Foreword

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Road pricing was not a major focus of the 2015 Competition Policy Review (Harper et al. 2015). Only one of its 56 recommendations related to road pricing, yet the subject attracted the largest number of submissions of any issue before the review panel—that is, if each of the numerous copies of the same one-page leaflet forwarded to the secretariat from people staunchly opposed to road pricing was counted as a separate submission!

Road pricing raises hackles. The authors of the one-page leaflet asserted that 'our roads belong to the people, not the government' and 'our roads have been paid for already—we shouldn't have to pay for them again'. People might have said the same of dams and water mains, or even electricity poles and wires, but they did not. There is something about paying to use public roads that infuriates people far more than paying for water, electricity or gas, even when these utilities are also in public ownership.

Yet the principles for efficiently allocating scarce resources (public or private) to road transport are no different from those applying to other networked utilities such as reticulated water, electricity or gas. That is why the Competition Policy Review included a discussion of road pricing along with the pricing and regulation of other infrastructure.

Road pricing is not a new idea, nor is it untried elsewhere in the world. In fact, the arguments in favour of road pricing are sound, well understood and not especially hard to articulate, as the various chapters of this book

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amply demonstrate. Furthermore, technological developments have all but eliminated technical obstacles that have frustrated road pricing advocates for decades. Yet the prospect of treating access to and use of public roads similarly to energy, communication and water reticulation networks seems a distant one. Or is this view too pessimistic?

Alongside the heat generated by the review panel's discussion of road pricing, there was also light. At least one high-profile talkback radio host took me to task in an interview about road pricing, but was discomfited when I asked how sensible it would be for the government to pay for electricity out of general revenue and then just allow people to use as much of it as they wanted. He saw quite quickly that this would result in waste and inefficiency, but it had never occurred to him that roads are funded and allocated in exactly this way.

Since the release of the review's final report in 2015, there have been other reports canvassing different aspects of road pricing, some of which are mentioned in this book. The general tenor of public discussion, meanwhile, has been curious and intrigued rather than outraged, as far as I have observed, encouraged by public support for road pricing offered by motorists' associations, public transport enthusiasts and other road users.

So is road pricing an idea whose time has finally come? The advent of electric vehicles raises the prospect of some users evading even the pretence of a user charge in the form of the fuel excise levy. The fact that these users may be among the wealthier echelons of the community adds urgency to the issue and recasts road pricing as potentially progressive rather than regressive in its impact on income distribution.

Furthermore, the widening application of data analytics is familiarising people with a closer relationship between their behaviour and what they pay for a service. If car insurance premiums, for example, become more sensitive to the time and location of travel, road conditions and congestion levels, as well as driver behaviour, how easy would it be to calibrate a road user charge into the insurance premium? And might not this be encouraged by governments willing to offer a rebate of vehicle registration fees or fuel excise in accordance with users' acceptance of time and distance-based charges for road use? As the so-called sharing economy encourages people to think of assets as streams of services for which they can pay or, alternatively, be paid, again, how natural would it be to package the services provided by the road together with those provided by the vehicle?

My sense is that the ground is shifting for advocates of road pricing. As the various chapters of this timely volume make clear, the academic and policy cases in favour of road pricing are well established. Hand-wringing about the lack of political will to implement this overdue reform—also evident in this book—is understandable, but I wonder whether it isn't also misplaced.

The late Sir Harold Knight, former governor of the Reserve Bank of Australia, used to speak of 'catching the policy train' (Uren 2015). One needs one's bags packed and ticket at the ready, since the 'policy train' keeps an irregular timetable and can pull into the station unexpectedly. The chapters in this volume show that our bags are well and truly packed on this issue, and have been for some time. And now there is a slowly rising din of whistling and rattling to be heard. Might that be the road pricing policy train about to pull into the station?

References

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