



Sydney2030/Green/Global/Connected

CITY OF SYDNEY  

# The WestConnex Challenge

Public summary report – June 2017  
DRAFT

*city of villages*

# Executive Summary

## The NSW Government's current proposal for the WestConnex toll road project condemns Sydneysiders to a future of worsening congestion and increasing tolls.

Sydney's traffic congestion costs the city economy \$6.1 billion a year, a figure projected to double by 2031, and critical traffic such as freight, services and construction vehicles are stuck in gridlock.

### *WestConnex is not the answer.*

The Government is designing a road network beneficial to potential investors instead of one that actually reduces demand on the current road network and services the remaining demand. They've exaggerated the numbers, claiming that a significant number of drivers are prepared to pay a range of new tolls until 2060.

### *The whole premise of the NSW Government's current proposal – that WestConnex will reduce congestion for people in Western Sydney – is blatantly false.*

This is made clear in the Government's own business case which shows:

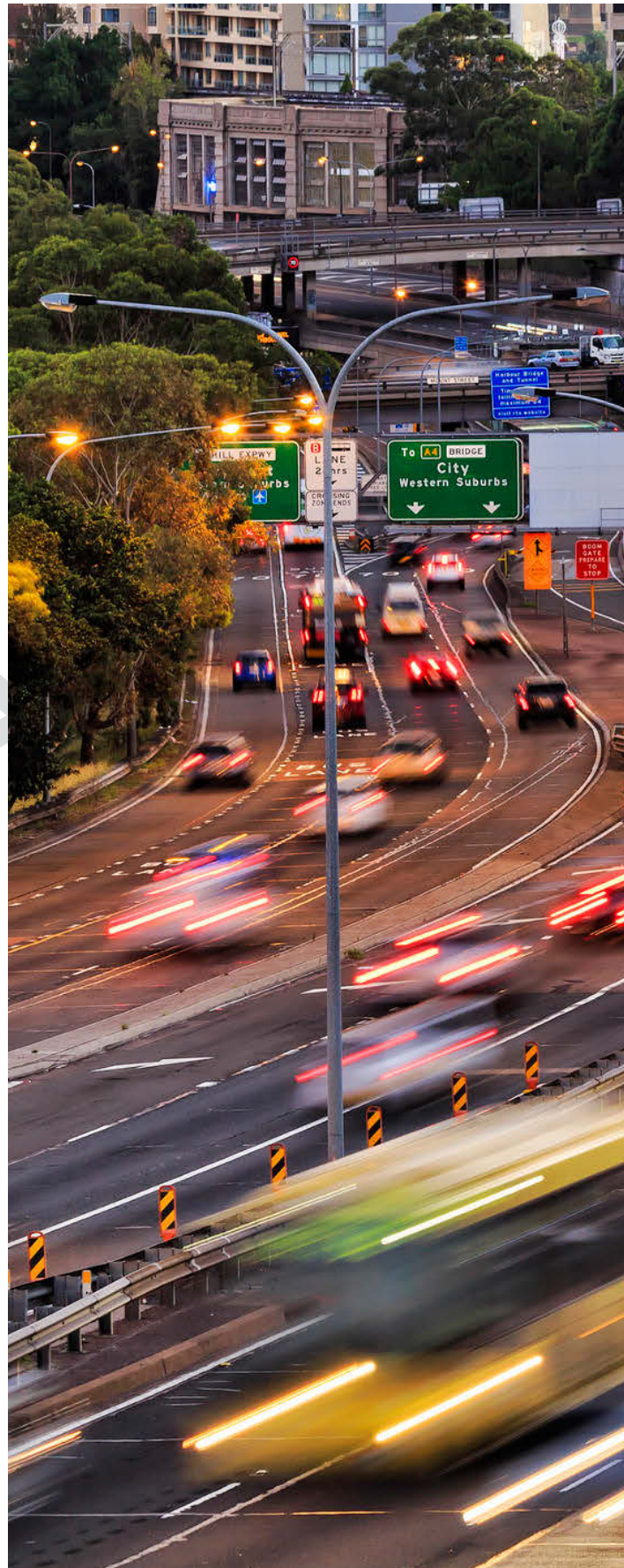
- WestConnex will save most users **only five minutes**;
- In many cases catching **public transport will remain a faster way to move around**; and
- It will **reach capacity in just eight years**.

Since the project was first announced in 2012 there have been constant changes.

It began as a much needed proposal to provide a tunnel for trucks to get from Western Sydney to Port Botany Australia's second biggest container terminal. But in the last five years, designs have been scrapped, extra lanes and tunnels added, major intersections moved and removed, tolls introduced, construction sites proposed and abandoned. We still do not have a detailed final design for the whole project.

***What is clear is that the current design does not serve its original purpose. It instead directs trucks to St Peters seven kilometres from Port Botany and then to already congested airport approaches and directs 61,000 vehicles into residential areas in the inner city. It also threatens major roads including the Anzac Bridge and Western Distributor with gridlock.***

***WestConnex is a road to gridlock and the NSW Government is using people from Western Sydney to pay for the cost of the project with a range of new tolls.***





# Executive Summary

For the first time, it's not just the WestConnex tunnels that will be tolled – existing free public roads will also be tolled. And the tolls are guaranteed to rise 4 per cent every year, regardless of inflation.

***That's because WestConnex is the most expensive road project in the world. The cost has grown from \$10 billion to \$17 billion.*** And it will keep rising. As Dennis Cliché, the CEO of the Sydney Motorway Corporation, recently said: 'mega projects are mega difficult to deliver on time and on budget.'

***In fact, the City has identified \$28.5 billion worth of extra costs attached to the project, bringing the total cost to an estimated \$45.3 billion.*** That's because every extension of WestConnex, every exit and every entrance generates hundreds of millions of dollars of publicly funded road upgrades required to funnel traffic to the tollway, and to take traffic from it.

In the last few years both the State and Federal Auditors General have raised serious concerns about conflicts of interest and a lack of independent assessment of the business case for WestConnex.

Given the level of public and private funding for this project, NSW taxpayers deserve transparency and clarity on the justification for the current proposal and how the second airport and the eventual removal of the station access fee impacts the business case.

## **The City's Alternative Proposal**

***The City has an alternative proposal to reduce congestion and save taxpayers billions of dollars.*** We've identified more effective ways to connect the M4 and M5 and a better and more direct way to get people to the airport and trucks to Port Botany – the original aim of the WestConnex project.

Our proposal makes clear there is no need for the St Peters Interchange or the current Stage 3 plan. Our proposal saves billions of dollars which can be better re-invested on public transport in western Sydney, and it reduces the need for tolls and reduces traffic on local roads.

As former Roads Minister Duncan Gay once said when announcing another change to WestConnex: "If it changes again, that will mean we've found a better plan."

***The City now says to the NSW Government – we have found you a better plan.***

## **The problem with WestConnex**

***In its current form, WestConnex will not solve Sydney's transport challenges. The business model is highly questionable and the project will also have major impacts on the health and safety of local residents.***

- ***Only one per cent of daily trips in the Sydney region*** will benefit from the huge cost of WestConnex – the most expensive road project in the world.
- ***Nearly 90 per cent of all trips from southwest and western Sydney*** to the city centre are by public transport, and yet public transport is severely overcrowded.
- ***The cost has increased from \$10 billion to \$17 billion*** and the City has identified \$28.5 billion worth of extra costs attached to future stages of the project, bringing the total cost to a staggering \$45.3 billion. Sydney Motorways Corporation cannot guarantee it won't cost more, leaving generations of NSW taxpayers carrying the debt through either tolls or taxes.
- ***The original purpose*** was meant to move freight from Western Sydney to Port Botany, but the current proposal delivers trucks seven kilometres away at St Peters.
- ***Congestion on*** the existing M5 and Southern Cross Drive is caused by cars driving to Sydney Airport. The business case does not take into account that the Western Sydney Airport will reduce growth in demand, nor that a removal of the station access fee would double train use reducing congestion and freeing road space.
- The need for the M4–M5 link to, in the words of the Premier, "create a western bypass" of the Sydney CBD, is questionable. If WestConnex was not bringing traffic towards the city, there would be no need for a bypass.
- There is no 'missing link' between the M4 and M5 – there are already multiple links between the two motorways, some of which could be upgraded.
- ***The traffic model used*** to predict demand for WestConnex has repeatedly failed in other major motorway projects in Australia and around the world.
- ***The Government created the Sydney Motorways Corporation to build WestConnex and legislated to remove it from public scrutiny, avoiding the checks and balances that have either limited or exposed poor governance and planning process in other government agencies***



Above The City's alternative proposal to Stage 3

## The solution to get Sydney moving

The City proposes alternative solutions and is calling on the NSW Government to:

- 1** *Shift demand from roads in peak hours by bringing forward Sydney Metro projects;* removing the station access fees at airport line stations; bringing forward the Western Sydney Airport; tolling the existing M5 to reduce demand; improving freight control at Port Botany; and applying time controls to freight deliveries to the Sydney CBD
- 2** *Upgrade the A3 connection* between the M4 at Homebush and the M5 at Canterbury by grade separating intersections
- 3** *Align the New M5 directly to Port Botany and the Airport*

- 4** *Create a New M5 connection* to the Eastern Distributor to better distribute demand and manage existing congestion

If these measures were implemented, *the St Peters Interchange site would no longer be needed* and could be sold for much needed housing close to the city. The Sydney Motorway Corporation could recoup its costs.

*Greater transparency* should be provided through the establishment of an independent WestConnex ombudsman, protecting commercially confidential information, but making sure the public know what is being spent, on what and why.

# Why WestConnex is a bad deal



Above WestConnex St Peters Interchange under construction

## According to the NSW Government's own projections, WestConnex will save a small percentage of Sydney commuters a few minutes travel time until the road becomes congested within eight years of opening.

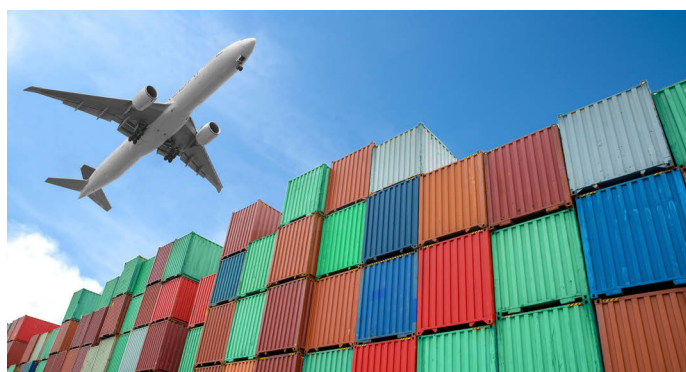
*WestConnex is mired in a lack of transparency, has a severe lack of accountability, delivers high toll costs, is based on poor traffic modelling and will have major local impacts.*

### Who will bear the costs?

- Generations of NSW taxpayers and toll payers will carry around \$35billion<sup>1</sup> of debt. This includes paying for connecting roads and paying hefty road tolls until 2060 or beyond.
- Road tolls will increase at a minimum of 4 per cent per year, regardless of wages growth or inflation.
- Because the private sector has not only to pay more than the government for the money it borrows to buy the motorway, but also has to make a profit, the total cost to users and the economy will be far higher.

### Fewer funds for schools, hospitals and transport in Western Sydney

- WestConnex will drain 30 years' worth of private equity funding from schools, hospitals, new metro and light rail systems as well as local roads in western Sydney.
- As the toll rises, around 4 per cent of the average annual wage of a Western Sydney worker using the WestConnex will go towards tolls, taking even more money out of the local economy and small businesses



### Risk to taxpayers

- The NSW Government is keen to sell the WestConnex quickly to fund Stage 4 – the Western Harbour Tunnel – leading to either a lower sale because the toll revenue is not known, or a longer toll concession.
- Sydney Harbour Tunnel has cost the government many hundreds of millions of dollars because the revenue created from the toll has never reached the government's predictions and the private operators demanded a revenue guarantee.
- If the tolls on WestConnex do not reach the government's predictions, the government may have to subsidise the private sector to operate the toll road as it does with the Sydney Harbour Tunnel. This would potentially cost taxpayers billions of dollars.

### The cost of WestConnex keeps rising

- WestConnex has a history of repeated design changes, with the NSW Government's projected costs shifting from \$10 billion in 2012 to \$17 billion today.
- City of Sydney analysis estimates WestConnex and its connecting roads and future stages combined will cost \$45.3 billion.
- The NSW Government and federal Auditors General note there is a high likelihood of further cost increases.<sup>2</sup>
- SGS Economics note that a conservative estimate of likely cost increases is \$1 billion. At \$509 million per kilometre, this means WestConnex would become the most expensive land-based project in Australia's history and more expensive per kilometre than the high speed rail tunnel between France and England under the English Channel.

### Negligible benefits for a small percentage of commuters

- Once completed, the network will only support around 1 per cent of daily trips in the Sydney region and only 2 per cent if all targets are reached.
- Road users will initially save an average of three minutes travel time<sup>3</sup> and no time savings within eight years of construction, based on WestConnex's own estimates.

# Why WestConnex is a bad deal

## A defective business model

- *The business case for WestConnex must be revised to include:*
  - **Major changes to key assumptions** arising from the approval of the Western Sydney Airport
  - The impact of the **removal of the station access fee** for airport stations
  - Commencement of **Sydney Metro West construction** by 2020
  - **Changes in residential capacity**, jobs and growth near and within Sydney and Parramatta CBDs
  - The fact that the **majority of commuters** to the CBD use overcrowded public transport
  - The origin and destination of the vehicles expected to use WestConnex, showing predicted growth scenarios with and without the public transport and Western Sydney Airport developments.
- **Taxpayers, toll customers, investors and all ratepayers** from the local government areas impacted by WestConnex have the right to know what they are paying for, what is being sold and at what cost, and how the investment is performing.
- While Cabinet confidentiality needs to be protected, **public investment must not be hidden behind corporate structures for the singular purpose of obfuscation.** A contract to build a road that will become a public asset and funded using a road tax (toll) should not be commercial in confidence. A high degree of transparency is required and expected to protect the public investment.

## Conflicting priorities and poor governance

### Undermining state priorities

- The Transport Minister has repeatedly said that NSW “needs to get cars off the road”, while new stages to WestConnex are added based on a business model which **induces car use.**
- **It competes** with funding for the NSW Government’s Sydney West Metro and the Western Sydney Airport and the important required public transport connections.
- If the tolling rights to WestConnex include the usual “no compete” clause, **the taxpayer will have to compensate** the private buyer of WestConnex if a public transport “competitor” such as Sydney West Metro is introduced.

### Poor traffic modelling

- The WestConnex traffic model appears to **overestimate** travel times and motorway demand, which **inflates** the revenue projections.<sup>4</sup>
- This is the **same base model** used for Sydney’s M2, M4, M5, Lane Cove Tunnel, Sydney Harbour Tunnel and the Cross City Tunnel, where actual usage has been as little as one third of original predictions

### Poor finance and lack of transparency

- **Every independent review of WestConnex has strongly criticised combinations of its lack of transparency, poor business case, inequitable tolls, value for money, alignment with other transport priorities and poor planning.**<sup>5</sup>



Above WestConnex motorway construction





## Local impacts

### Supporting the economic heart of NSW

- The Greater Sydney Commission proposes having distributed centres across the Sydney Region connected by quality public transport services. The City of Sydney supports this proposal **but WestConnex undermines these plans.**
- Businesses in the Sydney CBD need workers to be able to get in and out efficiently, and with nearly 90 per cent of all workers in the WestConnex catchment already using public transport, more public transport needs to be the priority for investment to keep the roads free-flowing for those that need to drive.

### Degrading the environment and local communities

- Site by site, the motorway construction is **destroying local environments and communities** through road widening, removing trees, narrowing parks and degrading pedestrian environments.
- **The St Peter's interchange** will be as big as the 40ha regional Sydney Park and threatens any future use of the park with its fast moving traffic, ramps, portals and ventilation stacks.
- **Health impacts around the St Peters interchange**, due largely to particulate matter increases and shedding of particulates, will include increased respiratory illnesses, shortened life spans and greater likelihood of contracting life threatening diseases.
- The St Peters interchange also removes a site that could house up to 13,000 people.
- **The proposed feeder roads** in the City of Sydney will have to cope with up to an additional 50,000 vehicles per day by 2041, most of which are generated by WestConnex.
- **Tens of thousands of cars will be directed into Green Square which will have 60,000 people by 2030, Newtown, Erskineville, Alexandria and Waterloo**, areas already experiencing serious congestion because of the Government's failure to commit to adequate public transport.

# The City of Sydney alternative proposal

**It is not too late for the NSW Government to commence a transparent process to assure the public, investors and the federal government it is using the best combination of solutions to ease congestion across the Sydney region.**

*The City proposes a broader, integrated approach be taken to effectively manage demand, increase opportunities to connect to employment and services across the Sydney region, and reduce the risks to taxpayers.*

## Managing demand

The NSW Government could reduce demand by approximately 8 per cent for long distance car commuting and airport trips through shifting demand onto public transport by:

- **Bringing forward Sydney Metro West to 2020**
- **Removing the station access fee** at Sydney Airport stations to make rail attractive – when the NSW Government removed the fee on the other two stations, patronage rose 115 per cent and the government has already committed to doubling the number of trains

- **Encouraging freight movements** to occur out of peak travel times, using both toll incentives and parking controls
- **Partnering with the Commonwealth Government to accelerate development of the Western Sydney Airport** to rapidly reduce growth in demand for the existing airport
- **Developing a comprehensive pricing policy** that favours public transport over car use.

## Reducing congestion and cost

- **Upgrade the A3 connection between the M4 at Homebush and the M5 at Canterbury with grade separations, intersection upgrades, and localised widenings**, instead of building the WestConnex M4–M5 link. This could be achieved at a cost of less than a fifth of the M4–M5 link, would be more direct and not require a toll.
- **Terminate the M4 East to Haberfield** on connection to the City West Link. The tunnel could be continued to Rozelle in the future if required.
- **Halt the New M5 tunnel immediately** and undertake a complete design review to ensure a more direct connection to Port Botany and the Sydney Airport and through to Southern Cross Drive, creating a ring road for Sydney, with the A3, City West Link, Eastern Distributor and the M5.
- **Sell the St Peters interchange site** for residential development, with an international design competition to maximise its yield while creating an attractive environment, and returning the cost of site procurement and remediation to the Sydney Motorway Corporation.



## Port Botany

- If the NSW Government goes ahead with construction of the **New M5**, it should be shifted to the south to provide a **direct connection to Port Botany**.
- **The underfunded 'Sydney Gateway'** project that is to connect St Peters Interchange to Port Botany, on surface roads for seven kilometres, requires realignment of the existing freight rail connection from Port Botany.
- **Doubling the freight train lines that carry containers from Port Botany should be brought forward as a matter of priority, given it is the number one freight project in NSW for Infrastructure Australia. This would take pressure off the existing M5.**
- **The government should implement a more sophisticated Port Botany Land Side Improvement Strategy, using GPS and traffic flow information** to dynamically allocate slots for container pick-up to ensure that increasing truck movements happen predominantly outside of peak periods and that queuing is largely avoided both within and on the approach to the port.

**WestConnex is shaping up as the most expensive road project in the world but it won't solve congestion for Sydney.**

**The current proposal has been developed with a dodgy business case and both the State and Federal Auditor Generals have raised serious concerns. So why is it still going ahead unchecked - especially when there's a more direct and cheaper proposal?**

**With stage two only about 30% complete, and the third stage still in planning, the Government needs to press pause now. There are too many threats to communities across Sydney, too many taxpayer funded billions at stake and too many flaws in their current proposal for it to be allowed to continue without fundamental changes.**



Above Euston Road before and after WestConnex road-widening

<sup>1</sup> WestConnex Business Case Review, SGS Economics and Planning, P7.

<sup>2</sup> WestConnex: Assurance to the Government, NSW Auditor-General's Report to Parliament p29, Exhibit 15: Preliminary business case Gateway review ratings; and The Approval and Administration of Commonwealth Funding for the WestConnex Project, Australian National Audit Office Conclusion 2.7, <https://www.anao.gov.au/work/performance-audit/approval-and-administration-commonwealth-funding-westconnex-project>

<sup>3</sup> WestConnex Business Case Review, SGS Economics and Planning, P31.

<sup>4</sup> WestConnex Business Case Review, SGS Economics and Planning, P30.

<sup>5</sup> The Approval and Administration of Commonwealth Funding for the WestConnex Project, Australian National Audit Office, Chapter 3 points 20-23, <https://www.anao.gov.au/work/performance-audit/approval-and-administration-commonwealth-funding-westconnex-project>

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