



Australian Government

Department of Infrastructure and Regional Development

Land Transport Market Reform



Transport Market Reform
Andrew Hyles, Director

Momentum

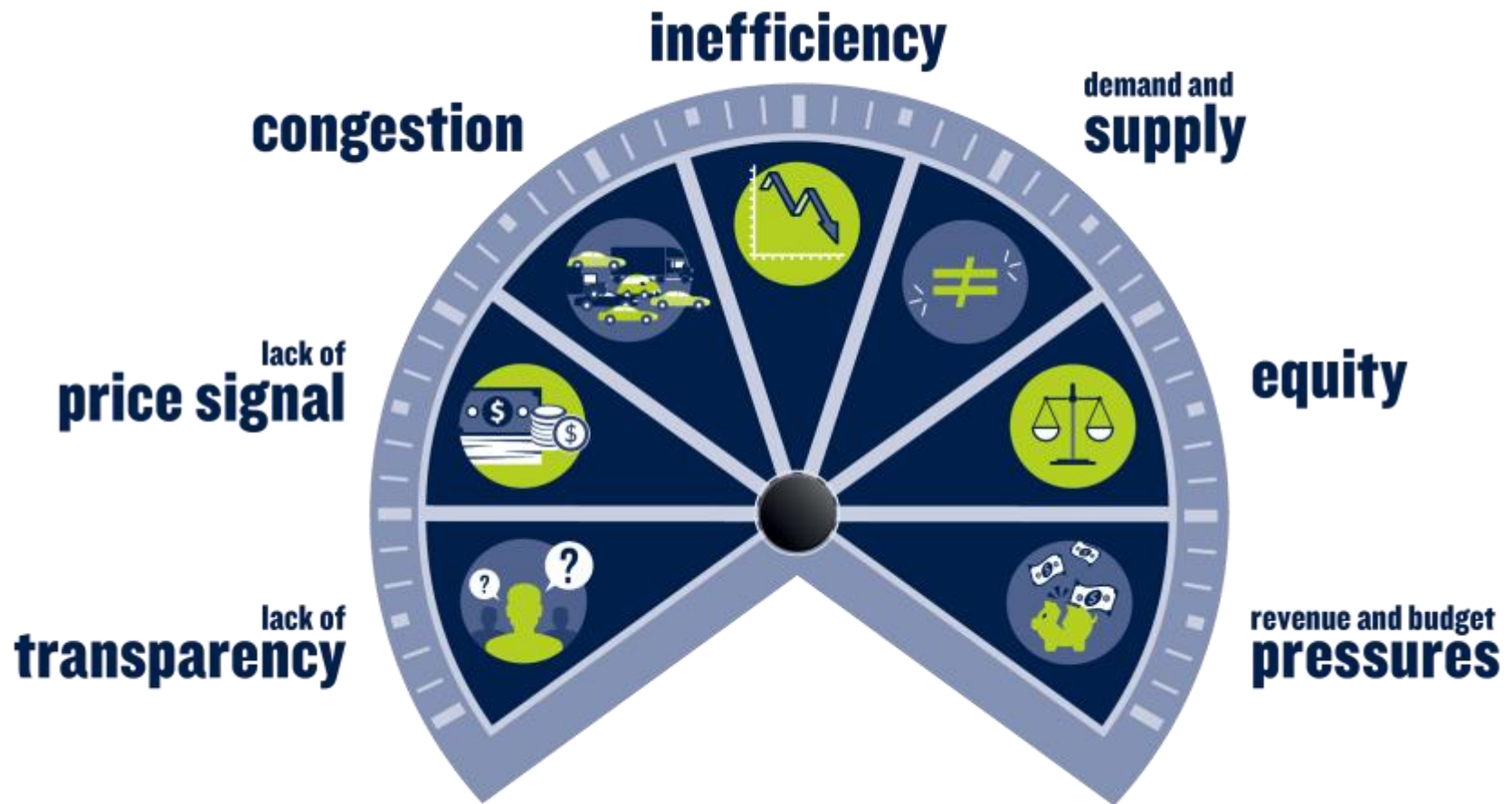
COAG agreed in December 2015 to:

- accelerate heavy vehicle road reform;
- implement independent price setting for heavy vehicle charges by 2017-18; and
- investigate the high level costs and benefits of direct user charging for all vehicles.

The Australian Government will consider a competition payments framework to support land transport market reform.



Why reform road usage and road costs?



Objectives of Reform

- An efficient, sustainable and fair investment and charging framework for roads.
- Principles of reform:
 - ✓ Fair
 - ✓ Transparent
 - ✓ Responsive
 - ✓ Simple
 - ✓ Efficient
 - ✓ Competitive and
 - ✓ Better

Transition



PAYGO

No link between national charges and user needs



Forward looking cost base + funding and institutional reform

National charges with indirect link to user needs



Direct user charging - heavy vehicles

Direct link between charges and user needs



Full market reform

Wider application of user charging to support transport market reform

Transparency in current system – HVRR Phase 1

HVRR Phases 2 and 3

HVRR Phase 4

Beyond HVRR

Fairness



LAND TRANSPORT
MARKET REFORM

BITRE Road Model

Activity -> Revenue

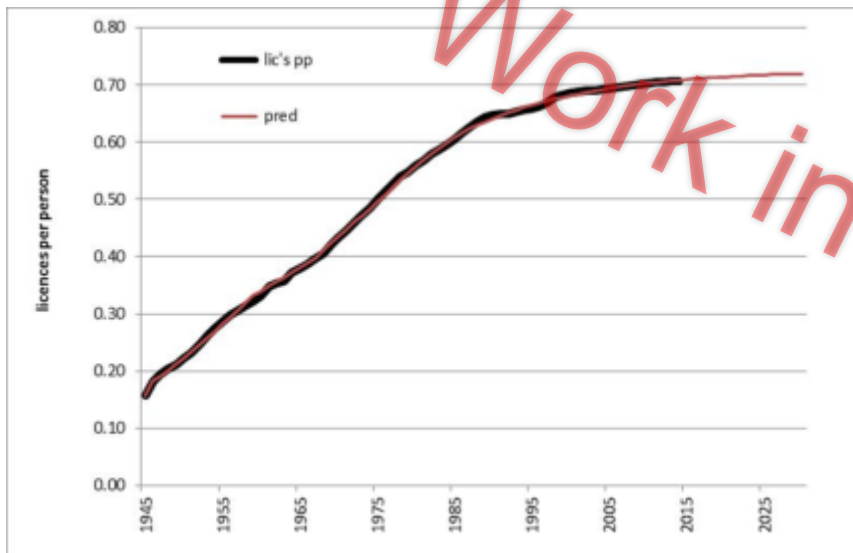
Road Network -> Costs

Scenarios – trial hypothetical options

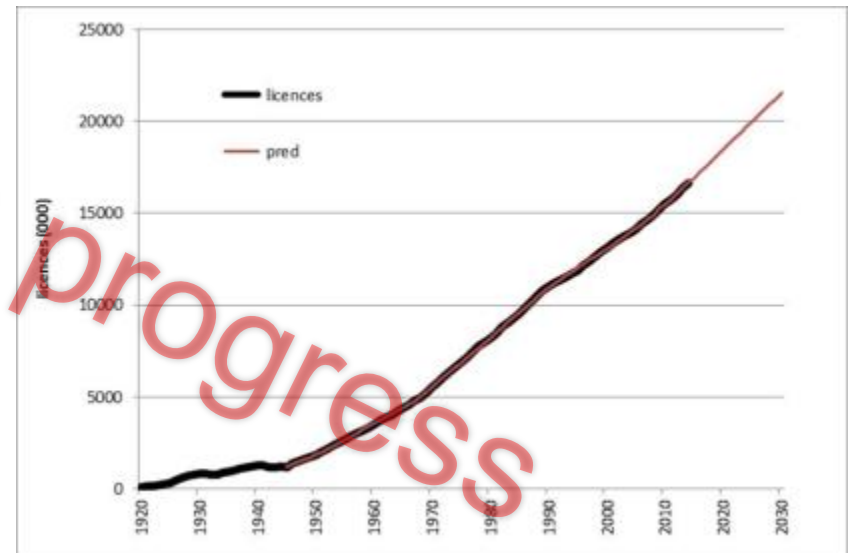
Activity

Example: Licences

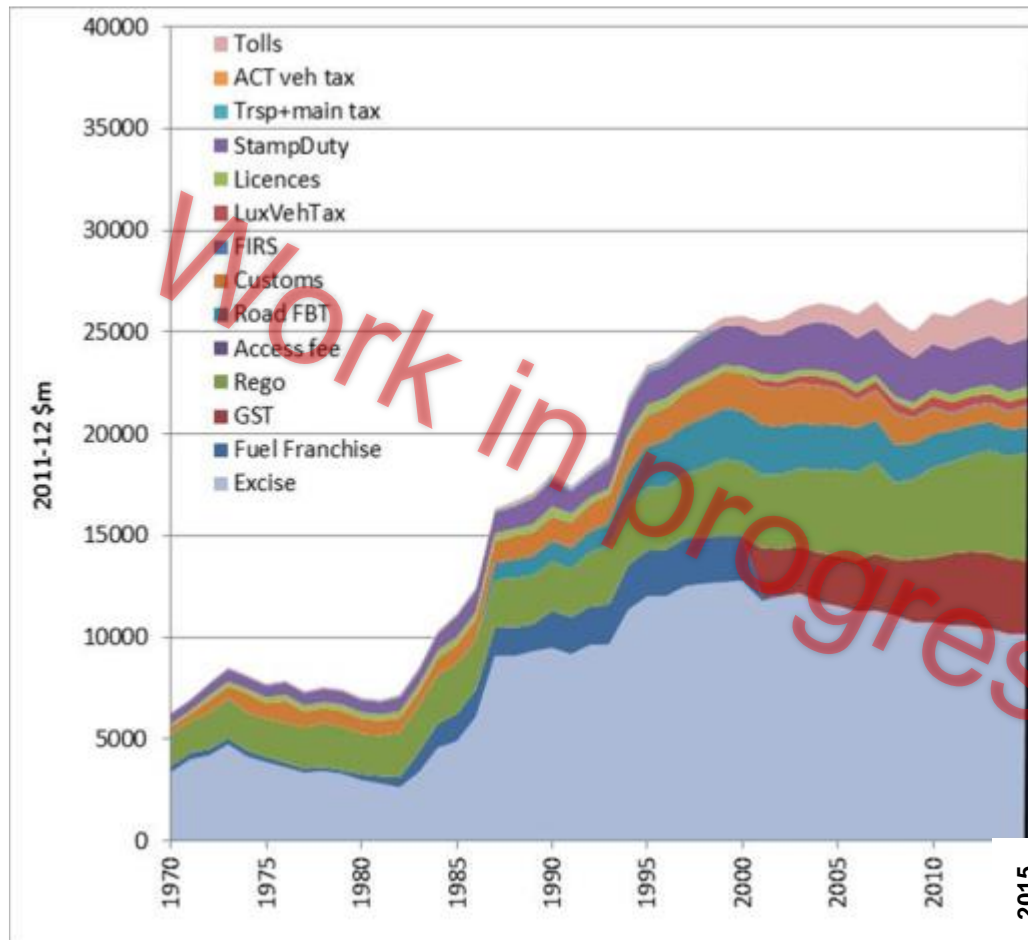
Per person



Total

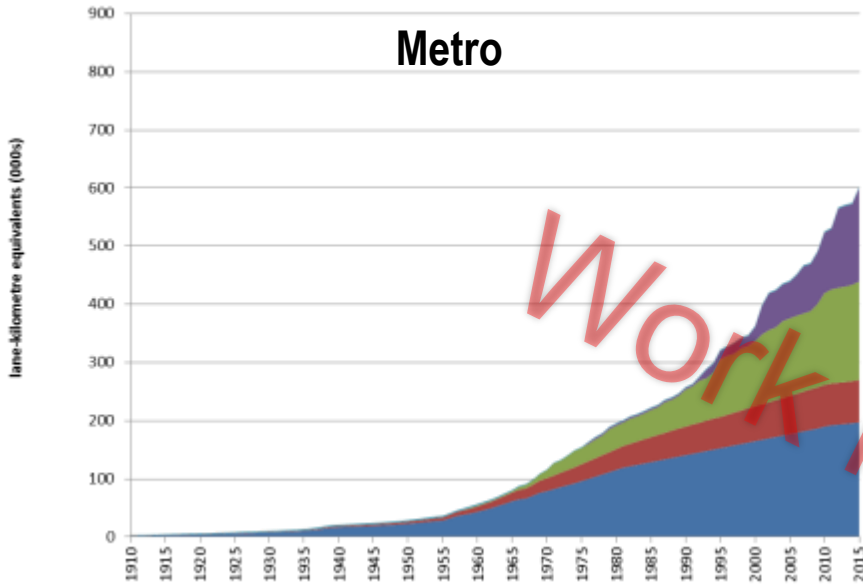


Revenue – base case

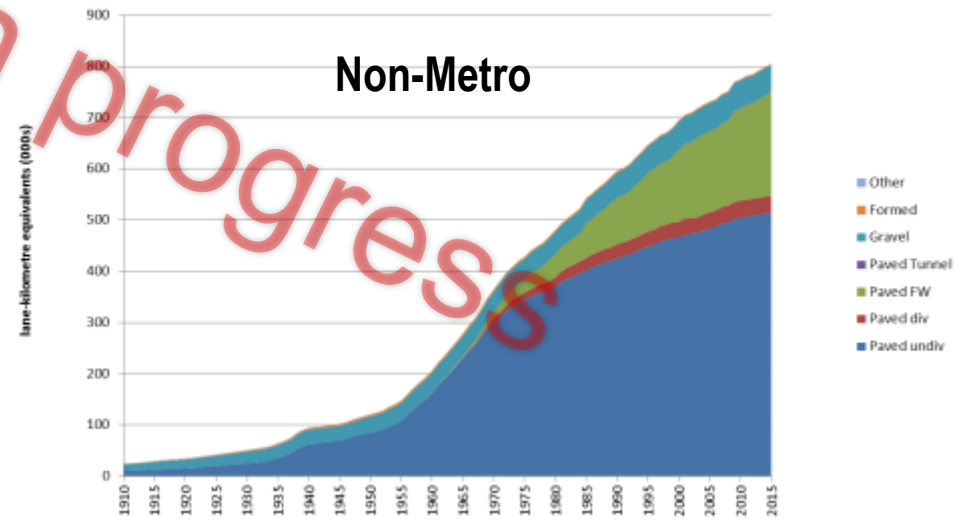


Road Network

Metro



Non-Metro



No Silver Bullet



What does success look like?



- The Commonwealth has to develop a position on reform (revenue and investment)
- Need to develop a road map for full market reform

Source: Evans and Peck 3013, *Road pricing - Considerations for Australia Are we having the right conversation?*