel starts is in the existing road corridor.

The Hon. DANIEL MOOKHEY: I am referring to the \$500 million blow-out between last year and this year.

The Hon. DUNCAN GAY: There has not been a \$500 million blow-out.

The Hon. DANIEL MOOKHEY: In respect to the answer that you previously gave about the additional money that you have to put aside for increased land acquisition costs. Is that money for increased land acquisition costs in respect to the properties already acquired or the properties you expect to acquire?

Mr CLICHE: We are in the process of acquiring. So this is an estimate based on the properties we have identified where we know that we need to take, plus an allocation of what we think we will have to take for, particularly, stage 2.

The Hon. DANIEL MOOKHEY: Have you started stage 2 acquisition?

Mr CLICHE: Yes. We have advised people of an existing road reservation. I think it was in February this year, approximately 80 property owners in that existing road reservation were advised that we potentially

could take or acquire their properties. Of those, 41 were confirmed that we did, in fact, need to acquire those properties. The balance, we are waiting on the final number to come out when we select the D and C contractor.

The Hon. DANIEL MOOKHEY: Is the additional money that you have set aside for that stage 2 for those 80 properties?

Mr CLICHE: There is some additional work, for example, as the Minister started to say, at Kingsgrove, where we go underground on the existing—along the alignment. It does not require any property. We will be acquiring part of a golf course that has some costs associated with it, plus there is some additional work around St Peters as a result of some additional work that we are looking to do to better integrate into the community.

The Hon. DANIEL MOOKHEY: If I understand your contention, the additional money that has been set aside in this budget in respect to land acquisition costs, which I think you said before was equivalent to half of 284—

Mr CLICHE: Roughly, yes.

The Hon. DANIEL MOOKHEY: Which works out to be \$142 million?

Mr CLICHE: Yes.

The Hon. DANIEL MOOKHEY: Are you saying you have to spend an additional \$142 million to acquire 80 properties?

Mr CLICHE: No, I also mentioned half a golf course and a number of other things along the way.

The Hon. DUNCAN GAY: Including work at St Peters.

The Hon. DANIEL MOOKHEY: How much is the golf course?

Mr CLICHE: It is still commercial-in-confidence actually. We are in negotiation—

The Hon. DANIEL MOOKHEY: Say this generous cost \$10 million—

Mr CLICHE: I do not know which golf courses you play on.

The Hon. DANIEL MOOKHEY: If you assumed half of \$142 million is for the golf course, are you spending an additional \$70 million, on that assumption, on Sydney houses—

The Hon. Dr PETER PHELPS: On 80 houses. Have you seen Sydney's property prices?

The Hon. DUNCAN GAY: Do you know the Sydney property market?

The Hon. DANIEL MOOKHEY: Are you suggesting you have under-budgeted in the course of a year by approximately \$875,000 per house?

The Hon. DUNCAN GAY: No.

The Hon. DANIEL MOOKHEY: How much have you under-budgeted?

Mr CLICHE: We have said there is additional scope and that requires additional property—

The Hon. DANIEL MOOKHEY: How many?

Mr CLICHE: The additional scope is for work around St Peters so in that there is some additional property.

The Hon. DANIEL MOOKHEY: How many? The evidence you have given is that you are spending an additional \$172 million—

The Hon. DUNCAN GAY: For property acquisition.

The Hon. DANIEL MOOKHEY: How many properties are being acquired?

The Hon. DUNCAN GAY: Will you just let me answer please? Are you happy for me to answer?

The Hon. DANIEL MOOKHEY: It is the Chair's responsibility.

The Hon. DUNCAN GAY: Some of these properties are large commercial properties—they are not all houses. To take this figure and divide it by the number of houses does not give a sensible outcome. You can be sensational by doing that. One of those, of course, is the Dial A Dump site, which is a large site and it also involves remediation.

The Hon. DANIEL MOOKHEY: Thank you, Minister but I refer to my earlier question when I asked you to itemise precisely what properties you were acquiring for stage two and you said you were not able to. In the course of this you have been able to tell us 80 properties and a golf course. What else is being acquired?

The Hon. DUNCAN GAY: Mr Chair, I am trying to answer this question. This young man is talking over the top of me.

CHAIR: Minister, please complete your answer and a follow-up question can be asked.

The Hon. DUNCAN GAY: Whilst you were talking over me I was indicating that it is not just residential blocks. If you simply take the number of residences and divide it by that number you will not get a true representation of what is there. There are larger industrial areas and equally there is a major site at St. Peters in there which is the Dial A Dump site, which also has involved us in a large amount of remediation. The extra cost is legitimate particularly given the number of blocks and the industrial site that we are doing.

The Hon. DANIEL MOOKHEY: I return to my earlier question. Will you itemise precisely what properties you are acquiring? I have ascertained you have 80 houses, a Dial A Dump site and a golf course. Is that the totality of money that you under-valued last year that you now have to value again this year?

The Hon. DUNCAN GAY: I have just answered that question.

The Hon. DANIEL MOOKHEY: So the answer is no.

The Hon. DUNCAN GAY: The answer is not "no". I gave a detailed answer. If you want to try those games, get in the big school. You are not in the big school yet. I gave a detailed answer to him.

CHAIR: You are being a bit condescending. There was a specific question about items.

The Hon. DUNCAN GAY: Of course I was.

The Hon. DANIEL MOOKHEY: The golf course, the Dial A Dump site and about 80 houses is what we know about so far.

Mr CLICHE: I also mentioned that there were additional houses that will be required depending on the selection of the design and construct contractor. We do not, as a matter of public course, put those numbers out. It would tip the hand of whoever we are negotiating with and compromise our commercial position. Depending on the exact route and where the designs are different between the various consortia will have a slightly different impact.

The Hon. DUNCAN GAY: We cannot speculate on specific acquisition costs because they are still subject to commercial negotiation. We have to make sure that we leave enough in there to cover it.

The Hon. DANIEL MOOKHEY: I refer to your press statement that you issued on 31 October 2013 when you said, "The NSW and Australian governments are providing \$3.3 billion in funding for the \$11 to \$11.5 billion project." Do you recall that?

The Hon. DUNCAN GAY: Yes.

The Hon. DANIEL MOOKHEY: Presumably the balance, which is about \$8.2 billion, was to be derived from the valuation at the time when WestConnex was to be sold on the basis of the toll revenue generated under that scenario you presumed you would be able to get a valuation at market of \$8.2 billion?

The Hon. DUNCAN GAY: First of all, the situation was that was not the only money that came in. There was a Federal Government loan that came in on top of that.

The Hon. DANIEL MOOKHEY: On top of that \$3.3 billion or as a part of that \$3.3 billion?

Mr CLICHE: On top of.

The Hon. DUNCAN GAY: On top of.

The Hon. DANIEL MOOKHEY: In October 2013 you said the New South Wales Government and the Australian Government are providing \$3.3 billion. Was that inaccurate?

The Hon. DUNCAN GAY: No, the loan came in after that.

The Hon. DANIEL MOOKHEY: Okay, the loan came in after that. I am not talking about that loan; I am talking about at that point in time.

The Hon. DUNCAN GAY: Yes.

The Hon. DANIEL MOOKHEY: You assumed that the valuation of the WestConnex on the basis of its toll revenue would be circa \$8.2 billion?

The Hon. DUNCAN GAY: That was the business case we put up.

The Hon. DANIEL MOOKHEY: Right, thank you. In respect to the financing strategy for WestConnex as presented in this budget statement, \$1.8 billion is coming from Restart NSW?

The Hon. DUNCAN GAY: Yes.

The Hon. DANIEL MOOKHEY: And \$928 million is coming from Consolidated Revenue?

The Hon. DUNCAN GAY: Finish what you were going to say.

The Hon. DANIEL MOOKHEY: I ask: Is it \$928 million?

The Hon. SOPHIE COTSIS: Yes or no.

The Hon. DANIEL MOOKHEY: It is your budget paper, Minister.

The Hon. DUNCAN GAY: It is only \$1.8 billion from us.

The Hon. DANIEL MOOKHEY: Do you suggest you are only putting in \$1.8 billion?

The Hon. DUNCAN GAY: It is \$928 million on top of the \$1.8 billion.

The Hon. DANIEL MOOKHEY: Are you sure?

The Hon. DUNCAN GAY: Yes.

The Hon. DANIEL MOOKHEY: Confident?

The Hon. DUNCAN GAY: Yes.

The Hon. DANIEL MOOKHEY: Great. And \$1.5 billion is coming from a Commonwealth grant?

The Hon. DUNCAN GAY: Yes.

The Hon. DANIEL MOOKHEY: And \$2 billion is coming from a concessional loan?

The Hon. DUNCAN GAY: Yes.

The Hon. DANIEL MOOKHEY: I turn to the \$928 million. I understand that the original strategy document that Infrastructure NSW put out in October 2012 said, "All else being equal government funding of major infrastructure results in higher taxation, asset sales or foregone investment of either the project or other government infrastructure." Were any other projects foregone in order to allocate that \$928 million to WestConnex?

The Hon. DUNCAN GAY: Decisions are always made with government money. There was nothing we cancelled to put that money in place, but there is always a foregone situation with it. We believe this is a good project and one that certainly deserves to be funded. Do not forget we have freed up money that was not there when your side was in government by leasing assets and allowing that money to be used to build more assets.

The Hon. DANIEL MOOKHEY: Yes, I am assuming that is the money you are referring to that is in Restart NSW. I am not asking you about that. I am asking about the \$928 million. Was any part of that extra \$928 million allocated to this project because there was a \$4 billion increase over the course of two years?

The Hon. DUNCAN GAY: No.

The Hon. DANIEL MOOKHEY: Do you say not a single project or otherwise—

Mr CLICHE: You keep referring to \$4 billion change. It is a difference in the way that the numbers are put together, out-turn versus NPV—net present value. You keep saying that it is blow-out but it was not. Out-turn costs are a different way of presenting the same number.

The Hon. DANIEL MOOKHEY: What was the out-turn cost in 2013? Was it \$11.5 billion?

The Hon. DUNCAN GAY: No, it was the \$14.9 billion.

Mr CLICHE: One is an NPV [net present value]. The other is a total out-turn cost.

The Hon. DUNCAN GAY: We explained it earlier. I do not think you were listening.

The Hon. DANIEL MOOKHEY: In the Minister's statement he did not refer to the out-turn cost.

CHAIR: Could you describe what NPV means?

Mr CLICHE: Net present value, so you discount the future cash to 2012 dollars. The other one is the sum of the dollars in the year that they are spent. That is the difference in how you get from the \$12 billion to the \$14.9 billion. That is the fundamental difference.

The Hon. DANIEL MOOKHEY: But the out-turn cost in 2013 was \$14.9 billion.

The Hon. DUNCAN GAY: And it is now \$15.4 billion because of the \$500 million that you were talking about. There has not been a blow-out in cost. That was the cost that it always was.

The Hon. DANIEL MOOKHEY: Right.

The Hon. DUNCAN GAY: You say that but you do not believe it, do you?

The Hon. DANIEL MOOKHEY: I am only here to gather evidence. Has the \$2 billion concessional loan been entered into?

The Hon. DUNCAN GAY: Yes.

The Hon. DANIEL MOOKHEY: Is the loan document between you and the Commonwealth available?

Mr CLICHE: It is subject to signing stage 2, which is close and all the documentation is ready.

The Hon. DANIEL MOOKHEY: Are you able to itemise the terms of that loan? When does New South Wales have to repay and under what circumstances do we have to repay? Presumably the full \$2 billion has to be repaid.

The Hon. DUNCAN GAY: Yes.

The Hon. DANIEL MOOKHEY: When do we have to repay it all?

Mr CLICHE: It is 2029 from memory, but I will check that. All of the terms are complete. The document is ready to be signed.

The Hon. DANIEL MOOKHEY: What is the rate of interest obtained?

The Hon. DUNCAN GAY: It is pretty good. We will come back with that later in budget estimates. We will also come back with the details on release.

The Hon. DANIEL MOOKHEY: When is the first repayment due?

The Hon. DUNCAN GAY: After we sign we will come back with those details as well.

The Hon. DANIEL MOOKHEY: Is the first repayment after or prior to the motorway being sold?

Mr CLICHE: The first repayment is at the end of the—

The Hon. DUNCAN GAY: At the end of the loan.

Mr CLICHE: In 2029 or something like that, yes.

The Hon. DANIEL MOOKHEY: There is no earlier repayment?

The Hon. DUNCAN GAY: No.

The Hon. DANIEL MOOKHEY: You do not know the rate of interest yet, but you will find out for us?

Mr CLICHE: We have all the terms. I do not have them on the tip of my tongue.

The Hon. DANIEL MOOKHEY: Of the \$15.4 billion that is currently envisaged, \$1.8 billion is coming from Restart NSW, \$928 million is coming from consolidated revenue, \$1.5 billion is coming from a Commonwealth grant that presumably does not have to be repaid, and \$2 billion is coming from a concessional loan. Given that the loan has to be repaid, the project has to be valued at essentially \$11.172 billion, accepting that my arithmetic is correct.

Mr CLICHE: That is close, yes.

The Hon. DUNCAN GAY: We will take your numbers on notice.

The Hon. DANIEL MOOKHEY: I was educated under a Labor Government so you know I am pretty good at maths.

The Hon. DUNCAN GAY: The rate of interest is the government bond rate.

The Hon. DANIEL MOOKHEY: But the concessional loan has to be repaid?

The Hon. DUNCAN GAY: Yes.

The Hon. DANIEL MOOKHEY: Let us assume that the market valuation that has to be obtained for the highway at the point of sale is circa \$11.172 billion. That valuation will be derived predominantly from tolling income?

The Hon. DUNCAN GAY: Sorry, what did you say?

The Hon. DANIEL MOOKHEY: The valuation under the model—

The Hon. DUNCAN GAY: This is all covered in the business case.

The Hon. DANIEL MOOKHEY: I understand. I am covering it now as well, given that there has been a change.

The Hon. DUNCAN GAY: It is even in the redacted one that was released.

The Hon. DANIEL MOOKHEY: The \$11.172 billion has to be recovered from the private sector. Presumably, as has been stated in the funding strategy and the financing strategy, the valuation of the project will be dependent on tolling revenue. You committed to the tolling revenue on 31 October 2013 when you presumed the valuation was \$8.2 billion. We went through that earlier. Minister, you said that stage 1 was \$3.70, the M4 widening of Church Street to Homebush Bay Drive was \$3, the M4 East was \$2.40, the stage 2 M5 East was \$2.70, the stage 3 M4 South was \$3 and the WestConnex average toll was \$4.50. That was when you were trying to recover a market valuation of approximately \$8.2 billion. Given that you now have to recover an additional \$3 billion to what you had originally foreseen—

The Hon. DUNCAN GAY: No, we do not.

The Hon. DANIEL MOOKHEY: You are not looking for an \$11 billion valuation?

The Hon. DUNCAN GAY: You are deliberately misinterpreting what we said about the difference between the initial costs and the out-turn costs. We have to recover exactly the same except for the \$500 million that we initially had there. Your argument is flawed.

Mr CLICHE: In following your logic, there is a return generated by Sydney Motorways Corporation through this project. That return can change but it still can be positive and in both of those scenarios that you are describing in fact it is positive.

The Hon. DANIEL MOOKHEY: We will go on the Minister's scenario that the variation in out-turn costs between his press release and now is circa \$900 million. That additional \$900 million has to be recovered from the private sector, does it not?

The Hon. DUNCAN GAY: The \$900 million extra that the Government put in does not have to be collected. That was put in for the King Georges Road interchange upgrade.

The Hon. DANIEL MOOKHEY: How much money precisely do you think has to be recovered from the private sector?

The Hon. DUNCAN GAY: We recover what we want to recover. We may make a decision not to sell this at the end. We may make a decision to lease parts of it, or the lot, or none.

The Hon. DANIEL MOOKHEY: But we are unaware because you are not releasing the business case.

The Hon. DUNCAN GAY: We are not in a fire sale situation. This is a different government to the one that you were in. A large amount of initial seeding money is being put in place by the State and Federal governments. There is an enhancement of the roadworks that are there that makes them work better.

The Hon. DANIEL MOOKHEY: Given that in the business case you released in September 2013 you explicitly said that you would be recovering that money from the private sector, have you just changed the policy?

The Hon. DUNCAN GAY: No, I have not. We indicated that the business case was to build stage 1, lease it and then use that money to build stage 2 and lease that and then use that money to build stage 3.

The Hon. DANIEL MOOKHEY: Subject to any decision you may make?

The Hon. DUNCAN GAY: You asked me a question. Would you like me to answer it?

The Hon. DANIEL MOOKHEY: Thank you for answering it.

The Hon. DUNCAN GAY: I have not answered it yet. I was halfway through an answer. [*Time expired.*]

CHAIR: It is Dr Faruqi's time for questions.

The Hon. DUNCAN GAY: Be aware that question was only half answered. There was a considerable amount more to come.

Dr MEHREEN FARUQI: I want to confirm something that came up in the last conversation. Until last year the New South Wales Government allocation of funds to WestConnex was \$1.8 billion but it has now gone up to about \$2.7 billion. Is that right?

The Hon. DUNCAN GAY: The amount of money going to WestConnex remains the same. We put in \$993 million, which was for the King Georges Road interchange upgrade. It is debatable whether that is part of WestConnex or not.

Dr MEHREEN FARUQI: Is any part of the money for WestConnex coming from the sale of poles and wires?

The Hon. DUNCAN GAY: Not at this stage.

Mr CLICHE: Sydney Motorways is looking at stages 1 and 2, and stage 3 is still in business case as we described earlier.

Dr MEHREEN FARUQI: Will the business case that you are releasing before the end of the year be for the whole of the WestConnex, including stage 3?

Mr REARDON: Yes, it will. It will be stages 1, 2 and 3. As indicated before, it is an update to that business case that was undertaken previously.

Dr MEHREEN FARUQI: Hopefully it will contain a little bit more detail than the last business case.

Mr REARDON: As the Minister and Mr Cliche pointed out, the scope change that they talked about was the St Peters interchange and the southern gateway and the ramps for that. That added to the scope from \$14.9 billion to \$15.4 billion. In terms of those three stages and the business case, the update will cover those off. In terms of referencing the points made about the sources of the funds, the project itself has social and economic benefits, as you would be aware. We outlined those in the business case and we will outline those in the update as well.

Dr MEHREEN FARUQI: I am not really aware of them but I thank you for your work.

Mr REARDON: They are outlined in the business case. It is already on the public record. The update will do the same. As to the sources of funds, as the Minister indicated, seed funding is going into the project to deliver certain components and deliver them early. In terms of the entire financing strategy, I am not quite sure if we got to the bottom of the previous question. As the Minister said, it is something that we would like to respond to.

Dr MEHREEN FARUQI: Coming back to the 182 properties, we were saying earlier that there are a lot of homes to be acquired just for the M4 East. With such a huge number of property acquisitions, I figure you could effectively actually have widened Parramatta Road on the surface rather than building the toll road. Minister, is this just a plan to forcibly acquire properties and rezone the land for a developer bonanza?

The Hon. DUNCAN GAY: I am gobsmacked that you would sit there and blithely say, "Minister, you could have just widened Parramatta Road rather than acquiring these buildings." How long is Parramatta Road?

Dr MEHREEN FARUQI: You have acquired those buildings already.

The Hon. DUNCAN GAY: You asked me a question. You made a statement.

Dr MEHREEN FARUQI: I did not ask you that question.

The Hon. DUNCAN GAY: You did, you made the statement. You said I could have just widened Parramatta Road. How many buildings would have been involved in the widening of Parramatta Road?

Dr MEHREEN FARUQI: You are acquiring 182 properties.

The Hon. DUNCAN GAY: Acquiring 182 properties is a drop in the ocean compared to what it would have taken. Some 800 properties were taken on the approaches to the Sydney Harbour Bridge.

Dr MEHREEN FARUQI: How long is the M4 East?

The Hon. DUNCAN GAY: We are only taking 182, because we are going to do it by tunnel. That is the key difference and that is why it is only 182. Sadly, 182 properties are involved. I wish there were no properties involved.

The Hon. Dr PETER PHELPS: You would not have had to take any had Labor not sold off the properties.

Dr MEHREEN FARUQI: Dr Phelps, you are not asking the questions now.

CHAIR: Order!

Dr MEHREEN FARUQI: Minister, as you know there have been a number of route changes through the project in the past 12 months. One particular change is that the M4 East tunnel no longer goes under Parramatta Road and instead goes under homes. Community members are really concerned about tunnelling underneath their homes, and they are also concerned that they were not actually consulted when the change of route happened. Minister, could you elaborate on why the late change happened and why residents were not consulted?

The Hon. DUNCAN GAY: The late change happened because we came up with a better scope. There was criticism, and we believed it was valid criticism, of the route initially chosen. The new route takes us underground in towards Rozelle, which allows people to come out and pick up Victoria Road, pick up Anzac Bridge and pick up the new cross harbour road tunnel.

Dr MEHREEN FARUQI: Minister, I know the new route. My particular questions is: Why were the residents not consulted?

The Hon. DUNCAN GAY: You asked why we changed. The reason we changed was to achieve a better outcome. It certainly affects fewer houses through there. We removed the need to go through the traffic lights. The tunnel will be between 27 and 50 metres in depth, so it is substantially below the houses. That is 160 feet. My house in Sydney is above a new transport tunnel—it is above the airport link. We hear nothing, and that is a steel on steel not a rubber on tarmac situation there.

Dr MEHREEN FARUQI: The community is asking for a 60- to 90-day period to comment on the environmental impact statement for the M4 East. Minister, will you commit to granting this extension?

The Hon. DUNCAN GAY: That is up to the Minister for Planning. The normal term is 30 days.

Dr MEHREEN FARUQI: Minister, would you commit to asking the Minister for Planning?

The Hon. DUNCAN GAY: I have already asked the Minister for Planning to look at an extension, and I think he is.

Dr MEHREEN FARUQI: Minister, are you aware of the Organisation for Economic Cooperation and Development [OECD] report "The cost of air pollution", which was released in May last year?

The Hon. DUNCAN GAY: No, I am, not off the top of my head; but I am sure my experts would be.

Dr MEHREEN FARUQI: Minister, this report showed that 50 per cent of deaths from outdoor air pollution are now caused by road transport and that between 2005 and 2010, while air pollution related deaths declined in most OECD countries, they increased, alarmingly, by 68 per cent in Australia. Given these figures, are you concerned about building more motorways and tunnels, which actually does worsen air pollution, does impact on human health, and brings more and more cars onto the roads?

The Hon. DUNCAN GAY: The problem we have is that there will be an extra million people here in the next decade. The roads have not been improved over the past 16 years. The biggest contributor from motor vehicle exhaust to pollution is vehicles stuck in traffic with congestion—stuck at traffic light after traffic light after traffic light. Vehicles can spend an extra 30 to 40 minutes stuck at traffic lights, spewing out exhaust gas whilst they wait to move. The rationale behind what we are doing with NorthConnex and WestConnex is to free up movement and actually improve air quality in the city. The net result will be an improvement.

We are meeting world's best practice in designing the ventilation outlets. The probability is that, as with NorthConnex, there will be no measurable increase in emissions near the outlets on WestConnex. Yet everywhere else we are going to have an improvement. In the tunnels we are going to put in cameras to monitor the exhausts that are coming in there, like on the M5 East. On the M5 East, where we put the smoke detectors and cameras in, we have had an improvement; and not just in the tunnel. When we get rid of those vehicles, we do so for the whole rest of the day. So the 20 minutes going through the M5 East is nothing for the rest of the day.

Dr MEHREEN FARUQI: I have heard that story before.

The Hon. DUNCAN GAY: But it is a good story. It is a great outcome.

Dr MEHREEN FARUQI: Pollution is going to spew out of the exhaust stacks of both NorthConnex and WestConnex, which are going to be in residential areas. Minister, do you not think that filtration is justified for those exhaust stacks given that the community is going to be breathing in that polluted air?

The Hon. DUNCAN GAY: What I indicated is that we have the best scientists and the Chief Scientist overseeing this. We have world's best practice in designing the ventilation outlets—

Dr MEHREEN FARUQI: There is no filtration though, Minister.

The Hon. DUNCAN GAY: As I indicated, the probability is that, as for NorthConnex, there will be no measurable increase in emissions near the tunnel outlet. Yet for the rest of the day everything is better.

Dr MEHREEN FARUQI: Yes, but it will still spew out of the exhaust stacks.

The Hon. DUNCAN GAY: You do not like a good outcome. Why do you not you like a good outcome?

Dr MEHREEN FARUQI: I do not think it is a good outcome, Minister.

The Hon. DUNCAN GAY: It is; it is a great outcome.

Dr MEHREEN FARUQI: I think most people do not think it is a good outcome. Minister, the old diesel retrofit program ended in 2012. Are there any plans to extend this program or to have similar programs run in the future?

The Hon. DUNCAN GAY: It ended with most of our money still in the bank. That is why we are not extending it. If there is a lot of interest—if you have found people who are interested in it—we would be more than happy to restart it. It was a great idea we had. But we were suitably not knocked over by the number of people beating a path to our door to take it up. What appears to have happened is that companies have made their own decision to replace those old rigs, which had done more than 1 million kilometres on the interstate route and were plying the freight route into the ports, with newer and better vehicles. Certainly we will be working towards getting the tracks into Euro 4 and Euro 5 wherever possible.

The Hon. PAUL GREEN: I move now to my favourite topic of bridges. I commend the Government for providing \$1.6 million for investigations to finalise the location of the Nowra bridge project and for committing \$10 million in the next three years to carry out further investigations into planning. Given the location has been finalised, and I understand that Roads and Maritime Services are starting to look at the concept design for the bridge, has there been any investigation into the intersection of Bolong, Illaroo and Bridge roads? Could you update the Committee on that?

The Hon. DUNCAN GAY: I will take the initial part of that question and then ask either Mr Peter Duncan or Mr Jeff McCarthy to follow up on the second part. Yes, as you would be aware, the decision has been made to have the new bridge on the western side of the current bridge. There was a request from Shoalhaven City Council; and, frankly, it was a valid request. They needed to know, even if we did not have the money to build the bridge at this stage, where it would probably go as they were planning for their community into the future. We put the money in to do that. We finally got a bit of Federal money in there, which is the first Federal money I have seen for the Princes Highway so far. I am certainly hopeful that I can get some more because that bridge is a big project.

Mr DUNCAN: The intersections you are speaking of are the ones either side of the bridge?

The Hon. PAUL GREEN: That is correct.

Mr DUNCAN: They are certainly part of our proposal and they will be upgraded as part of the works.

The Hon. PAUL GREEN: Is investigation taking place on those sites now?

Mr DUNCAN: Early environmental impact statements and design work is underway at the moment. That will happen through the course of this year and it is programmed to happen in line with the budget.

The Hon. PAUL GREEN: Is there any shortfall in funding or are we on budget?

Mr DUNCAN: We have finished the planning work but I have got no indication of a shortfall at this stage—

The Hon. DUNCAN GAY: We have not got funding for that bridge.

The Hon. PAUL GREEN: I was not asking if you had the money for the bridge. That would be new information, which would be welcomed. I am making sure that there are no budgetary implications for its design and investigations.

Mr DUNCAN: Not at this stage.

The Hon. PAUL GREEN: Can you update the Committee on the Oallen Ford Bridge replacement? This is an important arterial bridge. When is it due and what is happening?

The Hon. DUNCAN GAY: Yes, on Main Road 30—

The Hon. PAUL GREEN: Main Road 92.

The Hon. DUNCAN GAY: This is an important one from Nowra to Nerriga. It is a single-lane bridge over the Shoalhaven River, under the care and control of Goulburn Mulwaree Council. We have committed \$2.738 million to replace the bridge. The figure includes an additional allocation of \$538,000 for this year. The member would be aware of the reason for this—namely, council investigations revealed that the existing bridge

was not on council-owned road reserve but on Crown land, subject to an Aboriginal land claim. As a result, further cost assessments and a re-tender process involved revised scope, which allowed for a two-lane replacement option and that is now being built. The columns that support the bridge were completed in May 2015. The approach works are being constructed by council and are 60 per cent complete, and the project is expected to be completed late this month.

The Hon. PAUL GREEN: Do you know how it fared in the recent weather—the flooding?

The Hon. DUNCAN GAY: No, I do not.

The Hon. PAUL GREEN: Are there any photographs?

Mr DUNCAN: I have not had any direct response about problems at that particular site.

The Hon. PAUL GREEN: That would have been a good time to get some flood information for your records.

Mr DUNCAN: They would have certainly picked anything up then, particularly council would have done that.

The Hon. PAUL GREEN: Grafton is the other favourite bridge. Can you update the Committee about the replacement bridge?

The Hon. DUNCAN GAY: It is in the budget.

The Hon. PAUL GREEN: Last time I think you were waiting for the poles and wires to be passed.

The Hon. DUNCAN GAY: The Government has committed to delivering an additional crossing of the Clarence. The Grafton Bridge carries 27,500 vehicles on weekdays, and long traffic queues and delays are often experienced by road users during the morning and afternoon peaks. The committee has advocated for an additional crossing. The project was approved by the Minister for Planning in December 2014, following a large amount of community consultation. Early works, which include the widening of Charles Street—which is the Gwydir Highway—between the Pacific Highway and Bent Street to four lanes, commenced in February 2015 and are scheduled for completion in late 2015. We anticipate the opening of the bridge to traffic, weather permitting, at the end of 2019. In the 2015-16 budget the Government allocated \$2 million to complete early works and continue planning activities. Restart NSW funding of \$177 million has been committed towards the construction of the bridge.

The Hon. PAUL GREEN: Can you update the Committee on the Albion Park Rail bypass? What is planned for that?

The Hon. DUNCAN GAY: The plan is to construct the bypass. Indeed, it is one of the best things going for about three Labor electorates—they had to wait until they got a Liberal-Nationals Coalition Government in New South Wales. In the 2015-16 budget the New South Wales Government allocated \$3 million to continue planning for the future Princes Motorway bypass of Albion Park Rail. The New South Wales Government announced the preferred option for the proposed Albion Park Rail bypass in October 2014. The project involves a 9.8-kilometre extension of the M1 Princes Motorway to provide a bypass of Albion Park Rail between Yallah and Oak Flats.

The proposal aims to: improve travel times bypassing 16 intersections; reduce crash risks; reduce the impact of flooding; improve freight connectivity; and cater for future growth. The proposed bypass will provide easy access to Dapto, Albion Park and Oak Flats, with two lanes in each direction and a 100 kilometres per hour speed limit. The proposed bypass will impact the Croom Regional Sporting Complex. Roads and RMS are working closely with Shellharbour council and sporting groups to minimise impact. It is certainly going to affect some dairy farms.

The Hon. PAUL GREEN: That was my next question.

The Hon. DUNCAN GAY: As late as last week we were having conversations with the affected dairy farmers to try to minimise that effect. I cannot think of the name of the dairy farmer—

Mr McCARTHY: The Tates.

The Hon. DUNCAN GAY: It is one the biggest dairy farms in the area. If one looks at their property it is one where they have acquired other properties, which is an indication of what good dairy farmers they are. We are trying to mitigate that. We are trying to allow an ability to move between their properties and to keep it at a minimum. They are decent people and we are trying to do the best we possibly can.

The Hon. PAUL GREEN: At the last election there was a lot of angst throughout New South Wales about doing things on prime agricultural land. I would encourage the department to minimise that impact as much as possible. You can take the question on notice if you would like. I only have 42 seconds left and I have one more question.

The Hon. DUNCAN GAY: We have a choice: houses, an airport, wetland or not do it. The previous Government just did not do it and it has to be done.

The Hon. PAUL GREEN: Swamp versus prime agricultural land? I think I would do the swamp. You can take that question on notice. The Bells Line of Road has been a big issue over the past four years. Can you tell the Committee about the upgrade of that road?

The Hon. DUNCAN GAY: This is a timely question. Yesterday three young men were killed on the Bells Line of Road and, coincidentally, it was on one of the bits that we had improved—it is probably the best tarmac on this road. As Assistant Commissioner Hartley said on radio this morning, the vehicle drifted from one side of the road to the other and the accident occurred. We are on track. In fact, later this week I will be opening some more passing lanes. We are presenting better visibility and putting in additional passing lanes wherever we can. Are you out of time?

CHAIR: Minister, you can table that document if you wish.

The Hon. PAUL GREEN: No, please keep going with the good news.

The Hon. DUNCAN GAY: We have completed the first project, which was \$48 million, and more will be going ahead.

The Hon. PAUL GREEN: But it is on budget?

The Hon. DUNCAN GAY: It is on budget. It is a great project.

The Hon. DANIEL MOOKHEY: Which agency or government entity is responsible for the project delivery functions of WestConnex?

Mr REARDON: The Sydney Motorway Corporation is responsible for delivery of the WestConnex scope of works for stages one, two and three. Roads and Maritime Services and Transport for NSW are responsible for the broader integration of that project. Within the network, they are also responsible for property acquisition, planning and guiding the update of the business case.

The Hon. DANIEL MOOKHEY: Does the WestConnex Delivery Authority still exist?

Mr REARDON: The WestConnex Delivery Authority still exists at the moment.

The Hon. DANIEL MOOKHEY: What is it responsible for?

Mr REARDON: It is responsible for the guidance of some of the matters I talked about. It is a subsidiary of Roads and Maritime Services. It and Roads and Maritime Services are undertaking the same tasks.

The Hon. DANIEL MOOKHEY: So it is a subsidiary of the department?

Mr REARDON: No. It is a subsidiary of Roads and Maritime Services and it has been since it was established.

The Hon. DANIEL MOOKHEY: Does it advise the Sydney Motorway Corporation?

Mr REARDON: No. An earlier question asked about the Auditor General and the evolving governance of WestConnex. To be clear: the Sydney Motorway Corporation is responsible for delivering stages one, two and three of WestConnex and for financing WestConnex. Network integration and business case updates are the responsibility of the broader transport cluster—that is, Transport for NSW, and Roads and Maritime Services. The WestConnex Delivery Authority, as a residual entity within that governance structure and as part of Roads and Maritime Services, plays a part in the update of the business case and assists with planning and property acquisition.

The Hon. DANIEL MOOKHEY: That is duplicating the functions of the Sydney Motorway Corporation.

Mr REARDON: No, it is not.

The Hon. DANIEL MOOKHEY: Does it have any interaction with the Sydney Motorway Corporation?

Mr REARDON: It does. The WestConnex Delivery Authority was established a couple of years ago to go through the establishment phase, the project development phase, and it has done that. The project is now in the delivery stage and the Sydney Motorway Corporation is the entity responsible for delivering stages one, two and three of WestConnex.

The Hon. DANIEL MOOKHEY: How many staff remain employed at the WestConnex Delivery Authority?

Mr REARDON: I will ask Mr Cliche to provide specific numbers.

Mr CLICHE: There are 35 full-time staff.

The Hon. DANIEL MOOKHEY: What is the total staffing budget?

Mr CLICHE: I will have to take that on notice. As Mr Reardon said, we have moved from procurement to delivery of stage one and we are on the cusp of doing that for stage two. The business case has been completed. We are in the process of moving those staff either to Roads and Maritime Services or to the Sydney Motorway Corporation. That is expected to be completed by the end of September.

The Hon. DANIEL MOOKHEY: How many staff are employed at the Sydney Motorway Corporation?

Mr CLICHE: The organisation is in transition. The total would be about 15.

The Hon. DANIEL MOOKHEY: The agency with the legal authority to undertake the financing project has a staff of 15, but the agency that no longer has that authority has a staff of 35.

Mr CLICHE: The 35 staff are in the process of moving to the Sydney Motorway Corporation to undertake the delivery of the project or to Roads and Maritime Services to fulfil a client-centred role. The WestConnex Delivery Authority was set up to do the scoping and procurement. That task has finished. The current phase is delivery and financing, so we are transferring the residual WestConnex Delivery Authority staff to those sites. By the end of September there will be no WestConnex Delivery Authority.

Mr REARDON: As we wind down the WestConnex Delivery Authority, staff will have a role in either the Sydney Motorway Corporation or Roads and Maritime Services.

The Hon. DANIEL MOOKHEY: The budget for the forthcoming financial year appropriates money to pay the WestConnex Delivery Authority.

Mr REARDON: It appropriates money to deliver the WestConnex scheme. If there are moneys appropriated to the WestConnex Delivery Authority, those resources will go to the Sydney Motorway

Corporation and/or stay with Roads and Maritime Services. Any budget appropriation will follow those functions.

The Hon. DANIEL MOOKHEY: Will the WestConnex Delivery Authority exist for the next year?

Mr REARDON: We have responded to that. It is winding down.

The Hon. DUNCAN GAY: We are moving the staff across.

The Hon. DANIEL MOOKHEY: Will that be completed this year?

Mr REARDON: We aim to wind down the authority within a matter of months.

The Hon. DANIEL MOOKHEY: Will the 35 staff be transferred?

Mr REARDON: As I have indicated, the authority is winding down. Staff will either go to the Sydney Motorway Corporation, to deliver the project, and/or remain in Roads and Maritime Services, depending on the functions they are undertaking. If they are undertaking delivery functions for the Sydney Motorway Corporation, stage one, two and three, they will follow those functions. If they are undertaking planning, property acquisition or the business case update, they will remain with Roads and Maritime Services.

The Hon. DANIEL MOOKHEY: How long has the Sydney Motorway Corporation existed?

Mr CLICHE: Since August last year.

Mr REARDON: About 12 months.

The Hon. DANIEL MOOKHEY: Did it take over all the functions you listed?

Mr REARDON: Which functions do you mean?

The Hon. DANIEL MOOKHEY: I asked you earlier what were the functions of the Sydney Motorway Corporation.

Mr REARDON: The Sydney Motorway Corporation was initially established to finance the motorway. As the project moves into the delivery phase, the corporation is taking on the functions of delivery and financing.

The Hon. DANIEL MOOKHEY: Has it been discharging those functions since August last year?

Mr REARDON: No. I indicated that it was originally established to finance the project. It now has broadened its scope to undertake delivery of the project.

The Hon. DANIEL MOOKHEY: When did it broaden its scope?

Mr CLICHE: In May this year. As I indicated, that is the natural transition. We completed procurement on stage one. We are in the process of moving all the staff of the WestConnex Delivery Authority to the Sydney Motorway Corporation, so we will be able to deliver stage one. We are, hopefully, a month away from stage two, which will be the same thing. As Mr Reardon said, there is a progressive transition of staff. Now that the projects are ready to go, the staff will find an appropriate home in either Roads and Maritime Services or the Sydney Motorway Corporation.

The Hon. DANIEL MOOKHEY: But for a period of time it is unclear what 35 staff in one authority are doing.

Mr REARDON: No, it is not.

Mr CLICHE: They were doing procurement. They were doing scoping, business case updates and stage-three work. I forgot to mention the 120 consultants. This is a very large, \$15 billion project. A small number of people are involved in delivering it.

The Hon. DANIEL MOOKHEY: What was the bill for 120 consultants for the last year?

Mr CLICHE: I do not have that in front of me. I will take that on notice.

The Hon. DANIEL MOOKHEY: What is the consulting bill for the forthcoming year?

Mr CLICHE: I will have to find the exact number.

The Hon. DANIEL MOOKHEY: Would you like to take that on notice?

Mr CLICHE: Yes.

Mr REARDON: I will clarify the answer to the previous question. WestConnex Delivery Authority resources will transfer to either the Sydney Motorway Corporation or Roads and Maritime Services, which is a natural evolution for a project of this scale.

Mr CLICHE: A number of the tasks are of short duration. For example, some of the work requires a specialist resource for a short time; hence the use of contractors and consultants. They are people with specialised skills who do a specific job. When that job is finished, they will not have a permanent role in the organisation.

Mr REARDON: When we finish a process, such as the planning approvals, we need different resources and skills for the next one.

The Hon. DANIEL MOOKHEY: I cannot understand the labour component across the authorities. Do the 120 consultants provide advice to the WestConnex Delivery Authority or the Sydney Motorway Corporation?

Mr CLICHE: The word should be "contractors", to be clear. To this point, they have been working for the WestConnex Delivery Authority on the procurement and the evaluation of bids. Each of the tenders is among the largest in the world. We had a team of experts to look at them. They performed that task through the WestConnex Delivery Authority.

Mr REARDON: We saw the procurement of the contractor for stage one, we saw the construction stage a few months ago, and now we see the procurement of stage two. One of those projects would be a large task. That two have been completed over the past few months gives you an idea of the scale of activity.

The Hon. DANIEL MOOKHEY: How much money will be spent on stage two consultants?

The Hon. DUNCAN GAY: They are contractors, not consultants.

The Hon. DANIEL MOOKHEY: I am asking about both categories of labour.

Mr CLICHE: I will take that on notice.

Mr REARDON: That will only emerge as Mr Cliche goes through the next level of detail to get his project delivery groups to the right size to deliver on stages one and two. That will happen concurrently, followed by the development of stage three.

The Hon. DANIEL MOOKHEY: Who is on the board of the Sydney Motorway Corporation?

The Hon. DUNCAN GAY: Tony Shepherd is the Chairman. Penny Graham is the Deputy Chair. Mary Ploughman, Cameron Robertson, Rod Pearse and Peter Brecht are independent directors. Leilani Frew represents NSW Treasury. Dennis Cliche has been appointed Chief Executive Officer, and Peter Regan is the Deputy Chief Executive Officer.

Mr REARDON: Could I just add to that? In terms of the residual wind down of the WestConnex Delivery Authority, myself and Peter Duncan, the Chief Executive of Roads and Maritime Services, remain the directors on the board of the WestConnex Advisory Board until we wind that group down.

The Hon. DANIEL MOOKHEY: The WestConnex Advisory Board, is that separate to the WestConnex Delivery Authority?

Mr REARDON: Yes, which basically is the advisory board that sits on top of the WestConnex Delivery Authority whilst we are in wind down. So the only two directors that remain on that are me and Mr Duncan.

The Hon. DANIEL MOOKHEY: So presumably once the WestConnex Delivery Authority is wound down, the committee on which you sit will also be wound down?

Mr REARDON: No. Just to be clear: SMC will be responsible for delivering the project going forward and financing the project. The WestConnex Delivery Authority ultimately becomes residual to that; we do not require it anymore. The Government side, the same as what we had for NorthConnex and a range of other mega projects, we basically have interdepartmental steering committees and I will continue to chair that interdepartmental committee that is to give guidance to RMS out of the same functions I talked about before, which are property acquisition, planning, environmental impact statement processes and the guidance of business case update and we will continue to undertake those works.

We will continue to look at WestConnex stages one, two and three scope and how they sit within the context of the broader Sydney roads network. So where there are matters such as network integration, for example, where an intersection may need some upgrade more locally, we will continue to go through that level of detail to ensure that WestConnex continues to have that context within the broader Sydney road network.

The Hon. DANIEL MOOKHEY: Mr Reardon, you are not on the board of the SMC?

Mr REARDON: I think the Minister has made that clear; I am not on the board of the SMC.

The Hon. DANIEL MOOKHEY: And Mr Duncan, you are not either?

Mr DUNCAN: No, I am not.

The Hon. DANIEL MOOKHEY: It was the case in respect to the WestConnex Delivery Authority that your predecessor in your role, Mr Reardon, was on the board of the WestConnex Delivery Authority?

Mr REARDON: Just to clarify: My predecessor was on the board of the WestConnex Delivery Authority, as was I until it changed to the WestConnex Advisory Board, and I remain on it.

The Hon. DANIEL MOOKHEY: But you are not on the board of the SMC?

Mr REARDON: No, I am not.

The Hon. DANIEL MOOKHEY: And the SMC has taken over the functions of the WestConnex—

Mr REARDON: It has taken over the delivery of the WestConnex stage one, two and three.

The Hon. DANIEL MOOKHEY: Minister, do you think it is apt for a project of \$15.4 billion—Infrastructure NSW described it as the biggest by a mile—not to have the secretary of your department on that board?

The Hon. DUNCAN GAY: It is the same as we got for NorthConnex; it is a standard procedure on how we do these.

Mr CLICHE: Could I add that the Sydney Motorway Corporation has two shareholders—the roads Minister and the Treasurer. The board and the chief executive report to the shareholders.

Mr REARDON: Transport for NSW and the cluster and Roads and Maritime remain the client and the project guide on WestConnex, as we do on NorthConnex and every other major project. That role gives us an ability to guide the project, as I said, within the context of the broader Sydney road network and, indeed, the broader Sydney transport network.

The Hon. DANIEL MOOKHEY: Minister, do you remember the Auditor-General's criticism of the governance of WestConnex, particularly the significant non-compliance with the Government's external assurance mechanisms in the early project stages? Do you think that the Auditor-General would be assured that the people responsible are far more competent if the secretary was included on the board?

The Hon. DUNCAN GAY: I answered that question earlier.

The Hon. DANIEL MOOKHEY: What exactly is the salary being paid to the SMC CEO?

The Hon. DUNCAN GAY: That will be made public later this year in the annual report.

The Hon. DANIEL MOOKHEY: That is not exactly what I asked. I asked what precisely is the salary, not when it will be made public.

The Hon. DUNCAN GAY: It will be made public. Details of executive salaries will be in the annual report and put out later this year.

The Hon. DANIEL MOOKHEY: What is the salary being paid to the top five executive staff of the SMC?

The Hon. DUNCAN GAY: The same answer.

The Hon. DANIEL MOOKHEY: What fees are going to be paid to the board of the Sydney Motorway Corporation?

The Hon. DUNCAN GAY: The board remuneration is the standard board remuneration.

The Hon. DANIEL MOOKHEY: Which is?

The Hon. DUNCAN GAY: I have not got them here. It is probably online.

Mr REARDON: In accord with Premier and Cabinet policy.

The Hon. DANIEL MOOKHEY: Mr Shepherd is the Chair of the WestConnex Delivery Authority still?

The Hon. DUNCAN GAY: No.

The Hon. DANIEL MOOKHEY: Who is the Chair?

Mr REARDON: I am the Chair of the WestConnex Delivery Authority Advisory Board, as I indicated previously.

The Hon. DANIEL MOOKHEY: But not the WestConnex Delivery Authority?

Mr REARDON: No.

The Hon. DANIEL MOOKHEY: Who is the Chair of the WestConnex Delivery Authority, not the advisory board?

Mr REARDON: I am the Chair of the WestConnex Delivery Authority, which has an advisory board. As I have indicated, the WestConnex Delivery Authority is winding down and only Peter Duncan and I remain as directors on that board whilst we are in wind down.

The Hon. DANIEL MOOKHEY: Of the category of directors that you earlier described, Minister, of the SMC, how many of them remain on the WestConnex Delivery Authority?

The Hon. DUNCAN GAY: Tony Shepherd—

Mr CLICHE: Did you say are from or remain on?

The Hon. DANIEL MOOKHEY: Remain on.

Mr CLICHE: There are only two directors remaining on the WestConnex Delivery Authority Advisory Board.

The Hon. DANIEL MOOKHEY: I am not asking how many have gone across. I am asking of the board of which I believe Mr Reardon is the Chair—

The Hon. DUNCAN GAY: We will get it for you. I think it is three.

Mr CLICHE: I know the answer, but I am not sure what the question is.

The Hon. DANIEL MOOKHEY: I am asking precisely of the WestConnex Delivery Authority, not the advisory board, how many of those directors are on both the delivery authority and the SMC?

The Hon. DUNCAN GAY: They are not on both. They were on them.

The Hon. DANIEL MOOKHEY: So none?

Mr CLICHE: The WestConnex Delivery Authority board is now the advisory board—that is one and the same; that is not two, it is one. There are two directors—Mr Reardon and Mr Duncan.

The Hon. DANIEL MOOKHEY: For the advisory board, do the members of that board receive board fees?

Mr DUNCAN: No.

The Hon. DANIEL MOOKHEY: You are able to guarantee that they are not receiving fees for being on both?

The Hon. DUNCAN GAY: Definitely.

Mr CLICHE: They are not on both. There is absolute separation.

The Hon. DUNCAN GAY: Can I just help you? I think your question is a little bit confused. We are deliberately not answering it. Can I clarify your question by asking what members who were on the WestConnex Delivery Authority are now on Sydney Motorway Corporation? Is that your question?

The Hon. DANIEL MOOKHEY: No. Let me go back. Does the WestConnex Delivery Authority still exist?

Mr CLICHE: It is in wind down and it has an advisory board with these two gentlemen here.

Mr REARDON: With the secretary of Transport and the Chief Executive of Roads and Maritime Services. They are the only two who remain on that board.

The Hon. DANIEL MOOKHEY: Is the advisory board the board to which in 2013 Mr Tony Shepherd, Peter Brecht, Rod Pearse, Robert Hamilton, David Stewart, Peter Duncan and Peter Regan were all appointed to?

Mr REARDON: Yes.

Mr CLICHE: But as part of the transition that we described earlier, Tony Shepherd has moved from that board over to SMC board—he has nothing to do with WDA board anymore. Peter Brecht the same, Rod Pearse the same. So those three individuals—Bob Hamilton retired—went from the WDA board to the SMC board and the only residual at the WestConnex Delivery Authority is the board that we talked about with these two gentlemen on it.

The Hon. DANIEL MOOKHEY: When did that transition take place?

Mr CLICHE: May of this year.

The Hon. DANIEL MOOKHEY: Where exactly are the SMC offices?

Mr CLICHE: 101 Miller Street, North Sydney.

The Hon. DANIEL MOOKHEY: And where were the WestConnex Delivery Authority offices?

Mr CLICHE: The same address.

The Hon. DANIEL MOOKHEY: So there was not any transition or any moving involved?

Mr CLICHE: No.

The Hon. DANIEL MOOKHEY: Minister, can I go back to the question about the tolling. It is the case that the M4 East, the current component that is untolled with be tolled?

The Hon. DUNCAN GAY: Yes.

The Hon. DANIEL MOOKHEY: And it is the case that no compensation will be offered for that tolling? There is not a similar scheme to the buyback scheme or the claim back scheme that operated under the previous Government?

The Hon. DUNCAN GAY: That is correct.

The Hon. DANIEL MOOKHEY: So each of those people who are currently using that will be tolled again?

The Hon. DUNCAN GAY: Yes.

The Hon. DANIEL MOOKHEY: Not for the first time but since the removal of the toll?

The Hon. DUNCAN GAY: Not for the first time but for the first time since it has improved.

The Hon. DANIEL MOOKHEY: The M5 East is currently untolled?

The Hon. DUNCAN GAY: Yes.

The Hon. DANIEL MOOKHEY: And it will be tolled under this project?

The Hon. DUNCAN GAY: Yes.

The Hon. DANIEL MOOKHEY: That aspect of that tolling is designed to raise some of that revenue we were talking about earlier to support the market valuation?

The Hon. DUNCAN GAY: That was in our base case.

Dr MEHREEN FARUQI: Minister, I understand that NorthConnex was an unsolicited proposal from Transurban, but in assessing this proposal did the Government actually consider any alternative to the NorthConnex project and were there any cost-benefit analyses completed of these alternatives?

The Hon. DUNCAN GAY: I will hand over in a moment but first of all, an unsolicited bid to be successful needs to be unique; it cannot have somewhere else, because if there was another option that we could have taken it would be the same—we would have had to put it out to tender. Because it was unique and involved the linking of motorways that were already there with this organisation, it fulfilled that requirement.

Dr MEHREEN FARUQI: But surely, Minister, when you are spending hundreds of millions of dollars on top of what Transurban is putting in, the public has a right to see what other alternatives have been

explored by the Government to make sure that public money is utilised in the best, most effective, efficient project.

The Hon. DUNCAN GAY: We did that as we went. But, as I indicated earlier, there was not a need because this was a unique project.

Dr MEHREEN FARUQI: Minister, did the Government look—

Mr DUNCAN: Could I add something to this? There had been substantial studies in that route going back at least a decade, including a Federal Government inquiry, the Pearlman inquiry, that looked at various alternatives to get from the M2 to Pearce's Corner. The Pearlman inquiry came up with the current route as it stands. During the process of preparing the environmental impact statement [EIS] other routes were looked at and considered.

Dr MEHREEN FARUQI: So could you tell me whether the Government ever looked at the comparative cost of constructing underpasses under some of the key intersections such as Boundary Road or Becroft Road, rather than building a whole tunnel?

Mr DUNCAN: A lot of those would have been considered through the previous inquiries.

Dr MEHREEN FARUQI: But were they considered? That is my question.

Mr DUNCAN: In previous inquiries they definitely were. And the unsolicited proposal, as put, was the proposal that was considered the outcome of the Pearlman inquiry.

Dr MEHREEN FARUQI: Would not the cost of underpasses have been a fraction of the cost of the money that has been billed?

Mr DUNCAN: Not necessarily. In urban motorways tunnels generally come up better. It is similar to the Parramatta Road issue you talked about before. We take out whole blocks of land to do that in tight urban areas. So the result has been a good result for the surface roads and for the surface community.

Mr REARDON: In terms of the community and the traffic network—both during construction and several years of seeking to achieve what you have talked about, by grade separating at certain locations instead of a tunnel—and also the ongoing use of the network, as to what is being proposed and now delivered in terms of a tunnel, it is going to be more efficient than what you are talking about.

Dr MEHREEN FARUQI: I find it amazing, frankly, because I think that underpasses probably cost \$100 million each and, like I said, it would be a fraction of the cost. So there was no real cost-benefit analysis done?

The Hon. Dr PETER PHELPS: Point of order: What the honourable member finds amazing might be amazing for a whole range of people but she should contribute only by asking questions, rather than offering unsolicited observations of her amazement.

Dr MEHREEN FARUQI: Minister, has the whole project just been built to benefit Transurban, which made a \$282 million profit in the 2013-14 financial year?

The Hon. DUNCAN GAY: I will take that as a statement from the honourable member. I am sure she did not expect an answer. This project is being built for the benefit of the people of Sydney. This is the greatest mess of a road structure in the city.

Dr MEHREEN FARUQI: The people of Sydney have not seen a cost-benefit analysis, Minister, or a business case for this.

The Hon. Dr PETER PHELPS: Ask anyone who lives there and you will find it.

Dr MEHREEN FARUQI: Moving on to one of your favourite bridges, the Tibby Cotter Bridge. I know that you love this bridge. No-one else does, however, and hardly anyone uses it.

The Hon. DUNCAN GAY: You cannot make that statement and say that hardly anyone uses it. Over 1,000 people a day use that bridge and you say it is "hardly anyone"? What sort of propaganda is The Greens trying to put out?

Dr MEHREEN FARUQI: I would have to see the evidence to believe that, Minister.

CHAIR: Order! This is budget estimates not question time, so if we can conduct ourselves in an appropriate fashion that would be good.

Dr MEHREEN FARUQI: I want to spend half a minute to tell you the tale of two bridges. Two of the biggest pedestrian infrastructure spends, or planned spends, of the current Government are on the Tibby Cotter Bridge and the Nepean River Green Bridge. Tibby Cotter has an 80-metre span across Anzac Parade and has cost a massive \$38 million. Nepean River bridge, which is between Penrith and Emu Plains, has an estimated cost of \$24 million and has a 200-metre main span and a full span of over 300 metres, end to end. Minister, why is a much smaller, simpler bridge over a road almost 40 per cent more expensive than one that is over a river, much longer and bigger?

The Hon. DUNCAN GAY: I am pleased you asked me that question. The original estimated cost of Tibby Cotter was \$25 million. The estimated final cost of \$38 million was due mainly to the revised design and delays in gaining Heritage Council approval. The design initially presented to the Heritage Council was already of a high standard and supported by the Government Architect. The actual work is considered to have made an already good design better. The cost increase involved the redesign of the bridge, from truss to trapezoidal beam bridge, including extra design costs; an amended bridge design type, which incurred extra construction costs and an extra 100 tonnes of steel; the Heritage Council requiring the removal of pier 5, which required a total redesign at a late stage of the project; the extra work to satisfy the Heritage Council approval conditions, including the bridge screen, balustrade and architectural lighting—the acceleration that we had to—

Dr MEHREEN FARUQI: Minister, even the original cost of the bridge was almost the same as the cost of another bridge.

The Hon. DUNCAN GAY: You have asked me a question and you have not heard my answer.

Dr MEHREEN FARUQI: No, I have heard your answer.

CHAIR: Order! The Minister will complete his answer. It can be followed by a further question.

The Hon. DUNCAN GAY: The whole fact that a complete redesign was called for late in the project design meant extra time and we had a fixed completion time of the Cricket World Cup. We not only had to put in extra steel but extra design and extra construction. We had to move quicker, which involved extra overtime. So that is where the extra money came from. If it was not for the interference from the Heritage Council, in large part that extra cost would not have been there.

Dr MEHREEN FARUQI: Even without the extra cost, the two bridges—which are massively different in size and scope—would have cost the same. Did the Government consider the option of a temporary bridge, if it was to build a bridge for the Cricket World Cup, as was done during the Olympics?

The Hon. DUNCAN GAY: So you do not want a pedestrian-cycling bridge across?

The Hon. Dr PETER PHELPS: The Greens hate cyclists; they hate pedestrians.

The Hon. DUNCAN GAY: You do not like cyclists.

CHAIR: Order!

The Hon. Dr PETER PHELPS: They hate the Heritage Council too, apparently.

Dr MEHREEN FARUQI: Minister, you know it is in the wrong place. Is it a coincidence—

The Hon. DUNCAN GAY: It is in the right place—it is in between the two stadiums. It was put in that location to minimise any damage to the historic features representing the Second World War and the Moreton Bay figs.

Dr MEHREEN FARUQI: Minister, if it is providing access to the stadium, I thought the CBD and South East Light Rail was being built to shuttle people from Central to the sporting venues. Why do we have to duplicate pathways for people? Do you not talk to your transport Minister when you are developing these projects?

The Hon. DUNCAN GAY: So you are going to insist that people do not walk and do not ride their bikes but they have to travel by light rail?

The Hon. Dr PETER PHELPS: Public health, Mehreen, public health.

Dr MEHREEN FARUQI: Minister, you are completely misrepresenting me. How many people are riding bikes over that bridge? Could you give me an estimate of that?

The Hon. DUNCAN GAY: I could not, not off the top of my head. But I am willing to take the question away and try to find out.

Dr MEHREEN FARUQI: That would be great, thank you.

The Hon. DUNCAN GAY: But I can tell you that nearly 1,000 people cross that bridge every day of the week. A little over 6,000 people a week are currently using the bridge.

Dr MEHREEN FARUQI: Is that every day Minister, not just during the sporting season?

The Hon. DUNCAN GAY: No, every day—and I would expect that at least some of those people would be on bicycles.

Dr MEHREEN FARUQI: Going back to the \$13 million variation, is it a coincidence that the \$13 million variation on the Tibby Cotter Bridge was granted to Lend Lease around the same time that Bouygues pulled out of the tender for the WestConnex M4 East but that Lend Lease still went ahead with the proposal because Government processes required four tenderers in order to assess that process?

The Hon. DUNCAN GAY: Could you repeat that allegation?

Dr MEHREEN FARUQI: It was not an allegation. I am just asking is it a coincidence that this happened at the same time?

The Hon. DUNCAN GAY: I would draw no conclusions whatsoever from that. If you are trying to cast aspersions—

Dr MEHREEN FARUQI: I am just asking a simple question, Minister.

The Hon. DUNCAN GAY: You are casting aspersions. What is your rationale behind the fact that you are trying to denigrate two important companies in this State?

Dr MEHREEN FARUQI: I am not denigrating anyone, Minister.

The Hon. DUNCAN GAY: No, what is your rationale? Why are you doing it?

Dr MEHREEN FARUQI: I think the Government has to be transparent about any decisions it makes, and you have not been.

The Hon. PAUL GREEN: Continuing with transparency, given that in 2011 the Federal Government contributed \$25.5 million to prepare detailed designs, including civil structural geotechnical and track works necessary for the future construction on the Maldon to Dumbarton rail link and that, as you know, the freight rail line would connect Port Kembla to the main south line at Picton, do you have an update on progress or interest in this project proceeding?

The Hon. DUNCAN GAY: We have currently got it out for expressions of interest on the Maldon to Dumbarton. My understanding is we have received two—

The Hon. Dr PETER PHELPS: That is good.

The Hon. DUNCAN GAY: It is not in my note. We put it out.

The Hon. Dr PETER PHELPS: Hopefully the union super funds have decided to throw in some cash.

The Hon. DUNCAN GAY: No, there is no mention. My understanding is that two came in and they are currently being evaluated. It is a long time since a railway was reopened in New South Wales. One of the first key performance indicators I have set during this term is to reopen at least one of the branch lines in regional New South Wales. We recently did some work on the Cowra to Demondrille line but it did not come up to where we wanted it to be. It does not mean we have given up. We are going to go back and look at that.

The community and the councils have put in some good work with freight and regional development, as has been the case with this one. There is interest and certainly there is the possibility—and I would not put it higher than that—of a link between Cowra and Demondrille and Maldon to Dumbarton. Technically it is a hard line. It is a steep climb with a long tunnel and to pull a diesel electric locomotive up that incline, they are prone to overheating, probably on a single line, and potentially there are some problems.

Mr REARDON: Maldon to Dumbarton in the context of the broader Sydney rail network could be quite important. So in terms of a continual separation of passenger and freight, we will certainly continue to take a look at it.

The Hon. PAUL GREEN: Similar to Port Kembla.

Mr REARDON: Very, very important but in terms of that separation and efficiency, particularly for rail freight, to meet what will likely be the doubling of the freight tasks, we need to look at areas such as that. Like the North Sydney freight corridor work that we are doing right at the moment, the Sydney South freight line has now opened, the Port Botany dedicated line. Maldon to Dumbarton could be a very important part. We need to go through this process to look at who has expressed an interest. But it is not in isolation that line has to be looked at. It is certainly in the broader Sydney context for that separation of passenger and freight, but we will take it into account.

The Hon. Dr PETER PHELPS: Was there a new Strathfield freight as well?

Mr REARDON: North Strathfield.

The Hon. Dr PETER PHELPS: My brother, who is a train driver, said, "Good on you, Duncan".

The Hon. PAUL GREEN: Conflict of interest. In 2013 approximately 37,000 trucks on the road had random inspections carried out. Last year this number increased to about 100,000. Will you advise the Committee how many random truck inspections have occurred so far in 2015? What other heavy vehicle and compliance regimes are in force to ensure road safety? Do private certifiers work through if adjustments have to be made? How do you police private certifiers signing off on those works that might be required?

Mr DUNCAN: I could start to answer that question if you wish. About 117,000 heavy vehicle inspections were carried out in the past 12 months. Out of that, a little more than 17,000 defects were discovered. We do not do the work, obviously; we do the regulation and inspection. Those vehicles are brought back to us but any works are carried out by licenced certifiers or the default, appropriate mechanics. That is standard practice.

The Hon. PAUL GREEN: Say a licenced inspector looks at the vehicle, the truck comes back in 24 hours later with a different problem and it looks like the licenced certifier maybe did not do their job. What processes happen?

Mr DUNCAN: We have about 300 vehicle inspectors who would be in the process of looking at that the second time. That would certainly be reported through. We would take action on any evidence that was

either provided by the trucking organisations, the heavy vehicle organisations, the general public and anybody else or things that we found in that process.

The Hon. PAUL GREEN: Would you take that question on notice and supply to the Committee how many of those circumstances may have arisen in those 117,000 inspections?

Mr DUNCAN: I will take it on notice but generally we find the process and the compliance are very good.

The Hon. PAUL GREEN: I understand that but I want to know how many times that system has broken down and the process after it has been certified.

The Hon. DUNCAN GAY: Since the Cootes accident and Menangle, compliance with speeding has been improved by 90 per cent. There are 90 per cent fewer trucks speeding in New South Wales than before. It has been one of the huge successes that we have brought in. One of our concerns is private operators in other States signing off. We do not have that as such; we go through the proper system here.

The Hon. PAUL GREEN: In terms of Maritime, given the recent floods and the number of buoys that have washed away or been removed from reefs and in light of the upcoming school holidays, what is the Government doing to quicken the process to re-establish those safety devices?

Mr DUNCAN: Anything that is broken or disconnected during that process we fix or have fixed immediately. We certainly do not leave navigation devices unattended or broken. We attend to everything we are made aware of and our boating safety officers are there every day of the week.

The Hon. PAUL GREEN: Is that within a week?

Mr DUNCAN: Easily within that. Likewise I could get you some information on response times.

The Hon. DUNCAN GAY: In fact, we have just spent a lot of money putting new ones in the Nepean and Hawkesbury rivers before the recent rains.

The Hon. PAUL GREEN: Hence my reason for the question. Given that New South Wales waterway facilities have decreased and life jacket awareness is on the rise, will the Minister advise how the Government is ensuring boaters are being made aware of the necessity of life jackets? Would you also relate that to people dying as a result of fishing without wearing a life jacket? I think another fisherman was lost at Batemans Bay yesterday sadly. Where are you up to in that process?

The Hon. DUNCAN GAY: We did. The rock fishing one is not ours.

The Hon. PAUL GREEN: I am happy to stick with the boating.

The Hon. DUNCAN GAY: But it is the same thing. People need life jackets, particularly when rock fishing. There are areas that are more dangerous than others. In the boating one, we have put an extensive advertising campaign in place, an innovative old-for-new life jacket promotional mobile van which is taking the message around to the boat ramps, and an approach of zero tolerance on water compliance. The van has visited more than 225 sites and sold more than 11,000 of the new jackets. In fact, they ran out in the first year and we have to make sure they do not run out this year.

I have not got the statistics right in front of me but virtually everyone who drowned in New South Wales did not have a life jacket on, and that is the problem. We need to make sure that we target the black spots of rock fishing. We need to put it in different languages where the key groups who fish are able to understand what is happening. In relation to boats, it is the old skippies are the guys we need to get to, the blokes who are not quite as good as they thought they were 40 years ago.

The Hon. PAUL GREEN: I refer to safe boating harbours. What is the Government doing in relation to Shellharbour, Kiama, Shoalhaven and Eden? Has there been any movement to increase the opportunities in those harbours for moorings? Will you take that question on notice?

The Hon. DUNCAN GAY: Yes, I will take that on notice.

The Hon. PAUL GREEN: Have you finally got to a single Australian standard for motor bike helmets?

The Hon. DUNCAN GAY: We have not, and we deserve to be criticised for not getting there. If it was easy we would have done it or the previous Government would have done it. We are determined to get there. In fact, I have a new member of my staff whom I have charged with the responsibility of getting that through.

The Hon. PAUL GREEN: Do we have a target date?

The Hon. DUNCAN GAY: I would like to have it targeted for early next year.

The Hon. SOPHIE COTSIS: Is there a cap on container movements at the Port of Newcastle? If so, what is it?

The Hon. DUNCAN GAY: No.

The Hon. SOPHIE COTSIS: You are sure about that answer?

The Hon. DUNCAN GAY: Yes.

The Hon. SOPHIE COTSIS: In answer to a question in October 2013 you said in part:

I have indicated in the House, as I have in Newcastle—indeed, I made a special visit to Newcastle to talk to the board, the chief executive officer and the local community—that part of the lease and the rationalisation was a cap on numbers there. I am not saying that there will be no containers into Newcastle. Certainly, a number of containers will come in under general cargo, but there will not be an extension.

Are you saying that statement in October is wrong?

The Hon. DUNCAN GAY: My understanding is there is not a cap into Newcastle. We have indicated a preference and a sensible way of doing it. The large majority of boxes come into New South Wales through Port Botany. The bulk of those boxes need to get to Sydney so the best location to put them into is Sydney in the first instance. Secondly it is Port Kembla, which is half the distance of Newcastle to bring them up. Once we reach a number where there are too many, certainly we would be looking at a spillage into Newcastle. The general freight and boxes that need to go to Newcastle certainly will be going to Newcastle.

The Hon. SOPHIE COTSIS: It is my understanding that there is a cap on container movements. We would like that confirmed. If there is a cap and if it is breached, is a fee, fine or a charge imposed? Who pays for it? Where does the money go? It is my understanding that there is a cap and you indicated in your answer on 17 October that part of the lease and the rationalisation was a cap on numbers there. Were you misleading the House?

The Hon. DUNCAN GAY: There is no container cap at the Port of Newcastle. I indicated that there is a cap in New South Wales at Sydney and once that is reached we then look at other places. But you specifically asked me a question whether there was a cap at Newcastle and I specifically answered that there is not.

The Hon. SOPHIE COTSIS: On container movements?

The Hon. DUNCAN GAY: There is no legislated cap.

The Hon. SOPHIE COTSIS: Is there an internal document?

The Hon. DUNCAN GAY: I think I have answered the question. I am happy to keep going around.

The Hon. SOPHIE COTSIS: You said one thing in the House and you are saying another thing to the Committee.

The Hon. DUNCAN GAY: No, I have said the same thing in both places.

The Hon. SOPHIE COTSIS: I am not going to waste my time, but you are quoted as saying in the House that part of the lease and the rationalisation was a cap on numbers there. Now you are saying that there is no cap. About the movement of containers through Newcastle you also said on 17 October 2013:

The only time an extension is allowed is when a specific number is reached and is tripped in Port Botany and Port Kembla.

What is the number for Port Kembla and what is the number for Port Botany?

The Hon. DUNCAN GAY: Which is exactly what I said a moment ago. I will have to come back to you with that number.

The Hon. SOPHIE COTSIS: Will you release the scoping study for the sale of the ports?

The Hon. DUNCAN GAY: That is not a question for me. That is a question for either Treasury or Finance.

The Hon. SOPHIE COTSIS: Will you take that on notice?

The Hon. DUNCAN GAY: No.

The Hon. SOPHIE COTSIS: Will you release the port commitment deeds?

The Hon. DUNCAN GAY: No, for the same reasons as the previous answer.

The Hon. Dr PETER PHELPS: It is the wrong portfolio.

The Hon. SOPHIE COTSIS: I refer to a media release by the head of the Australian Competition and Consumer Commission [ACCC] issued on 23 April in which Mr Sims outlines a number of concerns about actions taken by governments to sell significant assets without appropriate market structures and regulatory arrangements. He cited the example of the recent sale of Port Botany and Port Kembla to the same owner. He stated:

We need to be careful to ensure that privatisation boosts economic efficiency rather than detracts from it ...

Otherwise we risk giving privatisation a bad name because consumers will continue to associate privatisation with higher prices.

Do you agree with Mr Sims that the sale of Port Botany and Port Kembla proceeded without appropriate market structures and regulatory arrangements being put in place?

The Hon. DUNCAN GAY: The Government had all the proper procedures in place. It was not a sale; it was a lease. The lease of Newcastle went to a different body. So the concerns you are raising on behalf of that gentleman have been addressed within that, if they were valid.

The Hon. SOPHIE COTSIS: That gentleman is the chair of the ACCC and he has grave concerns about competition and governments selling—

The Hon. DUNCAN GAY: I just answered that. I just indicated that the lease that happened for Port Botany and Port Kembla went to one group; the lease for the Port of Newcastle went to a different group. There is competition. Do not forget that we are also in competition with Melbourne and Brisbane every day of the week—and beating them. We are beating them hands down, so it cannot be too bad. I do, however, have the ability to refer the port to the Independent Pricing and Regulatory Tribunal if the pricing behaviour of the port's lessee is inappropriate.

The Hon. SOPHIE COTSIS: What can that trigger?

The Hon. DUNCAN GAY: It would be very much part of price monitoring.

The Hon. SOPHIE COTSIS: In terms of the cap on containers, are any fees paid if the number of containers through Newcastle exceeds a set amount?

The Hon. DUNCAN GAY: Not that I am aware of.

The Hon. SOPHIE COTSIS: You are not aware of that?

The Hon. DUNCAN GAY: You asked me whether there was a cap in Newcastle and I said there is not. Now you are asking me whether there is a fee paid if they go beyond a certain number. General cargo containers are part of what happens in Newcastle. My understanding is that within the general cargo that needs to go to Newcastle that is fine.

The Hon. SOPHIE COTSIS: Will you speak to your bureaucrats and take that on notice?

The Hon. DUNCAN GAY: If we need to deliver more of an answer we will.

The Hon. SOPHIE COTSIS: The ACCC submission to the Harper competition report stated:

However, the ACCC remains concerned over arrangements designed to maximise proceeds received by a government by reducing the prospect of competitive provision of port services. Another example relates to Port Botany and the Port of Newcastle. An article in the Newcastle Herald on 11 May 2014 stated: "The government has confirmed it leased Botany with a clause that prevented Newcastle from competing against it with a container terminal. And the Newcastle lease is believed to contain a similar undertaking".

What is your response to the ACCC's concerns about reducing the prospect of competitive provision of port services?

The Hon. DUNCAN GAY: I think you will notice, as I said earlier, that people wishing to use the New South Wales ports are voting with their feet—they are coming to us. Rather than there being a lack of competition, there appears to be better pricing and more competition in New South Wales than we have seen in Queensland and Victoria. For the first time, we are getting trade out of the Riverina in New South Wales. It is coming back to Port Botany whereas in the past it traditionally went to the Port of Melbourne. I will ask the chief executive officer of Sydney Ports whether he wishes to add anything at this point.

Mr GILFILLAN: During the transaction process over the ports at Port Botany, Port Kembla and Newcastle a lot of consideration was given to the issue of competition. As the Minister said, the reality is that there is very limited scope for competition between these ports because of the transport issues between the ports and the fact that each port is geared towards a specific type of cargo. Some things are contestable—for example, cars were moved from Sydney down to Port Kembla in November 2008. That was contestable and the Government took a position on that and moved cars.

For most other commodities, from a financial and a commercial perspective, it simply does not make sense for these ports to compete between each other. In fact, it gives a perverse outcome—you end up with the commodity costing more because you incur more transport costs. Despite what the Australian Competition and Consumer Commission [ACCC] may have said, the reality is that there is very little scope for competition between our main ports adjacent to Sydney. As the Minister said, our reality is that we lose more cargo to Melbourne from our ports than we do internally between our ports in New South Wales. So competition is not really an issue.

The Hon. SOPHIE COTSIS: Have you spoken to the ACCC about the concerns it has raised? These are pretty big concerns.

Mr GILFILLAN: I was not a party to any conversation with the ACCC. This process during the transaction—

The Hon. DUNCAN GAY: This is not Mr Gilfillan's area. I invite Mr Reardon to add something here.

Mr REARDON: In terms of any lease or sale process within government of a public asset, there will always be a consideration by the ACCC about the market, market reform and market structure. At the end of the day, the processes have gone forward. It would be a unique situation if the ACCC did not have a comment on it in terms of what the market structure would be—whether it is ports, banks or any other part of the economy. As we pointed out, though, competition within ports is a whole of east coast matter. It is not simply a matter for Newcastle, Port Kembla or Port Botany. It is also about the Port of Melbourne and the Port of Brisbane. I have to add that places like the Port of Brisbane have grown quite strongly.

So I would not subscribe to the view that there is not competition because of the leases. There is competition on the east coast, and it is up to New South Wales to position itself as strongly as possible within that to ensure its ports continue to grow. As the Minister has pointed out also, in terms of a legislative cap within Newcastle there is no such thing. So in terms of what we are focused on it is the growth of Port Botany.

CHAIR: The Minister said there was no cap at all, not that there was no legislative cap. The Minister said there was no cap at all. That was his answer. You are now talking about a legislative cap. I think this is where there is some confusion creeping in.

The Hon. DUNCAN GAY: No, I said both. I said there is no cap in Newcastle and there is no legislative cap overall.

The Hon. DANIEL MOOKHEY: I have some questions about speed camera revenue. What is the projected revenue for the next three years for fixed digital speed cameras? Whilst witnesses are finding the answer to that, I will put my other questions on the record so we can get the answers all at once. My next questions are on fixed digital speed cameras, mobile digital speed cameras, red light cameras and red light speed cameras.

The Hon. DUNCAN GAY: Whilst I am waiting for the appropriate person to provide an answer, I can indicate that your question comes after a weekend in which six people lost their lives on our roads in two days. I indicate that I do not apologise for doing everything we possibly can to—

The Hon. DANIEL MOOKHEY: Minister, I was not asking for an apology; I am asking for the projected revenue. I understand your point, but I am simply asking for the projected revenue.

The Hon. DUNCAN GAY: I can assure you that I was not giving you an apology. I was indicating that there are some people on the Labor side of politics who want to pay political games on speed cameras.

The Hon. DANIEL MOOKHEY: What is the projected revenue for the next three years for speed cameras?

Mr CARLON: The Government released its speed camera strategy in June 2012. Part of that strategy is an integrated approach to the introduction of both fixed speed cameras; fixed red light cameras; a mobile speed camera program; a point-to-point, heavy vehicle regulated program; and, integrated with that, community education. That effort is all about decreasing speed on our roads. We already have a comprehensive high-visibility strategy. Speed remains the number one behavioural contributor to fatal crashes at 40 per cent.

The Hon. DANIEL MOOKHEY: I understand precisely the point you are making and I am across your strategy. Hence I am asking you: What exactly is the projected revenue?

The Hon. DUNCAN GAY: My understanding is that going forward our projected revenue is to fall because we plan to get people adhering—

The Hon. DANIEL MOOKHEY: So it is not going up by \$4 million?

The Hon. DUNCAN GAY: Ultimately it will fall. It will go up before it goes down.

Mr REARDON: In terms of the community road safety where speed fines are contributed and allocated, all of them, the budget for road safety in that New South Wales community road safety fund is around \$250 million—and any speeding fines are far less than that.

Dr MEHREEN FARUQI: Minister, I have a couple of questions on the Pacific Highway and koalas at Ballina. The Government is relying on a number of mitigation measures, as I understand it, such as fencing, underpasses and tree planting in an attempt to prevent the local extinction of the regionally and nationally significant population of koalas near stage 10 of the Pacific Highway. Does the Roads and Maritime Services Minister have scientific evidence that these measures will actually work?

The Hon. DUNCAN GAY: They have worked in the past. We are committed to ensuring koalas and other threatened species are identified and steps are taken to manage the impact of projects on their habitat during construction and operation of the new highway. We carry out significant investigations into ecologically

sensitive natural environments and habitats for major road projects. A recent report prepared by Australian Museum Business Services for completed upgrade projects such as Bonville and Yelgun to Chinderah found koalas can and do maintain home ranges right to the edge of the highway. Genetic variation in roadside koalas in the Yelgun, Chinderah and Bonville areas before the upgrades was relatively high and apparently has not been impacted by the long existence of the Pacific Highway.

Construction activities in the two study areas lead to only one known death, suggesting direct impacts of clearing and construction are relatively minor at a population scale when appropriate mitigation strategies are in place. Underpasses, both constructed culverts and natural underpasses such as gullies, work in providing safe disposal routes for koalas to cross the highway. Clear and committed protocols and training procedures for construction workers on how to manage koala incidents on worksites are likely to save individual koalas. During the past six months extensive field surveys have been carried out, with experts collecting important genetic and demographic information about the local koala population, including capturing and screening more than 50 koalas in this process.

To better understand the Ballina koala population, genetic analysis is also being carried out by two research institutes. All this work will form part of a Ballina koala plan to ensure the best outcome for koalas in section 10 of the construction, which starts at Broadwater and finishes at Coolgardie, south of Ballina. We are going to have animal overpasses and underpasses and—as the member will recall from what I have said in Parliament—we are going to build them early to make sure the koalas get used to them before the traffic comes. We are going to plant extra trees for food, proper species, on some of the land that we have taken for the building of this road. Mr Duncan would like to make a quick statement as well.

Dr MEHREEN FARUQI: If it is really quick, because I have lots of other questions.

Mr DUNCAN: The committee looking at the koalas is headed by the Chief Scientist and there are appropriate experts there as well—in other words, an expert advisory committee is looking at it. Going to your point or allegation about a connection with Lend Lease and a process with another project and the Albert Tibby Cotter Bridge, there is absolutely nothing. From a person who is responsible for the procurement of projects in New South Wales, more than 4,000—

Dr MEHREEN FARUQI: Just to be clear, I made no allegations but thank you for coming back to me.

Mr DUNCAN: I just want to make it quite clear for the record that we have independent financial and probity verification of everything we do.

Dr MEHREEN FARUQI: I turn now to cycling. The funding allocation for cycling and pedestrian infrastructure in the 2015-16 budget papers is \$57 million. Taking account of projects such as the Arncliffe pedestrian tunnel, which will cost \$17 million approximately, that only leaves about \$14 million for the entire State cycling budget. Minister, can you provide the exact dollar amount that will be used on cycling infrastructure this year?

The Hon. DUNCAN GAY: I will take that question on notice certainly in the short term. Mr Reardon and I will come back to you on that.

Dr MEHREEN FARUQI: Could you highlight some of the key projects?

The Hon. DUNCAN GAY: I am more than happy to do so. I am aware of a couple of absolute crackers that are coming up which we have not announced as yet.

Dr MEHREEN FARUQI: Cycling infrastructure?

The Hon. DUNCAN GAY: Cycling infrastructure. They are absolute rippers—a couple of connectors that have been long missing in this city.

The Hon. Dr PETER PHELPS: I am on the edge of my seat.

Dr MEHREEN FARUQI: I look forward to that.

The Hon. DUNCAN GAY: As a great fan of cycling I know the member will be as excited as I will be when they come up.

Dr MEHREEN FARUQI: Was any traffic modelling of the Sydney CBD done to show that the best alternative to building the light rail was to rip up the College Street cycleway?

Mr REARDON: Could I begin by saying that what we are doing with the CBD overall is enabling about 90 projects, both government and private sector projects, which are going into the CBD in the next few years—

Dr MEHREEN FARUQI: But my question was specifically about the College Street cycleway. Was there any modelling done to show that this was the best alternative?

Mr REARDON: I am giving you the context to my response. The Sydney City Centre Access Strategy is what is guiding all of our work and coordination within the CBD. As you would know, that access strategy went through mode by mode what we were doing with traffic, light rail, buses, walking and cycling. Within the cycling strategy we have gone through a whole range of modelling areas, both the broader public transport network and the traffic network, to ensure that we can efficiently continue to move traffic, buses, cyclists and people walking around the CBD efficiently. Yes, we have undertaken a significant amount of traffic modelling. In terms of the College Street and Wentworth Avenue route, it will be very important for continued movement of traffic, particularly on the eastern side of the city centre whilst we continue to work in George Street on light rail and we realign buses. That movement will be very important for north-south movement on the eastern side of the CBD. I will just pass over to Ms Prendergast to provide a little bit more detail in that answer.

The Hon. DUNCAN GAY: Ms Prendergast is the CBD coordinator.

Ms PRENDERGAST: We have undertaken modelling right throughout the process in the advent of the plan. It was specified in the city access strategy that we would be looking at removing College Street.

Dr MEHREEN FARUQI: Was this the best option?

Ms PRENDERGAST: It was the only option we had. We have balanced out all of the capacity in the CBD to enable a new bus plan. The new bus plan is going to have significant benefits environmentally and for amenities in the centre of Sydney, plus reliability for bus commuters. We needed Elizabeth Street as the bus spine and we needed additional north-bound capacity in College Street for general traffic. We are going to be promoting alternative routes. We are trying to discourage car travel in the centre of the city and encouraging people to use the outer areas. Our figures show that between 400 and 600 cyclists use the College Street cycleway in the morning peak, from a total of 2,400 who come into the city during the morning peak.

Dr MEHREEN FARUQI: Will you be releasing this modelling?

Ms PRENDERGAST: No, it is ongoing. It is iterative. We model it every time we tweak a plan. What we are actually doing is providing the first separated cycleway all the way from Central to the Harbour Bridge by virtue of building Castlereagh Street south, Liverpool Street and linking with the extensive development we have done in Kent Street.

Dr MEHREEN FARUQI: That is still not an alternative to College Street?

Ms PRENDERGAST: That is the first continuous, totally separated dedicated cycleway. We are also doing a lot of work with freight operators in Castlereagh Street. We are looking at other options to improve freight servicing to reduce demand on kerbside so we can reinvestigate the Castlereagh Street north option to serve the east, as specified in the city access strategy.

The Hon. PAUL GREEN: Minister, I am wondering about motorised scooters and pushbikes. Has the Government made any decisions as to whether a 200 watt petrol-powered bike is different from a 200 watt battery-powered bike? Secondly, has the Government given further consideration as to whether people should register those types of bikes?

The Hon. DUNCAN GAY: I will ask Mr Carlon to answer that question.

Mr CARLON: The Government moved to ban all petrol- or combustion-powered bicycles on our roads following a number of serious crashes and a fatality as well. That ban is now in place. Combustion-driven pedal cycles are now banned on New South Wales roads and road-related areas. Under the national definition a "pedalec" and a pedal-assisted cycle with a 200 watt electric engine are still allowed on our roads. The Government has already moved in that way, in terms of banning the use of those. That was very much on the recommendation of the police who were seeing very dangerous behaviour on our roads—bicycles that had been tampered with and others with petrol-powered engines that were enabling cyclists to ride at very high speeds without proper braking systems in very dangerous situations.

The Hon. PAUL GREEN: One issue concerns the ability to upgrade the power on such machines. A rotary bike is unable to be tampered with. Is it fair that a system which can only give an output of 200 watts should not be considered in some category?

Mr CARLON: We actually considered all of those as part of a regulatory request that came from police because the identification of a petrol-powered bicycle was very confusing for them to determine—whether it was 200 watt of output or not and whether it could be tampered with or not in order to generate higher outputs. So a blanket ban on pedal-powered bicycles was introduced.

The Hon. PAUL GREEN: Minister, we have talked about whether the Government is thinking about registering or licensing pushbikes and powered bikes. Can you update the Committee on that?

The Hon. DUNCAN GAY: We have had a roundtable with a lot of cycle groups and, with one exception, the groups have just been terrific. They have worked together to try to come back with a better and a safer outcome for all involved. Certainly the Amy Gillet Foundation and A Metre Matters was part of it. I spoke at the initial meeting, which included a broad range of cycling groups, police, NRMA, pedestrian groups, even a former Premier of this State from the other side of politics to me, Nathan Rees, insurers and many others. They are looking at certain areas where they have got common ground.

We not only need to protect cyclists because they are our most vulnerable users but we also need to equally protect our pedestrians on shared paths. We need to make sure that motorists adhere to the law as it applies to their interactions with cyclists. We need to ensure that a law applies to cyclists as well. That is the message we are receiving. I am waiting for the final recommendation of that committee. That will then go to Cabinet. It is safe to say that there will not be a licence. There will not be registration. The Government is looking at sensible measures in between to achieve a better outcome.

The Hon. PAUL GREEN: Has there been a suggestion to compensate stores that unwittingly sell bikes that cross into that category? Is the Government considering that?

The Hon. DUNCAN GAY: I know that you and others have constituents in that situation. It is happening offline.

The Hon. PAUL GREEN: Would you comment on the upgrades to the boating harbours of Shellharbour, Kiama, Shoalhaven or Eden? Have you received any information on that?

The Hon. DUNCAN GAY: No, I have not. We have information on the work the department is doing on cycling. We also have clarification on the Infrastructure NSW approvals process that was discussed earlier.

The Hon. PAUL GREEN: I have a question about container caps and the leasing of ports. We were discussing the possibility of up to eight million containers moving around Port Botany, and large numbers at Port Kembla and Newcastle. If Botany were leased and had a cap of several million, would there be statutory caps?

The Hon. DUNCAN GAY: I answered that earlier. My answer now is no different.

The Hon. PAUL GREEN: Are there caps for Port Kembla?

The Hon. DUNCAN GAY: No.

The Hon. PAUL GREEN: So it is open to any number?

The Hon. DUNCAN GAY: Yes.

The Hon. Dr PETER PHELPS: Let us hope that it gets bigger.

The Hon. PAUL GREEN: The problem is that the freight comes onto the roads.

The Hon. Dr PETER PHELPS: Unless the Maldon to Dombarton railway is built.

The Hon. PAUL GREEN: That is right. I will have a problem if it gets bigger and the railway is not built.

The Hon. DUNCAN GAY: It is in our interest to grow all of them but not to unnecessarily use one to take freight that could have gone to another and been carried by road or rail. We need to be sensible. The ports need to specialise and grow. New South Wales ports are doing well compared to interstate ports.

CHAIR: The Minister said earlier that there are no caps, legislative or otherwise, on the Port of Newcastle.

The Hon. DUNCAN GAY: That is correct. That is for Newcastle.

The Hon. PAUL GREEN: So Port Kembla could grow to any size, as long as the containers keep coming in.

The Hon. DUNCAN GAY: It can grow within the constraints of its infrastructure.

The Hon. PAUL GREEN: There would have to be a cap, according to the capacity of that infrastructure?

The Hon. DUNCAN GAY: The infrastructure is the cap. Mr Reardon would like to clarify an earlier answer on Infrastructure NSW.

Mr REARDON: On the question that was asked about Infrastructure NSW and the benefit-cost ratios relating to WestConnex, I would like to clarify the record. Infrastructure NSW, for the purposes of the 2012 State Infrastructure Strategy, developed the scheme at a concept level. Strategic estimates were available at that time. Based on that, Infrastructure NSW, as an independent agency, put a recommendation to Government to take the project to a business case. The Government accepted that recommendation. The business case was then developed by the transport cluster.

I wish to clarify that Infrastructure NSW, in its normal course of work of providing independent advice to the Government, recommended WestConnex. The Government accepted that and asked the transport cluster to undertake a full business case. That is the business case that I have referred to in this hearing. A full economic assessment of the business case was undertaken. A further business case was released in 2013. Since that time, there have been a number of enhancements of scope. Those enhancements will be included in the further update to the full business case of stages 1, 2 and 3 that will be released, as the Minister mentioned.

Members made reference to a benefit-cost ratio of 1.5 or 1.8, depending on whether we were talking about Infrastructure NSW or Infrastructure Australia. Both those organisations have supported the project. It is our expectation that they will continue to do so. Infrastructure NSW initially devised the concept to take forward the WestConnex scheme. That strategic concept estimate was given to the transport cluster to undertake the full business case, which is what has been done. That is the natural course of developing a project of this scale.

CHAIR: That concludes our hearing. Thank you, Minister, and thank you to your officers for making yourselves available to attend the hearing this afternoon.

The Hon. DUNCAN GAY: Thank you, Chair. We will provide answers to questions taken on notice. I have the cycling one already.

(The witnesses withdrew)

The Committee proceeded to deliberate.
