

REPORT ON PROCEEDINGS BEFORE

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

ROAD TOLLING REGIMES

Virtual hearing via video conference on Thursday, 7 October 2021

The Committee met at 10:15 am

PRESENT

Ms Abigail Boyd (Chair)

The Hon. Sam Faraway

The Hon. Scott Farlow

The Hon. John Graham

The Hon. Shayne Mallard

The Hon. Daniel Mookhey

The CHAIR: Welcome to the second 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 respect to the Elders past, present and emerging of the Eora nation and extend that respect to other Aboriginals present and to people watching online.

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 this technology, I would ask everyone to be patient through any technical difficulties that we encounter today. If participants lose their internet connection and are disconnected from the virtual hearing, they are asked to re-join the hearing by using the same link that was provided to them by the Committee secretariat. Today we will be hearing from a number of stakeholders, including Ms Julia Finn, MP, member for Granville and representatives from the Western Sydney Regional Organisation of Councils [WSROC] and from Infrastructure Partnerships Australia.

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 that they may make to the media or to others after they complete their evidence here. 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 of the House adopted in 2018. There may be some questions that witnesses could only answer if they had more time or with certain documents to hand. In these 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 to assist our Hansard reporters. I ask Committee members to clearly identify who their questions are directed to. Could I ask everyone to 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. If you start speaking while muted, please start your question or answer again so that it can be recorded in the transcript—but I will prompt you if that occurs. Members and witnesses should avoid speaking over each other so that we can all be heard very clearly. Also to assist Hansard, may I remind members and witnesses to speak directly into the microphone and to avoid making comments when your head is turned away.

JULIA FINN, member for Granville, before the Committee

The CHAIR: I now welcome our first witness. Would you like to start by making a short statement?

Ms JULIA FINN: Thank you. The reintroduction of the toll on the M4 has had a huge impact on my electorate. There is a huge cost impost on households and particularly on small businesses who need to travel around for work. But on top of that impact on households directly, it has had a huge impact on traffic on alternative routes to the M4 through the adjoining suburbs when people have been trying to avoid paying the toll. The worst impacts of all were, of course, the deaths that occurred at the M4 off ramp at the Church Street exit, which is the last off ramp you can use to avoid paying the toll. As is widely known, advice was provided to the Government prior to the reintroduction of the M4 toll that it was necessary to widen that off ramp or provide additional off ramps to deal with increased demand for the use of that off ramp to avoid the toll. That was ignored for a number of years.

A widening has now been conducted and that has reduced the number of accidents happening there quite a bit. But there was a period which resulted in two fatalities and constant accidents along that stretch of road. Most of them were not bad enough to result in being reported or recorded because they were not reported to police and nobody attended hospital, which is, of course, how accident statistics are collected. But the road was just constantly strewn with bits of broken tail-lights and the people living next to it referred to that particular lane as "Crash Alley" and they were constantly being woken by the noise of rear-enders. So it has had a huge impact on my electorate and people are still really angry that they are paying a toll on a road that they had already paid off. Obviously the toll was introduced and in place on that road for 25 years. It was paid off. The widening occurred. The widening itself has been paid off, but that toll will remain there for the next 40 years and is, of course, being privatised along with the M4 East extension.

The Hon. JOHN GRAHAM: I might just ask about tolls generally and the impact on your electorate. You are in the heart of toll-paying Sydney. How are people coping? Is it getting too much? You are describing some of the reactions to tolls being imposed but how are people actually affording these tolls?

Ms JULIA FINN: It is incredibly expensive for low income workers in particular who need to use the toll roads to get to work. There is a big variation across my electorate in how much people are paying to use those tolls. The average amount per year for people in the 2145 postcode area—so in my electorate that covers residents of Westmead, Wentworthville and Greystanes and these are suburbs where you do have a lot of tradies, so people who might make more than a journey to work and a journey home, that might be going across Sydney between multiple worksites on any given day. The average amount those people are spending per year on tolls is \$4,310. That is astounding. That is about five per cent of an average income in Sydney.

A lot of tradies are earning above average incomes but that also includes people who are earning much below average—you know, childcare workers, people who might be working in back-office operations in finance, all sorts of things like that. They are all paying an average of over \$4,000 a year in tolls. It is significantly less in the other suburbs. Merrylands is \$1,578. There are still a lot of tradies in Merrylands but probably not as many as in suburbs like Greystanes. In Guildford it is less again. It is \$931 a year. In Granville, which is where a lot of people would be using Parramatta Road to avoid the M4 altogether, it is \$798. I think also people in Guildford are probably trying to avoid the toll as well, going on back roads to avoid using the M4. It is that bit further away from the M4 than those other suburbs.

The Hon. JOHN GRAHAM: Yes, understood. And really that is what the Government would say: "If you do not like the toll, take the free road alternative." But what does that actually mean in people's ordinary lives? These are large amounts of money to be paying.

Ms JULIA FINN: It takes twice as long to get anywhere. Parramatta Road is often at gridlock. When I am trying to avoid using the M4 toll, I will use Victoria Road rather than Parramatta Road. But if you live on the south side of Parramatta Road you are not going to drive across Parramatta and all the way along James Ruse Drive to use Victoria Road to avoid Parramatta Road. Parramatta Road is a car park these days.

The Hon. JOHN GRAHAM: Yes. It might be an option, but if you are trying to balance kids, work, ordinary life, it is not a practical option in your part of the world.

Ms JULIA FINN: No. It is not a practical option. People do leave really early in the morning to go to work using Parramatta Road and it takes a lot longer to get home, but I do not think it is a particularly practical option. It is certainly not if you have to, say, drop kids off at school on your way to work. There is no way you would then go on Parramatta Road to get anywhere.

The Hon. JOHN GRAHAM: And turning to Crash Alley, this was, as you say, a bit of Sydney roadway strewn with car parts after multiple accidents as people sought to avoid the tolls. Is that a real sign of just how much financial stress this is putting people under?

Ms JULIA FINN: I think it really is. People were queuing for very long periods of time. People were trying to cut in across the queue, which is what caused a lot of the accidents, including at least one of the fatalities. The changes there include some barriers to make sure people cannot change lanes late. But, yes, that queue often goes back for a couple of kilometres and you often come around a bend—it is kind of a blind corner and you are straight into stalled traffic. So it is quite dangerous but it is very much an indication of the number of people who are trying to avoid the toll. And it was not really a big problem until the toll was brought back. The Government knew about this beforehand. I remember, back when I was a councillor on Parramatta council, we had a briefing from Roads and Maritime Services [RMS] before they even started the project or even the planning for the project. They said that they knew they were going to need to widen or somehow address by putting in extra ramps the huge amount of demand at the Church Street exit and also the James Ruse Drive on ramp.

I do not think the problems with the James Ruse Drive on ramp have eventuated because there is just not enough demand to pay that enormous toll. The congestion on the James Ruse Drive on ramp is a lot less bad than it used to be, but the problem at the Church Street off ramp is huge. They knew that at the time. They also thought there was a need to put a Church Street on ramp for traffic heading south from Parramatta. The reason they did not proceed with that is it was deemed not cost-effective, as in that would put cars onto the M4 after the last tollgate—or that is my interpretation of what they mean by cost-effective. They were not going to be able to have any mechanism for cost recovery for installation of that additional ramp. Not installing that ramp means that people now drive south from Parramatta. They turn right at the Crescent, so they turn off Woodville Road on the first right-hand turn at the Crescent. They do a U-turn in the first driveway and then they are able to head north and turn left onto the on ramp there. It is a bit dangerous and crazy.

The Hon. JOHN GRAHAM: So potentially quite dangerous driving behaviour really driven by the way these toll roads are integrated into the city's [disorder] road network.

Ms JULIA FINN: Yes, absolutely. These are people who should be driving from Parramatta CBD down James Ruse Drive and onto the M4 heading west at that point and pay a toll—a small amount of a toll, but paying a toll which, you know, annoys everybody. Instead they go down Woodville Road, do a U-turn across a driveway and head west that way, which is quite dangerous.

The Hon. JOHN GRAHAM: You have mentioned Parramatta Road a couple of times. The whole rationale in a lot of ways for the WestConnex project was improvements to Parramatta Road—potentially new residences, but a Parisian-style boulevard through the centre of Sydney. Have you seen any continental touches, any early signs of a Parisian boulevard, as you drive on Parramatta Road?

Ms JULIA FINN: Interesting you should say that because the mayor of Paris has just announced plans to reduce the speed on the Champs Élysées to Parramatta Road kinds of levels—a maximum of 30 kilometres an hour. She must have been inspired by our work—but not by the lack of beauty of Parramatta Road, only by the lack of capacity to move on Parramatta Road. A lot of rezoning has been going on and a lot of apartments have been going up in Granville. Bizarrely, Granville, which has been a major transport interchange for 160 years, is no longer considered one and it has been taken off the western rail line just as the Government plans to put another 10,000 residents into the suburb. But there have been some high-rise units going up between the station and Parramatta Road. There has been rezoning of land on the other side of Parramatta Road and acquisition of some land for parks, but beyond that, no, the Parramatta Road revitalisation strategy has not really achieved very much at all. The only thing Parisian about it is the speed limit.

The Hon. JOHN GRAHAM: Obviously this is a question that we have put and will put to the Government, but what is going on with the Parramatta Road revitalisation process? It has been talked about for so long. It was meant to happen in parallel with WestConnex. It has not happened. There is no visible sign of progress. In your view, what is going on?

Ms JULIA FINN: Well, I think the Government was quite deluded in thinking that they were going to be taking all these cars off Parramatta Road. You know, there has been thought of putting light rail down the middle of Parramatta Road or narrowing it to just one lane and slowing the traffic down and creating more of a pedestrian-friendly environment, having more activation at ground level. In reality we have put heaps more cars onto Parramatta Road and it is just not viable to do anything that would reduce the capacity of it as a road. It is already not functioning very well at all. I was travelling back from the city on Parramatta Road one day and there was an accident on the M4 and all westbound lanes were closed and all the traffic was diverted onto Parramatta Road. Even at 11 o'clock in the morning it ended up taking two hours to drive from Strathfield to Merrylands.

The Hon. JOHN GRAHAM: My final question is really just that point about the M4 widening. It cost \$500 million. It really was paid off in the first year or two. That was one of the key findings of the last tolling inquiry conducted in 2016 to 2017. It was paid off very rapidly but the tolls are there. Previously the tollbooths had been pulled out of the M4 and actually torn down. What do people in your electorate think of that fact—that they are still paying the toll burden even though the road has been paid off?

Ms JULIA FINN: They think it is a scam. They also think that they should not have even had to pay for the widening because governments have an obligation to maintain and upgrade their own roads. They are furious about the privatisation. They think that, if they are going to be paying all these tolls, then they should at least be coming back in the form of schools or hospitals, not coming back in the form of returns to shareholders for Transurban. They are very annoyed. They think that the announcement that \$5 billion of the \$11 billion sale from WestConnex is coming back to western Sydney is a con job because \$11 billion of the value of WestConnex comes from western Sydney. It is less than half of what should be actually a business returning funds to western Sydney that is taking from western Sydney. No-one buys this stuff at all. They are just annoyed that they have to pay it and they are even more annoyed that they are now going to be paying it to a private company for years and years to come.

The Hon. DANIEL MOOKHEY: Ms Finn, have your constituents benefited from a wages explosion?

Ms JULIA FINN: Benefited from a what, sorry?

The Hon. DANIEL MOOKHEY: A wages explosion?

Ms JULIA FINN: No. Their wages are frozen just like everybody else's and a lot of them have lost their jobs during COVID.

The Hon. DANIEL MOOKHEY: How many of your residents have experienced wage increases on average each year of above 4 per cent?

Ms JULIA FINN: Just the ones who have been lucky enough to get promotions.

The Hon. DANIEL MOOKHEY: And I presume that is not that many?

Ms JULIA FINN: I know some but, yes, most people are doing exactly the same job they were doing three years ago for not much more than they were earning three years ago.

The Hon. DANIEL MOOKHEY: So how do your constituents feel about the tolls rising 4 per cent per year every year for the next—my colleague might correct me, but we are up for at least another 20 years of this.

Ms JULIA FINN: Well, when you say the 4 per cent figure, they often make comments that they wish that their salary was going up by 4 per cent a year.

The Hon. DANIEL MOOKHEY: So the fact that the tolls are rising by 4 per cent but wages growth in New South Wales I think has averaged about 1 per cent in the last five years—we can assume that these tolls are just going to eat more and more off family budgets, can we not?

Ms JULIA FINN: Yes. These are all families who, if they have a mortgage, that number probably has a two in front of it. So it is not even comparable—like in terms of the numbers they are used to hearing every day—with the interests they are charged on their mortgages as a percentage amount. Four per cent is a large number at this point in time.

The Hon. DANIEL MOOKHEY: As a long-term fan of the businesses in Merrylands Road, I can only presume that the money spent on tolls is not spent on those businesses and other businesses in your area. Is that fair?

Ms JULIA FINN: Yes. Certainly the prices on those menus do not go up 4 per cent a year. A lot of them are charging exactly the same amount for that cheap, delicious food that they were four years ago.

The Hon. DANIEL MOOKHEY: Merrylands Road maintains the best Afghan food in all of Australia, in my humble opinion, but that is beyond our terms of reference, Chair. Can I ask you, as a person with a close connection to the Wentworthville community, about the noise barriers in Wentworthville that were constructed as part of the WestConnex project? As a kid who grew up listening to the M4's traffic from a couple of kilometres away, have the noise barriers in Wentworthville worked to save those residents the pain of having to hear a lot of traffic?

Ms JULIA FINN: For some, but there are some poor people who actually live in a fairly new block of units who all bought off the plan—it is a block of units that fronts Centenary Road and it is all of 15 or 20 metres

away from the M4. Where the M4 goes across Centenary Road, there is a bridge and the barriers stop at the bridge. So these people bought off the plan, understood that there were going to be barriers there and they understood that it was being widened a little bit at that point and some modifications made to improve the flow of traffic from the Cumberland Highway and those things that they were building there—but, yes, they had been given the impression that there was going to be an effective sound barrier. The sound barrier does not actually go across that bridge so they are blasted with the noise of the M4, affecting pretty much everyone from the second floor up really badly because they are at the same level as the road. It is unbearable. They have all lost \$80,000 to \$100,000 in a block of units that is only a couple of years old that was being constructed and with the units sold off the plan as this was being developed—but were all told that there was going to be a noise barrier and not to worry about it.

The Hon. DANIEL MOOKHEY: So the noise barrier was too short, was it?

Ms JULIA FINN: Yes.

The Hon. DANIEL MOOKHEY: Right. And have the residents had the opportunity to have that redressed in any way, shape or form?

Ms JULIA FINN: I have had a response from the Parliamentary Secretary and they said that it cannot be done—"Too bad, sucks to be you", kind of response.

The Hon. DANIEL MOOKHEY: Sorry, I know the area well. I can imagine. It was a busy road before—the M4. That is fair?

Ms JULIA FINN: Yes. It was. But it has been slightly widened at that point to deal with the improvements in the flow of traffic from the Cumberland Highway and there was a loss of trees and a removal of some of the older barriers. But everyone was led to believe that the barrier would be continuous, not have this gap in it as it crossed Centenary Road.

The Hon. DANIEL MOOKHEY: My final question is just about the WestInvest aspect. My colleague did ask you about how your residents felt about it. But just moving forward, presuming that this fund actually exists and is new money, which, granted, is an assumption, have you heard any further details about how your constituents could potentially have access to it and what projects you think could be useful from it? Have you had any information about how this fund is going to work, given that you are—

Ms JULIA FINN: I think a good place to start would be fixing that sound barrier in Wentworthville. But, no, nothing has been sent through to me as a local MP requesting suggestions of infrastructure projects that could benefit from that money.

The Hon. DANIEL MOOKHEY: Your constituency coincides with the Cumberland council, does it not—

Ms JULIA FINN: Yes.

The Hon. DANIEL MOOKHEY: —which is one of the most affected local government areas [LGAs] of concern?

Ms JULIA FINN: It is. At the moment it has got the third highest level of COVID infections. Part of my electorate is also in the Parramatta council area but most of it is Cumberland. Yes, Cumberland has been particularly badly affected. Across the Parramatta region 20 per cent of people have been seeking income support from Centrelink over the last few months, which is quite disturbing. About a month ago I wrote both to the Premier and the health Minister when things were really dire in our area. But, yes, we have been really badly affected. We have also had, even for the authorised businesses that have been allowed to stay open, rolling business closures because of COVID exposures at worksites. It has been really difficult for people.

The Hon. DANIEL MOOKHEY: So to the extent to which money from the privatisation of WestConnex is returned to western Sydney through the WestInvest which, I have to say, is quite the assumption—but basically western Sydney is being told to pay for its own stimulus program. Is that unfair?

Ms JULIA FINN: Yes, probably. I mean, everyone is going to still be having to pay the tolls again when they stop working from home. I know that the Government is very keen to have people returning to offices so they can support the businesses in CBDs by buying lunch and coffee and stuff like that, but we are pretty much expected to dig into our pockets.

The CHAIR: I just wanted to pick up on that one question about WestInvest—and, yes, on the assumption that this is, in fact, new money, which seems quite dubious at this point. If that money is invested back into western Sydney, should it be in the form of construction and new construction projects or would there be a better way to spend that money in your electorate?

Ms JULIA FINN: There is probably a whole lot of things that it could be spent on and spent quite wisely. I do think there is probably capacity to look at ways to get people back into work as soon as possible. There are going to be a lot of businesses that just will not reopen. And the people who used to work for them are going to need jobs. There is the taxi industry. There are a huge number of taxidriviers in my electorate. Premier Cabs is based in my electorate. They have been decimated by this Government over a number of years. They have been offered an absolutely pitiful buyout of their taxi licences. Looking at providing retraining opportunities for those people or better bailout would be something that could be good. There is a whole lot of infrastructure that needs upgrading around the place. There would be all sorts of things that could be useful. There have been suggestions of improving the water quality to bring it up to recreational standards throughout Parramatta River and other places.

The CHAIR: What would the impact be of greater toll relief? Would that result in people in your electorate having more money to spend on local businesses?

Ms JULIA FINN: Yes, that definitely would. The caution I have—and it is all done now, so the amount we are going to be paying on tolls because they are privatised is going on forever. But I am not somebody who thinks it is a great idea for governments to provide incentives out of taxpayers' money for people to go and spend money with their preferred businesses—being Transurban. Now that Transurban has this monopoly hold on our ways of getting to work, we are kind of stuck with that and it is probably a reasonable ask that some of that be returned in the form of toll relief. But it would have been better to just not be increasing tolls by 4 per cent a year forever and a day.

The CHAIR: Yes, I could not agree with you more. I think toll relief always comes at the expense of lining a toll operator's pockets in circumstances where, if we had not privatised, we would not need to. Just coming back to your submission, you talk quite a bit about the additional cars on residential roads and that sort of rat running. Is that relatively widespread across your electorate or is it in particular areas so, for example, to avoid that Church Street eastbound exit?

Ms JULIA FINN: It is not about avoiding the Church Street exit. Some of it is caused when people actually use that exit. I do not think people are leaving that road early to avoid the exit because the next earliest place you can get off is the Cumberland Highway and that is just a bit of a nightmare. It is a really congested intersection. It has been upgraded a little bit as part of the upgrades to WestConnex, but I do not think people use that to avoid it. There have been particular problems with people coming from, say, around Greystanes, Fairfield, all those sorts of areas, coming up and through back streets—or people coming up from Guildford who also try to avoid Woodville Road, coming through back streets of Granville. There were instances where people were actually unable to get out of their driveways because of the queued traffic through back streets of Granville coming down towards the Randle Street intersection with Woodville Road, which is the last place you get onto Woodville Road if you are trying to avoid all those many, many slow traffic lights—because there is a bit of a rat run along the train line from Fairfield to Granville.

Also there is really bad traffic on Mona Street running from Granville through to Auburn across Duck River. And that Wellington Road—it is also another bridge over Duck River. They are really, really congested and have been pretty much at gridlock morning and afternoon ever since the toll came back. There was a plan to widen Wellington Road. Cumberland council was going to do that and then they withdrew the funds and decided not to pursue it. I think that is probably a project that could and should be funded by WestInvest money. But, yes, there are problems in certain points throughout the electorate where people are trying to avoid the tolled part of the M4 and the M4 East.

The CHAIR: Coming back to that then, with the M4 the toll had been paid. It had been taken off in 2010 because it was seen that effectively that road had been paid for. Then it was reintroduced six or seven years later. Was that sold to the people of western Sydney on the basis that the toll was necessary for that widening of that bit of road connected to WestConnex? Or was it presented more as a "This is part of the broader WestConnex transaction and that is why we need a toll"?

Ms JULIA FINN: A bit of both. But people were very sceptical because, certainly, they have paid that part off and there was a lot of antagonism going back decades to when the toll was first introduced because the toll was only ever put there for the last three kilometres of the road—this bit which sort of joined from Church Street going further along. There was sort of a gap and that was done back in the late 1980s and that created a whole lot of annoyance because the rest of the road going all the way out to Penrith had been constructed and was in use and then this small extension was the part that actually had the toll placed upon it. So having paid that all off to have it then come back again really annoyed people. And nobody bought it as part of the extension of the M4. They all just saw it as the toll being put back on the part that they had paid for.

The CHAIR: So it was a road widening fee—more than a toll road, is it not?

Ms JULIA FINN: Yes.

The CHAIR: If that was all the benefit, I guess, for the people driving on it. I will hand back to Mr Graham to finish us off.

The Hon. JOHN GRAHAM: I think that we have really covered some good ground. Ms Finn, I mainly wanted to thank you for giving those very practical examples of what people are paying in your electorate when it comes to these toll burdens and I wanted to give you the opportunity to put anything else you wanted to on the record on that matter, because that is obviously fundamental to where this inquiry is heading.

Ms JULIA FINN: I really do think that people have really suffered over the last two years in particular. I do think that having no opportunity now to escape from this 4 per cent increase and the tolls year-on-year is just a huge impost on people. There has got to be a way forward that can actually reduce the impact that has on the ability of people to go to work and live their lives, get around Sydney, because it is enormous. I think one of the productivity costs that people do not consider about both toll roads and also just how long it takes to get around Sydney and how bad our traffic congestion is is that people actually have fewer meetings in the day. It is less of an issue now that we all have Zoom meetings all day. But when people were going around either quoting for work as tradies or whatever it was, whatever type of business they were in, the amount of time you would give yourself for potentially being late to meetings has grown a lot. It has meant that we are a lot less productive. We have fewer meetings in a day because we factor in more travel time.

If you try to reduce that by using toll roads, it costs you an absolute mint. If you try to use the other roads, you are running the risk all the time of not being able to get to places you need to get to in a timely manner. It is really important that we resolve some of these issues because the idea of spending more than \$3,000 a year on tolls is just astounding. It is ridiculous and it is really unfair to be spending that much money on tolls. If the alternative is potentially running late to things and having your boss be mad at you or missing out on getting work because you did not turn up to quote for a job, it is just not the way anyone can work. So we do need to find some solutions to these problems. They are not just academic left versus right, Labor versus Liberal. These have a huge impact on people's lives and make it very difficult to function in Sydney without spending an absolute fortune, which you may not have and you probably do not have as a result of the pandemic.

The Hon. JOHN GRAHAM: Great. Thank you for your submission.

Ms JULIA FINN: Thank you.

The CHAIR: Thank you very much for your submission and your time and for presenting the views of your electorate so well. I do not think there were any questions taken on notice but to the extent that we have supplementary questions the Committee secretariat will be in touch and there will be 21 days to respond. That concludes this session. We are going to break now until 12.00 p.m., when we will come back with the second session of this hearing. I remind members to turn their videos off during that time and we will be back at 12.00 p.m.

(The witness withdrew.)

ADRIAN DWYER, CEO, Infrastructure Partnerships Australia, affirmed and examined

The CHAIR: Welcome back half an hour later than I said we were coming back because I got it wrong earlier. Apologies. We were intending to start at 12.30 p.m. and we have. We are going into our second session of the hearing. Would Mr Dwyer like to commence with a short opening statement?

Mr DWYER: I would please, thank you. Firstly, I would like to thank the Committee for inviting me to present on Infrastructure Partnerships Australia's submission to this inquiry. By way of background, we are an independent think tank and member network providing research focused on accidents in social and economic infrastructure. We exist to shape public debate and drive reform for the national interest. As the national voice for infrastructure in Australia, our membership reflects a diverse range of public and private sector entities, including infrastructure owners, operators, financiers, advisers, technology providers and policymakers. This diversity ensures our independence and enables us to advocate without fear or favour for reforms which best serve the interests of infrastructure users and taxpayers, including on issues related to road tolling and road pricing more broadly.

Since our inception, Infrastructure Partnerships Australia has been a strong and consistent advocate for reforming how roads are priced and funded. While our support for these reforms has not wavered, the case for road reform and the benefits that could flow from strong public policy leadership in this area have only grown. Our submission puts forward a proposal for reforming toll road pricing that would deliver broad-ranging benefits for toll road users and non-users alike. From the outset it is important to make clear that without tolling many of the nation's most significant and economically valuable road corridors simply could not have been built or their delivery would have been severely delayed. The facility-based approach we have used to date has been highly effective to deliver the current network. However, now that the network is substantially built out, we have an opportunity to pivot to a system that better serves the interests of future users and taxpayers.

To date, planning and delivery has been undertaken on a project-by-project basis, with the pricing structure reflecting the cost of financing, designing, constructing and operating individual portions of the network. The result is a system which lacks fairness and consistency. This has only been compounded by the M5 cashback and toll relief schemes, which are, frankly, bad policy. While schemes like M5 cashback are electorally convenient, they add further distortions to an already complex system, delivering benefits to a small number of users and the concession holders of those tolls at the expense of other taxpayers. In line with our submission, we believe rationalising tolling while maintaining revenue neutrality across the network could yield substantial benefits for all transport users. Aside from improving fairness, a holistic approach to pricing across individual concessions could provide governments with a powerful tool to integrate toll roads within broader network planning. And with the inclusion of features such as off-peak discounts, this model could help to spread demand and extract more for the existing network and delay the need for new roads or new capacity.

Should reform progress, the interests of users would need to be prioritised while the legitimate commercial interests of existing toll road owners and operators would need to be protected. Any rationalisation of toll road pricing would need to safeguard toll road users against unreasonable increases in road charges on an individual basis and ensure tolls reflect best-for-network pricing structure. Finally, any reform to the current road tolling model would need to be clearly explained to the public to ensure that benefits and trade-offs are understood and accepted. I think everybody in this virtual room would agree that we can and should move to a better model for toll road pricing. I believe our submission provides a pathway to get there. Once again, I would like to thank the Committee for the opportunity to present today and I am happy to take questions.

The Hon. JOHN GRAHAM: Thank you, Chair. Thank you for your submission. Again, I think it is a really thoughtful and helpful discussion about some of the principles that underlie the way that we might deal with these issues over time. Your submission to the last inquiry really put the issue of network tolling on the agenda. At the time you were one of the few groups raising it strongly at the inquiry. Since then, it has become clear we have a network of toll roads around Sydney; we are heading to 15 by 2023 or 2024. That is now much more part of the public discussion and I thank you firstly for that. How do you see that the changes you are calling for in this submission interact with the move to electric vehicles [EV], in particular, and the road user charge that is envisaged there?

Mr DWYER: Thank you for acknowledging the contributions we have made. I think there have been three inquiries now that we have made submissions to the New South Wales Parliament on this issue and done a research paper on, specifically the Sydney toll network. All have been consistent over that time about saying there is a better approach to this and, in particular, the more toll roads we add to that network as the system is built out both the opportunity and the need to make those reforms increases. I think it is welcome that it is continually coming back for inquiries and pressing the case for reform.

On the question of electric vehicles and the rise of electric vehicles, we have had a separate policy program around how we can integrate electric vehicles into a broader road user charging reform. But I might just take a step back from that and talk about broader road user charging that we have pursued as a policy case as an organisation for 16 years around having a better, fairer, more sustainable, more efficient system for charging for road use across all vehicles, not just electric vehicles. We have published a number of pieces of work on that subject with various partners over time. The road user charging for electric vehicles that is currently proposed in a number of jurisdictions is probably the first credible step on that journey towards a broader road user charging model.

The Hon. JOHN GRAHAM: How important do you think that some of those changes might be to changing how these roads are used? Some of the evidence we have had to the inquiry is that with the introduction of the toll roads with the current pricing we are actually forcing freight—forcing trucks—off these toll roads and into suburban streets, the exact opposite of what was promised but also the exact opposite of what you would really want these roads used for, from a productivity point of view. We should have truck freight using these roads, but the evidence so far has been the price is out of alignment with that happening. How fixable, I guess, do you see that issue is?

Mr DWYER: I think it is pretty clear, obviously, that the freight industry, and us as ultimate customers of the things that the freight industry is moving, have been beneficiaries of the tolled motorway network for exactly the benefits that you have mentioned around getting those vehicles onto roads that are fit for purpose and, in particular, roads that mean that, as a delivery company, you can make more deliveries in a day and you can do it in a safer and more dependable way. It is certainly true that they have been the beneficiaries of the tolled network. As for reform of that, I think we should have a broader conversation about what we can do to integrate tolls across the network, but that will have to reflect that heavy vehicles have a higher impact on the network than light vehicles do. The roads need to be built with a higher degree of capital cost to support heavy vehicles and that should be reflected in the toll that is charged on heavy vehicles. I think it would be seen as unfair if, for instance, a heavy vehicle, a B-double, paid the same as a Hyundai Getz.

The Hon. JOHN GRAHAM: How important do you think that time-of-day tolling might be to that? Again, you want freight using the most efficient network. You probably do not want it at the same time as parents are moving kids around after school or during peak hour. There is time-of-day tolling only on one route at the moment, and rumours that might go. How important is time-of-day tolling to the future tolling arrangements for Sydney, if we were looking at this from a first-principle point of view?

Mr DWYER: I might just, as a supplementary to the question, say that there is time-of-day tolling on one portion of the network, but the delta between the peak and off-peak is relatively small and, therefore, has pretty limited impact in terms of changing behaviour. I think it is crucially important. It is important because it means that if you can shift demand across a broader period of time, and appropriately do that, we defer the need to build additional infrastructure. It is pretty clear across our whole road network, not just the tolled network, that parts of that network are congested for two hours a day. We build capacity to meet that two-hour congestion peak and then for 22 hours a day they are chronically underused. That is an extraordinary waste of time, effort and investment into those roads. We think there is a big opportunity for off-peak discounts, particularly for heavy vehicles, to start to shift that demand to outside of peak hours, which would benefit not only the heavy vehicles but also other users of the network.

The Hon. JOHN GRAHAM: I might just ask about the section of your submission that deals with improving access to data. You see that this could really be important to governments and to transport users. The ACCC took a similar view as the first tranche of WestConnex was sold. There were some improvements to the public data; in fact, many of the tolled trips on Sydney roads are now published publicly. There is a record of those. But you are really calling for this to go further, in terms of the information that could be accessible. How important is this? What else could we do?

Mr DWYER: I guess our broader view is that monsters live in the dark, and if we shine some light on them we will reveal that monsters do not exist. Our views do not just relate to the tolled part of the network. We have a broader view that there is an overall benefit to releasing as much information as possible about the way our roads are used. Protecting legitimate commercial interests is absolutely appropriate, but as far as possible we should err on the side of the release of data where we can because that helps better inform all stakeholders about how our roads are used and how they need to develop into the future.

The Hon. DANIEL MOOKHEY: Firstly, I also thank you for the quality and the calibre of your submission. Practically, what do we need to do to shift to a network pricing model?

Mr DWYER: I think at a strategic level there needs to be a grown-up conversation with the community and with the concession holders. As we have said in our submission and, in fact, the last two submissions we have

made to similar inquiries, informal discussions that we have had with the concession holders suggest that there is appetite to have a reform discussion about the way that charges are applied across the network—the underpinning methodology behind them. As members of this Committee would know, those sorts of conversations with the public are quite complex to have and the discussion around winners and losers will always be brought to the fore. I think that is why, again, transparency is hugely important in how that is debated.

In terms of the specifics of how a new methodology might be applied, we have suggested things like distance-based charges or zonal charging, or effectively charging for the journey rather than the specific roads that someone travels over as part of that journey, which is currently made up of different concessions. As we said in our statement, that has led to some deeply unfair outcomes in the existing system but, of course, because they exist they are to some extent accepted. Change is hard, but I think we are at an opportune moment now to begin that journey.

The Hon. DANIEL MOOKHEY: Just on that, what you talk about in your submission and what I think you just made reference to now, as to what those principles should be, seems like it is more about rationing access to the network as opposed to recovering the cost of building the infrastructure. Can you talk us through the difference there? Should we be tolling the network to really recover the cost of building it or should we be using this as a pseudo form of the introduction of road user charging?

Mr DWYER: Just so I can clarify the question, Mr Mookhey, you are talking about our position on this issue?

The Hon. DANIEL MOOKHEY: Yes.

Mr DWYER: I think it is essentially a balance of the two. The current model has been very focused on the build-out of the network, as I mentioned. The toll set at a particular time reflects the cost of designing, building, maintaining and operating that particular part of the network at a particular point in time, through a competitive process. The result is this patchwork of different tolls and then the unfairness in that exacerbated by things like cashback and toll-relief schemes. We are at a point now where we can move to saying that network is built out, and as long as you do some rebalancing across the network it can be used as a way of having a pricing model that is best for network outcomes. To Mr Graham's point, that could reflect things like off-peak discounts to reflect better use of the network across the 24-hour cycle, but also reflect that a journey on the M7 has a different value to a journey, say, on the Eastern Distributor.

The Hon. DANIEL MOOKHEY: Mr Dwyer, what I am putting to you is that that would require us to really reset the reasons why we struck the tolls the way we have so far, in that we have struck them to both recover the cost of construction but also to recover the cost of attracting private capital who are willing to bear the risk for a long period of time, to put it generously. I am trying to understand how we would strike the balance if we were to reconfigure the network so it is about the principles you describe. Do you accept that if we pursue this particular model we still have to arrive also at a result that would recover the cost of construction and attract private capital who are willing to carry the risk?

Mr DWYER: Yes, I agree with the premise in the question that we would have to have a structure that accounted for the risk taken by those that have built the toll roads. But I think we can move to a point where we can do that and have something that manages demand and takes account of building additional capacity into the future.

The Hon. DANIEL MOOKHEY: What about the principles that are in the existing system around how tolls escalate? We have some roads that recover according to CPI. We have some roads that recover according to a fixed escalator of 4 per cent. We have some that do a combination of the above and some that notionally are meant to peg to wage increases as well. What about those styles of affordability caps and limits in a network pricing structure? How would you see them translating?

Mr DWYER: It is an important issue you raise. It is worth just unpacking how infrastructure is delivered. At a point government decides to build a particular piece of, in this case, road infrastructure. That is paid for either by users or taxpayers. They are the only pots of money available. Where government makes a decision to have a tolled road it has some options in front of it—essentially four levers. It has the starting toll, any capital contributions on behalf of the taxpayer, the escalation rate of the toll and the concession length. If you move any one of those levers, the others move themselves to self-level to get the appropriate amount of money required up-front to build the piece of infrastructure.

For instance, a lower starting toll might require a different escalation rate, a higher capital contribution or a longer concession. A higher escalation rate might reduce the up-front capital contribution, it might reduce the starting toll, it might make changes to the concession length. But ultimately it is a zero-sum game that needs to be made up through executing one or more of those levers. I agree with the premise of the question that this

patchwork exists, but it is also not something where simply reducing the escalation rate is an isolated impact. The other levers would have to be adjusted to recover the costs of building the road.

The Hon. DANIEL MOOKHEY: Look, I accept that—

The CHAIR: Mr Mookhey, your time has expired.

The Hon. DANIEL MOOKHEY: Oh, my time has expired. That is disappointing. Sorry, Chair.

The CHAIR: No problem at all. I just wanted to pick up on the discussion on the EV tax, the road user charge. I guess the scheme that has been put in place in Victoria, as well as the one that is being proposed in New South Wales, is effectively introducing a road user tax for all vehicles given that we would expect, given the way the market is moving and the way the major car manufacturers are going, that we will not have anything but EVs within 10 to 15 years. Do you agree with that?

Mr DWYER: I do not know about the time frame, but I would certainly agree, and it would be our hope, that ultimately we move to an entirely electric fleet for the broader benefits that that has brought, and with that a road user charge that can ultimately pay for roads to be provided into the future. Our proposal, I should add, suggested that the revenue raised from that should be dedicated to broader transport not just road use.

The CHAIR: How does that then fit in with the existing toll-road system? Is the idea that people get tolled effectively twice?

Mr DWYER: In effect, that is what exists now for fuel excise. Someone driving over a tolled road pays fuel excise while driving on that road. Ultimately it is a policy decision for governments, but right now there is a de facto, not-very-good road user charge through fuel excise that is paid by other users. A distance-based charge for electric vehicles would effectively replace that not-very-good road user charge.

The CHAIR: Yes. Some of that I perhaps agree with, but the idea that a road user charge would replace the fuel excise levy is a bit of a furphy, given that there are very different impacts depending on the fuel efficiency of your car. That levy does not apply equally depending on the distance travelled in the way that the road user charge is meant to. The way that we have the fuel levy set up—which of course is a Federal charge, whereas the road user charge will go into the State coffers—the road user charge does not incentivise any sort of efficiency in driving or the source of energy, does it?

Mr DWYER: I agree with the premise in your question that the existing fuel excise is not a very good road user charge. It is deeply flawed and it is deeply regressive. It means that those who can access more modern technology pay less to use roads than those that only have access to older technology. It penalises regional users who have to travel larger distances and typically have heavier vehicles and travel on less well-maintained roads. There are a number of deep flaws with fuel excise. My view is that in creating a new system we should not transpose those flaws. We should make sure that we have got a more sophisticated system.

The proposal we put forward had options within it to take account of things like weight and safety impacts of vehicles. I think those options remain available to governments down the line. But we also felt it was important that there was this moment in time where we would be able to actually begin that journey towards a rational road user charge. We have been pursuing road user charging as a concept for 15 years. We are in good company. The Industry Commission first said in 1991 that the road user charge should exist. The Productivity Commission, the Henry tax review, Infrastructure Australia—we are in good company on this.

The CHAIR: Again, I just wanted to unpick this idea—you see this a lot in the media—that it is unfair that drivers of EVs do not pay the fuel excise levy. I draw the comparison between somebody who is using a petrol car—a highly polluting source of energy—and paying the fuel levy versus somebody who, for instance, is charging their EV at home using their own solar panels. Is it fair, do you think, for that to be equated as being only about the—for it to be seen as a replacement when it does not take into account the other costs of the fuel?

Mr DWYER: I think you have raised an important issue. I should say from the outset that I am a strong supporter of a carbon price and I think it is a disappointment that we do not have a carbon price. That would, to some extent, offset that perspective. But we have also argued that a road user charge for electric vehicles should be combined with conspicuous up-front incentives for the purchase of electric vehicles. I am pleased to say that the proposal in New South Wales and the proposal that has been legislated in Victoria both came with up-front sticker-price incentives attached. That is because the principal impediment now to the purchase of an electric vehicle is a higher sticker price than the relative internal combustion engine vehicles. The best way to accelerate it is to actually incentivise the purchase of an electric vehicle and you benefit over the life.

The CHAIR: Which perhaps was true a couple of years ago, but I think we are now seeing the price become very, very similar on these models. More importantly, the amount of the road user charge—for example,

for the amount I drive, if I was to have a road user charge it would cost me around \$1,300 to \$1,500 a year, whereas stamp duty on an average electric vehicle of, say, \$45,000 would only be \$1,300. That is not really much of an incentive.

Mr DWYER: There is also a sticker-price incentive in both Victoria and New South Wales of \$3,000 on top of that. I might add that for the number of kilometres that you are travelling in an internal combustion engine vehicle you are paying a vastly higher sum in fuel excise than you would be in the road user charge as currently proposed.

The CHAIR: That is one of the reasons why someone would buy an EV, so they did not have to pay that charge. That has been one of the great offsets of the price. I am going slightly off topic, so I am going to bring us back to the submission. Just generally on the idea of a road user charge, which I like to call a proposal to make every road a toll road, at what point did it become acceptable for us to think that roads had to be paid for by users rather than out of general revenue? Why is that now something that we feel we need to do?

Mr DWYER: I could not answer specifically when it became acceptable, but I think there is a good economic underpinning for the idea of a road being a direct user charge on the beneficiary that used that road, in the same way we do for water networks and electricity networks. It is quite easy to identify the direct beneficiary of the provision and use of a road as opposed to other sorts of infrastructure, such as social infrastructure, where there are many more diffuse societal benefits and, therefore, a stronger case for society subsidising or fully paying for those. You would say that public transport straddles both those areas, which is why we have a pricing model that recovers about 25 per cent to 30 per cent of public transport use versus the rest that is paid for by taxpayers. There is a continuum across infrastructure.

The CHAIR: Having a strong transport and road network is vital for the good economic running of society, would you not agree?

Mr DWYER: Yes. In fact, it is absolutely essential.

The CHAIR: I would view schools and hospitals in the same category. What makes roads different to schools and hospitals when we are talking about them needing to be user-pays as opposed to paid out of general revenue?

Mr DWYER: It is really a twofold discussion, partly, as I mentioned, on the relative diffuseness or specificity of the beneficiary flow that exists from use of a road versus a different type of infrastructure. More broadly, by having a user-pays model on those areas where there is a more direct beneficiary from the provision of that infrastructure, it means that there are fewer discussions that decide between this hospital or school and that road. By being able to say, "Well, these beneficiaries of this road will pay for this road," that does not draw on the broader tax base. That is a feature of the facility-based holding model, which has delivered a series of roads in Sydney that are hugely economically beneficial, delivered well ahead of when they would otherwise have been delivered and then not impacting funding for other areas of government priority.

The CHAIR: You say in your submission—and we have seen another submission on our first day of hearings that made a similar point—that basically these roads could not be built if they were not toll roads. Given that Sydney is the most tolled city in the world, what is it that our Government is doing with its finances that makes it unable to pay for these roads itself? Every other city seems to be able to build new roads without making them toll roads to the same extent. What has happened in Sydney that we cannot afford to borrow funds and keep these in public hands?

Mr DWYER: Just to be clear, we said that they either would not have been built or their delivery would have been delayed because there would have been other calls on government money. Just to clarify, we did not say they would not have been built; we said there was a combination of either delay or decisions that would have been made differently. On the degree of tolling in Sydney, the tolls are associated with the roads, the roads have been delivered and we have got a very sophisticated suburban tolled motorway network. I am not sure about "the most tolled city in the world". I think Singapore has probably got a much stronger claim to being the most tolled city in the world—

The CHAIR: Second-most tolled then. What is that we are doing wrong?

Mr DWYER: I think London's congestion charge might be up there as well, given that it is an area-based toll.

The CHAIR: [Disorder].

Mr DWYER: I dispute the premise that we are doing something wrong. I think there has been a policy decision from governments—by the way, governments over a number of decades—to recover the cost of delivery

of a road from tolls rather than the broader tax base. The principal benefit of that, beyond bringing forward the delivery of the road, is that it means that a taxpayer in Wagga is not paying for the M5, except right now they are paying for the M5 because they are paying for cash back to me when I use it, and that is not fair.

The CHAIR: Then we get into a discussion about whether we should have regressive or progressive taxation. I can accept that that might just be an ideological debate that we do not have time for. I think in your submission you talk about how when we have tolls it is okay, as long as there are alternatives. Your submission states:

Road users who could take a toll road but opt not to can use other roads which are free ...

That is not universally true though, is it? What is your view on the Pennant Hills Road scenario, for example, where trucks are forced not to use Pennant Hills Road and to instead use NorthConnex?

Mr DWYER: I think that is a policy decision that has been made by government to direct heavy vehicles onto the tolled corridor for the broader benefits that exist from taking them off a suburban road. But for the most part, across the Sydney network there are free-at-the-point-of-use alternatives. I deliberately use the term "free at the point of use" because they still ultimately have to be paid for. Infrastructure in any form ultimately has to be paid for, either by users or taxpayers. You have highlighted a huge degree of unfairness. If we look at someone travelling from the north-west to the CBD, they are using the M2, the Lane Cove Tunnel and a Sydney Harbour crossing. Meanwhile, someone travelling from the south-west of Sydney travels over the M5 and they can ultimately claim cash back for that journey, so they are not paying a toll. These are just further issues that exacerbate the lack of fairness that exists in the current system and further the case for reform towards a more integrated approach.

The CHAIR: My time has unfortunately run out, so we will have to agree to disagree. It is now Government time.

The Hon. SHAYNE MALLARD: Mr Farlow and I are champing at the bit to get this record corrected. Thank you, Mr Dwyer, for your submission and for coming today to talk with us. One of the terms of reference begrudgingly put in to this inquiry was the opportunity cost of not proceeding with the infrastructure boom that was done based on a recycled-asset toll model. I would not mind you touching on what you think is the road infrastructure that we might not have been able to proceed with if we had to pay for the M5 and so forth under the traditional debt model that the Chair is suggesting—that we borrow money from somewhere.

I have just done a quick list of the projects we have done and you might comment. The duplication of the Pacific Highway is saving thousands of lives—well, hundreds of lives—and there is one that is close to my heart, the Blue Mountains project that is underway now, the tunnel project that is well advanced in planning. I know Mr Graham is a big fan of it. Of course, there is the incredible Princes Highway duplication going right down past Nowra. Those things are not tolled and they could not have been done if we did not have the capital released from the city-based infrastructure. Do you agree with that general proposition?

Mr DWYER: Yes, I think the asset recycling initiative in New South Wales has been highly effective at releasing capital from an existing or legacy asset and then distributing that funding to a whole range of other priorities, including schools and hospitals. I might just say, it is not just isolated to the recycling of toll roads; it is also poles and wires and other assets. As for the exhaustive list of things that have been built that otherwise could not, I think there is an arguable case for a huge range of different pieces of infrastructure that could not have been built or that things that were built, such as schools and hospitals, would have been in a competitive decision versus building a road, which would have been a bad outcome.

The Hon. SHAYNE MALLARD: Regional and rural New South Wales, particularly rural New South Wales, has a lot more safety and efficiency issues around their roads. One of the projects I know is dear to the heart of our colleagues in the National Party—and our colleague Mr Faraway has had to go to another inquiry because they were overlapping—is the replacement of all the wooden bridges which, as romantic as they are, are dangerous and inefficient for road users. That is the sort of stuff that you cannot do if you do not have the capital released.

Mr DWYER: Yes, I think it is also a broader argument for road user charging. Currently regional users are let down by the existing system because they drive, as I mentioned earlier, longer distances, typically in heavier vehicles on roads that are of lower quality. If we had a more efficient road user charging system across the broader network—not just tolling, which I appreciate is the subject of this inquiry—there would be an opportunity to have a more granular hypothecation towards upgrading those facilities for regional users, such as replacing timber bridges but broader safety upgrades as well.

The Hon. SHAYNE MALLARD: Yes, so it is very clear that the finance model of tolling has allowed the Government to bring forward these other projects as well that would not have been able to be done in another

way. There has been a lot made by the Opposition with regards to the M4 duplication and placing a toll there, or the M5 second tunnel and placing a toll on the two tunnels. I do the M4 and the magnificent flyover, the parallel one, and the benefits of that, and occasionally I do the M5. Would you support that one piece of infrastructure, and it was the same when we—I do not even know which government built the Harbour Tunnel but the Harbour Bridge toll was retained. Would you support that sort of equitable sharing of that burden on essentially that one corridor of motorway to create the new, parallel one?

Mr DWYER: I might just interpret the question to make sure I have understood it.

The Hon. SHAYNE MALLARD: Yes, that is a good idea.

Mr DWYER: Are you talking about the ultimate removal of the toll [disorder].

The Hon. SHAYNE MALLARD: No, no. The toll was taken off the M4 and, as they say, paid for—although you get your cashback and all that still out there—and then the parallel flyover, the giant flyover was built as part of the WestConnex project and the toll was put onto the two of them. That has been criticised by Labor, the Opposition. What is your view on that principle of sharing that across a piece of parallel—essentially the same piece of infrastructure?

Mr DWYER: I fundamentally disagree with the idea that a road is ever paid for, so my starting premise in this is I do not think the wholesale removal of a toll is a sensible policy position. It has a number of unintended consequences that include removing a price signal which manages demand. As for the broader principle of transferring revenue from one piece of revenue to another piece of infrastructure and there is a dual benefit, I think that [disorder]—

The Hon. SHAYNE MALLARD: And it relates—

Mr DWYER: —in principle. I think that underpins exactly the proposal we have put forward, that if you have an integrated network then an integrated tolling approach makes sense for that. For instance, it would be deeply not sensible to have the new harbour crossing without a toll and a toll remaining on the existing harbour crossings because you would get some pretty poor outcomes from a network perspective. Of course it makes sense for those to be set at a rate that is best for network, rather than the one that sees a toll disappearing once a concession ends.

The Hon. SHAYNE MALLARD: Okay. I appreciate that evidence.

The Hon. SCOTT FARLOW: That is actually a very good segue of where I want to go. In your submission, although you might have other views of distance-based tolling or, of course, EV pricing that you have advocated in the past, what you are talking about before this Committee is effectively treating the whole motorway network in New South Wales that has tolls applied to it as one network and coming up with an equitable pricing system for that network. Is that correct?

Mr DWYER: Yes, broadly, but I am not suggesting that there should be the same price across the network. I think there would be [disorder]—

The Hon. SCOTT FARLOW: Can you just explain a little bit—

Mr DWYER: —legitimate case.

The Hon. SCOTT FARLOW: —what that looks like? Your submission talks about moving away from necessarily the cost-recovery model but looking at some sort of form of alternative pricing when you consider the network as a whole. What would that look like, from your perspective?

Mr DWYER: I think there is a whole range of options. I should say that as a small think tank with a small number of people we have sort of put the broad idea out there. I think that a huge amount of work would be required to determine what is the optimal approach to make sure that users are protected and that the legitimate commercial interests of concessionaires—which, ultimately, is perhaps all of us through our superannuation—are protected. But I think the range of options includes things like a smaller number of distance-based zones across the network that reflect that a journey, for instance, on the Eastern Distributor has a different value to a journey on the M7 on a per-kilometre basis.

There might be options in the future to move towards something that looks more like a regulated asset base model, which we have mentioned in the past is an option. It works in other infrastructure networks, such as for Sydney Water or our energy network, so there is no reason that it could not work in a road environment as well. I think there needs to be an investigation of all of these different options, but we need to have all of the different levers available around things like initial toll, escalation rates, capital contributions and concession lengths as well.

The Hon. SCOTT FARLOW: I think in your submission you mentioned factors such as time, distance, location and mass-based charging as all things that could be considered as part of that. As you have just referenced, there is the potential for that to be gradated, so to speak, so there is not just a per-kilometre but maybe in a chunk of kilometres—a zonal approach, perhaps. For an inner zone there might be a premium to what there would be to an outer zone. Is that sort of what you are seeing in what could be achieved?

Mr DWYER: Yes, I think that is one plausible option. I think the only slight alteration I would say is that clearly a trip across an empty three-lane tollway at 2.00 a.m. is quite different to the value of the journey when it is done at 7.30 in the morning.

The Hon. SCOTT FARLOW: Yes. Considering that, in the concession end dates that we are faced with across that network—and I think this goes back to part of your conversation with Mr Mallard that a road is never paid for, necessarily—we do have the challenge that there is a concession end date for the M5 South-West of 2026; the Eastern Distributor, at one end, of July 2048; a whole range of others that are sort of set at July 2048; and then WestConnex at 2060. Do you have any views on how that could be equalised, so to speak?

Mr DWYER: Yes. Earlier on I mentioned the four levers you can pull. I think that is quite a powerful one that could be used by governments to have a fairer, more equitable and more consistent charging regime across the network by looking to homogenise some of those concession models. In the regulated asset base approach that I mentioned, typically you have something that is more like a perpetual ownership model or a longer term model with pricing regulated on horizons or intervals—typically five years in the UK model, which has largely been adopted in Australia. That of course would have a different concession model underpinning it, if that was the choice to go down that route. But as I mentioned earlier on, if you change any one of those levers then you have to change the others in order to recover the money required to deliver the road, or to repay for a road that has already been delivered.

The Hon. SCOTT FARLOW: You have made criticism, both in this inquiry as well as your submission, with respect to the M5 cashback and the Toll Relief program. Do you just want to outline your specific concerns with respect to both of those initiatives and why you think they do not actually provide a broader benefit to taxpayers?

Mr DWYER: I might just take the M5 cashback as a first example. If I travel over the M5, at a quarterly interval I am able to claim back the cost of that toll for my use of that. I am sure that is very good for Transurban's shareholders but it is not very good for the taxpayer in Dubbo who is making a contribution towards my use of that toll, which I am perfectly capable of paying for myself and I have been the principal beneficiary of travelling over that route. That distorts decision-making. People will take the toll because they know they can claim it back, which means it is an inefficient use of infrastructure. It distorts incentives for use and it is just unfair. Toll Relief, similarly, flows to a very small number of users of the network. The very legitimate cost-of-living concerns that exist beyond that small number of users could be addressed through having a broader reform to an integrated approach to tolling across the system. If we are making a decision that there are some people that are heavily impacted then let us make sure we are targeting it properly at those that need that help, not a fairly blunt instrument in Toll Relief and an entirely blunt instrument in M5 cashback.

The Hon. SCOTT FARLOW: Thanks, Mr Dwyer. I think my time has expired.

The CHAIR: Thank you, it has indeed. Thank you very much, Mr Dwyer, for your submission and for attending today. It has been very useful and informative for us. To the extent there are any supplementary questions, the Committee secretariat will be in touch and you will have 21 days to answer. That concludes this session.

(The witness withdrew.)

BARRY CALVERT, President, Western Sydney Regional Organisation of Councils, affirmed and examined
CHARLES CASUSCELLI, CEO, Western Sydney Regional Organisation of Councils, sworn and examined

The CHAIR: We will get started with our next session. Would either of you like to begin with a short opening statement?

Mr CASUSCELLI: Yes, I would like to, Chair. I will make this very brief because I am sure there is going to be a pile of questions about to be unleashed. I thank the Committee for allowing us to appear before you to express some of our concerns over the tolling regime across Greater Sydney today. Western Sydney is more greatly impacted by tolling issues than other parts of our city simply because it lacks an equivalent public transport infrastructure, in terms of coverage and capacity, which results in greater dependence on private vehicles. It is well known. On average, western Sydney residents travel further to access jobs, services and recreational opportunities.

I think the Committee will by now know all the issues—I had a look at some of the submissions—but I will just quickly run over the ones that are of major concern to western Sydney. Different parts of the city pay different rates for similar journeys. That makes no sense to us. In western Sydney, fewer public options means that effectively western Sydney is chained to the roads, much like the Romans of 2,000 years ago. Western Sydney commuters are either forced to pay expensive tolls or spend extra hours navigating gridlocked secondary routes, which has a significant impact on their quality of life. We should acknowledge that transport is by far the second largest cost for western Sydney households. Above-CPI increases in toll charges are in our view unjustifiable, especially when wage growth is stagnant. Many western Sydney commuters actually meet the weekly rego relief threshold. These are people who spend \$28 every day on tolls. But we also acknowledge that others with far less of a cost input on tolls—those who pay as little as \$6 per day—also receive the same rego relief. The relief is welcome, but it is not targeted to those most in need.

We should remember that, in addition to the commute task, western Sydney residents are often required to use toll roads to access medical care, education and other services. For example, I have heard the stories of parents who have to use Westmead medical precinct from Richmond. They are also hit by tolls just in accessing medical services. Western Sydney Regional Organisation of Councils [WSROC] would like to see a fairer, more equitable tolling system that includes, but is not limited to, journey caps for commuters and daily caps for small business and transport freight operators such as couriers, for example. We would like a fairer, more logical system. Why do residents in the north-west, especially in the growth areas, pay four times more than those in the south-west for similar journeys? Toll roads are a major burden on individual households and many people have no choice but to use them. Would it not be nice if residents had more transparency regarding how those tolls are set?

We would like to see it, given that technology recently has provided unique opportunities that have never existed before. We now have technology that enables us to apply different charges for different road users depending on where journeys start and finish. We are able to incentivise out-of-peak travel through time-of-day charging. We can discount travel for those that have no options but to use tollways, and we can accommodate a range of other economic or social factors in ways that we were not previously able to do.

The last comment I want to make is that I think there is a lack of acknowledgement that the benefits and costs between road users and local communities has not been adequately addressed. For example, toll roads do not just provide a benefit to road users. They also provide benefits such as improved amenity and safety of local communities, improvement in the quality of the local environment and improvement in property values of those communities that are actually around the new tollways. But the issue is that largely tollways are funded through user-pays, even though the benefits go to those that may not necessarily be users of the system—especially for those communities that have privileged access to public transport infrastructure.

I think equally important—and this will be my last point—will be that if road users, that is, the workers of western Sydney that are largely paying for WestConnex, are the ones that are providing the major funding then surely it is reasonable to expect that any revenue or any funds or proceeds from the sale of the tolling concessions flow back to those that are actually paying for the infrastructure. I know that recently the Government announced WestInvest, and I think that was a very welcome initiative. But I think the point that we would like to make, and I think the president has spoken on this previously, was that a one-off announcement about a WestInvest fund that recognises that the people of western Sydney are largely paying for this tolling infrastructure—it should not be a one-off announcement. It should be actually part of the Government policy agenda that this happens automatically, systematically, whenever these sorts of facilities are actually built.

I think the WestInvest bump is a step in the right direction and we commend the Government for doing it, but it is a first step and it is far—it falls way short of what is actually possible. The final point I will make is I think that any substantial reform of the tolling arrangement to Sydney, as we are suggesting, will inevitably lead to an exercise in toll-charging harmonisation across all the toll roads. I think that is inevitable if we are to try and achieve the things that we need to do. We believe that this is possible, and this we would wholeheartedly support. Thank you, Chair.

The CHAIR: Thank you. Mr Calvert, did you want to speak as well, or is that statement for both of you?

Mr CALVERT: If I could, I would like to just emphasise a few of those points and maybe give some concrete examples of what Mr Casuscelli was saying. The first thing is about the effect on the community that tollways can have. Back in the old days, if we from the north-west wanted to drive to Sydney, we would go through Epping station. If you remember those days, Epping was just gridlocked. Also, if you wanted to go north you would go through Pennant Hills. But those areas are no longer gridlocked, and the people of those communities have really benefited from the tollways. They have not actually paid for that; it has been paid for by us in the north-west using the tollways.

I think, as Mr Casuscelli was saying, we need to look at the cost-benefit analysis of the tollways overall, not just in terms of who is driving on them. The other thing about that cost-benefit analysis is some of the larger trucking companies that bring trucks up from Melbourne to Brisbane are now saving a lot of time and a lot of money in petrol by going through the tollways. And, yes, the tollway means an extra cost to them, but I would assume that overall they would actually be gaining from those tollways. I would like to see some kind of analysis of that taken in as well.

Mr Casuscelli talked about people of western Sydney having to use cars. All the analysis that I have seen, including even our report, suggested that there is only one car in the household going along through the tolls. But most households, especially in outer western Sydney, have at least two cars. In some cases that second car also has to go through tollways, often to the medical services or even shopping or taking kids to school, but also often the two people living in that address go to different workplaces and use different tolls. In many cases, the figures we have put in there have to be doubled; it is twice as bad as it sounds in those tables. That has not been addressed, and I think it needs to be taken into account that those people are being disadvantaged because there is no public transport to use. I think those things need to be added into the mix to be considered.

The other thing that I think Mr Casuscelli probably mentioned is that WSROC is a large organisation. We represent at the moment six or seven councils across western Sydney, and that takes in over a million people. When we have WSROC board meetings, the board members are all up talking about the tolls. It is not something that is sort of in the background in terms of western Sydney. It is a major talking point, which western Sydney would like to see addressed.

The CHAIR: Thank you very much. We will start with questions from the Opposition. Mr Graham.

The Hon. JOHN GRAHAM: Thank you, Chair, and thank you very much for the WSROC submission. I think you have just put clearly up in lights what this means to western Sydney, and I thank you for the submission you have put in front of the inquiry. I will ask a question first to Mr Casuscelli. I will just quote two additional sentences from the submission that I thought really summed up the case you have just both made:

In summary, those with lower incomes, are forced to compromise with the lowest cost homes, located furthest from the CBD and public transport networks. Therefore, these groups are subjected to the highest travel costs (motorways) to gain high value employment closest to Sydney CBD.

It is really that combination of factors that you are drawing attention to. When I read that, these tolls really seem like a tax on suburban living. Is that how you feel about the impact this is having on people who choose to live in these bits of Sydney?

Mr CASUSCELLI: It is interesting when people use that phrase, "people choose to live". I do not think they actually have a choice. I used to live at Glenmore Park and I used to travel to the CBD. When I was living at Glenmore Park, the reason I was living at Glenmore Park was it was the only place a newly married couple could afford. It was as simple as that. It was not a choice for us; it was a simple economic equation that came into play. I do not think that the people that are out there are actually there by choice, notwithstanding that there are parts of western Sydney that are desirable to live there. But I think given a choice in terms of, "Could I live closer to a high-value job if I was able to buy the property for the same amount of money?", it is a no-brainer.

The issue for a lot of people in western Sydney right now is they are there at the moment. To be quite honest I am not too sure whether, when that original decision is made to buy a property, say, at Glenmore Park like I did—I certainly was not aware of the impact that travel would have on me living out there, in terms of my

quality of life and just the expenses of the household. That sort of became evident after I was out there, far too late to make an informed judgement about where I was living. I agree that there are some people out there that choose to be out there. There are many people that are out there because it is the only place that they can afford to live.

The Hon. JOHN GRAHAM: But, choose or not, they are paying these tolls. You have been outspoken on this issue, including on this question: How much are western Sydney commuters actually paying, for example, on the WestConnex? That is something I have asked the Treasurer, the transport Minister and the finance Minister. No-one will be clear about exactly how much western Sydney commuters are paying. Knowing that information is just in the public interest, is it not?

Mr CASUSCELLI: A hundred per cent, absolutely, and I think the problem is actually larger than what you are stating. That is just part of the problem. I think there is a lack of recognition of the actual cost of providing public transport and the actual cost of providing roads for those people that cannot access public transport. There has not been a dialogue by any government that tries to inform communities about—when they catch a train in the morning, what does it actually mean to the government? How much of that train travel is actually subsidised? In terms of the road access charges—whether they be registration costs, taxes, fuel excise and the like—do the road users actually have an appreciation of the subsidy that is even provided to the private motorists when they jump on the road? The answer to that is no, there is not. There is very little information out there to inform people about actual costs of the provision of transport infrastructure and transport services. This is why we battle. Every time there is a major transport project, the government of the day has got to go out there and fight a battle trying to justify why they are spending money on a particular project. And the reason—

The Hon. JOHN GRAHAM: Let me come to one of those debates about cost, because I think it is a really important point. In your submission you set out the yearly cost of tolls depending on where you live and which corridor you live in—the M2, the M5.

Mr CASUSCELLI: Yes.

The Hon. JOHN GRAHAM: For some of those, for example on the M2, you estimate the yearly cost is \$9,335. Mr Calvert has made the point about having multiple vehicles—it could be even higher. In response, the Government or other groups have said most Sydneysiders are paying far less than that; it might be \$10 a week in tolls. How do you respond to that view that was put back when you put these strong figures in your submission?

Mr CASUSCELLI: Those figures that you have just read from—the table we provided was having a staff member sit down and actually work out the costs of real-life people going to real jobs in the east. We can see that from the North West Growth Area. Around Richmond, for example, people could be paying as much as \$10,000—just under \$10,000 a year. Other parts of Sydney it goes down to \$6,000 and \$3,000 and \$4,000, depending on which part of Sydney you come from. So already there is a lack of logic behind why we have this wide disparity in toll charges or toll costs for households. The figures that we quoted are real, and they are understated. Mr Calvert is 100 per cent correct, because we do not allow—and this was brought up by one of my staff members who regularly travels from Richmond to Westmead to get medical attention for her children. She was saying that she could add another \$20 to \$30 a week on top of that simply to access medical services for her family. Those costs are real, and they are the sorts of costs that are impacting the households in western Sydney.

Mr CALVERT: Could I just add something here?

The Hon. JOHN GRAHAM: Yes, Mr Calvert.

Mr CALVERT: I live in Sydney's north-west, and that figure—we have quoted \$37.90 as the daily cost. That is because if you go down from here, you get onto the M7; you pay a toll there. You turn left and go onto the M2 and pay another toll, then you go down through the Lane Cove Tunnel and pay a third toll, and then you go across the bridge or the Harbour Tunnel and pay a fourth toll. From the north-west, you are paying four tolls to get into Sydney.

The Hon. JOHN GRAHAM: You make the point about multiple cars. A lot of the figures that we see on tolling from the Government include the cost for an individual vehicle. How many of these driveways in north-west Sydney or south-west Sydney have one car in the driveway?

Mr CALVERT: I do not know whether we have done an analysis of that. But just from living here I can tell you that when you go down to the new growth areas of Marsden Park—and we have done a few planning tours of that place—it is coming up because the new planning system does not allow much parking. People are now complaining, "We've got two cars and nowhere to park them because the streets are too narrow", and we are getting that all the time.

The Hon. JOHN GRAHAM: I am out of time, so I might just ask Mr Casuscelli to respond to that point and then hand to my colleague. How realistic is it when you talk about one car in the driveway? That might be true, as you point out, for a commuter in Five Dock. How true is it of these driveways in western Sydney?

Mr CASUSCELLI: I can only give you my personal observations when I lived in Penrith, in the Glenmore Park estate. People out there had two or three cars and during the day there were no cars about, so they are obviously being used. I now live at Five Dock. The funny thing is the same thing happens. People around here have got two or three cars but they are all parked in their driveways during the day, because they have got lots and lots of public transport options. That is the difference.

The Hon. JOHN GRAHAM: Thank you.

The Hon. DANIEL MOOKHEY: My colleague has asked you questions about affordability concerns but I want to talk to you about neighbourhood amenity, amongst other concerns. To either of the two witnesses: One of the reports we have received at this inquiry has been about rat-running and residents turning to local roads to avoid tolls. As the representative of western Sydney's councils, is this a phenomenon that you guys have some experience in?

Mr CASUSCELLI: My experience, in answering your question, comes from the fact that I used to be head of roads before the WestConnex was actually built, so the question of rat-running was always one of those things that we had to deal with. Let me be clear about this. Western Sydney road users, especially those that travel into the CBD, have two options: They can either pay the tolls or they cannot pay the tolls. If they cannot pay the tolls, they do not have a public transport option. What they have to do is use secondary routes. Those secondary routes are, as people call them, the rat runs around neighbourhoods.

Here is the issue, though. When you build a new tollway, for whatever reason—I will not go into the politics or the economics of it—what happens is they reconfigure the parallel routes. You can have a look at this on Parramatta Road. Look at the WestConnex tunnel between Strathfield and Ashfield, for example, and go and have a look at Parramatta Road. What normally happens, for whatever reason, is the capacity of those roads is actually reduced. They reconfigure the roads for various reasons. It may be that there is a promise of increased amenity in local communities; there may be other factors that come into play. But the rat runs are real. They are made worse by Government policy that actually reduces capacity on those parallel routes after the new infrastructure is built.

The Hon. DANIEL MOOKHEY: What pressure is that putting on council-run roads?

Mr CASUSCELLI: It means that council roads have higher maintenance associated with them because of two things. The increased use of those roads means that the maintenance charges go up. The councils have to deal with reduced amenity by those neighbourhoods. They may have to go and put in traffic-calming devices and other engineering measures to try and maintain the amenity and safety of those roads, so there is now an additional impost on local government because of those policies.

The Hon. DANIEL MOOKHEY: If you have any examples of that, will you tell us about them now? Otherwise, will you take them on notice and provide us some examples of local roads and councils that have had to make these adjustments, as you describe them, Mr Casuscelli?

Mr CASUSCELLI: Sure, I would be delighted. I will take that on notice.

The Hon. DANIEL MOOKHEY: Equally, you did mention Parramatta Road. One of the promises of the WestConnex was that it would lead to the revitalisation of Parramatta Road. In fact, I think at some point someone said we would turn it into a boulevard à la those that are in Paris. Is Parramatta Road a Parisian boulevard, in your opinion?

Mr CASUSCELLI: Not yet. But if I remember correctly, when the Government made that announcement—and I was the member for Strathfield when that was occurring—I had a lot of people banging on my door saying, "We would like to see this done to Parramatta Road. We would like to see wider pedestrian footpaths. We would like to see additional local parking and access to local businesses. We would like dedicated tramways down the centre." By the time we worked it all out, everyone really wanted a 12-lane-wide road to accommodate all of these things.

Here is the reality: Parramatta Road was a major through road, not only serving the people of western Sydney to get to the CBD for their jobs but also providing connectivity within the inner west. If you try and reduce the capacity of Parramatta Road by putting in Parisian boulevards that significantly reduce capacity, you are going to introduce movement and connectivity problems within the inner west. It is as simple as that. I think there is a balance to be achieved, and there are a lot of people that are working on this. No, it is not a Parisian boulevard

now. Could it be? I do not know. At the moment Parramatta Road is serving as an alternative route for those that simply cannot use the tollways.

The Hon. DANIEL MOOKHEY: This might be an unpopular opinion, but I quite like Parramatta Road. I think it is a lovely place as it is. It incubates a lot of small businesses, it allows a lot of people to start up in their enterprises in spaces and it creates a lot of tremendous amenities.

The Hon. SCOTT FARLOW: As somebody who lived next to Parramatta Road I would dispute your views, but anyway.

The Hon. SHAYNE MALLARD: I love Parramatta Road.

The Hon. DANIEL MOOKHEY: But my only point on this is, to the extent to which these road projects are sold as opportunities to revitalise other roads, that is just a clear case of false and misleading conduct, is it not? Everyone knew at the time that Parramatta Road was a major arterial road and that building WestConnex would have minimal to no impact on it—or am I being a bit unfair to the people at the time?

Mr CASUSCELLI: I think you are being grossly unfair to the people at the time. If you ask people on the north side of Parramatta Road, "What is it like to get across Parramatta Road to the south side, where the businesses are?", they will tell you what it was like.

The Hon. DANIEL MOOKHEY: I used to travel on it nearly every day. I love the road.

Mr CASUSCELLI: You used to travel on it, but you did not cross it from the north to the south. There is a big difference between travelling along a road and having to cross it. But can I make this point: Since WestConnex has been built, there has been nothing but praise from local businesses and communities around it about how much easier it is to get around. I go to those people in terms of evaluating whether something is successful or not, so I think you are being just a tad unfair.

The Hon. DANIEL MOOKHEY: We might disagree on that point, but the broader point is: What do councils need to deal with the rat-running? That is my last question.

Mr CASUSCELLI: I think the way to do that is for State government agencies—I think it is Transport for NSW since Roads and Maritime Services has come to a demise. I think what needs to happen is for local government and the State Government to get together and have a genuine collaboration on what you need to do with not only Parramatta Road but there is also a number of other secondary routes that parallel along Parramatta Road and also some crossings across Parramatta Road. The key here is to get the State and local governments together in a room to sort out the competing interests. You cannot have Transport for NSW work it out and then come out to local government and say, "This is what we thought about; this is how it is going to be." Local government has some intimate knowledge that the State Government just does not have, and I think a collaboration will actually see a reasonable outcome in terms of making Parramatta Road—maybe not a Parisian boulevard, but maybe a Roman-type road.

The Hon. DANIEL MOOKHEY: The Parramatta Road haters want the conch, so I have to stop there.

The CHAIR: Thank you, Mr Mookhey.

The Hon. SHAYNE MALLARD: That is not true. We are not haters; I support Parramatta Road.

The CHAIR: Mr Casuscelli, during your opening statement, I think you used the word "privilege" in relation to those who have alternatives other than toll roads. That for me raised a really important consideration, which touches on or highlights the statements in your submission around the compounding of disadvantage that is faced by those people who live further away but still need to work in the city or go to the city at different times. I live on the Central Coast in a place that does not have very good transport, and my journey can take up to three hours—and sometimes much more—to get from where I live to the city unless I use a toll road. I refer to the impact on the people of western Sydney and ask: How many people are travelling more than an hour for their commute on a good day?

Mr CASUSCELLI: I cannot answer that because I just do not have those figures available to me, but can I say the observation you made—I used the word "privilege" on purpose. I live at Five Dock now, the centre of the public transport universe, which has been funded not only by the communities around Five Dock but largely through taxes over decades that have been paid by the people of western Sydney as well. There has been an inequitable spend in terms of providing public transport infrastructure in the west. So when I said privilege, it is exactly that: They have privileged access to infrastructure that only they can use. The issue for us now in western Sydney is simply in the next—what is it?—to 2036 we have worked out there will be an extra 100,000 resident workers in western Sydney that will not have access to a local job. In addition to the almost 300,000 people that are travelling east to work, there will be another 100,000 people.

Given that that challenge is recognised by all three levels of government, you would think that more investment would be made in western Sydney in terms of public transport infrastructure. But for all the good things that are happening right now—and you would be a fool to not recognise the significant investment being made across public transport in Greater Sydney in the last two decades, which has just been tremendous—for us there are some amusing observations. There is going to be another million people in western Sydney between now and almost 2040, and we need to accommodate them. If we do not want them travelling east to jobs in their own private vehicles, we have to improve public transport infrastructure.

The latest announcement by the State Government was that they were going to build a rail link between St Marys and the airport. It is going to have four railway stations. Western Sydney Regional Organisation of Councils has been arguing for a while that on that same link, if you put a railway station at the same distance as there are on the Western rail line, for example, between the Hawkesbury and Campbelltown you could create a corridor of livability that would accommodate 700,000 people within walking distance of a railway station. Simple, yet there has been no announcement. There has not been a study about creating a livability corridor that would actually address the 100,000 extra resident workers that will be going east to their jobs. What we are saying is that those 100,000 people that are resident workers and are going to pop up in western Sydney over the next 16 to 20 years are going to have commutes of greater than an hour, to answer your question about the commute. So, whatever the figure is right now, add another 100,000 on top and that is what we are going to be doing, given what investment we are having in public transport out west today.

The CHAIR: It is a bit of an obvious question, but I guess if you were travelling over an hour each way for your commute—that is an extra two hours to your working day—saving some time by using a toll road is obviously going to be more important than if you were living, say, half an hour away. Correct?

Mr CASUSCELLI: Yes.

The CHAIR: Is that disadvantage the fault of the people of western Sydney—that there are not enough local jobs and they have to commute?

Mr CASUSCELLI: I doubt very much if that is the case, because the State Government has actually put up its hand saying that one of the major challenges for any State government going into the future will be the creation of local jobs in western Sydney to keep pace with the increase in population growth. It is a given.

The CHAIR: So it is not their fault that there are insufficient jobs and they have to commute. Is it their fault that there are insufficient public transport options?

Mr CALVERT: Definitely not, no. And can I add that Mr Casuscelli has been talking about what you might call the high-value jobs in the middle of Sydney, but many of the people in western Sydney work in construction and they are not employed necessarily in western Sydney. They have to go to North Sydney or further down through south Sydney, and that came out in the COVID situation when construction workers had to travel across different LGAs. It is many thousands, and they are all driving.

The CHAIR: The question then is: Is it fair that the people of western Sydney are having to use toll roads at huge expense?

Mr CASUSCELLI: No, it is absolutely not fair, and what is even less fair is that we actually have the means to address that problem. If I live at Five Dock and I jump on a toll road, why would I be charged exactly the same amount for using the toll road as someone who has no access to public transport whatsoever? There is something inherently wrong with that proposition.

The CHAIR: And, as you say, there is now very advanced technology. With some time required to develop the appropriate applications and all the rest of it, you would think we would be able to identify which people have no choice but to use the toll roads.

Mr CASUSCELLI: Absolutely.

Mr CALVERT: All the cars are registered, and the numberplate comes up at the tollbooth. We know where the car is garaged at, so we know where it is coming from.

The CHAIR: Our previous witness was trying to argue that it was unfair to have toll relief schemes and the M5 cashback. What is your view on that?

Mr CASUSCELLI: I think toll relief schemes are a blunt way of dealing with a fundamental issue that has yet to be addressed properly through, for example, the capability of some emerging technologies. Of course you are going to have toll relief for those in Sydney that are affected by a number of things: the socio-economic demographics of the area, historical disadvantage. If an area of Sydney has failed to attract this sort of investment in public transport infrastructure, it is not the fault of the local communities that have been paying their taxes for

decades; it is the fault of the governments that have failed to provide for those communities. If providing relief is the only mechanism that is available to you—and, by the way, it is not—then I think it is fair. I think it is grossly immature to suggest otherwise.

The CHAIR: Thank you. My time has expired and I am sure the Government has lots of questions. Mr Mallard.

The Hon. SCOTT FARLOW: I am happy to jump in, actually, if that is alright.

The CHAIR: Apologies, Mr Farlow.

The Hon. SCOTT FARLOW: I think I need to get on the record and give my position on Parramatta Road.

The Hon. DANIEL MOOKHEY: You are against it!

The Hon. SCOTT FARLOW: As somebody who lived within 20 metres of Parramatta Road for 21 years of my life and represented a community that spanned across Parramatta Road, I know how much Parramatta Road needs revitalisation and how many issues there are. Mr Casuscelli, I of course respect your current role. But given your former role as the member for Strathfield, you will probably have an appreciation of the difficulties of Parramatta Road, as well, which I think you certainly presented to the Committee regarding the north-south divide at Parramatta Road and how difficult that is. But I think it is difficult, in this inquiry, not to look at things in their context. We will of course talk about the pricing of tolls. But, Mr Casuscelli, as you and I would both appreciate, there comes a benefit when it comes to those toll roads. Let us choose Strathfield, for instance, and the difference in time-saving that you would have had from commuting to the city with WestConnex and without. Would you say that there is a benefit from that toll road infrastructure in travel and commuting times, as well?

Mr CASUSCELLI: Absolutely, 100 per cent, Mr Farlow. There is substantial benefit, but the benefit can only be enjoyed by those that have the capacity to pay for the tolls. Those that do not have the capacity do not get the benefit, but they are actually hit with a double whammy. They do not get the benefit but they are now forced to use secondary roads where capacity has been reduced, and their time on the road is actually increased.

The Hon. SCOTT FARLOW: But Mr Casuscelli, you would know this well, having probably travelled on it many times. For that brief period when the M4 was not tolled, the benefit of travelling on the M4 west from Strathfield was practically non-existent because it was literally a car park. There was very little time-saving to be achieved at all. I am sure you and I both took that commute many times back and forth when there was not a toll on there. There is actually a time benefit that you achieve by having a toll on those roads, as well.

Mr CASUSCELLI: Yes, there is no doubt that there is a time benefit for those that can actually get access to it. But I am sure you will have done this, Mr Farlow, if you came out to the west in pre-COVID days and I think it is still there now. When you are heading west at Strathfield, where the turn-off onto the M4 actually occurs you will see that there is a traffic queue in the left-hand lane, the kerbside lane, that goes back 1½ to two kilometres. They are the people that cannot afford to get onto the M4, which does not have a car on it. They are using Parramatta Road because they cannot afford the tolls on that. So the answer to your question is: Yes, there is a benefit. But the question is: Is the benefit applied equally across all people, those that are socially and economically disadvantaged as well as those that can afford it? The answer is no.

The Hon. SCOTT FARLOW: Mr Casuscelli, I am interested in the cost assessment you were undertaking in comparing Five Dock with Glenmore Park. I take the point that there is, of course, a disparity in those communities, but there is also a pricing mechanism when it comes to property values. I was just looking it up as we were talking, and the median price in Five Dock is \$2 million. There is certainly a premium that is attached to that public transport option, is there not?

Mr CASUSCELLI: A hundred per cent, I totally agree with you. I think the joy of living at Five Dock is I have got unfettered access to a hundred transport options every morning that I want to get up and go to work, which is not enjoyed out west.

The Hon. SCOTT FARLOW: Not just to pick up Five Dock, but of course there are many areas throughout western Sydney—and under this Government many more, in fact—that have great public transport options because of the North West Rail Link, or being close to the Western rail line or the South West Rail Link. There is a certain premium for being closer to public transport options than there is from being further removed from them, whether it be in western Sydney, north-west Sydney or central Sydney. The public transport does actually have a price premium when it comes to property values, as well.

Mr CASUSCELLI: Yes, agreed.

The Hon. SCOTT FARLOW: Mr Casuscelli, we spent a bit of time discussing this with Infrastructure Partnerships as well, but what would you see as a good model? I take your view that it is something we need to look at across the whole network. From your perspective, what would be a good pricing mechanism to take consideration of not just distance but also perhaps the challenges to the ability of communities in western Sydney, as you have outlined, to pay for toll roads and the like?

Mr CASUSCELLI: I think a good model would be one that—first, you cannot look at individual tollways in terms of trying to sort out what is fair and equitable for use of the tollway. I think what we need to do is have a look at what is a fair pricing mechanism across the entire toll road network in Sydney—making sure that the tolls reflect the value proposition for those that use it but also reflect the economic, social and environmental benefits that those toll roads have delivered to local communities, and making sure that the pricing mechanism shares not only the benefits but also the burdens of the toll network. I think there has to be a recognition that over decades there has been a lack of investment in western Sydney—that is well recognised by all sides of politics and all three levels of government—that has to be addressed in some way. A good tolling arrangement in Sydney would actually accommodate the fact that different communities in different parts of Sydney have significantly different access to public transport and viable alternatives to toll roads—other roads that are non-tolled, for example. That should be built into the pricing mechanism.

Once you have done all of that, I think the other thing that needs to be done is—there are those members in our communities, and businesses, that are high users of the toll road network. If you live in the North West Growth Area and you go across four tollways to get to work then you are absorbing \$40 a day. There is a lot of workers that cannot absorb \$40 a day. I think there should be a cap on those individuals so that—sure, I live out north-west. I go to Sydney; I get hit with \$20 a day. If I am from Penrith and I need to go into Sydney, I only use one toll road but my contribution is \$20—which is for a similar journey, a similar benefit in terms of travel time savings. The same thing is replicated in the south-west. There has got to be some sanity and a value proposition that says a kilometre of road in the North West Growth Area or the Central West and the South West growth areas, for example, is worth the same to you regardless of where you are. That is how it should be priced.

The Hon. SCOTT FARLOW: I will hand over to my colleague Mr Mallard. Thanks, Mr Casuscelli.

The Hon. SHAYNE MALLARD: Thank you, and good to see you, Mr Casuscelli. I have to weigh in to the Parramatta Road debate. I have been involved in that for years as a councillor and so forth and there have been about 20 plans for Parramatta Road, but I do travel it when regrettably I have to drive into the city for Parliament work and so on because of the hours. I go down the WestConnex and jump onto that last bit of Parramatta Road. I observe the side roads being closed and turned into plazas, which is part of Rob Stokes' plan for State government money. It is slowly being improved, but I am with Mr Mookhey; I love looking at all the wonderful wedding shops and the variety of retail there, which can be hard to find a place to accommodate in Sydney. That is my editorial.

The Hon. SCOTT FARLOW: Go down to Strathfield, where it is empty shops.

The Hon. SHAYNE MALLARD: Most of them are not empty. I was born and raised in Penrith and I know Glenmore Park well—a good Liberal area. When I was a kid the Greiner Government extended the M4 from where it went off at Doonside, near Blacktown, through to Parramatta. Bit by bit it got extended, and that was the only road infrastructure we had in western Sydney. It was the Great Western Highway, and I used to commute and drive on the highway all the way down Parramatta Road. But now we have got the M7—and I acknowledge that was a Labor commitment—the M5, the M4 and the M2, which Mr Calvert was talking about before. Granted, they are tolled, but there is a lot more road infrastructure. I live in the Blue Mountains now; I drive down from Katoomba. When I get to Glenbrook, that is the last set of lights—if I go M4, M7, M2 and into the city—until Macquarie Street. There has been a boom of road infrastructure. You have got to acknowledge that and all the benefits that come from that.

Mr CASUSCELLI: Mr Mallard, I agree with you there has been a boom; there is no doubt about that. But let me throw to you the challenge that is before all of us, and not just this Committee. By 2056—no, let us go back. If you go and stand on the tallest building in Parramatta and look east, just imagine all of the transport infrastructure that is there today. By 2056, on that same building, turn around and look west and you need to have that same transport infrastructure that—

The Hon. SHAYNE MALLARD: I am running out of time, Mr Casuscelli. I will do a David Shoebridge. Let me ask you this, then. I know what you are saying. The problem with this inquiry is it is like a horse in blinkers, not looking at the big picture. We are talking about tolls on roads, and that is the terms of reference to our inquiry. But I am Parliamentary Secretary for the aerotropolis—billions of dollars of investment in road, rail and busway infrastructure underway and an estimated 200,000 real, meaningful jobs for western Sydney. The Government is committed to finding local jobs and local opportunities. It is not just about motorways

and tollways, because they are not tolled. The M9 will not be tolled, the Northern Road is not tolled and the \$600 million we spend on the M4 Smart Motorway system through to Parramatta is not tolled. There is a bigger, holistic picture you have got to consider. Would you agree with that? The Government does understand that.

Mr CASUSCELLI: One hundred per cent, there is a bigger picture. But let me ask you this question—

The Hon. SHAYNE MALLARD: No, you keep asking me questions. I want you to talk about that.

Mr CASUSCELLI: Okay. There has been a significant investment, Mr Mallard, in transport infrastructure in western Sydney. Regardless of that investment, the number one issue for the mayors of all western Sydney councils is intra-regional connectivity. There is very little public transport to enhance livability and connectivity within the region.

The Hon. SHAYNE MALLARD: I heard what you said about the airport metro, and I am on another inquiry that is trying to derail that. You said there are four stations. I have been involved in this project quite a bit. It is the issue of three-minute trains and how quickly they can move through the stations—to have driverless trains every three minutes. The more stations, the slower the network. That is the issue. That is an employment and living corridor which is largely not developed yet between the airport and St Marys. It is about orbital connectivity, along with the Northern Road. You would acknowledge that?

Mr CASUSCELLI: No, I do not.

The Hon. SHAYNE MALLARD: Public transport and road connectivity.

Mr CASUSCELLI: I do not. You asked me a question. I will tell you what I do acknowledge: that the rail link between St Marys and the airport is largely to get people to the airport and from the airport, and serves Greater Sydney. Those four stations on that rail line—if you cannot get on a train, it does not serve the intra-regional needs of residents of western Sydney. That rail line and four stations is not going to create a livability corridor. It is going to be four stations, and you are absolutely right: We are going to have trains going in there connecting St Marys and the Western rail line to the airport. I think it is a bloody good thing, absolutely. But are you suggesting for a moment that we are not smart enough to build in the interests of people trying to get to and from the airport and look after the interests of local communities, in terms of access to railway stations, so they can get on trains and they can get to their jobs in the east? Of course we can do both. But at the moment, I am not hearing we are doing it.

The Hon. SHAYNE MALLARD: We are trying not to encourage jobs in the east. We want local employment in western Sydney—quality jobs. I am disappointed you have fled back to the inner city, frankly. I went in the other direction. Quality jobs keep young people in western Sydney to raise their families. We just announced a State national park, a great national park in western Sydney. We really are committed to the holistic approach; it is not just about toll roads.

Mr CALVERT: Can I just add that it is possible to put an extra rail track in and have one track which is an express track and the other one as a slow track?

The Hon. SHAYNE MALLARD: Yes.

Mr CASUSCELLI: But can I also say, Mr Mallard, your own Government acknowledges that the jobs of the future are not all going to be in western Sydney because they have committed to a metro line between the CBD and Parramatta, where there is going to be an economic and jobs-creation corridor between Parramatta and the CBD.

The Hon. SHAYNE MALLARD: That is western Sydney.

Mr CASUSCELLI: I would love for the Government's projections to come true, but Professor O'Neill from Western Sydney University has done a very detailed jobs-and-transport analysis. He has actually looked at the current run rate of creating jobs out there; it is going to fall well short of Government expectations. My suggestion to Government would be: Have a close look at that and see where the future investment in transport needs to happen, not necessarily along where we think it may happen based on aspirations as opposed to the evidence that is before us.

The Hon. SHAYNE MALLARD: Thank you to the witness.

The Hon. JOHN GRAHAM: Perhaps a future inquiry there, Chair.

The Hon. DANIEL MOOKHEY: I suggest an extension of time.

The CHAIR: I do have to say I am sure that the new national park is also user-pays.

The Hon. SHAYNE MALLARD: No, we have not said that. It is developer offsets, actually—another inquiry that you have got going.

The CHAIR: Sorry, that was cheeky. I will wrap this up.

Mr CASUSCELLI: Chair, could I be so presumptuous as to suggest that Mr Calvert, I think, has something to say on this issue of user-pays and its appropriateness for essential infrastructure like tollways?

The Hon. SHAYNE MALLARD: We are over time.

Mr CALVERT: Maybe next time.

The CHAIR: I think we are out of time, but thank you very much for your attendance today. It has been very informative and useful. I think we could keep talking for another hour, but we are not permitted to. Thank you very much. That wraps us up for this session and for today's hearing. To the extent there were questions taken on notice or any supplementary questions are going to be heading your way, the committee secretariat will be in touch and you have 21 days to respond. I will say goodbye to our witnesses. That concludes our hearing for today.

(The witnesses withdrew.)

The Committee adjourned at 14.05.