



Dr. Erik Verhoef is Professor of Spatial Economics, working at the Faculty of Economics and Business Administration at VU University Amsterdam.

3 Insight into actual behavioural impact of price policy finally available soon

The team behind 'Innovative Pricing for Sustainable Mobility' (i-PriSM) are researching how pricing policy for both public transport and road transport by passenger vehicle can contribute to a more sustainable traffic and transport system in the Randstad. The researchers at VU University Amsterdam, Delft University of Technology and the University of Groningen are examining various modes of transport and transport technologies, as well as various types of vehicles, drivers and travellers. Knowledge and experience from ongoing experiments will also be used.

Travel pricing – for passenger vehicles or public transport – currently enjoys extensive public interest. The issue is not limited to the much-discussed kilometre price, but also includes the definitive implementation of the RFID public transport card. "Once it has replaced the *strippenkaart* ticket throughout the Netherlands, the government will have a price instrument that offers the opportunity, for example, to differentiate travel prices much more widely," Erik Verhoef explains. "What effects would such policies have on mobility? To what extent would people swap their cars for public transport if driving becomes more expensive and public transport is cheaper?" That is one of the questions that i-PriSM will answer later.

Warming the researchers' hearts

Verhoef has been working on mobility pricing for a long time. "I completed my PhD in 1996 with a dissertation on this topic. I must have seen five or six government pricing plans pass by since then. In the meantime, disregarding the 'cyclical interests' of the politicians, science has continued making calm progress. Experience was gained abroad; new technology was created. All these developments made it interesting, for instance, to use models and surveys to assess how mobility pricing would work here in the Netherlands. We already researched this area in the predecessor to i-PriSM: A Multidisciplinary study of Pricing policies in Transport (MD-PIT). But now, in i-PriSM, the experiments currently taking place with all sorts of pricing

projects make it possible for the first time to assess the actual behavioural effects of pricing. See, that is a situation to warm a researcher's heart. New technological possibilities, the actual implementation of mobility pricing, and then the substantial focus on traffic and transport in relation to urban development that was added in comparison to MD-PIT... All that makes i-PriSM an extremely innovative programme."

Relationship with urban development

Verhoef: "We know from experience that you shouldn't put too much hope in chasing people out of their cars. When the price of coffee goes up, you don't see everyone suddenly drinking tea. Automobile drivers all have their own reasons for continuing to use the car, and those reasons will not change all that quickly. The Ministry of Transport, Public Works and Water Management predicts that the introduction of road pricing (the 'kilometre price') will lead to a 15% reduction in car traffic. At the same time, public transport use will only increase 6%. That substitution is clearly far from complete." Another theme in i-PriSM is the relationship with urban development. "We also want to know what effects there will be on households and businesses and so on where their choice of location is concerned. In the short term, people may well primarily take steps that are related to time: leave the house earlier, or later. In the longer term, pricing policy may play a role in the relocation behaviour of households and businesses."

Policy competition

A third aspect that i-PriSM addresses is pricing implementation problems. Verhoef: "The transition process from the current situation to the future situation frequently receives very little attention, although it is necessary. Just consider the acceptance problems with road pricing and the RFID public transport card. It is about households here, but also about the role and position of stakeholders like the ANWB road association and the local government authorities. Pricing is currently primarily a matter for the national government, but the policies of the provinces and municipalities will also become relevant. They are also working on rush-hour taxes and air quality policy, which produces an interesting field of tension. The policies of the national government and of other government authorities may

compete with each other if the various levels of government primarily focus on their own interests and stop looking at how they affect the bigger picture. A nice example of such an issue is the industrial estates that any self-respecting city is eager to build. The end result is that we have too many of them in the Netherlands. Or a situation like the fuel levies in Luxembourg. They're just slightly lower than in Germany and Belgium, and that is not a coincidence. It allows Luxembourg to benefit from drivers who deliberately plan their route to refuel in Luxembourg. One of our research questions is how you deal with the tension between the national government and other government authorities in the implementation of pricing policy."

The government authorities are not the other stakeholders working on pricing, either. Private parties could just as easily use forms of pricing. "This could include privately financed infrastructure, such as toll roads. The question is what place the market is assigned in this configuration. If you allow the market to have an influence, how should it look? How high will prices go if for-profit organisations decide on pricing, and how will that in turn affect the behaviour of the travellers?"

A familiar consortium

Verhoef will be working with researchers he already knows well. "It is the same consortium as the researchers who worked on MD-PIT. That presents a major advantage, since we've already eliminated our most important mutual problems with the language." The consortium consists of spatial economists and traffic economists from VU University Amsterdam, traffic psychologists from the University of Groningen, and transport planners and management experts from Delft University of Technology. "Our programme is structured in such a way that two or more of the different groups involved in the programme are always collaborating on the sub-projects. That multidisciplinary cooperation is not only something that this topic begs for; it is also good for the development of the groups as such. It allows us as economists to learn a great deal from the psychologists, and the reverse is undoubtedly also the case. Verhoef is looking forward to the significant influx of data from current mobility projects which use pricing, such as the rush-hour avoidance project (Spitsmijden) and the experiment with road pricing in Amsterdam. "We will be able to compare the behavioural effects later, and will likely be able to draw conclusions that will certainly be useful for further policy. There is interest in our research, in any case."