

Dear Sirs,

### **F3 - M7 Link Submission**

Leighton, in conjunction with Maunsell, have reviewed the work undertaken by SKM in 2004 as outlined in the summary report and broadly support the findings. It is apparent the link is required to support the economic development of Sydney and to relieve congestion on Pennant Hills Road. Whilst there has been some notable changes to travel demand assumptions since 2004, these generally support the need for the link by either increasing the likely demand in the corridor or confirming the growth assumptions relevant in 2004.

Key changes since 2004 include:

- Introduction of the State Government's Metro Strategy which broadly confirms the population growth assumptions for Sydney, particularly western Sydney. Of note are the similarity in population projections compared to those assumed in the SKM study (5 million in 2021 compared with 4.9 million in 2011).
- A structure plan and SEPP has been prepared for the North West and South West sectors with land release managed by the Growth Centres Commission. This establishes a program of land release and provides certainty to increased population and employment lands in Western Sydney.
- The opening of the Westlink M7 has led to a trend in major warehousing relocating in the road corridor increasing the demand for heavy vehicle trips in the corridor.
- Rail infrastructure improvements have been brought forward through the Clearways Program and commitment to deliver the North West rail link by 2016. The SKM public transport only option however indicates that even with all public transport taken into account the demand for the link still exists. It could be expected that the change in timing will not significantly affect the demand on the M2-F3 corridor.
- The strategic importance of the Port of Newcastle in accommodating the overall Sydney Freight task has increased. This is due to increased demand for coal and confirmation that the Port of Newcastle will accommodate overflow container traffic when Port Botany reaches capacity.

Over the next five years, the coal transport task in the Hunter is anticipated to increase by approximately 50 percent. Demand for coal, in particular coking coal, is strong worldwide and will continue to drive growth in coal production. Increasing worldwide levels of demand underpin projections of coal volumes prepared by the Hunter Valley Coal Chain Logistics Team which indicate that the coal chain will need to convey 150 Mtpa by 2012, an increase from 100 Mtpa.

In addition, in October 2005, Newcastle Port Corporation announced that it was to enter into discussions with existing customers to develop the former BHP Steelworks site for general cargo and container trade. Container traffic generally destined for the Sydney market would travel by road rather than rail.

The changing role of the Port of Newcastle will increase the demand for freight between Newcastle and the Sydney region. Whilst coal is generally transported by rail, the constraints through the Sydney rail network, particularly the northern line will limit the extent to which freight can be transferred by this mode and remain cost effective compared to road.

- The State Government has a 40% mode share target for rail container freight to and from Port Botany. However, the main northern line continues to be a constraint for Sydney-Newcastle and Sydney-Brisbane freight even with planned ARTC rail improvements. The SKM study assumes an 11% mode share which could suggest an over-estimate of heavy vehicle movements on the M2-F3 link however this is likely to be

counteracted by the increasing role of Newcastle in servicing the Sydney metropolitan area, particularly for container traffic.

Opportunity to utilise private sector funding for this project is significant. The majority of the Sydney freeway network is now tolled and it is reasonable to expect that the M2-F3 link would also be tolled.

The summary report suggests that tolling could make the project marginal however this would be dependent on the tolling regime adopted. There would be opportunity to provide distance based tolling consistent with Westlink M7 rather than a fixed price toll as well as other potential tolling structures. This would be investigated as part of the next phase of work. Regardless of the tolling structure, the demand for the link is evident.

The conclusions in the SKM report suggest that it is obvious to pursue Type A corridor options for a number of environmental, economic and social reasons and then the purple corridor. Even with changes in travel demand assumptions between 2004 and 2007 the link is still required to meet the travel demands of Sydney into the future. Minor changes to travel demand will not affect the selection of the preferred route and in fact corridor A is more reasonable as 60% of population growth in Sydney is now expected to be in the existing urban areas.

In summary the need for the link is evident and there is opportunity to fund the project through private finance. The conclusions of the 2004 report are still relevant although with the changed role of the Port of Newcastle in servicing the freight requirements of Sydney the heavy vehicle trips may increase from the current estimates.

We strongly support this development and the involvement of the private sector in the development, finance, design, construction ownership and ongoing operation of the project.

Yours faithfully

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