

Infrastructure Victoria

# Transport Network Pricing Community Panel

Infrastructure Victoria convened a Community Panel to consider the following remit:

*Infrastructure Victoria is looking at a different way of charging for roads and public transport that is more efficient and fair.*

***Under what conditions, if any, would the community accept a change to the way they pay for roads and public transport?***

The Community Panel met and deliberated over a four week period before providing a report to Infrastructure Victoria.

The document following is their unedited report provided to Infrastructure Victoria on Saturday, 2 March 2019.

Infrastructure Victoria

# Transport Network Pricing Community Panel

PANEL REPORT

2 March 2019

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***Under what conditions, if any, would the community accept a change to the way they pay for roads and public transport?***

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# Values

What we value most about how we move around our city and regions.

1. Fairness/Equity
  - Ensuring that your socioeconomic circumstances or geographical location do not have a bearing on your ability to freely move
  - 'Do not impact'... on the transport network
2. Reliability
  - Ensuring that all transport, regardless of mode, will enable people to arrive at their destination in a timely manner (only achievable through reliability)
3. Accessible
  - Ensuring that the transport network is accessible regardless of ability or where you live
4. Safety
  - Ensuring the safety of all but especially to the vulnerable using the network (eg. the elderly and women) and workers eg transport workers, road workers

# Conditions

## Condition 1

<b>Locality must not be a disadvantage</b>
<b>Description</b>  An increase in public transport and road costs must not cluster disadvantaged people based on where they live. We must ensure public transport and road costs are fair for those who live in the middle, outer suburbs and regional areas, not just those in the inner suburbs. Any improvements to the system must be done statewide (not concentrated in the inner city) There should be a cap on charges for vehicle use and public transport use.
<b>Rationale</b>  <ol style="list-style-type: none"><li>1. A cap on costs will protect outer urban and regional users from being disadvantaged.</li><li>2. People in outer urban and regional areas have limited choice of transport options, so it would be unfair to significantly increase their cost through distance based charges.</li><li>3. Addresses the fear of a Melbourne-centric system being imposed on and paid for by outer urban and regional areas.</li></ol>

## Condition 2

<b>Network pricing needs to come with service improvements</b>
<b>Description</b>  If we were to accept an increase in the amount we are charged for transport usage, we would need to see a corresponding improvement in the network (road or PT).
<b>Rationale</b>  <ol style="list-style-type: none"><li>1. Any improvements made to an area need to be decided on a 'needs' basis.</li><li>2. Timing of implementation: when a price change is proposed, the commitment to change/improvement needs to be stated as an upfront commitment to the beneficial changes coming</li><li>3. Helps to build trust in the community which underpins public acceptance of change</li></ol>

## Condition 3

<b>Transparency of both revenue and expenditure</b>
<p><b>Description</b></p> <p>Transport should be both:</p> <ol style="list-style-type: none"><li>1. Adequately and transparently funded</li><li>2. Priced in an appropriate and transparent way</li></ol> <p>The public should know both how much is being spent and how much is being raised.</p> <p>The view of the panel is that the manner in which funds are currently collected and spent is not clear. It is recommended that any change to the pricing model for the transport network should be accompanied by increased transparency of transport revenue and expenditure.</p> <p>The total amount collected and the total amount spent should both be clear. Eg \$2 million was collected, \$5 million was spent. ATO tax distribution infographic as an example.</p> <p>This may mean that revenue from transport is directly spent on transport.</p>
<p><b>Rationale</b></p> <ol style="list-style-type: none"><li>1. Allocation of public funds should be clear and well understood to increase public confidence with the new pricing model.</li><li>2. Ensure continuous investment in the transport network with a more appropriate funding base.</li><li>3. Ensure accountability of government through transparency of revenue collected from transport network, and where funding is allocated.</li></ol>

## Condition 4

<b>Pricing must be transparent, simple, and provide options</b>
<b>Description</b> <p>There should be a predictability of pricing for users so that they are informed in their mode of transport decision making process. The system must be simple enough for all users to understand. It should give people choice based on their ability to pay, time of travel, and the transport options available.</p>
<b>Rationale</b> <ol style="list-style-type: none"><li>1. Give people a sense of ownership over their transport decisions/options</li><li>2. Customers know ahead of time how much they will be charged</li><li>3. Trust that the system is working correctly and is fair.</li></ol>

## Condition 5

<b>Open and Transparent Change</b>
<b>Description</b> Members of the public must have appropriate access to the mechanisms of change of payment for road and public transport.  People are wary of change that affects their day to day lives.  Poorly presented change is likely to be resisted
<b>Rationale</b>  <ol style="list-style-type: none"><li>1. Suspicion inhibits change.</li><li>2. The public need confidence in the process.</li><li>3. The public needs ownership.</li></ol>



## Condition 6

<b>Trial Introduction</b>
<b>Description</b> <ul style="list-style-type: none"><li>- “Try before you buy” approach</li><li>- Gain community feedback and confidence to ensure they feel heard<ul style="list-style-type: none"><li>- Reason→ If the community feels heard, they could be more open to change and not feel abandoned if their ideas can’t be implemented. This means any changes should also be justified.</li><li>- Real world trial is more accurate than simple models or predictions and may reveal factors that said models didn’t take into account</li></ul></li><li>- Given it is such a huge undertaking, there definitely does need to be a trial with the community first (should be within multiple communities eg rural, metro, demographics)</li><li>- Provides some opportunities to show whether the change works or not</li><li>- Cost effective as a small trial that proves the concept wouldn’t work saves more money than a broad implementation</li><li>- Identify enablers/barriers which would inform future, broader implementation</li></ul>
<b>Rationale</b> <ol style="list-style-type: none"><li>1. Evidence based</li><li>2. Community confidence/empowerment</li><li>3. Scope (change scope to opportunity) for improvement of concept</li></ol>

## Condition 7

<b>Equity and Social Inclusion</b>
<b>Description</b> <p>People in Victoria have the right, no matter their social circumstances, to an accessible and affordable transport system. In establishing a potential change to network pricing, the Government should act in a manner that ensures vulnerable members of the community are protected. This includes the provision of a comprehensive safety net that protects existing concession holders, people from low socio-economic backgrounds and people living in regional and rural areas. A change to the system should ensure that individual circumstances are taken into consideration to evaluate all transport pricing, resulting in a system that is nuanced and specific, rather than the existing pricing system, which acts as a catch all and does not reflect the needs of the Victorian community.</p> <p>In proposing a change to transport network pricing, we strongly feel that rates of payment should be reviewed to more equitably reflect the true circumstances of individuals. This includes people experiencing homelessness, people dealing with long-term medical conditions, various concession holders as well as individuals who are not eligible for concession.</p>
<b>Rationale</b> <ol style="list-style-type: none"><li>1. Paying for transport should never become a barrier to accessing services such as education, medical support, employment, social support services, etc.</li><li>2. Restructuring the existing transport payment system to ensure accessibility for all members of the Victorian community is an essential public service.</li><li>3. Changes to the transport pricing structure should be enacted to protect members of the community who are disproportionately affected by the existing pricing structure.</li></ol>

## Condition 8

<b>Establish an Independent Regulator for Pricing.</b>
<b>Description</b>  Transparency: Modifications to pricing should be reviewed by an expert independent body to represent public transport and road users interests to ensure a fair and equitable system.  Accountability: Changes to pricing systems are able to be challenged and justified and accepted.  Auditing: Auditing will allow for pricing verification and reporting.  Public Consultation & Resolution: Provides a platform which allows input from transport users to be part of the discussion and resolution process.
<b>Rationale</b>  <ol style="list-style-type: none"><li>1. It ensures that any government body cannot make changes without independent review.</li><li>2. Allows public input.</li><li>3. Provides a system where pricing structures can be shown to be fair and equitable for all users.</li></ol>

# Minority reports

## Minority report 1

<b>Pricing changes should include environmental costs</b>
<b>Description</b>  a. Pricing should reflect the environmental cost of road and public transport usage <ul style="list-style-type: none"><li>e.g. take into account native vegetation loss, water pollution, air pollution, resource use</li></ul> b. Pricing should encourage less environmental damage/impact <ul style="list-style-type: none"><li>e.g. charge less for modes of transport that have a lower environmental impact</li></ul>
<b>Rationale</b>  <ol style="list-style-type: none"><li>All transport modes have an environmental cost</li><li>Consider impacts on future generations</li><li>Drive behavioural change to lower polluting transport modes</li></ol>

## Minority report 2

**The community has the option to opt- in or opt- out of any transport network pricing reform.**

### **Description**

The community needs to be empowered, as an individual, to choose to accept or reject to participate the transport pricing reforms depending on the benefits or otherwise to the community. The benefits of a new pricing system will be different for city versus country transport users.

### **Rationale**

1. Congestion is main driver for pricing reform in city/metropolitan areas therefore, any reforms which lowered congestion are welcomed and more likely to be accepted by city transport users.
2. Country areas have increased reliance on road transport. Public transport services are limited. Congestion is a minor issue in country areas where availability, accessibility and convenience is far more important.
3. Distances travelled in country areas are by necessity much greater. Distance charging disadvantages country users and will almost certainly cause country travellers to reject any reforms unless they are not asked to pay more.

## Minority report 3

### Driving positive behaviour

#### Description

Any changes to the pricing system should encourage people to behave in a way that contributes positively to society.

Two general principles:

1. The cheapest option available to someone should also be the one that benefits society the most. Eg reduces congestion, reduces environmental impact, reduces the need for upgrading the system.
2. The impact of people's transport decisions on society should be clear to them. Eg 'taking the train saves Victoria \$x compared to driving' OR 'riding your bike to work reduces emissions by x amount'.

People will still have all options clearly available, however the most beneficial option will be both clear and desirable to the consumer. We are not removing choices but rather incentivising beneficial ones. An example could be Google Maps providing you with all of your transport options and providing you a nudge to the most time and cost-efficient route - it could potentially also advise you of environmental, financial and societal costs savings of that option.

The principles are general only - we understand that this may not apply for every person at all times. The practical implications of implementing the system must be considered.

#### Rationale

Under the current pricing model, the true cost of any particular method of transport is not apparent to the user. Through providing a more reflective price of each transport option, it is anticipated that users will be able to make more evidenced based decisions.

1. It is anticipated that this will reduce the burden of running the transport network, enabling us to keep up with a growing population and changing needs of society
2. The true financial, environmental and societal cost of transport should be transparent to the user
3. We should empower and incentivise people to make more positive transport decisions

## Minority report 4

### **Transport network solutions should leverage existing available technologies**

#### **Description**

Look to use currently available technologies before creating new technologies (eg using Myki to its full capabilities), including looking at using technologies for applications beyond intended use (eg number plate readers tolling technology)

Costly upgrades or introductions of additional technologies must be warranted, but also simple and easy to understand to the end user (back end functions can be as complex as required so long as user presented with an easily understandable system).

#### **Rationale**

1. Reducing the impression of complexity of any new technological implementations
2. Save cost, reduce time to implement
3. Simple and easy for the using customer

## Minority report 5

### All road transport included in pricing model

#### Description

Charging heavy trucks, light trucks, delivery vans, commercial light vehicles, motor cycles, bicycles because they all use roads and contribute to congestion

Captures Electric Vehicles and Autonomous vehicles

Public acceptance is more likely if all contributors to congestion and road costs are included

Discretionary charge can be applied to different vehicle types based on their impact to road (weight, size, time, route)

Modify behaviour of all road users to use off peak pricing if they wish. Pay a premium for peak usage and usage in areas of congestion.

Voting on this condition was close. With reference to bicycles included 10 persons were against, with bicycles excluded 6 different persons voted against with a total of 10 persons. Indicates decision is based on bicycle and not on the condition's bigger picture. There was inadequate time to seek a consensus.

#### Rationale

1. Exclusion of truck results in citizens being impacted (Costs) to alter their behaviour while commercial transport is unaffected by pricing model.
2. Exclusion of heavy trucks will make the overall aim (a new pricing model) hard to sell as it would be unfair..
3. Heavy vehicles are the prime contributor of road deterioration (maintenance costs), expense of road construction.
4. Driving for universal behavioural change and not just specific types
5. Prevents gaming of system. Company car claimed as transport, includes EV, personal use ute claimed as commercial vehicle, captures cyclists (EV and Human Powered).



## Minority report 6

**Parking is a key component of the broader transport network.**

### **Description**

A strategic plan regarding parking should be a precondition for adopting a new pricing regime for both roads and Public Transport

- Modify/impose parking restrictions on arterial and main roads to improve traffic flow.
- Substantially increase car parks at most train stations especially in outer areas.
- Could consider using existing transport technology (e.g. myki) at station carparks
- Ensure carparks at stations are being used for public transport commuters only

### **Rationale**

1. Increased parking at stations will encourage people to catch trains if they have that choice.
2. People would be able to use their travel cards e.g. myki to travel and park with ease at stations