

# Operations of existing and proposed toll roads in Australia

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Friends of the Earth and Public Transport Not Traffic support the inquiry into operations of existing and proposed toll roads in Australia.

We seek to secure policy commitments that will protect the environment. After the electricity sector, transport is the largest greenhouse gas emitter in Victoria, and it is essential that our state radically reduce emissions from transport. Making our transport system more focused on public transport, walking, cycling and building for proximity will also bring a range of social and public health benefits that are incompatible with current and proposed toll road network.

Melbourne is the fastest growing city in the country and expected to be larger than Sydney by 2056. In order to prepare and manage this growing demand, state governments have repeatedly relied on toll road projects to address congestion issues, “by allowing road infrastructure to be provided earlier than would have been possible under the traditional model of road provision”. However there are three key drawbacks that limit the suitability of toll-roads for the future of Australian cities:

1. Generated traffic;
2. Conflict of interest with sustainable transport policy; and
3. Equity impacts.

## 1. Generated traffic

New roads, whether tolled or not, fall for the same trap that has bedeviled transport planning for the last half century. Roadway expansion inevitably encourages new traffic, both on the new road itself and on existing roads that feed it, thus failing to adequately provide optimal mobility with minimal congestion. On top of bringing congestion back up to previous levels, the additional traffic adds to the existing level of pollution, greenhouse emissions and road trauma.

The car works best as a form of travel when few people use it: increasing traffic leads to congestion, making driving less attractive. By contrast, public transport service improves as patronage increases, as frequent services and express runs become more viable. Where public transport and roads are in competition, as in Melbourne, expanding road capacity is a two-way loser. It attracts additional traffic, making road conditions worse, and reduces public transport patronage, making public transport less attractive as well.

## 2. Conflict of interest

Australia’s toll roads are monopolies run by a small number of companies. Transurban now dominates the industry with an Australian market share of 73 per cent (in revenue terms). While generating huge profits for more than 20 years, they have failed to innovate.

There have been no attempts to introduce concession priced products for those on low incomes reliant on toll roads. Victoria's toll operators have adopted a position that such products are untenable because vehicles rather than individuals are identified as utilising the roads. Although slightly more complex to design than for public transport, we maintain that feasible concession products can be introduced and regulated for toll roads. For example, utility concessions are applied based on one person in the household holding a Health Care Card, Pensioner Concession Card or DVA Gold Card. Toll operators could send invoices with a concession option that could be utilised by concession card holders, or – if this is too open to abuse – then an app could be developed that is capable of identifying who is in the vehicle in relation to the etag and concessions could be applied on that basis.

It would be critical for VicRoads rather than the toll operators to hold and manage this sensitive location information to ensure it is not sold on or misused.

Toll road operators seek to maximise the return on their investment. This profit maximising behaviour results in contract terms that act against sustainable transport and congestion minimisation. For example, the CityLink concession deed gives the toll road operator the right to seek compensation if the government introduces various enhancements to the public transport network or demand management and environmental taxation measures, or if an airport rail link is used to transport freight.

While the government has sought to highlight the absence of such rights from the EastLink concession deed, clause 39 of the concession deed does provide incentives for the government to maximise traffic on the toll-road and, by implication, minimise alternatives such as attractive public transport in the corridor. Similar incentives to maximise traffic volumes were included in the recent agreement to widen sections of the Monash Freeway.

The above examples illustrate how toll road operators either act to ensure their interests are protected under the contract and/or the government's interests are brought into alignment with their own (e.g. through sharing of upside) at the expense of the broader community and environment. Given this inherent conflict of interest, it is unlikely that project specifications for new toll roads would include proposals that offer the most appropriate solution to public transport requirements. Moreover, such proposals may even crowd out more appropriate "standalone" public transport enhancements that better serve numerous goals such as enhanced mobility, reduced pollution and road trauma.

A road-pricing scheme should be broad-based in order to minimise unintended side effects. For example, a system based on a CBD cordon might encourage businesses to shift to areas outside the cordon that have inferior public transport. This has precisely the opposite effect of what is desired since trips would be shifted from public transport to driving.

Since a great deal of future congestion growth is projected to occur in middle and outer suburbs, a combination of activity leakage away from the CBD and modeshift from public transport to cars would be a seriously negative outcome. Similarly, application of charging to particular roads in a

corridor can lead to 'rat-running' with negative impacts on local streets and neighbourhood amenity. Thus any proposals for expanded road pricing schemes should apply broadly to all roads (not just new roads or existing toll roads) across the entire metropolitan area (not just areas that are currently congested).

### 3. Equity impacts

The question of fairness and equity to access the road network generally, and motorways specifically, cannot be addressed to the satisfaction of communities without also looking at cost and pricing distortions inherent in the entire transport network. After all, it is not possible to set appropriate pricing without pricing roads appropriately.

Those with the least capacity to pay, who have often been forced to compromise with the lowest cost homes located furthest from major economic hubs, are also subject to the highest costs to travel to gain high value employment closest to these major economic hubs. Without cost, time and accessibly competitive public transport options, many residents are left with travel in private vehicles on road network as the quickest, cheapest and most direct option. Toll roads increase the financial burden on low-income households who may already be straining under the cost of car dependence and rising oil prices.

The access and mobility requirements of such people, and the one third of Melbournians who are unable to drive, would be better served by improved land use planning and expanded public transport services. Toll roads, by encouraging urban sprawl and car dependence, are counterproductive in both these regards.

**Recommendation: Project specifications for new toll roads to include proposals on how new infrastructure would enhance the efficiency of all parts of the transport network, including public transport.**

Moratorium on major road projects pending implementation of comprehensive integrated planning framework incorporating broader social and environmental objectives; toll road proposals to be considered alongside a broad range of alternative solutions as part of a comprehensive integrated planning framework; contract terms for new toll roads to explicitly prevent the operator from seeking compensation for economic or financial detriment resulting from the introduction of enhanced public transport, transport/energy demand management measures or other public policies, taxes or charges that reduce traffic; contract terms for toll roads to exclude incentives for government to maximise traffic volumes.

#### Process

There is a glaring deficiency in the process to develop an informed and engaged community.

Well-informed communities are valuable communities, they are communities willing to work with governments, and they are communities who understand that the challenges before their government require their participation in finding solutions. And yet this strategic dialogue with

communities is a fragmented, incoherent, project-focused process that fails to engage with the very people that are supposed to be beneficiaries of this process.

## Conclusion

We invite the Senate Committee to ensure that the operation of existing and proposed toll roads in Australia are further scrutinised to assess the contribution they can play in the future of transport network. Without serious analysis of the situation, Australia will be locking major cities such as Melbourne into a congested, road-dependent, and unsustainable future.

Yours sincerely,  
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