

Inquiry into the impact of the WestConnex project

Dissenting report from Cate Faehrmann

This has been an extremely important inquiry and the final committee report details a litany of failures by the NSW Government in the delivery of the WestConnex project which have had a real and lasting negative impact on people's lives, have eroded public trust and had significant costs for taxpayers. The community anger and opposition to the project is clear and ongoing.

It is also evident that this was all avoidable and for this reason I believe that, as a first step, the NSW Government should apologise to the people of NSW for the inept and ill-considered decision to build the WestConnex tollway.

If implemented, many of the recommendations will undoubtedly improve the decision making, transparency, accountability and community support for future large infrastructure projects.

There are however a number of concerns I have with the final report:

1. WestConnex should never have been approved or built

I do not support the finding that WestConnex is 'a vital and long-overdue addition to the road infrastructure of New South Wales'.

The committee heard compelling evidence of the benefit to other cities around the world which have chosen not to invest in new motorways and instead invested in reducing car use and improving public transport. If an assessment of alternatives to WestConnex had been completed, then it would have been clear that public funds should have been spent on improving public transport instead.

***Finding:** That the NSW Government should have invested the public funds spent on the WestConnex project on improving public transport, including for western Sydney.*

2. Halt Stages 3 and 3b

I disagree with the committee's support for the completion of Stages 3 and 3b. The committee heard from a number of key stakeholders and inquiry participants who called for Stage 3 of the WestConnex project to be significantly reduced or cancelled.

It is still possible to cancel these stages. While the contracts for Stage 3 have been signed, the contracts for Stage 3b have not yet been signed and the Modification for the M4-M5 Link has not been approved. The committee heard evidence about the possible 'sovereign risk' this could cause, however this claim was refuted by SGS Economics and Planning who provided the example of the Victorian state government's cancelling of the East West tunnel which did not impact in this way.

I accept that a significant amount of money would be payable if the stages were cancelled, however the impacts of proceeding have not been properly quantified and may show that the benefits outweigh the real costs of continuing with these stages as proposed.

Recommendation: *That there be an immediate halt to stages 3 and 3b of the WestConnex project until a thorough and independent investigation and assessment of costs and impacts be undertaken.*

Recommendation: *That the NSW Government refrain from entering into any other major WestConnex contract until the return of the writs after March 2019 State Election.*

3. The WestConnex business case is flawed

The committee heard compelling evidence from a number of witnesses about the flawed business case development and decision making process.

Finding: *That the NSW Government made its decision to build WestConnex before a business case had been developed and that the business case was subsequently prepared to justify this decision.*

Finding: *That if the full range of costs were adequately considered, and if the cost blow outs and scope changes were taken into account, it is probable that an updated business case for the WestConnex would not have a positive cost-benefit ratio.*

4. Privatisation was a mistake

The evidence presented to the committee did not support the rationale for privatisation put forward by government and supported by the committee. At a time of historically low interest rates, and given the ongoing costs that will accrue to taxpayers through a tolling regime which disproportionately affects the people and businesses of western Sydney, public infrastructure projects of the scale of WestConnex should not be financed and delivered by the private sector.

It was also evident that privatisation has directly undermined transparency, accountability, adherence to conditions of approval and public confidence.

Recommendation: *That at a time of historically low interest rates, public infrastructure projects of the scale of WestConnex should not be financed and delivered by the private sector.*

5. The Sydney Gateway removal was a sneaky attempt to hide cost increases

The committee acknowledges that the removal of the Sydney Gateway will likely have led to a significant change in the cost-benefit analysis for the entire project. I believe the evidence presented to the committee also clearly showed that the separation of the Sydney Gateway Project from the WestConnex project was an attempt by the NSW Government to hide further WestConnex project cost increases.

It is also concerning that senior government officials gave the committee vague and conflicting information regarding the scrapping of the Sydney Gateway Project, including not providing accurate dates and documentation.

Finding: *That the separation of the Sydney Gateway Project from the WestConnex project was an attempt by the NSW Government to hide further WestConnex project cost increases.*

A handwritten signature in blue ink, appearing to be 'Paul', with a long horizontal line extending to the right.