

IMPRINT-EUROPE

Implementing Pricing Policies in transport:
Phasing and Packaging

Using Research to Inform Implementation

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European Conference of Ministers of Transport

- ECMT Council of Ministers Brussels
23-24 April 2003
- Group on Fiscal and Financial Aspects of
Transport (FiFi)
- Resolutions 2000/3 and 98/1
- Joint ECMT-EC Research project on
Optimal Transport Pricing

New ECMT Reports

- Optimal Transport Pricing, Rana Roy et al, joint with EC
- Efficient Transport Taxes and Charges 2003 – to be published later this year
- Reforming Transport Taxes and Charges discussed by Ministers now on our website www.oecd.org/cem

What's New

- The gap between current charges and optimal charges
 - UK, France, Germany, NL, Finland
 - Metropolitan areas, other cities, non-urban
 - By mode, freight/passenger, road, rail, water
 - By selected vehicle and infrastructure category
- Impacts on welfare, revenues, selected external costs and speed of urban traffic

Changes from optimising charges in 2000

	Britain	France	Germany	Netherlands	Finland
Welfare gains (Billion Euro / year)	17	10	9	1	0.3
Revenue changes (Billion Euro / year)	+ 39	+ 28	+ 42	+ 6	- 1
Air pollution and CO₂ emissions costs (Result of optimising emissions control technology as well as traffic)	- 54%	- 50%	- 37%	- 33%	- 42%
Congestion Average increase in metropolitan rush- hour road traffic speed	+ 11%	+ 9%	+15%	+ 9%	+ 9%

Impact for Small Petrol Cars

- Metropolitan roads in peak for cars not currently paying parking costs **+100%** (London +150%)
- Off peak **+50%** (London +100%)
- For current payers of full parking costs the increases are halved
- Rural areas – **mixed pattern** with likely reductions in charges in some places

Impact for Trucks

- Metropolitan roads in peak +40%
(London +100%)
- Off-peak – increases halved
- Non-urban motorways – mixed pattern
(for Germany optimal charge 50% higher than total after introduction of new electronic charge in August 2003)

Political Debate on our Expert Recommendations

- ECMT Committee of Minister's Deputies
- ECMT Council of Ministers
 - 43 Member countries
 - 34 of which were represented by their Minister at the Brussels Council

Political Issues

- Public Acceptance
 - Acknowledge question so as not to appear naïve – natural prime focus for politicians
- Public distrust of increased revenues
 - Problem of declining revenues in rural/peripheral areas “can’t ask for increased taxes”

- Earmarking of revenues to transport
 - a) For acceptance
 - b) To optimise supply
 - c) Improve road alternatives

- Invest also in Traffic Management

- Increase resources available to the ministry
- As many uneconomic projects to be supported as efficiency enhancing investments
- Could lead to difficulties with Ministries of Finance
- Positive examples cited - London buses and Swiss rail.

- Supported by a large number of ministries

- Provide quality road alternatives
 - Point stressed but distinction blurred as to whether this applies in specific cases like Alps or should apply everywhere
 - Supported but don't forget vans and Russian Minister firm that it is nonsense not to charge cars for congestion if we charge trucks
- Strategy: trucks first then cars

- Congestion external or club effect?
 - Internalisation of environmental costs now accepted, even in southern states.
 - Congestion charges resisted by southern countries and regarded with suspicion by peripheral countries

- Charging on basis of quality of service
 - “can’t charge for congestion as this is where service is worst”

- Methodologies for the calculation of external costs
 - Transparency in the cost elements used as a basis for charges is what counts rather than accuracy in the estimation of costs

- Regressive impacts
 - Issue not raised, perhaps as we had addressed it thoroughly

- Optimising long term supply versus optimising short term use of infrastructure

➤ Investment in “Pan-European transport corridors” seen as key part of package for sustainable transport – the argument for optimising current capacity with SRMC pricing whilst making decisions on capacity enhancement separately with social CBA appears accepted politically.

New Issue

- International equity ➤ New issue raised by peripheral countries – truck congestion charges increase cost of trade and raise revenues that produce compensating benefits nationally but unless spent on reducing congestion bring no benefit to trading partners

Conclusions: principles

- Local charges needed for local costs
- Local conditions determine charge levels (Urban and non-urban remedies differ)
- Prevent changes in pricing that run opposite to greater efficiency / internalisation
- Technology now available to implement charges

Conclusions: evidence

- Estimates of changes in costs for users useful
- Estimates of changes in revenues, welfare and ext. costs useful (welfare gains will be pursued if something politically attractive is linked to them : revenues or votes)
- Results from pilot systems positive : London, Switzerland

Conclusions: informing implementation

- Inventive second best pricing philosophies, special exemptions from pricing systems, top civil servants rather good in this area
- Authorship of a clever strategy does not confer control over its evolution / abuse
- Quantitative results – making explicit the limitations to applicability and transferability is vital
- Politicians are real experts on acceptance – seem rather more relaxed than advisors, require transparency, simplicity and balance
- Experts can become Ministers