

Good Move – Fixing Transport Congestion

Frequently asked questions

What is transport network pricing?

Transport network pricing means a shift away from fixed, upfront charges (like registration) towards charges based on how people use the system – on the distance travelled, time of day and mode.

This pricing change is a proven motivation for people to change their travel behaviour. As a result, demand for transport is spread more evenly across the day and we can benefit – through a more efficient system, more predictable travel times and for many people cheaper travel.

Charges exist on some parts of Victoria’s transport network already – fares are charged to use the public transport system for example, and tolls apply on some roads. Transport network pricing builds on this by changing the way we pay for transport away from flat charges that are not linked to how often or when we travel, and towards charges that reflect our actual use of the system. This encourages us to make best use of all modes of the transport system.

What’s wrong with how we pay for transport now?

There are three key problems we are trying to address:

- **Longer and more variable travel times due to congestion and crowding** – Increasing congestion and crowding, with Victorians experiencing significant congestion on roads, trains and trams. This means trips take longer, are less comfortable and less reliable, which costs people and businesses time and money.
- **Traditional solutions are not enough** – The accepted solution of building new infrastructure to ease congestion won’t solve our congestion problems unless we take other steps. To make the most of existing and new assets and services we need a complementary pricing system with inbuilt flexibility around time and mode of travel.
- **The current system provides few incentives and isn’t fair** – Our current pricing system is simple enough, but it doesn’t encourage people to make different choices about the time, route, mode or quality of their trip. This means that even as congestion worsens, people are not motivated to change their behaviour.

How will a change in how we pay for transport help?

Our research shows that a comprehensive transport network pricing system across roads, public transport and parking can:

- Reduce congestion and crowding as pricing encourages people to shift to other modes or times of travel to save money, freeing up the system during peak periods
- Get the most benefits from the transport infrastructure currently being built
- Postpone the need for expensive and disruptive large-scale infrastructure projects as we make better use of the infrastructure we already have
- Make it more likely that our major transport investments are the most efficient choices.

Will it cost more?

Our research also shows how the vast majority of Melburnians could pay less under transport network pricing:

- Up to 85% of people could pay less than they do today for transport
- Most people will experience cheaper transport costs. Those who do pay more (usually people from outer Melbourne travelling into the city) are usually in higher income households.

Will it be more efficient?

Transport network pricing also drives more efficient use of our transport system. Our work shows that under our hypothetical model that includes equity measures:

- Up to 168,000 car trips taken off Victorian roads every day – reducing pressure on the road network. Put into perspective, 120,000 cars cross the Bolte Bridge every day.
- Over 40% of people who would originally drive into the cordon area make the shift to public transport
- Nearly 110,000 people choose to shift to buses and take advantage of buses as the cheapest form of transport.

What will a change to pricing mean for congestion?

Transport network pricing can lead to:

- Speeds up to a quarter faster in inner Melbourne during the morning peak
- 8% less time spent in congestion for Victorian road users.

What are you proposing for roads?

Our hypothetical model proposes:

- A distance-based charge for roads in Greater Melbourne. This would mean removing fixed charges, such as registration, and introducing a charge per kilometre of travel.
- A cordon charge of \$1 per kilometre for driving in the inner Melbourne CBD during This is the main point for addressing congestion. 7am–9am or 3pm– 6pm. This is applied in addition to the distance-based charge.

Can't we just build more roads?

While building new roads is an important part of expanding transport capacity, local and international experience shows that building more roads only leads to more demand. Building new roads alone won't help to fix our congestion problems. That's why we need a complementary pricing system to help get the most out of new and future transport infrastructure.

What are you proposing for public transport?

- A different price for each mode of PT, with buses being the cheapest, followed by trams, then trains
- Discounts are available for all types of public transport during off-peak times
- Parking at stations and park-and-rides is priced.

Public transport is already crowded. How will TNP impact demand for PT?

TNP can reduce crowding as it provides more choices. Travellers can pay less to travel outside of peak hours, or pay less to travel on less crowded modes like buses. It is important that additional capacity and services be provided as people shift from driving to taking public transport. Additional capacity is included in government planning and our modelling reflects this.

What do you propose for parking?

All parking is priced.

Who will pay more? Who will pay less?

Most Melburnians could be better off financially under TNP by switching their mode or time of travel. Our modelling shows that up to 85% of Melburnians could pay less.

Those who pay less are mostly from inner and middle Melbourne who use the transport network relatively less than people who live in outer Melbourne and travel long distances.

Our research shows that people who travel from outer Melbourne to the inner city are usually people on high incomes. While they may pay more under TNP, they will be travelling on a faster and more efficient network.

How will this affect people on low incomes?

We think the best model includes discounts and concessions for low income and vulnerable Victorians. It extends the discounts available on public transport to driving.

We have also built in safety net measures, including a cap of \$5 per day for concession holders and 20 free travel days per year for all Victorians.

What will this mean for commercial vehicles?

Like anything, it will depend on where, when and how these vehicles are travelling. In most cases we expect that the costs of TNP will be passed on to the consumer – much like registration, tolls, fuel and other costs are passed on to the consumer now.

All vehicles will be charged under TNP, including trucks, vans, ride share vehicles and taxis. However, many drivers may find they can change the time of their travel to avoid peak pricing, such as delivery drivers dropping off goods in the CBD – if they avoid peak hour they can avoid a congestion charge.

What happens to the TAC charge?

All fixed charges, like the TAC charge, are replaced by a per-kilometre distance charge. This is both fairer and provides stronger incentives to reduce accidents.

Does the distance-based price apply for just roads or does it include public transport?

Yes. Public transport would attract a distance-based charge as well, so people would pay less for shorter trips and more for longer trips. This is common practice in cities around the world including Sydney and Tokyo.

What about registration?

Under transport network pricing, vehicle owners would no longer pay registration. At the moment registration is a fixed charge for every vehicle owner, regardless of how much they drive – so a pensioner who drives only to the local shops and medical appointments pays the same as someone commuting daily by car from Cranbourne to the city. We think a distance-based charge is a fairer way to pay than a fixed registration charge.

What happens in regional Victoria? How does that work?

Regional Victorians will also face some type of road charging and differentiated public transport pricing, though we haven't modelled this as our focus is on addressing congestion which is largely a problem in and around Melbourne. In our hypothetical example, all Victorians receive 20 free travel days which was included specifically to make sure Regional Victorians could access Melbourne's health, cultural and sporting precincts.

So this is another tax?

No. What we are proposing is the removal of all existing fixed transport charges, including registration, TAC charges and fuel excise, in favour of a system that charges people for how much they use it. Ultimately, TNP will be no more a tax than your water bill.