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Headline: Distance-based charging for motorists would be 'more equitable', say analysts

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But the trade-offs are not straightforward, said Transport Minister Chee Hong Tat as he also raised the possibility of the government considering a one-off increase in Singapore's total vehicle population.



Vehicles at a busy intersection in Sims Way, Singapore. (File photo: CNA/Jeremy Long)

Introducing a distance- or usage-based charging system to manage road congestion and vehicle ownership would be "more equitable" for motorists, transport analysts told CNA.

The current Electronic Road Pricing (ERP) system only charges motorists when they enter a congested area during a specific time period, while the Certificate of Entitlement (COE) is an ownership-based quota licence.

Last Tuesday (Mar 5), Transport Minister Chee Hong Tat said in parliament that the government was "open to reviewing the idea" of having a "one-off increase in our total vehicle population, spread over a few years, which is accompanied by higher usage-based charges to prevent traffic congestion".

This would include location and time-based charges like the current ERP system, as well as the possibility of distance-based charging in the future, said Mr Chee.

The minister was addressing Member of Parliament Saktiandi Supaat's suggestion to introduce distance-based charging to increase the total vehicle population "by a certain percentage, while still achieving our car-lite vision".

Mr Chee noted that some commentators had made similar proposals.

In 2002, an Economic Review Committee had recommended a "gradual lowering of car ownership taxes accompanied by an increase in COE (supply) and shifting towards a better balance between ownership charges and usage charges".

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OPTIMISING TRADE-OFFS

Mr Saktiandi's suggestion attempts to "optimise the trade-off" between the benefits of using vehicles and the "inevitable congestion and other harms" to society that they cause, explained economist Walter Theseira.

The associate professor at the Singapore University of Social Sciences believes the current COE quota system is a "fairly crude way" of attempting to strike such a balance.

"It controls the overall population, but doesn't do anything for actual usage. So a small vehicle population where the owners all decide to drive to the same areas frequently ends up having as many problems as that of a larger vehicle population with more distributed or infrequent use," he said.

"That is where usage-based controls come in. By pricing more for usage, we could have that larger vehicle population, and encourage more rational or distributed use of vehicles."

There are several reasons why increasing access to private vehicles is good for society and the economy, Assoc Prof Theseira acknowledged.

Chiefly, that private vehicles remain the "most convenient way of travel" for many Singaporeans despite improvements to public transport.

"But if everyone has access to vehicles, our tendency to use them at the same time and same place means that we aren't able to actually enjoy that convenience at all due to congestion," he added.

There are also consequences of high vehicle use such as a "hostile environment" for non-motorists due to "prioritisation of private vehicles over pedestrians and public transport".

As for the ERP system, Associate Professor Raymond Ong from the National University of Singapore pointed out there was "some equity issue".

Currently, ERP charges don't take into account the distance a person has travelled and how much congestion has resulted from that person's time on the road, he said.

So a person who drives a short distance during peak hours and avoids key congested areas, for instance, would be able to avoid ERP charges.

"In this case, is it fair? Because they are actually using the roads and when they use the roads, there's always congestion ... How to make this much more balanced is the key," said the civil and environment engineering expert.

In considering Mr Saktiandi's proposal, the government is acknowledging the pandemic and post-pandemic choice made by a "significant group" of Singaporeans to relocate further away from the traditional Central Business District area, said Assistant Professor Terence Fan from the Singapore Management University.

This group would therefore have a "one-time change and increase in their commuting needs", he noted.

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The suggestion to increase COE quota also comes on the heel of a "dramatic reduction" in taxis plying the roads, Asst Prof Fan added.

TECHNICAL, "POLITICAL" CHALLENGES

But analysts CNA spoke to were also sceptical that a system with distance-based or usage-based charging could be wholly embraced.

"What is the real economic cost on the infrastructure? What's the real economic cost to the congestion? And how would people's behaviour change with these rules?" Assoc Prof Ong asked.

Assoc Prof Theseira noted that the biggest challenges to implementing such a measures were both technical and political.

On one hand, the old ERP system is "fairly inflexible"; but this can be solved by ERP 2.0, which has the capability to support distance-based charging, he pointed out.

However, many motorists would "prefer to pay a large sum once every 10 years for their COE, instead of paying moderate charges every day to drive their cars". And this problem "can't be so easily addressed", he added.

"That's where putting this idea out early, and encouraging discussion of it, comes in."

In parliament last week, Mr Chee said he hoped members recognise that the trade-offs were "not straightforward, and need to be studied carefully before a decision is made".

For example, some stakeholders like taxi, private-hire car and delivery drivers will likely pay higher usage-based charges as they traverse longer distances, he explained.

"We will need to examine the impact on these groups, though usage-based charging is, in principle, a fair approach."

As for whether the government would ever solely rely on usage-based charges to prevent traffic congestion, Mr Chee stressed that this would not be feasible "as these (usage-based charges) would have to be set at very high rates which might not be acceptable to many car owners".

"Usage-based charges need to work in tandem with ownership controls and other measures like parking charges, to achieve a more balanced and sustainable outcome for all stakeholders, while ensuring smooth traffic on our roads," he said.

Source: CNA/gy(jo)