

COST OF ROAD DEATHS UNDERSTATED

New research re-evaluating the cost of human lives lost in car accidents should make proposed improvements to Australia's roads more worthwhile, says a leading University of Sydney transport expert.

The university's Institute of Transport and Logistics Studies director Professor David Hensher puts the average cost of a car passenger's life lost on the road at \$6 million, four times the \$1.5 million currently used to estimate the cost of such deaths.

"The revised figure better reflects what people are prepared to pay to avoid the risk of car accidents," says Professor Hensher who co-authored the paper with Dr John Rose. His paper *Estimating the willingness to pay and value of risk reduction for car occupants in the road environment* appears in the latest edition of *Transportation Research Part A*.

"The figure of \$1.5 million used by many policy makers is more of an accounting figure, putting a present value on income lost when an individual dies in a road accident. This paper takes into account the risk associated with using a particular road – based on previous fatalities and injuries sustained in accidents on that road - and the willingness of a car occupant to pay for a safer alternative."

The new evidence was developed using econometric and data methods - known as stated choice – to obtain estimates of the willingness to pay to avoid the risk of being killed. "Together with the exposure to risk in the road environment, this enables us to calculate the value of a statistical life," Professor Hensher says.

"The methodology increases the cost of death on the road and therefore should alter the cost-benefit analyses of proposed road safety measures designed to lower the road toll, such as improving roads and social policy measures.

"It argues in favour of continuing to focus on road safety, even though Australia's road toll has decreased of late."

Professor Hensher says the formula used in his research is increasingly used in the US, UK, New Zealand and Sweden.

The Institute of Transport and Logistics Studies is based at the university's Faculty of Business and Economics. The research was commissioned by the NSW Roads and Traffic Authority.

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