

Congestion charges

A transcript of the talk given by Dave Wetzel, Vice-Chair of Transport for London UK

Let me talk to you a little bit about the congestion charge scheme. A congestion charge is a land tax on wheels. I call it that because in truth it's not a tax at all. If you want to raise money you do not introduce a congestion charge with 700 cameras, and all that expenditure of computers and call centres, in order to raise money. What you do it for, is to charge for a scarce resource, namely road space, in our case in Central London. We had a problem whereby our cars and vehicles were driving around Central London at a slower speed than Queen Victoria could travel in a horse and carriage. We actually turned to the work of William Vickery and others. William Vickery was a Nobel Prize winning economist from the United States who unfortunately died in the 1990s. But he was one of the first exponents of the idea of charging for road space in order to make it work more efficiently. I'm not suggesting that anybody should dust down the Mayor of London's congestion charge scheme and just slot it in to Dublin or indeed to any other major city. I gave this presentation last week in Istanbul and one of the speakers from Berlin disparaged the congestion charge. But he disparaged it on the basis that Berlin doesn't have congestion and so therefore no city should have congestion charge. Well, if you haven't got a headache, don't take an aspirin.

Ken Livingstone is our Mayor, he's the Chair of Transport for London, I'm his Vice Chair. He used to be Leader of the Greater London Council in the early 80s, and I was his Chair of the GLC Transport Committee during that five year period. In May 2000, Ken was the only Mayoral candidate to say to the electorate "I will introduce a congestion charge and I will do it during my first term of office".

As he was elected, he had a mandate from the voters to introduce a congestion charge. The Mayor is responsible for Greater London which is broadly the M25 and all within it. London has a population of just over 7 million and covers 617 square miles. But the congestion zone is a small area, right in the centre with a population of only 136,000. It's the bit that most visitors know because it's got the Tower of London, Tower Bridge and the Houses of Parliament with Big Ben. It has most of the tourist type places in that centre. But it's relatively small.

The technology used for our London Congestion Charge is old fashioned, ten year old technology. We adopted this well tried and tested technology because we wanted to get it in quickly and be sure it was reliable. If we'd gone for GPS we'd still be developing the algorithms and the systems necessary and it wouldn't be on the streets of London for another 4 or 5 years. What we have is cameras; one camera takes a photo of the vehicle's number plate in black and white, and the other one takes a photograph of the vehicle in colour, in context to the street scene. We have a call centre for taking the charges, booking onto the computer and answering questions, and what happens is somebody is invited to pay five pounds to go into central London. Seven Euros. And that applies Monday to Friday, 7 in the morning till 6.30 at night. They can pay by telephone, in a local outlet such as a sweet shop or by text message.

One of the important things anybody introducing congestion charging should consider is good and adequate consultation, and genuine consultation. We made major changes to this scheme as a result of consultation. For example we changed the timing, the charge for commercial vehicles was reduced from a proposed fifteen pounds to a fiver, the same as private cars and thirdly we made changes in terms of people with disability and extended the exemption to any disabled person from Europe with a blue badge.

You can pay the congestion charge daily, weekly, monthly or annually for an individual vehicle registration number. The payment has to be paid before ten o'clock in the evening of the day that you drive in. After ten o'clock the charge goes up to ten pounds and after twelve o'clock the penalty is eighty pounds, but if you pay it within fourteen days then it's only forty pounds. However if you leave it more than a month then it goes up to eighty pounds. Leave it longer than that and leave several penalty notices unpaid then we clamp your car. Then we take it off the streets, put it in a car compound and it costs over five hundred pounds to be released. And if you still don't pay then we either sell the car at auction or we crush it, depending on the value of the car. We have exemptions for buses, taxis, minicabs, military vehicles, motorbikes, bicycles, emergency services, vehicles used by disabled persons, alternative fuel vehicles and some other categories. Even though they contribute to congestion the mayor was quite adamant he wanted to encourage the use of cleaner vehicles. This is evident now in London where hybrid and alternative fuel vehicles are selling more because they can avoid the congestion charge. Local residents get a

90 percent discount but they do have to pay it weekly. So they pay two pound fifty and they can come in all week. I'll let you into a secret. Our cameras only pick up 80 % of cars. That's one camera. So on any one journey you're going to pass three cameras so that increases our percentage chance and if you come in every day it's almost 100% chance that you're going to get caught by the cameras.

We have had one or two problems with penalty notices. There was the farmer up in Scotland who's never taken his tractor off his farm who, well you know the story. The daily papers love that one and I think they've carried it three times.

Congestion charge is not a stand-alone policy, it is part of a total transport package. The Mayor and Transport for London are trying to revolutionise transport in our capital city and congestion charge is one tool in the toolbox but it's not the only one. We've increased buses from 5,500 to 6,500 in number. With flat fares we're speeding them up and then cashless buses are being introduced where passengers need to buy their ticket in advance.

We're promoting cheaper passes to encourage people to buy period passes to use buses. The Mayor's introduced over thirty improvements for buses, things like traffic management, more bus lanes, and we fine people more now if they drive or park at bus stops or in bus lanes. But in addition, specifically for the congestion charge, we said to the boroughs, if you're worried about cars parking just outside the zone and then people walking into London, we'll finance your controlled parking zone for you so you can have yellow lines. We've worked on the ring road which is not a purpose built ring road it's just a collection of ordinary roads which creates the ring road around the zone. We've worked on that to make it work more efficiently.

We have spent a lot of money on public information. Our information concentrated on telling people who to phone, how to pay when you're coming in the zone, when it's going to apply and all the technical things about how you comply. One lesson we've learned is you should spend a lot more on information aimed at winning hearts and minds to the validity of the scheme. We had a barrage of opposition from the popular press and the easiest way to counteract it is to put the case showing why you need congestion charging. And in London we had no alternative. In London we could either watch the traffic come to a standstill or we needed to do something. Building roads is not the solution. You build a new road and we tried it in London in the 50s and the 60s. I live outside 10 lanes of traffic. There's 6 lanes on the A4, and if you've ever driven in on the M4 from Heathrow Airport, I can almost touch your car from my bedroom window as you drive past on the elevated section at rooftop height.

New roads generate more car travel. People will give up public transport and go by car. So building more roads is not the solution, its counterproductive. We do need to control traffic. The congestion charge is not the only way. Parking charges, parking controls, but in central London you pay four pounds an hour to park your car on the street. So even that was not deterring people before the congestion charge came in. What has been the results of congestion charging? We've seen an average reduction of 20% of vehicles entering the zone, a 32% reduction in congestion, fewer lorries as one lorry can now make more deliveries, and lower accidents. However, we found that we've got another problem with our buses. For the first time in Central London our problem is our buses are all running early. About 100,000 people pay and enter each day, and approximately another 100,000 come in on exemptions. We say it's had little impact on the retail trade although the Evening Standard say it's the end of civilisation as they know it for small shopkeepers. There is a downturn in retailing but trade in London is down because we have fewer overseas visitors. There has been a reduction in City jobs. We're not selling so many Travelcards and tickets on the Tube system and the railways because there has been a downturn in the economy, and in the six monthly period that retailers are looking at, our Central Line was closed for a good part of that time because of an accident. Things like SARS didn't help, the Iraqi war doesn't encourage people to come to London, having troops at Heathrow airport didn't exactly create the right image and so therefore trade is down; we don't deny it, but we think it's less than 1% due to the congestion charge. And one interesting thing is there's been no overall increase of congestion on the ring road. Everybody said that the ring road would be at a standstill. All the television companies had cameras looking at Tower Bridge because it is a part of the ring road, expecting it to be at a standstill and it was taking almost ten minutes before each vehicle could be counted, they were so far apart from each other. And we were gob smacked as well as the media. It worked much better than we expected. Since that day, February 17th, there's been a tendency to drift back.

The income is down on our early estimates because so many people are avoiding the charge, by making alternative movements; they're sharing their cars, using the buses, and the trains, they're driving round the M25 instead of cutting across central London. We thought the surplus would be 130 million pounds, but we're only making 65 million pounds. As the Mayor's total budget is 8 billion pounds, that's like comparing 65 cents with 80 Euros. It's a quantity, but it's not an overwhelming quantity. Next year the net surplus will be 90 million pounds and every penny is being spent on transport, buses, trains, walking and cycling.

Bus waiting time is down, bus reliability has improved, speeds are up, and we've got 6,000 extra passengers. Since the Mayor took over control of London buses, we've seen a 30% growth in patronage. The highest growth in patronage in bus usage in our country ever. And its still continuing today at a rate of 10% per annum.

We gave people early warning signs, 1 mile outside the zone, we had them up to 10 or 12 miles outside the zone warning people, telling them that they're approaching it. We issue about 30,000 penalty notices a week, we have 688 cameras. But enforcement has been our biggest problem and we're now incentivising the private company that runs congestion charge for us to perform better on the enforcement. We are closely monitoring speeds and congestion. I said the number of cars, vehicles, is down by 20%, but because that creams off the top of congestion and makes the whole road system work better, congestion itself is down by 32%. Far better than our best estimate, our best estimate was a reduction of 25%. So it's working better than we thought.

The lessons for a successful congestion charging scheme are you need strong, unwavering political commitment. You need a brave politician. Expect a barrage of opposition. Transport for London, Bob Kylie, our American Transport Commissioner, our officers and the board that I'm Vice Chair of, assured The Mayor that we could deliver an efficient system. We were confident the scheme would work. We expected a bit of chaos at the beginning in the first six weeks, but in the event, we didn't even get that, and now the Mayor faces re-election on a strong platform of transport achievements.

For success one needs strong project management, therefore an integrated team, clear procurement strategy, easy ways for drivers to pay, you don't want people not paying because they can't pay. It needs to be a part of an overall transport strategy, and the public information campaign is vitally important, but what we have shown is that with a "can do" attitude , the impossible can be achieved.

Thank you.

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