

Elaboration of the Future Tolling Principles

Principle	Rationale	Short Term Implementation	Medium Term Implementation	Long Term Implementation
1. Improve transport network outcomes	<ul style="list-style-type: none"> • Tolling is a means to manage traffic and achieve better transport outcomes both overall and at different times of the day • Pricing should be an explicit transport network management tool, such as through time-of-day tolling, rather than just a source of funding • More flexibility in using pricing to manage demand is desirable, rather than the previous ‘set and forget’ for 30+ years approach to setting tolls 	<ul style="list-style-type: none"> • Existing tollways’ pricing signals have limited focus on transport performance outcomes – potential exists to introduce more explicit price signals • The EWL business case included toll differentiation between peak and off-peak periods • We need to develop a concept model of the long term future tolled Melbourne Motorway Network to guide EWL and other staging decisions 	<ul style="list-style-type: none"> • Once the principle is established and accepted by the community, further potential exists for network performance based changes in the future • This can be effected through a progressive implementation of a long term concept model 	<ul style="list-style-type: none"> • Pricing can become a significant policy response to managing the needs of the transport network rather than simply relying on building more infrastructure
a. by optimising asset utilisation, and	<ul style="list-style-type: none"> • Ideally motorways should continue to flow during peak periods with usage concentrated in the most economically valuable journeys to achieve the most valuable economic outcome • Off-peak, it is desirable to maximise economic use of motorways • Making the most of network assets enhances the productivity of the Victorian economy 	<ul style="list-style-type: none"> • Many parts of CityLink are operating at a poor level of service in peak hours due to demand exceeding road capacity – increasing tolls in peak periods can improve asset efficiency and therefore utilisation • There is surplus capacity in the off-peak periods – lower off-peak tolls encourage some peak traffic to move into off peak periods 	<ul style="list-style-type: none"> • Ensuring that each part of the network is working to its maximum potential will be critical to supporting initiatives such as the Port of Hastings 	<ul style="list-style-type: none"> • For example, a number of recent projects in the US have adopted dynamic pricing where traffic levels determine the price, to achieve a traffic performance outcome

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<p>b. balancing traffic flows across the transport network</p>	<ul style="list-style-type: none"> • Toll pricing is a tool to help ensure different parts of the road network are used for their most efficient and productive purpose • Toll pricing across different toll roads should not result in overuse of one overall corridor while another is underutilised • There should be balance between the motorway and arterial road network to enable the motorway to fulfil its potential while minimising diversion to arterial roads • Network balance between the road and public transport networks, should also be considered 	<ul style="list-style-type: none"> • Consistency of base tolls across roads is desirable to remove unwanted distortionary behaviour and facilitate balanced network usage – EWL tolls in the business case were set on this basis • Toll pricing elements such as commercial vehicle multipliers should be harmonised across roads to encourage balanced network usage 	<ul style="list-style-type: none"> • Premium charging for certain network movements including city access ramps (e.g. Exhibition Street Extension at present or Elliott Ave into Flemington Road in the future) could be used to manage traffic flows • Consider whether to achieve network balance, it is appropriate for untolled motorway sections to compete with tolled new sections such as the western section of EWL • Consider opportunities to achieve better transport outcomes by pricing untolled sections between or adjacent to, tolled motorway sections 	<ul style="list-style-type: none"> • Higher charges on more congested parts of the motorway network could be implemented to encourage changes in travel behaviour • An example of this could be charging in the section of West Gate Freeway between Bolte Bridge and the City Link Tunnels to address heavy congestion at this important motorway merge point
<p>2. Maximise the value of toll revenue</p>	<ul style="list-style-type: none"> • This serves to balance the potential for revenue maximising tolls with a focus on transport outcomes and reliability/value 	<ul style="list-style-type: none"> • The State retaining tolling rights on EWL provides an opportunity for flexibility to adjust tolls based on observed traffic behaviour and to negotiate with Transurban if changes are required on CityLink 	<ul style="list-style-type: none"> • The State develops an early strategy on how best to manage future concession expiry for CityLink and EastLink 	<ul style="list-style-type: none"> • Planning for longer term network considerations are important when considering the overall value of toll revenue
<p>a. to secure the reliability, quality and saleability of the toll revenue stream,</p>	<ul style="list-style-type: none"> • A toll revenue stream is more valuable to its owner if it is stable and reliable • Chasing the highest possible toll revenue return in the short term may not derive maximum 	<ul style="list-style-type: none"> • The EWL Stage 1 toll strategy needs to reflect the best possible understanding of the Melbourne road network and traffic behaviour • Finding the optimal mix of 	<ul style="list-style-type: none"> • The quality of toll revenue from a new tolled route in close proximity to an untolled route will require careful consideration • The State might wish to sell 	<ul style="list-style-type: none"> • A factor in the failure of recent toll roads has been the need to lock in tolls for a 30+ year concession period. A shorter more flexible pricing approach may reduce risk and improve revenue quality and value. It

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	value	Commonwealth and State budget-based grant funding and funding from tolls	the EWL toll revenue stream, so planning ahead to maximise value is important	also enables better transport network outcomes
<p>b. whilst ensuring that toll levels are reflective of the benefit obtained by the user and avoiding distortionary impacts</p>	<ul style="list-style-type: none"> • Notwithstanding the other Principles above, in a user pays system, the user must perceive value for the payment made • Tolls should reflect the service provided, including travel time savings, reliability and safety • We need to avoid repeating the project-by-project incrementalism that now plagues the Sydney Motorway network 	<ul style="list-style-type: none"> • Heavy Commercial Vehicles (HCV) derive substantial productivity and direct cost benefits from a reliable motorway facility. They also impose substantially more maintenance costs. • The opportunity exists to address the current under charging of HCVs on CityLink • Any initiative on HCV pricing must be balanced with the desire to attract HCV's to the motorway network and away from arterial roads. 	<ul style="list-style-type: none"> • Very large trucks and High Productivity Freight Vehicles (HPFVs) obtain a disproportionately large benefit compared with what they pay to use the roads. An opportunity exists to define a new class with a significant increase in toll • However, this would need to be considered in conjunction with national reforms in this area 	<ul style="list-style-type: none"> • The question of equity across the motorway network can be considered in the longer term, including whether having some motorways tolled and some charged is equitable to all network users