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Professor David Hensher

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Follow up questions

1. You present a staged proposal for introducing road access pricing, of which the first stage is to reduce annual registration fees, through either a pay as you go, or a voluntary discount scheme. What are the advantages and disadvantages of both these schemes?

   Response: The preferred approach is the one in the Hensher-Mulley paper. The focus is on implementing this on the entire road network both in Sydney and the rest of NSW. The example used was only developed for Sydney where we reduced annual regn charge and added a 5c/km distance based peak period charge. If this is extended to the rest of NSW, then the component of the distance based charge would have to be reduced to reflect no congestion (note the 5c/km is not a congestion charge but a use related charge but has a part that reflects congestion). My best guess at this stage is that the non-Sydney distance based charge could be around 2-3c/km.

2. Is linking payments to kilometres travelled likely to lead to an increase in fraud through falsifying odometer readings?

   Response: There is always a slight risk but I doubt it is serious and should not the basis of not supporting such an initiative. I am not aware of how much happens currently, but the great majority of users would not do this and one might have to include some very high penalty if caught. Note that odometer readings are captured on an on-board computer which also tracks travel by time of day, and if we can implement the Oregon model then payment will be done at the petrol stations.

3. Can you outline the elements of your scheme that may provide challenges to implement?

4. Response: The greatest is selling the idea to stakeholders who will ultimately be mechanism to obtain political support. One has to ensure that if there is a trial period that there will be noticeable time benefits (even though we are selling the lower regn charge plus a distance based peak period charge). Such time benefits become the way forward to justify further increases in the distance based charge as a way of growing revenue to invest back into infrastructure, both roads and public transport. Importantly we must get govt to support earmarking monies to these causes otherwise stakeholders will be sceptical and may not see the full benefits. In addition we have to get away from the view by politicians that this is not on without good public transport, since we are offering a lower cost by switching time of day of travel (and we now know that enough people would prefer to switch time of day and stay with car – see http://sydney.edu.au/business/__data/assets/pdf_file/0009/169713/TOPS-2013-Q1-Media.pdf)

5. How important is fuel excise reform as part of a broader pricing scheme?

   Response: Not overly except that the non-indexed fuel excise is diminishing and there is a risk that Federal govt may argue for a share of the distance based revenue. But if this revenue is unrelated to fuel excise which is still collected then I see no reason why the Federal govt can reasonably claim a contribution from the charge (which is not a tax).

6. In your submission you mention a 'taxi tariff' as a model for a road pricing scheme. Can you elaborate on the benefits and challenges of this type of scheme?

   Response: This in the Hensher-Bliemer paper. It was used as an example of a way of collecting revenue by installing equiv meters in cars but I doubt it has high appeal.

7. Several models propose implementing significant changes in stages. What do you think the major changes are and which should be introduced first?

   Response: Begin with regn reduction and peak period distance based charge designed to sell no cost impost on users and no revenue loss to State Treasury. Then once accepted and time benefits are obtained, consider a higher cost per km as a way of building use related funds for new infrastructure including public transport. Ensure that distance based charge is not CPI indexed but adjusted maybe every 3-6 mnths according to traffic levels in metro area. The non-metro area distance based charge would be reviewed as well based on other cost imposts changing.