

Our reference: 7747882

██████████ ██████████
██████████ ██████████

14 July 2017

Mr. Mark Fitt
Committee Secretary
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Mr Fitt,

Senate Economics References Committee inquiry into operations of existing and proposed toll roads in Australia

Penrith Council welcomes the Senate Economics References Committee's inquiry into the operations of existing and proposed toll roads in Australia and makes this submission in line with the Terms of Reference, particularly relating to item a.

Investment in critical infrastructure and the funding thereof is a necessary discussion, particularly as it relates to growing Sydney. Placing a price on the use of a private motor vehicle warrants careful consideration, as evidenced by reference to WestConnex.

Whilst recognising the benefits of better connectivity predicted through delivery of the entire WestConnex project, it is Penrith City Council's view that the introduction of tolls on the M4 will create a significant financial burden to Western Sydney commuters, therefore substantially undermining its benefits. The arrangement to re-introduce tolls on the first stage, between Church Street and Concord Road, is particularly inequitable.

More than 300,000 people travel out of the Western Sydney region every day for work, including almost 65% of the Penrith local government area's workers. Limited access to public transport to undertake these journeys means the region has an extremely high car dependency. Deloitte (2016) found that 88% of Western Sydney workers use a car as their main mode of transport and the average family from Western Sydney pays approximately \$22,000 a year in transport costs (Transport Affordability Index).

The cost of travelling to work for Western Sydney workers is already inequitable compared to residents in inner Sydney. In addition to running a motor vehicle, the suggested \$4.56 toll per trip for the widened M4 will add over \$2,300 per year to a regular user's transport costs. By comparison, the highest possible weekly payment for a public transport user in Sydney, via an Opal Card, is capped at \$60, which amounts to a maximum \$3,120 each year (transport costs \$24,300 per year for Western Sydney compared to \$3,120 per year if serviced by public transportation). Most public transport users,

particularly Sydney's inner and middle ring workers those who travel to Sydney's CBD, pay less than this.

Almost 60% of workers living in the Penrith LGA earn a wage of between \$20,800 and \$64,900 per year before tax (Economy.id) and, for these workers, the introduction of tolls adds considerably to cost of living expenses and in addition to vehicle operating costs, may cause some of these workers to leave employment.

Penrith has a high participation in the workforce but much of Penrith's workforce has no choice but to travel for work. Penrith's unemployment rate (3.98%) is lower than Greater Sydney (4.86%), NSW (5.20%) and Australia (5.90%). However, our employment capacity is low (0.72), meaning there are less jobs in the area than employed residents and our proximity to other centres of low jobs density (Hawkesbury and Blue Mountains) places further demand on available jobs. As of June 2015 there were 100,543 Penrith City residents employed and only 71,933 local jobs available. In the Committee for Sydney's report *Adding to the Dividend, Ending the Divide #3*, areas west of Parramatta are well below average in terms of effective job density. Effective job density is highest in Sydney's CBD and North Sydney, remaining steady in areas leading up to Parramatta which is above average. The effective job density drops rapidly beyond Parramatta, with Penrith reporting one of the lowest figures.

There is an established east-west economic corridor, extending along the Great Western Highway and Western Rail line from Emu Plains, Penrith, Blacktown and Parramatta and on to the Sydney CBD – mirroring the M4 route into Sydney City. It is the most significant economic corridor in Australia, contributing over 380,000 jobs. Penrith is the 'Nepean node' of this corridor.

The employment capacity increases as you travel east along this corridor. Comparatively, Parramatta, Ryde and Sydney City have employment capacities of 1.46, 1.55 and 4.48 respectively. The number of workers leaving the Penrith area to work in these regions also increases, with the M4 providing an essential part of a commuter's route. Approximately 40% of Penrith's workforce works along this corridor, with 7% of workers leaving Penrith to work in Parramatta, 1.2% in Ryde and 5.4% in Sydney City.

The number of workers travelling out of Western Sydney is only set to increase with significant population growth predicted for the region. In 2036 two out of every three new Sydneysiders will make their home in Western Sydney. More than 3 million people will be living in Western Sydney in 20 years. More people will be living west of Parramatta within the next 20 years, than east of it.

Current tolling arrangements on the M7, M5 and M2 and the future tolls on the M4 cumulatively represent unfair allocation cost for Western Sydney residents who live in areas with low jobs density and often use multiple tollways for journeys to work.

As such, it is our belief that continued increases in housing and population in areas of low effective jobs density overlaid with limited public transport access create a disproportionate and unfair cost impact of road tolls onto Western Sydney communities.

While Council does not accept that the current tolling arrangements represents the most equitable outcome for Western Sydney residents, we do accept there are amendments that could improve the fairness of tolling on Western Sydney residents.

Council believes a fair and equitable tolling arrangement should:

- Take into account the traveller's origin and destination. Having a distance based tolling scheme does not consider the situation for Western Sydney residents who do not have practical, or effective, public transport options.
- Provide incentives for those that can shift their travel to off-peak periods
- Promote a "journey" cap instead of individual link caps. Individual link caps are economically and socially inequitable for Western Sydney residents because many people from the region are long distance road users that, in many cases, require travel across multiple motorway links.
- In relation to WestConnex, the NSW Government should not implement a toll on the Church Street-Concord Road section as this can be considered road upgrading, not new road delivery. Beyond this point, where tunnelling begins, motorists who choose to use this new roadway should pay for the privilege commensurate with journey caps as raised above.

We appreciate your consideration of the points Council has raised. If you require more information or would like to discuss any aspect of Council's submission, please contact Council's Assistant General Manager, [REDACTED] on [REDACTED] or [REDACTED]

Yours sincerely

Alan Stoneham
General Manager