Blacktown City Council
Growing with Pride

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14 July 2017

The Committee Secretary
Senate Economics Legislation Committee
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Mr Fitt,

**Inquiry into toll roads in Australia**

Please accept this submission to the Senate Economics Legislation Committee on behalf of Blacktown City Council.

**Introduction**

Western Sydney is Australia's third largest economy, and the region is experiencing more rapid population growth than the rest of Sydney. By 2031, one million more residents will live west of Homebush. Growth will place increasing pressure on Blacktown and Western Sydney's infrastructure, which is less well served by Sydney's historically radial public transport network, dispersed settlement patterns and poor north-south integration between precincts. These challenges require many residents to travel across town to access high-skilled jobs and are a deterrent to commercial development in Western Sydney centres.

Blacktown residents are long-distance road users that in many cases require travel across multiple motorway links for journeys to work, sport and cultural activities. Existing rail services are focussed on the Sydney CBD and do not provide cross regional services to key centres, housing and employment areas. This forces residents that are not working in the Sydney CBD or on the T1 Western Line to use their car to access services and employment.

The M2, M4, M5 and M7 corridors support the travel needs of Blacktown and also Greater Sydney – already home to almost three quarters of Sydney's population. Over the next 20 years, much of the residential growth in the metropolitan area will be in Blacktown and Western Sydney, through in-fill and greenfield sites.

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Most Sydney residents do not work in defined metropolitan centres. Some 60% of employment is dispersed across the metropolitan area. Public transport cannot viably serve most of these jobs. Many other significant journey patterns, such as multi-stop trips, are also most effectively served by private vehicles.

Public transport is the best option for journeys to dense employment centres, such as the Sydney CBD and Parramatta. In these areas, public transport is already the preferred choice for many employees and that will continue to be the case in future.

The overwhelming majority of Sydney's journeys are dispersed in nature. For such trips the flexibility of the private car makes it the dominant choice. This pattern is the consequence of established land use patterns in Sydney and there is no indication in the available data that the patterns of demand will change in future.

Yours faithfully,

[redacted]

per Kerry Robinson
General Manager

# Senate Economics Legislation Committee Inquiry into toll roads in Australia – Blacktown City Council submission

**The terms of reference for the Inquiry are:**

**Operations of existing and proposed toll roads in Australia, including:**

a. **Financial arrangements of existing and proposed private toll roads, and transparency, accountability and equity aspects of these arrangements**
b. **Interaction of commercial considerations of private toll road operators with federal and state transport and infrastructure policy; and**
c. **Any other related matters**

## Blacktown City Council Recommends:

- **Sydney requires a single unifying tolling system that is fairly applied across all toll roads.** Harmonisation of Sydney's tolling regimes is required to address current inequities.

- **Road performance refunds.** Tolls could be proportionally discounted when the average speed on a motorway drops below a guaranteed average speed.

- **Hardship tolls.** Lower tolls could apply in socially disadvantaged suburbs.

- **Tolls should be set in proportion to surrounding public transport availability.** Cheaper tolls could apply to trips from those areas with limited public transport options, and higher tolls for routes with good public transport alternatives.

- **Capped distance costs.** Tolls could be set so that the cost per distance travelled for a single uninterrupted trip is the same, regardless of which toll road is used.

- **New toll-roads could be toll-free until performance outcomes are proven against benchmarks in the operator's contract.**

- **Toll increases beyond CPI increases should not be permitted.** The travelling public, trucking industry and businesses require certainty of travel time and cost for trips on all toll roads.

- **Toll road rises to be performance-based.** The last 12-month toll rise was 4% - dwarfing the most recent national CPI figure of 1.5% (December 2016).

- **An independent regulator could be given responsibility for regulating, promoting and managing the equitable and efficient use of tolls.** This would provide public transparency which is lacking in the current process which allows toll increases well in excess of CPI increases.

- **Establish clear road network performance objectives and benchmarks for RMS and toll operators**. This would allow toll road performance to be monitored on a regular basis.

**a. Financial arrangements of existing and proposed private toll roads, and transparency, accountability and equity aspects of these arrangements**

Sydney requires a single unifying tolling system that is fairly applied across all toll roads. Harmonisation of Sydney's tolling regimes is required to address current inequities

Sydney currently has an ad hoc system of tolling regimes that were determined individually on the basis of funding the cost of providing each toll road. The current tolling regimes are inequitable - for using different toll roads, for different vehicle types, for the per kilometre rates charged, for the direction of travel, and for the overall cost of each journey.

When the WestConnex project begins to charge tolls in 2017, Sydney will have 8 different tolling regimes in place - a series of independently operated tolling zones.

When WestConnex opens, travel by car from Marsden Park to Sydney Airport can cost $9.04, $18.13 or $21.74 - depending on the motorways used. For a truck, the same journey can range from $27 to $58.

A technology-driven single tolling system could be used that does not create a multiplying effect for drivers who move through different toll zones.

As is the case in Melbourne, there could be a maximum price for a single uninterrupted trip.

**b. Interaction of commercial considerations of private toll road operators with federal and state transport and infrastructure policy; and**

Tolling regimes should move away from simply recovering the cost of specific road, towards a network tolling strategy that addresses the current inequities and also promotes improved road network performance. Current road tolls have been set to recover the costs of the particular toll road link only. Tolls are not set so as to promote efficient road use and resolve the current toll inequities.

Setting tolls so as to promote efficient use of road also has the potential to contribute significantly to improved road network performance.

Options to address inequity and performance concerns include:

- Tolls in proportion to public transport availability

Cheaper tolls could apply to trips from those areas with limited public transport options and higher tolls for routes with good public transport alternatives. For example, more expensive toll per km to go from Macquarie Park to the Sydney CBD, than to go from Macquarie Park to Blacktown.

- Performance refunds

Operators could be required to provide a guaranteed level of service with set average speed targets and an underperformance clause. Tolls would be proportionally discounted when the average speed on the motorway drops below the guarantee.

- Hardship suburb tolls

Lower tolls could be applied in socially disadvantaged suburbs. For example, a cash-back system could be applied to socially disadvantaged areas to compensate Western Sydney residents.

**c. Any other related matters**

Toll increases beyond CPI increases should not be permitted. The trucking industry, businesses and the travelling public require certainty of travel time and cost for trips on all toll roads.

The determination of tolls and their escalation could be determined by an independent regulator, such as the Independent Pricing and Regulatory Tribunal. An independent regulator could be given responsibility for regulating, promoting and managing the equitable and efficient use of tolls. This would provide public transparency which is lacking in the current process which allows toll increases well in excess of CPI increases.

For example, the new Westconnex project includes annual toll increases of a minimum of 4% or CPI whichever is greater. This toll increase dwarfs the most recent national CPI figure of 1.5% (December 2016).

Establishing clear road network performance objectives and benchmarks for RMS and toll operators, would allow toll road performance to be monitored on a regular basis.

Toll increases and expenditure decisions could be based on network performance against established benchmarks, with cost penalties for operators where performance falls below the benchmark or target. In this way the road user is compensated for poor performance while the operator would have a clear financial incentive to ensure travel time reliability. This would increase the assurance to the public that tolling arrangements represent the fairest possible outcome.