

NorthConnex EIS Submission

The Environmental Impact Statement for the NorthConnex project is on exhibition until 12 September 2014. The EIS reveals a thoughtfully designed motorway-standard direct link between the southern end of the M1 Pacific Motorway at Wahroonga and the western end of the Hills M2 Motorway near North Rocks that then leads onto the Westlink M7. Additional portals are to be provided near either end to provide controlled access to other arterial routes nearby. The NorthConnex project will replace the parallel section of Pennant Hills Road as part of the National Land Transport Network.

NorthConnex is to be almost entirely underground, due to the lack of a surface corridor, and has a reported capital cost of around \$3 billion for its 9 kilometres. Other mostly underground road projects, such as the Cross City and Lane Cove Tunnels, have failed financially and may have been uneconomic on a standalone basis if traffic forecasts had not been overstated. There is no reason to expect that the situation for NorthConnex would be any different. In an apparent response to this situation, the project has now been presented as an unsolicited proposal from Transurban and the Westlink M7 Shareholders to construct, operate and maintain it as follows from the EIS: The project would be funded as part of an infrastructure delivery partnership between the State and the private sector, utilising innovative procurement and funding models. The upfront capital costs would be covered by private funding from Transurban and the Westlink M7 Shareholders with contributions of up to \$405 million each from the NSW and Australian Governments. The remaining capital and operating costs of NorthConnex would be recouped through a toll on the project and changes to concession deeds on other Sydney motorways.

It has been reported that the Westlink M7 concession will be changed to increase the truck toll to 2.5 times the car toll and to extend for an additional eleven years to 2048 to generate the majority of the project returns. This is consistent with a poor economic and financial performance for NorthConnex alone, as noted previously. The possibility of extensions to the M2 and Lane Cove Tunnel concessions have not been ruled out by the Minister for Roads, suggesting that a pushback against the higher truck tolls may be anticipated, however a 2.0-3.0 times range for the truck toll, subject to axle count, may be more representative to counter this. While the \$810 capital contribution from government, and the additional revenue from the Westlink M7 concession changes that can only be offered if allowed by government, resolve how the self-financing shortfall for NorthConnex is to be addressed, there is no economic analysis to justify these payments. Accordingly, a reasonable person would consider the EIS to be deficient in this regard and the claim of the proposal being unsolicited a contrivance.

It is plausible to expect other benefits, such as tailbacks onto connecting roads or the visualisation of NorthConnex and the 40 km Westlink M7 as a single motorway from Wahroonga to Prestons. In principle, such benefits can be quantified and included in an economic analysis. This process would be useful in two ways, to demonstrate the economic performance of NorthConnex within a wider network, and to identify the extent to which additional revenue from Westlink M7 to help fund NorthConnex is justified in place of public funds.

While a determined road builder would believe that NorthConnex is needed to complete a missing link, an evaluation of the difference between economic benefits and costs could still indicate a negative impact on welfare, either overall or for some road users. Without such analysis, the community does not know if NorthConnex is a viable and equitable project or if the resources being consumed would be better spent elsewhere.

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September 2014