

Chairman and Members,
Productivity Commission Panel
"Freight Inquiry"

7 November 2006

**Economic approaches to transport pricing
RESPONSE TO DRAFT REPORT**

Dear Panel Members,

Your draft report says little about the ways that infrastructure charging could help reduce the rate of growth of road traffic.

Yet, Balance Research asserts, it is the expected inexorable growth of road traffic that is society's greatest cause for concern about the future impacts of transport.

The leadership that society needs from the Nation's authorities and experts is to ensure that transportation in twenty, fifty and one hundred years will use the least resources and cause the least damage while continuing to meet the needs of travellers and shippers.

Your draft seems to analyse the likely behaviour of transport companies or their clients in response to a particular price stimulus derived from a particular social, environmental or financial cost of their transport choice. Not surprisingly your conclusions, in general, are that any such stimulus would not bring about a significant change in modal choice.

Balance Research would like to say that unless governments can charge fees which fairly reflect the true and total costs, or cost differentials, for each mode and class of task, and ensure adequate investments in the modes which use less resources, society will find the burden of transportation unbearable.

Yours sincerely,

{ Michael Isaachsen }

E. Michael Isaachsen
Director