

## **INQUIRY INTO ROAD TOLLING REGIMES**

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## Toll Inquiry submission, input to Road Freight NSW

We have operated a small transport company in the Hunter Valley for the last 43 years and while we used to have trucks running in and out of Sydney every day in the past, in recent years this is infrequent and only on a need-to-go basis. Thank goodness this is the case because toll costs are a killer which we have to charge on, adding an extra pressure onto our customers who will pass that cost down the line. One return trip to the south side of Sydney costs \$124.24 via the NorthConnex, M2 and M7.

We can't imagine how exorbitant the charges would be for transport operators working in and around Sydney every day! Whilst some concessions to alleviate these costs would no doubt be welcomed, by tolerating and conforming to this highway robbery by private consortiums — what is it doing to the NSW economy overall?

That the government was naïve to the looting mechanism they unleashed under public-private-partnerships (PPPs) is impossible to believe. If the government couldn't see what would happen, the consortiums knew exactly what PPPs would milk from economies to benefit them and their investors.

In May 2003, Denis Eager, Macquarie Infrastructure Group (MIG) external affairs manager said (salivated) about the \$2 billion M6 Midland Expressway in Britain. *"We can put up the tolls by whatever we like and, almost as importantly, we can start the tolls on day one by whatever we like.... If [motorists] don't complain about it being too high, then we won't have done our job."*

In Australia, **Transurban** is the full owner of CityLink in Melbourne, which connects three of the city's major freeways; and has stakes in six tolled motorways in Sydney, and, in six of the six Linkt network tolled motorways in Brisbane.

In August 2019, Stephen Mayne of *Crikey.com.au*, under the title: "Transurban is raking in cash — and it's great news for the Liberal Party" described the process. *"Road developer Transurban has secured lucrative deals with state governments. Now it's raking in billions in tolls, and the Libs are directly benefiting. How is this not a conflict of interest?" Mayne claimed that "the Cormack Foundation (a Liberal fundraising company) currently owns 268,267 shares in toll road giant Transurban — an investment worth \$4.08 million based on Tuesday night's closing price of \$15.23."*

### **Winners and losers**

*"Transurban was created by Macquarie Group and Transfield in 1995 to bid for Citylink, a major Kennett government toll road project in Melbourne. Macquarie pocketed a \$25 million success from the deal and Transurban was floated in 1996 at the equivalent of \$1 a share. More than 20 years later, Melbourne's Citylink project is the world's second most valuable privately owned toll road. This has allowed Transurban to extract the following tolls from motorists over the past six years:*

- 2013-14: \$535m
- 2014-15: \$577m
- 2015-16: \$660m
- 2016-17: \$687m
- 2017-18: \$780m

- 2018-19: \$813m

*That, however, is dwarfed by the story in Sydney where Transurban now controls seven different toll roads which managed to lift total toll revenue from \$1.34 billion in 2017-18 to a record \$1.53 billion last financial year. This is primarily due to the addition of the M4 motorway, which is part of the monster \$9.3 billion Westconnex privatisation deal sealed by the NSW Liberal government last year.”*

This is not value for money! This is theft!

Value for money can only be obtained if the government uses the power of government to build the infrastructure itself — as a capital investment on behalf of taxpayers. Improving the road infrastructure will increase government revenue through increased productivity generated as a result of time-savings due to the new road being built.

Before selling their souls to the money-masters, governments actually built infrastructure to increase the circulation and production of physical goods and services within their economy; making money through charging a fee-to-use-it was not the motivation. If a fee, to the government —rather than a private consortium— were necessary, the benefit would remain with the taxpayers. Everyone would benefit by increasing the throughput of tax revenue generated from a well-functioning physically productive economy. The actual costs for construction of a project by the public sector are far cheaper than private consortiums requiring tax incentives and maximum profits for investors.

If the toll roads were owned by the taxpayers of NSW as they should be, then the cost and benefit would be shared with all NSW taxpayers. The cost of construction would be far cheaper under government than private, and if tolls were necessary to recoup some of that cost, they would be far cheaper than what is currently permitted. The cheaper the toll the more likely that the road will be used. Rather than only Sydney-siders and those using the toll network in Sydney bearing the cost, it could be shared across the state through the tax system.

The NSW government in conjunction with the federal government should be building an integrated hi-speed rail system to work in unison with road freight on a national scale. This would enable all the long- distance non-perishable freight to go by rail; and minimise the number of truck movements required on the state’s road networks, thus drastically reducing the wear-and-tear impact on road surfaces and minimising maintenance costs for all levels of government. Trucks would be utilised to service distribution to and from suburban and regional rail points. This would improve driver safety by reducing the distances travelled and time pressures on delivery of goods that are not deemed priority freight.

Whilst toll relief would be welcomed in the immediate future, the only long-term genuine solution is for the NSW government, along with other state governments, to take control of the toll roads through a negotiated constructive buy-back, and build an integrated road and hi-speed rail system.

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