

INQUIRY INTO ROAD TOLLING REGIMES

Organisation: BusNSW

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BusNSW Submission to Inquiry into Road Tolling Regimes

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Introduction

BusNSW is the peak body for the NSW private bus and coach industry. Our members provide essential services 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, and to promote the benefits of bus and coach travel.

Buses play a vital role in delivering public transport in NSW and carry around 330 million passengers per year. More passengers are carried by bus in NSW than by any other mode including rail.

BusNSW members provide bus services under Transport for NSW contracts in Sydney metropolitan and outer-metropolitan areas, and in NSW rural and regional areas. They also provide "non-contracted" services in the long distance, tourist and charter sector.

BusNSW understands that the focus of the Legislative Council's Inquiry is on the impact of toll costs on NSW drivers and productivity. This is an important issue for the bus and coach industry which considers that the current tolling regime is inequitable and a significant barrier to productivity.

Public transportation and toll roads are two critical elements of transportation networks in NSW. A new road tolling regime should link public transport and toll roads through an integrated mobility strategy.

BusNSW's submission is particularly directed at items 1.(c), (d), (f) and (g) of the Committee's Terms of Reference; namely:

- The Impact, and the geographical distribution of the impact, of toll costs on NSW drivers and on productivity;
- The Extent of toll relief provided in NSW and whether it is adequate;
- The rationale for arguing higher than CPI increases on certain tolls, and for the truck toll being set at three times the toll for car traffic and
- The ability or otherwise of trucking businesses to afford increases in tolling charges and the extent or otherwise of their ability to pass this through.

Outlined below are BusNSW's comments in response to each of these four Terms of Reference.

1(c). The Impact, and the geographical distribution of the impact, of toll costs on NSW drivers and on productivity

Buses and coaches provide vital transport services for communities, which includes local public transport and travel for school, senior, social and sporting groups. Whilst tolls apply to certain roads in Greater Sydney, buses and coaches transporting groups from regional NSW to Sydney are impacted.

Beyond the social benefits, the use of buses is vital to managing the challenges of population growth and congestion, and to facilitate the efficient functioning of cities and the transport network. For example, it has been estimated that even a conservative shift of 10 per cent to bus patronage from cars in Australia would generate:

- A reduction in the passenger kilometres travelled by car of 2.1 billion per year.
- A reduction in congestion worth almost \$650 million a year to the Australian economy.
- A reduction in the cost of traffic accidents of more than \$100 million.
- Savings to the household of \$176 million in fuel costs.
- A reduction in the health-related costs of air pollution of \$20 million a year.

Buses are also a key to managing Australia's greenhouse gas challenges. Currently, road transport contributes around 15 per cent of total greenhouse gas emissions in Australia, with cars contributing almost 50 per cent of those emissions.

A full bus load of passengers can take more than 45 cars off the road. A shift to bus passenger transport from cars would reduce fuel usage and greenhouse gas emissions. With the NSW Government's announcement of a full transition of the state's contract bus fleet to zero emission buses, these benefits will be amplified.

Yet despite all the benefits provided by public transport to NSW, access and tolling policy seems directed by a view of buses as just another heavy vehicle and buses are charged accordingly. BusNSW believes such a view is short-sighted and reducing toll costs for public transport and group travel is an important transport demand management mechanism that could be used by the NSW Government.

Strategic planning for tolling in Greater Sydney needs to pay heed to social and environmental, as well as economic concerns. The advent of zero emission buses, added to the number of cars that each bus removes from the road network, makes buses an attractive solution to both congestion and environmental concerns. Such factors need to be taken into account in the pricing of tolls applied to buses and coaches in NSW.

Simply put, the broader societal and community benefits of buses and coaches need to be considered in the process of setting tolls in NSW.

1.(d). The Extent of toll relief provided in NSW and whether it is adequate

Toll relief in NSW is a government initiative to ease the cost of living for frequent NSW toll road users and provides one free 12-month vehicle registration to owners of privately registered vehicles who have spent \$1352 or more on tolls in the previous financial year. Toll Relief does not include tolls paid for heavy vehicles (more than 2794kg tare/unladen weight) and vehicles registered for business use.

The bus industry in NSW can be divided into two broad groups. Bus services provided under contract to Transport for NSW include route and school bus services in Sydney metropolitan, outer-metropolitan and regional areas. The cost of tolls for this sector is generally factored into the contracts held by such operators and is partly absorbed by the NSW Government.

The second group is the *Long Distance, Tourist and Charter* (LDTC) sector. Operators in the LDTC sector are not protected by State Government contracts and manage their costs via the fares and hire costs charged to customers. Discussions by BusNSW with the LDTC sector indicate that the cost of tolls is a significant burden for these operators as it affects their customer value proposition.

Prior to Covid-19, the LDTC sector contributed more than \$5 billion dollars to the Australian economy encompassing almost 16 million nights of tourism enjoyed by almost half a million international and more than 1.5 million domestic travellers. On average international visitors travelling by coach stay for 26 nights and spend \$8,246 on their trip; a contribution of more than \$2.3 billion to the Australian economy and international visitors travelling on charter or tour bus services average 11 nights and spend \$8,166 on their trip; more than 2.5 million nights of tourism and a contribution of almost \$2 billion to the Australian economy spread mostly between NSW, Queensland and the NT.

Despite such benefits, there is no toll relief provided to any operator in the LDTC sector in NSW.

This sector has been devastated by recent events in NSW. The COVID pandemic which directly followed the devastation of the NSW bushfires, led to the cancellation of airline services, cruise ships, major events and transport for school, senior, social and sporting groups. This left LDTC operators and their employees in a precarious situation. Many were forced to lay off staff and put their businesses into hibernation.

In July 2020, BusNSW wrote to the NSW Minister for Transport and Roads seeking for the NSW Government to waive all toll costs from NSW toll roads for buses and coaches over 4.5 tonnes with "CBUS" registration code between 1 August 2020 and 31 July 2021. This proposed measure was not supported by Transport for NSW.

In this context, toll relief, even on a temporary basis, would be a welcome relief to such operators.

1(f). The rationale for arguing higher than CPI increases on certain tolls, and for the truck toll being set at three times the toll for car traffic

While the Terms of Reference in the current Inquiry refer to the tolls paid by trucks, buses and coaches in NSW are subject to exactly the same charges as trucks. In other words, buses like trucks generally pay three times the toll of cars.

Again, we consider such a policy short sighted. Tolling needs to recognise the difference between the task performed by trucks and buses. While buses and coaches, as “heavy vehicles”, are charged the same tolls as trucks, there are social and environmental benefits provided by buses and coaches that do not apply to other freight vehicles.

Bus and coach services provide a significant positive benefit to their local community, safely and efficiently transporting people with a disability, the elderly, school students and others unable to transport themselves, within and beyond their communities. Unfortunately, such distinctions are usually forgotten in the toll road access debate.

The tolls set for buses and coaches needs to be considered in the context of the future passenger task and the benefits provided by the mode in terms of population growth and congestion, as well as the efficient functioning of Sydney and its transport network.

In this light, the current situation where buses and coaches are charged three times the toll charged for cars seems inequitable and unjustified.

1(g). The ability or otherwise of trucking businesses to afford increases in tolling charges and the extent or otherwise of their ability to pass this through.

Bus and coach operators work in what is an inherently capital-intensive industry with significant financial investments in their equipment and depots. This combined with operating in a highly competitive deregulated market means profit margins are easily compromised with increased costs.

The current and projected tolling costs are becoming less sustainable for many Sydney based coach operators, particularly where the toll charges are increasing above CPI. Operators conducting daily sightseeing, airport transfers and other tours have little choice but to travel on toll roads to meet their customers booking and travel expectations. Bus and Coach companies operate in a customer service industry where flexibility and change are frequent. Generally, operators quote and are paid for a job prior to departure. The job price usually includes the cost of using toll roads based on pre-planned routes however this is often varied on the day due to changes in customer requirements or due to changes in traffic conditions. This often results in additional operating costs (including tolls) for which the operator has little ability to seek reimbursement from the customer.

In some instances, for example, a simple transfer to and from Sydney airport, can include toll charges which represent up to 10 percent of the hire fee. This amount is significant and disproportionate to the journey distance and the customers perceived benefit. Many operators are citing that their annual toll fees are now costing more than their fleet registration and compulsory third-party insurance combined.

Conclusion

In summary, the bus and coach industry has the ability to further increase the social and environmental benefits of public transport and group travel through the restructuring of the NSW tolling regime.

As an outcome to the Inquiry, the industry would support:

- The current toll relief program for privately registered vehicles being extended to include buses and coaches that frequently use toll roads for long distance, tourist and charter services.
- The consideration of bus interchanges on any future toll roads, including assessment of *Bus Rapid Transit* (BRT) opportunities in travel corridors. New tolled roads or lanes should factor BRT features into the project design.
- Future toll roads to consider the roads interaction with public transport, in particular pedestrian access to and from toll road bus infrastructure.
- Toll pricing to incentivise a shift to high-capacity public passenger vehicles including the consideration of high occupancy toll lanes to link group transport and toll roads.
- A portion of toll revenues to be used to provide financial support for the provision of public transport services on toll roads.
- Future toll roads to consider opportunity charging infrastructure to accommodate on road charging of Zero Emission Buses providing regular timetable services on toll roads.
- The appointment of an agency, such as IPART, to provide independent advice on the determination of tolls and their escalation.

Thank you for the opportunity to contribute to this important review. If you would like to discuss these comments in more detail, please do not hesitate to contact me

Regards,
Matt Threlkeld
Executive Director, BusNSW