

Tabled, by leave,

Mr Grahn

TRANSPORT ADMINISTRATION AMENDMENT (NSW MOTORWAYS) BILL 2024

STATEMENT OF PUBLIC INTEREST

Clerk of the Parliaments
and stakeholder input?

12 / 11 / 24

Need: Why is the policy needed based on factual evidence

After it was elected in 2023, the NSW Government established an Expert Review of the tolling system in this state. Professor Alan Fels and David Cousins delivered their final report in July 2024, following an interim report in March. The Expert Review found that Sydney's network of 13 tolled motorways resulted in tolls that are too high, and that the tolling system is flawed and lacks transparency and flexibility. It found that Transurban has dominated the tollway market.

The report recommended the establishment of a State-owned motorways entity to support the Government to reset the NSW toll network and take charge of the motorist experience.

The preferred path to resetting tolls and improving outcomes for the users of toll roads is through negotiations with the private concessionaires who operate most of the toll roads in Sydney. The final report advocated for the establishment of the new entity in advance of the finalisation of those negotiations, as a signal of the Government's intent. It will create competitive tension with private operators and improve the likelihood of positive outcomes from the negotiations. The entity will be in place to implement the outcomes.

Objectives: What is the policy's objective couched in terms of the public interest?

NSW Motorways will drive reform of the tolling system. As an owner and operator of the toll roads that are not currently subject to private concessions, it will provide competitive tension to the dominant market players. It will administer toll relief, delivering benefits directly to motorists. It will collect and publish information about the tolling system, increasing transparency and pressure to improve operations. It will act as a customer advocate, improving outcomes for motorists. Similarly the establishment of an industry ombudsman will provide an important mechanism for motorists aggrieved by the system to have their complaints against toll operators dealt with.

Options: What alternative policies and mechanisms were considered in advance of the bill?

In designing the preferred objectives and functions of NSW Motorways, consideration was given to the appropriate distribution of tasks and responsibilities between it and Transport for NSW. As NSW Motorways would be an operator of toll roads, it was considered inappropriate for it to also be the regulator of the tolling system. It was decided that role should remain with Transport for NSW.

Analysis: What were the pros/cons and benefits/costs of each option considered?

The Independent Toll Review Recommendation 20: The NSW Government should establish a government-owned special purpose entity (NSW Motorways) with responsibility for improving outcomes and transparency for motorists to strengthen governance and accountability over NSW toll roads.

Establishing the NSW Motorways entity as a public competitor will provide a new owner of publicly owned tollways and tolled bridges, tunnels and road ferries with a strong focus on customers. While the independent reviewers recommended a regulatory role for this entity as well, this would not be appropriate given it is a competitor with tollways operated under private concession.

Pathway: What are the timetable and steps for the policy's rollout and who will administer it?

Passage of this legislation before the end of this year will enable the commencement of a program of activities to establish NSW Motorways by 1 July 2025. This work will be undertaken by Transport for NSW, in consultation with NSW Treasury.

Consultation: Were the views of affected stakeholders sought and considered in making the policy?

The Expert Review engaged significantly with the public and various stakeholders to gather insights and test ideas through two rounds of consultation. The Review received 117 written submissions ahead of its Final Report, divided into 92 submissions from the general public and 25 submissions from key stakeholders including academics, think tanks, toll road operators and member associations. All submissions and discussions were carefully considered before inclusion in the Final Report.