

PORTFOLIO COMMITTEE NO. 5 – INDUSTRY AND TRANSPORT

Wednesday, 6 September 2017

Examination of proposed expenditure for the portfolio area

WESTERN SYDNEY, WESTCONNEX, AND SPORT

CORRECTED PROOF

The Committee met at 9.00 a.m.

MEMBERS

The Hon. Robert Brown (Chair)

The Hon. R. Colless

The Hon. W. Fang

Dr M. Faruqi

The Hon. D. Mookhey

The Hon. G. Pearce

The Hon. L. Voltz

PRESENT

The Hon. S. Ayres, *Minister for Western Sydney, Minister for WestConnex, and Minister for Sport*

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**

The CHAIR: Ladies and gentlemen, good morning. Welcome to the public hearing for the inquiry into the budget estimates 2017-18. Before I commence, I acknowledge the Gadigal people, who are the traditional custodians of this land. I also pay respect to the elders, past and present, of the Eora nation and extend that respect to other Aborigines present. I welcome Mr Ayres and his accompanying officials to the hearing. Today we will be examining the proposed expenditure for the portfolios of Western Sydney, WestConnex and Sport. Today's hearing is open to the public and is being broadcast live via the parliamentary website. In accordance with the broadcasting guidelines, whilst 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. Guidelines for the broadcast of proceedings are available from the secretariat.

There may be some questions that a witness could answer if only they had more time or with certain documents to hand. In these circumstances, witnesses are advised that they can take a question on notice and provide an answer within 21 days of the question being formally sent to them by the secretariat. Any messages from advisers or members of staff seated in the public gallery should be delivered through the Committee secretariat. Minister, I remind you that you and the officers accompanying you are free to pass notes and refer directly to your advisers seated at the table behind you.

Transcripts of this hearing will be available on the web tomorrow morning. Would everyone please turn off their mobile phones or switch them to silent for the duration of the hearing. All witnesses from the 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 to office as a member of Parliament. Mr Tim Reardon, Mr Jim Betts, and Mr Simon Smith do not need to be sworn as they have been sworn at an earlier hearing.

ANNE LOUISE GRIPPER, Executive Director, Sport and Recreation Services Group, Office of Sport, Department of Industry, sworn and examined

PHILLIP ARTHUR HAMDORF, Executive Director, Sport Development Group, Office of Sport, Department of Industry, sworn and examined

MATTHEW CHARLES MILLER, Chief Executive, Office of Sport, Department of Industry, sworn and examined

PETER ANDREW REGAN, Deputy Secretary, Finance and Investment, Transport for NSW, affirmed and examined

DENNIS JAMES CLICHE, Chief Executive Officer, Sydney Motorway Corporation, sworn and examined

KENNETH JOHN KANOFSKI, Chief Executive, Roads and Maritime Services, affirmed and examined

TIM REARDON, Secretary, Transport for NSW, on former oath

JIM BETTS, Chief Executive Officer, Infrastructure NSW, on former affirmation

SIMON SMITH, Secretary, Department of Industry on former affirmation

The CHAIR: Minister, there is no opportunity for an opening statement during the budget estimates hearing. I will move straight to questions.

The Hon. DANIEL MOOKHEY: Since the toll has been reintroduced on the widened M4, how many people are using it each day?

Mr STUART AYRES: We are currently experiencing around 75 per cent of people who utilised the motorway prior to the toll being implemented, so that is the figure.

The Hon. DANIEL MOOKHEY: You say 75 per cent. We were told in an earlier parliamentary hearing that more than 100,000 people were using it before. Are we to assume, therefore, that now only 75,000 people are using it?

Mr STUART AYRES: No. You can assume that, but it is incorrect.

The Hon. DANIEL MOOKHEY: Do you know the exact figure?

Mr STUART AYRES: The exact figures on the use of the motorway are currently subject to a commercial-in-confidence arrangement. The reason is that the transaction for the Sydney Motorway Corporation has been announced by the Government.

The Hon. DANIEL MOOKHEY: It is a State secret how many people are using a toll?

Mr STUART AYRES: No, it is not a State secret. I have just told you that we had 75 per cent usage of the motorway prior to the widening and the toll being reintroduced.

The Hon. DANIEL MOOKHEY: You would agree with me that the people of Penrith, Parramatta, Strathfield and Homebush—everyone who has paid this toll—would like to know how well it is being used. Is the Government's promise being met? Is it delivering what your Government said it would deliver for the past five years? It is a basic question: How many people are using it?

Mr STUART AYRES: The answer is that it is in line with the environmental impact statement [EIS] and the business case.

The Hon. DANIEL MOOKHEY: It is in line with the EIS and the business case?

Mr STUART AYRES: Yes, absolutely.

The Hon. DANIEL MOOKHEY: Is it in line with the base financial model that your Government is not releasing?

Mr STUART AYRES: It is in line with the EIS and the business case.

The Hon. DANIEL MOOKHEY: I am asking you about the base financial case. Is it in line with the revenue projections that your Government said are worth a \$16.8 billion investment?

Mr STUART AYRES: It is in line with the business case and the EIS. I can again confirm that from the traffic usage we had on the road prior to the introduction of the toll and prior to the widening, we have currently around 75 per cent traffic usage, which is very consistent with, if not better than, the performance of the introduction of other toll roads in the past in New South Wales.

The Hon. DANIEL MOOKHEY: How much money is being collected from tolls every day on the widened M4?

Mr STUART AYRES: This is subject to the commercial arrangements that are run by the Sydney Motorway Corporation [SMC].

The Hon. DANIEL MOOKHEY: What is the average amount of toll revenue being collected each day?

Mr STUART AYRES: I do not have that information before me. Why would I? It is an individual—

The Hon. DANIEL MOOKHEY: You do not know and you are not interested in how much revenue is being collected, on average, each day for a road that you are about to sell?

Mr STUART AYRES: No, that is not what I said. I said I do not have that information before me.

The Hon. DANIEL MOOKHEY: Do any of your accompanying officials know?

Mr STUART AYRES: I can also say to you that it is a commercial arrangement for the Sydney Motorway Corporation.

The Hon. DANIEL MOOKHEY: It is another State secret, is it?

Mr STUART AYRES: No, it is a commercial arrangement for the Sydney Motorway Corporation.

The Hon. DANIEL MOOKHEY: Transurban publishes its daily revenue figures and daily use figures. If Transurban is capable of publishing those figures, why aren't you?

Mr STUART AYRES: That is a good question for the Sydney Motorway Corporation.

The Hon. DANIEL MOOKHEY: Its representative is here.

Mr STUART AYRES: I understand that they comply with all the requirements of the Corporations Act under which they are established.

The Hon. DANIEL MOOKHEY: Mr Cliche, do you want to answer that question? Has the Sydney Motorway Corporation contemplated publishing the average daily use figures now that the road is operating?

Mr CLICHE: As the Minister said, we are in the middle of a sale process, the proceeds of which will be determined by the revenues we are currently collecting. At this time point in time it is commercial-in-confidence.

The Hon. DANIEL MOOKHEY: Do you envisage it will always remain as commercial in confidence? Is there going to be a day when you publish those figures?

Mr CLICHE: I was about to add that a fundamental difference between us and Transurban today is that Transurban is not for sale. We are. There is a major difference. Once the commercial transaction is over then certainly we would be publishing it, but at this point in time it is in the best interests of the taxpayers of New South Wales that we get the best value possible from the sale.

The Hon. DANIEL MOOKHEY: Now that you mention you are up for sale, what are you worth?

Mr CLICHE: That is a transaction the Treasury is conducting.

The Hon. DANIEL MOOKHEY: Have you obtained an evaluation yourself? Has the Sydney Motorway Corporation [SMC] board ever obtained an evaluation of what the golden goose is worth?

Mr CLICHE: We would do exactly what any company would do, so the answer would be yes.

The Hon. DANIEL MOOKHEY: Presumably, your position on not releasing that publicly has not changed since last we met?

Mr CLICHE: That is exactly correct.

The Hon. DANIEL MOOKHEY: Minister, are you satisfied with that?

Mr STUART AYRES: Absolutely I am satisfied with that.

The Hon. DANIEL MOOKHEY: Ahead of every other transaction the Government has published things like the book value of an asset. Do you not think that for something like the SMC sale, that is now for the M4, that a similar standard should be adopted and people should know what the road is worth?

Mr STUART AYRES: I think the key point here is that the Sydney Motorway Corporation is not an agency of the New South Wales Government. It is established under the Corporations Act.

The Hon. DANIEL MOOKHEY: What has been the impact on traffic on Parramatta Road?

Mr STUART AYRES: There is no doubt there has been an increase in traffic on Parramatta Road because there has been a reduction in the amount of traffic that was on the motorway before the toll was introduced. As you would be aware, when you increase the price of a product the demand for it drops. That means traffic will go and test other roads. That is a fairly consistent approach with the introduction of toll roads. It happened when the Labor Government introduced tolls on the M7, the M2, the Lane Cove Tunnel and the Cross City Tunnel.

The Hon. DANIEL MOOKHEY: If it is an expected impact and we have now had four weeks of it, what has been the impact? What is the number of people using Parramatta Road? It is a simple question.

Mr STUART AYRES: I am not the roads Minister. I do not keep traffic data.

The Hon. DANIEL MOOKHEY: Mr Kanofski is here. He would know.

Mr KANOFSKI: As the Minister said, there has been an increase in the traffic on Parramatta Road. As to the exact traffic numbers, I would have to take it on notice.

The Hon. DANIEL MOOKHEY: Why?

Mr KANOFSKI: Because I do not have it to hand.

The Hon. DANIEL MOOKHEY: It has gone up. Can you give us a range? Are we looking at 0 per cent, 10 per cent, 20 per cent, 30 per cent? How much has traffic increased on Parramatta Road?

Mr KANOFSKI: I think I took the question on notice.

The Hon. DANIEL MOOKHEY: And I am asking another one. Do we have a range?

Mr STUART AYRES: I am happy to take that on notice as well.

The Hon. DANIEL MOOKHEY: You have turned up without being able to give any explanation as to the impact on Parramatta Road. It is a pretty foreseeable question. The media has shown us image after image of a gridlocked arterial road and you have not rocked up knowing these figures. Do you not think you should have?

Mr STUART AYRES: No, I said I would take the question on notice.

The Hon. DANIEL MOOKHEY: What is the average speed on Parramatta Road?

Mr STUART AYRES: Parramatta Road does not fall within my portfolio.

The Hon. DANIEL MOOKHEY: Mr Kanofski, can you help us?

Mr KANOFSKI: It is published on the Roads and Maritime Services [RMS] website. You can see it in real time. I do not know exactly what it is but if you want to go to the RMS website you will find it in real time.

The Hon. DANIEL MOOKHEY: I was looking at that. Incidentally, it is fascinating. Your website says that the average speed on Parramatta Road in peak hour is now 10 kilometres per hour. Does that sound accurate?

Mr KANOFSKI: I am not sure. I do not have the number in front of me. As I said, the number is published on the website.

The Hon. DANIEL MOOKHEY: I find that figure remarkable because in your environmental impact statement you said that the average speed of 10 kilometres per hour would be obtained by 2031. You are 14 years ahead of your target. Are you proud of that?

Mr STUART AYRES: I think you will find that the introduction of the toll and the expanded capacity on the M4 motorway as part of WestConnex is delivering travel time savings for people who use it. There is no doubt that the impact of the introduction of that road will displace traffic onto other roads. The Government has been very up-front about that.

The Hon. DANIEL MOOKHEY: Your attitude to all the people who are spending 40 minutes heading from Flemington to Granville on Parramatta Road travelling at 10 kilometres per hour is, "Don't worry. This is what we thought would happen"?

Mr STUART AYRES: My position to you is the Government's position, which has been that we have invested in increasing capacity on the M4 motorway after it was denied to people across Western Sydney for more than a generation.

The Hon. DANIEL MOOKHEY: Do you consider the M5 toll concession that is currently in place to be part of WestConnex?

Mr STUART AYRES: The M5 toll concession?

The Hon. DANIEL MOOKHEY: Yes. The one that is expiring in 2026.

Mr STUART AYRES: Yes, it is part of the WestConnex toll concession.

The Hon. DANIEL MOOKHEY: Does that mean that it is also going to be sold as part of the SMC sale?

Mr STUART AYRES: That information is already publicly available.

The Hon. DANIEL MOOKHEY: I am asking you now is that still the Government's position?

Mr STUART AYRES: Yes, it always has been.

The Hon. DANIEL MOOKHEY: The M5 west toll concession will be sold as part of the SMC sale, not just the new M5?

Mr STUART AYRES: That has always been part of the Government's position.

The Hon. DANIEL MOOKHEY: If the toll is coming off in 2026, what are you selling?

Mr STUART AYRES: We are selling the toll concession until 2026 as part of what the current arrangements are now and there is no change to government policy with relation to cashback. As we move through the transaction there will be commercial discussions around what takes place, but I need to be very clear with the Committee that there is no change to the Government's policy on cashback on the M5.

The Hon. DANIEL MOOKHEY: That is helpful to know. If the toll is expiring in 2026 and you are selling off SMC, are you contemplating extending the toll concession?

Mr STUART AYRES: That will part of the commercial negotiation for the sale of SMC.

The Hon. DANIEL MOOKHEY: Should you find yourself in a position where a private bidder for the SMC is prepared to offer money for you to extend the concession from 2026, is that something the Government will consider?

Mr STUART AYRES: It is a commercial option for the Government but I come back to the point I made earlier—and I think this is the most important point for the public—that the Government has no change to its current policy position on cashback on the M5.

The Hon. DANIEL MOOKHEY: If you are prepared to consider lengthening the existing toll on the M5 and selling it as part of the SMC, are you prepared to adopt a similar length for the M4 toll—that is, 43 years?

Mr STUART AYRES: I do not understand the question.

The Hon. DANIEL MOOKHEY: You have just said that you will consider extending the existing M5 toll for an indefinite period if that is what a commercial bidder is prepared to pay for. I am asking you what is the outer limit for that road? Are you prepared to have it adopted indefinitely on the existing M5?

Mr STUART AYRES: No, we would not be prepared to adopt it indefinitely. It will be part of a commercial option that is before the Government as part of the transaction that is the WestConnex sale or the SMC sale.

The Hon. DANIEL MOOKHEY: If you are telling a resident in Campbelltown who is travelling on the existing M5 that their toll might go beyond 2026 what additional services are they getting? Are they getting any new lanes or will they simply have to continue to pay indefinitely for a road that they have already paid for if a private bidder is prepared to offer you top dollar?

Mr STUART AYRES: My position to the people of Campbelltown is the Government has no proposal to change its cashback arrangements on the M5.

The Hon. DANIEL MOOKHEY: Will there be a separate toll apart from the WestConnex toll on the Sydney Gateway?

Mr STUART AYRES: The business case for Sydney Gateway is currently being developed. Sydney Gateway is not included in the WestConnex motorway project. As that business case is developed and financial models are developed along with the design the Government will make that public.

The Hon. DANIEL MOOKHEY: Does that mean that the toll cap on WestConnex is not going to apply to the Sydney Gateway?

Mr STUART AYRES: That is correct.

The Hon. DANIEL MOOKHEY: Can you describe to us the three projects that comprise stage two of WestConnex as stated in the business case?

Mr STUART AYRES: The three projects?

The Hon. DANIEL MOOKHEY: That comprise stage two of WestConnex as described in your business case.

Mr STUART AYRES: The three projects that make up the WestConnex project?

The Hon. DANIEL MOOKHEY: No, stage two. To be very clear, what are the three projects that comprise stage two of WestConnex as you said in your business case?

Mr STUART AYRES: Stage two of WestConnex, to be very, very clear, comprises the M5 duplication and the St Peters interchange.

The Hon. DANIEL MOOKHEY: Is that what you said in your business case?

Mr STUART AYRES: I have not said anything in a business case. I have been the Minister.

The Hon. DANIEL MOOKHEY: Is that what your Government said in the business case?

Mr STUART AYRES: I would have to take that on notice.

The Hon. DANIEL MOOKHEY: It is quite remarkable. The business case says that stage two is divided into three projects: the new M5, the King Georges Road interchange upgrade, and the Sydney Gateway. It is remarkable that the Sydney Gateway, which appeared in your strategic business case, has just disappeared from the WestConnex project. When did that happen?

Mr STUART AYRES: The Sydney Gateway project is not part of the delivery of WestConnex.

The Hon. DANIEL MOOKHEY: Was it ever?

Mr STUART AYRES: It will not be part of the assets that are sold as part of the Sydney Motorway Corporation 51 per cent sale. I have already indicated to the Committee that it will not be included in the WestConnex—

The Hon. DANIEL MOOKHEY: But I am asking you was it ever a part of the WestConnex project?

Mr STUART AYRES: WestConnex will deliver better road access across Sydney and there is an \$800 million allocation in the budget for WestConnex towards the delivery of Sydney Gateway.

The Hon. DANIEL MOOKHEY: Mr Reardon, last year you were asked whether or not Sydney Gateway has ever been part of WestConnex. You were asked, "Could I confirm that the cost of the Sydney Gateway is included in the \$16.8 billion?" You responded, "Yes, that is correct."

Mr Kanofski, on 22 May you appeared before us and you were asked: "Is the cost of the Gateway incorporated in the \$16.8 billion?" You said, "Yes." You were then asked, "What proportion has been set aside?" You answered, "\$800 million." You were then asked, "Is that finance for the revenue model that applies for the broader project?" You answered, "It is part of the overall project." When did that change?

Mr KANOFSKI: Mr Reardon, **do you want to go first?**

Mr REARDON: As the Minister has pointed out, there is an \$800 million contribution in the WestConnex \$16.8 billion towards the Sydney Gateway.

The Hon. DANIEL MOOKHEY: If this is not a part of WestConnex, and it has never been a part of WestConnex, why did the Government put the \$800 million in WestConnex?

Mr STUART AYRES: Because WestConnex wants to be able to deliver better access to important economic parts of the city. There is an \$800 million allocation in the WestConnex budget towards the Sydney Gateway project.

The Hon. DANIEL MOOKHEY: Have any other projects, which are not part of WestConnex, been allocated in the same way to the Sydney Motorway Corporation?

Mr STUART AYRES: The Sydney Gateway is not allocated to the Sydney Motorway Corporation.

The Hon. DANIEL MOOKHEY: But there is \$800 million in its budget?

Mr STUART AYRES: No. The budget for WestConnex is not a budget for the Sydney Motorway Corporation.

The Hon. DANIEL MOOKHEY: When the Sydney Gateway was mentioned 35 times in the updated strategic business case for WestConnex, and Infrastructure NSW said that the justification for WestConnex was the Sydney Gateway, was that just a bit of a lark?

Mr STUART AYRES: No. The Sydney Gateway will provide very important access to the airport and the port. It will also provide connectivity from those two important locations to the WestConnex project, particularly stage 3—St Peters interchange. We do operate an integrated road network. WestConnex does integrate with other roads in the network; it does not sit in isolation.

The Hon. DANIEL MOOKHEY: On 10 August I logged onto the website for the WestConnex project, which described all the different things and helpfully labelled WestConnex projects. One of those was labelled "Sydney Gateway". Lo and behold, I logged in five days later and it was gone. Then I wondered what had happened in those five days. On 10 August the Premier made a statement to Channel 7 in which she said, "It was never a part of the Gateway." Are you seriously telling us that this was always the Government's plan or is it more likely that the Premier misspoke in the media and you are now covering for her?

Mr STUART AYRES: No. That is a farcical position. Sydney Gateway, as I have explained, is not being—

The Hon. DANIEL MOOKHEY: It is indeed a farcical position but I am accusing you of having it.

Mr STUART AYRES: You may well choose to do so but this is a Government that continues to deliver good quality infrastructure for the people of New South Wales. Sydney Gateway will deliver good quality infrastructure for the people of New South Wales. Sydney Gateway will deliver access to the port and the airport. It has an \$800 million allocation from the WestConnex budget.

The Hon. DANIEL MOOKHEY: Is there going to be a separate business case for the Sydney Gateway?

Mr STUART AYRES: Yes.

The Hon. DANIEL MOOKHEY: When is that going to be released?

Mr STUART AYRES: When it is completed.

The Hon. DANIEL MOOKHEY: When is it going to be completed?

Mr STUART AYRES: When it is finished.

The Hon. DANIEL MOOKHEY: When is that?

Mr STUART AYRES: When we do that work.

The Hon. DANIEL MOOKHEY: Do you have a timetable or is it just an indefinite period?

Mr STUART AYRES: No. We are working with stakeholders and landholders around the airport. We will develop a business case.

The Hon. DANIEL MOOKHEY: Is it going to go to tender?

Mr STUART AYRES: That will be a decision for the Government.

The Hon. DANIEL MOOKHEY: Have you ever contemplated taking an unsolicited proposal for the Sydney Gateway?

Mr STUART AYRES: I do not think government contemplates taking unsolicited proposals. I think they are decisions made by the proponent of an unsolicited proposal.

The Hon. DANIEL MOOKHEY: Have you ever been apprised or informed that one is forthcoming?

Mr STUART AYRES: The Government has guidelines for unsolicited proposals, which are managed by the Department of Premier and Cabinet. That is an appropriate way in which to ensure that the individual stages of unsolicited proposals are managed appropriately. That is not something for individual Ministers.

The Hon. DANIEL MOOKHEY: Minister, you met with Lendlease in May and then again in June. What was the purpose of those two meetings?

Mr STUART AYRES: I would have to go back and refer to my disclosure.

The Hon. DANIEL MOOKHEY: I did. On 6 June you met with Lendlease and you met with Capella Capital, which I think is the funding arm of Lendlease. That was not that long ago. What was that meeting about?

Mr STUART AYRES: I would have to go back and refer to my meetings.

The Hon. DANIEL MOOKHEY: In that meeting did they raise or flag with you a desire for them to lodge an unsolicited proposal for the Sydney Gateway?

Mr STUART AYRES: Lendlease have been talking to many people in government, including me, Tim Reardon and Ken Kanofski about improving—

The Hon. DANIEL MOOKHEY: But did they mention it at that meeting? Have you been told by Lendlease that they are contemplating a bid? It is a pretty straightforward question.

Mr STUART AYRES: There is no doubt that they are very much interested in working with the stakeholders around providing a solution to Sydney Gateway.

The Hon. DANIEL MOOKHEY: If Lendlease were to bid, what would you consider to be unique enough for them to justify an unsolicited proposal and therefore avoid a tender?

Mr STUART AYRES: That would not be a decision for me. That would be governed by the guidelines the Government has established for unsolicited proposals.

The Hon. DANIEL MOOKHEY: Mr Cliche should be congratulated for, amongst other things, voluntarily disclosing his salary. He was not compelled to, nor under any obligation to, but he did. He also said that he will be paid annually upon the achievement of key performance indicators [KPI] as determined by the Sydney Motorway Corporation board. You are one of the three shareholders of the Sydney Motorway Corporation, are you not?

Mr STUART AYRES: I am a shareholder.

The Hon. DANIEL MOOKHEY: What are the KPIs?

Mr STUART AYRES: The determinations are for the board.

The Hon. DANIEL MOOKHEY: Are you told?

Mr STUART AYRES: We have regular shareholder meetings.

The Hon. DANIEL MOOKHEY: So what are the KPIs for Mr Cliche to obtain his bonus?

Mr STUART AYRES: I will take that on notice. I do not have that information before me.

The Hon. DANIEL MOOKHEY: Have you made any inquiries?

Mr STUART AYRES: Have I made inquiries?

The Hon. DANIEL MOOKHEY: Yes.

Mr STUART AYRES: Not since you asked me the question.

The Hon. DANIEL MOOKHEY: Were you aware that this arrangement was in place?

Mr STUART AYRES: Yes, I was aware.

The Hon. DANIEL MOOKHEY: Does the Government endorse the idea of offering bonus payments to its executives?

Mr STUART AYRES: Sydney Motorway Corporation—

The Hon. DANIEL MOOKHEY: Of which you are a shareholder.

Mr STUART AYRES: —is not an agency of government. The salary and bonus performance arrangements for its chief executive officer are determined by its board in accordance with the Corporations Act.

The Hon. DANIEL MOOKHEY: I had the pleasure of reading the annual report of the Sydney Motorway Corporation. It turns out that the board fees doubled in the last year and the number of directors dropped. Why?

Mr STUART AYRES: That is a question for the Sydney Motorway Corporation board.

The Hon. DANIEL MOOKHEY: The chief executive officer is here. Can he answer the question?

Mr STUART AYRES: That is a question for the Sydney Motorway Corporation board.

Dr MEHREEN FARUQI: How many expressions of interest have been received for the design and construction of the Rozelle interchange, which connects stage 1 and stage 3 of the WestConnex?

Mr STUART AYRES: We are currently in the market talking to potential bidders for the construction of stage 3. That process has not closed.

Dr MEHREEN FARUQI: I am specifically talking about the Rozelle interchange.

Mr STUART AYRES: Yes. We—

Dr MEHREEN FARUQI: There were expressions of interest out for the Rozelle interchange. How many have you received?

Mr STUART AYRES: The expressions of interest for stage 3B, or the Rozelle interchange, have not closed. We are still currently talking to consortiums and potential consortiums in the market around stage 3.

Dr MEHREEN FARUQI: When is it going to close?

Mr STUART AYRES: We have not got a finalised date. This is a significant project. It is an incredibly important part of the WestConnex project.

Dr MEHREEN FARUQI: But there is a process to be had. Organisations and companies are going to put in their expressions of interest. Surely they need to know what the closing date is?

Mr STUART AYRES: We are working with all of the parties that have expressed interest.

Dr MEHREEN FARUQI: How many parties have expressed interest?

Mr STUART AYRES: We have had a number of organisations, existing consortiums, that have expressed interest. We also have a number of infrastructure companies globally—

Dr MEHREEN FARUQI: How many?

Mr STUART AYRES: We are still working through the process and we have not concluded our expressions of interest.

Dr MEHREEN FARUQI: Minister, can you tell me whether this statement is correct: To date only one consortium has expressed interest in this interchange?

Mr STUART AYRES: I cannot confirm that because we have not finalised our expressions of interest.

Dr MEHREEN FARUQI: So you will not give companies any dates? Is that how a tender process works?

Mr STUART AYRES: No, we are—

Dr MEHREEN FARUQI: Is this not causing uncertainty for organisations? Is not the expression of interest process supposed to be that people are told they can start putting in their expressions of interest and they are also given a closing date?

Mr STUART AYRES: I actually think it is the opposite. We are an incredibly intense period of infrastructure delivery, particularly in this State but we are also seeing infrastructure delivered in other parts of Australia. We are talking to a number of the firms and consortia that gather to bid on these projects. The idea of expressions of interest being a one-way street, where those consortiums only come to us and we sit back in a passive way waiting for them to form, is an antiquated way of thinking about that. We will continue to work with businesses around forming consortia and when we have expired that we will be able to talk to the public about what the bid looks like.

Dr MEHREEN FARUQI: So you choose who you talk to?

Mr STUART AYRES: There is no doubt that the Government will play an active role in engaging with companies—

Dr MEHREEN FARUQI: But it is not an open process where anyone could put their hand up?

Mr STUART AYRES: No, it is an open process.

Dr MEHREEN FARUQI: Have any of the consortia that you have been talking to expressed concerns about this absurdly conceived underground flyover?

Mr STUART AYRES: There is no doubt that the Rozelle interchange is a complex piece of engineering.

Dr MEHREEN FARUQI: The only way to describe it is absurdly conceived. Have any of the consortia raised concerns about the concept design?

Mr STUART AYRES: We are still in the expressions of interest stage.

Dr MEHREEN FARUQI: But you said you are having conversations.

Mr STUART AYRES: Yes.

Dr MEHREEN FARUQI: Has anyone raised concerns about the very vague concept design?

Mr STUART AYRES: We have not got to market with a design. The bidder will actually deliver that design or the format in which the Government decides to undertake that bid.

Dr MEHREEN FARUQI: You do have a concept design, do you not?

Mr STUART AYRES: Yes, we do have a concept design.

Dr MEHREEN FARUQI: Has anyone raised concerns about the feasibility of that concept ever being able to be designed in detail and constructed?

The Hon. RICK COLLESS: Only The Greens.

Dr MEHREEN FARUQI: Have you seen that design?

Mr STUART AYRES: The primary concern that we have at the moment is not the complexity of the Rozelle interchange design; it is the amount of infrastructure being delivered in New South Wales. It is the capacity of the market to absorb all the infrastructure that is being constructed.

Dr MEHREEN FARUQI: You are not considering redesigning that concept?

Mr STUART AYRES: The whole purpose of having an expression of interest is to work with potential bidders around how they would bring their innovation to delivering that project. We also need to go through a phase where we develop a detailed design. We take a concept to expressions of interest and then we work with those bidders, particularly around moving into the detailed design phase.

Dr MEHREEN FARUQI: You have an environmental impact statement [EIS] already out there for people to comment on when you have no design and you have no indication of what the design could be. If the detail design is significantly different from the absurd concept design, will you issue another EIS for that?

Mr STUART AYRES: It is not significantly different. A significant amount of work is put in place to develop that concept design. What we are talking about is one of the most important pieces of engineering that we have ever undertaken in this country. It is not something that we should shy away from.

Dr MEHREEN FARUQI: You definitely should not shy away from it but you should have a proper process for the community to comment and for people to look at what it will end up being before any EIS is put out there for community consultation.

Mr STUART AYRES: With all due respect that is exactly what we are doing.

Dr MEHREEN FARUQI: You are not doing that at all.

Mr STUART AYRES: The EIS is out before the public right now. The concept design is very clear about where the road project will go. Detailed design of the road is unlikely to differ significantly from the concept design that is in the public domain right now.

Dr MEHREEN FARUQI: With all due respect, lines on maps do not make a concept design. The EIS for the M4-M5 says that the contractors will conduct detailed design and construction. How is a \$7 billion project and an eight kilometre tunnel being given a green light just based on an indicative design? Do you think that is fair on the community? Do you think that is fair on the public?

Mr STUART AYRES: I am very honest with the public. With the design that we have put forward and the concept design work that has been established we have undertaken an extensive amount of work to come up with that concept.

Dr MEHREEN FARUQI: To put lines on a map?

Mr STUART AYRES: It is not just lines on a map.

Dr MEHREEN FARUQI: It is, I am sorry. Have a look. It is exactly lines on a map. Some of them have been dotted because now it is going underground but it is exactly lines on a map.

Mr STUART AYRES: It is a series of tunnels that will be underneath the Rozelle peninsula. The only way that you can express where those tunnels go is to draw lines on a map, so people can see where the tunnels go and also to provide a clear understanding around how that interchange will ensure connectivity to the Anzac Bridge, the City West Link, stage 3A or the mainline tunnel of WestConnex, the Iron Cove Bridge and a future Western Harbour tunnel. That is how we tell the public where the roads are going to go—by putting lines on a map.

Dr MEHREEN FARUQI: That is right and then things could change very much in the detailed design. If the detailed design is different from the indicated design will you go back to the public and put out another EIS?

Mr STUART AYRES: We will always engage with the community around the delivery of major infrastructure projects.

Dr MEHREEN FARUQI: The EIS came out very soon after submissions to the indicative design closed—I think it was two weeks after. Were the comments and concerns raised by the community included in the EIS?

Mr STUART AYRES: Absolutely. One of the things I was happy to do as part of the early changes and after taking on the WestConnex portfolio was to work with the Sydney Motorway Corporation [SMC] around the delivery of a design report that allowed the public to understand earlier what stage 3 of WestConnex would look like. This is not something we have undertaken before as a government—at least not through the WestConnex project. The EIS is an incredibly complicated, detailed and technical document. Our ability to go out and engage with the public about where stage 3 of WestConnex is going, how the tunnels function, how it interacts with the community, particularly if it comes to the surface in particular locations, identifying where construction sites would be, and also engaging with the community on what the Rozelle interchange would look like, were all things we were able to do through the design report. It is wrong to say that we were not incorporating the feedback that we got through the design report from day one into the development of the EIS.

Dr MEHREEN FARUQI: Those two weeks have been enough to incorporate all submissions that were put in?

Mr STUART AYRES: It would be wrong to assume that we waited until the end of the design report to take the information that was given to us from the public through to the time that the design report was publicly exposed. It was designed to start engaging with members of the community so they understood the project. This is something we have done to enhance community engagement prior to the EIS stage. It is not a period when we developed the design report, closed the design report and then went through all the individual pieces of community feedback and put them into the EIS.

Dr MEHREEN FARUQI: I understand that process, although there is a deadline for people putting in submissions and they have to be considered as well, obviously.

Mr STUART AYRES: Yes and there is a natural sequence of events that allows for the public to engage through the design report before we move into the EIS stage which, as you are aware, is a formal planning requirement for the delivery of infrastructure in this State.

Dr MEHREEN FARUQI: Absolutely. When is the EIS submission process closing?

Mr STUART AYRES: I cannot remember the date, but Mr Kanofski might be able to tell you that.

Mr KANOFSKI: I do not; I would have to check that.

Dr MEHREEN FARUQI: For how long has it been open?

Mr KANOFSKI: It is a 60 day public exhibition. It has been on exhibition now for about two weeks.

Dr MEHREEN FARUQI: It is the minimum period for which it has been exhibited?

Mr KANOFSKI: No, that is not the minimum period; the minimum period is 30 days.

Dr MEHREEN FARUQI: It is a very complex project, as the Minister said himself.

Mr KANOFSKI: It is on exhibition for 60 days.

Dr MEHREEN FARUQI: Is the timeline for stage 3 EIS and consultation tied to the process of selling SMC in October?

Mr STUART AYRES: I think an easier way to answer that question is to say that we want to be able to have a position where we have let a construction contract either concurrently or before the sale of 51 per cent of SMC for stage 3. That provides certainty for the organisation or business or consortium that is acquiring 51 per cent of SMC; so that provides surety in the market. That is one of the reasons why we engaged with the public earlier on stage 3 through the design report process.

Dr MEHREEN FARUQI: There is still the plan to sell 51 per cent of SMC, not the whole of SMC?

Mr STUART AYRES: No, the Government has publicly stated that it will sell only 51 per cent of SMC at this stage.

Dr MEHREEN FARUQI: As I understand, in the stage 3 EIS the vehicle mix is significantly different from what was originally in the WestConnex business case. I quote one example around the commercial vehicles. There is only one-tenth of the number of commercial vehicles as was predicted in the business case. Has the business case and economic case been updated to take this into account, given that the commercial vehicles pay three times the toll?

Mr STUART AYRES: I will have to take that on notice. I do not know the level of detail off the top of my head around this area.

Dr MEHREEN FARUQI: Surely this could have a huge impact on the business case and you should know.

Mr STUART AYRES: I am happy to take that on notice.

Dr MEHREEN FARUQI: The EIS recognises that there will be increased congestion on existing roads which connect to stage 3 and where the traffic might come out—particular parts of Mascot, Frederick Street, Haberfield and Victoria Road. How will that be addressed?

Mr STUART AYRES: Through the EIS process. We will inform the public around cumulative impacts of delivering on the road. I will ask Mr Kanofski also to comment. We budget for integration works through the Roads and Maritime Services [RMS] budget. That is not included in the WestConnex budget. But what we would do all the time with any road that we build or with any form of significant infrastructure that impacts public transport, we integrate it into what is already there.

Dr MEHREEN FARUQI: It is not just public transport though; there will be more congestion on local streets. How will that be addressed and could you confirm, as the previous Roads Minister did, that WestConnex will not lead to more clearways on local streets?

Mr STUART AYRES: I will not be making determinations for the roads Minister at this estimates hearing.

Dr MEHREEN FARUQI: Surely you work with the roads Minister and would you advocate for that, or how would that extra traffic be disseminated?

Mr STUART AYRES: We manage integration challenges across the road network all the time; it is part of delivering significant infrastructure projects. We are also, particularly when it comes to projects like WestConnex, futureproofing what we do with WestConnex to allow for future upgrades to road infrastructure. Things like the F6 motorway and the Western Harbour Tunnel are going to be important congestion relievers for this city and this State into the future, and making sure we plan those and are transparent about their impacts through the WestConnex delivery processes is important.

Dr MEHREEN FARUQI: What have you done to relieve congestion on Parramatta Road then, because that is a significant impact? What planning did you do in respect to that? Now with the M4 toll, many more cars are going onto Parramatta Road. What planning did you do to relieve that congestion?

Mr STUART AYRES: We want to encourage people to continue to use the motorway. That is one of the reasons why we have built it. We know it provides—

Dr MEHREEN FARUQI: But that is not happening at the moment. You said you plan for the future, you do this. What planning did you do for this scenario that is happening right now?

Mr STUART AYRES: The RMS budget does include investment in integration works.

Dr MEHREEN FARUQI: What integration works have been done on Parramatta Road and why is there congestion there now?

Mr KANOFSKI: I can get you the exact detail. There were 49 small projects around Parramatta Road. Quite often you can make quite minor adjustments to the road network to improve flow. So prior to the opening of the widened M4 we did about 49 small projects.

Dr MEHREEN FARUQI: That has not really helped, has it?

Mr KANOFSKI: I am happy to provide you with the detail.

Dr MEHREEN FARUQI: But that has not helped though. You can do hundreds of projects, but if it is not helping people on congested roads then what is the point of those projects?

Mr KANOFSKI: Those projects are projects that improve the traffic flow, and they have improved the traffic flow.

Dr MEHREEN FARUQI: But it is still congested.

Mr KANOFSKI: There are many parts of the urban road network that are congested.

Mr REARDON: And more broadly on that, we have a pinch point and a clearways strategy that is publicly available.

Dr MEHREEN FARUQI: That has been going on for decades.

Mr REARDON: No, the clearways strategy was released just a few years ago.

Dr MEHREEN FARUQI: So there is a clearways strategy.

Mr REARDON: There is indeed.

Dr MEHREEN FARUQI: That is what I am asking, Minister. Will you have a clearways strategy as well for these roads which will be impacted by stage 3?

Mr STUART AYRES: I think Mr Kanofski can answer that. I have to be clear though: I am the Minister for WestConnex; my role is to deliver the WestConnex project. The road network beyond WestConnex is why we have a roads Minister.

Dr MEHREEN FARUQI: For sure, but hopefully you two are working together. WestConnex is also a road.

Mr STUART AYRES: No doubt, and the Roads Act is delegated to me for the purposes of delivering WestConnex. I do work very closely with the roads Minister, and Mr Kanofski has already referred to investment in a number of integration works, particularly along the Parramatta Road corridor. The point I make here is that we are seeing significant travel time savings on the M4 motorway, not just in the location where it has been upgraded as part of the WestConnex project. Increased capacity in that part of the road is improving flows right across the motorway; we are seeing travel time savings, particularly for westbound motorists, of up to 18 minutes—that is a significant improvement. I have had anecdotal responses from community members who are saving much longer than that on their overall travel journey, particularly when they are travelling from the eastern half of the city to the western half of the city.

A clear point of difference in what this Government has done compared to previous governments is with the introduction of toll roads. We have left the choice up to the driver—the driver chooses which road they go on. Previous governments have funnelled cars onto toll roads to try to prop up the value of those toll roads and make the finance work. We have chosen not to do that. I would say to drivers that we believe that WestConnex provides a value-for-money investment for people travelling on that road; it will provide you with travel time savings, and as the full WestConnex project continues to roll out—the next phase of it will be the

opening of the tunnel underneath Parramatta Road—there will be more travel time savings for drivers, and that is the value proposition that we offer to them. We also say that if you do not want to pay the toll you can choose to travel on a free road, and that is not something we have done before.

Dr MEHREEN FARUQI: Spend three hours on the road in congestion—that is not really a good choice. If you are unable to pay, then off you go, stay on the road for three hours and that is all fine. I think that is a pretty bad way of planning transport for the public, to be really frank. But my time is limited. Could I ask Mr Kanofski if there are plans for clearways, because of the impact of stage 3, on roads like Frederick Street at Haberfield or Victoria Road at Iron Cove Bridge or Johnston Street in Annandale?

Mr KANOFSKI: We have a clearways strategy and there are a range of clearways that we are looking at. There are currently no plans for clearways on Frederick Street and Johnston Street.

Dr MEHREEN FARUQI: When will the public know what the clearways strategy is?

Mr KANOFSKI: We publish what we are doing in terms of the clearways strategy. Also, on the website there is an ability for members of the public to nominate clearways. Clearways are actually really quite popular; a lot of people write in to us, register on the website and suggest places where we could put a clearway.

Dr MEHREEN FARUQI: But I am talking specifically in connection to WestConnex. Is there a particular clearways strategy that connects with WestConnex?

Mr KANOFSKI: There is a clearways strategy; there is no specific clearways strategy for WestConnex and, as I said to you, there are no plans for clearways on Frederick Street or Johnston Street.

Mr REARDON: The clearways strategy is for the a.m. peak and the p.m. peak and weekends across the Sydney network.

Dr MEHREEN FARUQI: Yes, I understand that. Minister, you said earlier in response to Mr Mookhey on the issue of the M4 widening that 75 per cent of the traffic prior to the toll being introduced is still going on the M4.

Mr STUART AYRES: Prior to the toll, prior to the widening.

Dr MEHREEN FARUQI: What is the percentage compared to the figures that were in the traffic modelling? There was traffic modelling done, was there not, that predicted that once the M4 was widened and opened and tolled that this would be the traffic on the M4?

Mr STUART AYRES: I am fairly confident I answered this earlier, but just for your response: it is consistent with the EIS and the business case.

Dr MEHREEN FARUQI: Do you have the percentage?

Mr STUART AYRES: No, it is consistent.

The Hon. LYNDIA VOLTZ: Minister, on 24 November 2014, Mike Baird announced \$600 million for stadium upgrades. Then in September 2015 the Baird Government announced \$1.6 billion for a stadium strategy. Then on 21 October 2017 Gladys Berejiklian stated she would spend whatever she needs to on the stadiums. Then a week later the media reported \$900 million for ANZ Stadium and \$800 for Allianz. At this point in time, what is the actual total figure for the stadium strategy, or is it just a blank utopian cheque?

Mr STUART AYRES: The Government has allocated \$1.6 billion for the delivery of at least four assets as part of the stadia network strategy that was released by the Government in September 2015. The network strategy that we announced in September 2015 includes a number of assets; they are the Sydney Football Stadium; the SCG; the ANZ Stadium, or what many people refer to in a non-commercial sense as Stadium Australia; the Western Sydney Stadium, or what might be better known to the public as the Parramatta Stadium; a new indoor arena; and an outer Western Sydney stadium.

We also referenced the important role of the Spotless Stadium, or the Showground Stadium, which is currently owned by the Royal Agricultural Society, as well as the importance of training and administration or centre of excellence facilities as part of the long-term delivery of that stadia strategy. An amount of \$1.6 billion was allocated to the delivery of at least four assets across that network. We are currently working through business cases on ANZ Stadium and the redevelopment of Allianz Stadium.

The Hon. LYNDIA VOLTZ: What are the four assets that are in that \$1.6 billion?

Mr STUART AYRES: The Government has not determined which four it will spend its money on first; that is why we are doing the business case work before we make such announcements.

The Hon. LYNDA VOLTZ: Are you still committed to bringing all the tiers of seating closer to a rectangular configuration and installing a roof on ANZ Stadium?

Mr STUART AYRES: The Government has made it clear that it wants to deliver a world-class solution at ANZ Stadium. That world-class solution will be guided by a business case that is currently being completed.

The Hon. LYNDA VOLTZ: Are you still committed to bringing all the tiers of seating closer to a rectangular configuration and installing a roof on ANZ Stadium?

Mr STUART AYRES: We would love to see every seat at ANZ closer. The best way to do that is what we are working through in the business case at the moment.

The Hon. LYNDA VOLTZ: But are you going to bring all the seats closer—because that is what you said in your announcement—and put a roof on ANZ Stadium, which you also said in your announcement?

Mr STUART AYRES: If you go back and look at that announcement, we said we would consider a roof. I think it is a worthwhile consideration.

The Hon. LYNDA VOLTZ: In fact, we have got a video showing you and Mike Baird and some people from rugby league and rugby union out at Sydney Olympic Park, standing there with a video showing all the tiers coming in and a roof.

Mr STUART AYRES: That video showed a reconfigured ANZ Stadium with a roof, that is correct.

The Hon. LYNDA VOLTZ: Will you be putting a roof on ANZ Stadium?

Mr STUART AYRES: A roof will be part of the business case consideration.

The Hon. LYNDA VOLTZ: You have not decided what you are doing at ANZ Stadium?

Mr STUART AYRES: That is because under my leadership, as the Minister for Sport, we will complete business cases before we make significant infrastructure decisions on where we spend taxpayer money.

The Hon. LYNDA VOLTZ: Why did you buy out the lease for \$200 million if you had not done the business case?

Mr STUART AYRES: We bought out the lease of ANZ Stadium because it made good sense for the Government to do so. There are a number of reasons why. At the top of the list will be first, removing the material adverse effect clause that was written into the original contract for the delivery of ANZ Stadium and the second reason is that there was no financial structure for the ownership of ANZ Stadium past 2031. It is my firm belief that the Government will need to make an investment decision on how it upgrades or improves ANZ Stadium and what form that takes, long before 2031.

The Hon. LYNDA VOLTZ: There was no financial past 2031 because it reverted to government ownership anyway, did it not?

Mr STUART AYRES: That is correct but the material adverse effect clause also prevented the Government—

The Hon. LYNDA VOLTZ: Well, why do you need to remove the material adverse effect clause if you do not know what you are doing?

Mr STUART AYRES: Because the material adverse effect clause prevented the Government from being able to make network-wide solutions.

The Hon. LYNDA VOLTZ: No it did not. The only thing the clause did was prohibit you from going above 45,000 at the Sydney Football Stadium.

Mr STUART AYRES: No, it placed restrictions on all stadium developments within a 50 kilometre radius of ANZ Stadium, thus precluding the capacity for the Government to evaluate any upgrade across any stadium in the Sydney Basin.

The Hon. LYNDA VOLTZ: Well that is a load of bollocks, is it not, because you are already doing Parramatta Stadium and that was already being developed and that was not captured by the clause because it did not go above a certain amount of seating.

Mr STUART AYRES: I would have to check the dates but I am fairly confident that we announced them at the same time.

The Hon. LYNDA VOLTZ: Yes, but the material adverse effect clause had no effect on Parramatta Stadium and the development you were doing, did it?

Mr STUART AYRES: No, it did not.

The Hon. LYNDA VOLTZ: So it did not prohibit what you were doing on any stadium within 50 kilometres, did it? The only stadium it would impact on was the Sydney Football Stadium.

Mr STUART AYRES: No, that is not correct.

The Hon. LYNDA VOLTZ: Alright, which one did it impact on?

Mr STUART AYRES: It would impact on upgrades at the Sydney Cricket Ground, it would impact on upgrades at the Sydney Football Stadium and it would also impact on any other facility we wanted to invest in that would breach any of the terms of the material adverse effect clause.

The Hon. LYNDA VOLTZ: And if they went over the 45,000, is that not correct?

Mr STUART AYRES: No, the material adverse effect clause clearly stated a number of other things, other than the capacity of—

The Hon. LYNDA VOLTZ: Such as?

Mr STUART AYRES: The size of corporate facilities, access to the public, what content could be hosted there. There are a number of anti-competitive—

The Hon. LYNDA VOLTZ: No there was not—what could be hosted there. How does it affect what could be hosted there?

Mr STUART AYRES: How does the material adverse effect clause?

The Hon. LYNDA VOLTZ: Yes, for example, the Sydney Football Stadium and Sydney Cricket Ground upgraded their corporate with every upgrade they did of the stadium, particularly on the Sydney Cricket Ground. So how is the adverse effect affecting the corporate?

Mr STUART AYRES: The material adverse effect clause belongs to the owner of the stadium at the time. It was their choice to choose whether they exercised it or not.

The Hon. LYNDA VOLTZ: Well, other than the Sydney Cricket Ground and the Sydney Football Stadium, which corporate and stadium would it have an impact on?

Mr STUART AYRES: It would have impacted any stadium, had the Government chosen to invest anything—

The Hon. LYNDA VOLTZ: In what way?

Mr STUART AYRES: I will spell it out clearly for you. If the Government wanted to invest in any facility within a 50 kilometre radius of ANZ Stadium that breached the material adverse effect clause, the Government could have been liable, in a legal situation, to pay out a compensation payment to the owner of ANZ Stadium.

The Hon. LYNDA VOLTZ: And that breach was only in regard to if you increased above a certain seating level.

Mr STUART AYRES: There are other factors in that material adverse effect clause [MAE].

The Hon. LYNDA VOLTZ: Such as?

Mr STUART AYRES: I would have to take all of them on notice.

The Hon. LYNDA VOLTZ: You will have to take them on notice. Will the Parramatta Stadium be completed and opened by March 2019 and is the cost of the Parramatta Stadium still projected to be \$300 million?

Mr STUART AYRES: The allocated budget for Parramatta Stadium is \$360 million. Its forecast opening date is in late April-early May 2019.

The Hon. LYNDA VOLTZ: So it is over budget and late?

Mr STUART AYRES: No, the budget allocated by the Government to this project was \$360 million.

The Hon. LYNDA VOLTZ: I asked you last year, you said \$300 million.

Mr STUART AYRES: We have allocated \$360 million.

The Hon. LYNDA VOLTZ: You have now, yes. And that is out of the \$1.6 billion. Tell me, the National Rugby League [NRL] Centres of Excellence, \$40 million, is that out of the \$1.6 billion?

Mr STUART AYRES: That money has been allocated to the Office of Sport through the NSW Treasury.

The Hon. LYNDA VOLTZ: So it is out of consolidated revenue?

Mr STUART AYRES: I have made a budget application and they have given \$40 million for me to be able to distribute it across centres of excellence.

The Hon. LYNDA VOLTZ: Since when has Spotless been part of the stadia strategy? Because this is the first I have heard of Spotless Stadium being part of the stadia strategy.

Mr STUART AYRES: In 2012, when the first iteration of the stadia strategy was launched by the Government, it referenced the important role that the showground stadium played or Spotless Stadium played as an asset that was on the site of the lease for the Royal Agricultural Society. It is important to note that all of the facilities that we have identified and a key component of the stadia strategy is investing in assets that are owned by the public.

The Hon. LYNDA VOLTZ: So now Spotless Stadium may be one of the four assets that you may consider the \$1.6 billion asset expenditure?

Mr STUART AYRES: I said that Spotless played a role, I did not say it was one of the six assets. We referenced the important role that it plays in the stadia network in Sydney.

The Hon. LYNDA VOLTZ: So the six assets are still the Sydney Football Stadium, the Sydney Cricket Ground, ANZ Stadium, the Parramatta Stadium, an indoor stadium and an outer western stadium?

Mr STUART AYRES: They were the assets that we have identified that should form a future New South Wales stadia network to be able to deliver all the facilities that our sports require.

The Hon. LYNDA VOLTZ: They will be the six stadiums that the \$1.6 billion is allocated to?

Mr STUART AYRES: I said earlier that in 2015 we announced that we would endeavour to do four stadiums out of that \$1.6 billion.

The Hon. LYNDA VOLTZ: But it will be from those six?

Mr STUART AYRES: Yes, that is correct.

The Hon. LYNDA VOLTZ: And there will be four within that \$1.6 billion?

Mr STUART AYRES: That was our intent, to try to do four out of the \$1.6 billion. That will be guided by the business case I have referred to a couple of times already in my previous answers.

The Hon. LYNDA VOLTZ: When asked about the initial amount of \$600 million for stadiums, Mr Baird stated in December 2014 that a group of experts had made recommendations on the funding for the projects and had offered the figures the day before the announcements were made. Who were the members of that group of experts?

Mr STUART AYRES: I am not aware of who the former Premier was referring to in those comments.

The Hon. LYNDA VOLTZ: You were the Minister for Sport at the time when the \$600 million was allocated for stadiums that was based on expert advice, in terms of the figure, and you do not know who they sought that advice from?

Mr STUART AYRES: What I can say to you is that the \$600 million was allocated through, was a reservation in Restart NSW at the time. I think that comment that you are referring to was the allocation of funds across the distribution of the funds we generated through the long-term lease of poles and wires. Also since that point in time the Government has announced other asset recycling opportunities. They have also led to additional revenue being allocated to the stadia strategy.

The Hon. LYNDA VOLTZ: Given the Sydney Cricket Ground states that the Sydney Cricket Ground and Allianz Stadium contribute an estimated \$678 million per year to the New South Wales economy in turnover, can you inform the Committee why there has been no expenditure on maintenance costs of Allianz Stadium from that turnover, to the extent that it is at risk, according to them, of closing down?

Mr STUART AYRES: The visitor expenditure is obviously not all revenue collected by the Sydney Cricket Ground Trust. The Sydney Cricket Ground Trust manages two facilities, the Sydney Cricket Ground [SCG] and Allianz Stadium. They are responsible for the long-term maintenance regime that exists in both of those facilities. I would, however, say clearly that what they are dealing with is, in the case of Allianz, an incredibly old stadium by modern context and at the SCG they have two stands that are two of the oldest stands available in the professional stadium network that exists anywhere in the country.

The Hon. LYNDA VOLTZ: So you are not concerned that there has been no expenditure on maintenance?

Mr STUART AYRES: No, I am very concerned about the long-term viability of those stadiums.

The Hon. LYNDA VOLTZ: Have you asked the Sydney Cricket Ground Trust to explain what has happened with their revenue?

Mr STUART AYRES: Of course they generate revenue, but the long-term infrastructure capacity for an entity like the Sydney Cricket Ground Trust to redevelop those particular assets is always going to be constrained. It is one of the reasons why—

The Hon. LYNDA VOLTZ: Have you asked them how much has been spent on maintenance? Because they are asking the Government for money, so have you asked them for a figure on how much has been spent on maintenance?

Mr STUART AYRES: They have identified that to meet the minimum occupancy requirements for the Allianz Stadium, it would cost around \$140 million to upgrade as per the advice they have received from their building certifiers.

The Hon. LYNDA VOLTZ: They make about \$20 million a year, do they not—

Mr STUART AYRES: Yes, that would mean they would have to allocate—

The Hon. LYNDA VOLTZ: —in profit.

Mr STUART AYRES: —seven years worth of their operational cash flow.

The Hon. LYNDA VOLTZ: Well would they not be spending maintenance on upgrading anyway?

Mr STUART AYRES: An asset maintenance regime is something that they already undertake. When you are dealing with a 30-plus year old stadium you get to a point where the capacity to continue to upgrade the safety and the maintenance of that asset will not meet the current building standards.

The Hon. LYNDA VOLTZ: Danny Bhandari and Carolyn Campbell were appointed to Venues NSW on 1 August 2016. Danny Bhandari was reappointed on 1 May 2017, yet the Chief Executive Officer of Netball NSW, our largest women's sport, Carolyn Campbell, was not. What does this failure to reappoint Carolyn Campbell as the only representative of women's sport on the Venues NSW board say about the Government's commitment to equity for women?

Mr STUART AYRES: The first thing I would say is that Carolyn Campbell is an outstanding sports administrator and she is more than welcome to participate in anything I do in sport. The more people we have with Carolyn Campbell's capacity the better. What we have done is that through that period of time we acquired ANZ and merged what was a standalone ANZ board into Venues NSW. The Government had to consolidate what was the ANZ board and a Venues NSW board. We undertook a recruitment process. I consulted closely with Christine McLoughlin, the chair of Venues NSW, on the composition of that board. I am very happy with the board I have got. If I wanted a board of 25 people I suppose I could have put everyone on it. I continue to seek Carolyn Campbell's counsel when engaging with sports across New South Wales, particularly women's sport.

The Hon. LYNDA VOLTZ: She was already on the board when you reconstituted it. That was the appointment of 1 August.

Mr STUART AYRES: We reconstituted a board. There was always going to be a period of time, from memory about nine months, where we had to run a Venues NSW board and a separate ANZ stadium board. The Government made it clear that we would consolidate those two boards into one and that meant we had to choose who would continue across both boards. We also brought new people onto the board and some people who were on both boards did not continue.

The Hon. LYNDA VOLTZ: She was not on the other board, she was on the Venues NSW board that was reconstituted.

Mr STUART AYRES: Both boards were consolidated.

The Hon. LYNDA VOLTZ: Why did you not drop one of the three rugby representatives?

Mr STUART AYRES: The three rugby representatives?

The Hon. LYNDA VOLTZ: There are three people on the board associated with rugby; why not drop one of them and put a netball representative on?

Mr STUART AYRES: It is not a representative board.

The Hon. LYNDA VOLTZ: Obviously.

Mr STUART AYRES: It is not a representatives board.

The Hon. LYNDA VOLTZ: Obviously it is not. In the *Daily Telegraph* you announced a new initiative aimed at stopping women dropping out of sport. I have had a look at the website of the Office of Sport and I cannot find any grants other than the local sport grant program, which is hardly new or targeted at women.

Mr STUART AYRES: This week we announced sports development grants and the local sports grants available to the public. One of the things I encouraged local members, sporting organisations, sporting clubs, and associations to do was to consider using these grants to drive participation of women's sport. I am passionate about it. It is an appropriate point where a sports Minister in New South Wales can take a leadership position where he or she, in this case he, encourages sports to think about using the grants that we provide them to encourage new opportunities for women to participate in sport. The local sport grant program has opportunities for local infrastructure upgrades. If that means that a club can use—

The Hon. LYNDA VOLTZ: It is not a new grant for women, it is the local sport grant?

Mr STUART AYRES: It is the sport development grant program.

The Hon. LYNDA VOLTZ: How do you justify extending and selling the toll concessions on the M5 when you are not doing any improvements on the M5 west of King Georges Road?

Mr STUART AYRES: The decision around the M5 toll concession will be part of the commercial discussion for the sale of Sydney Motorway Corporation [SMC].

Dr MEHREEN FARUQI: According to the traffic modelling done when the M4 was widened, how soon do you think the traffic will be back to forecast numbers? Do you have a time when it was envisioned that the traffic would be back to forecast numbers?

Mr STUART AYRES: We are at forecast numbers. I said earlier that the traffic on the M4 is consistent with what was in the business case and the environmental impact statement [EIS] published.

Dr MEHREEN FARUQI: How long will the traffic remain at 75 per cent of what was there before? What does your modelling tell you about that?

Mr STUART AYRES: We were clear with the public that when you introduce a toll on a road some drivers choose not to pay the toll. That is a common practice for the introduction of toll roads everywhere. We forecast the number of people who would continue to use the road. What we are seeing at the moment is consistent with that forecast.

Dr MEHREEN FARUQI: Can I clarify that it is SMC that is currently operating the M4 concession?

Mr STUART AYRES: The concession has been granted by the New South Wales Government to Sydney Motorway Corporation, yes.

Dr MEHREEN FARUQI: The Sydney Motorway Corporation is currently operating it?

Mr STUART AYRES: Yes. The toll and the concession are set by the Government and the toll is collected by the Sydney Motorway Corporation.

Dr MEHREEN FARUQI: Is the money collected and kept by the Sydney Motorway Corporation or sent back to the Government?

Mr STUART AYRES: No, the Sydney Motorway Corporation is established under the Corporations Act. The revenue generated from tolls goes to the Sydney Motorway Corporation.

Dr MEHREEN FARUQI: When Sydney Motorway Corporation is sold the toll goes to the company that buys SMC?

Mr STUART AYRES: Yes. Sydney Motorway Corporation owns the concession of WestConnex. If a business or consortium acquires it, it will therefore own the concession.

Dr MEHREEN FARUQI: There was a one month toll-free period for the M4.

Mr STUART AYRES: That is correct.

Dr MEHREEN FARUQI: Who bore the financial cost for that?

Mr STUART AYRES: The New South Wales Government struck a negotiated deal with Sydney Motorway Corporation to pay it a flat fee of \$15 million.

Dr MEHREEN FARUQI: To the Sydney Motorway Corporation?

Mr STUART AYRES: That is correct.

Dr MEHREEN FARUQI: Just now you said it is a corporation run by the Corporations Act. Why would the Government pay \$15 million to a private company?

Mr STUART AYRES: Because the corporation has the legal right to toll the road and the Government made a decision to provide users of that road—

Dr MEHREEN FARUQI: Was it an afterthought by the Government to make it palatable to the community?

Mr STUART AYRES: No. It was a perfectly reasonable position to invest in a period of time where road users could experience the road and see what benefits it offered them to allow them to make the decision once the toll came into place.

Dr MEHREEN FARUQI: That was not thought of when Sydney Motorway Corporation was corporatised. It was an afterthought and that is why you had to pay the penalty to Sydney Motorway Corporation?

Mr STUART AYRES: I cannot answer for the person who sat in this chair a number of years ago when that decision was made.

Dr MEHREEN FARUQI: You do not know what happened?

Mr STUART AYRES: I was not in the portfolio.

Dr MEHREEN FARUQI: Is the Government considering, as part of the Sydney Motorway Corporation sale, offering any form of non-compete clauses for public transport investments, as we have seen with Transurban? Earlier Transurban admitted quite openly that there had been non-compete clauses in its contracts. Is that being offered with the Sydney Motorway Corporation?

Mr KANOFSKI: There is no non-compete clause for public transport in those concessions.

Dr MEHREEN FARUQI: Is the Government considering, as part of the Sydney Motorway Corporation sale, offering any sort of revenue guarantees to minimise the risk for whoever buys?

Mr KANOFSKI: Those concessions contain no revenue guarantees.

Dr MEHREEN FARUQI: At least that is good to know. As you are the Minister for Western Sydney, do you support the Western Sydney incinerator proposal?

Mr STUART AYRES: No.

Dr MEHREEN FARUQI: That is excellent. How are you advocating your position within the process?

Mr STUART AYRES: The New South Wales Government has an independent Planning Assessment Commission. The proponent has every right to have that proposal heard by the independent planner. Whilst I do not support the incinerator, I have seen the advice that has been provided by Health and Environment. They provided that information to the Planning Assessment Commission. I support an independent planning decision framework in New South Wales, because under the previous Government I have seen what happens when you do not have it.

Dr MEHREEN FARUQI: Are you aware of the plight of the Campbelltown koalas?

Mr STUART AYRES: Not directly, no.

Dr MEHREEN FARUQI: In Campbelltown there is a colony of koalas that is the only healthy Chlamydia-free population of koalas currently listed in New South Wales. They are under threat because of new plans to increase urbanisation and rezoning. What are you doing as the Minister for Western Sydney to protect those koalas?

Mr STUART AYRES: I was not aware of the koala concerns that you have in south-west Sydney. I will take that on notice and collect further information.

Dr MEHREEN FARUQI: You could advocate for those koalas to remain healthy and prosper. In June 2014 the then transport Minister, Gladys Berejiklian, announced 10 stops for the Parramatta light rail and promised to get cracking on the project. It has been more than three years since then and not much has happened with Parramatta light rail. What are your plans as Minister for Western Sydney to push that project and do something for the people of Western Sydney who are struggling for public transport within Western Sydney?

Mr STUART AYRES: I am a very strong proponent of the Parramatta Light Rail project. I think it will improve significant opportunities for people in and around the greater Parramatta area. These are significant infrastructure projects that take time to plan and deliver. I think it is unreasonable to say that the Government can click its fingers and pull a light rail out of the ground in a very short period of time.

Dr MEHREEN FARUQI: Four years is a little bit more than clicking fingers.

Mr STUART AYRES: I will refer to Ken Kanofski here, but I think the key point is that the Government is committed to delivering the Parramatta Light Rail. It has undertaken appropriate amounts of research and design work to make sure that we have a light rail that is functioning.

The CHAIR: Minister, what are the inner boundaries of your Western Sydney portfolio? Where does Western Sydney stop, coming in towards Sydney?

Mr STUART AYRES: In my head I tend to define Western Sydney as the Central and Western Sydney precincts that are defined by the Greater Sydney Commission.

Mr REARDON: We covered some of the Parramatta Light Rail in the Transport and Infrastructure budget estimate hearing last Friday.

Dr MEHREEN FARUQI: We covered very little though. We did not get many good answers.

Mr REARDON: Basically, last week we started the industry process of the procurement of Parramatta Light Rail Stage 1. There are four packages in that. We are happy to furnish you with a copy of what those packages are. They are about early works, enabling works, civil, operations, and systems. We are underway in earnest with the procurement process right now. We are doing that in accordance with the time frame that we had been set. We are well underway. We have had a delivery office established for some time now in Parramatta. The office works hand in glove with the Greater Sydney Commission for the greater Parramatta and Olympic Park peninsula. We are into that project in a fairly heavy way at this point.

Dr MEHREEN FARUQI: What is the time line exactly? I cannot remember if anything was said in the Transport hearings. What is the time line for this project? When will there be light rail running in Parramatta?

Mr REARDON: I will take that on notice, but I will repeat the fact that we put out the latest information just last week. I will furnish you with that.

Dr MEHREEN FARUQI: Do you have a date though? Could you let me know?

Mr REARDON: I will furnish you with that information.

Dr MEHREEN FARUQI: I want to go back to WestConnex. As you know, there are many toll roads planned, apart from WestConnex, that the Government has indicated, and communities are really concerned about the air pollution aspect of these motorways. Can you assure the community that fine-particle pollution from the WestConnex proposal—and I understand that it is going to have unfiltered ventilation—will not impact on the health of residents, school children, or anyone else in the community.

Mr STUART AYRES: I say very confidently that we are delivering world-class tunnel ventilation facilities.

Dr MEHREEN FARUQI: No, it is not about tunnel ventilation. It is about what comes out of the tunnel after it has been ventilated. I understand that it is not being filtered at all for any of the roads, including WestConnex. What assurances can you give the community that they will not be impacted by that pollution, particularly for WestConnex.

Mr STUART AYRES: I think rather than me giving you a personal view, which would be that I am very confident about the capacity for us to deliver good quality ventilation and not adversely impact communities, I would much rather defer to the Chief Scientist Advisory Committee on Tunnel Air Quality. The report says, "Emissions from well-designed road tunnels cause a negligible change to surrounding air quality, and as such, there is no health benefit for surrounding communities in installing filtration and air treatment systems in such tunnels." That is the Chief Scientist's view.

Dr MEHREEN FARUQI: Hopefully this ventilation is going to be better than the Lane Cove Tunnel, because every time you go through the Lane Cove Tunnel you see a big sign saying "Windows up. Recycle Air. Tunnel ahead." Obviously that is not going to be the scenario for people who are travelling on WestConnex.

Mr STUART AYRES: There is no doubt that we have a constrained location inside a tunnel. We do need to ventilate that air. The technology that we utilise to ventilate that air means that in many cases the air in the surrounding areas of ventilation facilities is, in fact, better than it would be alongside roads like Victoria Road or Parramatta Road, where you have huge amounts of traffic omitting emissions at street level.

Dr MEHREEN FARUQI: Where does all of that pollution go then? It is not going to disappear. The tunnels are being ventilated, so where does all that pollution go?

Mr STUART AYRES: There is no doubt that the technology allows us to ventilate the air at high speed. It does dissipate over a larger area and it does not settle at the street level, like what it would do where you have large amounts of traffic operating as it does, for example, on Victoria Road and Parramatta Road.

Dr MEHREEN FARUQI: Going back to clearways, is there a current clearway strategy for King Street?

Mr KANOFSKI: There is no planned clearway for King Street.

Dr MEHREEN FARUQI: With the sale of the Sydney Motorway Corporation [SMC], will the Government retain any control over the final design, construction, or operation of WestConnex after 51 per cent of SMC has been sold? What level of control will the Government and you as the WestConnex Minister have over the construction and design of WestConnex?

Mr KANOFSKI: The concession sets out a whole range of minimum requirements for the concessionaire. If the concession holder wants to go outside of those requirements they would clearly have to come back to Roads and Maritime Services [RMS], on behalf of the Government, for that change. The other thing is that, obviously, the process is subject to an environmental impact assessment and a planning approval. Clearly, once you have a planning approval, if you want to go outside of that you have to go back to the Department of Planning and Environment. The Government has got two layers of potential control: one is the concession agreement itself, which sets out a scope of work, the technical criteria, and the maintenance standards. All those sorts of things are set by the Government in the concession. If the concession holder wanted to change them they would have to negotiate with RMS. As I said, there is also the planning approval process. Once a planning approval is in place, RMS cannot change it and the concession holder cannot change it; only the Minister for Planning can change it.

Dr MEHREEN FARUQI: What way is the community assured that the Government will be keeping an eye on the private company to make sure that all these conditions are being met?

Mr KANOFSKI: Roads and Maritime Services is a government agency and is subject to all of the normal controls and transparency requirements of a government agency. Our administration of the concession—

Dr MEHREEN FARUQI: Which has not been much, to be honest. There has not been much transparency at all. Minister, you would know that well.

Mr KANOFSKI: I think you will find that Roads and Maritime Services complies with all of its requirements for transparency. Roads and Maritime Services' administration of those concession agreements is subject to all of the normal controls. It is subject to the Government Information (Public Access) Act (GIPA) and to hearings such as this. The planning approval process is very public. The planning approval conditions are well known and are published, and the Department of Planning and Environment is there to enforce those conditions. I think there is a very strong and robust system in place for the Government to manage that concession.

Dr MEHREEN FARUQI: History does not tell us that, Mr Kanofski. The Government has been secretive and has been hiding every single thing, unless there have been leaks, or to give up processes—

The Hon. WES FANG: Oh, come on.

The Hon. LYNDA VOLTZ: She is right.

Dr MEHREEN FARUQI: It is undeniable. I am sorry, but it is out there for all of you to have a look at.

The CHAIR: Order! The member has two minutes remaining.

Dr MEHREEN FARUQI: I will hand it over to my colleague for a question.

The Hon. LYNDA VOLTZ: Minister, at the moment, drivers coming from the airport to Kingsgrove Road on the M5 East are not tolled if they are going from King Georges Road to Bexley Road. Will that continue?

Mr STUART AYRES: The M5 East tunnels are not currently tolled. When SMC completes the tunnel upgrades, or the duplication of the M5 tunnel, we will have capacity for an additional six lanes. The capacity will therefore go from the current four lanes to 10 lanes. It would be almost impossible for us to toll the six new lanes and not toll the four old lanes, so the M5 East will be tolled. That is part of the WestConnex project, and the Government has been very upfront about that from day one.

The Hon. LYNDA VOLTZ: Essentially, people who are not paying tolls will be funnelled in and will be paying tolls.

Mr STUART AYRES: We will not be funnelling anyone. That is what your Government did; not this Government.

The Hon. LYNDA VOLTZ: Oh, really?

Mr STUART AYRES: Indeed. But what we will be doing is building—

The Hon. LYNDA VOLTZ: What Governments introduced the two tolls that have been put on the M4 at Granville? What Governments introduced those two tolls?

Mr STUART AYRES: I am not running away from—

The Hon. LYNDA VOLTZ: The Greiner Government and the Berejiklian Government, is that correct?

Mr STUART AYRES: I am not running away from the introduction of tolls. We have absolutely introduced tolls.

The Hon. LYNDA VOLTZ: The people of Western Sydney have paid for a toll three times because two Liberal Governments have introduced tolls on a public road.

Mr STUART AYRES: If you really want to have this discussion, if you travel from my constituency in Penrith using the fastest route to get to George Street or this building, you will pay \$22 on the M7, the Lane Cove Tunnel, the M2, or the Cross City Tunnel. WestConnex will enable those people to get to the same location for \$8.60.

The Hon. LYNDA VOLTZ: And now people on the M5 East—

Mr STUART AYRES: If you want to advocate for a \$22 toll—

The Hon. LYNDA VOLTZ: —who do not pay tolls will also be paying tolls, is that not right?

The CHAIR: Order!

Mr STUART AYRES: If you are advocating that people in Penrith should continue to pay \$22, I will offer them a cheaper alternative every day of the week. If that is what you want to walk around Penrith saying—

The Hon. LYNDA VOLTZ: That is how they are coming in from Granville. They are going via the M7, are they?

Mr STUART AYRES: I just said from Penrith not from Granville.

The Hon. LYNDA VOLTZ: That is right. I am talking about Granville, so let us talk about the toll at Granville.

The CHAIR: We are out of time. Minister, thank you for agreeing to attend today and for bringing your staff with you. I do not think there could not have been any questions you were not capable of answering with all the staff here.

The Hon. LYNDA VOLTZ: He took a few questions on notice.

The CHAIR: Yes.

Mr STUART AYRES: With multiple portfolios you have to bring all these people.

The CHAIR: I understand. We request that we receive answers to questions on notice 21 days after you receive them. Thank you again for attending.

Mr STUART AYRES: Thank you.

The CHAIR: I will have a question on notice about the putt putt development on Victoria Road.

Mr STUART AYRES: I have no doubt.

(The witnesses withdrew)

The Committee proceeded to deliberate.