

ROAD ACCESS PRICING

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Action for Public Transport (NSW) Submission to Road Access Pricing Enquiry

Action for Public Transport (NSW) is a non-profit community group. We urge that any road access pricing scheme should achieve **complete cost recovery**. This would redress the current over-investment of money and time in road transport, with the effects of high carbon emissions, urban sprawl and ill-health resulting from pollution and under-use of active transport (walking and cycling).

Much road construction to date has been based on the premise that traffic congestion must be avoided at all costs, justifying many large-scale freeway and road widening projects. The well-known fact of induced traffic has meant that the extra road capacity has been used for additional discretionary trips and congestion reappears at a similar level to before. "Where are the roads our petrol taxes pay for" was a slogan of the 1980s; in fact this revenue still fell far short of the total costs of road transport. The enormous construction that would have followed would have increased Sydney's car-dependence and sprawl to an even more unsustainable state than exists now.

A rational pricing system would:

- Start from the basis that land and construction materials are scarce resources.
- Recognise improved health and carbon emissions goals.
- Make clear to vehicle users the true costs of each journey.
- Encourage an optimal land use - transport mix, with journeys not unnecessarily long in terms of people's money, time and resource use.

Components of road costs which need to be recovered include:

- **Land costs.** These are explicit where land is resumed for a new road project, but are now charged where crown land is used. The land used for urban streets and roads, originally subdivided from crown land in the days of "terra nullius", may include a component that could raise revenue or amenity (e.g. parks or housing) if it were freed by a more efficient transport system.
- **Health costs** caused by particulate and other pollution.
- **Construction costs.**
- **Maintenance costs.** Costs of damage to pavements are disproportionately incurred by heavier goods vehicles – the "Fourth Power Law" is a rough guide, see http://en.wikipedia.org/wiki/AASHO_Road_Test.
- **Negative externalities** such as loss of amenity and real estate value due to traffic noise.

Potential ways for the NSW Government to **recover road user costs** include:

Vehicle licensing based on distance travelled. The present flat charge acts to distort individual decisions about journeys. Distance-based licensing would be fairer, and not unduly penalise those who use their cars (or trucks) for occasional trips only. Each potential journey would be more directly comparable with the public transport fare.

Congestion, or decongestion, charging: Based on a fixed boundary around congested areas, most likely the CBD. Also referred to as cordon pricing. [See <http://www.humantransit.org/2013/02/help-kill-the-term-congestion-pricing-and-congestion-charge.html> for a discussion of the best terminology.] This system has been generally successful in London and Singapore, among other cities. It is one method that has serious potential to undo the effects of induced traffic and genuinely clear streets.

The boundaries of Sydney's CBD would be a likely line for a cordon or decongestion charge to apply, though this potentially could be extended to other inner areas e.g. the boundaries of the City of Sydney. As an example of the benefits, any bus passenger into the CBD must currently notice the delay caused by cross city traffic along Goulburn, Liverpool, Bathurst, Market Streets etc. The Cross City Tunnel, which has potential to reduce this congestion, is under-used because this is

charged for and the streets are not. A sensible charging regime (which might even include reducing the tunnel charge, in conjunction with CBD cordon charge) could ease this situation.

A **tonne-kilometre charge** applied to freight vehicles would be a more equitable way than flat charges to achieve cost recovery, given that heavy trucks account for a disproportionate share of road damage (see above).

Finally as technology improves and more and more can be incorporated in each new car, a **flexible time-and-place based charging system** becomes more feasible. As all vehicles become fitted with GPS, their presence on routes subject to higher road charges (congestion or decongestion charges) could be reported to the charging regime with the additional information of the time. Driving along a CBD street could attract a lighter charge or none at 3 am Monday morning, than five hours later. There is now scope for this to be more sophisticated in its operation than London's congestion charge for example, which relies on number plates of vehicles entering the charged zone.

Some **issues with costs and revenues**:

- **Fuel excise and taxes** – there might be scope to lower these with a road pricing system, as a political sweetener. However the imperative to reduce carbon emissions (including by encouraging electric vehicles) might argue against reducing petrol costs in any way.
- **Revenue from pricing scheme(s)** – it is internationally accepted that **public transport** (both capital works and ongoing services) is a totally suitable use for this revenue. This benefits drivers by reducing the number of competing vehicles, and keeps urban transport as a whole functioning. Some part will of course be required for road maintenance, and to a limited extent, new construction. Finally it will be a matter for political debate whether any surplus should go to consolidated revenue.
- **Levels of government** – currently state governments are responsible for a designated network of main roads, local government for the rest, and the federal government provides funds for both and planning for a select network of interstate highways. A rational road pricing scheme may mean that there must be some reallocation of responsibilities between levels, or at least some additional transfer of funds.
- **Cross-subsidisation within the road network**: An argument that every kilometre of road should pay exactly its own maintenance costs would not be politically popular. Many people in country areas are dependent on long roads with light traffic, sealed or unsealed, which under a totally economic-rationalist argument would be subject to exorbitant charging or closure. While we state above the principle of “complete cost recovery”, there is no reason why some parts of the system should not subsidise others – and it may well be urban roads that are the more profitable. Currently both telecommunications and postal services are examples of sectors that are overall self-sufficient, but under which regional users are cross-subsidised by urban ones to some extent. However this should **not** be used as a basis for rural roads to be subsidised for freight transport at the expense of railways, where wheat or other goods are involved.

Conclusion: APT NSW believes that a realistic road pricing system, especially where urban roads are concerned, can in the long run improve our urban environments by ensuring that resources are not devoted to excessive road construction and the resultant urban sprawl. If users have a truer idea of the costs of their journey we will attain a more efficient urban form. Similarly over long distances, movement of freight and passengers would adjust to the most appropriate modes in economic and environmental terms.

We look forward to the Inquiry publishing clear recommendations, implementation plans and a time line for putting these into effect.

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