

ROAD ACCESS PRICING

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BusNSW Submission to the Inquiry into Road Access Pricing

Introduction

BusNSW is the peak body for the NSW private bus and coach industry whose members continue to provide essential services on a daily basis and provide a key interface with the travelling public. BusNSW's mission is to foster the efficient and sustainable growth of public transport in NSW.

Buses and coaches play a vital role in delivering public transport in NSW. Improving bus and coach services in NSW will have a positive impact on congestion, the economy, reducing social exclusion, improving health and safety, reducing pollution, and improving energy security. BusNSW welcomes this opportunity to make a submission to the Committee.

Australia, and in particular NSW, is suffering from the increasing costs of congestion, costing the Australian economy approximately \$10 billion annually, an increasing road toll and growing community concerns regarding obesity and the environment. These issues are of concern because they impinge severely on the goals of economic competitiveness, environmental sustainability and social inclusion. Recent

reports have shown that Australians are interested in sustainable investment with a focus on public transport. BusNSW considers enhancing public transport service levels and providing suitable alternatives to peak hour congestion must be considered in conjunction with a road access pricing strategy. Australians want transformational change and they support investment in public transport.

Although Sydney compares favourably to other Australian cities regarding public transport mode share, a number of transport concerns remain. Excessive car travel continues to contribute to congestion and impacts on the efficiency of public transport systems. BusNSW believes that applying equitable road pricing schemes across the Metropolitan areas of Sydney will increase the desirability of public transport travel and ultimately reduce congestion on Sydney's roads. In Sydney, parking space is subject to a pricing system but apart from a limited number of toll roads, road space is not itself effectively priced. We understand the committee is concerned about this.

BusNSW provides the following comments in line with the matters the inquiry will examine.

1. Current road access pricing (tolls) in New South Wales

Road pricing has the ability to change travel behaviour, promote public transport and encourage users to leave their car at home.

As congestion continues to expand throughout the network, the efficiency of current road tolls is questioned. Sydney users are spending millions daily on an inefficient system. The current network of motorways has not provided toll paying customers with desired results and ultimately indicates a review into the entire transport network must be conducted. A review into the current transport network and a system of demand management will enable the public to understand the benefits of road access pricing where generated revenue is reinvested in the network and the benefits spread throughout the community. BusNSW suggest a review of current road pricing strategies be undertaken, including the decision to remove the charge on the M4. Unfortunately, removing this charge appears to have been a backward step for Sydney's commuters, with car travel promoted along this corridor rather

than, for example a Bus Rapid Transit (BRT) system capable of providing more efficient travel.

Distance based tolling along motorways such as the M7 have proven to work relatively effectively and change travel behaviour. However, in order to promote this system across the motorway network, alternative travel arrangements must be implemented and the revenue collected reinvested in public transport infrastructure with increased services and frequency. An assessment of the current motorway network shows a discrepancy between the pricing of cars in comparison to heavy vehicle use across the motorway network, supporting the need for a review of current road pricing initiatives.

The Government should set a benchmark for road toll charging across the motorway network. This includes increasing fares for heavy vehicles on distance based tolled roads in line with other motorways as well as introducing different pricing for heavy vehicle use during time of day tolling on the Sydney Harbour Bridge and distance based tolling on the M7. BusNSW understand that heavy vehicles, such as trucks and B doubles, contribute to excessive road damage and congestion without promoting the external community benefits and should therefore be priced at a higher rate than personal vehicles. A consistent approach is important to establish an efficient and equitable transport system.

2. Road access pricing policy and initiatives in other jurisdictions

The implementation of road pricing schemes in other jurisdictions has proven to be successful when open public discussion and community consultation occurred prior to a commitment being made. Without an explanation of the reasons why and the benefits of introducing a road pricing scheme, the public is likely to view the policy as a revenue raising and inequitable.

If the public does not understand how urban road pricing will work or understand the consequent benefits of such an initiative, they will focus on the increased costs of the toll or user fee. The introduction of such initiatives in other jurisdictions has shown the benefits of an honest and open approach. If a road pricing policy is to be introduced a public awareness campaign should therefore explain:

- The severity of the congestion problem and the costs associated with doing nothing,
- What the road pricing initiative is and how it will work,
- The goals of the initiative,
- How the revenue proceeds will be used, and
- How existing inequalities will be addressed.

Otherwise the policy will be met with hostility and voting backlash.

After extensive consultation BusNSW supports the introduction of a road pricing scheme in order to fund public transport infrastructure and promote increased public transport usage and patronage. This has been a feature of the schemes in other jurisdictions which have seen marked improvement in public transport efficiency, particularly on time running for buses with less traffic congestion delaying services (London with cordon based tolling), and increased patronage. Hot lanes have been trialled in the US as a way of introducing optional road pricing, encouraging carpooling initiatives, changing user habits and overall promoting sustainable road use.

We understand there are a number of road access pricing procedures which have been successfully implemented in other jurisdictions and suggest the committee thoroughly investigate these initiatives.

3. The applicability of road access pricing in non-metropolitan areas

Road access pricing is essentially a metropolitan issue due to the levels of peak hour congestion and the inability of Government to meet the funding demands of road infrastructure and maintenance. However, road access pricing must be thoroughly considered before it is implemented and therefore, in the short term, fuel excise taxes, to be discussed further on under Federal State jurisdictional issues, should be indexed to meet funding demands. This revenue should be reinvested in the areas it is raised in order to promote an equitable system.

Road infrastructure is a significant expense across all strands of government. Public transport in rural and regional areas is limited due to minimal service and network

capabilities caused by a low population density and large distances between towns. Promoting initiatives such as the introduction of public transport services between Dubbo, Wellington and Narromine in 2012 enables greater options for the community when it comes to travel and commuting to work.

The ongoing debate concerning the Pacific Highway, and the time it has taken to upgrade, continues to raise questions concerning funding road infrastructure priorities. Road access pricing has been raised as a way to potentially source revenue.

4. The capabilities of road access pricing technologies

BusNSW endorses the investigation and trial of road access pricing technologies to reduce traffic congestion and enhance the role of public transport in NSW, particularly in the Sydney metropolitan region. The introduction of the Opal Card, an integrated electronic ticketing system to be introduced across all modes of public transport in the coming years, will enable greater efficiency on the public transport network and the Government should introduce incentives to utilise this transition, further promoting public transport development and increasing patronage.

Greater technologies, such as the introduction of GPS devices to measure personal travel and time of day travel times, as seen in other jurisdictions, may encourage commuters to use public transport services, rewarding those who use their car less and less, for example the incentive based system used in the Netherlands. As an idea, the cost of introducing these technologies could be paid by the initial indexation of fuel excise to meet current tax levels, if a suitable project can be developed across the different jurisdictions.

5. The interconnection between road access pricing and public transport pricing

With increasing congestion on our roads and a significant public transport network in place, BusNSW suggest that road pricing revenue should be reinvested in public transport in order to benefit the community as a whole.

BusNSW considers that for an effective introduction of a road access pricing system, public transport incentives must be considered and implemented. These incentives include;

- Providing a cost efficient pricing scheme for frequent public transport users, utilising the convenience of a fully integrated ticketing system. This allows greater value for money across all modes of public transport, without being penalised for multimodal trips, and encouraging frequent use.
- Businesses to forgo the idea of the company car in favour of public transport subsidies supported by Government eg. reduced price of bulk integrated ticket purchases.
- Special public transport initiative days to encourage people out of their cars and try the alternative. For example; free travel to work days.

The Opal card is a way to promote integrated transit options and inevitably remove the need for commuter car parks at train stations, restricting car travel to interchanges contributing to congestion whilst promoting multimodal travel. Introducing initiatives which acknowledge regular commuters will further promote public transport travel. Governments should encourage businesses to forgo the use of the company car in order to further promote public transport alternatives. If companies continue to promote company car travel, a road pricing scheme is unlikely to have an effect on peak hour traffic congestion.

Experts agree that in order for road user charging to gain support, excise and registration charges should be removed to reward commuters who leave their cars at home. Road access pricing should consider the limits of charging, allowing a large enough price difference comparison to promote public transport as the cheaper option over driving on roads with a charge. Taxpayers are likely to consider alternative modes of travel to eliminate unnecessary costs, with money raised by these projects directly reinvested in infrastructure projects and public transport user incentives, particularly those which will increase the productivity of the network. Some road funding initiatives, such as the 3x3 fuel levy introduced by the NSW

Government in 1989, have been trialled however the results have not been widely evident.

With public transport priority, the Sydney transport network is capable of operating highly efficient services across a range of transport modes. We have seen this during the Sydney Olympics and throughout major events, with a growing reliance on the Transport Management Centre (TMC) and increased technology, particularly PTIPs on buses and customer service mobile apps, providing the most up to date information. However, BusNSW questions why the processes employed during these major events, and at times of disruption to the network, cannot be regularly deployed. Developing and implementing widespread road strategy initiatives, particularly concerning road management policies, should be considered a priority in any review of the current network and its efficiency. Demand management is crucial in handling congestion. Congestion along motorways and major roads has a flow on effect throughout the network, particularly on arterial roads leading to outer suburbs and affecting public transport efficiency.

6. The sustainability of current transport funding models

In 2012, the Government endorsed Long Term Transport Master Plan and the independent commission Infrastructure NSW each recommended radical changes to the transport network and corresponding infrastructure in order to respond to the greater demand on the road and public transport networks. This has led to debate surrounding funding for such projects. Road infrastructure has consistently dominated public transport funding in the past despite statistics indicating public transport patronage growth across all modes. Reports, such as the Infrastructure NSW State Infrastructure Strategy, that endorse further road infrastructure and funding, need to consider a growing population and a continually congested network, already strained under the pressure of demand. Road infrastructure needs to have a linked public transport outcome.

BusNSW suggest the Government further consider Private Public Partnerships (PPPs) and road pricing initiatives to fund the increasing need for sustainable

transport infrastructure, as opposed to the current concentration of funds into road projects and maintenance without public transport outcomes. Road pricing should consider the externalities; the cost of congestion on the economy, the continuing investments in road maintenance and air/noise pollution, external costs of accidents as well as considering the positive externalities of public transport. Road access pricing enables a greater flexibility which can more accurately reflect the marginal costs of road use and therefore target more appropriate funding projects.

Government projects released last year outlined the urgency of transport infrastructure development but lacked information regarding funding requirements. However these reports lacked the outline regarding this funding and the potential areas of revenue. Road access pricing encourage not only a change in user behaviour, further promoting public transport use but give Governments an option of reinvesting in demanded services. International examples have shown that when there is a clear Government intention to reinvest the revenue into these projects, public support of the initiative increases. Currently Sydney road users are paying for a service without accessing the benefits of user pay systems – less road congestion and increased public transport services. A road access pricing scheme would transform the current climate whilst encouraging users to consider the alternatives to car travel. It would appear that the true cost of travel is yet to be valued by the NSW Government.

7. Federal State jurisdictional issues

Experts seem to agree that in order to promote an effective road pricing scheme, the public must be offered incentives to change their travel habits and encourage alternate modes of transport. Removing fuel excise and registration charges have been suggested as ways to promote equity across the network, open up the market and charge heavy users of personal travel and peak hour commuters in congested areas.

The Bus Industry Confederation (BIC) advises that revenue raised by fuel excise costs has declined over the previous decade since the removal of the indexation upon the tax in 2001, contributing to a decline in funding for infrastructure projects.

Removing fuel excise, or in the short term indexing fuel excise to meet appropriate levels to fund public transport projects, allows commuters to have a greater choice in their travel mode with increasing incentives to leave the car at home. However, raising fuel excise is not considered a suitable long term pricing/revenue raising measure and should only increase to allow for appropriate planning, considering all the externalities and thorough community consultation of road user charging. Over time, removal of fuel excise and registration charges in favour of road access pricing will encourage car owners to minimise their car use and choose alternate times and modes to travel to avoid high taxed roads, inevitably reduce congestion and improve public transport network efficiency. The removal of current charges have been met with criticism however they remain the most obvious short term return of money to the public to gain attention and support whilst encouraging a change in travel habits.

BIC, through their Moving People strategy suggest that Federal and State Governments need to work together to consider an immediate increase in the fuel excise as a short term measure to overcome the backlog in transport infrastructure. Governments should also consider fuel excise paid by buses being collected and returned as investment in measures which would see more buses on the road and more investment in bus priority infrastructure.

In accordance with COAG goals, state jurisdictions must work closely to coordinate goals for a comprehensive collaborative road pricing and public transport funding system.

8. The socio-economic impact of road access pricing throughout NSW

With Government funding preference continuing to focus on road transport, increases in social exclusion and an inequality for those who have no alternative to car use is likely. Government should counteract this process by increasing public transport services and the frequency of services to isolated regions. Public transport is the best alternative to car travel in isolated regions however road pricing does encourage other modes of travel including walking and cycling.

To implement effective road pricing, interchange facilities and the interaction between bus services and train timetables need to be more efficiently coordinated to encourage users to leave the car at home and use public transport. Currently, congestion around train stations and regional hubs has a carry on effect on the whole road and public transport network efficiency.

Parking levies at interchanges and railway stations are tax payer funded yet they benefit a select few. BusNSW recommends Government review these parking arrangements to promote extended public transport initiatives. This may include the funding raised by charging these parking facilities increasing security and lighting whilst government funding can allow for additional bus services to and from these interchanges servicing more people, including school students and socially excluded people without access to a car.

9. The options available for a staged implementation of road access pricing applicable to NSW

Community consultation has proven to be essential in order to implement efficient road pricing strategies. This starts with education, outlining the impacts continually increasing traffic congestion will have on the community without suitable funding to upgrade public transport and road networks. The public should be provided with incentives to make the transition to public transport whilst having access to adequate levels of quality network planning and service frequency.

Sydney's current tolled motorway network provides platform for a trial of time of day and distance based tolling across the network, as currently shown operating on the Sydney Harbour Bridge and M7 respectively. With an established tolling system, and increasing patronage, this opportunity enables a low cost trial of the system along some of Sydney's most congested roads. However, a discrepancy remains between the pricing of personal use and heavy vehicles across the motorway network, supporting the need for a review of current road pricing initiatives. Heavy vehicles, such as trucks and B doubles, contribute to excessive road damage and congestion without promoting the external community benefits and should therefore be tolled at a higher rate than personal vehicles. Although some of the Sydney motorway

network is operated by private investors, the NSW Government should consider negotiated arrangements and show their commitment to enhancing the efficiency of the network rather than revenue raising as the primary reason for its introduction. This should be able to be administered without affecting the bottom line for the private motorway investors.



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