

Academic casts doubt on ERP cost estimate

AN ACADEMIC has joined the growing list of critics of the government's calculations on the controversial Electronic Road Pricing scheme.

Dr Victor Sit, a senior geography lecturer at the University of Hongkong, has dismissed them as "far short of the mark."

"I have some estimates based on my own calculations," he said. "The total number of registered private cars fell by six per cent last year — from 215,000 to 202,100."

"In the first eight months of this year, it fell by more than five per cent — from about 199,000 to 189,243. I think the drop will total about seven per cent by the end of the year."

"The rate of decline works out to about 2,000 cars a month, while only about 500 new cars are registered."

Sit thought the decline would

continue for the next three or four years because people would hang on to their cars a little bit longer as they were getting expensive to replace. At the end of the car's life, a good proportion of car owners might give up their vehicles.

He dismissed the Transport Branch's contention that most of the people who gave up their cars lived in the New Territories.

"About 70 per cent of car owners live in the urban areas. But car ownership on a per head basis is higher in the New Territories because of its smaller population."

Sit also challenged a statement by the Transport Secretary, Mr Alan Scott, who said that the ERP system's lifespan would be 10 years.

Sit estimated it at five years, based on the sensitivity of the equipment, its exposure to the elements and other damage — like the frequency with which our roads were dug up.

He rated the system's annual

cost at about \$150 million to \$200 million, including depreciation, maintenance and management fees, interest payments and running costs, which were bound to be higher than estimated because of its short lifespan.

"This is just economic common sense. I must stress that all my figures are very rough estimates. I would like to see Mr Scott's calculations, and would like him to correct me if possible."

"If, as he promised, the licence fee and registration tax are cut, you would have to add another \$300 million to the amount the ERP system would have to collect in revenue every year because the government won't want to give up the revenue it now gets from fees and taxes."

"That means that a total of \$500 million annual revenue has to be found."

Car licence fees now contribute

about \$500 million a year to the public coffers and the first registration tax another \$250 million to \$300 million. The Transport Branch has already said that part of the revenue from the ERP system will go to the government coffers to replace the money lost when the fees and taxes are cut.

Sit predicted that the ERP system would have to be extended to taxis to garner this kind of money, despite Scott's insistence that there were no plans to do this.

"Limiting the system to private cars alone would not be feasible."

Sit said the charge of \$2 a kilometre projected by the Transport Branch would be viable, provided the ERP system was applied to at least 70 per cent of private cars and taxis in Hongkong and, perhaps even buses.

"This is necessary because of the large amount of money that needs to be raised."

He also queried Scott's estimate that it would cost vehicle owners \$400 a year for the electronic number plate.

"My estimate is that the plates would cost \$1,500 each in 1987, which is when the full ERP system will be implemented."

"The maker will be in a monopoly situation and will be able to charge what the market will bear, as all vehicles in Hongkong must have the plates installed."

He brushed aside Scott's statement that laboratory tests had shown that the plates would last longer than the bottoms of users' cars.

Sit said the tests were conducted in laboratories, not in Hongkong, where the plates would be subjected to the elements and road conditions. He estimated the lifespan of the plates at three years.

"We can't base our calculations on what the government is paying for the plates used in the pilot project. My estimate of this is roughly \$400 per plate. This is probably a discounted price."

"To my reckoning, the plates would cost Hongkong an additional \$150 million to \$200 million a year based on a price of \$1,500 each."

Sit said that with a three-year lifespan and a price of \$1,500, the cost worked out at \$500 a year per vehicle.

If this was multiplied by the 350,000 vehicles in Hongkong the total would be \$175 million. He urged Scott to clarify the actual cost of the system.

Sit lashed out at the Transport Advisory Committee for what he called its passive attitude on the issue and called on it to make its opinion known.

He said it should play the role of open critic on transport matters.

"When you have important transport policies that have been demonstrably wrong like the proposed tax fare rise (which sparked riots in Kowloon this year) and the unreasonably high bus fares imposed on routes along the Island Eastern Corridor, the public expects the TAC to act as watchdogs."

"Maybe it doesn't see itself as such, and if that is the case we should have another public watchdog to oversee the ERP system very closely — perhaps a citizens' group."

Sit said it was necessary to seek detailed accounting on the system in regard to its economic costs and benefits.

"If the TAC had played its role as it should have, it would already have done so. But judging from events, the TAC seems content to play a passive role in terms of formulation and criticism of the transport policy," he said.