



Australian Government
Infrastructure Australia

Completing the Pacific Highway Upgrade - Is Tolling Required?

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Pacific Highway – Infrastructure Australia’s Assessment

- Nationally significant.
- Planning and project development work is well advanced.
- Completing the Pacific Highway was identified as a ‘Ready to Proceed’ project in Infrastructure Australia’s first annual report (May 2009) to the Council of Australian Governments.



Pacific Highway – Infrastructure Australia's Assessment

- Infrastructure Australia has recommended that funding be made subject to a number of conditions.
- In the case of the Pacific Highway, the conditions were:
 - NSW signing an agreement on high productivity vehicle access;
 - NSW and Australian Governments agreeing on a corridor-wide tolling regime;
 - For the sections yet to be upgraded, the NSW Government developing a proposal to share the corridor (at least in part) with a re-aligned North Coast rail line;
 - The NSW Government setting planning conditions that enable more efficient construction of the project, e.g. working hours & noise limits;
 - NSW Government agreeing to undertake a post-completion evaluation

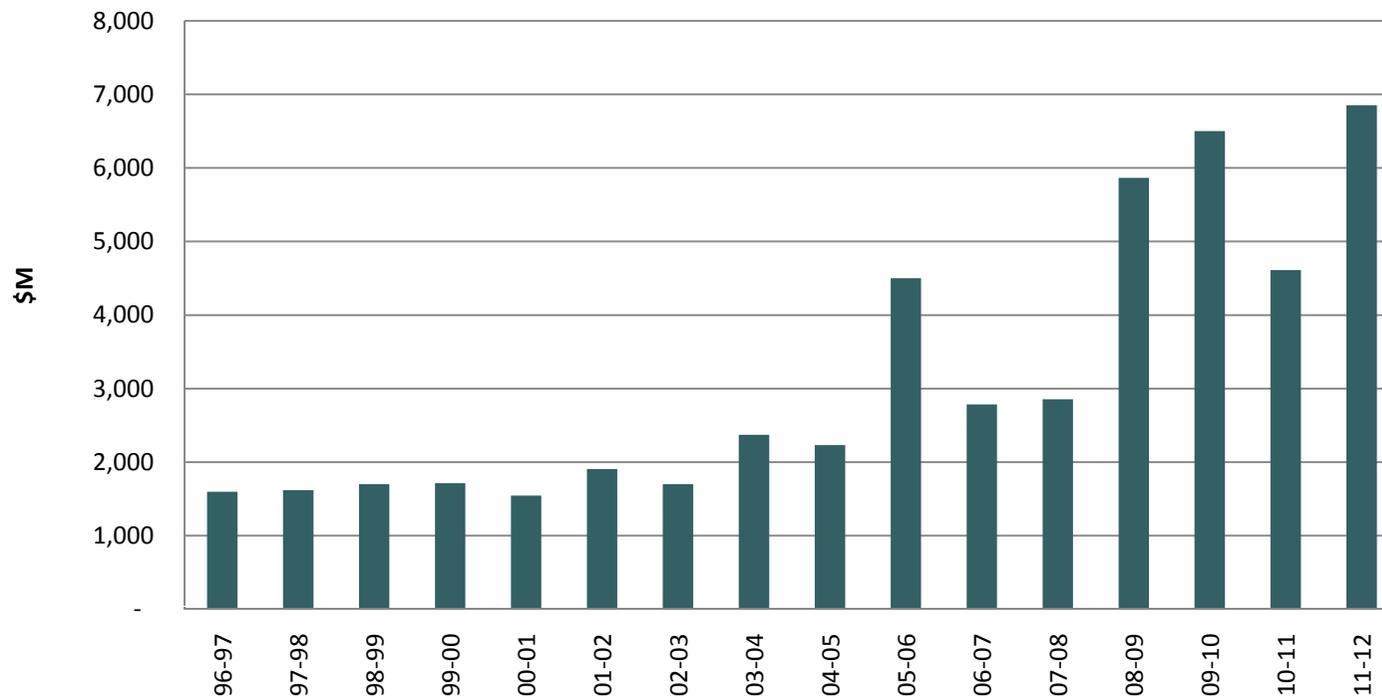


The cost of completing the project is increasing

- Project is approximately 50% complete.
- Estimated cost to complete by 2016 (assuming construction resources can be found and that the programme is achievable) is around \$8.6 billion (at 4% p.a. escalation).
- Since the early 2000s, infrastructure costs have been increasing faster than the rate of inflation. A world wide phenomenon.
- Each year we delay completing the Pacific Highway, it will become more expensive.



On the other hand, governments will struggle to find the funds.



**Australian Government – Land Transport Infrastructure Budgets
1996-97 to 2011-12**



Tolling – Comparisons and Issues

- In these circumstances, a debate about tolling on the Pacific Highway is warranted.
- Tolls are used elsewhere, e.g. in France, Italy, parts of north America:
 - E.g. Paris to Marseilles (776 kms. – 9.4c/km for cars and 29.8c/km for trucks)
- Could bring completion of the project forward by years.
- Recognising the fact that the highway is used by local communities, there may be a case for some means of enabling a modest proportion of 'local use' to occur for free.



Indicative Tolling Amounts

- Tolls will depend on a variety of factors, e.g.
 - quantum of up front contribution by governments (if any);
 - the share of cost borne by trucks versus cars;
 - scale of any 'carve out' for local traffic;
 - whether tolls are spread across a wider east coast highway network;
 - projections of future demand;
 - length of concession period.
- Initial modelling suggests that tolls might be in the range of:
 - 9c/km for cars and 35c/km for trucks
 - 24c/km for cars and 95c/km for trucks



Conclusions

- Completion of the project is important for the country.
- Governments will struggle to fund the completion of the project. All communities around Australia feel they have a worthy project requiring government funding.
- Completing the project sooner rather than later will minimise overall cost to the community.
- There are no easy choices any longer – it's time for the community to debate the case for and against placing a toll on the highway.