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Queensland Trucking Association Ltd ABN 64 006 663 053

7<sup>th</sup> August 2018

Committee Secretary  
Transport and Public Works Committee  
Parliament House  
George Street  
BRISBANE QLD 4000  
Email: [tpwc@parliament.qld.gov.au](mailto:tpwc@parliament.qld.gov.au)

Dear Committee Secretary

**Inquiry into the operations of tolls roads in Queensland**

The Queensland Trucking Association Ltd (QTA) is the peak industry body representing road freight operators in Queensland. The QTA is committed to advocate for a safe, productive and viable industry with a strong unified voice and actively represents large and small road freight operators across many sectors of the industry, ranging from rural to the ports, from distribution centres to consumers.

We refer to the call for submissions and terms of reference for the inquiry into the operations of toll roads in Queensland.

The QTA thanks the Transport and Public Works Committee for considering our comments in this submission to assist with the committee's inquiry and report into the operations of toll roads in Queensland.

I am pleased to be available to give evidence before the Committee and or provide any other information you may require. I may be contacted directly on [REDACTED]

Regards

A handwritten signature in black ink, appearing to read 'Gary Mahon', is written over a large, light grey watermark of a truck.

**Gary Mahon**  
Chief Executive Officer  
Queensland Trucking Association Ltd

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## Queensland Trucking Association Ltd

# Submission to the Queensland Legislative Assembly Transport and Public Works Committee inquiry into the operations of toll roads in Queensland



August 2018



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## Who is QTA?

Founded in 1907, the Queensland Trucking Association (QTA) is the peak industry body for road freight operators in Queensland. Our purpose is to advocate for a productive, efficient and safe industry with a strong unified voice.

We are recognised by the Queensland Government as the pre-eminent state road freight transport industry association and are a founding member of the Australian Trucking Association (ATA).

For 110 years, our organisation has supported transport as a lynchpin of the economy. We have supported Queensland's infrastructure development, fostered innovation in road and transport technology, and helped ensure that regulation keeps pace with and encourages industry improvement. Our priorities are to ensure effective freight networks and infrastructure, encourage innovation and efficiency, foster partnerships between industry and government, and reduce regulatory burden.

## Why QTA cares about this issue

The QTA welcomes the committee's inquiry. It is important that Queenslanders have confidence in the planning and operation of our roads network, including the toll roads that represent some of our most heavily-used road infrastructure.

Toll roads have played a significant role in Queensland transport and the state's economy. The state has a long history of toll roads that have improved transport for all the community, including heavy vehicles. In the 1920s, the Springbrook-Mudgeeraba Road was built and operated as a toll road until 1945. Its steep gradients pushed the boundaries of road engineering and construction in its day. Logging jinkers used it regularly to come down the mountain, and the improved access allowed development of the fertile plateau. Today, some of the most significant road transport infrastructure around Brisbane is provided using toll roads, and QTA members rely on those roads every day for heavy vehicle haulage.

With our members being daily users of Queensland's toll roads, QTA has a strong interest in the cost and effectiveness of toll roads, and in their place in the future of road transport.

## Operational and administrative aspects

Our members support the administration of tolling and complaints handling processes. Our trucks make thousands of trips each day on Brisbane's toll roads. We have not identified concerns about either Transurban's administration of toll collection, or the roles of the two Ombudsman offices.

The government's process for reviewing and developing toll road infrastructure can be productive and ensure stakeholder concerns are meaningfully considered. For example, we were significantly involved with the Queensland government's market-led proposal (MLP) process for the Logan Enhancement Project, undertaken by Transurban Queensland. This was a major infrastructure development, with significant implications for the road transport industry. We found engagement with the development process to be a positive experience, with real revisions made to the design and implementation, in response to our concerns.



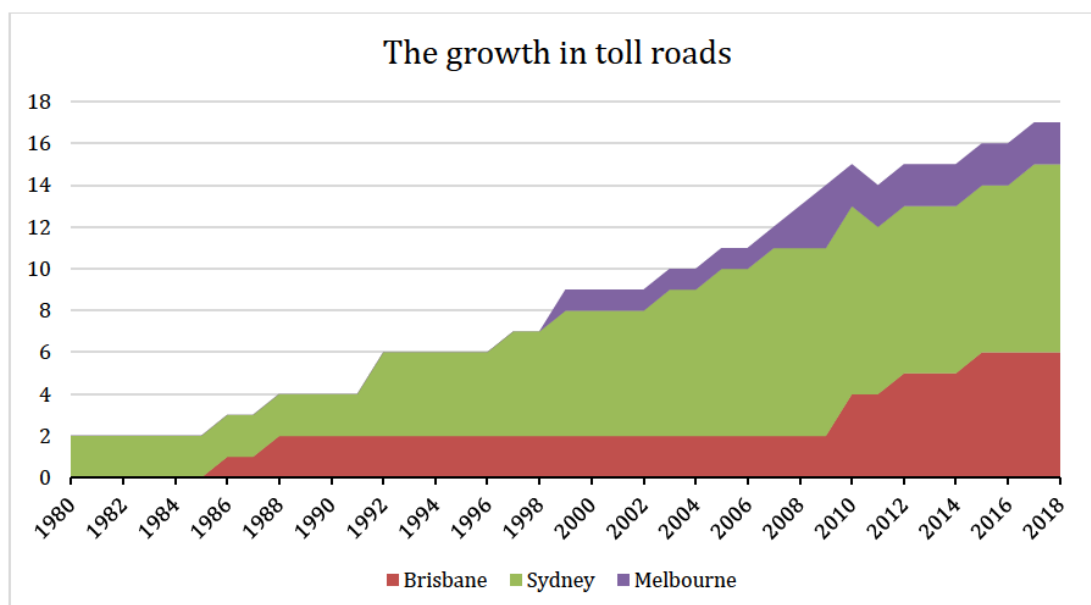
## Toll roads: fair for freight?

Just as they are important for the transport industry, tolls are a significant part of the transport expense for households that use them regularly, particularly for commuting to work. In the three capital cities with toll roads, households regularly pay more for tolls than for vehicle registration.<sup>1</sup>

Tolls are a significant and unavoidable cost for heavy vehicle operators. The toll for trucks in Queensland is three times that of car drivers. Unlike taxi drivers, trucks cannot just charge the toll to the passenger sitting beside them. Unlike most car drivers, our members may be using the same toll road several times a day, paying the toll every time. Transport companies can be paying toll bills of thousands, tens of thousands, even hundreds of thousands of dollars per month, representing a significant cost of their business.

Trucks are not able to make all the same route choices that car drivers can make. It can be unrealistic, and sometimes impossible, for a heavy vehicle to take other routes that are toll-free. For our members, tolls are often not optional, because using toll roads is necessary to their business.

Tolls are an increasing part of the cost of keeping our country moving. The number of toll roads is increasing, and with it the toll bill faced by our freight providers.



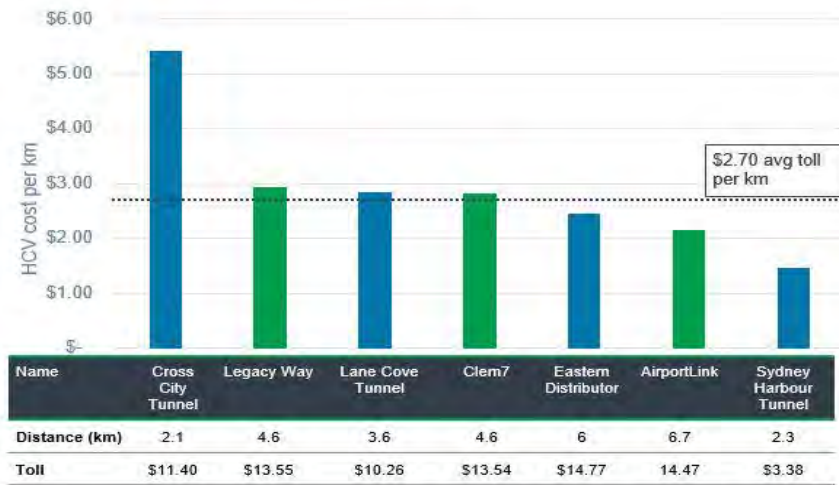
While most south-east Queensland residents will be paying only the tolls around Brisbane, our long-haul transport companies are paying them across the eastern seaboard. With additional tolled infrastructure planned for Victoria, New South Wales and Queensland, these costs are set to continue to rise. In Queensland there has also been a policy shift, with tolling set to be introduced outside the metropolitan region, for the Toowoomba Second Range Crossing.

<sup>1</sup> Australian Automobile Association, 2018, Transport Affordability Index, Q1, March 2018, p.11, [https://www.aaa.asn.au/wp-content/uploads/2018/05/AAA-Affordability-Index\\_Q1-2018.pdf](https://www.aaa.asn.au/wp-content/uploads/2018/05/AAA-Affordability-Index_Q1-2018.pdf)



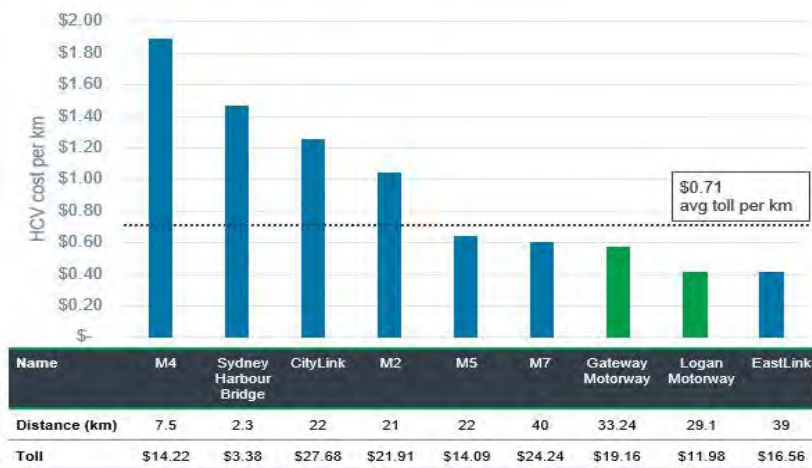
Toll roads do provide significant benefits to the freight industry. When they are well-planned and based on high-quality traffic and transport analysis, toll roads have facilitated the creation of urban infrastructure that has eased congestion and improved travel times, including around major infrastructure like ports, rail heads, and commercial and industrial hubs. And while tolls can be expensive, toll roads in the Brisbane area perform well overall in national comparisons. This figure compares the heavy vehicle costs of tunnel toll roads and shows that Brisbane’s underground roads (shown in green) have comparable costs to the rest of the country:

**Australian Road Tolls (tunnel)**



Above ground, the performance is similar:<sup>2</sup>

**Australian Road Tolls (open roads)**



<sup>2</sup> The Go-between bridge is not shown as it would appear disproportionately expensive on this per-kilometre scale, because of its very short length.



Australian heavy vehicles pay comparable prices per kilometre to those using toll roads in Canada, a jurisdiction with similar infrastructure.<sup>3</sup>

The heavy vehicle industry is prepared to pay our share of the cost of road infrastructure. The challenge is in ensuring that toll charges are taken into account by governments when they set other charges for the operation of vehicles. Additional and rising tolls are both an increased business cost and a contribution by the heavy vehicle industry to the costs of road infrastructure. Every time a truck is on a toll road it is not only making use of that infrastructure: it is lowering the use of free roads, decreasing congestion and reducing their maintenance requirements, and costs should reflect that.

We also support the use of differential tolling and a range of tolling options for heavy vehicles. Differential tolling aims to ensure costs and benefits of toll roads are better aligned. Charging options like time-of-day discounting, charges per day (rather than per trip), or multiple trip passes can be considered as ways to ease congestion both by encouraging vehicles off congested free roads and offering incentives to smooth out demand across the day.

#### **Recommendation 1**

**That the Queensland government, Brisbane City Council and Transurban collaborate to review options for the introduction of differential tolling.**

Independent pricing regulation could help ensure that the costs heavy vehicle operators face to use the road network are reasonable and reflect a fair share of the costs of maintaining that network. We are working with the industry and governments to ensure that any new pricing regulation is fully independent and that the full costs of vehicle operation are considered in setting prices.

#### **Recommendation 2**

**That the Queensland government support independent road transport pricing regulation, that considers all vehicle operator costs.**

### **The future of road reform**

As Federal Minister for Infrastructure, the [Hon Paul Fletcher noted](#) at the Roads Australia annual lunch last December, there have been many calls for reform of vehicle charging, to help improve the productivity and efficiency of our infrastructure. It was raised by House of Representatives inquiries two decades ago.<sup>4</sup> The case has been made repeatedly by the Productivity Commission, and by independent reviews of both tax and competition policy.

Reforms to deliver efficient transport infrastructure construction and maintenance have been on the agenda of governments and stakeholders for many years. There has however been more discussion than action. QTA supports the COAG Transport and Infrastructure Council's Heavy Vehicle Road Reform (HVRR) and the roadmap for its implementation (below), and notes the recent release of the independent [Regulatory Impact Statement consultation paper](#), that covers phase 2 of the roadmap.

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<sup>3</sup> For example Ontario Highways 407 and 412. See ETR, *Heavy Multiple Unit Vehicle Rate Chart*, <https://www.407etr.com/en/tolls/rate-charts/rate-chart-multi.html>; Ontario Ministry of Transportation, *Major highway projects*, <http://www.mto.gov.on.ca/english/highway-bridges/major-highway-projects.shtml>

<sup>4</sup> House of Representatives Standing Committee on Communications, Transport and Microeconomic Reform, 1997, *Planning not patching: an inquiry into Federal road funding*; House of Representatives Standing Committee on Primary Industries and Regional Services, 2000, *Inquiry into infrastructure and the development of Australia's regional areas*.



Source: Transport Infrastructure Council, 2016, Heavy Vehicle Road Reform – What we are doing and why we are doing it, p. 5.

The QTA would like to see a holistic approach taken to HVRR. Tolling cannot be set aside or excluded when developing other road use charges, such as registration charges and fuel-based road user charges. If we do not factor toll road charges into the costing of vehicle use and infrastructure planning, then we will end up with inefficient allocation of resources, or negative externalities.

Leading transport researcher Professor David Hensher has outlined some of the issues:

there is no incentive for the operator of a stand-alone asset to think ‘network’...Only the state thinks ‘network’. This is a key issue. The state gives away pricing controls and then finds it difficult to optimise the network when it only has control over this important lever for part of the network...

It may be time to rethink the way we fund user-pays road infrastructure that removes the commercial imperative that results in a disconnect in delivering a network wide efficient road system...

[there is] an increasing recognition that we need to move to a broad based user pays regime for all roads, ideally with variable distance-based pricing in recognition of those who benefit should pay.<sup>5</sup>

The exclusion of toll roads from the policy discussion will need to be addressed, it is just a matter of when and how. However, they aren’t currently part of the debate. Toll roads are excluded from the discussion of options for phase 2 of the HVRR.<sup>6</sup> As the Senate Economics Committee recently noted:

The long time frames of toll concession contracts create the possibility that they will inhibit long term policy development. For example, the current interest in road user charging being pursued by the Council of Australian Governments and also separately by the Commonwealth will have to take account of sections of road which are separately, and generally not efficiently, already charged for. The difficulty of reforming the arrangements for pursuing unpaid tolls and associated charges is also a function of the concession contracts.<sup>7</sup>

<sup>5</sup> Hensher, D., 27 April 2017, ‘Toll roads – a view after 25 years’, [http://sydney.edu.au/business/itls/thinking/2017/toll\\_roads\\_a\\_view\\_after\\_25\\_years](http://sydney.edu.au/business/itls/thinking/2017/toll_roads_a_view_after_25_years)

<sup>6</sup> Marsden Jacob Associates, July 2018, Consultation Regulation Impact Statement: HVRR Phase 2: Independent price regulation of heavy vehicle charges, p.71, <http://www.marsdenjacob.com.au/wp-content/uploads/2018/07/C-RIS-IPRFLCB-Final-webversion.pdf>.

<sup>7</sup> Senate Economics Committee, 2017, *Operations of existing and proposed toll roads in Australia*, para 6.19.



### Recommendation 3

**That the Queensland government, through the Council of Australian Governments, should support integrated road pricing reform at a national level that takes account of tolls in developing a vehicle charging regime.**

### Conclusion

Toll roads remain a significant part of Queensland's road network. QTA wants to see that infrastructure both valued and integrated into all road infrastructure planning and charging. Everyone should be paying a fair price for the use of infrastructure in which significant investment has been made. That should be true for the entire road network. Charges should be equitable between toll and free roads; and between different types of vehicle.

Truck operators and workers are proud of the contribution they make to the economy and of the work they do. QTA invites the committee to see our work and use of the toll roads first-hand. We are willing to arrange for you to ride in our members' trucks. We can drive committee members through parts of the toll network, discussing examples of the particular opportunities and restrictions that the heavy vehicle sector experiences, as well as share our passion for the industry. Committee members should contact us if they would like to take up this invitation.