

Department of Transport and Main Roads
Decision Brief
MBN19450

To: Minister for Main Roads, Road Safety and Ports
 Minister for Energy, Biofuels and Water Supply

<p>SUBJECT: Approval of certain documents for the Logan Motorway Enhancement Project.</p>	<p>Urgent Approval required by Thursday 15 December 2016 to enable financial close to be achieved by the due date.</p>
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Summary

- This brief seeks your approval of the attached Tolling Declaration (**Attachment 1**) and State Project Documents to allow the Logan Motorway Enhancement Project (LEP) to proceed to financial close.

• Not Relevant

- Your approval of these documents is requested by 15 December 2016 to enable the tolling declaration to be published in sufficient time for financial close which is scheduled for Tuesday 20 December 2016.
- Final versions of the documents will be provided to your office when all relevant parties have countersigned.

Recommendations

- That you approve the attached Tolling Declaration and State Project Documents (noting final documents for execution will be provided closer to 15 December 2016).

Financial Implications

- N/A.

Background

- The LEP is a Transurban Queensland (TQ) Market Led Proposal (MLP) to upgrade sections of the Logan Motorway and Gateway Extension Motorway and the interchanges at Beaudesert Road/Mount Lindesay Highway, Wembley Road and Compton Road.
- The LEP has an estimated cost of \$510 million (risk adjusted total nominal capital cost).

Action Officer:	Endorsed by:	Endorsed by: DDG	Endorsed by: DDG	Endorsed by: DG
Dan Johnson	Randall Fletcher	Joshua Hannan	Miles Vass	Mike Stapleton
A/Executive Director (Freight and Partnerships)	A/General Manager (Transport Strategy and Planning)	A/Deputy Director-General (Policy, Planning and Investment)	Deputy Director-General (Infrastructure Management and Delivery)	A/Director-General
Tel: 3066 1538	Tel: 3066 1400	Tel: 3066 7464	Tel: 3066 7118	Tel: 3066 7316
Date: 8 December 2016	Date: 8 December 2016	Date: 9 December 2016	Date: 9 December 2016	Date:

- TQ proposes to fully fund the LEP through changes to existing tolling arrangements on the Logan and Gateway Motorways so there is no direct cost to the state.
- The proposed toll changes to apply from the end of construction consist of:
 - an initial increase to the toll for Heavy Commercial Vehicles (HCVs) at all toll points on the Logan Motorway, Gateway Extension Motorway and the Gateway Motorway, increasing the HCV multiplier from 2.65 times to three times the car toll
 - the application of six annual toll indexation increases of 2.42 per cent, in addition to the annual consumer price index increase
 - the application of tolls for all vehicles accessing the new south-facing ramps at Compton Road.

Part Exempt Sch.3(2)(1)(b) Reveal Cabinet consideration

- Amendments to section 93AA of the *Transport Infrastructure Act 1994* (TIA) to facilitate the tolling changes required to fund the LEP have been passed by the Parliament and received the Royal Assent on Friday 11 November 2016.
- On 23 November 2016, the Honourable Curtis Pitt MP, Treasurer, Minister for Aboriginal and Torres Strait Islander Partnerships and Minister for Sport, publicly announced the State's approval of the LEP.

Key Issues

- Your approval of the Tolling Declaration and State Project Documents and subsequent publication of the Tolling Declaration are conditions precedent to financial close.
- The Department of Transport and Main Roads (TMR) advises there are no unresolved issues preventing the LEP from proceeding to financial close.

Part Exempt Sch.3(2)(1)(b) Reveal Cabinet consideration

- Based on current timeframes, construction is expected to commence mid-2017 with completion expected mid-2019.
- TMR will oversee delivery of the LEP by TQ to ensure it is delivered within the scope, time and cost constraints approved by the state.
- To effect financial close, your approval of the following documents is required.
 - *Tolling Declaration (Attachment 1)* allows TQ to apply the proposed tolling arrangements to facilitate financing of the LEP. The Tolling Declaration is permitted under the recent amendment to the TIA, allowing you to make a Tolling Declaration for the Gateway and Logan Motorways to facilitate the LEP. Additionally, gazettal of the Tolling Declaration is a condition precedent for the LEP Project Deed and financial close (it provides TQ's financiers with certainty the LEP is able to be funded through the proposed tolling arrangements). It is important to note a second tolling declaration is likely to be required at the end of the project to ensure the HCV tolls reflect the final project cost.

Part Exempt Sch.3(2)(1)(b) Reveal Cabinet consideration

Not Relevant

- TMR has worked with Queensland Treasury and MinterEllison (acting as the State's legal advisor) throughout the LEP detailed proposal phase.

Part Exempt Sch.3(2)(1)(b) Reveal Cabinet consideration

Part Exempt Sch.3(7) Legal Professional Privilege

Not Relevant

Approval Process

- Representatives from TMR, Queensland Treasury and MinterEllison are available to provide further information and advice on the documents and associated approvals if required.
- Signatures from counterparties to the State Project Documents are currently being finalised. MinterEllison will provide the countersigned State Project Documents for execution. It is expected approval of multiple copies of documents will be required.
- If approved, copies of the State Project Documents will be forwarded to TQ to enable it to progress to financial close by 20 December 2016.

- Subject to your approval, the Tolling Declaration is scheduled to be published in a special Queensland Government Gazette by Monday 19 December 2016.

Financial Implications

- N/A.

Consultation with Stakeholders

- TMR worked with Queensland Treasury throughout the detailed assessment phase of the LEP.

Employment

- TQ's economic analysis indicates the LEP is expected to generate an average of 470 jobs annually over the forecast 2.5 years of construction.

Election Commitments


- N/A.

Summary of Actions

- That you approve the attached Tolling Declaration and State Project Documents (noting final documents for execution will be provided closer to 15 December 2016).

Minister's Comments:

Approved \ Not Approved



Minister

Date 16.12.16

DECLARATION AND NOTIFICATION OF TOLLS UNDER SECTION 93

Department of Transport and Main Roads
Brisbane, ____ December 2016

I declare under Section 93 of the *Transport Infrastructure Act 1994* (the Act) that a toll is payable for the use of the State toll road corridor land which comprises the Gateway Motorway, Logan Motorway and Gateway Extension Motorway toll roads.

Notice is also given under section 93 of the Act for the matters prescribed in Schedule 5 of the Act for use of the Gateway Motorway, Logan Motorway and Gateway Extension Motorway toll roads.

The definitions at the end of this declaration are common to all of the conditions to this declaration.

MARK BAILEY MP
MINISTER FOR MAIN ROADS, ROAD SAFETY AND PORTS
AND MINISTER FOR ENERGY, BIOFUELS AND WATER SUPPLY

Released under RTI - DPMR

Schedule 5 Conditions

1. Vehicle Classes

1.1 The following types of vehicles are liable for tolls:

- Class 1: Motor Cycles
- Class 2: Cars
- Class 3: Light Commercial Vehicles
- Class 4: Heavy Commercial Vehicles.

2. The maximum toll payable for use of the Gateway Motorway, Logan Motorway and Gateway Extension Motorway toll roads for each type of vehicle liable to pay a toll

2.1 The maximum toll payable for each type of vehicle is the amount specified in clause 2.2 as modified from time to time by operation of the formulae contained in clause 3, provided that no toll is payable:

- (a) at the new south facing on and off ramps to the Gateway Extension Motorway at Compton Road to be developed as part of the Logan Motorway Enhancement Project until the LEP Toll Change Date; or
- (b) for or in connection with the use of the Gateway Motorway, Logan Motorway or Gateway Extension Motorway toll roads by any Exempt Vehicle.

2.2 The maximum toll for each category of Motor Vehicle at the Date of Commencement is the amount specified in the table below.

Toll Point	Vehicle Class	Maximum Toll (including GST)
Murarrie on the Gateway Motorway	Class 1	\$2.20
	Class 2	\$4.39
	Class 3	\$ 6.59
	Class 4	\$11.63
Kuraby/Compton Road on the Gateway Extension Motorway	Class 1	\$1.30
	Class 2	\$2.59
	Class 3	\$3.89
	Class 4	\$ 6.86
Loganlea on the Logan Motorway	Class 1	\$ 0.83
	Class 2	\$1.66
	Class 3	\$2.50
	Class 4	\$4.41
Heathwood/Paradise Road on the Logan Motorway	Class 1	\$1.37
	Class 2	\$2.74
	Class 3	\$4.10
	Class 4	\$7.25

3. The methodology to be used to decide indexed, and other periodic increases in the maximum toll payable for the use of the Gateway Motorway, Logan Motorway and Gateway Extension Motorway toll roads

3.1 Subject to clause 3.2 and clause 3.3, on each Toll Review Date after the Date of Commencement, the maximum toll for the Toll Year for the Gateway Motorway, Logan Motorway and Gateway Extension Motorway toll roads shall be the amount calculated in accordance with the following formula:

$$A = B \times C$$

Where:

A = the maximum toll applicable to the Toll Year commencing from the relevant Toll Review Date, rounded to the nearest whole cent (rounding upwards amounts ending in 0.5 cents);

B = the maximum toll for the Toll Year immediately prior to the relevant Toll Review Date, but disregarding any rounding that was applied in the calculation of the maximum toll for that prior Toll Year;

On any Toll Review Date when CPI_n is less than CPI_{n-1} , $C = 1.00$; and

On every other Toll Review Date, $C = CPI_n / CPI_{n-1}$.

- 3.2 If the LEP Toll Change Date occurs on or before 30 June 2019, from the LEP Toll Change Date until the next Toll Review Date, the maximum toll for Class 4 vehicles shall be the amount calculated in accordance with the following formula:

$$A = B \times 3.0725$$

Where:

A = the maximum toll for Class 4 vehicles for the Gateway Motorway, Logan Motorway and Gateway Extension Motorway toll roads from the LEP Toll Change Date until the next Toll Review Date to occur rounded to the nearest whole cent (rounding upwards amounts ending in 0.5 cents);

B = the maximum toll for Class 2 vehicles applicable in the same Toll Year as calculated in accordance with clause 3.1 but disregarding any rounding applied under that clause.

Where the LEP Toll Change Date occurs on or after 1 July 2019, from the LEP Toll Change Date until the next Toll Review Date to occur, the maximum toll for Class 4 vehicles for the Gateway Motorway, Logan Motorway and Gateway Extension Motorway toll roads shall be the amount calculated in accordance with the following formula:

$$A = B \times C$$

Where:

A = the maximum toll for Class 4 vehicles for the Gateway Motorway, Logan Motorway and Gateway Extension Motorway toll roads from the LEP Toll Change Date until the next Toll Review Date to occur rounded to the nearest whole cent (rounding upwards amounts ending in 0.5 cents);

B = the maximum toll for Class 2 vehicles applicable in the same Toll Year as calculated in accordance with clause 3.1 but disregarding any rounding applied under that clause;

C = the Class 4 Multiplier identified in the table in clause 3.3 for the Toll Year in which the LEP Toll Change Date occurs.

- 3.3 On each of the Toll Review Dates in the table below that occurs after the LEP Toll Change Date, the maximum toll for Class 4 vehicles shall be the amount calculated in accordance with the following formula:

$$A = B \times C$$

Where:

A = the maximum toll for Class 4 vehicles applicable to the Toll Year commencing from

the relevant Toll Review Date rounded to the nearest whole cent (rounding upwards amounts ending in 0.5 cents);

B = the maximum toll for Class 2 vehicles applicable to that Toll Year calculated in accordance with clause 3.1 but disregarding any rounding applied under that clause;

C = the Class 4 Multiplier applicable to the applicable Toll Year as specified in the table below.

Toll Review Date	Toll Year	Class 4 Multiplier
1 July 2019	1 July 2019 – 30 June 2020	3.0725
1 July 2020	1 July 2020 - 30 June 2021	3.1468
1 July 2021	1 July 2021 - 30 June 2022	3.2229
1 July 2022	1 July 2022 - 30 June 2023	3.3009
1 July 2023	1 July 2023 - 30 June 2024	3.3807
1 July 2024	1 July 2024 - 30 June 2025	3.4624

3.4 The Toll Road Operator must make a public notice at least five Business Days prior to any change to a toll taking effect with respect to the Gateway Motorway, Logan Motorway or Gateway Extension Motorway by placing a notice in a newspaper circulating in Brisbane.

3.5 On the Termination Date for a toll road, the maximum toll becomes fixed at \$Nil for the use of that toll road by all types of vehicles unless these conditions are varied to increase the toll following the relevant procedures of the Act.

4. The day the toll becomes payable by each type of vehicle liable to pay a toll for use of the Gateway Motorway, Logan Motorway and Gateway Extension Motorway toll roads

The tolls, Administration Charges and User Administration Charges with respect to the Gateway Motorway, Logan Motorway and Gateway Extension Motorway toll roads in clauses 2, 5 and 7 are payable from the Date of Commencement.

5. The Administration Charge payable for issuing a notice for, and collecting, an unpaid toll for use of the Gateway Motorway, Logan Motorway or Gateway Extension Motorway toll roads

5.1 The maximum Administration Charge is \$23.46 (including GST) as modified from time to time by operation of the formula contained in clause 5.2.

5.2 On each Toll Review Date after the Date of Commencement, the maximum Administration Charge shall be the amount calculated in accordance with the following formula:

$$A = B \times C$$

Where:

A = the maximum Administration Charge applicable to the Toll Year commencing from the relevant Toll Review Date, rounded to the nearest whole cent (rounding upwards amounts ending in 0.5 cents);

B = the maximum Administration Charge applicable to the Toll Year immediately prior to the relevant Toll Review Date, but disregarding any rounding that was applied in the calculation of the maximum Administration Charge for that prior Toll Year;

On any Toll Review Date when CPI_n is less than CPI_{n-1} , $C = 1.00$; On every other Toll Review Date, $C = CPI_n / CPI_{n-1}$.

6. The ways of making payment of the toll liability for use of the Gateway Motorway, Logan Motorway or Gateway Extension Motorway toll roads

6.1 The way of making payment of the toll liability for use of the Gateway Motorway, Logan Motorway or Gateway Extension Motorway toll roads is by use of the E toll system or by use of the video tolling system.

6.2 One or more video products will be provided by or on behalf of the Toll Road Operator for purchase up to 30 days prior to and up to 72 hours after (or such longer periods as may be permitted by the Toll Road Operator) travel on the Gateway Motorway, Logan Motorway or Gateway Extension Motorway toll roads. Video products may be made available through various distribution channels including customer service centre, call centre and retail outlets.

7. The User Administration Charge payable for persons making payment of the toll other than by use of the E toll system

7.1 The User Administration Charge consists of one or more of the following:

- (a) An Image Processing Fee, per Toll Point, of not more than \$0.47 (including GST);
- (b) A Retail Purchase Fee, per video product purchased at a retail outlet, of not more than \$1.17 (including GST); and
- (c) A Casual User Invoice Fee, per invoice issued in relation to travel on the Gateway Motorway, Logan Motorway or Gateway Extension Motorway toll roads for which payment is not made by use of the E toll system or a video product, of not more than \$8.21 (including GST),

as modified from time to time by operation of the formula contained in clause 7.2, provided that no User Administration Charge is payable for or in connection with the use of the Gateway Motorway, Logan Motorway or Gateway Extension Motorway toll roads by any Exempt Vehicle.

7.2 On each Toll Review Date after the Date of Commencement, the components of the User Administration Charge shall be the amounts calculated in accordance with the following formula:

$$A = B \times C$$

Where:

A = the maximum Image Processing Fee, Retail Purchase Fee or Casual User Invoice Fee component of the User Administration Charge applicable to the Toll Year commencing from the relevant Toll Review Date, rounded to the nearest whole cent (rounding upwards amounts ending in 0.5 cents);

B = the relevant component of the User Administration Charge applicable to the Toll Year immediately prior to the relevant Toll Review Date, but disregarding any rounding that was applied in the calculation of that component of the User Administration Charge for that prior Toll Year;

On any Toll Review Date when CPI_n is less than CPI_{n-1} , $C = 1.00$; On every other Toll Review Date, $C = CPI_n / CPI_{n-1}$.

7.3 On the Termination Date for a toll road, each component of the User Administration Charge in relation to that toll road becomes fixed at \$Nil unless these conditions are varied to increase one or more of the components of the User Administration Charge following the relevant procedures of the Act.

8. **A description of the arrangements that will be used to allow users of the Gateway Motorway, Logan Motorway or Gateway Extension Motorway toll roads to satisfy the liability to pay tolls on the Gateway Motorway, Logan Motorway and Gateway Extension Motorway toll roads and tolls on other toll roads or tollways in the State or another State**
- 8.1 The Toll Road Operator must use all reasonable endeavours to ensure that the E toll system in use on the Gateway Motorway, Logan Motorway and Gateway Extension Motorway toll roads is interoperable with the equivalent transponder-based systems in operation on other Australian toll roads.
- 8.2 The Toll Road Operator must use all reasonable endeavours to ensure that the video tolling system in use on the Gateway Motorway, Logan Motorway and Gateway Extension Motorway toll roads is interoperable with the equivalent image-based systems in operation on other Queensland toll roads.
- 8.3 Nothing in this Notification permits a toll, Administration Charge or User Administration Charge to be levied on a user of the Gateway Motorway, Logan Motorway or Gateway Extension Motorway toll roads in excess of the parameters established in the Act and this Notification.

Released under RTI - DMR

Definitions for Schedule 5 Conditions

1. Definitions

1.1 In these Conditions:

“**Act**” means the *Transport Infrastructure Act 1994* and includes any amendment or replacement of this Act.

“**Administration Charge**” has the same meaning as is provided in the Act.

“**Bus**” means a Motor Vehicle having more than 12 seating positions (including that of the driver).

“**Business Day**” means a day in Brisbane that is not a Saturday, Sunday or a public holiday and on which banks are generally open for business.

“**Car**” means a four-wheeled Motor Vehicle, including taxis, which is not a Commercial Vehicle (and includes such Motor Vehicle even if it is towing a trailer or caravan).

“**Class 4 Multiplier**” means the multiplier set out in the table in clause 3.3.

“**Commercial Vehicle**” means a Motor Vehicle that is either a Light Commercial Vehicle or a Heavy Commercial Vehicle.

“**CPI**” means the Consumer Price Index (All Groups, Brisbane) index number as published by the Australian Bureau of Statistics.

“**CPI_n**” at any date is the CPI for the March quarter immediately prior to the relevant Toll Review Date.

“**CPI_{n-1}**” at any date is the CPI for the March quarter one year prior to the March quarter immediately prior to the relevant Toll Review Date.

“**Date of Commencement**” means the date on which this notice is published in the Queensland Government Gazette.

“**Exempt Vehicle**” means a vehicle utilised for any of the following purposes:

- (a) police;
- (b) ambulance;
- (c) fire services;
- (d) State emergency services as defined in the *Disaster Management Act 2003* (Qld);
- (e) the performance of other emergency services under authority of a State law or the State;
- (f) corrective services as defined in the *Corrective Services Act 2006*; and
- (g) TransLink bus services (provided that the vehicle, if required by the Toll Road Operator, is carrying an E toll transponder accepted by the Toll Road Operator for payment of tolls),

and any other vehicle that is prescribed under the law to be exempt from liability for payment of tolls.

“**Gateway Extension Motorway toll road**” means the major arterial road which connects the Logan Motorway toll road at Drewvale with the Gateway Motorway toll road at the Pacific Motorway interchange, Eight Mile Plains.

“**Gateway Motorway toll road**” means the major arterial road which connects the Gateway Motorway at Nudgee with the Port of Brisbane Motorway at Doboy and the Gateway Extension Motorway toll road at the Pacific Motorway interchange, Eight Mile Plains, but does not include the Old Gateway Motorway.

“**Heavy Commercial Vehicle**” means a Motor Vehicle that:

- (a) is a rigid Truck with 3 or more axles;
- (b) is an articulated Truck;
- (c) is a Bus;
- (d) is a two axle rigid Truck having a gross vehicle mass greater than 4.5 tonnes;
- (e) is a Motor Vehicle having a gross vehicle mass greater than 30 tonnes; or

- (f) has spatial dimensions which are substantially consistent with the criteria in any of paragraphs (a) to (e) above.

"LEP Construction Completion" means construction completion of the Logan Motorway Enhancement Project.

"LEP Toll Change Date" means the day after the date on which LEP Construction Completion occurs.

"Light Commercial Vehicle" means a Motor Vehicle that is registered for commercial use and:

- (a) is a two axle rigid Truck or load carrying van or utility, having a gross vehicle mass greater than 1.5 tonnes but not exceeding 4.5 tonnes, or
- (b) has spatial dimensions which are substantially consistent with the criteria in paragraph (a).

"Logan Motorway toll road" means the major arterial road which connects the Ipswich Motorway at Gailies with the Gateway Extension Motorway toll road at Drewvale and the Pacific Motorway at Loganholme.

"Motor Cycle" means a two-wheeled or three-wheeled Motor Vehicle (and includes such Motor Vehicle even if it has a trailer, fore car or side car attached).

"Motor Vehicle" has the meaning given to it in the *Transport Operations (Road Use Management) Act 1995* (Qld).

"Old Gateway Motorway" means the major arterial road which connects the Gateway Motorway toll road at Nudgee with the Gateway Motorway toll road at Eagle Farm.

"Taxi" means a Motor Vehicle registered with the Queensland Department of Transport and Main Roads for use as a taxi.

"Termination Date" for a toll road means 31 December 2051.

"Toll Review Date" means 1 July 2017 (being the first toll review date) and thereafter 1 July in each calendar year until the Termination Date.

"Toll Road Operator" has the same meaning as is provided in the Act.

"Toll Year" means the period from the Date of Commencement until the first Toll Review Date and thereafter each calendar year commencing on the relevant Toll Review Date.

"Toll Point" has the meaning given to the term "toll plaza" in the Act.

"Truck" means a Motor Vehicle other than a Bus which has a cab-chassis construction and a gross vehicle mass greater than 1.5 tonnes.

"User Administration Charge" has the same meaning as is provided in the Act.

Pages 13 through 86 redacted for the following reasons:

Not Relevant

Released under RTI - DTMR