Ministerie van Verkeer en Waterstaat

Road Pricing in the Netherlands

Latest information

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28/05/2008

The Netherlands

- Population: 16.4 million
- 8+ million vehicles
- 2400 km motorways
- >134.000 km roads in total
- >100 billion km made on yearly basis
- 350 border crossings
- Daily congestion problems,
  - related to the economic centre Randstad (Amsterdam, Utrecht, The Hague and Rotterdam)
- 7,8 billions vehicle taxes

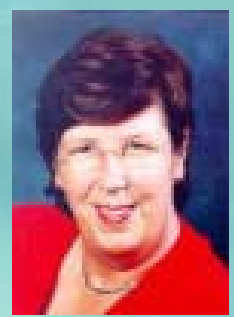
History: ’70s – ’90s

Previous Dutch Road User Charge attempts

- ‘70s-’80s: road pricing in the picture
- 1988: Rekening Rijden I
- 1992: Spitsvignet
- 1994: Rekening rijden II
- 1999: Spitstarief + investments package
- 2001: Kilometer Charge

All failed because of **insufficient political support**






History: 2004 Drafting Mobility Policy Document

Estimated congestion 2020 without extra policy measures

- Transport keeps growing
- Increasing capacity infrastructure is not sufficient to:
- keep travel times acceptable and predictable
- increase reliability

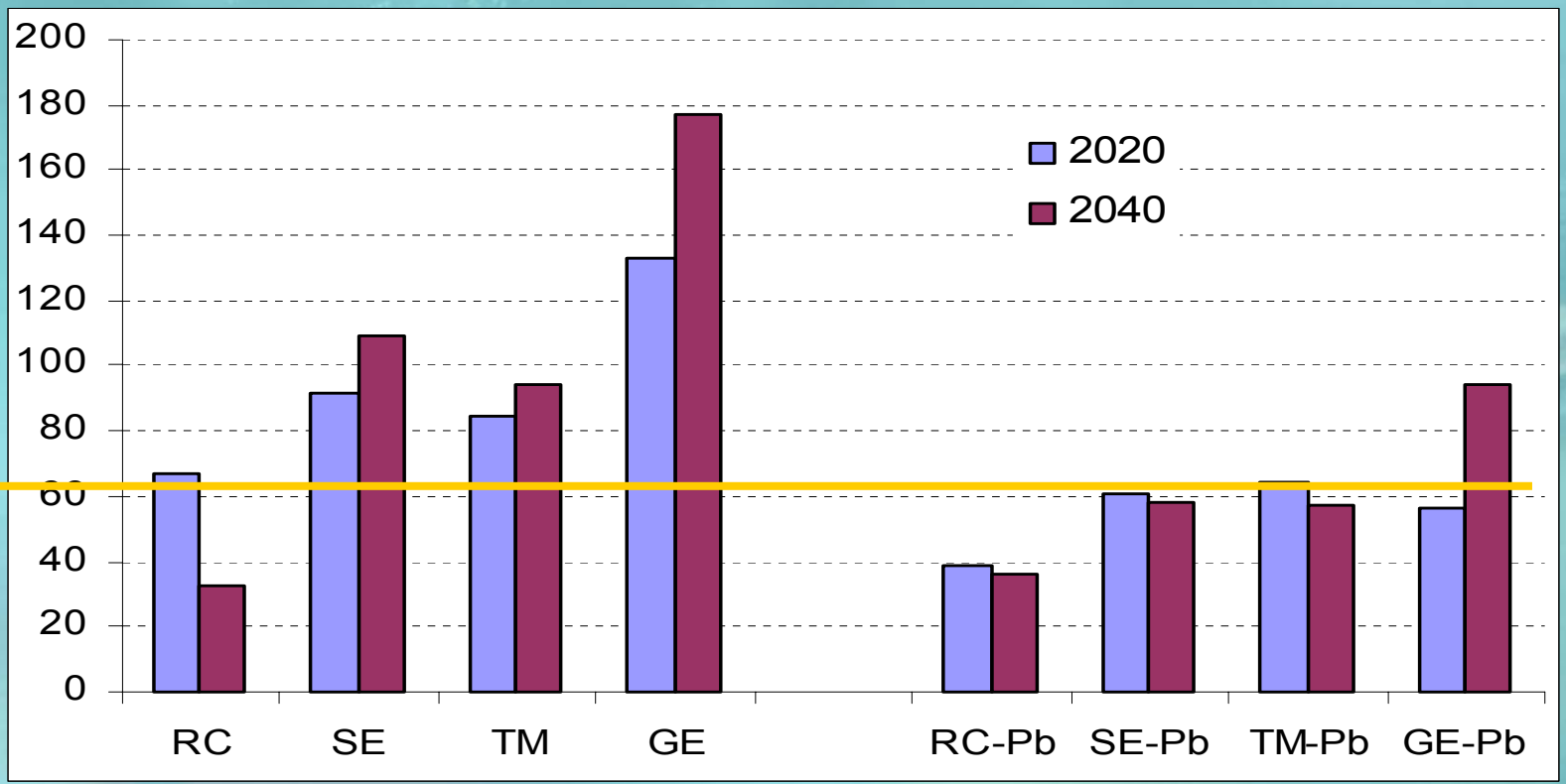
History: Introduction road pricing

The motive for introducing road pricing (again): **congestion**

Development of congestion without (left) en with kilometre charge (right)

(ambition Mobility Plan agrees with an index of 60)

Different economical scenarios



index:

2000 = 100

History: 2005
A platform and its advice

- Main lesson learned:

  - political and public acceptance is key factor
- Therefore establishing Platform for advice:
  - Chair Mr Nouwen (1999 main opponent)
  - Main social and business society involved
- The advice:
  - A km-price that varies according to time, place and the effects on the environment (all roads, all motor vehicles)
  - Proportional elimination of current (fixed, annual) taxes for purchase and ownership
  - Revenues invested in mobility policy

History: 2006
Mobility Policy Document

Road pricing in the (officially adopted) Mobility Policy Document

- Advice of Platform leading principle
  - Introduction km-charge system, without increase overall cost of using the road
  - Revenues will flow into Infrastructure fund
  - Conditions: much lower implementation costs and operating costs < 5% revenues
  - Road pricing is not an alternative but addition to extra capacity (construction) and more efficient use of existing roads

History: 2007 - Coalition agreement

Coalition agreement new Government:

- A km-charge that varies according to time, place and the effects on the environment (all roads, all motor vehicles)
- This term first step / point of no return
- Immediate start conversion tax system
- Conditions: without increasing the overall cost of using the road system, revenues into Infrastructure fund, implementation costs / operating costs < 5% revenues

Current pricing policy: Government decision 2007

30/11/'07 decision to implement a km-price:

- all roads, every km, differentiated to place, time (congestion charge) and environment (basic rate)
- start lorries 2011
- passenger cars 2012-2016
- 2008 start mobility projects
- based on latest satellite technologies
- start with a dedicated back-office and a certified OBE > grow to a system of multi service providers

Current pricing policy: This term ‘point of no return’

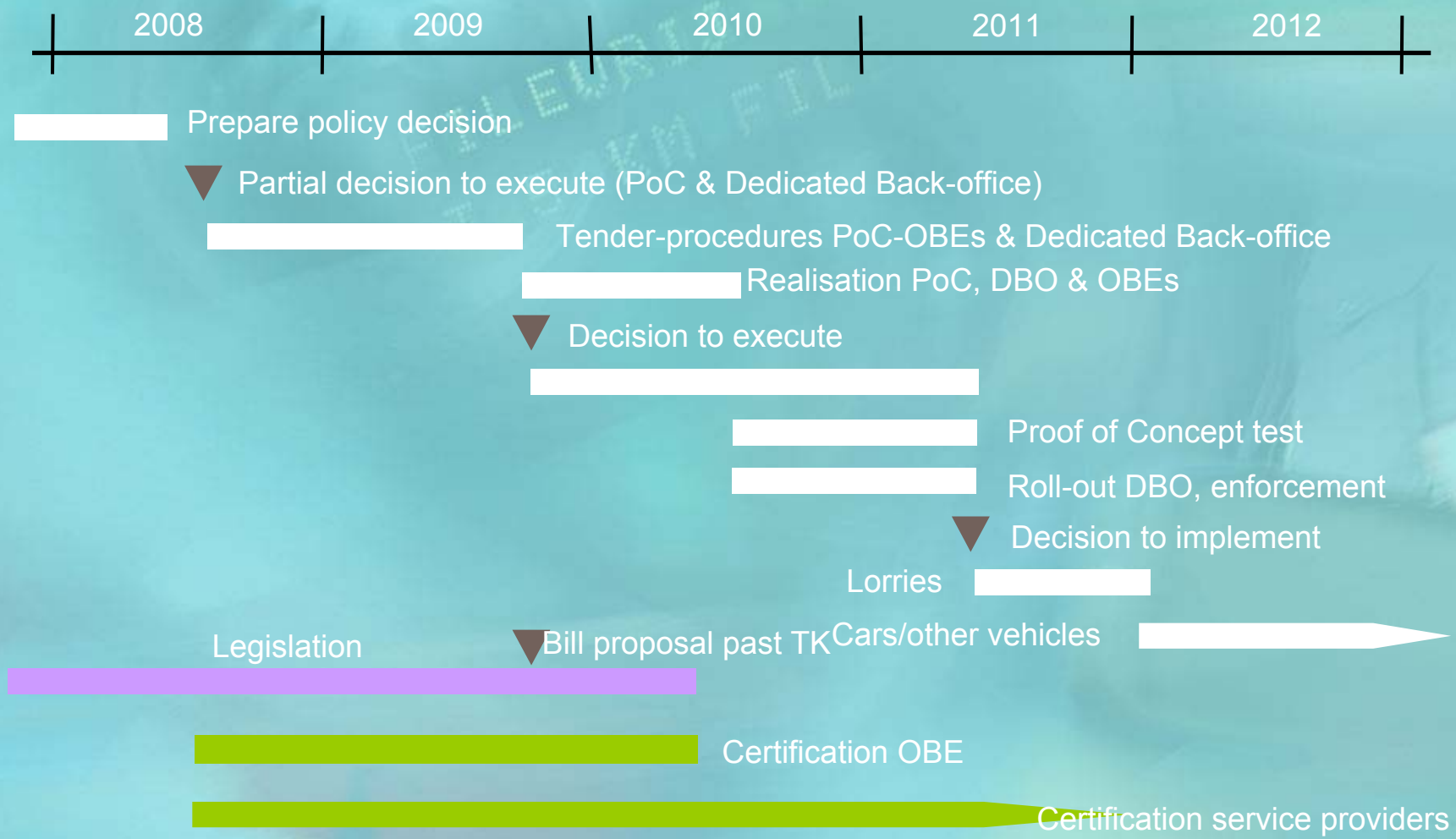
Irreversible steps before 2011:

- Legislation adopted
- Full swing conversion of tax system
- Backoffice ready
- Technology tested
- Certification finished
- Tender lorries finished
- Tender passenger cars on the way
- Mobility projects operational

Current pricing policy: To keep 2011/2012/2016 feasible

- Several parallel activities:
  - decision making / design of the system
  - legislation
  - preparation of tenders (incl certification)
  - testing
- At this moment using working-hypotheses in design and legislation:
  - Working with hypotheses is taking risks: decisions might be different from hypotheses

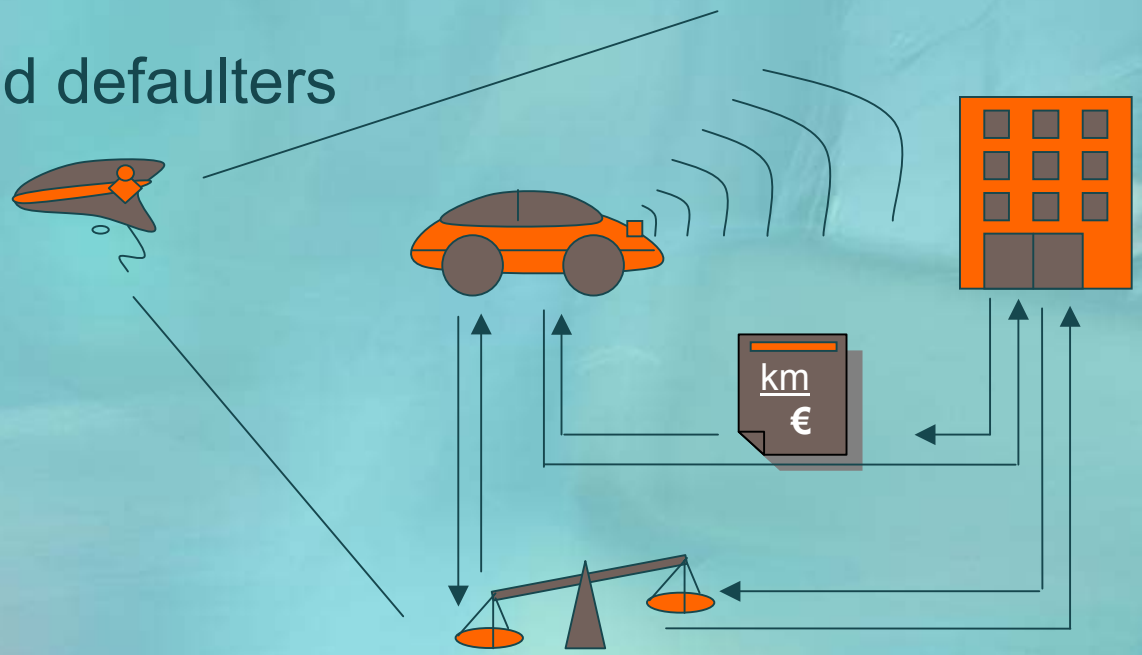
Current pricing policy: Proces



Organisation models: Ingredients

Road pricing consists of:

- Registration of driven kilometres & data transmission
- Data processing -> charging -> collecting
- Enforcement
- Collecting fines and defaulters



Organisation models: Public Private Comparator (2007)

- Developed by Ministry of Finance
- Organizational options: models, distribution of private versus public share, contract-possibilities

Theoretical models used in PPC 2007

- Single service provider
- Multiple service providers
- Public back-office & certified On-Board Equipment

Because of different characteristics, each model scored differently per scenario, depending on development of VAS, market efficiencies, and other risks and opportunities.

Organisation models: Criteria PPC-update (2008)

Criteria used: The level of assurance that

- revenue from KMP system is collected (government)
- the KMP system is fair (user)
- a working KMP system is operational in time
- the market will be sufficiently interested
- investment and operational costs will remain controllable
- operational interfaces are sufficiently controlled
- the KMP system is sufficiently sustainable in terms of competitiveness and flexibility
- the system is sufficiently user friendly

>>>>> translated in costs/benefits

Organisation models: Results PPC-update (2008)

- MSP: would be the ultimate goal, but…

- Therefore introduction hybrid model:

Start DBO/OBE, in time introduction MSP´s

- Combines fall back State with market tension and Value Added Services
- Predictable / acceptable costs for State
- Attractive business case MSP's
- Assured basic quality of OBE / Backoffice
- Sustainable use of market creativity

Next steps: 2008

2008

- Partial decision to execute: update PPC, preparation tender PBO/OBE, certification
- Start conversion tax system & long term tax plans
- Drafting bill
- Preparation mobility projects

2008: Partial decision to execute

´Partial decision to execute´ contains necessary choices to start Proof of Concept:

- legislation and functionality (requirements specifications)
- tax plans
- budget: costs and finance
- implementation strategy
- execution mobility projects

Tender PoC Fall 2008 (PBO & OBE´s): test integration back office and equipment

Certification OBE´s

2008: Changing tax system into a KM price

Currently:

- Purchase tax (BPM) - € 3,6 billion
- Motor vehicle tax (MRB) - € 2,9 billion
- BZM / euro vignette - € 0,1 billion
- Provincial surtaxes - € 1,2 billion

BPM, MRB, BZM annually: € 6,6 billion

2008:

- Long term tax plan
- Start conversion BPM into MRB by 5% a year

2016: KM price fully implemented
2018: BPM/MRB fully converted

2008: Drafting bill

Some decisions to be made:

- Target groups and exemptions
- Tariffs
- Definitions time and place
- Regulation registration and privacy
- Regulation payments and enforcement
- Executive organisation

2008: Mobility projects

Pilot projects designed to:

- Improve accessibility urban areas preceding road pricing
- Gain insight behavioural effects
- Stimulate awareness mobility choices
- Test technology
- Develop MSP market, incl VAS

Not a first step but a start engine

Next steps: 2009 - 2016

2009: Draft Bill to parliament
Start implementation mobility projects
Decision to execute
Back office / OBE's for Proof of Concept
2010: Proof of Concept operational
Preparations road pricing lorries
2011: Preparations km-charge passenger cars
Ultimate go-decision (decision to implement)
Start road pricing lorries
2012-2016: Road pricing passenger cars

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Never been done before

It can be done

Thank you for your attention

28/05/2008