



Wiser investment

Reform taxation and increase spending on sustainable travel

- *Invest only in schemes and initiatives that reduce high carbon travel*
- *Re-establish a fuel duty escalator to reverse the current decline in the cost of motoring*
- *Introduce work and retail place parking levies with funds invested in improving environments for walking, cycling and public transport*
- *Establish UK-wide road pricing programmes with revenues invested in improving environments for walking, cycling and public transport.*

Rapidly increasing sustainable travel will require diverting current transport investment towards extending travel choices that reduce car use. The way that transport initiatives are appraised should be linked to their ability to reduce carbon, increase sustainability and improve the health and quality of life of people. The direction in which funding flows should also take account of the fact that spending on travel behaviour change can often achieve quicker and more effective change than investment in infrastructure.

Questions and answers

Q. Why should there only be investment in transport initiatives which reduce high carbon travel when there may be no possible alternative to high carbon travel for a particular route or area?

[Car travel is the largest contributor to our personal carbon emissions](#), while transport is the fastest growing source of emissions. With a trend that shows declining levels of walking and cycling across the UK, already at some of the lowest levels in Europe, new priorities are needed. [Evidence from Sustrans projects](#) shows that with targeted investment in providing people with information about travel choices and improving their availability, large carbon savings can be made. The priority must be on increasing travel choice, where the natural choice becomes sustainable.

Q. Aren't motorists already heavily taxed?

The [cost of motoring has fallen 13% in real terms since 1997](#), whilst the cost of travelling by rail and bus has increased 7% and 17%, respectively. Even though motorists say that it feels like the cost of motoring is increasing, [the RAC say that the real cost of motoring has fallen significantly over 20 years](#).

Q. Isn't road pricing just another tax on motorists?

Road pricing is about tackling congestion. Most road-pricing systems alter charges by time of day and type of road. This could mean that those who use their car less, or can travel at less congested times, in less congested areas, for example in rural areas, would pay less. According to the UK Government, [eliminating existing congestion on the UK road network would be worth some £7-8 billion of GDP per annum](#). Additionally, the [London congestion charge](#) raised £137 million pounds in 2007/08, which by law is invested in improving London's transport with a resulting 21% reduction in traffic entering the charging zone and a 16% cut in CO₂ emissions.



Wiser investment: evidence and benefits

Q. Why can't we build our way out of congestion with new roads or by widening existing ones?

Creating extra road space makes journeys quicker in the short term, although in the longer term the road fills up with new traffic and traffic that has relocated from other congested roads. A major independent study [Beyond Transport Infrastructure](#), into the impact of the Newbury bypass and 2 other road schemes showed that traffic levels predicted for 2010 in Newbury were already reached by 2003 – and that traffic had increased by almost 50% in that period. New development around the road was partially to blame for the increases. The solution is to make driving one of many choices in a transport system that prioritises walking, cycling and public transport.

Q. Why tax workplaces with parking charges now, when the economy is in such difficulties?

Work Place Parking Levies focus on commuter parking, a main cause of congestion, particularly at peak periods such as rush hours. According to the UK Government, [eliminating existing congestion on the UK road network would be worth some £7-8 billion of GDP per annum](#). Schemes such as the planned [Nottingham Workplace Parking Levy](#) will invest all revenues generated into improving public transport to increase people's commuting travel choice. [Commuting by car is also responsible for the greatest proportion of CO2 emissions from transport](#).

Invest only in schemes and initiatives that reduce high carbon travel

Evidence

[Wardman et al, 2007 Factors influencing the propensity to cycle to work, Transportation Research Part A, 41](#)

This paper describes the development of a mode choice model for the journey to work with special emphasis on the propensity to cycle. The model combines Revealed Preference (RP) and Stated Preference (SP) data to form a very large and comprehensive model. RP data from the National Travel Survey was combined with a specially commissioned RP survey. A number of SP surveys were also undertaken to examine the effects of different types of en-route and trip end cycle facilities and financial measures to encourage cycling. The model was used to forecast trends in urban commuting shares over time and to predict the impacts of different measures to encourage cycling. A completely segregated cycleway was forecast to have the greatest impact, but even the unfeasible scenario of universal provision of such facilities would only result in a 55% increase in cycling and a slight reduction in car commuting. Payments for cycling to work were found to be highly effective with a £2 daily payment almost doubling the level of cycling. The most effective policy would combine improvements in en-route facilities, a daily payment to cycle to work and comprehensive trip end facilities and this would also have a significant impact on car commuting.



Further information

Parliamentary briefing, 2009 Transport Innovation Fund

This briefing details current arrangements for English government TIF funding. The briefing also gives details of a February 2009 speech where Shadow Transport Secretary, Theresa Villiers, announced that a future Conservative Government would convert TIF into a Transport Carbon Reduction Fund to support walking, cycling and public transport projects.

Campaign for Better Transport, Sustrans and Friends of the Earth, 2009 Carbon Reduction Fund Proposal

Proposal launched by Sustrans, Friends of the Earth and Campaign for Better Transport. The proposal calls for the creation of a Fund by the reallocation of half of the Governments Transport Innovation Fund, which is understood to total £10 billion over the next decade.

Department for Transport, 2008 Carbon Pathways Analysis

Informing development of a carbon reduction strategy for the transport sector.

The Conservative Party, 2010 Transport Policy

Outlines commitment to putting in place a Carbon Reduction Fund for Transport.

HM Government, 2009 The UK Low Carbon Transition Plan: National Strategy for Climate and Energy

The UK Low Carbon Transition Plan plots how the UK will meet the 34% cut in emissions on 1990 levels by 2020, set out in the budget.

Re-establish a fuel duty escalator to reverse the current decline in the cost of motoring

Further reading

House of Commons, 2009 Hansard written answers regarding costs of transport in Britain

An answer given by Transport Minister Paul Clark to a question raised by Norman Baker MP concerning the cost of travelling in real terms.

RAC, 2008 Report on motoring 2008

This report draws on 20 years of research amongst Britain's motorists, official Government statistics and various other sources. Among the findings is that the real cost of motoring has fallen significantly over 20 years even though motorists say that it doesn't feel like that because, in real terms, fuel prices - the most visible cost - have doubled.

House of Commons Transport Committee, 2009 Taxes and charges on road users

The report highlighted that during the inquiry into taxes and charges on road users, all the motoring organisations that appeared before the committee agreed that fuel tax is the most efficient, equitable and effective way to tax road users. The committee stated that fuel duty is the most effective way of encouraging fuel efficiency and reducing carbon emissions. The report urged the Government to find a new consensus for the way forward on motoring



Wiser investment: evidence and benefits

taxation and concluded that the Government should more closely integrate its policies on taxes on road users with its policies on transport.

House of Commons Library, 2009 Taxation of road fuels

This briefing reviews taxation policy and states that fuel duties raised £24.9 billion in 2007-08; by comparison excise duties on tobacco, spirits, wine, and beer raised £16.4 billion combined.

Farrington et al, 1998 Car Dependence in Rural Scotland

This evidence suggests that the fuel duty escalator is in fact a well-targeted instrument to achieve fuel efficiency improvements, and hence reductions in climate emissions, so long as the overall transport policy framework is not at the same time promoting untrammelled growth in traffic volumes.

Introduce work and retail place parking levies with funds invested in improving environments for walking, cycling and public transport

Further reading

Department for Transport, 2009 Workplace Parking Levy

Various documents relating to the introduction of the Workplace Parking Levy scheme in Nottingham including the value for money assessment of the scheme.

Nottingham City Council, Workplace Parking Levy

Features all the latest information relating to the Nottingham's Workplace Parking Levy.

Establish UK-wide road pricing programmes with revenues invested in improving environments for walking, cycling and public transport.

Further reading

Rich & Nielsen, 2007 A socio-economic assessment of proposed road user charging schemes in Copenhagen, Transport Policy, 14

Road pricing, congestion charging, toll-systems and other road charging instruments are intensively discussed in many countries. Although many partial analyses of the consequences have been published, few overall socio-economic analyses have been carried out. The article presents such a socio-economic analysis of four different proposed road pricing schemes for the Copenhagen area.



Eliasson, 2008 Lessons from the Stockholm congestion charging trial, Transport Policy, 15

The Stockholm congestion charging trial in 2006 resulted in large effects on traffic volumes and congestion. During the trial, public opinion gradually changed from a large majority opposed to the charges to a small majority in favour of them, and a referendum resulted in the charges being reintroduced in 2007. This paper summarises effects on traffic, travel times, travel patterns etc., and discusses what lessons can be learnt from the trial and the development after the reintroduction of the charges.

Timilsina & Dulal, 2008 Fiscal policy instruments for reducing congestion and atmospheric emissions in the transport sector: a review

This paper reviews the literature on the fiscal policy instruments commonly used to reduce transport sector externalities. The findings show that congestion charges would reduce vehicle traffic by 9 to 12% and significantly improve environmental quality. The vehicle tax literature suggests that every 1% increase in vehicle taxes would reduce vehicle miles by 0.22 to 0.45% and CO₂ emissions by 0.19%. The fuel tax is the most common fiscal policy instrument; however its primary objective is to raise government revenues rather than to reduce emissions and traffic congestion.

House of Commons Transport Committee, 2009 Taxes and charges on road users

The report highlighted that during the inquiry into taxes and charges on road users, all the motoring organisations that appeared before the committee agreed that fuel tax is the most efficient, equitable and effective way to tax road users. The committee stated that fuel duty is the most effective way of encouraging fuel efficiency and reducing carbon emissions. The report urged the Government to find a new consensus for the way forward on motoring taxation and concluded that the Government should more closely integrate its policies on taxes on road users with its policies on transport.

House of Commons Transport Committee, 2009 Taxes and charges on road users: Government response to the Committee's Sixth Report of Session 2008-09

This paper sets out the Government's response to the Transport Select Committee's report Taxes and charges on road users.

House of Commons Library, 2009 National road pricing

This note gives some general background on the history and theory of road pricing, an overview of the Labour Government's policy in this area and the views of opposition parties.

Department for Transport, undated Feasibility study of road pricing in the UK

Road Pricing Feasibility Study - a comprehensive study to examine how a new system of charging for road use could help make better use of our road capacity.