ROAD PRICING

A rip off
A tax on the rich
A tax on the poor
An assault on liberty
A subsidy for public transport

The Case of the Netherlands (we are getting there)
Dr. Adnan Rahman

World Road Conference – Lisbon
May, 2010
Some reasons to manage travel demand

- 3.7 billion lost hours + 2.3 billion unnecessary litres of fuel = $78 billion cost
- Pollution, poor air quality, climate change
- Unliveable cities and road rage are some of the downsides of standing still in traffic

But, …

- The police never looked so friendly
- Increased demand for anti-pollution masks
- Sport club memberships are booming
- ...
Tolls:
Fixed fee for driving on a road
Objective is to raise revenues
Congestion charging:
Variable fee based on congestion
Raise revenues and reduce congestion
Cordon pricing:

Fixed fee based for driving in a given area
Raise revenues and reduce congestion (in urban areas)
High Occupancy Toll (HOT) lanes:
Fixed fee to allow a lower occupant vehicle to use a HOV lane
Increase vehicle occupancy, raise revenues
Distance based fees:

Fixed (per km) distance based charge
Raise revenue, reduce congestion, enhance environmental performance
A long history!

- 1988: Rekening Rijden I
- 1992: Spitsvignet
- 1994: Rekening rijden II
- 1999: Spitstarief + investments package
- 2001: Kilometer Charge
- 2005: Anders Betalen voor Mobiliteit (ABvM. Commission advises implementing road pricing scheme based on time, location and environmental characteristics
- 2006: joint fact finding, research, market consultation
- 2007: Cabinet decides to implement road pricing
- 2008: Start tendering and certification, start experiments, legal proposal to the Raad van State
- 2009: Mobility experiments, communication, legal process starts
- 2010: Declared controversial!!
The Dutch road pricing proposal

- Pay for distance driven (usage) instead of car ownership
- Covers both freight and passenger vehicles
- All roads in the Netherlands (not just highways)
- Tariff based on time of day, location, and vehicle characteristics
- KM registration system uses satellite technology
- All other taxes on cars (purchase, operating, & provincial taxes) are to be scrapped (fuel taxes remain)
- Revenues go to an infrastructure fund
- Infrastructure fund to finance expenditures on traffic and transport (maintenance, new infrastructure, public transport, etc.)
Expected impact on congestion

- Mobility
- Highways
- Other roads

Reference 2000
Autonomous development till 2020
Including road construction
Including road pricing
Large net benefits

<table>
<thead>
<tr>
<th></th>
<th>Reduced travel time</th>
<th>Environment road safety</th>
<th>Investment costs</th>
<th>Introduction</th>
<th>Prosperity</th>
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</thead>
<tbody>
<tr>
<td>KMP, Differentiated on the basis of time, place and environmental performance</td>
<td>± 60%</td>
<td>upto 10%</td>
<td>± 3 billion</td>
<td>2012-2016</td>
<td>± 1 billion</td>
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BUT, DUTCH CABINET HAS DECLARED ROAD PRICING “CONTROVERSIAL” (AND IT HAS FALLEN) AND PUT THE SCHEME ON HOLD ONCE AGAIN
Road pricing - An idea whose time has come?

- Travel demand management has become a necessity – only building new infrastructure is not enough
- Road pricing is a sensible idea
  - Cost benefit analysis is positive
  - Can deliver real benefits
But …

• There is little political support in the Netherlands (or elsewhere) for a comprehensive road pricing regime
• And, road users are not enthusiastic supporters
Road pricing is a great idea!

Note: On a visit to England, Gandhi was asked by a journalist what he thought of western civilisation, he responded – “I think it would be a great idea”
THANK YOU