

## Internalisation of external costs

<b>GENERAL INFORMATION</b>									
Your profile	Organisation								
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;">Organisation name</td> <td style="padding: 5px;">EPTO - European Passenger Transport Operators</td> </tr> <tr> <td style="padding: 5px;">Organisation type</td> <td style="padding: 5px;">International organisation</td> </tr> <tr> <td style="padding: 5px;">Main field of activity</td> <td style="padding: 5px;">Public transport services</td> </tr> <tr> <td style="padding: 5px;">Which mode of transport do you represent?</td> <td style="padding: 5px;">Rail transport Urban transport</td> </tr> </table>		Organisation name	EPTO - European Passenger Transport Operators	Organisation type	International organisation	Main field of activity	Public transport services	Which mode of transport do you represent?	Rail transport Urban transport
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<b>1. EXTERNAL COSTS</b>									
1.1. In your opinion, do you think that road transport imposes nuisances on other transport users and society?	Yes								
<b>Road</b>									
Congestion	5								
Accident	2								
Noise	3								
Air pollution	4								
Climate Change	1								
Comments (if any) on road external costs (maximum 4000 characters)									
1.2. In your opinion, do you think that rail transport imposes nuisances on other transport users and society?	Yes								
<b>Rail</b>									
Congestion	3								
Accident	1								
Noise	4								
Air pollution	5								
Climate Change	2								
Comments (if any) on rail external costs (maximum 4000 characters)									
1.3. In your opinion, do you think that air transport imposes nuisances on other transport users and society?	No opinion								
1.4. In your opinion, do you think that maritime transport imposes nuisances on other transport users and society?	No opinion								

1.5. In your opinion, do you think that inland waterways transport imposes nuisances on other transport users and society?	No opinion
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## 2. INTERNALISATION OF COSTS

2.1. Do you agree that it is important to internalise the external costs generated by transport?	Agree
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### Advantages/disadvantages expectation

2.2. What are the main advantages/disadvantages you expect on the economy? (maximum 4000 characters)

Various studies have shown that investments in public transport have strong multiplier effects. • Spending on public transport operations provides a direct infusion to the local economy. Over 570 jobs are created for each €10 million invested in the short run. • Businesses would realise a gain in sales 3 times the public sector investment in public transport capital. • Businesses would also realise a similar gain in sales from the same amount spent on public transport operations. • Capital and operating investment in public transport generates personal income and business profits that produce positive fiscal impacts. On average, a typical state/local government could realise a 4 - 16 per cent gain in revenues due to the increases in income and employment generated by investments in public transport. A recent study in Germany has given evidence that good access to local public transport is a more important factor in business location than the vicinity to an airport or the availability of public parking spaces. Public transport plays a central role to play in enhancing EU competitiveness. European Studies show that public transport users spend less than 1% of annual net income on the journey to work, but private car users spend 12%. The added value of 1€ spent in public transport is 4,60 € as a whole. In order to lower the external costs of transport for society modal shift from individual to collective transport must be the aim. A 1% shift in passenger kilometres from car to public transport would reduce the number of cars used at any one time by around two million. The internalisation of external costs in transport would lead to a fairer allocation of the costs to each mode in road transport and it could lead to a more sustainable financing of public transport.

2.3. What are the main advantages/disadvantages you expect on the social situation? (maximum 4000 characters)

Public transport is • essential for access to jobs and facilities by those who do not have or do not wish to use the private car for the urban travel needs. • Essential for those who are not able to use a car at all or any more • a major employer in the EU25. It is estimated that around 950000 people are employed in the public transport companies. Capital investment in public transport is a significant source of job creation. This analysis indicates that in the year following the investment 314 jobs are created for each €10 million invested in public transport capital funding. A previous research of l'Insee (1990) shows that investing € 1.5 million in public transport (infrastructure and equipment) has a net balance of 5,100 jobs over 5 years against 4,600 for an equivalent investment in the municipal road network. Clearly there is a strong link between investing in public transport in combating social exclusion. There are economic as well as social arguments to support the strategy. Access to jobs reduces the need for unemployment benefit and provides households with the opportunity to afford goods and services. That in turn creates wealth for the local economy. Looking to the future, the improving longevity of human life in the EU will present a huge challenge to mobility. Between 2002 and 2010, the forecast is that the population aged 55 to 64 will increase strongly, by about 1.4% per year. Over the next 15 years, the number of 'very old' people in the EU - aged 80 and over - will rise by almost 50%. In its report on "Competition in the UK Public Transport Industry", published in October 2004, the Commission for Integrated Transport highlighted the increase in the percentage of elderly people with driving licences in the UK. US researchers have warned that by 2030 one in four fatal road crashes will involve drivers over the age of 65. Over the same period, drivers in that age group involved in road crashes will increase by 155%. In the EU we have a window of opportunity to address this. By raising the awareness of the benefits of public transport to those who currently do not choose to use it and encouraging modal shift we may able to create a culture within an aging society which is: more willing and able to use public transport, less dependent on the car, and more prepared and able to remain mobile and socially active post driving age. • Additional economic benefits which would improve the assessment of public transport's economic impact.. include "quality of life" benefits, changes in land use, social welfare benefits and reductions in the cost of other public sector functions.

2.4. What are the main advantages/disadvantages you expect on the environment? (maximum 4000 characters)

The internalisation of external cost will help to improve the environmental conditions. One of the ways to improve the environmental conditions will be a modal shift from car usage to the use of collective transport. More information, see below "noise" and "pollution"

2.5. In your opinion, how could the negative effects of congestion, accidents and environmental nuisances be reduced? (maximum 4000 characters)

A modal shift from the individual car to public transport is one of the key measures to reduce the negative effects of congestions, accidents and environmental nuisances. Modal shift is about creating a balanced & sustainable approach to European passenger transport by encouraging greater access to and use of public transport. Shifting the balance between private and public modes of transport has the potential to address a number of problems facing today's society, particularly in urban areas, while contributing to the goals of improving economic and social well-being by: Improving EU competitiveness through job creation, capital investment, reduced road, environmental and health related costs. Promoting more sustainable transport in the EU, particularly in urban areas, by reducing congestion and pollution, areas and lowering energy consumption. Improving safety on our roads. Improving the quality of urban life. Promoting social inclusion.

### 3. POLICY OPTIONS

#### 3.1. CONGESTION COSTS

3.1.1. In general, which instrument would you favour to tackle congestion costs?	Charge
3.1.2. In road transport which actions would you favour to tackle congestion cost?	Congestion charges for freight + passenger (including cars)
3.1.3. In rail transport which actions would you favour to tackle congestion cost?	No new action
3.1.4. In air transport which actions would you favour to tackle congestion cost?	No opinion
3.1.5. In maritime transport which actions would you favour to tackle congestion cost?	No opinion
3.1.6. In inland waterway transport which actions would you favour to tackle congestion cost?	No opinion
3.1.7. Do you think the EU should do something in the field of internalisation of congestion costs?	Agree

Comments (if any) on congestion cost (maximum 4000 characters)

Congestion related costs are undermining EU competitiveness. Around 80% of the EU citizens live in urban areas which generate 75-85% of the EU gross national product. Yet urban areas waste more than 560 billion € annually on traffic accidents, congestion and pollution. Almost 7% of the gross national product produced in the EU is wasted on the external costs of traffic (accidents, congestion, health and environmental damage. Congestion costs in the EU are estimated at 2% of GDP (€200 billion). Cars account for 75% of urban kilometres travelled. As congestion worsens businesses become less competitive. Costs increase and employee skills are more difficult to retain, as people are discouraged from taking jobs that involve travel to work. It becomes more difficult to ensure the reliability of bus services and operating costs increase from higher fuel and employee costs One bus carries the equivalent of 60 cars, reducing space requirements for roads and parking. Thus a modal shift from the car to public transport is essential for the improvement of the environment. Any measure which favours the reduction of congestion should be encouraged by the EU. These could be: • Of regulatory or financial nature, e.g. o Reduction of car park space, o creation of dedicated bus lanes, o recommending fiscal incentives for public transport operations and for the use of public transport

#### 3.2. ACCIDENT COSTS

3.2.1. Do you agree that accidents costs should be internalised only for road transport?	Agree
3.2.2. Should accident costs also be internalised in rail transport?	Agree
3.2.3. Should accident costs also be internalised in aviation?	No opinion
3.2.4. Should accident costs also be internalised in maritime transport?	No opinion
3.2.5. Should accident costs also be internalised in inland waterway transport?	No opinion
3.2.6. Which action would you favour for	Liability insurance

accidents in road transport?	
3.2.7. Do you think the EU should do something in the field of internalisation of external accident costs in road transport?	Agree
Comments (if any) on accident cost (maximum 4000 characters)	
Public transport is by far the safest means of land passenger and thus a modal shift from private to public transport should be encouraged. This shift is a justifiable and legitimate strategy in the achievement of the Commission's target of halving the number of road accident victims in the EU by 2010. • The passengers of trains, bus/coach and planes within the EU have the lowest fatality risk per passenger kilometre. For the average passenger trip in the EU, bus travel has a 10 times lower fatality risk than car travel. Rail travel has a 20 times lower risk factor than car travel. • Passenger fatality risks per time spent travelling are lowest for bus and train travel followed by ferry. The costs of accident should be internalised only if road transport cost are almost fully internalised. Legal measures punishing the dangerous drivers could also be adopted. Any other action favouring a modal shift from private car to public transport or from road to rail should be promoted.	
<b>3.3. NOISE COSTS</b>	
3.3.1. In general, which instrument would you favour to tackle noise costs?	Differentiated charge
3.3.2. Which action would you favour to tackle noise costs in road transport?	Differentiated charge
3.3.3. Which action would you favour to tackle noise costs in rail transport?	Differentiated charge
3.3.4. Which action would you favour to tackle noise costs in air transport?	Differentiated charge
3.3.5. Do you think the EU should do something in the field of internalisation of noise costs?	Agree
Comments (if any) on noise cost? (maximum 4000 characters)	
Noise in urban areas is a serious and problem and 80% of it comes from road traffic. It has been estimated that at least 100 million people are exposed to road traffic noise levels above the WHO recommended level. Any noise-related charge could be considered, although it will be hardly possible to assess the real cost of noise. The promotion of public transport as a means to reduce noise in urban areas can be very effective.	
<b>3.4. AIR POLLUTION COSTS</b>	
3.4.1. In general, which instrument would you favour to tackle air pollution costs?	Tax
3.4.2. In road transport, which action would you favour to tackle air pollution costs	Tax
3.4.3. In rail transport, which action would you favour to tackle air pollution costs?	No new action
3.4.4. In air transport, which action would you favour to tackle air pollution costs?	No opinion
3.4.5. In maritime transport, which action would you favour to tackle air pollution costs?	No opinion
3.4.6. In inland waterways transport, which action would you favour to tackle air pollution costs?	No opinion
3.4.7. Do you think the EU should do something in the field of internalisation of air pollution costs?	Agree
Comments (if any) on air pollution cost (maximum 4000 characters)	
EPTO supports solutions taking into account air pollution costs if the measures taken reflect the positive impact public transport has. The promotion of public transport is an important instrument to tackle climate change and transport-related problems mainly in urban but also in rural areas. Air pollution in the transport	

sector is mainly caused by the private car and the freight sector. Public transport helps to reduce air pollution. The cost of treating illness related to traffic pollution is estimated at 1.7% of EU GDP (€160 billion). The World Health Organisation (WHO) published its report “Transport Environment and Health” in 2000. It highlighted some startling effects of pollution on human life. It can be assumed that the figures will not have improved after the enlargement of the EU. • About 100 000 premature adult deaths attributable to air pollution occur each year in Europe, and emissions from road traffic account for a significant share of this burden. • Some 40 million people in the 115 largest cities in the European Union are exposed to air exceeding WHO air quality guideline values for at least one pollutant. • Children living near roads with high volume vehicle traffic have double the risk of suffering respiratory problems as those living near less congested streets. But the costs of pollution are not only health related. There are the costs of cleaning roads, pathways, drainage systems, buildings and other public facilities arising from oil spillages and particulate emissions. The cost of noise prevention infrastructure could be better allocated towards wealth creation. Passengers using public transport produce per travelled kilometre three times less and a passenger using a metro nine times less CO<sub>2</sub> emissions than a person using a private car

### 3.5. CLIMATE CHANGE COSTS

3.5.1. In general, which instrument would you favour to tackle climate change costs?	Tax
3.5.2. In road transport, which action would you favour to tackle climate change costs?	Tax
3.5.3. In rail transport, which action would you favour to tackle climate change costs?	No new action
3.5.4. In air transport, which action would you favour to tackle climate change costs?	No opinion
3.5.5. In maritime transport, which action would you favour to tackle climate change costs?	No opinion
3.5.6. In inland waterway transport, which action would you favour to tackle climate change costs?	No opinion
4.5.7. Do you think the EU should do something in the field of internalisation of climate change costs?	Agree

Comments (if any) on climate change costs (maximum 4000 characters)

See comments above

### 3.6. INTEGRATED CHARGING

3.6.1. Would you favour electronic charging in road transport?	Strongly agree
3.6.2. Are there other policy options you would suggest? (maximum 4000 characters) The consequent introduction of market-based instruments may be another option to internalise the external cost of transport.	
3.6.3. Are there other pricing instruments you would suggest for congestion, noise, accidents, air pollution or climate change? (maximum 4000 characters) The EU should favour any action leading to a modal shift from private car to public transport and “soft modes”. EU policy should target the private car vehicle overall emission rather than the fuel cleanliness, as well as investment in new infrastructure and rolling stock for rail and public transport and for inland waterways.	
3.6.4. Are there other non-pricing instruments you would suggest for congestion, noise, accidents, air pollution, climate change? (maximum 4000 characters) EPTO supports any idea of promoting environmental tax reforms at national level, if earmarked taxation measures are developed for private motorised vehicles (ownership and usage) for the benefit of sustainable mobility, in particular of public transport. Charging private car users in congested areas with earmarked taxation being determined for the development and the promotion of public transport (see below). Other financial means can also be used to favour a modal split, such as additional tax on fuels or reimbursement of taxes charged on fuel or other expenditure or on fare revenue of public transport operating companies. Taxes on “indirect beneficiaries” of good public transport are measures to be considered (see “Versement de transport” in France, employers’ tax; or “air rights” charged to land developers near rail stations in USA and	

Hong Kong; or “sales’ tax” in USA and so on).

Comments (if any) on integrated charging (maximum 4000 characters)

EPTO understands the value of ensuring the compatibility of road charging schemes across the European Union and supports moves to address interoperability between them. EPTO believes that this is the most effective approach to ensuring the efficient working of the single market without limiting the ability of national and local authorities to design schemes to address unique local conditions.

#### 4. USE OF REVENUES

4.1. In your opinion, revenues from external costs should go to...

Transport in general

4.2. In your opinion, revenues from external costs should be use to compensate the victims of the negative effects

Agree

4.3. In your opinion, revenues from external costs should be used to reduce external costs

Agree

Comments (if any) on the use of revenues (maximum 4000 characters)

As a part of the solution to reduce external damages of transport Public transport should be developed and be integrated in the the system of revenue allocation. Taxes and charges should be earmarked or at least partly earmarked for the development and promotion of public transport. Revenues from external cost internalisation should not be used only to reduce further external costs with the same target (e.g. congestion) or other ones (e.g. accidents), but should also be used to promote sustainable transport modes and sustainable land use development

#### 5. INFRASTRUCTURE

5.1. The construction of infrastructure should be paid by...

No opinion

Comments (if any) on the infrastructure (maximum 4000 characters)

The construction of infrastructure should be financed depending on the type of infrastructure and the positive external effects of infrastructure. More participation of the user in terms of road development (highways and parking investment ) through taxation of both car ownership and car use, and more participation of the taxpayer for public transport and bicycle or pedestrian infrastructure.

#### 6. GENERAL COMMENTS

Are there other comments that you would like to make on the "Internalisation of external costs" topic not covered by the above questions? (maximum 8000 characters)

Are there other comments that you would like to make on the "Internalisation of external costs" topic not covered by the above questions? (maximum 8000 characters) EPTO supports the efforts of the EU to internalise the external costs of transport. EPTO - European Passenger Transport Operators - represents the nine major private sector public transport operators in Europe (Arriva, Barraquero, Connexion, Firstgroup, Keolis, National Express, Stagecoach, Transdev, Veolia) and stands for the many efforts of the private sector in public transport to improve the quality at fair conditions. It represents a total annual turnover of €16 billion Euro in European operations, 230.600 employees and 10,6 billion passengers carried EU-wide p.a. Mobility is an essential feature of modern life in Europe. Transport enables access to jobs, education, markets, leisure and other services, and has a key role in the economy. But the continued growth in car traffic is damaging our towns and cities and contributing to global warming. This raises crucial questions about the sustainability of current lifestyles that centre on the use of the private car for journeys that could be made by other means. Better urban living will not be achieved without reduced congestion. That in turn will not be achieved without a combination of “push” and “pull” measures to ensure modal shift from private car to public transport and other non-motorised means of travel. Transport creates many external effects which are mainly negative, i.e. pollution, accidents, energy use, space consumption etc. The main contribution to the negative external effects is caused by road transport, esp. individual road transport. Public transport is one very important instrument to lower the external effects of transport and thus the external costs. Public transport should not be considered as part of the problem but as part of the solution It is important to recognise public transport as a measure to avoid external costs and not to see it as a part of the problem. A modal shift from private car to public transport, and therefore an increased efficiency of public transport could be expected from internalisation of external costs of transport: • A modal shift from car to public transport and to “soft modes” can heavily reduce the environmental damage of urban transport (mainly produced by private car) as well as the space consumption for traffic and especially for parking in dense areas. • It is important to also regard the benefits of certain transport modes and not only their external costs. The contribution of the provision of public transport should be taken into account positively

When judging the external costs of public transport and when allocating the funds coming from taxation and other measures related to the internalisation of external costs. External effects are not all negative, and positive effects should also be taken into account. A good transport system, which provides a good accessibility for all or for given categories of stakeholders, produces positive external effects which can be charged Earmarked tax or charge systems where the revenue from car (usage and ownership) taxation is used for the promotion of more environmental friendly modes, and especially that of integrated public transport, has clear advantages in terms of public acceptability. A good example is that of Central London's congestion charge, where the revenues from congestion charging scheme are used to invest in public or sustainable transport . people/companies benefiting from good public transport without using it should be charged for compensation from these benefits: such categories are land owners, land developers, real estate owners, people living in the vicinity of rail station, employers, retail shops, department stores.

### Meta Informations

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