

GENERAL PURPOSE STANDING COMMITTEE NO. 3

Friday 28 October 2011

Examination of proposed expenditure for the portfolio area

ROADS AND PORTS

The Committee met at 2.00 p.m.

MEMBERS

The Hon. N. Maclaren-Jones (Chair)

The Hon. J. Ajaka
The Hon. N. Blair (Deputy Chair)
The Hon. C. M. Faehrmann

The Hon. P. Green
The Hon. P. G. Sharpe
The Hon. M. Veitch

PRESENT

The Hon. Duncan Gay, *Minister for Roads and Ports*

Mr Les Wielinga, *Director General of Transport*

Roads and Traffic Authority

Mr Paul Hesford, *Director, Finance and Corporate Services*

Ms Ann King, *Deputy Chief Executive and Director, Customer Services*

Mr Peter Wells, *Director, Regulatory Services*

Mr Geoff Fogarty, *Director, Infrastructure Services*

Mr Michael Veysey, *Director, Network Services*

Mr Soames Job, *Director, Centre for Road Safety*

NSW Maritime

Mr Tony Middleton, *Deputy Chief Executive*

Sydney Ports Corporation

Mr Grant Gilfillian, *Chief Executive Officer*

Port Kembla Port Corporation

Mr Dom Figliomeni, *Chief Executive Officer*

CORRECTIONS TO TRANSCRIPT OF COMMITTEE PROCEEDINGS

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

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

CHAIR: I declare this hearing for the inquiry into the budget estimates 2011-12 open to the public. I welcome Minister Gay and accompanying officials to this hearing. Today the Committee will examine the proposed expenditure for the portfolio of Roads and Ports. Before we commence, I will make some comments regarding procedural matters. In accordance with the Legislative Council's guidelines for the broadcasting of proceedings, only Committee members 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 you must take responsibility for what you publish or what interpretation you place on anything that is said before the Committee. The Guidelines for the broadcast of proceedings are available on the table at the front door.

Any messages from attendees to the public gallery should be delivered through the Chamber and support staff or the Committee clerks. Minister, I remind you and the officials accompanying you that you are free to pass notes and refer directly to your advisers whilst at the table. The Committee has agreed that the Government will not ask questions during the allocated time. The Roads portfolio will be examined from 2.00 p.m. to 4.00 p.m. There will be a short break, followed by the Ports portfolio from 4.15 p.m. to 5.15 p.m. We have also agreed that the allocation of time will be 30 minutes Opposition followed by 30 minutes crossbench, and so on.

Transcripts of the hearings will be available on the website as of tomorrow morning. The Committee has also resolved that answers to questions on notice must be provided within 21 days. I also remind everyone to please turn off their mobile telephones.

RAYMOND FRANKLIN SOAMES JOB, Director, Centre for Road Safety, Roads and Traffic Authority,

MICHAEL VEYSEY, Director, Network Services, Roads and Traffic Authority,

GEOFF FOGARTY, Director, Infrastructure Services, Roads and Traffic Authority,

PETER WELLS, Director, Regulatory Services, Roads and Traffic Authority,

PAUL HESFORD, Director, Finance and Corporate Services, Roads and Traffic Authority, and

ANN KING, Acting Chief Executive, Director of Customer Service, Roads and Traffic Authority, affirmed and examined:

CHAIR: I declare the proposed expenditure for the portfolio of Roads and Ports open for examination. As there is no provision for the Minister to make an opening statement before the Committee commences sitting, I ask that the Opposition begin questioning.

The Hon. AMANDA FAZIO: Minister, is it true that you are the junior Minister in the Transport area and Gladys Berejiklian, as the Transport Minister, is in fact senior to you?

The Hon. DUNCAN GAY: Thank you for that question. Gladys Berejiklian and I are equal Ministers in the Transport portfolio. We work together, we have offices on the same level and I have to tell you, I am a great fan of Gladys Berejiklian. If there were Ministers like her in Transport in the former Government, the place would be a lot better. Equally, I am pretty chuffed about my own performance in Roads. I have already outstayed one of yours and I am looking forward to having a record a bit longer soon.

The Hon. AMANDA FAZIO: How many staff, advisers and departmental representatives have accompanied you to estimates today?

The Hon. DUNCAN GAY: I could not tell you the number. I know how many staff I have in the office, but that is not what you asked me. We can find out and let you know later.

The Hon. AMANDA FAZIO: Thank you.

The Hon. PENNY SHARPE: Minister, why have not negotiations for the widening of the M4 Interlink been completed?

The Hon. DUNCAN GAY: If it were easy, your Government would have completed that. Do you mean the M5? You said the M4.

The Hon. PENNY SHARPE: Yes, the M5 widening. The Minister clearly understands what I am asking.

The Hon. DUNCAN GAY: I do not know what you are looking for. We made it clear during the election that the M5 west would be widened by our Government. We intend to honour that commitment and the trust put in us by the electorate. Frankly, after years of being taken for granted by Labor—

The Hon. PENNY SHARPE: Thank you Minister. I draw your attention to your 100 Day Plan, which I quote from. It says that you will "commence negotiations on the M5 widening to reduce congestion with a view to completing them by the end of July."

The Hon. DUNCAN GAY: Madam Chair, can I have a clarification? If I am asked a question, do I get an opportunity to answer it?

CHAIR: Yes you do, Minister. If you would like to, please continue with your answer.

The Hon. DUNCAN GAY: After years of being taken for granted by Labor, the people of Campbelltown, Camden, Menai, Oxley, East Hills, Rockdale and Wollondilly have placed their faith in us to

improve transport infrastructure in their communities. It is an issue that saw the communities vote strongly in favour of the members for Menai, Camden and Campbelltown.

The Hon. PENNY SHARPE: Yes Minister, that is fine. We are actually interested in what is happening in relation to negotiations on the M5 widening.

CHAIR: Order! The Hon. Penny Sharpe will come to order.

The Hon. JOHN AJAKA: Point of order: If the member is going to ask a question she has to allow the Minister to answer it. The fact that she may not like the answer or it is not the answer she was hoping to obtain or the fact that the Minister is giving a good answer, does not give her the right to keep interjecting and suddenly asking another question halfway through the answer.

The Hon. PENNY SHARPE: To the point of order: This is an estimates hearing. The Opposition has a number of questions that we are trying to get through and that we wish the Minister to answer, in a limited amount of time. The Minister is just reading long scripts that he is rehashing and that he has already used in the House. It is not helpful. We are seeking answers from the Minister on this issue.

The Hon. JOHN AJAKA: Further to the point of order—

The Hon. PENNY SHARPE: It is disgraceful. You are wasting our time.

The Hon. JOHN AJAKA: Point of order: Clearly if the member asks a question she must allow the Minister to give an answer. If the Hon. Penny Sharpe does not like the answer, it is not the answer she was hoping to obtain, or the Minister is giving a very good answer it does not give her the right to interject and suddenly ask another question.

The Hon. PENNY SHARPE: To the point of order: This is an estimates hearing. The Opposition has a number of questions that it wishes the Minister to answer in a very limited amount of time. We have a list of questions we want to address. The Minister is reading from a long script, and rehashing what he has already said in the House is not helpful. The Opposition is seeking answers from the Minister on this issue.

The Hon. JOHN AJAKA: Further to the point of order: It is not for the Hon. Penny Sharpe to dictate how the Minister should answer the question. If she wants shorter answers she should ask the appropriate question, not a general question.

CHAIR: The Minister has the right to answer the question. I uphold the point of order and ask the Minister to continue.

The Hon. MICK VEITCH: You are much better when you do not use a script, Duncan.

The Hon. DUNCAN GAY: I want to make sure that this one is right. You would expect nothing less than having it right.

The Hon. PENNY SHARPE: We would actually like to know where the negotiations are up to.

The Hon. DUNCAN GAY: Interlink Roads has developed a proposal with the Roads and Traffic Authority to widen the motorway from two lanes to three lanes in each direction between King Georges Road and Camden Valley Way. The proposal has a capital cost between \$350 million and \$400 million, depending on the scope of the works that will be finalised following planning approval. As promised before, and as the question indicated, under the 100 Day Action Plan the Government instructed the Roads and Traffic Authority to restart negotiations on the M5 widening project with Interlink Roads in May 2011 in order to agree the cost and finalise the agreement to deliver the project.

No funding agreement was finalised out of those. We will not agree to a contract for the work until a value-for-money arrangement has been worked out that provides a good outcome for motorists and taxpayers. We understand that Interlink Roads is trying to get the best deal for its shareholders, and so it should, but we are determined to get the best possible deal for the taxpayers of New South Wales. That is why the Government took the important step to ask an independent consultant to conduct a review of the commercial terms of the M5 west widening project. That independent reviewer, KPMG, has examined the history of the negotiations to

date and the commercial positions put forward by the Roads and Traffic Authority and Interlink Roads to see if a fair and equitable solution can be found. The Government is currently considering the findings of the independent review. This will be followed by a round of negotiations with a view to finalising the agreement as quickly as possible, but only if it provides value for money. I have to say that currently it is progressing in very good faith.

The Hon. MICK VEITCH: Are you confident that the M5 widening project will be open in 2014?

The Hon. DUNCAN GAY: I am confident at this stage that we are doing the very best possible to come to a fair agreement. I have to say there is goodwill at this stage on both sides. We took the professional stance that the previous Government failed to do. It stood at 40 paces and used megaphone diplomacy to hurl abuse. We have taken the proper business attitude of going in and putting in professional people to bring it together. We are confident that the negotiations will be going ahead in good faith because of the professionalism that we have brought to the table.

The Hon. PENNY SHARPE: Have you been put over a barrel in relation to these negotiations, given the Premier's stated negotiation style before the election when he flagged how much he would be prepared to pay?

The Hon. DUNCAN GAY: The only barrel I have been put over is the fact that it was such a mess when we came to government because of my predecessors. Your Ministers in the game, frankly, were not doing their job properly.

The Hon. PENNY SHARPE: Are you able to release the independent advice you currently have with you on this issue?

The Hon. DUNCAN GAY: No, I am not. That is commercial in confidence, but I can say that it is my expectation that construction should start next year.

The Hon. PENNY SHARPE: Do you give a guarantee to the people who will use the M5 that they will not have the time for tolling extended beyond the current plan?

The Hon. DUNCAN GAY: The guarantee I can give is that we have brought a professional attitude to this project to get the best deal possible for New South Wales, unlike my predecessors who sat around and hurled abuse at the people involved and achieved absolutely nothing. Frankly, if they had been more professional about it the project would have been done two years ago, and a damn side cheaper.

The Hon. PENNY SHARPE: You are aware that the then Leader of the Opposition, now Premier, flagged how much you were prepared to pay, and indicated that the deal was done before it was even close to being done. Do you seriously think it is under control and will be done by 2014?

The Hon. DUNCAN GAY: What I am serious about is that we have brought professionalism that your former Ministers could not bring to the deal.

The Hon. PENNY SHARPE: Is there any new advice from Treasury in relation to this process?

The Hon. DUNCAN GAY: I indicated in my answer that the process we have gone through has the backing of Cabinet, Treasury, Finance and Premier's. It is an open process with our Government. We do not operate without our colleagues knowing, operating properly and professionally.

The Hon. MICK VEITCH: What is Treasury's role in this process?

The Hon. DUNCAN GAY: Treasury's role is to be brought up to date on this project. There are a number of areas that are part of the negotiations, from memory. Is Treasury in that group?

Mr WIELINGA: It is normal practice inside government to establish a steering committee of key agencies for a project of this significance. Treasury is part of that, Department of Premier and Cabinet and the Department of Planning. It is an efficient way to get a cross-government position when you are dealing with negotiations like that. Treasury provides some financial assistance from time to time with their expertise. That all happens inside the steering committee work and interaction with the working party doing the negotiations.

The Hon. MICK VEITCH: Will Treasury have the final say on the negotiated arrangement? Is it the last to approve that?

The Hon. DUNCAN GAY: Cabinet.

The Hon. PENNY SHARPE: Minister, you indicated that you believe the negotiations, while obviously now three months late, are proceeding well. As you are aware, at the annual general meeting of Transurban this week its chief executive officer, Chris Lynch, indicated that he was disappointed to be standing out without a deal. Why would he say that?

The Hon. DUNCAN GAY: Why would he say he is disappointed?

The Hon. PENNY SHARPE: Yes.

The Hon. DUNCAN GAY: Because he was disappointed.

The Hon. PENNY SHARPE: Is that an indication of how slow progress is going?

The Hon. DUNCAN GAY: He wanted a deal. We want a deal but it is not going to be a deal on anybody's terms. It has to be a proper deal. He has not got a deal to take to his board at that time. I currently have not got a deal. The reason I am disappointed is that we wasted—I do not know how many years—at least three or four years under the previous Government. We are six months into our term in government and we are way ahead of where the five Ministers in the former Government left us.

The Hon. MICK VEITCH: When in 2014 do you expect the people of south-west Sydney to be using the widened M5—at the start or at the end of 2014?

The Hon. DUNCAN GAY: I indicated that we expect construction will start next year following further planning and design work and will take about two years to complete.

The Hon. MICK VEITCH: Have you a projected date to work towards?

The Hon. DUNCAN GAY: You add two years to 2012. Do you want me to do the maths for you? It is 12 plus two—basic Labor maths.

The Hon. MICK VEITCH: I am an old shearer.

The Hon. DUNCAN GAY: The Hon. Amanda Fazio can do the numbers, ask her.

The Hon. MICK VEITCH: Is it towards the end of 2014?

The Hon. DUNCAN GAY: My answer is that we expect construction will start early next year, followed by further planning and design work, and take about two years to complete.

The Hon. PENNY SHARPE: What do you believe is the time frame to finalise the negotiations?

The Hon. DUNCAN GAY: Between now and early next year, obviously.

The Hon. PENNY SHARPE: Early next year—January, March, July?

The Hon. DUNCAN GAY: Early next year.

The Hon. PENNY SHARPE: First half, second half?

The Hon. DUNCAN GAY: Early next year is the first half.

The Hon. MICK VEITCH: Has there been any modelling for the adjacent roads feeding into the M5 that will be impacted upon by the widening?

The Hon. DUNCAN GAY: Whenever you enter these negotiations all things are taken into account, including things like cash back et cetera.

The Hon. MICK VEITCH: Has there been modelling on impacts of traffic movement?

The Hon. DUNCAN GAY: Whenever these deals are done the financial people put it all together with those sorts of checks and balances. Do you want to add something on that, Mr Wielinga?

Mr WIELINGA: As far as the particular projects are concerned, traffic modelling is done as part of the environmental assessment.

The Hon. PENNY SHARPE: Can you provide the percentage increase in the vehicles expected on the following roads: Canterbury Road, King Georges Road, Forest Road, Stoney Creek Road, Punchbowl Road, Moorefields Road, Kingsgrove Road, Belmore Road and Fairford Road?

Mr WIELINGA: We will take that question on notice, see what is in our environmental assessment and give you what we have.

The Hon. DUNCAN GAY: Provided it is not commercial in confidence.

The Hon. MICK VEITCH: What projected increase in road capacity on the M5 are you working towards with the widening?

The Hon. DUNCAN GAY: That is part of the information that you are seeking.

The Hon. MICK VEITCH: When do you expect the M5 capacity to be achieved?

The Hon. DUNCAN GAY: That is part of that information.

The Hon. MICK VEITCH: I refer to the announcement made by the Treasurer that you will be investigating road maintenance contestability for Roads and Traffic Authority maintenance work. Can you advise the Committee what savings you expect to generate from putting road maintenance contracts in a contestable market?

The Hon. DUNCAN GAY: As you indicated, the Government is now examining the potential for greater contestability in the provision of road maintenance. The Roads and Traffic Authority uses a number of mechanisms to deliver road maintenance activities on State roads, including contracts with councils in rural areas, a long-term performance contract in northern Sydney with Downer EDI, an internal roads maintenance workforce and other maintenance contracts. We will continue to look at achieving further savings through the adoption of efficient maintenance delivery mechanisms. We want to realise cost savings through a variety of mechanisms, including greater contestability, further refinement of contracts with rural councils, improved delivery of resurfacing works across the network and ongoing business improvements in internal Roads and Traffic Authority delivery.

The authority is developing a strategy for further contestability within road maintenance. We have engaged consultants to examine the models and options available with a view to delivering savings in the next financial year. There is strong interest in the private sector, which wants to see greater contestability in this space. Various stakeholders have come to see me with potential savings ranging from 5 per cent to 20 per cent. Until the Roads and Traffic Authority finalises the strategy for greater contestability in the provision of road maintenance, I do not want to hypothesise about potential savings.

The Hon. MICK VEITCH: When do you think that work being undertaken by the Roads and Traffic Authority will be completed?

The Hon. DUNCAN GAY: We recently met with the Local Government and Shires Associations to discuss this proposal to increase contestability. As I am sure you are aware, I gave a commitment that there would be extensive consultations with rural and regional councils as part of the exercise to examine greater contestability in road maintenance. We have indicated that we want to work with them on various proposals. It means finding better ways to deliver maintenance. We hope to have the preliminary work completed by mid-2012.

The Hon. MICK VEITCH: You would understand that I have had a number of rural councils talk to me about this and there is a fear of the unknown and losing revenue streams. Have you formalised ongoing dialogue with the Local Government and Shires Associations about road maintenance contract contestability?

The Hon. DUNCAN GAY: I think I have from the conversations I have had, particularly with the president of the Shires Association and associated members. The consulting company is wandering the bush and talking to these guys, because it is important when we put this together that we get it right.

The Hon. PENNY SHARPE: What savings do you anticipate achieving as a result of introducing greater contestability?

The Hon. DUNCAN GAY: None at this stage; we are developing the process.

The Hon. PENNY SHARPE: So there is no document that anticipates the savings that will be made.

The Hon. DUNCAN GAY: We believe there will be savings.

The Hon. PENNY SHARPE: Is there a document or advice?

The Hon. DUNCAN GAY: Until we develop the process properly, we will not be able to quantify any particular savings. As I said, until we finalise the strategy for greater contestability in the provision of road maintenance I do not want to go into a hypothetical area.

The Hon. PENNY SHARPE: Does Treasury have any details of anticipated savings? This was mentioned in the Treasurer's speech and clearly Treasury has an eye on this. Are you aware of Treasury's savings expectations?

The Hon. DUNCAN GAY: Treasury believes there will be savings.

The Hon. PENNY SHARPE: Can you detail them?

The Hon. DUNCAN GAY: No, as I said, we cannot detail the savings until we finalise the model we will put in place. It is appropriate to put in place a proper model that takes into consideration regional New South Wales and the operation of councils. Mr Wielinga, do you want to add anything?

Mr WIELINGA: No, but I would like to make a minor correction. The steering committee will include Infrastructure NSW and the Department of Finance and Services.

The Hon. DUNCAN GAY: That was the one on the M5.

The Hon. MICK VEITCH: I understand you worked through a process to identify the savings. What is the plan for the savings once they are generated? Will they be spent on road maintenance contracts, will they be deemed windfall gains or will they be expended somewhere else in your department?

The Hon. DUNCAN GAY: As I indicated in answer to your question in Parliament, this is about getting a bigger bang for our buck in the provision of services in regional New South Wales. If we can do it cheaper, we can deliver more.

The Hon. MICK VEITCH: West of the Dividing Range?

The Hon. DUNCAN GAY: Everywhere, but we do like to look after regional New South Wales.

The Hon. PENNY SHARPE: I refer again to the M5. I want to explore the extension of tolls. Can you say yes or no in answer to whether tolls will be extended for longer than the four years that is proposed?

The Hon. JOHN AJAKA: Point of order: With all due respect, it is not for the honourable member to tell the Minister how to answer a question. She cannot tell the Minister to answer a question by saying yes or no. It is for the Minister to answer as he sees fit.

The Hon. AMANDA FAZIO: The Minister is capable of looking after himself.

CHAIR: I uphold the point of order. The Minister can answer the question.

The Hon. MICK VEITCH: We all know he wants to answer it.

The Hon. DUNCAN GAY: As I indicated earlier, negotiations are still underway. There is a range of options—

The Hon. PENNY SHARPE: So extending the tolls is part of that?

The Hon. DUNCAN GAY: —within those negotiations. If you do not extend the toll, the toll goes up. But if it does not go up, you have to extend the time. They are obviously two of the options.

The Hon. PENNY SHARPE: How many years are you prepared to look at—five years, six years?

The Hon. DUNCAN GAY: We have not completed those negotiations.

The Hon. AMANDA FAZIO: I refer to the contestability of roadworks. Infrastructure Partnerships Australia has estimated that savings of up to 40 per cent could be achieved by introducing contestability to Roads and Traffic Authority road maintenance. What do you say about that estimate?

The Hon. DUNCAN GAY: I indicated earlier that people who have approached me directly have estimated savings of 5 per cent to 20 per cent. I have also seen a paper from Infrastructure Partnerships Australia that contains an estimate of 40 per cent. However, we have appointed an independent group to talk to the relevant people and we will wait for its report. Whether it is 5 per cent, 10 per cent or 40 per cent, we will not know until we put it in place and see how it works.

The Hon. MICK VEITCH: You would appreciate that a number of smaller rural councils have raised concerns about what will happen if they lose their contracts to do the work. Do you have a strategy or are you working with the Roads and Traffic Authority on developing a strategy to transition those councils to the new environment, or if they miss out will that just be bad luck?

The Hon. DUNCAN GAY: Being a rural-based member, when we sat down with the consulting company that is going to meet with people we indicated some of the concerns of councils and, by way of background, indicated that they should be looking to talk to these councils about ability to form partnerships, either with private enterprise or with other councils, because we want them, if possible, to be part of it. At this stage it is too early to give anything definitive. I think if they get together and form partnerships—either with other councils, economic or regional organisations of councils [ROCs], or with private enterprise within their region—they would be pretty well placed to be able to contest. But if they are much dearer than one of the local contractors from their community, we are not about taking the dearest.

The Hon. MICK VEITCH: You mentioned a consultant. Are you able to advise the Committee of the terms of the consultancy arrangement? What are the terms of engagement?

The Hon. DUNCAN GAY: No, but I can give you the name—which I do not have to hand.

The Hon. MICK VEITCH: I am happy for you to take that on notice and provide it to the Committee.

The Hon. DUNCAN GAY: I will take it on notice. If the contract is able to be shown, I will, but I suspect it is commercial in confidence.

The Hon. MICK VEITCH: That is okay. What is the term of the contract? For how long have you engaged the consultant?

The Hon. DUNCAN GAY: They have to report back by early to mid next year.

The Hon. MICK VEITCH: It is the same time frame?

The Hon. DUNCAN GAY: Yes—I think.

The Hon. MICK VEITCH: I am happy for you to take that on notice and check.

The Hon. DUNCAN GAY: Yes, I will take that on notice. It is Halcrow. Perhaps Mr Veysey could give us a bit more information on that.

Mr VEYSEY: There is a first report, which I understand the Minister is expecting by the end of this year, but that will then lead to further work, we would anticipate. So the time frame that the Minister indicated is quite reasonable.

The Hon. PENNY SHARPE: I have one more question on the M5. Are you able to provide the Committee with the amount of money that has been spent on getting advice and using consultants through the negotiation process since you were elected?

The Hon. DUNCAN GAY: Just on this, or everything?

The Hon. PENNY SHARPE: No, specifically on the M5 widening.

The Hon. DUNCAN GAY: You do not want it on anything else?

The Hon. PENNY SHARPE: Not at this point in time, no.

The Hon. DUNCAN GAY: I will take that on notice. We might even get it to you by the end of the meeting. It is probably in the report.

The Hon. PENNY SHARPE: Minister, does the Roads and Traffic Authority have any creditors with invoices that have not been paid within 30 days?

The Hon. DUNCAN GAY: I will refer that to Mr Hesford.

Mr HESFORD: We have established processes in terms of monitoring the payment of invoices. I would have to check specifically the amount that is outstanding.

The Hon. PENNY SHARPE: Can you take on notice how many there are and how long they are out of date?

Mr HESFORD: Yes.

The Hon. MICK VEITCH: The Government is now moving towards payment within 30 days as opposed to payment within 45 days. Is the Roads and Traffic Authority system structured to allow you to do that?

Mr HESFORD: We have reviewed the end-to-end processes of receiving invoices into the Roads and Traffic Authority and how quickly they are passed through the accounts payable function, and we have been tidying up the processes where appropriate to meet the 30-day target. The Roads and Traffic Authority has monitored itself against the 30-day target for a number of years and that information has been reported in the annual report, but we are making sure that we hit the 30-day target.

The Hon. MICK VEITCH: Does the Roads and Traffic Authority provide recurrent grants to non-government organisations?

Mr HESFORD: Non-government organisations?

The Hon. MICK VEITCH: Yes.

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

The Hon. MICK VEITCH: Could you do that, and also what was the indexation that was applied to this year's grant funds?

Mr HESFORD: Yes.

The Hon. DUNCAN GAY: I have an answer on consultant costs, if you would like it. The Roads and Traffic Authority's total expenditure on consultant costs for 2010-11 was \$5 million. This comprised special numberplates, concessions, Ernst and Young, \$1.28 million; special numberplates, concessions, UBS AG, \$843,000; M5 refinancing, Ernst and Young, \$604,749; mobility of workforce study, PWC—

The Hon. PENNY SHARPE: I am sorry to interrupt you, Minister, but specifically in relation to negotiations on contract.

CHAIR: Time for Opposition questions has expired.

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

CHAIR: We will now move to questions from the crossbench, starting with Dr John Kaye.

Dr JOHN KAYE: Thank you. I apologise but the Hon. Cate Faehrmann was called away at the last minute. I am filling in for her. Minister, I want to start by asking some questions about the M5 filtration and the trial of filtration that has been carried out. Was that completed on time?

The Hon. DUNCAN GAY: I will refer that to Mr Fogarty.

Dr JOHN KAYE: Mr Fogarty, my question is: Was the M5 filtration trial completed on time?

The Hon. DUNCAN GAY: It is my understanding that it finished at the end of September, yes.

Mr FOGARTY: Yes, it ended in September 2011 as per the initial intent.

Dr JOHN KAYE: I understand that the CSIRO is completing an independent assessment of the filtration. Is that correct?

Mr FOGARTY: The CSIRO is documenting a report on the testing that was undertaken during the trial.

Dr JOHN KAYE: When will that be completed, and will it become a public document?

Mr FOGARTY: Yes, it will become a public document and we expect the CSIRO to be able to present to us its evaluation report during November, and then we will be considering that report.

Dr JOHN KAYE: There were air quality results that were available on the website, but one thing that seemed to be missing was the particulate matter [PM] 2.5 results. Why were PM 2.5s not measured or, if they were measured, why were those results not put on the web?

Mr FOGARTY: That is a level of detail that I cannot give to you, but I am happy to take it on notice and provide the detail subsequently.

Dr JOHN KAYE: Does the Department of Transport accept that PM 2.5s potentially pose a significant health risk? Minister, do you want to answer that? Do you have concerns about the PM 2.5s?

The Hon. DUNCAN GAY: I am aware of community concerns in this area. Mr Fogarty has indicated that we will take that on notice and get back to you with those details.

Dr JOHN KAYE: You say you are aware of community concerns. Do you share those concerns?

The Hon. DUNCAN GAY: I do, in general terms. In fact, I have had meetings with the groups that you have met with over the years. Frankly, some of the work that was done in the past was not good enough, but as to the detail on this, I would rather take it on notice.

Dr JOHN KAYE: Does the department collect data on the level of haze in the tunnel?

Mr FOGARTY: Part of the testing I understand includes monitoring of haze and particulate matter.

Dr JOHN KAYE: When the variable speed limit signs are adjusted, are those adjustments in any way affected by your measurement of the level of haze?

Mr FOGARTY: Again, we would probably have to come back to you on the level of detail, but we are constantly monitoring and there are provisions in place should air quality in general reach particular thresholds to alter the operation of the tunnel.

Dr JOHN KAYE: At this stage do you have a position on further filtration of the M5 East tunnel? Do you think it should be continued or are you waiting for the outcome of the results?

The Hon. DUNCAN GAY: I am waiting for the outcome of results from the CSIRO.

Dr JOHN KAYE: NSW Health suggests that motorists wind up their windows and switch their ventilation to recycling, but there is no signage warning motorists entering the M5 tunnels to do so. Is there a reason for that?

The Hon. DUNCAN GAY: I do not know why there is no signage. It is a good suggestion. I will put it back through and we will see what we can do. I always wind up my windows and press the button because I never know how long I am going to be stuck on the M5.

Dr JOHN KAYE: That brings me to the issue of the M4 capacity increases: the widening of the M4. Has the Roads and Traffic Authority considered alternatives to widening the M4?

The Hon. DUNCAN GAY: To what degree?

Dr JOHN KAYE: Any alternative. The aim of widening the M4 is to alleviate congestion and provide transport options for a greater number of people. Have you considered other ways of doing so?

The Hon. DUNCAN GAY: Do you mean the M5?

Dr JOHN KAYE: I have been advised by an angelic voice that I did mean the M4.

Mr WIELINGA: Are you talking about the existing M4 or the proposal for the M4 from Concord Road into the city?

Dr JOHN KAYE: I am talking about both, but let us talk about the extension.

The Hon. DUNCAN GAY: First of all, could you detail where the widening of the M4 is that you are referring to?

Dr JOHN KAYE: Perhaps I will not. Perhaps we will talk specifically about the extension of the M4 that Mr Wielinga referred to. Have you looked at alternatives for the proposal—

The Hon. DUNCAN GAY: There are no plans for an extension.

Dr JOHN KAYE: There are no plans for an extension at this stage?

The Hon. DUNCAN GAY: No.

Dr JOHN KAYE: Has the Government been looking at any plans to alleviate traffic congestion on Parramatta Road?

Mr WIELINGA: What is happening at the moment is a transport master planning process. You have mentioned roads in isolation. Transport master planning can only be done by taking all modes of transport into account. The transport system consists of a road system, a rail system, a bus system, ferries and light rail. It all needs to be done as part of a comprehensive package to address the transport needs of the city. That is the process that is underway at the moment.

The Hon. DUNCAN GAY: For the M4 there are currently no plans but an extension has been promised in the past by previous governments. Do you want some information on that?

Dr JOHN KAYE: Thank you. Do you want to put that on notice or do you want to read it now?

The Hon. DUNCAN GAY: It is up to you.

Dr JOHN KAYE: I would prefer that on notice. That would be useful information for us.

The Hon. DUNCAN GAY: I am always happy to read these out.

Dr JOHN KAYE: I know you are. That is why I thought we might put that one on notice. I turn now to the issue of cycleways, in particular the City West Cycle Link. I believe you spent some time walking along the Lilyfield cycle route with my colleague the Hon. Cate Faehrmann, who told me she enjoyed the walk along the cycle route with you. Has your department costed any of the proposals yet?

The Hon. DUNCAN GAY: First of all, I also enjoyed walking that cycleway with your colleague. She is bright, sensible and good company. She made her point fairly but firmly that day. We do support the continuing growth of the cycling program in all parts of the city and across the State. In 2011-12 approximately \$6.2 million of Roads and Traffic Authority funds will match equivalent council expenditure—I will get Mr Veysey to give you the specific number in a moment—to deliver 116 local cycleway projects in 76 local government areas across New South Wales. These projects are designed as off-road paths or links on quiet streets. The important missing links will be designed, and in some areas constructed, in 2011-12 and include: the North Shore Cycleway, Merrenburn Avenue, Naremburn to Ridge Street, North Sydney, and Ridge Street to Sydney Harbour, Prospect to Blacktown, Blacktown central business district to St Martins shopping complex, North Ryde to Macquarie University, Lane Cove to Shrimptons Creek, M7 missing links package, Lidcombe to Strathfield, M4 Regional Cycleway at Merrylands, River Cities program at Parramatta and the missing links in the Parramatta Valley Cycleway, the River Cities program at Liverpool, the northern section of the Liverpool to Campbelltown rail trail, Elizabeth Drive to Bonnyrigg to Liverpool, the River Cities program at Penrith, and Mulgoa Road between Penrith and Glenmore Park. I know your colleague would agree that by creating a network of cycleways that effectively link, the Government is working to ensure that cyclists are provided with a safe route, which they can use with confidence.

Dr JOHN KAYE: For all those cycleways you mentioned, the State's total investment is \$6 million?

The Hon. DUNCAN GAY: That is correct—\$6.2 million. That was for those in 2011, but across the State it will be more than \$31 million.

Dr JOHN KAYE: I am confused. If one adds to the \$6.2 million the matching investment from councils it would take that to \$12.4 million.

The Hon. DUNCAN GAY: That is correct.

Dr JOHN KAYE: How do we get to \$31 million?

Mr VEYSEY: The \$6.2 million is a subset of the \$31 million. The State cycle program in 2011-12 is \$31 million, of which \$6.2 is used to match council funds.

Dr JOHN KAYE: The remaining \$24.8 million is unmatched? Is that correct?

Mr VEYSEY: That is correct. That would be on Roads and Traffic Authority projects where cycle facilities are largely being provided as part of the project.

Dr JOHN KAYE: So the total amount would be about \$37.2 million?

Mr VEYSEY: No. The \$6.2 million is a subset of the \$31 million.

Dr JOHN KAYE: I have subtracted that. So \$24.8 million and \$12.4 million would give you \$37.2 million.

Mr VEYSEY: If you are adding in the council funds on top of the \$31 million?

Dr JOHN KAYE: Yes.

Mr VEYSEY: Yes.

Dr JOHN KAYE: So all those cycleways will be achieved for \$37.2 million?

Mr VEYSEY: That is correct.

Dr JOHN KAYE: Is that for one year's funding at \$32 million or is that four years funding?

Mr VEYSEY: I apologise. This year's funding of those projects and—as you may be aware—some of them go beyond more than one year. I correct myself there.

Dr JOHN KAYE: But there is a commitment in the budget to continue to fund those through the four-year cycle?

Mr VEYSEY: Yes, there is a plan to fund it over a longer period.

Dr JOHN KAYE: I turn now to the issue of the cycleways in the Sydney central district. Minister, you have been reported as saying you are quite hostile to some of those cycleways. Do you still maintain that some of those cycleways should be removed?

The Hon. DUNCAN GAY: I have been reported as saying I am going to rip them out, and you have indicated that I am quite hostile.

Dr JOHN KAYE: I did not indicate that. I said it had been reported. I am giving you the opportunity to respond as to how much you like cycleways.

The Hon. DUNCAN GAY: I indicated that you said that I am reported to have said that. I have always indicated that I am supportive of cycleways except that I believe some within the city of Sydney are in the wrong place. Frankly, there was not enough negotiation on where they should be located. There was a take it or leave it attitude. I have always indicated that I believe the cycleway in College Street is inappropriate—there are better places to have it. That is typified by the fact that you see cyclists every day not using it. It is in the wrong street. There are more cyclists not using it than using it. The hardest one of all—and I have sympathy for the Lord Mayor and the City of Sydney—is King Street. There is only one access there and that is proving to be one heck of a problem.

In Kent Street young schoolchildren have to get out of cars on the wrong side of the road to cross a busy street to get to St Andrews College. Their parents can no longer park where they used to. We are talking to the City of Sydney and looking at alternatives. We have had a meeting but we did not come to a united conclusion—we were not exactly singing off the same hymn sheet. But we are working towards ironing out where the differences are. The misreporting of the fact that I indicated that they all should go is very different from the fact that we believe they are currently in the wrong places. I did suggest that perhaps the College Street cycleway could be put through the centre of Hyde Park in a mixed solution, with a path over the top of Park Street. The City of Sydney indicated that there is a problem with cyclists and pedestrians at the moment, and I understand that concern. Perhaps Hal Scruby is right in some of those areas.

The Hon. ROBERT BROWN: Wash your mouth out.

The Hon. DUNCAN GAY: We were doing it with a feeling of glasnost. We did not quite get to sing *Kumbaya* at the end but it was a pleasant meeting and we have a bit more to do on it. [*Time expired.*]

The Hon. ROBERT BROWN: I am substituting for the Hon. Paul Green but I have some questions hidden in here, too. To carry on from a question asked by the Hon. Mick Veitch in relation to consultations that the department may have had apropos road maintenance contestability, I note that you said you had had discussions with the Local Government and Shires Associations. Have you or do you intend to consult with the principle union that covers those workers, the United Services Union, or other unions?

The Hon. DUNCAN GAY: I am happy to talk to them. I have spoken to them in the past. It was a pretty good meeting, and they are a pretty decent bunch. We used to talk to the Australian Workers Union in the shearing sheds.

The Hon. ROBERT BROWN: I note from the budget papers that the new Roads and Maritime Services agency will "investigate ways to capitalise on technical innovations and to reinvest commercial returns to offset costs". Can you explain what that means? What sort of commercial returns would either portfolio be able to make that they would reinvest?

The Hon. DUNCAN GAY: I will ask Mr Hesford to answer; otherwise we will take it on notice.

Mr HESFORD: The Roads and Traffic Authority, in its current form and the functions that will transition into Roads and Maritime Services, operates a number of commercial businesses. One is the tolling business and the special number plates concession that was granted last year, and also the road and fleet services business where it does work for councils as well. It is about capitalising on utilising the workforce and the technologies and processes that it has.

The Hon. ROBERT BROWN: And churning up those commercial operations.

Mr HESFORD: To help fund the roads program as well.

Mr WIELINGA: The Roads and Traffic Authority has a Sydney Coordinated Adaptive Traffic System that runs the traffic signals in Sydney. It sells that to about 80 cities around the world at the moment.

The Hon. ROBERT BROWN: Yes, I had a briefing on it. It is quite impressive.

Mr WIELINGA: It will continue to develop that technology and improve it as it goes forward.

The Hon. ROBERT BROWN: We had a bit of a discussion on bicycle ways in Sydney. One thing you might like to take on board is the broad publicly held view that perhaps adult bicyclists or their bicycles should be either registered or licensed.

The Hon. DUNCAN GAY: I have had a lot of suggestions on licensing and registration so people stick to the rules. There is a small percentage of bad car drivers and equally a small percentage of bad cyclists. One of the things you were talking about in this business was the special number plate, which is a fairly important thing. With your permission I would like to give a bit more detail on that.

The Hon. ROBERT BROWN: It is your answer. Go ahead.

The Hon. DUNCAN GAY: Thank you. As part of the November 2008 mini-budget the former Government announced a proposed separation of the special number plate business from the Roads and Traffic Authority. Like many things in the notorious mini-budget, this was another disaster, compliments of the former Treasurer. The transaction process ran from the November 2008 announcement until August 2010. The granting of the concession was the result of processes conducted jointly by Treasury and the Roads and Traffic Authority, including the input of a number of former Ministers—Roozendaal, Borger and Daley. During the period they racked up—you will not believe this—the following expenses in preparing the transaction: \$3.1 million to UBS for commercial and transaction advice, \$2.716 million to Ernst and Young for separation and accounting advice, \$1.719 million to Clayton Utz for legal, \$90,000 to KPMG for taxation advice, \$124,000 to Procure Consulting, \$140,000 to Treasury consultants, \$117,000 to PricewaterhouseCoopers and \$14,000 to Freehills for legal advice on IP.

That is \$8 million on consultants but there was more: \$1.586 million on a project management office, \$9,000 on a data room, \$26,000 for other costs like travel, \$114,527 for IM and IT and \$1.343 million on capital expenditure required to facilitate the transaction. If you add all that together, that is \$11.1 million in transactional costs, but you add on top of that a capital spend of \$18 million to expand the IT systems. They spent a total of \$29 million on this number plate transaction. One would have thought that for \$29 million we would have turned a quid and got a few bob back. Sadly, we only generated a profit of \$28.5 million, which was about the same as they got before. So they spent more than that and got less back. That is the legacy that the former Government and the former Treasurer left us.

The Hon. ROBERT BROWN: The School Bus Safety Community Advisory Committee was set up last year to examine school bus safety in regional and rural New South Wales. Has the committee made any report or any recommendations yet?

The Hon. DUNCAN GAY: You are probably aware that that is not in my portfolio, but I think it may have been asked in the Transport estimates.

The Hon. ROBERT BROWN: That is fine. I will let the Hon. Paul Green know that. What is involved in the Government's "congestion and safety package" which according to the budget papers is to cost \$50 million a year?

The Hon. DUNCAN GAY: It was part of our election promise to address issues put in place initially by my predecessor who is now the Deputy Premier and one that was put in before the last Government. In fact, it was more than \$50 million; it was \$200 million over four years. This year we are delivering \$41 million worth of those. I have four pages of things we are delivering, but I will quote the first half dozen: \$1 million this year for Bathurst roads upgrades as part of a four-year \$2 million commitment; \$600,000 this year for the Narramine to Tullamore Road upgrade as part of a four-year \$800,000 commitment; \$500,000 this year for the Queanbeyan roads upgrade as part of a four-year \$4 million commitment; \$500,000 this year for the Wiseman's Ferry upgrade; \$1 million for the Woy Woy Road upgrade; and \$1 million for the Princes Highway Heathcote safety upgrade. Those important safety issues had been missed out before. This is new money, extra money that was put in place.

The Hon. ROBERT BROWN: Can you provide the Committee with a list of the technical reasons that the 110-kilometre-an-hour limit could not be carried on south of Jerilderie on the Newell Highway?

The Hon. DUNCAN GAY: I will hand over in a moment to Dr Job. The fact was that we made a commitment and we delivered on the Newell Highway. But within that commitment we had to be careful about particular road safety issues. Whilst at this stage the road is not up to standard that commitment still stands. When that road is up to standard we will put it up.

The Hon. ROBERT BROWN: When Dr Job answers the question I am interested specifically in which aspects of the road's construction or geography were deemed to be different from the road north of Jerilderie?

Dr JOB: We honoured the Government's commitment to reinstate the 110-kilometre speed limit on the large majority of the Newell Highway, which originally had a speed limit of 110 kilometres. A number of sections, including the one that you are identifying which is adjacent to Jerilderie, were not reinstated to 110 kilometres an hour because of concerns about the safety of those sections. As I recall it, that section does not have shoulders as wide as a number of other sections, and it has a few turns on it which are fairly short angle turns compared with some of the others that we find along the highway.

One of the other reasons for considering whether or not to reinstate the 110-kilometre speed limit is the crash history of the road. Often these crash histories cannot be predicted effectively from the horizontal or vertical alignment or because of the nature of the road surface. Sometimes we cannot identify a particular technical detail on a road that will reveal to us why we have the crash history that we do. However, that section of road had a serious crash history and that crash history was one of the factors contributing to the decision to leave the 100-kilometre an hour speed limit.

The Hon. ROBERT BROWN: So that section of road had a higher crash history than the sections north of Jerilderie?

Dr JOB: I would have to take on notice that part of your question relating to the crash history in each section. I emphasise that we chose a number of sections along that highway, not just that one, where there was a significant crash history or where there were confronting aspects of the nature of the road or the curves on it. Those were the reasons for the decisions not to reinstate the 110 kilometre speed limit along various locations.

The Hon. DUNCAN GAY: The community reaction to these changes has been fantastic. I was pleased to be there with local members Troy Grant and Kevin Humphries. As we were taking down the signs hundreds of cars drove past and their drivers called out, "Well done; good on you." The Government, the community and the police believe that the freeing up of the interaction between heavy and light vehicles has made the operation

of that road much safer. It has separated the cars and the trucks, it has made people much happier and it has been a huge safety benefit.

The Hon. ROBERT BROWN: Minister, as you are aware, for a number of years I was a member of the Joint Standing Committee on Road Safety. One of the most innovative trials I saw was the trial of the separated carriageways through the use of a wide centreline. How have the trials progressed and does the Government have any plans to extend that concept?

The Hon. DUNCAN GAY: One of the reasons why we are able to reinstate it—apart from our election promise—relates to the centreline on parts of that road.

Dr JOB: We have conducted an extensive trial of that centreline. We examined several features to establish whether we could provide a wide centreline that would give people making an error a safety margin while at the same time enabling other motorists to overtake. One of the challenges along that highway is to ensure that we allow overtaking on as much of the highway as we can. As the Minister said, one of the benefits from the 110-kilometre speed limit is the separation of the speeds of heavy and light vehicles. In order to capture that benefit for traffic efficiency we must allow as much overtaking as we can. This wide centreline will be configured either to allow overtaking or to prevent overtaking. The trial involved two sections of the highway which were several kilometres in length.

We examined in detail the behaviour of drivers and motorcyclists when traversing the highway. We filmed motorists driving along that section and identified their behaviour. There was an increase in the extent to which drivers maintained their lane, so we got less encroachment into other lanes. We had some other concerns about issues that we wanted to ensure were not happening. One of those issues was whether people, for example, motorcyclists, would consider that lane potentially as an overtaking lane. We watched for that behaviour but we saw no evidence of increasing incidences of risky behaviour.

The Hon. ROBERT BROWN: They call it the white lane.

Dr JOB: It is a good process because it applies a logic that we know works if you leave the road to the left. If you leave the road to the left, especially if you are fatigued or you are travelling at high speed, you get a clear warning. If you cannot see clearly on a dark night you get a clear warning because you have a rumble strip or profile line marking. Then you have a metre or so of shoulder, if you have a well-configured road, in which to correct when you are warned that you are leaving the roadway. We have simply identified that as good logic which our data shows works for off-road left crashes. We are now asking whether we can do exactly the same thing in the middle of the road." In effect, that is what we have: we have a plain painted line, then a profile line that gives you the rumble, then one metre in which to correct before you potentially cross into the path of oncoming vehicles.

The Hon. DUNCAN GAY: In conclusion, the Government allocated an additional \$30 million for road safety works on the Newell Highway, which has added to the \$45 million that was being spent on black spots.

CHAIR: We will now take questions from the Opposition.

The Hon. MICK VEITCH: Just following on from that, Minister, that \$30 million, is that in this year's budget or is it across the next two or three years?

The Hon. DUNCAN GAY: Currently, my understanding is that it is this year's budget.

Dr JOB: The \$30 million is spread over three years and there is a continuing commitment to that process of doing highway safety reviews and funding them. We are now in the process of doing the Great Western Highway, the new Western Highway and the Mitchell Highway, as the seamless route, and we have started on the same process for the New England Highway.

The Hon. PENNY SHARPE: This question is to Dr Job as well. Are you confident that there are no confronting aspects on any areas of the Newell Highway where the speed limit has been increased?

Dr JOB: I think there are always confronting aspects to all of our highways, unless they have been reengineered to be dual carriageway. That is an inevitable feature of a jurisdiction like ours, which has a history

of going from horse and cart to the development of roads on a historical basis. I think we have confronting aspects in all of the western jurisdictions. We try to deal with them as effectively as we can by managing and educating drivers.

In the case of the Newell Highway, in particular, as the Minister has identified, we have a \$30 million package of works that will aim to specifically target those confronting aspects of the road where we have a crash history. The way we do those reviews is not simply as an engineering audit where we go along and look at the road, but we also look in particular at every location where we have had a fatal crash in recent times. We analyse the nature of that crash, what happened, what might have caused it. We ask ourselves: What could we do to this road to avoid that outcome on this particular section of road? That is the process by which we have spent that \$30 million. The history of us doing these road safety reviews indicates that is an extremely effective process. We started it on the Pacific Highway in 2003. That year on the section we reviewed—essentially from just north of Newcastle to the Queensland border—the entire rural section—

The Hon. PENNY SHARPE: Thank you, Dr Job; I appreciate that. But I just specifically want to know about the Newell Highway. Are you confident that there are no areas that have confronting aspects, where the speed has been increased?

Dr JOB: As I said, I think we have confronting aspects for road safety on all of our major routes.

The Hon. PENNY SHARPE: Did your area provide any advice to the Minister recommending against an increase in the speed limit on the Newell Highway?

Dr JOB: We provided advice to the Minister that there were risks to any speed limit increase on a road, but these things are a matter of balance. A speed limit must balance the need for mobility of the community with the need for safety. If we simply took safety into account and never considered mobility, we would have five kilometres an hour speed limits on all our roads. That is always a balance that we need to strike. We were also of the view that the \$30 million in works that we were spending would significantly improve the safety of that highway.

The Hon. PENNY SHARPE: Minister, would you provide us with a copy of the advice that was provided to you about the Newell Highway?

The Hon. DUNCAN GAY: We have already provided a copy of the advice that I made the decision on. Those documents were tabled in Parliament—

The Hon. PENNY SHARPE: Specifically from Dr Job's area?

The Hon. DUNCAN GAY: —at the request of your colleague the Hon. Mick Veitch.

The Hon. MICK VEITCH: With that \$30 million, I am still a bit confused. Is that the additional funds for all of the Newell Highway, or just for the road south of Jerilderie?

Dr JOB: That \$30 million is for the whole highway. There was a review undertaken of the whole—just over 1,000 kilometres of highway—and that \$30 million is to address the works that we believe would improve safety along the entire length of that highway.

The Hon. MICK VEITCH: How much would be required for south of Jerilderie to bring it up to a standard to increase the speed limit, for instance?

Dr JOB: I would have to take that question on notice.

The Hon. MICK VEITCH: I am happy for you to take it on notice.

Dr JOB: That would take a lot of work to determine.

The Hon. MICK VEITCH: Okay. Leading on from that, Minister, I would like to now talk about heavy vehicle rest areas. You may wish to take some of these questions on notice because I am after some numbers. Can you advise the Committee of how much in this year's budget has been allocated for the

construction of new heavy vehicle rest areas, where they are, and on which roads and whereabouts they are located?

The Hon. DUNCAN GAY: I think I can actually do most of that. We are currently building and upgrading rest areas to ensure drivers, in particular heavy vehicle drivers, have appropriate opportunities where they can stop and revive. Increasingly, grey nomads are using these particular spots, and it is part of the problem.

Dr JOHN KAYE: Don't look at me when you say that.

The Hon. DUNCAN GAY: I think I am greyer than you.

The Hon. ROBERT BROWN: You are a grey kayaker, not a nomad.

The Hon. DUNCAN GAY: You find the problem, of course, when you have the heavy vehicle pulled up there with the refrigerated van or livestock. It does not go down well with the grey nomads who are trying to get a night's sleep in those places, but it is what we are addressing. There are currently more than 1,400 rest areas in New South Wales, about 1,000 of which are suitable for heavy vehicles. We are currently delivering a four-year \$35 million heavy vehicle safety and productivity program, which is jointly funded by State and Federal governments.

The program, which is to be completed by 2011-12, includes 10 new rest areas on the Newell, Princes, Barrier and Sturt highways, and 44 rest area upgrades on the F5, Hume Highway, Newell, Sturt, Great Western, Mitchell and Princes highways. The funding also provides for pre-construction work on five bridges located at Orange, Singleton and Wialda and strengthening of a steel bridge over the Hunter at Denman, which is 77 kilometres west of Singleton. As for where the specific locations are, we will take that on notice.

The Hon. MICK VEITCH: Thank you. I will now go to the issue of B-triples. With regard to the process for approving the B-triple routes through New South Wales, are you able to advise the Committee what that process is, Minister?

The Hon. DUNCAN GAY: Yes, certainly. I will ask Peter Wells to respond.

Mr WELLS: Thank you. In general terms, for approving any freight vehicle that has greater productivity, there is a process of application to the Roads and Traffic Authority. Some vehicles that may be different combinations can perform differently: They might be swept path or how the last of the trailers performs. For B-triples, they will be dealt with on their merits, should applications be received.

The Hon. MICK VEITCH: "They will be dealt with on their merits, should applications be received." Could you just explain that a bit further for me? If I had a trucking company in Dubbo and I wanted to travel down to Port Kembla, I would have to advise of the route and make application to the Roads and Traffic Authority to get approval.

Mr WELLS: Indeed. The way that we look at various requests for access by heavy vehicles—they may be additional height or length, or swept path as they turn—and in order to do that, we have to assess the route. We obviously own and manage a series of the State roads. In addition, councils manage many of those roads—longer by length of kilometres—although the more heavily trafficked roads are the State roads. Any vehicle that is outside approved parameters needs to be assessed on its merits: Will it turn the corner safely without damaging, for example, infrastructure such as posts or kerbs, et cetera? Will it work through the various intersections and turning paths and so on?

The Hon. MICK VEITCH: So that work is done in consultation with local government areas upon which the proposed route would travel?

Mr WELLS: Indeed. The typical applications often involve local councils. That is often characterised in discussions with the heavy vehicle industry as the last mile issue. As it is typically phrased, the bulk of the journey may well be on State roads and, to use the jargon, the last mile or the first mile may well be on council roads.

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

Mr WELLS: That then necessitates the negotiations.

The Hon. DUNCAN GAY: That is the hard one—the one we need to fix up. It is not unfair to them but it actually provides a route.

The Hon. MICK VEITCH: You have got to get to the route.

The Hon. DUNCAN GAY: Ultimately, with these heavier mass-limit vehicles, they are better vehicles that do less damage. Environmentally they are better because you can carry more and you have less truck movements. I will ask Les to add to that.

Mr WIELINGA: In the assessment of these high productivity vehicles, there are two things that are critical: Peter has spoken about road geometry and the ability of vehicles to stay inside lanes, particularly when they are doing turning movements at intersections. The second thing is the impact on structures—bridges and large culverts on the road network. Our bridge people do an engineering assessment of that. I would like to give you a practical example of where these vehicles play an important role.

Part of the western road network is what we call the road train network where you get longer vehicles. Normal semitrailer road trains have a lot of sway in them when they are travelling. The couplings that are on the B-triples are a lot more stable and they reduce the amount of swaying in those vehicles, so they actually perform in a superior way to the road trains that are out in those particular areas. But where you have highly trafficked roads and where you have an existing design lane width, turning lengths and all that sort of thing, works are generally required to allow those vehicles to go on those networks, particularly the eastern seaboard network.

The Hon. PENNY SHARPE: Minister, the budget papers show that there has been a \$200 million cut to the budget for roads in western Sydney. Which western Sydney road projects have been cut or delayed?

The Hon. DUNCAN GAY: Part of the problem when you are looking at western Sydney is that you are not actually looking at apples and apples. The western Sydney that is there this time is different from the one that was there last time. Last time it had Macarthur in there. This time it does not have Macarthur in there.

The Hon. MICK VEITCH: Minister, can I just ask: Where is Macarthur?

The Hon. PENNY SHARPE: It has gone.

The Hon. DUNCAN GAY: We have committed more than \$348 million for roads in western Sydney in this budget. We are also delivering \$94 million roads in the Macarthur region as part of this budget. We have committed to delivering \$100 million over four years specifically to western Sydney projects, which will help to reduce congestion and improve safety. Some of the key ones in the budget this year are \$1.5 million towards the Werrington arterial project in Werrington, which includes Federal funding as part of a four-year \$10 million commitment, and \$1 million this year towards the Victoria Bridge widening.

The Hon. PENNY SHARPE: Excuse me, Minister, thank you. I appreciate the information.

The Hon. DUNCAN GAY: You asked the question. I am answering it.

The Hon. PENNY SHARPE: Yes, but I am happy for you to take it on notice. I am interested in the ones that have been cut or delayed, as opposed to the ones that are going ahead. We are very happy about the ones that are going ahead and we are happy for you to provide those on notice.

The Hon. DUNCAN GAY: My understanding is that there are no cuts. What we are doing is putting more money in there for roads going forward. There were some major projects that finished, which would account for the fact that there is a difference between the two.

The Hon. PENNY SHARPE: Would you be able to detail all of that and provide that to the Committee?

The Hon. DUNCAN GAY: We could get that.

The Hon. PENNY SHARPE: That would be great. Would you also be able to provide to the Committee the allocation on all of the western Sydney roads across the forward estimate period, broken down by year?

The Hon. DUNCAN GAY: I think they are in the budget papers, but we will take that on notice.

The Hon. PENNY SHARPE: Thank you. Minister, in relation to the M5, at what point do you expect the M5 project to be referred to Infrastructure NSW, or will it be?

The Hon. DUNCAN GAY: Infrastructure NSW is currently part of the steering committee. It is one of the groups on it.

The Hon. PENNY SHARPE: My understanding of Infrastructure NSW is that it will be looking at all projects over \$100 million. Clearly, the M5 widening will be more than that. Is it going to be referred to Infrastructure NSW?

The Hon. DUNCAN GAY: Which part of "Infrastructure NSW is part of the steering committee" did you not understand?

The Hon. PENNY SHARPE: I understand steering committees and I understand that Infrastructure NSW is making 20-year plans and 5-year plans. I am interested specifically in the M5 project, whether it is going to be handed over to Infrastructure NSW.

The Hon. DUNCAN GAY: This is a project that was already under negotiations.

The Hon. PENNY SHARPE: So it will not fall into the infrastructure plans for Infrastructure NSW?

The Hon. DUNCAN GAY: It is part of the negotiations and part of the ongoing process.

The Hon. PENNY SHARPE: But it will not necessarily feature in the 20- or five-year Infrastructure NSW plans because it is already underway? Is that what you are saying, Minister?

The Hon. DUNCAN GAY: I am saying that they are part of this process. They are part of the steering committee. This was a project that was already underway, some of the early work had been done in your Government—too long a period. This is not a new project that is starting out now.

The Hon. PENNY SHARPE: So to clarify, any projects that were previously underway will not be handed over to Infrastructure NSW?

The Hon. DUNCAN GAY: Infrastructure NSW is part of this. We are working with Infrastructure NSW.

The Hon. PENNY SHARPE: So where will the M5 project end up within the five-year or 20-year infrastructure plans?

The Hon. DUNCAN GAY: I have answered your question.

The Hon. PENNY SHARPE: So you cannot tell me?

The Hon. DUNCAN GAY: I have answered your question.

The Hon. MICK VEITCH: Minister, I take you back to the \$30 million for the Newell highway. Does that include the \$10 million that has been allocated for the overtaking lanes on the Newell highway or is the \$10 million on top of that?

The Hon. DUNCAN GAY: My understanding is it does not, but I will hand over to Dr Job.

Dr JOB: This \$30 million package is specifically for safety works. That is in addition to \$45 million of annual funding for traffic management, asset management and capital works on that highway. The \$30 million will not be spent on overtaking lanes.

The Hon. MICK VEITCH: I take you now to something completely different—speed limit signs. But in particular I will ask—it is probably more a question for Dr Job—but when was the last time the Centre for Road Safety reviewed the effectiveness of reducing speed and increasing speed safely within school zones?

Dr JOB: We have reviewed the effectiveness within school zones recently. Within I think the last year the Auditor-General undertook a review of the safety effects of the 40-kilometre an hour school zones across New South Wales. We were able to supply very accurate geocoded data for those locations for in excess of 800 schools. An extensive analysis was done of that, which showed that we had of the order of 46 and 45 per cent reductions in numbers of injuries of children in school zones and numbers of injuries in general in school zones. So we know from that data that they work very effectively. We have also been conducting extensive research on how we can improve on those statistics and that is the reason for the flashing light programs. Our analysis of flashing lights showed that where you have a flashing light, you get an improvement in compliance by motorists of the order of seven kilometres an hour. So the flashing lights do deliver improved benefits. That is why the Government has committed \$13 million extra to substantially extend the flashing lights program.

The Hon. MICK VEITCH: I am not against the school zones, I preface my comments with that. But you have created a bunching effect of traffic slowing down through those and then it usually takes a period of time beyond the school zone for the traffic to then free up or at least start moving at a regular pace. Does your review include the distance of the school zones on either side of the school?

Dr JOB: Our policy sets school zones wherever a school has a direct access to a road. We then consider the detail of the geography of that road, whether there are other side roads we would need to include in it to ensure that motorists approaching from every direction are warned that they are approaching or coming into a school zone. In addition to that, the Premier has directed Staysafe to undertake an enquiry into school zones in particular, with a view to considering whether we should really have a one-size-fits-all or whether we should be discriminating more carefully around which schools should have or to what extent they should have a school zone. So that is an enquiry that has been directed to the Staysafe committee to review this very successful program further.

The Hon. DUNCAN GAY: It is a successful program and we just rolled out a whole lot more during the school holidays, which is a great time to do it.

The Hon. PENNY SHARPE: Minister, in relation to Infrastructure NSW, your Department is not on the board of Infrastructure NSW. How can you guarantee that projects like the M5 widening and other roads projects being negotiated are going to be included in the five-year infrastructure plan, which we understand is the way the Government is going to roll out infrastructure.

The Hon. DUNCAN GAY: The premise of your question is wrong. Mr Wielinga is ex officio on the Board of Infrastructure NSW.

The Hon. PENNY SHARPE: When did that occur?

The Hon. DUNCAN GAY: I do not know. Some time ago.

The Hon. PENNY SHARPE: It was not in the legislation.

The Hon. DUNCAN GAY: You will have to update your information.

The Hon. PENNY SHARPE: Let us not forget the Government chose not to include them through legislation. You remember that we tried to have that happen and you opposed that.

The Hon. DUNCAN GAY: Mr Wielinga attended his first board meeting last month.

The Hon. PENNY SHARPE: So it is recent?

The Hon. DUNCAN GAY: Yes, but he is there.

The Hon. MICK VEITCH: I am fascinated with some of the work that is conducted at the Centre for Road Safety. Somebody spoke to me recently about safety helmets. What is the involvement of the Centre for

Road Safety in the accreditation or usage of motorcycle helmets in New South Wales? And do you do work for other jurisdictions in Australia on this particular issue?

The Hon. DUNCAN GAY: A recent announcement made by my Parliamentary Secretary indicated that some of the research showed that the cheaper helmets are pretty good as well.

Dr JOB: Indeed that is correct. In broad terms, we do two aspects of testing of motorcycle helmets. First, we do testing for checking that the helmets meet the required standards to be sold in Australia. That testing is a test of the capacity of the helmet to protect the head under various circumstances in the event of a crash and in particular if the rider happens to unfortunately face a sharp object, it also tests the capacity of the helmet to withstand that penetration. We have also added a ballistic cannon test, which is actually firing a steel ball at the visor of the helmet so that we ensure that the visors of the helmet also meet those standards. Finally, we test that the chin strap of the helmet will effectively keep it in place under the forces required in the event of a crash.

In addition to all that testing for meeting standards, we do a test on top of that which, I think we could call it a parallel to the Australian New Car Assessment Program. That is, we know all these helmets meet the standard in order to be sold, but some provide a level of safety that is above the standard. And so, as an education program to consumers, we test helmets for their capacity to provide safety above the level of the standard and we test them for comfort and we test them for the extent to which a rider would be more encouraged to wear them, given that we know that we still have crashes every year where we have tragic fatalities from head injuries from riders not wearing helmets. We do that testing in addition. That is called the Crash Program, which the Hon. John Ajaka launched with us this week at Crashlab and received positive media. So we use it for those two broad purposes. The latter program, which provides that information to consumers is now available on a website as well as via a brochure. It is funded, along with us, by the Motor Accidents Authority and by the National Roads and Motorists' Association.

The Hon. MICK VEITCH: Are there any plans to review road and motor accidents in New South Wales to better accommodate motorcyclists traversing roadways in New South Wales?

Dr JOB: We obviously take motorcycle safety very seriously. Motorcycles are a significantly proportion of our vehicle fleet and we expect that trend to continue with more and more focus on environment issues and on fuel savings. We do intend to continue to accommodate them effectively. There is no plan for a broad review of legislation in order to do that. We believe we have a number of programs in place in terms of education and improving the licensing process for motorcyclists, which improves road safety for motorcyclists.

The Hon. DUNCAN GAY: We also have a series of advertisements going to air this year, particularly on personal safety, how to corner, wide and then tight, rather than tight and then heading on to the oncoming traffic. One of the problems of motorcycling latterly is the great take-up of older riders, people without a history in riding.

The Hon. ROBERT BROWN: All leaping onto 1200 cc bikes.

The Hon. DUNCAN GAY: We do not need them starting off on gold wings. Part of the problem is that there has been an increase in accidents because of that. Part of our advertising budget this year is directed at that. We are also putting up bushies and truckies not wearing seat belts. There was such a terrific take-up in wearing seat belts and now it has dropped off, particularly in older gentlemen from the regions.

The Hon. PENNY SHARPE: Will you rule out introducing licences for cyclists?

The Hon. DUNCAN GAY: I have no plans to introduce licences or registration.

The Hon. MICK VEITCH: Having read NSW 2021 I am trying to find a mention of regional roads and its accountability to you as the Minister for Roads and Ports. Where is it?

The Hon. DUNCAN GAY: I could if I had the document in front of me but I have not. I will take the question on notice and get an answer. I am sure it is in there.

The Hon. MICK VEITCH: I find it hard to find and it is quite important to a number of people, as you are no doubt well aware.

The Hon. PENNY SHARPE: What is the average annual increase as a percentage in road construction material and maintenance over the past 10 years?

The Hon. DUNCAN GAY: I have to take that question on notice. I am good but I am not that good.

Dr JOHN KAYE: Minister, you named what you thought was an alternative for the College Street cycleway to cut through the centre of Centennial Park. Obviously there are pedestrian conflict issues as well as heritage issues about putting a bridge over Park Street.

The Hon. DUNCAN GAY: I noticed one over it recently.

Dr JOHN KAYE: It was a temporary structure. You should talk to your colleague, the Minister for Planning and Infrastructure about it. Do you have other alternatives?

The Hon. DUNCAN GAY: There are several alternatives. We spoke about this matter with Sydney city council. I am sure in the break you were briefed that it was not that excited about it. I think it is viable to look at. There are other roads that could be used and other ways. This will be a matter of ongoing discussion.

Mr VEYSEY: In the central business district every road has issues and we try to assist the city council but we are talking about its roads and it having responsibility for choosing where to put the cycleway and we help them with the design. We obviously have views and one of the things is that we do try to keep cycleways away from roads that are major bus routes because we are trying to protect those. We will continue to work cooperatively with the city council for the foreseeable future and hopefully we will be able to devise a good compromise. I do wish to make the point that when the council decides to put cycleways on its roads that it is the council's decision, and we give it technical advice and support. We advise the council to avoid busy streets, for example, Elizabeth Street because it is a major bus route and we thought we would compromise the efficiency of the public transport services. I think it is struggling, as I would if I were in its shoes with a limited number of east-west and north-south links to work with. We will happily continue to work with them to see if we can work our way through this.

The Hon. DUNCAN GAY: They are local government roads. Recently your colleague Mr David Shoebridge sent a letter to me and suggested that I should take over council roads.

Dr JOHN KAYE: A council road or all council roads.

The Hon. DUNCAN GAY: It was a council road.

Dr JOHN KAYE: It was one particular council road. You have to admit Minister, without going into the details, that we do not get to that later on hopefully, it was a very special case.

The Hon. DUNCAN GAY: He suggested that I should take over council roads.

Dr JOHN KAYE: No, a council road.

The Hon. DUNCAN GAY: A council road—he wants me to take over one but not others.

Dr JOHN KAYE: You will recall when you were in Opposition it is my job to ask questions. Do you have any data with respect to the utilisation of these three roads? You have oft quoted the argument that more people use the vehicle lanes in College Street than the cycle lane. Having cycled on that lane a few times that has not been my observation. Do you have data to back up that statement?

The Hon. DUNCAN GAY: No, I do not except that I am a regular user of College Street. When I use College Street there are more cycles on the roadway than in the cycleway. In fact, I recently saw an article in one of the daily newspapers about numbers that indicated that was the case.

Dr JOHN KAYE: That is always a very reliable source, particularly given it was the *Daily Telegraph* that it appeared in and given that the Telegraph has an amazing level of neutrality on this issue.

The Hon. DUNCAN GAY: Should I take the numbers of The Greens?

Dr JOHN KAYE: No, let me finish my question. Both you and I are doing this on the basis of anecdotal: my support for the cycleways and your opposition to them.

The Hon. DUNCAN GAY: Mine is not anecdotal; mine is a definite observation.

Dr JOHN KAYE: But it is a snapshot observation, it is not data. You have not actually measured any of these.

The Hon. DUNCAN GAY: It has been the case every day when I use it, and I tend to use it during the peak periods.

Dr JOHN KAYE: I use it earlier than you and I see it the other way around. In the absence of data, is it not very difficult to make a rational judgement here?

The Hon. DUNCAN GAY: My judgement is rational.

Dr JOHN KAYE: If you are going to continue with your opposition to it, will you make any attempt to measure the level of usage of those cycleways?

Mr VEYSEY: Minister, if I may. Both the city council and ourselves and in fact Bicycle NSW conduct counts from time to time and share them with each other. For example, there has been a significant increase, that you would know yourself, of cyclists going into the city over the major routes in from the north, the Sydney Harbour Bridge, and the Anzac Bridge, which has an excellent facility. I do not have them with me but we could certainly provide you with some data that indicates some usage of the cycleways. I think most of that data, if we are talking about College Street in particular, has been provided to us by the City of Sydney. We have been mainly looking at the ones across our bridges because we actually operate those traffic counters ourselves. We do share that information and we do I guess share the vision that one way or another we would like to see more people walking and cycling in the metropolitan area and generally, particularly in the central business district where it is more practical.

Dr JOHN KAYE: Does your data include the number of people using the traffic lanes?

Mr VEYSEY: Normally no. If you enable us to get you all the information we do have on notice we would also seek advice from the City of Sydney. I believe it may have some of that data. I am only certain of the ones on the bridges that we actually count.

Dr JOHN KAYE: If the data proves you wrong, as punishment will you don Lycra and go cycling with us?

The Hon. DUNCAN GAY: That would be a punishment too great for the State.

The Hon. ROBERT BROWN: That would be a Della Bosca punishment.

The Hon. DUNCAN GAY: Not quite that bad, but bad enough. We are happy to provide a full briefing on the material we have. Frankly, your suggestion within the question of undertaking proper research on the number of cyclists not using the lanes is a good idea and we will do it.

Dr JOHN KAYE: And compare it with other cycleways that you consider to be successful?

The Hon. DUNCAN GAY: You asked whether we have that information. We will do that. We are always happy to entertain The Greens' ideas. Do you want us to take over the city's roads as well?

Dr JOHN KAYE: You keep coming back to that. We will get to that issue and allow you to exercise your opinions. I want to know what has happened to the new active transport position within the integrated transport agency. Has that position been created and filled?

Mr WIELINGA: We have created a new section within the planning and programs area of Transport for NSW. The population of the organisation structure is in progress. We are slotting people into positions and

inviting internal expressions of interest. We will be advertising those positions soon. We are dealing with existing people within the organisation first and then we will get to advertising.

Dr JOHN KAYE: Is any active transport position filled in the road transport agency?

Mr WIELINGA: We have created positions that work on this in isolation. Their job deals with only pedestrians or bicycles. At the moment we have people whose role is partly related to those areas. We are creating specialists within the agency to do this work.

Dr JOHN KAYE: If I understand you correctly, these people have come from the old Ministry of Transport. Is that correct?

Mr WIELINGA: No. The positions dealing with cycleways and pedestrians will need to be advertised because we want to bring those new skills into the organisation.

Dr JOHN KAYE: So those positions are not yet filled?

Mr WIELINGA: No.

Dr JOHN KAYE: When do you expect them to be filled?

Mr WIELINGA: We are targeting Christmas to complete the organisational structure and we will do our best to achieve that deadline.

Dr JOHN KAYE: When you say "complete the organisational structure", do you mean filling all those positions?

Mr WIELINGA: Yes.

Dr JOHN KAYE: Excellent.

The Hon. DUNCAN GAY: These are important positions. Despite the mantra of some people—not your colleague who unfortunately cannot be here—this Government believes in cycling and cycleways. We will put proper plans in place, although not quite as generous as your election policy of 5 per cent of the Roads budget being spent on cycleways. That would have involved a budget of \$270 million this year or \$1.1 billion over four years.

Dr JOHN KAYE: Thank you for providing that costing. I appreciate that; it was very useful. I must remember to contact you before the next election.

The Hon. DUNCAN GAY: We like costing your policies. It is the best thing to frighten people across the State. You do not cost them yourselves.

Dr JOHN KAYE: We do and I do not think cyclists were frightened by that. You mentioned that The Greens' policy was that 5 per cent of the total Roads budget should be spent on cycleways. What percentage are you spending on cycleways over the next four years?

The Hon. DUNCAN GAY: I detailed that earlier in answer to a question from the Hon. Penny Sharpe.

Dr JOHN KAYE: I apologise; I missed that. I draw your attention to the motorways contract for the M2. I understand that you have said that the pre-existing material adverse contract clause has been altered. Is that correct?

The Hon. DUNCAN GAY: Yes.

Dr JOHN KAYE: You said that the change to that clause means that the North West Rail Link can be built without any risk of a claim from Hills Motorway.

The Hon. DUNCAN GAY: Thank you for that question, which is pretty accurate. In August 1994, the Roads and Traffic Authority entered into an agreement to facilitate the finance, design, construction and

maintenance of the M2 motorway with Hills Motorway Ltd. Included in that agreement was protection for the investors in the new motorway from the New South Wales Government or any of its authorities or agencies taking any action relating to the servicing of transport requirements in the north-west regions of Sydney that discriminated against Hills Motorway's operation or maintenance of the motorway. I am advised that if the Government did undertake certain transport improvements and that impacted on the patronage and investment return for the M2 motorway there was potential for the triggering of a material adverse effect claim for compensation from Hills Motorway.

In October 2010, the Roads and Traffic Authority entered into an agreement with Hills Motorway to widen the M2 motorway in north-west Sydney. As part of that agreement the pre-existing material adverse effect contract clause was altered. The change removed the potential for Hills Motorway to seek compensation from the Government should the construction of the North West Rail Link, as set out in the Metropolitan Transport Plan, result in a reduction in M2 motorway traffic and therefore revenue and profitability. The contractual change enables the Government to construct the North West Rail Link without this potential claim risk from Hills Motorway.

Mr WIELINGA: The short answer is that it has gone.

Dr JOHN KAYE: It has gone from the M2 contract?

The Hon. DUNCAN GAY: Yes.

Dr JOHN KAYE: Does the Eastern Distributor contract have a material adverse effect clause?

The Hon. DUNCAN GAY: We do not know, but we are happy to take that question on notice.

Dr JOHN KAYE: Do you know whether any of the other motorway contracts have material adverse effects clauses?

Mr WIELINGA: All of the contracts have material adverse effects clauses for different events and for things other than public transport as well. You need to look at each of the deeds.

Dr JOHN KAYE: Can you take on notice which deeds contain material adverse effects clauses for public transport activities?

Mr WIELINGA: We will take that question on notice.

The Hon. ROBERT BROWN: We come here with prepared questions, but many more come to mind during the hearings. When Dr Job was talking about the testing of helmets with ball-bearing cannons I was reminded of the myth busters' chicken cannon. I can see the staff at the road safety centre loading chickens into a cannon. One of the last road safety inquiries conducted under the previous Government related to vulnerable road users, which includes bicyclists and motorcyclists. Do any ongoing programs address the recommendations about motorcyclists in the report of that inquiry?

The Hon. DUNCAN GAY: Can you remind me of some of the recommendations?

The Hon. ROBERT BROWN: No, I cannot.

The Hon. DUNCAN GAY: I am happy to take that question on notice.

The Hon. ROBERT BROWN: Minister, you mentioned the acceleration of the flashing lights program, which I understand commenced in June. How many schools have had flashing lights installed since June under that program?

The Hon. DUNCAN GAY: The Government's \$13-million commitment will result in a doubling of the number of flashing lights at schools. The rollout of flashing lights in the first 54 school zones announced before the election is underway and will be completed by the end of November. We will spend about \$3.24 million in capital costs rolling out flashing lights this financial year. In addition, about \$4 million in recurrent expenditure is forecast for maintenance of flashing lights. As we indicated earlier, flashing lights are a great way to warn drivers. Most people do not mean to speed through school zones. We have talked about the

number of signs, but sometimes people miss them, although they should not. The flashing lights absolutely make sure that that trigger is there to protect our most precious resource.

The Hon. ROBERT BROWN: Could you provide the Committee with the date of referral to the Standing Committee on Road Safety for review of school safety zones. When was that referral made and when is the inquiry due to report?

The Hon. DUNCAN GAY: I do not know; I will have to take that on notice. In addition to the ones I just talked about, the flashing lights from June to November, 124 were rolled out from March to June 2011. To my understanding that reference is currently before the Staysafe Committee.

Dr JOB: It was a referral suggested by the Premier. When it is due, we would have to take on notice.

The Hon. DUNCAN GAY: In June, the Premier requested the formal inquiry and, in September, Staysafe submitted the terms of reference.

CHAIR: That concludes the session on Roads. We will take a break and resume at 4.00 p.m.

(The witnesses withdrew)

(Short adjournment)

TONY MIDDLETON, Acting Chief Executive, NSW Maritime,

DOM FIGLIOMENI, Chief Executive Officer, Port Kembla Port Corporation, and

JOHN GRANT GILFILLAN, Chief Executive Officer, Sydney Ports Corporation, sworn and examined, and

LES WIELINGA, Director General of Transport, on former oath:

CHAIR: The Committee will commence with questions from the Opposition on the portfolio of Ports.

The Hon. MICK VEITCH: Could I ask a few questions about Port Botany and its proposed sale or lease. How big is the site at Port Botany? What is the square metreage?

The Hon. DUNCAN GAY: I will ask Mr Gilfillan to give us those details.

Mr GILFILLAN: A very large part of Port Botany, and the most important part economically, is the container terminals, and there are three of those. The DP World container terminal on the southern side is around 35 hectares in size. On the northern side of Brotherson dock is Patrick terminal, which is about 42 hectares. The new terminal completed in June-July this year, which we call Terminal 3, is 63 hectares. In addition, there is a large area called Molineaux Point and offhand I cannot give you the size in area of that, but I could take that on notice.

The Hon. MICK VEITCH: If you could take that on notice and get back to us.

The Hon. DUNCAN GAY: Sure.

The Hon. MICK VEITCH: It is a very big site and I just wondered how big it was.

The Hon. DUNCAN GAY: It is a big site, and they have done a fair bit of building and extension.

The Hon. MICK VEITCH: That leads me to Port Botany privatisation or leasing. What is the proposed time line for that process?

The Hon. DUNCAN GAY: As you are aware, on 6 September, as part of the budget, the Treasurer announced that the facilities at Port Botany would be refinanced under a 99-year lease. The Port Botany assets, as the chief executive officer indicated, will include three container terminals with six existing container vessel berths, increasing to 11 berths upon completion of the Terminal 3 expansion project in 2012 and a bulk liquids berth. A pre-transaction scoping study will be undertaken and will include an assessment of the best way to deal with Sydney Ports Corporation's residual Sydney Harbour facilities. The transaction will not include Sydney Harbour facilities, in case that was a question coming up.

The transaction will not include Sydney Harbour facilities of Sydney Ports Corporation, nor the ports of Newcastle and Port Kembla. It is anticipated that the sale process will run between October 2012 and March 2013 with completion by mid-2013. As you would be aware, this reform is in line with many other states. For example, in 2010 the Bligh Labor Government in Queensland sold the Port of Brisbane for \$2.1 billion and, like Brisbane, a number of major ports in Australia are privately operated, including Port Adelaide in South Australia, Port Walcott in Western Australia and Portland in Victoria. As the Treasurer explained in his Budget Speech, the recent offer by the Commonwealth in relation to funding the Pacific Highway upgrades has placed pressure on the State's infrastructure spending and, in its last budget, the Commonwealth allocated \$750 million for the Pacific Highway 2014-15, but only on the condition that the New South Wales Government match this amount.

It was a great offer, for us to make a contribution to the upgrade, and part of the funds made available from the transaction will be used to match the Commonwealth's funding offer on the Pacific Highway and Princes Highway, and freight across the State. It is about converting an asset that we have into particular infrastructure to help the economic viability of our State. I think it is a sensible thing and a good idea.

The Hon. MICK VEITCH: With regard to the pre-transaction scoping study, who is conducting that?

The Hon. DUNCAN GAY: I will get more advice on that, but I understand that the Treasurer called for interest on that this week. The lead agency is Treasury and, off the top of my head, I think I saw in the media this week that the Treasurer called for expressions of interest on the scoping study.

The Hon. MICK VEITCH: With regard to the current operators at Port Botany, will they be included in the bid process?

The Hon. DUNCAN GAY: The scoping study is about deciding those sorts of details. That is why we are taking time to go through the process properly, to look at what is needed and what we are going to do, and then to address it. Obviously, the timing on where it is puts us in a better position in the global financial markets. You would not want to be flogging much off this year, or at the moment.

The Hon. MICK VEITCH: In answer to one of my earlier questions, you mentioned that the proceeds would be going towards the Pacific Highway, the Princes Highway and freight. Has there been a cost-benefit analysis conducted to show that selling Port Botany is the best way to fund the Pacific Highway, to match the Federal Government's funds?

The Hon. DUNCAN GAY: I am unaware of that, but there has not been any criticism of what we are doing, in fact from the head of Infrastructure Australia down, and many of your own people privately say that this is sensible, "We should have done it; it is the right thing to do." If there were a lot of people with a different view, frankly, we would have read about it. We have been keeping a pretty fair eye on the media on this and there has not been much. The detail of the scoping study should be appropriately put to the Treasurer. The Treasurer was in budget estimates recently. He is going to work out the details. They are the lead agency. I am the Ports Minister but the shareholder Ministers are the Treasurer and the Minister for Finance and Services.

The Hon. PENNY SHARPE: You indicated in your previous answer that a lot of investment has been put into Port Botany in recent times. Are you able to give the Committee a dollar figure on that? Can you confirm that it is around \$1 billion?

The Hon. DUNCAN GAY: That is my understanding, but for a more accurate figure I will hand over to the chief executive officer.

Mr GILFILLAN: Expenditure is still taking place. But, yes, there are four or five major projects. Some were commenced about 2½ years ago under the Port Botany Expansion project. On that project alone to date we have spent about \$740 million, and there is a further \$70 million to be spent to complete a grade separation project to allow better access into the port. We have commenced building a new bulk liquids berth at Port Botany—that is of the order of around \$80 million to \$85 million. We are building an Enfield intermodal terminal—that commenced about nine months ago and we are about halfway through. That terminal will be completed by late 2012, early 2013—that is \$205 million. There is the cruise passenger terminal at White Bay, which has a price tag of around the \$50 million to \$60 million mark. That is the quantum of what we are spending at the moment.

The Hon. PENNY SHARPE: You mentioned that Brisbane was sold for \$2.1 billion. Can you give an indication of what you think the sale price for Port Botany will be?

The Hon. DUNCAN GAY: I think the Treasurer gave broad outlines in the budget. You start at about \$1.6 billion and go up a little bit. It depends on what is there and what is added. We will have a better idea once we are out of the scoping study; it will be for the market to determine.

The Hon. MICK VEITCH: One of the things about Port Botany is the congestion of getting in and out, for both road and rail.

The Hon. DUNCAN GAY: Thank you.

The Hon. MICK VEITCH: Can you advise what funding has been allocated to the Port Botany Landside Improvement Strategy in this budget?

The Hon. DUNCAN GAY: I indicated "thank you". You left us a mess there, mate.

The Hon. MICK VEITCH: I did not. I am asking the questions. How much is in the budget?

The Hon. DUNCAN GAY: The container trade through Port Botany is currently at about two million 20-foot equivalent units per annum. The forecast is \$3.2 million by the mid 2020s but it will probably be reached much sooner. We are working to increase the proportion of containers in and out of the port by rail to manage the growth in freight trucks on our roads. Over the past 10 years this mode-share percentage has dropped from about 25 per cent in 2000-01 down to its current level of 14 per cent—under the previous regime it was meant to be going up but it dropped 11 per cent. We are working hard to increase the contribution of rail to help reduce road congestion, both coming into the port and around the port. Moving freight quickly and economically by rail through our ports is critical to accommodate the high forecast growth in freight movements, particularly through Port Botany. We want to get more on rail.

The Government has put in place for the first time—starting on 1 November—a freight and regional development division. It will consolidate the key freight system components—such as road, rail, marine, ports and intermodal terminals—and provide a single point of contact for industry. That freight and regional development division will be led by Rachel Johnson. Her job will be to ensure that the New South Wales freight network supports regional development by connecting the key locations.

The Hon. MICK VEITCH: Where is that located? Is that within New South Wales Roads and Maritime Services?

The Hon. DUNCAN GAY: No, Transport for New South Wales. The new division starts Monday 1 November 2011. Rachel Johnson will be one of the deputy director generals in the six different areas in that. In addition to the \$726 million investment by Sydney Ports Corporation in the Port Botany Expansion, it will also invest over \$30 million in community facilities and \$8 million in environmental works in the local area.

The Hon. MICK VEITCH: Following your response, and the importance you place on rail, does that mean penalties are being paid by road freight carriers?

The Hon. DUNCAN GAY: There are several penalties if you are a road freight carrier trying to get in there. The first penalty is the M5 East, which has two lanes. The second penalty is trying to get in through Botany, which is a penalty both to them and to the local community. The third penalty is within the landside area of the port—I have to give credit to former Minister Tripodi, of all people, for initiating the Port Botany Landside Improvement Strategy. Joe Tripodi did not have a reputation for doing a lot good but in this particular instance he made an important adjustment to the area. We have implemented a series of road reforms in that area. Currently my staff and I have been looking at the issue of truck weighing. Do you want to go into that area or am I giving you too much information?

The Hon. MICK VEITCH: I am interested in knowing about the timeframe of some of these things that you are looking to do. You can table your answer if you like and we will move on.

The Hon. DUNCAN GAY: Before leaving truck weighing, we have put a situation in place to be able to weigh on the move. There was a problem with overweight containers—

The Hon. MICK VEITCH: Is it a similar system to the one at Marulan?

The Hon. DUNCAN GAY: Yes, is my understanding. With the Sydney Ports Corporation, the Roads and Traffic Authority and my office—particularly Andrew Huckle from my office—we were able to bring all the people together to find a solution. It had not been able to be fixed before; we are now close. What is the current situation?

Mr GILFILLAN: The current situation is that the container terminals are in the process of installing weighing in motion devices to enable trucks to be weighed for being overweight—axle overweight as well as in total overweight—to flag those that are overweight and redirect them within the port precinct, which are roads capable of handling overweight containers up to a point—some may have to go on rail—and then have them unpacked so they become compliant. The purpose of this—and an important part of what needed to happen—was to ensure we did not undo all the good work that had been done through the Port Botany Landside Improvement Strategy to ensure a more efficient port. There was a potential for trucks to be held up. We now have a process that should avoid that.

The Hon. MICK VEITCH: Is there a user-pay plan for the weighing of in motion devices? How do you intend to fund that initiative?

Mr GILFILLAN: At this point in time there has not been any commercial arrangement agreed on, but there will need to be some form of payment.

The Hon. PENNY SHARPE: I take you back to the price that the Government expects to get in relation to Port Botany. Is \$2 billion in the ball park?

The Hon. DUNCAN GAY: It will be up to the market to determine. We indicated—I am searching my memory—that \$1.5 billion or \$1.6 billion was the minimum price that was mentioned in the budget. It is over that. We would like to maximise it because the more money we get the more money we have to put into vital infrastructure in New South Wales.

The Hon. PENNY SHARPE: If you say that about \$2 billion is the estimate of price, given the figures you have given us for the size of the site, you are talking about \$14 per square metre over 99 years.

The Hon. DUNCAN GAY: I did not say it was \$2 billion.

The Hon. PENNY SHARPE: You suggest it might be less than that, which makes it even cheaper. Do you guarantee that that will be value for money for taxpayers?

The Hon. DUNCAN GAY: These are questions that should have been put to Treasury. This part of the operation is a Treasury issue. There were Treasury budget estimates earlier in the week. I would have thought they should have gone to the Treasurer or to the finance Minister. This is not an area that I am handling.

The Hon. PENNY SHARPE: In relation to the capital expenditure that has been undertaken—I think Mr Gilfillan provided some of that—can you provide on notice to us the total value of capital expenditure that has been undertaken at Port Botany in the past five years?

Mr GILFILLAN: The expenditure of the past three probably comprises the vast majority of it prior to commencing this sort of one-in-20-years cycle of capital investment. There was not a lot invested in Port Botany prior to the beginning of 2008.

The Hon. PENNY SHARPE: But you can still give us—

Mr GILFILLAN: In total, you would be looking at an investment of about probably \$1.2 billion.

The Hon. PENNY SHARPE: Can you get the detail of that and provide it on notice?

Mr GILFILLAN: Yes, I can do that.

The Hon. DUNCAN GAY: We are not selling the asset; we are leasing the asset.

The Hon. PENNY SHARPE: Yes, even though you quoted before that now is not a good time to be flogging things off.

The Hon. DUNCAN GAY: Flogging the lease.

The Hon. PENNY SHARPE: If leasing is not flogging off, we will see. In relation to that current capital investment, what is the life span of that investment?

Mr GILFILLAN: The life span of the sorts of infrastructure we have been building is typically 100 years. So a key line container terminal has a maintenance-free life of at least 100 years.

The Hon. MICK VEITCH: I take you back to the Port Botany landslide improvement strategy.

The Hon. DUNCAN GAY: Yes.

The Hon. MICK VEITCH: Do the stevedoring companies have to pay anything in penalties or make any contribution towards the Port Botany landslide improvement strategy?

The Hon. DUNCAN GAY: I will run through it and get some additional information from the chief executive officer. With the implementation of a series of operational reforms, as we indicated—which was the Port Botany landslide improvement strategy—the process involves the introduction of operational performance measures around truck arrival times, truck servicing by stevedores and financial penalties for both stevedores and the truck operators. So they are both potentially hit. In February 2011 Sydney Ports introduced reciprocal financial penalties for road carriers and stevedores who do not meet mandated Port Botany landslide improvement strategy operational performance standards at Port Botany.

The industry has responded well to the new standards, with road carriers showing a distinct change in behaviour to meet the more disciplined approach by the stevedores to serving trucks at their container terminals. For example, in April 2009 the average turnaround time for trucks entering the Patricks and DP World terminals was 53 minutes. In the quarter from April to June this year average turnaround time at both terminals improved remarkably, to 32 minutes. That is from 53 minutes down to 32 minutes, which is evidence that the system is working.

Mr GILFILLAN: The primary purpose of stage one of the Port Botany landslide improvement strategy was to create a de facto commercial relationship between the transport sector and the stevedores. The stevedores had no obligation to service the transport company in a reasonable way so they were held up and incurred costs which were passed on down the chain as detention charges. When the Port Botany landslide improvement strategy was introduced through regulation the intention was that there would be penalties flowing back and forth between the stevedores and transport companies. So yes, some transport companies are certainly paying penalties. Those that do not perform well, that arrive late at the terminal or do not turn up at all pay a penalty to the stevedoring company. It is \$100.

If the stevedoring company holds up the transport company for more than 50 minutes inside the terminal—shortly that will become 50 minutes from the time they arrive in the port because we are measuring their arrival in the port in real time now with technology; in the future it will be 50 minutes arrival in the port to outside the gate—the stevedore company pays the transport company \$25 per quarter hour. Interestingly, since we have implemented this the amount of penalties flowing each way generally equalises. So overall there is a net. It is not really costing the industry anything but it has brought down truck turnaround times, as the Minister said, by 15 or 20 minutes.

The Hon. MICK VEITCH: What is the total cost of implementing the Port Botany landslide improvement strategy?

The Hon. DUNCAN GAY: I do not know.

The Hon. MICK VEITCH: You can take it on notice.

Mr GILFILLAN: I can answer that. So far in the year or so that we have been in earnest implementing the Port Botany landslide improvement strategy, the Government has given us authority to add an additional \$10 per twenty-foot equivalent unit [TEU] for full containers onto our wharfage charge, which is our primary means of revenue. That is accounted for entirely for the Port Botany landslide improvement strategy. So far we have spent about \$4.5 million on technology for measuring truck arrivals, for the people we have involved in implementing this, which has been a major process in itself. We held 23 industry meetings over a period of a year with all the stakeholders to develop this. This is not something that we developed; we have developed it across the industry. So that has been our total cost to date.

The Hon. PENNY SHARPE: When did Sydney Ports last make a dividend payment?

The Hon. DUNCAN GAY: That is a matter for the Treasurer. He is the shareholding Minister.

The Hon. MICK VEITCH: What is the status of GrainCorp's application to increase its tonnages into Port Kembla?

Mr FIGLIOMENI: They have had temporary approval to increase from 200,000 to 400,000 tonnes by road. That was necessary to meet the peak load of grain. Their current section 75W approval is with the

Department of Planning and Infrastructure. It is being considered at the moment, so it is still under consideration.

The Hon. DUNCAN GAY: Further to that, GrainCorp applied on 24 August 2011 and the Minister for Planning and Infrastructure announced on 15 September that the increase had been granted.

The Hon. PENNY SHARPE: What is the time frame on that?

The Hon. MICK VEITCH: It is a temporary approval so how long is the temporary status?

The Hon. DUNCAN GAY: I will come to that. There is no formal requirement on the Government to exhibit the emergency tonnage increase application that can be sought under the existing consent, as Mr Figliomeni said, granted by the then Government in 1985. It permits an additional 200,000 tonnes of grain to be transported to the facility by road, which is a potential \$60 million boost to grain sales. The terminal required emergency approval from the Minister to receive more than 200,000 tonnes of grain per year by road and by September this year the terminal had already received 197,000 tonnes by road. In the period up to the 31 December this emergency increase permits an extra 200,000 tonnes to be received at the terminal by road and also waives the existing condition in the 1985 consent that restricts deliveries to weekday daylight hours, thereby allowing 24 hours. How long it lasts, I will have to come back to you.

The Hon. MICK VEITCH: Can you take that on notice?

The Hon. DUNCAN GAY: Yes, I thought it was in my briefing note, but it is not.

The Hon. MICK VEITCH: So, Minister, by doubling the tonnage per annum, what sort of pressures does that put on the port?

Mr FIGLIOMENI: No pressure, it is something we can quite adequately handle. GrainCorp is building some truck marshalling yards in the port for up to 42 trucks so that allows a staged approach for those trucks to come into the port.

The Hon. DUNCAN GAY: Can I just come back? I have inadvertently answered that—it is up to 31 December.

The Hon. PENNY SHARPE: Given it is with Planning, do you have an anticipated timeframe for when Planning will make the decision?

The Hon. DUNCAN GAY: No.

The Hon. MICK VEITCH: On the planning arrangement—you may not be able to answer this because this may well be a question for Planning—but what sort of community consultation has taken place around the port communities with regard to the increase in truck movements?

The Hon. DUNCAN GAY: It is with Planning. It is unfair to ask. Planning would be doing that. It is a question for Planning.

The Hon. MICK VEITCH: I just want to go back to the Port Botany Landside Improvement Strategy. When will the Port Botany Landside Improvement Strategy reforms be completed and when is the expected date to complete them?

The Hon. DUNCAN GAY: Port Botany Landside Improvement Strategy will probably be going on forever and will evolve.

The Hon. MICK VEITCH: Ongoing?

The Hon. DUNCAN GAY: This is stage one that we have completed. We are turning on reciprocal penalties on 28 February this year and since then the team has been working on stage two, which involves a truck marshalling area that is to be built down at Port Botany. That is currently being planned and due for completion by early next year. So that will be a location for truck drivers who arrive early, particularly those in the country who have been travelling a long time, to pull up and have somewhere to go with amenities and not

to be queuing up on the roads and congesting the roads. Then there is stage two, which we are working on in parallel, which is around rail and how we are going to fix up rail.

The Hon. DUNCAN GAY: Can I just add that there are two other bits, there is the truck marshalling area, which I will come to in a moment, and the truck tracking system. On 12 May a truck tracking system was introduced and that was two months ahead of schedule. It allows Sydney Ports to independently measure and analyse actual truck movements as they progress through the Port Botany container terminals. Almost all the truck carriers are now registered with Sydney Ports with more than 1,900 truck tags already ordered. Up to this point performance was captured and measured only via stevedore performance data. Now Sydney Ports has its own data and with the implementation of the new system Sydney Ports now has an independent supply of data to measure supply chain performance, which will deliver greater transparency and allow the setting and refinement of ongoing operational performance and standards. The truck marshalling area will have male and female toilet facilities, hot and cold water, shade, tables and chairs 24/7. It was one of the real problems down there, people travelling, waiting there for hours and travelling long distances, not being able to have these facilities. The Port Botany Landside Improvement Strategy has achieved a quicker turn around and as part of that—ongoing—it has this truck parking area that accommodates up to 50 trucks.

Dr JOHN KAYE: Minister, just while we are talking about Port Botany Landside Improvement Strategy, because we are on to Port Botany Landside Improvement Strategy at the moment, it seems, are there any plans for doubling the freight rail from Port Botany, doubling the tracks leaving Port Botany?

The Hon. DUNCAN GAY: In a moment I will hand over to the chief executive officer and perhaps the director general on this. We have rail reforms. In December 2010 the port rail interface was regulated in order to cap the level of charging for rail servicing in the stevedore terminals and following an independent cost-benefit analysis by Access Economics, Sydney Ports has developed a new rail servicing pricing model that provides a monetary incentive to stevedores to perform as many lifts as possible and for rail operators to deliver full trains to the terminals. This was a September 2011 initiative implementation. They are also working with the Port Botany rail team to develop improvements to the current port train operating environment. In relation to the duplication of the Botany line, under the Commonwealth Government's nation building program, \$145.4 million is allocated for the upgrade of the Port Botany line.

Whilst this funding was originally considered for the duplication of the line, in 2010 the Australian Rail Track Corporation sought that this funding be reallocated to other improvements instead, including signalling upgrades for the line. This reallocation was approved by the Commonwealth department on the basis that these improvements were adequate to meet growing demand for port container transport for the foreseeable future. In its August 2010 submission to Infrastructure Australia on the container freight improvement strategy, New South Wales identified that duplication of the Botany line would cost approximately \$210 million and sought funding for this, and to date no further funding for the duplication has been provided.

Mr WIELINGA: You asked what work is going on at the moment or what is the plan?

Dr JOHN KAYE: What is the plan for track duplication? We have just heard that the original money allocated for it was redirected into resignalling the line. My question is: is there an application in for funding for dual track?

Mr WIELINGA: You are talking about the metropolitan freight network between Port Botany and across to Enfield and down to the South Sydney freight line?

Dr JOHN KAYE: And also the line to Mascot.

Mr WIELINGA: Yes.

Dr JOHN KAYE: That is part of that?

Mr WIELINGA: There is a plan for a three-kilometre duplication between Botany and Mascot at the moment. It will be work that will be undertaken by Australian Rail Track Corporation. As part of the package there is the Enfield intermodal depot development and also the Federal Government is looking at the Moorebank intermodal terminal. You would appreciate, to make trains work with the port, there needs to be an acute coordination between activities at the port, on the rail line and on the intermodal terminals, and there is activity happening in each of those three areas.

Dr JOHN KAYE: So when can we expect to see firm plans for a duplication to Mascot?

Mr WIELINGA: I mentioned earlier the master planning process that is underway at the moment. Dealing with those two large generators—Sydney Airport and port—that are in that precinct of Sydney, that is a part of that package. The evidence-based work is being done at the moment. The process will be looking at that evidence base, and looking at options to address these issues in the longer term and determining a preferred direction. That is a part of the master planning process.

Dr JOHN KAYE: In that master planning process, where you are obviously looking at different options, are you also considering the cost of congestion, if you do not duplicate the lines?

Mr WIELINGA: Congestion costs are a part of the economic analysis that is done in consideration of the options.

Dr JOHN KAYE: It is Friday afternoon. Rather than doing it now, can you provide us with further details on notice on how you are assessing congestion costs?

Mr WIELINGA: We can do that, yes.

Dr JOHN KAYE: Thank you, I appreciate that. Since we have a representative from Port Kembla here, can we ask what plans are there for putting cars coming off ships in Port Kembla on to rail for transport to Sydney?

Mr FIGLIOMENI: There has been quite a bit of work done in relation to it. When the cars first came to Port Kembla, there was a letter of intent signed between one of the predelivery inspectors and operators in Sydney Ports to look at using Enfield as a potential site for car receivals for their onward distribution. In the port itself we have put in a rail line to allow that to take place. Unfortunately, because there were no receival points in Sydney at the time, when the cars did come to Port Kembla they did move by road, but there is that opportunity there for them to go by rail if the operators wish to progress it.

Dr JOHN KAYE: Does that require Maldon to Dumbarton to be completed for that to work?

Mr FIGLIOMENI: It would assist, but at this stage it could be done at night as there are some rail paths available.

Dr JOHN KAYE: So just along the Illawarra line?

Mr FIGLIOMENI: The Illawarra line.

Dr JOHN KAYE: And there is sufficient capacity on the Illawarra line? I guess this is not particularly heavy freight, that you could get it up the Illawarra line.

Mr FIGLIOMENI: My understanding is that there are four train paths after midnight.

The Hon. DUNCAN GAY: And there was news last week on the Maldon to Dumbarton rail line, \$25.5 million in a feasibility study.

Dr JOHN KAYE: But you would appreciate, Minister, that there has been a lot of news on Maldon to Dumbarton for many years, so we are not necessarily holding our breath on that. Going back to the long term leasing of Port Botany, to give its accurate title, I am trying to get a sense of two things.

The Hon. DUNCAN GAY: Flogging off.

Dr JOHN KAYE: It is a flogging off.

The Hon. NIALL BLAIR: It is a lease.

The Hon. MICK VEITCH: The Minister said it is a flogging off.

The Hon. DUNCAN GAY: It is a flogging of the lease.

Dr JOHN KAYE: Whatever it is, I am trying to get a sense of how far this goes. Does it include all of the current management of the Port Botany operation?

The Hon. DUNCAN GAY: I indicated earlier that the scoping study is to decide what happens. They were questions, if they were not asked of the Treasurer and the Finance Minister in those particular budget estimates, I am afraid you are now in the wrong spot.

Dr JOHN KAYE: Mr Gilfillan, how many people work for you?

Mr GILFILLAN: We have a workforce of around 330 people, of which 150 are involved directly in the operation of the port, the port being Port Botany and Sydney Harbour as well. So, it is not possible to put a number on this as to how many people may be affected by the refinancing of Botany.

Dr JOHN KAYE: Separating the ownership of Port Botany, that is going to require a significant reorganisation of your particular entity?

Mr GILFILLAN: The number of people who are directly involved in the operation of Port Botany is minimal. The main activities of the corporation are: pilotage; navigation; Port Botany Landside Improvement Strategy; statutory planning; and intermodal terminals, which we are building. Our people are involved directly with what happens at container terminals and the bulk liquids berth is literally a handful.

Dr JOHN KAYE: So all those other people would not be affected by anything considered by the scoping study, to your knowledge?

Mr GILFILLAN: That is possible but it depends entirely on what the scoping study decides will be in the sale and outside. That is why I concur with the Minister's statement.

Dr JOHN KAYE: Can you provide us on notice with a more detailed breakdown of the types of employment positions there are in your organisation—for example, how many engineers, how many tradespeople, how many work predominantly at Port Botany, how many work predominantly at Sydney Harbour, those sorts of details?

The Hon. DUNCAN GAY: It would be in the annual report, I am assuming.

Mr GILFILLAN: I will take that on notice. That is feasible.

Dr JOHN KAYE: Thank you. I go to the Port of Newcastle. Is there anybody here from Newcastle? Minister, you will have to see if you can answer this. Minister, I refer you to the draft Strategic Development Plan for the Port of Newcastle. I do not think it has been seen publicly yet—correct me if I am wrong. I think it has not yet been released; I think not even Newcastle City Council has seen it yet. Can you reassure the Committee that the issue of the installation of dust monitoring equipment to measure the fine particulate matter in the Newcastle suburbs that surround the port and are affected by the port will be addressed by the Master Port Plan?

The Hon. DUNCAN GAY: As you indicated, the New South Wales Government is looking to revitalise the former BHP steelworks site at Mayfield, allowing new trade opportunities to flourish and expand in the port of Newcastle. To facilitate the development, Newcastle Ports Corporation is seeking planning approval for its Mayfield Portside Lands Concept Plan. The Concept Plan identifies potential developments of the site which would support a range of cargo handling infrastructure for trades such as general cargo, bulk materials, bulk liquids and containers. The air quality impact assessment completed as part of the Environmental Assessment for the Concept Plan was conducted in accordance with relevant State and national acts and guidelines. The findings state:

As PM10 is a dominant fraction of dust generated by construction and some operational activities, it is recommended that a PM10 measurement and monitoring program be implemented during the construction and operational activities.

If new information or regulation supports monitoring of other particle size fractions (such as PM2.5), this recommendation can be reviewed at a later date and incorporated into the monitoring program as appropriate.

I am reminded that "PM" is "particulate matter". A further assessment of construction impacts on air quality will be undertaken as part of future project applications when construction details are available. On 5 October 2011 the New South Wales Government announced that it plans to introduce tough new environmental legislation to Parliament to implement the recommendations. You would be aware of the O'Reilly report into the incident at the Orica plant at Kooragang Island on 8 August 2011?

Dr JOHN KAYE: I am taking that as a yes. Minister, what about the issue of the construction of a port side rail line from the Sandgate junction before any of the proposed redevelopment occurs? Is that also part of the draft Strategic Development Plan?

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

Dr JOHN KAYE: And also the expedition of an integrated port plan strategy.

The Hon. DUNCAN GAY: I have an answer on the Mayfield one.

Dr JOHN KAYE: If you could put that on notice, that would be fine. Thank you, Minister.

[Time expired.]

The Hon. ROBERT BROWN: We have a representative of the Port Kembla Port Corporation here. Some years ago I asked the then Minister for Ports and Roads—I think it was Joe Tripodi at the time—to intervene when the Ports Corporation decided it was going to block access to the Oilies wharf and to the break wall. Minister, will you assure the recreational fishermen in New South Wales that the Port Corporation has no plans to block access to those two areas?

Mr FIGLIOMENI: There is no intention at this stage to block access to either the northern or the eastern break waters.

The Hon. ROBERT BROWN: In relation to boat ramps—I will not raise Port Botany—I understand you have having some discussions with the Recreational Fishing Alliance in regard to some upgrades there?

The Hon. DUNCAN GAY: And with Sydney Ports Corporation.

The Hon. ROBERT BROWN: And with Sydney Ports Corporation. The fishing community was putting some pressure on the former Government to supply additional boat ramps west of the Harbour Bridge. Callan Park was knocked out at that stage and still is knocked out because it is a passive area. Similarly, White Bay—west of the Anzac Bridge—is a passive recreational boating area. Minister, the previous State Government took it on board to upgrade the planning for the marine precinct at Homebush Bay to include better facilities for trailer boats and for light boat storage and launching. First, is the Government considering that? Secondly, has the Government considered boat ramps in locations such as White Bay, but east of the Anzac Bridge, on the area which I think is proposed for cruise ship berthing?

The Hon. DUNCAN GAY: In a moment I will get a detailed answer from Tony Middleton. The answer to White Bay, off the top of my head, is no. You also mentioned Glebe Island.

The Hon. ROBERT BROWN: I mentioned Homebush Bay.

The Hon. DUNCAN GAY: The first one you mentioned?

The Hon. ROBERT BROWN: Callan Park.

The Hon. DUNCAN GAY: I think there is an opportunity at Glebe Island which is something.

The Hon. ROBERT BROWN: I had not mentioned Glebe Island but that is great.

The Hon. DUNCAN GAY: It is something we are prepared to look at in the future plans. The development of Glebe Island will also involve Black Wattle Bay where we want to do some major development. Glebe Island has potential and you mentioned Homebush Bay, yes, certainly there. Callan Park was the other one?

The Hon. ROBERT BROWN: I understood that was off the table.

The Hon. DUNCAN GAY: I am not aware of that. I will hand to Mr Middleton. Do you wish to add anything?

Mr MIDDLETON: In relation to Homebush Bay; New South Wales Maritime has identified that there are 18 hectares of Wentworth Point which can be developed into a maritime precinct. At this stage there is a two-stage process to identify a developer for that site and we are currently assessing registrations of interest and requests for proposals in relation to that proposed development.

The Hon. ROBERT BROWN: My question specifically was: The previous Government had altered the master plan for the site to include better facilities for small trailer boat storage, small trailer boat parking and safe rampage; is the current Government going to continue along that line or go back to the original proposal?

Mr MIDDLETON: The development will provide boat servicing, some dry boat storage facilities and some boat-building facilities as well at this stage. I might have to take that on notice.

The Hon. DUNCAN GAY: Sydney Ports Corporation and New South Wales Maritime is currently are in discussion regarding whether Glebe Island is feasible. We are not saying it is there yet, but it is something we are seriously looking at. There is an area of Sydney Harbour that is lacking in boat access and under the Better Boating Program there will be five projects for Sydney Harbour boat ramps totalling \$1.7 million.

The Hon. ROBERT BROWN: If I can move to the budget. In the Government's Delivering Our Commitments brochure there is an item for \$1.5 million over four years to support urgent dredging projects across New South Wales. Is the siltation of the Coffs Harbour mouth considered urgent and would that get attention under that particular program? If not, can you provide us with any idea as to when some work might be undertaken on the Coffs Harbour mouth?

The Hon. DUNCAN GAY: I cannot, I will take that on notice. New South Wales Maritime and Sydney Ports Corporation are responsible for the maintenance of dredged channels to provide access to the State's commercial ports, of which Coffs Harbour is one. Dredging and siltation of other areas is the responsibility of local councils and the Department of Primary Industries. We will take that on notice.

CHAIR: There being no other question, that concludes the hearing. Thank you very much, Minister, and your officials for being here today.

(The witnesses withdrew.)

The Committee proceeded to deliberate.
