Road-use pricing

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**Traffic jams**

Cause large costs

On track to become an even bigger challenge in a world with:

- A larger population
- A richer population
- Cheap energy
- Autonomous vehicles
- Convenient ride-calling apps

**Road-use pricing**

Frequently recommended by economists and others

Would provide large economic benefits

The technology is ready

Now is the ideal time to act (before fuel excise shrinks too much)
Road-use pricing

- Install accurate positioning device in each vehicle (real-time kinematic)
- Charge basic road-use price per kilometre
- The price varies, and is higher for more congested roads
- The idea is to equate supply and demand so as to maintain free-flowing traffic
- Fuel excise could be scrapped
• Drivers could:
  – Check road-use price before taking their trip, and lock it in
  – Choose their overall preference (e.g. fastest route), then leave route choice to their app

• Road-use prices should be higher for larger & more-polluting vehicles, on account of:
  – Congestion impact
  – Emissions
  – Road safety risks
  – Road damage
Challenges can be overcome

1. Status quo bias
2. Concerns about fairness
3. Concerns about privacy

The Australian government has proposed a review into road pricing mechanisms.
Thank you

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Image: https://en.wikipedia.org/wiki/Electronic_Road_Pricing