

12 CONCLUSIONS

12.1 OUTLINE

This concluding section draws together conclusions under four headings:

1. findings from past research, which appear to be reasonably stable, and thus can be relied upon by end users
2. policy implications from these conclusions
3. issues which need further work for the next edition of the State of the Art Report
4. issues on which further research is needed.

It should be stressed that the first of these is not intended to be comprehensive, but simply to highlight the key messages. Readers are referred to the relevant chapters for additional information. Equally it should be stressed that it is not the intention that CURACAO itself carries out the research identified in the final section; the project is not funded to conduct new research. Instead this final section serves as guidance to those commissioning or conducting research into road pricing.

12.2 PRINCIPAL FINDINGS

It appears that the nine objectives identified in Figures 2-2 and 2-3 reflect the full range of objectives for which road pricing is likely to be pursued by cities, but that the objectives of efficiency, environment and revenue generation remain the dominant objectives.

Road pricing can be implemented in a number of ways, using point charges, cordons, area-pricing or distance-based pricing. There is increasing evidence that distance-based pricing is the most efficient, but it relies on technology which is still being developed. In the meantime, cities will need to rely on cordon and area-based schemes. Selecting the correct boundaries for these is critical to their success.

Road pricing will be more effective if integrated with policies to promote public transport, to reallocate road space and to manage land use. These measures are also likely to reduce the adverse impacts of road pricing on those travellers who are most disadvantaged by it. However, the best combination of these policy instruments will depend critically on the city context in which they are being applied.

There is now increasing experience of methods for predicting the impacts of road pricing schemes. However, the complexities of road pricing make conventional prediction methods less reliable. Moreover the lack of empirical evidence means that the elasticities to be used in those models remain uncertain.

Appraisal of road pricing proposals and evaluation of implemented schemes should reflect the full range of objectives listed in Figures 2-2 and 2-3. There have been recent valuable developments in appraisal methodology, as outlined in Appendix B. The empirical evidence from London and Stockholm summarised in Chapter 6 is of considerable value to other cities, and reflects good practice in the conduct of such evaluations.

While the evidence remains limited, it is increasingly clear that the impacts of road pricing on the urban economy are likely to be small and, in particular, much smaller than the business community predicts.

The assessment of equity implications relies on the clear identification of the relevant impact groups, and on assessment of the extent to which each is likely to be affected. Good practice on the listing of such groups is now available. However, for many such groups the prediction of impacts remains uncertain. This is an area in which empirical evidence is still needed.

Acceptability remains the principal concern of cities considering road pricing. Acceptability is mainly based on personal outcome expectations, which are typically negative. The roles of complementary policy instruments and of the use of road pricing revenue are critical to increasing acceptability. However, acceptability can also be influenced by pro-social values, and appeals to concerns over the environment or social justice may help to increase acceptability. There is increasing evidence that

levels of acceptability are highly dynamic, and in particular are likely to decline as the proposal becomes more concrete and more imminent.

12.3 POLICY IMPLICATIONS

While it will be for individual cities to determine their own objectives for road pricing, it is essential that these objectives are made clear at the outset and consistently adhered to. There is a case for keeping the list of objectives short and simple, while not omitting objectives which will help foster support for the policy.

Road pricing design should follow a logical sequence, in which the overall strategy is determined first, and the role of road pricing determined as part of that strategy. This will help demonstrate that road pricing is needed, and also help to identify those complementary policy instruments which are needed to support it. Road pricing should then be designed in the context of those complementary policies. It is at this stage that it is appropriate to consider the type of road pricing regime to be adopted and the location and level of charges. There is a strong case for keeping that design as simple as possible, but the important role of exemptions and discounts in increasing acceptability should not be overlooked.

The performance of road pricing schemes will depend critically on the behavioural responses induced. It is important to identify the full range of both first and second order responses, and to understand their likely levels. In particular, motorists can be expected to change mode, route, destination, timing and number of journeys, but so too can those who use bus and rail or walk or cycle. Similar types of response can be expected from freight operators and drivers. Second order effects will include changes in the location of economic activity, homes and jobs, either directly in response to road pricing or, more probably, as part of the gradual process of change in individual, household and firm activity. More empirical evidence is needed on all of these responses, and particularly the second order ones.

Acceptability can be enhanced by demonstrating that there is a serious problem to be overcome, that a measure as dramatic as road pricing is needed, and that it is likely to work. However, it is also essential that the impacts, both positive and negative, on individuals and on society are clearly identified and effectively communicated. Understanding of the concerns of the public, pressure groups, politicians and the media is essential, and needs to be achieved through a continuing two-way dialogue. In particular, it will be important to discourage politicians from overestimating the concerns of the public.

The use made of road pricing revenues is critical to determining the acceptability and effectiveness of the scheme. Most charged drivers will initially be made worse off by road pricing, and it is only when the revenues have been channelled into transport (or other) improvements that they begin to appreciate the personal benefits. It is thus particularly important that the costs of operating road pricing schemes are kept as low as possible. It is also essential that the surplus revenues are available to the city authorities to use in support of their overall strategy.

There is potentially a conflict between pursuit of acceptability, through lower charges and increased use of discounts, and pursuit of effectiveness, which may require higher charges and fewer exemptions. More work is needed on this issue.

While decisions on implementing road pricing will usually be taken by cities, national governments have a responsibility to develop a clear national transport strategy, to explain it clearly and consistently, to indicate who is likely to gain and lose from that strategy, and to take steps to compensate those who are likely to lose. Moreover, they need to provide the governance which enables city authorities to implement both road pricing and the policy instruments which will complement it, and to stimulate strong political leadership at local levels.

12.4 FURTHER WORK

In the order in which they arise in this Report, the next edition of the State of the Art Report should expand on:

1. approaches to the design of overall strategies and of road pricing within such strategies

2. specific tools for the design of road pricing schemes
3. the technologies available, at the level of detail needed by end use cities
4. the implications of design and technology for enforcement and for equity
5. prediction methods, and the strengths and weaknesses of those currently available
6. appraisal methods and in particular ways of appraising second order effects
7. the chapter on environmental impacts (subject to ensuring that sufficient resources can be diverted to covering this theme)
8. evidence on equity impacts for different impact groups
9. the interaction between acceptability and equity
10. the interaction between acceptability and effectiveness.

12.5 FURTHER RESEARCH

The following areas merit further research:

1. methods for the design of road pricing schemes
2. prediction methods, covering the issues listed in Section 5.6
3. understanding of behaviour, and particularly second order responses and the behaviour of users of other modes
4. the resulting impacts on the urban economy, and the separation of these from secular changes in economic performance
5. the effects of road pricing on different impact groups
6. the dynamics of acceptability over time and the particular role of referenda in testing and promoting acceptability
7. the overall question of the extent to which results in one city can be transferred to another.