

Transport and
Public Works Committee

Inquiry into the operations of toll roads in Queensland

Transurban Queensland submission

7 August 2018





“Fantastic service. Went beyond my expectations to ensure customer satisfaction.”

What Queenslanders are saying about toll roads



“Practical and relatively economical and a no-fuss way to travel.”



“Convenient and essential.”



“Saves time and makes for easier less stressful driving.”



“It makes getting to my destinations a lot quicker.”



“Makes travel easy.”

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Executive summary

When Transurban Queensland (TQ) purchased the State-owned Queensland Motorways in a competitive tender process in 2014, it was one of the most significant investments in Australian infrastructure history.

At \$7 billion, it was an investment that reflected our confidence in Queensland's growth and prosperity. In 2016, we invested a further \$2 billion, by acquiring AirportlinkM7.

South-East Queensland's population is expected to exceed five million by 2041, so an efficient transport network that combines public transport and free-flowing roads will be vital for Brisbane to retain its enviable status as one of the world's most liveable cities.

Brisbane toll roads, which comprise critical and well-established arterial routes such as the Logan and Gateway motorways and newer tunnels built with room to support a growing population, play a fundamental role in moving people, goods and services efficiently around the city.

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.

The government sets and regulates toll prices and increases. The annual increase is based on the Brisbane Consumer Price Index to keep pace with general cost increases in Brisbane.

While the toll prices are set, we are always looking at ways to increase value both on and off the roads for our customers.

In the past four years, we have invested \$1 billion on road upgrade projects, road maintenance and improvements in customer operations and service.

We are working in partnership with the Queensland and Federal governments and Brisbane City Council on critical projects to improve areas of the road network that have become congested to give motorists a better and safer journey.

These projects include the Gateway Upgrade North and Inner City Bypass Upgrade projects, along with the \$512 million Logan Enhancement Project, which was the first Market-led Proposal under the Queensland Government's innovative framework. Projects such as these will ensure Brisbane's transport network continues to cater for economic and population growth for years to come.



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

Our investment also includes \$70 million to overhaul and transform our customer systems and ensure our interactions with customers are as seamless and easy as possible. To achieve this we have:

- implemented a new back office and customer system
- launched our retail tolling brand Linkt, with a new user-friendly website and online-support
- introduced two smart phone apps including a GPS-enabled app for occasional users
- increased proactive communication with customers, and
- introduced new programs and policies to assist customers facing hardship.

We have also focused on reducing fees for customers. TQ does not make a profit from its fees and, in fact, we would prefer no one paid a fee.

To make this happen, we have worked in partnership with the Queensland Government and Brisbane City Council to significantly reform legislation. As a direct result, there has been a sharp decline in fees for customers with unpaid tolls and we estimate that 1.7 million fewer demand notices will be issued each year.

This change and other initiatives have led to a significant decline in the number of people moving into the infringement process. All infringement notice revenue is retained by government and TQ is not reimbursed for the unpaid toll or fees incurred.

We are proud that our efforts are realising real improvements for our customers. The metrics that we use to measure our customer service have all seen substantial improvement.

We have also seen a reduction in the number of customer service-related complaints. Our policy is to resolve any customer queries in their first contact with our organisation. We do this 94 per cent of

the time. While we make every effort, we recognise that with more than 30 million customer interactions a year, we may not always get it right the first time.

The number of complaints to the Tolling Customer Ombudsman, who provides an independent dispute resolution process for toll-road customers, has also been consistently declining. Over the past year the number of complaints has fallen by 32 per cent.

These results highlight our commitment to the successful resolution of customer disputes and reinforce the importance placed on fast and effective complaint resolution. We are confident that the number of complaints to the Tolling Customer Ombudsman will continue to decline.

As a business, we are privileged to be given the responsibility to operate a critical part of Brisbane's transport network. But we know 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.

Our commitment to Queensland



\$1B

invested since 2014 on infrastructure projects, road maintenance and customer operations



\$70M

invested in initiatives to improve customer experience



3

upgrade projects to ease congestion hot spots



2

apps and enhanced, user-friendly website to make it easier for customers

About Transurban Queensland

Transurban Queensland in numbers



Transurban Queensland (TQ) is a leading provider in Queensland's transport infrastructure sector, managing 81 kilometres of tolled roads, bridges and tunnels which are critical transport corridors that help Brisbane retain its status as one of the world's most liveable and productive cities.

TQ is owned by a consortium comprising Transurban (62.5 per cent), AustralianSuper (25 per cent) and Tawreed Investments, a wholly owned subsidiary of the Abu Dhabi Investment Authority (12.5 per cent).

The Transurban-led consortium acquired Queensland Motorways, owner of Brisbane's Gateway and Logan motorways, Go Between Bridge, Clem7 and Legacy Way tunnels, in 2014 for \$7.057 billion.¹

Transurban assumed responsibility for the operations of the Queensland Motorways business on behalf of the consortium due to its unparalleled history of operating toll roads and working with government and communities to deliver best-in-class transport solutions.

In January 2015, the Queensland Motorways corporate brand was permanently transitioned to the Transurban Queensland brand, to reflect the integration of its operations with the wider Transurban Group. Since then, TQ has expanded its operations in Queensland with the acquisition of AirportlinkM7 in April 2016 for approximately \$2.0 billion.¹

TQ's long-term concessions with government create a strong incentive for it to actively manage these roads with a view to not only meet today's needs, but the future needs of communities and customers. As manager of TQ operations, Transurban has a business vision "to strengthen communities through transport", which means it consistently seeks ways to create a significant and lasting contribution to the cities and communities where it operates.

TQ is working in partnership with the Queensland Government and Brisbane City Council to deliver a number of critical infrastructure projects, including the Gateway Upgrade North and the Inner City Bypass Upgrade. It is also delivering the Logan Enhancement Project, the first Market-led Proposal under the Queensland Government's innovative framework. The Queensland Government has also awarded TQ the contract to provide tolling services to the Toowoomba Second Range Crossing.

TQ has more than 1.6 million customers who depend on its toll roads for reliable, safe and efficient travel around the city. In May 2018, TQ launched the Linkt retail-tolling-brand to replace the go via brand, providing its customers with initiatives including a new mobile app, an improved website, reduced and improved fee structure, enhanced communication and promotion of the GPS-tolling app LinktGO.

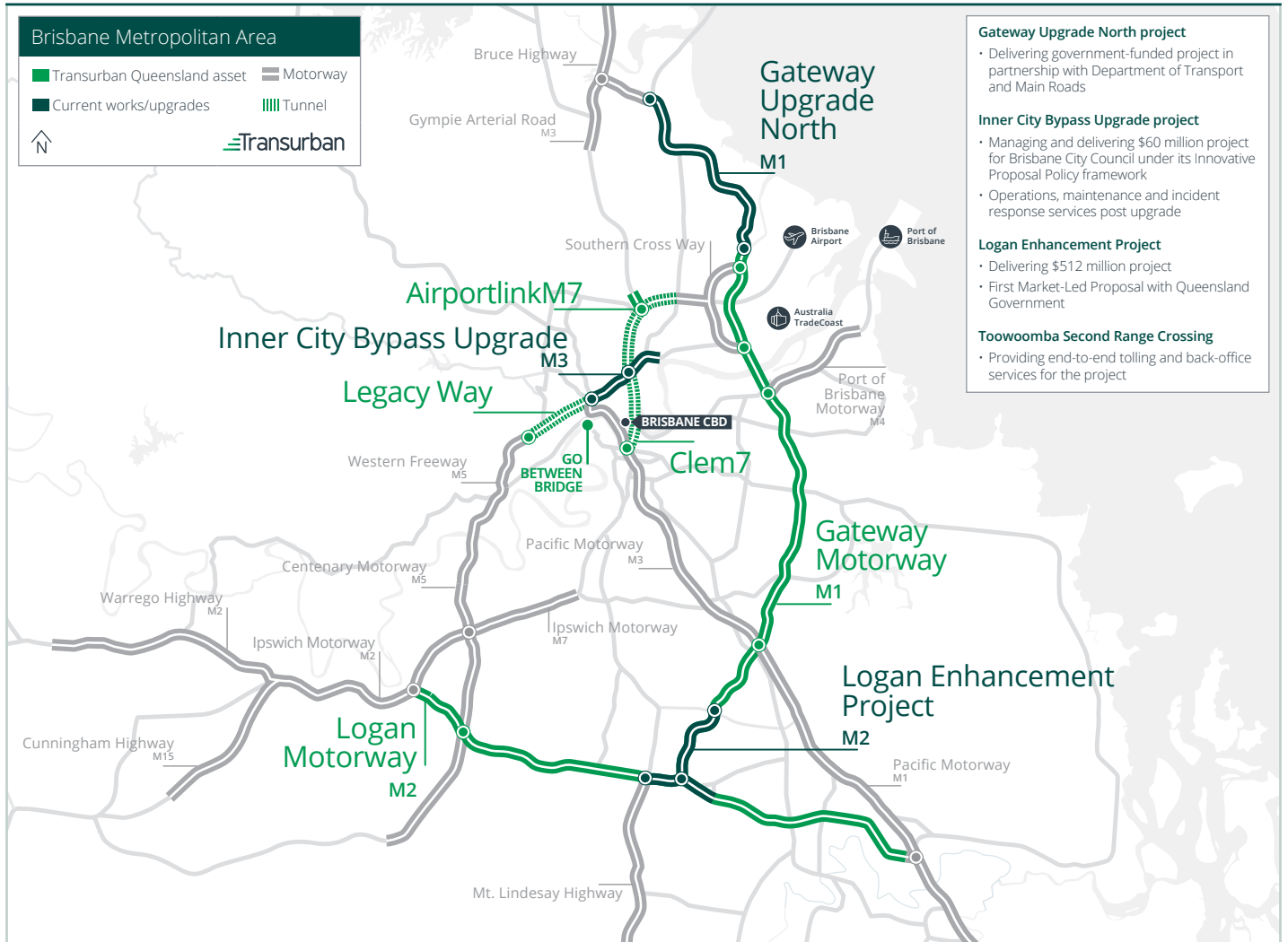
Transurban, as an Australian-owned and operated company listed on the Australian Securities Exchange, represents one of the most significant infrastructure investment opportunities available to Australians and its stable and growing returns make it an attractive investment for superannuation funds.

Seventy per cent of Transurban's security holders are Australian superannuation funds and individual security holders. Its largest shareholder, UniSuper, manages the retirement savings of 420,000 education sector workers, including more than 70,000 in Queensland.

AustralianSuper, as a 25 per cent owner of Transurban Queensland, is Australia's largest industry superannuation fund, with more than 2.2 million members, including more than 270,000 members in Queensland.

¹ Including stamp duty and transaction costs

Brisbane's toll roads and projects being delivered by Transurban Queensland



CORPORATE HIGHLIGHTS FOR FY18

Dow Jones Sustainability Index (DJSI) World Leadership listing in FY17

DJSI Asia Pacific Leadership Index recognition for 11th year

Top 10 rating for Employee Awareness and Support by the Australian Centre for Corporate Responsibility

Rated as "leading" for sustainability reporting by the Australian Council of Superannuation Investors for the ninth year

Logan Enhancement Project rated as "excellent" by Infrastructure Council of Australia (ISCA)

Gateway Upgrade North projected rated as "excellent" by ISCA for the design phase of the project

Signatory to the Voluntary Tax Transparency Code

Workplace Gender Equality Agency citation for the fourth year

Top 20 rating (internationally) for employer gender equality by Equileap

Transurban Queensland Consortium

Transurban Group

- 16 motorway assets in Australia and North America
- 20+ years delivering major projects
- 2,000+ employees and contractors
- \$10B committed project pipeline creating 17,500 jobs
- \$26B market capitalisation*
- 70% of investors are Australians
- 10% security holders located in Queensland
- 13.43% of securities held by UniSuper†

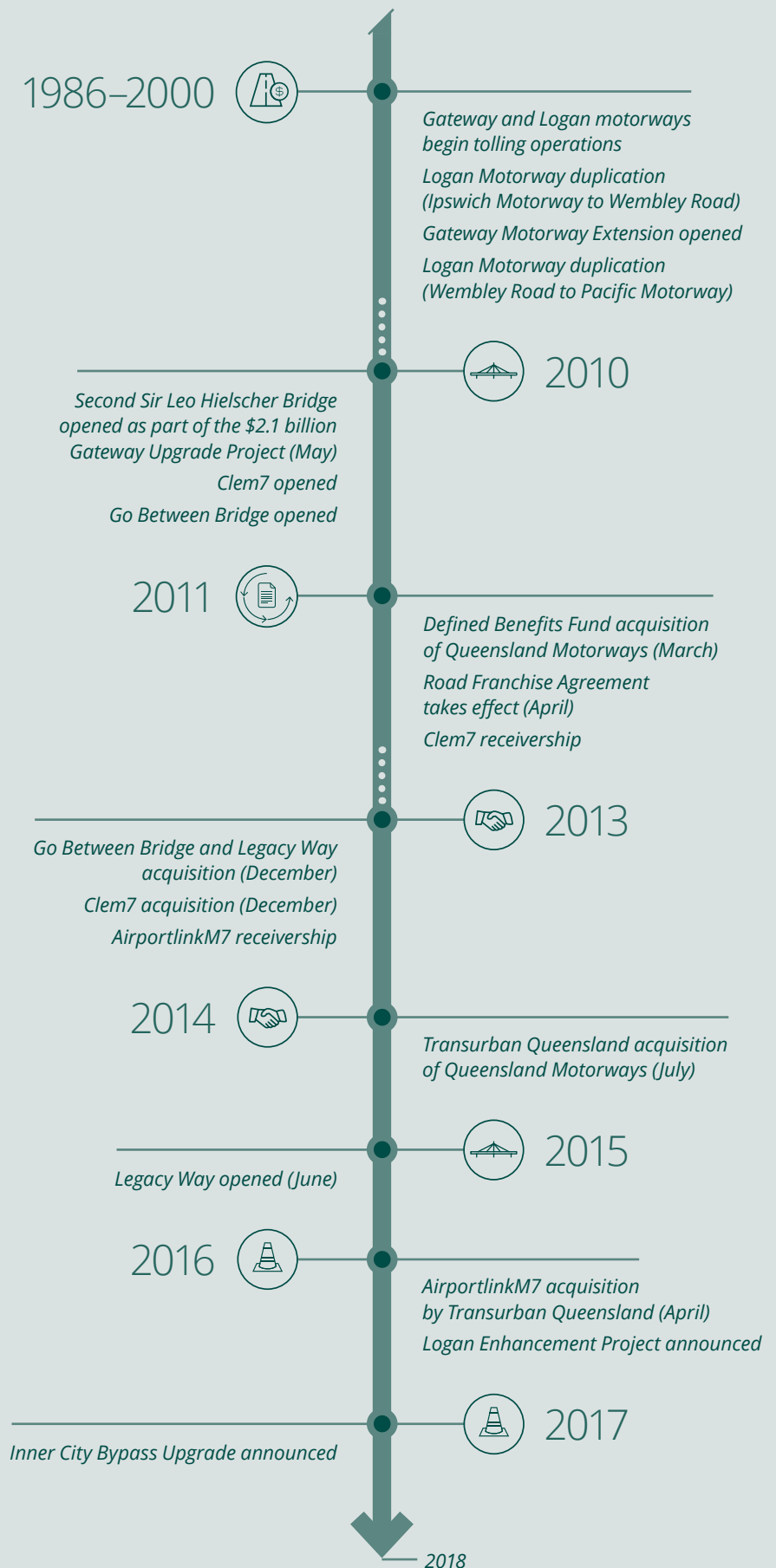
AustralianSuper

- 2.2M members
- 270,000 members in Queensland
- \$130B of members' savings
- >\$13B invested in infrastructure and toll-road assets

Tawreed Investments Limited

- 19% ownership stake in Port of Brisbane and 20% in NSW Ports
- Wholly owned subsidiary of Abu Dhabi Investment Authority
- Focus on globally diversified portfolio of infrastructure assets with strong market-leading positions e.g. toll roads, ports, airports, freight rail and utilities, such as water, gas and electricity distribution and transmission companies

Evolution of Brisbane's toll roads



* As at 31 July 2018
 † As at 24 July 2018

Section 1: Brisbane's toll roads— a multi-partisan achievement



Key takeouts

- Visionary transport planning provided a solid foundation to meet population growth challenges
- Brisbane population forecast to double by 2060
- Maintaining future-focused approach vital to Brisbane's continued prosperity and liveability
- Integrated transport approach critical with toll roads complementing public transport
- Toll roads deliver \$29.2 billion over 10 years in benefits to Brisbane's economy²

Brisbane's liveability is the envy of the world. Competitive wages, affordable housing, great weather, and manageable congestion are all reasons why Brisbane is such a popular place to live. Brisbane's attractive credentials are in part due to the visionary transport master plans.

In 1965 American engineering consulting firm Wilbur Smith produced the Brisbane Transportation Study, which proposed a 'ring-radial' freeway system for Brisbane. Some of those roads, the Logan and Gateway motorways as well as the Riverside Expressway, are now major corridors. In 2004, the Brisbane City Council's TransApex Plan was developed as the next step towards a better-connected Brisbane. It laid out a system of roads which combined to form an inner-city ring road, increasing vital river crossings and creating missing links to allow traffic to bypass the city, including:

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

Since the plan launched, four of the five tunnels and bridges have been built under public-private partnership agreements, with only the East-West Link yet to progress. The other toll roads are the result of successive governments from both major parties delivering on the vision outlined in these types of plans (Figure 1, page 8).

Brisbane now has an orbital toll-road network fit for purpose, with room to grow. As a result, it is less congested than other major Australian cities. In TomTom's Traffic Index, which measures congestion in nearly 400 cities worldwide, Brisbane ranks 96th, while Sydney comes 29th and Melbourne 58th.

"Congestion in the largest capital cities in Australia has been growing with rising population. Toll roads have helped ease this congestion by allowing road infrastructure to be provided earlier than would have been possible under the traditional model of road provision."

**Bureau of Infrastructure,
Transport and Regional Economics, 2017**

² Economic contribution of Australia's toll roads, KPMG 2015

However, with Brisbane's population rapidly growing and set to more than double by 2060³, road and public transport networks are beginning to feel the pinch, particularly in peak periods.

Population growth spans far beyond Brisbane with the greater South-East Queensland area expected to increase from 3.5 million⁴ to 5.3 million by 2041. Ipswich is expected to double, while the Gold Coast, Sunshine Coast and Logan-Baundesert region are forecast to have at least 50 per cent more residents over the next 25 years—and all are within 50 kilometres of Brisbane (Figure 2). For many in those regions, their daily commute will be into the Brisbane City Council (BCC) area. The proportion of people commuting into the BCC area is predicted to rise by more than 10 per cent in the next 25 years.

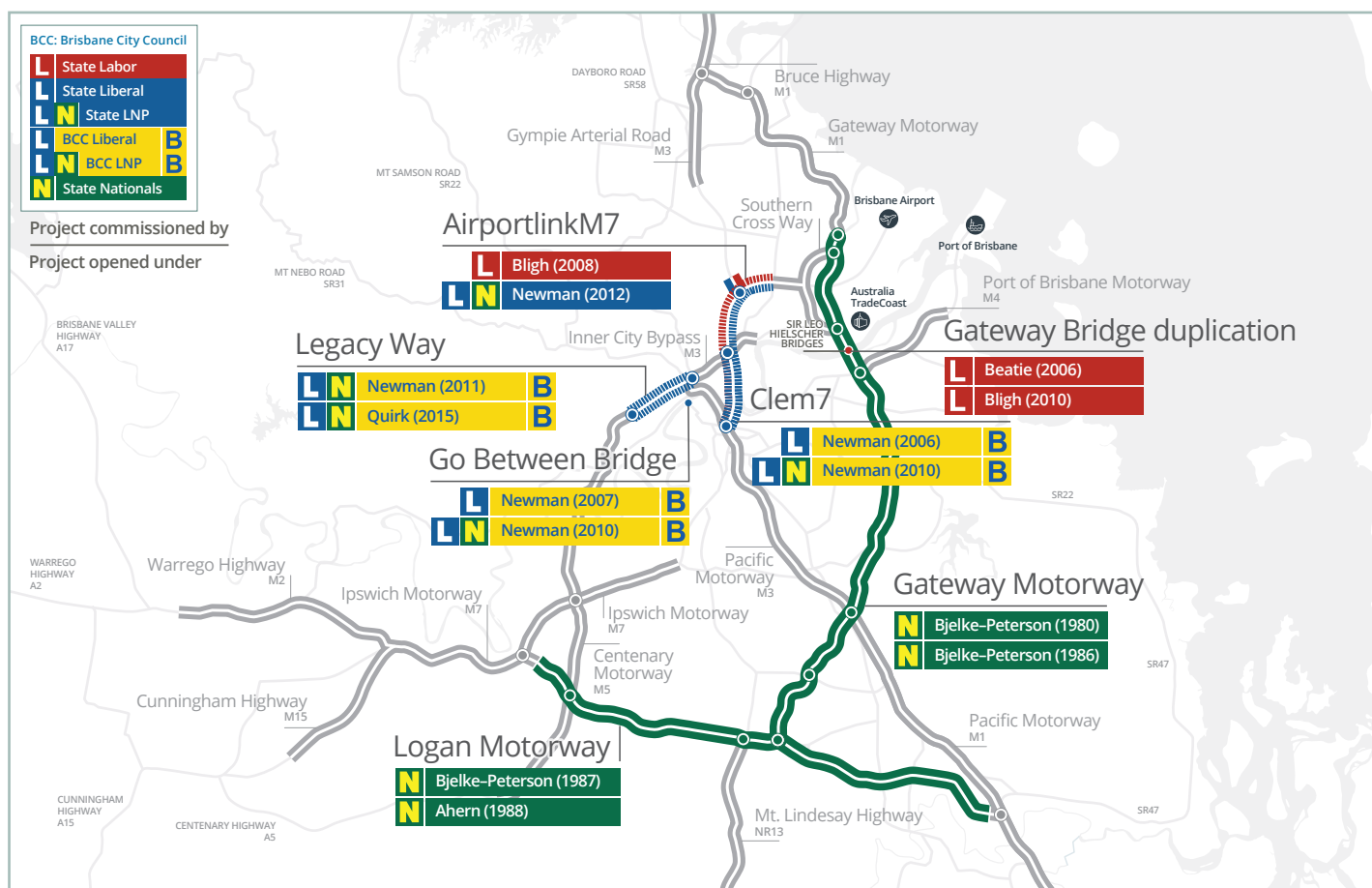
Based on that population growth, Transurban Queensland modelling forecasts that in 20 years, commute times in Brisbane will increase by 40 per cent in peak periods and traffic speeds across the day will reduce by 20 per cent. This means a driver commuting to the CBD during the morning peak from Ipswich can expect to spend an extra 40 minutes behind the wheel compared to today.

While the considered development of Brisbane's infrastructure projects has served the city well, maintaining the visionary approach will be vital to its continued prosperity and liveability and ensuring congestion does not rise to the levels of other cities.

“Clem7, Go Between Bridge, AirportlinkM7 and Legacy Way are four major road projects that have effectively helped ease traffic congestion in Brisbane's inner and middle suburbs, reduced traffic delays and improved travel time reliability by allowing traffic to bypass the CBD to travel across the city.”

Brisbane City Council
Draft Transport Plan for Brisbane—Strategic Directions 2017

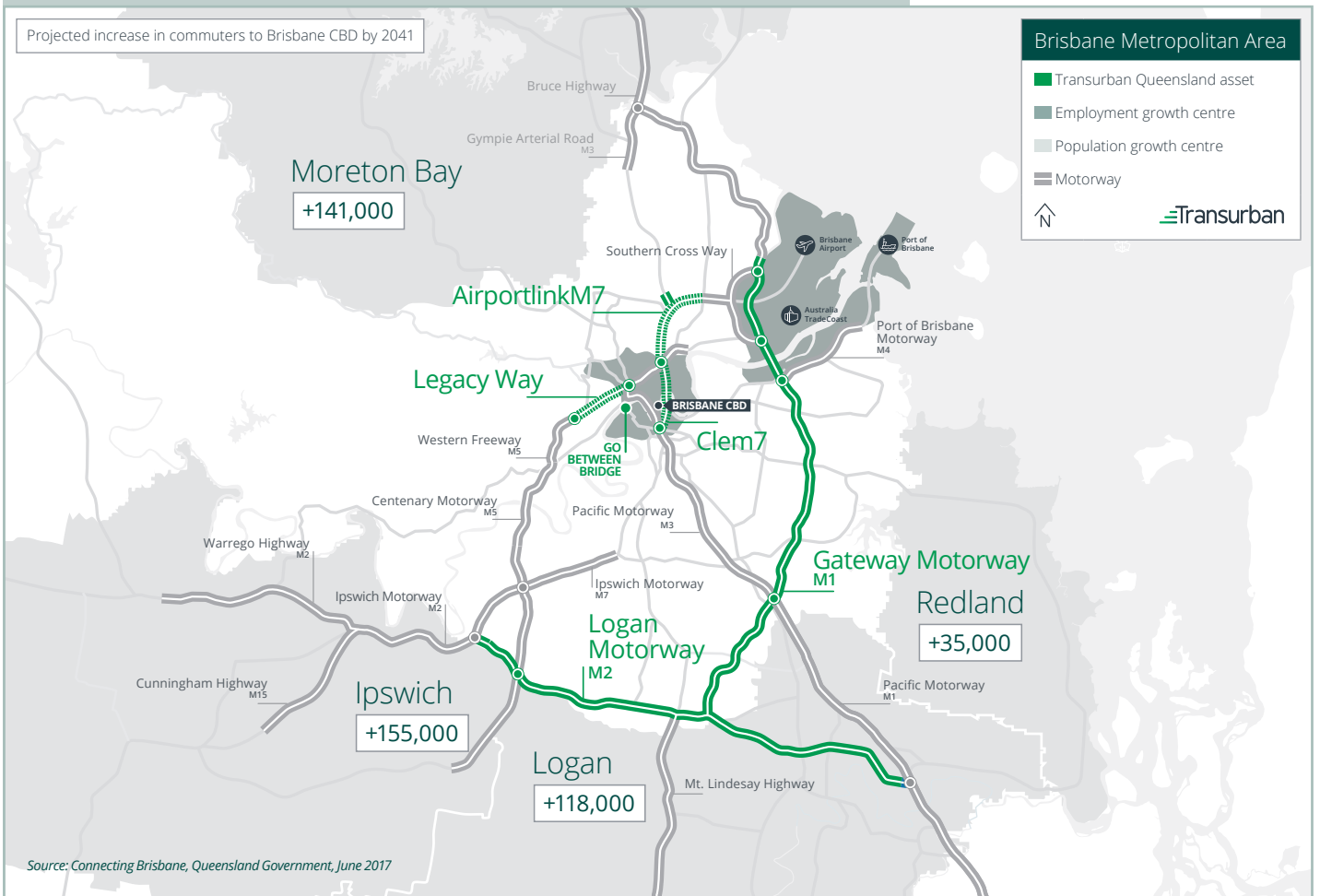
Figure 1: Development of Brisbane's toll roads



3 Australian Bureau of Statistics, Population Projections, Australia 2013

4 Shaping South-East Queensland, August 2017

Figure 2: Brisbane growth and employment areas



Projected population growth for South-East Queensland

	2016	2041
Brisbane	1,184,200	1,571,000
Gold Coast	576,900	928,000
Moreton Bay	438,300	656,000
Logan	313,800	586,000
Sunshine Coast	303,400	495,000
Ipswich	200,100	520,000
Redland	152,000	188,000
All other SEQ areas [†]	293,700	404,000

[†] Includes Toowoomba, Noosa, Scenic Rim, Lockyer Valley and Somerset
Source: Shaping South-East Queensland, August 2017

“As long as we keep up and don't take our eye off the ball we can continue to absorb quite high levels of growth ... but really it's keeping up with the infrastructure that's the key challenge.”

Population demographer
Dr Elin Charles-Edwards
University of Queensland
ABC News, 15 May 2018

Integrated transport approach

To continue to meet Brisbane's growing needs, an integrated approach to transportation will be vital.

The layout of Brisbane's toll roads network is designed to divert traffic around the city and prevent unnecessary trips through the CBD. This allows 176,000 vehicles to bypass the city every work day in free-flowing conditions (Figure 3).

Considered transport planning has led to toll roads and public transport networks that complement each other. By providing a bypass to the city, toll roads are freeing up routes to give public transport better access to the CBD.

However, with the city being a major employment hub, four-in-five vehicles still access the CBD every day leading to congestion hotspots building up.

The Queensland Government and Brisbane City Council are working to improve public transport networks into the CBD through the Cross River Rail and Brisbane Metro projects.

The private sector's investment in toll roads has allowed the government to focus on public transport solutions and direct much-needed funding into this sector (Pages 12 and 13).

Brisbane's toll roads also support public transport with free travel for buses across the network, (Figure 4). AirportlinkM7 alone carries more than 1,985,000 bus passengers every year.

Bike and pedestrian paths on Logan Motorway, Go Between Bridge, and Sir Leo Hielscher Bridges also support active transport options such as cycling and walking with nearly 80,000 cyclists using the bike paths alongside Sir Leo Hielscher Bridges every year.

Figure 3: Toll roads help ease congestion by allowing 176,000 vehicles to bypass the CBD every work day

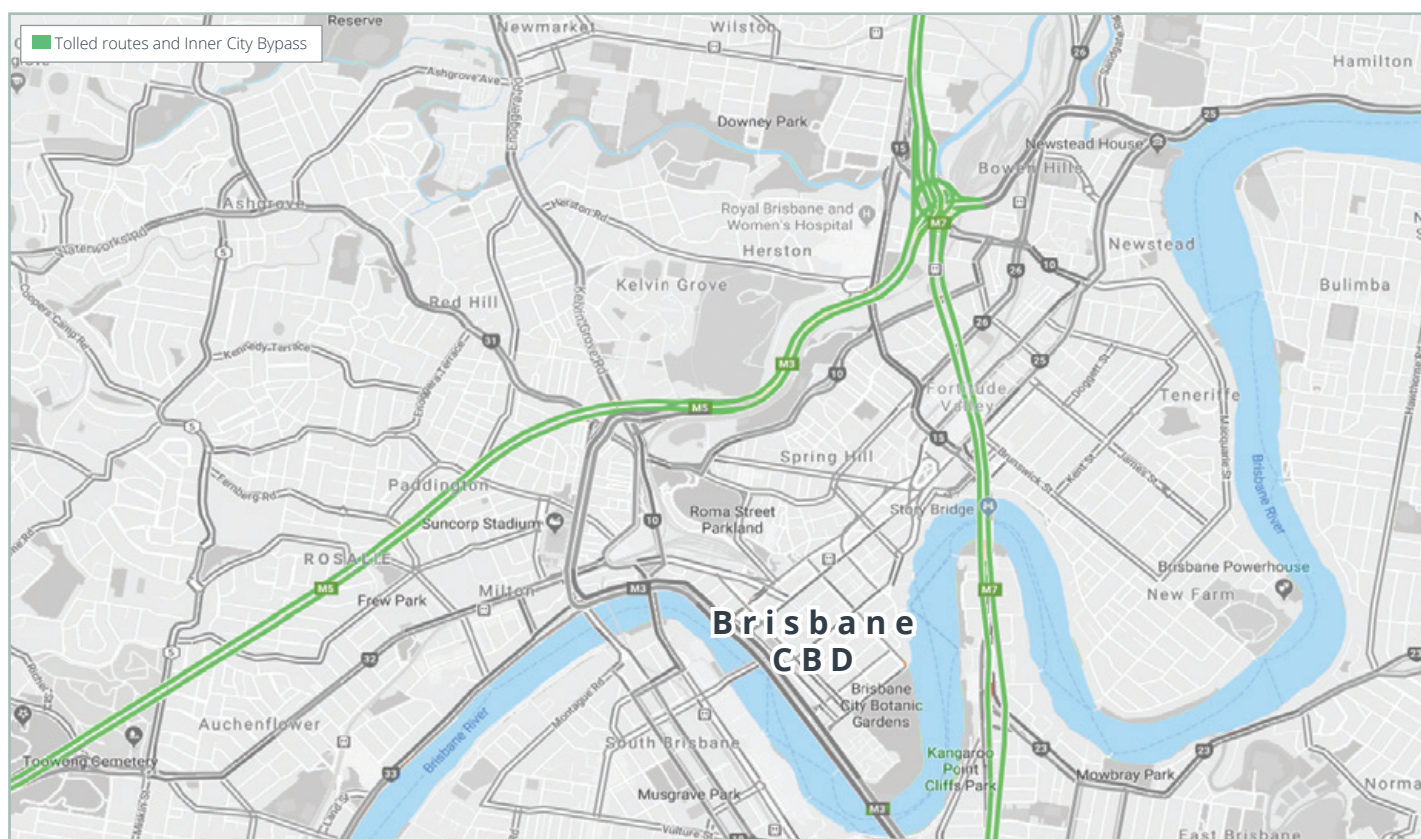


Figure 4: Bus routes with free travel on toll roads

ASSET	ROUTE	PATRONAGE (ANNUAL EST.)
Logan Motorway	P142, P546	215,000
Sir Leo Hielscher Bridges, Gateway Motorway	590, 598/599	1,100,000
Go Between Bridge	425,430, 435, 450, 453, 454	1,490,000
Legacy Way	P443, P426, 431, 446, P455, P456	410,000
AirportlinkM7	330, 310, P341	1,985,000
Clem7	77	170,000

Almost \$30 billion in benefits to local economy

Brisbane's toll roads have been a boon to the state's economy, directly contributing nearly \$30 billion in economic, social and environmental benefits over 10 years.

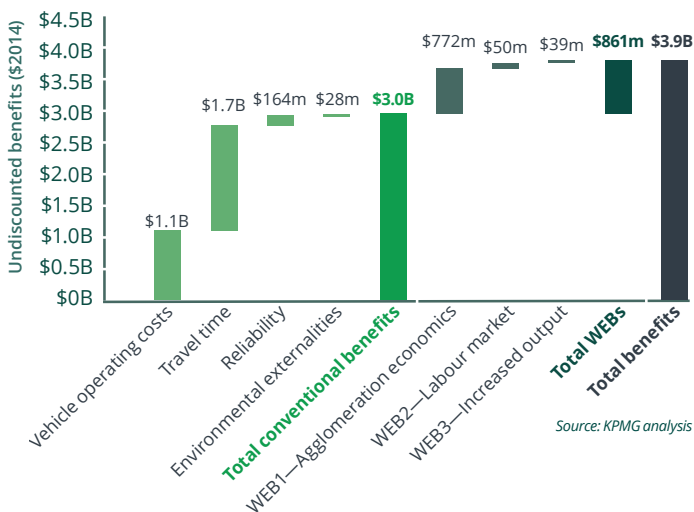
KPMG Australia⁵ has estimated that annually, this comprises almost \$3 billion of road-user benefits, including reduced travel times, reduced vehicle-operating costs and improved travel-time reliability as well as another \$861 million in wider economic benefits.

Almost 45 per cent of the annual benefits of Brisbane's toll roads are productivity benefits, providing a \$19.4 billion boost to the Gross State Product over 10 years.⁵

By enhancing access and transport connections, toll roads have also supported the development of growth corridors and the establishment of new commercial precincts and communities.

The most significant impact has been to the south and east of the Sir Leo Hielscher Bridges where the Business Effective Density—a driver of the impact of accessibility on economic activity—has increased 90 per cent due to the tolled crossing.

Annual benefits of toll roads in Queensland



“The Gateway Motorway, Gateway Extension Motorway and Logan Motorway—connect major employment nodes, and have largely shaped Brisbane over the last 30 years.”

KPMG, 2015⁵

⁵ Economic contribution of Australia's toll roads, KPMG 2015

Queensland's toll roads have directly contributed

\$29.2 billion*

in social, environmental and economic benefits over 10 years



Direct benefit to households/welfare improvement

\$16.5B

Queensland households have directly benefited from personal travel-time savings, reliability gains and vehicle operating cost savings



Direct environmental benefits

\$208M

In reduced environmental emissions



Direct benefit to business/productivity improvement

\$12.6B

Queensland businesses have directly benefited from travel-time savings, reliability gains, vehicle operating cost savings and wider economic benefits

Economy-wide, total impact (direct and flow-on) of direct productivity improvements

3,100 jobs
every year

\$4,098
increase in GSP
per person

\$19.4 billion
increase in GSP

*All \$ values are reported in present value terms using Infrastructure Australia recommended real discount rate of 7 per cent, which equates to a nominal discount rate of 9.7 per cent. Excludes wider economic benefits.

Source: Economic contribution of Australia's toll roads, KPMG 2015

Transurban Queensland's financial contribution to infrastructure projects, road maintenance and customer operations*

\$1 billion

equals

4 years investment in Success Program for state schools

or

17 new six-carriage trains

or

3,000 paramedics and one year of funding for the Queensland Ambulance Service

or

3 years of drought-relief funding for all Queensland farms

* Since July 2014

Value of private-sector involvement in roads

Private-sector investment in toll roads has:

- removed construction and patronage risk from governments and taxpayers—a major issue highlighted by the financial collapse of Clem7 and AirportlinkM7 tunnel projects
- freed up government budgets for spending in other areas including public transport
- given community access to the roads sooner.



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.

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.⁶

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 (Page 13).

⁶ Infrastructure Partnerships Australia, Performance of PPPs and Traditional Procurement in Australia 2007

Lessons learned— Clem7 and AirportlinkM7

The financial failure of projects such as the Clem7 and AirportlinkM7 tunnels hold lessons for investors and governments alike.

In both instances the initial traffic levels substantially underperformed against expectations, resulting in the assets being placed into receivership. Subsequently, Queensland Motorways successfully bid for Clem7 when a competitive sale process was conducted in 2013. Transurban Queensland acquired the concession rights for AirportlinkM7 in a competitive sale process in April 2016.

The use of PPPs to develop these assets protected government and taxpayers from the financial impact and motorists continued to benefit from access to world-class infrastructure.

However, private investors lost equity when the projects failed to meet the overly optimistic patronage forecasts.

Transurban Queensland believes that private-sector operators with long-term investment in the roads have a stronger alignment of interest in ensuring accuracy of traffic forecasts over the life of concession as they have a vested interest in an asset's ongoing success and value for customers, clients and investors.

A misalignment of interest between potential fees that financial sponsors and contractors stood to gain upfront from winning a project is one factor that is believed to have contributed to the original aggressive traffic forecasts for these projects.

Figures 5 and 6 demonstrate the traffic forecasts that Transurban Queensland developed prior to buying these assets compared with the original owners' forecasts.

Traffic on those assets is now growing in line with our expectations, meaning these assets will serve Queenslanders long into the future.

Similarly our concession agreements in Queensland span the next five decades, and we plan on serving Queenslanders over the long term, making decisions that reflect today's needs and beyond.

Figure 5: Clem7 toll road forecasts—actuals

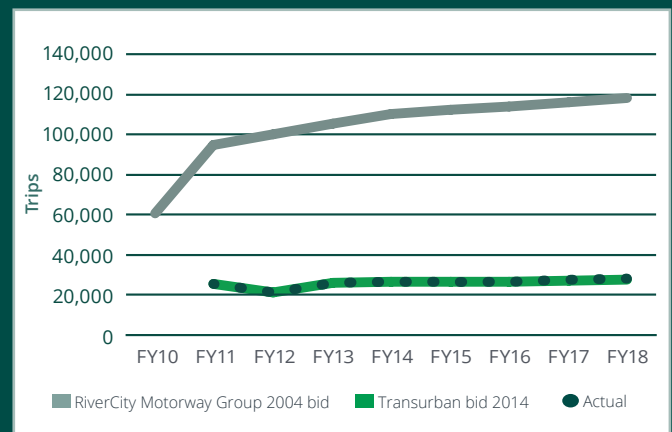
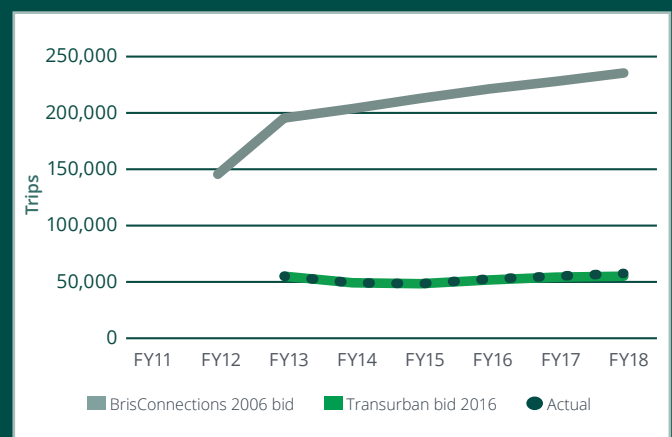


Figure 6: AirportlinkM7 toll road forecasts—actuals



As a publicly listed company with investors ranging from some of Australia's largest super funds to individual "mum and dad" retail investors, Transurban is focused on making business decisions that lead to growing returns for our security holders and the long-term sustainability of our business.

Traffic comparison—forecast vs actual

ASSET	OPENING DAILY TRAFFIC VOLUME (ORIGINAL OWNER FORECAST)	OPENING TRAFFIC VOLUME (DAILY ACTUAL—FIRST MONTH AFTER TOLL-FREE PERIOD)
Clem7	60,000	22,100
AirportlinkM7	145,000	52,200

Section 2: Toll-road use in Brisbane



Key takeouts

- Approximately 70,000 hours in travel-time savings for motorists every work day
- Approximately 470,000 trips taken on Brisbane's toll roads every work day
- Traffic on toll roads has grown five times faster than non-tolled roads over the past 10 years
- Benefits to freight operators estimated at \$6.1 billion over 10 years
- The rate of crashes on Brisbane's toll roads is 53 per cent lower than on similar roads

Brisbane's toll road projects have addressed genuine accessibility needs, reduced travel times, improved travel-time reliability and created a smoother flow of traffic across the entire road network.

Each work day, motorists in Brisbane collectively save around 70,000 hours in travel time (Figure 8) by choosing to use the toll roads over alternate routes, which means more time doing what they want or need to do, rather than sitting in traffic.

And more people are choosing to take toll roads than ever before as they realise the value and reliability of travel-time savings.

Every work day almost 470,000 trips are taken on Brisbane's toll roads. Traffic volumes on Brisbane's toll roads have increased by 50 per cent over the past seven years, which is an average of 6 per cent annual growth (Figure 7).

This means that since 2011, more than 135,000 extra trips per day are taken on toll roads over local roads.

KPMG⁷ has estimated the benefits to non-commercial motorists using Brisbane's toll roads at \$16.5 billion over 10 years. This includes \$10 billion in travel-time savings, \$5.5 billion in vehicle-operating costs and \$900 million in travel-time reliability benefits.

Reduced travel times also benefit bus passengers.

For example, after a successful trial, five morning-peak bus services have now been redirected through the Legacy Way tunnel. Travel times on the P443 Moggill to city bus service via Legacy Way have reduced by up to 13 minutes. Patronage has increased by 40 per cent as a result.

7 Economic contribution of Australia's toll roads, KPMG 2015

Figure 7: Brisbane toll-road traffic by asset

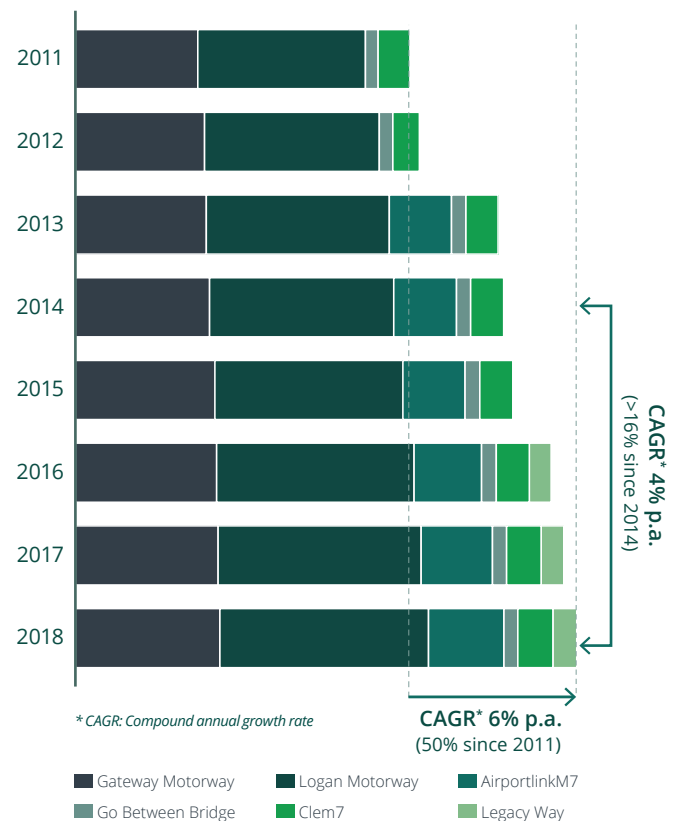


Figure 8: Approximately 70,000 hours saved on work days by Queensland toll road users in FY18





Case study

Working parents from Eight Mile Plains are running late to pick up their children and take the Gateway Motorway to avoid the child care centre's \$1 per minute late fee.

Estimated time saving

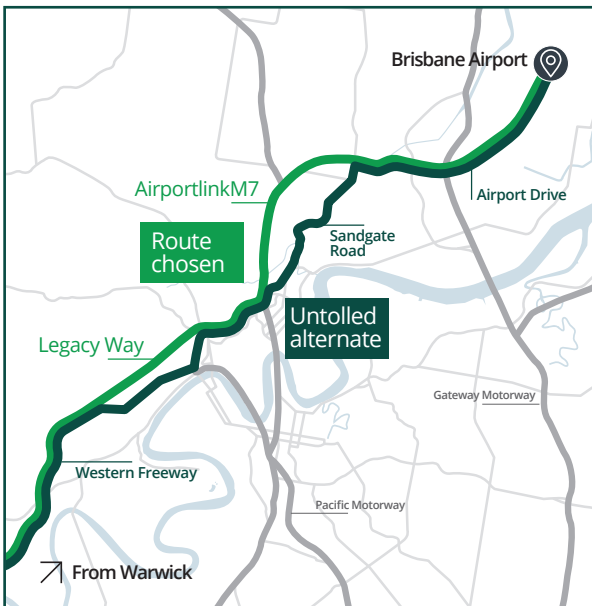
up to
30
min

Toll

\$4.55

Personal cost saving

\$30.00



Case study

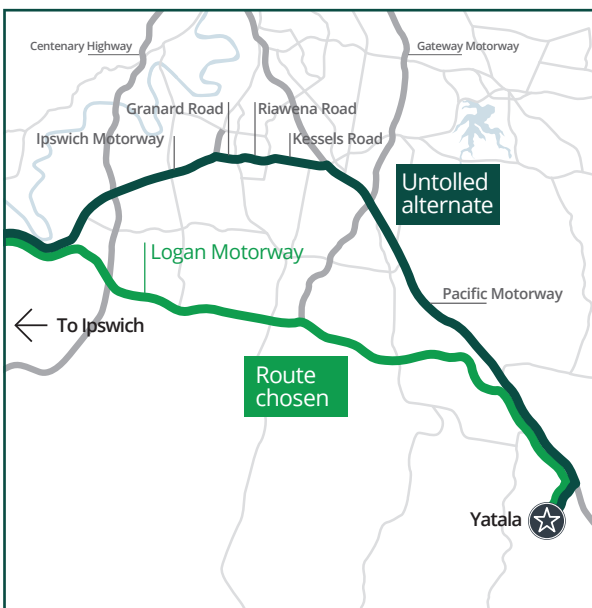
A farmer from Warwick is picking up visitors from Brisbane Airport and takes Legacy Way and AirportlinkM7 to avoid the city.

Estimated time saving

up to
70
min

Toll

\$10.57



Case study

A truck driver is transporting a load from Yatala to Ipswich during the evening peak hour and takes the Logan Motorway.

Estimated time saving

up to
50
min

Toll

\$12.08

Operational cost saving

\$58.40

Toll road growth five times higher than broader road network

Traffic volumes on toll roads have increased well in excess of Brisbane's population growth and exceeded growth on local roads.

Traffic data over the past decade (2007 to 2017) shows traffic throughout Brisbane has grown by 21 per cent.

In contrast, traffic on toll roads has grown by 106 per cent, a rate five times general traffic growth.

A number of toll roads have opened during this time which has contributed to the more than doubling of tolled traffic and shows also that drivers are realising the value of using these roads.

In the past three years, traffic growth on toll roads has averaged 4.6 per cent, which is well in excess of Brisbane's population growth of 2.1 per cent in that time.

2007-2017	COMPOUND ANNUAL GROWTH RATE	TOTAL GROWTH
General Brisbane roads	1.9%	21%
Toll roads	7.5%	106%

Vital river crossings

One-in-four vehicles uses a toll road to cross the Brisbane River, easing traffic on alternative river crossings.

Traffic growth on the tolled river crossings—Sir Leo Hielscher Bridges on the Gateway Motorway, the Go Between Bridge and Clem7—has been 60 per cent higher than other routes, including the Pacific Motorway (Captain Cook Bridge), Story, Victoria, William Jolly, Walter Taylor and Centenary bridges, the Moggill Ferry and Mt Crosby Road.

The tolled crossings carry 44 per cent of all trucks crossing the river and 76 per cent of all larger trucks including articulated trucks/semi-trailers and all B-Doubles.

AirportlinkM7 corridor

AirportlinkM7 carries one third of all traffic in the Sandgate Road/Lutwyche Road corridor. This enables those two arterial roads to better serve their community needs with easier property access, better on-road bus facilities and more amenable local shopping and commercial centres/community hubs.

Legacy Way corridor

Legacy Way, which opened in 2015, has removed one in every seven vehicles from the Coronation Drive/Milton Road corridors, allowing these corridors to serve the recent major residential developments in Toowong, Indooroopilly and Milton. Without Legacy Way, the extra traffic from those developments would have crippled traffic around the Toowong Tower and the Toowong roundabout at Mt Coot-tha.

Travel times on Milton Road now average seven minutes faster in the morning peak than in 2014 meaning Brisbane residents can get to work faster, spending less time in traffic and saving 31 hours a year in commuting time. For users of Legacy Way, travel times are an additional eight minutes faster in the morning peak and over 12 minutes faster in the afternoon peak. Drivers can now save more than 80 hours per year in commuting time, the equivalent of two working weeks.

AVERAGE WORK DAY	2015 PRE LEGACY WAY	2015 POST LEGACY WAY
Total traffic	138,600	148,600
Milton Road	57,400	50,500
Legacy Way	-	19,100
Coronation Drive	81,100	79,000
TQ traffic share	-	13%



Benefits for the freight operators

For freight operators, toll road routes mean quicker and more direct and reliable travel. This, in turn, means lower costs in fuel, wages and vehicle wear and tear.

On average, 95,000 commercial vehicles—including 44,000 trucks—use Brisbane’s toll roads every day.

This is a 60 per cent increase since 2011, or an average of 7 per cent per annum (Figure 10).

Truck volumes have increased 40 per cent, averaging 5 per cent per annum.

KPMG⁸ has estimated the benefits of roads such as the Gateway and Logan motorways to business and freight users at \$6.1 billion over 10 years. This includes \$3.2 billion in vehicle-operating costs, \$2.6 billion in travel-time savings and \$300 million in travel-time reliability benefit.

The Transport and Infrastructure Council publishes values of time and operational cost savings for freight. This indicates that one hour saved in urban traffic is worth \$50.79 for a heavy rigid truck, \$71.38 for an articulated truck and \$95.83 for a B-Double (Figure 9).

The Queensland Government has identified both the Logan and Gateway motorways as fundamental to the State’s transport network, forming part of the priority east-west freight route.

The Gateway Motorway is the major north-south route to the east of the Brisbane CBD, forming part of the National Land Transport Network and is the main east coast route connecting Sydney to Cairns. It also services the Brisbane Airport, Port of Brisbane and the Australia TradeCoast precinct.

The 30 kilometre Logan Motorway connects Ipswich in the west, the Gold Coast in the south, and the Port of Brisbane in the north, while also providing access to Logan City.

“Road users have benefitted from toll roads in the form of reduced travel time and vehicle-operating costs, and improved safety. Studies by consultants have found that toll roads have made a net positive contribution to the economic wellbeing of the country.”

Bureau of Infrastructure,
Transport and Regional Economics, 2017

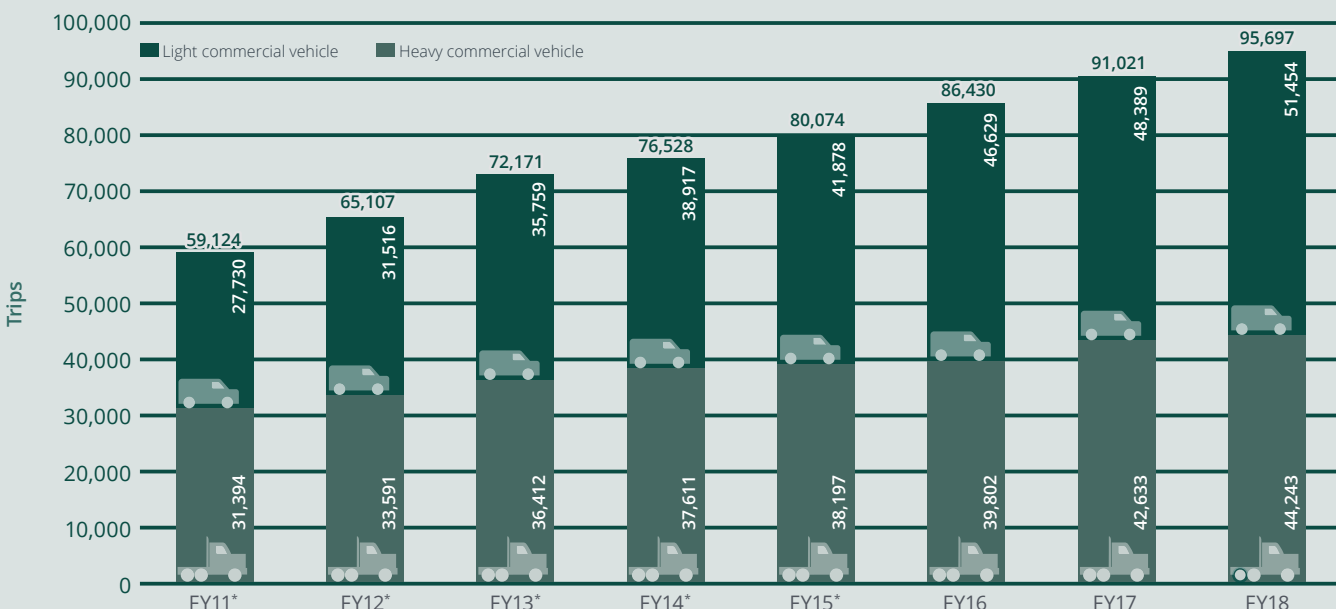
Figure 9: Value of travel time on urban roads for Queensland freight operators*

TOTAL HOURLY OPERATION COST		
Cars	Commercial	\$20.79
Rigid trucks	All types	\$50.79
Articulated trucks	All types	\$71.38
Combination vehicles	B-Double	\$95.83

* Cost-benefit Analysis Manual, Department of Transport and Main Roads, 2011 and Transurban analysis

8 Economic contribution of Australia’s toll roads, KPMG 2015

Figure 10: Average daily commercial traffic on Queensland toll roads



* Does not include Legacy Way, which opened in 2016

Targeted upgrade projects to cater for growth

While Brisbane's toll roads have capacity to cater for South-East Queensland's growing population, a significant increase in traffic volumes has seen the need for expansion projects to relieve congestion hot spots and cater for further growth.



Transurban Queensland is working in partnership with governments, Brisbane City Council (BCC) and other local councils to deliver a number of critical infrastructure projects, including the Gateway Upgrade North, Inner City Bypass Upgrade and Logan Enhancement projects.

The Gateway Upgrade North project (pictured above) provides significant upgrades to the Gateway Motorway between Nudgee and Bracken Ridge, which carries more than 83,000 vehicles each work day.

TQ has been engaged by the Department of Transport and Main Roads to assist with the delivery of the \$1.143 billion project.

Construction is also under way on TQ's \$512 million Logan Enhancement Project to ease congestion hot spots and enhance connectivity with other major roads.

Proposed by TQ, the project is the first Market-Led Proposal to be approved in Queensland and will create significant value for residents and businesses.

TQ is also delivering the Inner City Bypass (ICB) Upgrade, a BCC initiative to cater for traffic growth and improve connectivity to the wider road network.

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.

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.

"The Logan Enhancement Project will significantly relieve congestion and make it easier for heavy vehicles to enter and exit the Logan Motorway, which will benefit the nearby industrial and distribution centres."

Queensland Trucking Association CEO
Gary Mahon

Logan Enhancement Project

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.

Congestion is estimated to be costing approximately \$435 million in lost productivity for freight and business users, with high population growth forecast exacerbating those challenges. The number of crashes resulting in casualties within the upgrade area was also significantly higher, with congestion often the cause.

The \$512 million project will widen 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.

Construction started in June 2017 and is expected to take approximately two years.

The project will support 1,300 direct jobs during construction and is forecast to generate approximately \$1 billion in economic benefits for Queenslanders over 30 years. Other project benefits include:

- up to 90 per cent reduction in travel times⁹
- more reliability in travel times
- more than 50 per cent reduction in accidents due to reduced merging/weaving and stop-starting
- reduced vehicle operating cost with less stop-start driving reducing fuel consumption and improving fleet productivity
- enhanced connectivity with new optional south-facing ramps connecting more motorists to the road network, and reducing rat-running on Compton and Beaudesert roads.

The project will unlock the economic potential of the Logan region as well as the business/freight hubs in Brisbane's west and north by providing a safer and more efficient motorway network.



Project benefits



up to
90%
reduction in
travel times⁹



>50%
reduction in
accidents



1,300
direct jobs during
construction



\$1B
in economic benefits
over 30 years

“With the Logan Enhancement Project in place, travel-time savings and improved reliability will mean less time in the car and more time spent together as a family.”

Greenbank resident and Linkt customer

⁹ From Wembley Road to the Logan Motorway (eastbound PM peak)

Safety benefits

Research has shown that the rate of crashes on Brisbane's toll roads is 53 per cent lower than on similar roads.

The research conducted by Monash University Accident Research Centre in Victoria, analysed crashes on Transurban's Australian roads and compared performance to similar roads.

Transurban Queensland monitors toll roads 24/7 and has a fleet of incident response vehicles so if a vehicle breaks down or is in an accident, a response vehicle will be sent to attend immediately.

Over the past year, TQ's incident response crews have attended to 9,593 incidents on the open roads and 2,396 incidents in the tunnels. The average response time for incidents in the tunnels was five minutes.

We know one incident can cause heavy congestion across our roads. Our safe clearance model is focused on the rapid arrival of response personnel and clearance of incidents to reopen all traffic lanes quickly.

We have a comprehensive maintenance program to ensure the roads, tunnels and surrounds are in excellent condition. This includes road surfaces, noise walls, fences, guardrails, lighting and signage.

"A big shoutout to the incident response team—I was impressed at the professional manner, service and safety they provided during the recovery of my vehicle. I really appreciated it."

Transurban Queensland customer, June 2018

"The incident response team were friendly and helpful in what was a stressful situation for us and they also took the extra step of offering us additional water for our family and even our dog which was greatly appreciated given the temperatures yesterday."

Transurban Queensland customer, February 2018



Incident response June 2017 to June 2018



2,396
tunnel
incidents



5 min
response time
in tunnels*



9,593
open roads
incidents



10 min
response time
for open roads*

*On average

Community benefits

TQ supports Brisbane communities through a range of programs and initiatives. Over the past three years alone, TQ's Corporate Charity Day has raised more than \$450,000 to support Ronald McDonald House South-East Queensland in providing a home away from home for families with a seriously ill child seeking hospital treatment. This year will be the sixth consecutive year we have run the event.

TQ also has a Community Grants Program to assist communities that neighbour our roads. We have awarded more than 50 grants to community organisations that generate social or environmental benefits.

Run twice yearly, the grants program offers community groups and not-for-profit organisations the opportunity to apply for grants of up to \$5,000 to support initiatives such as school projects, youth education, road safety and environmental programs.

Community Legacy

As part of the Logan Enhancement Project, TQ has committed \$2 million to fund a community legacy initiative.

One option under consideration is a community centre as a meeting space for local residents with a flexible floorplan to cater for small groups as well as large functions of up to 125 people.

TQ is working with the Queensland Government and Brisbane City Council to progress the delivery of an initiative.

TQ has committed to a community legacy project as part of our Logan Enhancement Project



“Ronald McDonald House South-East Queensland is incredibly privileged to partner with Transurban Queensland who do a wonderful job of raising funds and awareness for our charity as well as participating in our corporate volunteering program.”

Preshni Pillay
Ronald McDonald House SEQ

“The team at Transurban have done a wonderful job in progressing this development through the planning and community consultation.”

Member for Algester
Hon Leeanne Enoch

Section 3: Toll prices in Queensland



Key takeouts

- Queensland toll prices per kilometre among the lowest in Australia
- More than 85 per cent of consumer account holders pay less than \$40 a month¹⁰
- Government sets toll prices and regulates toll increases
- TQ conducted a campaign to encourage toll road use and enhance customer value and experience
- Results showed no lasting impact on driver behaviour, were unfair to existing loyal customers and were not commercially viable

On a cost-per-kilometre basis, Queensland toll prices are among the lowest in Australia and Transurban Queensland's customers are spending less on tolls per month than motorists in any other Australian city.

Seventy-five per cent of our consumer account holders pay less than \$20 per month on tolls. More than 85 per cent pay less than \$40 a month, that equates to less than \$10 a week.¹⁰

In the Brisbane metropolitan area, toll roads account for around 10 per cent of motorways and less than one per cent of all roads. The Gateway and Logan motorways comprise two of the four longest toll roads in Australia, while Clem7, AirportlinkM7 and Legacy Way are the three longest tolled tunnels.

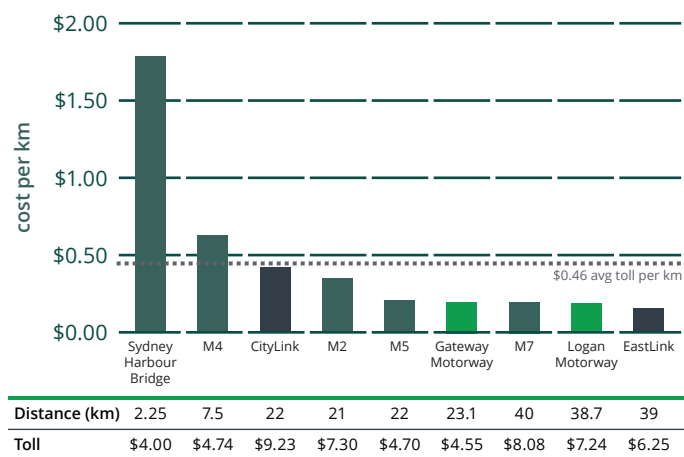
Travelling on the Gateway Motorway costs 20 cents per kilometre, which is below the national average of 46 cents (Figure 11). While at 19 cents per kilometre, travel on the Logan Motorway is among

the cheapest in Australia. These prices are a fraction of the cost of travelling on Australia's most expensive toll road, the Sydney Harbour Bridge (\$1.78/km).

A cost analysis of Australia's tolled tunnels tells a similar story, with Brisbane's Clem7, Legacy Way and AirportlinkM7 offering some of the cheapest prices per kilometre (Figure 12). Tunnels are more expensive to build and operate than open roads and this is reflected in the average toll per kilometre cost of \$1.29 in Australia.

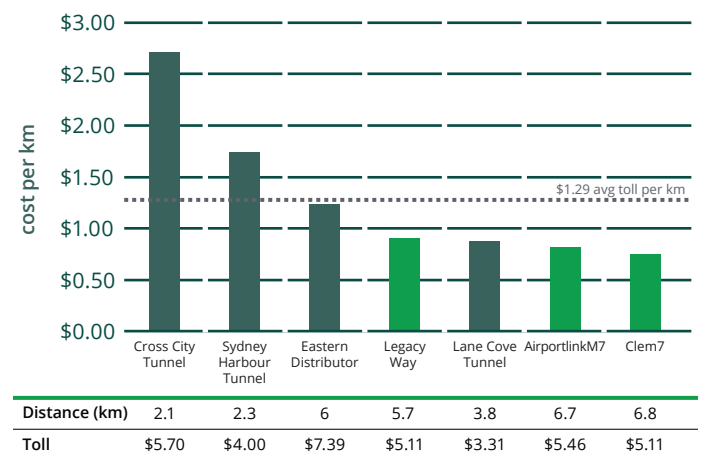
Clem7 offers the best value in Australia at 75 cents per kilometre followed by AirportlinkM7 (81 cents/km), Sydney's Lane Cove Tunnel (87 cents/km) and Legacy Way (90 cents/km).

Figure 11: Comparative price of tolled open roads



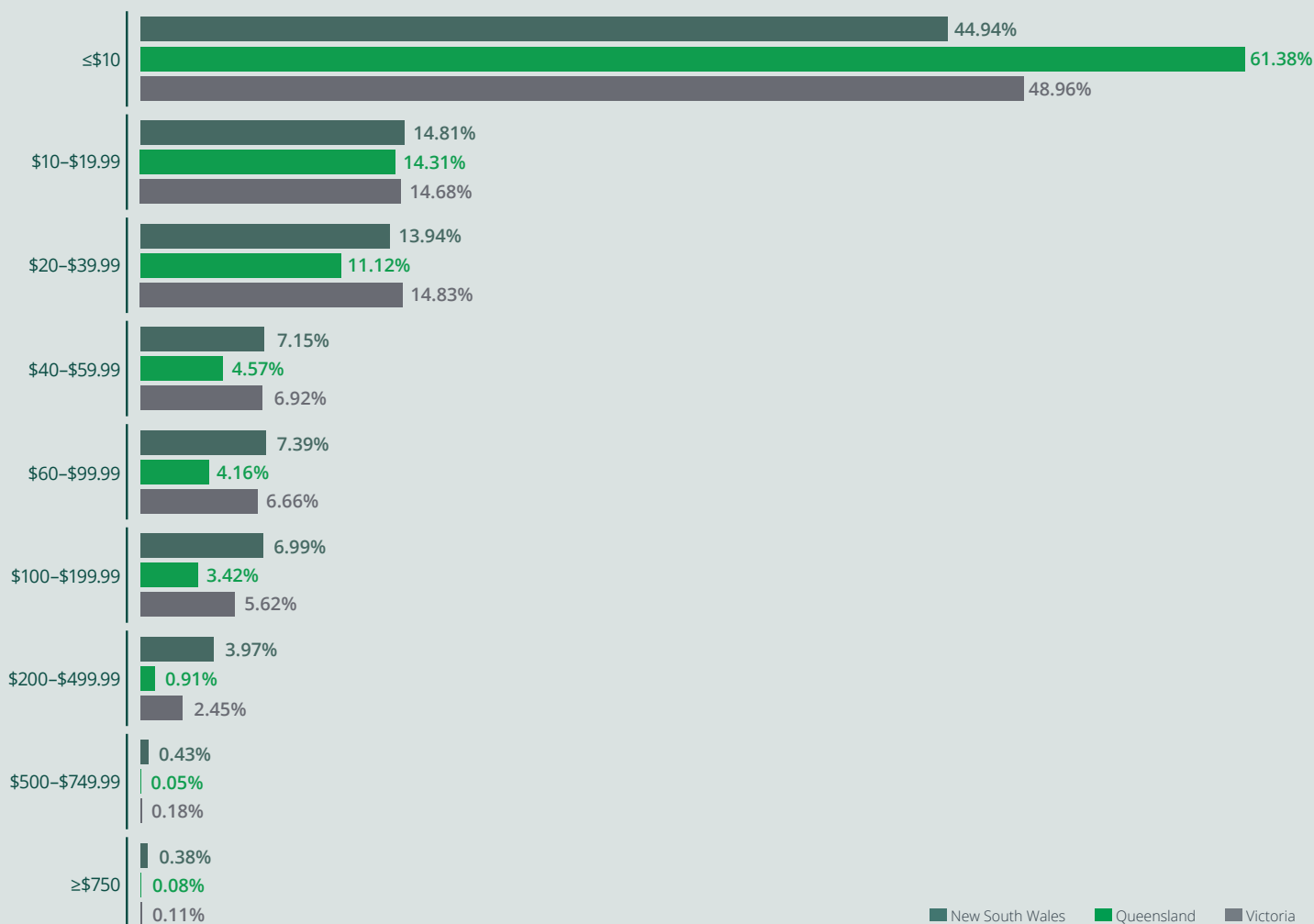
All tolls shown on charts above are GST inclusive. Gateway includes toll points on the Sir Leo Hielscher Bridges and Kuraby. Go Between Bridge excluded from chart due to low traffic volumes. The toll on the Go Between Bridge is \$3.13 and its distance is 300 metres.

Figure 12: Comparative price of tolled tunnels



¹⁰ Includes some small/medium enterprise commercial usage

Average monthly tolling costs—consumer account customers, including commercial



% of Transurban consumer accounts, includes some small/medium enterprise commercial usage

Toll prices by toll point from 1 July 2018*

TOLL POINT	ASSET	CLASS 1 MOTORCYCLE	CLASS 2 CAR	CLASS 3 LIGHT COMMERCIAL	CLASS 4 HEAVY COMMERCIAL
Murarrie	Gateway Motorway	\$2.28	\$4.55	\$6.83	\$12.05
Kuraby	Logan Motorway	\$1.35	\$2.68	\$4.03	\$7.11
Loganlea	Logan Motorway	\$0.86	\$1.72	\$2.59	\$4.57
Heathwood/Paradise Road	Logan Motorway	\$1.42	\$2.84	\$4.25	\$7.51
Clem7	Clem7	\$2.56	\$5.11	\$7.67	\$13.54
Go Between Bridge	Go Between Bridge	\$1.59	\$3.19	\$4.78	\$8.45
Legacy Way	Legacy Way	\$2.56	\$5.11	\$7.67	\$13.55
Bowen Hills to Kedron/ Toombul†	AirportlinkM7	\$2.73	\$5.46	\$8.19	\$14.47
Kedron to Toombul†	AirportlinkM7	\$2.05	\$4.09	\$6.14	\$10.85

*Tolls, fees and charges are inclusive of GST
† AirportlinkM7 toll prices increase 1 January 2019

Delivering value for Queenslanders

Customer services



\$70M
investment
since 2014



Enhanced
website with
web chat



New apps
including
GPS-enabled
tolling app



Keeping traffic moving



36
traffic control
room operators



1,693
security
cameras in
tunnels



240
security
cameras on
open roads

Road maintenance and repair



\$150M*
on maintaining
pavement



1,500+
maintenance
tasks each
month



\$100M*
maintaining
structures and
equipment



~110k
components
maintained
per annum

* Investment since 2015



Incident response services*



200
tunnel incident
responses a
month



5 min
response time
in tunnels



800
open road
incident
responses a
month



10 min
response time
for open roads

* Average number of times motorists assisted/incident cleared and response times



Investor returns



~1 in 5

Australian workers have an
investment in Transurban through
their superannuation fund

How toll prices are set

Governments set toll prices and the regulatory regime through the concession agreements with the toll road operator. These are generally determined before construction commences (some years before a road opens) or before the road is acquired.

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.

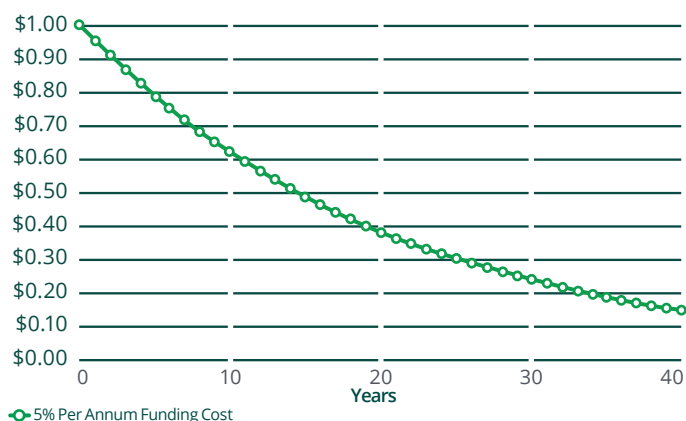
There are four main financial levers for government:

- 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 (Figure 13).

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.

Figure 13: Current worth of one dollar received over a 40-year concession period



Annual toll and fee increases

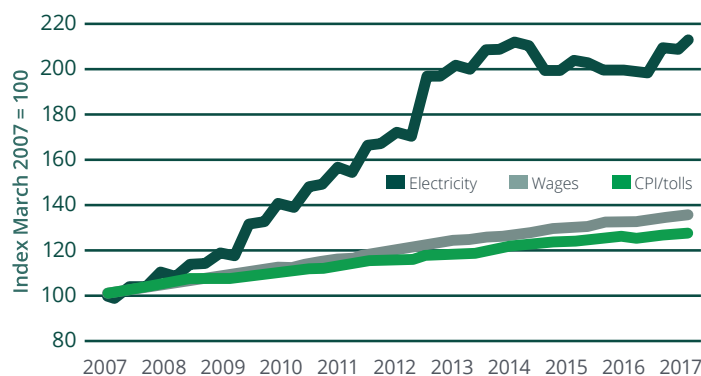
In Queensland, toll and fee prices increase annually in line with the Brisbane Consumer Price Index (CPI) to keep pace with general cost increases. The CPI increase was 1.7 per cent on 31 March 2018, and wage growth was up to two per cent.

A tolling escalation schedule imposed by the government underpins confidence in the sustainability of a project and regulates toll prices so they cannot escalate outside of the framework.

Toll roads are often considered as having characteristics similar to a residential utility for the purpose of comparing customer-service standards, price and regulatory structures. Comparing price increases across different utility sectors shows the value in regulating increases in toll prices in the concession arrangements road operators hold with government.

Australian residential electricity prices have increased between 80 and 90 per cent (in real terms) in the last 10 years. This large price increase has not been matched by increases in prices in other areas of the economy, nor in wage growth.¹¹ Figure 14 indicates that between 2007 and 2017, electricity prices had a compound annual growth rate of eight per cent, which was more than twice that for wages (3.1 per cent) and Australian CPI (2.4 per cent). Similarly, market commentators have warned that volatility in Australia's gas supply may cause prices for residential customers in Brisbane to increase by more than 50 per cent by 2020.¹²

Figure 14: Electricity price growth compared to wages and CPI/Queensland tolls



Source: ABS, Consumer Price Index 6401.0 and ABS, Wages Price Index 6345.0, Australia

11 ACCC Retail Electricity Pricing Inquiry, Preliminary Report, September 2017

12 National Australia Bank, Gas and LNG Market Outlook: January 2017

Targeted customer pilot campaign

In 2016/17, Transurban Queensland explored a number of potential initiatives to reward and incentivise our customers.

In coordination with the Department of Transport and Main Roads, we undertook a pilot campaign of agreed incentives for a select group of toll-road users 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.

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.

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.

Based on the results of the pilot campaign, we 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.

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.

“Moving to a capped network-wide tolling arrangement would require a lengthy and complex renegotiation of all concession agreements, with the Government assuming the risks involved and taxpayers bearing increased costs.”

NSW Government, 2017

Tolling discount/subsidies

The NSW Government has implemented two subsidy programs to help address cost of living issues in Sydney. The Carr Labor Government introduced the M4/M5 Cashback scheme in 1997. More recently, the Berejiklian Liberal Government introduced the Toll Relief scheme on 1 July 2018.

While the incentives piloted have been embraced by Sydney motorists, they have created significant cost implications for the NSW Government. The latest cost estimates put running both programs at around \$200 million annually.

Last year following a NSW parliamentary inquiry into road tolling, one of the recommendations asked the NSW Government to investigate the costs and benefits of implementing a capped tolls scheme. In response, the government stated that “moving to a capped network-wide tolling arrangement would require a lengthy and complex renegotiation of all concession agreements, with the Government assuming the risks involved and taxpayers bearing increased costs.”

While we note the importance of finding solutions that support policy objectives in the short-term, as a long-term operator of road infrastructure, we urge the government to also take a longer view of the operation and funding of transport infrastructure (see reform of road funding, Page 28).

The NSW Government has implemented two schemes that subsidise toll road use

NSW Government Toll Relief

In November 2017, NSW Premier Gladys Berejiklian announced a Toll Relief initiative. Toll Relief provides free vehicle registration for toll road users who spend \$25 per week or more in tolls, or \$1,300 over the year. Toll Relief provides savings of up to \$715 for drivers with a four-wheel drive or \$127 for motorcycle drivers.

Ms Berejiklian has been quoted as saying the registration rebate is a behaviour shifter that could bring people back on to the roads.¹³

The program started on 1 July 2018 and had a number of eligibility requirements (e.g. private vehicles only).

While the NSW Government has budgeted \$33 million for the scheme in its first year, Ms Berejiklian estimated that could rise to up to \$100 million, and grow further in the future.¹³

¹³ Sydney Morning Herald, 20 November 2017



NSW Government M4/M5 Cashback scheme

In 1997, the Carr Labor Government introduced the M4/M5 Cashback scheme. The scheme allows NSW residents to claim back the value of tolls (excluding GST) paid while using a vehicle registered in NSW for private, pensioner or charitable use on the M5 South Western Motorway—refunds for the M4 have now expired.¹⁴

In 2016, it was reported that the lifetime cost of the scheme was going to hit \$1.6 billion, with annual costs set to amount to more than \$100 million a year.^{15 16}

¹⁴ Federal Register of Legislation

¹⁵ Sydney Morning Herald, December 2016

¹⁶ Transport for New South Wales, Roads and Maritime Services, Annual Report 2017–17, Volume 1



Funding reform inevitable for broader road network

The need for fundamental reform of Australia's road-funding system has been apparent for some time as its major revenue source, fuel excise, steadily dries up.



Fuel-efficient cars and the increasing take-up of electric vehicles are exposing the current road funding system as unsustainable, opaque and unfair.

Industry and government bodies including the Productivity Commission, Infrastructure Partnerships Australia and the Australian Automobile Association have been advocating for more than a decade about the need to replace the current system.

Infrastructure Australia's 15-year plan, released in 2016, recommended that the Government conduct a public inquiry to identify a new funding model to replace existing road taxes and charges with a more equitable user-pays approach.

The Federal Government has agreed and plans to announce an "eminent Australian" to head the inquiry.

In 2015–2016, Transurban conducted Australia's first real-world trial of broad-based user-pays road charging. The study was conducted in Melbourne over 17 months with 1,635 motorists travelling 12 million kilometres under a range of charging options.

The study tested user-pays models such as a charge per kilometre, charge per trip and flat rate charge as an alternative to the current system of fuel excise.

It also tested two demand-management charging approaches (time-of-day charge and cordon/area charge).

The Melbourne Road Usage Study findings suggested that replacing the current road funding model with a user-pays system could work in Australia, providing a sustainable, fair and flexible funding system that grows with demand.

The study found that 60 per cent of participants preferred a user-pays system after experiencing first-hand a more transparent way of paying for their road use.

Participants were open to discussing viable alternatives to the current system and highlighted the power of information sharing and practical experience.

The study was designed to offer valuable insights for policymakers, industry and communities in considering long-term solutions to road funding and managing demand. Results are available at changedconditionsahead.com

Section 4: Making it easier for customers



Key takeouts

- 1.6 million customers, with more than 30 million interactions annually
- \$70 million investment since 2014 in initiatives to improve customer experience
- 32 per cent decline in customer complaints to industry ombudsman in past financial year
- Proactive engagement with customers including those facing hardship

Transurban Queensland has 1.6 million customers and manages more than 500,000 customer interactions each week across our service channels.

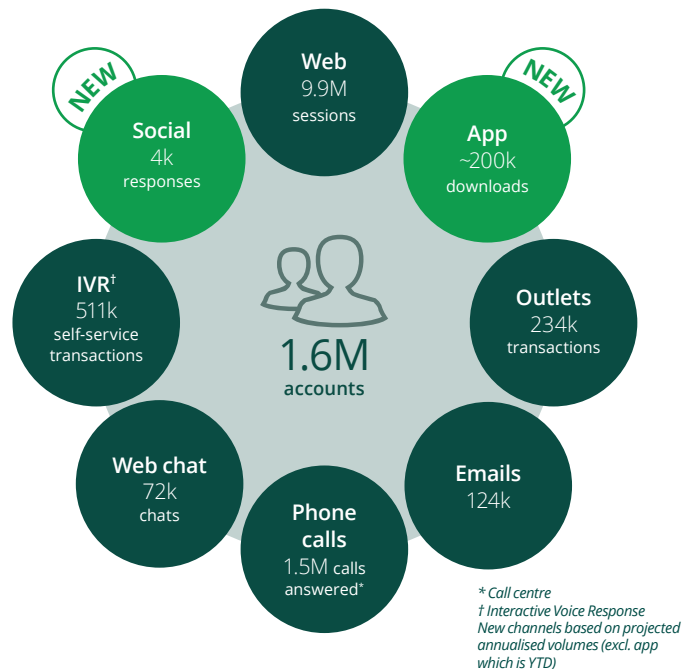
TQ is committed to the continuous enhancement of customer experience and since taking ownership in 2014, have invested approximately \$70 million to deliver on our core promises to make it easy, show we care and add value for customers.

Major initiatives have included a complete overhaul of the back-office system to create greater flexibility for customers in how they interact with us, comprehensive improvements to fee structures and proactive mechanisms to communicate with our customers and gather their feedback.

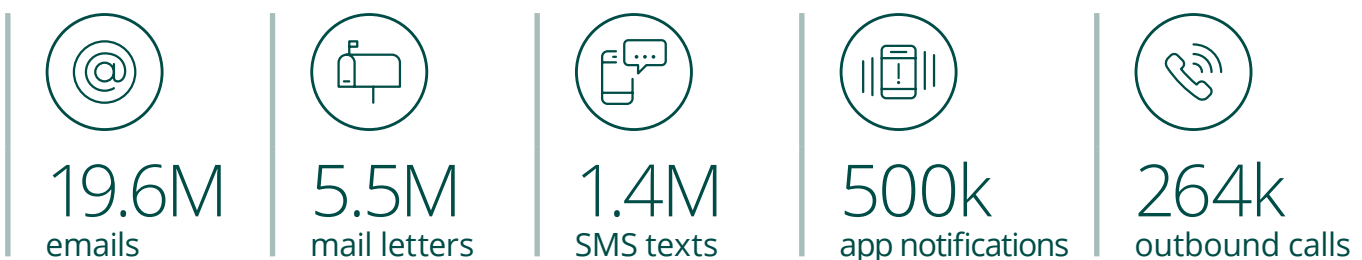
Through one initiative alone, the Voice of Customer program, TQ has received more than 100,000 pieces of individual feedback from Queensland customers in FY18. This program involves nine surveys spanning different service channels and customer activities.

In May 2018, TQ introduced Linkt, a new tolling brand to replace go via. Linkt represented another significant enhancement in customer service with a range of benefits and initiatives for customers. The introduction of Linkt also included limited promotion of a week's free trial to attract new account holders as well as 20 prizes of a year's free travel as an incentive for customers to download the Linkt app.

Inbound service channels



Outbound customer communication



FY18 volumes for existing channels
New channels based on projected annualised volumes (excl. app which is YTD)

\$70 million investment in improving customer experience



2014 starting point

- System focused
- Constrained by pre-existing technology



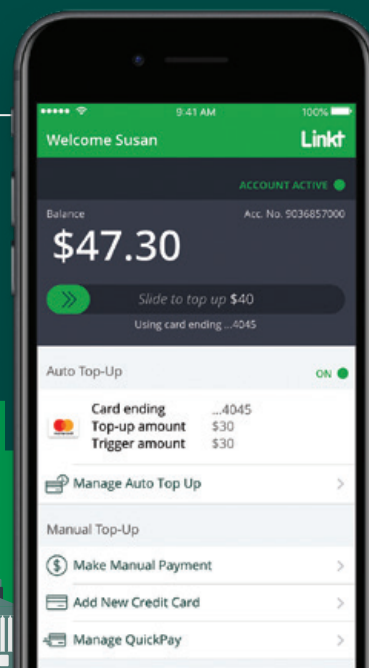
Improving the customer experience—our initiatives since 2014

- Enhanced mobile-friendly website with improved self-service and new web chat customer support
- New app for Linkt account holders
- LinktGO GPS tolling experience app for occasional users
- New tier 1 call centre provider—increase in first-time call resolution
- Proactive and targeted customer communications to help customers manage their account
- First Time Forgiveness program to assist people who may have made a simple mistake
- Hardship Policy to assist customers in financial distress
- Additional on-road signage
- Customer Service excellence training
- Voice of Customer feedback program
- Complaint process accreditation (AS ISO 10002-2014)
- Account management enhancements for commercial customers, covering invoicing, reporting and fleet management
- Improved fee structure that targets a number of customer pain points
- Enhanced enforcement process—helped customers avoid more than \$100 million in State enforcement penalties in the last financial year
- Demand notice aggregation estimated to result in 1.7 million fewer demand notices being issued to customers and a reduction of up to \$36.5 million per year in fees



The Linkt experience

- Customer-centric
- Digital first
- Flexibility and choice
- Segmented and targeted communications
- Demonstrated value
- Intuitive and easy



Customer service performance

TQ's focus and investment in enhancing customer experience is yielding tangible results for customers who are noticing the changes.

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 FY18. Over the past 18 months, TQ has consistently exceeded our Grade of Service target of 70 per cent (Figure 15).

TQ is focused on resolving customer enquiries quickly and effectively and has a policy to resolve enquiries during our first contact with our customers.

TQ's customer-service teams consistently close out 94 per cent of customer queries in the first contact.

Compared with other tolling retailers across Australia, a recent independent mystery shopper survey showed that Linkt was considered to be one of the easiest retailers to "do business with" (Figure 16).

The survey results also showed that Linkt led the way in providing the right kind and amount of information to customers and scored above 90 per cent in all other criteria such as the overall impression of staff and likelihood to recommend the call centre to family and friends.

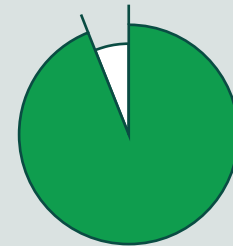
Figure 15: Linkt Brisbane customer service performance, FY18

Call Centre customer satisfaction (4.3 out of 5)
Average satisfaction based on 60,000 customer responses



First call resolution

94%
(FY18)



Grade of service

Percentage of call answered within 30 seconds (target 70%)

81%
(FY18)

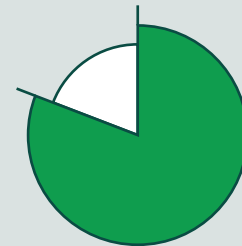
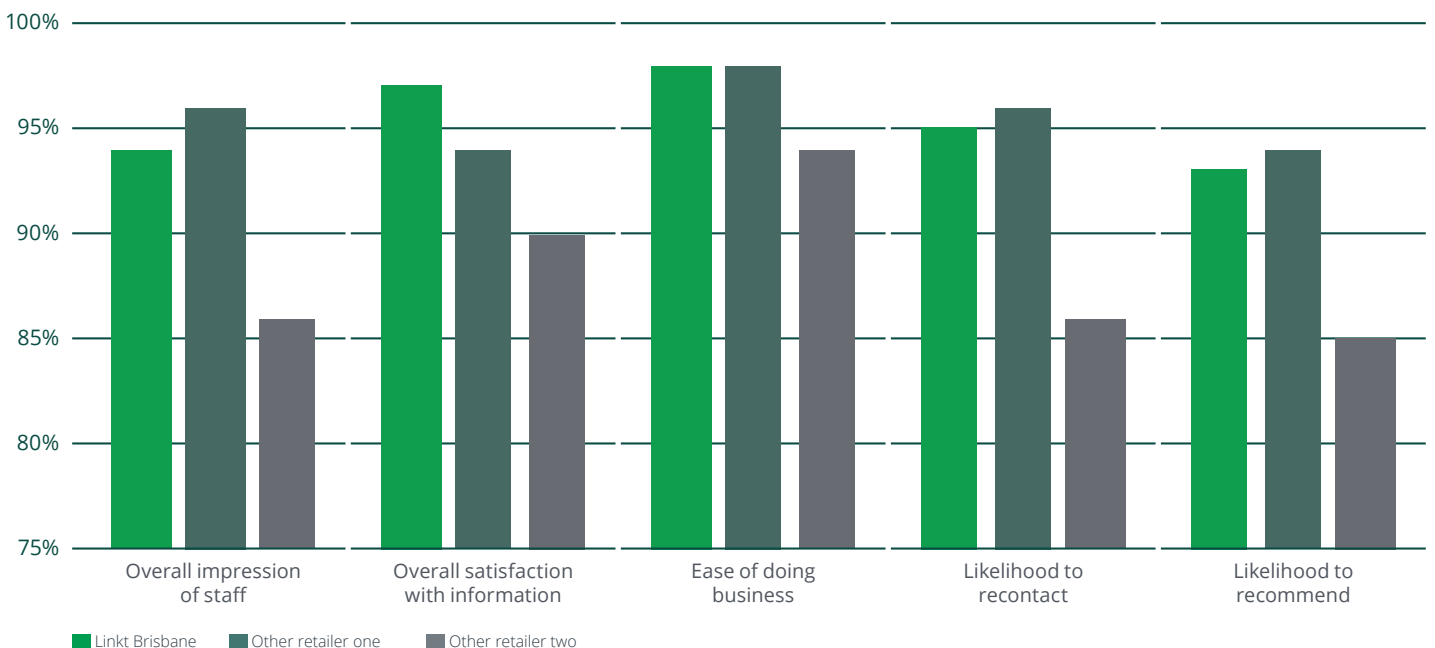


Figure 16: Tolling retailer independent mystery shopper results, April 2018



Linkt brand

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.

New mobile app

The Linkt account management app is the first of its kind in Queensland and has been incredibly well received by customers who are increasingly wanting to manage their toll-road travel through digital channels. The app is available on both the iOS and Android platforms.

Key features of the new mobile app include:

- simple login—supported by fingerprint and passcode options
- quick payments—with a swipe option for manual payments
- ability to add and remove vehicles and make updates to personal details
- major incident notification
- visual trip history display.

The design of the app has been shaped by extensive research into customer needs and preferences, and we are committed to a program of ongoing enhancements based on customer feedback.

Response to the app has been overwhelmingly positive with more than 200,000 downloads since mid-May.



Improved website

As part of the Linkt brand, an enhanced website was also launched. The new website makes it even easier for customers to better self-serve with intuitive tools and increased online support.

Key enhancements delivered as part of the refreshed website include:

- an improved product selector—making it easier for new customers to choose the product that best meets their needs
- concierge help—an advanced integrated help and search function supported by machine learning
- improved travel tools, such as a toll road calculator that allows customers to quickly estimate the cost of their trip when planning their journey.

The refreshed Linkt website leverages significant improvements made to the previous go via website in November last year, which included a complete redesign of the user experience.

This involved extensive changes to the website's navigation, look and feel, and tone. An enhanced login process also made it even easier for customers to manage their accounts.

These changes were made in response to customer feedback and part of TQ's commitment to continuous improvement of its digital channels.

This focus on delivering high-quality digital interactions has led to significant increases in usage of digital channels since the acquisition of the Queensland toll road business.

Total website sessions per month have increased from ~530,000 in July 2014 to 820,000 in June 2018.

The number of customers using the website who log in to manage their account has also increased dramatically from ~175,000 in July 2014 to ~390,000 in June 2018.

Since the website redesign in November 2017, digital self-service has increased from 66.7 per cent to 69 per cent. These statistics, in addition to customer feedback received via all our channels, are monitored very closely and feed directly into ongoing improvements to the website.

Fee changes

The change to Linkt also delivered significant improvements to retail fees and charges in direct response to customer feedback. The changes were designed to make fees simpler and easier.

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.

TQ introduced a payment card surcharge on 1 July 2018. The Payment Card Surcharge is a straight pass through of costs from our financial institution relating to payments by credit and debit cards. We have actively promoted fee-free options to customers such as direct debit payments from their nominated bank account.

Improved customer communication

The Linkt brand saw a significant improvement to the design and layout of customer communication, as well as the tone and style of language used. The changes aimed to make communication to customers simpler, more intuitive and easier to understand, particularly for people with English as a second language. The changes also presented a warmer, friendlier and more engaging brand to customers.

Major changes were also made to the content of customer communications, with a much greater focus on segmented messages. This ensures the information sent to customers is relevant to their needs and better reflects their preferences and desired communication channels.

LinktGO

LinktGO is a world-leading GPS-enabled tolling app for infrequent toll road users. Our research found these customers are often unfamiliar with toll road travel and payment, and were looking for easier ways to interact.

LinktGO allows drivers to see their toll travel in real time and pay trip-by-trip using their smartphone, with no ongoing commitment. Customers can start driving just by registering their vehicle and a credit card to the app—no paperwork, start-up costs or tag needed.

Real-time trip notifications, along with full transparency of trip details and costs, give customers detailed information wherever and whenever they want, enabling value-driven choices. The app uses location data to identify when a customer has travelled on a toll road. Only data associated with toll road entries and exits is retained, and this is stored securely.

LinktGO is designed to not require user interaction while driving. In addition to safety warnings, LinktGO has built-in safety features that temporarily freeze the app and delays trip completion notifications until the phone indicates the customer is no longer moving at speed.

With LinktGO, customers are always covered to drive on toll roads in Australia. Even if their phone's GPS isn't detected, or they forget their phone or run out of battery, they'll still receive a trip through the app. Payment reminder notifications help customers stay up to date. This means no toll notices or fines. The 95-cent per-trip service fee covers all administrative costs, GPS location services and transaction fees associated with providing the trip-by-trip payment channel.

Frequent users of the app receive proactive notifications advising them of products that may be better suited to their needs.

LinktGO's innovative and customer-centric approach has been recognised with multiple design and industry awards.

Voice of Customer program

TQ's Voice of Customer (VoC) capability provides a systemic, quantitative view of customer feedback, delivering un-biased insights into our customers' experiences and expectations of our services, products and processes. VoC enables a greater focus on data-driven decision making, supported by deeper insights into customer sentiment. Insights from the program help ensure investments in improved customer experience are made in areas that will deliver the greatest value.

Through VoC, we have received more than 100,000 pieces of individual feedback from Queensland customers in FY18. The program includes nine surveys across various customer channels.



Improved digital experience customer feedback



Linkt mobile app

"Love it!! Super-easy application! The new Linkt app shows you at a glance what your balance [is] and managing your account is a breeze!"

"A very simple and intuitive app. Love the month to month travel summary. Very easy to manage your account details and a large in-your-face font means you can clearly see your current balance."

"As a 67-year-old it took time to understand but the help was there to get me through it."



Website

"It was so easy to use and all the information is there and easy to understand. The management of the account on the go will be so useful."

"Much easier to use than the old go via website. Big improvement."



LinktGO

"Gives me protection against toll fines."

"As someone who is both a new driver and not from the city, the thought of figuring out tolls for the first time for a recent trip was quite daunting until I discovered this app."

Resolving customer issues

TQ is focused on resolving customer enquiries quickly and effectively. TQ has a policy of first-contact resolution, and our customer service teams consistently close out 94 per cent of customer queries in the first contact with our organisation.

However, we recognise that with more than 30 million customer interactions per annum, we won't always get it right the first time. TQ undertook a significant program of work during FY18 to improve the customer experience. This included transitioning to a new Tier 1 call centre provider, implementing a new back-office tolling system, and retail brand. These changes delivered a new digital offering, an account management app and changes to fees and charges. Across FY18, complaints received by TQ continued to decline as the changes were implemented and stabilised. While higher complaint volumes were observed during the implementation of these significant changes, complaints have continued to decline quarter by quarter across FY18. We have a comprehensive complaints management process to facilitate speedy resolution of customer issues and proactive management of formal complaints.

Our first-contact complaint resolution policy

Linkt Brisbane's Customer Resolutions team is independently certified as compliant with the AS ISO 10002—2014 Complaint Handling Standard.

A complaint can be lodged with us over the telephone, via email, on our website, or in writing. Upon receipt of the complaint, the Customer Resolutions team will send an acknowledgement to the customer along with an expected time-frame for resolution. A Resolution Advisor will review the complaint and perform a comprehensive investigation.

The Customer Resolutions team has additional authority to resolve complaints where a significant financial adjustment is appropriate.

Our focus through this process is to resolve the matter in a fair and reasonable way that avoids the need for further escalation of the complaint.

Importantly, as part of the complaint-handling procedure, the resolution team provides feedback to the business around key learnings and insights, ensuring opportunities for continuous improvement are captured and actioned.

In the small number of cases where a complaint cannot be resolved to a customer's satisfaction by the TQ team, we actively encourage customers to have their matter reviewed by the Tolling Customer Ombudsman (TCO) at no cost to them.

The role of the Tolling Customer Ombudsman

The TCO has been in place for over a decade, providing an independent alternative dispute resolution process for toll road customers in Victoria, New South Wales, and Queensland.

As with all industry ombudsman functions, the scheme is fully funded by toll-road operators and can be accessed by any user of a toll road free of charge. Before TQ's acquisition of Brisbane's toll roads, Queensland Motorways contributed to the funding for the TCO.

While the TCO covers all aspects of the tolling provider's operations (including toll invoices and demand notices) the concession deeds with government make it clear that the TCO's jurisdiction does not extend to infringement notices (fines) issued by either Brisbane City Council or the Queensland Government. For these matters customers will contact the Queensland Ombudsman (QO).

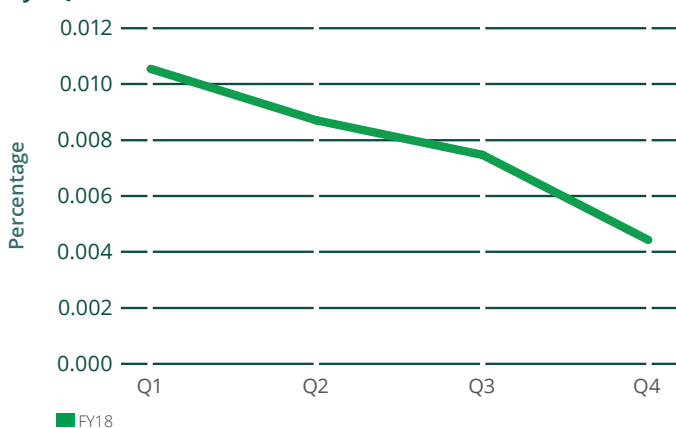
The TCO receives complaints directly from customers or through referral by TQ. It is intended to be an option of last resort, accessed when a customer has been unable to achieve a satisfactory resolution with their tolling operator. As such, a customer will be referred back to TQ if they have not attempted to resolve the dispute before contacting the TCO.

Notably, in approximately 85 per cent of the customer complaints recorded by the TCO, the matter was referred back to TQ for further investigation as the customer had not provided TQ with a prior opportunity to resolve the complaint.




Similar to other industry Ombudsman Schemes, the TCO has the power to make recommendations and decisions regarding a customer's enquiry or complaint that falls within its jurisdiction and any TCO decisions are binding on TQ, but not the customer.

The TCO can be contacted via phone, email, post or fax. Details are available at tollingombudsman.com.au

Complaints as a percentage of network traffic received by TQ FY18



Transurban's core customer promises

 <p>Make it easy</p> <p>Everything we do will be easy to use and understand</p>	 <p>Show we care</p> <p>We will listen, be transparent and flexible</p>	 <p>Add value</p> <p>We will create meaningful experiences for our customers</p>
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TCO complaints

The volume of complaints has been steadily declining for Linkt Brisbane, with a 32 per cent reduction over the past financial year while our overall customer base has grown (Figure 18). In FY18 there were 369 referrals to the TCO, compared to 545 in FY17.

This equates to 0.02 per cent of the 1.6 million customer accounts (Figure 18).

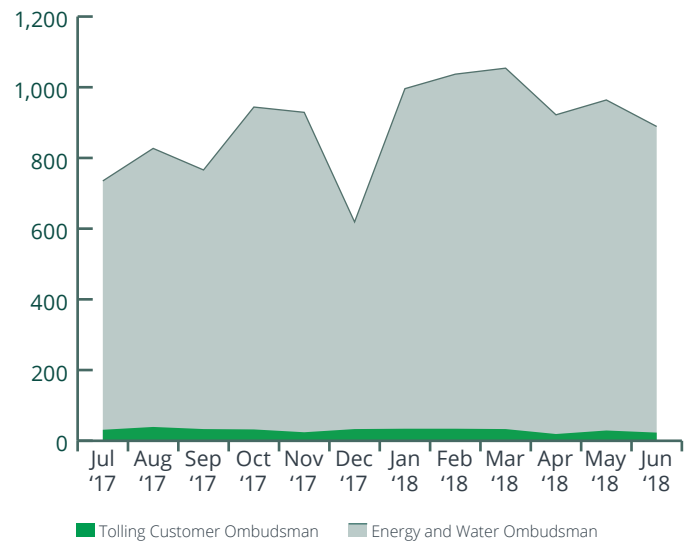
While we can always improve services, this metric is favourable to any industry standard. When compared against the number of complaints received by the Energy and Water Ombudsman Queensland, the volume that the TCO received about Linkt Brisbane is significantly lower (Figure 17).

These results highlight TQ's commitment to the successful resolution of customer disputes and reinforce the importance placed on fast and effective complaint resolution.

The role of Queensland Ombudsman

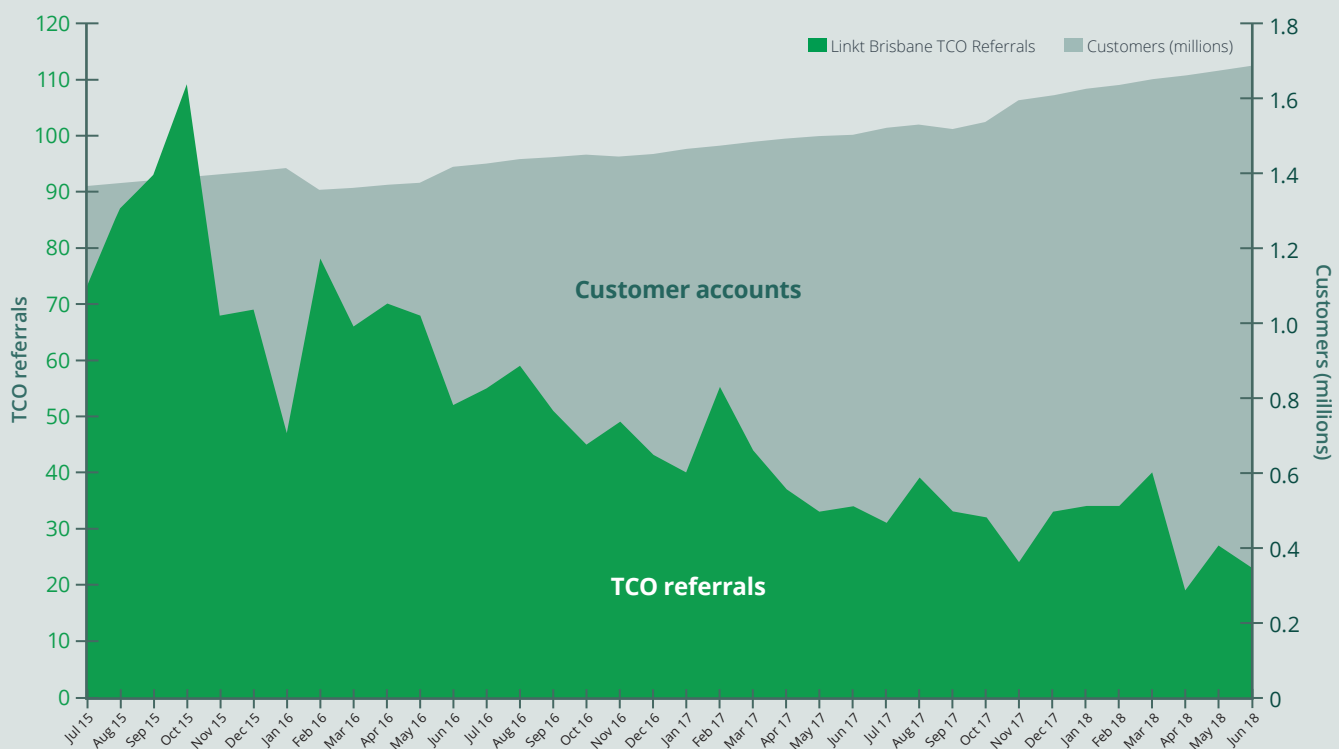
The role of the QO is to investigate complaints about the actions and decisions of State Government departments and agencies as well as local councils in accordance with the Ombudsman Act 2001. This includes complaints relating to infringement notices issued by either the Brisbane City Council or Queensland Government. While the legislation does not extend the QO's responsibilities to TQ's operations, the QO will endeavour to ensure customers are directed to TQ (in the first instance) or the TCO if the matter relates to the tolling provider's operations rather than government-issued fines.

Figure 17: Tolling Customer Ombudsman complaint volumes compared to Energy and Water Ombudsman Queensland complaints



Source: ewoq.com.au/complaint-statistics-201718 (Complaint Statistics 2017-2018)

Figure 18: Linkt Brisbane Tolling Customer Ombudsman referrals compared to customer accounts



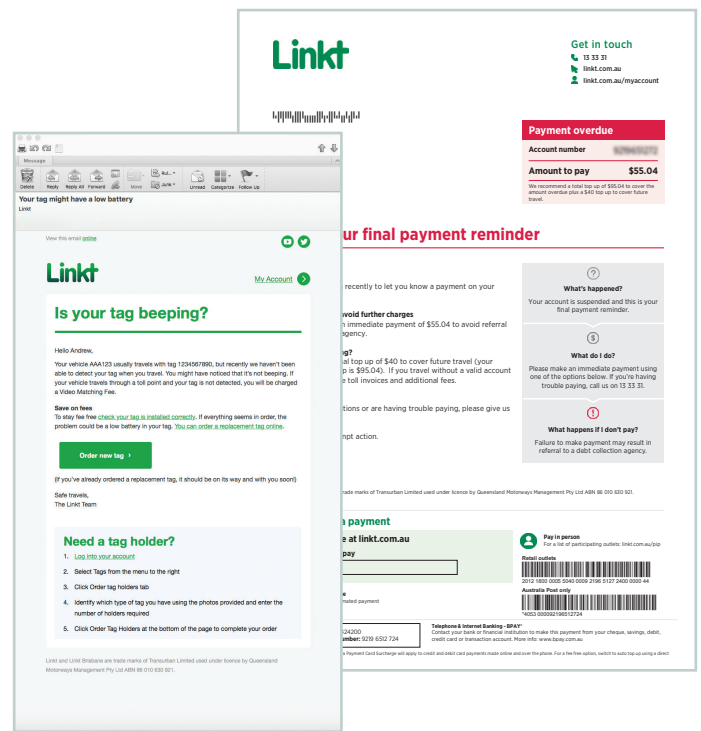
The tolling process

For simplicity, it may be useful to consider the tolling process in three main stages: paying for tolls, the process for customers with no arrangement in place and the infringement process (Figure 20).

The tolling process is regulated through the concession agreements we hold with the Brisbane City Council and Queensland Government, and under legislation.¹⁷ However, TQ has a number of voluntary initiatives in place to give drivers information about tolling and payment processes and prevent and resolve any issues before they escalate. These include:

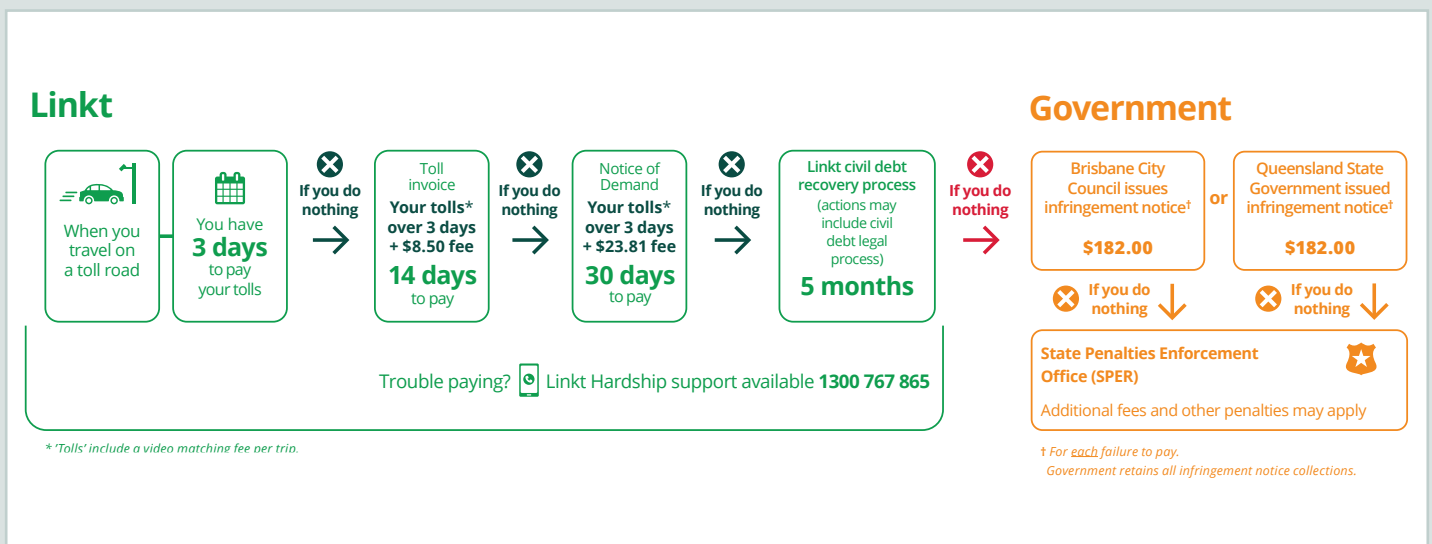
- proactive communication—Linkt Brisbane proactively contacts customers to try and resolve the matter. We use a variety of channels including email, phone, SMS and letter to make contact with customers and seek payment (Figure 19)
- providing more ways to pay—including online, over the phone, via a mobile app or in person at one of the more than 2000 participating retail outlets in Queensland plus many more around Australia
- new product choices, such as LinktGO—designed to meet the needs of infrequent and casual users
- preventing avoidable fees with a range of account options
- offering a financial Hardship Policy for customers experiencing payment difficulties
- offering additional customer initiatives—such as our First Time Forgiveness Program
- working with our stakeholders—including government partners, to identify opportunities to improve customers' experience.

Figure 19: Examples of customer communication



¹⁷ Transport Infrastructure Act 1994

Figure 20: Paying tolls—process for customers with no account or pass



* 'Tolls' include a video matching fee per trip.

† For each failure to pay, Government retains all infringement notice collections.

Paying for tolls

In the first stage, a motorist uses the toll road and pays their tolls either via a valid account or pass, or by contacting us within three days of travelling to make an arrangement to pay (Figure 21). 95 per cent of our TQ customers make appropriate payment arrangements and this ends the process for them.

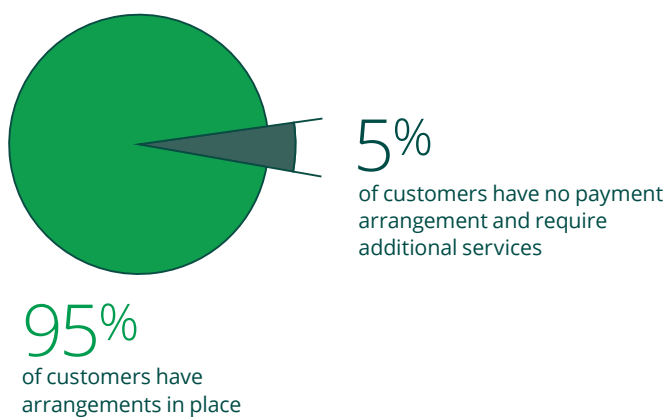
Process for customers with no arrangement in place

The five per cent of customers who do not make an arrangement to pay for their toll road use enter the second stage of the tolling process.

In this stage, a toll invoice is issued to the registered owner of the vehicle covering a period of three days of consecutive travel. If the initial toll notice is not paid within 14 days the motorist is issued with a demand notice, requesting payment within 30 days. Each of these notices incurs fees.

It is important to note that TQ does not make a profit from its fees. TQ would prefer no one paid a fee and since 2014 we have worked with the Queensland Government to reform the process.

Figure 21: Most customers have tolling arrangements in place



Overview of tolling products and payment options

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

Objectives of reforming the enforcement process



Stop debt escalating to unmanageable levels for customers by early intervention.



Change customer behaviour and educate the community about the requirement to pay tolls.



Create an environment that promotes open dialogue with customers to improve their ability to pay and assess considerations of any financial vulnerability.



Reduce the number of infringement notices being issued through Demand Notice Aggregation and early intervention.

Demand Notice Aggregation process

Most recently, TQ launched a joint initiative with the Queensland Government and Brisbane City Council to aggregate demand notices that has significant benefits for a number of motorists and reduces fees.

Historically, the legislation required a demand notice to be issued for each unpaid toll. This rapidly increased fees for some motorists. The introduction of Demand Notice Aggregation (where one demand notice is issued for up to three days of consecutive travel) in the last financial year will result an estimated 1.7 million fewer demand notices being issued to customers and a reduction of up to \$36.5 million per year in fees.

Infringement process

Unlike a phone or electricity service, TQ cannot suspend supply of the service if a debt remains unpaid. The infringement process is the last and least preferred option available to us. Less than 0.5 per cent of transactions result in an infringement.

If a demand notice remains unpaid it may be referred to either the Queensland Government or Brisbane City Council. Not paying a demand notice by the due date is an offence under the Transport Infrastructure Act 1994.

Once an unpaid demand notice is referred to the relevant government, TQ no longer seeks or receives payment from the customer for the referred infringement notice.

The government may issue an infringement notice. If this remains unpaid, it may be referred to the State Penalties Enforcement Office (SPER) for further enforcement activities.

It should be noted that all infringement notice revenue is retained by government. TQ is not reimbursed for the unpaid toll or fees incurred.

"I thought your operator was very thoughtful and understanding of my situation and treated me with nothing but respect and kindness."

Transurban Queensland customer, June 2018

"The operator could not have been more helpful, I was confused and she was patient with me and extremely helpful. Nothing was any trouble for her and I didn't feel she was in a rush to end the call."

Transurban Queensland customer, June 2018

The introduction of Demand Notice Aggregation will save customers more than \$36 million per year

Old process

Demand notice			Demand notice			Demand notice	
Trip	TOLL		Trip	TOLL		Trip	TOLL
Trip 1	\$4.55	+	Trip 2	\$2.68	+	Trip 3	\$1.72
Admin fee	\$24.30		Admin fee	\$24.30		Admin fee	\$24.30
Total	\$28.85		Total	\$26.98		Total	\$26.02

\$81.85
Fees \$72.90

New process

Demand notice		
Trip	TOLL	VMF*
Trip 1	\$4.55	\$0.49
Trip 2	\$2.68	\$0.49
Trip 3	\$1.72	\$0.49
Admin fee	\$23.81	
Total	\$34.23	

Fees	\$25.28
Fee reduction	\$47.62

*VMF - Video matching fee

Assisting customers with payment difficulties

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.

Along with the National Debt Line approach, we actively encourage customers with payment difficulties to ask for help sooner rather than later.

Transurban Customer and Communities Advocate

In 2017, we created the role of Customer and Communities Advocate to proactively engage and work with community stakeholders and consumer advocates, listening to their views and concerns, and ensuring those views are represented within our business.

The advocate also provides guidance internally on the resolution of complex customer matters and complaints, paying particular attention to the customer's circumstances when hardship may be a factor.

Pilot project

In November 2017, a national pilot project was initiated to test ways of reducing tolling debt among people in hardship circumstances. It is a collaborative project with community-based organisations. The project reference group includes community representatives. 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.



The recommendations arising from the pilot project are yet to be formally received and considered by Transurban. However, the Customer and Communities Advocate has flagged two key initiatives as likely outcomes of the pilot project:

1. Development of a specialist LinktAssist Team within Transurban to improve direct access for financial counsellors and others advocating for people with accumulated tolling debts due to their financial hardship or other special circumstances. All hardship assistance will be co-ordinated through the specialist team.
2. Development of an enhanced hardship program with protocols and guidelines to ensure consistent application across Queensland.

New partnership focuses on vulnerable communities and customers

In June 2018, Transurban joined Thriving Communities Partnership (TCP) as a founding partner and is already engaged with the development of the TCP Queensland Chapter.

TCP includes utilities, financial services, telecommunications and transport committed to building more resilient communities and stronger businesses. Typically, tolling debt is just one of multiple debt obligations that burden vulnerable people. The TCP encourages a holistic approach to helping customers in hardship circumstances.

Our partnership with TCP is part of our ongoing journey to improve the way our business listens and responds to customers experiencing tolling debt due to their difficult circumstances.

Conclusion

As Brisbane continues to grow, so will the demands on its infrastructure. More cars will need to travel from further away to where jobs are located, and the broader transport network—roads and public transport systems—will face increasing pressure.

Transurban Queensland, as a relative newcomer to Brisbane and custodian of its toll roads, recognises our significant role in keeping Brisbane moving now and well into the future.

As a long-term owner and operator it is our responsibility to ensure our roads are running as efficiently and safely as possible, and that interacting with us is simple and easy for our customers.

We have worked hard over the past four years to achieve this. We have invested billions of dollars identifying and relieving congestion hot-spots, operating and maintaining high-quality infrastructure and improving the experience for our customers both on and off the road.

We are also well placed to embrace the broader transportation innovations on the horizon.

New and more sophisticated technology embedded in roads, greater access to real-time, predictive and customised travel information, as well as automated vehicles, will allow motorists to travel around the city more efficiently and safely.

The launch of our GPS-enabled app, LinktGO, in Brisbane earlier this year is just one example of how we have used new technologies to meet the specific needs of some of our customers.

New technologies such as this will present greater opportunities to further advance the standard of living that Queenslanders currently enjoy.

The Queensland Government and Brisbane City Council have shown a strong commitment to long-term transport policy planning. It's this forward thinking that will ensure Brisbane retains its liveability into the future.

We look forward to continuing to partner with governments and engage with our customers and communities to embrace the opportunities before us and continue to create value for Queenslanders.

Appendices

Appendix 1— Concession deeds

Concession/project deeds, along with legislation, regulate the commercial arrangements for the ownership and operation of individual roads.

The deeds for Brisbane’s toll roads were originally negotiated by the Queensland Government and Brisbane City Council and the successful private sector bidder in accordance with protocols and guidelines set by the government.

Generally, each toll road is governed by its own concession deed; however, the Logan and Gateway motorways are covered jointly in the Road Franchise Agreement.

Transurban Queensland holds two concession agreements with the Queensland Government and three with the Brisbane City Council (Figure 22). TQ acquired the majority of these concessions in July 2014 with the acquisition of Queensland Motorways. Subsequently we acquired AirportlinkM7 in April 2016.

TQ is bound by the concession terms that were originally agreed by the government and cannot amend these without agreement.

These deeds comprehensively detail the exceptionally high standards that must be met across every aspect of operating and maintaining our roads. Our responsibilities span the life of the agreement and include provisions detailing the exceptional conditions the roads must be in at the end of the concession period when they are handed back to government.

The deeds also include rigorous reporting obligations, requiring regular updates to government on our performance against key indicators. Financial arrangements are structured around our performance and achieving those indicators.

These concession agreements are available publicly or on request from the relevant government entity.

Figure 22: Transurban’s concession agreements with governments in Queensland

CONCESSION AGREEMENTS	GATEWAY MOTORWAY	LOGAN MOTORWAY	CLEM7	GO BETWEEN BRIDGE	AIRPORTLINKM7	LEGACY WAY
Opening date	Dec 1986	Dec 1988	Mar 2010	Jul 2010	Jul 2012	Jun 2015
Date Transurban Queensland acquired the asset	Jun 2014	Jun 2014	Jun 2014	Jun 2014	Apr 2016	Jun 2014
Remaining concession period	33 years	33 years	33 years	45 years	35 years	47 years
Concession to end	Dec 2051	Dec 2051	Aug 2051	Dec 2063	Jun 2053	Jun 2065

Appendix 2— Key Performance Indicators

TQ has stringent performance and reporting requirements under each of the concession deeds with the Queensland Government and Brisbane City Council (BCC) (Figure 23).

Compensation must be paid if we fail to meet any of these requirements. TQ makes considerable effort to maintain a high level of performance to ensure it consistently meets or exceeds these requirements, and to date, has not paid any compensation since acquiring the toll roads in 2014.

The requirements are set out in a series of Key Performance Indicators (KPIs), which were in place when TQ took ownership.

The KPIs apply across all areas of the business and include:

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

While some of the service levels differ under the specific concession deeds, TQ strives to meet or exceed the highest standard required under any of the KPIs and applies that standard across the business.

These standards also apply to any external providers, such as incident response services.

Under extensive reporting requirements, TQ must also provide information about specific functions of our business to the Queensland Government or BCC on a weekly, monthly, quarterly and annual basis.

Figure 23: Key reporting obligations

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

Appendix 3— Tags and electronic tolling

Transurban Queensland provided the following response to a question taken on notice on 17 July 2018 at the Transport and Public Works Committee, Queensland Parliamentary Inquiry into the operation of toll roads.

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

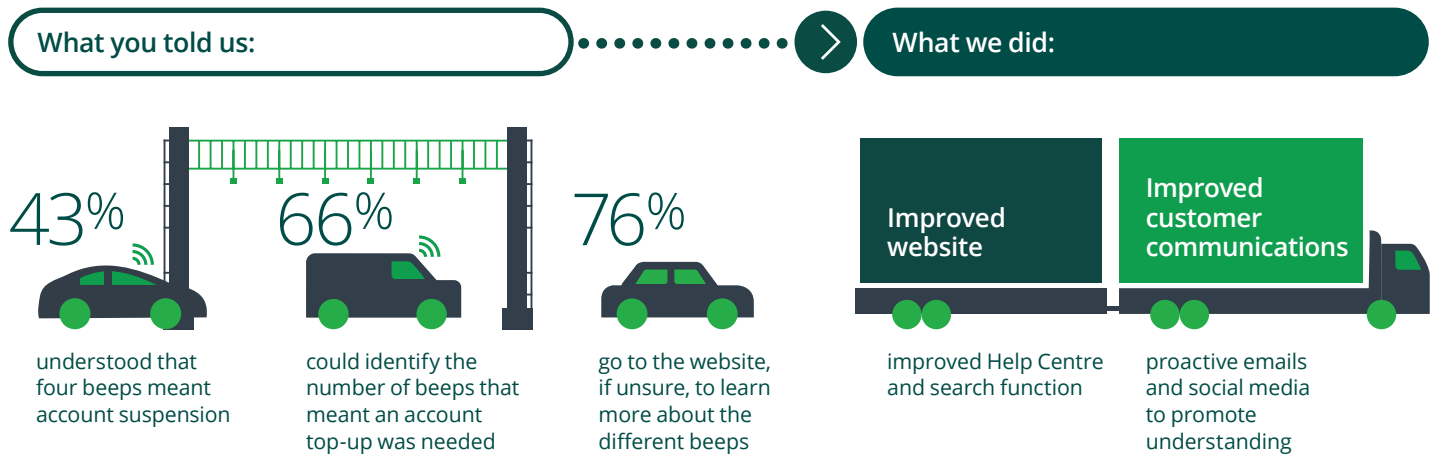
We ensure that our customers are not disadvantaged by a tag reaching its end of life. We will replace a tag for free and waive any video-matching fees incurred when a customer contacts us to report that their tag isn't working.

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.

Tag beeps

Do you know what the different tag beeps mean?





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