

REPORT ON PROCEEDINGS BEFORE

**PORTFOLIO COMMITTEE NO. 6 - TRANSPORT AND
CUSTOMER SERVICE**

ROAD TOLLING REGIMES

Virtual hearing via video conference on Tuesday 28 September 2021

The Committee met at 9:30

PRESENT

Ms Abigail Boyd (Chair)

The Hon. Wes Fang

The Hon. Scott Farlow

The Hon. John Graham

The Hon. Shayne Mallard

The Hon. Daniel Mookhey

The CHAIR: Welcome to the first public hearing for the inquiry into road tolling regimes. Before I commence, I would like to acknowledge the Gadigal people, who are the traditional custodians of the land on which the Parliament sits. I would also like to pay my respects to Elders past, present and emerging of the Eora nation and extend that respect to other Aboriginals who may be watching this webcast.

Today's hearing is being conducted virtually. This enables the work of the Committee to continue during the COVID-19 pandemic without compromising the health and safety of members, witnesses and staff. As we break new ground with the technology, I would ask for everyone's patience through any technical difficulties we may encounter today. We have already had a problem this morning, so thank you very much for your patience. If participants lose their internet connection and are disconnected from the virtual hearing, they are asked to rejoin the hearing by using the same link as provided by the Committee secretariat. Today we will be hearing from a number of stakeholders, including the Transport Workers' Union NSW, Legal Aid NSW and organisations representing the bus, freight and heavy vehicle industry.

Before we commence, I would like to make some brief comments about the procedures for today's hearing. While parliamentary privilege applies to witnesses giving evidence today, it does not apply to what witnesses say outside of their evidence at the virtual hearing. I therefore urge witnesses to be careful about comments you may make to the media or to others after you complete your evidence. Committee hearings are not intended to provide a forum for people to make adverse reflections about others under the protection of parliamentary privilege. In that regard, it is important that witnesses focus on the issues raised by the inquiry terms of reference and avoid naming individuals unnecessarily.

All witnesses have a right to procedural fairness according to the procedural fairness resolution adopted by the House in 2018. There may be some questions that a witness could only answer if they had more time or with certain documents to hand. In those circumstances, witnesses are advised that they can take a question on notice and provide an answer within 21 days. Today's proceedings are being streamed live and a transcript will be placed on the Committee's website once it becomes available.

Finally, I will make a few notes on virtual hearing etiquette to minimise disruptions and assist our Hansard reporters. I ask Committee members to clearly identify who their questions are directed to and I ask that everyone please state their name when they begin speaking. Could everyone please mute their microphones when they are not speaking. Please remember to turn your microphones back on when you are getting ready to speak. There is always one in every hearing, so do not be worried if it is you. If you start speaking whilst muted, please start your question or answer again so it can be recorded in the transcript. Members and witnesses should avoid speaking over each other so we can all be heard clearly. Also to assist Hansard, I remind members and witnesses to speak directly into the microphone and to avoid making comments when your head is turned away.

MICHAEL KILGARIFF, Chief Executive Officer, Roads Australia, affirmed and examined

ROYCE CHRISTIE, Director - Policy, Roads Australia, affirmed and examined

The CHAIR: You have the opportunity now to make a short opening statement. Please keep it to no more than a couple of minutes.

Mr KILGARIFF: Thank you. I will make a brief statement by way of introducing our comments this morning. Thank you again for the opportunity to appear today and to address some of the issues raised both in our submission and by the terms of reference. To provide some context around our organisation, Roads Australia is the peak body for roads with an integrated transport system. We bring industry, governments and communities together to lead the evolution of Australia's roads, integrated transport and mobility networks.

Of the 150-plus members, included in our membership are transport agencies, road owners, major contractors and consultants, material suppliers, service and technology providers and other relevant industry groups. We bring a very diverse range of interested parties to the table. We promote a collaborative and solutions-focused approach to policy development. We strive to achieve a robust integrated transport system for people and freight that values and invests in all modes of land transport. We uphold the principles of a safe, inclusive, sustainable, economic and socially valuable roads industry for all Australians.

We welcome the opportunity to contribute to the Committee's deliberations because the issues you are examining do have a bearing on our key policy issues. We understand that government is fundamentally about prioritising and allocating resources for which there are competing interests. That is certainly true when it comes to the development of transport infrastructure. Governments have to consider which projects need to be supported and how they can be funded or financed within prevailing financial circumstances. Fundamentally, engaging the private sector in the development and operation of transport infrastructure allows more of that infrastructure to be provided to the community. Moreover, it generally enables it to be provided more rapidly than would be the case if the infrastructure was fully funded by taxpayers, given competing demands for finite taxpayer resources.

In the case of road infrastructure, the core question confronting governments is whether the whole community shares the cost, which lowers the cost per person, or whether more of the costs can be borne by those who gain the biggest benefit from the road, namely, those who choose to use it. Of course, this policy consideration is one for each government to determine. However, Roads Australia's view is that the involvement of the private sector in designing, constructing, financing, operating and then maintaining toll roads facilitates innovation and ultimately leads to better project and community outcomes.

Toll roads in Australia and around the world offer a level of transparency similar to that afforded by public transport services, which lets customers make an informed choice. In the case of a toll road, the customer knows what the cost of the fare is to use that road, just as they know the cost of a public transport service before they use it. This allows customers to make a determination about what is more important to them—their time or their money. If it is the latter, they will select other toll-free routes.

WestConnex plays a critical role within Sydney's integrated transport network and supports vital road transport connections, for example, to Sydney Airport and key freight precincts such as Port Botany. From an individual road user perspective, it also significantly reduces journey times and traffic congestion while improving road safety on key commuter routes through Sydney's road network. The development of the WestConnex project with a private operator has also elevated the use of technology in its operation. The use of smart motorway systems to manage the traffic flows and the use of underground navigation technology that delivers an enhanced customer experience for users are just two obvious examples of the role of technology in our transport system. This technology reduces congestion and enhanced traffic flow also engenders an environmental benefit as greater efficiency and shorter journey times reduce fuel emissions.

In conclusion, Roads Australia believes that partnerships between government and the private sector providers has enabled a more rapid delivery of higher quality, more efficient, safer and more sustainable transport infrastructure across many Australian cities, not just Sydney. For example, we point to the successful rollout of partnerships between government and the private sector in Melbourne. We thank you for the invitation to appear and we look forward to engaging with your questions.

The CHAIR: If it is suitable to you, we will keep you a few minutes later than we had scheduled to make up for lost time. We will finish at 10.35 a.m. We will begin with questions from the Opposition.

The Hon. JOHN GRAHAM: Thanks for your submission to the Committee. I think we have certainly found it useful. I have a question for Mr Kilgariff firstly. You are certainly not opposed to tolls; you think that road-user funding could be improved. On the question of where that funding is spent, one of the views that has

been put by the community is that there is a bit of an imbalance between the remarkable tollways that are running through Sydney—this quite remarkable infrastructure—and then what they see travelling on their suburban road, even arterial roads. Do you have any views about the relative investment into these different bits of the road network?

Mr KILGARIFF: Fundamentally that is a decision that governments need to make themselves as to exactly which roads are tolled and which ones are not. Our view is that the tolling of roads generally in the overall transport mix—not only in terms of how it applies to roads—is one that governments quite rightly should consider. But the mix and the spread and exactly where they are directed ultimately is a question that governments themselves need to make. Various governments around Australia have chosen not to use tolls, but more generally I think the more successful transport networks that apply across Australia are those where tolls are applied.

The Hon. JOHN GRAHAM: Do you have any views about who is actually using those toll roads? Toll price is relative; toll prices obviously influence the mix of traffic. Do you have got any views about who is actually on these toll roads and the relative balance between freight uses, commercial uses, some of those productivity-boosting uses for the city and, for example, a consumer travelling on the weekend?

Mr KILGARIFF: No, we do not have access to that data down to that level. That is not the sort of information that we have readily at our fingertips. I am not quite sure whether Mr Christie has got anything to add from his perspective—no. The one thing I could say is that in former roles I have been involved in in the freight and logistics industry there has been general support for the concept of tolling on the basis that freight companies believe that they can get better efficiencies and better utilisation of their fleet if they were able to use a [audio malfunction] and how it applies. But generally, freight companies in the past at least have been quite supportive of them on the basis that it gives them better utility.

The Hon. JOHN GRAHAM: Again, you have indicated that you are supportive of tolling but you do believe that the road pricing system could be improved and that there are concerns about the fairness of toll roads. Can you tell us in a bit more detail how you see that being improved?

Mr KILGARIFF: I think you need to consider toll roads in the overall context of a general national debate that we have currently got underway in terms of how roads are generally funded, priced and maintained. This is something that New South Wales has been considering with the approach to charging for electric vehicles' use of roads. That is something that has been rolled out or is being rolled out in Victoria and also South Australia. Toll roads themselves need to be considered in terms of the broader overall debate around how we actually price, fund and maintain our transport infrastructure.

The Hon. JOHN GRAHAM: I think clearly that is changing around the country. It becomes quite an interesting policy question in a way it has not been in the past. There are very different rates of charging that are now being considered though. It is a handful of cents per kilometre in Victoria for example, and that is proposed for New South Wales, compared to quite significant charges per kilometre on the toll roads. How do you see those interacting in the medium or long term?

Mr KILGARIFF: Good question. Obviously at some stage in the future there will need to be an approach that applies some sort of national consistency in terms of the technology or at least the interoperability of the technology. But I do not ever see that there would, for example, be a nationally consistent price approach to the use of roads. What we will get is a nationally consistent methodology as to how it is applied. Roads themselves, by virtue of how they are constructed, how they are maintained, by virtue of that, by necessity there will be a different price attached to different pieces of infrastructure depending on the method of construction, the level of congestion, the time of the day and where it is. We do not have a particular view—for example, just drilling down into the Sydney market—as to what level of price there ought to be. Our view is that more generally we are in support of some sort of a private sector engagement in the designing, constructing, owning and maintaining a road network, and a toll is obviously a way to do that.

The Hon. JOHN GRAHAM: I will hand now either to my colleague or back to the Chair.

The Hon. DANIEL MOOKHEY: I will ask some questions, Chair. Good to see you again, Mr Kilgariff. As a representative of Roads Australia I am just going to presume it is a given that you are pro-road. I am interested in your views as to some of the principles that you think should inform a tolling regime. Do you think that tolling regimes should be constructed as a way to recover the cost of building a road, or do you think it should also include the opportunity for road operators to make profits as well?

Mr KILGARIFF: Mr Christie, have you got a view on that one?

Mr CHRISTIE: Thanks, Mr Kilgariff. I am Director of Policy at Roads Australia. I think the premise is a little bit different for the way a charge should go through. When private finance is used, as any superannuation

company will tell you if they are providing private finance, they are looking for a steady, long-term income stream which requires at least a quality of profit for that private finance to go into a road. Economically speaking there should be some return for a private financier towards a toll road. In that sense—

The Hon. DANIEL MOOKHEY: What I am talking about is very specific. I am not against the idea of for-profit involvement, because if you wish to attract this level of capital to stay for this level of time then of course the owner of that capital will want a return. But from the perspective of the public, do you think that it should be the cost of recovering construction plus finance costs plus a reasonable rate or do you think it should be what we have seen in various parts of the network, which are tolls that exist for 40 or 50 years that well and truly exceed the cost of construction and operation as well? That is what I am actually specifically seeking your response on.

Mr CHRISTIE: More generally speaking, transport network pricing, if you look at it, needs to meet a number of government objectives, and government needs to set those policy objectives of what outcome they are actually seeking. It falls back to a government policy response. Broadbrush speaking, if you are in, say, a rural area, you would have to pay less for that transport pricing system per kilometre than someone who was driving on a high-class motorway within Sydney. That is a natural objective. But there are other policy objectives that government only can set, and I think the question you are actually asking falls really into that role of what are the objectives government is trying to obtain from the road itself.

The Hon. DANIEL MOOKHEY: In my limited time that remains I have one more question, which is to do with the transparency of how the tolling prices are set. Mr Kilgariff, you made multiple points that different road users obtain, effectively, different forms of productivity benefit from it. My first question is, Do you think that each user of the road should be charged in proportion to the productivity benefit that they are obtaining from using the toll road? Secondly, do you think that the level of information about how toll prices are set, especially for the freight industry, are transparent enough for the freight industry to conclude that they are indeed paying according to the productivity benefit as opposed to them effectively cross-subsidising other road users?

Mr KILGARIFF: What you are really asking me for—just to understand the question—is, do I think that the differential between, say, a private vehicle and a heavy vehicle is efficient and transparent? Is that what you are asking?

The Hon. DANIEL MOOKHEY: Effectively, but perhaps I could put this to you in a real-world context. For example, the trucking multiplier I think on the NorthConnex is three times that of road users and the trucking industry is by law required to use it as well. You made the point that some trucking operators are fine with that because they feel like they achieve better fleet utilisation. My question to you is: Is that the type of policy that you would favour, that is, multiples for the freight industry in excess of other users? Now that I have mentioned it, are you also in favour of policies that would compel the freight industry to use toll roads?

Mr KILGARIFF: For starters, we do not actually have the data that would enable us to be able to make a fair assessment as to exactly what the freight differential price should be and we do not consider that to be necessarily our role. Our role basically is to advocate for a better transport system of which transport pricing is one of them.

The Hon. DANIEL MOOKHEY: But have you ever heard it explained why the trucking industry is being charged three times more? When you say you do not have the data, do you mean that information is not publicly available or that you have not been told why that particular number was reached?

Mr KILGARIFF: I think it is undeniable that the impact that, say, a B-double might have on a road is quite significantly higher than a passenger vehicle would have, and so obviously there has to be a cost attached to that. The nationally recognised differential is three times that of a passenger vehicle, and it seems to be accepted nationally or at least in New South Wales and Victoria. That is the freight differential that is applied.

The Hon. DANIEL MOOKHEY: So it is cost recovery. That is not productivity benefit though. If you are talking about wear and tear on the road as opposed to productivity benefit, which one should we be using? Is it the wear and tear of a road by a B-double or is it the amount of time that the freight industry saves?

Mr KILGARIFF: As Mr Christie said before, there will also have to be a recognition that a private operator of a road does need to get a return on their investment, taking into account some of the wear and tear on the road. The other thing, by the way, that I think is not often taken into account is the fact that when you have spent quite considerable amounts of money on transport infrastructure, such as a major road, the ongoing maintenance costs attached to that are actually quite significant and they are often not taken into account even when we talk about what the cost of a road might be. There is an ongoing maintenance cost attached to a road that is often not immediately transparent or even evident at the beginning of an operation.

The CHAIR: Mr Mookhey, I will interrupt you because you have gone about seven minutes over your time, and we do have limited time. I will ask a couple of questions before we pass to Government members. Is your organisation in favour of user-pays for all major public infrastructure or just roads?

Mr KILGARIFF: Interestingly enough, even though our name is Roads Australia, we very much have a focus on integrated transport systems. You are just as likely to hear us talking about the necessity for there to be a significant road network as you are to hear us talking about the requirement for a rail network, be it passenger or freight. Our focus is on an integrated transport system and the pricing that is attached to that reflects the need for that network to be owned, operated and maintained.

The CHAIR: Does that apply to schools and hospitals as well? If we build a new school, is that supposed to be user-pays, within your ideology when it comes to roads?

Mr KILGARIFF: That does not really fit within what we consider a transport system, so that is not really—

The CHAIR: I understand. Let me take a step back. In your submission you talk about how people are sometimes confused or concerned about toll prices because they believe that roads come out of general taxation revenue and so they believe they have already paid for it, in the same way that you might believe that your taxes are going towards schools and hospitals and other essential public infrastructure. How is it that roads have become more normalised as a user-pays part of society whereas other bits of essential public infrastructure have not? Why are roads different?

Mr KILGARIFF: I think you are really talking about a question of social policy there that is way beyond the remit of Roads Australia. We talk about transport infrastructure and the benefit that a good transport system can bring to a community and society. But I think the question of some of those other social infrastructure matters such as health are way beyond the remit of what we are here today to talk about.

The CHAIR: I understand. As my colleague said at the beginning, you are obviously pro-roads; it is in the name. Could I ask you about another statement in your submission where you talk about how the need to fund government services means that sometimes you need a user-pays or a direct payment in order for important bits of infrastructure to get built. You say that without that option many worthy projects would be delayed because government simply would not be able to afford to build them. Given that Sydney, I believe, has the most tolled road system in the world, does that mean that the current Liberal-Nationals Government is particularly bad at managing its finances? Why can't we afford to build roads without going to a user-pays model?

Mr KILGARIFF: Again, I think you are talking matters of government choice there that are way beyond the remit of Roads Australia. But, again, I just reinforce the fact that when it comes to a transport network, we believe that a toll price is part of a mix of measures that governments can employ to ensure that we get a good transport system across any city. That has been applied very well in Melbourne and it has been applied in Sydney as well. I think without a doubt the level of transport infrastructure that is now being built across Sydney, some of it would not have been possible without the approach that the New South Wales Government has applied in terms of the ownership and operation and maintenance of that network. A toll is just, again, one way that the government can actually ask the community to contribute towards the use of roads that they themselves are using.

The CHAIR: My final question is: How do you view the role of registration fees versus tolls when it comes to paying for road maintenance?

Mr KILGARIFF: That is a good question. I would refer back to the points we were making earlier about the rollout nationally of a new vehicle charge, especially when it comes to electric vehicles. The model that will apply in the future is, to be frank, still being worked out. But I would see a day in the future where registration charges were minimised and there would be a greater focus on a road-user charge as being a more fair assessment or a fairer way to fund our transport infrastructure. I think most proponents of a newer approach to road-user charging in Australia would suggest that registration as a mode of raising revenue off vehicles is a thing of the past or it will be in the future.

The CHAIR: If we have a road-user tax, which is effectively making every road a toll road—when you leave your house, you are charged per kilometre driven—is that destined to replace tolls or would it be in addition to tolls?

Mr KILGARIFF: Again, I think that needs to be a question that governments do examine in the not-too-distant future. How will a national approach to road-user charging work with tolls? Obviously in an ideal world the two would be complementary. I am not here today to provide all the answers because today I do not have them, but it is a question that I think that governments really do need to be reviewing as we start to roll out

a national approach to road-user charging as to how it works across the entire national road network, not just across toll roads.

The CHAIR: I will hand over to the Government for questions.

The Hon. SCOTT FARLOW: Mr Kilgarriff, tolls have been with us since about 1811 in New South Wales. What is the alternative? If we were to not have tolls, what would that mean? Would that mean that we would have less roads? Does that mean that we would have less hospitals? Does it mean we would have less schools? From your perspective, what is the alternative?

Mr KILGARIFF: I think you just need to go back to our submission where we have said that ultimately it is a question for governments as to how they allocate their resources between competing interests. Obviously the competing interests are transport networks, social services such as hospitals, schools et cetera. Whether in fact there would be less roads or less hospitals or less schools is difficult for me to sit here and make a prediction about, but we are proposing that a toll is a sensible way of making sure that a city such as Sydney does have the transport network that it needs and deserves.

The Hon. SCOTT FARLOW: Because there is a finite amount of money, isn't there, and this is one way of adding additional resources into the pie to be able to effectively create more for the citizens of New South Wales, even if there is a cost attached to it. Would you agree with that statement?

Mr KILGARIFF: That was the premise of our submission, that in fact a mixture of toll roads does allow a city such as Sydney to be able to invest in a transport network that otherwise they would not have readily had access to.

The Hon. SCOTT FARLOW: I just want to go back to the interaction you had with Mr Mookhey with respect to the triple rate for heavy vehicles. I think you were talking about the road maintenance costs that would be incurred with heavy vehicles. Would there also be a congestion impact with heavy vehicles as well because of the size of the vehicles and the amount of road that they take up? Is that something that is factored into that multiplier?

Mr KILGARIFF: Again, how that multiplier is applied is really a question for the road owner and a government. But, undoubtedly, if you look at the use of roads generally, not just by heavy vehicles, congestion is one of the issues that needs to be taken into account when determining a road price. Infrastructure Australia in previous years has done some great work around what the cost of congestion is. Congestion as a cost, by the way, is not one that is readily apparent in that it is not visible, but the cost of congestion is borne by the entire community. If a road price or a toll price is utilised in one way to reduce congestion on a road to maybe have people who drive at different times or maybe use an alternative route, then that would be a good thing.

The Hon. SCOTT FARLOW: Just picking up on that point as well as the road pricing mechanism and alternatives, so to speak, that you were talking about before and looking at electric vehicle usage rates and so on, there is certainly a time premium when it comes to toll roads typically. They are faster than what you would get on the major arterial roads, and so people pay a premium for that. In a road-user charge more broadly, like being applied to electric vehicles and so on in the future, could you see a way that there be that ability to still have a premium pricing based on time savings and the "time-is-money" assessment?

Mr KILGARIFF: Quite possibly. I am mindful of the fact that there is a whole separate debate going on at the moment across Australia—New South Wales, Victoria and South Australia in particular—as to how we actually do levy some sort of a road-user charge on electric vehicles. If I were to give you my thoughts today on how I think that would apply, obviously there would be a different price attached to different pieces of infrastructure, there would be a different price attached to time of use, and there would also be some sort of a price attached to the level of congestion that there may be on a particular piece of road. Again, the use of toll roads is a tool that governments are using to ensure that we get the infrastructure that we need now. But there is a whole new debate underway nationally as to how we actually apply some sort of a road-user charge to electric vehicles and how that will work with tolls.

The CHAIR: Unfortunately we are out of time; we did start late. Thank you so much for your attendance this morning and for answering our questions. I do not believe you took any questions on notice, but if there are any supplementary questions, the Committee secretariat will be in touch. Thank you very much.

Mr KILGARIFF: Thank you, a pleasure.

(The witnesses withdrew.)

(Short adjournment)

MATT THRELKELD, Executive Director, BusNSW, affirmed and examined

PHILIP LESLIE WHIPP, Industry Development Manager, BusNSW, affirmed and examined

JOHN DOUGLAS KING, President, BusNSW, and Bus Operator, Premier Motor Service, sworn and examined

The CHAIR: I invite you to start by making a short statement. If you could keep it to no more than a few minutes, that would be much appreciated.

Mr THRELKELD: Thank you for the opportunity to participate in the hearing. BusNSW is the peak body for the New South Wales 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 New South Wales and to promote the benefits of bus and coach travel.

For some context, bus operators are divided into two broad groups: operators who provide bus services under contract to Transport for NSW, including route and school bus services in the Sydney metropolitan, outer metropolitan and rural and regional areas. The cost of tolls for metropolitan operators in this group is generally factored into contracts and absorbed by the New South Wales Government. The second group is the long-distance tourist and charter sector. Operators in this sector are not protected by State Government contracts and manage their costs via the fares and hire costs that are charged to customers. The cost of tolls is a burden for these operators as it affects their customer value proposition.

Further to our submission, which focused on four issues in the terms of reference, we would like to emphasise two main points. The first is toll relief and that our members who frequently use tolls do not have access to free vehicle registration like owners of privately registered vehicles. Further to this and due to the impact of COVID on the tourist and charter sector, BusNSW has made two requests over the last 12 months to the New South Wales Government to waive all toll costs from New South Wales toll roads for buses and coaches over four and a half tonnes with a CBUS registration for a 12-month period. BusNSW was advised that this decision to waive or reduce a toll payable for using a toll road is a matter for the New South Wales toll operators. It is concerning that the New South Wales Government does not have this lever to pull as an important COVID recovery support measure for the industry.

The second point we would like to make is that whilst the terms of reference refer to the tolls paid by trucks, buses and coaches in New South Wales are subject to the same charges as trucks. In other words, buses, like trucks, generally pay three times the toll of cars. We consider that tolling needs to recognise the difference between the task performed by trucks and buses. While buses and coaches are heavy vehicles, they provide social and environmental benefits that do not apply to freight vehicles. As per the introductions, John King, who is the President of BusNSW, also operates bus and coach services and is based on the South Coast of New South Wales, and Philip Whipp is from the BusNSW team. We would be happy to take any questions from the Committee.

The CHAIR: I understand that you have limited time with us today, so we are going to be as quick as we possibly can. I will start with questions from the Opposition.

The Hon. JOHN GRAHAM: Thank you for your submission; it was very helpful. In particular, your recommendations about where this might head in future were really useful. I have two questions. One is in relation to what you talk about for one portion of the bus industry who are largely driving under contract to Transport for NSW. Your submission states:

The cost of tolls for this sector is generally factored into the contracts ... and is partly absorbed by the NSW Government.

Just give us a little bit more detail: How much is absorbed and what is not absorbed?

Mr THRELKELD: [Inaudible]. I guess the short answer is that the majority of the costs should be absorbed but, obviously, we are talking about a tendering environment. So the operators involved—and it is a small number, and this is predominantly around the M2 Motorway and services that operate to and from the city to the Hills District—but it is up to the operator to factor in those tolling costs to their tender. So, obviously, the contract period could be seven years or more, and the operator would need to be able to factor in the costs for that period. So our comment in relation to partially being absorbed relates to the fact that there is some risk involved in making our estimate over that period of time.

The Hon. JOHN GRAHAM: That is really helpful, thank you. Finally, I will give you the chance to expand on this point in your submission, which states:

Many operators are citing that their annual toll fees are now costing more than their fleet registration and compulsory third-party insurance combined.

What sorts of bills are we talking about here?

Mr THRELKELD: We are talking about several thousand dollars, so, yes, subject to the operator involved and where they are based and what their CTP is. But we are talking, I guess, in the vicinity of \$3,000 to \$5,000 per annum. I am not sure if Mr King can provide any further information on that, given he is an operator.

Mr KING: Yes, I will put some evidence into that. I will give you an example pre-COVID. We have a depot at Smithfield and in 2019 we spent \$300,000 on tolls.

The Hon. JOHN GRAHAM: Incredible.

Mr KING: Very.

The CHAIR: Gosh. Thank you for your submission and, as my colleague said, for setting out the impact that tolls can have on the bottom line of some of this State's smallest business owners. Do you know how the situation in New South Wales differs from other States that have toll roads, particularly in relation to treating buses the same as trucks when it comes to the rates of the toll? Is that the same in other States in Australia?

Mr THRELKELD: To be honest, I do not have that information. We would be happy to take that on notice and come back to you. We have done some similar work recently in relation to heavy vehicle licensing and bus driver authorities and what applies across the other States, and we certainly found that there were some significant variations across the States in terms of the age for someone to obtain a heavy vehicle licence or a bus driver authority. In terms of tolling, we have not done that work, but we would be happy to do that and provide that information to you.

The CHAIR: That would be great if you could take that on notice.

Mr THRELKELD: Yes, sure.

The CHAIR: Because we have so many tolls in New South Wales, it is going to be a more significant burden here than elsewhere. But I am interested in that: treating buses in the same class as a truck. How many toll roads in New South Wales have bus- or height occupancy-dedicated lanes? Do you know?

Mr THRELKELD: I do not know offhand the exact number but, yes, minimal is my understanding. But once again, we would be happy to do some further work in that area if it would be helpful.

The CHAIR: I have a final question before I hand to the Government. Do you think that by virtue of so many of our toll roads being privately owned, that provides less flexibility for our Government to encourage the use of high-occupancy vehicles like buses?

Mr THRELKELD: Yes, it certainly influences it, similar to the opening remark that we made in relation to the impact of COVID on the tourist and charter sector of the industry and the ability for government to be able to provide some relief there. The short answer is that, yes, our understanding is that it would be difficult for government to influence what happens in that area, based on the current contractual arrangements.

The CHAIR: We will go to members of the Government.

The Hon. SHAYNE MALLARD: Thank you for coming along today and for your submission. I have some sympathy for your argument about the social good that buses provide. The question in my mind is would not the bus operators build the cost of tolls into their business model, their financial model, just the same as they build the cost of new tyres, fuel and cleaning the bus? Wouldn't they build that into that product they are selling and then recover those tolls through, essentially, a charge to the customers?

Mr THRELKELD: Yes, that is correct. I will let Mr King come in but, yes, that is, I guess, the issue and my comment earlier in relation to the customer value proposition. For some groups, whether they be pensioner groups, social groups or school groups, it has now got to a stage where operators are having to itemise tolls when they are providing quotes to these groups to hire a bus because the cost is obviously increasing and it is important for our operators to be transparent with their customers. But it does impact, I guess, the overall proposition for the operator when they are trying to be competitive.

The Hon. SHAYNE MALLARD: I understand that. It is a very competitive sector, a competitive economy.

Mr THRELKELD: Yes.

The Hon. SHAYNE MALLARD: But couldn't you be making the same argument, that we should not be paying GST on tyres or we should not be paying fuel tax because we are providing a community benefit with transport?

Mr THRELKELD: Yes, you can make that argument. But certainly our view is that in terms of buses taking cars off the road and in providing group travel, it does provide those social and environmental benefits.

Ideally, if the actual total fee that was charged to a group to hire a bus was less, based on not having to add the toll cost, then obviously that is a better outcome for the group and, hopefully, that then increases demand for those types of services, which obviously provides a benefit for the operator.

The Hon. SHAYNE MALLARD: I believe you have to go at 10.30 a.m. My last question is tangential to our inquiry, but we can look at other things relating to tollways. I was interested, in your submission, that you suggested that there should be bus overlays—is that what you call them?

Mr THRELKELD: Yes.

The Hon. SHAYNE MALLARD: Constructed on motorways.

Mr THRELKELD: Yes.

The Hon. SHAYNE MALLARD: Do you want to touch on that?

Mr THRELKELD: Yes, sure. I think if we look at the M2 and the infrastructure that is available there to allow bus passengers to access bus services, it has been quite successful. But then we have seen other toll roads, such as the M5, for example, built without any provisions for the public to be able to potentially utilise a bus service on that toll road. So in some ways we think it is a bit short-sighted.

The Hon. SHAYNE MALLARD: You are particularly talking about large bus stops, bus bays, to pull in and pull out.

Mr THRELKELD: Yes, that is correct. That is right.

The CHAIR: Thank you to all of you for coming. I am sorry that we have run out of time for you. I understand there were a couple of questions taken on notice. You have 21 days to respond to those. The secretariat will be in contact with you to explain that process and also in relation to any supplementary questions that might be coming your way.

(The witnesses withdrew.)

(Short adjournment)

RICHARD OLSEN, State Secretary, Transport Workers' Union of NSW, sworn and examined

GAVIN WEBB, Chief Legal Officer, Transport Workers' Union of NSW, affirmed and examined

PAUL NEWTON, Owner-driver and Contract Carrier, affirmed and examined

GLEN FINLAY, Owner-driver and Contract Carrier, sworn and examined

The CHAIR: I welcome our next witnesses. Would you like to begin by making a short statement? If you could keep it to just a few minutes, that would be great.

Mr OLSEN: Thank you, and I shall. I begin by thanking the Committee for the invitation to participate in this hearing. I am attending in my capacity as the State Secretary for the Transport Workers' Union of NSW [TWU]. I am joined by Gavin Webb, our Chief Legal Officer of the TWU; Paul Newton, owner-driver and TWU delegate; and Glen Finlay, owner-driver and TWU co-delegate.

I will begin by stating the obvious: that toll road costs are an enormous issue across the entire road transport industry, and only getting worse over time. Our industry is one of the most cost competitive in the nation. Major retailers at the top of the supply chain, whether it is big supermarkets like Coles and Woolworths or big multinational retailers like Amazon, are feeding their profits by squeezing transport operators to breaking point. In this environment all operating costs become significant, particularly for owner-drivers, like Mr Finlay and Mr Newton, who are responsible for all operating costs of their vehicle. While just about every operating cost for owner-drivers has increased steadily over the years, none have increased as massively as toll roads.

Some roads which drivers used to complete for free or a minimum cost now can exceed \$50 one way for heavy vehicles. While some owner-drivers are compensated for the use of toll roads by their principal contractors, like Mr Finlay is, most are not as fortunate and are required to absorb these costs themselves. But the enormous toll costs are now so out of control that the road transport industry is beginning to boycott them altogether and, of course, the problem only continues to get worse. Seven toll roads are due to increase their tolls this Friday, 1 October. These increases will mean that the toll on NorthConnex, which has not been open for 12 months, has already gone up by more than \$1 per vehicle. I believe we are currently at a crossroads, where this inquiry presents an opportunity to put an end to the rampant growth in toll roads we have seen over the past 15 years. I thank the Committee once again and look forward to continue being part of this process. Thank you.

The CHAIR: Because you are all in the same room, it would be very useful if you could identify yourselves by saying your name when you are answering questions, so that we can record it for Hansard purposes. I will hand to the Opposition.

The Hon. JOHN GRAHAM: I might direct this comment and question to Mr Olsen. Firstly, thank you for your submission; it has been very helpful to the Committee. Thank you also for speaking up for truck drivers on this set of issues. That advocacy has been very welcome. For me, the most concerning bit of your opening address was when you indicated that the transport industry is beginning to boycott these toll charges altogether. Could you just tell us what you mean by that, when you say that toll costs are out of control and that this is heading to some sort of boycott?

Mr OLSEN: Thank you, and thank you for the question. I have before me a toolbox briefing put out by Toll on 21 May, which I am comfortable in tabling. It says this under the heading of "Toll/E-Tag Roads Use Update":

We thank you for your cooperation in reducing toll road use.

That is the first point. They are encouraging truck drivers not to use the toll roads. It goes on to say:

This is a reminder to ensure you are not using Toll roads unless you have authorisation to do so.

And this becomes now more relevant and important:

In most cases, the cost of the toll roads outweighs any benefit we receive from using them.

That is on a Toll letterhead, been given to our membership by Toll over at the Woolworths yard, where there is over 300 drivers that could be utilising these roads, that could be stopped using public roads and filling them up with trucks and by actually using toll roads. But they have been encouraged to and clearly identified by the Toll group that they do not wish for truck drivers to use the toll roads because there is no benefit to the company in using those. That is the crisis point. We will see more and more trucks on our public roads. Rather than using a proper constructed tollway at a reasonable cost, they will be using public roads, and they obviously will be bearing the costs for that in other places, such as maintenance of our public roads, rather than having them use the toll roads, which is what its design was for. It is not conducive—

The Hon. JOHN GRAHAM: Mr Olsen, I might just stop you there to say this is obviously the opposite of what the public was promised with these toll roads. This was about getting freight on the toll roads, trucks off the streets. This is a major transport company. They would not have done this lightly. This would have been the subject of considerable examination of their actual costs and the potential time benefits. Is that correct?

Mr OLSEN: Yes, absolutely, that is correct, and this is, obviously, the carriage of the Woolworths products. As we know, there is a Woolworths store in every suburb in Sydney, in particular. So that is the first point. Of course, this stretches out not just to the Woolworths contract but to all Toll vehicles in the Sydney surrounding area. There will be hundreds, if not thousands or more vehicles that are not using toll roads as was promised in the setting up of these tollways to get the trucks off the roads, non-tollways—

The Hon. JOHN GRAHAM: We know that particularly on the M5 corridor there are thousands of extra trucks, thousands of extra vehicles, on the street. The most recent figures show perhaps 6,000 extra daily trips off these roads and onto suburban streets. What you are providing with this memo is an explanation for why we are seeing those trucks in our suburbs. Is that correct?

Mr OLSEN: Yes, absolutely, that is correct, because it goes to cost. Big business cannot afford it and owner-drivers certainly cannot afford it.

The Hon. JOHN GRAHAM: Yes, and that is really setting up a conflict in our city, isn't it, between drivers who either cannot afford to drive on the toll roads—some of those may be choosing to do so—or are directed to drive through suburban streets to do their job. Obviously, they would not like doing that; they do not like hitting those suburban streets and causing that traffic mayhem. Are we not setting up a conflict across our city with that approach?

Mr OLSEN: Yes, we are, and we are seeing more and more of this happening every day, and it is not conducive to an efficient transport industry. The amount of maintenance and repairs that needs to be done because we are using public roads—speeding arc lights, brakes, et cetera—and incidents/accidents on our roads can be well avoided if we were where we are supposed to be, which is on tollways, that we cannot afford to use.

The Hon. JOHN GRAHAM: Just on that M5 corridor—still the M5 East—some of these drivers would have driven it for free maybe for 20 years; now it is tolled. Certainly I have spoken to business owners who moved their business and located it there next to the M5 East because of the free access, who are now being hit with toll charges of \$10,000 or \$20,000 a month. What are you hearing about that issue on the ground?

Mr OLSEN: We have seen quite a bit of angst from truck drivers, in particular, small business owners, that have been travelling on roads and toll roads which were free in years gone past but now has got exorbitant costs on it. As we have indicated, that can be one way up to \$50 to complete a journey that was free once upon a time. That affects business directly and indirectly off their profitability in going forward.

The Hon. JOHN GRAHAM: Thank you. I will turn to Mr Newton first. Could you tell us your story? You have been in the industry for at least 25 years. What are you seeing from the impact of the rising cost of tolls?

Mr NEWTON: Paul Newton, owner-driver. Significant costs have occurred, more recently so in that M5 corridor, now it has been completed. I have got an example here of a gentleman who significantly changed and altered his habits and his routes because of the costs incurred. In all, he incurs costs of \$71 per day, which roughly equates to about 12 per cent of his daily income. It has just become unsustainable for him to complete his duties at that sort of level. So he has been forced to find an alternative route because part of his route is in that M5 corridor, without any significant harbour crossing or particular road funnelling that takes his vehicle on particular roads. For what is normally a 10-hour day, it is now stretched out to a 12-hour day. He is now spending a lot less time with his family. It has put a lot more pressure on him at home. It is still the same amount of money. There is no cost recovery where he can gain particular relief from that, other than being forced to pay it. So the only alternative he has is to find an alternative route.

The Hon. JOHN GRAHAM: What you are describing there is an individual driver making the same choice that a major freight company like Toll is directing its drivers to do, and saying "the cost of the toll roads is bigger than the benefit we are getting". I will turn to you, Mr Finlay, just to tell us your perspective, your view, about the impact of these rising toll prices.

Mr NEWTON: Each time that the rise in toll occurs, as a delegate I make representations to the company. As an individual owner-driver, you provide a service to that company, to which any costs incurred in providing that service is my responsibility. A major company like Toll wish to partake—in providing any sort of assistance or relief in providing that service, each time we go to the bargaining table to negotiate some sort of at least cost recovery mechanism in an agreement for a fixed term over a two-year contract, Toll just does not want to come to the party and accept responsibility for tolls whatsoever. It is always passed on to the end user, which

is the driver, even though sometimes the cost incurred to the customer is passed on by Toll. Whether it is fuel, rising expenses, it is always passed on to the customer, to which the end user, the driver, does not get any relief.

The Hon. DANIEL MOOKHEY: I will ask some questions as well. Firstly, thank you for your appearance today. Mr Olsen or Mr Webb, I return to that memo from Toll, in which they provide a direction to people not to use toll roads. What actions can Toll take against a truck driver who decides to use a toll road without authorisation?

Mr WEBB: It depends if they are either an employee-driver or an owner-driver engaged by Toll. But in both circumstances, I would say that they would be reasonable directions that they have given to those workers, and if they refuse to comply with it they could face disciplinary action. They could get written warnings; they could be breached from their contracts if they are contractors. And to that end, if it continues, they could be terminated and lose their job altogether. So there is that increased pressure upon the drivers to comply with those directions as well, even if they are an owner-driver and it may actually increase their cost base by complying with those directions as well.

The Hon. DANIEL MOOKHEY: So effectively we have a scenario in which a major trucking operator is telling its drivers, "You either use your local roads or you risk your job"?

Mr WEBB: Yes, that is exactly right. We recently did make an amendment to the relevant industrial instrument that applies to all owner-drivers in New South Wales in relation to tolls, where we did seek a claim where all owner-drivers that are covered under the General Carriers Contract Determination would receive some compensation for tolls. It was approved by the commission on a consent basis, but it was strongly contested by principal contractors and industry groups, such as the business chamber of New South Wales and the Ai Group on the basis that they had some ability to give express directions to drivers to take alternative routes. In order to actually get in that determination, the ability for owner-drivers to recover costs, there had to be the ability for their principal contractors to direct them to not take toll roads. We have seen that as a result of that there has been those directions, such as the one that Mr Olsen referred to with Toll on their Woolworths contract to direct owner-drivers to not use toll roads. So clearly it is not only an issue for the owner-drivers but for the principal contractors that engage them as well.

The Hon. DANIEL MOOKHEY: Shortly I might ask you some questions about that matter that you brought earlier this year. Before I do, just to be clear, Toll is the biggest or the second-biggest trucking operator in the country, correct?

UNIDENTIFIED: [Disorder]

Mr OLSEN: Yes.

The Hon. DANIEL MOOKHEY: It has a market of 7 per cent, 8 per cent nationwide and much higher in the freight logistics or container freight industry. Is that correct?

Mr OLSEN: Yes, that is correct.

The Hon. DANIEL MOOKHEY: If we can infer that Toll has decided that there is no economic benefit to them to have their fleet on toll roads, doesn't that send a message to every other owner-driver that if you use a toll road you are doing it at your own expense?

Mr OLSEN: Absolutely, and that is why we are seeing more and more trucks on the private roads. We see congestions in certain areas of Sydney—down at the M7, M8, M5-M8, up north near Pymble and such areas—where trucks are not going onto the tollways but hitting the expressways when they become free. So they are going around them as much as what they can so they do not incur the cost because they are not remunerated for the recovery of that cost of being on the road. That can be, as we have said, \$50 or \$100 in a trip.

The Hon. DANIEL MOOKHEY: Mr Finlay and Mr Newton, how much do you spend each month or each year on tolls?

Mr NEWTON: Paul Newton. I am glad you asked that because I have actually done the sums. It is \$5,623.20 per year.

The Hon. DANIEL MOOKHEY: Per year?

Mr NEWTON: Per year.

The Hon. DANIEL MOOKHEY: As a percentage of your income, do you mind, what is it? Can you give us a sense of the impact of that on your bottom line?

Mr NEWTON: On my bottom line? It is whether or not I go on a holiday. From my bottom line, that is the way I look at it. I mean I have never really looked at it as a percentage until now, until the figures got so high. But for myself, personally, I would say that is roughly 6 per cent for me.

The Hon. DANIEL MOOKHEY: Is it roughly the same for you, Mr Finlay?

Mr FINLAY: I have a company toll tag, so the company picks up my tolls. Prior to that we were claiming the tolls back from the company and, yes, it was quite significant. I have a statement in there of the company toll tag and what we use.

The Hon. DANIEL MOOKHEY: Mr Newton, as an owner-driver, I presume you have been 100 per cent successful when you have sought to have your principal contractor pay for that toll?

Mr NEWTON: Sorry, I do not quite know that the question [disorder].

The Hon. DANIEL MOOKHEY: Have you managed to successfully persuade your principal contractor to pay your tolls?

Mr NEWTON: No, never.

The Hon. DANIEL MOOKHEY: So you have to pay for it yourself?

Mr NEWTON: The principal contractor has never once paid my toll.

The Hon. DANIEL MOOKHEY: How many owner-drivers do you represent?

Mr NEWTON: In the Banksmeadow depot, about 120.

The Hon. DANIEL MOOKHEY: Is this a similar expense for all those 120 owner-drivers?

Mr NEWTON: It varies run to run, but where there is a harbour crossing involved there is a toll cost incurred every day, yes.

The Hon. DANIEL MOOKHEY: To put it plainly, there is Buckley's chance that a small business like yours can pass the cost of tolls on to anyone. Is that correct?

Mr NEWTON: Well, I will give you an example. There was a driver, his run was reorganised where he was asked to do excessive deliveries beyond his normal day to make up for his day because his work had dropped off somewhat. To complete that function, he actually had to do a harbour crossing in a truck. So when we worked out what the cost was going to be incurred to that owner-driver to perform that function on behalf of the company, it was in excess of \$40-odd. He was out of pocket to perform that work for the company. So I successfully negotiated with the company for him not to do that work because he would have been out of pocket to perform that function. So the company did no more than to take that work from him and pass that onto an outside hire driver, which it engages from another company, and he had to incur that cost with no choice because he was not represented by a union.

The Hon. DANIEL MOOKHEY: My time has expired; otherwise I would have asked you what you would like to see changed. I am sure the Chair might ask you what specifically you would like to see changed or recommended.

The CHAIR: I will, indeed, Mr Mookhey. I will get to that, thank you. I might start with you, Mr Newton. We now have the new NorthConnex. As an owner-driver, if you are travelling south on the Pacific Motorway and you now have the option of going through NorthConnex or taking another route, how much is the toll going to be if you take NorthConnex and, if you do not want to take it what are your options?

Mr NEWTON: Personally, for me, I drive a vehicle that is a lot less—the charges are a lot less for my vehicle than a truck. From the truck drivers that I speak to, most of them are forced into the NorthConnex by way of tonnage on roads and the fine from the camera if they do not take it. So basically they have no choice, other than to take it and incur the cost [disorder].

The CHAIR: Sorry, just to clarify, so they cannot go on Pennant Hills Road anymore, which is what they used to do, so they have to take NorthConnex.

Mr NEWTON: That is correct, because there is a camera set up if they do not, and if they are not delivering within that area, then they incur a cost that is greater than the toll—much, much greater than the toll.

The CHAIR: Effectively, toll roads are put up as being an alternative for people who want to get somewhere quicker. That is how they are marketed to the public. But from what you are saying, these truck drivers have no choice but to take that toll. So a trip that used to be free is now costing how much in a toll?

Mr WEBB: This is Gavin Webb. It is about \$61, I think, each way if you are going from NorthConnex and heading all the way down to where we are here, major transport hubs around western Sydney or south-western Sydney. One way could cost up to \$61 for a heavy vehicle because it would be inefficient to go on a forced road, which is NorthConnex, and then come off and go onto non-toll roads and go all the way through. About \$61. I think if you are just taking the NorthConnex, it is roughly about \$25 each way, which they are forced to do, which they would not have to do otherwise. Otherwise, I think they would cop a fine close to \$200, I think it is.

Mr OLSEN: \$194, yes.

Mr WEBB: \$194.

The CHAIR: When NorthConnex opened, with much fanfare and flourish, there were truck drivers across the State knowing that now they were going to be \$20-odd worse off every time they made a trip that used to be free.

Mr WEBB: Yes. And leading up to the opening of NorthConnex, we held some actions and convoys with truck drivers who were very upset and disenfranchised with the opening of NorthConnex because they saw how much additional cost it is going to add to their bottom line that they could not avoid. They had extreme difficulty knowing they were not going to be able to pass that on to their principal contractors and had to wear that cost themselves.

The CHAIR: You mention in the submission the example of Epping Road after the M2 became operational. Could you clarify what you mean about it being reduced to a two-lane road? What happened there? Was that designed so that trucks could not avoid the M2? What was that about?

Mr WEBB: Which part of the submission are you referring to, sorry?

The CHAIR: Sorry, I do not know which page it is on. I am looking at summary notes.

Mr OLSEN: Was it Epping Road?

The CHAIR: Epping Road. There was a suggestion in your submission that after the M2 became operational it was reduced to a two-lane road on Epping Road—

Mr OLSEN: [Disorder].

The CHAIR: —which then created congestion.

Mr OLSEN: In lieu of the three-lane highway that it was, it was reduced to two. I think bus lanes were also introduced to decrease the amount of traffic that could be performed on that road and to make it more beneficial for the public to use the tollway rather than the free Epping Road as a consequence. That is what occurred there some time ago.

The CHAIR: Thank you. So it is a similar situation then in terms of not being given the option to take what used to be a free route, because you are now forced to use the M2 or, effectively, you could sit in the congestion and have a much longer journey. That is still permitted, is it, on Epping Road?

Mr OLSEN: Yes, it is, absolutely. And if I just may, on the NorthConnex, there is a lot of transport between the Central Coast and Sydney that is forced to use the NorthConnex. So there are a lot of transport companies that have no choice, and therefore they are doing between six to eight return trips in a 24-hour period. We heard that during the opening of the NorthConnex. So they are hundreds if not thousands of dollars out of pocket, with nowhere to recoup that cost. But just as a result of the opening of NorthConnex, it cost the industry significantly. And a lot of transport companies who cart between, if we can say, Sydney-Newcastle, who are forced to use the NorthConnex, are now paying to the tune of four to six to eight return trips a day. That is hundreds of dollars a day, if not around about \$1,000 a day. Times that by six, eight trucks five to six days a week, it is thousands upon thousands of dollars extra in costs that are not recouped by the owners or small business operators.

The CHAIR: If even the primary contractors cannot avoid NorthConnex, for example, at what point does that significant additional cost end up getting put onto consumers of the goods being conveyed? Would there come a time when the freight companies cannot afford to absorb those costs? Do you think we will end up seeing an increase in the prices of consumer goods?

Mr OLSEN: Not in my experience would that occur. I would think that where the costs would be laid and borne will be by the small business operator/owner-driver. The person who is carting for the big transport companies and the big businesses at the other end of town, they are the people who will actually bear the cost of this. And we do not see, we have not seen that these costs are passed on to consumers. Because obviously somebody should pay for it, and it should not be the driver of the vehicle and the owner of that vehicle should not

have to bear all that cost, because the margins which they are already operating on are very, very low because it is very competitive.

Mr WEBB: If we look at the example that Mr Olsen referred to earlier, if Woolworths, which is one of the largest retail companies in the country, is obviously putting some kind of contractual pressure upon Toll, one of the largest transport companies in the country, to not use toll roads, I think that shows the extent of pressure or the lack of pressure that can be pushed upwards back up that chain towards retailers and therefore that cost being passed on to consumers. So it is very likely that it is transport operators and therefore, to that extent, their employees and owner-drivers that are more likely to be impacted, rather than consumers.

The CHAIR: Understood, thank you. I refer to the thousands of dollars in tolls each year that owner-drivers in particular are being required to pay to drive on the toll roads. Are you aware of many of your members getting into debts because of that amount, and specifically in debt to the toll road operators?

Mr OLSEN: We have heard stories in the cartage of dirt—soil cartage—that were utilising the tolls. We heard stories there of small business operators collapsing because of costs. We are seeing that also done with small operators carting for the bigger transport companies, such as Linfox and Toll, for that matter. I think the recent example in here was identified as Linfox—carting for Linfox—that Alibaba actually were loosely broke on. There are certainly examples around where this has been the thin end of the wedge. They could not operate any longer, so we have seen small companies go broke as a result.

Mr WEBB: One of the biggest concerns for us is that if there is that extreme pressure placed upon transport operators to not be able to afford tolls and go into debt on toll costs, then what other costs are they cutting, particularly in relation to maintenance and safety, and also what they perhaps pay their employees or drivers as well? That one example that Mr Olsen was referring to, I was involved in. We initially investigated this company because they were not paying drivers correctly. Upon investigating this business we realised that they actually had thousands and thousands of debts in toll notices that they could not afford, and that they also were not maintaining their vehicles properly. In some instances they could not afford proper insurances. That is a huge concern to us. If there is an additional cost placed onto these operators in tolls, what other corners could be cut in order to ensure that they can operate safely as well?

The CHAIR: That is incredibly concerning. Maintenance not being kept up to date, presumably perhaps driving longer than they might otherwise and doing other things, as you say, to cut corners and try to make ends meet because of what can be 6 per cent of total income paid in tolls—

Mr WEBB: I would say 6 per cent is the lower end. Mr Newton gave an example as a smaller vehicle, but the larger vehicles that have those higher toll costs for which we do not have any real explanation as to how those multipliers are calculated for toll roads—those costs would go up into double or triple that 6 per cent figure of their total remuneration.

The CHAIR: Gosh. Let us turn now to what we can do about this, as Mr Mookhey foreshadowed. I note that you suggest perhaps a cap on the total toll charges, similar to what you might see on an Oyster card. Can you talk us through that and whether you have seen that in any other jurisdictions?

Mr OLSEN: We will certainly talk to it. To start with, we have sought from Transurban, which is the owner of all the toll roads around Sydney other than two, that there ought to be no new tolls being implemented in Sydney during 2020-21 whilst the pandemic is still upon us and we are trying to all work through it. We have also sought for a daily or weekly cap on the tolls on the commercial vehicles, certainly in the same way and similar to the Opal card travel caps. The enterprise agreement award chapter 6 talks about small businesses/owner-drivers. They need to cater for the reimbursement of any tolls usage by the principals on all occasions, and also the Government should make cost recovery easier by locking fairer payments for toll compensation into legislation. Owner-drivers should be paid within 30 days at the very most, to ensure that the cost recovery is meaningful and that they are not waiting.

In certain instances we have seen people waiting for their payments to be made to them for more than 120 days. That is four months from the time in which the work was actually performed. You can imagine how many times you would need to have the amounts of money available when you are waiting for four months. That is, in our view, disastrous, and we will see more and more small companies going to the wall as a result. We need a much fairer system. There needs to be a lot more transparency in these contracts. We need to ensure that we are made aware of what is going to happen in the transport industry and driving on these roads for decades to come. We have more than 4 per cent now being added to the costs for tolls each and every year, for decades, and we have no input into that. No owner-driver, no small business people, had an opportunity to actually address that before it became a contract that became law, but now we are stuck with it.

Not only are we stuck with it but in certain instances, as we have talked about here today, we have no alternative. There is no alternative. NorthConnex does not provide an alternative. You must use it or you cannot get out of Sydney. If you are wanting to bypass that, you have to take the additional costs and go on the other roads, which are public roads. There will be more maintenance to be done as a result of that; therefore, the community pays twice. There needs to be much more openness and transparency in the way in which these contracts are produced and become part of our ongoing lives as an ordinary user or a small business operator in the transport industry. If this continues there will be such a burden around the small business people's heads that more and more will go broke, and that will be to the detriment of our society.

The CHAIR: Thank you. Coming back to the idea of the cap, presumably a cap—at least for owner-drivers—would provide some ongoing certainty about what the total monthly cost would be. Can you talk about what impact that would have in reducing the stress on these small business owners?

Mr WEBB: In the examples that we talked about before, where some operators are taking six to eight trips a day on NorthConnex when they do not have any choice in using any other alternative route, that would have a significant and a huge impact upon their bottom line. If there was a cap—I do not know what it would be. If you say they are doing six return trips a day, that is about \$240 a day just on that road. If there was a cap placed, similar to what we see for public transport users with the Opal system—again, in that circumstance it is based on use. Presumably there is not a huge impact, you would think, on maintenance and use as well with that scheme. Applying that to toll roads for small businesses would provide immediate relief for them financially. Also it would drive—which is, as we said earlier, how the roads are sold—the incentive to use them and take heavy vehicles off the roads. We would create that greater incentive for use, more efficient delivery times, better outcomes for consumers and a better financial benefit for transport companies as well.

The CHAIR: I am almost out of time. I will ask you one last question, which comes to me from listening to and hearing of the experiences that a lot of the small business operators are facing. It does appear that we are lining the pockets of rather large corporations like Transurban, which is making incredibly big profits every year, whilst squeezing the bottom line for truck drivers in such a way that we are compromising safety which is resulting in these trucks going into back roads, and all the rest of it, to avoid. Do you think that perhaps we have gone the wrong way when it comes to the amount of privatised toll roads that we have in Sydney?

Mr OLSEN: No doubt about that. You can spend quite a bit of time talking about that issue, but we are the most toll-roaded city in the world, as far as I understand it. We surpass everyone around the world. As a result the costs of this are significant, directly and indirectly, to both the transport industry and the community as a whole. We have talked a bit, and Mr Webb talked a bit, about the maintenance of vehicles. The other significant impact that this has when we are trying not to use tollways is the fatigue legislation that is required to be observed by truck drivers of 4½ tonnes and above, where they can only drive for certain periods and they must rest in given periods.

There is nothing on the toll roads that gives that opportunity for a truck driver. It is purely to drive, but it does not take into consideration even the maintenance question—but more so, the safety question in relation to the wellbeing of the truck driver, who is driving a 70-tonne vehicle down the road. It is surpassing people's families every day. There is nothing there for a truck driver to get relief and have a half an hour break, which is mandatory, in a decent environment in Sydney. You can do that before Picton on the south side of Sydney, and you must go up past Wyong in the north before you get to another place on the expressway as we know it today. That is more than a three-hour drive for some vehicles, and that is just ridiculous when we talk about safety on our roads. Have we gone past that point? Absolutely. We need relief, and I am hoping that this is the start of that occurring.

The CHAIR: Thank you very much. I will go to questions from the Government. Mr Fang?

The Hon. WES FANG: Thank you very much, Chair. Thank you very much to the members of the TWU for appearing today and for what was a very detailed and informative submission. Thank you for taking the time to not only make that submission but appear today. I wanted to take you back to the first part of your evidence where you talked about the notice from Toll that you said was at a toolbox talk. Is that correct?

Mr OLSEN: Yes, that is correct.

The Hon. WES FANG: Would you mind just reading the first paragraph for me again?

Mr OLSEN: Sure. It states:

We thank you for your cooperation in reducing toll road use. This is a reminder to ensure you are not using toll roads unless you have authorisation to do so.

That is the first two sentences. If you want me to continue, I will continue.

The Hon. WES FANG: No, no. That is fine. I just wanted to make sure that I heard it correctly the first time. Does that have a date on it?

Mr OLSEN: May 2021.

The Hon. WES FANG: Was that from a Woolworths depot, did you say?

Mr OLSEN: Yes, it was, here in Minchinbury.

The Hon. WES FANG: And you were provided it from one of your members?

Mr OLSEN: Yes, that is correct.

The Hon. WES FANG: So you are happy with the validity of the document itself?

Mr OLSEN: [Disorder]

The Hon. WES FANG: You are not questioning the veracity of it at all? I am just making sure.

Mr OLSEN: No, that is fine.

Mr WEBB: Just so you know, it is a toolbox talk, so it has a number of other issues that they talk about. It talks about weighbridge breaches and random drug and alcohol testing. This is how they communicate to their drivers whatever the issues are of the day, and one of the issues was toll road use. We are very confident of the validity of the document.

The Hon. WES FANG: No worries. I am just confirming, that is all. I am also wondering if that document might be able to be tendered to us.

Mr OLSEN: Yes, of course.

The Hon. WES FANG: Thank you very much. My question relates to the first paragraph that I asked you about which says, "Thank you for reducing your toll usage." It does not say, "Thank you for eliminating your toll usage." We were still in pandemic time in May. Is it communicating to drivers that they must not use tolling or that they have just reduced the amount of toll routes that they have taken?

Mr WEBB: It says that they have reduced it. But as you know, although it is a pandemic, the delivery and purchasing of groceries from Woolworths has exponentially grown in the last 12 months. In fact, the number of deliveries and the number of trucks on the road during this time would have increased, not decreased. They are delivering to Woolworths sites which, as Mr Olsen said, there is a Woolworths store in almost every suburb in Sydney. There would not have been any reduction in toll routes because of the pandemic. If anything, there would have been more vehicles on the road and more deliveries that would have had to have occurred. But more importantly, the last sentence, which you did not ask Mr Olsen to read, says:

In most cases, the cost of toll roads outweighs any benefit we receive from using them.

When you read it in the context of that second sentence, it makes it very clear that there has been some kind of direction or financial decision made by Toll—and, to some extent, most likely Woolworths, who they are answerable to in this contract—to reduce the amount of toll roads for a cost purpose. Clearly it saves them money to do so.

The Hon. WES FANG: When I listen to the second part of that sentence, which is a reminder that you are not able to use toll roads without approval, and when I combine the first two sections, which says, "Thank you for reducing the use of tolls," to me that indicates that there are still toll roads being used and it is a reminder that toll roads are not to be used without approval. It is not that they are trying to eliminate the use of tolls; they are just reminding drivers that there is to be an approval process happening and that there is still a use of toll roads by Toll. To the last point and the last sentence that you just read—the cost benefit to the company—does that relate to the tolls that they are currently being approved for, or is it for unapproved uses?

Mr WEBB: I think it is clear. It just says:

In most cases, the cost of toll roads outweighs any benefit we receive from using them.

Clearly any time efficiencies they might receive by taking the toll roads is not commensurate to the cost that is imposed upon them from having to take the toll roads. It says "in most cases"; of course there are going to be some instances where it might be more efficient. But this company, Toll, one of the largest logistics companies in the country, has obviously undertaken a process where they have been able to analyse all of their data. All of these vehicles have GPS receivers in them. They are seeing where these trucks go every day. That is not just Toll; Woolworths have unprecedented access to all data used by Toll and their trucks, as well, on their contracts. They have clearly made a decision that in most cases the cost that is imposed on them by taking the toll outweighs any

other efficiency that they might receive from using them. To your point, I think in some circumstances [disorder]—

The Hon. WES FANG: That is exactly the point that I am getting to by my line of questioning. You and I are both making summations about what it is that they could have been trying to communicate and determine here, and we have both got the opportunity to put an interpretation on that. Do you have the data that they are using to make those communications to their drivers?

Mr WEBB: I personally do not have the data, but I have the experience of having liaised with—

The Hon. WES FANG: I appreciate the experience. What I am asking is that Toll has written that memo where they have said they are reducing the tolling for some areas and that there is an approval process that they are reminding drivers of. Clearly they are still using tolls, and clearly they are saying that in some cases there is a cost benefit. Do you have the data that that memo is based on? If not, you are making quite a large assumption that they are saying that the toll roads are not beneficial to the company. What they are saying is that in some circumstances—and what I am interpreting it as—it is not beneficial where they have not been given approval.

Mr WEBB: I think that what we take from it is what it says, which is:

In most cases, the cost of toll roads outweighs any benefit we receive from using them.

I think that is—

The Hon. WES FANG: And I assume that would be for the—

The Hon. DANIEL MOOKHEY: Can I encourage Mr Fang to allow the witnesses to complete their answers?

The CHAIR: I will take that as a point of order.

The Hon. DANIEL MOOKHEY: A point of helpful guidance.

The Hon. WES FANG: And it is one a Chair would normally make very wisely.

The CHAIR: Mr Fang, if we could talk one at a time, that would be fantastic, so that we get it on the transcript correctly—and if you could make sure that your questions are indeed questions and not statements. Thank you.

Mr OLSEN: I also want to make the point, if I may, that we have very extensive experience with our membership within Toll and the Woolworths contract and other Toll places. We have experience that Toll, the company, had taken out the e-tags in the vehicles so that they are unable to be used on the toll roads. Backing up what Mr Webb is saying, all the evidence which we have points to Toll as a company, together with its partners—as in, their clients—having made very clear decisions of where they see themselves in the usage of toll roads and other roads; that is, they do not want to use the toll roads. They do everything to discourage their use. As Mr Webb has said, yes, there are times where it is unavoidable—NorthConnex, for example. I would not suggest that Toll is not using NorthConnex to get up to northern New South Wales, because they would be, and there would be an e-tag in that vehicle. But by and large all e-tags have been taken out of Toll vehicles, and that is because they do not want them to be used. There are further conversations that could be had about that.

The Hon. WES FANG: I am going to have to take your word on that with regard to taking e-tags out of vehicles, because I imagine if there is any risk at all that that vehicle would go near NorthConnex, as you say, there would be a requirement for it to carry an e-tag. I am unsure as to how Toll would be able to remove the e-tags from those vehicles and make sure that it does not go near that NorthConnex route.

Mr WEBB: The example Mr Olsen was giving was that, where there were owner-drivers engaged by Toll, we had an example where they were issued e-tags owned by Toll and therefore paid by Toll. We had an example out here at Eastern Creek with Toll—it was previously Toll; they have now sold it to an investment firm called Allegro. It was previously run by Toll. There were some 30 vehicles that were owner-driver contractors issued with e-tags. Upon the increase of toll roads—in particular, from the opening of WestConnex—Toll sought to remove the company-issued e-tags from those drivers, which then made it incumbent upon the owner-drivers themselves to obtain their own e-tags and therefore have to carry the costs themselves.

We ran a dispute in the Industrial Relations Commission on behalf of those owner-drivers. We obtained a resolution for them whereby the company, Toll, did not reissue e-tags. They actually reorganised the runs of up to 90 per cent of those 30 drivers so they no longer had to take toll roads, so that neither party had to incur those costs. That is the example Mr Olsen was giving, and that is where I was going to go if you had let me answer the question about the experiences that we have had with this business, Toll, and the decisions that they are making

not only in their grocery business but in their parcel business. We have also had examples in their fuel and resources businesses, as well.

The Hon. WES FANG: Alright. I want to move on now to the document you provided us. You talk about consultation and how the Government should have or could have better liaised with the TWU in regard to consultation. Obviously it is written in the present day. I can give you a page number, if you like. It is on page—

Mr WEBB: Thirteen.

The Hon. WES FANG: Yes—of your submission. Noting that your comments are about the government of the day now, do you have any experience as to what happened with the previous Government and their consultation with the TWU on these issues?

Mr OLSEN: No, I do not believe that [audio malfunction].

Mr WEBB: No. It has been almost 12 years now since the previous Government or political party was in power. Since that time we have seen an exponential growth in the number of toll roads and costs—

The Hon. WES FANG: The reason that I asked that is—

Mr WEBB: [Disorder]

The CHAIR: Order! Mr Fang, let the witness answer the question before [disorder]—

The Hon. WES FANG: I just know that I have very little time and I wanted to get to one point. I note that it was back in the previous Government's time, when the current Opposition leader worked in the transport space. The government of the day introduced the 4 per cent increase in tolling. Did the TWU make any representations to the current Opposition leader or any of the former government's transport people at the time when the 4 per cent increase in tolling was locked in on roads [audio malfunction]?

Mr WEBB: Look, I cannot speak to that, because I was probably in primary school or high school at the time that that occurred. I certainly was not making any representations to anybody that was in the previous Government. Mr Olsen was not the secretary at the time, so I do not think he would be able to answer that question either. But I do not think it is helpful to look at what was occurring—

The Hon. DANIEL MOOKHEY: I could probably give it a go, Wes.

The Hon. WES FANG: Sorry?

The Hon. DANIEL MOOKHEY: I could probably give it a go, if you wanted to put me on the stand.

Mr WEBB: Yes. You were there, Mr Mookhey, I think.

The CHAIR: Order!

Mr WEBB: I think the important point of our submission though is that, being the representative body for over 25,000 truck drivers in New South Wales and a significant number of owner-drivers, we would have thought that—given a huge number of our members have an interest in the use of toll roads and therefore have the potential for significant costs on the use of toll roads—it would have been incumbent upon a government of the day of any colour to consult with us on behalf of our members so that they can properly understand any potential impacts that these decisions would have had on those working families and small business owners.

The Hon. WES FANG: I am just wondering if the TWU held similar views with the previous Government and if the same level of concern was raised with the previous Government, given that a lot of what we see today and a lot of the answers that you have indicated are around some of the decisions that were taken by the previous Government, particularly around issues like an increase of 4 per cent on tolls that was locked in then.

The Hon. DANIEL MOOKHEY: Chair, Mr Fang has asked a good question and he is entitled to ask it but I think this is his third time. If he wishes to put a particular or direct scenario that he is talking about—a particular road that he is making reference to—it might assist the witnesses in their ability to answer his question if he can identify precisely what he is talking about.

The CHAIR: Thank you, Mr Mookhey. I will take that again as a point of order. Mr Fang, you have very limited time now—less than a minute. If you could ask a more specific question, that would be fantastic.

The Hon. WES FANG: Okay. The last question I have is on the idea of a cap rebate. Let us presume that there was a cap rebate and that your members, say, reached their cap rebate halfway through a month—the cap for the tolling. Say they have quoted and charged customers into the rest of the month. How are they going to rebate that back to their customers? Or is it going to be profit that is potentially gained without being rebated back to customers who will be serviced into the month?

Mr WEBB: I think that in circumstances where there is currently uncertainty around what future costs would be in relation to tolls, providing a cap would actually provide certainty of costs leading into the future and therefore would allow those contractual arrangements or discussions between customers and transport operators to be a bit more transparent and a bit more predictable. There would not be this issue of perhaps overcharging or undercharging because people would know what the costs would be. They would know what it would be possibly on a daily or monthly basis. The point here about caps on toll roads is that—we have not put forward a specific example of how that should work, but we think the conversation needs to be had. It should be done in consultation with the people that use these roads. It should be done with their representatives, like the TWU, and it should be done with Government so that we can work together to work out the best way to ensure that there is relief provided to the people that use these toll roads and provide certainty in relation to costs moving into the future. Without the cap there is uncertainty. Where there is uncertainty there is always room for people to abuse that, either from the top end or from the lower end, and we are just trying to eliminate that.

The CHAIR: Thank you. Unfortunately that is all that we have time for. To the extent that there were questions taken on notice, they need to be returned within 21 days. We might also have some supplementary questions for you in due course, but the secretariat will contact you in relation to those questions. Thank you very much for your attendance.

(The witnesses withdrew.)

(Short adjournment)

REBEKAH DORAN, Senior Manager, Civil Law – Western Sydney, Legal Aid NSW, affirmed and examined

MADDISON JOHNSTONE, Co-Founder, Operation Redress, affirmed and examined

MICHAEL FRASER, Co-Founder, Operation Redress, affirmed and examined

The CHAIR: I welcome our next witnesses. I invite you to start by making a short statement. If you could, keep it to no more than a few minutes. I will start with you, Ms Doran.

Ms DORAN: Sure. Thank you, Chair and Committee, for having Legal Aid NSW join you at the Committee today. I would like to start by acknowledging the country that I am on today, the land of the Darug people, and pay my respects to their Elders past, present and emerging. Just a bit about Legal Aid, to start with— Legal Aid provides legal services across New South Wales in a statewide network of 25 offices and, pre-COVID, 243 regular outreach locations. In the civil law division our services focus on the legal problems that impact the everyday lives of disadvantaged clients and communities. This encompasses quite a broad range of legal issues, from housing and social security to employment, immigration and mental health, just to name a few. Of particular relevance to the tolls inquiry is our work in the area of consumer protection, fines and financial hardship.

We provide about 30,000 advice services a year across the State. In the last financial year just shy of 10 per cent of these services were in the area of consumer law, which is credit, insurance, superannuation and goods and services. A further 2,000 of these advices related to fines and work and development orders. In my role I oversee the civil practice across the Parramatta, Blacktown and Penrith offices. This catchment includes a number of toll roads, but it also includes some of the most diverse and financially disadvantaged communities in the country. Before this I worked for a number of years as the senior solicitor overseeing our specialist consumer law team, where we would run consumer law casework and law reform, and support solicitors across the division in this work. In relation to road tolls we tend to see people once their debt has grown into the many thousands of dollars. By this stage the admin fees are sitting at around two-thirds of the total cost of the debt, and in some cases legal expenses are then on top of that.

These largely transition into some form of assistance service for us, which tells us that the clients who are reaching Legal Aid with tolls-related problems meet our guidelines in terms of vulnerability, inability to self-help and the impact of the legal problem. In the last financial year, of the tolls related matters that we advised on 87.5 per cent of those clients were on government benefits and 75 per cent were not employed at all. We see clients who have experienced family and domestic violence, including elder abuse; clients who are struggling with mental health conditions and disability; clients living in financial hardship; and clients who have experienced trauma. Some require interpreters or have low literacy. What concerns us is that the people we are seeing are really likely to be the tip of the iceberg, only reaching Legal Aid once their matter becomes court proceedings or a very significant debt. Legal Aid is quite concerned that the current toll collection practices do not respond appropriately to those who are living in crisis or experiencing financial hardship and have accrued large debts.

It is not just those people at points of crisis that the system needs to respond to; we know that there are a lot of people doing it tough day to day. The Australian Bureau of Statistics General Social Survey last year found that one in five households—19 per cent—was unable to raise \$2,000 within a week for something important. In this context, road tolling really stands out as the only industry providing a core service without legislation or industry standards around debt collection and financial hardship practices. The lack of these standards also means that the industry ombudsman is not able to enforce financial hardship arrangements or require tolling operators to consistently apply policies across the industry. These are longstanding, business-as-usual features in credit, banking, energy and telecommunications. Hardship policies are also standard for Revenue NSW. More recently we have worked with the Office of Local Government NSW and the NSW Department of Justice to develop hardship and debt management guidelines for local councils.

In relation to the tolls collection system, Legal Aid would really like to see a system that encourages and enables early payment to avoid escalating costs and has industry-wide standards around the approach to debt collection and financial hardship, which we suggest is in the form of an industry code. We would like to see all toll providers be required to have an internal dispute resolution system and, at its peak, have an industry ombudsman with the power and ability to resolve disputes around financial hardship and debt collection practices. These recommendations are informed by the breadth and depth of our casework experience with disadvantaged people and communities in relation to debts and financial hardship. It is also informed by our extensive engagement with law reform, industry and government, and regulators in this area. We really hope this experience provides some useful insights to the Committee today. Thank you for your time.

The CHAIR: Thank you so much. I am sure it will. I now ask Ms Johnstone or Mr Fraser if they have an opening statement they would like to give.

Mr FRASER: Yes. Just prior to our opening statement, we would like to make it clear that we have no party allegiances. We have relationships within Liberal, Labor and The Greens. It is our belief that when our leaders make infrastructure decisions for all of us, they do so based on the information provided to them. Hopefully our evidence helps in assisting further decision-making. On to the opening statement: We are here because we have concerns about the unseen impacts that Transurban has on everyday Australians and residents of New South Wales, in addition to what is already known and is in the public domain. Transurban says that only a very small percentage of motorists incur fees and implies that those who do are less sophisticated. Six per cent of 1.3 million New South Wales accounts is 78,000 people. It is no small number of people being hit with additional fees, but we question if the number is actually much bigger.

In the interests of the public we conducted a basic search study on Transurban's New South Wales website, which anyone can access without a login. We searched 20 taxi numberplates, 10 in series and 10 at random. Any reasonable person would consider taxidriviers as sophisticated motorists. We found that 85 per cent out of that sample of 20 had outstanding debt with admin fees. There were over 1,000 unpaid tolls. Seventy-nine per cent of the outstanding amounts were admin fees totalling just over \$20,000. The toll fees were over \$5,000. We believe that if these numbers were extrapolated in New South Wales alone, 79 per cent of taxi owners could currently have outstanding admin fee debts totalling between \$6 million and \$9 million that Transurban will seek to collect. A little study does not consider trucks, limousines, courier drivers and other essential service providers, as well as tradies. It also does not consider other States. We have heard many stories of sophisticated motorists incurring tens of thousands in admin fees. Quite often they pay them or, in a number of instances, Transurban seeks to wind them up in court for debts that are mostly admin fees.

For years, and at various State and Federal inquiries, Transurban has fought to keep confidential just how much the community is affected by their additional fees that almost all of us have incurred at one point or another. Now that Transurban has yet more control in New South Wales with the acquisition of the rest of WestConnex and a national plan to toll every road per kilometre, we should all be very concerned. Transurban should once and for all answer the questions about how much of their revenue every year comes from additional fees. The true impact of Transurban's hold in New South Wales has yet to be seen, but many businesses and individuals will be crippled by the additional fees that Transurban adds on top. Transurban said in its submission to this inquiry that Sydney is the third most livable city in the world, as if toll roads had something to do with it. Sydney has now dropped from third to eleventh. Tolling motorists into oblivion with additional fees improves Transurban's profits, but it seems it is not making Sydney more livable.

The CHAIR: Thank you very much. If we could start with questions from the Opposition?

The Hon. JOHN GRAHAM: Thank you, Chair. Thanks for both those submissions. I might turn first to you, Ms Doran, and the Legal Aid submission, which was really helpful—particularly the case study. I might come to those in a moment. I just want a recap on one of the things that you referred to in your submission and your opening statement; that is, the size of those debts over \$10,000 when you are seeing people and that two-thirds of that debt might commonly be administration fees. Just recap on that, because they are quite shocking figures.

Ms DORAN: Certainly, that is our consistent experience. You will see in the Transurban submission they do talk about the administration fees. Where a toll is not paid through your account—so you have an account but there are not sufficient funds in the account, the payment bounces, or maybe you have no tolling account—if it is not then paid promptly and a toll notice needs to be issued by the Roads and Maritime Services [RMS], there is a \$10 charge attached to that, and that is per trip. So what we see is that you can have really quite a modest charge for the toll and then have \$10 added for the notice. Then when it gets to a further enforcement stage the cost is \$20. You can see that cost is really escalating quite rapidly. That is quite different to our experience in other industries where there really is an incentive that you are looking for to pay early, and that was certainly a motivator in relation to the council work that we did. It was about making sure that it was simple to pay as quickly as possible before the debt escalates to that point.

The Hon. JOHN GRAHAM: So this could be a \$2 or \$3 toll but with a \$20 charge, and that is for a single toll. But what you are describing is a flurry of toll notices—

Ms DORAN: That is right.

The Hon. JOHN GRAHAM: —not just a single letter. Take us through that.

Ms DORAN: Yes, that is right. Each toll notice is for one toll rather than, say, a whole account. One of our recommendations is around combining those toll notices into a month in the form of a statement, so that people can see the total amount that they are talking about quite quickly and be able to respond to that. It is quite

challenging for most people that we speak to, to really get a sense of the total trouble that they are in financially when those notices are individually sent and certainly it escalates quite quickly, yes.

The Hon. JOHN GRAHAM: So moving to a single notice, it would let you get on top of how much you owe but also would avoid that sinking feeling with letters in the mailbox, if you are in financial trouble. Really, you could see a flurry of letters in the mailbox.

Ms DORAN: Absolutely, yes.

The Hon. JOHN GRAHAM: You know there is a bill in there but you do not really want to look to see how much.

Ms DORAN: Yes, that is right. Our experience of working with people experiencing financial hardship is that there is a really fine balance between making sure people understand how much they owe and what they need to do to solve it but not have that seem insurmountable. I think the difficulty in the toll space is that the debt feels insurmountable almost from the outset because of those additional charges, and also there is very little transparency around why those charges are the amounts that they are. The legislation allows for those charges to be placed on the toll operator when RMS releases that information and that is passed on to the customer. But we have had real difficulty through our casework really understanding the detail of how that charge comes about. Customers certainly find it very frustrating and do not realise how rapidly the debt is escalating because they are not really across just how high those charges are.

The Hon. JOHN GRAHAM: Take us through one or two of these case studies, people you are dealing with who are struggling with this.

Ms DORAN: Absolutely.

The Hon. JOHN GRAHAM: They have got other financial issues but then this is coming on top of that.

Ms DORAN: Yes, sure. I might take you to Fina. Fina, you can see on page 8 of our submission, is a single mother who lives in social housing and she is in the outskirts of Sydney, as are many of our clients. She was in a really bad way. She was struggling with mental health issues after the loss of a family member and really got to that point where she just was not coping with day-to-day affairs. Despite receiving a number of toll notices, she simply did not pay them. Unfortunately by the time she attended Legal Aid there had already been court proceedings and an examination notice had been issued by the court to investigate her ability to pay that debt, which at that point in time had become \$30,000. In that instance the substantive tolls debt was around \$8,000; the rest of the debt was the administrative fees and the legal fees that were on to that.

We eventually settled that claim with the debt collection agency that was managing that debt, but she is a pretty standard example, I guess, of someone who is just overwhelmed by what is going on. Some of the things that we have found that can be helpful around early engagement—and we looked at this in the council hardship work—was around the early meaningful engagement to help people pay. So just having letters arriving in your—I was going to say inbox—postbox often is overwhelming and not feeling very real, whereas one of the things we found in that space was that maybe picking up the phone or getting a text message or having some kind of more personal contact actually can help you get started on that path to payment and avoiding those escalating costs.

The Hon. JOHN GRAHAM: Thank you for those addressing those parts of the submission, particularly spelling out what is increasing. Would you say it is fair to describe that as a very rich city increasing toll poverty that some people are facing?

Ms DORAN: Certainly for some people. For some people, road tolls themselves are not something that they can afford. We see people who make decisions not to use toll roads obviously on that basis, but they are not the people we see. We are seeing the folks who are incurring those debts, whether it is because they are using the toll roads and they know they cannot afford it or there are problems with their account. There are all sorts of reasons why that happens. But, certainly, those admin fees—

The Hon. JOHN GRAHAM: I might stop you there, Ms Doran.

Ms DORAN: Yes, sure.

The Hon. JOHN GRAHAM: Sorry about that. I just have time for one more question for Ms Johnstone and Mr Fraser—

Ms DORAN: Okay, no problem.

The Hon. JOHN GRAHAM: —before handing to my colleague. You are clearly looking deeply into these issues you are raising. What sort of response have you had so far to the issues you have begun raising?

Ms JOHNSTONE: From the company or just in general?

The Hon. JOHN GRAHAM: Either from the company or in general.

Ms JOHNSTONE: When we help these people—so the kind of people that are going to Legal Aid are actually also coming to us. When we help them, we help them write the communication to the company and the company sort of starts to help, but it takes a long, long, long time to get them to actually help wipe the debt or some of the debt. I don't think the company likes us makes us very much, so we tend to get very strong submissions in response to our submissions when we make parliamentary submissions and things like that. But, yes, I think that these issues are quite systemic across the east coast of Australia, so that is why we are really digging deep into what is happening here. In Queensland one of the responses was that they did actually aggregate unpaid tolls onto one notice, so you were not getting that \$20 fee for every single toll. That was a very positive response to some of the research that we have helped do and helped expose—the conduct of the company. I think that would be helpful in this case here too.

Mr FRASER: Can I add to that? Just quickly on that change, too, Transurban in Queensland were arguing that the legislation did not allow them to aggregate the notices and we were arguing—not that we are lawyers—that they could. What ended up happening was, prior to any legislative change, they did it anyway and they aggregated the notices. So you may come up against Transurban blaming legislation for things that they can't do, but my advice would be to always actually view it and get an opinion, not just take their word for it.

The Hon. DANIEL MOOKHEY: Can I personally just thank all of the witnesses for their appearance today. A few questions, which I think I will direct in the first instance to you, Ms Johnstone and Mr Fraser, and then perhaps ask Ms Doran as well. Is your evidence that right now the discretion is purely with the toll operator as to what policies they apply around the recovery of unpaid tolls?

Ms JOHNSTONE: I feel like you need a degree in toll roads to really understand the process because it is really hard to actually work out what goes where and when and who takes what. So when an unpaid toll escalates, it is sort of unclear when it goes to the State, when it goes to a debt collector and which ones they choose to go there. It is very confusing. We actually do not have an answer to that yet, so we do not know at what point the State Government will take control of that escalation or when it just goes in to a debt collector.

The Hon. DANIEL MOOKHEY: Ms Doran, do you have a view as to whether or not the law currently permits a toll operator to exercise complete discretion over debt collection and admin collection policies?

Ms DORAN: Yes, largely that is the case. There are no provisions that we are aware of in the law that require toll operators to participate in particular approaches to debt collection or hardship and we see inconsistent practices across the industry.

The Hon. DANIEL MOOKHEY: The second question I would ask again to the panel is: How aggressive are the toll operators, benchmarked to the other industries that you would be coming across? Is it the case that this toll operator is worse, better or in line with what we would expect in usual debt collection processes?

Ms JOHNSTONE: For us, we had a case where somebody had had extenuating life circumstances—they were grieving, essentially, for many months—and they had accrued a lot of debt with a lot of organisations, including the Australian Tax Office and with Transurban as well. What we found was when they were emerging from this grief, they were able to get every single organisation to understand and help them out, including the Australian Taxation Office [ATO]. Everybody but Transurban would come to the table to help them out there. They actually had to come to us to intervene and help them write some communication. It took a year or two to actually get Transurban to come to the table and to help wipe some of the debt, but in that case specifically Transurban was definitely a lot more aggressive in their debt collection, much more so than any other organisation in that specific case. I would say that that is something we see across the board.

The Hon. DANIEL MOOKHEY: Ms Doran?

Ms DORAN: I think what I would say in relation to toll collection is it is really the absence of a clear policy that is industry wide that is the challenge in relation to debt collection and negotiating arrangements around hardship. We have seen significant improvements in the Transurban approach to hardship with the introduction of Linkt Assist, and they do deserve some credit for the work that they are doing and trying to do in that space. The difficulty is that it is not industry wide and, unlike other sectors where you have clear industry codes that set out what a customer can expect around the debt collection process and around dispute resolution, those do not exist in the tolling space. For example, in the credit area the law sets out time frames around responses. When you ask for hardship, it sets out the types of arrangements that credit providers should be considering, things like having written reasons, and those are things that are absent in the tolling area.

The Hon. DANIEL MOOKHEY: Ms Doran, on notice are you in a position to provide us with a guide as to which code you think is most appropriate that applies in other industries, or any further detail you wish to add?

Ms DORAN: Yes, absolutely. Tolling is an interesting industry because you do have this mix of private and government working together.

The Hon. DANIEL MOOKHEY: Indeed.

Ms DORAN: I think there are parts of various codes that are relevant. Revenue NSW has a really comprehensive policy around debt collection and hardship, which would be a really useful guide.

The Hon. DANIEL MOOKHEY: I just wanted to ask a couple of questions about the admin fees.

Ms DORAN: Sure.

The Hon. DANIEL MOOKHEY: This is to you, Ms Johnstone and Mr Fraser. As a result of your analysis, is your conclusion that the profit margins on these admin fees are quite high? Is that the implication or the evidence you are giving us?

Mr FRASER: Yes. Transurban have always argued that the administration fees are only to cover their costs. But what is really interesting about how they talk about it is that it depends on what the platform is, whether it is the news or Parliament or a different Parliament, the answer can vary slightly. As we have uncovered more through our research, they slightly change their answer from time to time. They are subtle changes that you have to monitor, but essentially they are a listed entity, they have shareholders to answer to. But to give you a sense of how weird it is with the admin fee argument, that it is the actual cost, in New South Wales the second notice costs you \$20 for the admin fee, but if you transfer it to your account—Transurban's argument would be, "That \$20, that is our cost," but if you transfer it to your account they will say, "Oh, no, we only want \$2.40 from you now if you transfer it over." So would the argument be to their shareholders that they just willingly throw \$17-odd away each time someone does that, not a problem of their cost? The same in Queensland, when we were doing a lot of news about the issues, their story was that they lobbied the Government to incur the \$36 million loss every year that would result in aggregating the fees. So this listed entity actively lobbied the Government to lose \$36 million.

The Hon. DANIEL MOOKHEY: My time is close to expiry. The only question I have left is, listening to your evidence, it is akin to the practices of the banking industry, or at least I am getting a strong parallel to the banking industry when it was pursuing admin charges for the recovery of credit cards. Is it the same, is it different, and should we be looking to the reforms proposed by the financial royal commission as a guide for what we could recommend here for consumers?

Mr FRASER: Just on what Legal Aid, for example, have been saying—we have been saying this in Queensland—a really, really simple solution is just to say, "Send everyone a monthly notice", and they can charge one admin fee on the monthly notice. That is like all other utilities—which Transurban argued that they are like a utility anyway. Just a monthly notice, "Here are all of your tolls," and you can stick your admin fee on for your costs and we are all happy.

The Hon. DANIEL MOOKHEY: Ms Doran?

Ms DORAN: Certainly the general principle in banking and in civil law generally is that the charges should not amount to a penalty. So administrative charges around the collection of the debt should be a reflection of the actual cost incurred. Ten dollars seems very high to us when we look at what is happening in other areas. We do not know what that cost is and there is not a great deal of transparency about how that comes about. From a legislative point of view, from what I can tell, it is related to the arrangement with the RMS around the release of driver and car registration information. That seems to be where the cost is incurred and then passed on to the customer. We have not had any success really getting any more detail around the detail of those charges. But, certainly, I think there is a lot of scope for the Committee to look at ways that those charges can be minimised and the actual collection cost can be minimised to allow for these costs to be reduced and not borne by the tolling customer.

The CHAIR: I want to start with you, Mr Fraser and Ms Johnstone. After you said about looking up on the website the publicly available information, where you could search for a taxi plate starting from a randomly chosen number, my team looked up a few of those just to see if they could confirm what you were saying. Of the 10 taxi plates that they searched, they could only find two that had no administration fees and tolls due. But I notice just looking at the figures they provided, one person has \$12,600 outstanding and \$9,870 of that is in admin fees. So \$9,870 compared to \$2,740 in the actual tolls. In the research you have been doing, is that standard?

Mr FRASER: It is very common. I don't know how Transurban accrue those costs. Maybe if they are hand delivering them via helicopter ride, that is how you get to \$10,000. But I actually don't think I could incur \$10,000 in costs to ride a helicopter to someone's house to deliver them a letter. So it is insane.

The CHAIR: Can you clarify, I have a toll account and occasionally my e-tag will play up and I will get charged a 55c admin fee for them to have to link that trip to my toll account because they already have a register of who I am. But what is happening with these taxidriviers where they are accruing that much in admin fees? At what point does the \$10 get incurred?

Mr FRASER: We do not know exactly what is happening because we obviously did not speak to those taxidriviers because we do not know who they are. Before COVID we used to fly a lot and travel a lot for work and we would always ask everyone we speak to about toll roads, especially taxidriviers and truck drivers. What a lot of people will say, they will go, "Oh, that particular lane there, the reader that Transurban has plays up", or "It does not read properly every time", or "There are three points and I drive through and the middle one does not read but the first one and the third one reads fine." So it is like their technology is not reading right, but when the customer goes to Transurban they blame the customer. It is like gaslighting.

What was interesting is *9News* did a story on our work once and they actually contacted Transurban and said, "Do the tags play up?" Transurban told them, "Oh, in the city in Sydney there are a lot of radio frequencies going around and it can interfere with your readers." I will take this one step further. The company that makes one of the e-tags has actually sought to get a new patent, they are applying for a new patent to make a new kind of e-tag that sits outside of the windscreen because all the modern cars with metallicised windscreens have a tendency not to read properly. So they are actually trying to solve that problem. It is interesting how many things can go wrong on Transurban's end, but when you look at it the customer always pays and Transurban will only fix it if you ring them and say, "Hey, I think you overcharged me". Then they will probably give you your money back.

The CHAIR: In the case of the taxidriviers, we are talking about cars that are already installed with an e-tag, so presumably there is a connection between an e-tag and that particular numberplate in the Transurban system. What would they then be spending money on when it comes to the cost of issuing an admin notice?

Mr FRASER: Transurban will argue probably that the State did not give them the information to identify the driver, so they had no way of knowing. I am not sure if they have changed the wording but they used to call it an NAT, which is a No Account Transaction or Travel. So they treat you as an unknown entity. Let me tell you, what is a real concern about this is you can ring them and go, "Hi, my name is John, I have got this taxi. Do I owe any money?" Transurban will say, "You owe us \$400." So you go and you pay them \$400, but what they will not tell you—or what has happened in the past—is you have got this No Account Travel account sitting over here which has other money outstanding on it.

What Transurban can do, and we have had this happen, is they will just randomly look back through their records going back years and people who did not even know they had any toll debt will find out that they have got a \$30,000 bill and Transurban saying, "Pay up." Now, you cannot transfer them to your account and get the reduction in the admin fee because they are older than two years. So these people get stung with bills because Transurban said, "Oh, I just looked back six years. You actually owe me some money from four years ago. Pay up." It is a really disturbing scenario, and we have seen quite a few of those. Even statute-barred debts, we saw a period where they were chasing debt beyond six years, a very small amount, which is frowned upon in the courts.

The CHAIR: Ms Doran, you were talking there about—and you have made a recommendation in your submission—if they are charging \$10 for each notice they could, at the very least, save themselves some costs by putting all of those notices or all of those charges in one notice. Can you think of any reason why they do not do that? Have you ever been told that there is some obstacle to them doing that?

Ms DORAN: I am not sure we have ever asked that question directly to get the answer. It just seems to be a product of the interaction between the toll operator and RMS, so RMS holding the driver and registered vehicle information and then the toll operator—who has got the person who has the unpaid toll account. There is no incentive for efficiency in this system at the moment because the costs gets passed to the customer, RMS charges for the information to be released. So it is quite a different setting to other consumer settings where you have banks competing and needing to be transparent about some of those fees and a process to challenge them. That is not existing in this area.

The CHAIR: With the Toll Customer Ombudsman, I think I read in your submission that you have to sign up to be part of that. Is that correct, that the operators have to sign up?

Ms DORAN: Yes, it is a voluntary ombudsman scheme.

The CHAIR: Is Transurban part of that?

Ms DORAN: Part of that ombudsman? I might just have to check that. I do not believe so. I know that the State-run operators are, so E-Toll is, but that is not where we see a lot of our cases arising. We have not used the ombudsman really very much because they do not have any real jurisdiction to deal with disputes about the admin costs and to require hardship arrangements to be entered. It is not an avenue that we have used a great deal in our casework.

The CHAIR: I think one of the compelling parts of your submission was in relation to people who are suffering in domestic violence circumstances and, for example, have had their car taken away from them by their abusive partner, who is racking up debts, and then the person who is being abused is the one who then gets stuck with all of these debts.

Ms DORAN: Often.

The CHAIR: It takes a long time for them to even know that they have got the debts before they are stuck with them. In other circumstances with other types of utilities and other types of bills, is there a mechanism for that sort of situation to be addressed through a hardship provision?

Ms DORAN: Absolutely. We have seen a huge improvement across various industries over the last few years with the rising awareness around the impact of family and domestic violence. A lot of the major industries now not only have hardship policies but they have specific policies around family and domestic violence—telecommunications. The Consumer Protection Code now has family violence policies connected to that. The Australian Financial Complaints Authority [AFCA], which is the national body that deals with disputes in banking, insurance, superannuation, they have a very comprehensive approach. What we see in that space is a real commitment to ensuring that the work of the company in a big industry actually contributes to making it easier to escape circumstances of domestic violence and to ensure that people are not living with the ongoing consequences of that violent relationship in the form of debt. It is very common, for example, to see debts waived in those circumstances where they were not the ones who incurred it, they did not receive any benefit from the funds. We are seeing significant improvements across the board in that respect.

The CHAIR: So we need something similar here?

Ms DORAN: Yes. Transurban have a brief position statement on their website around domestic and family violence, and they have certainly really been stepping up in that space. But what we would like to see is something far more comprehensive and something that covers the industry, that it is not up to specific operators, and is transparent. So that a customer can go to the website and they can know how they will be dealt with when they contact an operator, know that they will be dealt with consistently, regardless of which road they travelled on, and have some assurance that they will be dealt with sensitively.

The CHAIR: Just coming off of that, is there a transparent policy as to when debt collectors will be sent in or when legal action will be taken?

Ms DORAN: Not that I am aware of. I can take that on notice and ask my team and do some investigating, if you like?

The CHAIR: Thank you, that would be very useful. I will come back to you, Mr Fraser and Ms Johnstone. Is it correct that Transurban is being sued. Is there a class action in Queensland? Can you tell us about that?

Mr FRASER: We did quite a bit of research and we put it out there about the admin fees. What happened was, we think a law firm looked into it off the back of that and launched a class action. So there are about, last we checked, 23,000 people that have signed up to the class action. I think there were figures thrown around that it might be like a \$300 million claim in Queensland for unfair administration fees. What has actually happened is that the State of Queensland and the Brisbane City Council have now been added as defendants and it is getting, we heard, a little bit messy. So, yes.

The CHAIR: You mentioned earlier that we did not have any understanding really of how much of Transurban's revenue comes from administration fees. Is that something that you would ordinarily expect to see in financial statements or disclosed somewhere? Is it something you have asked them for?

Mr FRASER: When we first started years ago they actually used to put that data in their financial statements. So what I did, I got on the news and started saying, "Look how much they are taking"—I can't remember what it was, but it was over \$100 million a year or so in admin fees—and saying how egregious it was. Then what happened was Maddison and I did a half episode on *A Current Affair* and Transurban in the subsequent

years moved that number into their toll revenue, so you could not see it anymore, and then told *A Current Affair* they did it in line with industry practice, which is quite funny.

Ms JOHNSTONE: Because they are industry.

Mr FRASER: Yes. That is what happened.

The CHAIR: [Inaudible] competitors.

Mr FRASER: Yes.

The CHAIR: Sorry.

Mr FRASER: What was I answering?

The CHAIR: Okay—

Mr FRASER: Oh, yes, sorry, just further to that, we actually went to an annual general meeting [AGM] a few years ago. We thought a really important question is—a lot of people say the fees come because the e-tag did not read properly. So we thought, "That is Transurban's key source of revenue. We should ask them at the AGM. We can ask the CEO, 'Do you have any data on how often the e-tag fails?'" It seems like a fair question to ask. We bought shares to ask questions at the meeting.

Ms JOHNSTONE: He said that they do have that data. We asked whether that would be made public in the interests of transparency, because it is obviously crucial that people know how much they are making off of their primary technology failing, and they said, "No, that would not be made public."

Mr FRASER: So our theory has been that they have always had a lot of failure rates. Recently—in this inquiry, actually—they put some of the numbers in there about how many video matching fees they are charging in New South Wales. I cannot remember but I think it might have been somewhere around 900,000—don't quote me on that, but it is in their submission. If you do not pay those first notices, it escalates and it escalates, and if you do not know that you have the debt, then it goes off into that side account. There are all of these things that can flow from there. And we must remember, a lot of people with money who are comfortable—they do not have to be wealthy—just pay them or do not even check their accounts. A lot of our friends go, "Oh, yes, I pay about five or six of those a year. I pay 150 bucks a year in admin fees. It is too much hassle." So how much is Transurban getting from their additional fees when their own technology fails is a question that we all deserve an answer to.

The CHAIR: I am sure we will ask them that. Thank you. I will go to the Government.

The Hon. WES FANG: Thank you all for appearing today. I really appreciate the effort that you have taken to not only put the submission in but also making time to talk to us today. Just on the issue that you are talking about, technology failing, I have noted that I have had a number of cars over a few years and I am a regional member, so I do a lot of driving from my regional base to Sydney, so I do use a lot of toll roads. I cannot think of a time where I have ever had a tag fail. I am just curious, what do you estimate the failure rate of an e-tag to be?

Ms JOHNSTONE: We have no idea. We are not sure. We simply do not have the data. But we would encourage everybody to go back and actually look through their statements because there is a little subtle 50c charge here and there for an e-tag failing. A lot of people do not realise. We actually talk to taxidriviers a lot and we say, "Check your accounts." They have told us, "Well, we have and we actually found 50c here and there and then you have to call up." Transurban will often refund it if you ask, but you actually have to know that it is happening in the first place.

UNIDENTIFIED: You are very lucky.

The Hon. WES FANG: The one time it has happened to me was when I had a new car and I put the e-tag on, but I put it in the wrong spot and I noticed that it had not beeped. I had a new European car and obviously they had these new laminated windscreens, like you were talking about, and there is a black hatch where you are supposed to put it. I had not put it there because I had not read the manual—who ever reads the manual?—and it did not beep. Now, what they—

The Hon. SHAYNE MALLARD: A helicopter pilot does not read the manual.

The Hon. WES FANG: I note the interjection of my colleague and I suspect that it was probably a sledge, so I am going to ignore it and move on. Now, what they did was, they obviously had my licence plate, and so they just billed my account anyway. So when you are talking about these large fees that taxis are accruing, is it primarily, do you think, because there are failed tags? I know some taxidriviers, they leave the tags down and they hold them up because they switch cars and the like. Is there a reason? Is it a technical failure or is it a failure

of the operator? That is what I am just trying to delve into because, from my personal experience, what you are putting forward is not what I have experienced.

Mr FRASER: One thing that we like to make clear is that we stay well clear of toll evaders or people who do not want to do the right thing. If they ring us up and ask us for help, we say, "You should do the right thing." So people do incur fees through their own inaction or putting the e-tag in the glove box or what have you and blame Transurban. In those cases we would tell people, "It is your fault, not Transurban's fault." Yes, there are instances where people bring it on themselves. We are not looking at that data as an interest; we are looking at where it fails. We know that Transurban have told news crews before that they do fail in certain areas. We have had a whistleblower that said there are certain lanes that will fail at certain times but Transurban's policy is if you ring up and ask they will give you your money back, otherwise they do not tell anyone.

The Hon. WES FANG: I noted in your opening statement that you talked about being able to provide consultation to governments; I think you mentioned all members of parties. I am a member of the Nats and obviously we are part of the Government. Then there is Labor and also The Greens. Is that across a State and Federal jurisdiction that you are able to provide that advice, so to all levels of government?

Mr FRASER: Yes, we have been involved with a lot of committees. We have a great deal of respect for John Williams, who has now gone—Wacka, we miss him. You lost a good guy there.

The Hon. WES FANG: We miss Wacka, yes.

Mr FRASER: Yes. It is really where the inquiry is. I know this sounds weird but we do not care about the politics; it is the issue. So if you were working on an issue, we would not care what your politics are. It is about helping people. If the issue is helping companies, we will help companies. It is not about picking a bad guy; it is just about a systemic problem, trying to find a solution that is fair and reasonable for all.

The Hon. WES FANG: Have you been able to provide any of this feedback, particularly on Transurban, to any members of the Federal Government or this State Government? And, if not us, have you provided any feedback to, say, members of the Opposition or even the crossbench, so either Labor or The Greens—and on this inquiry as well?

Mr FRASER: I am just struggling to hear you a bit. I think you are asking are we able to provide feedback?

The Hon. WES FANG: Or have you?

Mr FRASER: If you send us any questions on notice, yes.

The Hon. WES FANG: Have you provided feedback to the Federal Government or the State Government on these issues directly, through meetings and the like, or have you had the opportunity to provide that feedback to the Opposition or to the crossbench, so either to the Labor Party, State or Federal, or even, say, The Greens?

Mr FRASER: All the inquiries, we engage with the committees, yes. In Queensland we have engaged with all the parties in all the committees. With the Federal inquiries, the State inquiries, we try to get as involved with the committees as possible, just like other stakeholders, yes—anyone who will talk to us.

The Hon. WES FANG: So have you had engagement with members of this Committee on this inquiry before today?

Mr FRASER: Yes. Well, we have actually also been involved in other inquiries to do with certain members of this Committee, so yes.

The Hon. WES FANG: Obviously through your submission I looked up your group and I note that you have a number of consumer advocacy areas, not only toll roads. Do you want to tell me a little bit more about that as well?

Ms JOHNSTONE: Yes. We call ourselves grassroots advocates because we try to be funded from the ground up. So we are not union backed, we are not government or party backed; we are just out here trying to do our thing. Michael helped expose 7-Eleven and that led to \$170 million go back to the workers. Then we met and we did Domino's Pizza, Retail Food Group, Mortgage Choice—some of these really big, ASX-listed franchise groups—because there were systemic issues in the franchise sector and we really wanted an inquiry to help bring about legislative change, which has now come into play. Then we have done toll roads, which has been a constant theme over the last six or seven years, and now we are going into the cosmetic surgery industry as well.

The Hon. WES FANG: I read part of your bios and you are an ex-journalist, so it is quite investigative and also it involves a lot of whistleblowers coming to you and providing information. Is that how you gather the data?

Ms JOHNSTONE: We try to deal more with publicly available information because it is easier for us to research based on that. When we do start to launch more into it, when we are at that point when we are ready to go public we will put it out there and sometimes we do get whistleblower information, whistleblowers contacting us about various issues that they are seeing. We also class franchisees as whistleblowers as well because they have a lot to lose and they risk a lot, even though they are not actually legally labelled a "whistleblower".

Mr FRASER: With Transurban we have always tried to rely on what the government data is and what Transurban data is. We source it, you can see it, you can read it yourself. We do not really care if anyone trusts our opinion; it is the data that we are submitting to the Committee, who are much wiser than us, to be able to assess the information and make decisions, including throwing it in the bin.

The Hon. WES FANG: It is pretty clever to have bought shares to be able to go to the shareholder meeting and ask questions. I really take my hat off to you on that one.

Mr FRASER: It was protocol. That is what is required. We just did it because that was the protocol.

The Hon. WES FANG: This is a full-time job, effectively. By the time you look at issues with tolling and franchisees and the like, this is full-time. It is a company. It is a proprietary limited company. Is that correct?

Ms JOHNSTONE: It is more than a full-time job. It is exhausting.

The Hon. WES FANG: It is a lifestyle is what you are saying.

Ms JOHNSTONE: Yes.

The Hon. WES FANG: How do you fund it? Is it through donations? You said it was grassroots funded. Is that how this is—

Ms JOHNSTONE: We are not a membership-based organisation. At the start we really tried to work out how to fund ourselves, because it is very difficult. The people that we are helping are often financially distressed themselves, so it is hard to ask for money to help them. In terms of the tolls, we got to a point where it was just taking up so much of our time that we ended up asking for a percentage of the debt that we help wipe. That ends up helping us to fund ourselves, fund our research, but we also take on these other matters outside of tolls as well. Some people really appreciate the help that we give, and they will pay us some money to help keep us going, because they know that it is really hard to—they are often in a position to pay us but a lot of people are not, and their payment helps keep us going. We also have separate entities as well, and that helps keep us afloat as individuals.

Mr FRASER: Research.

The Hon. WES FANG: Whether it be research or entrepreneurship, I think it is a wonderful trait to have. With the organisation, is it just the two of you? Do you carry all this load, just the two of you?

Ms JOHNSTONE: Because we are the wage theft people, we have to be really careful about hiring people. We need to be in a position to actually be able to pay people. So it is just the two of us, yes.

Mr FRASER: We work seven days a week, to the a.m. every day. It is full-on. You will see soon we have been busy with some other projects that will be interesting to hear about.

The Hon. WES FANG: I noted you mentioned the cosmetic surgery. I probably will not be looking too much at your work because I am not great with gore. I just wanted to finally move on to the reason that we are here, which is that we are looking at the tolling aspects of—your submission is predominantly around Transurban. Getting a reading of the language that you use you really, I have got to say, dislike Transurban. Is your approach partly just a negativity that you have towards Transurban or is it that your experience of the company is less than what you would hope that they would be for an Australian corporate? Because I must say your submission was very—"pointed" is the word that I will use.

Mr FRASER: Firstly I would say that we have had quite a few people from politics and media come to us, concerned about Transurban backgrounding them about us, and we are a bunch of nobodies so I do not know why senior management would make that time. And they always say, "Transurban really hate you." But we actually do not hate Transurban. We are concerned about the conduct. Like I said, if someone does not pay Transurban, deliberately does the wrong thing, we will lean towards Transurban, regardless of our personal feelings about anyone in the organisation. This is about doing the right thing. Transurban are in place. They are going to be around for a long time. All we are saying is: If you are going to do it, let's do it right.

If we find something—sometimes organisations do not realise what their problems are until you point them out, and they may not like having them pointed out. If it changes and it helps people, that is good. And a lot of change has come with Transurban. They won't give us any pats on the back for it, but we did a lot of media, and then slowly, slowly, slowly they changed things over time. And we have said certain things with Transurban have improved. That is what we are wanting. We just want the continued improvement. The next step is to learn how much extra fees are the motorists in New South Wales and around Australia paying to Transurban and is there a better way that it can be done so people are not having this burden—and probably at some point knocking on your door, wasting the time of your office, going on about their individual toll matter?

The Hon. WES FANG: Let's hope not because I am way too busy. In the little time we have left, I know my colleague Shayne Mallard wanted to ask a question. Thank you very much for your time.

Mr FRASER: Thank you.

The CHAIR: It will have to be very quick. Go ahead.

The Hon. SHAYNE MALLARD: Thank you for that. Thank you for your evidence. Ms Doran from Legal Aid, in the context of the debts, the complex issues around the bad debts that people have accrued on their toll tags, they obviously would have a lot of other issues. You talked about domestic violence, mental health issues, unemployment, other debts, gambling problems. It is that sort of—

Ms DORAN: The people that we see and the people that we help, we are targeting the people who are the most vulnerable and the most disadvantaged who need lawyers to help them resolve these problems. That is certainly the experience of our case work. But, as I mentioned earlier in the opening, we are seeing a really small portion of the people who are having these difficulties. We know that financial hardship is something that a lot of people—

The Hon. SHAYNE MALLARD: But the debt on the e-tag or the tag, that is just a component of the problems. I have got experience in my family of these issues. They would probably have a serious mobile phone debt, I would imagine, or phone issues too, telecommunication issues.

Ms DORAN: It may or may not, yes.

The Hon. SHAYNE MALLARD: Okay. If anything can come out of this inquiry, I think my eyes have been opened around this issue of the debt factor for some people. I think it is not just Transurban being picked on here. It is about the issue that it is another form of credit, just like telephones are and so forth, and that area should be brought in to the same sort of regulatory regime of debt management and consumer rights.

Ms DORAN: Personal [disorder].

The Hon. SHAYNE MALLARD: Yes. Thank you for bringing it to our attention. I really appreciate that. Thank you, Madam Chair.

The CHAIR: Thank you. Unfortunately we are out of time. I would like to thank both of your organisations for the amazing work that you do and for coming today to answer our questions. To the extent that there were questions taken on notice, you will have 21 days to return your answers, but the Committee secretariat will be in touch in relation to questions taken on notice as well as supplementary questions that may be forwarded to you. Thank you very much for your time. The Committee will now have a break. We will be back at 1.30 p.m.

(The witnesses withdrew.)

(Luncheon adjournment)

WARREN CLARK, Chief Executive Officer, National Road Transport Association (NatRoad), sworn and examined

RACHEL SMITH, Director - Policy and Advocacy, Australian Logistics Council, affirmed and examined

KERRY CORKE, Policy Adviser, Australian Logistics Council, affirmed and examined

ALLAN THORNLEY, Managing Director, Shaw's Darwin Transport, NatRoad Member Organisation, affirmed and examined

The CHAIR: Welcome back to the hearing. I am going to welcome our next witnesses. Do we have Mr Thornley with us?

Mr THORNLEY: [Inaudible].

The CHAIR: Is Mr Thornley there? Not yet. I suggest we get started, unless Mr Thornley was the one who was going to give an opening statement. If another witness is giving the opening statement, we can get started and we will swear in Mr Thornley when he is able to be heard.

Mr CLARK: No, Mr Thornley was not going to do the opening statement.

The CHAIR: In that case, can I invite you to make a short opening statement. Try and keep it to two or three minutes. Thank you.

Mr CLARK: Thank you, Madam Chair, for the invitation to appear before the Committee. I hope I am joined by Allan Thornley from Shaw's Darwin Transport, who operate out of Wetherill Park in western Sydney. NatRoad is Australia's largest national road freight transport association. We are made up of owner-drivers through to large fleet operators across all freight tasks. Our members are deeply concerned about the impact that New South Wales' toll regime is having on the viability of our industry. By way of background, our industry is extremely competitive, with a large number of operators experiencing poor profitability. The sector is being severely impacted by increased regulation, compliance, testing and operation costs during the pandemic, yet has kept New South Wales running and made sure supermarkets' and pharmacies' shelves have remained stocked with the essential needs.

The average net profit margin for most of my members has fallen to about 2½ per cent, putting extreme pressure on people trying to feed their families and modernise their equipment. Tolls are, as a rule, the shortest point between A and B. They generally save time. That is good for customer productivity and emissions. They take heavy vehicles off suburban streets and they make life quieter for the residents. They also improve safety for all road users. Truck tolls are generally three times greater than those for cars and up to about 11 times more for registration charges. Annual toll bills up to \$100,000 are not unknown in Sydney. I have members who refuse point-blank to use tollways, simply because they cannot afford to do so.

Mr Thornley's own company, Shaw's, is in a ridiculous situation, where it costs him more in tolls for a four-hour round journey from Sydney's western suburbs to the northern beaches than he pays his driver in wages. Tolls are one cost which our members have absolutely no control over. On WestConnex, for example, they increase by 4 per cent or consumer price index [CPI]—whichever is the highest, basically. We believe this increase has no relation to the actual cost of road repair and upkeep, as the details are confidential. At most, the increase should be CPI. The fact is that truck operators already pay more than car drivers for road maintenance through registration charges and fuel tolls. These toll increases—

Mr THORNLEY: Should be able to hear me.

Mr CLARK: These toll increases come around like clockwork, without operators showing any evidence [disorder] efficiency and improvements have been delivered. If you work in northern Sydney, the cost burden is impossible to avoid. The New South Wales Government forces heavy vehicles to use the NorthConnex tunnel, at a cost of \$24.59 each way. If they do not, the drivers face a \$194 fine. NatRoad fears that the State Government will mandate a similar situation with its review of the operations of the M8, in southern Sydney. Madam Chair, most truck operators are unable to pass toll costs on to large customers due to the contractual conditions that hold them responsible for these charges and even for unavoidable delays. If you are a small courier undertaking scores of jobs in a day, it is just too complex to deliver toll costs across individual customers.

At this point I want to point out the lack of competition in private toll operators. Transurban just paid \$11.1 billion for the purchase of the State Government's remaining stake in WestConnex. That brought its national portfolio of toll roads to 22. With the exception of the Harbour Bridge, every Sydney toll road is run by a private company and all but two of these are operated by Transurban. On 20 September Transurban CEO Scott Charlton was quoted in the Fin Review as saying his company was powerless to change its New South Wales tolls or their

annual rate of increase. Mr Charlton also said that the Government sets both, so they are effectively not his problem. Madam Chair, even if this was true, nothing stops Transurban and the Government giving rebates or multiple-user discounts to truck operators to encourage them to use these roads.

Better results are delivered with a carrot as opposed to a stick. The Financial Review also reports that Transurban made an 80 per cent return on its investment in WestConnex in the last year alone. This tells me that Transurban can afford to give its truck industry customers a break. I should also like to point out that Transurban in its own submission, on page 27, puts forward a case, "Case study 1", which tried to make out that there was a cost benefit of a mythical truck company that used M5 South-West and East motorways. I am going to leave Mr Thornley to provide a real-life response to this myth. When I have concluded, if you wish him to do so, Madam Chair, he is available to do it.

NatRoad believes that the solution to the current inequitable regime is twofold: Introduce a variable toll rate that incentivises off-peak journeys or gives discounts for multiple journeys, and create an independent regulator to oversee and manage fair and transparent tolling prices. Variable truck toll rates for off-peak journeys or discounts for multiple journeys are a very practical way of keeping trucks off suburban streets. They also have the ability to improve environmental outcomes, reducing congestion and making all our roads safer. We believe an independent tolling authority with the power to agree consistent pricing rules with the State Government and apply them to each toll road would make life fairer to truck drivers and motorists alike. It would have the power to examine commercial-in-confidence contracts for fairness, and tolling companies would only be able to apply higher charges for better quality tollways if they can show they were delivering improvements. Madam Chair, thank you for hearing me. Mr Thornley and I are happy to take questions, assuming we can hear Mr Thornley. We are finished with our opening speech.

The CHAIR: Thank you. I believe we can hear Mr Thornley now. Mr Thornley, can you hear us?

Mr CLARK: No, he cannot hear you.

The CHAIR: Mr Thornley, we could hear you earlier. Are you able to hear us? No?

Mr THORNLEY: [Inaudible].

The CHAIR: No? We will have to move on. When he comes back, we can swear him in and we can ask for his contribution then. In the meantime I will go to questions from the Opposition.

The Hon. DANIEL MOOKHEY: Sorry, Chair. Did the Australian Logistics Council [ALC] intend to make an opening statement?

The CHAIR: Oh, my goodness! I am so sorry. Thank you.

Ms SMITH: Madam Chair, we do have a short opening statement.

The CHAIR: Apologies. Please go ahead, Ms Smith.

Ms SMITH: That is all right. Thank you very much, Madam Chair, for the opportunity to present to the Committee in relation to the inquiry into the road tolling regimes. The Australian Logistics Council is the peak national body representing major companies participating in the freight and logistics industry. Its policy focus is on delivering enhanced supply chain efficiency and safety. Since the publication of our submission, Transurban has purchased the remaining part of WestConnex it does not already own. As we said in our submission, the previous Legislative Council committee looking into road tolling in New South Wales in 2017 found that the pricing mechanism for a particular road is embedded in the commercial documentation between government and concession holder. It is a matter for government as to whether this form of funding road infrastructure is continued in the future. ALC has no opinion on this matter.

However, ALC has two comments to make in relation to the current road pricing mechanisms. It is well known there is a large vehicle multiplier by which heavy vehicles accessing the New South Wales toll road network pay between two to three times the car toll to access the road infrastructure. The toll is justified because of the perceived greater value road operators derive from time savings and reliability gains provided by using the toll road. We also note that the Transurban submission suggests that the wear and tear to road infrastructure caused by one articulated truck has been estimated to equal that of 6,000 cars.

Without disputing these assumptions, there is no evidence the automatic application of a three-times uplift accurately captures the costs and benefits discussed above. We also note that the Government also has policies designed to reduce congestion around key points of the city, such as around Port Botany. It is unknown as to how much these policies are taken into account when developing the road pricing principles used by government. It is for these reasons that the ALC proposes that the Independent Pricing and Regulatory Tribunal

[IPART] conducts an inquiry that fully reviews road pricing principles that are used in determining the manner by which toll road pricing is determined. Thank you.

The CHAIR: Thank you very much. I will just check with Mr Thornley. Mr Thornley, can I check if you can hear us? Can you hear us?

Mr THORNLEY: Yes.

The CHAIR: Excellent. I think we solved it. Thank you.

Mr CLARK: He cannot hear you. Is it possible for him to call in?

The CHAIR: Yes, that is fine. Perhaps I will ask the secretariat to deal with that then. In the meantime I will now go to questions from the Opposition.

The Hon. JOHN GRAHAM: Thank you, Chair. Thank you both for your submissions, including your recognition of the potential role that IPART might play. I might go to that question, though, about getting trucks and traffic into these tunnels. The evidence we heard this morning is that is not happening—in fact, freight company Toll directing its drivers not to and individual truck drivers feeling under financial pressure to avoid the tolls and stay on suburban streets. Mr Clark first, but then I might go to you, Ms Smith. As you said, the promise was that these roads would take trucks and traffic off our streets. That does not seem to be happening. What do you think has gone wrong here? Do you think the sort of solutions you proposed, and you referred to them in your opening statement, might help turn that round?

Mr CLARK: I think when it gets down to an industry that has got a profit margin of 2½ per cent, for whatever reason that may be, if there is no real cost incentive, bar someone waving a stick, then industry and drivers are going to take every opportunity to avoid the tollways. The simple way is that a tollway should be used—and we want them to use it. That is not the point. It is just they need to be cost-effective. When you have got no productivity gain—and if we can ever get Mr Thornley on the phone, he can tell us about his productivity experiences on using the toll. But, simply, if you want people to use the tolls, you need to make it cost-effective and we believe that our options about multi-trip discounts and we believe that if you have different times when the tolls are cheaper then that would be the type of thing that drives these people to the toll road.

The Hon. JOHN GRAHAM: But at the moment, as it stands, somewhere between the three-times multiplier for heavy vehicles and the 4 per cent increase a year and the rate of the charge, we have got the price wrong for these companies on very thin margins and they are just not using these incredible tunnels. Is that a fair summary of where we are?

Mr CLARK: That is 100 per cent correct.

The Hon. JOHN GRAHAM: Ms Smith, I might go to you at that point and just see if you did have a view about this question. We were promised trucks and traffic off suburban streets. The opposite is happening. Do you have a view about what can be done?

Ms SMITH: I might actually pass over to Mr Kerry Corke, my policy consultant, because he has been working in this space for many, many years.

Mr CORKE: Yes, that is right. Thank you. Everything is predicated on presumptions such as those that were published by KPMG, which is contained in the Transurban submission made to the Committee, where they suggest that there is \$11.8 billion worth of benefits through travel time savings, reliability gains and reduced operating costs. Whether or not the presumptions used by KPMG are accurate and reflected in the field is a question of fact. There is an amplitude of evidence that in many circumstances particularly the smaller operators do not seem to derive that advantage because of the high unit cost and the 4 per cent ratchet mentioned by Mr Mookhey. It is simply a matter of supply and demand and operation of the market as to whether or not there has been a pricing fallacy which has led to all the benefits of reduction in congestion and everything else being met—and, of course, savings to operators. But it is effectively a market function. That is the difficulty you have when you have a circumstance where the pricing mechanism is embedded in the contract that was negotiated eons ago and just gets automatically rolled over for the life of the agreement.

The Hon. JOHN GRAHAM: So, Mr Corke, if we are able to tilt that pricing mechanism in some way, is this problem fixable? Will the toll road tunnels that we have invested billions of dollars in in Sydney—is it possible to actually get freight traffic moving through them in a way that works for the industry?

Mr CORKE: The sixty-four dollar question is the price that is struck. I do not know what price would be struck. I therefore cannot foresee whether or not the concessionaire and the Government will agree to an amount that will satisfy the market. But it is fairly clear that the road pricing principles upon which everything is predicated

certainly need some form of IPART review to ensure that those sorts of relevant considerations are taken into account when formulating the formula for road access use [disorder].

The Hon. JOHN GRAHAM: I might just hand to my colleague at that point.

The CHAIR: Mr Graham, I will just interrupt to welcome and swear in Mr Thornley. Mr Thornley, can you hear us now?

Mr THORNLEY: Yes, I can. Sorry about the problems.

The CHAIR: No worries, technology has let us all down.

(Mr Allan Thornley sworn in)

The Hon. DANIEL MOOKHEY: Can I direct this question to Mr Clark at first instance. Mr Clark, when you described the trucking industry as highly competitive, you were gilding the lily, weren't you? It is a cutthroat industry, is it not?

Mr CLARK: There is a fine line between "cutthroat" and "competitive", but the way that our industry survives and the way that it works is that we have very, very large players and we have very, very small players and they all compete in the same market. To survive in this industry, some have got advantages, some have got disadvantages, but the one thing that they have to be is competitive. We have had hundreds of years of an industry that has to adapt and has to make things work. So being competitive is the only way these guys can stay in business.

The Hon. DANIEL MOOKHEY: Sure, and it is a credit to the trucking industry that it has remained that way, given the conditions that apply. Do you agree with this general proposition that the trucking industry are price takers who have limited capacity to negotiate to recover costs like tolls from their clients?

Mr CLARK: I 100 per cent agree with that. Roughly 60 to 70 per cent of the freight task in this country gets carted by operators with probably three trucks and less. Do you really think that they have the ability to negotiate a hard contract with Coles and Woolworths? I think the negotiation side is going to be on the larger customer there.

The Hon. DANIEL MOOKHEY: Indeed. I might now go to Mr Thornley on that. It is good that you can join us. How many trucks does your business operate?

Mr THORNLEY: We have got a fleet of 50 prime movers and 150 trailers running primarily long haul across the country. We do not do too much eastern seaboard work. It is all long haul to Perth and Darwin.

The Hon. DANIEL MOOKHEY: Do you predominantly service the retail industry?

Mr THORNLEY: No. We are general people. We cart anything for anybody. It ranges from consumer goods to industrial machines and plant and equipment.

The Hon. DANIEL MOOKHEY: How much is your company paying in tolls each year for the 50 prime movers?

Mr THORNLEY: We have got some local rigid vehicles as well that run around Sydney and Brisbane that attract most of the tolls. The last toll bill for one month was \$26,000.

The Hon. DANIEL MOOKHEY: For one month.

Mr THORNLEY: For one month. That is split between Sydney and Brisbane. So if you are generous and say 50 per cent Sydney and 50 per cent Brisbane, that is still \$13,000 in one month, which is about \$150,000-odd a year.

The Hon. DANIEL MOOKHEY: That is a lot of money. As a percentage of your costs is it rising or falling?

Mr THORNLEY: Rising. If you go back five or six years, it was about \$10,000, a few years before that it was \$5,000—a month. Now it is \$26,000 and rising continuously. The automatic indexation of toll fees at higher than the rate of inflation is a significant challenge. It is very hard to get price increases in this market. Every time you seek a price increase, your customer goes out and requotes, and there is somebody that will undercut your price every time.

The Hon. DANIEL MOOKHEY: Chair, I have two more questions. In terms of the time I understand that we did lose a bit of time to swear Mr Thornley in, so I am just going to ask them unless you tell me otherwise.

Mr THORNLEY: Sorry. I did not understand that question.

The Hon. DANIEL MOOKHEY: Sorry. That was to the Chair. I was just saying to the Chair that I understand the interruption that was required just to swear you in means I think the Opposition might have one more minute left—if that is okay with you, Chair? Thank you. Mr Thornley, of the \$150,000 that you pay each year, how much have you recovered from your clients? How much have you passed on?

Mr THORNLEY: Very, very little. There is no formal mechanism for recovering that from clients. The best we can do is apply a surcharge to individual single-job quotes, but for contract arrangements the very best we can do is a general price increase, which is an aggregate of CPI-related costs. There is no specific opportunity.

The Hon. DANIEL MOOKHEY: I will turn quickly now to the ALC, who represents clients. I know from my own experience of your organisation that you have Woolworths as your corporate member and I think Coles is one of your associate members, who are the biggest purchasers of truck movements in the country between the two of them. Can I ask the ALC do your members reimburse trucking operators for toll costs incurred? If not, what assistance do your members, particularly on the client end or the consigners of freight, provide to the providers of freight services when it comes to tolls?

Ms SMITH: As has been stated previously, the industry as a whole is highly competitive and it is lean margins up and down the supply chain. ALC is a policy association. We do not actually get involved in operations of our members so I would not be able to confidently say what mechanisms are in place to recover those costs.

The Hon. DANIEL MOOKHEY: Are you aware of any?

Ms SMITH: Like I said, I would not be able to say with confidence so I would rather not respond.

The Hon. DANIEL MOOKHEY: Chair, I think my time might have expired.

The CHAIR: Thank you, Mr Mookhey. I will start with a question to you, Ms Smith, if I can. We have seen with NorthConnex the Government saying, "You cannot use Pennant Hills Road anymore. You need to use this toll road and pay that toll." What would happen if that was made the case with pretty much every toll so that there was no choice but to use the tolls? What do you think the impact would be on freight and logistics more generally?

Ms SMITH: Mr Thornley has spoken to the rising toll costs that his business is personally experiencing. At some point there would be a tipping point, I would assume, for those operators to pass those costs on down the supply chain. Ultimately the person that pays for those costs in the long term is actually the consumer, so your everyday mum-and-dad family, because there is actually no fat left within the supply chain to absorb those costs.

The CHAIR: I think it has been commented a few times about the sort of mega profits that Transurban is making. By building these toll roads, by not providing relief to truck drivers and freight carriers, the end result is that we are effectively lining the pocket of Transurban at the expense of mum-and-dad consumers. Is that the potential end result?

Ms SMITH: That is the potential end result.

The CHAIR: Can we look at the very blunt way in which a distinction is made between cars and trucks generally. Is that the case in other jurisdictions, where you have this sort of class A, class B vehicle concept without any real sort of gradation between the different types of trucks by weight?

Ms SMITH: I will pass to Mr Kerry Corke for this one.

Mr CORKE: There are two answers to that, Chair. First of all the answer is, yes, in other jurisdictions it does exist. But going back to the prior question that was put by you, the other thing to bear in mind, of course, is that, whilst in one sense there is the advantage the concessionaire has in negotiating the contract they have, by the same token at least it is a mechanism that allows for the construction of tollways. To the extent that tollways do offer in some circumstances advantages to people in particular environments and if you did not have these arrangements these toll roads may very well not be funded because of the finite amount of money that the budget has to invest in roads and schools and hospitals and everything else is a countervailing consideration. The issue, though, that industry has in particular are things like the automatic three-times uplift, where it is perceived that the heavy vehicle industry is being used as an additional profit margin to the concessionaire. That is the area of a particular dispute.

The CHAIR: Thank you. Could I ask what your views are in terms of whether or not in New South Wales we should be putting more freight on rail?

Ms SMITH: ALC is of the view that there needs to be mode share within the freight and supply chain sector. So, yes, we have a view and are supportive of moving a proportion of road freight onto rail.

Mr CORKE: That is correct. If I can follow on, as is probably well known, in the New South Wales ports plan there was an endeavour to have 28 per cent of freight export Botany on rail by 2021. That of course is this year, and that target has been not met. Our members who service the port have made the observation that there is a high desirability to ensure that policies are in place by the Government so as to enable that target to be actually met.

The CHAIR: Do you think there is a difference between a public toll road and a private toll road in terms of the ability for government to set policy in a way that suits the broader social purpose? Let me take a step back. We are in the after-lunch session. If we are looking at what is the most efficient mode of logistics or the most efficient mode of distributing freight across our State, do you think that the presence of a privatised toll road could distort or influence negatively on the Government's ability to be able to direct that policy effectively? Sorry. That is a very clumsy expression, but I hope you can make out [disorder].

Mr CORKE: Chair, I think what you are driving at is it is important to identify what mechanism is used to determine the overall price that is charged for the extra access to the road infrastructure. I think what is being submitted is that it is probably not the best way, to set and forget the pricing mechanism, when one originally strikes the concession over a multi-year period. But that is something for governments to consider. The alternative is, if it was only the Government itself funding it, it would necessarily mean, probably, impact on the budget. Then of course you have got all those other issues of dealing with ensuring there is adequate public housing, adequate policing, adequate schools and so on and so forth. So it is a trade-off. If you really want this form of infrastructure, it may very well be that you will need some form of capacity to have a concessionaire there to build, own, operate and transfer. But the issue really is the pricing mechanism and perhaps, as we have indicated, a formal IPART review as to how this is done moving forward is probably the optimal way to move forward.

The CHAIR: Thank you. Perhaps I could ask you, Mr Clark, do you think that the New South Wales Government has given too much power over to toll road operators in a way that now limits it from making the best decisions when it comes to things like how we should distribute freight?

Mr CLARK: Complex question, but simply there is a position for companies like Transurban, the problem being that they answer to a shareholder. That shareholder then has an option to choose whatever company they invest in, but the people who are using these tollways are the mum-and-dad businesses of this country, that are the backbone of it, that do not have an option. So when the Government tries to build infrastructure—and I am not an expert on this—obviously they are using these private companies to get it through. The problem with it is the pricing of it and the way they go about pricing. Also, there is no independent review on the pricing. So who is the best negotiator? That is probably going to be pretty easy to answer. But going forward we just cannot have things increasing by 4 per cent when you have got a profit margin in the whole industry of 2½ per cent.

The CHAIR: So it would be fair to say then that we could have privatised toll roads but we need it to be matched with some pretty strong regulation to keep that power in check, so in relation to pricing, in relation to fairness, waiving fees et cetera. Do we just not have the right regulations in place?

Mr CLARK: That is probably a pretty accurate summary of it. If the pricing was fair and if the timings were reduced—the quickest time from A to B—then the productivity gain for transport would see trucks going onto that at a realistic cost and getting the trucks off the suburban streets. So a better result for everyone, really. We just need to work out how you would actually then regulate these prices. I think both of us have come up with the same conclusion that it needs a really good independent look at how the prices are being set and how the contracts are being set.

The CHAIR: Thank you. I will turn to the Government for questions.

The Hon. SCOTT FARLOW: Thank you, Madam Chair. Mr Clark, I want to go to the suggestion you raised regarding time-of-day tolling. At least to my knowledge in New South Wales, the only time-of-day tolling exists on the Harbour Bridge and the Sydney Harbour Tunnel at the moment. Is that seeing any truck drivers and logistics companies taking advantage of that time-of-day tolling at all to change distribution?

Mr CLARK: I think it definitely would. There is no doubt about it. But you have got to look at where your freight task is moving from. Most of your freight task, as Mr Thornley will attest to, is probably not that particular route. If you have got freight task that is coming in from western Sydney or out from the ports, et cetera, then there is no incentive there for them to use it at 3.00 a.m. when there is less traffic and less noise, et cetera. It would to a certain degree, but if you want to see some real gains, put it across your network and guys will be moving things at 2.00 a.m. when people are not around.

The Hon. SCOTT FARLOW: How does that work then in regard to the other costs you have as part of the business as well, like, I imagine, penalty rates and the like? By way of disclosure, my father has worked as a truck driver in the past and still works in the logistics industry. We used to do the milk runs up to Newcastle, so

I am certainly aware of the shift working nature of the market. But when it comes to some of the other on-costs, would tolls feature so significantly that people would change that behaviour?

Mr CLARK: That is probably a better question for Allan Thornley. Allan is living and breathing it. Allan, do you want to answer that one?

Mr THORNLEY: Yes, I can do. Certainly off-peak tolls would encourage a shift. During the COVID shutdown where access hours have been relaxed by some local councils, it has certainly aided the industry in getting things moving in a more efficient manner. It is one of my bugbears that the standard hours of work embodied in awards really do restrict the efficiency and productivity of the nation as a whole. If we were not bound by these standard hours of work, the need to build roads and infrastructure to cope with morning and afternoon peaks would disappear because people could work 24/7, as they are doing in this work-from-home environment during COVID. People are working much more flexible hours. If we can have access to be much more flexible, then your productivity and efficiency would improve. Reducing tolls for off-peak would help share the load on the motorways more evenly, so that you get rid of the congested peaks during the daytime and allow more things to happen at night. Certainly the exorbitant costs of tolls at the moment really would encourage people to chase a cheaper out-of-hours option.

The Hon. SCOTT FARLOW: Just turning across to the Logistics Council, Mr Corke, you are probably qualified to discuss this. Please feel free to jump in as well, Mr Clark. I refer to the three times multiplier and to the costs. I think it was mentioned earlier on, Ms Smith, that you do not necessarily quibble with the assumptions for the costs imposed of heavier vehicles, but do you have any projections yourselves as to what you think that multiplier should be, rather than that three times multiplier?

Mr CORKE: Mr Farlow, as we indicated in our submission, there is for better or for worse a formula that is used for the purposes of striking the general road user charge for heavy vehicles. It has the horrible acronym of PAYGO. I do not know if it would be a proper use of time to go through how PAYGO operates, although it is mentioned in our submission. The point of the matter is that with PAYGO and the way it is currently structured is that at least there is an identified percentage—costs are reported and a particular percentage of those costs for, say, maintenance is attributed to heavy vehicles. That is done as far as is practicable in a manner which genuinely reflects the costs that are incurred as a result of the fact that heavy vehicles are heavier and they do damage the tarmac a little bit more than other vehicles.

The point that we make—to determine a mere automatic three times uplift because it is a national standard—has, in our view, the disadvantage that we just do not know that that rather lazy application necessarily captures much more than the additional costs incurred by the concession holder to allow heavy vehicle access onto the tollway. So that is an important point there. We can safely assume that if it is [inaudible] they might not recover enough. But I suspect that Transurban know precisely how to price the maintenance of roads. All we are looking at when we are talking about a review of road pricing is some sort of assurance that, to the extent that heavy vehicles are charged a greater tariff than lighter vehicles, that additional tariff is no more than is necessary to ensure the genuine maintenance of the tollway so that the infrastructure can continue to operate in an efficient way.

The Hon. SCOTT FARLOW: Thank you. Are there any other views on that, Mr Clark or Ms Smith?

Mr CLARK: The only thing I would like to add there basically is that I think we have sort of indicated that the heavy vehicle gets slugged for everything because it is an easy target. We are already paying 11 times more in registration and fuel excise. Where does it stop? To be really blunt, three times is not a good indication at all, honestly. There are studies out there saying it is and there are studies out there saying it is not. You have got a 4½-tonne sprinter van and you have got a B-double. The high performance and high productivity vehicles—the game has changed so much that the calculations are basically outdated.

The Hon. SCOTT FARLOW: Ms Smith, were you going to add anything?

Ms SMITH: I was just going to build on everyone's comments so far. With the B-doubles and those high-performance vehicles, we are also seeing that with the uptake of electric vehicles and hydrogen powered vehicles there needs to be consistency in the pricing mechanism that is applied to heavy vehicles across the board. We are not seeing that at the moment. I also wanted to build on Mr Thornley's comments around how there have been regulations that have been relaxed off the back of COVID that have enabled, I guess, 24/7 operability of businesses and to take advantage of those shorter periods and off-peak periods. That is something that ALC actually strongly advocates for—that those regulations remain relaxed because it does enable the optimisation of the industry. Just building on the comment.

The Hon. SCOTT FARLOW: Thank you, Ms Smith. Just turning to some of that discussion you have had about the externalities as well—I suspect the Logistics Council may have some information on this—when it

comes to things such as emissions reduction and the use of toll roads and direct transportation rather than the stop-start transportation that would occur on main arterial roads, do you have any information about that or is that something that you track at all with your members?

Ms SMITH: It is not something that we specifically track, but we have just actually done some pretty extensive research into the relaxation of curfews during COVID and their implications for the community, such as productivity uplift and potential economic uplift as well. It is quite supportive of the use of roads in off-peak periods to reduce congestion, and then you have got less trucks idling and all of those other environmental uplift as well.

The CHAIR: Thank you. Unfortunately, that is all we have time for today. To the extent that there has been any questions taken on notice or there are any supplementary questions, the Committee secretariat will be in touch. Thank you very much for your submissions and your informed answers. We will have a break until 14:30 and then we will have our last session of witnesses.

(The witnesses withdrew.)

(Short adjournment)

SIMON O'HARA, Chief Executive Officer, Road Freight NSW, sworn and examined

The CHAIR: I welcome our next witness to the hearing. Did you have an opening statement that you would like to give to us?

Mr O'HARA: I do.

The CHAIR: There seems to be some playback happening. Can I just check where that is coming from?

The Hon. SHAYNE MALLARD: Someone has the delayed broadcast playing. If everyone mutes, it should be okay.

The CHAIR: I do not know what was going on there. Mr O'Hara, if you are watching the broadcast through another screen it would be very helpful if you could turn that off.

Mr O'HARA: Sure. Not that I am aware of.

The CHAIR: Have we solved it?

Mr O'HARA: I hope so because all my windows are now closed. Hopefully it solved it. It sounds pretty good now.

The CHAIR: I think we are okay. Please proceed with your opening statement.

Mr O'HARA: I will not breach the two-minute deadline, so I will give you a brief view of where we sit. I would just like to acknowledge that I am sitting here today at Johnstons Transport and they have been going since about the 1880s. It is great to be here talking to you from one of our members. Thank you for the opportunity of appearing today before you, sound issues aside. Toll roads are here to stay. We want operators to use toll roads, but we want government to step up and broker constructive discussions with toll operators and industry to find solutions to the problems involving toll roads.

We have operators who pay at least \$1 million a year for tolls and our operators are being handed with increasing costs at the ports and on our roads. We have operators who have seen toll costs rise by 72 per cent to 100 per cent in two years—a significant rise. For some of these operators, they have seen hundreds of percentage increases at the port for surcharges, in addition. We need some equity restored to the freight industry for surcharges and tolls. We have seen a lot of substantive complaints about toll roads here today. As you can see from our submission, we have operators who pay in excess of \$100,000 a month in tolls alone. Our view is that we want to focus on a remedy for our freight operators that is fair and equitable for the industry.

What galls the industry is that we have seen light vehicle users and grey nomads receive tolling relief in one form or another from the New South Wales Government around rego and other things. Why not then some relief for hard-working truckies? It is time now for the New South Wales Government to look at rego or toll relief for hard-working truckies, who have helped to save our communities through COVID with food, medicine, vaccinations, PPE and ensuring that our water is drinkable. Without trucks, Australia really does stop. So I will put this to you: If truckies see an increase of 20 per cent or 30 per cent to their tolling bills over a year or two, then they should be able to apply for some relief from the Government for their rego or tolling costs. This would be an equitable fix.

In addition to that, we see a fix for these generational problems by way of the following: the New South Wales Government to treat the toll road network as just that—a network, not different roads with different toll costs; off peak tolling for safety reasons, particularly with the interaction of light vehicles and heavy vehicles—this will also deliver productivity and deliver less congestion—and the proposition of per kilometre tolling. As mentioned, whole-of-network charging for heavy vehicles at discounted costs.

There is also a consideration here that I do not think has been made out and that is environmental considerations for heavy vehicles that produce less emissions. Effectively, if you produce less emissions, you get tolled less. Incentivise truckies who choose to go for Euro 5 or Euro 6. Trucks, for instance, that produce less emissions are safer in terms of their toll costs or rego. Otherwise, we are going to see more trucks on backstreets, avoiding high toll costs and affecting the community because truckies see the costs of toll roads as being too high for them.

Truckies costs are exploding everywhere. While the tried answer might be that truckies should factor these costs in, truckies cannot afford to pay for more surcharges or tolls without being incentivised to do so by the New South Wales Government. Road Freight NSW understands the modelling for these new toll roads has a heavy reliance on truckies paying a large share of tolls. As you know, there is a difference between light vehicle and heavy vehicle tolling costs and also frequency of use. What we need to see is, really, incentivised options for

truckies to be able to use the toll roads. We want truckies to use the toll roads, but we want to ensure that they are incentivised to do that.

We understand that Transurban, for instance, needs to make this work as a business and we respect that. This is a huge investment for them, but it is also a huge investment for our truckies. It is the tip of the iceberg in terms of the costs and the manpower that goes into putting one truck on the road. Nevertheless, we welcome proposals moving in the right direction regarding price and time-saving signs for road users. We have put that in our submission and we are pleased to see some movement along those lines. Lastly, our position is that we want to be an honest broker that both government and industry can rely upon to achieve results for the freight industry and ensure that together we can deliver constructive solutions for an essential sector that supplies so much of what we need day to day. Thank you very much.

The CHAIR: Thank you. I will start with questions from the Opposition.

The Hon. JOHN GRAHAM: Thank you, Chair, and thank you, Mr O'Hara. You made reference in your opening statement to the issue that came up earlier in the day and that is both one of our biggest freight companies and small truck drivers coming to the same conclusion—they are off toll roads and on suburban streets because the toll cost is simply too high. We heard evidence from both ends of the market from the industry in the morning. But you agree that that is a problem across the board with operators you are talking to.

Mr O'HARA: Yes, look, I do because a lot of those trucks—particularly those closer to the border using Stoney Creek Road and the like to make their travel between destinations A and B. What you are seeing is effectively a business decision made by operators to choose to use certain roads because of the cost of toll roads. As a consequence, those communities are seeing more trucks and their movements through those areas. That is just symptomatic of what happens when you put a cost on something like toll roads.

The Hon. JOHN GRAHAM: This was the opposite of what we have been promised. We were promised trucks and traffic off suburban streets. You have called for constructive discussions. What engagement has been possible on the parameters of this policy so far with the agencies or the Government?

Mr O'HARA: We have done a number of things. Can I just say this so that I am clear with you guys and our viewers today—it is a mixed bag, tolls. You have got a number that would use Stoney Creek Road, et cetera, but you have also got operators in Newcastle who, for instance, are our members that welcome the new roads that actually deliver better outcomes for their businesses. So when we talk about this there is a mixed bag, but the issue with it is that by and large most truckies are finding the costs higher than they would like and that there is not enough equity within the system for them to use those toll roads. I think it is a degree of cost that we are talking about.

In terms of engagement with government, we have met with a number of Ministers in the past. We have met with Mr Constance, for instance, and raised this in the past and of course his staff. We have also made input into the discussions around COVID and the recovery that relates to what we would like to see in terms of a recovery phase from the freight perspective. Can I just say this for our viewers at home and also you guys, Scott Farlow has done an excellent job in terms of the COVID task force that he has been involved with. We have made submissions and we have been asked to be involved. That is part and parcel of what we have done.

The Hon. JOHN GRAHAM: I am very happy to hear that endorsement for our Committee member here.

The Hon. SCOTT FARLOW: Thank you [disorder].

The Hon. JOHN GRAHAM: I might just finally ask about off-peak tolling. That might be part of the answer here. It has been referred to in a range of places. If anything, at the moment, the tolling system in New South Wales might be moving away from time-of-day tolling, with a plan to scrap time-of-day tolling on the Harbour Bridge. But, as you say, it is safer and it is more productive. Could it be part of the answer here?

Mr O'HARA: It is part of the answer. I think as we grow as a city, you are going to see the need for more and more off-peak hour solutions for freight and the movement of freight. I think in terms of off-peak tolling, it also delivers safer solutions for road users. The interaction between light vehicles and heavy vehicles on congested roads is problematic, as you know. If you get those trucks and those trailers onto the road after hours at reduced costs, then it leads to better, safer outcomes. I think from the perspective of the trucking fraternity, what they are looking for is a reason to use the toll roads. Part and parcel of that is not only rego relief or toll relief, but also off-peak savings because a lot of trucks and trailers move at a variety of times. If we can get them off the roads during nine to five, then that is a solution that is a win-win.

The Hon. DANIEL MOOKHEY: Mr O'Hara, as tempted as I am to cross examine you on your provocative statement about Mr Farlow, I will stick to the terms of reference.

The Hon. SCOTT FARLOW: The cheque is in the mail, Mr O'Hara. Thanks very much.

Mr O'HARA: Mr Mookhey, I appreciate your forbearance.

The Hon. DANIEL MOOKHEY: Indeed. I was going to ask, you made the point that you would like to see the Government broker some talks with the toll operators here. But, just to be clear, you are aware that the Government sets the toll prices, are you not?

Mr O'HARA: Yes.

The Hon. DANIEL MOOKHEY: And you are aware that they are the ones who set the policies around who can access their relief programs for tolls that they themselves have imposed?

Mr O'HARA: Yes.

The Hon. DANIEL MOOKHEY: And you are aware that as a result of their decision to privatise the remaining part of the WestConnex just last week that, in a large part, the opportunity perhaps to have struck a different toll policy has largely passed, has it not?

The Hon. SHAYNE MALLARD: Never mind the \$5 billion to western Sydney.

Mr O'HARA: I note the announcement last week and I note *The Australian* newspaper reporting that decision and that development at 6.00 p.m. on a Sunday night. Conceivably, the answer is yes to your question, Mr Mookhey.

The Hon. DANIEL MOOKHEY: Therefore, I am struggling to understand. What would you expect the toll operators to do when this decision is a policy decision of government? It is the Government now that has set these policies and has effectively created an economic scenario in which to change them would be very difficult. Do you agree or disagree?

Mr O'HARA: I would concur with your views. I would note, however, for the benefit of our viewers at home, that this Committee meeting was scheduled to be some time earlier in the year and as a result of COVID we are now sitting here today having this discussion. So events have certainly moved on since this first was mooted.

The Hon. DANIEL MOOKHEY: I guess the next set of questions are to do with—my time has expired, so I will stop there.

The CHAIR: You were on a roll as well, Mr Mookhey. I will just ask a couple of questions. I guess coming off of that—and Mr Mookhey you have managed to frame those questions in a far more eloquent way than I was attempting to in the last session. I guess that is the question. I look at the incentives that you are suggesting here, Mr O'Hara, and it is refreshing because so far we have seen penalties being put on truckies for not using toll roads. We know that incentives would obviously be a more effective way and a fairer way of encouraging truckies onto the roads. But it is true, is it not, that the Government has tied its own hands in this regard?

Mr O'HARA: Yes.

The CHAIR: If the Government was to agree to provide relief, it is effectively then coming out of the public purse and going straight into the pockets of the likes of Transurban.

Mr O'HARA: Do you mean relief in relation to truckies or relief in relation to—

The CHAIR: All of the relief.

Mr O'HARA: Could you reframe that question? I beg your pardon.

The CHAIR: Yes. Effectively, any toll relief does not come from the likes of Transurban; it comes from the Government out of public money.

Mr O'HARA: Correct.

The CHAIR: Right. There are two major new toll roads coming, as I am sure you are aware—the Western Harbour Tunnel and the Beaches Link proposal, within the next five to six years. What would you be lobbying for between now and then in looking at a more flexible regime for those new toll roads from the Government?

Mr O'HARA: Similar to what we have put in our submission here to you. We would be looking at a range of lobbying activities with government, specifically around trying to incentivise truckies to actually use those roads. I think a bit like the vaccination approach that we have taken and that is that we move things along

in a manner that is compelling people without necessarily compelling people into a position of having to do something. I think there is a real option here for us to do that with tolling as well. That is, that we ensure that there are enough incentives there for truckies to be able to use the toll roads. But if it is too expensive, truckies just will not use the toll roads. That is problematic, particularly when your modelling is built on high numbers of freight usage of those toll roads.

In terms of lobbying activity, we would like to see a bit more of a formal approach from government for any future developments, rather than ad hoc to raise it with either Transport for NSW or have a discussion with the Minister. I think given the importance of this issue, we probably should start with a bit of a summit and then move on from there because unless there is genuine and bona fide dialogue with industry—a lot of industry has, you know, pretty positive things to say about toll roads. There is no doubt about that. But unless there is bona fide and genuine engagement with industry that means something, then conceivably we are going to see more contracts and more committees like this. I note that there was a 2017 committee not unlike this and now we are, what, four years down the path.

From my perspective, we want to work with Transurban, but we also want to work with the Government to ensure that we get solutions for our freight operators. They are the customer and they want to make sure that they get their freight efficiently and safely, particularly our members who, by and large, are the ones that spend a lot of money on safety, training and all of these sorts of things. We want to incentivise them onto using these toll roads because there are benefits. There is no doubt about that. But cost remains an issue. We have been consistent about this. Cost remains an issue. If you do not do anything about that then you are going to see the same problems except in different places.

The CHAIR: Could I get your view on the rationale for road pricing. We seem to have a few different conceptions of this. At a Federal level we have the fuel excise levy, which is variously described as being either for environmental reasons or for the purposes of paying for road maintenance, even though it goes into general revenue. We then have registration costs, which seem to be based on the, kind of, weight of the vehicle. As you have identified, you have got a registration fee up to 11 times more than for a car or for a truck. Then you have also got this kind of different approach from the toll companies where you have got up to three times. What do you make of that and is there a better way, I guess, of putting maybe one single levy?

Mr O'HARA: That is a really good question. I think compounding interest is one of the great phenomena of the modern world, which is effectively what this is. You have got tax upon tax or surcharge upon surcharge. It is not just that that you are looking at; you are looking at a whole range of other surcharges—particularly at the port—that make its way into cost for business. There is an argument there for a single cost rather than double or triple dipping on, for instance, the weight or the damage that trucks do to roads. That comes back to, in part, our submission, where we have said, "Look, we can walk and chew gum at the same time." That means that if you do have a truck, for instance, on a Transurban road and it is not fully loaded or it is empty, then why would it be paying the full freight on toll charges? If the argument is about how heavy something is and the damage that it does to a road, why would you charge that particular truck that amount of money?

I think you have got a point in terms of your question. There are a whole lot of different charges, whether they be excises or registration or user charges, that all seem to be talking about the same thing. I think as part of this mix as well it would be unfortunate if we did not talk about the different types of vehicles that we have using the roads as well and perhaps look at incentivising, for instance, those that produce less emissions. In fact, even to the point where you have got trucks that use electric or hydrogen and do last mile deliveries or short runs around the port. I think those aspects to those questions need answers as well because it is not just about one single answer.

The CHAIR: Thank you. My time has expired. I will go to the Government.

The Hon. SCOTT FARLOW: Thank you very much, Madam Chair, and thank you, Mr O'Hara, for being here with us today. In your submission your suggestion turns to time-of-day tolling, which we have heard from previous witnesses today as well. Do you think there would be a change in the whole nature of the industry if time-of-day tolling was taken up and implemented?

Mr O'HARA: I think there would be significant change, particularly around line haul—that is, trucks coming in from out of State into distribution centres [DCs] in New South Wales. You have got a range of those DCs in south-west Sydney and western Sydney. They have got to come in from north and south. So I think there would be, over time, a change and a considerable change at that. I would not sit here and say to you that there would be a change overnight. I think that there would be a slow change over time. But, I mean, none of this stuff is immediate, unless you put a high cost on something and then people react immediately. If you incentivise businesses—because it is not just about the trucking operator; it is also about the DCs being open for business and

being able to take deliveries. It is all of those sorts of things. But I think that there would be, over time, a significant change. As we grow as a city, you are going to see less and less this being an option and more of a necessity.

The Hon. SCOTT FARLOW: You mentioned also the different environmental standards and a potential differential tolling regime dependent on the environmental standards of the trucks that are used. Could this be implemented on the current existing framework or would there need to be technological improvements to account for something like that?

Mr O'HARA: Sorry, what do you mean by the second part of your question—technologically proven?

The Hon. SCOTT FARLOW: The current eTags that you have, would it be sufficient if you have those radiated or would some form of different technology be used to have some sort of demarcation as to what the vehicle was?

Mr O'HARA: I think subject to the information contained in the eTag—and maybe there needs to be a bit of a tweak there in terms of containing a bit more information about the vehicle that you are using, so if you take an eTag off one vehicle and put it in another then that would obviously cause a problem. But in terms of the information, if you have got a Euro 5 or Euro 6 or above in the future, then conceivably eTags could be a piece of equipment that could allow you to ensure that that occurs and that you register that vehicle as being a low emitting or lower emitting vehicle and, as a consequence, it is picked up at the tollway. It probably would only need a tweak, if anything.

The Hon. SCOTT FARLOW: We have also had some discussion today about the heavy vehicle multiplier—the three times charge which is effectively applied when it comes to tolls for heavy vehicles. Does Road Freight NSW have a perspective on that or a different marker that you would suggest apart from the three times multiplier?

Mr O'HARA: In terms of the toll costs?

The Hon. SCOTT FARLOW: Yes.

Mr O'HARA: I think the issue here is about not necessarily the three times and looking at that, but looking at the market and seeing what the market is prepared to pay. I think there is that aspect to it. I think that if it is difficult to provide choice to people about where they go, they are going to pick somewhere or a road that is cheaper. In terms of the three times multiplier, it is significantly higher than a light vehicle. As a consequence, we see that as being too high for our members. Our members have fed back—I refer you to our submission, particularly Winston Express. I think that probably gives you an answer. It is on page—it is not in the recommendations, but he references the costs on page 12. That is about off-peak tolling, but he does talk about it being too expensive. In terms of our member's views, yes, we would say it is too expensive or higher than we would like it to be.

The Hon. SCOTT FARLOW: You have conceded in this as well that Transurban are not going to be the ones who have to pay for any changes in this. There are of course contracts, whether they were entered into by this Government or former governments, often lasting until 2048. Some of those, like NorthConnex, I think that is a 28-year concession, whereas for others, like Lane Cove Tunnel, for instance, or the M2, those can be up to 50-year concessions. So that is embedded in the contract. Of course, any of the policies we were to take to be able to provide some sort of relief for your members would have to come from somewhere. Are there any areas where you see that there could be efficiencies potentially gained or some sort of potential dividend to the Government that would help to pay for any concession that would be granted?

Mr O'HARA: The deal has been done. The toll road has been sold. This is not the first time we have raised these issues around toll road costs. In fact, I think we have gone on record a number of times talking about the pros and cons of toll roads. So it is not the first time that we have raised these issues. From our perspective, we have talked about this and raised this publicly for some time. In terms of savings, the savings I think you will see for communities and constituents and electoral savings—I would suggest that there are going to be some residents on Stoney Creek Road that would much prefer an incentives scheme than they would otherwise. In terms of other savings, there are also safety considerations to take into account, like the interaction between heavy vehicles and light vehicles during the daytime. There is a saving there in terms of lives.

When we talk about savings, it is more than just dollars and cents, in my humble opinion. It is also about the way in which we do logistics and freight. That means that if we can make those sorts of savings, I think it dwarfs the costs and cents. But there may be other options there for the savings in terms of financial aspects. I mean, there is going to be a saving there on certain roads that are used around the port, for instance. You are going to see less repair work and more movement onto toll roads if you incentivise. There is going to be a whole range of savings that you are going to see. Of course, we would be open to countenance in any sort of proposal

that would see either savings or something that makes it worthwhile for truckies in New South Wales because they have done the hard yards during COVID. We are open to dialogue about how we can work together to make it happen.

The Hon. SCOTT FARLOW: That is all from me, Madam Chair. Thank you, Mr O'Hara.

Mr O'HARA: Thank you, Mr Farlow.

The CHAIR: That is the end of our time today. Thank you very much for your submission. To the extent that you have taken any questions on notice or you have any supplementary questions coming your way, the Committee secretariat will be in touch. That concludes our hearing for the day. I extend a special thanks to the Committee secretariat, who are working very hard in the background, and to all of our members today. We do not need a deliberative, so that concludes things. Thank you very much.

(The witness withdrew.)

The Committee adjourned at 15:00.