



Consultation response

To: European Commission – internalising the external costs of transport

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Contact point:

Jonathan Bray
pteg Support Unit
Wellington House
40-50 Wellington Street
Leeds
LS1 2DE
0113 251 7445
info@pteg.net

Introduction

pteg represents the six Passenger Transport Executives of England and Scotland which between them serve eleven million people in the conurbations of Tyne and Wear ('Nexus'), West Yorkshire ('Metro'), South Yorkshire, Greater Manchester, Merseyside ('Merseytravel') and the West Midlands ('Centro'). Transport for London and Strathclyde Partnership for Transport are associated members. Transport for London have submitted separate evidence.

1. External costs

Transport does have external costs that are not always reflected in pricing mechanisms. The relative external costs of different modes are also not always reflected in the appraisal methodology that are used at a European, national and sub-national level to determine overall transport policy, and the merits of individual transport schemes.

In general the external costs of urban public transport systems are less than that of private cars. However, clearly the extent to which this is the case, and to the extent to which this is the case, varies by local circumstance. Having said that any measures to internalise the external costs of transport should reflect the general environmental advantages that urban public transport systems have over the private car.

2. Internalisation of costs

In principle the external costs of different transport modes and decisions on transport policy should be reflected in pricing mechanisms and in the appraisal processes used to support the policy decision-making process.

However, beyond that general principle it would be inappropriate to seek to impose a generalised or statutory EU model for internalising external costs on national and sub-regional transport authorities

This is because:

- local circumstances vary widely across the EU – with significant differences in the external costs of different modes and policy choices. This is exacerbated by the fact that major decisions on transport policy result in a complex nexus of impacts. These local circumstances and complexities would be difficult to reflect in a model which aimed to be appropriate for all countries and all types of transport decision-making.
- the UK already has transport appraisal frameworks that seek to reflect the external costs of transport decisions (such as the NATA framework). Whilst **pteg** has views on how such appraisal frameworks might be improved – we would not wish to see these existing frameworks over-laid or replaced by what necessarily would be a less sophisticated and generalised EU model. Instead we would like to see

those frameworks improved and developed – although there could be a role for non-statutory EU guidance in this process (see below)

- pricing of transport is highly locally and politically sensitive. In this context local transport authorities need a high degree of flexibility in order to find locally appropriate and acceptable pricing mechanisms that reflect the objective of internalising the external costs of transport – as well as wider economic and social policy objectives. A prescriptive EU framework for internalising the external costs might limit the schemes that local transport authorities pursue – even those schemes would bring significant environmental, social and economic benefits, in a way which paves the way for more radical schemes in the future.

For these reasons we believe that EU policy should be based on the principle that external costs should be internalised – but that where a nation state has mechanisms that can be demonstrated to reflect this principle, the EU should limit itself to providing guidance in this area.

3. Policy options

There are a range of policy tools available to tackle road traffic congestion costs, which include:

- parking policy
- land use policy
- provision of high quality public transport alternatives
- reductions in road capacity
- road user charging and fuel pricing policy

The most appropriate mix of measures is best determined by national and sub-national transport authorities in line with local circumstances and aspiration.