



Inquiry into the operations of toll roads in Queensland

Report No. 10, 56th Parliament
Transport and Public Works
Committee
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Transport and Public Works Committee

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Abbreviations

ACCC	Australian Competition and Consumer Commission
ADT	Average Daily Traffic
AirportlinkM7	Airport Link Tunnel
AM	morning
ANZOA	Australian and New Zealand Ombudsman Association
ASX	Australian Securities Exchange
BCC	Brisbane City Council
BCS	BrisConnections Unit Trust
BITRE	Bureau of Infrastructure, Transport and Regional Economies
CBD	Central Business District
Clem7	Clem Jones Tunnel
the committee	Transport and Public Works Committee
CPI	Consumer Price Index
the department	Department of Transport and Main Roads
DTMR/TMR	Department of Transport and Main Roads
GBB	Go Between Bridge
go via	TQ's previous retail brand
GST	Goods and services tax
IAQ	Infrastructure Association of Queensland
ICB	Inner City Bypass
LCV	Light commercial vehicle
Legacy Way	Northern Link Tunnel
IPA	Infrastructure Partnerships Australia
IPO	Initial Public Offering
HCV	Heavy commercial vehicle
LGT	Local Government Tollway

Linkt	TQ's retail brand
NatRoad	National Road Transport Association
NSW	New South Wales
PIN	Penalty Infringement Notice
PM	Afternoon
PPP	Public Private Partnership
QCOSS	Queensland Council of Social Service
QIC	Queensland Investment Corporation
QML	Queensland Motorways Ltd
QTA	Queensland Trucking Association
RACQ	Royal Automobile Club of Queensland
RBA	Reserve Bank of Australia
RCY	RiverCity Motorway Ltd
RFA	Road Franchise Agreement
SEQ	South East Queensland
SPER	State Penalties Enforcement Registry
TCL	Transurban Group
TCO	Tolling Customer Ombudsman
TQ	Transurban Queensland
V/C	Volume/capacity
VLC	Veitch Lister Consulting

Chair's foreword

This report presents a summary of the Transport and Public Works Committee's examination of the inquiry into the operations of toll roads in Queensland and our comments and recommendations are included in section 8.

On behalf of the committee, I thank those individuals and organisations who made written submissions, appeared at the public briefing and public hearing and provided additional written responses to questions. I also thank our Parliamentary Service staff for their assistance.

I commend this report to the Parliament.

A handwritten signature in black ink that reads "Shane King". The signature is written in a cursive, flowing style.

Shane King MP

Chair

Recommendations

Recommendation 1 **89**

The committee recommends the Department of Transport and Main Roads and the Brisbane City Council continue to monitor fees and charges on a regular basis to ensure they remain reasonable and reflect cost recovery principles.

Recommendation 2 **89**

The committee recommends the Department of Transport and Main Roads and the Brisbane City Council continue to work with Transurban Queensland to reduce fees and charges as technological advances reduce the costs of these additional charges.

Recommendation 3 **89**

The committee strongly recommends that the Minister for Transport and Main Roads consider the establishment of a Queensland based Toll Road Ombudsman.

Recommendation 4 **90**

The committee recommends that the Minister for Transport and Main Roads consider investigating, whether contact data, including contact telephone numbers, could be shared with the toll road operator, whilst complying with relevant privacy principles, for the purpose of ensuring that customers are aware of toll fees earlier in the process.

Recommendation 5 **91**

The committee recommends that the Minister for Transport and Main Roads consider investigating what additional processes, if any, would be necessary to ensure that enforcement action is not initiated whilst unresolved disputes apply to a particular matter.

1 Introduction

1.1 Role of the committee

The Transport and Public Works Committee (committee) is a portfolio committee of the Legislative Assembly which commenced on 15 February 2018 under the *Parliament of Queensland Act 2001* and the Standing Rules and Orders of the Legislative Assembly.¹

The committee's primary areas of responsibility are:

- Transport and Main Roads
- Housing, Public Works, Digital Technology and Sport.

1.2 Referral

On 13 June 2018, the Legislative Assembly of the Queensland Parliament passed the following motion:

That the Transport and Public Works Committee inquire into and report to the Legislative Assembly by 13 September 2018 on the operations of toll roads in Queensland. In undertaking this inquiry, the committee should consider—

- (a) the operation of existing toll roads in South-East Queensland;*
- (b) toll pricing and incentive options to deliver better outcomes for Queenslanders;*
- (c) the operation of the existing complaint process and current statistics;*
- (d) possible measures to continue to improve customer service standards; and*
- (e) the existing relationship between the Tolling Customer Ombudsman and the Queensland Ombudsman.*

And that the Transport and Public Works Committee requests the attendance of Transurban, the Tolling Customer Ombudsman, the Queensland Ombudsman, the Department of Transport and Main Roads and the Brisbane City Council.

1.3 Inquiry process

On 20 June 2018, the committee invited stakeholders and subscribers to make written submissions. Submissions closed on 7 August 2018 with 199 written submissions received. A list of those who made submissions is contained in Appendix A.

The committee held a public briefing with representatives from the Department of Transport and Main Roads (DTMR/department), the Tolling Customer Ombudsman (TCO), the Queensland Ombudsman, Brisbane City Council (BCC) and Transurban Queensland (TQ) on 17 July 2018. A list of participants at the public briefing is contained in Appendix B.

On 18 July 2018, the committee undertook a site visit to TQ's operations centre at Eight Mile Plains.

The committee held a public hearing with a range of stakeholders on 20 August 2018. A list of participants at the public hearing is contained in Appendix C. The committee also sought responses to additional questions on notice from stakeholders subsequent to the hearing.

The submissions, correspondence from stakeholders and DTMR, and transcripts of the briefing and hearing are available on the committee's webpage.

¹ *Parliament of Queensland Act 2001*, section 88 and Standing Order 194.

2 Background information

There are a total of 16 toll roads in Australia with a total length of 241 kilometres. Six of these are operating in South East Queensland (SEQ) (34 per cent of the total toll road length in Australia); eight in New South Wales (NSW) (41 per cent) and two in Victoria (25 per cent). Thirteen of the 16 toll roads in Australia use fixed tolling with all of SEQ's toll roads operating in this way.² A fixed toll is when a user pays the same toll for use of the whole or specific sections of the motorway, regardless of the distance, time of day or day of week travelled.

2.1.1 Structure of the toll road industry in Australia

In relation to the structure of the toll road industry, the Australian Government's Bureau of Infrastructure, Transport and Regional Economics (BITRE) advised:

Since the early 1990s, there has been increasing involvement of the private sector in toll road projects, causing a fundamental change to the traditional landscape of toll roads in Australia.

...

The toll road industry has seen significant restructuring over the past decade, leading to increased concentration in ownership and operation. Reduced competition among toll road operators may not be desirable from the viewpoint of the efficiency of the industry over the long run.

...

Development of new toll roads has been hampered by failures of toll roads in the recent past due to over-optimistic traffic forecasts. More flexible forms of PPPs may be required that are attractive to both the government and the private sector, especially for sharing traffic risks in the early years of toll road operations.³

In terms of the policy choice to use toll roads for public infrastructure, BCC advised:

Tolling enabled these roads to be constructed sooner than otherwise would have been the case to address Brisbane's growth needs, relieve congestion, improve road safety and facilitate economic development.

...

Council is of the view that these toll roads have helped complete key missing motorway standard links in the major road network in Brisbane and have provided significant benefits to road users and the city.⁴

As the operator of all toll roads in SEQ, TQ expressed a similar view:

Private-sector investment in toll roads through public-private partnerships (PPPs) with the Queensland Government and Brisbane City Council has allowed all levels of government to free up their balance sheets for social infrastructure and other priorities such as public transport.

Since purchasing Queensland Motorways in 2014, Transurban Queensland has invested almost \$580 million to progress two upgrade projects—the Logan Enhancement Project and Inner City Bypass Upgrade—without the need for a government contribution.

² Department of Infrastructure and Regional Development, *Toll Roads in Australia*, Bureau of Infrastructure, Transport and Regional Economics, September 2016, https://bitre.gov.au/publications/2016/files/is_081.pdf.

³ Department of Infrastructure and Regional Development, *Toll Roads in Australia*, Bureau of Infrastructure, Transport and Regional Economics, September 2016, https://bitre.gov.au/publications/2016/files/is_081.pdf.

⁴ Brisbane City Council, submission 174, p 1.

There is strong evidence that the discipline, project governance and risk arrangements instilled through a PPP arrangement improves their cost and time performance over traditionally procured projects.

A 2007 study found that non-PPP projects had cost overruns of 14.7 per cent compared with only 1.2 per cent for PPPs.

PPP projects have been delivered 3.4 per cent ahead of their construction schedule (on a value weighted average), while non-PPP projects were being delivered 23.5 per cent behind time, the study found.

Private-sector investment has also allowed governments and communities to benefit from critical infrastructure without government taking on the risk or financial burden. The risk is significant with well-documented failures in the sector.⁵

The Royal Automobile Club of Queensland (RACQ), whilst considering that toll roads can have detrimental outcomes on the broader transport network, agreed that ‘commercial toll roads can provide motorists with improved transport outcomes well before they could have been funded by government, and/or additional infrastructure to provide choice based on travel time and convenience.’⁶ They advised:

The objective of tolls is to recoup capital investment and provide an ongoing financial return to the infrastructure owner. The extent of financial return is dependent upon how many drivers utilise the asset. Usage of the toll road is largely based on the cost to the motorist weighed up against the comparative level of congestion on alternative routes. High levels of overall network congestion can therefore help the toll operator by encouraging more motorists onto their assets. As a result there is limited motivation for toll operators to be concerned about the broader transport outcomes.⁷

2.1.2 Traffic performance

According to the BITRE and as shown in Table 1 below (statistics from 2014), ‘[t]raffic performance just after opening was generally poor compared with the forecast traffic levels.’ The figures in the table indicate that the actual traffic volumes at the opening ‘were only 32-45 per cent of the forecast for tunnel projects and 48-82 per cent for selected intra-city link route projects.’⁸

Table 1: Comparison of daily forecast and actual traffic on Australian toll roads

Toll facility	Opening volume (daily forecast)	Opening volume (daily actual)	Ratio (actual/forecast)
Cross City Tunnel, Sydney	85,000	27,000	0.32
Lane Cove Tunnel, Sydney	104,786	44,420	0.42
Clem7, Brisbane	60,000	26,711	0.45
Airport Link, Brisbane	135,000	47,000	0.35
Eastern Distributor, Sydney	33,000	27,000	0.82
M2 (Hills), Sydney	72,000	40,000	0.56
M7 (Westlink), Sydney	196,500	94,808	0.48
EastLink, Melbourne	259,000	149,000	0.58

Source: Black, J. 2014, ‘Traffic Risk in the Australian Toll Road Sector’, Public Infrastructure Bulletin, Vol 1, Issue 9.

⁵ Transurban Queensland, submission 166, p 12.

⁶ RACQ, submission 170, p 4.

⁷ RACQ, submission 170, p 4-5.

⁸ Department of Infrastructure and Regional Development, *Toll Roads in Australia*, Bureau of Infrastructure, Transport and Regional Economics, September 2016, https://bitre.gov.au/publications/2016/files/is_081.pdf.

As a publicly listed company, Transurban Group (TCL) releases Average Daily Traffic (ADT) data on a quarterly basis to the Australian Securities Exchange (ASX). Table 2 below details a summary of average daily trips for the individual toll roads for the 2017 and 2018 financial years.

Table 2: Comparison of average daily trips by toll road

	FY 17 '000	FY 18 '000	% change
Gateway Motorway	115	117	1.4
Logan Motorway	164	168	2.7
AirportlinkM7	58	61	5.2
Clem 7	28	28	2.2
Legacy Way	18	19	4.3
Go Between Bridge	11	11	-0.3

Source: TCL, Investor Centre, FY18 Results Presentation, p 39

With regard to TQ's strategies from increasing the use of toll roads, TQ advised:

We are very focused on showing the travel time savings and the value. It is a value exchange and it is a decision that people are making based on that travel time saving and also the travel time reliability. If you think about getting to the airport particularly, we know that people are very conscious of making sure they meet their flight. Travel time reliability will come into play with the decision there.

The focus for us is around making sure that customers understand the travel time savings that will be offered. At the decision point on 'should I use the non-tolled road or should I use the tolled road?', we would like customers to have full information to make that decision. With the numbers that we see, we know that people are seeing the value in the travel time savings.⁹

2.2 Overview of toll roads/tunnels in Queensland

Queensland's toll roads fall into two categories which serve different purposes:

- the orbital network which includes the Gateway Motorway and Logan Motorway; and
- the inner city/inner urban by-pass roads which include the Clem7, AirportLinkM7, Go Between Bridge (GBB) and Legacy Way

In 2004, BCC developed its TransApex Plan, 'long-term plan to relieve congestion on Brisbane's arterial roads and improve cross-city connectivity'.¹⁰ The plan detailed a system of roads that formed an inner-city ring road, increasing river crossings and 'creating missing links to allow traffic to bypass the city'.¹¹ The plan included:

- Clem Jones Tunnel (Clem7)
- Go Between Bridge (Hale Street Link)
- Airport Link Tunnel (AirportlinkM7)
- Northern Link Tunnel (Legacy Way), and
- East-West Link Tunnel.

⁹ Transurban Queensland, public briefing transcript, Brisbane, 17 July 2018, p 13.

¹⁰ Brisbane City Council, submission 174, p 2.

¹¹ Transurban Queensland, submission 166, p 7.

Four of the five of these tunnels and bridges have been built using PPP agreements, with only the East-West Link yet to progress.¹²

BCC provided the following additional information in regard to the plan, its purpose to relieve congestion, and the policy decision to implement a 'user pays' system:

Prior to TransApex, 40% of traffic passing through the Central Business District (CBD) just wanted to get to the other side of the city.

Over the past 10 years, more than \$7 billion worth of major infrastructure has been built under the TransApex plan, representing the largest combination of infrastructure projects ever initiated by a local council in Australia. These projects delivered a system of motorway standard roads designed to fill critical gaps in the arterial road and regional motorway network, forming an inner-city ring road system for Brisbane. This improved interconnectivity of the motorway network increased the number of river crossings, assisted in managing traffic congestion in Brisbane's inner and middle ring suburbs, and provided the opportunity for improved travel time reliability for cross-city travel by allowing traffic to bypass the CBD and avoid multiple sets of traffic signals.

Affordability issues have consistently challenged the provision of infrastructure and transport systems for Australian cities. The TransApex suite of projects has been co-funded through government and a 'user pays' contribution in the form of tolling, while also maintaining free alternative routes for road users.

Under the 'user pays' arrangements these costs are recouped through the collection of tolls and the alternative free routes remain available to all users. It has been Council's experience that users of the toll roads consider the benefits to them, such as travel time savings, to be greater than the toll costs.¹³

As an overview, there are six toll roads/tunnels in SEQ, all of which are located in the greater Brisbane area. A brief description and timeline for each toll road is summarised in Table 3 below:

Table 3: Toll roads in south-east Queensland

Type	Name	Length (km)	Original owner	Majority owner	Operator
Harbour/river crossing	Go Between Bridge	0.3	BCC	Transurban	Transurban
Tunnels or roads with tunnels	Clem7	6.8	RiverCity Motorways	Transurban	Transurban
	Airport Link	6.7	BrisConnections	Transurban	Transurban
	Legacy Way	5.7	BCC	Transurban	Transurban
Intra-city links – long	Gateway Motorway	23.1	Queensland Investment Corp	Transurban	Transurban
	Logan Motorway	38.7	Logan Motorways Pty Ltd	Transurban	Transurban

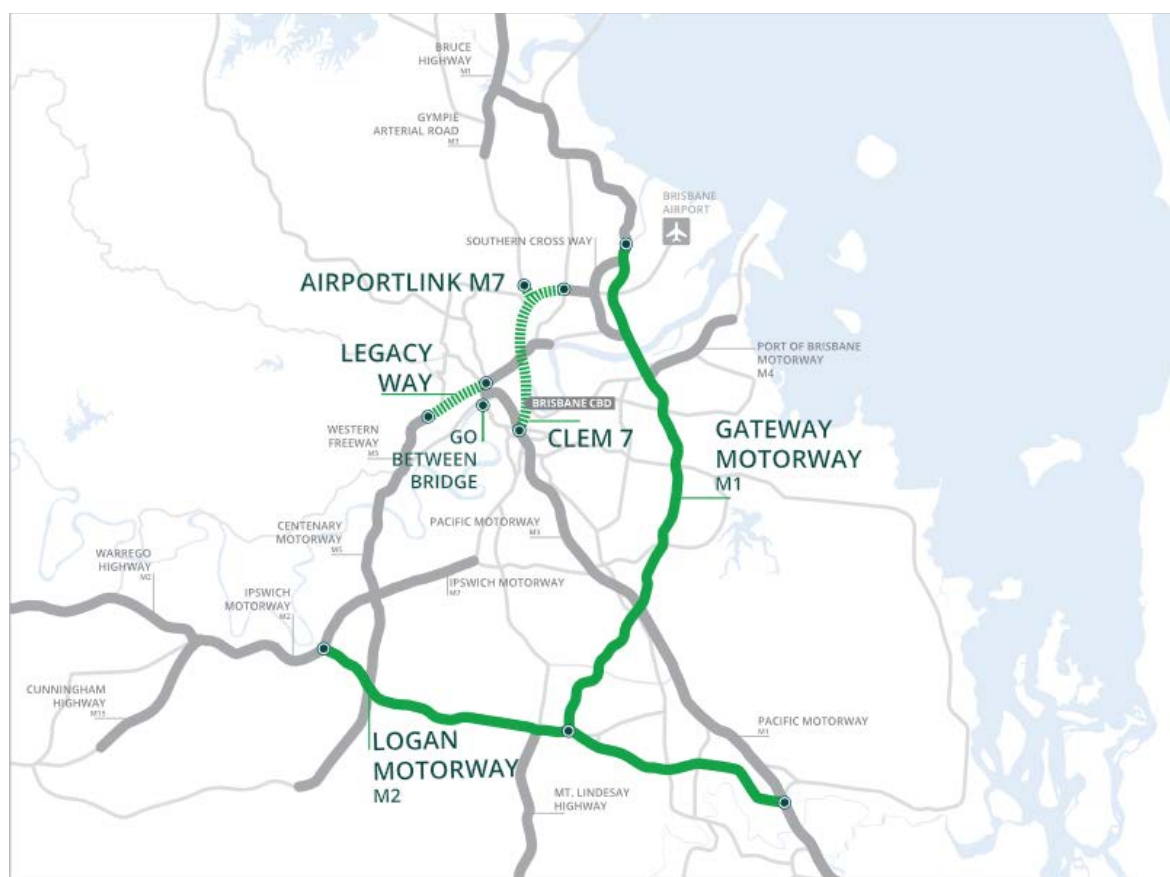
Source: Department of Infrastructure and Regional Development, *Toll Roads in Australia*, Bureau of Infrastructure, Transport and Regional Economics, September 2016, https://bitre.gov.au/publications/2016/files/is_081.pdf.

The map contained in Figure 1 shows the location of the six SEQ toll roads, which comprise a combination of roads, bridges and tunnels, in relation to the Brisbane CBD.

¹² Transurban Queensland, submission 166, p 7.

¹³ Brisbane City Council, submission 174, p 2.

Figure 1: Map of SEQ Toll Roads



Source: Linkt, About Brisbane Toll Roads, <https://www.linkt.com.au/brisbane/using-toll-roads/about-brisbane-toll-roads>

Table 4 below provides an overview of the toll roads currently operating in SEQ including details of the opening dates and concession periods.

Table 4: Overview of TCL SEQ asset portfolio as at 30 June 2018

	Gateway Motorway	Logan Motorway	Clem 7	Go Between Bridge	Legacy Way	Airport-linkM7
Opening date	December 1986	December 1988	March 2010	July 2010	June 2015	July 2012
Remaining concession period as at 30 June 2018	33 years	33 years	33 years	45 years	47 years	35 years
Concession end date	December 2051	December 2051	December 2051	December 2063	June 2065	June 2053

Source: Transurban, Investor Centre, FY18 Results Presentation, p 64

2.2.1 Toll road governance

DTMR advised the committee that Queensland's tolling policy was announced in 2005 and provides the framework for consideration of new toll roads to ensure any toll road produces an equitable transport outcome for the community. The policy has the following seven key principles:

1. *Proposals must meet an identified community need and fit with [regional transport plan] objectives to be considered as a priority project;*
2. *Proposals must follow normal planning, impact assessment and consultation processes;*
3. *There must be an alternative free facility that offers an acceptable level of service;*

4. *Projects should preferably be fully commercial at no cost to the State;*
5. *Where proponents propose some level of government support the State would consider the project's wider public benefit and any funding impacts on other priorities;*
6. *The method of setting tolls is to be acceptable to the State government; and*
7. *Toll roads should revert to State ownership after a defined period, normally 30 years.¹⁴*

Toll concession agreements and legislation regulate the commercial arrangements for the ownership and operation of toll roads. The governing legislation for approving and operating Queensland's toll roads is set out in the *Transport Infrastructure Act 1994*. In terms of the approval process and maximum tolls.

DTMR confirmed:

The statutory basis for approving and operating Queensland's toll roads is set out in the Transport Infrastructure Act. The operation of each toll road is controlled by the relevant toll concession agreement and toll declaration. The toll concession agreements are long-term commercial agreements between the toll road operator and the state for the Gateway and Logan motorways and Airport Link and Brisbane City Council for Clem7, Legacy Way and the Go Between Bridge. The Queensland government is not involved in the day-to-day operations of the toll roads. Under the concession agreements, Transurban Queensland operate and maintain the toll roads to standards set by the state or Brisbane City Council in return for the right to collect and retain toll revenue. The concession agreements also include a series of key performance indicators in a number of areas including customer service. Specific indicators measure Transurban's performance in complaints handling and accuracy of tolling. An annual audit of performance is undertaken to confirm whether targets have been met.¹⁵

DTMR advised:

Under the Act, the Minister for Main Roads approves toll road projects and approves maximum tolls that may be applied and collected by toll road operators. The maximum tolls for each toll road in South-East Queensland (SEQ) have been published in the Queensland Government Gazette and increase annually in line with CPI.¹⁶

2.2.1.1 Concession agreements/deeds

The operation of each toll road, including the roles and responsibilities of each of the parties involved and the term of concession, is controlled by the relevant toll concession agreement (also known as road franchise agreements and project deeds) and tolling declaration.¹⁷

The deeds for Brisbane's toll roads were originally negotiated by the Queensland Government and BCC and the successful private sector bidder in accordance with protocols and guidelines set by the government.¹⁸ Since the initial declaration, there have been a number of amendments 'as required to reflect changes from time to time.'¹⁹

Copies of the various franchise agreements/concession deeds are available on the committee's webpage.

¹⁴ Department of Transport and Main Roads, submission 185, p 1.

¹⁵ Department of Transport and Main Roads, public briefing transcript, Brisbane, 17 July 2018, p 2.

¹⁶ Department of Transport and Main Roads, submission 185, p 1.

¹⁷ Department of Transport and Main Roads, submission 185, p 1; Transurban Queensland, submission 166, p 41.

¹⁸ Transurban Queensland, submission 166, p 41.

¹⁹ Brisbane city Council, submission 174, p 1.

TQ holds the concession agreements for all toll roads in SEQ. Each toll road is governed by its own concession deed with the exception of the Logan and Gateway Motorways which are covered jointly in one Road Franchise Agreement.²⁰

Responsible government agencies for each toll road are as follows:

- BCC: Clem7, Go Between Bridge and Legacy Way toll roads in Brisbane.²¹ BCC has entered into a concession deed for each of these toll roads/tunnels 'that requires the relevant Concessionaire (i.e. the relevant TQ group member that holds the concession) to operate and toll roads in accordance with the relevant local government tollway (LGT) declarations.'²²
- DTMR: Gateway and Logan Motorways (Road Franchise Agreement) and AirportLinkM7 (Project Deed).²³

DTMR provided further information on the content of concession agreements and details how TQ must operate the toll roads:

Under the concession agreements, TQ must operate and maintain the toll roads to standards set by the State in return for collecting and retaining toll revenue. The toll road concession agreements cover:

- *operation and maintenance requirements and reporting obligations over the life of the concession, including detailed performance specifications requiring minimum road conditions to be maintained for the period of the concession.*
- *certainty for the parties for the period of the concession.*
- *step in arrangements in the event the toll road operator does not meet key concession deed obligations, and hand back arrangements (including road condition) at the end of the concession.*
- *the right of the State to share excess revenue earned by the toll road operator should revenue exceed certain threshold levels.*
- *key performance indicators (KPIs).*

*The State's ongoing role is to manage the contractual relationship with TQ under the concession agreements. The Queensland Government is not involved in the day-to-day operations of the toll roads.*²⁴

In regards to council's role, BCC advised:

*Council's role in relation to its local government toll roads is to manage the relevant concession deeds, ensure compliance with the Minister for Transport and Main Road's imposed Local Government Tollway Declaration conditions and to undertake offence enforcement activities in relation to unpaid tolls referred to it by Transurban Queensland.*²⁵

²⁰ Transurban Queensland, submission 166, p 41.

²¹ Brisbane City Council, submission 174, p 1.

²² Brisbane City Council, submission 174, p 8.

²³ Department of Transport and Main Roads, submission 185, p 1.

²⁴ Department of Transport and Main Roads, submission 185, p 1.

²⁵ Brisbane City Council, submission 174, p 1.

2.2.2 Concessionaire/toll road operators

Prior to TQ assuming responsibility for the operation of toll roads in SEQ, Brisbane City Council owned and operated the GBB and Legacy Way; RiverCity Motorways Ltd (RCY) was the original developer and owner of Clem7; BrisConnections Unit Trust (BCS) owned AirportLinkM7; Queensland Motorways Limited (QML) was responsible for the Gateway Motorway and the Logan Motorways Pty Ltd owned the Logan Motorway.²⁶

QML was established in 1995 and became holding company of the Gateway Bridge Company Limited, Logan Motorway Company Limited and Sunshine Motorway Company Limited effective from 27 June 1995. It assumed the rights, titles and obligations in respect to the Gateway Bridge, the Logan Motorway and the Sunshine Motorway.²⁷

In May 2011 the Queensland Investment Corporation (QIC) purchased QML from the state government for \$3.088 billion to be held as an asset of the Queensland public sector defined benefit superannuation scheme.²⁸

RCY, the owner and builder of the CLEM 7, was listed on the ASX in August 2006, having issued 684,806,150 stapled securities issued at \$1.00 and partly paid to 50 cents with the final instalment of 50 cents payable 12 months following the date of allotment. The tunnel opened in March 2010 with a three week toll free period followed by a period of reduced tolls. Traffic volumes were significantly less than predicted and by December 2010 RCY sought agreements with its bank lenders. In February 2011, RCY appointed a voluntary administrator after the failure of the group's debt syndicate to unanimously approve a financial repayment standstill agreement. The company was delisted on 31 December 2016.²⁹

In 2012, Maurice Blackburn launched a class action on behalf of investors in RCY's initial public offering in 2006. The class action, which included AECOM Australia who did the traffic forecasts for the tunnel, alleged that the traffic forecasts were made without reasonable grounds and left information out of its report in RCY's product disclosure statement. In 2016, the law suit was successful.³⁰ QML acquired the tolling rights for the CLEM 7 from the receivers of RCY in 2013.

In May 2008, BCS was awarded the concession to finance, design, build, maintain and operate the \$4.8 billion Airport Link, Northern Busway and Airport Roundabout Upgrade projects. The initial public offering (IPO) for BCS closed with the allotment of 390,166,667 partly paid stapled securities and was listed on the AXS on 31 July 2008.³¹

The AirportlinkM7 tunnel opened in July 2012 with a four week toll free period followed by a two year gradually increasing concessional toll period before the introduction of the full toll. Following the toll free period, traffic numbers dropped and in November 2012 an independent consultant was appointed to review traffic volumes, revenue, costs, forecast liquidity and capital structure and its securities were suspended from trading.³²

²⁶ Department of Infrastructure and Regional Development, *Toll Roads in Australia*, Bureau of Infrastructure, Transport and Regional Economics, September 2016, https://bitre.gov.au/publications/2016/files/is_081.pdf.

²⁷ Queensland Motorways Limited and its Controlled Entities, Annual Report for the year ended 30 June 1998, p 2.

²⁸ Queensland Treasury, Annual Report 2010-11, p 21.

²⁹ ASX, Releases – RiverCity Motorway, 3 August 2016, November 2011 and 25 February 2011

³⁰ The Sydney Morning Herald, 'RiverCity IPO investors secure \$121m in successful Clem7 class action', 1 June 2016, p 1.

³¹ AXS Releases – BrisConnections, 3 February 2009, 28 June 2012, 2 November 2012, 13 November 2012, 19 February 2013

³² AXS Releases – BrisConnections, 3 February 2009, 28 June 2012, 2 November 2012, 13 November 2012, 19 February 2013

In February 2013, BCS placed the group entities into voluntary administration. This followed analysis of traffic levels post the introduction of tolls and the review determined the value may be less than outstanding debt.³³ The receivers of BCS, PPB Advisory, sued the former engineering consultant, Arup, alleging that it made misleading and deceptive forecasts. They reached a confidential settlement in 2017.³⁴

In September 2013, QML also purchased the tolling rights to Legacy and the GBB from the BCC.³⁵

2.2.3 Current Concessionaire/toll road operator – Transurban Queensland

TQ has been the sole operator of all six toll roads/tunnels in SEQ since 2016. TQ is a private consortium comprising TCL (62.5%), AustralianSuper (25%) and Tawreed Investments, a wholly owned subsidiary of the Abu Dhabi Investment Authority (12.5%).³⁶

Established in 1996, TCL is an Australian company that develops and operates toll roads in Australia and the United States of America.³⁷

In 2014, the TCL-led consortium acquired QML from QIC for \$7.057 billion. In April 2016, TQ 'expanded its operations in Queensland with the acquisition of AirportlinkM7 for approximately \$2.0 billion.'³⁸

TQ has also advised the following about the organisation:

- 1.6 million customers
- Australian owned and operated company listed on the ASX
- 70 per cent of TCL security holders are Australian superannuation funds and individual security holders.

As noted above, TQ acquired each of the toll roads in June 2014, with the exception of AirportlinkM7, which was acquired in April 2016 for \$2 billion³⁹, approximately 60 percent less than the original construction cost. As noted above, TQ holds two concession agreements with the Queensland Government (Logan/Gateway Motorways and AirportlinkM7) and three with the BCC (Clem7, GBB and Legacy Way). TQ is bound by the concession terms and cannot amend these without agreement.⁴⁰

2.2.3.1 Branding – Linkt

Linkt is the name of its retail brand. Prior to March 2018, its retail brand was 'go via'. TQ advised the committee that:

The change from go via to the Linkt retail tolling brand was another step change in enhancing customer experience. Key benefits included a new mobile app to help customers manage their accounts on the go, an improved website, improved fee structure, enhanced customer communication and promotion of the GPS-tolling experience app, LinktGO.

³³ AXS Releases – BrisConnections, 3 February 2009, 28 June 2012, 2 November 2012, 13 November 2012, 19 February 2013

³⁴ Financial Review, 'Arup in talks to settle BrisConnections case with PPB Advisory', 15 November 2017

³⁵ Queensland Investment Corporation, 'QIC appoints financial advisers for Queensland Motorways monetisation process', November 2013, p 1-2.

³⁶ Transurban Queensland, submission 166, p 4.

³⁷ Transurban, 'About Linkt', <https://www.linkt.com.au/brisbane/about-us>.

³⁸ Transurban Queensland, submission 166, pp 4, 6.

³⁹ Transurban Queensland, submission 166, p 2.

⁴⁰ Transurban Queensland, submission 166, p 41.

They advised that as part of the change to the Linkt brand, they launched a new website and the LinktGO GPS enabled tolling app for infrequent toll road users.⁴¹

2.2.3.2 Key performance indicators

As part of the concession agreements, TQ is required to report quarterly under a KPI self-assessment system against a series of key performance indicators 'to ensure customer interests are protected and the toll roads are operated and maintained to appropriate standards.' DTMR advised that '[a]n independent audit of TQ's performance against the KPIs is undertaken each year. TMR reviews the auditor's recommendations and works with TQ to progress recommendations.'⁴² The KPIs measure:

- quality assurance
- customer service
- environmental management
- reporting
- commercial management
- road operations
- asset management
- road traffic noise management
- community engagement.⁴³

In terms of enforcement, DTMR advised:

*TQ's performance under the KPI regime is enforced through a demerit point system. Demerit points accrue where KPI targets are not met. These demerits may give rise to a financial penalty for non-performance. The RFA also requires routine KPI reviews to ensure the KPIs are appropriate and effective in providing relevant information to the State, and the KPIs remain relevant given evolving technology, customer service needs and road asset management standards and techniques.*⁴⁴

TQ provided the following information (Table 5) in regards to the number of KPIs it must meet for each of its concession agreements:⁴⁵

⁴¹ Transurban Queensland, submission 166, pp 36-37.

⁴² Department of Transport and Main Roads, submission 185, p 2.

⁴³ Transurban Queensland, submission 166, p 42.

⁴⁴ Department of Transport and Main Roads, submission 185, p 2.

⁴⁵ Transurban Queensland, submission 166, p 42.

Table 5: KPIs in concession agreements

ASSET	REQUIREMENTS
Gateway and Logan motorways	31 KPIs 206 Obligations to meet over a 12-month period
Clem7	12 KPIs 127 Obligations to meet over a 12-month period
Go Between Bridge	7 KPIs 154 Obligations to meet over a 12-month period
Legacy Way	11 KPIs 86 Obligations to meet over a 12-month period
AirportlinkM7	20 KPIs 70 Obligations to meet over a 12-month period

Source: Transurban Queensland, submission 166, p 42

TQ also advised that the standards apply to any external providers, such as incident response services, and that it must pay compensation if it fails to meet any of these requirements.⁴⁶

BCC, DTMR and TQ confirmed that TQ has met KPI requirements and no demerits have been applied or compensation paid.⁴⁷ Refer to section 6.3 for more discussion on KPIs.

2.2.3.3 *Value of concessions*

As noted above, TQ paid a combined amount of approximately \$9 billion for the concession rights to the six SEQ toll roads. This was funded by a combination of debt and equity. TQ advised that the toll prices, set in 2014, were a significant factor in their decision on the amount they offered.⁴⁸

TQ advised the committee that TCL did not participate in the initial development of the Clem 7 and AirportLinkM7 toll roads. They considered the forecasts for usage to be incorrect. They advised that the growth that has occurred since 2014 has been in line with their expectations.⁴⁹

BCC advised the committee that each of the local government tollways has been financially modelled in order to help determine both the value attributable to the concession and in the setting of toll levels approved by the Queensland Government.⁵⁰

2.3 Evolution of Brisbane's toll roads

SEQ has a long history of using toll roads to pay for public road infrastructure.

⁴⁶ Transurban Queensland, submission 166, p 42.

⁴⁷ Department of Transport and Main Roads, submission 185, p 3; Transurban Queensland, submission 166, p 42; Brisbane City Council, submission 174, p 12.

⁴⁸ Transurban Queensland, public briefing transcript, Brisbane, 17 July 2018, p 4.

⁴⁹ Transurban Queensland, public briefing transcript, Brisbane, 17 July 2018, p 13.

⁵⁰ Brisbane City Council, Submission 174, p 10.

2.3.1 Early toll roads

2.3.1.1 *Springbrook-Mudgeeraba Road*

The Springbrook-Mudgeeraba Road was constructed to encourage settlement and development in the Springbrook area in the mid 1920's. The construction of the road was completed in two sections commencing in March 1925 and completed in November 1928. It was owned and managed by the then Department of Main Roads who employed a local woman, Mrs Leu, to act as gatekeeper for the road. The bridges on the road only allowed for one way traffic. It was called the 'Toll Road' because a charge was payable for each journey up or down the mountain. During the 1930's the toll was nine pence each way, rising to one shilling in the 1940's.⁵¹ It operated as a toll road until 1945.⁵²

2.3.1.2 *Hornibrook Highway Bridge*

The history of the privately-operated modern toll roads in Queensland really commenced with the Hornibrook Highway Bridge which spanned Bramble Bay between Sandgate and the Redcliffe peninsula. The bridge was the vision of Manuel Hornibrook, a civil engineer and builder. He approached the Queensland Government in 1931 with the concept for the bridge, which would reduce the travel time around the Bay by hours. Due to the depression, the government was unable to raise the necessary funds to build the bridge. However the government supported the concept of an Act of Parliament, the *Tolls on Privately Constructed Road Traffic Facilities Act of 1931*, to allow private enterprise to construct toll facilities on roads.⁵³ The *Tolls on Privately Constructed Road Traffic Facilities Act of 1931* was repealed in 1991.

The franchise agreement to operate the Hornibrook Highway Bridge was granted under the Act in November 1931. This enabled Hornibrook to raise funds for construction via a combination of loans and the issuing of stock market debentures. The total cost of construction was £530,000. The bridge opened in November 1935.⁵⁴

The franchise agreement negotiated allowed for a 40 year term, after which all rights and responsibilities reverted to the Queensland government. The toll was set at a shilling (10 cents from 1966 with the introduction of decimal currency) for a car fixed for the term of the agreement.⁵⁵ The Reserve Bank of Australia (RBA) Pre-Decimal Inflation Calculator equates a shilling as equivalent to approximately \$4.78 in 2017 dollars in 1935. It should be noted that due to the fixed price of the toll this had reduced to an equivalent value of \$1.33 by the time decimal currency was introduced in 1966.⁵⁶

A replacement bridge, the Houghton Highway, was opened in 1979, costing \$5.5million and the decision was made to close the Hornibrook Highway Bridge to traffic due to the poor condition of the timbers of the bridge. A duplicate bridge, named the Ted Smout Bridge, costing \$315 million, opened in 2010.⁵⁷ The bulk of the original Hornibrook Highway Bridge was demolished in 2011, except for approximately 100 metres at the Redcliffe end which was retained as a recreational/fishing platform.⁵⁸

⁵¹ Queensland Heritage Register, Springbrook Road and Associated Infrastructure

⁵² Queensland Trucking Association, submission 159, p 3.

⁵³ State Library of Queensland, 'Hornibrook Highway essay', pp 2-3.

⁵⁴ State Library of Queensland, 'Hornibrook Highway essay', pp 2-3.

⁵⁵ State Library of Queensland, 'Hornibrook Highway essay', pp 2-3.

⁵⁶ Reserve Bank of Australia, Pre-Decimal Inflation Calculator

⁵⁷ State Library of Queensland, 'Hornibrook Highway essay', pp 8-9.

⁵⁸ Department of Transport and Main Roads, 'Houghton Highway Duplication Project', April 2010, p 1.

2.3.1.3 Walter Taylor (Indooroopilly) Bridge

The Indooroopilly Toll Bridge, renamed the Walter Taylor Bridge in 1956, which was opened in February 1936. The bridge was, at the time the longest suspension bridge in Australia, replaced an earlier bridge which was swept away in the 1893 flood. Walter Taylor, an engineer and builder, was the driving force behind the bridge, including founding a company, Indooroopilly Toll Bridge Ltd, to raise the funds to cover the cost of construction of approximately £100,000.⁵⁹ Arguments in favour of the bridge included that it would save significant amounts of time as travellers were required to negotiate steep gradients to travel on an 'old out of date punt, propelled by one-man power' across the river and they wouldn't have to wait 'for the punt to come over'.⁶⁰

Walter Taylor was granted a franchise under the *Tolls on Privately Constructed Road Traffic Facilities Act of 1931* which permitted the collection of tolls for 35 years from the opening date or until paid for, plus retention of ten percent interest per year and working costs.⁶¹ The toll price was approximately 5 cents which remained the same throughout the concession agreement.⁶² The bridge remained a toll bridge until 1965, when it was handed over to BCC.⁶³ The bridge is still in use today.

2.3.1.4 Sunshine Motorway

Stage 1 of the Sunshine Motorway on the Sunshine Coast opened in January 1990. Stage 2 of the Motorway was opened in December 1993.

In November 1988 the state signed an agreement with Sunshine Motorway Company Limited under the *Motorways Agreements Act 1987-1988* to allow for a franchise period of 30 years to collect tolls on the motorway. Under the agreement, toll charges were determined by the Governor in Council or failing it, the Director-General, Department of Transport.⁶⁴

However, there was a vocal community campaign by the 'Tollbusters' group to have the tolls removed. This campaign was supported by the then local Member for Caloundra who committed to having the tolls removed. The change of government in 1986 led to the abolition of the tolls.

In August 1996, a variation agreement was signed agreeing that tolls were to be no longer levied on the Sunshine Motorway from midnight on 8 March 1996.⁶⁵ The variation agreement allowed for the company to continue to maintain the motorway and to receive indemnity for lost toll revenue following the government's direction for the tolls to be removed. A further agreement shortened the term of the franchise so that it ended on 20 June 1997. All land, property, plant and equipment then became the absolute property of the State. In return for shortening the franchise period the company received payments of \$83,600,000 on signing of the agreement on 20 June 1997 and the balance of \$136,415,286 was paid on 4 August 1997.⁶⁶

2.3.2 Gateway Motorway and Gateway Bridge duplication

The Gateway Motorway is a 23.1 kilometre intra-city toll road linking traffic south and north of the Brisbane River and bypasses traffic around the central business district.

⁵⁹ The Courier Mail, 'Indooroopilly Bridge to be opened to-morrow', 13 February 1936, p 19.

⁶⁰ The Telegraph, 'New Bridges, Indooroopilly Proposal', 9 July 1924, p 14.

⁶¹ Queensland Heritage Register, 'Walter Taylor Bridge'

⁶² ABC On-Line, 'Curious Brisbane: Indooroopilly bridge – the only habitable bridge in the Southern Hemisphere', 29 August 2018, p 2.

⁶³ Queensland Heritage Register, 'Walter Taylor Bridge'

⁶⁴ Sunshine Motorway Company Limited, Annual Report for the 15 months ended 30 June 1992, p 2.

⁶⁵ Sunshine Motorway Agreement First Variation Agreement dated 6 August 1996 and Sunshine Motorway Agreement Second Variation Agreement dated 6 August 1996

⁶⁶ Sunshine Motorway Company Limited, Annual Report for the year ended 30 June 1997, p 3.

In 1978, the Queensland Government called for tenders for the construction of the Gateway Bridge. Construction commenced in June 1980 and the bridge was officially commissioned in January 1986. The Gateway Bridge Franchise Deed commenced on 11 January 1986 and allowed for the collection of tolls for the franchise period of 30 years.⁶⁷

From 1986 until 1997, the Gateway Motorway Extension project was completed. Growth in traffic necessitated the construction of a duplicate bridge alongside the Gateway Bridge. The construction of the duplicate bridge and refurbishment of the existing Gateway Bridge, was part of an upgrade project announced in 2005. In September 2006, a Design, Construct and Maintain Project Deed involving the duplication of the original Gateway Bridge and the upgrade of approximately 20 kilometres of the Gateway Arterial Road, was signed. In April 2010 a Deed of Variation was signed to add to the Gateway Upgrade Project.⁶⁸ The second bridge, the Sir Leo Hielscher Bridge, opened as part of the \$2.1 billion Gateway Upgrade Project in May 2010.⁶⁹

The previous Road Franchise Agreement was terminated and a new Road Franchise Agreement (RFA), dated 23 March 2011, was signed. The new agreement allows for a 40 year term to 31 December 2051.⁷⁰

As noted above, TQ holds the RFA for the Gateway Motorway. The RFA has 33 years remaining with the concession due to end in December 2051.⁷¹

2.3.3 Logan Motorway

The Logan Motorway is a 38.7 kilometre intra-city toll road linking the Pacific Motorway in the east to the Ipswich Motorway in the west (Ipswich Motorway to Wembley Road and Wembley Road to Pacific Motorway). In August 1987, four separate contracts were awarded to complete different sections of the motorway. Construction of the motorway commenced in October 1987 and began tolling operations in December 1988 after a one week toll free period. In 1997 the Logan Motorway was upgraded to four lanes and the Gateway Extension constructed.⁷²

The Logan Motorway Agreement under the *Motorways Agreements Act 1987-1988* was dated 1 June 1987 and allowed for a franchise period of 30 years. Under the agreement Toll charges were determined by the Governor in Council or failing it, the Director-General, Department of Transport.⁷³ That agreement was replaced by the Logan Motorway Franchise Agreement which was entered into on 16 December 2002. In July 2006 the previous agreement was terminated and new road franchises were granted. The previous RFA was terminated and new RFA, dated 23 March 2011, was signed. The new agreement allows for a 40 year term to 31 December 2051.⁷⁴

TQ holds the RFA for the Logan Motorway. The RFA has 33 years remaining with the concession to due end December 2051.⁷⁵

⁶⁷ Queensland Archives, Gateway Bridge Franchise Deed

⁶⁸ Queensland Government, Road Franchise Agreement between the State of Queensland and Queensland Motorways Pty Limited, Gateway Motorway Pty Limited and Logan Motorways Pty Limited, p 9.

⁶⁹ Transurban Queensland, submission 166, pp 6, 41.

⁷⁰ Queensland Government, Road Franchise Agreement between the State of Queensland and Queensland Motorways Pty Limited, Gateway Motorway Pty Limited and Logan Motorways Pty Limited, p 52.

⁷¹ Transurban Queensland, submission 166, p 10, 41.

⁷² Gateway Upgrade project, About the Logan Motorway

⁷³ Logan Motorway Company Limited and Controlled Entity, Annual Report for the 15 months ended 30 June 1992, p 2.

⁷⁴ Queensland Government, Road Franchise Agreement between the State of Queensland and Queensland Motorways Pty Limited, Gateway Motorway Pty Limited and Logan Motorways Pty Limited, pp 9-10.

⁷⁵ Transurban Queensland, submission 166, p 41.

2.3.4 Clem Jones Tunnel

The Clem Jones Tunnel (Clem7) is a 6.8 kilometre toll road linking the Pacific Motorway (M3) and Ipswich Road at Woolloongabba to Lutwyche Road and the Inner City Bypass (ICB) at Bowen Hills. Clem7 commenced construction in September 2006 and opened to traffic in March 2010.⁷⁶ Refer section 2.2.2 for further background information.

TQ holds the concession agreement with 33 years remaining and the concession due to end in December 2051.⁷⁷

2.3.5 Go Between Bridge

The GBB is a 300 metre long bridge that connects Merivale and Cordelia Streets in South Brisbane to Coronation Drive and Hale Street at Milton. The GBB commenced construction in July 2008 and opened to traffic in July 2010.⁷⁸

TQ holds the concession agreement with 45 years remaining and the concession due to end in December 2063.⁷⁹

2.3.6 AirportlinkM7

AirportLinkM7 is a 6.7 kilometre toll road linking the northern arterials of Gympie Road, Sandgate Road and the East-West Arterial to the ICB, Legacy Way and Clem7 at Bowen Hills. APL commenced construction in November 2008 and opened to traffic in July 2012.⁸⁰

TQ holds the concession agreement with 33 years remaining and the concession due to end in December 2051.⁸¹ Refer section 2.2.2 for further background information.

2.3.7 Legacy Way

Legacy Way – a 4.6 kilometre toll road tunnel that connects the Western Freeway at Toowong with the ICB at Kelvin Grove; commenced construction in April 2011 and opened to traffic in June 2015.⁸²

TQ holds the concession agreement with 47 years remaining and the concession due to end in December 2065.⁸³

2.3.8 Current projects

2.3.8.1 Logan Enhancement project

TQ is upgrading the Logan Motorway as part of its \$512 million Logan Enhancement Project ‘to ease congestion hot spots and enhance connectivity with other major roads.’ TQ advised that the project ‘is the first Market-Led Proposal to be approved in Queensland’.⁸⁴

2.3.8.2 Gateway Upgrade North project

As part of the \$1.143 billion Gateway Upgrade North project, TQ is delivering upgrades to the Gateway Motorway between Nudgee and Bracken Ridge, which carries more than 83,000 vehicles each work day, on behalf of DTMR.⁸⁵

⁷⁶ Brisbane City Council, submission 174, p 2; Transurban Queensland, submission 166, p 41.

⁷⁷ Transurban Queensland, submission 166, p 41.

⁷⁸ Brisbane City Council, submission 174, p 2; Transurban Queensland, submission 166, p 41.

⁷⁹ Transurban Queensland, submission 166, p 41.

⁸⁰ Brisbane City Council, submission 174, p 2; Transurban Queensland, submission 166, p 41.

⁸¹ Transurban Queensland, submission 166, p 41.

⁸² Brisbane City Council, submission 174, p 2; Transurban Queensland, submission 166, p 41.

⁸³ Transurban Queensland, submission 166, p 41.

⁸⁴ Transurban Queensland, submission 166, p 18.

⁸⁵ Transurban Queensland, submission 166, p 18.

2.3.8.3 *Inner City Bypass Upgrade project*

TQ is also delivering the Inner City Bypass Upgrade, as part of a BCC initiative ‘to cater for traffic growth and improve connectivity to the wider road network.’⁸⁶

TQ advised:

This project is being delivered under BCC’s Innovative Proposal Policy framework.

ICB is operating at up to 90 per cent capacity, with more than 105,000 vehicles using it every work day. Without the upgrade, it is expected to exceed capacity by 2021.

*The ICB is critical to the city’s economic growth, providing a vital link in the road network with connections to Lutwyche Road, AirportlinkM7, Clem7 and Legacy Way tunnels.*⁸⁷

The project includes the following:

*The upgrade will deliver an additional lane in both directions between the RNA tunnel and Legacy Way, as well as a new on-ramp from Bowen Bridge Road to the ICB west-bound. A number of bus priority measures to improve public transport options and travel times will make it easier for people travelling to and from the western suburbs.*⁸⁸

BCC advised the following in regards to the delivery of the project:

In June 2015, the Lord Mayor announced the \$80 million ICB upgrade project. Following this announcement, TQ submitted an innovative proposal to Council to manage the delivery of the ICB upgrade project and provide accident response and traffic management services for the ICB. TQ was also entitled under the Legacy Way Concession Deed to be offered the first right to negotiate an agreement for this work.

Following a competitive tender process, Council entered into a contract with BMD Constructions Pty Ltd on 9 December 2016, to design and construct the ICB upgrade which saves Council \$20 million.

*In early April 2017, Council entered into an agreement with TQ to upgrade and operate the ICB partially funded through increasing tolls for heavy commercial vehicles (HCVs) to levels similar to those approved for the Logan Enhancement Project. On 19 April 2018, the Minister for Transport and Main Roads approved the increases to HCV tolls with the support of TQ and the Queensland Trucking Association that introduced differential tolling for HCVs across Clem7, GBB and Legacy Way for the first time in Queensland. A lower toll during off-peak periods between 8pm and 5am daily, effective from the opening of the on-ramp from Bowen Bridge Road to the ICB, will provide an incentive for truck drivers to travel overnight using the toll roads. It will also improve amenity for residents by reducing the number of trucks on the un-tolled surface network, and potentially reduce safety risks due to fewer interactions between pedestrians and heavy commercial vehicles in the CBD.*⁸⁹

2.4 Recent inquiries into toll roads in Australia

The use of toll roads to deliver public road infrastructure has been the source of several recent inquiries at both the state and federal government levels. The committee notes the following two inquiries and their recommendations:

1. The Australian Senate’s Economics References Committee conducted an inquiry into ‘[Toll roads: issues of building, financing and charging](#)’, which was completed in September 2017.

⁸⁶ Transurban Queensland, submission 166, p 18.

⁸⁷ Transurban Queensland, submission 166, p 18.

⁸⁸ Transurban Queensland, submission 166, p 18.

⁸⁹ Brisbane City Council, submission 174, p 10.

2. In addition, the New South Wales Parliament's Portfolio Committee No. 2 - Health and Community Services completed its inquiry into ['Road tolling in New South Wales'](#) in October 2017.

2.4.1 International comparisons

The Economics References Committee noted the following in its September 2017 report on toll roads:

Transurban's submission estimates that 0.5 per cent (240 kilometres) of Australia's motorways are tolled, compared with 3 per cent of China's and the US's, 13 per cent of Japan's and 18 per cent of Spain's.

Tolls vary widely, both within and between countries. Some examples of national average tolls (in US currency) are: Japan, 24 cents per kilometre; France 11–13 cents per kilometre; Italy 7 cents per kilometre. Tolls in Spain are about 10.5 cents per kilometre.⁹⁰

2.5 Toll road policy

DTMR advised the committee that:

A key principle of Queensland's tolling policy, which provides the framework for consideration of new toll roads, is that a free alternative route be available to motorists. This means that people who choose to enjoy the benefits that the infrastructure provides, like improved travel time reliability, pay the toll and other motorists can continue to use the pre-existing free alternative routes and not pay tolls. The collection of tolls from those who choose to use the infrastructure allows the cost of the building, operating and maintaining of a road to be recouped under a user-pays system without capital or maintenance costs to the state. Without private sector investment, construction and maintenance of these roads and the benefits they provided would not have been possible at that time. The results would be less overall capacity on the road network and increased congestion and lower travel time reliability on the existing untolled routes.⁹¹

With regard to requirement that a free alternative route be available to motorists, BCC advised:

Under Schedule 5A Conditions for each of the Local Government Tollway Declarations, it is a condition for Council to maintain one or more free alternative routes for the public to access and travel from the same geographical locations that are connected by the Tollway.

Since the opening of each of the Local Government Tollways, Council has maintained a free alternate at all times or has provided for toll free travel. This is reported annually to the Minister.⁹²

The department also advised that:

The application of tolls for users of road infrastructure projects has been used by both the Queensland government and Brisbane City Council to bring forward important bridges, tunnels and other high-quality road infrastructure and enhance the South-East Queensland road network.⁹³

BCC confirmed that the use of toll roads has enabled roads to be constructed sooner than otherwise would have been the case and this has allowed the road network to cater for growth and relieve congestion in the inner-city area of Brisbane.⁹⁴

⁹⁰ The Australian Senate's Economics References Committee, ['Toll roads: issues of building, financing and charging'](#), September 2017.

⁹¹ Department of Transport and Main Roads, public briefing transcript, Brisbane, 17 July 2018, p 2.

⁹² Brisbane City Council, correspondence dated 27 August 2018, p 1.

⁹³ Department of Transport and Main Roads, public briefing transcript, Brisbane, 17 July 2018, p 2.

⁹⁴ Brisbane City Council, public briefing transcript, Brisbane, 17 July 2018, p 3.

BCC advised:

Council is of the view that these tollways have helped complete key missing motorway standard links in the major road network in Brisbane and have provided significant benefits to the users of these toll roads and to all motorists on the surface road network. Council is of the view that these tollways are well managed and provide a high level of customer service.⁹⁵

This view was supported by Infrastructure Association of Queensland (IAQ) who advised:

IAQ submits that toll roads play a vital role in establishing an efficient and diverse Queensland transport network, and that toll roads provide a positive contribution to individual toll road users and the broader South-East Queensland economy.

Direct user charging, such as in the form of tolls, provides an alternative source of revenue in times of constrained public spending, allowing private sector investment in infrastructure delivery. This investment assists Governments in the delivery of first-class transport projects that mitigate the effect of rising urban congestion levels in Greater Brisbane.⁹⁶

...

Tolling is a form of direct user charging, meaning that the ultimate customer (the toll road user) by choice pays for the benefit received from using the transport asset (i.e. time savings). The Revenues collected from tolls allow such projects to be funded by private sector debt and equity, usually with a contribution from traditional public sector funding sources. This additional source of private sector funds generated by tolling has enabled the delivery (and often maintenance) of major road projects where government sector funding has been constrained.⁹⁷

Infrastructure Partnerships Australia (IPA) also supported this view stating:

...it is important to establish that there are only two sources of funding for infrastructure – taxes and user charges. Put simply, when the need for a piece of infrastructure (such as a road) has been established the community can choose to pay for that asset either through allocations of their tax contributions and/or through direct user charges, such as tolls.

The progressive provision of toll roads in Queensland has allowed for the accelerated delivery of high quality road infrastructure across the State's fastest growing region. Toll roads have delivered significant economic benefit to the region and ensured road infrastructure capacity has increased as the population has grown.

Without tolls, major road corridors may not have been delivered, or their delivery would have been significantly delayed. This delay would, in turn, have meant the deferral of the substantial economic benefits Queensland's tolled motorway network has provided. By leveraging contributions from the beneficiaries of infrastructure, in this case motorists, successive Queensland governments have been able to deliver more and higher quality roads for those users.⁹⁸

⁹⁵ Brisbane City Council, public briefing transcript, Brisbane, 17 July 2018, p 3.

⁹⁶ Infrastructure Association of Queensland, submission 158, p 1.

⁹⁷ Infrastructure Association of Queensland, submission 158, p 2.

⁹⁸ Infrastructure Partnerships Australia, submission 196, p 2.

3 The operation of existing toll roads in south-east Queensland

This section addresses stakeholder issues relating to the operation of existing toll roads in south-east Queensland.

3.1 Congestion

As noted in section 2 of this report, one of the main reasons for developing toll roads in SEQ was to alleviate congestion, improve road safety and facilitate economic development.⁹⁹

IAQ noted that:

*Congestion imposes significant costs on individuals and the community, including extra travel time, increased vehicle operating costs, and environmental costs such as poorer air quality. Reducing congestion by improvement of road infrastructure is likely to be a growing and key concern of Queensland commuters which it will expect the Government to respond to.*¹⁰⁰

DTMR provided the following definition of congestion:

...when a toll road is planned and designed, it is a delicate balance between enough capacity for some point in the future and the initial capital costs of construction. When we are building a road on the surface, like the Gateway Arterial or the Logan Motorway, it is relatively cheap and easy to expand their capacity, just as we are doing on both of those roads currently. When we are talking about tunnels, it is very expensive to change the capacity of a tunnel once you have constructed it, so you try to build capacity for the future. That is why the Airport Link tunnel has three lanes in each direction. We would not expect it to be full at day one; we would expect that it would be starting to get considerable use during the peak periods within a few years of opening.

What generally happens on any road is that initially we get peak periods of one hour and two hours; then three hours on each end of the day; then ultimately, when a road is fully congested, those peak periods join together or approximately join together. That is fully congested. It is an incredibly uncomfortable situation. It is not one that toll roads would ever want to get toward. It was the forecast of that situation that made them determine that they had to duplicate the Gateway Bridge, because that would be an intolerable level of travel reliability for toll-paying customers.

We would expect that the capacity and reliability in a toll road situation, whether that be a tunnel or on the surface, should always be better than that on the surface street, because people are paying for that privilege and that level of service and travel reliability. It is a very hard to answer the question: 'How full are the tunnels?' It will always be relative to the congestion on the outside. If the peaks were joining together on the surface roads, as a government we would be trying to push much more traffic into the tunnels. We have not got to that situation on the surface streets at the moment and we do not anticipate it for the traffic.

*Although there are periods of congestion in the am and pm peak, that period of congestion is not something that a government can construct itself out of. We have a desire to improve our proportion of trips by public transport. If we continually supply capacity on roads—many countries around the world have found that they cannot build their way out of congestion by putting in more and more lanes, because there is always more and more demand—we will not get those more sustainable trip types with lower carbon emissions, such as public transport. Some level of congestion is not necessarily a bad thing on roads. It actually makes people think about their travel choices. In Brisbane, they have choices that include using toll roads if they cannot tolerate, for that particular day or trip, the congestion that they may get on the surface roads.*¹⁰¹

⁹⁹ Brisbane City Council, submission 174, p 1.

¹⁰⁰ Infrastructure Association of Queensland, submission 158, p 3.

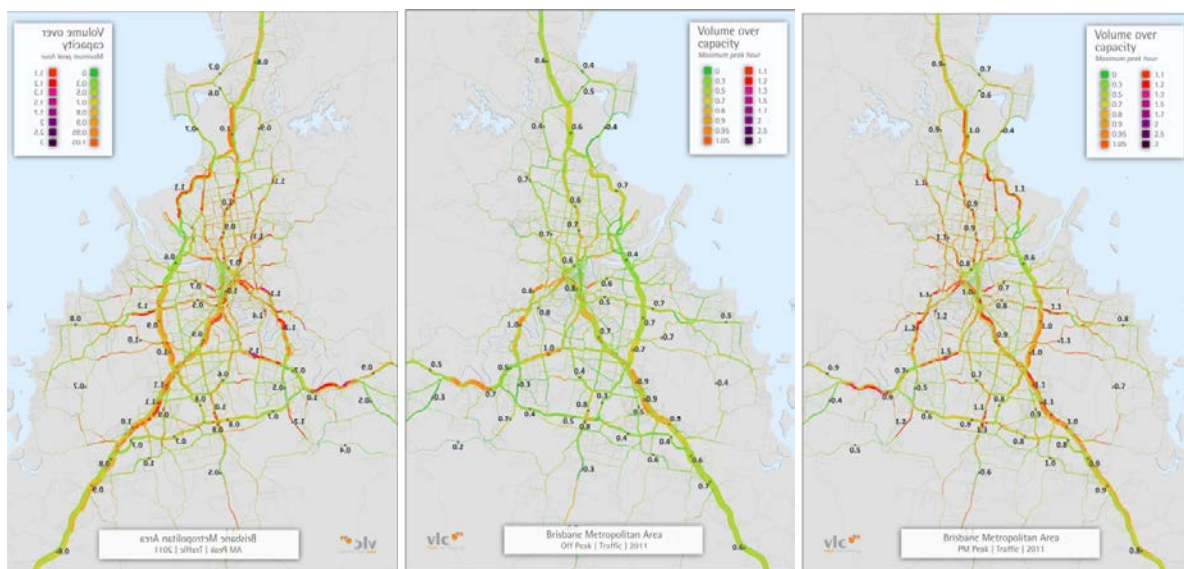
¹⁰¹ Department of Transport and Main Roads, public hearing transcript, Brisbane, 17 July 2018, p 30.

In April 2014, Veitch Lister Consulting (VLC) was commissioned by Infrastructure Australia to produce travel demand forecasts and transport network performance assessments for SEQ in 2011 and 2031.¹⁰² VLC assessed the performance of the road network using volume/capacity ratio plots (V/C). V/C ratios are used to gauge the level of congestion in the road network. Significant congestion and delays occur as the V/C ratio approaches unity. Should the V/C ratio exceed unity then the excess demand can only be accommodated by drivers choosing to switch to the shoulders of the peak thereby extending the duration of the peak, changing their destination, changing mode or not making the journey at all.¹⁰³

The results of the analysis for 2011 and 2013 are depicted in Figures 2 and 3 below. The study found that in 2011 for the morning (AM) peak period, the network performance was generally satisfactory with relatively few 'hot spots'. V/C ratios in excess of 1.0 were calculated to occur in parts of the network – the Ipswich Motorway, the Gateway and on parts of the Pacific Motorway. However, modelling showed that with the infrastructure investment strategy modelled, network performance was expected to deteriorate significantly by 2031.¹⁰⁴

It should be noted that the study analysed the road network prior to the Legacy Way and AirportLinkM7 tunnels coming on-line. These tunnels were included in the assumptions for the 2031 scenarios.

Figure 2: Road network volume/capacity ratios in 2011 – AM maximum peak hour, daytime off-peak and PM maximum peak hour



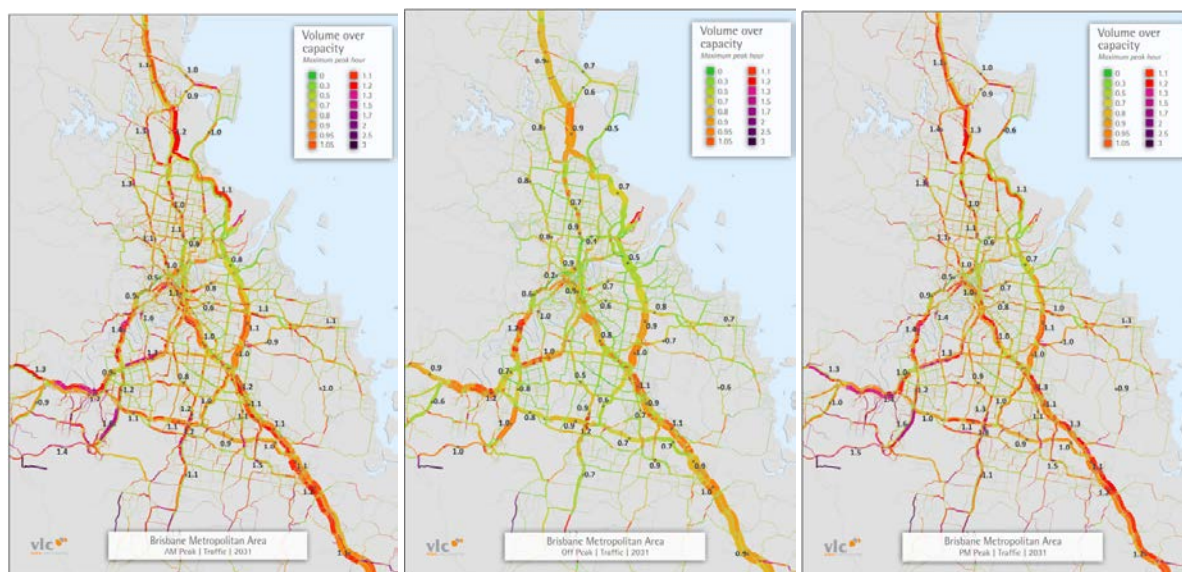
Source: Veitch Lister Consulting Pty Ltd prepared for Infrastructure Australia, South East Queensland Travel Modelling Report, October 2014, p 49-51

¹⁰² Veitch Lister Consulting Pty Ltd prepared for Infrastructure Australia, South East Queensland Travel Modelling Report, October 2014, p 1.

¹⁰³ Veitch Lister Consulting Pty Ltd prepared for Infrastructure Australia, South East Queensland Travel Modelling Report, October 2014, p 48.

¹⁰⁴ Veitch Lister Consulting Pty Ltd prepared for Infrastructure Australia, South East Queensland Travel Modelling Report, October 2014, p 48.

Figure 3: Road network volume/capacity ratios in 2031 – AM maximum peak hour, daytime off-peak and PM maximum peak hour



Source: Veitch Lister Consulting Pty Ltd prepared for Infrastructure Australia, South East Queensland Travel Modelling Report, October 2014, p 52-54

RACQ produce monthly Travel Time Performance data for major state corridors using Bluetooth average speed data collected by DTMR on state controlled corridors throughout Brisbane and surrounds. In their latest report, July 2018, their analysis showed that for the top 10 slowest motorway sections, weekday AM and afternoon (PM) peak period average speeds were generally worse in 2018 compared to 2017. They found that in the AM peak 12 sections of motorway average speeds well below free-flow speed and in the average PM peak eight sections of motorway recorded average speeds well below free-flow speed.¹⁰⁵

KPMG noted in their report on Economic Contribution of Australia's Toll Roads, noted that:

*Despite Australian cities having relatively lower populations than many international counterparts their residents spend a disproportionately large amount of their time in traffic.*¹⁰⁶

...

*Congestion is expected to worsen, impacting the economic performance of Australia's major cities. Infrastructure Australia states that the current cost of urban road congestion in the six largest capital cities is \$13.7 billion, and is projected to grow to \$3.3 billion by 2031.*¹⁰⁷

¹⁰⁵ RACQ, 'Average Travel Speed Performance on Major State Corridors', July 2018, p 2

¹⁰⁶ KPMG prepared for Transurban Limited, Economic Contribution of Australia's Toll Roads, August 2015, p 5.

¹⁰⁷ KPMG prepared for Transurban Limited, Economic Contribution of Australia's Toll Roads, August 2015, p 6.

Table 1: Cost of road congestion – 2011 and projected 2031

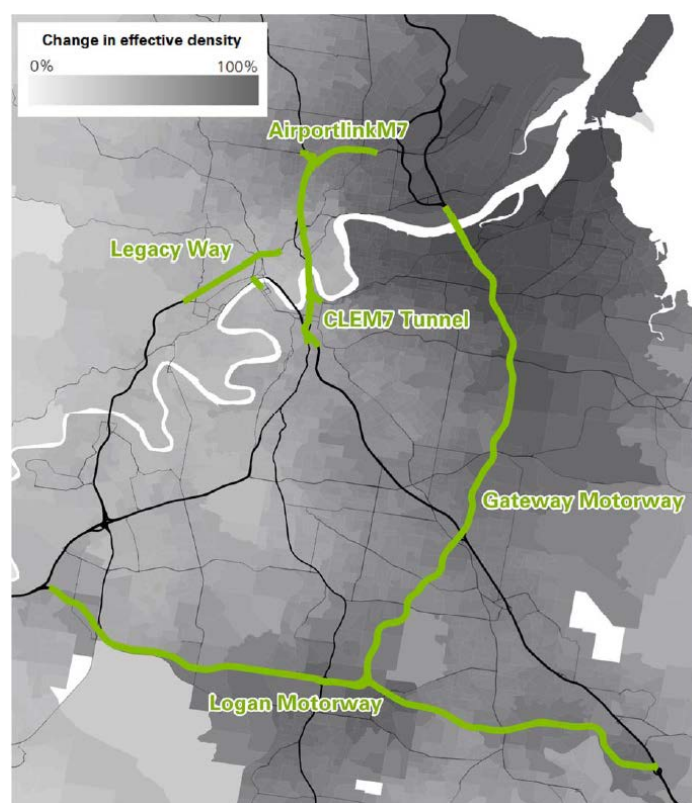
Urban area	2011	2031
Sydney/Newcastle/Woolongong	\$5.55bn	\$14.79bn
Melbourne/Geelong	\$2.84bn	\$9bn
Brisbane/Gold Coast/Sunshine Coast	\$1.91bn	\$9.21bn
Greater Perth	\$1.78bn	\$15.87bn
Greater Adelaide	\$1.44bn	\$3.75bn
Greater Canberra	\$208m	\$703m
Total	\$13.74bn	\$53.32bn

Source: Based on Infrastructure Australia (2015) Australian Infrastructure Audit Report, Vol.1, Table 2 Note: IA analysis only considers the six largest capital cities. Figures are reported in 2011 prices.

KPMG modelled the estimated annual economic and welfare benefits attributable to toll roads in Queensland for 2011. They concluded that the overall annual benefit was approximately \$3.9 billion comprising of \$3billion road user benefits (reduced travel times and vehicle operating costs and improve travel time reliability), \$861 million wider economic benefits and \$28 million in greenhouse emission savings.¹⁰⁸

KPMG also modelled the beneficiaries of toll roads, based on accessibility. Figure 4 below depicts their results. The darker areas in the figure experienced the largest improvements in accessibility resulting from Queensland's toll roads.¹⁰⁹

Figure 4: Change in accessibility, attributable to Queensland's toll roads



Source: KPMG prepared for Transurban Limited, Economic Contribution of Australia's Toll Roads,, August 2015, p 16

¹⁰⁸ KPMG prepared for Transurban Limited, Economic Contribution of Australia's Toll Roads, August 2015, p 14.

¹⁰⁹ KPMG prepared for Transurban Limited, Economic Contribution of Australia's Toll Roads, August 2015, p 15.

Stakeholders held a range of views about how successfully toll roads alleviate congestion. TQ provided the following statistics in support of its view that toll roads in SEQ divert traffic around the city, thereby creating ‘faster, safer and more reliable journeys’:

Over the past decade, traffic on toll roads has grown at a rate five times faster than the broader road network.

Every work day, almost 470,000 trips are taken on Brisbane’s toll roads. Traffic volumes have increased by 50 per cent over the past seven years. Put simply, that is 470,000 vehicles removed from local streets every work day.

The layout of Brisbane’s toll roads was forward thinking and deliberately diverted traffic around the city, preventing unnecessary trips through the CBD. Every work day more than 176,000 vehicles use tolled routes to specifically bypass the city. This means at least 176,000 fewer vehicles are travelling on streets in the CBD.

Brisbane’s toll-road users are seeing the benefits with faster, safer and more reliable journeys. Collectively, they save nearly 70,000 hours each work day. And that means more time doing what they want or need to do.

At the time of TQ’s purchase, we had around one million customers. Today we have more than 1.6 million customers and the toll prices they pay are among the lowest on a per-kilometre basis in Australia.¹¹⁰

RACQ advised that they have a different view from TQ regarding traffic volumes and the growth of congestion, particularly around the city. They consider that the inner-city tolled infrastructure to be under-utilised with these toll roads operating at between 22 and 45 per cent of estimated capacity.¹¹¹ They advised:

...over the past few years we have seen growth in congestion around the CBD, particularly on the alternative routes to the motorways. While, for example, Transurban have said that in the past decade the traffic on toll roads has grown at a rate of five times faster than the broader road network, they fail to say that the 2014 figures did not include two toll roads. Legacy Way, for example, was not in those numbers. If you go from four toll roads to six toll roads, you are going to get an increase in traffic volumes. Unfortunately, we have also seen an increase in congestion on the alternative routes during that time.

We would say that the outside-city toll network has been extremely successful. The Gateway and Motorway toll roads are successful and valued by motorists. We think that Airport Link is a world-class link between the major airport and the CBD. We are seeing good growth on that network. Unfortunately, that is balanced by some inner-city toll roads that we think are grossly under-utilised, which is adding to congestion on roads such as Milton Road, and that are priced incorrectly to get the best capacity outcome.¹¹²

...

The fact of the matter is that Transurban will talk about growth on their network, but that growth has been on a couple of roads. It has not been growth on Legacy Way, Clem7 and the Go Between Bridge. The Go Between Bridge is not even included in Transurban’s tollways when it comes to working out the average cost of a toll, because it is the most expensive toll in Australia for a 170-metre tollway.¹¹³

¹¹⁰ Transurban Queensland, submission 166, p 2.

¹¹¹ RACQ, submission 170, p 8.

¹¹² RACQ, Public hearing transcript, Brisbane, 20 August 2018, p 15.

¹¹³ RACQ, Public hearing transcript, Brisbane, 20 August 2018, p 16.

RACQ provided an example of the GBB. They advised:

While traffic volumes on the GBB have dropped 6% in nearly four years, over the same period traffic volumes on the nearby William Jolly Bridge have increased 7% to around 40,000 vehicles per day. This suggests the toll price is too high relative to perceived value.¹¹⁴

TQ acknowledged that the toll roads are not at capacity, but consider that utilisation rates are good when all the other elements are considered. They advised that:

At 2 am I do not think I can give you a travel time saving unless there is something happening on the free roads. In those instances we would recommend that people use toll roads for the safety element because we monitor the roads 24 hours a day, seven days a week. All of the elements of our roads have cameras on them. The teams are looking at what is happening on the roads, so they are a safer proposition. The value exchange would be different, but it would not be for travel time savings. I think we need to do some of those pieces of work to understand where we are. We have also talked about the fact that some of the roads are built for the future, and that is a good thing. Obviously we know that we are growing considerably here in South-East Queensland, so these are set up for the future.¹¹⁵

Some submitters expressed the view that toll roads do not alleviate congestion.¹¹⁶ One of the key areas of concern regarding congestion and toll roads was the congestion that builds around toll roads entry and exit points.¹¹⁷ Submitters have stated that the congestion around these points increase travel times on toll roads/tunnels significantly:

The time for a trip to the airport from the Western Suburbs in the early morning [when many of the flights arrive and depart] can be more than twice as long using the tunnels.¹¹⁸

Another submitter detailed her experience travelling on toll roads and the impact of congestion around the entry and exit points on her travel choices:

The off ramp onto the M1 causes major delays everyday of the week from 3:00pm. The upgrade seems to have made the bottle neck of for [sic] congestion worse and is now backing up to as far as Old Cleveland road.

The connection road from the Gateway to Logan Motorway after the Kuruby exit to Browns Plains exit can take up to 45 minutes in afternoon traffic. So bad, I now exit off at Stretton, down Gowan Road onto Illaween St onto Beaudesert Road to get onto Mt Lindsey to get home.¹¹⁹

In this regard, the submitter expressed specific concern about safety and the congestion around these points:

The upgrade and road works to the on/off ramps of Mt Lindsey Highway is very dangerous especially heading south we're there is four cross over points in a 1 km stretch. I feel so unsafe merging on/off roads with high ratios of massive trucks.

When I arrive to work in the morning, I count my blessings that I made it there alive. I do the same at night when I get home. Nobody should feel like they are taking a life risk by using these roads.¹²⁰

¹¹⁴ RACQ, submission 170, p 7.

¹¹⁵ Transurban Queensland, public hearing transcript, Brisbane, 20 August 2018, p 23.

¹¹⁶ Phil Best, submission 131.

¹¹⁷ For example, refer to submissions 23, 37, 146 and 154.

¹¹⁸ Ian Smith, submission 37.

¹¹⁹ Janelle Harwood, submission 146.

¹²⁰ Janelle Harwood, submission 146.

One submitter stated that the ‘congestion and bottlenecks at exits/egress roads often negate the cost/benefit of using the toll road’:

In the north particularly, the exits from the tunnels suffer from bottlenecks and congestion nixing the time saving.

Every morning inbound, Airport Link has congestion warnings and very long wait times to exit. Montpelier Road can't empty fast enough and at 9am becomes single lane exacerbating the issue. It feels like a waste of a toll (and \$1B investment) to have the tunnel end like this. I've timed trips on Sandgate Road and while they take longer, I get to the destination quicker because you can't get out of the tunnel in the morning. Montpelier intersecting with Breakfast Creek Rd is already overloaded, once the Kingsford Smith Drive upgrade is complete I don't think there's any room for increased traffic flows anywhere in that area.

Likewise M7 Stafford Rd to Nundah (an expensive, short trip) often leaves you waiting nearly 3 minutes at a red light turning left onto Sandgate Rd. In this case the tunnel's net time saving is as little as 1-2 minutes. If the original forecast of ~100k users was reached on M7 I have no doubt the feeder roads would not be able to service the tunnel.¹²¹

One submitter was of the view that toll roads themselves were subject to congestion during peak periods:

Obviously this is because of the high percentage of city workers utilising the toll roads; arriving early for the start of their day and finishing at approximately the same time as others in the afternoon.

This causes chaos and a highly dangerous situation if an emergency vehicle is requiring fast access to their destination.¹²²

One submitter stated that ‘the current model of fixed high toll prices and strict penalties applied for payment failures on the roads that have been built to bypass and relieve local congestion means that this method of operation is against the public interest, is not delivering outcomes for Queenslanders, and defeats the purpose of motorways reducing and alleviating congestion.’ The submitter was of the view that a ‘more flexible pricing model around demand’ was essential if the motorways were to reduce congestion and travel time for motorists.¹²³ The submitter proposed that a system of congestion charging on the surrounding network be applied during peak times:

Congestion charging has proven highly successful in major cities like London and Stockholm, with drastic reductions in local congestion in their city areas.

Ideally most of the revenue from the Congestion Charging should go straight into delivering better public transport infrastructure, services and reduced fares to ensure motorists have an effective, cost efficient alternative to driving.

However, a portion of this congestion charging could also be used to compensate Transurban for lower peak hour prices on their network. Similarly, motorists who choose to use the toll roads to bypass the congestion zones should avoid the congestion charging.

A congestion zone in Brisbane could appropriately be scoped to cover from the Royal Brisbane and Women's Hospital at Herston, east as far as Woolloongabba and South Brisbane, West to Toowong and St Lucia and south as far as West End and Dutton Park.¹²⁴

¹²¹ Nathaniel Fitzgerald-Hood, submission 154.

¹²² Renee TenDyke, submission 77.

¹²³ Chris Cox, submission 144.

¹²⁴ Chris Cox, submission 144.

According to the submitter, this approach would:

- Increase patronage of the Transurban toll road network
- Reduce traffic congestion on surrounding roads as people choose alternatives such as public or active transport, or the toll roads
- Reduce costs for consumers to use the toll roads during peak congestion times
- Compensate Transurban for this hit to revenue
- Increase revenue
- Increase investment into public and active transport to cater for a growing city and less ability to meet demand for motor vehicle journeys.¹²⁵

The committee sought additional information from DTMR regarding modelling that shows whether toll roads are alleviating congestion on other roads. They advised:

Toll roads are constructed to provide extra capacity in the transport system where it is forecasted or demonstrated as being required. Their intention is to form part of the network and to provide a high quality connection that is attractive to road users with certain origins and destinations. Each user who decides to use the toll road obtains an advantage over those using the alternate route, thereby incrementally reducing congestion on the free alternate roads.

The Department of Transport and Main Roads (TMR) has data available to compare projects before and after, such as traffic counters to measure volume and Bluetooth devices to measure average speed. Using the last toll road in Brisbane as an example, Legacy Way, which opened in June 2015, congestion performance along the main alternate arterial Milton Road has seen a significant improvement. Traffic flow has reduced by 8500 vehicles per day (that is 16 per cent) along Milton Road, in the initial weeks after the Legacy Way tunnel opened. The speed has increased along Milton Road by an annual average of six kilometres per hour (that is 22 per cent) in the morning peak and 12 kilometres per hour (that is 58 per cent) in the afternoon peak.

TMR also has strategic transport models available to test hypothetical scenarios, such as removing toll facilities (the reverse scenario for this question). Two scenarios have been run using the Brisbane Strategic Transport Model – Multimodal. For the first scenario when the Gateway Bridge is not available, additional traffic is forced to cross the river using the Captain Cook Bridge, Clem7 and Story Bridge. The current traffic volume along the main three alternate river crossings ranges from 22,300 to 24,600 vehicles in the peak direction (for both AM and PM peak periods). However, under the scenario where the Gateway Bridge is not available, the estimated volume for both peak directions could increase to between 7500 and 8500. As an example, this increase in traffic volume, according to the model results, adds significantly to the congestion along one of these alternate routes (from Underwood to Brisbane Airport, along the Pacific Motorway and the tunnels) by as much as 33 minutes. This is a doubling of travel time.

Similarly in a second scenario where the Clem7 and AirportLink tunnels are removed, both peak direction traffic volumes on the Captain Cook Bridge, Gateway and Story Bridge are between 29,800 to 34,000 vehicles and additional vehicles somewhere between 2700 and 3200. The model results indicate that travel time along the alternate route from Holland Park to Chermide, along the Inner City Bypass and Lutwyche and Gympie Roads, increases by an average of eight minutes (23 per cent more) in the peak direction.

¹²⁵ Chris Cox, submission 144.

*Therefore, it can be concluded that the tolled facilities are alleviating congestion on other roads. The toll roads provide additional capacity to the network. However, if the toll roads were not in place the general road users would experience increased congestion. These toll roads were designed to address the mobility needs of specific road users making their journeys more reliable, while maintaining a balanced network for all road users.*¹²⁶

With regard to usage levels amount customers, Transurban, in their address to shareholders in August 2017, noted that 54 percent of customer account customers pay \$10 or less per month, 68 per cent pay \$20 or less per month, 93 percent pay \$100 or less per month and 0.3 per cent of customers, the majority being commercial operators, pay \$500 or more month.¹²⁷

3.2 Industry structure

3.2.1 Lack of competition and responsibility of toll operator as road manager

As noted in section 2 of this report, TQ is the sole operator of toll roads in Queensland. Many submitters commented that this led to a lack of competition within the industry and expressed a range of views on how the industry structure of one sole operator impacted outcomes for commuters, levels of service and costs for motorists.¹²⁸ These views include:

- Without competition, there is no incentive for private companies to upgrade facilities or operator efficiently.¹²⁹
- There is insufficient competitive tension to force toll road operators to deliver better outcomes for commuters. The long-term service contracts provide ‘limited opportunity for the government that has outsourced these projects to influence the price charged’ and ‘when the service contract comes up for renewal the incumbent has a very big advantage over any new players and the renewed contract continues with little change in pricing outcome.’¹³⁰
- Negative impacts on service levels: *We need competition in this area. I know contractually they are supposed to be open and contactable 24/7. That was a contract condition of CLEM7 and other toll roads. Now they close a 7pm and use a call office from another country. I have no issues with this but they are supposed to supply a service and we pay excessive charges.*¹³¹
- QCOSS argued that Transurban’s ‘effective monopoly in the operation of toll roads resulted in ‘no effective competitive constraint’ and ‘reduced pressure to be efficient, flexible and responsive to customers.’ QCOSS stated further that this meant there was no pressure to offer off-peak or low-income discounts despite this being permitted within the concession agreements.¹³²

RACQ was also of the view that the lack of competitive pressure in the market had ramifications for the public. In this regard, RACQ sought ‘tolling arrangements to be safeguarded by the Queensland Government’:

*Without government oversight, the risk that Transurban will pursue profit maximisation strategies without also considering the greater public good, increases.*¹³³

¹²⁶ Department of Transport and Main Roads, correspondence dated 27 August 2018, p 10.

¹²⁷ Transurban, Investor Centre, FY17 Full-year results, Investor presentation, 8 August 2017

¹²⁸ For example, refer to submissions 59, 71, 76, 80, 119, 121, 123, 139, 157, 163, 167, 170, 187 and 188.

¹²⁹ Kerri Robertson, submission 9.

¹³⁰ Nick Apostolidis, submission 129.

¹³¹ Submission 71.

¹³² QCOSS, submission 76, p 7.

¹³³ RACQ, submission 170, p 3.

RACQ has also noted that private operators are obliged to maximise shareholder interests, which includes a profit maximisation strategy and that governments being conscious of this risk include explicit conditions in franchise agreements aimed at preventing buyers from increasing tolls above CPI. RACQ opposed the sale of QML in 2010. They stated in their submission to government at the time that:

Traffic volumes will tend towards being too low on a private toll road because the operators cannot account for network externalities, such as the benefit that motorists who pay the toll confer on other road users through helping relieve congestion on the surrounding network.

The private operator has no way of charging drivers on the external network. Instead they must set the toll based on what they believe drivers are willing to pay for the private benefit. This leads to higher pricing for tolls and traffic volumes that are too low for economic (and network) efficiency. This pressure is already evident in government promises to limit toll increases post any privatisation to CPI-only increases.

...

It demonstrates one of the key frailties of privatising the road network. Too many of these projects rely on the government of the day being forced to offer compromises (e.g., limits on tolls, distance-based tolling, user rebates, traffic diversions, planning concessions) in order to present an appealing product to the private sector investors. These compromises generally either hurt the motorist or, at best, represent some further impost on taxpayers.¹³⁴

RACQ has stated publicly:

Transurban is an ASX top 20 company and, as we've seen with the banking royal commission, the community expects our leading organisations to act as responsible corporate citizens and consider community interests.

The need for a toll operator to act as a responsible road manager is even greater when you consider that they lease public assets that directly impact economic and social outcomes.

The difficulty in Queensland is toll roads are run as a monopoly, with no other operators to bring competitive pressure into the market or to help ensure the whole network is managed with a view to improving community outcomes.¹³⁵

However, RACQ acknowledged that the benefit to the public with the move to a single operator included 'significantly improved transparency around tolling payments, tags, billing and debt recovery which had become extremely confusing for motorists when there were three separate operators'.¹³⁶

Some submitters also questioned whether public infrastructure should be an area for private enterprise and profit and to what level a toll operator should demonstrate corporate social responsibility. While several submitters stated that toll operators are entitled to show a return on investment, although not profit unreasonably,¹³⁷ other submitters stated that the aim of providing transport infrastructure should be on meeting community needs rather than profit.¹³⁸ A number of submitters commented that toll operators were only interested in profits and thus could charge what they like.¹³⁹ As one submitter stated, 'critical infrastructure was never meant to be a conduit for massive company profits and speculation.'¹⁴⁰

¹³⁴ RACQ, 'Position paper – Sale of Queensland Motorways Ltd', April 2010, p 6.

¹³⁵ Courier Mail, 'Opinion: No reason we can't have cheaper tolls', 23 August 2018

¹³⁶ RACQ, submission 170, p 4.

¹³⁷ For example, refer to submissions 87 and 133.

¹³⁸ For example, refer to submissions 76 and 170.

¹³⁹ For example, refer to submissions 15, 20, 23, 54, 68, 80, 144 and 167.

¹⁴⁰ Mark Galea, submission 152.

Another submitter called into question whether toll roads were achieving their core objective—to have drivers use the infrastructure:

Recent revelations of huge cumulative fines for non-payment, and allegations of frequent excessive billing of admin charges by toll companies, are indicative of the profit margin usurping the public utility purpose of the roads - the core objective of the negotiation for construction of the infrastructure.¹⁴¹

LawRight expressed concern regarding the impact of toll roads on financially-vulnerable members of the public:

The privatisation of roadways impacts more significantly on those who live below the poverty line, as they are less likely to be able to afford access to or regular use of toll roads.¹⁴²

QCOSS expressed the view that the history of PPPs failing has not been beneficial to community needs:

Market-led proposals disrupt the transport infrastructure planning processes of governments, shifting the focus from long term community needs to short term private profitability. Numerous such proposals have suffered from significantly inaccurate traffic forecasts which suffer from optimism bias, always overestimating, never underestimating, the traffic flows. This significantly increases the risks of these public-private partnerships failing. Often Governments must underwrite the first private public partnership which fails, and then negotiate very favourable terms in the second public private partnership for the private company.¹⁴³

QCOSS expressed its concern about the use PPPs to provide road infrastructure:

In practice, there is often no viable alternative to using the toll road, despite the requirement that there must always be a free road alternative. Constraints such as time, congestion and vehicle operating costs mean that, despite their financial position, some users are compelled to incur tolls as a means of safety or necessity.¹⁴⁴

QCOSS provided several examples of where people in vulnerable positions, such as fleeing domestic violence, have had to use toll roads but not been in a financial position to do so.¹⁴⁵

Based on this, QCOSS made a number of recommendations:

- *Transport planning must take a long-term, integrated network view (not driven by market-led proposals). This should incorporate the benefits to community and the environment of public and active transport.*
- *Queensland government prioritisation of transport infrastructure projects should be separated from their mode of financing.*
- *Any Queensland public-private partnerships must be transparent and subject to review by the Australian Competition and Consumer Commission (ACCC).*
- *The Queensland government should place a moratorium on all new private toll roads until, and only if, all issues raised in this inquiry have been adequately addressed.*
- *Review concession agreements with a view to improving KPIs to address concerns raised in this inquiry.*
- *The Department of Transport and Main Roads should publish the annual toll road performance report.*

¹⁴¹ Clint Ferndale, submission 57.

¹⁴² LawRight, submission 172, p 2.

¹⁴³ QCOSS, submission 76, p 7.

¹⁴⁴ QCOSS, submission 76, pp 7-8.

¹⁴⁵ QCOSS, submission 76, p 8.

While RACQ also called for TQ to ‘think beyond profit maximisation and shareholder returns’, increase its ‘corporate social responsibility’ to improve the broader transport network:¹⁴⁶

While toll roads provide motorists with choice and benefits such as travel time reliability, they can also have detrimental outcomes on the broader transport network. Toll roads are a commercial asset rather than a network efficiency solution, although they can deliver broader transport benefits when managed by socially responsible organisations. Commercial toll roads (and bridges and tunnels) can also provide motorists with improved transport outcomes well before they could have been funded by government, and/or additional infrastructure to provide choice based on travel time and convenience.

The objective of tolls is to recoup capital investment and provide an ongoing financial return to the infrastructure owner. The extent of financial return is dependent upon how many drivers utilise the asset. Usage of the toll road is largely based on the cost to the motorist weighed up against the comparative level of congestion on alternative routes. High levels of overall network congestion can therefore help the toll operator by encouraging more motorists onto their assets.

As a result there is limited motivation for toll operators to be concerned about the broader transport network.

Following inquiries into telecommunications, energy and banking, there are increased public expectations for organisations to take responsibility for their non-financial impacts, including impacts on community and the environment. Therefore many companies are adopting a triple bottom line approach to their operations that takes into account financial returns, environmental and social responsibilities.

During the Inquiry’s public hearing on 17 July 2018, Transurban suggested that their sole responsibility was to their bank lenders and shareholders. In RACQ’s opinion, it is short-sighted for an organisation to exclusively focus on shareholders. This type of traditional finance model does not directly consider the interests of other stakeholders – customers, suppliers, employees and the wider community – even though they can and do have an impact on the value of the business. Arguably, appropriate consideration of all stakeholders will assist in maximising long-term shareholder wealth.

With that in mind, the RACQ believes there are opportunities for Transurban to consider increased corporate social responsibility by improving broader transport network outcomes through incentivised travel on Brisbane’s inner-city toll routes.¹⁴⁷

RACQ explained further:

Issues and values such as trust, ethics, environmental behaviour and community responsibility are increasingly relevant to consumers, stakeholders, governments and investors. The RACQ wants Transurban to employ viable, socially responsible strategies to improve network traffic outcomes for South East Queensland motorists. This should include incentives and initiatives to boost traffic volumes on Clem7, GBB and Legacy Way.¹⁴⁸

¹⁴⁶ RACQ, submission 170, pp 5, 19.

¹⁴⁷ RACQ, submission 170, pp 4-5.

¹⁴⁸ RACQ, submission 170, p 19.

TQ advised that it sees itself as a long-term partner to SEQ and its aim was to add value to ensure that it remained 'one of the most liveable places in the world':

We came into South-East Queensland four years ago really wanting to be here for the long term. What that means for us is that we are seen as a good employer. We employ 300 people directly and thousands indirectly at the moment. We are helping the communities in which we operate. At the moment through the Logan Enhancement Project we are putting \$2 million into that community. We have community grants programs and a whole lot of other things. We really want to be seen as a long-term partner both for the state government and Brisbane City Council and, more importantly, for our customers.

We have 1.6 million customers, and since we came here in 2014 we have been focused on improving the experience for our customers. From discussions earlier this morning, we are obviously very pleased that we are getting that recognition for really focusing on improving things for customers. We have spent \$70 million in that time to change our systems. We have focused on hardship cases. We have been moving with technology as well and providing touch points that customers like and appreciate. We have been listening to our customers. We had 100,000 pieces of feedback last year from our customers. We are here for the long term, trying to add value to keep South-East Queensland as one of the most liveable places in the world. We really see it as our responsibility to contribute to that, so it is a broader contribution.¹⁴⁹

TQ further advised that:

...the only way we can be successful is by delivering great outcomes for our customers, government, communities as well as our investors.

Since making our investment four years ago, that is exactly what we have been striving to do.

From the traffic control room operators with eyes on the road 24/7, to the customer-service professionals, to the traffic planners who are looking at where a congestion hot spot could be in a decade's time, it's our business to help make travel easier and safer for Queenslanders.

Great cities need efficient and integrated transport networks and we look forward to continuing to play our role in achieving that for Brisbane.¹⁵⁰

TQ advised it had invested \$1B since 2014 on infrastructure projects, road maintenance and customer operations and \$70M in initiatives to improve customer experience and had achieved a top 10 rating for Employee Awareness and Support by the Australian Centre for Corporate Responsibility in the 2018 financial year.¹⁵¹

Matters relating to assisting people in vulnerable financial positions are addressed under section 4.1.

3.3 Stakeholder issues with operation of existing toll roads in south-east Queensland

3.3.1 Process for payment of toll charges

TQ provided a flow chart of the process for paying tolls. A copy of this chart is depicted in figure 5 below.

¹⁴⁹ Transurban Queensland, public hearing transcript, Brisbane, 20 August 2018, p 22.

¹⁵⁰ Transurban Queensland, submission 166, p 3.

¹⁵¹ Transurban Queensland, submission 166, pp 3, 5.

Figure 5: Process for paying tolls



Source: Transurban Queensland, document tabled at public briefing 17 July 2018, p 1

Submitters raised a range of issues regarding the payment of toll charges, including:

- Payment methods
- Automatic top up system and credit on accounts
- Credit card surcharges
- Length of time to pay toll charges

These matters are addressed below.

3.3.1.1 Payment methods

TQ payment methods include the following¹⁵²:

- For Tag and Tagless accounts – payment can be made via direct debit or credit card with auto payments, or top up manually via BPAY, online, in person at selected retail outlets including Australia Post outlets, service stations and newsagents, or by contacting TQ's call centre on 13 33 31.
- For commercial accounts – monthly invoices can be paid automatically by direct debit or credit card, paid manually via BPAY, online, in person at selected retail outlets including Australia Post outlets, service stations and newsagents, contacting by contacting TQ's call centre on 13 33 31.
- A Road Pass can be purchased online and linked to a credit card which will be debited after every \$10 worth of travel. A Road Pass, which lasts for up to 30 days, is for when travellers need to pay a one-off toll or use toll roads for a short time.
- Toll Credit Passes of either \$10, \$20 or \$50 can be bought in person from participating 7-Eleven, United Petroleum, Puma or newsagent outlets. Toll Credit Passes gives pre-paid credit to use for up to three years and can't be topped up or extended.
- Toll invoices and demand notices can be paid online or in person at selected retail outlets.

Submitters raised issues in relation to the payment methods available, including:

- Prepaid vouchers expire quickly with no avenue for recuperating change.¹⁵³
- Toll road users without an account are required to pay a processing/service fee.¹⁵⁴

¹⁵² Linkt, What are my payment options?

¹⁵³ Margaret Webley, submission 25; Tony Parsons, submission 67.

¹⁵⁴ Margaret Webley, submission 25; Jacques Engelbrecht, submission 49; Christine Whittaker, submission 123.

- Transurban should provide more payment options, including PayPal, cash, BPAY, direct credit etc.¹⁵⁵

For example, a pensioner advised she had difficulty finding somewhere to pay via her preferred option (prepaid vouchers):

I find it difficult to find places where I can purchase the prepaid toll fees, and then have to pay a 'service' fee even if I pay cash. I try to avoid using toll roads but sometimes they are inescapable, and sometimes one toll road leads to another so I need to pay further fees.

Another submitter agreed that the 'payment method [was] not user friendly'¹⁵⁶, while another toll road user advised that they wanted to pay by cheque but was going to be charged a \$40 fee.¹⁵⁷

In response, Transurban provided an overview of tolling products and payment options:¹⁵⁸

- Pre-paid account—
Best option for people who use toll roads regularly
Multiple vehicles allowed
Choice of tag or tagless travel
Works on any toll road in Australia
- Commercial account—
Designed for fleet operators
Must have an ABN and minimum of four vehicles
Post-paid account
Works on any toll road in Australia
- Toll credit pass—
Best option for customers wanting to pay by cash
Available in amounts of \$10, \$20 or \$50 from retail outlets
Toll credit lasts for three years
- Road pass
Ideal for visitors to Brisbane and single trips
Credit card debited as travel occurs
Tag not required and pass valid for up to 30 days
- LinktGO app
Uses GPS to notify when on toll roads
Pay-as-you-go via the app
No tag, no commitment
Works on any toll road in Australia

The committee notes one submitter's positive feedback on their payment of tolls and the billing process:

*...we have never had a single issue with payments/billing on any of the toll roads in southeast Queensland. Payments are seamless and accurate and transferring the accounts to new vehicles have always occurred without problems.*¹⁵⁹

¹⁵⁵ Arty Tabor, submission 53; Kathryn Moloney, submission 54.

¹⁵⁶ G Paw, submission 28.

¹⁵⁷ Kevin McDade, submission 193.

¹⁵⁸ Transurban Queensland, submission 166, p 37.

¹⁵⁹ Submission 16.

3.3.1.2 Automatic top up system and credit on accounts

A number of submitters were opposed to toll operators using an automatic top up system and holding credit against the accounts of toll roads users.¹⁶⁰ One submitter advised that money had been deducted from their account even though the top-up level had not been reached. After asking to be reimbursed, he was advised that this was not possible and the credit remained on his account: 'I found this appalling as I needed the money to pay other bills.'¹⁶¹

Another submitter supported the view that the system disadvantaged low income earners by stating that TQ keeping money in reserve of at least \$10 to \$25 effectively made it a 'prepaid service and this could impact low income, cash strapped people'. The submitters considers that the tolling operator does not provide an option to pay 'without penalty to simply pay for what you use'.¹⁶²

One submitter was concerned that the system was not designed for infrequent toll road users:

*The method of upfront autopay choices disadvantage low frequency users and seems designed to make money out of them. At any one time there must be millions of dollars in their bank. They have had consistently more than 35 dollars of my money for years now.*¹⁶³

One submitter estimated that TQ was holding about \$30M in credit and that it was 'just another way the toll companies are making more profit at no risk.'¹⁶⁴ Other submitters also commented on TQ holding credit on accounts.¹⁶⁵ One submitter explained:

*What concerns me is that I have to pay positive in funds in my account permanently with this method and Transurban does not given me an interest as they have had almost \$50 to \$30 off me in their interest bearing accounts ...*¹⁶⁶

In response to submitters concerns about the funds that account holders must have in their accounts, TQ explained:

*It is similar to public transport and other prepaid activities. There is a minimum. It is \$25 of toll credit, if you like, as soon as you sign up and get the tag for free. After that it is up to a customer to determine how much they would like to top up by. We changed that quite a few years ago now I think, but certainly we changed that. It used to be a set amount, I believe, but now it is very much up to a customer. Certainly with the new account apps that we have, there is a manual top-up option which has made it easier for people to put whatever number they would like on there. We are trying to work with customers as much as possible to provide information about usage so that you can logically think, 'Okay, I use it five days a week or I use it three days a week. What's a logical amount to top up?,' and those sorts of things. We have been trying to make it easier and more convenient for customers.*¹⁶⁷

TQ further advised that should a customers' account be suspended due to insufficient funds to cover travel, they have a comprehensive contact campaign which utilises multiple channels (including proactive phone calls by onshore agents) to encourage the customer to bring their account into credit in order to avoid toll notices for future travel.¹⁶⁸

¹⁶⁰ For example, refer to submissions 4, 10, 26, 49, 54, 71 and 133.

¹⁶¹ Chris Smithies, submission 4.

¹⁶² Jacques Engelbrecht, submission 49, p 1.

¹⁶³ Ross Shepherd, submission 194.

¹⁶⁴ Adam Sewell, submission 133.

¹⁶⁵ See, for example, submission 49, 71, 123 and 133.

¹⁶⁶ Submission 71.

¹⁶⁷ Transurban Queensland, public hearing transcript, Brisbane, 20 August 2018, p 25.

¹⁶⁸ Transurban Queensland, correspondence dated 20 August 2018, p 5.

When asked if it was earning interest on the funds it was holding in credit, TQ advised that it was not.¹⁶⁹ TQ advised:

*Customers funds or prepaid tolls from customers are held in a non-interest bearing deposit account until the charge is incurred by the road user.*¹⁷⁰

With regard to security of customer funds held on deposit, TQ advised that:

*Transurban, the majority shareholder of TQ, is an ASX top 20 company with market capitalisation of over \$20 billion. Customers can therefore be assured that their pre-paid account balance is secure.*¹⁷¹

3.3.1.3 Credit card surcharges

TQ introduced a payment card surcharge on 1 July 2018 and advised its customers via email.¹⁷² However, a number of submitters were opposed to the option of either registering their bank account details or having to pay a credit card surcharge.¹⁷³ One submitter explained her concerns as follows:

*The only way to avoid fees is to sign over control in the form of direct debit authorisation. I believe there should always be an option to make a payment without incurring a surcharge, especially where an organisation has a monopoly and/or acts on behalf of the government. Options such as EFT, BPay, cash, etc. should be acceptable. Direct Debit is not a reasonable alternative for those of us not willing to use it. Concerns have also been raised in public forums such as 'Facebook' about debits being charged while account balances may be too low, which incurs extra fees.*¹⁷⁴

Another submitter supported these concerns and proposed that TQ issue invoices upon which payment would be made:

*...now they are charging me extra charge for using a credit card for them to get my funds early and be permanently in the black. I think this is painting the public as stupid as we pay for them to hold our money and now we pay a credit card charge. What allows them to ask for prepayment then charge me a credit charge. This is not a fair system. I receive no further benefit but I have to prepay or pay as you go which then cost another ridiculous amount. Send me a bill and I will transfer the funds within 30 days like they do their suppliers...*¹⁷⁵

TQ advised that the payment card surcharge was a 'straight pass through of costs from our financial institution relating to payments by credit and debit cards' and that it has 'actively promoted fee-free options to customers such as direct debit payments from their nominated bank account.'¹⁷⁶

DTMR advised:

*While this [payment cars surcharge] fee is allowed under the RFA, TQ had previously absorbed the costs associated with card transactions. This is a discretionary decision and is a matter for TQ.*¹⁷⁷

¹⁶⁹ Transurban Queensland, public hearing transcript, Brisbane, 20 August 2018, p 25.

¹⁷⁰ Transurban Queensland, correspondence dated 29 August 2018, p 16.

¹⁷¹ Transurban Queensland, correspondence dated 29 August 2018, p 16.

¹⁷² Transurban Queensland, submission 166, p 32.

¹⁷³ For example, refer to submissions 9, 20a, 26, 40, 49, 65, 123, 140 and 145.

¹⁷⁴ Christine Whittaker, submission 123.

¹⁷⁵ Submission 71.

¹⁷⁶ Transurban Queensland, submission 166, p 35.

¹⁷⁷ Department of Transport and Main Roads, submission 185, p 4.

3.3.1.4 *Length of time to pay toll charges*

Several submitters advised that the time period of three days to pay a toll fee was too short.¹⁷⁸ One submitter commented that it was particularly difficult to pay within this timeframe 'especially if you don't have a smart phone'.¹⁷⁹

Both Legal Aid Queensland and QCOSS advised that the three day payment period was unfair. Legal Aid Queensland suggested that TQ establish a 30-day bill period with 14 days to pay:

*One of the things I think would help a lot is that, instead of the bills ticking over every three days, toll debts could be treated like any other essential service—like a bank debt, electricity, water or rates—by setting up a 30-day bill scenario with 14 days to pay. People are more likely to factor that into their budget and are more likely to pay it off before any of the admin fees start making it impossible for them to pay off. To do that, Transurban will need to continue to improve their call centre and how people interact with that call centre, because our feedback at the moment is that their call centre is still pretty difficult to deal with. I am encouraged by their hardship pilot addressing that.*¹⁸⁰

QCOSS explained further:

*We would say that we need to make the system fairer, simpler and clearer for consumers. We think that the three-day time period around payment of tolls, as my colleague alluded to, is unfair. It does not provide people who may be in very difficult circumstances with enough time to make that payment. The fact that admin fees start accruing immediately after three days compounds the problems that my colleagues are talking about. Immediately after three days I think \$8.25 is added to your toll debt if it is not paid. That is in three days. Then there is another fee after 14 days and another one after 30 days. These fines and fees are accruing at a very fast rate. As my colleague said, we would support adopting the standard process that exists across all essential services around 30-day accounts, where tolls are aggregated across that 30-day period and people are given 30 days to pay. That would seem to make sense to us. It provides some certainty and allows for consumers to budget clearly.*¹⁸¹

The committee sought additional information for TQ on this issue. They advised:

For the small number of people who don't have a valid account or pass, the three day period that follows enables them to make appropriate arrangements for payment.

If no arrangement is made within 3 days, a toll invoice is issued, and the payment terms of the toll invoice are 14 days from date of issue (plus an additional period to allow for payments at offline channels and postage).

TQ's experience shows that providing customers with more time to take action, actually results in lower response rates and this is why 3 days to pay has become industry best practice across Australia. Furthermore, extending the period between date of travel and when a toll notice is issued may result in further debt for those customers with more than three days of travel.

The committee also sought additional information in relation to the changes to Australia Post's delivery arrangements. TQ advised that their payment arrangements incorporated additional time for postage timeframes. They advised that they have observed no discernible differences in payment rates subsequent to the changes to postage arrangements.¹⁸²

¹⁷⁸ For example, refer to submissions 25 and 76.

¹⁷⁹ Margaret Webley, submission 25.

¹⁸⁰ Legal Aid Queensland, public hearing transcript, Brisbane, 20 August 2018, p 6.

¹⁸¹ QCOSS, public hearing transcript, Brisbane, 20 August 2018, pp 7-8.

¹⁸² Transurban Queensland, correspondence dated 29 August 2018, pp 9-10.

3.3.1.5 *Non-receipt of toll notices*

A number of submissions, including the Queensland Ombudsman, noted that the non-receipt of toll notices is a significant issue. The Queensland Ombudsman noted:

*People dispute that they were ever served the notice. That may be true if they do not have a proper record of their address associated with their driver's licence. It may be the fact that they have not been issued a notice in an effective way. It may well be that a better service would be to require the tolling company to exhaust all communication options, to make sure they have used all their communication options. My understanding is that that has improved substantially in recent years.*¹⁸³

In response to this issue TQ advised:

*We have introduced what we call the first-time forgiveness program. We understand that customers may move and, as you point out, maybe not receive a notice and that sort of thing. If that is the case then we would refund that. We also have proactive campaigns where customers may travel and get a toll invoice and not have an account. We look at account conversion and we will waive the fee in that instance as well because we are trying to get toll road users to actually have an account and just have it set and go. More than 95 per cent of people have that set-and-go experience and we want to increase that number. We are doing various things to make sure that is the case.*¹⁸⁴

3.3.2 Transponder/tag issues

Several submitters reported issues with their tags, including:

- Tag did not work through the mineral glass windscreen which resulted in customer having to pay a video matching fee.¹⁸⁵
- In late 2017, a customer experienced a problem with one of their two toll road tags as only one was showing online. TQ advised it would replace the tag because they were unable to find a record of one of their cars with its corresponding tag. As a result, the credit on the old tag was not transferred over.¹⁸⁶

Other submitters were of the view that toll road users should not be penalised for any failing of the tag, as it is the property of the toll operator.¹⁸⁷

The committee notes that section 94 of the *Transport Infrastructure Act 1994* states:

94 Liability for toll and user administration charge and satisfying the liability

- (1) The driver of a designated vehicle entering, or on, a toll road is liable, at each toll plaza through which the vehicle passes, for—
 - (a) the toll payable at the toll plaza for the use of the toll road by the vehicle; and
 - (b) if the driver satisfies the driver's liability under paragraph (a) other than in cash or by use of a touch tag or the E toll system—the user administration charge for the toll.
- (2) The amount of any unpaid toll or user administration charge may be recovered by the toll road operator as a debt from the driver, subject to any applicable agreement made by the toll road operator.
- (3) However, the driver is not liable to pay the amount of the user administration charge for the toll if the toll is unpaid because—
 - (a) the driver's transponder or other electronic device is faulty through no fault of the driver and the driver is unaware it is faulty; or
 - (b) the E toll system is faulty or otherwise inoperable.

¹⁸³ Queensland Ombudsman, public hearing transcript, Brisbane, 20 August 2018, p 4.

¹⁸⁴ Transurban Queensland, public hearing transcript, Brisbane, 20 August 2018, p 15.

¹⁸⁵ John Ivory, submission 1.

¹⁸⁶ Patricia and Lawson Barney, submission 33.

¹⁸⁷ For example, refer to submissions 4, 83, 105, 121, 187.

Toll Redress reported that the number two complaint by category, in their experience, was the application of video-matching fees when electronic tags do not work correctly.¹⁸⁸

In response, TQ advised the following regarding tags and electronic tolling:

Tags are battery-operated devices with a finite lifespan. While they are warrantied for five years, they typically last around 10 years.

We ensure that our customers are not disadvantaged by a tag reaching its end of life. We will replace a tag for free and waive any video-matching fees incurred when a customer contacts us to report that their tag isn't working.

We also make contact with customers when we identify their tag may be reaching its end of its life or may have been incorrectly fitted. We regularly remind customers of the importance of listening for a beep when travelling under a gantry.

Each month on average over the last three years (currently available data), approximately 576 tags are replaced within their warranty period for non-performance.¹⁸⁹

TQ advised that they proactively look at tag performance and contact customers if they consider that the tag is coming to the end of its life or the battery is not working. They advised that they are not seeing a lot of failure, however, they have checks and balances in place to ensure customers are being charged appropriately. TQ also confirmed that if a charge is not appropriate, due to a failure, they will always refund video-matching fees.¹⁹⁰

The committee also queried how long electronic tags would be used as the primary use of payment and if TQ was working towards advanced technology. TQ advised:

...I think this goes to our social licence or working with communities. We are looking to the future. Tags are currently the most effective technology, so we are looking at what other options are out there and if we can move away from them. We are not there today. Before the Commonwealth Games we introduced that GPS tolling option for customers, and that is really for people who are here for occasional toll road use. As that gets better and better, that might be the way of the future. We are looking at things with the freight community. We know that they have telematics in their vehicles—I think they have lots of them actually with all of the regulations—so we have a trial at the moment looking at whether that is something we could use in the future. As all cars become smarter with the technology that is in a car, can we do something there? We are absolutely looking at what we can do. Right here, right now it is still the tag, but do I think that will go in the future? I do. I do not know when that is, but we will definitely keep working on that.¹⁹¹

The committee notes one submitter's report of a positive experience when they had a problem with their tag: 'the tolling operator waived the video matching fee'.¹⁹²

3.3.3 Matching licence plates process

TQ advised that '[v]ideo matching fees relate to costs incurred to have substantial roadside technology, back office systems and team members in place to read number plates for any vehicle travelling on our roads without a tag present.'¹⁹³

¹⁸⁸ Toll Redress, public hearing transcript, Brisbane, 20 August 2018, p 7.

¹⁸⁹ Transurban Queensland, submission 166, p 43.

¹⁹⁰ TQ, public briefing transcript, 17 July 2018, p 11

¹⁹¹ Transurban Queensland, public hearing transcript, Brisbane, 20 August 2018, p 25.

¹⁹² John Ivory, submission 1.

¹⁹³ Transurban Queensland, correspondence dated 24 July 2018, p 2.

DTMR confirmed that when TQ became the sole toll operator in 2016, they harmonised the video-matching fee to all of the toll roads in Brisbane.¹⁹⁴

Several submitters expressed concern about the process undertaken to match licence plates. One submitter advised of his experience in dealing with the toll road operator when he was charged for a toll trip he had not undertaken. He advised his concerns as follows:

- *There's currently a heavy reliance on ensuring some offshore company actually is correct when the match license plates against video footage.*
- *The company taking my money is offloading all responsibility for proving that I incurred a charge.*
- *I (as the customer) had to act as the intermediary between Go-Via and the road operator themselves and was ultimately unable to facilitate their working together properly.*
- *The individual amounts are often quite small which means that many errors on their behalf, likely go un-noticed or un-reported due to it not being worth [sic] the person's time to continually chase up.*¹⁹⁵

QCOSS advised that '[r]egional travellers are less likely to have a tag or account and are more likely to incur increased video-matching toll fees.'¹⁹⁶

One concern raised by stakeholders was the issuing of video-matching fees in situations where the toll road user's tag had failed. TQ advised that it 'proactively' looks at tag performance and contacts customers if they think the tag is coming to the end of its life. TQ explained further:

*We are not seeing a lot of failure with regard to that. We have a lot of checks and balances in place to make sure that customers are being charged appropriately.*¹⁹⁷

TQ explained the video matching process as follows:

If a vehicle passes through a toll point without a valid tag, or a tag is not detected, TQ use an image of the licence plate to identify the vehicle and charge the appropriate toll. When this happens, a video matching fee of \$0.49 is charged to cover the costs of processing this image. There are significant costs associated with installing, maintaining and operating this specialised infrastructure. Whilst electronic processing is utilised, a significant number of licence plates need to be manually viewed and classified by a team member to enable tolls to be correctly charged.

*It should be noted that this fee is set by ministerial declaration and is audited by government to ensure it is consistent with the legislation.*¹⁹⁸

TQ advised that it had 'incurred a loss of approximately \$2.9 million per annum on video matching fees' and that:

*We proactively work with customers to help them avoid these fees. Vehicle matching fees can be avoided by ensuring a functioning tag is present in a vehicle when travelling on our roads and while we would be happy to receive no revenue from fees, and in fact it would be in our interests commercially to do so seeing our costs outweigh revenue earned, it is important we offer options for road users.*¹⁹⁹

¹⁹⁴ Department of Transport and Main Roads, public briefing transcript, Brisbane, 17 July 2018, p 16.

¹⁹⁵ Nick Turner, submission 32.

¹⁹⁶ QCOSS, submission 76, p 10.

¹⁹⁷ Transurban Queensland, public briefing transcript, Brisbane, 17 July 2018, p 11.

¹⁹⁸ Transurban Queensland, correspondence dated 24 July 2018, p 6.

¹⁹⁹ Transurban Queensland, correspondence dated 24 July 2018, p 2.

3.3.4 Signage at entry of toll roads/tunnels

Several submitters advised that they had unintentionally entered a toll road or tunnel due to poor signage.²⁰⁰ One submitter stated:

*It is not uncommon to exit a toll road and immediately return at the same on/off ramp. This cause multiple charges for the same trip which normally would be one charge only. The on/off ramps in Logan/Loganlea is a good example. Having a "continuing journey" option if you re-enter the same point you exited within a certain time would be good idea.*²⁰¹

Other submitters also commented signage near Clem7, the Gateway bridge and the Go Between Bridge was 'unclear' and 'insufficient'.²⁰² As one submitter explained:

*Insufficient warning signage is placed along the road warning motorists of approaching toll points and exit points. The Go Between Bridge would be the worst example of this, as it is located in an area of high traffic congestion. Unless the motorist is familiar with the area and knows what the GBB markings mean, often traffic congestion boxes them into the lane leading directly to the bridge by the time they see any signage that reveals it to be a toll road.*²⁰³

In regard to the issuing of a refund, a submitter noted: 'It's not hard to prove a mistake since it is a continuous trip and yet the toll company refuses to refund.'²⁰⁴

The other issue raised in regards to signage was the lack of information regarding all toll prices and fees at the point of entrance to toll roads and tunnels.²⁰⁵ Submitters stated:

*Toll operators do not display clear, transparent pricing at point of entrance to their toll points. Currently all that is displayed at the entrance to toll checkpoints is the cost per vehicle type, per trip between toll points. As all operators use electronic tolling, this does not inform the casual toll road user of the additional fees and charges incurred by making the trip.*²⁰⁶

And,

*...why aren't the charges for toll roads on signs approaching a tunnel or bridge etc. The Gateway bridge has only one small toll sign showing the charge for cars on the southside approach. This sign is past the last exit preventing motorists the info or opportunity to exit if they think they [sic] charge is too high. Full details of all charges for all vehicle types should be clearly displayed well before any toll point.*²⁰⁷

²⁰⁰ For example, refer to submissions 49, 52, 55, 94, 100 and 102.

²⁰¹ Jacques Engelbrecht, submission 49.

²⁰² Maryanne Roberts, submission 52; Michael Lucas, submission 100.

²⁰³ Michael Lucas, submission 100.

²⁰⁴ Maryanne Roberts, submission 52.

²⁰⁵ Michael Lucas, submission 100; Mark Sznajder, submission 102.

²⁰⁶ Michael Lucas, submission 100.

²⁰⁷ Mark Sznajder, submission 102.

TQ advised that as part of improving the customer experience, it had increased on-road signage.²⁰⁸ TQ added:

*We are pretty well signed. We are looking at improving the signage that we have—the blue and yellow colouring. As we are going through we are replacing and updating that so that it will be even clearer for people. We introduced a new app in time for the Commonwealth Games for casual customers or people who are visiting. We get great feedback from people in Cairns, for example, who come to Brisbane who just want to pay for the toll. They also want to be notified that they are on a toll road. We have an app now that will notify you when you are on a toll road and allow you to pay for just those tolls. That is just for occasional customers. That came from us listening to customers and asking for a solution for those types of customers. We are looking at different options all round.*²⁰⁹

While RACQ ‘welcomed the improvements Transurban has made over the last few years, such as displaying toll prices at the roadside and changing the toll signage colour scheme to blue and gold’,²¹⁰ QCOSS expressed concern that the app does not help a road user from unintentionally using a toll road or tunnel:

*Transurban claims that free-flowing electronic tolling is “better for everyone” (TAPWC, 2018). However, its ‘invisibility’ contributes significantly to unintentional use of toll roads, (previously rare with toll gates). Some roads and signage funnel drivers into a toll road or don’t provide adequate warning or information about what to do to avoid the toll. (An App that tells you when you are already on a toll road does not help you avoid it.)*²¹¹

DTMR noted that TQ reports quarterly on the complaints it receives, including complaints around signage.²¹²

3.3.5 Geographical location of toll roads and toll points

Several submitters expressed concern about their view that the majority of toll roads impacted people living, and therefore travelling on roads, on the south side of Brisbane.²¹³ One submitted commented:

*I would like to know why for so many years now, the South side of Brisbane and Logan have born the brunt of tolls while the North side has always been free? A prime example is the Gateway Motorway, with a toll on the Southside, but none on the Northside. This is so very wrong!*²¹⁴

Another submitter commented: ‘People who live on the northside Brisbane can drive to Cairns or drive to Darwin NO TOLLS.’²¹⁵

²⁰⁸ Transurban Queensland, submission 166, p 30.

²⁰⁹ Transurban Queensland, public briefing transcript, Brisbane, 17 July 2018, p 15.

²¹⁰ RACQ, submission 170, p 16.

²¹¹ QCOSS, submission 76, p 16.

²¹² Department of Transport and Main Roads, submission 185, p 3.

²¹³ Sheila Watson, submission 2; Ray Hughes, submission 72; David Borthwick, submission 92.

²¹⁴ Sheila Watson, submission 2.

²¹⁵ Ray Hughes, submission 72.

One submitter identified toll points on the Logan Motorway to be an issue for vehicles making local deliveries. The submitter advised:

When you come off the Ipswich Highway at Gales onto the Logan Motorway heading North you arrive at Staplyton Toll Camera's Healthwood if you get off the Logan Motorway (you paid the Toll) you do a Deliver at Healthwood (Coles Distribution) and there is no other way of getting there other than the Logan Motorway when you finish there you have to get back onto Logan Motorway (you pay the toll again) you drive down the L/Motorway for 1 klm and exit at Larapinta, Paradise Roads to deliver at Woolworths Distribution when you finish your delivery and get back on to Logan Motorway heading towards the Gateway (you pay the Toll again) so within a 1 klm you Pay the TOLL (3) three times in the same direction.²¹⁶

The committee sought additional information from the department regarding these sorts of issues and was advised:

It is in reasonably isolated circumstances. The reason there are toll points there is that you can actually get onto the Logan Motorway at that point, so it is not as though you can exclusively duck off, do a delivery and come back on with no other input to the network. It is an open access, and that is why there is a toll point there. I am aware in some cases it does mean that people may pay a toll to exit and then re-enter the tollway, but the toll point is there for people who would be entering the tollway for the first time.²¹⁷

...

Unlike the Gateway Motorway, which has a single toll point at the bridge and virtually you can hop on and off the ramps at any point in between and pay no tolls, the Logan Motorway has a number of tolling points. The toll is obviously lower at each of those. On average, though, my understanding is that the cost per kilometre is about the same as in other states—about 20 cents a kilometre or thereabouts—so they do relate to the distance travelled. If you do get on, you use a short section and you hop off, you pay for the use of that section.²¹⁸

3.3.6 Transfer of motor vehicles when sold

A submission from representative from the motor industry advised that the existing method of motor dealers transferring registrations of vehicles between dealers, in dealer to dealer transactions through a process where the purchasing party acquires the registration, can lead to a time delay which results in the seller being incorrectly billed for tolls incurred after the sale has occurred.²¹⁹

A number of other submissions also identified issues with sellers forgetting to remove sold vehicles from their tolling accounts and therefore having to continue paying tolls for the new owner.²²⁰ One submitter advised that he was shocked by the lack of interest in assisting the customer in attempting to recover the tolls from the newly registered vehicle owner.²²¹

The TCO also made comment on this issue advising:

There has been one particular issue that I have raised over a number of years. I would describe this as the interconnectivity between toll operators and State Motor Vehicle Registration branches. Many complaints arise because of the fact the motor registration details are not up-to-date.

²¹⁶ Ray Hughes, submission 72.

²¹⁷ Department of Transport and Main Roads, public hearing transcript, Brisbane, 20 August 2018, p 29.

²¹⁸ Department of Transport and Main Roads, public hearing transcript, Brisbane, 20 August 2018, p 29.

²¹⁹ Supermerc Pty Ltd, submission 171

²²⁰ For example, refer to submission 63 and 108.

²²¹ Rory Campbell, submission 108.

This can be because the purchaser of a vehicle does not notify the branch of a change of ownership and the vehicle remains in the name of the previous owner for toll road travel recognition purposes. The previous owner potentially becomes liable for the tolls incurred by the purchaser of the vehicle whilst travelling on toll roads.

I understand that toll operators have a statutory declaration system that enables the previous owner to nominate the name of the purchaser of the vehicle, but this is not always effective. It also can be a source of aggravation to customers.

I have advocated that there should be an obligation on both the seller and the purchaser of the vehicle to complete a notice of disposal and acquisition of a vehicle and lodge it with the relevant State Motor Vehicle Registration branch. This would allow a seller of the vehicle to be certain that the correct motor vehicle registration details are in place.

There is a related issue. Despite the information provided by toll road operators to their toll road account holders, some account holders do not always advise the toll road operators of the sale of a vehicle and it remains on the account. Some incorrectly believe that the toll operator's system is inter-related with the State Motor Vehicle Registration branch and the toll operator will be advised.

Because this was not the situation the toll operators continued to charge the account holder, but the charges were often not picked up by the account holder. Sometimes, in complaints that came to the TCO, the charges were not picked up for years. I understand steps may have been taken to alleviate this problem, but I believe it would be of assistance if there was a capacity in the State Motor Vehicle Registration system to automatically notify the toll operator of the change of the registered ownership of a vehicle.²²²

In response to this issue DTMR advised:

The government has a responsibility to maintain a vehicle register and the responsibility sits with the registered operator at the time. They are the ones who are largely responsible for doing things. A transfer situation is a unique situation, of course, because ownership of the vehicle is moving. In that case, there is no obligation on the disposer, the seller, but there is an obligation on the acquirer to within 14 days register the vehicle. That is the standard rule.

To assist the disposer, there has been a recent change. Previously there had to be a lapse of 14 days before the seller could do anything about it, if it was still in his or her name. We have removed that time requirement. Whilst the obligation is on the acquirer to register the vehicle in their name, if the acquirer does not do that then the seller can actually do it as well. We do not want to put the obligation on two parties—the obligation always sits on one—but at the end of the day either party can come forward and put it in their name. In addition, we have information on the website that flags updating your tolling details and your tag details, because that is a separate matter.²²³

With regard to transfers between motor dealers, DTMR advised:

In the case of a vehicle transfer between two motor vehicle dealers, while the onus is on the acquiring dealer to apply for transfer, both the acquiring and disposing dealers may agree in writing that the disposing dealer will apply or notify the Chief Executive directly of the disposal. If this agreement in writing exists, the acquiring dealer's obligation to notify TMR of the transfer is exempted. This process ensures that a disposing dealer can notify TMR of the disposal immediately after it takes place, ensuring that the tolling notices and infringements are sent to the correct registered operator.²²⁴

²²² Tolling Customer Ombudsman, submission 74, p 12.

²²³ Department of Transport and Main Roads, public hearing transcript, Brisbane, 20 August 2018, p 31.

²²⁴ Department of Transport and Main Roads, correspondence dated 27 August 2018, p 7.

In response to this issue, TQ advised:

TQ recognises that there can be challenges for customers nominating toll travel in the period between when a vehicle is sold and when the transfer of ownership is completed.

TQ already has arrangements in place to enable customers to nominate the responsible party for tolls in situations where the toll notice has been issued to a previous owner. Last year this nomination process was also made available online, to make it easier for customers.²²⁵

3.3.7 Speed limits in tunnels

A number of stakeholders identified speed limits, including speed signage, in tunnels as an issue.²²⁶ Issues identified included²²⁷:

- Fear of receiving multiple speeding tickets
- Hard to keep to speed limits
- Varying speeds between tunnels
- Different speed signs tunnels

3.3.8 Value for money of toll roads

Many of the submissions received by the committee commented: ‘if tolls cheaper, more people would use them and there would be less congestion’.²²⁸

RACQ advised:

The RACQ views tolls as a ‘value for money’ proposition for motorists. Motorists will use a toll road if they think they are getting value when they compare the cost against the potential benefits including travel time saving. Transurban’s reported traffic volumes show that the Gateway and Logan Motorways are well frequented and patronage growth on AirportlinkM7 is strong. This would indicate that motorists perceive value from these toll roads. This is not the case for Brisbane’s other inner-city toll routes, where growth has stalled and the number of trips on the free networks has increased.²²⁹

3.3.9 Positive feedback and support for toll roads

While this section has addressed a number of stakeholder issues regarding toll roads, the committee also received positive feedback and support from submitters. In terms of overall support for the toll road network and user-pays model, one submitter advised:

My wife and I have been using Brisbane’s toll roads regularly since inception. We probably average 4 toll-trips each week. The utility of the roads is very useful, providing both great connectivity as well as reliable timing and certainty of journey timing. Indeed, I would welcome the adoption of a far more extensive toll road network in Queensland, particularly as it is apparent that ever more demand is being placed upon existing infrastructure and the capacity of government to provide it is apparently limited. Hence, “user-funded” infrastructure needs to be adopted far more extensively and politicians of all parties should be strong advocates of user-pay models, rather than using it as a political football.²³⁰

²²⁵ Transurban Queensland, correspondence dated 29 August 2018, p 24.

²²⁶ For example, refer to submissions 50, 111, and 131

²²⁷ For example, refer to submissions 50 and 13

²²⁸ For example, refer to submissions 5, 7, 14, 15, 18, 19, 36, 44, 45, 47 and 82

²²⁹ RACQ, submission 170, p 1.

²³⁰ Submission 16.

Another submitter also supported toll roads, advising that they are ‘excellent, worth the cost’ and had ‘revolutionised family life.’²³¹

One submitter acknowledged that ‘toll roads are one mechanism for the government to seek modern infrastructure operated for a period by private and efficient companies and it works’ and expressed the view that they had ‘added value to our QLD economy and saved numerous \$M.’²³²

3.4 Process when tolls are not paid

DTMR advised the committee that the vast majority of toll road users make arrangements to pay their tolls by either opening a toll account or taking up one of the payments options available for casual or infrequent use (referred to in section 4.1 of this report).²³³ However, DTMR advised:

A compliance and enforcement system is however required to address the small minority of toll road users who avoid paying their tolls. The objective of a compliance and enforcement system is to encourage behavioural change so motorists pay their toll. The act provides a broad statutory basis for the tolling compliance and enforcement system. If a toll road user does not make an arrangement to pay their toll within three days of travel on a road, Transurban Queensland sends an unpaid toll invoice to the registered operator of the vehicle. If this invoice is not responded to, they will mail a demand notice for non-payment of the toll as provided by the act. It is an offence under the Transport Infrastructure Act for a vehicle’s registered operator to fail to comply with the demand notice unless they have a reasonable excuse.

*If a demand notice is not complied with, Transurban Queensland may refer the matter to the Department of Transport and Main Roads or Brisbane City Council. The next steps are undertaken by the state or Brisbane City Council which, if appropriate, will consider using a penalty infringement notice, known as a PIN. If the PIN is not paid, the department refers the matter on to the State Penalties Enforcement Registry, known as SPER, for enforcement action. It is important to note that the money received through the payment of PINs issued by the state is paid into the state’s Consolidated Fund and no portion is shared with Transurban Queensland. The state is not a debt collector for Transurban Queensland.*²³⁴

DTMR confirmed the penalty infringement notice (PIN) value is like other types of fines, like speeding, and is unrelated to the amount of the toll. Non-payment of the toll becomes an offence under the transport legislation and TQ gets no share of that. The PIN is paid into the state’s Consolidated Fund.²³⁵

With regard to the requirement that BCC enforce tolling offences, they advised:

Appropriate enforcement of tolling offences is important to ensure a high rate of payment compliance, which underpins the ongoing viability of the toll roads and ultimately the ratepayers’ expectations.

*If tolling offences are not appropriately enforced by Council then Council may become obliged, under the Concession Deed, to compensate the Concessionaire.*²³⁶

²³¹ Julie Peel, submission 192.

²³² Submission 71.

²³³ Department of Transport and Main Roads, public briefing transcript, Brisbane, 17 July 2018, p 3.

²³⁴ Department of Transport and Main Roads, public briefing transcript, Brisbane, 17 July 2018, p 3.

²³⁵ Department of Transport and Main Roads, public briefing transcript, Brisbane, 17 July 2018, p 13.

²³⁶ Brisbane City Council, Submission 174, p 9.

DTMR noted that earlier this year legislation was introduced allowing for demand notice aggregation. Under this process TQ may include a number of unpaid trips in one demand notice, reducing the administrative charges levied on motorists. DTMR advised that TQ estimates demand notice aggregation will result in a reduction of up to \$36 million per year in charges to motorists.²³⁷ They advised:

In 2016 the department, SPER and Transurban Queensland reached agreement on a number of significant changes to the compliance and enforcement framework. A key principle was to reduce the number of cases referred to the state for enforcement action by providing Transurban Queensland with greater opportunity to collect its tolling debt. The changes have been successful in reducing the number of PINs issued annually by the state by about 80 per cent, with a commensurate reduction in unpaid PINs referred from the department to SPER.²³⁸

BCC confirmed that they have seen a material reduction in matters referred to council for enforcement since the revised process was implemented.²³⁹

DTMR acknowledged that customer confusion arises when toll roads have been used over an extended period of time without making arrangements to pay. This can lead to unpaid tolls being a different stages of the compliance and enforcement process. They advised:

Your older debt could have gone through to the stage of having a PIN issued by ourselves or the Brisbane City Council and the newer trips are still with Transurban Queensland. You might contact Transurban Queensland and say that you want to pay your debt and that gets sorted, but your older trips are now sitting with the Brisbane City Council or the state for enforcement action.

To our way of thinking, there is a very clear line. There is the debt that is owed to Transurban Queensland up until the point they request us to consider a PIN and then from the time a PIN is issued TQ drops off the scene and then it is ourselves and council that will then issue the fine and seek to recover that as a debt owing to the government.²⁴⁰

3.4.1 Government's role in collecting fines for unpaid toll road debt

Under the *Transport and Operations (Road Use Management – Vehicle Registration) Regulation 1999*, DTMR collects and maintains a register of vehicle registration information. DTMR provides toll road operators with select information for two specific purposes:

- Vehicle details (including make, model, weight, number of axles and purposes of use) which are used to calculate the correct toll amount; and
- Name, street address, email address and telephone number of the registered operator which is used to follow-up with motorists who have not made an arrangement to pay for use of the toll roads.²⁴¹

E-tolling was introduced in July 2009. Modern free flow toll roads allow for more efficient use of the roads, as motorists are no longer required to stop to pay the toll road fee. However, it also means that toll operators are unable to restrict access tolled roads when tolls are unpaid.

²³⁷ Department of Transport and Main Roads, public briefing transcript, Brisbane, 17 July 2018, p 4.

²³⁸ Department of Transport and Main Roads, public briefing transcript, Brisbane, 17 July 2018, p 4

²³⁹ Brisbane City Council, public briefing transcript, Brisbane, 17 July 2018, p 5.

²⁴⁰ Department of Transport and Main Roads, public briefing transcript, Brisbane, 17 July 2018, p 13.

²⁴¹ Finance and Administration Committee, Report No 38, 55th Parliament, State Penalties Enforcement Amendment Bill 2017, April 2017, p 21.

A number of submitters were of the view that the government should not be assisting the toll road operator to collect unpaid fines.²⁴² DTMR responded to this issue stating:

*The State is not a debt collector for TQ. Money received through payment of Penalty Infringement Notices (PINs) issued by the State is paid into the State's consolidated fund and no portion is shared with TQ. Any toll debt owed under a demand notice can no longer be pursued by TQ once it has been referred to TMR for enforcement.*²⁴³

²⁴² For example refer to submissions 53, 77, 102, 119 and 186.

²⁴³ Department of Transport and Main Roads, correspondence dated 7 September 2018, p 12.

4 Toll pricing and incentive options to deliver better outcomes for Queenslanders

4.1 Toll charges and fees

Toll prices are determined by class of vehicle. Vehicle class is determined by certain attributes such as use, vehicle size, construction design and weight/mass. The vehicle classes are defined as follows:

- Motorcycle (Class 1) – two wheeled or three-wheeled motor vehicles (including such vehicles with a trailer, fore car or side cart attached)
- Car (Class 2) – Four-wheeled vehicles, including taxis which are not commercial vehicles (including vehicles towing a trailer or caravan)
- Light commercial vehicle (LCV) (Class 3) – Motor vehicles that are registered for commercial use and (a) are two-axle rigid trucks or load carrying vans or utilities, having a gross vehicle mass greater than 1.5 tonnes but not exceeding 4.5 tonnes, or (b) having spatial dimensions which are substantially consistent with the criteria in (a) above.
- Heavy commercial vehicle (HCV) (Class 4) – Motor vehicles that: (a) are rigid trucks with 3 or more axles, (b) are articulated trucks, (c) are buses, (d) are two axle rigid trucks having a gross vehicle mass greater than 30 tonnes, or (f) have spatial dimensions which are substantially consistent with the criteria in any of paragraphs (a) to (e) above.

Toll, fees and charges, inclusive of GST, are adjusted on 1 July each year, with the exception to the AirportLinkM7 which is adjusted on the 1 January each year, in line with the annual Brisbane Consumer Price Index.

Table 6 below details the tolls applicable for each class of vehicle as at 1 July 2018.

Table 6: Applicable tolls as at 1 July 2018

Toll Road	Toll Point	Class 1	Class 2	Class 3	Class 4
Gateway Bridge		\$2.28	\$4.55	\$6.83	\$12.05
Logan Motorway	Kuraby	\$1.35	\$2.68	\$4.03	\$7.11
	Loganlea	\$0.86	\$1.72	\$2.59	\$4.57
	Heathwood	\$1.42	\$2.84	\$4.25	\$7.51
	Paradise Road	\$1.42	\$2.84	\$4.25	\$7.51
Go Between Bridge		\$1.59	\$3.19	\$4.78	\$8.45 (Off peak [^])
					\$9.56 (Peak [^])
Clem7		\$2.56	\$5.11	\$7.67	\$13.54 (Off peak [^])
					\$15.33 (Peak [^])
Legacy Way		\$2.56	\$5.11	\$7.67	\$13.55
AirportLinkM7	Bowen Hills to Kedron	\$2.73	\$5.46	\$8.19	\$14.47
	Bowen Hills to Toombul	\$2.73	\$5.46	\$8.19	\$14.47
	Kedron to Toombul	\$2.05	\$4.09	\$6.14	\$10.85

[^] Peak: 5am–8pm, Off peak: 8pm–5am

Source: Linkt, Toll pricing, <https://www.linkt.com.au/brisbane/using-toll-roads/about-brisbane-toll-roads/toll-pricing>

TQ explained how toll prices and escalation rates are set as follows:

In setting the initial toll price and escalation rates, the government decides how to best meet the objectives of funding the project and providing a value-for-money toll proposition that will make paying the toll attractive to motorists.

Factors considered include:

- *the value the project delivers for the community and how it helps progress government transport priorities*
- *complexity of the project—tunnels cost more to build, maintain and operate than open road projects*
- *the project design and associated delivery costs*
- *forecast level of traffic.*

There are four main financial levers for government:

- *length of the concession period*
- *toll prices*
- *toll price escalation schedule*
- *contribution the government will make versus the contribution the private sector will make and recoup over the life of the concession.*

To create a commercially viable project that is attractive to the private sector, the capital and ongoing operational and maintenance costs of the project need to be able to be recouped. Therefore, the lower the initial toll and/or future toll escalation rate, the longer the concession agreement length and/or the higher the contribution required from government. However, there is a limit to how much value longer concession terms can contribute to the funding mix due to the impact of time on the value of money. The more long dated the cashflow, the lower in value it is in today's dollars.

Toll roads are “long-life” infrastructure so the cost of debt arranged to build these assets can be spread over a long period. However, it should be noted that no revenue is generated until after the road opens, with construction taking a number of years. In the meantime, the interest on debt accumulates.

4.1.1 Toll prices for commercial vehicles

As noted above, the toll payable is determined by the class of vehicle. Table 7 below details the applicable multiplier applied to car toll which determines the amount to be charged for light and heavy commercial vehicles.

Table 7: Commercial Vehicle multiplier rates

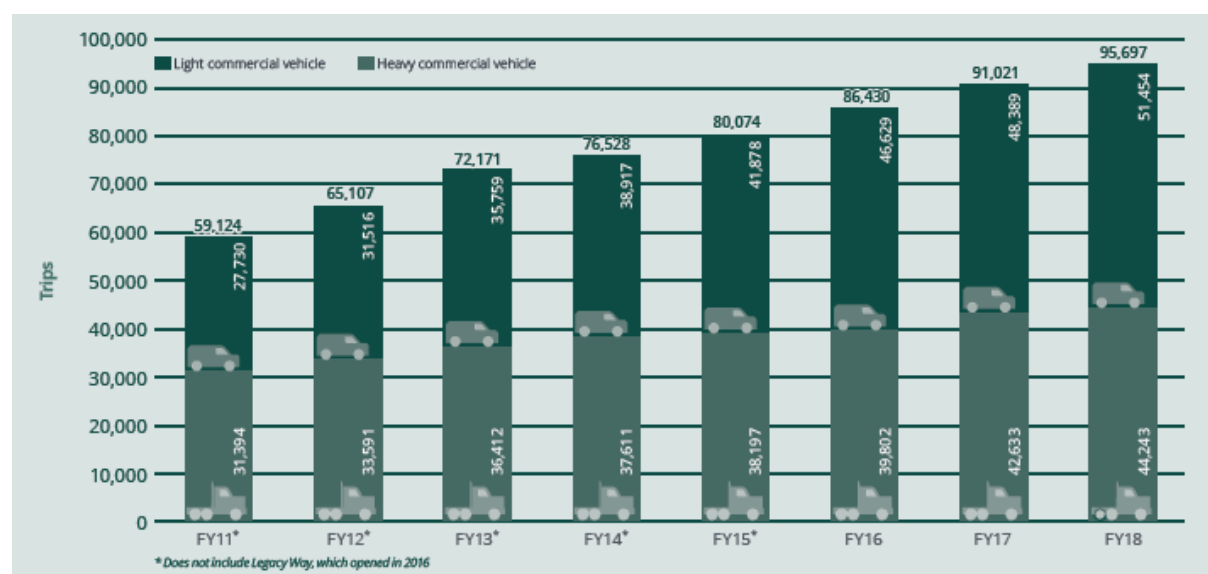
	Gateway Motorway	Logan Motorway	Clem 7	Go Between Bridge	Legacy Way	AirportLink M7
Light Commercial Vehicle multiplier	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x
Heavy Commercial Vehicle multiplier	2.65x progressively moving to 3.45x post Logan Enhancement Project completion	2.65x progressively moving to 3.45x post Logan Enhancement Project completion	2.65x progressively moving to 3x post Inner City Bypass completion	2.65x progressively moving to 3x post Inner City Bypass completion	2.65x progressively moving to 3x on 1 July 2020	2.65x

Source: Transurban, Investor Centre, FY18 Results Presentation, p 64

TQ advised that for freight operators, toll road routes mean quicker and more direct and reliable travel leading to lower costs in fuel, wages and vehicle wear and tear. They noted that both the Logan and Gateway motorways are fundamental to the State's transport network, forming part of the priority east-west freight route.²⁴⁴

TQ advised that the average daily commercial traffic on Queensland toll roads has increased by approximately 60 per cent since 2011. Figure 6 below depicts their analysis.²⁴⁵

Figure 6: Average daily commercial traffic on Queensland toll roads between 2011 and 2018



Source: TQ, Submission No 166, p 20

²⁴⁴ Transurban Queensland, submission 166, p 20.

²⁴⁵ Transurban Queensland, submission 166, p 20.

The Queensland Trucking Association (QTA) noted that:

*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, even hundreds of thousands of dollars per month, representing a significant cost of their business.*²⁴⁶

QTA also noted:

*Trucks are not able to make all the same route choices that car drivers can make. It can be unrealistic, and sometimes impossible, for heavy vehicles 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.*²⁴⁷

However, they did advise that:

*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.*²⁴⁸

The National Road Transport Association (NatRoad) also articulated their concern about governments banning heavy vehicles from using alternative routes and thus forcing them to pay toll fees. They advised:

*Toll roads and fees should be designed to provide sufficient incentive for heavy vehicle operators to use the toll, and hence there should be no need for governments to impose truck bans on alternative un-tolled routes. Governments could introduce toll reductions and multi-user discounts for heavy vehicles where further incentives to use toll roads are needed.*²⁴⁹

At the committee's public hearing QTA confirmed that, at this stage, in Queensland it is not mandatory for heavy vehicles to use any toll road. They advocated that should this occur then they should be compensated in some way.²⁵⁰

RACQ also commented on the disparity of commercial vehicle charges. They noted that the toll charge for a 1.6 tonne utility or van registered for commercial use pays a toll 1.5 times higher than the same vehicle that is not commercial registered. They noted that this is despite both vehicles contributing an equal amount of wear and tear on the road network.²⁵¹

With regard to the impact of tolls on trucking operators, NatRoad advised:

The road freight industry is dominated by small companies and owner operators. 77 per cent of NatRoad members are small businesses that have between 1-5 trucks. Their toll bills vary widely depending on the routes and number of trips, from around \$200 a month upwards. One of our larger Queensland based members with 135 trucks pays a tolling bill of around \$100,000 per month (including \$23,000 for using Brisbane toll roads).

²⁴⁶ Queensland Trucking Association, submission 159, p 4.

²⁴⁷ Queensland Trucking Association, submission 159, p 4.

²⁴⁸ Queensland Trucking Association, submission 159, p 5.

²⁴⁹ National Road Transport Association, submission 163, p 5.

²⁵⁰ Queensland Trucking Association, public hearing transcript, Brisbane, 20 August 2018, p 14.

²⁵¹ RACQ, submission 170, p 14.

*Our members report that a profit margin of 2 to 3 per cent in the industry is not uncommon. Industry profitability has decreased over the past five years and, when faced with increasing tolling charges, small business cannot easily pass on these costs, further reducing their profits. As one of our owner operators stated: "We have no way of getting this money back".*²⁵²

4.1.1.1 Logan Enhancement Project and Inner City Bypass Upgrade Projects

With regard to the Logan Enhancement Project, TQ's submission detailed that:

Significant growth in traffic volumes and commercial vehicle road usage leading to severe congestion, delays and safety concerns for motorists on the Logan Motorway, prompted Transurban Queensland to put forward a proposal to expand the motorway.

*In the past 14 years, traffic volumes have doubled along the Logan Motorway. Commercial vehicle volumes have increased eight-fold and one in 12 vehicles is a B-Double or a semi-trailer.*²⁵³

The project has an estimated cost of \$512 million and involves the widening of the Logan Motorway from Berrinba to Parkinson as well as the Gateway Motorway Extension between Kuraby and the Logan Motorway. It also includes new tolled south-facing ramps at Compton Road. Commencing in June 2017 the project is expected to be completed in 2019.²⁵⁴

The QTA advised:

*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.*²⁵⁵

With regard to the ICB upgrade project, BCC identified that that the ICB needed to be widened due to continuing growth particularly on the section of the ICB between Kelvin Grove and the connections to the other major roads to the north. Planning was underway with those plans when Transurban put forward a proposal to deliver and partially fund the upgrade.²⁵⁶ BCC advised:

*Council assessed the innovative proposal put forward by Transurban Queensland and was able to reach agreement with Transurban Queensland for them to take over the lead role in delivering that project but additionally roll in incident response and operations for the Inner City Bypass into the Legacy Way concession arrangements for the remainder of the Legacy Way concession period.*²⁵⁷

²⁵² National Road Transport Association, correspondence dated 27 August 2018, p 1.

²⁵³ Transurban Queensland, submission 166, p 22.

²⁵⁴ Transurban Queensland, submission 166, p 22.

²⁵⁵ Queensland Trucking Association, submission 159, p 3.

²⁵⁶ Brisbane City Council, public briefing transcript, Brisbane, 17 July 2018, p 9.

²⁵⁷ Brisbane City Council, public briefing transcript, Brisbane, 17 July 2018, p 9.

With regard to the funding of the project, BCC advised that initially it was going to be delivered by council as a council project with an initial budget of \$80 million which was reduced to \$60 million after a procurement process was undertaken. It was at this point that TQ put forwarded their proposal. BCC advised:

There are a couple of different funding streams for the Inner City Bypass upgrade. There was scope within the existing approved maximum toll levels for Legacy Way to increase up to the maximum allowable toll under the minister's declaration. There was a change to the tollway declarations for Legacy Way, Clem Jones Tunnel and Go Between Bridge to take heavy commercial vehicles up to a multiplier of three times the toll of a car for those facilities to bring it in line with most of the other toll roads around the country and similar to what has been rolled out for the Logan Enhancement Project. Those funding streams contributed to the costs of the ICB upgrade itself.²⁵⁸

NatRoad highlighted its concern that the preferred approach to proposals for new toll road concessions is to partly fund them by an increase in the heavy vehicle multiplier elsewhere on the network. They provided the following examples:

- *Logan Enhancement Project: awarded to Transurban in exchange for an increase in the heavy vehicle multiplier on the Logan and Gateway Motorways.*
- *Inner City Bypass Upgrade: awarded to Transurban in exchange for an increase in the heavy vehicle multiplier on the Go Between Bridge, the Clem Jones Tunnel and Legacy Way.²⁵⁹*

NatRoad considers that the BBC's acceptance of Transurban's proposal of the ICB upgrade project funding arrangements 'highlights a lack of transparency in how tolling arrangements are negotiated and varied over time, including the extent to which the unsolicited proposal process is used by Transurban to increase its ownership of key road networks.'²⁶⁰

Natroad recommended that:

...governments consult with the heavy vehicle road transport industry before making changes to tolling regimes and provide opportunities for greater public scrutiny and accountability of the negotiations that take place between governments and private tolling companies.²⁶¹

NatRoad submitted that:

...it is extremely unjust that the road transport industry carries most of the cost of paying for road upgrades, particularly when the toll increase is applied to fund a different part of the network.

This approach disregards a fundamental principle of a toll road – that users pay for the expected benefits of improved traffic flows and safety on the tolled section of the road.²⁶²

QTA also agreed on this point, stating that there needs to be a reasonable price struck and that:

...the road transport industry is not a cash cow; it is not an ATM for government. All of those costs that our people have to meet are passed on in some way to other parts of the supply chain and, ultimately, to the customer.²⁶³

²⁵⁸ Brisbane City Council, public briefing transcript, Brisbane, 17 July 2018, p 9.

²⁵⁹ National Road Transport Association, submission 163, p 3.

²⁶⁰ National Road Transport Association, submission 163, p 3.

²⁶¹ National Road Transport Association, submission 163, p 5.

²⁶² National Road Transport Association, submission 163, p 3.

²⁶³ Queensland Trucking Association, public hearing transcript, Brisbane, 20 August 2018, p 14.

4.1.2 Additional Fees and charges

The current fees and charges are set out in table 8 below.

Table 8: Fees and charges (Brisbane) as at 1 July 2018

Fee type		Current fees	When and how it applies
Video Matching Fee*		\$0.49	Applies each time a vehicle travels on a Queensland tollroad, without a tag or when a tag is not detected at the time of passage. This fee is set by each tollroad, so if you're travelling interstate these fees may be different. NOTE: Video matching fees for travel on AirportlinkM7 are calculated per trip. On all other Queensland toll roads, a video matching fee is charged per toll point.
Requested Statement Fee**		\$2.75	For a requested statement, fee for each paper statement requested.
Direct Debit Return Payment Fee		\$2.50	Subject to the relevant bank charge
Tag Non-return Fee		\$15.00	For each tag that is not returned on closure of a Linkt account, or for when a tag has been lost or stolen
Payment Card Surcharge	MasterCard Credit and Visa Credit	0.52%	Rates indicative and variable by financial institution
	MasterCard Debit and Visa Debit	0.32%	
	American Express	2.15%	
	Diners Club	1.90%	
Overdue Interest Charge		1.25%	Calculated and charged on the overdue balance 31 days post the due date
Toll Invoice Fee (User Administration Charge***)		\$8.50	For a toll invoice that is issued
Demand Notice Fee (Administration Charge***)		\$23.81	For a demand notice that is issued.

* In special circumstances the fee may not apply to vehicles which are not suitable for tag use such as car carriers, motorbikes, cranes and vehicles fitted with metallic windshields where this vehicle is part of a full account. Please contact Linkt if you require further assistance.

** Only where a name and address has been supplied are you eligible to opt in for printed Linkt statements. This option is available for Linkt accounts and selected Linkt passes.

*** **User administration charge:** The user administration charge consists of one or more of these fees—video matching fee, retailer service fee and Toll Invoice fee, depending on which tolling product is utilised by the road user.

Source: Linkt, Fees and Charges Brisbane, <https://www.linkt.com.au/brisbane/using-toll-roads/about-brisbane-toll-roads/fees-and-charges>

TQ advised the committee that the change to Linkt as delivered improvements to retail fees and charges in direct response to customer feedback. They advised that these changes were designed to make fees simpler and easier. The key changes included:

- removing the \$1.19 retail service fee
- removing the \$1.19 manual top-up fee

- reducing the tag non-return fee from \$47.78 to \$15
- reducing the fee for out-of-cycle statements from \$3.59 to \$2.75.²⁶⁴

DTMR advised that they reviewed the fees and charges that would apply to the concession agreements in 2016. The fees and charges were assessed by an independent commercial firm and the advice received was that the fees were reasonable in the circumstances.²⁶⁵

BCC advised that Council is required to facilitate an independent review of the quantum of the administration and user administration charges applied to tolls to confirm that they reflect reasonable costs. They advised that the most recent review was completed in November 2017 and found that the administration and user administration charges for the local government tollways were consistent with the Concessionaire's assertions that they reflected the reasonable costs involved.²⁶⁶

RACQ noted that:

*Most fees and charges, including manual top up fees, statement fees, non-tag return fees, video matching fees, and unpaid toll notice fees are similarly set at the commencement of the franchise agreement. These can be increased annually in line with the Brisbane CPI. The fees and charges are set as a maximum and as technological advancements create greater efficiencies with respect to back office and administrative functions. Transurban has the ability to lower these charges. Government oversight is necessary to ensure that administrative fees and charges are based upon cost-recovery so that toll operators can't profit from them.*²⁶⁷

4.1.3 Toll charges

TQ advised the committee that for them toll prices are set and their focus is on how they can add value to their investment.²⁶⁸ TQ stated:

*With an investment of that size comes obligations to both bank lenders and our shareholders. These obligations were entered into on the basis of the contract that was set in 2014.*²⁶⁹

Under the concession agreements the concessionaire has discretion to charge tolls up to the approved maximum.

The department acknowledged that TQ acquired the concessions for the established toll roads on the basis of a reasonable return on investment calculated on actual and projected traffic volumes, approved maximum toll levels and their estimate of the ongoing maintenance of the road and its operational costs.²⁷⁰

*Under the toll concession agreements, if the state were to require Transurban Queensland to collect tolls lower than the approved maximum toll levels, Transurban Queensland would be entitled to compensation from the state. Any compensation the state is required to pay would result in less funding being available for road and transport projects and maintenance around the whole state. For state infrastructure, the minister also approves the maximum fees and charges that may be levied. Transurban Queensland has discretion to levy fees and charges up to the approved maximum. Transurban Queensland has recently exercised this discretion and reduced or removed a number of fees, including the manual top-up fee.*²⁷¹

²⁶⁴ Transurban Queensland, submission 166, p 35.

²⁶⁵ Department of Transport and Main Roads, public briefing transcript, Brisbane, 20 July 2018, p 16.

²⁶⁶ Brisbane City Council, submission 174, p 9.

²⁶⁷ RACQ, submission 170, p 3.

²⁶⁸ Transurban Queensland, public briefing transcript, Brisbane, 17 July 2018, p 4.

²⁶⁹ Transurban Queensland, public briefing transcript, Brisbane, 17 July 2018, p 5.

²⁷⁰ Department of Transport and Main Roads, public briefing transcript, Brisbane, 17 July 2018, p 2.

²⁷¹ Department of Transport and Main Roads, public briefing transcript, Brisbane, 17 July 2018, p 2.

BCC agreed stating:

The Concessionaire is entitled to charge anywhere up to the maximum toll payable at its discretion provided the appropriate notifications are in place.

Any instruction by a government to impose lower tolls on motorists than the maximum toll payable, or to introduce toll-free periods would give the Concessionaire grounds for compensation under the concession agreements and come at a significant cost to that government.²⁷²

BCC noted that the concession deed for the Legacy Way allows for a toll lower than the maximum for the first five years of operation and staged toll increases were introduced on the GBB and the CLEM 7 when the assets were opened to traffic as a means of encouraging usage. BCC advised that their observation was that the final toll increase did not materially reduce toll road usage.²⁷³

4.1.4 Impact on low-income earners

4.1.4.1 Hardship policies

TQ display their Financial Hardship Policy on the Linkt webpage. A copy of the latest policy is contained in Appendix D. TQ advised:

TQ has a Hardship Policy to assist customers in financial difficulty due to special circumstances. These include homelessness, cognitive impairment due to substance abuse, sudden illness or chronic unemployment. Consistent with increased community awareness, we also recognise hardship due to family violence.

The policy aims to assist customers in these circumstances by providing assistance and options to help them manage their tolling obligations. Registrations for assistance can be made online or by phone.

Consistent with the experience of the financial counselling and the legal assistance sectors, we have found people in hardship are reluctant to speak about their problems and tend to let debts accrue until there are significant consequences that they cannot ignore.²⁷⁴

Toll Redress questioned why TQ's financial hardship policy excludes commercial customers and registered business entities. They advised:

From our experience, small businesses using toll roads in Queensland are often experiencing financial hardship and are unable to afford to pay their toll bills. Their hardship is further compounded when Transurban apply a considerable amount of money on top in administration fees.

The small business then struggles to manage and pay down the debt. This can lead to a debt collector being engaged and following that, a wind-up notice in court.²⁷⁵

Toll Redress also advised that:

...customers have complained about having to jump through a lot of time consuming hoops to access hardship payments. A number of people complained that Transurban lost their submitted paperwork, not once, but twice, further exacerbating their situation.²⁷⁶

²⁷² Brisbane City Council, submission 174, p 10.

²⁷³ Brisbane City Council, submission 174, p 10.

²⁷⁴ Transurban Queensland, submission 166, p 39.

²⁷⁵ Toll Redress, submission 195, pp 8-9.

²⁷⁶ Toll Redress, submission 195, pp 9.

However, QCOSS advised that they had a number of engagement with TQ as the toll operator and found these engagements to be very positive. They advised:

*We believe Transurban have made a number of very positive steps in supporting customers in financial hardship and are taking an honest look at how they can improve their processes. That is not to say that further work cannot be done in this area.*²⁷⁷

QCOSS advised:

*One of the most effective strategies for us is proactive, up-front and easily communicated hardship policies. An effective hardship policy benefits both the consumer and the toll road operator because it means they do not have large amounts of unpaid debt sitting on their books. There could be an up-front service that supports people that is proactive, enabling people to get access to hardship policies and procedures, waiving administrative fees and administration charges. We know in this instance that they are punitive. I would refer you to Transurban's own submission where they outline exactly what each of those fees is. It shows \$8 for three days and another \$10 after 14 days, so waiving some of those fees for low-income and vulnerable consumers would also be a very positive step, in our opinion.*²⁷⁸

Caxton Legal Centre advised that they had seen significant improvement from their interactions with TQ over the past 12 to 18 months.²⁷⁹

Legal Aid Queensland identified a number of issues regarding customers suffering from hardship. They noted issues including:

- *The lack of an effective customer friendly hardship process within Transurban makes it very difficult for many consumers to engage with Transurban and negotiate payment of their debts without the debt continuing to escalate.*
- *Three days is too short a period of time for toll debts to be paid by many consumers, particularly financial disadvantaged consumers.*
- *There is no clear avenue available for victim of domestic violence to seek a waiver of a toll debt incurred in their name by the perpetrator of the violence. Also, joint toll accounts create a risk for consumers experience domestic violence as they potentially allow a perpetrator to track a victim's movements. There needs to be an effective and efficient method for account cancellation, including joint accounts where one of the account holders is a victim of domestic violence.*
- *Regional Queenslanders with no experience of the South East Queensland toll road system find it difficult to interact with the system. Regional Queenslanders are often unaware that they have incurred a toll debt until a notice has issued by which time they have already incurred administrative fees in addition to the toll debt.*
- *There is no clear process for reducing administrative fees in circumstances where the consumer is experiencing hardship such as major mental or physical health issues or domestic violence.*
- *Many consumers routinely do not receive reminder notices to pay toll debts.*

²⁷⁷ QCOSS, public hearing transcript, Brisbane, 20 August 2018, p 6.

²⁷⁸ QCOSS, public hearing transcript, Brisbane, 20 August 2018, pp 11-12.

²⁷⁹ Caxton Legal Centre, public hearing transcript, Brisbane, 20 August 2018, p 9.

- *Many consumers find the Transurban website hard to navigate, and have difficulty dealing with Transurban's call centre. When they are able to access the call centre, the find staff lack the knowledge, capacity and/or the authority to provide real assistance.*²⁸⁰

This issues were also included in other submissions.²⁸¹

4.1.4.2 Hardship Pilot project

In November 2017, TQ initiated a national pilot project to test ways of reducing tolling debt among people in hardship circumstances. The project aimed to work with community-based organisations and included a project reference group includes community representatives. TQ advised:

In Queensland, the pilot activities have been centred on the Logan community. Through the pilot project, TQ conducted briefings and engagement with 50 community organisations including Queensland Council of Social Service, Financial Counsellors' Association of Queensland, Uniting Queensland, MoneyCare, Logan East Community Neighbourhood Association, and YFS Logan.

The pilot project tested:

- *a tailored staff training program to enhance capabilities to detect and respond to customers in likely distress*
- *a dedicated community practitioner line to give direct access to the most experienced staff*
- *a streamlined eligibility process where the advice of frontline practitioners that their client was vulnerable or experiencing hardship was accepted without further documentary evidence being required.*

New information materials developed and tested by frontline community practitioners to assist them and their clients highlighting:

- *the general hardship assistance phone line*
- *the invoice and enforcement cycle process*
- *the consequences of not paying on time*
- *casual product and pass options and information on where to pay in cash*
- *information for community practitioners on how to access support for their clients.*²⁸²

TQ advised that recommendations arising from the pilot project are yet to be formally considered by Transurban.²⁸³

QCOSS were involved in the Hardship Pilot trial site at Logan and advised:

We support the outcomes of that trial, particularly the dedicated hardship team and the dedicated phone link to that hardship team, particularly for representatives of consumers. We are talking about financial counsellors and other community support personnel, because we know that consumers who are vulnerable in the market have difficulty accessing the support and assistance they need. They are not always forthcoming in taking the initiative to contact people. Having support around them, either financial counsellors or my colleagues here from the legal centres et cetera, can be really valuable in supporting those consumers to navigate the system.

We are very supportive of the aggregation of debt across time periods to reduce complexity for consumers. We would probably say that more needs to be done there and we would support our colleagues in their calls for aggregating across a 30-day period rather than in smaller time blocks.

²⁸⁰ Legal Aid Queensland, submission 132, p 3-4.

²⁸¹ For example, refer to submissions 15, 27, 32, 42, 73, 93, 94, 113, 138, 142, 161, 164 and 194.

²⁸² Transurban Queensland, submission 170, p 38.

²⁸³ Transurban Queensland, submission 170, p 38.

*Our engagement with Transurban so far has been positive, and we look forward to continuing to work with them to make further improvements to the system.*²⁸⁴

Legal Aid Queensland supported the continuation of the Hardship Pilot recommending a continuation of the trial to include:

- a dedicated hardship telephone line for both the general public and community workers
- an on-line hardship application form
- the ability for financial hardship assistance to be granted to consumers experiencing financial difficulties
- the tailoring of hardship assistance to a client's individual circumstances.²⁸⁵

Legal Aid Queensland also recommended that training for TQ staff in dealing with consumers in vulnerable circumstances may address call centre staff's lack of knowledge, capacity and authority to provide for real assistance.²⁸⁶

4.1.4.3 Access to technology

Legal Aid Queensland advised the committee that a lot of their clients either cannot afford the internet or when they do access it, it is through the local library. They advised that this can lead to information not being available as promptly as they would like when methods such as email and websites are used.²⁸⁷ The advised:

*In terms of contact, I think there should be both a technological attempt to contact—whether that be email or various things like that—and direct mail. People who have been the victim of domestic violence, for example, move address a lot so the mail will not get to them, and for people on a low income email is hard to access. You need both approaches in order to successfully access people.*²⁸⁸

Some submitters also suggested that older Australians are penalised and/or are avoiding toll roads because they are not computer literate and therefore feel that they are unable to set up and use toll accounts.²⁸⁹

4.2 Incentives to deliver better outcomes for Queenslanders

A number of submitters, including RACQ, have suggested that if tolls were a more affordable option for motorists, more people would choose to use them and this would help reduce congestion. RACQ has advocated for providing toll incentives, such as multi-trip discounts and bundling deals. RACQ advised:

Although the Queensland Government has set a maximum toll price for each of the toll roads under the various franchise agreements, it is a maximum only. Under the terms of the franchise agreements Transurban have the option to charge motorists less than the maximum toll amount and there is no impediment to Transurban offering multi-use discounts or incentives.

²⁸⁴ QCOSS, public hearing transcript, Brisbane, 20 August 2018, 6.

²⁸⁵ Legal Aid Queensland, submission 132, p 4.

²⁸⁶ Legal Aid Queensland, submission 132, p 5.

²⁸⁷ Legal Aid Queensland, public hearing transcript, Brisbane, 20 August 2018, p 7.

²⁸⁸ Legal Aid Queensland, public hearing transcript, Brisbane, 20 August 2018, p 7.

²⁸⁹ John Casella, submission 116.

*Through incentives, discounts and bundling offers, Transurban has an opportunity to better align demand with existing inner-city toll road capacity, thereby helping to alleviate congestion on the broader transport network. This would improve the efficiency of South East Queensland's road system and may not necessarily reduce profitability for Transurban, depending on the type of incentive used and the net cost of attracting new customers.*²⁹⁰

The committee asked TQ whether they had considered methods, such as discounted tolls during off peak periods, to increase toll road utilisation. They advised that whilst they are always willing to look at options, with a \$7 billion investment they have obligations to both their bank lenders and shareholders and they are not in a position to discount.²⁹¹

TQ suggested that the government has the option to subsidise tolls which has occurred in New South Wales.²⁹²

However, RACQ commented:

*...Transurban suggested that their sole responsibility was to their bank lenders and shareholders. In RACQ's opinion, it is short-sighted for an organisation to exclusively focus on shareholders. This type of traditional finance model does not directly consider the interests of other stakeholders – customers, suppliers, employees and the wider community – even though they can and do have an impact on the value of the business. Arguably, appropriate consideration of all stakeholders will assist in maximising long-term shareholder wealth.*²⁹³

RACQ advised the committee that motorists respond to price signals, advising:

*The current price of some tolls means price-sensitive motorists solely utilise free alternative routes. In South East Queensland this was demonstrated by traffic on the Clem7 falling by 65% when full tolls were charged after the first two months of free travel and discounted tolls. A traffic reduction of 40% also occurred on AirportlinkMy when a discounted toll was introduced after the initial free travel period. Similar dramatic reductions in traffic occurred in Melbourne and Sydney toll roads when tolls were introduced or increased.*²⁹⁴

4.2.1 Differential tolling

In their submission, QTA recommended that options be reviewed for the introduction of differential tolling. They advised:

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.*²⁹⁵

²⁹⁰ RACQ, submission 170, p 10.

²⁹¹ Transurban Queensland, public briefing transcript, Brisbane, 17 July 2018, p 14.

²⁹² Transurban Queensland, public briefing transcript, Brisbane, 17 July 2018, p 14.

²⁹³ RACQ, submission 170, p 5.

²⁹⁴ RACQ, submission 170, p 11.

²⁹⁵ Queensland Trucking Association, submission 159, p 6.

QTA advised that this suggestion is about a incentivising the movement of heavy vehicle freight to time-of-day trips. They advised:

If you incentive-price that around more certain trip times and better travel arrangements in terms of them not doing as many gear changes, accelerating, decelerating and those sorts of things—if you price that in a way that is attractive to them, you will draw them across. They are frequent flyers, so to speak. You can look at day passes, time of day and whether it is a high-productivity vehicle or not. As an example, if you take a semitrailer doing a fixed freight task and move all of that freight on to B-doubles, you reduce the number of passes by a truck by about 30 per cent. If you then take that freight from a B-double to an A-double, which is only four metres longer, you reduce the trips by another 30 per cent.

Sometimes people are a bit averse to heavy vehicles, but they are extraordinarily safe vehicles. Australia is unique in its use of multi-combinations in the world circumstance. If you compare us to Europe or the US, Australia is unique in terms of its productivity arrangements. Multi-combination vehicles are very much a unique characteristic of the Australian trucking industry. If you incentivise high-productivity vehicles onto your network, not only are you attracting them at a price that can somewhat contribute to the cost of that infrastructure; you are also contributing a significant benefit to congestion, because you are reducing markedly the number of trips that are involved to move a given amount of freight. There are benefits all around.²⁹⁶

With regard to differential tolling, BCC advised:

On 19 April 2018, the Minister for Transport and Main Roads (TMR) approved changes to Heavy Commercial Vehicle (HCV) toll charges on the Go Between Bridge, Clem7 and Legacy Way. The HCV toll changed from 2.65 to 3 times the car toll between the hours of 5am and 8pm, as proposed by Council following its agreement with Transurban Queensland (TQ) to fund and deliver the Inner City Bypass (ICB) upgrade.

Rather than apply the 3 times multiplier for HCVs for 24 hours of each day, Council sought and received approval to maintain a discounted price at 2.65 times between the hours of 8pm and 5am.

This time of day tolling was supported by both the QTA and RACQ, particularly as it encouraged freight to be moved on the city's network in non-peak times.²⁹⁷

With regard to these concessions, NatRoad advised the committee that:

NatRoad was not aware of the concessions, NatRoad has never been consulted on any proposals or changes to toll road arrangements for heavy vehicles by Transurban or the Brisbane City Council. Our members operating in Queensland have not mentioned these concessions. Nat Road supports time-of-day concessions, multi-user discounts or differential tolling to provide incentives for heavy vehicle operators to use toll roads.²⁹⁸

4.2.2 Other incentives

A range of additional incentives have been suggested by submitters including but not limited to²⁹⁹:

- Enticements for regular users such as multi-use discounts or incentives
- Third party offers
- Discounts for pensioners and seniors

²⁹⁶ Queensland Trucking Association, public hearing transcript, Brisbane, 20 August 2018, p 15.

²⁹⁷ Brisbane City Council, correspondence dated 28 August 2018, p 2.

²⁹⁸ National Road Transport Association, correspondence dated 27 August 2018, p 1.

²⁹⁹ For example, refer for submissions 6, 8, 10, 28, 36, 51, 46, 47, 60, 67, 70, 100, 101, 111, 118, 124, 126, 128, 131, 144, 146, 147, 154 and 170.

TQ advised that they undertook a targeted customer pilot campaign in 2016-17, coordinated with DTMR, to explore a number of potential initiatives to reward and incentivise customers. The objective of the trial was to understand:

- whether specific groups could be incentivised to increase their usage of our toll roads,
- the commercial impacts of such targeted campaigns on toll revenue.³⁰⁰

The campaign targeted groups of customers with scope for behaviour change and included:

- Return trip—return trips discounted by 50 per cent for customers who mostly made one-way trips
- Off-peak work day—discount of 50 per cent for travel outside peak times for customers with a low proportion of off-peak trips
- Off-peak weekend—discount of 50 per cent on weekends for customers with a low proportion of weekend trips
- Multi-trip offer—every fifth trip free for casual customers
- Two value plans—pre-purchase toll credit and bonus credit to be used each month (similar to mobile phone plans)
- Trial—one week trial offer for new accounts.³⁰¹

TQ advised that the key findings were that the campaign did not lead to lasting changing behaviour and was not commercially viable. The campaign was also considered unfair to existing loyal customers.³⁰²

Based on the results of the pilot campaign, TQ concluded that:

- people use toll roads for a variety of reasons and that travel behaviour is mainly driven by need (i.e. if people don't have a reason to make a trip, a financial incentive won't prompt them to make one)
- existing customers (especially regular users not eligible for the campaign) felt that incentives that benefitted only certain groups were unfair, and
- the targeted campaigns were not commercially viable for us, particularly when including regular toll road users.³⁰³

TQ advised:

Any broad-based tolling discounts would only be possible through the creation of a government subsidy.

Other than during the above targeted customer pilot campaign, Transurban Queensland does not engage in toll discounting as it adversely impacts the commercial viability of our shareholders' investment and introduces additional risk to our debt commitments.³⁰⁴

³⁰⁰ Transurban Queensland, submission 166, p 26.

³⁰¹ Transurban Queensland, submission 166, p 26.

³⁰² Transurban Queensland, submission 166, p 26.

³⁰³ Transurban Queensland, submission 166, p 26.

³⁰⁴ Transurban Queensland, submission 166, p 26.

5 The operation of the existing complaint process and current statistics

5.1 Transurban's current complaints process

Linkt has a 3-step complaints process:

1. Lodge a complaint by using an online form or writing to Linkt.
2. Linkt will investigate and consider the customers' comments before contacting them with an outcome.
3. If the customer is not satisfied with the resolution, the customer can escalate the complaint to the Tolling Customer Ombudsman (TCO). Note: the complaint must first be progressed through Linkt before going to the TCO.³⁰⁵

DTMR advised the committee that:

TQ is required to maintain a system for receiving and addressing customer complaints on any aspect of the operation of the toll roads or the customer service experience. Consistent with the concession agreements, this process must be readily accessible at no cost to the customer, easy to use, well promoted and subject to independent audit reviews.

TQ provides a quarterly report to TMR quantifying and categorising the complaints received. By regularly categorising its complaints, TQ is able to understand and address common problems being experienced by customers at any given time. For example, customer complaints around signage, customer service, fees, the website and interactive voice response system have been identified and addressed.

Under the concession agreements, TQ's complaints management process must also provide for an independent review process to ensure toll road customers have access to a third party dispute resolution service at no cost to the customer.³⁰⁶

5.2 Role of Tolling Customer Ombudsman in current complaints process

The TCO provides a free and independent alternative dispute resolution process for customers of toll roads in Brisbane. TCL (along with other operators) fund the TCO services under contract.

The TCO decisions are binding on tolling operators but are not binding on customers:

There is no obligation on a customer to participate in the TCO scheme. Importantly, customers still maintain their rights. If they are dissatisfied with a TCO's decision they are not bound to accept it and may pursue other avenues of complaint or dispute resolution open to them.

...

There is no appeal from a TCO decision but the complainant is not prevented from exercising his/her legal rights in any way.³⁰⁷

The TCO progresses a complaint as follows:

- review details of the enquiry or complaint
- refer the enquiry or complaint to the relevant tolling operator for investigation and response
- request and examine appropriate records as authorised by the complainant from the relevant tolling operator
- facilitate discussions between the complainant and the tolling operator

³⁰⁵ Linkt, *Complaints*, <https://www.linkt.com.au/sydney/contact-us/complaints>.

³⁰⁶ Department of Transport and Main Roads, submission 185, p 3.

³⁰⁷ The Tolling Customer Ombudsman, <http://tollingombudsman.com.au/>.

- propose mediation or conciliation, if appropriate
- make a decision or recommendation
- issue a formal decision or ‘Determination’.³⁰⁸

The TCO cannot:

- consider any grievances related to infringement notices issued by authorities, even though the infringement may have happened on one of the toll roads covered by this scheme
- consider the level of tolls or fees fixed by tolling operators in consultation with state governments
- consider disputes about vehicle classifications
- consider grievances in relation to Roam and Roam Express/Transurban Linkt that arose before 1 August 2006, go via that arose before 1 October 2011, or E-Way and M5 South-West Motorway that arose before 12 April 2016
- make decisions that would put a tolling operator in breach of its Customer Service Agreement or its Concession Deeds with a state government
- make binding decisions that require tolling operators to pay monetary compensation in some instances.³⁰⁹

In relation to how the process operates in practice, the TCO advised:

The system operates on the basis that there is an expectation or a requirement that the customer contact the toll operator initially. If the complaint is not resolved then they come to the Tolling Customer Ombudsman, in theory. What happens in practice is that most people come to the Tolling Customer Ombudsman before seeking to resolve it fully through the toll operator. I have a system that I have recently reintroduced whereby when people make an initial complaint they usually speak to us directly over the phone, I tell them I will refer their telephone number to Resolve, which is the customer relations body for Transurban. Resolve is required to ring the customer back within 24 hours and try to resolve the dispute. If the dispute is not resolved then I advise them to lodge a complaint with me. I will then deal with the process and expect the toll operator to respond to me promptly.³¹⁰

The Queensland Ombudsman advised the committee that it is clear from the interactions between his office and complainants that the public is confused about the operation of the tolling complaints system. To assist improvement in this area the Queensland Ombudsman has produced guidance about making toll complaints on its website.³¹¹

5.2.1 Complaint statistics

The TCO publishes six-monthly reports that include high-level statistics and a brief discussion about the issues that have been raised by complainants.³¹² The TCO advised that he has successfully operated the system which has handled in excess of 8,700 complaints, including more than 3,200 Queensland complaints, since its inception.³¹³

Figure 7 below depicts complaints about Queensland toll roads compared to total complaints for Australian toll roads as provided by the TCO.

³⁰⁸ The Tolling Customer Ombudsman, <http://tollingombudsman.com.au/>

³⁰⁹ The Tolling Customer Ombudsman, *Process*, <http://tollingombudsman.com.au/process/>.

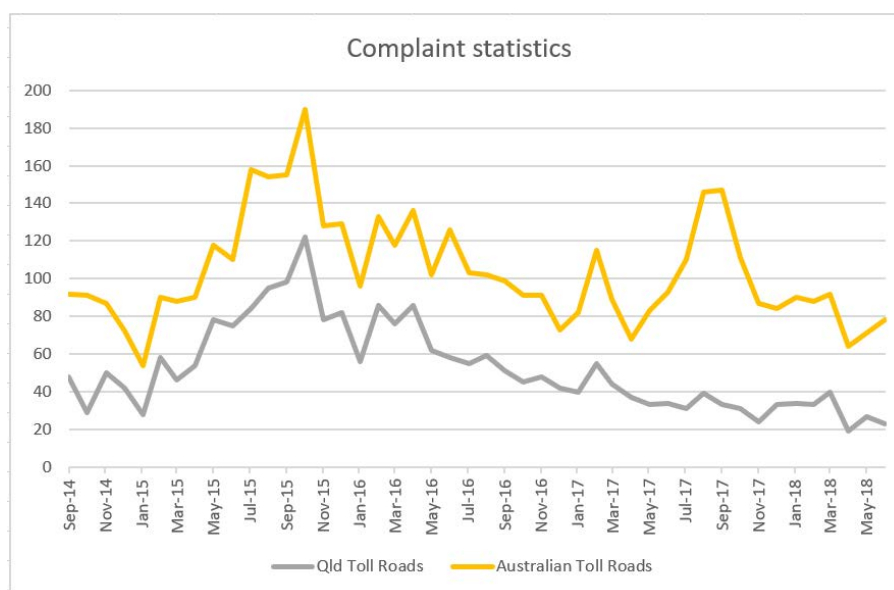
³¹⁰ Tolling Customer Ombudsman, public hearing transcript, Brisbane, 20 August 2018, p 2.

³¹¹ Queensland Ombudsman, submission 162, p 3.

³¹² Tolling Customer Ombudsman, public briefing transcript, Brisbane, 17 July 2018, p 8.

³¹³ Tolling Customer Ombudsman, submission 74, p 15.

Figure 7: TCO complaint Statistics



Source: Compiled from TCO complaint statistics combined from six monthly reports

The complaint statistics reveal a downward trend both as a percentage of complaints as well as an overall trend.

TQ advised that they have seen a significant reduction in the number of complaints over the last four years. They consider that this is due to their investment in improving customer service.³¹⁴

RACQ, whilst acknowledging the downward trend, noted that for the period September 2017 to February 2018, Transurban's Queensland operations still had more complaints than the toll roads in Sydney or Melbourne.³¹⁵

The Queensland Ombudsman advised that between May 2015 and February 2017, his Office treated complaints about toll road operators as within jurisdiction, however further legal advice, received in February 2017, demonstrated that toll road operators are outside of the Office's jurisdiction. As a result, from 1 March 2017, all complaints about toll road operators are dealt as being outside of jurisdiction.³¹⁶ The Queensland Ombudsman provided the following statistics in relation to tolling type complaints received by his office:

- *Complaints (treated as in jurisdiction) received about toll road operators by financial year and entity:*

	2013-14	2014-15	2015-16	2016-17
Go via/Linkt			5	162
QML	7	12	296	

- *In 2017-18, 118 out of jurisdiction matters were received where toll road operators or TCO were identified as the subject entity*
- *Between 1 March 2017 and 30 June 2018, the Office referred 161 complaints about toll road operators to the TCO.*³¹⁷

³¹⁴ Transurban Queensland, public briefing transcript, Brisbane, 17 July 2018, p 6.

³¹⁵ RACQ, submission 170, p 16.

³¹⁶ Queensland Ombudsman, submission 162, p 2.

³¹⁷ Queensland Ombudsman, submission 162, p 2.

The Queensland Ombudsman also provided the following statistics (Table 9) in relation to complaints received about DTMR, BCC and SPER over the past three financial years³¹⁸:

Table 9: Queensland Ombudsman complaint statistics

Agency	2015-16	2016-17	2017-18
SPER	98	40	33
DTMR	28	21	7
BCC	24	20	9

Source: Queensland Ombudsman, correspondence dated 24 August 2018, p 1.

5.3 Complaints about the process when tolls are not paid

Submissions highlighted a number of areas relating to complaints and the complaints process in relation to the failure to pay toll fees. In particular, submissions highlighted confusion and traumatic experiences in regard to recovery of tolls and related administrative charges. Many submissions provided examples where small toll charges had escalated into significant debts due to fees.³¹⁹

The Queensland Ombudsman noted that the relationship between enforcement action and toll payments has led to the public misconception that DTMR, BCC and SPER are enforcing tolls. The Queensland Ombudsman is of the view that:

*The public's lack of understanding of the difference between tolls payable to the toll road operator and penalties, with associated administrative costs payable to the State, exacerbates the already frustrating need to make a complaint in the first place.*³²⁰

The Queensland Ombudsman advised that the complaints they see largely come from people who were genuinely not aware they had a tolling debt. He advised:

*It may well be that a better service would be to require the tolling company to exhaust all communication options, to make sure they have used all their communication options.*³²¹

...

*As long as those communication factors are dealt with, the capacity of someone to dispute the fact that they have a tolling debt would largely be matters of fact. In other words, did you use the road on that day? Did you pay the toll or did you not pay the toll? They are matters of fact rather than whether or not the legal process or the administrative process associated with issuing the notice was complied with.*³²²

5.3.1 Debt recovery by toll operator

A number of submissions noted that unpaid toll debts are not always referred to the state or local government but that TQ can choose to collect unpaid tolls as a debt which can result in the commencement of court proceedings.³²³

³¹⁸ Queensland Ombudsman, correspondence dated 24 August 2018, p 1.

³¹⁹ For example, refer to submissions 9, 41, 43, 48, 56 66 and 69.

³²⁰ Queensland Ombudsman, submission 162, p 3.

³²¹ Queensland Ombudsman, public hearing transcript, Brisbane, 20 August 2018, p 4.

³²² Queensland Ombudsman, public hearing transcript, Brisbane, 20 August 2018, p 5.

³²³ For example, refer to submissions 41, 43, 48, 56, 66, 69, 76, 114, 132, 139, 162, 172, 179, 181, 182 and 195.

Toll Redress advised the committee:

Using court records, we learned that between the dates 03 July 2017 until 29 June 2018, Transurban (through Queensland Motorways Management Pty Ltd) had made 688 claims against customers in Queensland Magistrates courts alone for “Breach of Agreement”, “Levy Fees Due & Owing”, and “Monies Due and Owing”. Some of the points that we determined from this data include:

- *There were 192 claims made by Transurban from 03 July 2017 until the end of 2017. There were 496 claims made by Transurban from 24 January 2018 until 29 June 2018. This was a 158.3% increase in claims made by the company in the new year.*
- *The average claim amount was \$6,956.95.*
- *The highest claim amount was \$50,573.46. The lowest claim amount was \$1,180.94.*
- *Claims were registered in courts as far south as Coolangatta. Brisbane’s Magistrates court recorded the highest number of claims at 412.*
- *Claims by Transurban were made through 5 law firms³²⁴*

With regard to toll escalation process arrangements, the South West Brisbane Community Legal Centre advised:

It is a mystery to us how the toll road operator decides whether to pursue a debt through the civil courts or refer to SPER. What we focused on arises from our casework where clients who present to us are being pursued through the state Magistrates Court where the unpaid tolls are not pursued through the SPER system. In our experience—and I should say that we have had nine to 10 clients over the past eight or so months—most often the client presents with a Magistrates Court claim and the process has not gone through to judgement. We have been able to negotiate with the toll operator for an outcome to suit the client to an extent. To illustrate, when one young client who had no work at the time presented, we were able to negotiate time until he was able to obtain employment and then enter into a payment arrangement for a much reduced amount. A claim of about \$20,000 was negotiated down to a settlement of a payment of \$5,000, which related more to the tolls than to the administration charges. Time to pay and an instalment plan was entered into.³²⁵

The committee sought information from TQ regarding whether they have guidelines in place for determining which cases are pursued in court and which are referred to SPER. They advised:

95% of our customers have arrangements in place to pay for their travel within 3 days. There is then a small group of people who are experiencing financial hardship and are finding it difficult to pay their tolls. We manage these situations on a case-by-case basis taking into account these customers' extenuating circumstances.

Where a customer has made a genuine mistake, for example forgotten to update their details with us, our first time forgiveness program kicks in.

But for the small number of people who travel on the roads without paying and do not engage with our attempts to contact them for payment, we have a multilayered approach to recover their unpaid debt. This is fair to the vast majority of customers who do the right thing and pay within 3 days or on receipt of a notice.

³²⁴ Toll Redress, submission 195, p 5.

³²⁵ South West Brisbane Community Legal Centre, public hearing transcript, Brisbane, 20 August 2018, p 11.

It is Transurban Queensland's (TQ) preference to always resolve matters with customers without the need for legal proceedings or referring unpaid demand notices to government for enforcement. However if customers refuse to engage it's only fair that these options are explored.

Taking a customer to court is absolutely the last resort.

Generally, court action will only be considered if a customer has a significant amount of unpaid trips, refuses to engage with TQ, and has not sought assistance via the hardship policy.

Not paying a demand notice by the due date is an offence under the Transport infrastructure Act 1994. Any demand notices not paid by the due date are therefore eligible to be referred to the government for enforcement. It is therefore important that customers engage with Transurban Queensland when they are contacted seeking payment on unpaid notices.³²⁶

The committee sought additional information from TQ regarding the statistics on the number of unpaid tolls which were pursued through the debt collection process and which were referred to SPER. TQ responded that it:

...Transurban Queensland does not have visibility of the number of unpaid infringement notices that are referred to the State Penalty Enforcement Register (SPER) by TMR and BCC.³²⁷

The committee also sought additional information on this issue from DTMR who advised:

In instances where a toll road user has accumulated a significant tolling debt, Transurban Queensland (TQ) may elect to institute legal proceedings. TQ may also refer the matter to TMR, or Brisbane City Council, for enforcement up to six months after a toll road user has failed to address a demand notice.

Decisions about which matters are pursued through legal proceedings, and which are referred to TMR for enforcement, are a matter for TQ to determine. However, minimum debt thresholds must be exceeded before TQ can take matters to court.

Any debt owed under a demand notice can no longer be pursued by TQ once it has been referred to TMR for enforcement.³²⁸

³²⁶ Transurban Queensland, correspondence dated 29 August 2018, p 3.

³²⁷ Transurban Queensland, correspondence dated 29 August 2018, p 4.

³²⁸ Department of Transport and Main Roads, correspondence dated 27 August 2018, p 9.

6 Possible measures to continue to improve customer service standards

6.1 Communication and customer service

TQ advised that they are committed to continuous enhancement of customer experience and have proactively targeted customer communications to help customers manage their accounts. They implemented a policy which is focused on resolving customer enquiries quickly and effectively during their first contact with customers. They have invested \$70 million to ‘deliver on our core promises to make it easy, show we care and add value for customers.’ They advised that they have undertaken a number of major initiatives including:

- a complete overhaul of the back-office system to create greater flexibility for customers in their interactions with TQ
- comprehensive improvements to fee structures
- proactive mechanisms, including the introduction of the Linkt brand to replace go via, to improve communication with customers and to gather feedback³²⁹

TQ advised that they were constrained by the pre-existing technology when they commenced in 2014 and have been investing in customer service and customer experience. They advised:

When we talk about customer experience, we look at two areas: the on-road experience that we provide for motorists and the off-road experience. With regard to the on-road experience, we are really proud of the team that we have—a highly trained team that is helping motorists who may break down or may have an incident on the toll road. There were 4,000 of those last year. Our highly qualified team makes sure that toll roads are some of the safest roads in the country and they are doing a great job with that.

When it comes to off-road service, we have invested more than \$70 million in overhauling the customer systems. When we came in in 2014, service was not at a level that we felt was acceptable and we have invested a lot to make change in that area. As I say, our new system went live at the end of last year and with that came a substantially improved website. We are getting good feedback from our customers with regard to that. We have also released two smart phone apps into the market for our 1.6 million customers. We have seen a good take-up of those apps since we released them. We also changed our call centre adviser. We moved to a tier 1 provider, which also provides services to Amazon, Apple and Spotify—so some of the best customer experience companies in the world. Our goal is to have the best possible experience through that as well.³³⁰

DTMR advised the committee that they have worked with BCC and toll road operators to improve and simplify the tolling system for the benefit of road users. These initiatives include: a joint toll road website, improved toll road signage and a customer service charter identifying consistent service standards across all toll roads.³³¹

6.2 Stakeholder feedback on customer service

Submissions drew attention to customer service issues they had experienced when dealing with the tolling operator.³³²

³²⁹ Transurban Queensland, submission 166, p 29.

³³⁰ Transurban Queensland, public briefing transcript, Brisbane, 17 July 2018, pp 4-5.

³³¹ Department of Transport and Main Roads, public briefing transcript, Brisbane, 17 July 2018, p 4.

³³² For example, refer to submissions 33, 48, 54, 69, 71, 79, 80, 84, 91a, 136, 139, 145 and 146.

The Limousine Action Group advised that they would like to see further support for business clients, including: a higher level customer contact centre specifically for commercial clients, hardship support for commercial clients and a business advisory focus group that gives feedback to TQ on the customer service needs of businesses.³³³

QTA advised the committee that their members' 'make thousands of trips each day on Brisbane's toll roads' and they 'have not identified concerns about either Transurban's administration of toll collection or the roles of the two Ombudsman offices'.³³⁴

RACQ acknowledged that TQ has made some recent improvements to their customer service, including

- better website functionality
- changing their overseas call centre provider
- changes to the enforcement process and the issuing of only one demand notice for unpaid tolls incurred in the space of a few days
- an 80% reduction in the number of infringements ultimately ending up with SPER
- a 'first time forgiveness' program that waives toll fees for first-time offenders (under certain conditions)
- improvements to toll prices
- improvements to directional signage at the roadside³³⁵

DTMR advised that:

TMR is also aware of a large number of initiatives implemented by TQ since 2014 aimed at improving customer service and TQ's mystery shopper surveys indicate a high level of customer satisfaction.

TQ provides a quarterly report on complaints (data and trends) as part of the reporting required under the concession agreements. While there has been a focus on complaints throughout the inquiry, the number of complaints received by TQ should be viewed in relation to the scale of the toll road network operation. The number of trips recorded across the south east Queensland toll road network for each quarter is in excess of 35.5 million trips. TQ has advised the numbers of complaints it receives is decreasing while toll road traffic is increasing. Based on the latest statistics received by TMR, TQ receives one complaint for around every 21,500 trips.³³⁶

6.2.1 Call centres

TQ advised that they have two customer service teams looking after customers. The call centre that responds to simple queries is based in Manila, the Philippines. They also have a team based at Eight Mile Plains, who assist customers with more complex queries. With regard to the Manila call centre, they advised that:

...we have moved to a tier 1 provider. When we came in in 2014 the call centre was really not up to our standards. We looked at where the best service is available. That is having a call centre in Manila. Amazon, Apple and Spotify are also serviced out of there. We have high call resolution rates. Customer feedback is very positive about the experience that customers have there.³³⁷

³³³ Limousine Action Group (Queensland) Inc., submission 131, p 3.

³³⁴ Queensland Trucking Association, submission 159, p 3.

³³⁵ RACQ, submission 170, p 17.

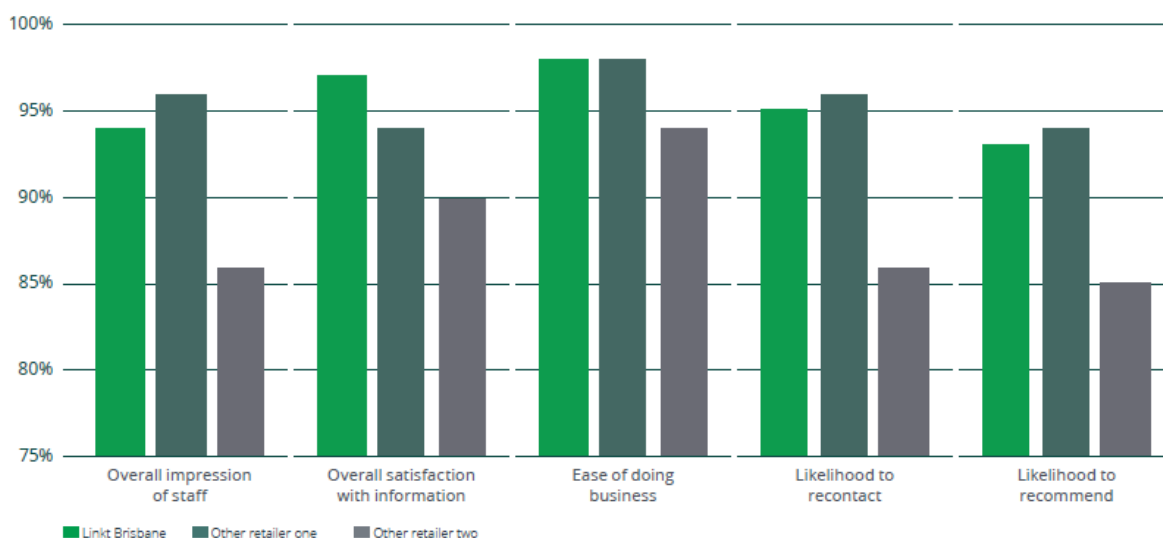
³³⁶ Department of Transport and Main Roads, correspondence dated 7 September 2018, p 9.

³³⁷ Transurban Queensland, public briefing transcript, Brisbane, 17 July 2018, p 14.

In terms of the measurement of their customer service performance, TQ advised that their changes are yielding tangible results. They advised that their call centre 'Grade of Service' (percentage of calls answered within 30 seconds) has increased from 43 per cent in August 2014 to 81 per cent in the 2017-18 financial year and had consistently exceeded their 'Grade of Service' target of 70 per cent.³³⁸

They advised that TQ customer service teams consistently resolve approximately 94 per cent of customer queries in the first contact. They advised that a mystery shopper survey in April 2018 showed positive results compared with other tolling retailers across Australia (Figure 8 below).³³⁹

Figure 8: Tolling retailer independent mystery shopper results, April 2018



Source: Transurban, Submission 166, p 31

6.3 Suggestions for improvement

Several stakeholders provided suggestions on how to improve its customer service standards.³⁴⁰

6.3.1 Key performance indicators

6.3.1.1 Customer service

As noted in section 2.2.2, TQ is required to meet a range of key performance indicators as part of the concession agreements with DTMR and BCC. Much of the discussion surrounding KPIs during the inquiry related to those that addressed customer service and whether they were at an appropriate level. In terms of KPIs that specifically address customer service, DTMR advised:

There are a number of KPIs measuring different aspects of customer service to provide a comprehensive picture of the service provided to customers. As a result of the 2015–16 KPI review, a number of customer service related KPIs, including call wait times and first call resolution were considered for inclusion in the RFA.

The aim of the changes was to incentivise TQ to resolve customer inquiries or complaints during the first customer contact, and improve customer outcomes. Following a trial period of reporting on these proposed new KPI measures, the State and TQ agreed to amend customer service KPIs to focus KPIs on improving customer outcomes and largely harmonise KPIs between concession deeds.

³³⁸ Transurban Queensland, submission 166, p 31.

³³⁹ Transurban Queensland, submission 166, p 31.

³⁴⁰ For example, refer to submissions 131, 162 and 170.

To achieve the first call resolution KPI benchmark of 80 per cent of enquiries resolved during the first customer contact, TQ implemented policy changes to provide call centre staff with the ability to resolve issues early, reducing the need for escalation of calls. During the 2017–18 financial year, 94.1 per cent of calls were resolved during the first contact with the call centre indicating this measure appears to be achieving positive customer service outcomes.

While the complaints reporting KPI was removed from the demerit calculation under the RFA in 2016 following the adoption of these new customer service KPIs, TQ is required to continue reporting on the complaints received. TQ continues to meet the standard that was set under the original KPI measure. The current RFA KPI reporting requirements are at Attachment 1.³⁴¹

BCC also provided specific information in regards to its KPIs relating to customer complaints:

The Concession Deeds also include a key performance indicator (KPI) assessment system to demonstrate how effectively the Concessionaires are achieving their customer service obligations.

Benchmarks are used to assess the Concessionaire's customer service performance in relation to both the ratio of complaints received and incorrect tolls or charges, compared to total toll transactions.

The following KPIs relate specifically to customer service obligations:

- *toll road user complaints management — complaints received by the Concessionaire should not make up more than 0.01% of all toll transactions*
- *toll road user service performance review — a 'mystery shopper' exercise that anonymously assesses the Concessionaire's performance against their industry benchmark from the toll road user's perspective*
- *tolling system accuracy — incorrect tolls and/or user charge transactions should not make up more than 0.02% of all toll transactions.*

KPIs are reported and reviewed on a quarterly basis and to date there have been no KPI demerit points applied in relation to customer service obligations and no known failure of the Concessionaires to comply with the performance specification obligations in relation to customer service obligations.³⁴²

In terms of the 'appropriateness' of current KPIs within concession agreements and possible measures to improve customer service standards, RACQ suggested that KPIs be developed around customer resolution rather than complaint volume. RACQ explained:

All the franchise agreements, except for AirportlinkM7, had a KPI around the number of toll road user complaints. The KPI states that the number of complaints received by the franchisee, as a percentage of the number of toll transactions, must be less than 0.01%.

It was noted at the Inquiry's public hearing that Transurban had always met this KPI. In light of Queensland having a higher number of TCO recorded complaints than any other toll operator, it would be worthwhile for the Inquiry to consider the adequacy of this KPI — not only from a measurement perspective, but from a broader best-practice complaint-management viewpoint.

Current thinking on best-practice complaint management is not to set KPI's around the number or percentage of complaints as this sets the wrong incentives around customer feedback. Those organisations striving to improve welcome and encourage complaints and use the feedback to strengthen their customer processes.

³⁴¹ Department of Transport and Main Roads, submission 185, pp 2-3.

³⁴² Brisbane City Council, submission 174, p12.

*Rather than setting a complaint volume KPI, it is more appropriate to establish KPIs around complaint resolution. Evidence of this type of KPI is seen in the AirportlinkM7 franchise agreement, which has a KPI stating that 90% of customers must be contacted by customer service staff within 2 business days of a customer complaint being notified by a customer. This type of complaint resolution KPI does not appear in the other toll road franchise agreements. Clem7, GBB and Legacy Way do, however, have a toll road user satisfaction KPI whereby average commissioned survey results must at least equal the satisfaction rating percentage achieved by other toll road service providers.*³⁴³

RACQ stated that a complaint-resolution type of KPI ‘does not act as a deterrent to complaints, but instead welcomes honest and open assessment of performance.’³⁴⁴ RACQ advised:

While no organisation likes to receive negative feedback, progressive organisations encourage feedback and complaints because it:

- *generates information they can use to improve their customer processes and services*
- *promotes values of integrity and accountability.*

*A focus on complaint resolution means motorists are more likely to have their issues heard, and the toll operator is more likely to retain the motorists as a customer.*³⁴⁵

When asked directly if TQ was satisfied that the KPI benchmarks set in the concession agreements were at an appropriate level, TQ responded:

We have pretty strict KPIs. As I said in my opening remarks, we have been focused on customer complaints since coming in in 2014. In four years we have halved the number of complaints that go to the Tolling Customer Ombudsman. Last year we reduced that by more than 33 per cent. The numbers are publicly available. They have certainly reduced considerably. I talked about some fairly recent and substantial changes that came in in the past six months. With an overhauled system, the apps that we have introduced, the hardship policies we have been looking at and particularly the change in legislation, we are very confident that those numbers will continue to go down. The numbers are actually heading in the right direction and have been since the time we came in. We do have strict KPIs already.

...

Again, in my opening remarks I talked about the fact that I have a strong focus on customer experience in particular. My wish would be that there are no complaints. Again, with the number of interactions we have—30 million a year—complaints help us to refine processes and the like. We will keep improving customer experience regardless, but we do have strict KPIs already.

*Again, we will meet those, but we will keep exceeding them. That is our goal, always.*³⁴⁶

DTMR advised of its process for reviewing KPIs and informed the committee of recent amendments:

In reviewing any proposed amendments, the State considers the appropriateness of the existing and proposed KPIs, the effectiveness of the measures, and the relevance to TMR standards and reporting, while assessing any risks of amending the existing KPIs. Changes were made following the first two years of operating the RFA, during which the State and Queensland Motorways Limited were able to assess KPI suitability, effectiveness and relevance.

³⁴³ RACQ, submission 170, pp 17-18.

³⁴⁴ RACQ, correspondence dated 27 August 2018, pp 2-3.

³⁴⁵ RACQ, correspondence dated 27 August 2018, pp 2-3.

³⁴⁶ Transurban Queensland, public briefing transcript, Brisbane 17 July 2018, pp 10, 11.

The amended KPIs were in the areas of road operations, asset management, quality and environmental systems management and commercial operations. A subsequent KPI review was undertaken in 2015–2016, following TQ’s acquisition of the Gateway and Logan motorways in 2014 and later acquisition of AirportLink in 2016.³⁴⁷

6.3.1.2 Key performance indicator based on value for motorists

As previously noted, RACQ advised that they have reviewed the customer service KPI’s in each of the franchise agreements and found all agreements, except for AirportlinkM7, had a KPI around the number of toll road user complaints. RACQ has suggested that KPI’s be developed around the provision of value for motorists, including a positive KPI that measures the actions TQ is taking to manage the network and add value.³⁴⁸

RACQ also suggested KPIs be developed around the provision of value for motorists:

To counter the focus on complaint KPIs when something goes wrong, it would be beneficial to have a positive KPI that measures the actions Transurban is taking to manage the network and add value.³⁴⁹

DTMR advised that they support RACQ’s comments around KPI measures and improving customer service. They advised:

In 2015-16, changes were made to the commercial operations (customer service) KPIs to provide a broader picture of service to TQ’s customers, including a focus on early resolution of issues. The changes included three new KPIs - first call resolution, call waiting time and TCO referrals.³⁵⁰

The Queensland Ombudsman also agreed that management of complaints should be an element of regular monitoring between the toll road operator and the respective public sector agency. The Queensland Ombudsman considers that it is important that information, including trends and themes, draw from complaints to DTMR and BCC relating to tolling matters is used to ensure that the practices of toll road operators are in accordance with the franchise agreement and any service standards set out in the agreement.³⁵¹

The Queensland Ombudsman advised the committee that, in his view:

Complaints to the Office by toll road users suggest that the complaints process across all stages of toll, penalty or debt collection is less streamlined than the process for transferring users between toll road operators and DTMR or BCC for the purposes of proceeding with an offence.

Because of the critical relationship between toll road operators and ‘enforcement’ agencies, it may be appropriate, if not already in place, to consider applying public sector agency complaints management standards to the initial complaint handling process within the toll operator and the TCO, as it is within DTMR and BCC.³⁵²

³⁴⁷ Department of Transport and Main Roads, submission 185, p 2.

³⁴⁸ RACQ, submission 170, p 18.

³⁴⁹ RACQ, correspondence dated 27 August 2018, p 3.

³⁵⁰ Department of Transport and Main Roads, correspondence dated 7 September 2018, p 9.

³⁵¹ Queensland Ombudsman, submission 162, p 4.

³⁵² Queensland Ombudsman, submission 162, p 3.

TQ responded that they are committed to addressing and reducing customer complaints and ensuring they are satisfactorily resolved in a timely manner. They stated:

*Transurban Queensland does not believe it is necessary for a KPI that measures complaint resolution rather than complaint volume, as our processes ensure that every complaint is fully resolved. This does not always mean that the customer is fully satisfied with the outcome, however it is clearly communicated to the customer that the outcome is now finalised, and advised of further external escalation options to the Tolling Customer Ombudsman.*³⁵³

6.3.2 Automated debt collection process

The Queensland Ombudsman has noted that the collection of tolls from road users seems to be highly dependent on the prospect of enforcement action by either DTMR or BCC and ultimately, debt collection by SPER. Even if the toll road operator foregoes tolling revenue when enforcement action is taken, the threat of enforcement action is clearly a significant motivator in encouraging road users to act responsibly. The Queensland Ombudsman's view is that this can lead to the impression that DTMR, BCC and SPER are enforcing tolls.

The Queensland Ombudsman's review of tolling complaints over time has led him to conclude that the forwarding of information between the toll road operators and BCC or DTMR for the purposes of enforcement action is substantially automated and involves limited, if any additional information about unresolved disputes about the respective toll. He considers that it is important that enforcement action is not taken by BCC or DTMR when there is a genuine dispute about the liability for the unpaid toll and there has been no reasonable attempt to investigate or resolve the dispute.³⁵⁴

He considers that a greater nexus between the debt recovery process undertaken by the toll road operator, including any resultant complaints, and the enforcement action undertaken by DTMR or BCC could alleviate frustration and complexity across the whole tolling offense process.

The Queensland Ombudsman advised:

It is my understanding that the toll road operator provides both DTMR and BCC with data related to unresolved demand notices for tolling debts on a regular basis for necessary enforcement action. This involves the transfer of electronic files which result in the issue of Penalty Infringement Notices (PINs) by DTMR and BCC to alleged debt defaulters.

*I also understand that the process for issuing PINs is heavily automated. In the interest of fair treatment of toll road users, I believe that it is unreasonable for an enforcement body (DTMR, BCC, SPER) to initiate enforcement action with the associated cost and distress caused to road users, if there is an unresolved complaint about the initiating toll debt with either the toll road operator or the Tolling Customer Ombudsman (TCO).*³⁵⁵

It is the Queensland Ombudsman's view that:

*To ensure that enforcement bodies do not initiate enforcement action prematurely, I believe that it would be reasonable to require that the toll road operator confirm that there are no unresolved complaints, associated with respective unpaid demand notices, for matters referred to DTMR and BCC for enforcement action at the time of transmission. This step would, I believe, assist in limiting the circumstances in which toll road users are dealing simultaneously with the toll road operator or TCO, about a complaint, and an enforcement body, about an enforcement notice (for the same alleged toll debt). In short, adding simultaneous rigour to the complaints process and the debt process would enhance the service to road users.*³⁵⁶

³⁵³ Transurban Queensland, correspondence dated 29 August 2018, p 6.

³⁵⁴ Queensland Ombudsman, submission 162, p 4.

³⁵⁵ Queensland Ombudsman, correspondence dated 24 August 2018, p 1.

³⁵⁶ Queensland Ombudsman, correspondence dated 24 August 2018, p 1.

...

...the mechanism by which tolling offences are referred to enforcement bodies—that is, DTMR, BCC and ultimately SPER—is very automated. The process is largely handled by computers. Humans do not deal with those matters. They go straight into the department’s enforcement regime. That regime is the subject already of my oversight in terms of BCC, SPER and the Department of Transport and Main Roads.

My view is that the use of DTMR, BCC and SPER complaints management processes in a more rigorous and, shall I say, joined up way with the complaints management process in the tolling operators would provide a framework which is rigorous and which is oversighted by my office ultimately, at the end of the day. It may be a somewhat less complex and less costly version of being able to have a rigorous complaints management process for toll road operators in Queensland, and ultimately it would lead to the same level of oversight that is applicable to the enforcement regime in Queensland at the moment.³⁵⁷

³⁵⁷ Queensland Ombudsman, public hearing transcript, Brisbane, 20 August 2018, p 4.

7 The existing relationship between the Tolling Customer Ombudsman and the Queensland Ombudsman

7.1 Queensland Ombudsman

With regard to the Queensland Ombudsman's jurisdiction in relation to tolls, their website states:

Queensland's toll roads are operated by Transurban Queensland and payment of tolls is handled by Linkt. If your complaint is about these companies we are unable to investigate as they are private companies outside our jurisdiction.

The Queensland Ombudsman advised the committee:

In regard to tolling matters, the Queensland Ombudsman may investigate the administrative actions of the Department of Transport and Main Roads, the Brisbane City Council and the State Penalties Enforcement Registry, SPER. They are public agencies, and that puts them in the Queensland Ombudsman's jurisdiction. Complaints about toll road operators are out of jurisdiction for my office. Members of the public who contact the Queensland Ombudsman with a complaint about a toll road operator—Transurban—are referred to the Tolling Customer Ombudsman for consideration.

Between May 2015 and February 2017 my office treated complaints about toll road operators as within jurisdiction. Legal advice received just prior to that time supported that decision. However, legal advice received in February 2017 confirmed that toll road operators were out of jurisdiction for my office. As a result, from 1 March 2017 all complaints about toll road operators were dealt with as being out of jurisdiction and, as I just said, complaints are referred to the TCO.³⁵⁸

7.2 Tolling Customer Ombudsman

7.2.1 Role of Tolling Customer Ombudsman

The TCO explained the TCO system as follows:

The TCO is an impartial national dispute resolution system which provides services to private toll operators and customers in the States of Victoria, New South Wales and Queensland. It is free to customers. The TCO maintains a networked electronic communication system and 1800 telephone messaging number for the TCO to have seven day visibility of the complaints made to it. The TCO is supported when required by a Personal Assistant, General Counsel/IT specialist and another Administrative Officer.

The TCO operates in shared facilities in Melbourne Docklands in which I perform Ombudsman duties. As indicated by General Counsel, the TCO does not have a standalone office. Due to the level of complaints and the lack of customer demand together with the electronic communication and dispute lodgement system then put in place, the TCO has not operated from a stand-alone office since 2004.

In addition to the operation at Docklands, the TCO's networked system is connected to the home offices of my personal assistant and myself, with linkages to computers, the mobile telephone and other devices to facilitate the seven day visibility.

As with all Ombudsmen services, the TCO provides multiple avenues for the lodgement of complaints by customers. Complaints can be made online, by mail, by fax or at an appointment. Assistance can be provided over the telephone for the lodgement of complaints.

³⁵⁸ Queensland Ombudsman, public briefing transcript, Brisbane, 17 July 2018, p 7.

The TCO has maintained a dedicated website that enables the lodgement of complaint and privacy form by email. The website, when first created in 2004 for the TCO, was based on the Financial Industry Complaints Service (FICS) model and was subsequently adapted to meet the TCO's expanded toll operator coverage and introduce more modern settings.

Although not as detailed as other Ombudsman sites because of the narrower breadth of the TCO jurisdiction, it reflects the same information they provide on their websites.³⁵⁹

The TCO advised:

The system operates on the basis that there is an expectation or a requirement that the customer contact the toll operator initially. If the complaint is not resolved then they come to the Tolling Customer Ombudsman, in theory. What happens in practice is that most people come to the Tolling Customer Ombudsman before seeking to resolve it fully through the toll operator. I have a system that I have recently reintroduced whereby when people make an initial complaint they usually speak to us directly over the phone, I tell them I will refer their telephone number to Resolve, which is the customer relations body for Transurban. Resolve is required to ring the customer back within 24 hours and try to resolve the dispute. If the dispute is not resolved then I advise them to lodge a complaint with me. I will then deal with the process and expect the toll operator to respond to me promptly.³⁶⁰

7.2.2 Appointment process

With regard to appointment, the TCO advised that there has only been one TCO since its inception 2004. He advised that there is currently and never has been any legislative or regulatory requirement for a committee to be responsible for the appointment of the TCO.³⁶¹

The TCO explained:

...Transurban (in Victoria, CityLink) approached me in 2004 because of my experience in the law and as industry based decision-maker with the Insurance Enquiries and Complaints Limited (predecessor to the Insurance Ombudsman Service) and the Financial Industry Complaints Service (predecessor to the Financial Ombudsman Service) to draft an industry-based dispute resolution scheme in respect to tolling disputes. These schemes had terms of reference that met the requirements of the 1997 National Benchmarks for External Dispute Resolution.

I drafted a scheme based on the terms of reference of these industry based decision-making schemes and the Benchmarks. This led to the creation of a CityLink Customer Ombudsman (CCO). I subsequently agreed to take on the role of the CCO, as explained in my submission to the Inquiry.

This was done on the basis that the toll operator's complaints handling processes complied with Australian Standards in respect to complaints handling and that it agreed to comply with the TCO's decisions. The agreement to meet these obligations was incorporated in a contract between the TCO and the CCO.

Subsequently the NSW toll operators, Eastlink (Victoria) and Queensland sought to become members of the TCO for the purpose of resolving tolling disputes based on my experience and expertise. The TCO agreed that it would provide such services subject to their meeting Australian Standards in respect to complaints handling and complying with the TCO's terms of reference.

The agreement to meet these obligations was incorporated in contracts between the TCO and the toll operators. There were again no legislative or regulatory requirements in respect to the TCO's appointment or its carrying out the dispute resolution on these terms.³⁶²

³⁵⁹ Tolling Customer Ombudsman, submission 74, p 4.

³⁶⁰ Tolling Customer Ombudsman, public hearing transcript, Brisbane, 20 August 2018, p 2.

³⁶¹ Tolling Customer Ombudsman, correspondence dated 24 August 2018, p 1.

³⁶² Tolling Customer Ombudsman, correspondence dated 24 August 2018, pp 1-2.

The TCO's role is not a full time position.³⁶³ The cost of the TCO's office is approximately \$250,000 per annum which is fully recovered from the tolling operators.³⁶⁴

BCC expressed the view that the current TCO model, such as the powers and process for appointment and removal of the TCO and setting and managing the terms of the TCO's engagement, could be improved to reduce the risk of any actual or perceived conflict of interest.³⁶⁵

BCC advised that they do not have rights of control or influence over the list of candidates or the person put forward for the TCO role and the toll road operators decide the terms of appointment and manage the engagement of the TCO. However, under the concession deed BCC approve the nomination and have the power to require replacement of the TCO.³⁶⁶

7.2.3 Funding of Tolling Customer Ombudsman

In response to the question of funding by only one operator, the TCO responded that the choice is that either it is funding from the public purse, the consumer pays or industry pays. He considers that the industry is best placed to pay for the system.³⁶⁷ He advised:

*My funding Australia-wide, taking into account the three states—New South Wales, Victoria and Queensland—comes from three toll operators, not just one. In addition to Transurban, there is ConnexEast and Interlink Roads in New South Wales. Overall, there are three toll operators that fund the system. Of course, there is only one operator, Transurban, responsible for toll roads in Queensland.*³⁶⁸

In relation to the linkage between funding and independence, the TCO advised:

*...as an industry ombudsman it always turns really on the integrity of the ombudsman, the contract on which it operates. There must be guaranteed tenure. There must be a fixed rate of remuneration that is not dependent on cases that come in or anything of that nature. I have been an ombudsman in a variety of different industries over the years. The issue of bias has always been raised, but if we are going to provide a free service to consumers at no cost to the state then there is no other way for it to be funded other than by the industry body.*³⁶⁹

7.2.4 Membership of Australian and New Zealand Ombudsman Association

The Australian and New Zealand Ombudsman Association (ANZOA) noted that where problems arise in an industry the call for an Ombudsman commonly follows and whilst they consider this to be testament to the high level of public respect for the independence, integrity and impartiality of Ombudsman offices they are concerned that there has been inappropriate use of the term Ombudsman to describe bodies that do not conform to, or show an understanding of, the accepted Ombudsman model.³⁷⁰

³⁶³ Tolling Customer Ombudsman, public briefing transcript, Brisbane, 17 July 2018, p 8.

³⁶⁴ Tolling Customer Ombudsman, public briefing transcript, Brisbane, 17 July 2018, p 8.

³⁶⁵ Brisbane City Council, submission 174, p 15.

³⁶⁶ Brisbane City Council, submission 174, p 15.

³⁶⁷ Tolling Customer Ombudsman, public hearing transcript, Brisbane, 20 August 2018, p 2.

³⁶⁸ Tolling Customer Ombudsman, public hearing transcript, Brisbane, 20 August 2018, p 1.

³⁶⁹ Tolling Customer Ombudsman, public hearing transcript, Brisbane, 20 August 2018, p 1.

³⁷⁰ Australian and New Zealand Ombudsman Association, About Ombudsmen, <http://anzoa.com.au/about-ombudsmen.html>

ANZOA has stated:

*If the concept of Ombudsman is applied inappropriately, public confidence in the role and independence of the Ombudsman institution is at risk of being undermined and diminished. Using the term Ombudsman to describe an office with regulatory, disciplinary and/or prosecutorial functions confuses the role of Ombudsman with that of a regulatory body. An 'ombudsman' office under the direction or control of an industry sector or a government Minister is not independent. An office set up within a company or government agency as an 'internal ombudsman' is not independent.*³⁷¹

In February 2010, the members ANZOA endorsed a policy statement noting that there are several types of Ombudsman offices including:

- Parliamentary Ombudsmen who take complaints from citizens and constituents about government agencies;
- Other statutory Ombudsmen/Commissioners who investigate complaints about particular agencies or professional services, such as health; and
- Industry-based Ombudsmen who take complaints from customers of companies providing particular services – such as telecommunications, banking, insurance, investments, energy, water and public transport

ANZOA's view is that a body should not be described as an Ombudsman unless it complies with six essential criteria addressing independence, jurisdiction, powers, accessibility, procedural fairness and accountability as follows:

Independence

The office of Ombudsman must be established—either by legislation or as an incorporated or accredited body—so that it is independent of the organisations being investigated. The person appointed as Ombudsman must be appointed for a fixed term—removable only for misconduct or incapacity according to a clearly defined process. The Ombudsman must not be subject to direction. The Ombudsman must be able to select his or her own staff. The Ombudsman must not be—or be able to be perceived as—an advocate for a special interest group, agency or company. The Ombudsman must have an unconditional right to make public reports and statements on the findings of investigations undertaken by the office and on issues giving rise to complaints. The Ombudsman's office must operate on a not-for-profit basis

Jurisdiction

The jurisdiction of the Ombudsman should be clearly defined in legislation or in the document establishing the office. The jurisdiction should extend generally to the administrative actions or services of organisations falling within the Ombudsman's jurisdiction. The Ombudsman should decide whether a matter falls within jurisdiction—subject only to the contrary ruling of a court.

³⁷¹ Australian and New Zealand Ombudsman Association, About Ombudsmen, <http://anzoa.com.au/about-ombudsmen.html>

Powers

The Ombudsman must be able to investigate whether an organisation within jurisdiction has acted fairly and reasonably in taking or failing to take administrative action or in providing or failing to provide a service. In addition to investigating individual complaints, the Ombudsman must have the right to deal with systemic issues or commence an own motion investigation. There must be an obligation on organisations within the Ombudsman's jurisdiction to respond to an Ombudsman question or request. The Ombudsman must have power to obtain information or to inspect the records of an organisation relevant to a complaint. The Ombudsman must have the discretion to choose the procedure for dealing with a complaint, including use of conciliation and other dispute resolution processes.

Accessibility

A person must be able to approach the Ombudsman's office directly. It must be for the Ombudsman to decide whether to investigate a complaint. There must be no charge to a complainant for the Ombudsman's investigation of a complaint. Complaints are generally investigated in private, unless there is reasonable justification for details of the investigation to be reported publicly by the Ombudsman—for example, in an annual report or on other public interest grounds.

Procedural fairness

The procedures that govern the investigation work of the Ombudsman must embody a commitment to fundamental requirements of procedural fairness: The complainant, the organisation complained about and any person directly adversely affected by an Ombudsman's decision or recommendation—or criticised by the Ombudsman in a report—must be given an opportunity to respond before the investigation is concluded. The actions of the Ombudsman and staff must not give rise to a reasonable apprehension of partiality, bias or prejudgment. The Ombudsman must provide reasons for any decision, finding or recommendation to both the complainant and the organisation which is the subject of the complaint.

Accountability

The Ombudsman must be required to publish an annual report on the work of the office. The Ombudsman must be responsible—if a Parliamentary Ombudsman, to the Parliament; if an Industry-based Ombudsman, to an independent board of industry and consumer representatives.³⁷²

The TCO advised the committee that he is currently seeking membership of ANZOA. The TCO advised:

An application has been made and discussions are taking place in respect to facilitation of membership. Such discussions may impact upon the operation of the TCO.

Irrespective of the outcome of these discussions, it is intended to upgrade the TCO website to further assist in the lodgement of complaints.

Further, following the establishment pursuant to Commonwealth legislation of the Australian Financial Complaints Authority (AFCA) in 2018, AFCA requires occupancy of the offices in which the TCO has shared offices. I will perform my role as an AFCA sessional Ombudsman in the offices, but it has been decided that the TCO operations be moved to a near to adjacent serviced office in Docklands. Due to the diminishing numbers of complaints being received by mail or fax, the use of the current Post Office Box will be monitored and a decision may be made for such communications to be received at the serviced offices.

³⁷² Australian and New Zealand Ombudsman Association, Publications, http://anzoa.com.au/assets/anzoa_media-release_essential-criteria-for-use-of-the-term-ombudsman.pdf

The TCO provided the committee with update on the application process advising that he complied with all the ANZOA requirements for admission to membership with the exception of one additional requirement with which they will comply. The TCO advised that he has entered into discussions with ANZOA to enable prompt compliance.³⁷³

The TCO noted that at the time of inception there were not legislative or regulatory requirements that determined the right to use the term 'Ombudsman'. He further noted that ANZOA is a representative body and not a regulatory body.³⁷⁴

7.2.5 Industry benchmarks

In February 2015, the then Federal Minister for Small Business relaunched *Benchmarks for Industry-based Customer Dispute Resolution*. The Minister noted:

The original Benchmarks for Industry-based Customer Dispute Resolution Schemes (the CDR Benchmarks) were established in 1997. The CDR Benchmarks were designed as a non-regulatory standard for industry-based dispute resolution standard for industry-based dispute resolution, which was then emerging as an accessible alternative to the court system. Through the CDR Benchmarks, the government hoped to encourage best practice in industry-based dispute resolution services.

Since that time, the CDR Benchmarks have proven to be timeless ideals for dispute resolution services in general. The CDR Benchmarks are now referenced in legislation and regulation, in both the telecommunications and finance sectors. In relaunching the principles and their underlying purposes as the Benchmarks for Industry-based Customer Dispute Resolution, the benchmarks are permanently preserved for the purposes of this legislation and regulation. Moreover, many other dispute resolution schemes have voluntarily adopted the benchmarks. Stakeholders have described the benchmarks as 'immutable' standards for industry-based dispute resolution in Australia and New Zealand.³⁷⁵

The principles are consistent with the ANZOA principles identified in section 7.2.4 of this report and are as follows:

1. ACCESSIBILITY

Underlying principle

The office makes itself readily available to customers by promoting knowledge of its services, being easy to use and having no cost barriers.

Purpose

To promote access to the office on an equitable basis.

2. INDEPENDENCE

Underlying principle

The decision-making process and administration of the office are independent from participating organisations.

Purpose

To ensure that the processes and decisions of the office are objective and unbiased, and are seen to be objective and unbiased.

³⁷³ Tolling Customer Ombudsman, correspondence dated 24 August 2018, p 2.

³⁷⁴ Tolling Customer Ombudsman, correspondence dated 24 August 2018, p 2.

³⁷⁵ Australian Government, 'Benchmarks for Industry-based Customer Dispute Resolution', February 2015, p 3.

3. FAIRNESS

Underlying principle

The procedures and decision-making of the office are fair and seen to be fair.

Purpose

To ensure that the office performs its functions in a manner that is fair and seen to be fair.

4. ACCOUNTABILITY

Underlying principle

The office publicly accounts for its operations by publishing its final determinations and information about complaints and reporting any systemic problems to its participating organisations, policy agencies and regulators.

Purpose

To ensure public confidence in the office and allow assessment and improvement of its performance and that of participating organisations.

5. EFFICIENCY

Underlying principle

The office operates efficiently by keeping track of complaints, ensuring complaints are dealt with by the appropriate process or forum, and regularly reviewing its performance.

Purpose

To give the community and participating organisations confidence in the office and to ensure the office provides value for its funding.

6. EFFECTIVENESS

Underlying principle

The office is effective by having an appropriate and comprehensive jurisdiction and periodic independent reviews of its performance.

Purpose

To promote community confidence in the office and ensure that the office fulfils its role.³⁷⁶

RACQ highlighted their concerns regarding whether the TCO's current arrangement adhere to these principles. They advised:

The RACQ believes current arrangements fail on several best practice principles, specifically: openness and transparency, accessibility, and effectiveness.³⁷⁷

In response to submitter comments that the TCO does not meet a number of standards set out in the benchmarks for industry based customer dispute resolution practices, the TCO advised:

I would dispute that because when I established the TCO I was the national panel chair of the Financial Industry Complaints Service, which was one of the inaugural members of ANZOA and certainly complied with the national benchmarks in 1997 in relation to EDR, and I based the TCO model exactly on those benchmarks and I have observed them throughout the period of being the ombudsman.³⁷⁸

³⁷⁶ Australian Government, 'Benchmarks for Industry-based Customer Dispute Resolution', February 2015, p 7-8.

³⁷⁷ RACQ, submission 170, p 15.

³⁷⁸ Tolling Customer Ombudsman, public hearing transcript, Brisbane, 20 August 2018, p 2.

7.3 Issues identified

7.3.1 Independence

In relation to independence, the TCO advised that the integrity of the individual selected as the ombudsman can be impacted by:

*...as an industry ombudsman it always turns really on the integrity of the ombudsman, the contract on which it operates. There must be guaranteed tenure. There must be a fixed rate of remuneration that is not dependent on cases that come in or anything of that nature. I have been an ombudsman in a variety of different industries over the years. The issue of bias has always been raised, but if we are going to provide a free service to consumers at no cost to the state then there is no other way for it to be funded other than by the industry body.*³⁷⁹

A number of submitters questioned the ability of the TCO to be independent when the position is wholly funded by the tolling operators.³⁸⁰

The Limousine Action Group advised:

*An ombudsman that is fully independent to Transurban or any other tolling company is the only option we consider to be a fair and reasonable dispute resolution service. This means that the ombudsman would not be directly funded by any tolling company. The current service is not trusted by our members.*³⁸¹

BCC advised that they are aware that there have been some general concerns raised about how the TCO can make impartial decisions when it is appointed and funded by toll road operators. BCC advised:

Council is not aware of any specific decisions which are alleged not to have been made independently. However, the perception of independence is also important to public confidence in the scheme.

RACQ also highlighted their concern regarding independence based on the fact that Transurban holds a monopoly position in SEQ. They advised:

*While RACQ recognises that Ombudsmen are often funded by industry, we do not believe it is best practice to have an ombudsman funded by only one industry operator in Queensland. This raises possible conflict of interest and governance issues that the inquiry should explore.*³⁸²

In order to ensure their independence the TCO advised that the funding arrangements are entirely separate to the ability and the contractual authority that is granted to an industry external dispute resolution scheme to run the dispute process fairly and efficiently. The TCO noted that:

*Of course, the whole faith in the system gets undermined if we start being biased one way or another and so we have to really preserve our integrity and our independence quite carefully, irrespective of hurdles such as the funding being entirely one-sided.*³⁸³

7.3.2 Public awareness

In response to a question about how services and processes are advertised the TCO advised that primarily they use the website. However, when there is a complaint that is unresolved by the toll operator, they have a requirement that the toll operator must advise the customer of the existence of the TCO.³⁸⁴

³⁷⁹ Tolling Customer Ombudsman, public hearing transcript, Brisbane, 20 August 2018, p 1.

³⁸⁰ For example, refer to submissions 76, 132 and 155.

³⁸¹ Limousine Action Group (Queensland) Inc., submission 155, p 3.

³⁸² RACQ, submission 170, p 14.

³⁸³ Tolling Customer Ombudsman, public briefing transcript, Brisbane, 17 July 2018, p 9.

³⁸⁴ Tolling Customer Ombudsman, public briefing transcript, Brisbane, 17 July 2018, p 2.

7.3.3 Reports and statistics issued by the Tolling Customer Ombudsman

With regard to the TCO's published reports, RACQ stated:

*The complaint analysis within the TCO's reviews is fairly basic and complaints are only reported as a gross monthly figure. The depth of analysis could be improved by reporting complaints by each operator as a percentage of traffic volumes or percentage transactions. This would provide a more accurate indicator of customer service levels. It would also be beneficial to have the review provide some longitudinal analysis and percentage rates of change i.e. this year compared to last year.*³⁸⁵

7.3.4 Accessibility

RACQ raised the issue of access to the TCO advising:

*The current ombudsman arrangement is a part-time position and it is not always user friendly or accessible. It is almost impossible for a motorist to ring and speak directly to the ombudsman. Calls to the advertised ombudsman phone number often end in a recorded message and customers are encouraged to contact the TCO via other channels. The ombudsman does not have a physical office and faxes got to a post office in Hawthorn in Victoria.*³⁸⁶

The TCO advised the committee of the following in relation to accessibility:

- There is no standing office address physically located, but they have had few requests for physical meetings that it was not economically viable to maintain a standing office.
- They have PO Box mailing facilities in Melbourne and Brisbane.
- Calls to the telephone number are answered by an automated message referring to the website or they can leave a voice mail message.
- The facsimiles can be sent to the Hawthorn Post Office, however, the majority of correspondence is received by email.³⁸⁷

However, the TCO advised:

*In relation to accessibility, from the outset we have always made it clear that people can attend to meet with the ombudsman by way of appointment. As I pointed out in the submission, originally we had a standalone office, which was in Melbourne, with advice to people that if they were interstate we could arrange meetings with them. In fact, when Queensland government representatives met with us there were discussions about whether we would be willing to go regional. I said yes, there is no problem about that. As part of the FOS we went regional if it was necessary. We have made ourselves available for people to attend if they wish, but there has never been any expressed desire. My experience is that people want their matters resolved quickly, promptly. The best way they do it is telephone in or send in their dispute forms online or by email. These days, 97 per cent come in in that manner.*³⁸⁸

The TCO advised that when complaints are received they:

*...will initially review it to see that it is within jurisdiction. We will refer it back to the relevant tolling operator for an initial response, which we expect within seven to 10 days, depending on the complexity of the complaint in question. If their initial response does not resolve it to the consumer's satisfaction we will take further measures, depending on the nature of the complaint, such as shuttle negotiation, mediation or conciliation.*³⁸⁹

³⁸⁵ RACQ, submission 170, p 16.

³⁸⁶ RACQ, submission 170, p 14.

³⁸⁷ Tolling Customer Ombudsman, public briefing transcript, Brisbane, 17 July 2018, p 7.

³⁸⁸ Tolling Customer Ombudsman, public hearing transcript, Brisbane, 20 August 2018, p 3.

³⁸⁹ Tolling Customer Ombudsman, public briefing transcript, Brisbane, 17 July 2018, p 9.

...

*We will do it as either a face-to-face meeting between the parties or a telephone conference. It really depends on where everyone is located and what is most convenient.*³⁹⁰

7.3.5 Compensation

The TCO confirmed that the TCO does not have the power to order tolling operators to pay compensation. However, the TCO advised that he has on two occasions made written determinations with recommendations for compensation to be paid. On both occasions the recommendations were complied with. He advised that written determinations are published by the TCO. In addition to written determinations, the TCO advised that he also makes other less formal recommendations.³⁹¹

7.4 Relationship between the Queensland Ombudsman and the Tolling Customer Ombudsman

The Queensland Ombudsman advised the committee that his office and the TCO operate in two different parts of the tolling system. However, his office provides assistance to complainants by referring complaints they receive to the TCO and ensuring that the advice they give about the TCO's role is correct.³⁹²

The TCO confirmed that there are limits on the jurisdiction of the TCO due to arrangements between the State Governments. He advised:

*Basically it is intended that the TCO does not trespass into Government policy issues or Departmental operations.*³⁹³

7.5 Are the current arrangements appropriate for the future?

RACQ recommended a change to the current arrangements so that they include:

- *the ombudsman located in Queensland*
- *a funding model that ensures independence*
- *sufficient resourcing for a full-time ombudsman position*
- *a physical office*³⁹⁴

BCC noted in their submission that they have previously suggested that the Queensland Government consider the establishment of a new tolling ombudsman with similar administrative operation to that of the Queensland Ombudsman but with jurisdiction over the concessionaires.³⁹⁵

In response to this suggestion the Queensland Ombudsman advised:

There is no doubt that the option is available to the government to establish a tolling industry ombudsman of its own in Queensland under legislation. My personal view is that the landscape of ombudsmen and other complaints bodies in Queensland is already complex. The need for another industry ombudsman and whether the establishment of an office would enhance the service to toll road users in Queensland would be a complex discussion.

*My personal view is that a better option may well be, if the government decides to establish a more rigorous or more legislatively based tolling process, that consideration be given to trying to put better linkages through the enforcement provisions.*³⁹⁶

³⁹⁰ Tolling Customer Ombudsman, public briefing transcript, Brisbane, 17 July 2018, p 9.

³⁹¹ Tolling Customer Ombudsman, public hearing transcript, Brisbane, 20 August 2018, p 3.

³⁹² Queensland Ombudsman, public briefing transcript, Brisbane, 17 July 2018, p 6.

³⁹³ Tolling Customer Ombudsman, submission 74, p 12.

³⁹⁴ RAC, submission 170, p 15.

³⁹⁵ Brisbane City Council, submission 174, p 14.

³⁹⁶ Queensland Ombudsman, public hearing transcript, Brisbane, 20 August 2018, p 4.

8 Committee comments

This section covers the key areas on which the committee wishes to make additional comments.

8.1 The operation of existing toll roads in south-east Queensland

8.1.1 Signage, advertising and technology

The committee wishes to acknowledge TQ's changes to signage around the entrances to toll roads, both in the form of lane displays but also to the notification of toll prices.

The committee welcomes TQ's continuing development of innovative technological solutions to improve customer relationships. However, it also notes that some users may not have access to technology and suggests that customers should not be precluded from appropriate information and advice, particularly when contacting the call centre for assistance.

The committee suggests that there would be additional benefit in providing to customers small windscreen stickers to remind them of the details of toll payment arrangements.

8.1.2 Speed limits

The committee also wishes to highlight the issue of consistency of speed limits and speed signs on tolled roads for future consideration.

8.2 Toll pricing and incentive options to deliver better outcomes for Queenslanders

8.2.1 Toll pricing

Many of the submissions received by the committee have suggested that if toll prices were reduced or concessions provided then usage rates of toll roads would increase. However, throughout the committee's inquiry TQ has consistently said that it is not in a position to provide any discounting of toll prices.

The committee acknowledges that in committing to purchase the tolling rights, TQ has undertaken a thorough analysis and based its bid price relying on the toll prices and relevant escalation rates provided as part of that process. It needs to be remembered that TQ paid a combined amount of approximately \$9 billion for the tolling rights which has already been paid. In addition to this up-front payment, additional benefit is being received in the form of maintenance and other services, in addition to relieving some of the congestion on other roads.

The onus would therefore be on the state and/or BCC to fund any discounted tolls. As history has showed, if tolls were either reduced or removed this does not come without significant cost and would impact on funding of other road infrastructure, not just in SEQ but across the state.

The committee is satisfied that customers consider that there is value in utilising toll roads as the overall usage rates are increasing. The committee notes RACQ's comments that the inner-city toll roads usage rates do not reflect the growth rates across the network. This is a matter for TQ to explore further.

Whilst acknowledging that the recent introduction of a time-of-day concession by BCC for HVC vehicles is a positive outcome, the committee wishes to express its concern that a major stakeholder, NatRoad, was not consulted on any proposals or changes to toll road arrangements for heavy vehicles in Queensland. The committee is of the view that stakeholders should be consulted on proposals of this type.

8.2.2 Fees and charges

The committee welcomes TQ's stated commitment to reducing fees and fines. The committee considers it essential that DTMR, BCC and TQ continue to work together in order to achieve reductions in these costs as technology and other advances allow.

Recommendation 1

The committee recommends the Department of Transport and Main Roads and the Brisbane City Council continue to monitor fees and charges on a regular basis to ensure they remain reasonable and reflect cost recovery principles.

Recommendation 2

The committee recommends the Department of Transport and Main Roads and the Brisbane City Council continue to work with Transurban Queensland to reduce fees and charges as technological advances reduce the costs of these additional charges.

8.3 The operation of the existing complaint process and current statistics

8.3.1 Tolling Customer Ombudsman

Whilst the committee acknowledges the work done by the TCO since he was appointed to the role in Queensland in 2011, the committee is of the view that more work can be done to improve the complaints management process in Queensland.

The committee also acknowledges that statistically complaints to the TCO have been declining. However, many issues have been identified by submitters during the course of this inquiry and the committee is of the view that a Queensland based Toll Road Ombudsman would be better positioned to ensure that this trend continues.

The committee envisages that the new Ombudsman type office would become involved in the process at an earlier stage, in order to facilitate earlier resolution of issues. The committee is of the view that this officer should be accessible to the public and could be located within the Queensland Ombudsman's office should this be considered appropriate.

The committee considers that the toll operator should continue to contribute to the funding of this office, however, the department would be responsible for all administrative arrangements, including appointment, to ensure that the office would be independent, in both fact and perception. The new Toll Road Ombudsman would also need to comply with all of the principles contained in the *Benchmarks for Industry-based Customer Dispute Resolution* and be a member of ANZOA.

Recommendation 3

The committee strongly recommends that the Minister for Transport and Main Roads consider the establishment of a Queensland based Toll Road Ombudsman.

8.4 Possible measures to continue to improve customer service standards

The inquiry has highlighted many areas, including examples, of where customer service standards can be improved. TQ has stated that it has implemented systems for customer feedback. The committee encourages TQ to consider all of the individual issues raised by submitters in order to identify ways the impact of these issues can be mitigated into the future.

8.4.1 Customer contact

The committee noted that many of the customer complaint issues commenced with a perceived lack of communication and often escalated to a point where large toll debts had accrued. The committee acknowledges that many of these issues are historical in nature and the outcomes may have been different should the same circumstances have occurred subsequent to the improvements that TQ has made recently.

The committee considers that contacting customers at an early point in the process is beneficial to both the customer and the toll operator. The committee notes that society is now more transient than it was in the past and contact by post is probably not the most efficient way of interacting with customers. The committee is of the view that the most reliable method of contacting customers is by mobile phone as people are probably less likely to change their mobile phone number than their physical or email address. The committee also notes advice by QCOSS and other community legal services that some customers may not have ready access to these forms of communication.

The committee is encouraged by TQ's advice regarding that they are proactively contacting existing customers when issues, including e-tag issues, arise in order to rectify any potential issues.

The committee also suggests that TQ should proactively promote the collection of mobile telephone numbers from customers, without pre-paid accounts, who wish to be contacted by text message when they have used a toll road to remind them when tolls are due.

The committee notes that the current legislation allows for the name, street address, email address and telephone number of the registered operator is provided to the toll road operator for the specific purpose of following-up with motorists who have not made an arrangement to pay for the use of the toll road. The committee considers that proactive contact, via text message, at an earlier stage would be benefit many customers. It considers that there is value in investigating, whether contact data, including contact telephone numbers, could be shared with the toll road operator, whilst complying with relevant privacy legislation, for the purpose of ensuring that customers are aware of toll fees earlier in the process.

Recommendation 4

The committee recommends that the Minister for Transport and Main Roads consider investigating, whether contact data, including contact telephone numbers, could be shared with the toll road operator, whilst complying with relevant privacy principles, for the purpose of ensuring that customers are aware of toll fees earlier in the process.

8.4.2 Key Performance Indicators

RACQ has suggested the addition of KPIs around improving customer service and the actions TQ is taking to manage the network and add value. This was supported by DTMR who undertake an annual audit of KPIs. The committee acknowledges that TQ has implemented a range of initiatives aimed at improving customer services. The committee considers that RACQ's suggested additions could be considered at future reviews.

8.4.3 Automated debt collection

The committee agrees with the Queensland Ombudsman that it would be reasonable to require that the toll road operator confirm that there are no unresolved complaints, associated with respective unpaid demand notices, for matters referred to DTMR and BCC for enforcement action at the time of transmission.

Recommendation 5

The committee recommends that the Minister for Transport and Main Roads consider investigating what additional processes, if any, would be necessary to ensure that enforcement action is not initiated whilst unresolved disputes apply to a particular matter.

8.5 The existing relationship between the Tolling Customer Ombudsman and the Queensland Ombudsman

The committee found that the Queensland Ombudsman has only limited jurisdiction when it comes to tolling matters. The committee is satisfied that the Queensland Ombudsman has taken proactive measures to ensure that should customers contact his office they are directed appropriately and the information they are provided with is accurate.

Refer to section 8.3 of this report for recommendations regarding the TCO.

8.5.1 Accessibility to TCO by fax

Given the declining usage of faxes for communication purposes, the committee does not consider that the usage of a fax number at the Hawthorne Post Office to be a significant issue. The committee is satisfied that should a complainant require the use of a fax, the service is in fact available.

Appendix A – Submitters

Sub #	Submitter
1	John Ivory
2	Sheila Watson
3	Christopher Lynch
4	Chris Smithies
5	Richard Neale
6	Andrew Smith
7	Elizabeth Drew
8	Peter Jackson
9	Kerri Robertson
10	Monty Woodbridge
11	Robin Russell & Associates
12	Gavin Moran
13	Geoffrey Wilson
14	Dennis Evans
15	Yvonne Marshall
16	Name suppressed
17	Jim Marshall
18	Graeme Holyer
19	Wendy Johnston
20	Wendy Saget
20a	Wendy Saget – supplementary
21	Aelec Pty Ltd
22	Reginald Young
23	Jason Richardson
24	John Cantarella
25	Margaret Webley

Sub #	Submitter
26	Graeme Thompson
27	Peter Baker
28	Gulab Paw
29	Miles Hayvice
30	Lois Coetzee
31	Blair Rowan
32	Nick Turner
33	Patricia and Lawson Barney
34	Bert Müllemeister
35	Mike Rowell
36	Noel Dowling
36a	Noel Dowling - supplementary
37	Ian Smith
38	Keith Semmler
39	Albert Webb
39a	Albert Webb - supplementary
40	Malcolm Dunn
41	Claire Bowden
42	Will Babbage
43	Dr Michael Gregory
44	Michelle Moten
45	John Stevenson
46	Greg Hannant
47	Jane Gray
48	Amanda Stinson
49	Jacques Engelbrecht
50	Cr Julie Talty

Sub #	Submitter
51	Christine Carmona
52	Maryanne Roberts
53	Arty Tabor
54	Kathryn Moloney
55	Eleni Petridis
56	Kelly Smith
57	Clint Ferndale
58	Peter Withers
59	Scott Burrows
60	Jason Young
61	Barry Stronach
62	Frances Bennetts
63	Peter Djelovic
64	Dan Fowler
65	George Joyce
66	Daniel Mischefski
67	Tony Parsons
68	Gary Walter
69	Robert Zuanetti
70	Jim Calder
71	Name suppressed
72	Ray Hughes
73	Robert Turner
74	Tolling Customer Ombudsman
75	Richard Payne
76	Queensland Council of Social Service
77	Renee TenDyke

Sub #	Submitter
78	Brett Batterby
79	Christian Kissane
80	Gilbert Linden
81	Vijay Khatri
82	Deborah Truter
83	Jack Ivey
84	Bob Boardman
85	Monica Parker
86	Hayden Lenz
87	Greg & Jan Smith
88	Dennis Sharkey
89	Alannah Balfour
90	Name suppressed
91	Michael Wren
91a	Michael Wren - supplementary
92	David Borthwick
93	Edward Kavanagh
94	Corinne Lendon
95	Jim McAllister
96	Clive Lance
97	Bethany Dorsett
98	Aleksander Trajceski
99	Robert Bradford
100	Michael Lucas
101	Sandra Ridgway
102	Mark Sznajder
103	Brian Annear-Walker

Sub #	Submitter
104	Neil Skilbeck
105	Denis Cush
106	Ron Smith
107	Peter Boge
108	Rory Campbell
109	Lindley Deslandes
110	Paul Marty
111	Roger Griffiths
112	Caterina Gunther
113	Bob Green
114	Stuart George
115	Cathy Guthrie
116	John Casella
117	Chris McCurdy
118	Darryl Witherington
119	Mark Davidson
120	Ken Lau
121	Phil Williams
122	John Ullman
123	Christine Whittaker
124	Andrew Mein
125	Rob Wolski
126	John Postle
127	Kevin Meikle
128	Bill Whitlock
129	Nick Apostolidis
130	Name suppressed

Sub #	Submitter
131	Philip Best
132	Legal Aid Queensland
133	Adam Sewell
134	Joy Dockray
135	Alastair MacAdam
136	Tony Laurier
137	Doug Drummond
138	Wendy Weston
139	Donna Allan
140	Philip Lynagh
141	Geoffrey Wilson
142	David Dasler
143	Dr Chris O'Donnell
144	Chris Cox
145	Darren Buchanan
146	Janelle Harwood
147	Garry Mulherin
148	Anmar Seargent
149	Peter Keefer
150	Kazik Rassalski
151	John Cameron
152	Matthew Galea
153	Richard Lacey
154	Nathaniel Fitzgerald-Hood
155	Limousine Action Group (Queensland) Inc
156	Chris Wold
157	Moreton Bay Regional Council

Sub #	Submitter
158	Infrastructure Association of Queensland
159	Queensland Trucking Association
160	Diego Schmeda Lopez
161	Adrian Smith
162	Queensland Ombudsman
163	National Road Transport Association
164	Iain Wyeth
165	Stephen Morris
166	Transurban Queensland
167	Queensland Council of Unions
168	Bicycle Queensland
169	Confidential
170	Royal Automobile Club of Queensland
171	Supamerc Pty Ltd
172	LawRight
173	Nic Bressan
174	Brisbane City Council
175	John Gralton
176	Vicki Parker
177	Greg Decker
178	Brisbane Airport Corporation
179	Caxton Legal Centre
180	Stephen Dyer
181	Queensland Law Society
182	South West Brisbane Community Legal Centre
183	Ian McNab
184	Leo Curtain

Sub #	Submitter
185	Department of Transport and Main Roads
186	Myles Parry
187	Phil Williams
188	Cameron Richards
189	Kevin John
190	Ross Fiorenza
191	Wayne Tilly
192	Julie Peel
193	Kevin McDade
194	Ross Shepherd
195	Toll Redress
196	Infrastructure Partnerships Australia
197	Michael Holgate
198	Lisa Giacomantonio
199	Motorcycle Advocacy Group

Appendix B – Witnesses at initial briefing – Tuesday 17 July 2018

Department of Transport and Main Roads

- Julie Mitchell, Deputy Director-General, Policy Planning and Investment
- Mike Stapleton, Deputy Director-General, Customer Services, Safety and Regulation
- Geoff Magoffin, General Manager (Customer Services), Customer Services Safety and Regulation
- Andrew Mahon, General Manager (Transport Regulation), Customer Services Safety and Regulation
- Brad Tubb, Director (Transport System Governance), Policy Planning and Investment

Tolling Customer Ombudsman

- Nicolas Crowhurst, General Counsel

Queensland Ombudsman

- Phil Clarke, Queensland Ombudsman
- Lisa Hendy, General Counsel
- Jordan Welke, Acting Assistant Ombudsman

Transurban Queensland

- Sue Johnson, Group Executive, Queensland
- Henry Byrne, Group Executive, Corporate Affairs

Brisbane City Council

- Scott Stewart, Divisional Manager, Brisbane Infrastructure
- Marie Gales, Manager, Transport Planning and Strategy and Congestion Reduction Unit, Brisbane Infrastructure
- Gregg Buyers, Program Director, City Projects Office, Brisbane Infrastructure
- Linda Gillam, Business Improvement and Strategy Manager, Compliance and Regulatory Services, Lifestyle and Community Services

Appendix C – Witnesses at public hearing – Monday 20 August 2018

Tolling Customer Ombudsman

- Michael Arnold, Tolling Customer Ombudsman

Queensland Ombudsman

- Phil Clarke, Queensland Ombudsman
- Lisa Hendy, General Counsel
- Jordan Welke, Acting Assistant Ombudsman

QCOSS

- Laura Barnes, Senior Manager Policy, Advocacy and Capacity

Legal Aid Queensland

- Paul Holmes, Senior Lawyer, Civil Justice Services

Caxton Legal Centre

- Yatarla Clarke, Senior Lawyer – Human Rights and Civil Practice

South West Brisbane Community Legal Centre

- Jim Gibney, Coordinating Lawyer
- Sarah Rogers, Barrister-at-Law/Volunteer

LawRight

- Stephen Grace, Coordinator
- Paula Hughes, Lawyer
- Sam Roach, Seconded Lawyer

Toll Redress

- Maddison Johnstone, Director
- Michael Fraser, Director

Queensland Trucking Association

- Gary Mahon, Chief Executive Officer

National Road Transport Association

- Julia Collins, Industry Policy Adviser (via teleconference)

RACQ

- Paul Turner, Chief Communication Officer
- Gregory Miskowycz, Principal Traffic and Safety Engineer

Brisbane City Council

- Scott Stewart, Divisional Manager Brisbane Infrastructure
- Linda Gillam, Business Improvement and Strategy Manager
- Marie Gales, Manager, Transport Planning and Strategy and Manager, Congestion Reduction Unit

Transurban Queensland

- Sue Johnson, Group Executive, Queensland
- Henry Byrne, Group Executive, Corporate Affairs

Department of Transport and Main Roads

- Julie Mitchell, Deputy Director-General (Policy, Planning and Investment)
- Brad Tubb, Director (Transport System Governance)
- Geoffrey (Geoff) Magoffin, General Manager
- Nigel Ellis, Executive Director (Transport Access and Use)
- Kirsty Poole, Principal Manager (Central Operations and Support)
- Suzanne Rose, Executive Director (Service Policy)
- Ann Taylor, Manager (Transport System Governance)
- Anna Tracey, Manager (Transport System Governance)

Appendix D – Transurban Queensland’s Financial Hardship Policy

Financial Hardship Policy

Last updated 17 May 2017

This policy outlines the applicable process and relevant considerations for those Individual Customers that may be facing Financial Hardship impacting their ability to make payment to Transurban for outstanding obligations.

Transurban has an expectation that Individual Customers will use our products and services in accordance with their ability to pay. This policy recognises that situations of Financial Hardship may affect some of Transurban customers' ability to meet financial obligations as they fall due, or for a period thereafter. Transurban will work with an Individual Customer experiencing Financial Hardship to make use of the options available under this policy to assist them with payment solutions.

This policy is consistent with Transurban's Customer Experience philosophy, including a flexible, fair and realistic approach to collection of outstanding obligations.

Transurban apply an approach consistent with the Debt Collection Guideline July 2014 issued by the Australian Competition and Consumer Commission (ACCC) and the Australia Securities and Investments Commission (ASIC) who encourage flexibility on the part of organisations attempting to collect outstanding debts. This includes recognising Individual Customers who are vulnerable and experiencing Financial Hardship, and recognising that Individual Customers may have a number of debts owing to different creditors. A flexible approach involves making meaningful and sustainable payment arrangements that reasonably take into account an Individual Customer's ongoing living expenses to enable them to live in basic comfort and prevent impoverishment or humiliation.

Scope

This policy applies to Individual Customers who are experiencing payment difficulties due to Financial Hardship. Specifically, this policy deals with consumer and nonarrangement travel debt categories across all Transurban markets nationally. The policy excludes commercial customers and any registered business entities.

Credit Management

Transurban's credit management practices are underpinned by the Transurban Values of Integrity and Respect for the Individual Customer. Options available under this policy in consideration of Financial Hardship include:

- Extension of payment terms to settle outstanding obligations
- Payment plan arrangements for outstanding obligations to be paid over a maximum of 12 weeks, or an otherwise agreed period by Transurban
- A payment arrangement with a payment-free period up to three (3) months from the date of initial contact
- Application of Post-Paid products to support continuing access to Transurban services whilst outstanding obligations are being settled

- Refraining from service suspension
- The adjustment of toll notice fees which have contributed to the total amount of the debt owed.

Transurban at all times reserve the right to apply discretion in the use of these or alternative options based on the specific circumstances of each successful Financial Hardship application.

Identification

The following indicators are examples of the factors Transurban will consider when assessing an Individual Customer's eligibility for Financial Hardship assistance on a case by case basis:

- Individual Customer's eligibility for welfare payments including those from Centrelink agencies
- A deficiency in income (from all sources) that would impact the Individual Customer's ability to settle obligations as they fall due for basic sustenance and accommodation
- An absence of liquid assets available to meet the Individual Customer's existing financial obligations.

To enable consideration of these factors, an Individual Customer seeking consideration of their Financial Hardship must make an application to Transurban in writing and produce documentation (including a statutory declaration) supporting the claim of Financial Hardship, including, but not limited to:

- Evidence of current income and expenditures
- Evidence of current assets, liabilities, and obligations.

Written applications should be addressed to Credit Department using the financial hardship registration form on our website.

Review

When a written application for Financial Hardship is received, the Transurban Credit team and / or their agents will endeavour to contact the Individual Customer within three (3) business days to discuss their application and documentation provided that supports the claim of Financial Hardship.

The Transurban Credit team will then review the application and documentation provided.

Completion

Once the review is completed the Individual Customer will be advised of the outcome.

If the application is rejected, the Individual Customer will be advised on what grounds the application was rejected. If the application is successful, alternative arrangements for payment of outstanding obligations will be advised by either the Transurban Credit team or by a nominated Transurban debt collection agency.

Any successful application will be reviewed three (3) months after the time of notification of the successful application.

Contact with Transurban should be made if there are any additional difficulties in making payments under the advised arrangements or if financial circumstances significantly change.

Community Financial Counsellors

Community Financial Counsellors are accredited welfare specialists who work in the local community to provide remedial, preventative and advocacy services for people in financial distress (or who are in danger of entering financial distress).

Transurban may work with a Community Financial Counsellor representing an Individual Customer to establish a payment arrangement under this Financial Hardship policy. They may also advise an Individual Customer to consider contacting a financial counsellor in their area. Community Financial Counsellors should not be confused with commercial financial planning or debt resolution service providers.

While a Community Financial Counsellor may assist the customer in negotiating with Transurban, their status will be limited to an advisor to the Individual Customer. The relationship between the Individual Customer and the Community Financial Counsellor remains separate to that between the Individual Customer and Transurban. The Individual Customer remains legally liable for the account and is always responsible for the course of action that is eventually agreed with Transurban.

Privacy

Any personal or health information provided as part of a Financial Hardship application will be treated in accordance with applicable privacy legislation and the Transurban Privacy Policy. Transurban may use and disclose personal information as part of the application process to determine eligibility for access to the options outlined in this Financial Hardship policy. As part of this process, information may be provided to an external agency. Transurban or the external agency may seek consent to contact external bodies in order to verify the accuracy of any information provided. For any concerns about how Transurban will use, disclose or secure personal information, or to understand how to access your personal information held by Transurban, please refer to [Transurban's Privacy Policy](#) or request a copy from Transurban.

Further information

For further information about this Financial Hardship policy please contact Transurban Credit by email at hardship@transurban.com.

Definitions

Financial Hardship means a situation where an Individual Customer is unable, reasonably, because of illness, unemployment or other reasonable cause, to discharge their financial obligations under their contract with the Supplier and the Individual Customer reasonably expects to be able to discharge those obligations if payment and/or Service arrangements were changed. Financial Hardship can be of limited or long term duration.

Financial Hardship may arise as a result of a range of circumstances that impact individual income or assets used to meet an individual's financial obligations. Individual Customer means a natural person who has entered into an agreement with a Company in the

Transurban Group for the provision of products and services. Community Financial Counsellor means accredited welfare specialists who work in the local community to provide remedial, preventative and advocacy services for people in financial distress (or who are in danger of entering financial distress).

Transurban means

1. each of Transurban International Limited (ABN 90 121 746 825), Transurban Holdings Limited (ABN 86 098143 429) and Transurban Holding Trust (ARSN 098 807 419) by its responsible entity Transurban Infrastructure Management Limited (ABN 27 098 147 678) (the 'Stapled Entities');
2. each company in which the Stapled Entities, whether individually or collectively, own (directly or indirectly) more than 50% of the voting shares; and
3. each trust in which the Stapled Entities, whether individually or collectively, own (directly or indirectly) more than 50% of issued units.

Statement of Reservation



TED SORENSEN MP
MEMBER FOR HERVEY BAY

Electorate office:
Unit 3/357 The Esplanade,
Scarness Qld. 4655

Postal:
P.O. Box 5049 Torquay Q.4655

Email address:
hervey.bay@parliament.qld.gov.au

Ph: 07 41838101
Fax: 07 41838109
1800 811 470 (within electorate only)

Transport and Public Works Committee
Statement of Reservation by LNP Committee Members

The LNP members are concerned that South-East Queensland's toll roads represent a valuable yet under-utilised resource. The level of complaints about the toll operations and the tendency for motorists to avoid using the tolls led the LNP Opposition to call for a Parliamentary Inquiry to identify measures for addressing these concerns. The Labor Government was obliged to support this call instead of maintaining its usual "do nothing" approach to traffic congestion. With one hundred and ninety nine submissions received by the Committee, there is clearly strong community support for action.

These assets are owned by the monopoly operator Transurban and were initially sold by Labor back in 2011 when Anastasia Palaszczuk was the Transport Minister. Additionally the evidence provided by senior DTRM officials was that the original Road Franchise Agreement was locked in 2011 under a Labor Government.

In terms of pricing options, the LNP members do not accept Transurban's position that there is no discretion to provide incentives for motorists to use the roads. Disappointingly it was revealed during the Inquiry that Transurban isn't investigating opportunities to offer motorists customer-friendly toll options such as multi-trip discounts and off-peak pricing as a way of encouraging greater utilisation of these assets.

Congestion on our roads brings with it substantial economic and social costs. Busting congestion is a top priority for the LNP. Ensuring that motorists get a better deal on our toll roads is important to help take the pressure off the rest of the network. Accordingly, the LNP is also looking for the Government to ensure consumers' interests are taken on board. However, with the sentiment expressed by one Senior TMR Officer that "some level of congestion is not necessarily a bad thing on roads" this may prove difficult.

Disturbingly the Committee heard evidence that the Tolling Customer Ombudsman is only part time and utilises an answering machine service and a fax machine located in a Victorian post office. The LNP considers this level of customer service is completely unacceptable and should be examined.

Yours faithfully,

Ted Sorensen
State Member for Hervey Bay
Transport & Public Works Committee
12 September, 2018

