

From victims to customers

The views of Britain's motorists on how we pay for roads

Developing Britain's transport system to rival the best in Europe

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SUMMARY OF RESEARCH AND MAIN RECOMMENDATIONS

1. INTRODUCTION

In 2003, motorists will be required for the first time to pay additional tolls to drive on lengths of both motorway and city roads in Britain. Following new legislation to allow tolling, government funded studies have recommended that tolls should be levied on roads of all types across Britain.

If these schemes were implemented, motorists would in future pay tolls by the mile across significant parts of the country. One government appointed commission has urged that motorists should pay by the mile for all motoring with billing based on satellite tracking – this system is already being introduced for charging trucks in 2006.

These wide ranging plans to change the way motorists pay for motoring have been drawn up on theoretical grounds. There is no UK experience of tolling outside estuarial crossings. There is little international experience of using tolls to meter congested traffic by raising prices in busy periods. Most experience of tolling is from countries who have built their rural motorways as a system of toll roads.

Yet the advocates of road pricing have argued with extraordinary confidence that the benefits of reducing congestion will outweigh the costs and practical problems. The impacts of changing the way we pay on family budgets, on getting to work, or on how lives are lived have been seen by the producers of Britain's road system as incidental issues to be managed later. Ministers have been urged to press on with courage.

This report fills a large gap in research by asking what Britain's largest customers of the road say and think about different systems of paying for roads – and proposing what might be done to bridge the gulf that now exists between producers and consumers.

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2. MOTORISTS' VIEWS ON HOW WE PAY NOW

Motorists' views on any new systems are moulded by their experience of today's system and the competence with which they believe it is run.

What motorists say and think about those who run our roads

The research reveals an overwhelmingly distant relationship between those who plan and manage Britain's roads and the consumers who pay for it:

- Only 1 motorist in 4 feels they are treated like a paying customer
- just 1 in 6 feel they know how the money raised from fuel tax is spent
- two thirds feel they get poor value for what they pay.

Motorists see themselves as victims of a remote system where those in charge:

- are driven by the desire to raise ever increasing revenue
- lack empathy with ordinary motorists' lives and fail to listen and take into account what people want
- do not recognise the motorist has already paid more than enough to fund better roads and public transport
- are protected themselves from the consequences of what they do

Motorists believe Britain's national road links between major towns provide adequate basic connections. They praise these roads as well-signed, well-lit with good surfaces. But across the road network overall, motorists question the competence with which existing services are delivered citing:

- poor management of roadworks
- false economies in materials leading to frequent repairs
- "haphazard" and wasteful spending of motorists' money

Problems on the roads are seen as a failure of roads management and inadequate public transport both caused by unwillingness to invest motorists' money properly.

What motorists say and think about the current system of paying for roads

Motorists have no desire for fundamental change to the current system of raising money for roads through road tax and fuel tax but they do want refinement.

In principle, fuel tax is seen as:

- a cheap and simple way to collect payment for roads which is secure and difficult to cheat
- closely linked to payment by the mile which is seen as fair
- giving desirable discounts for smaller and more fuel efficient cars, largely progressive and "green"

Road tax, with lower rates for greener and smaller cars, is seen positively for its role as a quality control system (insurance, MOT etc) rather than raising revenue. Many feel the rate of road tax should reflect the cost of administering the system with revenue being raised from fuel tax.

In summary, the key problems with the current system are seen as being in its implementation, mainly:

- excessive rates of fuel tax
- failure to give roads and transport first call on revenue
- inadequate enforcement of road tax
- discriminating against low mileage drivers
- unfairness to rural drivers

3. WHAT MOTORISTS SAY AND THINK ABOUT USING PRICING TO TACKLE CONGESTION

A gulf exists between planners and motorists on the use of pricing to tackle congestion. Motorists believe *unreasonable* pricing could drive them off the road by forcing them to give up their jobs and to make other unacceptable changes that would materially reduce their quality of life. But they do not believe that *reasonable* pricing could have a workable or material impact on congestion because:

- working patterns require large numbers of drivers on the road at the same time
- where good alternatives already exist, drivers already use them
- the people who can do already travel off-peak

On car usage:

- 84 per cent say they have to use their car for essential journeys
- 87 per cent say they avoid travelling on congested roads when they can

4. MOTORISTS' VIEWS ON ALTERNATIVE SYSTEMS

Motorists were asked for views on four alternative systems:

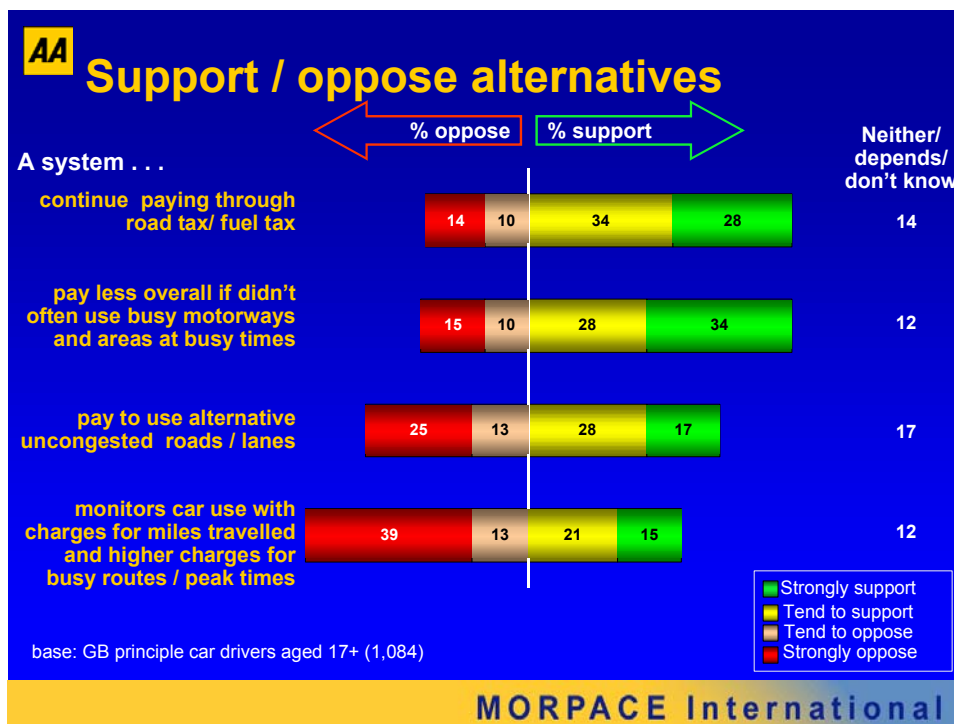
i) motorway tolls

- ii) urban congestion charging
- iii) a national charging system using satellite tracking
- iv) lower road tax with limitations on road use in busy locations

These views are summarised in the Annex. In short:

- motorists reject the national charging system using satellite tracking
- have major reservations about urban congestion charging and motorway tolls, particularly trust in the underlying motives
- support reforms of the current road tax/fuel tax model
- support offering lower road tax in return for restrictions on use of busy roads

Summary of Motorists' Views on Charging Systems



The key barriers to implementing the systems which the government has legislated on:

- Pricing The price mechanism is not seen as offering major solutions at reasonable prices
- Trust Government and planners are not trusted on revenue and on empathy with motorists' lives
- Technology Complex nationwide technology is not seen as credible or desirable on grounds of cost, workability, security, privacy or proportionality to the problem being addressed. Government's competence in delivering technology projects is questioned

5. MOTORISTS' VIEWS ON A ROADS TRUST FUND

One way in which confidence in a charging system could be increased is by the establishment of an independent trust fund into which motorists' money for roads is directly paid. This is supported by motorists although many feel the government would still find means to misdirect revenue.

A trust fund managed independently was preferred to central government control. Motorists wanted whoever manages roads funds to take a long-term view independent of party politics. Motorists support improvements to transparency such as displaying tax rates on petrol pumps.

The details of any new arrangements are important. When motorists were asked for their views, support increased markedly for an independent trust fund if the fund were explicitly "to be managed in the interests of motorists":

- 18 per cent of motorists said a trust fund for roads should be overseen by central government
- 52 per cent preferred the fund to be managed independently in the interests of motorists
- 26 per cent wanted to consider details
- 3 per cent were undecided

6. CONCLUSIONS

In summary, motorists:

- supported refinement of the current system of road taxation
- supported the offer of a trade of lower road tax (or other tax reduction) for a tax disk that restricted use of busy roads at busy times
- had mixed views on motorway tolls and urban congestion charging
- rejected a national pay-by-the-mile system using technology

Acceptance of the workability of pricing and trust in government to implement any changes honestly are the major barriers facing the government if it continues to pursue road pricing schemes. Attempts to impose "planners know best" charging schemes worldwide have failed for 30 years. It is easy to see from this research why citizens in the Netherlands rejected area wide pricing by a vast majority and the resonance of the campaign line:

"today we sit in the jams for nothing, tomorrow we pay for it"

This research shows that, if the government believes that more direct road pricing will bring real advantages, it must address the real barriers and make the advantages it sees equally evident to the public.

Roads Trust Fund

The lack of trust in government on revenue is fundamental. Reforms that the public might support will not work without developing trust. Years of confidence building will be needed even if government makes a fresh start in its behaviour now and demands that those who are meant to serve the motorist do so.

To make a fresh start, government has to define the revenue stream for roads with an honest, intelligible, transparent institutional structure. Treasury should now develop a consultation document that should include the option of a new Roads Trust Fund.

The proposal for the fund was made in a report for the AA by David Newbery, Professor of Applied Economics at Cambridge University. This argued that road tax and the portion of fuel tax covering road expenditure should go directly to a Roads Trust Fund.

This change of system is revenue neutral to the Chancellor. The Chancellor made welcome nods towards this idea in his 1999 budget saying extra fuel tax might be earmarked for extra investment. But this needs to be done transparently, including displaying tax rates on the pump and establishing a series of discrete funds (see AA's *Roads To Accountability* by public administrator Jim Coates)

Value

Motorists judge proposals by the choice and value they bring. Motorists are likely to accept the new M6 toll road to be opened in 2003 because it will bring value to those who choose to pay - even if most feel they pay too much already. There is unease that the scheme is a "trojan horse" that will lead to existing motorways being tolled.

In everything it does, the government must think about value to those who pay and the impacts on them in detail of change. Promoting wild ideas of area wide charging as a panacea without research and understanding of the impacts is irresponsible.

Local Experiments

The general rejection by motorists of pricing by time of day will come as a surprise to those professionals who believe it works and is important. But the overwhelming rejection of high technology pricing in Holland with its campaign slogan "*today we sit in the jams for nothing, tomorrow we pay for it*" serves as a warning that the motorist does not buy in. And the paucity of empirical evidence internationally, let alone in the UK, on which people could make a judgement is unanswerable.

The government should see if there are locally acceptable demonstration projects that might be progressed. It could model action on the US Transport Equity Act. This Act awards national funding recognising that not enough is known about

impacts; that fairness is key; and finding out what works without dogma or commitment is needed. Experiments on additional US motorway HOT lanes (High Occupancy/Toll lanes) are, for example, an interesting offer. They seem to be supported by about 50-75 per cent of motorists and used across the social spectrum.

National Consumer Friendly Change

Nationally, consumer-facing approaches and tests should be adopted. Obvious changes like monthly direct debit for road tax payments are two decades overdue.

Unlike the fuel tax escalator, graduated road tax has been well accepted as a means to encourage more fuel efficient cars. It works at a key trigger point - the point of purchase of a vehicle where a discount is offered. The customer has choice. The tax reinforces the commercial logic of the agreement between European manufacturers and the EU. Discounts have been well used in fuel policy since the introduction of unleaded petrol. Similar consumer friendly equivalents need to be developed and tested for the roads.

This research shows there is latent support for good schemes that reduce tax for those willing to choose to accept restrictions on road use at busy times. The research shows some of the do's and don'ts in developing a scheme. The job of producers should now be to mould attractive appealing affordable offers and trials to see where people are elastic in their need to make trips. Tax reductions, as with unleaded petrol or lower road tax for small cars, can be part of the fresh start.

Reject Technology Push

One major lesson from the research is that government must not be pushed by technology. Policy must be defined first and then the technology defined to implement it. Government must differentiate between a person and a pallet in looking at freight and passenger transport. Government should reject invasive large-scale compulsory national charging systems.

From Victims To Customers

The way forward is to build any local tactical charging which proves itself workable and acceptable on top of the cheap, effective, secure system of paying by the mile we already have through the pump. But the system we have must be evolved to release its potential. And it must be run fairly by an independent new blood required to treat the motorist as a customer not a victim.

7. SUMMARY OF RECOMMENDATIONS

If the government is determined to continue with pricing, the AA believes it must take a series of confidence building steps in a "fresh start" and proceed only at a pace where it earns public support. The "fresh start" step-by-step process should include:

- rejection of a national charging scheme built on complex technology
- reaffirmation that a reformed system of road tax and fuel tax will remain the foundation of our system for paying for roads with local tactical departures only
- the preparation of meaningful accounts telling motorists how much is raised and how much is spent on the roads
- consultation on the establishment of an independent Roads Trust Fund, perhaps along the lines of the independence given to the Bank of England on interest rates through the Monetary Policy Committee
- enforcement by government of their own assurances to Parliament that congestion charging schemes may not be used for general local revenue raising
- the establishment of clear objectives for road agencies and local road authorities which put measurable service levels to the motorist at their heart with rewards following service improvements
- the display of tax rates on petrol pumps
- introduction of monthly payment options for road tax
- locally acceptable experiments, funded by central government and tested by independent polling, at congestion hotspots where motorists are offered additional value in return for additional payment (eg park and ride; uncongested toll lanes to airports; tunnels etc)
- the development of an experiment whereby motorists can choose to trade lower road tax for limitations on use of busy roads at busy times

ANNEX

MOTORISTS' VIEWS ON ALTERNATIVE SYSTEMS

i) Motorway tolls

Rural drivers in many of Britain's areas who have poor access to motorways were favourable if other taxes were reduced.

Generally, motorists saw the following plus and minus points for motorway tolling and varying charges by time of day:

Positive -

- fair where there is choice
- proven abroad (where roads are superior to UK)
- easily enforced
- fair in making HGV's pay more for greater impact

Negative -

- scepticism that the true purpose of tolls was traffic management not revenue
- concerns that toll relief roads were a "softening up" exercise to charge all motorways later
- fear of unfair escalation in tolls
- concern about diversion off safe motorways to less safe roads
- concern that poorer and vulnerable motorists forced to travel at night

ii) Urban Congestion Charging

Motorists saw the plus and minuses as:

Positive -

- radical measure to deal with acute problem
- simple to understand
- local solution to local problem
- exclusions welcomed where intuitive
- improved health and safety

Negative -

- scepticism that the true purpose of tolls was traffic management not revenue
- simpler solutions exist (eg enforcing traffic restrictions)
- unfair on zone residents and key workers
- concern about charging levels
- harm to city and cultural life
- impact on house prices

iii) National Charging System

Positive -

- fair in charging on a usage basis
- help fight crime and terrorism through tracking
- marginal effect on traffic flow

Negative -

- high set-up and running cost which will be passed on
- billing difficult for consumers to check
- price rises easily hidden in tariffs
- loss of privacy
- introduces stressful clock watching into road travel
- concern over government's technical competence
- security issues if data falls into wrong hands
- encourages speeding to avoid tariff changes
- Trojan horse to enable automatic prosecution of speeding etc

iv) Lower Road Tax with Busy Road Limitations

Positive -

- fairer than current system for low mileage drivers
- recognition of unfairness to rural drivers

Negative -

- impact would be limited
- administrative cost
- could unintentionally create stigma of "second class" driver
- concerns about menu of restricted roads

The survey was carried out for the AA by MORPACE International in September and October 2002. MORPACE ran ten focus groups made up of regular drivers in Manchester, Bristol, Birmingham, Reading and London.

Thirteen drivers from the Scottish Highland and the rural South West were interviewed in-depth by telephone together with a representative sample 1084 of British drivers interviewed also by phone on the British mainland.