

May 2024

Toll Review Interim Report

We commend Professor Allan Fels AO and Dr David Cousins AM for their thorough and thought-provoking Toll Review Interim Report. We recognise the work required to propose options for toll reform is not a simple task – indeed, it involves “unscrambling the toll road egg”.

However, while we support the intention and some recommendations in the interim report, this submission re-prosecutes recommendations we made in our initial [NSW Toll Review Submission](#). We hope the Toll Review can refocus the public debate away from the cost of tolls to the less desirable alternative of a traffic-choked city.

Our feedback can be summarised into four key points:

1. **Interpretation and approach:** “efficiency” and “fairness” should be interpreted as referring to all Sydneysiders, the entire Sydney transport network, and its effect on place. The approach should be “vision and validate”, in line with best practice around the world.
2. **Efficiency:** toll efficiency should not be considered in isolation. A toll reform agenda should consider and address how encouraging toll road use will impact surface roads and communities – by inducing more traffic.
3. **Fairness:** a tolling structure and level that is not designed to manage demand on motorways *and* surface roads cannot be fair. Inducing more traffic and associated pollution is not fair for local communities or future generations.
4. **Toll relief is not efficient or fair:** toll relief removes the best thing about a toll – a price signal – which reduces congestion. Instead, a voucher for people experiencing high cost of living would allow them to spend the money on other uses and modes, while retaining a price signal to keep traffic low.

Interpretation and approach

We ask the reviewers to clarify their interpretation of the Terms of Reference, particularly how “efficiency” and “fairness” are being understood – and whether these terms are taken to include everyone, or only people who use motorways. In our view, “efficiency” should take into account the entire transport network and its effect on place, and “fairness” should take into account everyone who lives in Sydney.

We read the Toll Review Interim Report as having a predict and provide approach as it seems to focus on how to redistribute toll costs (more fairly), with a goal of inducing more toll road use. Critically, we challenge this approach that will, likely unintentionally, increase traffic and pollution on surface roads and motorways in Sydney.

We suggest a toll reform agenda should be led with a vision and validate approach. The vision should be a city with surface roads that have lots of space for people walking or cycling, with efficient and reliable public

transport. Surface roads and streets should be places for people that are pollution-free with low traffic. This aligns with TfNSW's [Road User Space Allocation Policy](#), key objectives of the [Future Transport Strategy](#) and the [Movement and Place Framework](#).

A “vision and validate” approach is now common practice in cities around the world, where various forms of road user charging are implemented with a vision to reduce traffic and pollution. Prof Fels and Dr Cousins note that it is difficult to compare Sydney's tolling system to other cities, without recognising this key difference.

Cities around the world that have congestion charging and/or low emission zones – designed to reduce traffic and pollution – include London, Milan, New York City, San Diego, Singapore, Beijing, Jakarta, Warsaw, Riga and Sofia.

The NSW Toll Review is an exciting opportunity to bring Sydney in line with global standards and practices of road user charging. We reaffirm, as per our initial submission, that this cannot be done without engagement with and support from the Federal Government. We suggest the final report makes recommendations to this effect.

Efficiency

In our view, the Toll Review Interim Report considers toll efficiency in isolation. There is a focus on reforming tolls to increase the use of motorways without consideration of, or the intent to address, how this will impact surface roads, streets and communities.

The Toll Review Interim Report says it is likely Sydney has “toll saturation”, where too many toll roads at too high a price discourages toll road use. The irony is, this is precisely what different road user charges are used for in other cities around the world – to encourage choosing active or public transport first, and choose driving last.

If we make it more cost effective to use motorways without discouraging the use of surface roads or encouraging public and active transport uptake, traffic will be induced on both motorways and surface roads. This will result in a net increase in traffic and pollution, which has poor outcomes for place, people walking, cycling or on the bus.

While there may be an argument for reducing the cost of tolls so that more people use motorways instead of surface roads, it is critical that we use pricing and/or other travel demand management techniques to protect and transform surface roads. Indeed, this was the promise of WestConnex.

We agree that network tolling is a good idea, and recommend Prof Fels and David Cousins investigate which parallel surface roads and routes should be included to ensure the tolling system in Sydney works efficiently – encouraging motorway use without inducing traffic jams and discouraging surface road use.

We are also supportive of On-Peak and Off-Peak pricing, or dynamic pricing. This is a key travel demand management technique that is already used for public transport fares. Critically, it will help reduce the risk of inducing traffic jams on motorways.

With respect to the efficiency of the tolling system, we strongly recommend that the Toll Review and NSW Government engage with the Federal Government. Road user charging is a likely future cost for people driving, and therefore any toll reform agenda should take this into account and consider ways in which each system can complement the other.

In line with our vision, the structure and level of tolls should be considered efficient if and when pricing encourages motorway use – without inducing traffic jams – and discourages surface road use. This means setting the right price and travel demand management techniques for both.

As per our initial NSW Toll Review Submission, we suggest introducing a price on some roads and routes that run parallel to motorways. We suggest revenue from these roads could be used to offset or reduce tolls on motorways.

We also recommend implementing various travel demand management techniques for surface roads that can be used to support efforts to encourage toll road use and discourage driving into CBDs and town centres, including:

- Replacing some car traffic lanes with bike paths, wider footpaths, street furniture and trees
- Reducing traffic speeds to less than 30km per hour in major CBDs and town centres
- More frequent and longer pedestrian crossing signals
- Increasing and expanding the parking space levy
- In-lane stopping for buses.

Fairness

A tolling structure and level that is not designed to manage demand on motorways *and* surface roads cannot be fair. Inducing more traffic and associated pollution is not fair for local communities or future generations.

While reducing or rebalancing tolls may be perceived as fairer for motorists, the current recommendations in the Toll Review Interim Report do not take into account the associated impact on people and places, or the liveability of Sydney – as detailed above.

We are acutely aware that some parts of Sydney have poor public transport options and poor active transport infrastructure. This makes it very difficult for some to get around without a car. For those who can't afford a car, living in these areas makes it difficult to access education, employment, services and social activities.

The Toll Review Interim Report refers to mobility-related exclusion but fails to contextualise this within the broader transport network, and instead seeks to address this inequity through the structure and pricing of tolls. As well as this, it suggests motorists should always have a free route available to them.

But the notion of a free route is inaccurate. It is expensive to own and drive a car. The Fuel Excise Tax recovers some money from the cost of driving to pay for road building and maintenance – just as public transport fares recover some money for operation and maintenance – but without a road-user charge these funds will diminish as EVs become more popular.

The growing need for a road-user charge presents an opportunity for the NSW Government to work with the Federal Government to design and develop a road-user charge that integrates with the toll system, and broader transport system to strategically encourage sustainable modes where they are available – or investment in sustainable modes where they are not available.

More important than a 'free route', we argue that the Toll Review should recommend a holistic approach to inclusive, multi-modal transport infrastructure planning. This involves greater investment in public and active transport to ensure everyone has access to frequent and reliable public transport, rather than a system that often preferences motorists over other modal users.

That some people are 'forced' to drive and use certain roads, and potentially get stuck in traffic, is a failure of our transport system as a whole, not our tolling system. We should be able to use pricing to encourage more sustainable mode choices, but this is difficult when they are lacking.

Furthermore, road pricing and traffic congestion exist in equilibrium, and this reality is not adequately acknowledged in the Interim Review. A "free" or "low-cost" road will – always – increase the level of demand for that road, leading to greater congestion. Acknowledging this recasts how we consider 'fairness' of the cost of driving – there is no way around paying to use a road, you either pay in dollars or in time (through increased traffic congestion).

The Toll Review Interim Report's recommendation to introduce declining distance-based charges is sound. Another option, that we recommended in our initial NSW Toll Review Submission, is to introduce a road user charge based on people's access to public transport and/or household income. If this option is considered it needs to be done in consultation with Federal Government.

Like the option of introducing a charge on parallel routes, introducing a per kilometre charge (which could also be declining distance based, as recommended by the Toll Review Interim Report) would raise revenue that could be used to offset or reduce current tolls¹. This would enable government to encourage the use of motorways without inducing traffic on surface roads. These two options are also not mutually exclusive but could be implemented together for an even greater handle on traffic demand management.

We note the Interim Report discarded the option for zonal charges – as the ones proposed by Government were "arbitrary". Our recommendation to tie per kilometre rates to the level of public transport accessibility at people's home address overcomes this issue. This could be done at an SA1 level to make administration easier.

Critically, a declining distance based per kilometre road user charge based on people's home address does two key things:

- reduces inequities that may arise from the introduction of a per kilometre road user charge
- sends a price signal to government on where more public transport is needed, as well as encourage more dense land use patterns.

Another of our initial recommendations that relates to fairness, is for the Toll Review to recommend the cost of all transport modes are reviewed to ensure pricing is fair and encourages sustainable trips where they are available. This is pertinent considering the Interim Report's recommendation to charge two-ways on the Harbour Bridge, Sydney Harbour Tunnel and Eastern Distributor – which we support as it will have the effect of encouraging sustainable modes on these routes.

It costs more to catch the train or bus two ways on some routes than it does to drive

Cost for two-way trip on toll roads compared to public transport

	Sydney Harbour Bridge Toll	Sydney Harbour Tunnel Toll	Eastern Distributor Toll (Class A)	Train (0-10km)	Train (20-35km)	Bus (0-3km)	Bus (8km+)
Peak	\$4.27	\$4.27	\$9.51	\$8	\$11.44	\$6.40	\$10.66
Off Peak	\$2.67- \$3.20	\$2.67- \$3.20	\$9.51	\$5.60	\$8	\$4.48	\$7.46

¹ Any additional revenue could be used to fund public transport improvements

We also note that travel costs (Opal fares) increase with distance for public transport users, however travel costs do not decrease with distance like the Interim Report suggests should occur for tolls. With fairness in mind – particularly with regard to the concern of ‘pricing access’ –, this is why we recommend a Toll Review cannot be done in isolation, and as such a review of the cost of all transport modes should be done undertaken to ensure sustainable modes are encouraged where they are possible.

Finally, with regards to fairness we do not believe there should be any concerns with contract floors that mean toll prices do not decrease when CPI does. Costs similar to tolls associated with comparable transport options do not reduce when CPI does. Public transport fares do not fall with CPI so we do not believe this is an issue that the Interim Report should be contemplating.

In line with our vision, the structure and level of tolls should be considered fair if and when net traffic and pollution is reduced in Sydney, with more space for people on streets and roads and better access to sustainable transport.

Toll relief is not efficient or fair

As the Toll Review Interim Report points out, toll relief is not fair or efficient. Tax-payers are dishing out more than \$0.5 billion per year toward toll relief, which could be put towards more equitable and targeted cost-of-living relief.

We are disappointed that while the Interim Report points to the inefficiency and inequity of toll relief, they do not make any strong recommendations to remove it or replace it with an alternative. In our initial submission we made the recommendation to replace toll relief with a cost-of-living voucher.

Depending on costs, the vouchers could be for everyone, or just for people who live in areas with low or no access to public transport. There could be various options for how people can spend the value of their transport voucher. Options could include paying a toll bill, topping up an opal card, or paying a deposit on an e-bike. Even a voucher that provides cash for any use may deliver better public policy outcomes than the existing toll relief.

Providing toll relief removes the best thing about a toll – a price signal – which ensures reduced congestion. Instead, a voucher that provides the same or similar amount of money to people experiencing high cost of living would allow them to spend the money on other uses and modes, while retaining the price signal to keep traffic low.

Closing remarks

Thank you again for the opportunity to provide feedback and comments on the Toll Review Interim Report. We are greatly enthused by the intention to put forward a strategic toll reform agenda. Our feedback is intended to help achieve this goal.

If you have any questions or would like to discuss further, we are more than happy to do so.

Kind regards,



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