

# How and why road-pricing will happen

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# Congestion

- In 2003 London's mayor introduced a congestion-charging zone (CCZ). Motorists pay up to \$15.20 a day to drive into the centre of the city
- Since 2000 the number of cars entering central London has fallen by nearly a quarter. But congestion is rising again.
- The average vehicle speed has fallen from 32.0km per hour in 2013 to 28.5km in 2016.

# Road-pricing

- Using prices to ration a scarce resource, such as space on busy roads at busy times, makes sense
- Road-pricing is more efficient than the typical ways drivers are charged for imposing costs on others: taxes on fuel and on car ownership
- Neither penalises driving in congested conditions

# Road-pricing

- Although congestion zones help, they are blunt instruments; ideally, road pricing would adjust to traffic flows in real time
- Yet, most voters hate taxes on driving

# Tax revenue from motoring

- Governments will nevertheless soon have to find new ways of making drivers pay, because tax revenue from motoring is drying up
- One reason for this is the spread of ride-hailing and ride-sharing
- London drivers for firms like Uber can circulate all day inside the CCZ while being exempt from the charge

# Electric vehicles

- The second reason for dwindling revenue—increasingly efficient cars—is even more important
- Electric vehicles will further widen the gap between traffic and taxes

# Road tax

- A fair and radical way to pay for the costs of car use would be to scrap duties on fuel and ownership, and replace them with a “road tax”
- How? Many premium vehicles are already connected to the internet. By 2020 most new cars will come with these connections as standard
- Together with GPS technology that means it will become easier to track the use of vehicles wherever they are

# Singapore

- From 2020 Singapore will take an even more sophisticated approach
- It will use GPS to vary the amount drivers pay based on distance, time, location and vehicle
- Other countries?
- Although Singapore's authorities may not fret much about privacy, others do