Purpose of briefing

- Overview of WestConnex
- Industry involvement
- Questions from industry
Context setting: Sydney’s transport network
31 October 2013
Macro drivers

- NSW has a $30 billion infrastructure backlog
- Congestion costs the NSW economy an estimated $5.1 billion each year, rising to $8.8 billion each year by 2020
- Sydney’s population will increase by 1.3 million people over the next 20 years
- NSW freight task is expected to almost double to 800 million tonnes by 2031
Sydney transport supply

- Eleven rail lines – 815 km (all publicly-owned)
  - Major projects over the next decade
    - North-West Rail (public finance, private operation)
    - South-West Rail (public finance)
    - Sydney Light Rail (public/private finance, private operation)

- Seven tolled motorways (mixed public and private)
  - Major projects over the next decade
    - WestConnex (public/private finance)
    - M1-M2 (majority private finance)
Sydney transport demand

Number of Sydney trips by main mode for a 24 hour average work day

Proportion of increased travel demand in Sydney 2011 – 2036

By main mode for a 24 hour average work day

- Car* – 73.9%
- Walk – 16.0%
- Rail – 6.5%
- Bus – 3.2%
- Taxi – 0.6%
- Bicycle – 0.5%
- Light Rail** – 0.3%

* Includes motorcycles, cars, 4WDs, vans, utes and trucks.
** Forecast includes the Inner West and the CBD Light Rail extensions and not the South East Light Rail.
WestConnex:
What is it?
31 October 2013
WestConnex video
WestConnex project

WestConnex
33 km
$11–11.5b ($2012)
2013-23

Sydney’s Orbital Network

Stage 1
13.5 km
Planning now to 2015
Construction 2015-19

Stage 2
11 km
Planning 2013-17
Construction 2016-20

Stage 3
8.5 km
Planning 2015-16
Construction 2018-23
WestConnex objectives

• Support Sydney's long-term economic growth
  – Relieve congestion on M4 and M5 and parallel arterial roads
  – Enable urban renewal along and around Parramatta Road
  – Enhance productivity of commercial and freight land use

• Within financial capacity of NSW Government
  – Maintain affordability with no adverse impact on credit rating
  – Leverages private sector involvement
  – Utilises user-pays revenue

• Completed within 10 years
  – Three stages
WestConnex Governance

- In addition, Department of Premier and Cabinet will chair a Customer Requirements Group that will provide a whole-of-government interface with the project.
WestConnex: How it will be built and financed
Reference Scheme

WestConnex

33 km
$11–11.5b ($2012)
2013-23

Sydney’s Orbital Network

Stage 1
13.5 km
Planning now to 2015
Construction 2015-19

Stage 2
11 km
Planning 2013-17
Construction 2016-20

Stage 3
8.5 km
Planning 2015-16
Construction 2018-23
M4 Widening

WestConnex
33 km
$11–11.5b ($2012)
2013-23

Sydney’s Orbital Network

Stage 1
13.5 km
Planning now to 2015
Construction 2015-18

Stage 2
11 km
Planning 2013-17
Construction 2016-20

Stage 3
8.5 km
Planning 2015-18
Construction 2019-23

Stages 2 and 3 are indicative only.
M4 East

WestConnex
33 km
$11–11.5b ($2012)
2013-23

Sydney’s Orbital Network

Stage 1
13.5 km
Planning now to 2015
Construction 2015-19

Stage 2
11 km
Planning 2013-17
Construction 2016-20

Stage 3
8.5 km
Planning 2015-18
Construction 2019-23

Stages 2 and 3 are indicative only.
Stage 2

**WestConnex**
33 km
$11–11.5b ($2012)
2013-23

**Sydney's Orbital Network**

- **Stage 1**
  13.5 km
  Planning now to 2015
  Construction 2015-19

- **Stage 2**
  11 km
  Planning 2013-17
  Construction 2016-20

- **Stage 3**
  8.5 km
  Planning 2015-16
  Construction 2016-23
Stage 3

WestConnex
33 km
$11–11.5b ($2012)
2013-23

Sydney’s Orbital Network

Stage 1
13.5 km
Planning now to 2015
Construction 2015-19

Stage 2
11 km
Planning 2013-17
Construction 2016-20

Stage 3
8.5 km
Planning 2015-18
Construction 2019-23

Connections:
- Surface
- Tunnel

Stage 2 and 3 are indicative only.
## Capital cost

- NSW Government funding - $1.8 billion
- Federal Government funding - $1.5 billion

<table>
<thead>
<tr>
<th>Stage</th>
<th>Location</th>
<th>Estimated Capital Cost (including contingency)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Parramatta to Haberfield</td>
<td>$3.4 billion – $3.6 billion</td>
</tr>
<tr>
<td>2</td>
<td>Beverly Hills to St Peters</td>
<td>$3.6 billion – $3.8 billion</td>
</tr>
<tr>
<td>3</td>
<td>Haberfield to St Peters</td>
<td>$4.0 billion – $4.1 billion</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$11 billion – $11.5 billion</td>
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</tbody>
</table>
Construction timetable

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Stage 1</td>
<td>M4 Widening (Church Street to Homebush Bay Drive)</td>
<td></td>
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<tr>
<td></td>
<td>M4 East (Homebush Bay Drive to Parramatta Road and City West Link)</td>
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</tr>
<tr>
<td>Stage 2</td>
<td>M5 East Airport Link (Beverly Hills to St Peters)</td>
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<tr>
<td>Stage 3</td>
<td>M4 South (Haberfield to St Peters)</td>
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</tr>
</tbody>
</table>

Legend:
- **Route options development**
- **Pre-construction (Environmental assessments, community consultation and planning approval, land acquisition, contract procurement)**
- **Detailed design and construction**
Development and financing

**Project funding**
- Initial government funding
  - NSW Government equity of $1.8bn
  - Australian Government grant of $1.5bn

**Construction phase**
- Stage 1 construction
  - Contracts for design, construction, operations, maintenance and tolling

**Operations**
- Stage 1 operations
  - Tollroad operations commenced
  - Traffic ramp-up phase
  - Non-recourse debt raised once traffic is established

**Asset sale & capital recycling**
- Stage 1 sell down
  - Government equity investment sold
  - Sale proceeds recycled into subsequent project stages

**Stage 2 / 3 development**
- Stage 2 and 3 works undertaken concurrently with Stage 1
  - Construction >> operations >> asset sale and capital recycling
Indicative financing structure

- NSW Government
- WestConnex Delivery Authority
- Future private sector equity
- WestConnex Finance Co.
- Private sector project finance
- Tolls

Equity flow:
- NSW Government to WestConnex Delivery Authority
- WestConnex Delivery Authority to WestConnex Finance Co.
- WestConnex Finance Co. to Tolls

Construction funding flow:
- WestConnex Delivery Authority to WestConnex Finance Co.
Tolling principles

1. Distance based tolling
   • Minimum toll applies
   • Maximum toll at approx 16km - in line with M7 toll cap

2. Cars pay less than trucks

3. Tolls only introduced on materially upgraded roads and only at construction completion of each project
Non-negotiables

We are seeking innovative, value for money outcomes.

- **Timing** - complete all stages within 10 years
- **Cost** - affordability with capped Government contributions and minimisation of other State financial support
- **Scope** - connecting the M4 at Parramatta with the M5 at Beverly Hills via the inner west and airport which meets transport and WestConnex objectives
- **Tolling** - consistent with tolling principles
Negotiables

Innovative ideas that challenge the current assumptions in the following areas:

• Staging and programming
• Scope and technical solutions
• Delivery and finance/funding model(s)
• Construction methods
• Operation and maintenance facilities
• Procurement processes
WestConnex: Stage 1
Stage 1 visualisation
Stage 1 Reference Scheme

WestConnex
## Stage 1 Reference Delivery Strategy

<table>
<thead>
<tr>
<th>Work type</th>
<th>Delivery model</th>
</tr>
</thead>
<tbody>
<tr>
<td>M4 Widening construction works</td>
<td>Design and Construct</td>
</tr>
<tr>
<td>M4 East construction works</td>
<td>Potentially:</td>
</tr>
<tr>
<td></td>
<td>- Design and Construct (publicly funded)</td>
</tr>
<tr>
<td></td>
<td>- Design and Construct (construction finance)</td>
</tr>
<tr>
<td></td>
<td>- Availability PPP</td>
</tr>
<tr>
<td>Operations and Maintenance works</td>
<td>Combined or separate Operations and Maintenance contract for Stage 1</td>
</tr>
<tr>
<td>Tolling works</td>
<td>Separate Tolling services contract</td>
</tr>
<tr>
<td>Funding</td>
<td>Government</td>
</tr>
</tbody>
</table>

Note: Reference delivery strategy for Stages 2 and 3 are similar
**Stage 1 Risk allocation**

Government will take upfront patronage risk

<table>
<thead>
<tr>
<th>Government</th>
<th>Private sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Project funding</td>
<td>➢ Design and construction</td>
</tr>
<tr>
<td>➢ Upfront patronage</td>
<td>➢ Brownfield patronage (after ramp-up)</td>
</tr>
<tr>
<td>➢ Planning and Environmental Approvals</td>
<td>➢ Commissioning</td>
</tr>
<tr>
<td>➢ Project Specifications &amp; Performance Requirements</td>
<td>➢ Maintenance and Operations</td>
</tr>
<tr>
<td>➢ Land Access and Procurement</td>
<td>➢ Tolling Services</td>
</tr>
</tbody>
</table>

*Note: Reference delivery strategy for Stages 2 and 3 are similar*
## Planning and Environmental Approval

<table>
<thead>
<tr>
<th>Stage</th>
<th>Lodge Application</th>
<th>Public Display of Environmental Assessment</th>
<th>Determination</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>M4 Widening</strong></td>
<td>Early 2014</td>
<td>Late 2014</td>
</tr>
<tr>
<td></td>
<td><strong>M4 East</strong></td>
<td>Late 2014</td>
<td>Early 2015</td>
</tr>
<tr>
<td>2</td>
<td><strong>M5 East Airport Link</strong></td>
<td>Late 2015</td>
<td>Late 2015</td>
</tr>
<tr>
<td></td>
<td><strong>M4 South</strong></td>
<td>Mid 2016</td>
<td>Mid 2016</td>
</tr>
</tbody>
</table>

Mid 2018
WestConnex: Timeline
## Stage 1 timeline

### Stage 1

<table>
<thead>
<tr>
<th>M4 WIDENING</th>
<th>M4 EAST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Church Street to Homebush Bay Drive</td>
<td>Homebush Bay Drive to Parramatta Road and City West Link</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>WestConnex a key recommendation in the State Infrastructure Strategy</td>
<td>Oct 2012</td>
</tr>
<tr>
<td>Construction funding confirmed in 2013/14 NSW Budget</td>
<td>Jun 2013</td>
</tr>
<tr>
<td>Industry briefing and sounding to test reference case in market</td>
<td>Late 2013</td>
</tr>
<tr>
<td>Lodge planning application</td>
<td>Late 2013</td>
</tr>
<tr>
<td>Concept design display and community consultation</td>
<td>Late 2013</td>
</tr>
<tr>
<td>Expressions of interest from construction contractors</td>
<td>Early 2014</td>
</tr>
<tr>
<td>Display Environmental Impact Statement (EIS) and community consultation</td>
<td>Late 2014</td>
</tr>
<tr>
<td>Planning approval decision</td>
<td>Early 2015</td>
</tr>
<tr>
<td>Award construction contract</td>
<td>Mid 2015</td>
</tr>
<tr>
<td>Start of detailed design work</td>
<td>Mid 2015</td>
</tr>
<tr>
<td>Start of major work</td>
<td>Mid 2016</td>
</tr>
<tr>
<td>Open to traffic</td>
<td>Early 2019</td>
</tr>
</tbody>
</table>
Stage 2 and 3 timeline

**Stage 2**
M5 East Airport Link
- Early 2014: Community consultation on alignment and access
- Mid 2014: Identify preferred option and lodge planning application
- Mid 2014: Commence environmental impact assessment (EIS)
- Late 2015: Display EIS and community consultation
- Early 2016: Lodge submissions report on EIS feedback
- Mid 2016: Planning approval decision
- Mid 2016: Start of design and construction
- Mid 2020: Stage 2 of WestConnex opens to traffic

**Stage 3**
M4 South (Haberfield to St Peters)
- Late 2015: Concept design display community consultation
- Mid 2016: Lodge planning application
- Mid 2016: Commence environmental impact assessment (EIS)
- Late 2017: Display EIS and community consultation
- Late 2017: Lodge submissions report on EIS feedback
- Mid 2018: Planning approval decision
- Late 2018: Start of design and construction
- Mid 2023: Stage 3 of WestConnex opens to traffic
WestConnex: Industry Engagement Process
Industry engagement

Key objectives

• Update industry on the current project status
• Obtain industry feedback on ways to enhance the project
• Identify and consider alternative options that offer improved value for money
Industry options

Reference Scheme Feedback

- Workshops
- Written Submissions

Project Proposals

- Alternative Proposals* (Confidential with IP Protection)

*Alternative Proposals will be received and assessed by WDA in accordance with the NSW ‘Unsolicited Proposals Guide for Submission and Assessment’
Industry engagement timeline

- **Business Case Industry Partners**: 19 Sep 13
- **Industry Briefing**: 31 Oct 13
- **Market Sounding Workshops**: 11 Nov – 6 Dec
- **Written Submissions**: To 24 Dec 2013
- **Assess Feedback**: To mid Feb 2014
- **Confirm Delivery Plan for M4 East**: To late Feb 2014
- **Enable Delivery of M4 East**: March 2014
Milestones achieved

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Robust Industry Partner process during Business Case phase challenging scope</td>
<td>✔️</td>
</tr>
<tr>
<td>Development of financing model with SMPO, NSW Treasury and Macquarie Group</td>
<td>✔️</td>
</tr>
<tr>
<td>Business case approved</td>
<td>✔️</td>
</tr>
<tr>
<td>Funding allocated by State and Federal Government</td>
<td>✔️</td>
</tr>
<tr>
<td>WestConnex Delivery Authority established and Board appointed</td>
<td>✔️</td>
</tr>
<tr>
<td>Industry Engagement process for M4 Widening</td>
<td>✔️</td>
</tr>
<tr>
<td>Commencement of Industry Engagement process for entire scheme</td>
<td>✔️</td>
</tr>
<tr>
<td>M4 Widening Delivery Plan to Government by Nov 2013</td>
<td>… …</td>
</tr>
<tr>
<td>WestConnex scheme Delivery Plan to Government by March 2013</td>
<td>… …</td>
</tr>
</tbody>
</table>
How to get involved

1. Workshops
   - Scheduled for 11 November to 6 December 2013
   - Request a workshop at info@westconnex.com.au - email subject “WestConnex Market Sounding”
   - Request for workshops close 6 November 2013

2. Written submissions
   - Optional written submissions from registered parties
   - Seeking open and honest feedback

3. Alternative Proposals
   - Will be received and assessed by WDA in accordance with the NSW ‘Unsolicited Proposals Guide for Submission and Assessment’ (www.nsw.gov.au/unsolicitedproposals)
   - Must satisfy the WestConnex ‘non-negotiables’ criteria

Note

Market Sounding Workshops are for information purposes only and not part of any formal procurement process
Participation in the Market Sounding Workshop will not provide an advantage or disadvantage to any entity in future procurement processes
Questions
Summary

• State and Federal Government committed $3.3 billion of funding.
• WestConnex Delivery Authority (WDA) established.
• WDA Board comprises broad mix of major infrastructure delivery experience and expertise
• WDA is inviting industry to:
  – Provide feedback and alternative options on ways to enhance the project and offer improved value for money in both the delivery and financing of WestConnex