



Transport for NSW

Responses to post-hearing questions

**Committee: Portfolio Committee No. 6 - Transport
and Customer Service**

Inquiry into Road Tolling Regimes

Hearing Date – Monday, 14 February 2022

QUESTIONS ON NOTICE**QUESTION 1: (page 28)**

The Hon. DANIEL MOOKHEY: Can we have a conversation about its present effectiveness? When was the last time Transport reviewed its effectiveness?

JOOST de KOCK: As I said, maybe it is best to give you some ideas about the relief that this provided through the toll relief. It is a scheme that was introduced in 2018, and it really is designed to provide relief for people that use the [disorder].

The Hon. DANIEL MOOKHEY: Mr de Kock, sorry to interrupt, but I understand what the scheme is and its history. I was actually asking you a very specific question: When was the last time Transport reviewed it prior to the current review?

JOOST de KOCK: I have some of the figures about some of the relief that drivers have received as part of that scheme.

The Hon. DANIEL MOOKHEY: Which we will get to. But the question was specific: When was the last time Transport reviewed it?

JOOST de KOCK: I will have to take that on notice.

ANSWER:

As part of the commitment to improve the consistency and fairness of pricing while minimising congestion, the NSW Government, led by NSW Treasury and supported by Transport for NSW, is currently reviewing the current NSW tolling regime.

QUESTION 2:

The Hon. JOHN GRAHAM: Turning to some of those specific options—for example, time-of-day tolling. What information does Transport already have about the impact of time-of-day tolling? There is some time-of-day tolling but with a very small difference between the upper and lower price in Sydney at the moment.

What analysis has been done, or what information—what evidence—would you like to put in front of the Committee about the impact of time-of-day tolling as one specific measure?

JOOST de KOCK: Yes, thank you for that. There is time-of-day tolling on the Sydney Harbour Bridge and Harbour Tunnel, so there are different tolls for peak, shoulder and off-peak. That was introduced in 2009, from memory. We can provide on notice some of the traffic volumes for the different times of day. I will look at what we can provide on that front.

ANSWER:

Time of day tolling was introduced on the Sydney Harbour Bridge in January 2009. The former Roads and Maritime Services carried out some volume change analysis in 2010 on the Sydney Harbour Bridge.

We know that traffic patterns have changed significantly since then. Customers have more transport options and that is why the NSW Government, led by NSW Treasury and

supported by Transport for NSW, are reviewing the current NSW tolling regime. Traffic volumes and current travels patterns will help inform this review.

QUESTION 3: (page 30)

The Hon. JOHN GRAHAM:

I am more interested in the Transport analysis. Does that make a difference to traffic volumes or is it simply too small to impact on when people are making those travel-time choices?

JOOST de KOCK: I will take that question on notice to see whether we can provide some information on the elasticity of demand and the pricing. It is only done on Sydney Harbour Bridge and Harbour Tunnel at the moment.

ANSWER:

Please refer to answer for Question 2.

QUESTION 4: (page 31)

The CHAIR: You say that has been in place for a year. When you put that in place, who did you source that technology from? Who was the entity that was able to help you install that?

JOOST de KOCK: I might pass that question over to Ms Drover, perhaps, or who can maybe help with what the contractual arrangement was to help build that.

CAMILLA DROVER: I think my understanding was it was a delivery contract and it was let for both the civil infrastructure works and the systems, but we can take that on notice and confirm that.

ANSWER:

The M4 Smart Motorway project required the development of Intelligent Transport System Communications System (ICS) infrastructure between roadside devices and back-office applications. The ICS establishes the communications network that is critical to the delivery of the smart motorway's functionality.

Siemens was engaged by Transport for NSW to deliver the reference strategy and design of the ICS.

TYCO was engaged by Transport for NSW as the successful Tenderer to develop and deliver the Motorway Management System.

Civil infrastructure was supplied in three stages by both Seymour Whyte Constructions and Fulton Hogan, under GC21 contract conditions based on open market tendering. These works included supply and installation of devices required as part of the Smart Motorway system in the field.

The installation of the Motorway Management System and associated protocols were included in the contractual obligations of TYCO, with Transport for NSW providing the lead technical expertise during this integration process.

QUESTION 5: (page 31)

The CHAIR: Which other toll road companies did you meet with in relation to the smart motorway strategy?

JOOST de KOCK: I cannot recall exactly, but I could probably take that on notice of who we met with.

The CHAIR: That would be very useful.

ANSWER:

During the delivery phase, the Smart Motorways project met with Transurban to discuss impacts to the existing concession arrangements as a result of the planned M4 Smart Motorway.

QUESTION 6: (page 32)

The CHAIR: I am sure you are aware of the US experience where Transurban has been running tolling regimes which do increase during congestion times. We have seen the pictures of the sort of variable tolls being put up on the entry ramps up into motorways in certain States in the US. Was that the sort of overseas experience that you were interested in talking to Transurban about?

JOOST de KOCK: I cannot recall the exact details of that particular meeting, but I think we were interested in the range of technologies and approaches that people had put in place around the world. As I say, we are always open to see what is the art of the possible, and then we can take that into account from when we are thinking about our future directions as part of our sort of normal scanning processes to understand what technology innovation and business model innovation exists around the world. We are aware of those types of technologies, but of course there are others as well. But, as I say, I could take on notice what particular examples that were discovered.

ANSWER:

The agenda for the meeting with Transurban was to discuss Smart Motorway technology. It also included Transurban sharing their experience of Smart Motorways in other jurisdictions as they have motorways in other locations including Victoria and Queensland.

The meeting was held in relation to the investigations Transport for NSW are undertaking about how we can further implement Smart Motorways across the Sydney network that includes Transurban run assets.

Tolling was not discussed at the meeting.

QUESTION 7: (page 32)

The CHAIR: Thank you. When I was speaking with Transurban, we were discussing the concept that these administration fees should be about recuperating the cost of having to chase that unpaid toll rather than being something more. I went to great lengths to try to get the Transurban executives to tell me how it could amount to exactly \$10 as being the cost of that administration. To hear, subject to your confirmation on the question on notice, that it potentially has been set like that since 2001, what justification is there for having the \$10 admin fee, given all of the advances in technology since?

JOOST de KOCK: I will have to take on notice the exact cost structure of those administrative charges, but we do incur costs when we issue toll notices to collect the tolls that have not been paid. We also have to keep in mind that we actually invest a substantial amount of money into the tolling systems to support the administration as well. These administration fees help with the cost of operation and the cost of the recovery of the unpaid tolls.

ANSWER:

Toll notices are issued to customers who have failed to make a valid arrangement to pay their toll within the timeframe specified by the toll road operator. This is set at three days after travel past a toll point. The toll road operator has the right to recover direct and indirect costs expended in recovery of unpaid tolls.

These costs include operating and maintaining the associated tolling systems and processing, administrating and collecting the revenue. This includes call centres, websites and other systems for communication with these customers and civil debt recovery costs.

QUESTION 8: (page 33)

The CHAIR: Are you sending out notices on behalf of Transurban?

JOOST de KOCK: I have to take that on notice, but it will be their notices. For example, to send out a notice, it is required to understand who is the actual owner of a particular licence plate. Transport for NSW has that data, so we are permitted by the Privacy Commissioner to share that data so those toll notices can actually be sent. The exact mechanism of who sends what, I would have to take that on notice.

ANSWER:

Transport for NSW arranges production and dispatch of toll notices on behalf of each motorway operator.

QUESTION 9: (page 33)

The CHAIR: Just to round that out, the response from Transurban says, "Toll notices in New South Wales are produced and issued by Transport for NSW on behalf of the various toll road operators. This is because only Transport for NSW has access to the drive system—the New South Wales driver licensing registration system." They are saying that it is Transport for NSW that produces and issues all of the toll notices—the overdue tolls or the unpaid tolls. They are all produced by Transport for NSW, yet I had a very long discussion with them about the costs involved to them for issuing those notices and the fact that they receive the fee for the administration. How can that be?

JOOST de KOCK: I will take on notice exactly what the arrangements are, but it is correct that we do have the drive system that has the record of the owner of a particular licence plate—the details to send the notice. We may send it on their behalf. I would have to confirm that on notice. When these types of arrangements happen, there are actually cross-charging arrangements between the two organisations for the various services offered. Again, they are quite complex and I would like to take on notice what we can provide in that space.

ANSWER:

Each motorway operator pays Transport for NSW for the production and dispatch services that it provides.

QUESTION 10: (page 33)

The CHAIR: Thank you. Just before I throw to the Opposition, if you could also take on notice whether you charge the full \$10 administration fee to these toll operators from Transport for NSW. That would explain why we are being told that it costs them \$10 for every notice, if that is what they are being charged.

JOOST de KOCK: I will take that on notice and see what information we have.

ANSWER:

The tolls owed and the toll notice administration fee is paid by the customer directly to the toll road operator. Transport for NSW does not collect payments for unpaid tolls on privately operated toll roads.

QUESTION 11: (page 33)

The Hon. JOHN GRAHAM: I might ask some follow-up questions in this area and then hand to my colleague. I will then return to some of those policy reform questions I was asking. On the administration fees, because we did get some strong evidence on this, can you tell us how much Transport collected in each of the past two financial years in administration fees?

JOOST de KOCK: I do not have that data at my fingertips. Again, I will take that on notice and see what we can provide.

ANSWER:

The administration fees collected from customers related to toll collection activity for the Sydney Harbour Bridge and Sydney Harbour Tunnel were \$4.5 million in FY20 and \$4.2 million in FY21.

QUESTION 12: (page 34)

The Hon. JOHN GRAHAM: This is similar to a question the Chair asked, but you have said this largely covers the cost of administration. What proportion of the fees actually go towards the cost of administration for the toll roads which you operate? Perhaps you can take that on notice.

JOOST de KOCK: Thank you for that question. Obviously these toll notices—we like not to send any toll notices actually and the vast majority of our customers obviously pay through their current arrangements and it is all done electronically. But in case people do not have the right mechanism set up or have not paid their tolls, we do send these toll notices. We do incur costs for that to send messages or letters and so forth, and also to support our call centres, and also we need to invest in our tolling systems to support these types of operations. The administration fees do support operations and investments in technology and investments in our call centres—

The Hon. JOHN GRAHAM: I am happy for you to take this on notice, but administration costs have dropped dramatically since 2001. What proportion of the fees that are collected now go on administration for your roads? Could you take that on notice?

JOOST de KOCK: I am happy to take that on notice.

ANSWER:

Administration fees are collected to support the cost of recovering unpaid tolls.

QUESTION 13: (page 35)

The Hon. JOHN GRAHAM: Yes, I understood, Ms Drover. That is a new development—perhaps should have been quicker but a welcome one. Do you agree that we should address this problem where people are getting multiple letters in the mail, multiple fines, multiple administration fees? Why can't transport fix this? Is there any reason?

JOOST de KOCK: As I mentioned before, our tolling systems were quite old and we are modernising those as we speak. In principle—

The Hon. JOHN GRAHAM: How long will people have to wait? When will that be modernised?

JOOST de KOCK: I cannot give you that answer right now, but in principle to streamline the customer experience and consolidate it, in principle, is a good idea but we have to look at what the systems can do. I am happy to take that on notice to see what is possible and, potentially, what some of the time frames are.

ANSWER:

The NSW Government, led by NSW Treasury and supported by Transport for NSW, is currently reviewing the current NSW tolling regime including the customer experience when utilising toll roads.

It is important to note that where a customer has an active tolling account, charges are significantly lower.

QUESTION 14: (page 35)

The Hon. DANIEL MOOKHEY: What criteria was used to design it?

CAMILLA DROVER: It was informed by the New South Wales tolling principles. The M6 stage one connects directly underground to WestConnex, so the WestConnex tolling regime also informed the M6 stage one, given to use the M6 stage one, you do need to travel on WestConnex as well.

The Hon. DANIEL MOOKHEY: Okay. The 2014 principles—can you give us a quick summary of them again?

CAMILLA DROVER: Yes. There are 11 of them. Do you want me to go through them individually?

The Hon. DANIEL MOOKHEY: No, I think we will take it all on notice

ANSWER:

The tolling principles are publicly available on the NSW Parliament website as part of the Transport for NSW submission to this inquiry.

QUESTION 15: (page 36)

The Hon. DANIEL MOOKHEY: Do you have a financial model for this project?

CAMILLA DROVER: I will have to take that on notice.

The Hon. DANIEL MOOKHEY: Surely we are not building a multi-billion-dollar road without having a financial model behind it?

CAMILLA DROVER: Yes, but the M6 stage 1 is not under concession and was not contemplated to be under concession. I am happy to take that away and see what information we can provide.

ANSWER:

As part of the Business Case process it is standard practice for a series of options to be considered for financing.

The Final Business Case Summary for the M6 stage 1 is publicly available on the Infrastructure NSW website.

QUESTION 16: (page 38)

The Hon. JOHN GRAHAM: It is pretty much live information, is it not? It is very up to date.

JOOST de KOCK: I am not exactly sure of the exact frequency of the dates, but it is reasonably frequent. I can take it on notice how we, as Transport for NSW—how frequently we supply that information to Service NSW. The one thing to take into account is the information that they collect is for the purposes of the toll relief only, so it focuses on information for light vehicles and vehicles that are registered in New South Wales. So it does not include all vehicle information.

ANSWER:

Transport for NSW provides information to Service NSW on a daily basis to assist with calculation of Toll Relief. It should be noted that only transactions relevant for the purpose of Toll Relief are provided.

QUESTION 17: (page 39)

The CHAIR: When I was speaking with Transurban, I read to them a section of the NorthConnex concession agreement. I will read from the concession agreement between Transurban and the Government. It states:

(c) An Administration Charge ... will be as reasonably determined by the Project Company in consultation with RMS having regard to:

- (i) different Casual User products that the Project Company may wish to implement ... ;
- (ii) the actual and anticipated number of Casual Users; and
- (iii) the anticipated recovery rate of tolls and Charges ...

There is also another section which talks about the ability for the project company to change that administrative charge in consultation with RMS. So there seems to be an

ability to do that. When I asked Transurban why they had not approached Transport for NSW about adjusting that administration fee, they said that there needed to be some whole-of-industry change for that to take place but that they were very willing to discuss it with you. I am confused because the concession agreement clearly gives them the power to suggest that change. Can you shed any light on whose responsibility it is to make sure that those administration fees are actually in line with actual cost?

JOOST de KOCK: Thank you for your question. I am actually not familiar with the document that you refer to. Maybe some of my colleagues—maybe Ms Drover knows more about that document. I am not aware of that particular document, but we will be pleased to receive it and we can have look further into it. Ms Drover, are you familiar with that particular part of the concession contract?

CAMILLA DROVER: Obviously, I have not got the NorthConnex concession deed in front of me, but I think we will take it on notice and just clarify that position.

ANSWER:

Administration fees are collected to support the cost of recovering unpaid tolls. Transport for NSW and the toll road operators meet regularly to discuss, prioritise, and plan improvements to tolling operations.

QUESTION 18: (page 39)

The CHAIR: Similarly in relation to the idea of aggregating the penalty notices, it seems like such an obvious thing to be able to do. When we spoke to Transurban, they said that was also in the hands of Transport. Is that your understanding as well, and are you making any attempts to change that and aggregate the penalty notices?

JOOST de KOCK: I think I mentioned before that the issuing of the penalty notices, obviously, is using at the moment our legacy technology systems. We are investing in updating our technology, and I took it on notice earlier to see what this new technology can do, whether it is possible to aggregate and simplify some of the penalty notices to get better outcomes for the customer and for us as well. So I will take that on notice to see what can be done with the investment in new technology.

ANSWER:

Transport for NSW understands that while this question refers to penalty notices, it was in the context of toll notices. Refer to the answer to Question 13.

Transport for NSW representatives meet with the toll road operators regularly to discuss, prioritise and plan improvements to tolling operations both for the benefit of customers and tollroad operators.

QUESTION 19: (page 39)

The CHAIR: The admin fee was set at \$10 in 2001. It is now 2022. We are 21 years down the track. Are you telling me that we need to investigate new technology in order to issue some aggregated penalty notice?

JOOST de KOCK: As I say, I am not familiar with the detailed operations of the penalty notices, and I will get back to you on what the new technology can do in the space.

ANSWER:

Transport for NSW understands that while this question refers to penalty notices, it was in the context of toll notices. Refer to the answer to Question 13.

QUESTION 20: (page 40)

The CHAIR: It is really interesting because these talking points are almost word for word what we heard from Transurban. It is, in fact, what you had said previously as well. The fact is some people are suffering extreme hardship, regardless of whatever it is you are doing. We know about the significant number of people that Transurban is chasing through the courts. So clearly whatever you are doing at the moment is not working. It would seem that an aggregate penalty notice would be the least anybody could do. I am just quite genuinely shocked that in 21 years that is not something that anyone has thought about doing. Is that your evidence today?

JOOST de KOCK: As I mentioned before, we have a special team set up to deal with these hardship cases and we can make special adjustment and put people on payment plans that reflect the situation. As long as people contact us, we can help them. You can ask Transurban how they do it for their customers. As I mentioned before, we do have some legacy systems that do not allow us to have the flexibility we want to do in terms of customers. We are investing in a new system. I took it on notice earlier to see what we can do with investment in the new tolling systems including a customer management system.

ANSWER:

Refer to the answer to Question 13.

QUESTION 21: (page 46)

The CHAIR: I just wanted to ask one question, if I may. I am not sure which of you is best to answer, so please just chip in. I was speaking in the last panel to Treasury reps about this document that was a market sounding with Transurban in relation to Western Harbour Tunnel and Beaches Link. I am not so much interested in the document itself and the topic of the discussion you were having with Transurban but more the comments that were made during it, particularly the comment that said that Transport and Treasury were working on a tolling framework to consider toll reform across the harbour crossings, noting that an equalised toll system is likely to avoid traffic network distortions. But also there were other parts of that document, for instance, talking about the interface and network management issues with separate operators should the tunnel be owned by a different operator to the Western Harbour Tunnel, if and when that gets up and running and a toll operator is appointed. Can you tell us what that toll reform project looked like at that time—that is, back in November 2019—and what the conclusions of that were?

CAMILLA DROVER: I am happy to make some comments. I am not familiar with exactly what the document is or what they are referring to. All I can say is there was a lot of marketing engagement with a broad range of stakeholders when we were looking at how we were going to procure Western Harbour Tunnel. Market engagement was undertaken with both contractors that would build the asset and potential future operators, and in years prior there was other engagement with financiers—but that was some many years ago, pre-2017. I am not across what specifically was referred to. We need to have a look at the document. I do not obviously have it to hand.

The CHAIR: Thank you. Specifically, it states that you were working on a tolling framework in order to consider how to equalise the tolls across the crossings. If you could come back to us on notice with what that framework looked like and what that work involved, that would be incredibly useful.

ANSWER:

As part of the Business Case and Investment Decision process, Transport for NSW and Treasury have explored, and continue to explore, a range of tolling options for Western Harbour Tunnel. No decision has yet been made on the tolling regime for Western Harbour Tunnel.

QUESTION 22: (page 46)

The Hon. DANIEL MOOKHEY:

Excellent. I am just seeking a couple data points that would be helpful. Ms Drover, earlier you were describing the capped usage on the distance-based tolling regimes as well. Do you have a percentage of the number of, I guess, trips or cars or users—depending on how you keep the data—who benefit from those caps as a percentage of trip journeys?

CAMILLA DROVER: I do not have that data.

The Hon. DANIEL MOOKHEY: Do we actually collect it, though? CAMILLA DROVER: I am not sure. I think the other thing to note is obviously WestConnex is not finished. The toll cap will really come into play when—

The Hon. DANIEL MOOKHEY: Sure. I appreciate that.

CAMILLA DROVER: —those sections are there. I do not know whether Mr De Kock can comment on that? I know I do not have that data. I can confirm that.

The Hon. DANIEL MOOKHEY: Could anyone take it on notice to see whether we can get an estimate as to the existing number of trips that trigger the cap as a percentage of trip journeys? If it is possible that we can get any data on that, that would be useful.

CAMILLA DROVER: We can take that on notice and see what we can bring back.

ANSWER:

On the M7, around 21 per cent of trips are capped. This is consistent across both truck and car use.

*data sourced from www.NSWtollroaddata.com

QUESTION 23: (page 47)

The Hon. DANIEL MOOKHEY:

Do you keep data as to the location of where those vehicles are registered that are claiming it? If we wanted to find out across the city who is benefitting—and across the State, for that matter—who is benefitting from that program, do you have that data? By LGA, by—what is the level of analysis that you have as to that?

JOOST de KOCK: I will have to take it on notice as to what we have on that.

The Hon. DANIEL MOOKHEY: If you have it on notice, can we get it broken down by LGA, that is, the number of vehicles claiming registration relief by LGA or any other unit of geography you keep?

JOOST de KOCK: I am not sure we have that information but I will take it on notice to see what we can provide.

ANSWER:

Service NSW holds this information.

QUESTION 24: (page 47)

The Hon. DANIEL MOOKHEY: How many cars are registered in New South Wales?

JOOST de KOCK: I will have to take on notice the exact number.

ANSWER:

As at 27 February 2022, there are 4.94 million registered light vehicles in NSW (volume of light vehicle registrations identified as General Private usage).

QUESTION 25: (page 47)

The Hon. DANIEL MOOKHEY: Okay, thank you. Can we get the specific numbers of motor vehicles that are not heavy vehicles—because heavy vehicles are not eligible to claim it, I presume—that have claimed the registration relief offer each year since its inception? And then, equally, as a percentage of all motor vehicles registered that are eligible?

JOOST de KOCK: I will take that on notice to see what we can provide—what the numbers of the vehicles that got toll relief from history. We can see what we can provide there, yes.

ANSWER:

Service NSW holds this information.

QUESTION 26: (page 47)

The Hon. DANIEL MOOKHEY: Thank you. What was the cost of that last year?

JOOST de KOCK: That is a question probably best directed to Service NSW. I am not aware of the cost.

The Hon. DANIEL MOOKHEY: Does it not come out of Transport's budget? You guys get the appropriation. I swear I read it in your annual report, not theirs.

JOOST de KOCK: I am not across that detail. I will have to take it on notice.

The Hon. DANIEL MOOKHEY: Okay. On notice, could you identify how much it is and, now that you mention it, what budget it is coming from?

JOOST de KOCK: Yes, I will take that on notice.

ANSWER:

The toll relief scheme is a discount for eligible customers on their registration. Service NSW administers the scheme and holds this information.