

Pricing and Urban Mobility

RECOMMENDATIONS

1. Charges for public transport

Charges for public transport should at any given level of subsidy be determined with the aim of achieving a balance between price and service quality which maximises the attractiveness of public transport as an alternative to the car. The level of subsidy for transport operations should be set as a part of an overall policy with the aim of achieving efficient urban travel while minimising environmental and other damage from excessive traffic.

2. Social aspects of public transport

Social need should be addressed through fare reductions for specific groups or in some cases general fares policies, for which the operator must be fully compensated.

3. Conditions for public transport

Financial and operating conditions of public transport should be set as a part of an overall policy with the aim of achieving efficient urban travel.

4. Parking and provision of car travel

The provision of parking and company cars should be properly charged.

5. Charging for use of scarce road space

Charges for road use should be considered for congested urban areas both as a way of ensuring that all road users pay the full internal and external costs of their journeys and as a means of managing demand to improve conditions for car users, to improve operational efficiency of buses and trams as well as improving the attractiveness of public transport overall.

6. Transport investment and funding

Decisions on investment in transport should consider all the possible options (including public transport and demand management solutions) and take account of all the external effects of the different options. Investments need to increase to make public transport a genuine choice for people holding a car. The proceeds of road user congestion charges should be made available to fund measures to improve the transport network and in particular public transport which uses scarce urban space most effectively.

This UITP Focus Position paper has been prepared by the Commission of Transport Economics and has been approved by the UITP Policy Board.

FOCUS

A UITP POSITION PAPER

Pricing and Urban Mobility

Traffic congestion in cities hinders the mobility of people and goods and is increasingly undermining the economic, social and environmental welfare of our cities. Traffic congestion makes cities less pleasant and more expensive places in which to live, work and play.

Urban Congestion

The demand on road space continues to grow due to increased car ownership and demand for mobility. The supply of road space and space for parking within cities is however finite, while increased efficiency of the use of road space through traffic management can give only a temporary respite in the face of growing traffic.

Increasing the amount of space taken up by roads and parking will not solve the problem, as a successful city needs to be densely developed. In these circumstances the only solution to accommodating the rising demand for mobility is to manage demand for road-space. This can be achieved by:

- Allocation of more urban road-space to the most efficient urban transportation modes, i.e. to public transport vehicles, and to create efficient urban transportation networks with their own, dedicated infrastructure – on or under the surface. (Well-used public transport can accommodate up to 20 times as many passengers as can private cars on the same road space, see scheme below.)
- Control of parking.
- Appropriate urban and regional planning measures, e.g. encouraging higher density development close to city centres.

- The price mechanism.

The price mechanism can also be an important tool in securing efficient urban mobility. At present, pricing systems are rarely used to steer mobility behaviour and choices of transport mode in order to contain congestion or to reflect the cost they impose on other road users and on the community.

This position paper examines policy options for enhancing the quality of travel in cities by action on the pricing of public transport and road use and by investing in urban transport.

Space consumption (as a function of transport mode: square metre hours)			
	Traffic	Parking	Total
Home – work			
Car	18	72	90
Bus or tram	3 – 12	0	3 – 12
Home – shopping			
Car	18	16	34
Bus or tram	3 – 12	0	3 – 12

(calculated on basis of 10 km home – work and home – shopping journeys)
Source : " Parking policy " UITP - 1999

This is an official position of UITP, the International Association of Public Transport. UITP has over 2000 members in 80 countries throughout the world and represents the interests of key players in this sector. Its membership includes transport authorities, operators, both private and public, in all modes of collective passenger transport, and the industry. UITP addresses the economic, technical, organisation and management aspects of passenger transport, as well as, the development of policy for mobility and public transport world-wide.

Pricing the use of public transport

With increasing car ownership, the decision of whether to use the car or to use public transport is a matter of choice for the individual. The solution therefore to the problem of urban congestion will increasingly involve attracting people with cars to voluntarily take the bus, tram or train. In making the decision, the individual should take into account the financial cost (the cost of the ticket or the cost of fuel and parking), the time spent, and the overall quality and availability of the service. Studies have shown that the price of an urban public transport trip is of only limited importance - within limits - when individuals make their choice of mode. Meanwhile public transport must continue to provide an essential service for those who do not have access to a car - typically 40% of the population in European cities. Many of the latter, however, have low incomes, and this has tended to encourage "low fares" policies for public transport.

Where the ticket price does not cover the financial cost of providing the service, it must be subsidised. The subsidy can be justified on grounds of efficiency since public transport is a very efficient way of securing urban mobility, and on social grounds since the average user of public transport is less well off financially than the average car user is.

It is in order to pursue these two goals –encouraging a switch from the private car to public transport and keeping fares down – that most cities subsidise their public transport systems.

Charges for public transport should be determined with the aim of achieving a balance between price and service quality which maximises the attractiveness of public transport as an alternative to the car. Social need should then be addressed through fare reductions for specific groups, for which the operator is compensated.

Elements of urban public transport pricing policy could include:

- Providing special fares for selected groups through direct fares subsidy or, in some cases, general fares policy (e.g. for the elderly, children, disabled, students, etc.) with full compensation for operators.
- Use differentiated fares as technology develops to steer demand (e.g. peak hour pricing).

The use of the price mechanism may also assist in improving public transport provision by reducing travel time and improving service reliability.

Charging for Road Use and Parking

In congested urban streets, the individual car user does not meet the full internal and external cost of his travel. The cost of congestion is not only borne by the individual car user, but is shared by all travellers in the surface transportation network. Other car users suffer from congestion and public transport users experience longer journey times, irregular services and higher costs as a result of congestion. In order to achieve an efficient urban transportation system, the pricing of urban car transport should be based on a system whereby each traveller bears the full costs of his choice of transport. The resulting cost is likely to be well in excess of the average level of charges on car use, and comparable with the price needed to ensure free flow of traffic.

If public transport is to provide an attractive alternative to the car (which is essential if road charging is to be accepted), it is critical that congestion be contained - and/or that separate rights of way be provided for public transport services. While the

reduced congestion due to road charging will in itself improve street-running public transport, further improvements are likely to be judged necessary. Road charging provides a potential source of funds for this purpose.

The European Commission has addressed the issue in its White Paper "Fair Payment for Infrastructure Use". This advocates that all modes of transport should pay for their use of infrastructure on the basis of full marginal social cost pricing. This would include "the cost of time delays to other users or non users, resulting from congested flows". Such a system, it argues, "is likely to result in the most efficient use of the infrastructure".

Controlling congestion should therefore be the central objective of any charging system. At the very least, the charging system should aim to allow traffic to just flow freely. At this level, the savings in time to all concerned are likely greatly to exceed the disbenefits of the very small reduction in throughput compared with congested flow.

A charging system should be designed to manage movement so as to support the most efficient and least environmentally damaging use of scarce road space, in the interest of all users. This can be achieved if all users pay the full internal and external costs of their journeys.

The elements of such a charging system include:

- Extending charging for on-street parking including increased efficiency in control and recovery of fines
- Controlling overall provision of parking and adopting charging policies designed to discourage peak traffic, e.g. charging/taxation for parking space provided free by employers
- Ensuring that the provision of company cars is properly charged and/or taxed
- Introduction of pricing for the use of scarce urban road space

Investment in urban transport

Charges provide an effective means of encouraging the most efficient use of existing infrastructure. It is critical also, however, to ensure that decisions on the construction of new infrastructure take full account of the impact of those decisions on the environment and on the social fabric of cities.

Decisions on investment in urban transport have a profound impact on the quality of life in cities as a whole. Investments are crucial in overcoming the high and growing demand for access to the facilities offered in cities. Decisions on investment depend not on the choices of individual travellers, but on the authorities and operators.

Such decisions should take account of the following points:

- Overall effect on mobility and on access to facilities for all the urban population.
- Environmental and social impacts.
- The long term implications for the shape and vitality of the city.
- The need to consider all the options not only road, public transport, walking, cycling, but also the possibility of using demand management (including road pricing) as a means of overcoming congestion, rather than providing new infrastructure on a "predict and provide" basis.

It must also be recognised that town planning strategies and major individual planning decisions may have crucial effects on both the demand for transport and the ability to meet that need efficiently. Their transport impacts should always be assessed, and they should take account of all the factors included in the evaluation of major transport investment schemes.

The proceeds of road user charges should be invested in increasing the availability of the modes of transport that use scarce urban space most effectively.

