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The Editor
The Australian Financial Review

Dear Sir,

Governments and treasury officials rarely need much encouragement to introduce a new revenue raising tax ("Get congestion tax on the road", September 2).

The issue of congestion charging is not as simple as erecting a few gantries around the major cities and issuing motorists with e-tag devices.

Our first priority should be to address where the current tax revenue raised from motorists is going because we know a significant proportion of it does not come back to the road network.

As your editorial notes the Henry review found that the commonwealth and the states collect around \$16 billion a year in taxes from road users. However, the Henry review also found that the current system of motoring taxes is designed primarily to raise revenue.

Under current arrangements motorists are paying substantially more than their fair share in road related taxes, as only a proportion of the revenue raised, is channelled back into direct spending on building and maintaining Australian roads.

Rather than contemplating yet another tax hit on motorists, genuine reform of motoring taxes should target a better link between revenue and the level of investment in road infrastructure. The benefits would be seen not only in terms of enhanced productivity of the road network but also through enhanced road safety outcomes.

Yours sincerely,



ANDREW MCKELLAR
Executive Director



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