

REPORT ON PROCEEDINGS BEFORE

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

ROAD TOLLING REGIMES

CORRECTED

Video conference, Sydney on Monday, 25 October 2021

The Committee met at 9:45 a.m.

PRESENT

Ms Abigail Boyd (Chair)

The Hon. Wes Fang

The Hon. Scott Farlow

The Hon. John Graham

The Hon. Shayne Mallard

The Hon. Daniel Mookhey

* Please note:

[inaudible] is used when audio words cannot be deciphered

[audio malfunction] is used when words are lost due to a technical malfunction

[disorder] is used when members or witnesses speak over one another

The CHAIR: Welcome to the third public hearing for the inquiry into the road tolling regime. 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 also pay respect to the Elders past, present and emerging of the Eora nation and extend that respect to other Aboriginals present and those who may be watching the proceedings today.

Today's hearing is being conducted virtually. This enables the work of the Committee to continue during the COVID-19 pandemic without compromising the health and safety of members, witnesses and staff. As we break new ground with the technology—and we are getting better at this, I think—I ask for everyone's patience through any technical difficulties that we may encounter. If participants lose their internet connection and are disconnected from the virtual hearing, they are asked to rejoin the hearing by using the same link as that provided to them by the Committee secretariat. Today we will be hearing from the Tolling Customer Ombudsman, and representatives from the NRMA.

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. Committee hearings are not intended to provide a forum for people to make adverse reflections about others under the protection of parliamentary privilege. In that regard, it is important that witnesses focus on the issues raised by the inquiry terms of reference and avoid naming individuals unnecessarily.

All witnesses have a right to procedural fairness according to the procedural fairness resolution adopted by the House in 2018. There may be some questions that witnesses could answer only 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 assist our Hansard reporters. I ask Committee members to clearly identify who the questions are directed to and ask that everyone state their name when they begin speaking. Could everyone 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 whilst muted, please start your question or answer again so it can be recorded in the transcript. Members and witnesses should avoid speaking over each other so that we can all be heard clearly. Also to assist Hansard, I remind members and witnesses to speak directly into the microphone and to avoid making comments when their head is turned away.

PHILLIP GREGORY DAVIES, Tolling Customer Ombudsman and Chief Executive Officer, Tolling Customer Ombudsman Ltd, sworn and examined

The CHAIR: Thank you, Mr Davies. Would you like to begin by making a short statement?

Mr DAVIES: Yes, I would. I have been the Tolling Customer Ombudsman since January 2020, just over about 16 months. Roughly, in a non-COVID-19 year, we generally oversee about 1,000 disputes a year. About 54 per cent to 56 per cent are disputes coming out of New South Wales. Effectively there are three categories of complaints that I deal with—there are some more but these are the general categories—account management complaints, billing and tolling complaints and vehicle classification complaints. There are less of those but they are the main three categories that I deal with.

Just so you understand, I am a national Tolling Ombudsman in the sense that it is in relation to Victoria, New South Wales and Queensland. I report to an independent board with an independent company which is a company limited by guarantee. Obviously, as well as being the Ombudsman, I am the chief executive officer of that particular company. Just for the sake of completeness, before I took on this role I was a lawyer for 30 years and I still am a lawyer. I have no links with particular consumer groups or, alternatively, with tolling operators. I have not ever worked with tolling operators and until I joined the Tolling Customer Ombudsman [TCO] I had no cause to deal with them at all.

The CHAIR: We will begin with questions from the Opposition.

The Hon. JOHN GRAHAM: Thank you for appearing at the inquiry. I also thank you for your background explanation. Which toll roads do you have jurisdiction over in New South Wales and which ones do you not?

Mr DAVIES: Yes, good question. I do not have it in front of me. I might come back to that in a minute, if you do not mind.

The Hon. JOHN GRAHAM: That sounds fine. Just tell us broadly though. As I understand it, you cover the Transurban operated roads?

Mr DAVIES: Yes.

The Hon. JOHN GRAHAM: It would be helpful if you listed them for us. It is still the case, is it not, that you do not have jurisdiction over a couple of other toll roads outside of that in Sydney? Is that correct?

Mr DAVIES: Yes, that is right, sorry. I will list them. I have them written down here somewhere but I cannot find them. I will come back to you.

The Hon. JOHN GRAHAM: Great, thank you. Where does the funding for the role of the Tolling Customer Ombudsman come from?

Mr DAVIES: It is an industry based scheme so, as I understand it, the industry funds us—the independent TCO company.

The Hon. JOHN GRAHAM: What is the scale of that funding on an annual basis?

Mr DAVIES: That is sort of commercial-in-confidence. Funding per year is about \$350,000.

The Hon. JOHN GRAHAM: Thank you for that. You particularly report each six months on issues that arise in the course of your work?

Mr DAVIES: Just to clarify, I actually report every quarter in relation to that. I give a report about the quarter but I do meet with the toll operator every six months to talk about any administrative issues that may be causing consumers problems. It is usually six monthly but it can be more, depending on if I find a particular issue, or, alternatively there is particular difficulty in relation to a particular toll road.

The Hon. JOHN GRAHAM: Thinking about the issues that you have been dealing with that you have been reporting on in Sydney over the last period, what would you like to draw this Committee's attention to?

Mr DAVIES: The two largest ones—the account management ones and the billing and tolling.

The Hon. JOHN GRAHAM: Will you give us a bit of background on both of those?

Mr DAVIES: Account management is to do with getting accounts with Linkt, the tolling company, and sometimes they are suspended and people do not understand why their account is suspended; why do they need to have an account for the tolling roads; how they operate, and those sorts of things. And then the second one is

in particular about billing and tolling. My experience dealing with consumers is that generally the issues in relation to imposing tolls for travel on roads is not generally the issue. The issue generally tends to be the administration charges that are on if something particularly goes wrong. For example, this is just a very broad example, it may cost you \$26 to travel—and this is across the network, not necessarily Sydney—but then if administration fees are added on it becomes \$126, or something in that nature. That is where people's—pardon the expression—temperature tends to rise significantly because they do not always understand why and how the tolling operator can impose penalties or administrative penalties.

The Hon. JOHN GRAHAM: I will come back and ask you about that issue. Of the complaints that you are getting, how much of that is an issue?

Mr DAVIES: I would say at least 40 per cent to 50 per cent would be administration in tolls. It would be roughly that so if, for example, we get 1,000 a year and Sydney is about 50 per cent, well that is 500 so there are many in relation to obviously the billing and administration.

The Hon. JOHN GRAHAM: Yes. How many are you getting out of Sydney? It is roughly about 500 a year?

Mr DAVIES: Yes, it is about 500. It was about 500 between 1 July 2020 and 30 June 2021. The reason it was 500 though was that there was less traffic in Melbourne and obviously Brisbane in that particular time because of the various lockdowns. But historically it is about 54 per cent of all claims come from New South Wales. Having said that, obviously there is a much more extensive road tolling network in New South Wales than there are in Victoria or Queensland.

The Hon. JOHN GRAHAM: In some ways those numbers seem very low. Again these numbers bounce around because of COVID-19 but Sydney has hit one million toll trips a day.

Mr DAVIES: Yes.

The Hon. JOHN GRAHAM: That is really a trickle of complaints that are coming to you. What do you put that down to?

Mr DAVIES: The reason may be a bit of the process, for example, my jurisdiction kicks in—pardon the expression—when basically the toll operator and the consumer have tried to resolve things anyway. You have to go through a sort of toll operator complaints network before it comes to me. And then if there is a dispute that cannot be fixed it basically goes to my jurisdiction. I think that is one. Secondly, to be quite frank, before I got to this job I had no idea there was a Tolling Customer Ombudsman. I had absolutely no idea and saw the advertisement in the paper and applied. So we are not particularly high profile in terms of that and the board and I am trying to, in a sense, enhance our brand and promote ourselves more in terms of what service we provide.

I think consumers really do appreciate having an independent service that looks at these issues. You will understand, without talking out of school, that in Melbourne, for example, EastLink has brought the mechanism back in-house. If you bring the mechanism in-house it does not look as independent. The service they give is obviously good—do not get me wrong, and I am not suggesting otherwise—but it is just that perception. Back to your original question, it is really that we are not as high profile as we would like to be and we are trying to fix that up but also there are some mechanisms. Other mechanisms have hoops that consumers have to go through before they get to us. And sometimes consumers decide that they are happy through the arrangements with the toll operator early and so they do not need to come to me.

The Hon. JOHN GRAHAM: A couple of concrete reasons why, and it is not, for example, to put another case that either tolls are popular or that there are not administrative issues out there. These other things are probably the reason why. That is a very low number.

Mr DAVIES: As I said to you, my view is that people do not like paying tolls on roads and I do not as well because we are used to travelling on some roads. Having said that they do see the benefits of it. As I said, most people seem to be not opposed to paying tolls on roads. It is more what happens after that.

The Hon. JOHN GRAHAM: What reforms would you potentially like to see to overcome some of those barriers? One bit of evidence that has been put in front of the inquiry is from the Legal Aid Commission of New South Wales. One of its recommendations is that the role and jurisdiction of the Toll Customer Ombudsman should be expanded to enable it to resolve disputes across all toll operators, and to enforce the code of practice, including a framework for managing debt of vulnerable customers. Looking at the barriers that you face doing your job, or looking at how it could be done better, what reforms would you like to see?

Mr DAVIES: I agree. It would good if the Tolling Customer Ombudsman was across all toll roads—without giving myself an extra job. I think one of the real barriers is obviously funding. If that was the case it

would have to be funded. We are a very lean outfit and we run a really good service but if we are going to be across more than what we are then I think we would have to be funded to a greater extent. Having said that I am not criticising the funding at the moment. What I am just saying is that if we had an expanded role we would need expanded funding. I think a code of conduct would be very good. I think a critical issue would be—and it is probably in each jurisdiction—that there be pricing consistency because that is an issue when you are travelling on New South Wales roads.

The Hon. JOHN GRAHAM: Understood.

Mr DAVIES: Consumers will say to me, "I can travel from X to Y and I travel 40 kilometres, for example. I can travel from Y to Z, getting to exactly the same place, same kilometres, and I can get charged \$8 for one and \$34 for another.

The Hon. JOHN GRAHAM: I might just raise one other issue and then hand to my colleague. Historically in Queensland and Victoria the administration fees have been fixed.

Mr DAVIES: Yes.

The Hon. JOHN GRAHAM: They have not been fixed in New South Wales. Can you give us any background on how big the administration fees are, or crucially, the fact that there is one letter per toll when it comes to chasing tolls being repaid—again one of the issues that we have had raised that is causing real confusion for customers.

Mr DAVIES: I will go to that one first. The consolidated toll notice issue is a significant one in New South Wales because there is so much more administration. People can cope with getting one toll notice but if they start getting 15 toll notices that is when they are on the phone to me saying, "What's happening? I am being flooded. I do not know what to do. My life is going bad, sideways with all these other things. This is a problem." The consolidated toll notice absolutely needs to be something New South Wales looks at. I do not doubt Victoria and Queensland have had them for some time and they kick in in certain circumstances. One of them is when you have a suspended account. People get upset when they have got a suspended account, but then when they get a number of toll notices that go on, rather than a consolidated toll notice, you can imagine even in your circumstances thinking, "One, I can deal with. If I get three or four, I cannot." I think that is a really important issue in New South Wales.

The Hon. DANIEL MOOKHEY: Thank you for appearing today. I am interested in your powers as an Ombudsman. What powers do you have?

Mr DAVIES: The powers are somewhat limited in the sense that, as I said, it generally kicks in after the toll operator has tried to fix the dispute and then it comes to my jurisdiction. The other thing is under the arrangement as I understand it between the Government and the tolling operator, once the tolling operator cannot recover the debt from the consumer it goes to the State organisation to collect those and then my jurisdiction is finished. So the minute it goes to the State to collect the toll, or take proceedings, or take action against the consumer then I do not have jurisdiction.

The way the jurisdiction works, it is an alternative dispute resolution jurisdiction. What it effectively does, just so you understand, is that after they have gone through the process with the tolling operator to try to do the dispute, they come to me, they lodge a complaint on the website. I mediate in a sense between the toll operator and the consumer in respect to the particular dispute, whether it is about administration fees or vehicle classification, I do that and then hopefully reach a resolution. Most of the times, I would say anecdotally, 90 per cent, 95 per cent we resolve the issues and people are happy.

If they cannot resolve a decision informally, I can make a formal written determination in relation to it between the parties. I arrive at the determination and just say that this goes to jurisdiction. The toll operator is bound by my decision when I make a written decision; the consumer is not. So the consumer has all the legal rights to pursue another avenue in respect to the dispute. If they do not, for example, like my decision or think it is right then they are not bound by it but the toll operator is.

The Hon. DANIEL MOOKHEY: Do you have the power to seek documents from the operator?

Mr DAVIES: Yes, but obviously there are various limitations on that. Yes, I can ask them for certain documents.

The Hon. DANIEL MOOKHEY: Where are your powers proscribed? Is it in law, is it a concession agreement, is it in a contract, or is it in a public—

Mr DAVIES: There is a scheme or terms of reference that are enshrined in those powers.

The Hon. DANIEL MOOKHEY: Made by whom?

Mr DAVIES: They are effectively agreed to by TCO and the toll operator in a sense.

The Hon. DANIEL MOOKHEY: Is that effected in a contract between your company and the operator?

Mr DAVIES: Yes, there is an arrangement between that. Also part of it is enshrined as part of the constitution and obviously the toll operator is a member—because we are a company limited by guarantee and they are a member.

The Hon. DANIEL MOOKHEY: Presumably your jurisdiction does not extend to toll operators who do not recognise your jurisdiction?

Mr DAVIES: No.

The Hon. DANIEL MOOKHEY: It is a bit of tautology.

Mr DAVIES: Yes.

The CHAIR: I will continue that line of questioning. So you are appointed by a board of directors. Is that correct?

Mr DAVIES: Yes.

The CHAIR: And that board of directors is Mr Crowhurst, Ms Waldron and Ms Shaw. Who are they appointed by?

Mr DAVIES: They are not appointed by anyone; they are a board of directors. Nicolas Crowhurst is an independent chair. Ms Waldron is a consumer director. Ms Shaw is an industry director. That is how it is—

The CHAIR: Okay, but you are a company limited by guarantee.

Mr DAVIES: Yes.

The CHAIR: You have members and the members are the toll operators?

Mr DAVIES: Transurban.

The CHAIR: Is that just Transurban?

Mr DAVIES: Yes.

The CHAIR: Transurban, as the sole member of that company limited by guarantee, presumably appoints the directors of that company?

Mr DAVIES: No, it does not. It is an independent company. It does not appoint the directors. The company was set up as part of a reform coming out of Queensland. What used to happen was the tolling customer was a contractor who just contracted directly with the toll operator but now it is obviously an independent company that provides my scheme services as part of the jurisdiction.

The CHAIR: Sorry, but having regard to how company law works—

Mr DAVIES: Yes.

The CHAIR: —if you have a company, the directors cannot appoint themselves. The members need to appoint directors.

Mr DAVIES: Well, the company started in 2019, okay? But under the constitution—well, we lost our consumer director last year. The directors appointed another consumer director with no influence from the members.

The CHAIR: Okay. So let me get this straight. The original directors were appointed by the member of the company but then, when a vacancy arose, the directors themselves appointed, under the constitution, the additional director.

Mr DAVIES: Yes and—

The CHAIR: Okay. And, again, under company law—sorry.

Mr DAVIES: Sorry—and I came on board after the company was constituted.

The CHAIR: Sure. But under the constitution, in order for it to be a valid company limited by guarantee, it would need to have the members having control over the constitutional terms so the members could change the constitution at any time.

Mr DAVIES: Well, yes, they could in an—sorry, at an extra general meeting or an annual general meeting, yes, they could. They could change the constitution but I am not sure how that necessarily then feeds back to their arrangement with the Government with what the tolling customer should be because I understood that, as part of the arrangements between them and, I do not know, the toll operator and the Government, was that we had a tolling customer ombudsman.

The CHAIR: Okay. I know you keep referring to them as the tolling customer but it is just Transurban. We have Transurban as a sole member of this company.

Mr DAVIES: Yes.

The CHAIR: That, to me, looks very much like the company as a subsidiary of Transurban.

Mr DAVIES: No. Not at all. Not at all because—

The CHAIR: How does it differ then, if they are the sole member and they have complete control of the constitution?

Mr DAVIES: Well, you can look at it that way. I do not see it as that way. I am completely independent. We have got an independent chair. We have got a consumer director and we have got an industry director as well which makes it completely—

The CHAIR: To be clear, I am not accusing you of being influenced in any way. I am just trying to understand the structure—

Mr DAVIES: Yep.

The CHAIR: —of your particular organisation.

Mr DAVIES: Yep.

The CHAIR: Are you a member of the Australian and New Zealand Ombudsman Association [ANZOA] now?

Mr DAVIES: No, not at the moment, but I am a member of IOA, which is the International Ombudsman Association, which is the global body and which is, in my view, the premier global body for ombudsmen.

The CHAIR: And why has ANZOA not given you membership?

Mr DAVIES: I have absolutely no idea why ANZOA has not given me membership. Had—

The CHAIR: Is it because, under ANZOA's requirements, your organisation is not seen as having the necessary level of independence?

Mr DAVIES: Well, that is not what ANZOA has necessarily said to me but that may be an issue. It is difficult to understand the reasons for ANZOA not giving me membership. That may be one but they have not clearly articulated that to me.

The CHAIR: Did you have any ombudsman experience before you became the ombudsman?

Mr DAVIES: Well, no, but I have been on independent tribunals for about 15 years before I became an ombudsman. I have been a partner of an international law firm for 13 years. I was CEO of a business I have run before. I have done alternative dispute resolution in the Federal Court and the High Court.

The CHAIR: Sure, but if—

Mr DAVIES: But, no, the Victorian Civil and Administrative Tribunal [VCAT], the Administrative Appeals Tribunal [AAT], so I think I have got more than enough experience to do this and, being a lawyer of 35 years standing, a Master of Laws—

The CHAIR: I am sorry, I am not questioning the rest of your qualifications. I am just wondering whether you have ombudsman experience beforehand and, from what you are saying, you do not. But despite that, you would be aware of the way that other ombudsmen are structured and the regulations governing.

The Hon. SHAYNE MALLARD: Point of order, Madam Chair: The witness said he had experience as an independent arbitrator, which is clearly experience leading him to becoming an ombudsman. You cannot just categorise it by saying that he said he did not have experience to be an ombudsman. That is not fair. That is misrepresenting his position.

The CHAIR: Mr Mallard, I did not say that.

The Hon. SHAYNE MALLARD: Yes you did.

The CHAIR: I said it was clear he was not an ombudsman beforehand. That was what I said. I said, "You do not have experience—"

The Hon. SHAYNE MALLARD: Well, we will check the *Hansard*.

The CHAIR: —as an ombudsman."

The Hon. SHAYNE MALLARD: We know where you are going. You are undermining the witness, but that is fine.

The CHAIR: No, I am not undermining the witness, thank you, Mr Mallard, for your unwelcome commentary. Mr Davies, again, I am not saying that you are not qualified. I am trying to build up an understanding, so that I can ask my next question—

Mr DAVIES: Sure.

The CHAIR: —which was whether you believe that the structure of your particular ombudsman role is in line with what we see elsewhere in Australia by those ombudsman organisations that are governed by ANZOA, or are members of ANZOA.

Mr DAVIES: Well, yes, but the answer is yes, I do think the requirements are adequate. There are a number of industry ombudsmen around Australia: The Telecommunications Industry Ombudsman [TIO] is one, the Telecom one. There are other industry ombudsmen. There are industry ombudsmen all throughout IOA, of which I am a member, and just because you are not a member of ANZOA does not mean you are not an ombudsman. It does not mean you are not a good ombudsman. It does not mean the scheme is not a good scheme. For example, I was talking to the Queensland Ombudsman last week and he happens not to be a member of ANZOA, either.

The CHAIR: Do you think—

Mr DAVIES: Sorry, just to finish, he is a member of IOA, like I am—the International Ombudsman Association—and what is significant is the benchmarks that are required for IOA are the same for ANZOA. And so the applications are substantially similar; so are the requirements. And I am certainly a member of IOA and so is the appointment that I am [inaudible].

The CHAIR: Again, because I am conscious of the point that Mr Mallard raised, I am looking at the structure of your organisation, not you as an individual. Do you think your role as an ombudsman would be improved by being subject to independent regulation—for example, some sort of, I guess, a legislative framework?

Mr DAVIES: Well, no, I do not, but would I be concerned about being subject to a legislative framework? No, I would not but I think that it works well. I am very independent. We resolve 95 per cent of the disputes we have. It is a very good service. Consumers engage with it very well. They understand it is a free service. Look, frankly, would we prefer having more members, if that is where you are going? Yes, we would because we would like to be operating a scheme across all toll roads with all toll operators, but the scheme works. The scheme is working. I am sitting in the hot seat every day. Since 2020 the scheme has worked. It has been particularly difficult for consumers under a COVID environment and the scheme is still working under a very difficult COVID environment where people are feeling pressurised by just life in general but also by bills, by, you know, charges—all those sorts of things—and the system is working really well.

From what I can gather when I talk anecdotally to consumers, the system is working even better now it is an independent company. That is not to say that Mr Arnold, as the previous ombudsman, was not good. He was very good but we had different styles and it was a different arrangement. I think the present arrangement works well. It is very independent. No-one has ever tried to influence me one way or the other in relation to any of this. If they decided we would have a legislative overseer, I do not fear that. In a sense, I work on various tribunals where there is legislative—and it makes no difference if you are an independent arbiter. It makes absolutely no difference as long as you know what the rules are. I think it works perfectly fine at the moment and, you know, I have been sitting here for two years almost now and I think the system works really well and it is a good alternative dispute resolution scheme.

The CHAIR: Thank you. What steps have you taken to add the other toll operators to the scheme?

Mr DAVIES: What steps have I—have we taken? Well, I mean, once again we are at the moment full capacity in terms of funding, in terms of everything else. Look, we, in the future, may go back to, for example, EastLink and say to them, "You have bought it in-house. Perhaps, you know, would you contemplate again joining the scheme?" We have a strategy of growth, if you can put it that way, some is being input for ombudsmen, but we would obviously like to have a greater share of the pie, in a sense. We would be keen to do that but, obviously,

as I said, the limitation is funding and, obviously, if that was the case where you added more toll operators, then I suspect I would need another ombudsman. I do not think one person could necessarily do that.

But would we rule it out? No, we would not. In fact, our strategic plan is looking at those sorts of growth objectives but, once again, we only started as an independent company in 2020. We have been hit, like every small business, with COVID and you will all understand that, about just bedding down issues. At the moment it is difficult enough having all our directors meet in one room to actually discuss strategy for the last two years, so it is difficult. But I guess—

The CHAIR: All right—

Mr DAVIES: Would we be keen to expand? Absolutely. Of course we would.

The CHAIR: How many days a week do you work in the ombudsman role? Is it full time?

Mr DAVIES: No, it is not. But, having said that, it is supposed to be three days a week. There is no week that I work three days a week in terms of I work much more. You know part time is as work. Everyone understands that. Instead of working the three days you work five and, I am lucky, because I work from home. I am on obviously tribunals and boards as sort of other fill-in, and I have a phone which I answer every day of the week. It is full.

The CHAIR: Do you have any staff?

Mr DAVIES: Yes. I have a very capable staff member, Michelle, who has been with the tolling ombudsman for about 15 years and she is a terrific resource for me.

The CHAIR: And is she full time?

Mr DAVIES: Well, once again, it is the part-time/full-time thing. She works three days a week but I think if I asked Michelle, in truth, she works four or five days a week. But that is all part of it. We appreciate that and we do not work Monday, Tuesday, Wednesday and then say, "We're not answering the phone Thursday, Friday." It does not happen. We get emails all the—

The CHAIR: Yes.

Mr DAVIES: And, like everyone else, we work weekends sometimes. When we get things, we just have to. It is part of the job.

The CHAIR: I understand. Just a final question: What percentage of your funding is spent on staff and your own salary? Are you able to tell us?

Mr DAVIES: No. I could not tell you off the top of my head, sorry, but it is—

The CHAIR: If you could take that on notice that would be very helpful. Thank you. I will now pass on to the Government for questions. Mr Farlow, or Mr Mallard.

The Hon. SCOTT FARLOW: Yes. Thank you, Madam Chair. We have spent a lot of time on your role and the processes in your role, but I am more interested in the outcomes that have been achieved through your role.

Mr DAVIES: Yep.

The Hon. SCOTT FARLOW: You were talking about 95 per cent resolution of issues. What does that look like, effectively, in your standard issue that is raised by a customer? What does it look like when it is resolved?

Mr DAVIES: Well, what happens is that there is accommodation reached between the toll operator and the consumer. For example—and this is just an example—there might be a dispute between the toll operator and the consumer in relation to both administrative charges and the basic tolling amount. And where we get to, hopefully, is that the toll operator decides to excise or get rid of the administrative charges and then we come and have a discussion about how much the consumer will pay of the basic tolling amount. Then if they reach an accommodation, that is the end of the story. As I said, if they cannot reach an accommodation, then I write a determination. But I have only had to write very few determinations in the last couple of years.

The Hon. SCOTT FARLOW: I think you were talking, Mr Davies, before about a standard problem—that you might get a \$28 toll bill which most people would find acceptable.

Mr DAVIES: Yep.

The Hon. SCOTT FARLOW: Then with fees and charges and administrative charges on top, it becomes \$128. I take it that through the process you get all that \$100 additional taken off. Is that where it sort of ends up, or is it some sort of concession that maybe it is one administrative charge that is applied to all of those tolls rather than the \$100, so to speak?

Mr DAVIES: Well, mostly all the administrative charges are waived. It does not happen in every circumstance but can I say I consider the toll operators have been really benevolent through COVID in terms of the settlements that they will agree to. They seem to have done that. Now, having said that, most of my existence in tolling has been under the COVID arrangements but most times the administrative charges are reduced significantly—sometimes 100 per cent, sometimes less depending on circumstances—and obviously we get various disputes and various admin charges. But most of the time the way they are resolved is the admin charges are reduced significantly, and sometimes 100 per cent.

The Hon. SCOTT FARLOW: Mr Davies, I take it that when you make those determinations, you take into consideration a person's ability to pay and their own financial circumstances in those instances where you make a determination?

Mr DAVIES: Absolutely and, obviously, too, the toll operator has part payment instalment plans and things like that. Sometimes obviously in determinations I will insist that they enter into a payment instalment plan. I mean, because it is an ombudsman's role, even before I make the determination I may have to say, "Toll operator, sharpen your pencil. I don't think this is a good enough offer."; or, alternatively, once again I will say to the consumer, "As an objective observer, I think what the toll operator has offered is reasonable or sensible", and then it is ultimately their decision to make. But I try to sort of—and intervention is the wrong word—be active in terms of doing that because sometimes it is like people get caught in their own position and if you can at least say, "From an objective view, I think that's good", to the consumer; or, alternatively, you say to the toll operator, "No, no, no. I think this person is in real financial strife. They have been on the phone to me four times. I understand they have got medical bills. We need to do something else here", or "We need to pull it back a bit", or whatever; and, you know, that is part of the role. So we do—

The Hon. SCOTT FARLOW: Mr Davies, you were talking before about the role and, effectively, that it is not a high-profile ombudsman's office. It is not something that people necessarily know about. You talked also about the process people have to go through before they come to you in trying to resolve it with the toll operator.

Mr DAVIES: Yes.

The Hon. SCOTT FARLOW: Do they have a referral service at some point? Is there a trigger in the system whereby they have been going back and forth with a client and then they say, "You should go to the ombudsman"?

Mr DAVIES: Yes.

The Hon. SCOTT FARLOW: Is there some sort of system that is outlined like that?

Mr DAVIES: No, absolutely, and they do recommend that if they cannot resolve—sorry, if they cannot resolve it with the consumer, yes, they go to the tolling; that they go to the Tolling Customer Ombudsman. They do refer them directly through. But the process of that is then the consumer will come to me and then, as I said, they will lodge a tolling complaint on our website, which is very user-friendly. It is also, you know, you can get translation of all the forms and all those sorts of things as well, and we have a translation service if people need assistance as well. So it is fairly user-friendly; but, yes, the tolling company will refer them through—say, you know, "Ring the tolling ombudsman", which, as I said, I have got a phone, a separate phone, which comes directly to me. I will take calls on my personal one, if I have to—that is all part of it—and, secondly, they get on the website and then lodge a claim and, obviously, the minute they lodge a claim we send an email back saying "Received your claim", and we will start the process.

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

The Hon. SHAYNE MALLARD: Thank you, Mr Farlow, and thank you, Mr Davies, for appearing today and for your evidence. I am interested in the industry model ombudsman you refer to. I came back from New Zealand with a \$7,000 mobile phone bill with Optus. I could not resolve it with Optus and went straight to the telco ombudsman, which I did not know was there at the time.

Mr DAVIES: Yep.

The Hon. SHAYNE MALLARD: Someone told me to go there. The minute Optus found out I was doing that, they immediately came to the table to negotiate. Is that a similar sort of mechanism that you have in

place? I assume that that telco ombudsman is industry funded. I am not certain. I was not sure about that. Maybe you could enlighten me there.

Mr DAVIES: No, no. I understand it is industry funded—you know, the Telecommunications Industry Ombudsman, yes.

The Hon. SHAYNE MALLARD: The minute they were involved, Optus immediately—I mean, I paid \$2,000 in the end over time. They immediately came to the table, straightaway.

Mr DAVIES: The way I can describe it, without being pejorative, is that it is less clunky when we are dealing with it, when the ombudsman is involved, because consumers go to call centres and they might get three different people if they ring three different days.

The Hon. SHAYNE MALLARD: Yeah, I know.

Mr DAVIES: It is the nature of the business, whereas we have particular people that I deal with—with the toll operator—who deal with my administrative assistant, Michelle, through various things. But I can also go higher if I think there is a problem. For example, at one stage there was a person I was really worried about that kept ringing up and I thought they were really on the edge and I was really worried that they were going to do self-harm. And so I rang someone at the toll operator and said, "Listen, this is one we've just got to let go. I'm really concerned about it." I was just about to call the police, to be honest, because that is how worried I was about it but I rang the toll operator and said, "We need to do something about it", and it was fixed. So, yes, it tends to sharpen people's focus, I think, in terms of the tolling operator when they come to me. Having said that, my experience with the toll operator is pretty good and, as I said, during COVID I think they have been particularly benevolent. But that does not mean that, as I said, sometimes I have had to say, "Sharpen your pencil. I don't think that offer is good enough", or that sort of stuff.

The Hon. SHAYNE MALLARD: Your arbitration is binding on the toll operator.

Mr DAVIES: The tolling operator.

The Hon. SHAYNE MALLARD: But not binding on the consumer.

Mr DAVIES: Not binding on the consumer. In a sense it is almost a free kick for the consumer because it is free, the service is free, and it is taken to some degree out of their hands in that they are not negotiating themselves with the toll operator. Thirdly, they think, "Well, some grey old balding bloke who is independent is in there batting for me and it has taken one of my worries off my shoulders."

The Hon. SHAYNE MALLARD: There are a few grey, old, balding blokes around. Earlier in questioning Mr Graham put it to you that your lower number of disputes is because of the barriers—he used the word "barriers"—that are in the way to get to you. But when I had my dispute, I had to show evidence that I had tried to resolve it directly—that was just emails and phone calls—with the telco before the ombudsman took it up. It is standard practice, whether it be a government ombudsman or a private ombudsman, that you need to show that you have tried to resolve it.

Mr DAVIES: Yes. Look, "barriers" is the wrong word. Is it sometimes clunky dealing with it outside my jurisdiction? Absolutely, because they have got call centres. But if you have a dispute with the bank, it takes you through and you might get different people and everything else. I do not think the fact that it is clunky means that they do not come my way. I think, quite frankly, the profile of the Tolling Customer Ombudsman is not strong enough, and I would prefer it to be stronger.

The Hon. SHAYNE MALLARD: Would you support a recommendation of this inquiry to encourage—we cannot bind it with the necessary legislation—all tolling operators within New South Wales, because we cannot influence the rest of the country yet to sign up to your industry ombudsman?

Mr DAVIES: I think that would be good. If we have one place where we resolve these disputes, there is consistency. There is transparency. They can see the decision on the website. I report every quarter in relation to disputes and what is happening. I speak to the toll operators, as I said, twice yearly, if not more—and it is certainly more during COVID—in relation to issues that have caused problems.

The Hon. SHAYNE MALLARD: We are running out of time and Wes Fang probably wants to ask some questions as well. I just have two more lines of questioning.

Mr DAVIES: I can go beyond 11 o'clock, if required.

The Hon. SHAYNE MALLARD: Noted. We have heard a lot of evidence at this inquiry. It has alarmed me and Government members as well that tolling operators have a sort of quasi credit card operation going on that we did not realise, and it has caused some hardship. There have been suggestions—you alluded to it, I think,

when we talked about an industry code—that we should apply credit industry codes or laws, whatever you would like to call it; credit card oversight onto the little beeper in your car. It is almost a type of credit card. Do you think that we should be recommending applying consumer laws around credit to the toll operators?

Mr DAVIES: Well, I am not a toll operator, but I think we should consider anything that helps consumers in that regard. Whether that would be the optimum, I am not sure, but certainly we should—

The Hon. SHAYNE MALLARD: This is my last question and then I will flick over to Wes. There has been some suggestion or questioning around your office's independence—not your personal independence, but the office's independence—and you responded:

No-one has ever tried to influence me ...

You are under oath. So you are saying no toll operator or anyone else has ever tried to influence your arbitration?

Mr DAVIES: Can I say, no toll operator has ever tried to influence it. My board has never tried to influence me. Consumers sort of try to influence, if you know what I mean—

The Hon. SHAYNE MALLARD: Of course they do, yes.

Mr DAVIES: —because they are caught in it and they are wrapped up in it.

The Hon. SHAYNE MALLARD: But I am talking about the people that [disorder].

Mr DAVIES: No-one has ever tried to influence me. Why would I be in this job, being a lawyer of 35 years and being on tribunals, if I could be influenced? You only get one shot at your integrity, everyone. Sorry, but it is not something that I would do. Quite frankly, if someone did try to influence me in that way, what is the point of being the Tolling Customer Ombudsman? You may as well resign.

The Hon. SHAYNE MALLARD: Indeed. I will pass over the last few minutes to my colleague Wes Fang. Thank you for answering my questions.

The Hon. WES FANG: Thank you very much, and thank you for appearing today. I appreciate your offer for staying past 11 o'clock, but you have been very generous with your time today, so I have only a couple of questions to ask and then we will let you depart. I just wanted to find out whether you have kept any records, by any chance, about the amount of money that you may have saved consumers through your actions? Say there was a \$125 notice to a customer from a tolling company that you had reduced down to half or had an admin fee waived, obviously you have saved customers an amount of money. Have you kept track of how much that has been over your term and tenure? What positive outcomes have been achieved for customers?

Mr DAVIES: I have not looked at how much we have saved people money, but it is a good thing; I might actually say that to my board. It might be a good indicator of how the service is going. We have obviously saved them a lot of money, but only anecdotally. I could not tell you the figure. Sorry, the second question was?

The Hon. WES FANG: It was just about some of the stories of how much you have saved consumers. What are the largest amounts that you can recall? I note that it was alluded that you may have been influenced, like the Hon. Shayne Mallard indicated. But obviously if you are saving customers money through your actions, then clearly that is not the case.

Mr DAVIES: To be frank, most of the disputes that I deal with are not what we would call a lot of money, but they are obviously a lot of money for consumers. It is not huge amounts of money that we are talking about generally, unless something goes really awry and someone keeps travelling on toll roads, for example, for a significant time when their account is suspended. Those are the sort of things. My satisfaction here, in terms of this, is that about 90 or 95 per cent of our disputes come to a successful resolution. The other issue is that there are certain benchmarks in relation to resolving disputes internationally—that is the International Ombudsman Association. But the general alternative dispute resolution benchmark is—I think "acceptable" is 45 days. Most of our disputes are certainly resolved within about 20 to 30 days quite successfully; therefore, you are beating the global benchmarks in terms of resolving.

Ninety to 95 per cent is a pretty good rate, given that sometimes you get people who just will not settle. That is the nature of the beast sometimes, unfortunately; they will not settle and then they take other avenues. Really it is more—can you provide the service within or better than the global benchmarks? Yes. Can you resolve 90 to 95 per cent of disputes? Yes, you can, and we are hitting that target. Are you, in a sense, providing an appropriate and proper service for New South Wales, Victoria and Queensland? Yes. Those are the success measures, not in terms of how much money we have saved people. I know that someone may look at that in a different way, but that is not how—also, we are a not-for-profit company limited by guarantee, so we are not focused on the money aspect of it.

The Hon. WES FANG: Thank you, Mr Davies. That was the end of my questions, but I note that when we say it is not a lot of money, to some people that could be a lot of money. I am very cognisant of that. Even though you might have only saved a few dollars, it might be the difference for some people. And so, in that instance, I think that you may have made a difference to people's lives. That is the end of my questions. I thank you very much for your time.

Mr DAVIES: You are absolutely right. Sometimes it makes a huge difference to consumers if they are pensioners or they are disabled or if, for example, it is \$26 and the administrative fee is another \$80. If you can knock off that \$80, that is the difference between them making it during the week or the month or not. [Disorder].

The CHAIR: Unfortunately our time has expired, so we might end on that note that I think we can all agree on. Thank you very much, Mr Davies, for appearing and being generous with your time. To the extent that you took questions on notice—I believe there were a couple—the secretariat will be in touch. There will be 21 days to respond to that. We may also send you some supplementary questions but, again, the Committee secretariat will be in touch. Thank you very much for your time. The Committee will now break until 11.15 a.m. when we will be back with our next witnesses.

(The witness withdrew.)

(Short adjournment)

ROBERT GILTINAN, Director of Policy and Public Affairs, NRMA, sworn and examined

WAL SETKIEWICZ, Principal Adviser, Infrastructure and Economics, NRMA, affirmed and examined

The CHAIR: I would like to welcome our next witnesses. Would one of you like to start by making a short opening statement?

Mr GILTINAN: Sure. Thank you, Chair. On behalf of the NRMA I would like to thank the Committee for the invitation to contribute to this inquiry. A safe and functional road network is one of the primary underpinnings of our economy, critical in supporting the safe and efficient movement of people and goods. In regard to tolled motorways, the NRMA would like to bring three opportunities in particular to the attention of the Committee. Firstly, we are now close to having a connected and functional motorway network, which provides the opportunity to look at pricing as a total network concept. Secondly, more transparency around the conditions for price setting and independent oversight of concessions would improve public knowledge and confidence. Thirdly, a toll-free period of one month for new motorways or major enhancements to existing motorways would give motorists the opportunity to utilise and evaluate potential benefits.

Tolled roads are a key component of the road network, providing access to important institutional and private funding to ensure we have access to the best available and most efficient road infrastructure for motorists and also for freight and logistics. Over the past several decades, governments have increasingly relied on private sector investment to support roads and transport, bringing projects forward and increasing travel choice. Private sector involvement supports broad economic outcomes and will continue to play a vital role, alleviating pressures on government budgets so that public funds can be increasingly directed at social infrastructure and services. While tolled roads are a key component of the road network, development has mostly been on a project-by-project basis, which has given rise over time to pricing inefficiencies given new road and transport projects and, therefore, dated assumptions.

Pricing structures are effectively anchored to concessions and have been put in place to be reflective of project-specific considerations, which has increasingly brought to light disparate pricing, inconsistencies and inequity for users. Primarily due to geographic location, NRMA members in western Sydney, the south-west, the north-west and the Blue Mountains feel most disadvantaged by toll roads. Given current pricing structures, members in western Sydney in particular are more likely to actively avoid using toll roads than in any other area. Further to these issues, there is a lack of public understanding around price setting for toll roads. Less than 10 per cent of NRMA members understand how tolls are calculated. Governments over many years have sought to address pricing inconsistencies through a number of ad hoc initiatives, including rebates and reductions; however, it is becoming increasingly necessary to look at broader and more substantive reform with a holistic view of toll roads, as well as the entire road network.

The overwhelming majority of NRMA members support tolling reform. Broad road pricing reform based on a more progressive model, underpinned by a "user pays" approach, provides the opportunity to holistically and continually consider current and emerging mobility needs while consolidating and rationalising current fixed, distance-based and time-of-day tolling charges. Most NRMA members support a "user pays" approach to tolling. While toll road consolidation and rationalisation could provide significant community and economic benefits, the NRMA ultimately supports a network-wide road pricing model which factors in distance, location, time of day and vehicle type, where price adjustments can be considered over time to ensure sustainable funding for roads and transport, for infrastructure and maintenance. Such a model could also benefit from multiple-trip pricing caps.

With the New South Wales Parliament recently passing the Electric Vehicles (Revenue Arrangements) Bill 2021, we now have legislation in place to support such reform. The NRMA is committed to continuing to work with the New South Wales Parliament, private toll road operators, policymakers and other stakeholders to progress network-wide pricing reform and other key issues to improve equity and provide motorists a simpler proposition. The NRMA is equally committed to educating and to publicly highlighting the need for change to lower some of the barriers that effectively need to be overcome to support acceptance and implementation. Once again, I would like to thank the Committee for the invitation to contribute to this inquiry and for considering the NRMA's submission.

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

The Hon. JOHN GRAHAM: Thank you, Chair, and thank you to the NRMA for your submission. I might start in some ways with the most straightforward of those propositions you have put: the toll-free period. NRMA has been a consistent advocate. Up until recently the Government did have a toll-free period as these roads open. That has now stopped. Just give us a quick rundown of the benefits of those toll-free periods, as the NRMA sees them, including the safety benefits.

Mr SETKIEWICZ: It has always been our policy to support a one-month free period. The Government undertook a review of the tolling arrangements in—I think it was 2005. I think it was loosely called "the Richmond report". One of the recommendations that came out of that was for any new tolling roads to have a one-month free period. The NRMA supported that on the basis that we feel that our members should actually drive the road when it is first opened to see what the benefit is compared to using the existing road network. We think that is critical, and it will also allow the public to gain confidence that the road which was opened is a good road and is a safer road than being on the alternatives. We also feel that it is a good way to increase public confidence in the usage of the road. It also gives an assessment to the individual user, "Okay, we're going to be charged X dollars for this section of road. Am I going to get X dollars of benefit from that road?" Being able to have a first go at it and make an assessment as to which road they would prefer to use is very important. Obviously these roads, because they are high-quality roads in the sense that they are built to a high specification, are actually safer. NRMA in general supports safe roads, irrespective of what type of road it is.

The Hon. JOHN GRAHAM: Thank you for that answer. I might turn to the second issue that you raised in that opening statement, which is that these tolls do not fall equally across Sydney. It is really south-west, north-west and western Sydney that are bearing the burden of these tolls. They are already at a time distance from good jobs in the centre of Parramatta or Sydney, but then the tolls are on top. That feedback you have had would be from your members, as a membership organisation. Just give us some more details about that issue—how equally tolls fall across Sydney.

Mr SETKIEWICZ: We did a survey a couple of years ago where we sought to find out what our members thought about the way they manoeuvre around the Sydney motorway network. There was a concern that it is those most distant motorists who need to travel on these roads. In some cases, as in the north-west sector, the ability to use public transport is quite limited. That was also a factor. Our members also had the concern that because there are a lot of people moving further out to afford to buy houses, which is further away from their jobs, it raises concerns for them about how they deal with the issues. I also think that the way these motorways have been put together on an ad hoc basis has not contributed to people actually determining what is good value in terms of what type of road they travel on.

The Hon. JOHN GRAHAM: Yes, you made that point strongly in your submission. One of the issues that I have put to multiple Government Ministers—and no-one will answer this. They duck for cover every time it is raised. How much are commuters actually paying? For example, over the life of the WestConnex project, how much in total will come out of the pockets of drivers? How many billions of dollars, how many tens of billions of dollars, will come out of the pockets of drivers in western Sydney? Can you give us any guidance on that, or perhaps a response to this? Should we not know that? As part of your call for transparency, should we not know how much drivers are paying?

Mr SETKIEWICZ: Yes, we should, because transparency is also a very important argument in this context. People need to know what they are being charged for and what the benefit is. This gives people a decision to make. Should they use the toll road because it is quicker, it is safer, they get to their end point sooner and they are able to manoeuvre around the road system a little bit easier, as against the cost? At the end of the day, we want this thing to be transparent in the sense that we want people to understand that if they are paying X, as I said before, they want at least X dollars in benefit for it.

The Hon. JOHN GRAHAM: Yes. Your submission calls for—you set out a range of principles, which are really useful guidance for the Committee. One of those principles is independent and transparent oversight of what toll prices are charged and the tolling regimes. How would you imagine this working? Just give us some more details about that independent and transparent oversight.

Mr SETKIEWICZ: Once the deal has been struck and they have worked out the parameters in terms of what they are going to pay, it would actually be good to get an assessment from an independent operator as to whether the way the contract is put together is in the public interest and there is a benefit to the public from this road having been built. We think it is critical that people understand the need for roads and also understand that they are actually getting a benefit out of it. I think an independent check saying it does pass the test and people will gain from using that road, I think that is quite important.

The Hon. JOHN GRAHAM: Yes. One suggestion has been that the Independent Pricing and Regulatory Tribunal [IPART] might be the body that performs the test that this is of public benefit. Do you specifically support IPART, or are you more generally advocating for an independent check of that sort?

Mr SETKIEWICZ: We would advocate for an independent—it does not have to be IPART, but someone that is independent and away from the normal, day-to-day dealings of contractual arrangements with government.

The Hon. JOHN GRAHAM: Yes, fantastic. I might hand over, at that point, to my colleague.

The Hon. DANIEL MOOKHEY: Thank you. One of the points that I think Mr Giltinan made in his opening statement was about the migration of traffic to local roads in the wake of the establishment of tolls. Can you talk to us more about what you have noticed?

Mr GILTINAN: Sure. Thanks, Mr Mookhey. In previous inquiries and what we have seen progressively occur is that there are obviously concerns, particularly with the freight industry, that the price setting of tolls is becoming unsustainable for some of the members, particularly those who live in north-west, south-west and western Sydney. The issue we have with it is that ultimately those roads are put in place to reduce congestion and reduce travel times for motorists. We want to be encouraging the use of those particular roads, not putting in place impediments that force traffic onto local roads, because that is where you create congestion and also start to impinge on the productivity benefits. Anything that we can do to increase the use of tollways would be supported by the NRMA, because that is the strong feedback that we generally get from the membership.

The Hon. DANIEL MOOKHEY: Am I right in interpreting what you said—that you think the way in which freight is priced on toll networks is prohibitive and causes them to have to use local roads?

Mr GILTINAN: That is some of the feedback that we have from the freight industry in particular. This gives rise to one of the issues that has come to bear over time with new motorways and toll pricing. We have such a patchwork in place now and we have inefficiencies across the network. If you look at one example, it may make sense for a particular consumer, motorist or freight company to use a toll road. But in another case, it may make no sense for them to use a toll road because they view the cost as prohibitive. Ultimately, moving to a more progressive and more equitable model can incentivise everyone, including motorists and freight, to use the motorway networks and not be stuck on the local road network, which is essentially not what we want.

The Hon. DANIEL MOOKHEY: That is a very nice segue into the proposal for a network pricing model. Do you think that network pricing model should be constructed with the objective of simply recovering the cost of construction or is that something that you think we should be using to mediate demand for roads?

Mr SETKIEWICZ: You need to have both because if you are investing in the network and you have got a risk profile, you need to get the rate of return back—cost recovery. Also, it is more important—and where the emphasis should be—being able to manage the system better now and putting in place different pricing structures that will enable greater utilisation of the road network and maybe spreading the amount of journeys over a 24-hour period. At the moment, as you are all aware, there is about two hours in the morning and two hours in the afternoon where there is massive congestion. Obviously, people are trying to get to work, to school, et cetera. and that is causing a lot of stress on the system. If we are somehow able to spread that demand over the time of day, that would provide a better outcome. I think that is very important too—to look at ways that we can actually improve the utilisation of that road network, not just for certain periods of the day.

The Hon. DANIEL MOOKHEY: For other forms of network infrastructure where there is monopoly ownership, be it telecommunications or otherwise, you have the Australian Competition And Consumer Commission [ACCC] set the prices. How do you envisage price setting to take place under your proposal for network access? Do you think that should be decided by the toll operator in partnership with the Government or should there be someone independent sitting over them?

Mr SETKIEWICZ: That is a very important question. I think there needs to be a discussion about what the prices are that people would like to see being used for this purpose. We need a serious discussion of all the relevant issues—people's input into it. The NRMA has always been cognisant that, in the wider road user charging debate, we need massive consultation and discussion with various stakeholders to make sure that we get the best outcome for everybody. It is imperative that we get to that process. As the Committee knows, it is a complex issue and there are no easy fixes or easy solutions. The more we can understand people's needs and how they want to use the network, we will be in a better space to make some of those answers to the questions.

The Hon. DANIEL MOOKHEY: Do you have a view as to what would be a reasonable profit that should be built into the pricing structure of a network model? Again, it is not a criticism of people's desire to earn a return on their capital. They should. But there are multiple models. Electricity networks have one set of return, telecommunications has another and water has another. What do you think is the appropriate benchmark that we should be thinking about here?

Mr SETKIEWICZ: There are various models out there. You talked about water and electricity. I know in that area there is something called a regulated asset base, where the regulator actually monitors the capital expenditure and operating expenditure of the provider and provides them with prices for a certain period of time. Obviously, the operators can make enhancements to the network and seek those prices. That is one particular

model that could be looked at. I am not saying that we should go down that path, but there are a number of ways you can actually try to address this issue.

The Hon. DANIEL MOOKHEY: Indeed. I am wondering whether or not the NRMA has a view as to which one it prefers or is it the case, at this point, that you are at more of a concept stage?

Mr SETKIEWICZ: We are at more of a concept stage to get people to the table to talk about the issues.

The Hon. DANIEL MOOKHEY: Mr Giltinan, you made a reference in your opening statement about the interactions between this and road user charges and electric vehicles. Can you expand on that point? How do you see the two as related?

Mr GILTINAN: Ultimately, we are looking to reform road pricing and put in place a more equitable and a better structure so that we have more certainty around financing new roads, funding roads and the charges that we put in place for those particular roads. The most recent legislation that was passed by the Parliament in regard to electric vehicles effectively is consistent with what we are saying in that it puts in place a pricing mechanism to charge by distance. Ultimately that is a stepping stone to full road pricing reform. However, our strong view is that distance is not the only thing that needs to be considered in a panacea-type approach. You need to consider a whole range of factors to provide equity across the system because if you have—and I will stick to motorways given the inquiry—someone using the M2 and M7, they are going to be travelling some distance compared to the Eastern Distributor, for example. There are a whole bunch of factors that need to be considered depending on where people live. Do they need to use a toll road that has been funded by the private sector? Are they using public roads? There are just so many considerations. That is a huge piece of work that needs to be done. Ultimately, we feel that moving towards a road pricing scheme, which is the underpinning of that legislation, is the right way to go.

The Hon. DANIEL MOOKHEY: Moving on a bit—one of the issues that has been raised repeatedly in this particular inquiry is why certain toll roads rise by 4 per cent per annum regardless of inflation or wages' price growth. Does the NRMA think it is appropriate that contracts for new toll roads are assigned with a 4 per cent escalator per annum?

Mr GILTINAN: Whenever a toll road is put in place and you are after capital investment or institutional funds to bring forward the construction of that asset, you have to look at the Government input initially and also the starting toll price—where that is set—the toll increase that is either consumer price index [CPI] or indexed at 4 per cent and the concession length. All of those things ultimately interchange. If you look at bringing down government investment initially, then those other levers have to increase. The traditional model has been that government will put a significant funding envelope on the table up front and that would have a better impact on those other levers. But if you change one thing, it is going to change some other part of the network design or the network model, so it is not really appropriate for us to say because, again, we do not have full transparency over what the concessions look like. If we could look at the detail, I am sure we could come up with some assumptions and recommendations. Ultimately, those contracts and those concession periods are put in place with the Government and any private equity that needs to be put in place to build those roads.

The Hon. DANIEL MOOKHEY: I am hearing from your answer, Mr Giltinan, that you think that was decided by the Government as a way in which to attract private capital. That was the motivation.

Mr GILTINAN: Not exactly. I am saying that where there is private capital and where there is propensity for the private sector to contribute to road funding, all of those things need to be considered as part of the concession contract and concession agreement.

The Hon. DANIEL MOOKHEY: And if at the outcome of all that we result in a scenario in which we have signed a contract that goes for 40-plus years with 4 per cent per annum increases, when inflation is at 1.5 per cent, the NRMA has no objections to that on behalf of the motorists you represent? Is that what you are saying?

Mr GILTINAN: No. I would say that we need to look at the full detail of the contract, including upfront capital costs by the private sector and by the Government, the concession period and the escalation. All of those factors contribute to whether we would determine if a road is able to be built and it provides a cost-benefit ratio of 1-plus.

The CHAIR: I will start by asking about this interaction between the road user charge and our existing toll roads. We have heard some evidence and commentary during this inquiry about the confusing interaction between car registration, the toll amount and the potential road user charge. A whole bunch of different amounts are being imposed on motorists. How do you see the road user charge interacting with the existing toll charges, given that the Government has entered into those agreements with toll road operators?

Mr SETKIEWICZ: Let me first of all state that the NRMA's position that a broad road user based charging system—all motoring charges and levies need to be on the table for this discussion to bring about change in the pricing. We see that as very important because, at the end of the day, we want people to get the benefit of using a road, and they are paying for it. To us, that is critical. If you decide to just look at one thing like rego and not stamp duty, et cetera, it sends confusing messages. At the end of the day, a motorist gets in a car and they drive from point A to point B. You pay for that, whether you pay it through fixed charges or through buying petrol. It is better to include all of those things together and get a broad consensus. The tolling application is a form of road user charging. That is a discussion that we need to have if we go down the broad road user charging path—how that is going to sit in there as well. It is obviously an issue that needs to be discussed. We need to work out what the alternatives are going forward. We have to have those discussions with the Government and toll owners and operators, et cetera.

The CHAIR: In an ideal world, though, we would have the ability to renegotiate those contracts with those tolling operators so that we could have that overall discussion. Do you agree?

Mr SETKIEWICZ: You mention "in an ideal world". Yes, there would be some discussion about that. Whether an ideal world actually comes about, that is another question.

The CHAIR: I understand. Just coming off of that, there was a discussion in your opening statement about—I do not think this was explicitly said, but some other witnesses have said that with the technology that now exists, it is possible to do distance charging, time-of-day charging or a variable amount based on the weight of the vehicle and the amount of impact it has on the road, et cetera. All of that is technically possible, if not right now, then we would imagine quite soon. How does that fit in with the objective of having as transparent and simple a road user charge or tolling regime as possible?

Mr SETKIEWICZ: If, for argument's sake, we generate one charge, we do not have to have a universal charge across the network. We can modify prices to reflect time-of-day pricing or different types of vehicles, et cetera. That is all possible. Data capture is improving and where people travel to can be observed. I think technology can be used to try to measure that, and then we look at it in totality because we are looking at what the benefits are in a holistic sense. We are not looking at the individual bits because that would be a nightmare to go through all of those permutations. We want to see how things work and what the benefit is to the community of making sure that we have made the right decisions as to how we price the network and how we want people to move on that network.

The CHAIR: Are you aware of the Transurban run scheme in the United States? Effectively, as you are driving, it is adjusting the price per kilometre that you are driving and there are signs set up that say, "If you go this way, it will cost you this amount at this time" or, "If you go this way, it will cost you this amount." Are you aware of that scheme? Is that something you have been watching and have a view on?

Mr SETKIEWICZ: I have heard of the scheme. I do not know it in totality. That is an option that people could look at. I am not saying that is the only option, but that may be one way. I am not wedded to that solution, but if we can use things like technology to do that, that would be great.

The CHAIR: You talked in your opening statement about the views from your membership. Could you talk to us a little bit more about that? You said that was a survey a few years ago. How many people responded to that survey?

Mr GILTINAN: I believe the survey that we were referencing by majority in the opening statement was conducted around mid-2018. I can take it on notice if you would like an exact number, but I think it was around 2,500 responses.

The CHAIR: How many members do you have at the moment?

Mr GILTINAN: Just over 2.7 million, I believe.

The CHAIR: Still very healthy figures for the organisation.

Mr GILTINAN: And growing.

The CHAIR: When you said that the overwhelming majority support tolling reform, was a particular question asked with a particular model for that tolling reform? Were there any more specifics around that question that you asked?

Mr GILTINAN: I am happy to take that on notice. I assume that there would have been some models proposed, certainly. Otherwise there would not have been too much context behind that question.

The CHAIR: That would be really useful, if you could take that on notice. Also, the comment that most support user pays, it would be very useful to see how that question was asked as well. You have got access to some very valuable survey results, I would think, from your organisation. I think that is all of my questions for the moment. I just wanted to check if the Opposition wanted to take in this time, and then I will pass to the Government when it is their time.

The Hon. SHAYNE MALLARD: Unbelievable. Talk about bias. What about the Government having their time?

The Hon. JOHN GRAHAM: Thank you for that, Chair. Firstly, were there any other views that you wanted to highlight out of that survey? In particular, I ask about the idea you referenced about potentially having multiple trip caps as part of a solution.

Mr GILTINAN: When we were talking about trip caps, again, we know that there are people who use roads and the motorway network on few occasions and we know that there are users who rely on it almost on a daily basis. When you are putting together a new pricing model to effectively charge for roads, we do not want to have people disadvantaged, particularly if we do put in place a full network charge at some point. We obviously need to give consideration to people who live in the regions and people who live in rural areas who are required to travel. That is just one of the considerations that form part of an overall more equitable solution so that people are actually paying for the usage and the value that they are deriving from using road assets.

The Hon. JOHN GRAHAM: Could the idea of a trip cap be part of getting frequent road users, particularly freight users, off suburban streets and into these tollways, as was originally promised?

Mr GILTINAN: Yes. I think that is definitely part of the solution. Those are all of the things that need to be considered. Off-peak tolling and on-peak tolling is another thing that comes to mind. Ultimately, we want to incentivise freight and trucks to use motorway networks. That is effectively what they are designed for. They are safer. But we also want to try to disaggregate light vehicles and heavy vehicles as well. All of the levers and options that are available to support that should be looked at, absolutely.

The Hon. JOHN GRAHAM: Is there a good example of where that is used in an overseas jurisdiction, where it has been used effectively to drive or shape congestion or the way traffic moves around a city?

Mr GILTINAN: I know there are some good examples in Europe. I am happy to take that on notice and provide a detailed response.

The Hon. JOHN GRAHAM: That would be particularly helpful. As my colleague indicated, we have had reports, particularly at the M5 East toll, of trucks coming off these tollways and on to suburban streets. The Committee has heard evidence about the fact that the pricing model, however it has been struck, is just not economic for some road freight operators, and that is what is driving this behaviour. You have referenced some views from the NRMA. Can you give us any more detail about what you are hearing about how the decisions of these freight companies are being shaped by the cost of tolls?

Mr GILTINAN: Given that we are primarily, on a day-to-day basis, dealing with the motorist, heavy vehicles are not something that we are across in such detail. However, from previous inquiries and progressively what we have seen, particularly with the M5 East, is that there is evidence from Road Freight NSW and other advocacy groups to say that heavy vehicles are avoiding the toll roads. Whether that is being confined to maybe they see little benefit, given potentially reduced traffic during COVID, or whether it is a broader issue and they do not feel that using that toll road actually provides value across their chain is something that we do not know the detail of. There is certainly anecdotal evidence to support trucks and heavy vehicles using local roads as opposed to being incentivised to using the new motorway.

The Hon. JOHN GRAHAM: Moving on to commuter drivers turning to consumers—more the consumer end of the market—do you think that is a similar dynamic for those drivers? What evidence can you refer the Committee to about those drivers choosing to not head on the toll roads as was promised but choosing to hit suburban streets instead?

Mr GILTINAN: We probably need to get some more detailed insights from members around that. Certainly, what we have seen through previous surveys is that the perception is definitely right throughout western Sydney that there is a greater propensity to use local roads as opposed to using toll roads. I think I referenced that in the opening statement. Western Sydney, in particular, were very much averse to using toll roads because the perceived feel there is that they do not provide value for their purposes. That is part of this patchwork that we have now in place, given the fact that tolls have been put in place and motorways have been built on a project-by-project basis. There is inequity across the system. We need to look at rationalisation and then, ultimately, a model that is fair that looks at the entire network, not just motorways.

The Hon. JOHN GRAHAM: I might return to that issue I raised earlier but I had to move on because of the time. The NRMA has agreed that as part of the transparency for these tolling arrangements the public should know how much commuters are paying in tolls in total over the life of these contracts, but no Minister in this Government will answer that question. Can you shed any light on how much drivers are paying? We know there is now a million toll trips a day in Sydney. We know that drivers are paying more than \$2 billion a year in tolls at the moment. Can you give us any information or guidance from your point of view—I will be asking the Government this again when it appears—about how much drivers are paying, particularly in the west of Sydney in tolls under some of these contracts?

Mr GILTINAN: Sure. In totality I would not say we know the figures, but we do know that in the north-west, in particular, pre-COVID that there were motorists who were paying thousands and thousands of dollars per annum just on tolls, which is obviously one component of the transport spend and one component of the family budget. Ultimately, if they deem that too much, it feels like it is too much, then we need to do something about it. We are not anti-tolls or anti-motorways but I think that has again come about from this sort of patchwork approach that we currently have and hence why our strong position is that we need to provide more equity into the network to look after those people so that we all have a fair kind of access to this obviously important asset.

The Hon. JOHN GRAHAM: Those transport cost figures, which you have referenced as national figures, can you give us any sense of how much is moving around the city in a whole range of ways and how much is transport costing in Sydney compared to, say, in Brisbane or Melbourne, as part of the household budget?

Mr GILTINAN: It is more considerable in Sydney compared to any of the other cities, including for parking—if you look at Brisbane, it has very expensive parking but Sydney is more so. So transport costs are continuing to increase and become a greater percentage of the household budget. That is particularly true throughout western Sydney, and again that comes back to the equity issue. So when these concessions are put in place, ultimately we would like to have more detail to underpin, I guess, public knowledge and public confidence in the projects because private equity and private investment in the tolling network can provide significant benefits, but unless those are communicated and verified it is very difficult—if you have seen some of the comments that we made in the opening statement—for people to actually grasp the broader productivity benefits, the indirect benefits that come from motorways. Ultimately, if there was more knowledge and more transparency around the process, potentially independent oversight as well, people would then be more confident in what they are getting for what they are paying for.

The Hon. JOHN GRAHAM: You have said that one of the priorities if tolling prices were reformed is to have a more progressive tolling regime. By that I take it you mean the people who have the least access to public transport, the furthest to drive, might not also be paying the highest tolls. Just give us some sense of what you would see as a more progressive or a fairer—maybe that is a better way to put it—tolling regime, if this was reformed in some way, acknowledging how difficult that is.

Mr GILTINAN: Sure. Again, what we would like to see ultimately is a road user charge not just for the motorway network but for the entire road network. That needs to look at a whole bunch of different factors to provide equity: it needs to consider postcodes, where people are living, where they are commuting, what distance they are travelling; it needs to potentially incentivise off-peak and on-peak freight; it needs to look at congestion certainly within the Sydney CBD; and also people's propensity to pay, and above that, I guess, the transport network as well because we do not have equitable access, depending on where people live, to transport. Some people in western Sydney at the moment, for example, are forced to drive, and that is some of the things that we have heard through member feedback—they have been forced to use toll roads to get to work or to access education, social interactions and those sorts of things.

So ultimately we want everything on the table, and that includes talking with the private operators and looking at current concession contracts including current tolls and ultimately wrapping all of that up. That would be the sort of panacea approach from this point going forward. It is very difficult; the NRMA is absolutely committed to working with stakeholders, as I said, to make that happen, and the Parliament as well. It is a huge piece of reform but I think an important piece of reform so that we can get the settings correct, we can improve safety and provide the necessary funding for road infrastructure, for maintenance, but also transport as well, and then, hopefully, government can concentrate more of their budgets to more social-type infrastructure.

The Hon. JOHN GRAHAM: Thank you.

The CHAIR: Government time. Are we going to Mr Mallard or to Mr Farlow?

The Hon. SHAYNE MALLARD: Thanks for our time and to the Opposition as well.

The Hon. JOHN GRAHAM: Thank you, Mr Mallard.

The Hon. SHAYNE MALLARD: You had two amounts of time. We never agreed to that and it just skews the evidence of the report.

The CHAIR: We can have a chat about that afterwards, Mr Mallard.

The Hon. SHAYNE MALLARD: We did not take a point of order because we were courteous to the guests, but we are pretty angry.

The CHAIR: There is no point of order.

The Hon. SHAYNE MALLARD: I did not do one, so obviously there is not one. Let us just get the principle right here: the NRMA supports the principle, as you have done for 20 or 30 years, of financing, bringing forward essential road infrastructure through the tolling finance model. That is the first question.

Mr GILTINAN: Yes.

The Hon. SHAYNE MALLARD: Okay, good. You recognise that that frees up finances for the State to invest in rural and regional roads, the current program of replacing all the wooden bridges, the cost of the Pacific Highway upgrade, the South Coast highway upgrade, that we do not toll, that we cannot toll, that are not financeable in the private sector model, and the city people that use the city roads are, by default, supporting the ability to invest, as you see at the moment, in rural and regional roads, which are so important to your members.

Mr GILTINAN: I am happy to take that. Thanks, Mr Mallard. I do not think there is any argument that having private sector involvement is a bad thing; we would strongly encourage it and, as you say, it has provided—I do not know the figure off the top of my head but I am assuming—tens and tens of billions of dollars in motorway infrastructure in the Greater Sydney CBD over the past couple of decades, and that is critical. One of the things that is not generally highlighted in that spend is the indirect benefits that come from that investment. I think there has been some modelling done that suggests, I think, on the current motorway network that we receive around a \$5 billion per annum productivity benefit in the economy from having brought forward some of those projects that have been put in place with private and institutional funds. So there is no argument about that; it is the fact that they have just been done on a project-by-project basis and that we now have a patchwork, and we think that there is a better way to do it because there are current inequities in the pricing. We do not have an issue with the financing.

The Hon. SHAYNE MALLARD: I think we acknowledge that it is, you used the term, patchwork, but in hindsight, of course, you could say, "We are going to do all these projects", but there was no appetite in the market nor in politics. Labor did their couple and we have done more. If we had a magic wand we would try to get some sort of balance going through tollings so there is more logic to it. I heard your comments on time-of-day tolling in managing demand, but I really want to hear your view on the fact that this method—Labor did it before; we used to be bipartisan and I do not know what has happened now—of financing infrastructure, which largely city-based motorists pay, releases capital for huge investments which we have been doing on rural and regional roads, which is a huge benefit to your members. The fatality rates for drivers per kilometre on rural roads are much higher than city roads and we have been addressing those blackspots and those overtaking spots and those blind corners on rural and regional roads, and that is really important.

Mr GILTINAN: Yes, absolutely critical, it is. Since just before the 2019 election we did a huge piece on road funding and road maintenance because local councils just did not have the capacity to fix up those roads and a lot of them were classified poor or in very poor condition, which we thought was obviously a major safety issue and also an issue for the regions and for rural motorists. So we went to that election with a policy to upgrade all of those roads to at least a satisfactory standard, which required a \$1 billion-plus investment. I am happy to say that it was Minister Pavey at the time from the Government who adopted that policy in full and that has been subsequently funded through New South Wales budgets and so now we have a huge amount, a record amount of funding going to regional roads, and the Federal Government has obviously also contributed to that process through COVID-19 stimulus funds.

But, yes, it is critical that we have a minimum investment or more investment in the regions. We would like to see more and we would like to see that continue and ultimately put in place, not just funding in the short term but ultimately put in place a model where particularly councils can look after the local road network and make it sustainable over the long term because all of those safety benefits lead to productivity and economic benefits not just for rural and regional areas but also for Greater Sydney.

The Hon. SHAYNE MALLARD: My colleagues want to ask some questions but I wanted to just touch on, because it has been misrepresented a lot in the media, the 4 per cent increase in some of the tolls—not all of them, some of them. Earlier in your evidence, and I really want to get this on the record strongly, you talked about

the levers when you are going to the marketplace to finance a multibillion-dollar motorway. Let us go through the levers again. The Government committed upfront—that is cash upfront I assume you are saying—

Mr GILTINAN: Government or private.

The Hon. SHAYNE MALLARD: The period of the concession, 20 years, 30 years, 50 years or 60 years; the rate that we have set the initial toll and obviously the volume of traffic we have analysed that will hit that road; and then that 4 per cent that has been compared to inflation has nothing to do with inflation. That is a setting to adjust to meet the market, what they wanted. But if we took the 4 per cent off and, say, we set it at 1 per cent, either the period would be longer or the tolls would be higher—it would impact upon the project, the finances.

Mr SETKIEWICZ: You are correct, there are three or four levers and each of them obviously need to be looked at. Obviously, when negotiations are taking place all those factors come into play. The issue is not the 4 per cent. The issue is what is the total cost to the end user and obviously, as we say, there are four components to that and the indexation is just one. Yes, there are discussions about what the escalation rate should be and also—some commentators had this view—is there a better indexation rate, to use something like a roads or bridge construction index on that? So obviously there is a lot of discussion about how this could be done better. But, at the end of the day, those four levers are all used intertwined to give you that end answer. If you end up with a very low consumer price index [CPI], if you end up with, say, no escalation, you are going to have to make it up in those two or three other levers.

The Hon. SHAYNE MALLARD: It was never meant to reflect CPI; it is a financing model. Yes?

Mr SETKIEWICZ: Yes.

The Hon. SHAYNE MALLARD: So it is packaged up by merchant bankers, Treasury, trying to get the right deal going to get the billions of dollars, like we got for WestConnex, for the infrastructure, otherwise we would not get the financing.

Mr GILTINAN: Yes. Just to add, it is part of the financing model, Mr Mallard, and I think we need to get disaggregated from that connection with CPI because ultimately that is not a major consideration when those financing terms are put together. It is a little bit like talking about a road user charge for electric vehicles [EVs] and the people that tie that to the Federal fuel excise; they are essentially different things.

The Hon. SHAYNE MALLARD: Before I hand over to Mr Fang and Mr Farlow, I just want to touch on some of your evidence earlier, which was that western Sydney motorists do not see value in the tollways. I was born and raised in western Sydney and I am coming to you now from western Sydney—I will be on the tollway later today to come down for estimates. The first toll that applies to western Sydney is east of Parramatta, excepting if they go on the M7, which is a Labor-built tollway—they do not seem to talk about that one much—so it is east of Parramatta. So it is hard to say that people in western Sydney do not get benefit from the motorway. The M4 motorway, we put \$600 million into the Smart Motorway project that is just about finished—additional lane direction, modern interchanges to try to reduce congestion, and it is working very well. So there has been great investment in western Sydney without tolls; it is just that part which is sort of connected to the M5 east of Parramatta. Do you acknowledge that?

Mr GILTINAN: Yes. I think you may have misinterpreted the results or the statement a little bit. What we were referring to is definitely not the majority of people in western Sydney; that is some of the data that we have got and some of the insights we get through our member surveys that the western Sydney region and, to a slightly lesser extent, the south-west and the north-west perceive that they are disadvantaged by toll roads. That does not mean the majority. In fact, the majority of NRMA members support having toll roads in place because they understand the benefits derived from that, and the main thing is obviously the time saving—that is the most critical—

The Hon. SHAYNE MALLARD: I still remember the Great Western Highway, Parramatta Road drive to get to Fairfax—I worked at Fairfax in the eighties and early nineties; I had to drive in because of late hours—as each bit of the motorway opened. The toll was always east of Parramatta; it was removed and then put back. That was a blessing and we ended up being choked with traffic as well because people just stuck by their consumer habit. That is my editorial comment. I will pass over to my colleague Wes Fang, and I am sure we are going to have extra time from the Chair.

The Hon. WES FANG: Thank you. I thought Mr Farlow could ask more pressing questions, but I am happy to ask mine unless Mr Farlow—

The Hon. SCOTT FARLOW: You can go first, Wes, that is fine.

The Hon. WES FANG: Thank you. I have two questions that I really was hoping to get addressed. I noted the questions from the Opposition about the 4 per cent and, as my colleague the Hon. Shayne Mallard mentioned, the 4 per cent indexing on tolls. When that was first introduced by the New South Wales Government a number of years ago was the NRMA critical of that and were representations made to the Government of the day around that issue? Are you aware? Mr Giltinan, I think you are on mute.

Mr GILTINAN: Sorry, Mr Fang, I was just going to refer that question to my learned colleague, given that I was not at the NRMA at the time.

Mr SETKIEWICZ: I need to take it on notice. The NRMA had concerns about the indexation, how it is calculated. That has always been an issue and, yes, there have been discussions with government about it.

The Hon. WES FANG: I was just curious because the 4 per cent indexing on tolling was introduced by a Labor government, so I am finding it interesting now that having been introduced by Labor, the Labor Opposition is now criticising the indexing on tolling when Labor members were in government when it was introduced. What representations did the NRMA make to that Government and what response was received around that? You have taken the question on notice; thank you very much for that because I would be keen to see what response they gave you at the time. Turning to the EV distance-based tolling issues, we know that in New South Wales, for example, we have looked to introduce that, but we delayed its introduction until 2027 or when a percentage of the EV sales, the total market, are achieved before that comes in. We know that Victoria has introduced it already. Have you got any experience from your colleagues at RACV? Have they provided you with any feedback about how the operation is going in Victoria?

Mr GILTINAN: Thanks, Mr Fang. I think at this point it is probably a little bit too early to tell, given the uptake of EV at the moment. I think what we are aware of is some of the anecdotal evidence that we have seen through the public and through the media. We were very, very strongly advocating as an organisation for support for electric vehicles, and yes, while we support road user charging reform and ultimately a price on vehicles to use roads, more importantly it is supporting electric vehicles because of the broader economic benefits that they bring. At the time we were certainly pushing the New South Wales Government advocating that nothing was put in place until at least 1 July 2025. The Government went a little bit further than that, which was welcomed, and we think they have got it right. The package that they have put together is nation-leading and it is potentially arguably world-leading in terms of support for EVs; so we supported that announcement strongly. We think that they took the right position and that that will ultimately give us a competitive advantage as a State.

The Hon. WES FANG: So the partnership we have got around the charging network, ironically with the NRMA and the New South Wales Government, and the delaying of the introduction of the road user charge, you see as positives and the criticism that we have seen during that debate of people, say, on the crossbench and members who were indicating that it was hampering EV take-up, is not a supported view by the NRMA. Is that correct?

Mr GILTINAN: Certainly, if we put in place a charge that was implemented today, a little bit like Victoria has done, the membership showed that that would severely impact people's propensity to purchase electric vehicles. Given that and the broader economic benefits that we know will come from a transition to EVs, that is why we were so strongly advocating for that to be delayed until they can effectively stand up on their own two feet. And that is why we were supportive of also rolling in, looking at registration charges, looking at stamp duty, because ultimately we want to simplify the process, get to a road user charge, but absolutely not have it as an impediment to EVs and much preferably have it as a support or incentivising mechanism, because the faster we transition our fleet to electric—and we are doing the right thing for the environment, for health, for national security and all of those things—there are a lot of broader, indirect benefits that I do not think have been communicated well at this point to come from that transition, but they are certainly there.

The Hon. WES FANG: I absolutely agree. I am looking forward to getting my first EV and I very much appreciate your endorsement of our policies. I am just going to pass to the Hon. Scott Farlow.

The CHAIR: Unfortunately, we have run out of time. That brings us to the end of our session. I thank our witnesses for appearing. There were some questions taken on notice. You have 21 days to respond to those. The Committee secretariat will be in touch in relation to any supplementary issues.

(The witnesses withdrew.)

The Committee adjourned at 12.15