

Thursday 9 December 2021

Ms Abigail Boyd MLC  
Committee Chair  
Portfolio Committee No. 6 - Transport and Customer Service  
Parliament House  
Macquarie Street  
SYDNEY NSW 2000

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## Clarifying Statement: Inquiry into Road Tolling Regimes

Dear Ms Boyd,

Thank you for the invitation for Transurban to appear at a hearing of the NSW Parliament's Inquiry into Road Tolling Regimes. We look forward to engaging with the Committee on Friday 10 December 2021.

Since our initial submission on 23 May 2021, a number of factually inaccurate claims about Transurban have been made during the Inquiry's hearings so far. We would like to take this opportunity to correct these inaccurate claims ahead of our appearance. We would seek the Committee's kind consideration of circulating and publishing this letter as appropriate.

### Recent WestConnex Transaction

On 20 September 2021, the NSW Government announced the sale of the remaining 49 per cent share in WestConnex to Sydney Transport Partners (STP).

The State's competitive process, overseen by the government's probity advisors, does not change:

- the toll price or escalation of WestConnex, set by the commissioning government in 2013;
- the existing or future road tolling regimes in NSW; and
- Transurban's willingness to engage in discussions on toll reform.

The Australian Competition and Consumer Commission (ACCC) did not oppose this or seven other transactions involving Transurban in the past decade, including for the acquisition of the first 51 per cent of WestConnex.

ACCC Chairman Rod Sims has publicly said suggestions of a toll road 'monopoly' are more 'perception' than 'reality', and in its submission to the Inquiry the ACCC said the acquisition was unlikely to substantially lessen competition, and acknowledged that tolls are set by the government.

### Toll Reform

Transurban is open to a discussion with the NSW Government about Sydney's tolling regimes.

The existing tolling regimes reflect decisions made by both Labor and Liberal-National governments to partner with the private sector since 1987 (as shown on page 16 of our submission). Transurban has and continues to work with all sides of politics and is committed to addressing any inequities in the system, should the government be open to the discussion.

As Transport for NSW has said in its submission (page 22), the private sector does not control the price of tolls, however the injection of private sector capital has in many cases eased pressure on public budgets and allowed government to direct its funds into other priority areas. This includes schools and hospitals, as well as public transport services that are so critical to complement the roads network, and give consumers a choice about their mode of travel.

Transurban is a proudly Australian, ASX-listed company. As such, in delivering some of the biggest infrastructure projects in the nation's history, we are transparent on our financial position. Since 2013, along with our partners we have invested more than \$25 billion into Sydney's motorway network, including in projects that have transformed travel – NorthConnex and WestConnex.

Our investors are helping us carry the up-front costs of city-shaping infrastructure that would otherwise have taken decades to build. This includes millions of people investing via their superannuation accounts. For example, AustralianSuper and UniSuper are among our largest security holders.

The capital provided by these investors is providing relief to well-stretched government budgets, so funds can be dedicated to other important areas such as schools and hospitals.

## **Benefits of toll roads**

Research commissioned by Transurban and included in our submission shows how the long-term benefits of toll roads outweigh the costs, including for businesses and families.

While we cannot comment on much of the data that has been presented to the Inquiry, as its source is unknown to us, our detailed submission shows comprehensively the long-term economic benefits of Sydney's toll roads on the city, including for those who use the roads.

These long-term forecasts are crucial, with the NSW Auditor-General reporting in October that the volume of freight moving through Greater Sydney is expected to increase by 48 per cent by 2036. Currently 80 per cent of this freight task is taken by road.

The report by KPMG estimates the total economic benefits from the accelerated delivery of toll roads by the private sector to be \$35.8 billion over the 30 years to 2046. In that time, businesses and freight users can expect to realise an estimated \$11.8 billion in benefits through travel time savings, reliability gains and reduced vehicle operating costs. Personal users stand to gain \$9.4 billion in similar benefits.

KPMG's analysis also estimates the wider economic outcomes from Sydney's toll road network to be \$14.5 billion in benefits from improved access and connections to employment centres, supporting businesses, job seekers and consumers. An average of 5,300 full-time jobs are expected to be created annually.

Despite claims from the Transport Workers' Union, the freight and logistics sector continues to actively use our roads.

As the demand for deliveries has increased, travel time savings are making a significant difference, while improving safety and liveability on surface roads and communities along the motorway corridors:

- NorthConnex has taken more than 6,000 trucks a day off local surface roads, which has seen the number of crashes more than halved on Pennant Hills Road between the M1 and M2, and near misses reduced by 65 per cent in peak periods.
- The WestConnex New M4 Tunnels have eased congestion by slashing traffic along Parramatta Road by a third and improving local air quality by 10 to 15 per cent.
- Since the WestConnex M8 opened, crashes on the M5 East have dropped by more than 40 per cent, a result of less traffic and smoother traffic flow in the tunnels.

It should also be noted that in response to the Inquiry's first hearing, Toll Group has clarified in a statement: "Toll does not have a policy to avoid the use of road tolls. We regularly undertake route optimisation reviews where we use data from previous trips to determine the quickest and most cost-efficient route for our drivers. Toll uses a mix of public and private toll roads to maximise time and cost efficiencies."

### **Our customers**

One of the most inaccurate claims that we have analysed is that "a significant portion of the 300,000 Western Sydney workers who travel outside of the region for work are burdened with hefty tolls". The Western Sydney Regional Organisation of Councils said this could be as much as \$9,300 a year.

Looking at our best understanding of customer spend in Western Sydney (noting we have no data on their place of work), there are around 0.04 per cent of private customers (or about 1 in 2,500) spending this amount, and less than 14 per cent of business accounts.

As we have outlined in our submission in detail, the average weekly spend of a Linkt consumer account is \$9.52, and around half of all commercial accounts spend less than \$10 a week.

Customers also have a choice, and we are proposing greater transparency for drivers through initiatives such as decision-point signage, which would display live travel times to destinations compared to the free alternative. As our submission shows, drivers who do choose to use our roads are saving a combined 225,000 hours in travel time each workday, which can mean less time stuck in traffic and more time doing the things they love.

Transurban already offers its customers an account management mobile app to easily access trip history, costs and compare the monthly spend, while Linkt actively promotes the online Trip Compare feature that compares time and fuel savings on tolled and untolled trips.

Despite claims to the contrary, Transurban does not profit from any fees, including vehicle matching fees. In fact, we would prefer to see customers not incur additional fees, which is why we have fee-free options available to suit their needs. Customers are not charged a vehicle matching fee if they travel with a correctly fitted tag in their vehicle.

Linkt also proactively contacts customers when a tag is reaching the end of its life or may have been incorrectly fitted, and will issue a new tag for free as well as waiving any video-matching fees incurred when a customer contacts Linkt to report a tag issue.

## **Transparency**

The inquiry has heard from several submissions that there could be greater transparency from toll operators.

In NSW, Transurban operates in a tightly regulated and transparent industry. In 2018 Transurban committed to providing traffic usage data which is released online for every tolling gantry on every toll road we operate on a quarterly basis, broken down into vehicle type and in 15 minute increments. This is available to be downloaded online at any time.

Consistent with ASX reporting obligations, Transurban regularly publishes financial information including toll revenue. Also in line with our position as a listed company, Transurban does not give long-term revenue guidance.

Recent claims about toll road earnings are misleading and appear to have failed to accurately reflect the operational, financial and risk realities of the toll road industry or our business. They also do not consider the impact of events beyond our control, such as the two prolonged COVID-19 enforced lockdowns, and essential operational costs.

The claim that Transurban is planning to “toll all roads in Australia” is spurious and false.

Finally, our invitation remains for the Committee to visit NorthConnex, the most recent example of a toll road operating in the existing regime, and one that has already demonstrated considerable positive impact on the safety and journey times on nearby surface roads such as Pennant Hills Road.

Thank you again for the opportunity for us to be part of this important inquiry. Please do not hesitate to contact us should you have any questions about any part of this letter.

Yours sincerely,

**Michele Huey**  
Group Executive, NSW

**Andrew Head**  
CEO, WestConnex