

PORTFOLIO COMMITTEE NO. 5 – INDUSTRY AND TRANSPORT

Friday, 7 September 2018

Examination of proposed expenditure for the portfolio area

WESTERN SYDNEY, WESTCONNEX, SPORT

CORRECTED

The Committee met at 2.00 p.m.

MEMBERS

The Hon. Trevor Khan (Acting Chair)

The Hon. David Clarke

Mr Justin Field

The Hon. Natasha Maclaren-Jones

The Hon. Daniel Mookhey

The Hon. Lynda Voltz

PRESENT

The Hon. Stuart Ayres, *Minister for Western Sydney, Minister 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 ACTING CHAIR: Welcome to the public hearing for the inquiry into Budget Estimates 2018-2019. Before I commence, I acknowledge the Gadigal people, who are the traditional owners of the land. I also pay respect to the elders past and present of the Eora nation and extend that respect to other Aborigines who may be present. I welcome Minister Ayres and accompanying officials to this hearing. Today the Committee will examine the proposed expenditure for the portfolio of Western Sydney, WestConnex and Sport.

Before I commence, I will make some brief comments about the procedures for today's hearing. Today's hearing is open to the public and is being broadcast live via the Parliament's website. In accordance with the broadcasting guidelines, while members of the media may film and 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. The guidelines for broadcast of proceedings is available from the secretariat.

It is important to remember that parliamentary privilege does not apply to what witnesses may say outside of their evidence at the hearing, so I urge witnesses to be careful about any comments they may make to the media or to others after they complete their evidence, as such comments would not be protected by parliamentary privilege if another person decided to take an action for defamation. There may be some questions that witnesses could only answer if they had more time or certain documents to hand. In those circumstances, witnesses are advised they can take a question on notice and provide an answer within 21 days. Any messages from advisers or staff members seated in the public gallery should be delivered through the Committee secretariat. Minister, I remind you and the officers accompanying you that you are free to pass notes and refer directly to your advisers seated at the table behind you.

A transcript of this hearing will be available from the website—it says tomorrow but I anticipate it will be Monday. To aid audibility of the hearing, I remind both Committee members and witnesses to speak into the microphones. Several seats have been reserved near the loudspeakers for persons in the public gallery who may have hearing difficulties. Could everyone either turn their mobile phone off or to silent 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 to your office as a member of Parliament. I remind Mr Draper, Mr Betts, Mr Kanofski and Mr Staples that they do not need to be sworn as they have been sworn in at least in an earlier budget estimates hearing.

KAREN ANNE JONES, Executive Director, Sports Infrastructure Group, Office of Sport, affirmed and examined

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

TIM REARDON, Secretary, Department of Premier and Cabinet, sworn and examined

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

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

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

SIMON DRAPER, Secretary, Department of Industry, on former oath

KEN KANOFSKI, Chief Executive Officer, Roads and Maritime Services, on former affirmation

RODD STAPLES, Secretary, Transport for NSW, on former oath

The ACTING CHAIR: I declare the proposed expenditure for the portfolio of Western Sydney, WestConnex and Sport open for examination. Minister, there is no provision to make an opening statement before the Committee commences questioning. We will begin with questions from the Opposition.

The Hon. LYNDA VOLTZ: Minister, do you think the submission period for the public exhibition on the Sydney Football Stadium was sufficient?

Mr STUART AYRES: I think it was consistent with the Environmental Planning and Assessment Act and that is the process for which we are undertaking approvals for the reconstruction of that stadium.

The Hon. LYNDA VOLTZ: Minister, the Environmental Planning and Assessment Regulation 2000, under division 6, Public Participation, section 83, Public exhibition period states:

For the purposes of section 89F (1) (a) of the Act, the minimum submission period is to be for 30 days.

Given the exhibition start date was 14 June and the exhibition end date was 11 July, that falls well short of 30 days, does it not, Minister?

Mr STUART AYRES: We adhere to all the requirements set out by the Department of Planning and Environment. To the best of my knowledge, they are governed by the Environmental Planning and Assessment Act.

The Hon. LYNDA VOLTZ: Would you like to have a look at a copy of that regulation?

Mr STUART AYRES: If you believe that the Department of Planning and Environment has not adhered to its own Act, you should probably ask the Minister for Planning.

The Hon. LYNDA VOLTZ: I am asking you whether it was sufficient. Do you believe it was sufficient, given that regulation?

Mr STUART AYRES: Yes.

The Hon. LYNDA VOLTZ: Even though it is not 30 days?

Mr STUART AYRES: No, I have said that we have adhered to all the requirements set out for us by the Department of Planning and Environment.

The Hon. LYNDA VOLTZ: Minister, the Interpretation Act 1987 No 15 under section 36, Reckoning of time states:

(1) If in any Act or instrument a period of time, dating from a given day, act or event is prescribed or allowed for any purpose, the time shall be reckoned exclusive of that day or of the day of that act or event.

Minister, given that direction in the Interpretation Act, the period for the first day counted would not be 14 June, but 15 June to 11 July, which is only 27 days, is it not?

Mr STUART AYRES: We have adhered to all the requirements that have been put before us by the Department of Planning and Environment.

The Hon. LYNDA VOLTZ: Would you like to look at a calendar to confirm those figures?

Mr STUART AYRES: No, I would like to say that the Department of Planning and Environment has set out the requirements for Infrastructure NSW around the development applications for the Sydney Football Stadium, and we are adhering to those.

The Hon. LYNDA VOLTZ: Minister, given the information I have just provided to you, I think we can agree that the exhibition period does not meet the requirements of either the regulations enforced at the time or the Act for the environmental impact statement [EIS] on the Sydney Football Stadium. Will you consult the Minister for Planning to reopen the exhibition period for the Sydney Football Stadium to avoid this matter ending up in the Land and Environment Court?

Mr STUART AYRES: We will follow all the requirements that are set out by the Department of Planning and Environment.

The Hon. LYNDA VOLTZ: You will not undertake to discuss this matter with the Minister for Planning?

Mr STUART AYRES: I think it is appropriate that the Department of Planning and Environment, as the consent authority, allows this process to move through its course as it is deemed and Infrastructure NSW will continue to follow the requirements set out by the Department of Planning and Environment.

The Hon. LYNDA VOLTZ: Minister, I am giving you an opportunity to state now whether you will clarify this matter with the Minister for Planning rather than end up in the Land and Environment Court.

Mr STUART AYRES: I think we will continue to follow the advice of the Department of Planning and Environment.

The Hon. LYNDA VOLTZ: Before the Public Works Committee, Peter Ball from KPMG stated that they had begun work on ANZ Stadium's business case but were then directed to progress the Sydney Football Stadium as a priority in the near term over of the Allianz Stadium. Did you issue that direction to KPMG through the Office of Sport?

Mr STUART AYRES: We have conducted business case development work on both Sydney Football Stadium and ANZ Stadium. We have announced a commitment to redevelop the Sydney Football Stadium. We made that first announcement in November. We completed the full business case in March 2018, made the public announcement that we had completed that and committed to the Sydney Football Stadium. The business case development work on ANZ Stadium continues to happen and is due to be completed next year.

The Hon. LYNDA VOLTZ: Minister, maybe you misheard my question. Peter Ball said that they were directed to progress the Sydney Football Stadium as a priority in the near term over ANZ Stadium. Did you issue that direction to KPMG through the Office of Sport?

Mr STUART AYRES: The New South Wales Government has made a determination about where it wishes to invest New South Wales taxpayer dollars as part of our stadia strategy. That includes the redevelopment of Parramatta Stadium, the redevelopment of the Sydney Football Stadium and the reconfiguration of ANZ. We are proceeding in that order.

The Hon. LYNDA VOLTZ: I understand that, but I am asking if you made that direction.

Mr STUART AYRES: We are conducting business cases on both of those.

The Hon. LYNDA VOLTZ: Not "we"; you. I am asking whether you directed it.

Mr STUART AYRES: The New South Wales Government has committed to redeveloping three sporting stadiums in Sydney—Parramatta is underway, Sydney Football Stadium is the next cab off the rank, to use that phrase, and then ANZ Stadium will come after that.

The Hon. LYNDA VOLTZ: If the Minister did not direct it, can you inform me, Mr Miller, whether you made that direction and whether it was at the behest of the Minister?

Mr MILLER: The office worked with KPMG following the Government's prioritisation of its agenda.

The Hon. LYNDA VOLTZ: Who asked you to direct KPMG to prioritise the football stadium over ANZ?

Mr MILLER: I would have to take that on notice.

The Hon. LYNDA VOLTZ: Minister, did that direction follow one of your private meetings with Tony Shepherd, Chair of the Sydney Cricket Ground Trust, in the absence of staff from the Office of Sport?

Mr STUART AYRES: I do not conduct private meetings with Tony Shepherd or any other member. All of my meetings that meet the disclosure requirement are listed in my ministerial meetings disclosure.

The Hon. LYNDA VOLTZ: That stands in stark contrast to the evidence that was provided by both Mr Shepherd and Mr Miller at the Public Works Committee hearings.

Mr STUART AYRES: All of my requirements of ministerial meetings meet the disclosure requirements.

The Hon. LYNDA VOLTZ: Are you saying you have never had a private meeting with Tony Shepherd at which the Office of Sport was not present?

Mr STUART AYRES: No, I said that I meet all of the ministerial disclosure requirements.

The Hon. LYNDA VOLTZ: That was not the question, Minister.

Mr STUART AYRES: I think I am answering it.

The Hon. LYNDA VOLTZ: No, you are not.

Mr STUART AYRES: You may not necessarily like the answer, but I am answering it.

The Hon. LYNDA VOLTZ: Have you had private meetings with Tony Shepherd without the Office of Sport being present?

Mr STUART AYRES: Tony Shepherd is the chair of the SCG Trust, a statutory body of the New South Wales Government. Yes, I meet with Tony Shepherd.

The Hon. LYNDA VOLTZ: In private without the Office of Sport being present?

Mr STUART AYRES: I meet with Tony Shepherd the same way I would meet with John Fahey, who was the head of the Sydney Olympic Park Authority, or Christine McLoughlin, who is the chair of Venues NSW. They are statutory bodies.

The Hon. LYNDA VOLTZ: I am asking you about your meetings with Tony Shepherd. Have you met with Tony Shepherd in private without the Office of Sport being present?

Mr STUART AYRES: I have been in lots of locations with Tony Shepherd where the Office of Sport is not present—things like sporting facilities, sporting matches et cetera.

The Hon. LYNDA VOLTZ: So you have had lots of meetings with him without the Office of Sport being present. Did you issue the direction for KPMG to prioritise the Sydney Football Stadium over ANZ Stadium following one of those private meetings?

Mr STUART AYRES: No, the New South Wales Government has made it very, very clear, and consistently, it is the order in which it will invest in stadiums—Parramatta first, Sydney Football Stadium second, ANZ reconfiguration third.

The Hon. LYNDA VOLTZ: So far KPMG has been paid \$884,000 for the business cases. Given that it has not even delivered a final business case for ANZ Stadium, what will be the total cost of KPMG's business cases?

Mr STUART AYRES: Associated costs for KPMG with the development of the stadiums I would have to take on notice.

The Hon. LYNDA VOLTZ: When do we expect the final business case on ANZ Stadium?

Mr STUART AYRES: In 2019.

The Hon. LYNDA VOLTZ: Why is it taking so long to get the final business case for ANZ Stadium?

Mr STUART AYRES: It is a complicated piece of work. The Government is committed to reconfiguring the bottom half of a 83,500-seat stadium. It wants to keep around 26,000 seats in the top half of the stadium in place. It then wants to effectively remove the bottom half of the stadium and reconfigure that into a rectangular football stadium. That is a complicated and difficult engineering exercise. All of those costs associated with that would need to be built into a business case. I think that is a reasonable period of time to do that piece of work.

The Hon. LYNDA VOLTZ: For more than a month officers of the Newcastle Regional Show have been calling your office to get a meeting but have not had their telephone calls returned. Given the significant number of safety, security and compliance issues at the Newcastle Showground, including lack of toilets, disabled

access, seating, kitchen facilities, electrical and basically no hot water, why does the Sydney Cricket Ground Trust have an open door to your office and the Newcastle show cannot even get a phone call returned?

Mr STUART AYRES: I am not aware of that. If the Newcastle Showground wants to meet with me they are more than welcome to.

The Hon. LYNDA VOLTZ: What have you done about the safety, security and compliance issues at the Newcastle Showground?

Mr STUART AYRES: The Newcastle Showground comes under the authority of Venues NSW. I am more than happy to take that on notice and ask for advice on what Venues NSW has done in conjunction with the Showground Authority.

The Hon. LYNDA VOLTZ: Venues NSW is your department. What have you done to deal with the significant safety, security and compliance issues at the Newcastle Showground?

Mr STUART AYRES: I am not directly aware. No-one has raised those issues directly with me, to the best of my knowledge. If there are any forms of correspondence that exist around that I will happily look at those in more detail.

The Hon. LYNDA VOLTZ: You will not be aware if you do not return their phone calls, will you? Why does Tony Shepherd get private meetings and the Newcastle Regional Show cannot even get a phone call returned?

Mr STUART AYRES: I have absolutely no doubt that the Newcastle Show association is more than happy to come and meet with me, and I am more than happy to see them.

The Hon. LYNDA VOLTZ: They have been trying to, and you have not been happy to. How many disabled seats were at last year's Newcastle Show?

Mr STUART AYRES: I am not aware of that. I would have to take it on notice.

The Hon. LYNDA VOLTZ: I can tell you that there were none because they had no money to pay for the scaffolding that was needed to support it. Does that concern you?

Mr STUART AYRES: Any questions relating to the Newcastle Showground I would have to take on notice.

The Hon. LYNDA VOLTZ: Why do you know intimate details about the Sydney Football Stadium but you do not know intimate details about other venues, such as the Newcastle Showground? Why is the Newcastle Showground not important to you in the way that the Sydney Football Stadium is?

The Hon. NATASHA MACLAREN-JONES: Point of order: That is not a question, for starters.

The Hon. LYNDA VOLTZ: It is.

Mr STUART AYRES: I am more than happy to take the question.

The Hon. LYNDA VOLTZ: I know you are sensitive about it, but it is a question.

The ACTING CHAIR: There is no point of order.

Mr STUART AYRES: I am more than happy to take the question. I am more than comfortable meeting with the Newcastle Show association. Venues NSW manages the Broadmeadow sporting precinct in Newcastle. We will continue to work with all of the stakeholders across that geographical location. We have been out engaging with the Newcastle community and with the Newcastle council about the development of a long-term master plan for that site. I am more than happy to meet and deal with any of the issues that arise from that.

The Hon. LYNDA VOLTZ: Is any of the land that is currently occupied by the Newcastle Show slated under that plan for housing development?

Mr STUART AYRES: We are in the process of developing a master plan. We have not finalised that work. We have been out and engaged in significant community consultation taking feedback from the community, various stakeholders, sports and Newcastle council, and when we finalise that development plan we will show it to the public and seek further consultation on the implementation of that master plan.

The Hon. LYNDA VOLTZ: Does your draft master plan show housing development is going on that site?

Mr STUART AYRES: The draft master plan has not been released and has not been finalised.

The Hon. LYNDA VOLTZ: It is released. It is up on the website.

Mr STUART AYRES: Sorry, a draft master plan is still up for community consultation.

The Hon. LYNDA VOLTZ: Does that show that housing development is going on part of the site that is currently occupied by the Newcastle Show?

Mr STUART AYRES: It is definitely an option that I understand Venues NSW is considering. They are also talking to the show association around other locations at Broadmeadow at which they could conduct the show.

The Hon. LYNDA VOLTZ: So there are plans to move the show away?

Mr STUART AYRES: Move the show away from where?

The Hon. LYNDA VOLTZ: The implication of "other locations around Broadmeadow" is that you want to move them from their current site.

Mr STUART AYRES: I think moving them from the showground to conduct the show in the immediate precinct of the Newcastle Stadium or McDonald Jones Stadium might be about 300 metres.

The Hon. LYNDA VOLTZ: Perhaps that is why they do not get their phone calls returned.

The ACTING CHAIR: That is comment, not a question.

The Hon. LYNDA VOLTZ: On 5 December 2017 Tony Shepherd wrote an article that was published in the *Sydney Morning Herald* entitled "Rusted and ageing": Why we need to knock down Allianz", which stated:

And for females like their sport, how about lining up for one of only 48 cubicles in a stadium seating 45,000.

Is that a correct statement, Minister?

Mr STUART AYRES: You would have to ask Tony Shepherd that.

The Hon. LYNDA VOLTZ: Is that a correct statement?

Mr STUART AYRES: I understand that the figure could be in that order. I will have to take the exact number on notice.

The Hon. LYNDA VOLTZ: Minister, would it surprise you to know that there are 113 toilets for females in the Sydney Football Stadium?

Mr STUART AYRES: I would take that on notice to give you the exact figure. I do not have it in front of me.

The Hon. LYNDA VOLTZ: I can provide it for you, because we asked a question on notice about it. Please provide this to the Minister. Minister, would that be a correct statement?

Mr STUART AYRES: If this figure is accurate it says that there are 113 female toilets.

The Hon. LYNDA VOLTZ: So why is the chair of the trust saying that there are only 48 cubicles in a stadium seating 45,000 people?

Mr STUART AYRES: You would have to ask Tony Shepherd that.

The Hon. LYNDA VOLTZ: Will you have a discussion with Mr Shepherd about putting incorrect information into the public domain?

Mr STUART AYRES: Absolutely not.

The Hon. LYNDA VOLTZ: You will not have a conversation with him about that?

Mr STUART AYRES: No, sorry. I thought you asked me whether I had had a conversation.

The Hon. LYNDA VOLTZ: No, I am asking whether you will have a conversation with him about putting incorrect information into the public domain.

Mr STUART AYRES: I think it is fair to say that I will probably talk to Tony Shepherd a few times between now and the end of the year, yes.

The Hon. LYNDA VOLTZ: Does it concern you that articles are written of that nature to influence government policy?

Mr STUART AYRES: No, what concerns is that there should be more than 350 female toilets at Sydney Football Stadium and there are not.

The Hon. LYNDA VOLTZ: How many female toilets are there at the Newcastle showground?

Mr STUART AYRES: I am not aware of that. I will have to take that on notice.

The Hon. LYNDA VOLTZ: Minister, in March this year the New South Wales Government announced that it would be providing \$26 million for a pool arts cultural facility in Batemans Bay, \$18 million of which was for the swimming pool itself. Can you inform me whether that money was coming from your department?

Mr STUART AYRES: I would have to take that on notice. I think it is from the Department of Regional Development, but I will check that.

The Hon. LYNDA VOLTZ: I note that Minister Andrew Constance stated it was from the Regional Sports Infrastructure Fund, but given that that was not open in March this year, how could \$18 million have been allocated for that? Can you take on notice which fund it is coming from and whether it was from your department?

Mr STUART AYRES: I am more than happy to do that.

The Hon. LYNDA VOLTZ: Would it concern you that sporting organisations would be applying for funding under the Regional Sports Infrastructure Fund and there are already announcements from the Government that funding has gone to organisations before the grants process has opened?

Mr STUART AYRES: The Regional Sports Infrastructure Fund is being conducted by the Department of Regional Development. If there are questions about timing, I am not aware of the exact dates to which you are referring, so I will take those on notice.

The Hon. LYNDA VOLTZ: You have been involved in a number of announcements, have you not, Minister?

Mr STUART AYRES: I have been involved in a number of announcements about the Regional Sports Infrastructure Fund, yes.

The Hon. LYNDA VOLTZ: But none of that funding has come out of your portfolio?

Mr STUART AYRES: No, I am the sports Minister. Occasionally when we announce sports projects, whether they are funded through different agencies, I think people see it as appropriate that the sports Minister is part of those announcements that exist for sports projects.

The Hon. LYNDA VOLTZ: Minister, under the proposal for the Sydney Football Stadium, general admission seating will be 70 per cent of the total number of seats. Can you inform me whether that is an increase or a decrease on the current general admission seats?

Mr STUART AYRES: The business case assumption for the Sydney Football Stadium is for 45,000. General admission is 33,203 seats. That is a reduction from 33,500.

The Hon. LYNDA VOLTZ: What is the percentage?

Mr STUART AYRES: We have indicated that we would have no less than 70 per cent of the seats at that stadium as general admission seats.

The Hon. LYNDA VOLTZ: What is the current percentage?

Mr STUART AYRES: I would have to do the maths but 33,000 over 43,100 is probably of the order of 76 per cent or 77 per cent, if I was going to guess.

The Hon. LYNDA VOLTZ: Sorry, say that again.

Mr STUART AYRES: Looking at that figure, there are 43,100 seats in the existing stadium with 33,500. It is probably of the order of 75 per cent to 77 per cent. My maths is okay but it is not to the decimal point.

The Hon. LYNDA VOLTZ: Minister, do think it is a good return to the public that they are getting fewer general admission seats?

Mr STUART AYRES: What we want to be able to do with our sporting infrastructure is make sure that the hirers who hire it have a capacity to have sustainable businesses. If they do not do that they will not be able to hire venues and, therefore, we would have these assets that would cost the taxpayer rather than at the moment being run out of their operational revenue. Therefore, we want to be able to create stadiums that have different product opportunities. This does not mean that general members of the public do not attend the game; it just means that there are different price points for different product offerings in the stadium. The current stadium simply does not have that diversity of seating. That is one of the reasons why we should develop a new stadium.

The Hon. LYNDA VOLTZ: That is right. It has less corporate seating now than it will have once you redevelop it.

Mr STUART AYRES: I am not quite sure what you mean by "corporate".

The Hon. LYNDA VOLTZ: I think you do—"corporate" is corporate suites.

Mr STUART AYRES: A lot of the product that is included in the business case and the reference design that we would look at, there are a number of internal suites and there are also outdoor areas. We have tried to build in balconies and terrace opportunities that are outdoors. I think the idea of saying that every corporate suite is in an internal suite at best is naive.

The Hon. LYNDA VOLTZ: Minister, does the \$315 million business disruption cost include payment by Destination NSW for the Waratahs, the Roosters or the Sydney Football Club to take their games to the bush during the redevelopment?

Mr STUART AYRES: Destination NSW has no cost associated with disruption from the Sydney Football Stadium.

The Hon. LYNDA VOLTZ: If Destination NSW provided payments for those games, that would be on top of disruption costs?

Mr STUART AYRES: It is not a cost associated with disruption.

Mr JUSTIN FIELD: What is the estimated total cost of the Warragamba Dam wall increase project?

Mr STUART AYRES: We have not completed a final business case. I know that there were early figures that had been flagged of the order of \$690 million. I would like to say to the Committee that that figure was a very immature figure. I think the best opportunity for us to ascertain the cost of raising the Warragamba Dam wall should be determined only after we have completed the business case.

Mr JUSTIN FIELD: It will be more than that though, right?

Mr STUART AYRES: I cannot answer that and say, "Yes, it would be." I think it is important that we complete the business case.

Mr JUSTIN FIELD: Where will the money come from?

Mr STUART AYRES: The decision around future infrastructure investments would rely on a decision of a future government. We have a number of opportunities to do that: Rebuild, Restart, our general allocation of revenue. I think that is a decision for a future government. That decision definitely has not been made.

Mr JUSTIN FIELD: No decision has been made and there were no allocations in the last budget?

Mr STUART AYRES: Yes, we have not made a decision about allocating funds for Warragamba. We have not completed the business case.

Mr JUSTIN FIELD: Will that money come from the Climate Change Fund?

Mr STUART AYRES: A portion of it could but I would not rule it in or out. What we have done is fund the Hawkesbury-Nepean flood review. The development of the strategy has come from the Climate Change Fund—about \$58 million.

Mr JUSTIN FIELD: When will the environmental impact assessment go on public display?

Mr STUART AYRES: When it is finished. We are currently developing the environmental impact statement. It is an incredibly important document. It will also guide us in the development of the business case. For us to be able to develop a business case we need to be able to determine what environmental impacts are generated by raising the dam wall and whether there are things that we can do to offset that. So it is important that the environmental impact statement is developed first.

Mr JUSTIN FIELD: What is your current planning date for it to go on public display?

Mr STUART AYRES: I do not anticipate the environmental impact statement would be completed until the middle of next year.

Mr JUSTIN FIELD: The middle of next year?

Mr STUART AYRES: Yes, 2019.

Mr JUSTIN FIELD: That is pushing it a fair bit compared to public announcements previously. Is that right? You were expecting it to be out this year.

Mr STUART AYRES: I think it is an incredibly important document. It will be incredibly detailed and it is important that we get the environmental impact statement right because without doing that we will not be able to create a proper business case. There are a number of sensitive environmental issues that need to be dealt with through that environmental impact statement. I want to be able to make sure that off the back of the environmental impact statement communities are given full disclosure about environmental impacts so they can weigh up the balance of safety against those impacts. We also need to complete that EIS so we can complete a proper business case.

Mr JUSTIN FIELD: Infrastructure NSW is in charge of doing the EIS. Is that correct?

Mr STUART AYRES: It is the authority that is dealing with that.

Mr JUSTIN FIELD: Earlier Mr Betts looked up as though I had asked a strange question. I did not want to cast aspersions, but he looked up when I asked a question. I am wondering whether he has anything to add on the Minister's time line?

Mr BETTS: Have you got any further questions beyond the one you asked?

Mr JUSTIN FIELD: No, it was about the anticipated time line for the EIS being completed.

Mr BETTS: I think the Minister has answered that question.

Mr JUSTIN FIELD: What is the current planned construction commencement date?

Mr STUART AYRES: We do not have a construction commencement date because we have not completed the EIS, or completed the business case.

Mr JUSTIN FIELD: But there was a date in the public space before—the year at least—about when you hoped to start construction.

Mr STUART AYRES: We have indicated on the time line to develop an EIS and a business case that in the period around 2020 you may be in a position to do so. But I come back to my earlier comment. This is an important, complicated and difficult piece of infrastructure to deliver. It is important that we do the EIS and it is important that we do the business case so we can make those decisions properly. I do not want to set an unachievable time line. It is important that we get through this work and that we do it properly.

Mr JUSTIN FIELD: Can you guarantee that any new capacity as a result of raising the dam wall will not be used for storage?

Mr STUART AYRES: The purpose of raising the dam wall is to improve flood resilience on the flood plain; it is not to improve or increase water storage. Self-evidently, if you raise the wall and it rains and more water feeds into the dam it stays there, but the intent is not to hold that water as an asset. It is about utilising an increase in the dam wall to reduce the flood impact and, as importantly, to provide more time for flood evacuation of what is one of the most complicated flood plains anywhere in the world.

Mr JUSTIN FIELD: I think we agree on that, but experts who look at this acknowledge that if you raise the dam wall and it still floods, which is likely to happen in large flow events, you end up just releasing more water over a longer period and that can exacerbate flood problems. I assume you would be aware that the Hawkesbury-Nepean Flood Management Strategy goes to the point that even if the dam wall was raised flood risks would still exist and in fact it is flood evacuation infrastructure that is needed to mitigate flood risk.

Mr STUART AYRES: We undertook quite a detailed piece of research that has been in the public domain. You absolutely need to expand flood evacuation infrastructure, but it will not matter how much infrastructure you put on the ground if you cannot slow the water down. The research work that we have undertaken indicates that increasing the dam wall is the best financial investment as well as being the best safety investment for providing a longer period of time for people to evacuate from the flood plain.

Mr JUSTIN FIELD: Has any flood evacuation infrastructure work commenced as per the flood management strategy?

Mr STUART AYRES: We undertake that work. A number of pieces of road infrastructure benefit from flood evacuation, but I have to be very clear here that it would not matter how many roads we built out of Western Sydney. If you cannot slow the water down, the flood evacuation infrastructure will not provide you with enough time. You need to slow the water down.

Mr JUSTIN FIELD: I think that is a contested idea, and alternatives have been discussed to manage dam levels and other alternative supplies. You would agree that is a contested space and there is different expert opinion about that?

Mr STUART AYRES: That might well be the case, but I have to say that the Government has undertaken extensive research through its Hawkesbury-Nepean flood strategy and it has clearly determined that the raising of the dam wall is the best way to provide flood resilience for that community.

Mr JUSTIN FIELD: Is it not the case that discussions are underway to raise the dam wall by more than 14 metres?

Mr STUART AYRES: We will look at other options, but I cannot see us being in a position where we would raise it by more than 14 metres.

Mr JUSTIN FIELD: So other options higher than 14 metres are being actively considered?

Mr STUART AYRES: They might be included in the business case, but we have not got that far into the process. At the moment we are looking at 14 metres as our preferred option.

Mr JUSTIN FIELD: We saw some of the options that were discussed in business cases associated with stadiums and they were pretty radically different. In this instance, a shift from 14 metres to higher would increase the amount of Blue Mountains World Heritage listed area that would be flooded. That is a pretty significant change to the proposal.

Mr STUART AYRES: We are not changing the proposal. To be very clear here: We will complete a business case. We have said to the public that our preferred position is to raise it by 14 metres.

Mr JUSTIN FIELD: You just got through telling me that you need to do the EIS so you can do the business case. If you are looking at a higher option the EIS will mean instead of 65 kilometres of rivers being flooded potentially hundreds of kilometres of World Heritage rivers being flooded. That will absolutely alter the business case. It is chicken and egg stuff. I do not know how that works. Do you not have to have a plan in mind first before you do the environmental impact assessment?

Mr STUART AYRES: I think, to be really clear here, we do and it is 14 metres.

Mr JUSTIN FIELD: You just made a pretty different suggestion that other options were being actively considered.

Mr BETTS: Can I confirm that it is 14 metres that will be the subject of the business case?

Mr JUSTIN FIELD: And the EIS?

Mr BETTS: Correct.

Mr JUSTIN FIELD: No other options are being considered?

Mr BETTS: A whole heap of other options have previously been considered, including higher dam wall raisings. We are very conscious of the environmental impacts that you have described that would occur upstream were we to raise it by more than that and it is unnecessary for flood mitigation purposes when you measure that against the environmental disbenefits. Fourteen metres is what we are preparing a business case and an EIS for.

Mr JUSTIN FIELD: I guess I am asking you now, Minister, representing the Government here, to guarantee the people of Sydney and Western Sydney in particular that the dam wall will not be raised by more than 14 metres.

Mr STUART AYRES: We are doing our business case on 14 metres.

Mr JUSTIN FIELD: This may be a question that you want to pass over to Mr Betts. How many days have been spent assessing aquatic biota impacts on the 65 kilometres of wilderness watercourses that will be inundated by the proposed dam wall raising?

Mr BETTS: I will have to take that on notice, other than to say that the work that has gone into the EIS has gone over many months. I could bore you to death with the list of engagements that we have had, the studies that we have undertaken and the further studies that lie ahead, but I will take that on notice.

Mr JUSTIN FIELD: Who is doing the environmental work around aquatic biota?

Mr BETTS: I will have to take that on notice.

Mr JUSTIN FIELD: If you could also advise us with regard to the terrestrial environment around there, and the flora and fauna studies that have been done, I am interested in the number of days that have been allocated to either surveys or assessments on site, who has undertaken that work and ideally the periods that they have undertaken that work.

Mr BETTS: No problem with disclosing any of that.

Mr JUSTIN FIELD: I appreciate that. Expecting that at some point there will be a flood in the catchment, even if it is temporary flooding, as a result of raising the dam wall by 14 metres, all of the land would go under water at some point. It is estimated that there are about 15 culturally significant sites in that area that would in effect be lost as a result of even temporary flooding. Traditional owners have raised concerns in the media about engagement with them on the loss of their sites. Remembering that this community lost a large number of sites when the dam was originally put in and that area was originally flooded, what has been the engagement with traditional owners about the impact on cultural sites?

Mr STUART AYRES: They are being included in the consultation process and they will continue to be included in the consultation process. They will be included in the development of the EIS.

Mr JUSTIN FIELD: Mr Betts, I am not sure if you want to elaborate, but one issue that has been raised publicly is that it has been difficult for people to get to consultations that are being held well away from the local area. I am not sure if you can elaborate on whether consultation opportunities have been made available locally. Have any officials from Infrastructure NSW or the consultants doing the EIS gone out to speak with people on the ground?

Mr BETTS: Absolutely. We have had 10 meetings with local councils, regular meetings with the key Aboriginal groups and regular meetings with the conservation groups there and the management committee, et cetera, and we are not even at the EIS exhibition stage. We will continue to consult intensively. If you are aware of any group that would like us to meet with them to consult with them, please provide those details and we will absolutely make that happen at a location of their choosing.

Mr JUSTIN FIELD: These meetings have happened around Warragamba itself?

Mr BETTS: Correct.

Mr JUSTIN FIELD: I am not sure if this level of work has been done, but it has been raised with me and I am concerned how environmental flows out of the catchment into the Hawkesbury will be managed after the dam wall is raised.

Mr STUART AYRES: I am not entirely sure that I am the right Minister for you to ask that question to. I will not be managing the operation of the dam.

Mr JUSTIN FIELD: I understand that.

Mr STUART AYRES: I think you would be better off directing that to the water Minister.

Mr JUSTIN FIELD: Are assessments being conducted as a result of the work being done on the EIS about how downstream flows after any dam wall raising will be managed?

Mr BETTS: The easiest way home for you on this one is to look at the secretary's SEAR statement, which was updated as recently as March this year and which sets out a whole range of different issues that will need be canvassed in the EIS and subject to extensive consultation, including the issues that you have just identified.

The ACTING CHAIR: Sorry, for my benefit and the benefit of Hansard, the secretary's what?

Mr BETTS: The Secretary's Environmental Assessment Requirements, which is the document that is produced at the outset to tell us what issues must be canvassed in the environmental impact statement.

Mr JUSTIN FIELD: Has any of that work been undertaken at this point by the consultants?

Mr BETTS: A lot of work has been undertaken by the consultants going back to 2017, yes.

Mr JUSTIN FIELD: In the explicit production of the EIS, or are you incorporating other historical information?

Mr BETTS: No, this is all feeding into the EIS. The production of the EIS itself is about a two-year process.

Mr JUSTIN FIELD: I understand that. There are also downstream water users, in particular agricultural users. Have there been consultation opportunities for them held already?

Mr BETTS: I would have to take that on notice.

Mr JUSTIN FIELD: One of the reasons that money has been allocated from the Climate Change Fund is the contention by the Government that flood risk associated with climate change is likely to increase. I do not contest that, but I wonder if Mr Betts might be able to look at this in regard to the other environmental questions I asked before. What analysis has been done on the climate change flood risk in the upstream environment, how

far upstream would floods be likely to push in those extreme flow events in particular, and what streams would be impacted? I assume that work will be done. If you can give us an indication of the type of work and when it was conducted I would appreciate that as well.

Mr BETTS: I can tell you now, and I might have to take some of that on notice, that we have updated the analysis that has been done over two years to reflect the latest data, the latest forecasts on likely impacts of climate change, and those are factored into all the assumptions that we make. The most up-to-date information will provide the basis of the environmental impact statement.

Mr JUSTIN FIELD: Minister, I might turn now to some questions about sport and stadiums. In the recent stadiums inquiry I was quite surprised to see the evidence given by netball to the inquiry about the challenges that they face in getting access to venues to hold elite events—events that they would be able to broadcast so that young women could see their sporting heroes on television. They are subsidising the broadcasting of events, having to pay significant amounts of money for venues to enable their events to be broadcast. Have you been made aware of the evidence that they gave to the inquiry of the limited amount of investment that would be required to ensure venues are suitable for professional netball to be held and televised in New South Wales?

Mr STUART AYRES: I engage quite regularly with netball. I think the sport has incredibly strong growth prospects. It is an incredibly important sport for female participation. It is important to note as part of the stadia strategy that the Government is pursuing that there is a recognition that there needs to be investment in additional indoor facility capacity, particularly since the change to the Sydney Entertainment Centre, which was replaced, in essence, with the theatrette. Netball has utilised that facility and will almost certainly continue to do so. They also utilise the State Sports Centre and they also utilise what is currently referred to as Qudos Bank Arena.

There is no doubt that they would like to be able to access a larger venue than what they have access to at the State Sports Centre, given the fact that they are unable to secure their preferred dates on a regular basis at Qudos Bank Arena, and whilst they could use the International Convention Centre [ICC], the theatrette configuration is not ideal for their fans and probably not ideal for broadcast as well. We have conducted a feasibility study into the development of additional indoor facilities and the capacity there. It clearly states that we need to be looking at options. We will deliver a business case around a number of options that will include everything from a new facility through to roofing structures on existing facilities like the Ken Rosewall Arena before making a decision on what is the best way forward.

Mr JUSTIN FIELD: What sort of time line would you expect on that?

Mr STUART AYRES: We have started the work on the business case that will look at those options and then there will be a decision for government. I would have thought it would be completed sometime next year.

Mr JUSTIN FIELD: I got a real sense of frustration in that inquiry from netball, to be honest, that so much focus had gone into the major stadiums, primarily men's sport, although I appreciate there is an increasing number of women's events that will be held there. For a relatively small investment compared to the billions being thrown at the major stadiums this could be solved and one of the State's leading sports for women would have a venue where they could televise their events and they could be seen and it would not be taking money out of grassroots sports. I just wonder how you have come up with this priority that netball still does not have a venue that they can regularly play at reliably to televise their events.

Mr STUART AYRES: Some correction on your statement, although I think we are in vigorous agreement around improved facilities for netball. None of those facilities prevent them from broadcasting. Broadcast partnerships are often driven by the sports to increase viewership. I think whether it is Qudos Bank Arena, whether it is the State Sports Centre or the ICC theatrette, all those facilities have broadcast opportunities for netball. I think the key factor here for them is that their sport is exhibiting growth that would allow them to sell more tickets than what is available for them to sell at the State Sports Centre and they cannot readily access Qudos Bank Arena. So that is where the gap is coming from. Tennis probably has a similar issue, but they also struggle a little due to the fact that we do not have a covered arena that would allow them to be able to continue in the event of rain. That said, you need to come up with a covered arena that is also open air enough to meet the requirements for international tournaments that have to be outdoor events as well.

Mr JUSTIN FIELD: I will be clear: I was not suggesting that they could not broadcast, but because of the design of those stadiums and the number of people required to make it financially viable—I think the evidence was to the tune of about \$200,000 a year—they effectively had to subsidise the broadcast events because they could not find a venue that would get the people who wanted to come and watch it. The venues required substantial

change that cost them a lot of money to do that. It just seemed like there was not a great deal of movement happening from government. Again, I am trying to get a sense of the time line here for a resolution on this.

Mr STUART AYRES: We are definitely evaluating the cost associated with developing new indoor facilities or improved indoor facilities in Sydney. We are doing that right now. I anticipate that we will have costings associated with opportunities to update existing facilities in the not too distant future, but for a new facility that will take much longer.

The ACTING CHAIR: We are going to go back to the Opposition now for 17 minutes.

The Hon. LYNDA VOLTZ: In the estimates hearing the other day the Commissioner of Police, Mick Fuller, said, "The Crowded Public Places document is a document that the asset owner has the responsibility for filling out. Driver Avenue is run and owned by the Centennial Park Trust." Why did you and the Minister for Counter Terrorism write a letter to Gabrielle Upton saying that the counterterrorism unit had completed a report?

Mr STUART AYRES: The Sydney Cricket and Sports Ground Trust, to the best of my understanding, in an appropriate fashion for ensuring that it was able to look after or, at the very least, mitigate risks associated with patrons at large-scale events at a time when stadiums around the world were seen as high-profile and high-risk targets, asked the NSW Police Force to assess the risk that was associated with Driver Avenue. The police undertook that assessment. When that was provided to the trust, the trust informed me about that document. I informed the Minister for Counter Terrorism and we both wrote to the Minister for Environment asking her to consider the report.

The Hon. LYNDA VOLTZ: That is not the evidence that the Commissioner of Police gave. He said that the Crowded Public Places document is filled in by the asset owner, and the asset owner of Driver Avenue is Centennial Park. So was it a public places document and was it filled in by the Sydney Cricket and Sports Ground Trust?

Mr STUART AYRES: Whilst Driver Avenue is under the management or auspices of the Centennial Park and Moore Park Trust, there is very little doubt that events that take place at the Sydney Football Stadium and the SCG require patrons to utilise that road. We collectively, the Government, close the road more than 100 times a year; police often use buses and other forms of—

The Hon. LYNDA VOLTZ: That is not the question. The question is: Who took responsibility for filling in that document?

The ACTING CHAIR: Order! The member will allow the Minister and other witnesses to finish answering a question before going on to the next question.

Mr STUART AYRES: I think the document that you are referring to is not the document that led me and Minister Elliott to write to Minister Upton.

The Hon. DANIEL MOOKHEY: Minister, is the Sydney Motorway Corporation in dispute with the contractor building the St Peters interchange?

Mr STUART AYRES: We have currently an unforeseen planning dispute that exists on the new M5.

The Hon. DANIEL MOOKHEY: Is there one in respect of the St Peters interchange?

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

The Hon. DANIEL MOOKHEY: Is Mr Cliche able to give us a bit of assistance as to whether or not the SMC is in dispute with the contractor building the St Peters interchange?

Mr CLICHE: When you say "the St Peters interchange" could you elaborate?

The Hon. DANIEL MOOKHEY: The St Peters interchange—has the contractor building it notified you of a dispute?

Mr STUART AYRES: Are we referring to the same thing?

The Hon. DANIEL MOOKHEY: Are you in dispute with the contractor building the St Peters interchange in relation to the removal of landfill?

Mr CLICHE: There are a number of commercial discussions that we are having with the contractor, which is normal for a project of this nature; there are many claims, conversations and discussions. It is the normal course.

The Hon. DANIEL MOOKHEY: Has one claim, conversation or discussion related to the St Peters interchange and the removal of landfill?

Mr CLICHE: There is a conversation happening, yes.

The Hon. DANIEL MOOKHEY: Is the claim that the contractor is seeking in the range of \$80 million to \$100 million?

Mr CLICHE: I will take that one on notice. I think there are claims and counterclaims and discussions. As I said, it is a negotiation.

The Hon. DANIEL MOOKHEY: Minister, have you ever received a brief that suggests, as Mr Cliche has now confirmed, that a claim conversation is happening with subpoenas exchanged in relation to the dispute relating to landfill. Have you ever received advice that the claim that is being made is to the value of \$80 million to \$100 million?

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

The Hon. DANIEL MOOKHEY: Is it the intention of SMC to ever disclose the nature of this publicly?

Mr STUART AYRES: I think we can say that claims when they are settled allow you to see exactly what takes place as to the costs of the project. On numerous occasions people have announced claim costs that have changed dramatically by the time the claims are settled.

The Hon. DANIEL MOOKHEY: Of course. This morning we went through the linked claims regime that RMS has in place with the SMC. Does this linked claims regime mean that RMS will pay the cost of the \$80 million to \$100 million dispute when it is resolved?

Mr STUART AYRES: I defer to Mr Kanofski.

Mr KANOFSKI: I will have to take it on notice whether that claim is part of the linked claim regime.

The Hon. DANIEL MOOKHEY: Minister, is the Rozelle Interchange a part of WestConnex?

Mr STUART AYRES: Yes.

The Hon. DANIEL MOOKHEY: Should we therefore attribute the additional cost of the Rozelle Interchange to WestConnex?

Mr STUART AYRES: What additional cost?

The Hon. DANIEL MOOKHEY: You tell me.

Mr STUART AYRES: There is not an additional cost to the Rozelle Interchange.

The Hon. DANIEL MOOKHEY: What is the estimated cost of building the Rozelle Interchange?

Mr STUART AYRES: Stage three of WestConnex has a cost of around \$7.3 billion.

The Hon. DANIEL MOOKHEY: Are you saying that for \$7.3 billion we will get the tunnel and we will get the Rozelle Interchange?

Mr STUART AYRES: That is correct.

The Hon. DANIEL MOOKHEY: Is that to be funded from the sale of SMC proceeds and the existing funding envelope?

Mr STUART AYRES: Yes.

The Hon. DANIEL MOOKHEY: Minister, who are the shareholders of Roads Retained Interest Pty Limited?

Mr STUART AYRES: I am not aware of that; I would have to take it on notice.

The Hon. DANIEL MOOKHEY: Have you ever heard of the company Roads Retained Interest Pty Limited?

Mr STUART AYRES: Not to the best of my knowledge, no.

The Hon. DANIEL MOOKHEY: Who is on the board of Roads Retained Interest Pty Limited?

Mr STUART AYRES: Given I said I did not know the company, I will have to take that on notice.

The Hon. DANIEL MOOKHEY: Transurban has said to the ASX that a company by the name of Roads Retained Interest Pty Limited will be holding the New South Wales Government's 49 per cent residual interest in WestConnex. That is an asset that is worth \$9 billion. You are the Minister for WestConnex. How can you not know that that is the company holding the \$9 billion residual interest in WestConnex?

Mr STUART AYRES: I have referred to that organisation in my briefings as RRIPL. If we are talking about an alternative name then—

The Hon. DANIEL MOOKHEY: How do you not know the name of the company?

Mr STUART AYRES: If you have used a name that Transurban has used in the public domain and that is different to the 49 per cent shareholding—

The Hon. DANIEL MOOKHEY: Well, then, what is the name?

Mr STUART AYRES: I think we are talking about ducks and drakes here.

The ACTING CHAIR: Let us stop there. Let us work on this basis. The Minister is here to answer questions and he will answer them but he will not be interrupted as he is answering them. So just slow it down.

Mr STUART AYRES: Let us be clear. Yes, we are retaining 49 per cent of the Sydney Motorway Corporation. Yes, there will be a holding entity and, yes, a series of board members who are on that were put there by the New South Wales Government, one of which is John Cooper.

The Hon. DANIEL MOOKHEY: Who are the others? How many are there? How big is the board?

Mr STUART AYRES: I do not have all those names in my head. I will happily take it on notice.

The Hon. DANIEL MOOKHEY: Are you the shareholding Minister?

Mr STUART AYRES: No.

The Hon. DANIEL MOOKHEY: Who is?

Mr STUART AYRES: The shareholding Minister will be the Treasurer.

The Hon. DANIEL MOOKHEY: The Minister for WestConnex is not a shareholding Minister of the company that has to hold the residual interest in WestConnex. Is that correct?

Mr STUART AYRES: That is correct.

The Hon. DANIEL MOOKHEY: Is Roads Retained Interest Pty Limited, or whatever you wish to call it, going to be subject to the Government Information (Public Access) Act?

Mr STUART AYRES: I will defer to Peter Regan.

Mr REGAN: That is probably a question for the Treasurer. But I understand as a government entity it will be treated as any other government entity.

The Hon. DANIEL MOOKHEY: That is interesting because up until this point the Sydney Motorway Corporation, which is notionally a government entity, has never been subject to the Government Information (Public Access) Act. Do the same governance arrangements relate to the Sydney Motorway Corporation?

Mr REGAN: I will have to take that on notice.

The Hon. DANIEL MOOKHEY: Will it be subject to the Independent Commission Against Corruption Act?

Mr REGAN: I will take that on notice as well.

The Hon. DANIEL MOOKHEY: Will it be subject to the public accounts Act?

Mr REGAN: I am happy to take on notice all those questions.

The Hon. DANIEL MOOKHEY: Is it going to be subject to the Treasury commercial framework?

Mr REGAN: I believe it is, yes.

The Hon. DANIEL MOOKHEY: Is it a State-owned corporation? It is a \$9 billion company.

Mr REGAN: I am happy to take on notice the detail. I do not believe it is a State-owned corporation—it is a proprietary limited company—but I will need to check that.

The Hon. DANIEL MOOKHEY: This Government has a wonderful habit of establishing these corporations without ever being able to explain how they answer to Parliament. It is holding a \$9 billion asset, Minister. How will it answer to Parliament?

Mr STUART AYRES: I think Mr Regan has answered that question.

The Hon. DANIEL MOOKHEY: I think Mr Regan has not. I am asking you, as Minister. The expenditure of public moneys is your responsibility. This is budget estimates. How is a company that is going to be holding a \$9 billion interest on behalf of the people of New South Wales going to answer to the Parliament of New South Wales?

Mr STUART AYRES: That entity is the responsibility of the New South Wales Treasurer. That is exactly how it is held responsible by the New South Wales Parliament.

The Hon. DANIEL MOOKHEY: Is Mr Cliche staying on as CEO of this new motorway corporation?

Mr STUART AYRES: That would be a question for the majority shareholder of the Sydney Motorway Corporation at the end of the sale.

The Hon. DANIEL MOOKHEY: We have 49 per cent interest and we have contracted to this company to build WestConnex for us. Can you explain to us who will be in charge of the company that we have contracted to build WestConnex for us?

Mr STUART AYRES: Mr Cliche is the CEO of the Sydney Motorway Corporation.

The Hon. DANIEL MOOKHEY: But will he remain the CEO?

Mr STUART AYRES: The decisions around the management of Sydney Motorway Corporation will be made by the majority shareholder. I understand that it is looking at appointing a new person.

The Hon. DANIEL MOOKHEY: When do you understand that that new appointment will take place?

Mr STUART AYRES: I think it announced Andrew Head today.

The Hon. DANIEL MOOKHEY: Congratulations to Mr Head and farewell Mr Cliche. Is Mr Cliche entitled to a severance payment?

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

The Hon. DANIEL MOOKHEY: No disrespect to you, Mr Cliche, but for the past year did Mr Cliche reach the incentive conditions in his contract, and was he paid his incentive payments?

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

The Hon. DANIEL MOOKHEY: Mr Cliche is here. Do you wish to give him the opportunity?

Mr STUART AYRES: I am sure I can take that one on notice.

The Hon. DANIEL MOOKHEY: Do the base case financial model traffic forecasts assume higher traffic levels arising from the Western Harbour Tunnel or the Sydney Airport Gateway onto WestConnex?

Mr STUART AYRES: Self-evidently when those projects are functional there will be more traffic on stage three in particular, but yes, all of WestConnex.

The Hon. DANIEL MOOKHEY: Does the base case financial model assume higher revenue to WestConnex arising from traffic that you just said will arrive from the Western Harbour Tunnel and the Sydney Airport Gateway?

Mr STUART AYRES: I am happy to defer the business case to Mr Kanofski. We can take that question on notice.

Mr KANOFSKI: The detail of the base case financial model traffic modelling I will have to take on notice.

The Hon. DANIEL MOOKHEY: Now the sale is completed will you release the base case financial model publicly?

Mr STUART AYRES: We have already released the business case.

The Hon. DANIEL MOOKHEY: You have not released the base case financial model. The base case financial model is what explains precisely what Transurban is entitled to see and what penalties we will be paying it. I asked you this question last year and the position was that until the sale is completed we will not release it. The sale is completed—release it.

Mr STUART AYRES: As much as it will disappoint you, the transaction does not complete until the end of the month.

The Hon. DANIEL MOOKHEY: At the end of the month will you release the base case financial model?

Mr STUART AYRES: I will consider it then.

The Hon. DANIEL MOOKHEY: Do you anticipate that Transurban is going to get a windfall gain because of the construction of the Western Harbour Tunnel or the Sydney Airport Gateway?

Mr STUART AYRES: I think any definition of "windfall gain" for Transurban would be defined by the way it prices its bid.

The Hon. DANIEL MOOKHEY: Are we obliged to pay Transurban any penalties if either the Western Harbour Tunnel or the Sydney Airport Gateway is not built?

Mr STUART AYRES: There are standard arrangements around contracting for the delivery of projects. There will be a compensation regime in the delivery of Rozelle. Can you repeat the question?

The Hon. DANIEL MOOKHEY: The compensation regime is in place in respect to Rozelle.

Mr STUART AYRES: Yes. I was about to answer a Rozelle question.

The Hon. DANIEL MOOKHEY: Yes, I am sure you were. Will we be paying Transurban any form of compensation if either the Western Harbour Tunnel or the Sydney Airport Gateway is not built?

Mr STUART AYRES: No.

The Hon. DANIEL MOOKHEY: In respect to the traffic forecast that we have guaranteed in the base case financial model, if the traffic that arises from the Western Harbour Tunnel or the Sydney Airport Gateway does not eventuate will we be paying it a penalty?

Mr KANOFSKI: We have a concession agreement obviously with Sydney Motorway Corporation. We do not guarantee traffic; it is a full traffic risk.

The Hon. DANIEL MOOKHEY: You made reference to the compensation regime that is in place with respect to the Rozelle Interchange. I asked this of the Treasurer and he was not prepared to tell us. I asked this of the roads Minister and she was not prepared to tell us. So I will ask you, as the Minister for WestConnex. If the Rozelle Interchange changes its design, changes its scope and if it is not built we said we will pay Transurban. How much will we be paying Transurban?

Mr STUART AYRES: The New South Wales Government will pay Sydney Motorway—or RMS will pay Sydney Motorway Corporation. It is a standard activity to put clauses into a contract around late or delayed payments. The same thing happens if the project is delivered early. It is being delivered by Roads and Maritime Services. If it is delivered early, Roads and Maritime Services will capture 75 per cent of the uplift benefit.

The Hon. DANIEL MOOKHEY: They get 25 per cent of the uplift benefit if it is delivered early?

Mr STUART AYRES: No, 75.

The Hon. DANIEL MOOKHEY: Yes, but Transurban therefore gets the other 25? Or the Sydney Motorway Corporation?

Mr STUART AYRES: If it is delivered early, Sydney Motorway Corporation.

The Hon. DANIEL MOOKHEY: That is interesting. My question is in the event that it is late—

Mr STUART AYRES: Six months will have a payment of \$2.3 million.

The Hon. DANIEL MOOKHEY: Sorry, can you repeat that?

Mr STUART AYRES: Six months will have a payment of \$2.3 million.

The Hon. DANIEL MOOKHEY: What is the completion date for the Rozelle Interchange that is required to be met in order for us to avoid paying penalties to Transurban?

Mr STUART AYRES: The Rozelle Interchange will be completed in December 2023. The exact date I would have to take on notice for the payments regime.

The Hon. DANIEL MOOKHEY: When will you be completing the tender for the Rozelle Interchange?

Mr STUART AYRES: We are currently in the process of doing that now.

The Hon. DANIEL MOOKHEY: I am aware of that. When will you complete it?

Mr STUART AYRES: I am not going to provide an exact date. We will work our way through the process of that tendering that is currently taking place right now.

The Hon. DANIEL MOOKHEY: I am not asking you for an exact date. Can you give us an approximate period as to when you intend to finish the tender for the Rozelle Interchange? I ask this because the first time we put the Rozelle Interchange out to tender, the tender failed. So I would like to know, the second time we are doing it, when is it going to complete.

The ACTING CHAIR: While you are thinking about that, you have 1¾ minutes.

The Hon. DANIEL MOOKHEY: I will make it good.

Mr STUART AYRES: We will tender the Rozelle Interchange before the end of the year.

The Hon. DANIEL MOOKHEY: Since the M4 toll was reintroduced in August last year the Government has reaped probably \$235 million in toll revenues. Will you tell us how much money has been reaped in the first year of the M4 toll?

Mr STUART AYRES: No. Sydney Motorway Corporation will release its financial statement to the Australian Securities and Investments Commission [ASIC] in October.

The Hon. DANIEL MOOKHEY: Assuming that the \$235 million—which is simply the daily use multiplied by the toll—and assuming this year is just as successful, it means that every single dollar it cost to widen the M4 will be recovered by next year. Can you explain why, therefore, we have to keep this toll for 42 more years? Do you think it is fair that a cost recovery completed within two years of the project opening will last for 42 years and families will have to pay thousands of dollars a year in order to cross-subsidise other parts of WestConnex?

Mr STUART AYRES: All of WestConnex has one toll regime. It has a flag fall; it has a 47 cents per kilometre rate. If you are making the assertion that the costs recovery on that first section will be completed in two years and therefore the toll regime should not exist at the same level on that, you are left with one of two things. You either are left with a significant black hole in the costings around the rest of WestConnex or you are asking motorists to pay a significantly higher toll to travel on the M4 tunnel.

The Hon. DANIEL MOOKHEY: Do you accept that keeping that toll for 42 years is onerous for the families of Western Sydney?

Mr STUART AYRES: I think, as a person who travels from Western Sydney to this part of Sydney on a regular basis, that not having a completed M4 is a significant disadvantage for the community. That is why we are delivering WestConnex.

Ms CATE FAEHRMANN: Minister, what is the current cost of WestConnex? Is it still \$16.8 billion?

Mr STUART AYRES: Yes, the current cost for the delivery—or the budget for WestConnex is \$16.8 billion. It is around \$4.3 billion for the M4. It is around \$4.4 billion for the M5 and around \$7.2 billion for stage 3, which includes the Rozelle Interchange and the mainline tunnel. There is also an \$800 million allocation in the WestConnex budget towards Sydney Gateway.

Ms CATE FAEHRMANN: Stage 3 is in addition to the \$16.8 billion? Is that correct?

Mr STUART AYRES: No, stage 3 is included.

Ms CATE FAEHRMANN: Have all the legal and compensation costs incurred as a result of challenges to compulsory acquisitions, delays in the project and the cost of paying Sydney Motorway Corporation [SMC] to allow a toll-free period on the widened M4 been factored into the current cost of the project?

Mr STUART AYRES: Yes.

Ms CATE FAEHRMANN: Have the costs of various RMS works associated with WestConnex been factored into the current cost of the project—things like the widening of Marsh Street in Arncliffe?

Mr KANOFSKI: With these projects, you build the project and you get it immediately onto the network. Works on the network have a range of objectives. When you do something like WestConnex, you do change flows around the whole of the network. That sometimes plays into your broader planning for the network and then we do a range of works on the network. The Marsh Street works are primarily focused on relieving congestion on Marsh Street as it exists right now. I think anyone who has listened to the radio on a Sunday morning would accept that the Marsh Street works have improved the congestion heading to the international terminal.

Ms CATE FAEHRMANN: That was done as a result of WestConnex, was it not?

Mr KANOFSKI: As I said, works on the broader network are done for a whole range of reasons. A project like WestConnex actually has quite substantial benefits to the amount of network work you need to do because if you do not have major capacity improvements such as WestConnex, then you need to spend a lot more on the arterial network in order to cope with the growth. So there are a whole range of works that are happening around the network. Some of them are in close proximity to WestConnex; some of them are not in close proximity to WestConnex. That is the normal cost of upgrading the road network.

Ms CATE FAEHRMANN: Things like the widening of the Euston Road-Moore Park corridor? Are RMS costs not part of the—

Mr KANOFSKI: Any proposed widening of Euston Road is a—Euston Road is an arterial State road network. It is part of the RMS network. To the extent that works are done on the arterial road network, they are part of RMS's normal capital budget process. We, like everybody else, bid for that on an annual basis from the Government and we are given an allocation for those projects that the Government deems to be a priority.

Ms CATE FAEHRMANN: The widening of City West Link at Dobroyd Point—they are all RMS? They are not WestConnex? The Bedwin Road bridge in Marrickville?

Mr KANOFSKI: I would have to take the City West Link on notice to proceed because WestConnex does join directly onto City West Link and it is probable that there is a degree of those works that are actually part of—that were constructed as part of the cost of WestConnex. I am happy to take on notice and give you the exact split of the City West Link. But certainly works in Marrickville do not connect directly to WestConnex and they would be part of the arterial network.

Ms CATE FAEHRMANN: RMS measures such as its traffic management measures, which I think are already underway with reference to the forecast 100 per cent congestion on Anzac Bridge when the Rozelle Interchange is complete, and also the same in relation to St Peters Sydney Gateway—all of those are separate costs as well?

Mr KANOFSKI: We do traffic management all the time. Clearly when you open a project like WestConnex, it changes traffic flows. Self-evidently, if a range of traffic goes on to a new high-capacity link, it changes those traffic flows and therefore you change the traffic management process. That does not mean you did not have a traffic management process before; it just means it changed. The Anzac Bridge is one of the most trafficked areas of Sydney. We and the Transport Management Centre [TMC] spend a lot of our time and energy on trying to improve and make sure that the arterials such as City West Link and the Anzac Bridge perform. We will continue to do that once WestConnex opens.

Ms CATE FAEHRMANN: There are a lot of other associated costs, of course, that the RMS is covering as a result of WestConnex?

Mr KANOFSKI: No, I would not characterise it that way. RMS is responsible for the broader road network. In order to do that, we seek funding from the Government and we get funding in the normal cycle to deal with that.

Ms CATE FAEHRMANN: Has the \$800 million allocation for the Sydney Gateway been transferred to RMS?

Mr STUART AYRES: No. It sits on the WestConnex budget and then it will be allocated to RMS or to the builder of that project. It is an allocation to us. It is sitting in the budget. You asked where it is; it is part of the WestConnex budget.

Ms CATE FAEHRMANN: I am asking if it has been transferred and, if not, when will it occur.

Mr STUART AYRES: I am not aware of the timeline delivery of the Sydney Gateway. When that project is determined, we have an allocation in the WestConnex budget of \$800 million towards that project.

Ms CATE FAEHRMANN: What is the status of the \$1.05 billion of legal claims received by RMS from SMC for claims from WestConnex contractors arising from matters such as contaminated land, unforeseen planning conditions and delays in obtaining planning approvals?

Mr KANOFSKI: There was a range of claims from the builders of the new M5. Those claims were made on the subsidiary company of SMC, which is the concession holder. Then there are some claims that under our concession agreement are the responsibility of Roads and Maritime. The link is the linked claim regime that we talked about this morning. When that happens we and the Sydney Motorway Corporation join to deal with the claim. With regard to the specifics of those claims, the claims have been through a notification period. There is a negotiation period in which they did not settle. They then go to expert determination. Those claims have been to expert determination. The expert determined the value to be \$9.3 million. RMS accepted that determination. The

contractor, as is their right, said, "No, we prefer to go to arbitration." I would like to correct the record. When one of the members asked me, "Does that mean we are going to court?" I said, "Yes." The arbitration process is a private arbitration process; it is not a court process.

Ms CATE FAEHRMANN: Lucky you corrected that.

Mr KANOFSKI: It has a similar procedure to a court process, but I would like to correct the statement I made this morning. We are not going to court; we are going to arbitration. It is a natural part of the contractual arrangements that we have.

Ms CATE FAEHRMANN: Are you talking about binding arbitration?

Mr KANOFSKI: That will be binding arbitration.

Ms CATE FAEHRMANN: Minister, was the \$15 million of public money that was paid to the SMC to allow a toll-free period on the widened M4 part of the WestConnex budget?

Mr STUART AYRES: We have included that in the budget.

Ms CATE FAEHRMANN: What is the rate of compensation to be paid to Sydney Transport Partners if the Rozelle Interchange is not delivered on time? I think you asked before, did you not?

The Hon. DANIEL MOOKHEY: I could not get anywhere, so if you can get an answer.

Mr STUART AYRES: I just indicated that at six months it will be \$2.3 million. I think the member beat you to that one.

Ms CATE FAEHRMANN: Bugger. What is the current route for the M4-M5?

Mr STUART AYRES: I can also tell you that if we open it early, we get 75 per cent of the upside.

Ms CATE FAEHRMANN: What is the current route for the M4-M5?

Mr STUART AYRES: We have a reference design. It runs from the St Peters Interchange around to Wattle Street, which links in with the M4 and the Rozelle Interchange will be developed underneath the Rozelle peninsula.

Ms CATE FAEHRMANN: What is the amount of the fixed-term contract for stage 3A? You mentioned \$7.4 million earlier.

Mr STUART AYRES: Stage 3, including the mainline tunnel and Rozelle, we have a budget allocation of about \$7.3 million.

Ms CATE FAEHRMANN: That is 3A and 3B?

Mr STUART AYRES: Together, that is correct, yes.

Ms CATE FAEHRMANN: What is the time frame for the delivery of stage 3B?

Mr STUART AYRES: December 2023.

Ms CATE FAEHRMANN: How much has been spent to date on work on the Rozelle Interchange, including the design and business case development?

Mr STUART AYRES: That is all included in the WestConnex budget of \$16.8 billion. There is around \$4.3 billion from the taxpayer that is currently being expended on the delivery of WestConnex.

Ms CATE FAEHRMANN: In respect of designing and the business case development for the Rozelle Interchange specifically?

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

Ms CATE FAEHRMANN: If the Beaches Link does not go ahead what is the implication for the Rozelle Interchange?

Mr STUART AYRES: I do not think there is any financial implication.

Mr KANOFSKI: No, there is not.

The Hon. DANIEL MOOKHEY: I have one question to follow up. You said stage 3 is \$7.2 million.

Mr STUART AYRES: Between \$7.2 million and \$7.3 million.

The Hon. DANIEL MOOKHEY: Can you itemise 3A and 3B?

Mr STUART AYRES: Not here. I would have to take that on notice to break it down.

The Hon. DANIEL MOOKHEY: That figure is available to you?

Mr STUART AYRES: I would have to check.

The Hon. LYNDA VOLTZ: Minister, earlier I was asking you about a letter you had written with the Minister for Counter Terrorism. You said that the initial report was done by the Sydney Cricket and Sports Ground Trust. Was that a crowded public places document?

Mr STUART AYRES: I will take it on notice, but I do not think it is. The document that you are referring to is not the same document that prompted me to write to Minister Upton with the Minister for Counter Terrorism.

The Hon. LYNDA VOLTZ: You are saying to me that the Counter Terrorism Unit wrote a report and that prompted you to write to the Minister?

Mr STUART AYRES: The Sydney Cricket and Sports Ground Trust provided me with correspondence from the NSW Police Force, or a report from the NSW Police Force that prompted me and the Minister for Counter Terrorism to ask the Minister for the Environment to consider that report. We did not ask her to close Driver Avenue. We asked her just to consider the report.

The Hon. LYNDA VOLTZ: The Minister for Police knew nothing of that report or your letter. I put a copy of your letter to them. The Commissioner of Police, Mick Fuller, was quite clear that that was a response to a crowded places document. You are now saying that is not correct?

Mr STUART AYRES: I am sorry; I will have to take that on notice.

The Hon. LYNDA VOLTZ: Minister you say you did not ask for Driver Avenue to be closed. What was your purpose in writing to Minister Upton?

Mr STUART AYRES: The Sydney Cricket and Sports Ground Trust provided me with documentation from the NSW Police Force that spoke about patron safety potentially being at risk. We are talking about an environment in which we had two recent public terrorism events in France and Manchester. I thought it appropriate that in receipt of documentation that spoke about patron safety that—

The Hon. LYNDA VOLTZ: To write to the Minister?

Mr STUART AYRES: Yes, that I write to the Minister.

The Hon. LYNDA VOLTZ: Did you ever inform the Minister that that was at the request of the Sydney Cricket and Sports Ground Trust and that is where you had accessed the information?

Mr STUART AYRES: We asked the Minister to consider the report.

The Hon. LYNDA VOLTZ: Yes, but did you ever inform the Minister that the information had been provided to you by the Sydney Cricket and Sports Ground Trust and at its request?

Mr STUART AYRES: I would have to check the correspondence.

The Hon. LYNDA VOLTZ: I have had a look at the correspondence. It is not in that. Did you inform her on any other occasion?

Mr STUART AYRES: Not that I am aware of. No, I wrote the letter and sent it to her.

The Hon. LYNDA VOLTZ: Minister, earlier you were talking about Netball NSW and that you had read their information before the Public Works Committee. If you had read that information, you would have known, and I am sure it has told you, that Qudos Bank Arena is too expensive for it to open because of the nature of its audience and that the International Convention Centre [ICC] theatre is not suitable for their games and takes less attendees than they had at their previous games. Do you accept that neither of those venues suits Netball NSW for those reasons?

Mr STUART AYRES: I categorically reject the proposition that Qudos Bank Arena is not appropriate for netball. The New South Wales Government hosted the Netball World Cup. As recently as two weeks ago, I attended a Greater Western Sydney Giants netball match in that venue. It is an outstanding venue for netball.

The Hon. LYNDA VOLTZ: But they lose money on it.

Mr STUART AYRES: The profitability for individual sports is often determined by the amount of people that they can attract to a game. The bigger challenge for netball with Qudos Bank Arena is not profitability; it is accessibility. It is the premium indoor events venue in New South Wales. A lot of those events, particularly

music concerts, are booked well in advance of fixtures for sports like netball, which only do their fixtures on an annual basis. If availability in line with their broadcast requirements is restricted, that means they have to play at another venue.

The Hon. LYNDA VOLTZ: The ICC replaced the entertainment centre site. What happened to the entertainment centre site?

Mr STUART AYRES: It was part of the ICC funding model and a development is taking place on it.

The Hon. LYNDA VOLTZ: It has gone to residential development?

Mr STUART AYRES: That is how we funded the new ICC.

The Hon. LYNDA VOLTZ: Were you not told, at the time the ICC was built, that the theatre would not be suitable for arena-style sports?

Mr STUART AYRES: For starters, I was not the Minister for Sports when that decision was made.

The Hon. LYNDA VOLTZ: Have you accessed any reports into the nature of what advice was given at the time when the ICC was built?

Mr STUART AYRES: We should be clear here. We all know that a theatre-style seating arrangement is not a 360 degree arena seating arrangement.

The Hon. LYNDA VOLTZ: You would admit it was a mistake to build the ICC in that configuration and to sell off the land on which the entertainment centre sat?

Mr STUART AYRES: Absolutely not. The ICC investment has been one of the most outstanding investments we have seen in New South Wales in the recent past. It has provided significant uplift value. If the Labor Party's position is that it does not support the ICC I will leave that one with you.

The Hon. LYNDA VOLTZ: You have had plans sitting at the Sydney Olympic Park Authority for three years to put a roof on the arena, the NSW Tennis Centre. Why have you not actioned that plan?

Mr STUART AYRES: All infrastructure decisions are made when costings are allocated, when budgets are allocated. We have always indicated that a new or improved indoor facility was part of the long-term stadia strategy for New South Wales, and nothing has changed.

The Hon. LYNDA VOLTZ: Netball has consistently told you that this is their first preference for an option for a venue for netball. Why have you not in the three years you have had that plan put that roof on the NSW Tennis Centre?

Mr STUART AYRES: We have not been allocated a budget to do so and we have not finalised a plan.

The Hon. LYNDA VOLTZ: You have just spent \$2.3 billion on stadiums.

Mr STUART AYRES: Can you explain to me how you get to \$2.3 billion?

The Hon. LYNDA VOLTZ: It is easy, you can add up the figures. Don't forget to put in your \$315 million of business disruption costs.

Mr STUART AYRES: No, I am quite interested. Do you want to add them up? You said \$2.3 billion.

The Hon. LYNDA VOLTZ: You have just spent \$2.3 billion on stadiums and yet you will not prioritise a request from Netball NSW. For three years Sydney Olympic Park has had a plan sitting there. Tennis NSW has asked you consistently to put on that roof, and now you have told me that you do not have the funds to do it.

Mr STUART AYRES: No, that is not what I said. I said the Government has allocated funding to the Sydney Football Stadium and to Western Sydney Stadium at Parramatta. It has also started the business case for the redevelopment of ANZ where we have allocated—

The Hon. LYNDA VOLTZ: So Netball NSW has been at the bottom of the list?

The ACTING CHAIR: Order! The Minister can finish his answer.

Mr STUART AYRES: We have indicated that the strategic business case costs for ANZ are around \$810 million.

The Hon. LYNDA VOLTZ: Netball has been at the bottom of the list.

(The witnesses withdrew)

The Committee proceeded to deliberate.