NSW PARLIAMENTARY INQUIRY INTO ROAD TOLLING
NATIONAL ROADS AND MOTORISTS' ASSOCIATION (NRMA)

QUESTIONS TAKEN ON NOTICE AT HEARING 22 MAY 2017

Page 9 of transcript

QUESTION:

The Hon. DANIEL MOOKHEY: You are describing essentially the tax mix switch from fuel excise to distance-based charging that the Henry Tax Review recommended.

Mr LOADES: Yes.

The Hon. DANIEL MOOKHEY: If we were to go to that review is that a fair way to get a representation of your position, or at least in principle?

Mr GIJSELMAN: We provided a submission to the Henry tax review, much of which was taken up by Henry. We would be happy to provide that to the committee.

ANSWER:

Please see Annexure 1.

Page 13 of transcript

QUESTION:

Mr LOADES: Part of the frustration with motorists is not understanding that and/or there are other models around the world that have evolved to a network approach with consistent pricing. So maybe there is a middle ground but we think it is important to ask the question and get there eventually.

The CHAIR: Which other jurisdictions have provided the network tolling arrangements you have just referred to?

Mr LOADES: Around the world?

The CHAIR: That is what you just said.

Mr LOADES: I understand that—I have not got the detail but I am happy to take it on notice.

Mr GIJSELMAN: We might need to take that question on notice but I know that there are a number of jurisdictions that are working through a similar situation to what we are. We are certainly happy to provide the Committee with some information.

The CHAIR: That is not what was said. What was said was that there are jurisdictions where that actually operates. My question is: Which ones? You can take the question on notice.

Mr GIJSELMAN: Happy to provide the Committee with the information.

ANSWER:

Several forms of network pricing exist around the world:

1. Singapore's Electronic Road Pricing System is based on the principle of *pay-as-you-use*. Motorists are charged a fee, which is dynamic, when they use priced roads during peak periods. The capability to adjust pricing dependent on traffic conditions aims to alleviate congestion by shifting network demand and rerouting vehicles where possible.

2. Stockholm's Congestion Charge took effect in 2007 after a referendum found the majority of residents supported it post a seven-month trial during 2006. The charge, which is primarily aimed at reducing congestion and improving environmental conditions, is imposed on motorists when they pass through unmanned control points situated around Stockholm.

3. Distance-based charging systems, which impose a charge on motorists based on how far they travel within a defined area, operate in Austria, Poland, Germany, New Zealand and parts of the US. In addition or, in some instances, in place of distance being the determinant of the charge, travel time can provide a mechanism to give consideration to congestion at a given point in time.

In terms of heavy goods vehicles, Germany, Hungary, Slovakia, Switzerland and the Russian Federation use the Global Navigation Satellite System for their tolling schemes. Several other European states are currently giving consideration to the adoption of this technology.

While providing an illustration, the above references are not indicative of all network pricing systems currently in operation.

Page 14-15 of transcript

QUESTION:

The Hon. TAYLOR MARTIN: On point 20 in your submission, could you expand on value capture and third party revenue streams, specifically in the form of roadside advertising and the like? Is there more room for this kind of value capture? Are there any other avenues of value capture other than roadside advertising? If that is an area where a private third party can contribute to the funding, somewhat alleviating the burden, do you believe that is being maximised, especially in regional areas, outside of Sydney metro?

Mr LOADES: We are happy to make a more in-depth submission on some of the options. Overall, where I started with funding was in terms of surpluses and debt and what are the options outside of that to fund growth? Whether it is roads, public transport or cycleways, it is very difficult to do that out of the previous funding models and mechanisms. We would encourage alternates to that, such as asset recycling. The value capture, for example, in not just roads but in public transport is well known. I had a briefing not long ago that one-third of funding one of the significant projects in London was from value capture. The beneficiaries commercially, whether land or business, basically funded a third. Without that, the project would not have happened. We would encourage innovative funding options to be considered including that. I am happy to provide more detail on that to the forum.

ANSWER:

The NRMA supports Community Pays, Beneficiary Pays and User Pays funding models to support infrastructure delivery.

Value Capture, which falls under the umbrella of Beneficiary Pays, seeks to collect a portion of funds created through increased value (mostly land); increases are primarily generated by significant public infrastructure investment.

Infrastructure Australia's December 2016 report entitled *Capturing Value – Advice on making value capture work in* Australia presents five main types of value capture:

1. Betterment levies
2. Developer charges
3. Leveraging government land
4. Taxes on property transactions
5. Taxes on land value.

While value capture predominantly relies on these types of mechanisms, funds can also be created through other associated means such as advertising concessions.

Should a public infrastructure project increase density or maximise the utilisation of a particular space or precinct, it is not unreasonable to expect that advertising opportunities become more valuable as a result of increased consumer reach.

While appropriate advertising can potentially add to created funds, it should be noted that advertising essentially only plays a small role in the overarching concept of value capture.

ANNEXURE 1