

# ○ Pay-as-you-drive: The public's views on road pricing

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Roundtable:

Decarbonisation and the pricing of road transport

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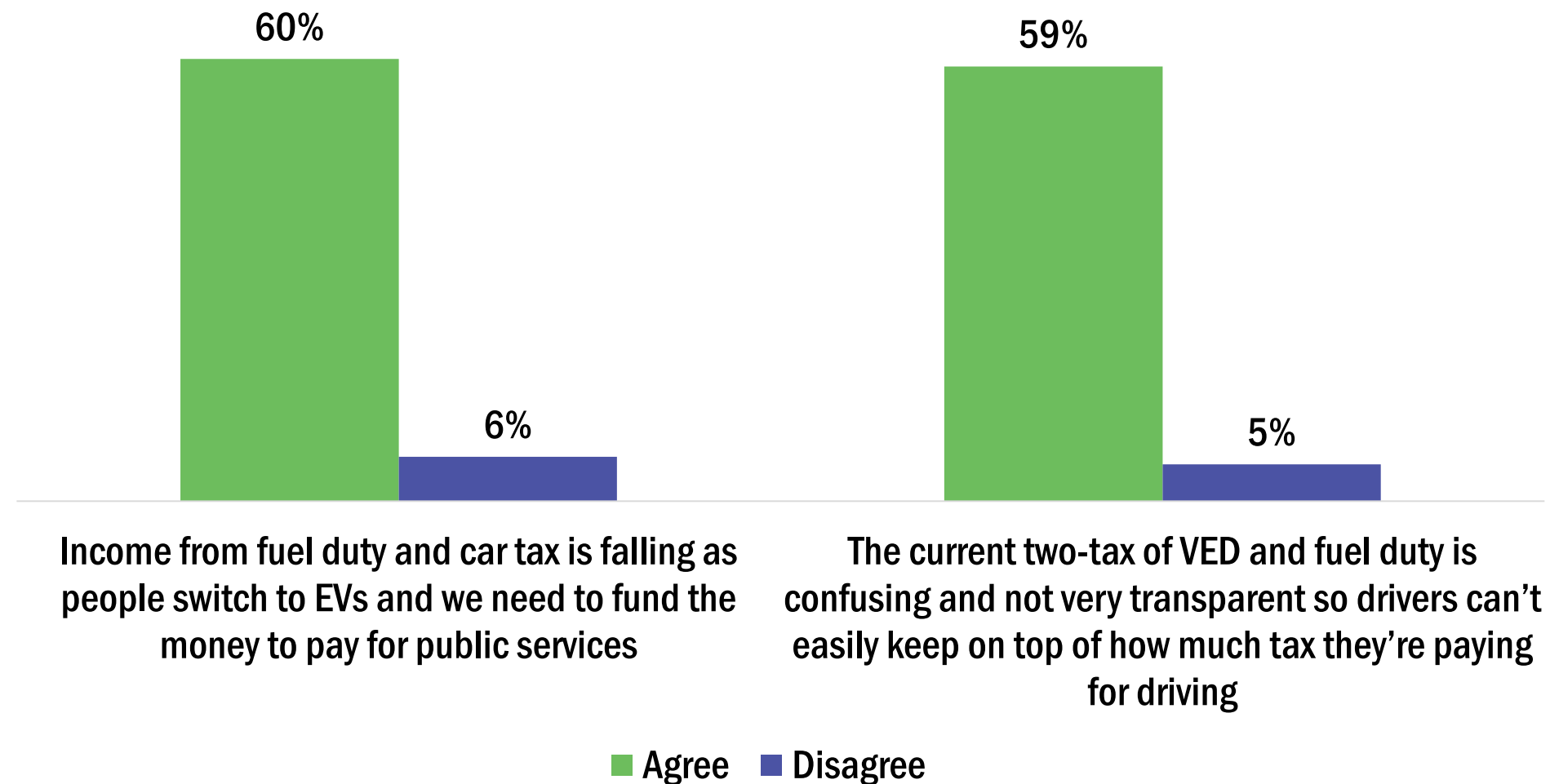


## **The largest research on public views on road pricing in recent years**

- **The shift to electric vehicles is necessary to meet net zero by 2050**
- **But it will lead to a lost of revenue from vehicle taxation**
- **HM Treasury has said it intends to keep revenue from motoring taxation broadly the same**
- **Distance-based road pricing (or pay-as-you-drive) is the obvious choice**
- **Politicians have long seen it as toxic but it has been many years since the public's views were tested**
- **Our research is the most extensive in recent years**
- **Methodology:**
  - 4 focus groups conducted by More In Common
  - In-depth 60-question online survey of over 3,000 people, nationally representative, conducted by Public First in May 2022
  - Expert roundtable
  - Stakeholder interviews

## There is broad agreement on the need for reform

Given these considerations, would you agree or disagree that the current system of vehicle taxation is in need of reform?

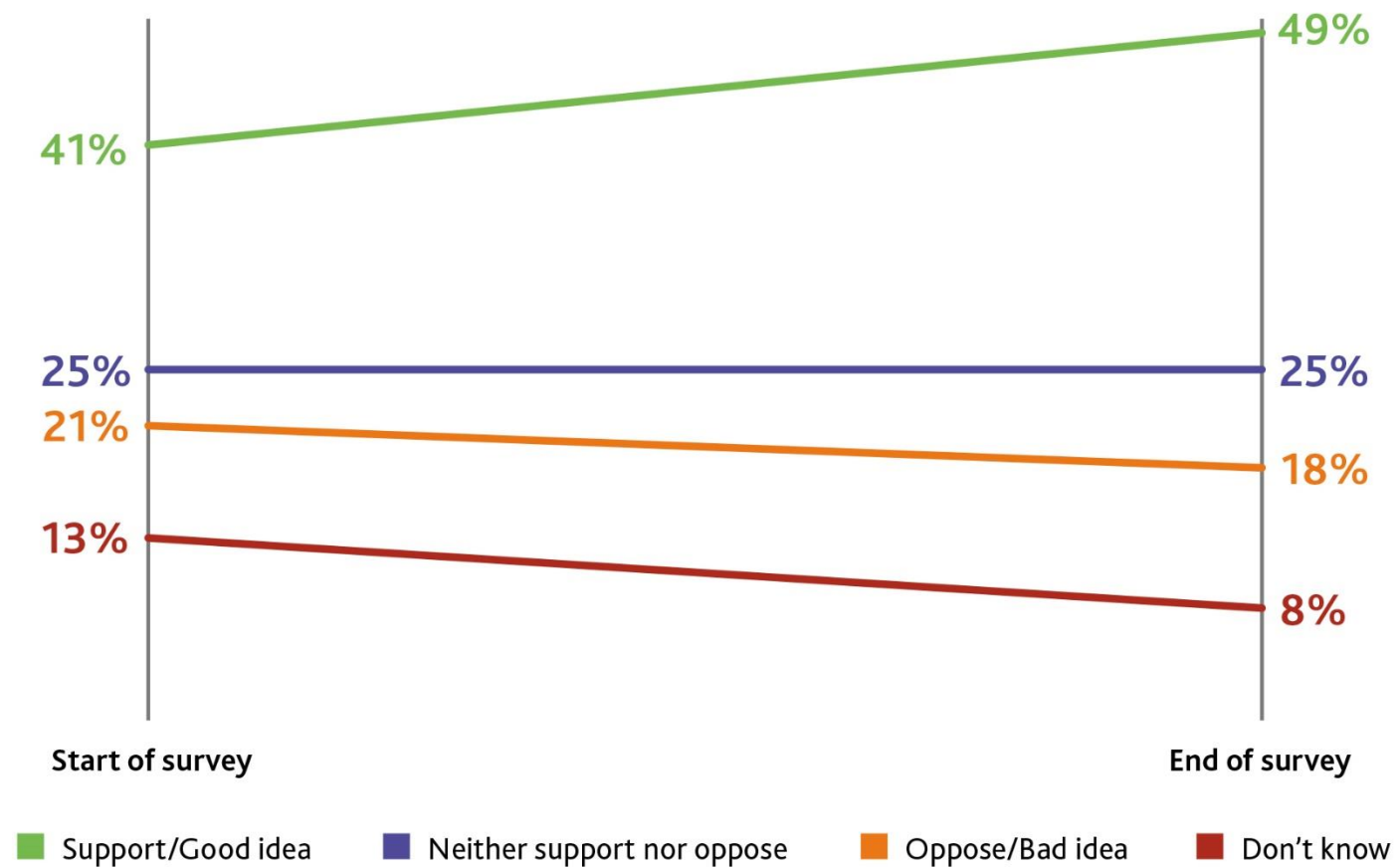


# Support for pay-as-you-drive grew as arguments were discussed

**Figure 3: change in support for replacing the current system of vehicle taxation with pay-as-you-drive road pricing**

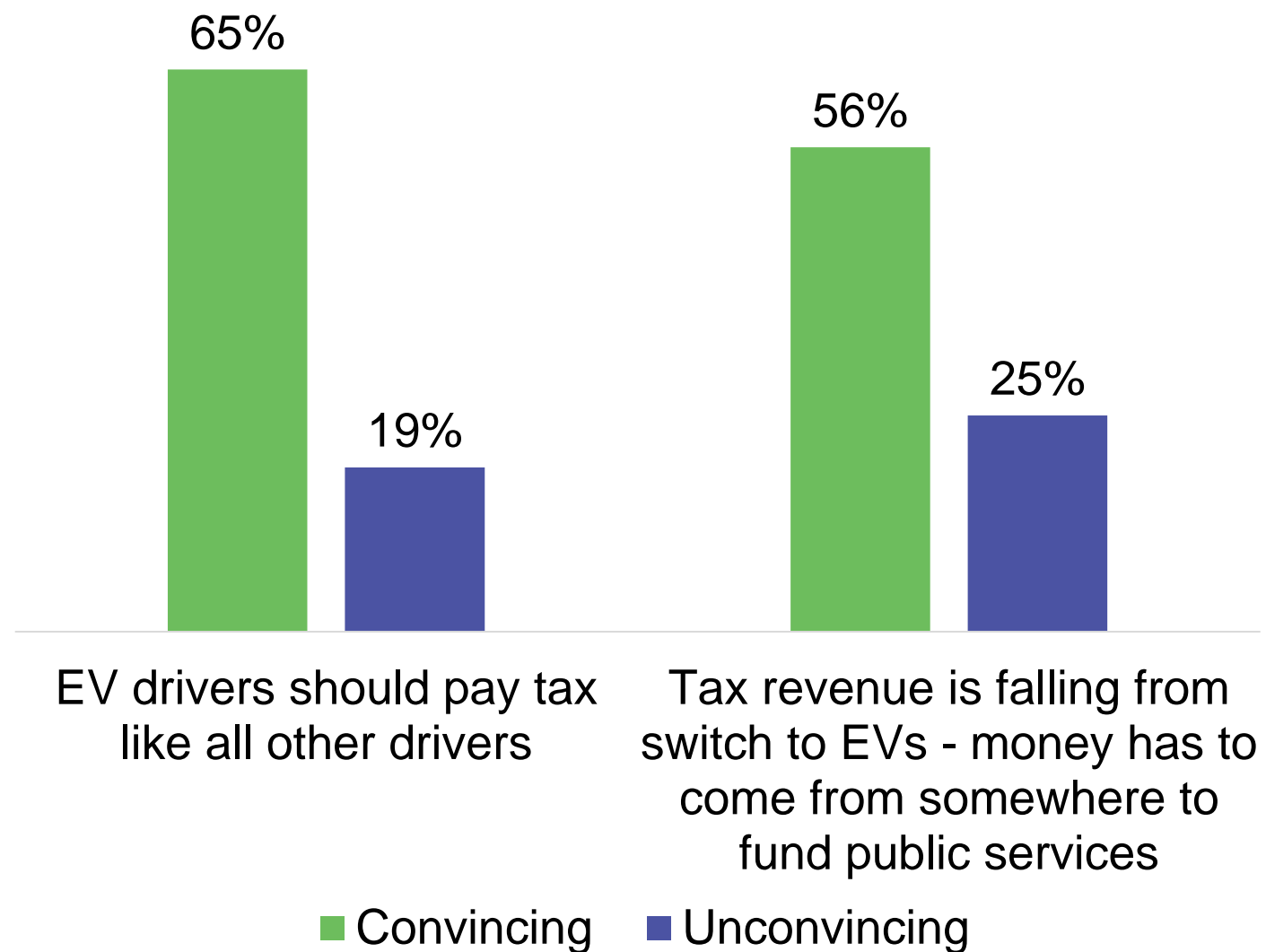
*Q1: In general, would you support or oppose replacing fuel duty and car tax/VED with a pay-as-you-drive system?*

*Q2: Given what you've read and understood from this survey, do you think replacing the current system of vehicle taxation with a new pay-as-you-drive system which charges people based on the distance they travel is a good or bad idea?*



## People understand the need for EVs to start paying tax

Do you find these arguments for replacing the current system with pay-as-you-drive convincing or not?

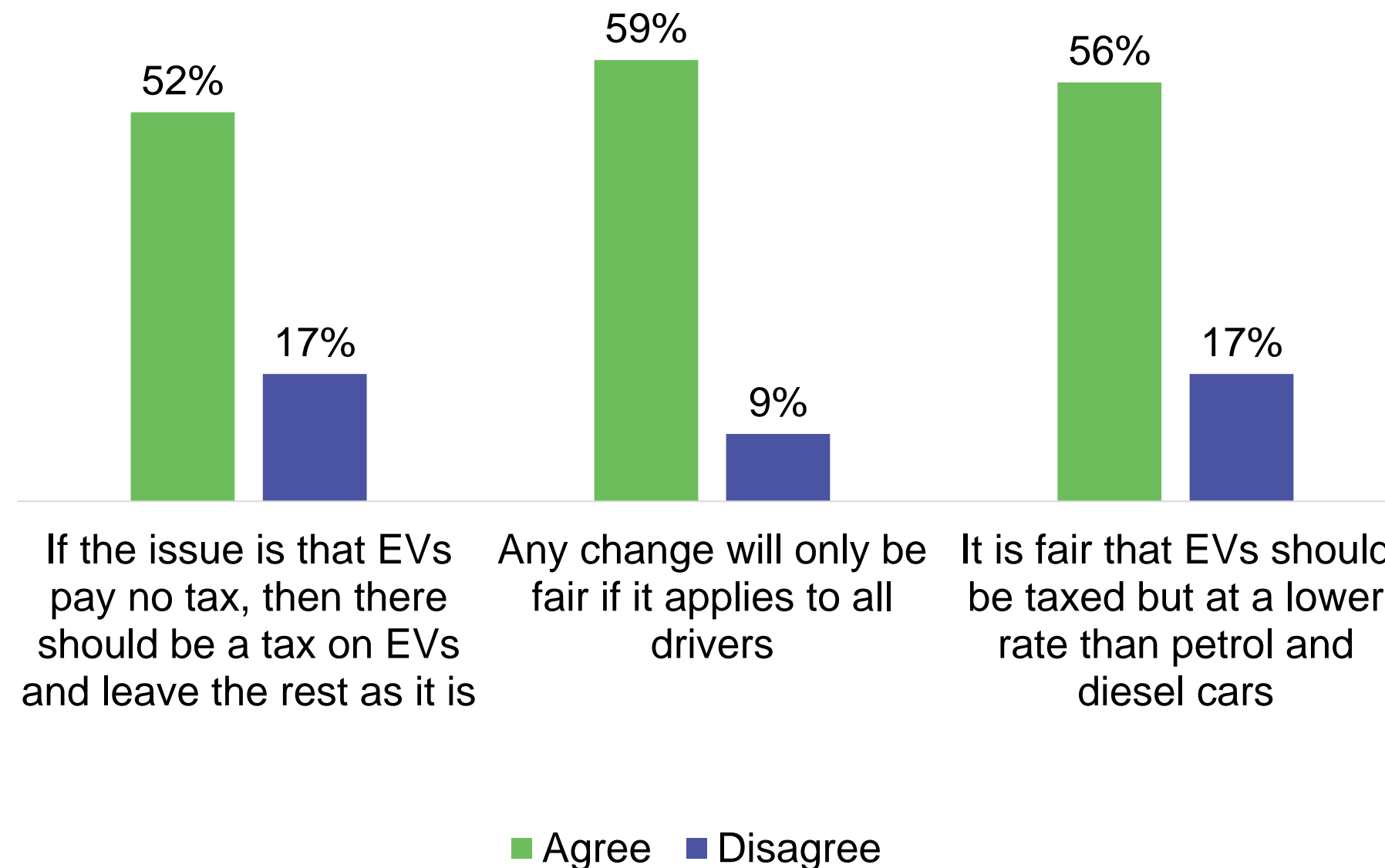


*"I think that there is going to be a massive black hole caused by the lack of revenue from electric cars, so if there's a way for them not to get clobbered as it were, but for them to pay their share, then I think it's a really good idea."*

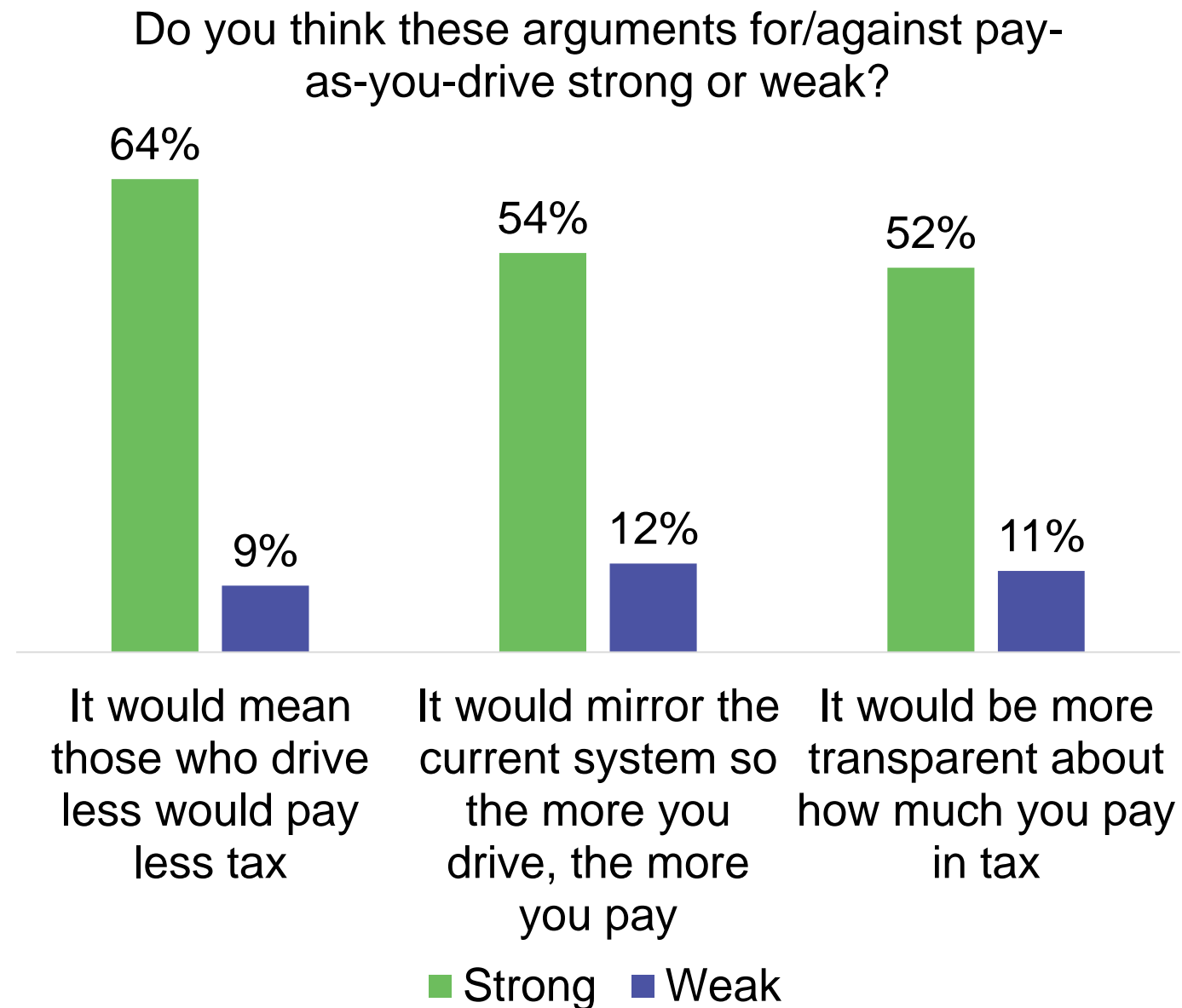
Adrian, Stroud

## But a single system for all vehicles is preferable

Do you agree or disagree?



## People are also attracted to the prospect of paying less



*“I think it can be beneficial because if it's all upfront and... if it's all open and clear, then it could be beneficial because people can budget better.”*

Joe, South West London

## There are 3 main viable options

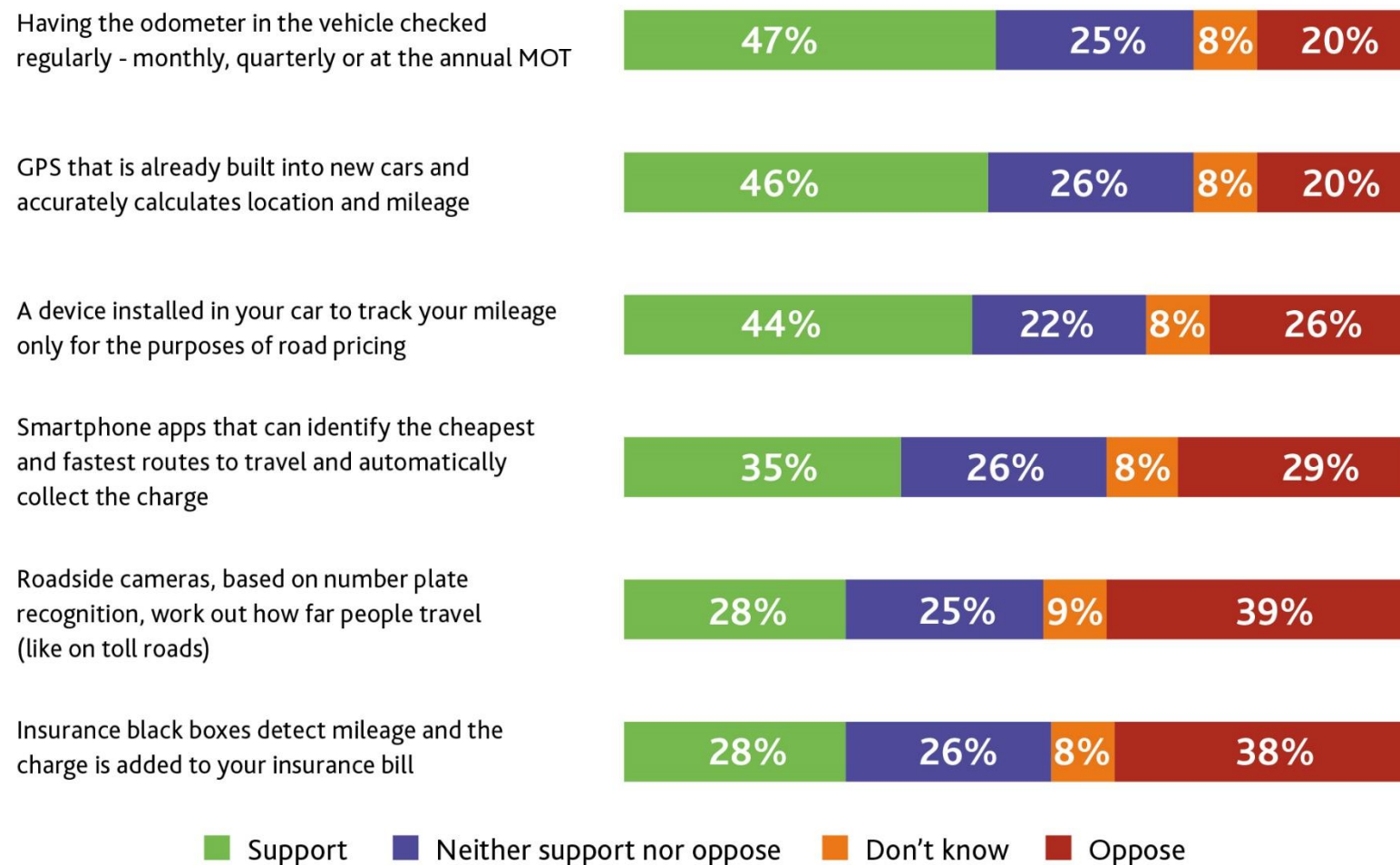
Options	Pros	Cons
1. A flat per-mile charge for EVs only	<ul style="list-style-type: none"> <li>• Targets EVs not currently taxed</li> <li>• Easier and quicker to implement</li> <li>• Easy to understand and communicate</li> <li>• Does not require vehicle tracking</li> <li>• Avoids rising car use and congestion</li> </ul>	<ul style="list-style-type: none"> <li>• Does not tackle the lack of transparency and fairness in the current system</li> <li>• Creates two different systems</li> <li>• Penalises people who have few alternatives to driving</li> <li>• Potentially slows down the uptake of EVs</li> </ul>
2. Replacing fuel duty and VED for all vehicles with a set per-mile emission-based charge (and a tax-free mileage allowance)	<ul style="list-style-type: none"> <li>• Easy to understand</li> <li>• Tackles the lack of fairness and transparency of the current system</li> <li>• Fair reflection of emissions and road surface impact</li> <li>• Incentivises efficient use for all drivers</li> <li>• Encourages the uptake of cleaner vehicles</li> <li>• Does not require vehicle tracking</li> </ul>	<ul style="list-style-type: none"> <li>• Penalises people who have few alternatives to driving</li> <li>• More complex to implement and administer</li> </ul>
3. A “smart” per-mile charge that varies depending on vehicle type and emissions, location and time of day	<ul style="list-style-type: none"> <li>• Most accurately reflects the relative impact of different vehicles</li> <li>• Encourages the uptake of cleaner vehicles</li> <li>• Encourages driving at off-peak times reducing congestion</li> <li>• Takes into account the availability of alternatives</li> </ul>	<ul style="list-style-type: none"> <li>• More complicated to understand and implement</li> <li>• Requires vehicle tracking</li> </ul>



# Roadside cameras are seen as invasive but in-vehicle tra

**Figure 8: People's preference for technology to implement pay-as-you-drive road pricing**

*Q: Below are some technology options that could be used to measure mileage under a pay-as-you-drive system. Please indicate whether you support or oppose the following...*

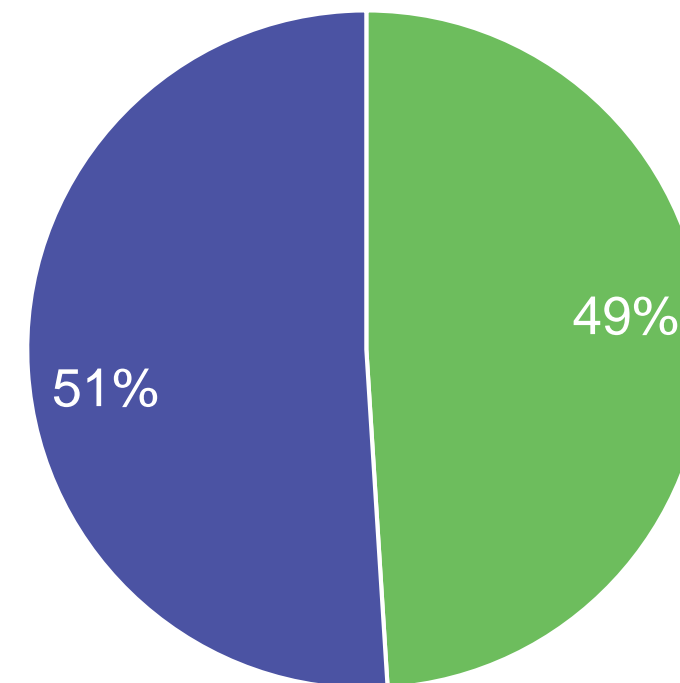


**40%**  
of people would be more supportive if there was the ability to opt-out of distance charging and pay a set annual charge instead (even if it cost them more)

## The most suitable mitigations should be chosen

- **69%** would be more supportive if public transport was made cheaper with improved connectivity as a way to make the system cheaper and fairer for drivers
- **Pay-as-you-drive** can give policy-makers the option to offer targeted 'tax cuts' to specific groups
- **Mitigations can take the form of:**
  - Complete exemptions (permanent or for a limited period)
  - Lower per-mile rates
  - A specific tax-free mileage allowance

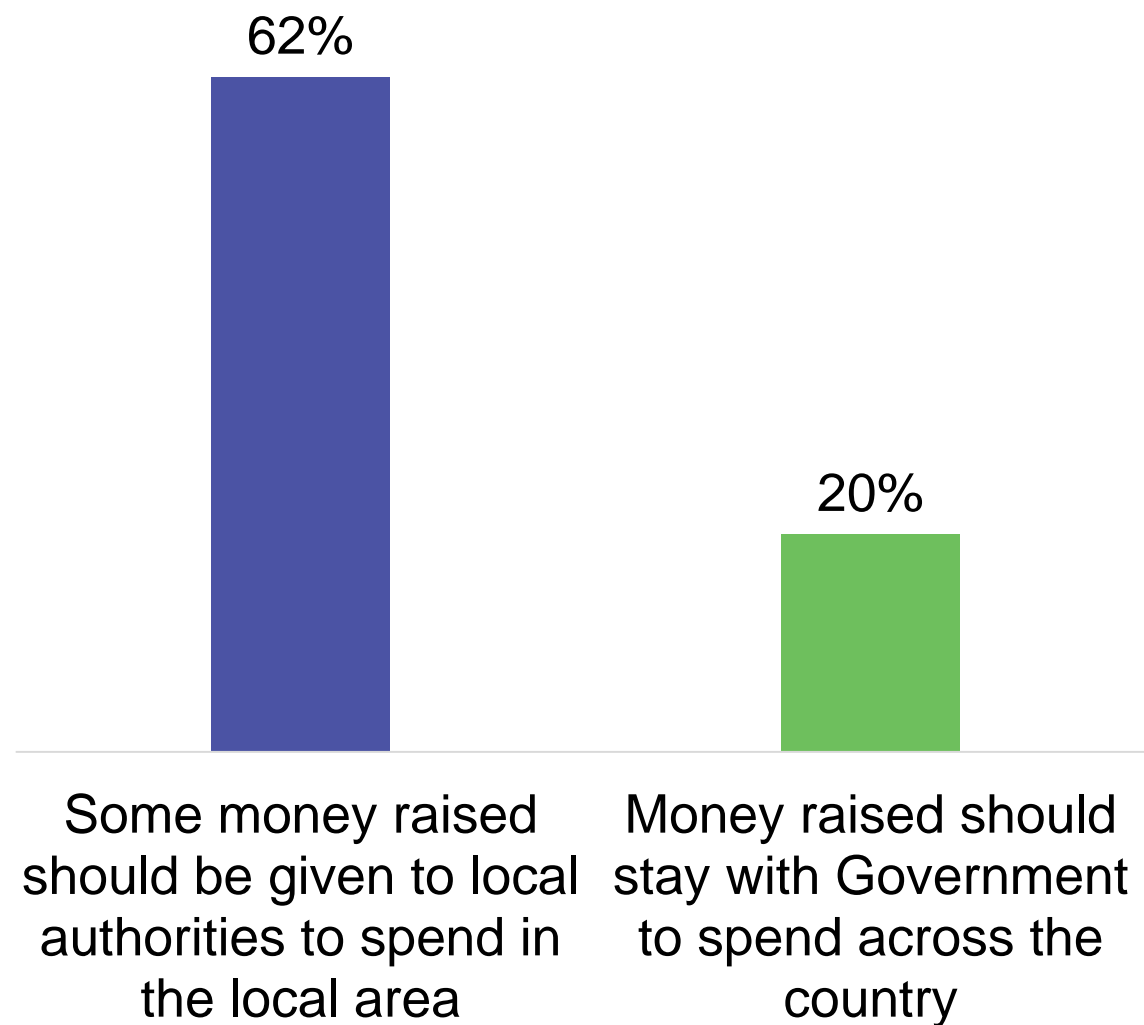
Which do you agree with more?



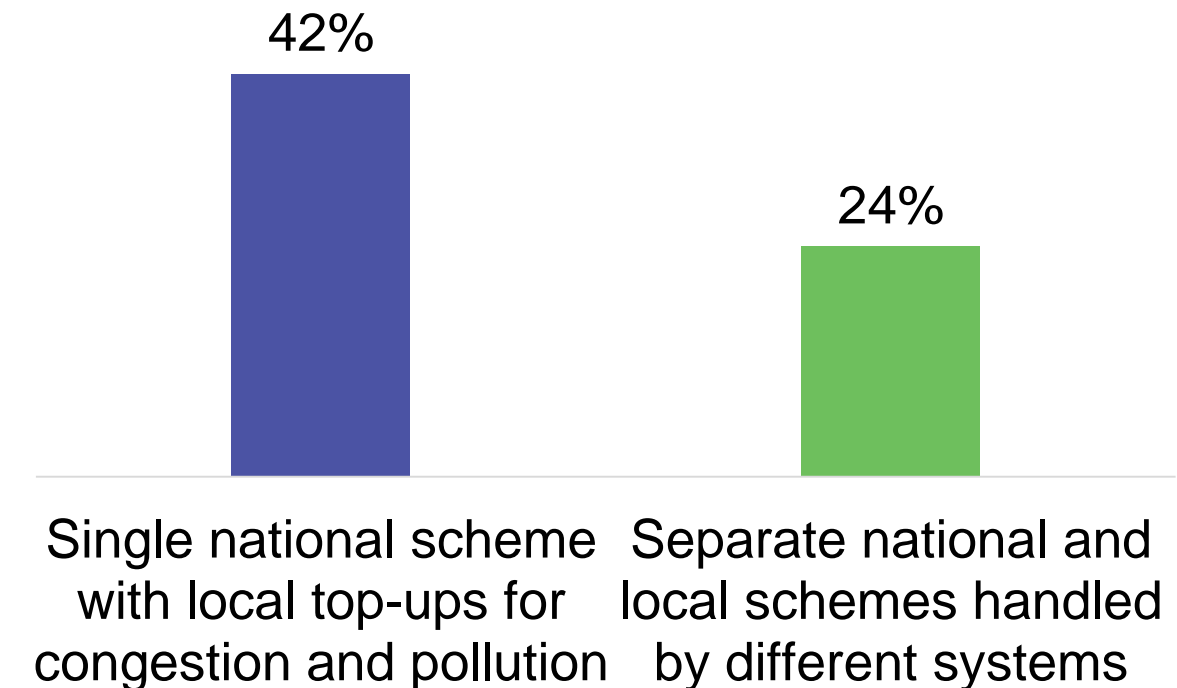
- there need to be exemptions for people who have no choice but to drive or who cannot afford to pay the charge
- if exemptions were introduced, too many people would try to use them to get around paying the charge

## There is a preference for a single system with local top-ups

Which do you agree with more?



Which option do you prefer?



## Recommendations

- **National pay-as-you-drive could progress between the three options (although some could be skipped or combined)**
- **The priorities for vehicle tax reform should be:**
  - The need to keep up with the transition to zero-emission vehicles as the main rationale
  - A focus on ‘drive less – pay less’ and helping to tackle the cost of living
  - Commitment to raise no more than fuel duty and VED do now
  - Ring-fencing a proportion of revenue for road maintenance and public transport
  - A tax-free mileage allowance with rural drivers receiving more
  - Suitable mitigations for disabled drivers, sole traders and businesses
  - An arm’s length body to set emission standards and charging rates
- **Establish a commission of MPs and Peers to help broker cross-party agreement on the need to reform vehicle taxation to keep pace with the transition to net zero, reporting after the next general election**
- **Consult on the preferred way forward so a scheme is ready for implementation around 2025**

○ **Thank you for  
listening!**

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