



# NSW GOVERNMENT RESPONSE

Road Tolling Regimes Inquiry

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## INTRODUCTION

Transport plays a key role in making NSW a better place to live, work and visit by connecting people and communities and making journeys safer, easier and more reliable. The NSW Government is committed to delivering its record \$112.7 billion four-year infrastructure program, with \$76.7 billion set aside for transport projects.

Utilising alternative sources of funding to deliver motorway infrastructure has been a policy decision of successive NSW Governments, which reduces the burden on NSW taxpayers, encourages investment in the State and enables city-shaping infrastructure to be built years, or even decades, earlier than otherwise. This policy also enables the delivery of other forms of State-led infrastructure including schools, hospitals, road and rail investment that may not have otherwise been possible.

Over time, the tolling arrangements for each new toll road in NSW have been formed on a case-by-case basis. This has resulted in bespoke toll road concessions incorporating many different approaches to charging customers who choose to utilise the asset and receive the associated benefits.

When new motorways are delivered, motorists have a choice to travel on it or utilise a free alternative. A motorist's choice will be informed by a range of factors including the travel time savings and reduced congestion that a new motorway provides. Motorways also provide benefits of faster, safer journeys and save billions of dollars that would otherwise be wasted through congestion.

The Toll Road Pricing Relief and Reform Review ('Tolling Review') which commenced in December 2021 is also considering longer term tolling reform, examining NSW's current tolling regime, and will provide options for the Government to consider. Fairness and equity are important considerations.

The NSW Government acknowledges the community's concerns raised through the inquiry. As a component of the Tolling Review, the NSW Government announced a two-year Toll Rebate Scheme which will ease the cost-of-living pressures for NSW motorists.

The Government thanks Portfolio Committee No.6 for its detailed examination of road tolling regimes.

We note the findings of the inquiry, however the Government rejects the proposition that the Government or Treasury has failed in its obligations to the inquiry or to the people of NSW.

Our response to the final report's recommendations is addressed in the following section.

## RESPONSE TO RECOMMENDATIONS

### Recommendation 1

That the NSW Government as part of its Toll Road Pricing and Relief Reform Review commit to:

- a) genuine and meaningful reform of road tolling
- b) consultation with affected stakeholders in government, industry and the community
- c) no new tolls or new or revised toll road contracts being issued prior to consideration of such reform, in order to not further limit the government's flexibility and control over toll road pricing.

#### Noted

The Government is progressing a comprehensive review of tolling. When completed, the outcomes of the Tolling Review will inform any relevant future decisions around motorway contracts or toll road pricing.

### Recommendation 2

That the NSW Government move to realign toll pricing in corridors where trucks are on suburban streets to ensure trucks can feasibly use toll roads where possible, including the option of the extension of current toll relief schemes to the road freight industry.

#### Noted

The Tolling Review is considering the impact on traffic of toll price options. This includes considerations for heavy vehicles.

### Recommendation 3

That the NSW Government immediately release the traffic network performance review plan for the M8 and M5 toll roads, given its release was promised one year ago.

#### Supported

The M8 Road Network Performance Review is in progress. In line with the Condition of Approval E40, Transport for NSW has commenced preparation of the Road Network Performance Review Plan and is currently consulting with impacted councils.

Once the plan is completed, it will be made publicly available as per the requirements of the Conditions of Approval.

The review was delayed due to COVID impacts to road use numbers.

### Recommendation 4

That the NSW Government implement a scheme to ensure that buses are not required to pay tolls when carrying passengers.

#### Supported in part

Buses providing public transport passenger services on scheduled routes are an important part of the Government's public transport network. The cost of any tolls incurred while providing public transport passenger services is reimbursed under the contracts to operate the services.

Private coach operators are required to pay tolls for commercial trips in the same way that other private companies who rely on the motorway network for their business operation.

Private coach operators may also be able to claim the cost of tolls as an input and apply a tax deduction as a result.

**Recommendation 5**

That the NSW Government implement Recommendation 3, relating to transparency for tolling contracts, of the 2017 Upper House inquiry into road tolling in New South Wales without further delay.

**Noted**

The NSW Government in part supported Recommendation 3 in the 2016-17 Upper House Inquiry (*Road Tolling*).

As noted, in the NSW Government's response to that Inquiry, Transport for NSW complies with NSW Government requirements relating to the disclosure of information including:

- redacted copies of the [project deeds](#) (TfNSW)
- [project summaries](#) (Treasury)
- [Business Case Summaries](#) (Infrastructure NSW).

Environmental Impact Statements requested for project approvals also provide extensive economic analysis including benefit and cost ratios, as well as forecast traffic volumes.

**Recommendation 6**

That, when a network approach to toll road pricing is considered by the review, the NSW Government should:

- a) consider the introduction of toll caps and appropriate flag falls, rather than just distance-based tolling
- b) review the application of toll escalation rates which often include both a minimum four per cent toll increase or inflation, whichever is higher, rather than take account of real wages growth
- c) review toll relief and cashback schemes to ensure that toll relief is going to the people who most need it based on their ability to pay as well as the existence of public transport alternatives.

**Noted**

The Tolling Review will consider options on toll road pricing which includes the pricing mechanism and the application of escalation rates.

While the Tolling Review is conducted, the Government has introduced a broad-based Toll Rebate Scheme, allowing all eligible non-business and small business customers to receive a 40 per cent rebate for every dollar spent on tolls once they have reached a minimum spend of \$375. Under the new scheme compared to the existing Registration Relief Scheme, more customers will be eligible receiving their rebate sooner and more often.

**Recommendation 7**

That the NSW Government considers concerns raised by the Australian Competition and Consumer Commission throughout this inquiry and adopts the Commission's recommendations:

- a) to compel toll road operators to publicly release traffic data
- b) for governments to allow sufficient time in their tendering processes for bidders other than Transurban to model traffic forecasts and other relevant commercial considerations.

**Noted**

*(a) Publicly release traffic data*

Toll road operators release gantry information to the public. Quarterly traffic data is available through the [Sydney motorways traffic data](#) and the [Transport Open Data Portal](#).

Traffic counts on the Cahill Expressway and Eastern Distributor are available on Open Data through the [Traffic Volume Viewer](#), these represent a section of the traffic on the Sydney Harbour Bridge and Tunnel. Transport for NSW is currently working towards a fuller view of traffic counts for the Sydney Harbour Bridge and Tunnel for Open Data Release.

*(b) Sufficient time for tendering processes*

The Government has implemented relevant measures in recent tendering processes to allow for information parity between bidders.

**Recommendation 8**

That, as a priority, the NSW Government:

- a) reduce administration fees for trips on toll roads without a payment arrangement in place to \$1.10 for the first notice and \$2.20 for a second notice
- b) ensures Transurban implements the reduced administration fees
- c) make it compulsory for all toll road operators to move to aggregated/consolidated toll notices, as has occurred in Queensland.

**Noted**

Motorists have a choice of tolled and non-tolled roads on which to travel. When opting to travel on motorways, customers are required by law to have a valid tolling account in place or to take steps to pay the toll within a specific period of time.

In practice most customers pay for tolls incurred through a tolling account or pay their tolls post-travel, for instance directly to the toll road operator or by assigning toll notices fees to their account. Motorway operators also seek to help customers who have genuine difficulty paying for their tolls with support processes and case management for outstanding amounts.

The recovery of tolls involves material costs including resources, systems, printing and postage. Nevertheless, the Government wants to ensure that administration fees are set at a reasonable cost recovery level, with more IT-based solutions offering the opportunity for greater cost efficiencies.

Among other things, the Tolling Review will consider administration fees, electronic notices and aggregations of toll notices for all toll road operators.

**Recommendation 9**

That the NSW Government mandate the adoption of an industry-wide Code of Practice for all toll road operators which includes a framework for managing debt for vulnerable customers, consistent with the codes and guidelines used in other sectors.

**Recommendation 10**

That the NSW Government establish an independent Tolling Customer Ombudsman with a legislative basis similar to, for example, the Energy and Water Ombudsman NSW, and that:

- a) the ombudsman has the power to resolve disputes against all toll road operators
- b) all private toll road operators be required to contribute funding to enable the delivery of a full-time, professional service
- c) the ombudsman has the power to enforce the Codes of Practice foreshadowed at Recommendation 9, including a framework for responding to debt incurred by consumers struggling with financial hardship, mental illness, and domestic and family violence.

**Noted**

The NSW Government is conscious of the financial needs of all tolling customers. While the vast majority of customers pay the tolls they incur, some with assistance from the NSW Government's Toll Rebate Scheme, others can experience genuine hardship and find it difficult to pay all their tolls.

For vulnerable customers, motorway operators already have a range of support processes in place to help manage debt and establish repayment plans. Transport for NSW, for instance, works with customers who incur large debts to design individual debt management and payment plans that are achievable for both parties. Motorway operators are currently active in this area, diminishing the need for a mandatory, industry-wide Code of Practice.

NSW customers currently have access to ombudsmen processes. E-Toll customers and users of TfNSW-operated motorways can appeal decisions to the NSW Ombudsman. Users of motorways operated by the private sector can appeal decisions to the Tolling Customer Ombudsman which, like the Energy and Water Ombudsman, is industry funded.

The scope of Tolling Review includes consideration of more cost-effective administration processes, electronic notices and aggregations of toll notices for all toll road operators.