

REPORT OF PROCEEDINGS BEFORE

SELECT COMMITTEE ON THE CROSS-CITY TUNNEL

At Sydney on Friday 9 December 2005

The Committee met at 9.45 a.m.

PRESENT

Reverend the Hon. Fred Nile (Chair)

Legislative Council

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

Legislative Assembly

Mr M. J. Brown
Mr A. J. Constance
Mr P. E. McLeay
Mr J. H. Turner

CHAIR: Welcome to the third public hearing of the Select Committee on the Cross-City Tunnel. Before we commence I would like to make some comments about the procedures for today's hearing. The Committee has previously resolved to authorise the media to broadcast sound and video excerpts of its public proceedings. Copies of guidelines governing the broadcast of proceedings are available from the table by the door. In accordance with the Legislative Council guidelines for the broadcast of proceedings, members of the Committee and witnesses may be filmed or recorded. People in the public gallery should not be the primary focus of any filming or photographs. In reporting the proceedings of this Committee the media must take responsibility for what they publish or what interpretation is placed on anything that is said before the Committee.

Witnesses, members and their staff are advised that any messages should be delivered through the attendants or the Committee clerk. I also advise that, under the standing orders of the Legislative Council, any documents presented to the Committee that have not yet been tabled in Parliament may not, except with the permission of the Committee, be disclosed or published by any member of such Committee or by any other person. The Committee prefers to conduct its hearings in public. However, the Committee may decide to hear certain evidence in private if there is a need to do so. If such a case arises I will ask the public and the media to leave the room for a short period. We are aware that people hold strong and divergent views regarding the cross-city tunnel.

I wish to emphasise that, although this is a public hearing, it is not an open forum for comment from the floor. Only questions from the Committee and the evidence of witnesses are recorded in the transcript. Uninvited interruptions are not recorded and may make it more difficult for witnesses to express their views fully. Finally, I ask everyone to turn off their mobile telephones for the duration of the hearing. I now welcome our first witness, Mr Chris Wilson, Director of Masson Wilston Twiney Pty Ltd.

CHRISTOPHER JOSEPH WILSON, Director, Masson Wilson Twiney Pty Ltd, Suite 20, 809 Pacific Highway, Chatswood, 2067, sworn and examined:

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

Mr WILSON: I am.

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

Mr WILSON: I would like to table two documents. The first one is a three-page colour flow diagram, which I was requested to provide, that outlines modern traffic and transport modelling processes. The second document is a recently completed report for the Roads and Traffic Authority, which I have been advised I am permitted to table, that provides later information on tunnel traffic usage. At this point I could lead you through the complicated three-page diagram or talk to the second report.

Documents tabled.

CHAIR: Thank you. I will ask you some introductory questions. What were the traffic projections provided in the initial and second environmental impact statements of the Roads and Traffic Authority [RTA]? Did your consultancy provide them?

Mr WILSON: Yes, I have been involved in the project since 1997 and prepared personally the traffic forecasts for the project as it underwent design and development all the way through to the final EIS, or the supplementary EIS, that went on exhibition and was subsequently approved. I also then went on to do the forecasting for that 15¢ toll increase and have subsequently undertaken further and more detailed traffic simulation modelling of the city as the project has been developed up and to be implemented on behalf of the RTA.

CHAIR: How long was the ramp-up period in the initial and second environmental impact statements and what figure was at the end of the ramp? How did it compare to that provided by the Cross City Motorway [CCM] consortium?

Mr WILSON: I do not recollect the first one, only the final one. The final one, which included the 15¢ increase that took to the nominal base toll of \$2.65, was in the order of 80,000 per day in 2006.

CHAIR: What was the methodology used to estimate traffic volumes and how does it compare with that used for other major road projects?

Mr WILSON: The same methodology was adopted as with other major projects through the modelling process. It is a combination of government-prepared data that goes into secondary models that I have prepared to use for road forecasting. It is a fairly conventional, well-practised process.

CHAIR: As far as you know, was that the same methodology used by the CCM's traffic consultant?

Mr WILSON: I believe so but it all comes down to what input data you put into those processes.

CHAIR: But there seem to be obvious differences. How do you account for that?

Mr WILSON: The differences come from the base assumptions one makes in undertaking the modelling. We, acting on behalf of a government agency, take the official government population and employment forecasts as the given base to work from. We supplement that with other surveys, and, eventually, when you follow through all these complicated modelling processes, arrive at a forecast situation. All the tendering process, the modelling process takes a more pragmatic view of life and they may vary those population and employment forecasts in a different manner and make different assumptions about how the road network may evolve over time. That would, in consequence, produce something a little bit different.

CHAIR: Did you give any advice to the RTA when considering the traffic volume estimates provided by the CCM?

Mr WILSON: The advice I provided on the forecasts was more in the line of—in the adjustment process—on some of the base assumptions within their tender. My recollection was some additional road works that were required to be pulled out of their project specification to bring it more in line with the EIS approved scheme. There was a point in negotiation that required input on the effects of pulling those additional works that they wanted to have in those to bring it back to the EIS approved scheme. I evaluated what effect that may have on the traffic forecasts.

CHAIR: What are the implications of an overestimate of traffic volumes for the profitability and viability of a major road project such as the cross-city tunnel?

Mr WILSON: That is a bit out of the realms of my expertise. I am given a set of circumstances on a road network and a set of tolls, I produce the forecasts and then they go on for other people to assess the financial viability or otherwise of the project.

CHAIR: Do you think the RTA has any responsibility to question the estimates by the CCM if they differ from yours?

Mr WILSON: I would not know on that part of the process.

CHAIR: Were the traffic estimates revised downwards following the changes to the Cowper Wharf Road access to the Harbour Bridge and tunnel?

Mr WILSON: That was a modification post EIS. There were some minor downward forecasts once that access from Cowper Wharf Road onto the Cahill was provided.

The Hon. GREG PEARCE: Thank you for coming along today. In the report that you have just given us—I have had only a quick look at it—you indicate that, based on the figures you have seen so far, you expect to track up to 25,000 to 52,000 cars a day by December 2006.

Mr WILSON: Based on that short run of data that we have seen so far.

The Hon. GREG PEARCE: Yes. You said earlier that you initially forecast 80,000 by 2006.

Mr WILSON: Yes, just on 80,000 in 2006.

The Hon. GREG PEARCE: From your initial observations, where are the differences in the assumptions? Where is the traffic not coming from that you expected would use the tunnel?

Mr WILSON: I reiterate that it is really too early to know but I can make some observations. I draw your attention to Figure 1. That is a chart by hour of the day of the diversion away from the tunnel because of the toll. You will see a dip on the chart at about 8.00 a.m. to 9.00 a.m., where we are capturing about 50 per cent of the available traffic in the corridor into the tunnel. Outside those hours, and particularly at night, you will see that there is 90 per cent diversion—in other words, the tunnel is only capturing 10 per cent of the available market. Similarly, throughout the day as we go beyond 1200 hours to 1600 hours it is about 70 per cent. They are unusually high diversions and, to me, unexpected. That would require a little bit of investigation as to what is going on.

The Hon. GREG PEARCE: The documents we have seen all show the calculations for the base model as having 91,000 cars a day from the opening of the tunnel.

Mr WILSON: Yes.

The Hon. GREG PEARCE: What was the true expectation of cars on the first day? What did you expect?

Mr WILSON: In the first period you expected 40 to 50 per cent of that volume, depending on the length.

The Hon. GREG PEARCE: What number are you talking about there?

Mr WILSON: Of the forecast.

The Hon. GREG PEARCE: So 40 or 50 per cent would be 45,000?

Mr WILSON: And that is consistent—

The Hon. GREG PEARCE: Just stop for a second. You mean 45,000 cars. Is that what you are saying?

Mr WILSON: Something like that, yes—in the first period.

The Hon. GREG PEARCE: And they got 25,000 or 20,000?

Mr WILSON: Yes.

The Hon. GREG PEARCE: My earlier question was an attempt to get your view from the actual physical routes that are not producing the cars. You must have assumed that the cars were going to come from somewhere.

Mr WILSON: Well, it is a combination. That part I have not looked at. I was just looking at numbers in tunnels at the moment and that is why I placed the caveat on the end of this. It needs a little bit more or further investigation to look at those origins and destinations of the tunnel traffic. But in the normal process, in the normal ramp-up process, you will get the traffic that is in the corridor already making decisions on whether to use the tunnel or not, based on the toll. That is a learning

process. Over time you then capture traffic that is not currently in the corridor. In other words, it is more further afield and drivers' awareness of the tunnel as an option from, say, Bondi Junction across to Rozelle—those who may be using other routes like Moore Park Road or Cleveland Street—understanding that the tunnel is a viable option, and then you start to draw some of that traffic into the corridor. That happens over time.

The Hon. GREG PEARCE: As the project developed, did you do calculations of the number of extra cars that would go into the tunnel based on the various road closures that took place in the traffic diversions? Can you identify for us, for example, how many cars the closure of Drutt Street puts into the tunnel?

Mr WILSON: We did not isolate those measures and calculate the effect of those measures individually or explicitly. They were worked up as part of the design and development process and the environmental impact statement [EIS] process. Most of those things were in response to submissions, both other government agencies and community submissions. Drutt Street, for example, was a response to improve public transport from the Victoria Road corridor and to provide good bus links into the Queen Victoria Building terminal. To enable the two-way and the Drutt Street ramp to operate in the two-way, it required those sorts of traffic management measures in that mid-block.

The Hon. GREG PEARCE: Did you at some stage put a figure on the number of extra cars you would expect in the tunnel because of that?

Mr WILSON: No, not at all.

The Hon. GREG PEARCE: What about the 80 kilometres an hour tunnel that was eventually built? What difference did that make as an option in terms of the number of cars going through it?

Mr WILSON: That was in the supplementary EIS, so the Cross City Motorway Consortium scheme was then the subject of that final EIS. The tunnel speeds in the models were lower and so they were adjusted. They did pull up the forecast by a margin. I cannot remember what that margin is but it did make a difference.

The Hon. GREG PEARCE: Could you get that figure for us, and take that on notice?

Mr WILSON: I could, yes.

The Hon. GREG PEARCE: What sort of time frame would you say is required before you would be able to give us something more solid on what you think is happening with the tunnel—by next February, for example, or March?

Mr WILSON: Under normal circumstances, I would probably like two or three months to get some more data on surface streets as well as in the tunnel to understand what is passing through the corridor in total. One of the complications we have at the moment is that we are going into the Christmas holiday period and the numbers are all over the place at the moment.

The Hon. GREG PEARCE: By March you should be able to give us something?

Mr WILSON: Yes, as of March we should start to get a firm of view of what is going on.

The Hon. GREG PEARCE: Could you undertake to do that for us and give us an update?

The Hon. AMANDA FAZIO: Who is going to pay for it?

The Hon. GREG PEARCE: Are you happy to do that?

Mr MATT BROWN: He is contracting.

Mr WILSON: Well, it is—

The Hon. GREG PEARCE: Will you be doing that for the Roads and Traffic Authority [RTA]?

Mr WILSON: At this stage, I have no instruction to do it.

Mr MATT BROWN: It is unreasonable, Chair, that we ask professionals—

The Hon. GREG PEARCE: Do not interrupt.

The Hon. AMANDA FAZIO: Do not be so rude.

Mr MATT BROWN: Do not be so rude. I am expressing an opinion to the Chair.

The Hon. AMANDA FAZIO: Are you going to pay for it?

The Hon. GREG PEARCE: Are you going to be doing it for the RTA?

CHAIR: The witness has indicated that he has no contract to prepare that information.

The Hon. GREG PEARCE: I will put it another way: If you do prepare information, would you be able to provide it to the Committee?

Mr WILSON: I would need to seek instructions from the RTA.

Mr JOHN TURNER: Mr Wilson, I think a few moments ago you mentioned the moving of the portals down to the existing sites where they are now.

Mr WILSON: Yes.

Mr JOHN TURNER: If I understood you correctly, there was an increase, or you believe that there would be an increase, of car usage for the tunnel rather than with the museum portal. Is that so?

Mr WILSON: There was definitely an increase in tunnel usage once the portals were moved further down because it eliminated another half a dozen sets of traffic signals.

Mr JOHN TURNER: So you did actually do some work on the original portal site at the museum?

Mr WILSON: Yes. As I said, I started the process in 1997 when it was a fairly short tunnel and then it sort of evolved up along William Street.

Mr JOHN TURNER: When you were looking at your equations, did you look at the fact that this was going to be a fully electronic tunnel and that the initial toll, if you like, would be \$3.56?

Mr WILSON: We work on the basis of a base model. The base model here we work on has been the year 2000 model. The fact it was an electronic toll was one of our big unknowns. At that time the only electronic-only toll was the Toronto 407, for which we tried to seek information. There was not a lot of technical reporting on it at that stage, so it was at that point fairly, or very much, an unknown effect on patronage.

Mr JOHN TURNER: How did you factor that into your figures?

Mr WILSON: Well, there was at that time discussion about the fact that there was no stopping—at the toll booths, you introduce a stop and that adds to the travel time—and that would in itself attract more vehicles. Counter to that would be that people would need to get a tag and therefore you would lose some available market to use the tunnel. The little bit of research we were able to do at that time would indicate that they sort of cancel each other out. So, again, it was working on the basis that there was a null effect and that we would proceed on the basis of the normal models in which we

try to equate people's perceptions of what the value is—the time value; how much time did they need to save to use the tunnel at a certain toll.

Mr ANDREW CONSTANCE: Has the RTA instructed you to evaluate traffic changes by reversing the road closures at all?

Mr WILSON: I have had some initial look at it, but not in great detail.

Mr ANDREW CONSTANCE: What do you mean? Were you instructed to do so?

Mr WILSON: I was asked the question.

Mr ANDREW CONSTANCE: You actually had been asked the question, to do that work?

Mr WILSON: I was asked the question, yes.

Ms LEE RHIANNON: Your figure of 80,000 is obviously quite significantly lower than the 93,000 that the consortium told us about. I am still trying to understand the process of how this is played out in the months and the years leading up to the tunnel. So with that difference, were you asked to reassess by the RTA, or just to explain why there is a figure that the CCM is running with and a figure that you are running with?

Mr WILSON: Yes. It is basically verbal advice as to why it may be different. There is a time lag between when I prepared the forecast and when the consortia prepared the forecast. They do have the opportunity of updating some of their land use information and because they may take optimistic views of how road networks are developed and the like, that is where the differences come in. That is the extent of the advice I gave. I did not do any particular or special modelling to crosscheck it or anything like that. But within the realms of modelling, you could say that one is as good as the other. We are trying to model or fit mathematical equations to people's behaviour, and that is very difficult.

Ms LEE RHIANNON: That is putting it mildly! I wanted to ask you about this chart that you spoke about earlier. We have got the dip in the morning peak hour.

Mr WILSON: Yes.

Ms LEE RHIANNON: Why are we not getting one in the evening peak period?

Mr WILSON: This is just an example chart. It is for the east bound traffic.

Ms LEE RHIANNON: Of course. Did you work on the Eastern Distributor? Did you give advice on that?

Mr WILSON: For the Eastern Distributor, I actually gave advice to one of the banks involved. It was not for the RTA at that time.

Ms LEE RHIANNON: I am interested in your comments about the ramp-up figures because we have heard comments this week, particularly from the former Premier, that the current state of the cross-city tunnel with present usage is what you would expect with ramp-up figures, whereas, if I understood correctly, your ramp-up figures were much higher. Could you explain to us a little bit more about how you work out ramp-up figures and what your estimations are over time? It is now four months since it opened.

Mr WILSON: There is no calculation that goes on a ramp up.

Ms LEE RHIANNON: Is that all guesses?

Mr WILSON: It is all drawn on experience and what happens with other corridors and motorways.

Ms LEE RHIANNON: If that is the case and if I understand it correctly, the Eastern Distributor started off at about 20,000.

Mr WILSON: It started lower, yes.

Ms LEE RHIANNON: And it is about, what, 40,000 now?

Mr WILSON: North bound I think it is little bit more than that, yes.

Ms LEE RHIANNON: So that is just a doubling in that period. Considering this one started off with 20,000, are you saying a ramp-up doubles over five or six years?

Mr WILSON: I would like to check the state of the numbers on the Eastern Distributor, and what the ramp-up is.

Ms LEE RHIANNON: Maybe if I just try to explain. It does seem to be quite unscientific, and that is not being rude. There just seem to be a lot of guesses. I am trying to understand how you make these predictions, both how you come to determine what a ramp-up is, and based on the ramp-up how you say you are on target and will reach your figures. One representative from CCM said he was confident that in two to three years they would get the 93,000 and I was surprised by that.

Mr WILSON: I go back to our forecasting process. We forecast the volume at what we call equilibrium when the road network settles down and people have knowledge of the system and are making rational choices or logical choices in terms of time trade-offs for tolls, and all that. The period to get to that is not a scientific calculation. We draw upon observations of other motorways as to that length or period, so we would expect a period that could be as short as 18 months or it could be as long as four years. It is that learning process. In this environment we just do not know what it is until we start to take data and observe it. Then we start to get an estimate of how long the ramp-up period is going to be.

Ms LEE RHIANNON: Did you do work on William Street in terms of making estimations of what the traffic flows would be there, post the changes that were planned? Was that part of your brief?

Mr WILSON: Well, our role was to do areawide network forecasts, not just of the tunnel. We had to produce forecasts for the main city streets and the local areas as part of it.

Ms LEE RHIANNON: Do you have that data?

Mr WILSON: I do, but not with me. But they are reported in the EIS, those numbers.

Ms LEE RHIANNON: So you are saying that all your data is in the EIS?

Mr WILSON: Yes.

Ms LEE RHIANNON: You do not have additional data?

Mr WILSON: I have additional data but what is reported in the EIS is what we call the pertinent information that people are after.

Ms LEE RHIANNON: I am sorry I do not remember all the EIS. Does that include the bus traffic as well as the vehicle traffic?

Mr WILSON: We did not explicitly model bus traffic in these regional models. We come down to another level, a microsimulation modelling, to do the bus traffic speed estimation. But in terms of William Street we forecast the gross numbers, not disaggregated down to buses, trucks and cars.

Ms LEE RHIANNON: You spoke about the Toronto tunnel, which is just a little one. I was not quite sure about that example. Is that an electronic-only tunnel?

Mr WILSON: It is one of the world's first all-electronic motorways.

Ms LEE RHIANNON: We have been told again this week that the cross-city tunnel was the first one, but you are saying in fact that the Toronto tunnel was the first.

Mr WILSON: It is the first one with full electronics—the first one here, in New South Wales.

Ms LEE RHIANNON: But we have been told worldwide. So Toronto is—

Mr WILSON: Toronto 407.

Ms LEE RHIANNON: That is the name of the tunnel?

Mr WILSON: It is not a tunnel. It is a motorway.

Ms LEE RHIANNON: A motorway, I am sorry, and it is fully electronic.

Mr WILSON: Yes.

Mr MATT BROWN: This is the first fully electronic tunnel?

Mr WILSON: I do not know.

CHAIR: Obviously one of the factors that it is difficult for you to calculate is that if the toll were too high it would result in a reduction in potential volume, and if the toll were to be increased during the next three years it would have another effect. How do you calculate that?

Mr WILSON: A lot of this stuff becomes obvious at the time the facility is operating. You can actually do what we call state of preference surveys and revealed preference surveys, which goes into more models and you can predict at what level tolls will start to shed lots of traffic. You can do that.

Mr MATT BROWN: I have a couple of questions also looking at predicted traffic flows and I would also like to discuss further the price that people are willing to pay. We will explain how pricing affects people going into tunnels? I understand in this report you are looking at \$2.90. You state that, should the current toll be reduced, the resultant additional traffic would likely result in a revenue neutral situation.

Mr WILSON: Yes, that is the case. Well, in this circumstance we were able to, for a certain level of toll, actually directly observe what has happened when the toll comes off and goes back on. You have an elasticity effect, which is measurable, and we can apply that elasticity effect to a limited range of tolls. That is what that figure 2 is showing, based on those observations.

Mr MATT BROWN: When you do this modelling, do you also do market research by way of talking to motorists from either end of the tunnel to see who is willing to use the tunnel?

Mr WILSON: Yes. Prior to the EIS work we did some market research in the corridor, in about 2000.

Mr PAUL McLEAY: You have provided a three-page colour flow chart, which is quite technical in nature. Would you briefly run us through it please?

Mr WILSON: Yes. The first two pages are a process that is currently run by the Department of Planning's Transport and Population Data Centre. At the end of that process they produce output data, which we then take oil revenues in more defined models. On the first page it outlines the population model. It takes the current and future forecasts in the population breakdown and the distribution of households and household make-ups, car ownership and the like. It will give you segmentation on that, which then goes into the travel behaviour model, which is the second page. The

second page is an intricate process. You will see under the black bar the word "start" and then you work your way around. It is a process of, once you have forecast the population and employment distribution, how people are going to travel on the road network.

These models go through an intricate process of comparing travel by public transport, travel by road, until it allocates the mode shares on the road, on the buses, until it works into an equilibrium state. Then I have on the right-hand side of page 2 a little arrow, which in red has "Trip tables (origin zone to destination zone)". We take from the TPDC those trip tables and on the third page they go into detailed road forecasting models, where we have, in this circumstance, three yellow boxes. The centre box is the trip tables from the STM or TPDC and starts with an a.m. peak-hour period. We do assignments for a base case, in our circumstances a base case 2000, and we adjust all these trips to better replicate what is on the road system.

Mr MATT BROWN: Is this a standard methodology?

Mr WILSON: It is a standard methodology.

Mr MATT BROWN: So this is used around the world?

Mr WILSON: Yes it is.

Ms LEE RHIANNON: Would the CCMP people have used the same model?

Mr WILSON: They would have used the same models.

Ms LEE RHIANNON: Why did you come up with different answers.

Mr WILSON: It is at this point, at page three, where they would elect to take a different view of circumstances, both in the road networks column and in the trip tables, and particularly in the route choice model, which is where the toll selection comes in. They would do their own consumer surveys and do an estimation of how many people would elect to pay a toll for a certain time saving.

Mr PAUL McLEAY: Do these traffic predictions assess traffic queues and delays caused by red lights and other problems?

Mr WILSON: In a very coarse way. When you get to the end of this process these forecasts then go on to a micro-simulation model, which then re-estimates in more detail the effects of traffic lights, queues, pedestrian interaction, buses and—

Mr PAUL McLEAY: What about fuel prices? Do you factor in fuel prices?

Mr WILSON: No. That would come into earlier stages of the population data centre models where the cost of travel comes in. Fuel is one of those elements and it is one of the factors that have come in since this process was done. Fuel prices have increased significantly. It has suppressed a little bit of travel we have observed over the last three months. Against seasonally adjusted figures we have noticed it is down about 3 per cent or 4 per cent, although it is easing a bit now. From other consumer surveys we know that tolls have an impact greater, because that is the discretionary level of your motoring costs. So that would be one of the first ones that would come off.

Mr MATT BROWN: What other firms are you contracted to work for—other agencies?

The Hon. GREG PEARCE: That is hardly relevant.

Mr ANDREW CONSTANCE: That is outside the terms of reference.

Mr MATT BROWN: I am trying to establish the experience you have had in working for other companies or agencies.

Mr WILSON: I am currently working for Main Roads Queensland, the Department of Infrastructure Victoria—VicRoads Victoria.

Mr MATT BROWN: You are used extensively by major agencies?

Mr WILSON: Yes.

Mr PAUL McLEAY: You have explained how the different toll levels affect the modelling. Do these traffic predictions include the movement of buses, taxis and trucks, or merely individual vehicles?

Mr WILSON: At the network level, which is the area-wide models that cover the metropolitan area, we model trucks and cars, just two classes of vehicles. When we come down to the micro-simulation level, we do model taxis, buses and trucks, and we disaggregate it further at that level.

Mr PAUL McLEAY: When you are collecting that information, does it make a difference? Do you see behavioural pattern changes between the different segments?

Mr WILSON: Yes, you do. I will take taxis, for example because that is one of the areas that I would suspect needs a little bit of investigation. It is only a minor element, but there are a whole lot of elements that need to be looked at as to why the perversions are high. Taxis in the city can represent 10 per cent or 15 per cent of the traffic flow, which is very, very different from the general metropolitan area. Their behavioural response to tolls would be quite different from the normal motorist. It is an area that needs a better understanding in this case and it could impact on the tolls.

Mr MATT BROWN: Looking at the general economic cycle of booms and busts over a number of years, and you also have changes in disposable income from general households from things such as interest rates, how do you factor those sorts of variables into your model?

Mr WILSON: That should go back to the TPDC modelling. One of the surrogates for income is car ownership, so it is rolled into those areas of travel costs.

Mr PAUL McLEAY: How does population growth influence your traffic predictions?

Mr WILSON: It can, quite considerably, so that the forecasting of population changes over time, compared with what was done in 2000, can impact on the traffic forecast quite significantly.

CHAIR: I know that the RTA have cables that they put across roads to measure how many vehicles have used certain roads. Did you have access to that information as to how many people travel down William Street?

Mr WILSON: Yes.

CHAIR: You actually do have a concrete figure?

Mr WILSON: Yes.

CHAIR: If only 10,000 cars use that road it is not going to jump to 90,000.

Mr WILSON: That information and data is used to validate the models.

CHAIR: They are not just based on a household survey? You have concrete facts?

Mr WILSON: Many streams of data input are used to validate the models.

Mr ANDREW CONSTANCE: Which road closures have you been instructed to do modelling on?

Mr WILSON: I have only been asked for a view on William Street.

Mr ANDREW CONSTANCE: Only on William Street? Have you been asked to review any other roads?

Mr WILSON: No.

Mr ANDREW CONSTANCE: Not at this stage?

Mr WILSON: Not at this stage.

Mr ANDREW CONSTANCE: In relation to that what findings have you reached?

Mr WILSON: Well, it was the simple question: Would putting the lane back in William Street have an effect on the revenue at the equilibrium stage, not during the ramp up? My assessment was that it would probably be between 3 per cent to 7 per cent, but I would have to a lot more work to firm that up.

Mr ANDREW CONSTANCE: When were you instructed to undertake this work?

Mr WILSON: It might have been last week.

Mr ANDREW CONSTANCE: Last week?

Mr WILSON: Yes, look, I honestly cannot remember. I will have to go back—

Mr ANDREW CONSTANCE: So, last week. Last week the Government instructed you to start reviewing road closures?

Mr WILSON: No, it was not instruction. I was asked by—I would have to take that on notice to see in what circumstances I was asked that.

The Hon. GREG PEARCE: Just to clarify that, you said that the impact would be 3 per cent to 7 per cent?

Mr WILSON: Yes.

The Hon. GREG PEARCE: Meaning what, 3 per cent to 7 per cent less cars in the tunnel?

Mr WILSON: Yes, against the base, against the equilibrium forecast.

The Hon. GREG PEARCE: Against the 80,000 forecast?

Mr WILSON: Yes.

CHAIR: Your figures are, obviously, conservative. It may be that a private enterprise consortium wants to encourage investment and support by being more optimistic in its calculations? Could that have affected the people who were doing the analysing of these figures? You have no axe to grind; you are looking at real facts. The consortium is looking at other factors is it not?

Mr WILSON: They are, but I might make the point that in the tender process in 2000 all the forecasts were within the ballpark, what I call modelling accuracy—2016 were coming in within the same bandwidth of modelling accuracy.

Mr ANDREW CONSTANCE: Who from within the RTA asked you to do the work last week?

Mr WILSON: As I said, I will take that on notice and I can get back on that.

The Hon. GREG PEARCE: The \$2.90 that you talked about, have you arrived at that figure based on the consortium's funding package?

Mr WILSON: It was a specific question at \$2.90 what the effect was. That is why it is in that summary.

The Hon. GREG PEARCE: You were directed to \$2.90?

Mr WILSON: Well, the figure 2 was used, the elasticity curve, and the question was asked what would \$2.90 be? What would be the effect of lowering the toll to \$2.90.

The Hon. GREG PEARCE: But you are not a financial expert, are you?

Mr WILSON: No.

Ms LEE RHIANNON: Who are the traffic consultants for CCM? I can imagine there are not a lot of traffic and transport consultants who do this work. I was wondering who did this work and have you worked with them?

Mr WILSON: The consultants, I understand, and I may be corrected on this, were Hyder Consulting, motorway consultants, yes.

Ms LEE RHIANNON: Have you worked with them? Have you been subcontracted to work with them? Is there any association?

Mr WILSON: No, I do not think we have, actually.

Mr MATT BROWN: When talking about the different vehicle mix you referred to public sector transportation, such as taxis or buses. What about other types of vehicles such as four wheel drive vehicles, six cylinder or eight cylinder cars?

Mr WILSON: We do not distinguish that.

Mr MATT BROWN: You do not distinguish that in your modelling at all?

Mr WILSON: No.

The Hon. GREG PEARCE: You said that you started working for the Roads and Traffic Authority in 1997. When the former Premier made the announcement on 22 October 1998 of the 1.2 kilometre cross-city tunnel, he estimated 48,000 vehicles a day would use the tunnel. That figure obviously would have come from you?

Mr WILSON: I do not know. I would have to check.

The Hon. GREG PEARCE: How would it have gone from 48,000 to 92,000?

Mr WILSON: I would have to go and have a look.

The Hon. GREG PEARCE: Can you give an explanation, or take that on notice?

Mr WILSON: The straightforward answer is that one was a quite short tunnel and obviously the longer tunnel has a greater capture.

The Hon. GREG PEARCE: Yes, but why?

Mr PAUL McLEAY: You said before that it missed traffic lights, it is more desirable.

The Hon. GREG PEARCE: I guess people are intuitive. However, only a certain amount of traffic is flowing. What if the total traffic goes east-west across Sydney?

Mr WILSON: I will take one segment of the travel market as an example. If you have a tunnel that is down towards College Street, the viable alternative to that point is from the eastern suburbs, Oxford Street, William Street and New South Wales Road. There are a number of sets of

traffic signals on both routes. If you take it further out, towards Rushcutters Bay, on that particular corridor you are starting to eliminate a number of sets of signals. It becomes more of a viable option for people up in the Oxford Street area to consider alternative routes such as Ocean Street, and down that way. You start to capture more in that regard.

Mr MATT BROWN: You referred to a micro-simulation model. Can you give more detail on that?

Mr WILSON: It is a very detailed model which, rather than modelling vehicles like a pipe, such as used for water, these models actually model vehicles individually on the system, on the road. It is a simulation process. We can start to estimate the effects of lane mergers and lane diverges, the impact of buses and trucks stopping on roads, pedestrian influences, the effects of co-ordination on traffic signals, and a whole host of things that make it a more precise model, which the design detail requires.

(The witness withdrew)

JOHN LOUIS GOLDBERG, Honorary Associate, Faculty of Architecture, University of Sydney, Wilkinson Building, Sydney, affirmed and examined:

CHAIR: In what capacity do you appear before the Committee: as an individual or as a representative of an organisation?

Dr GOLDBERG: I appear as a continuation of research that I had been carrying out for some years into toll roads. So, I am here representing my faculty. My evidence will be on the record and will be available to that faculty.

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

Dr GOLDBERG: Yes.

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

Dr GOLDBERG: Yes. My background is that of a mathematician/physicist. When I was with the CSIRO I was essentially in the science and engineering area. When I left the CSIRO in 1989 I decided to undertake research into transport issues. This is not just roads, but aviation as well. I started to work back in the 1990s studying toll road issues, because I felt there was a great deal not understood by the community. I saw myself in a position to educate the community in what was going on. A lot of the financial arrangements appeared to be very obscure, they were not helped by the secrecy and other commercial provisions. So I set about working on this area and attempting to discover what was really going on. I hope my presentation will reflect that situation.

Before we start talking about traffic projections, we have to have a benchmark for discussion. I have seen throughout this business of the cross-city tunnel all sorts of projections. This seems to be a lack of an attempt to try to pin it all down, to try to make coherent sense of it. The Roads and Traffic Authority [RTA] has a system of monitors which essentially perform a census of the traffic flows in the Sydney metropolitan area. I have with me a typical book of these measurements and they provide a benchmark, because if you have enough data of the traffic flows in the area over a number of years, you can establish trends in traffic.

The first slide is a map of the area. On it the screenline marked "SL6" passes through all of the monitors, and they have provided very useful benchmark data. Remember that the tunnel is to the left of the screenline. The majority of the traffic goes down New South Head Road. The second slide is headed "Cross City Tunnel Traffic Projections: EIS, Financial model, RTA (no tunnel)". It contains three sets of data: the RTA screenline data from 1996 to 2002, which is a very good sample; the EIS projections which were carried out by Masson Wilson Twiney and are the cross-hatched second set; and then another set which is taken from the base case financial model.

I must tell you how I got those, because it may be very surprising to you. They were not explicit in the model, they had to be derived by taking the toll revenue and dividing by the toll. You will notice that the first one is possibly familiar to you, it is 88791 in 2006, but look what happens. In 2034 it goes right up to nearly 200,000 vehicles. Any good analyst would ask what on earth is going on here? That does not seem right. If we have a closer look at the next slide which is headed "Data: CROSS CITY TUNNEL FINANCIAL MODEL.STA 19v*76c", I have taken all the traffic projections for every year and derived a model. These are traffic projections derived from the model, showing the ramp up. There has been a lot of talk about ramp up. Frankly I do not understand how, when a new facility comes on stream, as it has done, that you can say immediately there is going to be 80,000 cars. That is exactly what that says. It goes straight up and the ramp up continues until the end of the concession period.

Furthermore, it has the wrong shape. Ramp ups go up and gradually settle down. But this one continues to go up all the time. I would like, with your permission, to read back to you a couple of

statements made by two parties to this inquiry. On 6 December 2005 Mr Forward from the RTA, on page 67 of the transcript said:

Mr FORWARD: We have independent traffic advice from, arguably, Australia's top traffic modelist ... it was our view that these were reasonable figures, given the longer-term nature of this project.

Page 73 states:

CHAIR: How were the estimates of traffic volumes arrived at, particularly the figure of 90,000 cars per day?

MR SANSOM: Essentially, the Cross City Motorway employed an international firm of consultants, Hyder Consulting, to undertake the traffic analysis associated with the provision of the cross-city tunnel.

Mr Sansom is the chief executive officer of the Cross City Motorway consortium. What they are doing in those statements is leaning on certain advice given to them by Hyder. I happen to know one of the Hyder consultants, and they would never put their name or stamp on such apparent nonsense. Therefore, I decided to look at the whole thing a different way. The next slide gives a breakdown of the meaning of the so-called Hyder—and I say so-called because I do not know if Hyder did it—

Ms LEE RHIANNON: Before we leave that previous slide, where did the figure in that table come from?

Dr GOLDBERG: That was derived by me from the base case model. You take the toll revenue and divide by the toll.

CHAIR: The next heading is "Cross City Tunnel Financial Model: Lane Loadings and Tolls".

Dr GOLDBERG: If you look at the Masson Wilson Twiney results, they produced very sensible lane loadings. That is the vertical access there on the left. If you are looking at 1,000 vehicles per lane per hour you have very comfortable driving conditions at about 60 kilometres per hour. If I could just show you the book I referred to, which is done by some of our colleagues down at Monash. This is the bible which you use for determining the level of service of a road.

CHAIR: Can you give us the title of that publication?

Dr GOLDBERG: The title is *Guide to Traffic Engineering Practice Part 2: Roadway Capacity*. It has a list of levels of service at various what we call lane loadings. That is the number of vehicles per lane per hour. If you look at this graph here you will see that the Masson Wilson Twiney figures produced a very good level of service. We call that level of service B. Supposing you are in the tunnel and you are moving along and you want to change lanes, you will be able to do that because there will be sufficient headway between you and the car in front. So the Masson Wilson Twiney figures produced consistent results in accordance with this book. I have shown the level of service—that is what I have just described as the crosshatched one.

If you look at the 2006 projections from the base case financial model you will see that it is getting up to about 1,750. That is getting uncomfortable. We are looking at the level of service E, F being the worst of all. But when you get to 2016 you are up around 2,050 in the peak hour and that is queuing and delays for the whole traffic. In other words, you are paying quite a sizeable toll to get a very inferior level of service. And the tolls are all up the top there, the square dots. In 2036 you have a parking lot. The traffic does not move. In fact, just from economic reasoning, you can see the situation when the level of service is going down virtually and the tolls are going up just defies economic reasoning. You would not enter a facility that behaved that way and pay money for it.

So we are now left with the question of how did they do it. Where did they get those figures from? I am fortunate perhaps in the fact that I was doing a paper on the transurban city link, which is one of the big toll roads in Melbourne. I gave a paper to the Australasian Transport Research Forum in September and I put together what I will call a mathematical algorithm to explain how transurban got its forecasts. Then I discovered that the same algorithm worked for the M2 and for the cross-city tunnel. I apologise for putting up a mathematical sheet in front of you but I will do it because I can go through it and just tell you in words what they did. What is going on in this whole CCT affair is that they have worked back from the equity dividends that they had put forward to the investors and from

those equity dividends they manipulated all the figures in the model and I can prove this as I will show you shortly.

CHAIR: The chart on the screen is titled "Illustration of the work back method of deriving traffic volumes".

Dr GOLDBERG: You find as I show you that the CCT financial model fits this perfectly. You start with a series of equity dividends, giving a certain internal rate of return on investment to the tunnel. There are a couple of superannuation funds unfortunately in this, and I will tell you why I say "unfortunately" in a moment. They manipulated the net profit after tax and the dividends to get a financial balance, and then they work back to the toll revenue. They take the expenses away from the toll revenue. They plug in various numbers to get the net profit after tax and finally out comes an equation for the traffic volumes. The proof of this is in the next slide and I would like to point out to you what is going on here.

The slide is titled "Cross City Tunnel Financial Model: Financial Balance, Its Present Value and Traffic". What I have done here is I have drawn the financial balance—that is the cumulative difference over the 33 years—between the net profit after tax and the dividends. Accountants call this a carry forward calculation. What you find is that balance occurs in 2032 most beautifully. In fact, it is within a fraction of a per cent. And then there is a little bit over and that comes up to \$117.5 million. That happens to be in the model the amount which they call the senior debt. What they are claiming here is that they have enough residue from the traffic volumes to pay off the debt—that is the bit of the debt in the model on which you have to pay interest and there are debt service charges, in other words.

This is the Deutsche Bank; you would think these guys would know what they are doing. Macquarie Bank knows what it is doing only too well, but these guys slipped up badly because when I did a present-value analysis of that financial balance I found that it was never positive. In other words, there is no real balance at all in real money terms. This is the situation for these very large traffic volumes, of which three samples are given here. What this means is that there is no way that this thing can be considered viable financially, that they knew this was the case and a contract was signed with this model, which they knew was false and misleading. The Government of New South Wales has signed the contract and, quite frankly, I think this raises some awesome possibilities legally because although you have a contract—and I understand from my legal colleagues that once you have a contract it is a contract—the contract was brought forward by, frankly, corrupt means.

What is more, this will happen on the Lane Cove tunnel as well because in the base case financial model for the CCT the RTA mentions that the preliminary model was done the same way. And I am not surprised, because they have no other way. There is a general proposition coming through here. I saw it years ago in the transurban city link. It is all consistent. If you go back in time to 1994 to the M2 and you go to 1996 to the transurban city link, it is all structured the same way. In other words, what they are doing is by putting forward these enormous traffic volumes they are saying to investors, "Look what will happen in the next years. We will get a bonanza." But all you will get is debt because that is what is happening with transurban at the moment. Perhaps I could stop there.

CHAIR: The way you have explained it, it sounds as if the only way it will make a profit is after 30 years when the government becomes the owner of the tunnel.

Dr GOLDBERG: Exactly.

CHAIR: So maybe it is a good deal from the Government's point of view.

Mr ANDREW CONSTANCE: What do you understand the internal rate of return to be?

Dr GOLDBERG: It is a mathematical concept.

Mr ANDREW CONSTANCE: I understand that, but what do you understand the actual figure to be?

Dr GOLDBERG: Some of the investors were promised about 12 per cent.

Mr ANDREW CONSTANCE: I thought it was 14 or 16 per cent.

Dr GOLDBERG: I did the sample calculation on one just to check it. Of course, what they have done there, by not discounting the future cash flows, they have produced 12 per cent but it is more like a few per cent—2 or 3 per cent. That is all I can tell you at the moment. I could take it on notice and produce proper information.

Mr ANDREW CONSTANCE: If you could.

Dr GOLDBERG: Incidentally, I brought along a set of notes which you might care to use in your deliberations which gives the substance basically of what I have said today.

CHAIR: You have a copy of what you have been telling us.

Dr GOLDBERG: Yes, it is fairly—

CHAIR: You may table that; it is like a submission from you.

Dr GOLDBERG: Yes, but it is a draft submission. I may alter it.

The Hon. GREG PEARCE: How exactly did you get to your figures for 2016 and 2034 which you say you derived from—

Dr GOLDBERG: They come from two line entries in the base case model. There is a line entry for the toll revenue and there is a line entry for the toll, and you divide one into the other. It is very simple.

CHAIR: You probably heard me say to Mr Wilson that with the variation in the calculations of the traffic volume that the company may have been more optimistic in its figures to attract investors and I think you are more or less confirming that.

Dr GOLDBERG: That is one way of looking at it, yes, but it can never be profitable under any circumstances.

Mr MATT BROWN: You have undertaken some very detailed analysis of the base case financial model. Can you tell the Committee who prepared that base case financial model? Was it the RTA or the CCT?

Dr GOLDBERG: No. I understand it was done by the Deutsche Bank.

Mr MATT BROWN: But not for the RTA; it was for the CCT.

Dr GOLDBERG: No, but wait a minute. I understand the RTA may have had it audited.

Mr MATT BROWN: The question I am asking is who prepared that model.

Dr GOLDBERG: Deutsche Bank.

Mr MATT BROWN: Was it the RTA or was it the private sector?

Dr GOLDBERG: No. The private sector, Bilfinger Berger, Deutsche Bank and Baulderstone Hornibrook.

Mr MATT BROWN: So the problems you have outlined are specific to the cross-city model traffic figures, not the RTA figures?

Dr GOLDBERG: Well, certainly not the EIS figures prepared for the RTA in the year 2000.

Mr MATT BROWN: But they are predominantly the cross-city tunnel traffic figures, not those that were given by the RTA?

Dr GOLDBERG: The RTA did not give anything. What happened was they commissioned an EIS.

Mr MATT BROWN: The question I am asking is: the problems you have identified are specific to the figures of the cross-city motorway consortium, not the RTA figures?

Dr GOLDBERG: No. When you talk about RTA figures—

Mr MATT BROWN: Say the EIS.

Dr GOLDBERG: The EIS, yes. That is Masson Wilson Twiney. I think Mr Wilson was here this morning.

Mr MATT BROWN: I just want to understand a bit about your experience in these matters. You are an engineer or—

Dr GOLDBERG: I am a scientist.

Mr MATT BROWN: A scientist predominantly of applied mathematics by training?

Dr GOLDBERG: Yes.

Mr MATT BROWN: Do you have any qualifications or professional experience in financial matters?

Dr GOLDBERG: Only what I have developed myself over the last 10 years.

Mr MATT BROWN: And you have done your PhD—I see you are a doctor. What was the subject of your thesis?

Dr GOLDBERG: The PhD was done in physics.

Mr MATT BROWN: The media has reported your claims that the finances of these companies are fundamentally flawed, and you have given that evidence before the Committee today, and you have also mentioned before the Committee the company Transurban, which you did a paper on. Transurban challenged you to have your paper reviewed by a reputable audit firm at Transurban's expense, yet you ignored that challenge. Can you tell the Committee why you do not have confidence in having your papers audited?

Dr GOLDBERG: Just let me go back in time, since you have obviously read PricewaterhouseCoopers' evaluations, et cetera. What has happened is this—

Mr MATT BROWN: Sorry, just on PricewaterhouseCoopers—

Dr GOLDBERG: Wait a minute, I have got to defend myself.

CHAIR: Dr Goldberg just wants to answer why he did not go for the audit.

Dr GOLDBERG: The reason was that I had at least two referees in front of that paper and I did not see that it was necessary. I put that paper forward among the heavies in the transport area and they were satisfied. In fact, I was one of the relatively few selected. PricewaterhouseCoopers tried to demolish it because they are the auditors of Macquarie Bank. What they seized on was something in the financial model that I used, which was not my model, it was the Macquarie Bank's model, where they used depreciation as a cash value and put that in the profit and loss account. I saw no reason why I should alter that model because I would have been accused of meddling with the figures. Incidentally, may I say, that Deutsche Bank has done the same thing in this cross-city tunnel model. I think I have answered that. The sorts of things that were flung at me by PricewaterhouseCoopers are

disreputable, and I have answered them. I will give you a copy of the five-page letter that I sent. Do you want that?

Ms LEE RHIANNON: It has been offered; I think we should accept it.

Mr MATT BROWN: I want to know what it relates to. Does it relate to the comments that PricewaterhouseCoopers made when they said that they disagreed with many of the statements in your paper and they said that some of the conclusions you have reached are unfounded?

Dr GOLDBERG: That is nonsense.

The Hon. GREG PEARCE: Point of order.

CHAIR: We will clarify it. You have written a reply to those allegations?

Dr GOLDBERG: I will give you, chapter and verse, the—

CHAIR: Can you give us a copy of that five-page letter?

Dr GOLDBERG: Yes, I will give you the original that they sent me, and my refutation of it.

CHAIR: And your reply?

Dr GOLDBERG: I am going to put them on the worldwide web, as a matter of fact. And, incidentally, for good measure, the Thompson Journal Project Finance International interviewed me from Singapore just after that—over an hour interview by phone. They have published my findings worldwide. I have no qualms about what I did because I researched it properly. What PricewaterhouseCoopers are doing is protecting their backside because they know that I have tumbled to their little secret. That is what is going on. And I will prove it again and again.

CHAIR: Have you got a question, Ms Rhiannon?

Ms LEE RHIANNON: Yes. Dr Goldberg, you spoke about the super funds and some concerns there. Would you elaborate on those please?

Dr GOLDBERG: Yes. They have put equity into the \$405 million—no, not \$405 million, that is the total equity, but about half of that has been subscribed by the super funds. I am worried in a general sense, not merely about the CCT but what is going to happen to all super funds that have invested in all these toll road schemes.

Ms LEE RHIANNON: And that includes some of the State Super Fund, does it not?

Dr GOLDBERG: Yes. Just from memory, it was public service, et cetera.

Ms LEE RHIANNON: So what do you think could be the future for them and in what time period?

Dr GOLDBERG: Their return on equity is going to be miserable; they are not going to get the dividends they think they are going to get. They have been thoroughly misled. The trouble is in Australia the whole country is awash with superannuation fund money; they do not know where to place it. And of course, any smart entrepreneur that says, "Oh yeah, this infrastructure stuff is great" and produces false traffic figures to give us that impression, they are going to be sucked in. And of course, I can even tell you that they place some of the people from the superannuation board on the board of some of these toll road companies.

Ms LEE RHIANNON: Have you got any examples?

Dr GOLDBERG: Yes. Mr Peter Byers—I am naming him.

Ms LEE RHIANNON: Who is he?

Dr GOLDBERG: He is on the uni super board.

Ms LEE RHIANNON: And what toll road—

Dr GOLDBERG: He has been on the M2 and Transurban.

CHAIR: We need to move on. I do not know whether that is strictly relevant.

The Hon. GREG PEARCE: We did not give up the Opposition's time for questioning Dr Goldberg.

Ms LEE RHIANNON: We still want our equal time.

Mr MATT BROWN: I only have one more question, Mr Chair. At the beginning of the evidence you said you appeared here on behalf of the faculty rather than as an individual and I am just confused as to why you said that, considering that Professor Gavin Brown, the Vice-Chancellor of the university, issued a media statement, you might remember, on 10 November where he said, "Recent media reports have quoted Dr Goldberg, described as an academic at the University of Sydney who has expertise on toll roads. Dr Goldberg is not an employee of the University of Sydney. He has been given the title honorary associate by the faculty of architecture, but he speaks as an individual and the university accepts no responsibility for his comments, which it does not endorse". Do you want to withdraw what capacity you appear before the Committee today?

Dr GOLDBERG: I explained at the very beginning that I have carried out all this research work as an honorary associate. When I publish a paper I put down the faculty name on the paper, and I did not think this was going to be any different. Dr Gavin Brown may not know that. I am saying to you that the Australian Transport Research Forum paper was a fully refereed paper and was attributed to the faculty. I got faculty support—\$350—to attend it. That is an endorsement, isn't it?

Mr MATT BROWN: I am not too sure. I am just quoting Professor Brown.

CHAIR: We understand that is your response. We will move on.

The Hon. GREG PEARCE: Dr Goldberg, you have said twice that you had referees for these papers. Who were the referees?

Dr GOLDBERG: The referees are always kept secret, but I can give you the referees' report.

The Hon. GREG PEARCE: But they are eminently qualified?

Dr GOLDBERG: They would not have let me into this Transport Research Forum otherwise. It is a pretty fussy organisation that has representation in New Zealand—

The Hon. GREG PEARCE: Who else is in the transport forum?

Dr GOLDBERG: I can give you a whole list of delegates if you want.

The Hon. GREG PEARCE: If you could.

CHAIR: You said in answer to a previous question that you did not see it necessary to have an audit because you have these referees, but would you be against having an audit to clarify—

Dr GOLDBERG: If I were satisfied—

CHAIR: You do not think it is necessary, but would you have any objection to having an audit?

Dr GOLDBERG: No. The point was it was a tactic, in my view, to discredit me. The Macquarie Bank does not like its little lurks exposed, put it that way.

CHAIR: Only the audit may help.

Dr GOLDBERG: The audit would not have been an audit. The audit was what this fellow from PricewaterhouseCoopers sent me. And I am going to send you the two letters.

Mr PAUL McLEAY: Send them to the Committee.

Dr GOLDBERG: Sure, I am quite happy to.

CHAIR: You could have an independent auditor.

Dr GOLDBERG: I mean, you can keep auditing and auditing. I would say that I was audited more than some of the audits that were around for this particular activity.

The Hon. GREG PEARCE: Your figures are all out there so anyone who wants to comment on them can comment on them, can they not?

Dr GOLDBERG: Exactly.

The Hon. GREG PEARCE: If they can discredit them let them discredit them.

Dr GOLDBERG: Exactly. There was another thing: I took this to a lawyer and he said, "Oh yeah, they are trying to intimidate you to shut up". They do not want their modus operandi exposed, obviously. Look at the Macquarie Bank share price.

Mr PAUL McLEAY: Dr Goldberg, are you totally opposed to private investment in all toll road projects? Do you agree that there are huge benefits to be gained in economic development and jobs by bringing forward projects such as the Eastern Distributor and the M7 that would wait for years to be funded if the public sector built them itself?

Dr GOLDBERG: No, I am not against private toll roads per se, what I am against is the lack of transparency so that we can see what is going on within the camp, as it were. In recent times where they are shutting off streets in the CCT affair and Lane Cove, I will tell you now: I am going to be personally affected by the Lane Cove tunnel but that does not cloud my objectivity. If these things were viable in their own right—intrinsically viable—there would not be any need, would there, to give them some sort of financial protection, and that is what I object to.

My family use the M2. We have used Citylink in Melbourne. That is fine. The quality of the roadway is good, and that is good: less danger for my wife and myself and so on. But the rationale which goes to support the investment and the secrecy is objectionable, and I am fully in agreement with Tony Harris on this one. Both of us have been on the *7.30 Report*, as you know, talking about this very thing. The other thing I am worried about though is the type of financial engineering that goes into making these toll roads look viable I think is a danger to the super funds because Transurban is carrying a debt of over \$3 billion now because they cannot pay dividends; they have got to draw down a debt to do it. The M2 was the same before it was taken over by Transurban, and if you saw the books of others you would almost certainly find a similar pattern. Basically, it boils down to this: you cannot stuff enough cars onto a roadway, paying tolls, to produce the revenues necessary to pay the expenses and the dividends to investors. That is basically the theorem.

CHAIR: That is a good point at which to conclude. We thank you for attending as a witness and clarifying some of the statements you have made. We look forward to receiving the letter you referred to and the five-page response.

(The witness withdrew)

(Short adjournment)

CLOVER MOORE, Independent member for Bligh and Lord Mayor of Sydney:

CHAIR: Thank you for agreeing to appear as a witness before our inquiry. Because you are a member of Parliament we do not have to swear you in, but I need to ask some questions for the record. What is your full name?

Ms CLOVER MOORE: Clover Moore.

CHAIR: What is your occupation?

Ms CLOVER MOORE: Independent member for Bligh and Lord Mayor of Sydney.

CHAIR: What is your address, either business or private?

Ms CLOVER MOORE: Parliament House or the Town Hall.

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

Ms CLOVER MOORE: Both, as the member for Bligh and also as the Lord Mayor of Sydney.

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

Ms CLOVER MOORE: I am.

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

Ms CLOVER MOORE: I would. First of all, I would like to make some general observations about the issues being considered by the inquiry. For many years I have advocated improved public disclosure and effective community consultation to ensure that major decisions made by government reflect the needs and interests of the community. Public accountability is essential to ensure good government in the public interest, which is why I moved my private member's bill in Parliament two weeks ago, the Freedom of Information Amendment (Open Government—Disclosure of Contracts) Bill requiring details of all major government contracts with the private sector to be publicly disclosed after they have been signed. The cross-city tunnel experience underlines the importance of public disclosure. There are a number of important lessons to be learnt from this, including evaluating both financial and non-financial costs and benefits, and ensuring the broader public interest is served rather than short-term sectional interests.

The cross-city tunnel illustrates that there is no benefit in the commercial cherry picking of particular transport routes and sectors to maximise financial returns. It promotes poor outcomes, exacerbates existing transport problems and does not benefit the entire system. What may seem like a good deal for a public sector agency like the RTA may not be in the broader public interest. There are a number of lessons to be learned, the most important being the need to build co-ordination and public accountability, and to involve and listen to the community. We need to ensure that major projects such as the cross-city tunnel are integrated with other forms of transport, well planned and demonstrably in the public interest. Sydney's future transport needs should be the responsibility of one authority charged with co-ordinating transport, including roads, as part of a plan to develop a well-integrated transport network. Any proposal for private sector involvement needs to fit into the overall transport network. Government agencies working independently, sometimes at cross purposes and with competing priorities, are anathema to co-ordinated traffic and transport management, and are more likely to make our existing transport problems even worse.

The clear lesson from other cities is that co-ordination of transport agencies is essential, and London or Perth are good examples. Co-ordination and co-operation between agencies to enable integrated ticketing combined with demand management measures can make a huge difference. I note that integrated ticketing has been long delayed in New South Wales. It was disappointing that the bill due to be introduced a couple of weeks ago was deferred. The success of the toll-free period followed by declining traffic when the free period ended indicates that people are strongly resistant to paying the toll. While this may be just directly related to the price of the toll, it should be acknowledged that this is the first fully electronic toll road in New South Wales. The way the E-tag system works, motorists must deposit a substantial amount of money upfront and then pay a series of additional fees and charges, which may be further fuelling public anger and resentment, and resistance to signing up. Inconsistent and ad hoc charging for travel on private toll roads will create barriers and disincentives for motorists, creating a displacement effect impacting on traffic patterns and leading to rat runs in nearby areas. In this case it has been exacerbated by road changes designed to funnel motorists into the tunnel.

I think there is a strong case for the State Government to examine whether the use of road tolling can be standardised and managed better. While there are clearly differing contractual arrangements in place with each different road operator, there are also precedents for government to negotiate shadow toll arrangements that could be used to partially subsidise some of the toll prices, or introduce a cash-back scheme like that introduced in 1997 when it was not considered feasible to complete the scope of the toll on the M4/M5. The City of Sydney is preparing a written submission to the inquiry, which will identify road changes that could help to alleviate some of the current traffic problems around the tunnel.

I would like to briefly outline some of the action I have taken since 1999, both as the member for Bligh and, more recently, the Lord Mayor of Sydney in relation to the cross-city tunnel. There is now a lot of interest in this project, but I would like to place on the record that before it became controversial I raised many of the current criticisms and concerns on numerous occasions. I welcome the inquiry, which, I hope, will lead to real public benefit by achieving the positive aims of the cross-city tunnel project, while identifying strategies to address negative impacts and prevent similar problems on future infrastructure projects.

It is tragic that this inquiry is occurring after completion and opening of the cross-city tunnel rather than before, when there was a much greater scope for improvement. I, in fact, called for the inquiry into the project in 2002 when it became clear that the project was off track following changes during the tender process that resulted in a revised scheme that was more environmentally damaging and imposed unacceptable impacts on local residents. In October 2001 the State Government approved the cross-city tunnel subject to conditions. The RTA tendered for the project and accepted a tender that it did not conform with the approved scheme. In August 2002 the Government announced a modified proposal based on the tender as a revised proposal. That scheme, with limited variations, was endorsed by the Minister for Planning, Dr Andrew Refshauge, in December 2002. On 13 September 2002 I wrote to the Minister seeking an inquiry on how the project had been changed to increase the planned-for traffic impacts on residential areas, worsen air and noise pollution, increase visual impacts, impede local traffic access and risk building integrity at the eastern portal. To attempt to get action on the concerns I also made a submission on the supplementary EIS on 2 September, made a statement in Parliament on 3 September, a media release on the same day and took a delegation of residents to the Minister, in November.

The key issues and concerns were clear then and the actions at that time were: proposed changes were a result of a \$100 million financial package paid to the State Government with a tenderer benefiting from changes designed to maximise revenue; replace the previously approved project that required the Government to contribute \$40 million for a more beneficial scheme; details were not released to enable public scrutiny of whether inappropriate deals were driving an environmentally unacceptable scheme; new traffic conditions were being introduced that were not related to improved amenity, but designed to force drivers into the tunnel or require them to use more convoluted routes. As background to my observations and recommendations I will provide action as State Member for Bligh and Lord Mayor of Sydney. Since the mid 1990s, looking first of all at the role of the council, the City of Sydney has advocated for the construction of the cross-city tunnel. The city has clearly articulated its aims in supporting the tunnel, the removal of traffic from surface streets

to improve travel times through the central area and to allow the reallocation of road space in the CBD for public transport, pedestrians and cyclists.

The City of Sydney and South Sydney councils both made submissions to the August 2000 proposal. South Sydney City Council supported the tunnel, strongly supported the creation of a William Street boulevard and expressed serious concerns about traffic modelling information. The City of Sydney also supported the tunnel in principle, and outlined a range of objects to include conditions for traffic, public transport, pedestrians, cyclists and residents in the CBD. It also identified that a financial contribution may be needed to achieve higher quality of streetscape treatments. I have had a long and active involvement with the cross-city tunnel. I have consistently expressed reservations and believed that if it were built local communities must receive benefits from the removal of surface traffic, expansion of public transport and the creation of a pedestrian-friendly William Street boulevard. I made five major submissions, one at each key stage of the tunnel planning process. I have a summary of the action I have taken, which I will hand out to all members of the Committee.

CHAIR: We will table that.

Ms CLOVER MOORE: I have copies for each of you, in case you want to have a look at them as I am talking about them.

CHAIR: What are they?

Ms CLOVER MOORE: It is the action I have taken as the member for Bligh: the five major submissions, at each stage of the tunnel planning process: the preliminary cross-city tunnel proposal in February 1999, the environmental impact statement in 2000, the preferred activity report in 2001, the supplementary EIS in 2002 and the preferred activity report in 2002. I have also listed the topics of the 18 media releases to get public exposure and action: February 1999, call for the cross-city tunnel to extend under William Street; May 1999, flawed cross-city tunnel plan must be fixed; September 1999, extended cross-city tunnel welcome response to community concern; October 1999, road tunnel air pollution, the RTA lies; and August 2000, public display extension of vital cross-city tunnel EIS. I will not read it all out. You can see the 18 listed. Then you can see that I included information as the member for Bligh in extended newsletters over five years. In almost every issue, I have reported to the Bligh community—

The Hon. GREG PEARCE: I am sorry to interrupt you, but you were invited today as a representative of the council. I think we would like to ask questions about the council's role. We know that you are the member for Bligh, but I do not think you should take up too much time in that capacity because we have questions about the council.

Ms CLOVER MOORE: I am very pleased to answer that.

CHAIR: The witness did say that she was here representing Bligh and the city council.

Ms CLOVER MOORE: And as the local member for the area in which the construction has occurred it is absolutely vital that the Committee understands how well-informed the community I represent is about all these issues that have been raised over a five-year period. You can see from the list—

CHAIR: You have included the written documents so there is no need to quote all of it.

Ms CLOVER MOORE: I will not. You have that in front of you. You can also see that I made three parliamentary statements specifically on the issue. And I would particularly like to refer you to the one that relates to 3 September 2002, which will outline the information about the change in the scheme and the contribution of the \$100 million. I think that is an absolutely critical point in this development. I think if the Parliament and the media had taken any notice of what was being said by the local member at that time, we would not be where we are now with the cross-city tunnel. It would not have proceeded as it has proceeded.

Moving on, since the 2004 local government elections the city has continued its action to achieve real benefit from the cross-city tunnel. In June last year the council endorsed a lord mayoral minute to request the RTA to develop local area traffic management plans to minimise impact of the cross-city tunnel, particularly in Darlinghurst, East Sydney, Rushcutters Bay, Kings Cross, Woolloomooloo, Ultimo, Glebe and Forest Lodge. On 13 September last year council endorsed a lord mayoral minute for the upgrading of William Street to take advantage of the reduced traffic flows to transform William Street into a tree-lined boulevard. On 27 June this year council requested staff to work with the RTA and provide a report on the cross-city tunnel following the required one-year review to advise what additional action needed to be taken to address and identify traffic intrusion.

In light of the continued concern, the council resolved again recently in October to continue work with the RTA to assess the impact of all cross-city tunnel traffic changes to achieve an equitable outcome for local residents and businesses that addresses traffic congestion and displaced traffic due to the cross-city tunnel. As a result of these resolutions council is currently monitoring traffic changes in 20 locations, with a view to addressing traffic impacts as a result of the cross-city tunnel. Counts were taken for one week prior to the tunnel opening. Further counts were taken for two weeks during the toll-free period. Counts were again taken for one week following the toll's reintroduction and further counts will be undertaken about six months after the tunnel opens. If necessary, additional counts will be taken before preparing a report to council on the impact and recommended options.

Council has also passed a number of resolutions clearly stating its support for providing funding to help research effective filtration systems in the cross-city tunnel and Eastern Distributor. That is a very important issue for not only the people I represent but all people living in the Sydney basin because we currently have three unfiltered stacks—in East Sydney, Surry Hills and Darling Harbour. I know that particularly residents in the Woolloomooloo area are feeling very adverse health effects as a result of the increased traffic and the unfiltered stacks.

I would like to make some observations. Based on experience, I would like to comment on the inquiry's terms of reference. I think the current problems will only be solved by refocusing on and achieving the original aims of the cross-city tunnel, which were shaped through significant public input. The project aims primarily to provide an alternative east-west route to reduce surface traffic congestion on city streets, to improve public transport, cycling and pedestrian activity and to create an attractive William Street that linked the city and Kings Cross. They were the aims and there was public input in that process. I do not believe these aims will be achieved by naively reverting to the surface road arrangements that existed prior to the tunnel but they are likely to require changes to the current arrangements.

There has been strong community support throughout planning for the cross-city tunnel, and the Eastern Distributor before that, for effective local area traffic management programs that protect amenity by limiting intrusive through traffic in residential areas. The local area improvement programs put in place as a result of the Eastern Distributor have been predominantly successful, with the revitalisation of Crown Street a particular success. A critical turning point occurred for the cross-city tunnel project when the original approved project was abandoned in favour of a revised project proposed by the preferred tenderer. The \$100 million incentive paid to the Government by the Cross City Motorway consortium for a more environmentally damaging project replaced a previously approved project that required the Government to contribute \$40 million for a more beneficial outcome. That was the key point in this whole project.

This is a factor in the high toll costs. Yet when I raised this matter in Parliament in 2002 it was ignored by the Government, the Opposition and the media. The exact reasons for this change need to be investigated carefully by this committee of inquiry. Public-private partnerships should be about public benefit not profiteering by government. Current traffic problems will not be resolved without an accurate understanding of the current situation and how it has occurred. There is consistent and clear evidence that road changes without proper analysis, including public consultation, will result in unexpected impacts. Some traffic changes were introduced without any public consultation and directly relate to changes to the project following the announcement of the preferred tunnel operator. The most significant example of this was the loss of northbound access from Crown Street and Palmer Street via Sir John Young Crescent to the Sydney Harbour Bridge and Harbour Tunnel.

The traffic changes at Bourke and William streets are the result of a compromise solution in consultation with residents, and the changes are subject to review after six months. In June 2004 I organised a meeting with Woolloomooloo residents to discuss their concerns about the proposed G loop around Palmer, Cathedral and Bourke streets to gain access to the Eastern Distributor southbound as part of the cross-city tunnel. I subsequently requested action by the RTA in support of residents' concerns about the G loop. In October 2004 I chaired a public meeting in Woolloomooloo at which the RTA presented four alternatives for Eastern Distributor access. Some traffic changes involved extensive public consultation and responses to particular problems identified by local communities. A specific example is work done in Rushcutters Bay in 2004, when the RTA responded to concerns by residents and business owners about safety, property access and the ongoing viability of local businesses. In June 2004 I arranged a public meeting for Bligh constituents on these concerns. The RTA responded through a series of four workshops involving interested community representatives to develop additional and changed local traffic measures.

Finally, I would like to make some recommendations on where we should go. I think we need to ensure that Sydney receives some real benefits from the cross-city tunnel and we need to mitigate the negative impacts. I recommend a review of the pricing structure to make the cross-city tunnel more accessible and to enable it to achieve some of the promised benefits. The toll should be reduced to \$2.50 for east-west traffic, it should be reduced to \$1.10 for vehicles exiting at the Sir John Young Crescent portal and toll increases should be tied to the CPI only from the date of the tunnel's opening.

There should be a comprehensive review of road changes to identify those that purely channel traffic into the tunnel and those that achieve public benefits through improved public transport, pedestrian access, cycle networks and residential amenity. These changes must be preceded by a proper traffic study, but two of the changes are particularly pressing: the 40-kilometre speed limit for central Sydney, which has been supported through full public consultation and by the community and the RTA but was blocked by former Minister Costa; and the reinstatement of the northbound access from Crown Street and Palmer Street via Sir John Young Crescent to the Sydney Harbour Bridge and the harbour tunnel.

For the long term, I believe other structural changes are needed. We need to increase spending on public transport infrastructure and look for long-term solutions. The failure to invest in public transport infrastructure is exacerbating Sydney's traffic congestion. It is retarding Sydney's capacity to remain globally competitive, which will have a detrimental flow-on effect to the national economy. Worldwide experience shows that light rail acts as a catalyst to increased economic activity and revitalised inner-city areas. An integrated traffic and transport blueprint is a basic requirement to ensure that costly projects, such as the cross-city tunnel, are integrated with other forms of transport, are well planned and are demonstrably in the public interest.

Future transport needs should be the responsibility of one authority charged with co-ordinating all transport, including roads. Government agencies working at cross purposes and with competing priorities undermine co-ordinated traffic and transport management and are more likely to make our existing transport problems even worse. Approaches to the financing and prioritising of infrastructure needs review. If the private provider as well as the government takes profits—which is what has happened here—the overall cost and benefits to users need to be evaluated carefully. Public sector debt has been out of favour with government but a responsible level of debt can be an important tool in leveraging a better return on investments and spreading capital costs over a longer time frame. There must also be full disclosure of all major contracts to ensure that they are in the public interest. Commercial cherry picking of particular routes to maximise financial returns promotes dysfunctional outcomes and exacerbates existing transport problems. I urge all members of Parliament to support my Freedom of Information Amendment (Open Government—Disclosure of Contracts) Bill, which I second-read in the Legislative Assembly recently.

Also critical is full and real public consultation. It is false economy to try to avoid public scrutiny in the early planning stages only to be exposed to full-scale public outrage—which is what has occurred—once the real impacts become apparent and it is too late to make major changes. Public scrutiny invariably picks up practical and helpful issues and leads to better outcomes. Finally, the State Government's position opposing in-tunnel filtration needs to be reversed in response to clear community concern, significant environmental and health concerns, and the availability and use of filtration technology overseas.

CHAIR: Thank you. You mentioned public anger, and obviously there has been a great deal of that. Much of it has been focused on the closure of lanes in William Street as part of the beautification project. Did the timing of the opening of the tunnel give drivers the impression that they were being forced to use the tunnel because they had no access through William Street?

Ms CLOVER MOORE: The whole aim of the cross-city tunnel was that through traffic would use the tunnel and the surface road would be reclaimed for that linkage between the city and Kings Cross. It would improve public transport and improve pedestrian and cycle access. That was the aim of the tunnel and that aim has been in the pipeline now for 30 years in terms of city vision and city planning. The fact that there was that critical change when the Government took the \$100 million and changed the project, withdrew its \$40 million and introduced other changes that made it much more difficult for people using the whole area, is the problem. If we had got the original project, with full public consultation, you would not be sitting here now having an inquiry. If the Minister had agreed to hold an inquiry when I called for it we would not be sitting here now.

CHAIR: The change that you are talking about is lengthening the tunnel that had commenced at the other side of Rushcutters Bay? Is that the change you are speaking of?

Ms CLOVER MOORE: I refer you to the document I have given you because I think that probably best explains it. The statement I made in Parliament in 2002 describes the change.

CHAIR: But that is the change you are referring to—when the tunnel was lengthened.

Ms CLOVER MOORE: It is. It was the revised project. It was revised and it stopped being of benefit and caused the problems that you are now trying to address through this inquiry, I believe.

CHAIR: Was there discussion with the council about the projected road closures? Do you see any benefits in those road closures? We understand that the residents supported the road closures.

Ms CLOVER MOORE: I would like to correct the misinformation that has been in the media since the cross-city tunnel was opened. We are not actually talking about road closures; we are talking about road changes. There is one road closure, and that is at the corner of Bourke and William streets, which I spoke about in some detail. It was the result of concern in the Woolloomooloo community about the G loop, which was going to introduce traffic into Palmer and Cathedral streets to access the Eastern Distributor. A series of public meetings were held and a compromise solution was put forward. That is the one closure we are talking about. We are only talking about one closure; the rest are road changes. I think it is quite extraordinary what has been in the media all week: the talk about road closures. There is one road closure; we are talking about road changes.

CHAIR: Do the road changes not have an effect on tunnel use?

Ms CLOVER MOORE: The detrimental road changes that I am asking you to investigate are the ones that came when the project was changed. That is the critical point. Until then I believe the project was on track. The Government took the \$100 million, withdrew its \$40 million and allowed the operator to increase the toll and introduced those changes that made it very difficult for my community to access the city or the harbour tunnel or for people coming from the eastern suburbs to use William Street to access the city or the harbour tunnel—and doing that because they did not want to use the tunnel because the toll was too high. That is the critical point. It is really important and needs to be addressed.

CHAIR: Have you had any correspondence with the Cross City Motorway consortium or any involvement with the consortium? Have you shared your concerns with them or only with the Government?

Ms CLOVER MOORE: I have made submissions in the proper way as a member of Parliament and then as Lord Mayor in terms of the Government.

CHAIR: You have had no contact with the consortium directly.

Ms CLOVER MOORE: Not really, no.

The Hon. GREG PEARCE: I am a little confused. I thought that when you were giving a summary of the council's involvement in this project and you started talking about the critical point when the project was changed you actually might have referred to the work that your predecessor, Frank Sartor, did in 1999 as mayor, when, in response to the original proposal—which was the 1.2 kilometre tunnel—Mr Sartor used all the resources of council to prove to the Government and to change the Government's mind to extend the tunnel project to have an entrance on the east of the Kings Cross tunnel at Rushcutters Bay. That is when the project changed: as a direct result of your council's proof that that project was viable and feasible.

Ms CLOVER MOORE: As to the action that the previous Lord Mayor took in terms of having the tunnel extended, originally the tunnel was going to come out just in front of the museum. In fact, I might ask my officers to produce the document that shows what that tunnel would have looked like.

Ms LEE RHIANNON: We were given it yesterday.

Ms CLOVER MOORE: So you have seen that. The proposal was that it be extended under William Street and come out at the Kings Cross tunnel. That was supported by me, as the member for Bligh, it was supported by South Sydney Council and—

The Hon. GREG PEARCE: That is when the project changed.

Ms CLOVER MOORE: No, the project changed—

The Hon. GREG PEARCE: That is when the project changed.

Ms CLOVER MOORE: Mr Pearce, you can keep repeating that but if you look at the information that I have given you will see that the project changed when it was revised. I do not recall if the Opposition made any submissions to the Government at the time—

The Hon. GREG PEARCE: You do not think that extending it from 1.2 kilometres to the longer tunnel was the major change?

The Hon. AMANDA FAZIO: Stop being so rude and let the lord mayor answer.

The Hon. GREG PEARCE: Is that what you are saying?

Ms CLOVER MOORE: I do not know the answer to that question because you interrupted what I was saying.

The Hon. GREG PEARCE: Well, I will ask it again.

Ms CLOVER MOORE: You can ask it again—politely.

The Hon. GREG PEARCE: You do not acknowledge that the change from a 1.2 kilometres tunnel, which was originally announced, to the long tunnel coming out at Rushcutters Bay was the major change in the project?

Ms CLOVER MOORE: No. I repeat that the major change in the project came when the original project was abandoned and revised.

The Hon. GREG PEARCE: What was the original project?

Ms CLOVER MOORE: And that was at the time the—

The Hon. GREG PEARCE: What was the original project you are talking about?

Ms CLOVER MOORE: I am talking about the original project where the Government was going to provide \$40 million and it was going to do it as a public-private partnership. It was in 2002, and if you have a look at that copy of the private member's statement that I have given to you, I will refer to that because that will answer your question.

The Hon. GREG PEARCE: There is no need for you to refer to that.

Ms CLOVER MOORE: We had a supplementary environmental impact statement. There was a revised scheme and I pointed out in Parliament at the time that it was inadequate and incomplete. I said it was sufficient to show that the modified proposal is much more environmentally damaging than the proposal previously approved. I called upon the Minister for Transport, and Minister for Roads to release all financial details relating to the revised proposal to enable public scrutiny and analysis of whether funding arrangements are driving this environmentally unacceptable scheme that will increase traffic, pollution and urban blight. I said that I understood that as a result of the proposed changes the New South Wales Government will be financially advantaged to the tune of more than \$100 million, while it appears that the preferred tenderer will benefit from proposed project changes designed to maximise toll revenue. That is when I believe the scheme changed. I think that was the critical point, when it was revised.

CHAIR: It is clear that you were critical of that, but I think the question was whether the suggested change originated from Mr Sartor or from the city council? What role did that have?

Ms CLOVER MOORE: I think you would have to call Mr Sartor as a witness and ask him those questions, but my point is that it was much more environmentally responsible to take that tunnel under William Street than to have it exiting, as you would have seen in that illustration, outside the museum in that very, very important area. The goal to achieve an attractive William Street I think was an important goal. The problem was that at the end of the day this project was not done in the public interest; it was done in government and private interests. I think that is what needs to be sorted out here, how we can resolve and unravel what has been done.

CHAIR: If the entrance to the tunnel was at the museum, all the traffic would still be on William Street.

Ms CLOVER MOORE: Yes, and if the toll was not so high, that traffic could be under William Street.

CHAIR: That would narrow William Street.

Ms CLOVER MOORE: You see I do not think you should get stuck on William Street. I mean, the reason why people are concerned about William Street is that they are not using the tunnel because the toll is so high and difficult changes were introduced into William Street which did not enable people to turn right, for example, at Palmer Street. So I think we need to look at all the project to understand why we have reached this point. But I think the toll is critical, looking at the measures that were introduced at that time when you have got the revised scheme, because they were measures that were not publicly discussed. They were measures that people only realised once the toll opened and there has been an outcry about it.

I did try to unravel as many as I could—and I have detailed to you how I went about it and I am very happy to give you copies of those letters, submissions and meetings that I organised—and I was successful in some of them. I was successful in gaining access, for example, from Cowper Wharf Road, but not from Cowper Wharf Road and back up to Macquarie Street. I was not successful in getting the right-hand turn reinstituted in William Street, so these are the things that distress people and have led to the congestion and the problems. I think that is what has to be addressed. That \$100 million that the Government got, perhaps if that went back to the operator, we might be able to get the toll reduced. That is the sort of thing that needs to be worked out.

Mr ANDREW CONSTANCE: What authority did the council have, and for that matter the then mayor, to sign a gateway agreement with the RTA on 16 December 2002 before the High Court had made its determination in February 2003 that William Street would come under the council's jurisdiction?

Ms CLOVER MOORE: It was made on the understanding that there was a boundary change in the pipeline. I really think that you would be better off addressing these questions to him because I would have to trawl through the documentation of the time. I have officers here with me who can perhaps talk about those things. I think you would be probably better to get it directly from the horse's mouth. But my understanding was that there were boundary changes proposed in the pipeline and the assumption was made that they would go ahead, so clearly he had information that I did not have at the time. That was the basis of that agreement.

Mr ANDREW CONSTANCE: Did you, as the local member, see it as a conflict of interest on the part of the mayor, given that he joined the Labor Party in November 2002?

Ms CLOVER MOORE: Look, I do not have to comment on that.

Mr ANDREW CONSTANCE: You have no comment on that?

Ms CLOVER MOORE: No.

CHAIR: It is not relevant.

Ms LEE RHIANNON: Ms Moore, when you gave your opening remarks, you called for a review of split street changes. Could you indicate who you think should carry out this review?

Ms CLOVER MOORE: I think an independent traffic consultant.

Ms LEE RHIANNON: I was interested in your attitude to these road changes. We can start with Bourke Street. Have you made representations about Bourke Street, and what are they?

Ms CLOVER MOORE: Yes. I held a number of public meetings in relation to Bourke Street. I think it is very important, though, that the Committee understands that the Bourke Street issue is a controversial issue in the area. It is more to do with street sex work and kerb crawlers than it is to do with the cross-city tunnel. The people in East Sydney are quite distressed about the street sex work and associated drug activity and criminal activity that occurs directly outside their bedrooms. They prepared a strategic plan, and a closure of Bourke Street was part of that. With the Eastern Distributor, for example, the inner-city community saw opportunities to improve amenity. We got a lot out of the Eastern Distributor, I have to say. As well as improvements to Bourke and Crown streets, we got a lot of other little roads closed which means that the assault from the traffic now has been minimised in areas like Surry Hills and Redfern.

I think the east Sydney community thought that the opportunity of the cross-city tunnel might provide an opportunity for them to get the same sorts of benefits that south Paddington, Redfern and Surry Hills achieved in the past—during the last 20 years. When the problems occurred in Woolloomooloo about the G loop, I held a number of meetings with the community and the RTA about how the G loop was to be solved. The G loop was really when there was going to be a turn from Palmer into Cathedral, round to Bourke, to get to the Eastern Distributor, and it was going to introduce all this traffic coming from the eastern suburbs into Woolloomooloo, and Woolloomooloo residents were up in arms about this, so I held these meetings.

Out of those discussions came a number of options that were put up. Both options three and four included partial or full closure of Bourke Street on the southern side, and that had the support of at least half the people that attended those meetings. That was the one that the RTA decided to go ahead with and they are going to review that after six months. That is a brief history of that. But I think the history of why the local people were keen to support that had a lot to do with the fact that it is a route that is used by kerb crawlers to accommodate street sex workers.

Ms LEE RHIANNON: About the other street changes, apart from Bourke Street, I was just wondering what your attitude is to the other street changes that are directly linked to the cross-city tunnel. Maybe the way to handle that is that you are probably aware that there are about 70 or 71 changes—and I think 22 of them carried material adverse effects—so there is quite a duplication.

Ms CLOVER MOORE: It really needs to be examined very carefully. It needs to be examined on the basis of what was in the original proposal and what was subsequently introduced. There needs to be full consultation with the people affected too, and that simply did not happen the second time around with the revised scheme. I am not fully across the detail of all of those but they do know that they are only now being introduced into Paddington. Paddington was really worried about this project. Paddington was really worried about this project because New South Head Road is already carrying traffic with about 65,000 vehicles a day.

What we were told during the five-year discussion on this project was that the RTA and the consortia hoped to get 95,000 vehicles a day coming out of New South Head Road. They increased the speed from 70 to 80 to attract that. It has been quite ironic. It has been between 10,000 and 20,000 because we were really very worried that Paddington and the Darling Point end would have to accommodate 95,000 vehicles coming out of that tunnel. So we worked very hard to get the RTA to address how to get some traffic management improvements into Paddington directly adjacent to the exit to the portal there.

Ms LEE RHIANNON: What were the suggestions you made for that traffic management?

Ms CLOVER MOORE: I very strongly support that, and that is not in place yet because Woollahra council did not have its traffic planner there at the time so they are not in place yet. But I very much support that. They are under construction.

Ms LEE RHIANNON: What are those changes?

Ms CLOVER MOORE: They are not road closures. They are just about trying to manage the traffic flow coming off New South Head Road in a reasonable way, to reduce impacts. But already under the—

Ms LEE RHIANNON: I am sorry, are they reducing lanes or changing street directions? Excuse me, I have had trouble just trying to find out what that information is.

Ms CLOVER MOORE: I would be very happy to supply to you. I just do not have that detail immediately here, but its name was—

CHAIR: Will you take that on notice?

Ms CLOVER MOORE: Yes, I am happy to do that and get back to you.

Ms LEE RHIANNON: Thank you. Coming back to the central area that is often gridlocked around that Kings Cross area where we have the intersection of Craigend, Victoria and Darlinghurst at the fire station, was the council involved in the discussions there about the road changes? I am asking particularly in relationship to the operations of the fire station because there have been concerns expressed about emergency services being able to operate adequately with the road changes. Was there any discussion with any level of fire service representatives, with the council?

Ms CLOVER MOORE: I have Richard Campbell here, who is our transport planner. Mr Chair, will I ask him to join me here, and he might be able to give some details.

CHAIR: He could tell you the answer, or you could take it on notice.

Mr MATT BROWN: Take it on notice.

The Hon. GREG PEARCE: We would have to swear him in.

Ms CLOVER MOORE: I am very happy for you to tell me the detail of what you want because a lot of this is really quite detailed and there has been an enormous amount of discussion over five years. I have brought a lot of information with me, but—

CHAIR: Take that one on notice about the fire station.

Ms LEE RHIANNON: Yes. I am interested in any meetings that have been held with emergency services and over what period of time, and if there were concerns from council that you are aware of about the operation of emergency services in that area, not just fire service operations.

Ms CLOVER MOORE: Whenever there are road changes, particularly road closures—but as I said, we are only dealing with one in this instance—that is always an important consideration and there is always access allowed, in my experience.

Ms LEE RHIANNON: But that is what I am trying to ascertain.

Ms CLOVER MOORE: I will take that on notice and get the information to you.

Ms LEE RHIANNON: Okay, thank you.

CHAIR: You called for a transport co-ordination authority. Was that coming out of your concern about the cross-city tunnel? Did you see some need for some other body?

Ms CLOVER MOORE: Well, it is just coming out of my experience as a member of Parliament and as lord mayor. We only need to look at Perth, which is a Labor government, where you have the one Minister and one authority responsible for rail, for buses, and for road construction. We really do need to plan for our transport needs. One of the problems with the current approach and another contributor to congestion is the fact that because the consortia building the cross-city tunnel was a different consortia from the Eastern Distributor, and because they were not—well, I think it was a failure of the Minister to ensure that there was interconnectivity between the cross-city tunnel and the Eastern Distributor under that William Street area.

Something that again I proposed in 2002 and that could have happened then, but it was not reviewed, were the interests of the cross-city tunnel consortia in feeding traffic into the Eastern Distributor because that was run by a different authority. This is not in the public benefit, the way we are running transport in New South Wales. We are way behind every other State. Sydney is Australia's global city. We are way behind our competitors, both in Asia and Europe. A lot of that is to do with our transport problems. We really do need a co-ordinating authority. I think we need to go no further than our sister cities of Perth or Melbourne, to see how it can be done better, or Brisbane.

CHAIR: You think that the RTA gave enough time for public consultation about the proposed city tunnel?

Ms CLOVER MOORE: I am very concerned about the process that occurred with the revised tender and I really do not believe the community was fully aware of the impact until it actually opened. I did raise those things that the time and I did try to sort out many of the problems for the Bligh community because those people in Woolloomooloo are paying a huge price.

Mr MATT BROWN: In your earlier evidence you said the traffic changes that were part of the original environmental impact statement [EIS] in 2002 were appropriate. You were happy with them. Would that mean that you support the reduction of William Street to one general traffic lane and one transit lane?

Ms CLOVER MOORE: If the toll on the project was appropriate, yes.

Mr MATT BROWN: That also, I suppose, would mean that you support the new bus lanes in George Street?

Ms CLOVER MOORE: I am very concerned about our use and purchase of diesel buses. I am very concerned about bus congestion in the city. I believe we need to be looking very seriously at a mass transit system. The city has done a lot of work on this and put a proposal to the Government and the Opposition. I have our chief executive officer here who can talk about that, if you are interested in hearing about the work we have done on light rail proposals. I mean, three laden buses can go into one. One carriage of light rail can take 50 cars and our city is very congested.

Mr MATT BROWN: Be that as it may; you stated that the original EIS in 2002 was appropriate. That is what it had recommended for new bus lanes for George Street. It also recommended an extra bus lane in Park Street. I am asking: Do you support those proposals?

Ms CLOVER MOORE: I did not assess or make a submission on Druitt Street at that time. It was not my responsibility as member for Bligh. As the cross-city tunnel was having considerable impacts in other parts of my electorate, I was really focusing on those. I did not have a position on that at that time.

Mr PAUL McLEAY: In October this year you called for more toll roads in Sydney to congestion and described the Productivity Commission report backing congestion tolling as encouraging. Can you explain your support for a congestion tax?

Ms CLOVER MOORE: I gave a speech to the committee of Sydney and said it was really important that we have a debate about how we pay for transport. I have today talked about paying for transport via public debt. This is something that governments in the past have responsibly done. In that speech I talked about how we are going to pay for infrastructure in the future. I think the rundown nature of our infrastructure is a very serious threat to Sydney's status as a global city. I looked at what other cities are doing, and I also referred to the Productivity Commission report. I am very pleased to raise that debate and have people thinking about it. What I was talking about was not ad hoc tolling by different authorities in an unfair way that can often lead to a dysfunctional result, but an e-tolling system that might be applied across the board in terms of managing congestion and demand. It was looking at a new approach and talking about how we could perhaps do it differently. I think it is really important that we do that, as a Parliament and as a community.

Mr PAUL McLEAY: I understand that traffic-calming measures on Glenmore Road, Nield Avenue and Brown Street have been agreed to by Woollahra Council and the Paddington Society to improve local conditions. Do you acknowledge and share this local support for the measures?

Ms CLOVER MOORE: I do, and the reason they are not in place, were not in place when the tunnel opened, was that there was a staffing problem at Woollahra Council. That was the result of work of many years, but I do not think those measures went far enough. Already there is quite an assault on Paddington coming from the east, down through Paddington to get to New South Head Road. Ocean Street is appalling. We just have serious appalling traffic problems and really we do need to start addressing them by providing mass transit public transport in the city and the inner areas.

The Hon. AMANDA FAZIO: In your comments earlier you said that you did not support the revised tunnel project. If we just concentrate on the eastern access to the cross-city tunnel, the first proposal was 1.2 kilometres long and came out near the museum at College Street. The second proposal was two kilometres long and came out at the Kings Cross tunnel. Then that changed into the longer tunnel that comes out near Rushcutters Bay. When you said you did not support the revised project, which revised project did you not support?

Ms CLOVER MOORE: The one that was introduced in 2002—that was finally agreed to.

The Hon. AMANDA FAZIO: The one where the tunnel did not come out near the Kings Cross tunnel but came out further east.

Ms CLOVER MOORE: Yes, but it was about process and changes and tolls.

Mr PAUL McLEAY: You support the tunnel, but not the process?

Ms CLOVER MOORE: I did not support the revised version, and that is what I have said in this statement of which you have a copy.

Mr PAUL McLEAY: Yes, but you said you do not support it because of the process.

Ms CLOVER MOORE: I did not support the revised proposal and I was really concerned about its impacts. The concerns I raise that the time are the concerns that people are now expressing.

Mr PAUL McLEAY: If there was no business consideration fee involved, would you support the long 80 kilometre per hour tunnel?

Ms CLOVER MOORE: I certainly would, with appropriate toll and improvements in public transport. I mean this was about improving transport and it was about improving amenity, and about improving Sydney. Initially it had a lot to recommend it and I was really disappointed as it progressed.

Mr PAUL McLEAY: The point you made, though, was that you were really concerned because there was a business consideration fee. It was an ideological position?

Ms CLOVER MOORE: No, what that led to. It stopped being a project that was a public-private partnership and became very much a private-public rip-off. We are paying the price and it has got to be revisited.

The Hon. AMANDA FAZIO: You said in your submission that you believed if the toll was lowered that the original concept for the tunnel, of removing the through traffic from surface roads through to the tunnel, would work. In essence, if the toll was lower and those traffic volumes were achieved through the tunnel with the freeing up of the service roads, that you would not have a problem with the cross-city tunnel?

Ms CLOVER MOORE: I am very happy to resubmit the submission to you, but what I am recommending is a review of the pricing structure. I gave you details of that. We need a comprehensive review of the road changes. We need to establish which ones are in the public benefit and which ones were in the interest of the toll operator trying to get people in the tollgates.

Mr PAUL McLEAY: There was a diagram of these roads. Might there be an overlap? Like, you are very passionate about creating a William Street Boulevard and you are on the record a number of times talking about, not only the need for a William Street Boulevard but also—at one stage you said no special measure was proposed to compel drivers to use the cross-city tunnel and alternative routes would be kept open. You were criticising the fact that the one stage there was not a proposal to force people into the tunnel—and in conjunction with the William Street Boulevard.

Ms CLOVER MOORE: The thing about the tunnel is to attract people to use it because it is convenient and they can get across the city in, say, two minutes.

Mr MATT BROWN: But your submission said compel people to use it.

Mr PAUL McLEAY: You were critical of the Government because there was nothing to compel people to use the tunnel—in your submission.

Mr MATT BROWN: On page four of your submission to the EIS you were critical of the Government because there were not measures to compel people to use the tunnel.

Ms CLOVER MOORE: I would have to go back to that document. That is sort of taken out of context, I am sorry.

CHAIR: Did council have a view on what the toll should have been on the cross-city tunnel? Did you actually have a figure that you regarded as reasonable?

Ms CLOVER MOORE: I have suggested the toll should be \$2.50 east-west and \$1.10 or vehicles exiting at the Sir John Young Crescent portal. That is not a council resolution. I am putting that to you just based on the work I have done.

Mr PAUL McLEAY: In today's dollars?

Ms CLOVER MOORE: Tying increases to the consumer price index only from the tunnel opening.

The Hon. AMANDA FAZIO: You said that with all the various planning stages for the cross-city tunnel that you can then consultations with local residents about impacts of local Street

changes, as opposed to closures, would have on them; and that your primary focus in doing that was to try to ensure that the sorts of rat runs were not created that would disadvantage local residents. You have said that the residents of Woolloomooloo are not happy about the G-loop that has been created.

Ms CLOVER MOORE: That has not gone ahead. That did not go ahead.

The Hon. AMANDA FAZIO: Apart from the residents in Woolloomooloo, are the other residents that you had consultations with about road changes generally satisfied or dissatisfied with the local traffic measures that were put in place?

Ms CLOVER MOORE: There were improvements and appreciation at the discussions that we had then changes that were introduced in the Rushcutters Bay area. I do not think that Paddington people feel that the proposed changes went far enough. A lot of east Sydney residents are very keen on the Bourke Street closures, they said. Other people in Darlinghurst are not. People who live in the Horizon, for example, are not happy about that.

You know as an elected representative that you are trying all the time to balance the good, the need and everyone's interests. You would also know that inner-city traffic is one of our big problems. For the last decade I have been involved in these road projects. First of all the Eastern Distributor and then the cross-city tunnel. My role as representative has been to try to minimise the impacts on local people. We got some real benefits from the Eastern Distributor and we got them from road closures. There has been a dramatic increase in traffic that we have seen in recent years with the construction of the Eastern Distributor and increased congestion on South Dowling Street. The proposed increase of commercial development at the airport and Port development means that traffic in the area is just huge. When we have our community forums that is what people want to talk about.

So all the time you are looking at ways to improve that amenity and the cross-city tunnel was seen by some as an opportunity, but then it just turned into an aggravation, in terms of the people of Woolloomooloo, for example, trying to get access to the city, to the Harbour Bridge, to get out of their area. I mean to be able to do that without having to go via Rushcutters Bay, for example. People consider that a real imposition. You spend a lot of time poring over these complex documents and writing complex submissions, calling meetings and trying to get an outcome that minimise the impact on people, reduces pollution and improves amenity.

CHAIR: You were happy with the original short tunnel because that met your objective to reduce congestion in the city?

Ms CLOVER MOORE: As a city citizen, yes, of course. I mean, we are all city citizens who want to reduce congestion in the city. I was not mayor then, but I certainly had a view as a city citizen and member for Bligh, and that was the edge of my electorate. I thought it was a shocking proposal to have it exiting at the museum. I was very aware of the talk of many years about improving William Street and making that connection between the city and Kings Cross.

CHAIR: You say it was "shocking" to have the exit at the museum?

Ms CLOVER MOORE: In front of the museum, yes.

CHAIR: You do not support that?

Ms CLOVER MOORE: No.

CHAIR: Where did you have the exit?

The Hon. GREG PEARCE: Where it is.

Ms CLOVER MOORE: Where it is, yes.

CHAIR: At Rushcutters Bay?

Ms CLOVER MOORE: Yes.

Ms LEE RHIANNON: Considering that during the toll-free they only got the number of vehicles up to 52, 000, I wonder why you are confident that the traffic numbers would reach their target if the toll was lowered?

Ms CLOVER MOORE: I do not know if they will reach their target, but certainly getting them up to 50,000 at the beginning of a project would probably be considered to be an achievement. Because they talk about how they only got their figures on the Eastern Distributor, for example, after he had been operating for some time. I was just very alarmed. Their figures for the cross-city tunnel, they wanted to reach 95,000 and their goals are quite frightening, particularly in relation to New South Head Road and those impacts on Paddington that I was talking about.

Ms LEE RHIANNON: That is why I asked the question. Mr Sansom from CCM, when he gave evidence before the Committee, said that he expected that those figures would be achieved in two to three years. He said initially they had expected to be 18 months. You said a moment ago you thought the traffic numbers would reach their target if the toll were lowered. Do you have anything to base that on?

Ms CLOVER MOORE: I guess the information that has been presented to us at public meetings by the RTA over the years.

Ms LEE RHIANNON: You have not done any specific studies?

Ms CLOVER MOORE: No, I have made submissions and worked it out.

Mr MATT BROWN: Earlier I quoted from one of your submissions to the EIS, dated 9 October 2000. The words I quoted were on page four and I have underlined what I quoted. I hand you my copy. You said:

Also no special measures are proposed to compel drivers to use the cross-city tunnel and all routes will be kept open.

Do you still stand by those comments?

Ms CLOVER MOORE: That is going back five years. I have given you a list of submissions.

Mr MATT BROWN: I am referring to those comments.

Ms CLOVER MOORE: I know you are. I will have to have a look at it. What is your question?

Mr MATT BROWN: Do you still stand by those comments? In your submission to the EIS you said there were no special measures proposed to compel drivers to use the cross-city tunnel.

Mr PAUL McLEAY: You were critical of the Government for not forcing people into the tunnel.

Mr MATT BROWN: And now you are giving evidence that seems to contradict that.

Ms CLOVER MOORE: No. The thing about this in the inner city, the advantage of through traffic using something like a tunnel, means that you can take through traffic off local streets. That is the incentive that the Government put forward, the benefit that is put forward. As the local member I sought to ensure that that benefit means that there will be improvements in the local area and that there is not traffic in every street. I think that is a difficult question to ask me now, because it is three versions ago.

Mr MATT BROWN: It is still a concept that you supported.

Ms CLOVER MOORE: I am not quite sure what you are trying to get at.

Mr MATT BROWN: You were speaking as a general policy initiative, of wanting to have the William Street boulevard, and wanting to have more public transport lanes. You were critical of the Government at that stage for not telling people to use the tunnel by street closures or street alterations. Your evidence today seems to contradict your former statement.

Ms CLOVER MOORE: I am sorry, I do not understand what you think is contradictory.

Mr MATT BROWN: You were quite critical of the traffic measures. You started off in your opening statement by being very critical of current changes to traffic movements.

Ms CLOVER MOORE: I was critical of the changes that were introduced that were not in the public interest. I am talking about the public interest in terms of protecting residential areas. But they were introduced as an incentive for profit, for the toll operator.

Mr PAUL McLEAY: Can you judge that? Can you say this is a not a community benefit?

Ms CLOVER MOORE: One of the things I have asked you to do in this inquiry is to examine all those road changes and you can assess the ones that are in the public interest and others that are in the interests of increasing income for the toll operator.

CHAIR: Will you take that on notice and send to the Committee a list of what you regard as changes for the public benefit and those that are for the benefit of the consortium?

Ms CLOVER MOORE: I can.

CHAIR: I thank you for appearing before the Committee today. I know you have a lot of pressures on your mayoral life, which we all understand. Your submission is still to come.

Ms CLOVER MOORE: Yes.

(The witness withdrew)

(The Committee adjourned at 12.37 p.m.)