



# Inquiry into Microeconomic Reform in Western Australia Congestion Charging

*The cost of congestion in Perth is forecast to rise to \$1.6 billion in 2015, and to over \$2 billion by 2020.*

## ISSUE

Traffic congestion on Perth roads adds significant costs to the Western Australian economy in the form of increased travel times, less reliable travel times, pollution costs and additional fuel costs. These costs are expected to reach \$1.6 billion by 2015.<sup>1</sup>

Building new roads, or increasing the capacity of existing roads, is not a long term solution to congestion. Such strategies will simply result in more commuters choosing to drive into the city, and congestion will return.

Congestion charges have proved to be a highly effective solution to traffic congestion problems in cities across the world.

Congestion charges provide an incentive to road users to either travel outside of peak periods or switch to public transport.

<sup>1</sup> Bureau of Infrastructure, Transport and Regional Economics

*Alleviating congestion would save the average Perth commuter 73 hours a year.*

## WHAT WE RECOMMENDED

The ERA recommended that the Government implement a trial congestion charging scheme for vehicles entering the Perth central business district during peak periods.

We also suggested that the Government give particular attention to:

- the most appropriate timing for the trial (for example, to coincide with an increase in public transport capacity);
- cost effective approaches to increasing public transport capacity during the trial period; and
- the charging zone boundaries, fee structure, and electronic equipment required.

## WHY WE RECOMMENDED THIS

A review of charging schemes across the world provided substantial evidence that congestion charging is an effective solution to traffic congestion problems.

People are initially sceptical of the benefits of a congestion charging scheme. However, studies show that public support for congestion charging consistently increases after the benefits have been demonstrated over the course of well-planned trials.

	Before introduction	After introduction
LONDON	↓ Majority against	↑ Majority support
STOCKHOLM	↓ Majority against	↑ Majority support
OSLO	↓ Majority against	Decreased opposition
TRONDHEIM	↓ Majority against	↑ Majority support
BERGEN	↓ Majority against	Decreased opposition

International schemes provide guidance on how a congestion charging scheme could be implemented in Perth.

## **COSTS & BENEFITS OF CONGESTION CHARGING**

### **COSTS**

Congestion charging schemes do require substantial up-front investment by Government for payment management systems, and the public transport investment necessary to accommodate an increase in peak period demand.

International schemes have required investment of between \$10 million and \$300 million in setup costs. However, these schemes have typically recovered set up costs in a relatively short period, while also covering all operating costs.

A trial of say, 2 to 3 years, could allow the Government to recoup most or all of its initial investment.

Commuters who continue to drive into the Perth CBD during peak periods will also incur costs. However, our analysis found that congestion charges in other cities commonly fall between \$1.50 and \$3.00. These schemes also generally provide a variety of exemptions.

### **BENEFITS**

Congestion charging is likely to deliver a substantial decrease in traffic during peak hours. Reductions of 15 to 31 per cent in peak period traffic have occurred in other cities.

Congestion charges of as little as \$1.50 have also resulted in commuters enjoying more efficient bus services; safer roads for cyclists, drivers, and pedestrians; and cleaner air in the city centre.

### **THE EFFECTIVENESS OF CONGESTION CHARGING: TRAFFIC DECREASES IN OTHER CITIES**



*This fact sheet is part of a series on the ERA's 2014 Inquiry into Microeconomic Reform in Western Australia*

*The full report and additional fact sheets are available at [erawa.com.au](http://erawa.com.au)*

### **CONTACT US**

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*Reducing Perth's peak period traffic by as little as 5% may increase traffic speeds by as much as 30%.*