

VIEW FROM CANBERRA

November 15

ROADS – ELECTRICITY – WATER

I often get asked why BIC bangs on about road pricing. What has that got to do with the Bus Industry and me?

These questions were discussed at the BIC Conference in Singapore.

Singapore as a city, has had electronic road pricing in place for many years. In other words you are charged to drive on the road at a rate that is determined by how far you drive, the time of day and the location you are driving.

Singapore also has a licensing arrangement in place that charges an individual to own a car, and it is a lot. Whilst I could not see a charge being applied to own a car in Australia, paying for the use of roads, in the same way you pay for utilities like water and electricity is not such a fanciful idea, in fact, I think it will be the norm in the very near future.

Australian cities are already suffering under the strain of traffic congestion which has huge productivity impacts on the economy.

Australia has developed a huge infrastructure backlog of viable projects that it can't deliver and can't pay for at the moment.

Australia cannot pay for the infrastructure that is required to address the challenges of congestion and the future growth of our cities as population grows. With 89% of Australians living in urban areas this is a big problem and getting bigger.

But that is not all, there is a "double burger" or maybe it's a "quadruple burger" that is a going on here.

Not only can't we pay for the infrastructure that we need to travel, but the main source of revenue collected to fund such projects, fuel excise is on the decline.

Why is it on the decline?

Well, think about this,

- > Australians like Americans are per capita, driving less vehicle kilometres per year by car
- > Cars are more fuel efficient,
- > Ownership of cars is on the decline, look at the decisions Gen X and Gen Y are making about staying home longer and using PT and
- > What happens when electric cars become the norm and no fuel – no excise

Based on this scenario, fuel excise and car registration fees are not a very reliable future income stream for Australian Treasurers.

So everyone is looking for alternative revenue sources and road pricing is right on the agenda.

VIEW FROM CANBERRA

Why not charge for the use of the roads like you do for electricity or water? You have a rate per Kilo Litre or Kilo Watt, you have a rate you pay for peak or non-peak periods or excess use. So why not a per kilometre charge based on distance, time of day and location for using roads?

The benefit of this is, you only pay when you drive, you have the choice to drive or not (even better if this is supported with more and better PT services), you can choose to pay less by travelling at different times (off peak), you pay for the full cost of your travel choice (not just road use, but pollution and congestion costs etc.) which means different vehicles and different travel choices are charged different rates, maybe free for some, depending on the level of road wear, congestion and environmental impacts.

So road pricing is part of the solution to congestion in our cities and funding future infrastructure but it also encourages the use of and investment in public transport, and that is why it's good for Australia and good for the bus industry.

Bus Australia Network

