3.1 Identifying Transport Policy Instruments.

Objective

Provide a systematic approach to selecting transport policy instruments. Establishing transport policy through different policy instruments: advocacy, collaborate, economic, legal, and deliver government services. How to choose a transport policy instrument. Options analysis and choice of preferred option.

In this lesson you will learn how to understand what policy instruments are available and appropriate.
3.1 Transport Policy Instruments

Policy instruments are the means by which governments achieve their desired outcomes. They are the tools, which can be used to address problems and achieve objectives.

They include conventional transport approaches such as new infrastructure, transport management and pricing policies, but increasingly they also involve behaviour changes, real-time information and use of technology.

Policy instruments can be implemented throughout an urban area (for example, a fares policy), or in a particular area, or at a particular time of day (such as a parking restriction).

Once you have determined a strategy and desired outcomes, and analysed the policy problem, then it's time to consider the most appropriate policy instrument or combination of instruments to address the problem.

There will often be more than one way to achieve the desired outcome – but different options will have different resourcing and risk profiles, which need to be considered before making a decision – this will be discussed in lesson 4. Decisions. Programs often combine a package of measures, for example, for a road safety campaign to be most effective it should include a combination of public education, encouragement, enforcement and engineering treatments.

See article: The emerging fourth ‘E’ in improving road safety is being driven by technology.¹

Types of transport policy instruments

There are five basic types of policy instruments:

1. **Advocate** – arguing a case, influence behaviour, public education or persuasion, providing information, e.g. road safety advertising or travel demand management

2. **Collaborate or network** – working together within an agency or with other agencies and key stakeholders, or the community, cultivating and leveraging relationships, e.g. agreements between a state transport agency and local government to manage traffic congestion

3. **Economic** – using spending and taxing powers as incentives to shape activity, e.g. Commonwealth providing co-funding grant for a light rail infrastructure project

4. **Deliver** services through direct government action, e.g. provision of public transport services

5. **Legal** – using legislation, regulation and official authority powers, e.g. establishing safety regulation for car-cyclist interactions.

Advocacy

Advocacy instruments argue a case or influence behaviour rather than force a result and often referred to as a ‘soft approach’. These instruments are often deployed in collaboration with interest groups.

Examples of Transport Policy through Advocacy

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Example</th>
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</thead>
<tbody>
<tr>
<td>• Public education</td>
<td>• Media advertising aiming to encourage safe driver behaviour, e.g. Centre for Road Safety NSW campaigns²</td>
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<td></td>
<td>• Providing guidelines for a safe driving policy for employees³</td>
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<tr>
<td>• Consultative body</td>
<td>• Hosting a meeting of transport advocates or user groups to discuss a transport policy issue, e.g. Victorian Government consulting on traffic problem⁴</td>
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<tr>
<td>• Policy announcement</td>
<td>• Issue a discussion paper on a new transport policy seeking input, e.g. Consult Australia's discussion paper on transport funding⁵</td>
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<tr>
<td>• Event</td>
<td>• Presentation at an industry conference about transport policy directions, e.g. transport minister keynote at a transport conference⁶</td>
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Reading:

Review some of the footnote links to reference web sites above.

Collaboration
The traditional government policy process presumes a command and control model which keeps public officials at a discrete distance from its customers. In more recent times there has been a shift to greater collaboration with a range of community and policy networks.

These networks can include a range of Government, non-government, community and private sector participants in the transport sector. Also see discussion in Lesson 1 on stakeholders.

Policy networks involved in transport policy include:

- **government agencies** – road, rail, public transport, planning, environment, industry development, public safety, emergency services, local government, etc.
- **non-government organisations** – special interest groups, peak bodies like automobile associations, transport operators (e.g. public transport and freight), etc.
- **private sector** – industry and businesses that are affected by transport policy decisions, including transport infrastructure construction and maintenance contractors and consultants
- **community groups** – local and specific interest and advocacy groups and the broader community.

Case Study: Policy Framework for ITS in Australia
An example of a policy collaboration approach is the *Policy Framework for Intelligent Transport Systems in Australia* (2012) published by the Standing Council on Transport and Infrastructure. The Standing Council comprises all the transport ministers from Australia and New Zealand and aims to achieve a co-ordinated and integrated national transport and infrastructure system that is efficient, safe, sustainable, accessible and competitive.

The aim of the policy framework includes: *guide the consistent implementation, integration and uptake of ITS* across all land transport modes...

A number of ‘policy’ principles are outlined, including:

...must deliver demonstrable benefits to individuals, the community and business;
The policy environment ... must be robust and dynamic ...

Reading:
Review: *Policy Framework for Intelligent Transport Systems in Australia*
Economic Instruments

This is also known as ‘policy through money’. Governments use economic instruments in many ways to achieve their objectives, including encouraging economic development and influencing behaviour through the provision of transport infrastructure and services.

Examples of Transport Policy through Economic Instruments

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Example</th>
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<tbody>
<tr>
<td>• Taxes</td>
<td>• Fuel tax (potentially) aims to discourage use of oil based fuels, with differential rates for LPG and CNG (but primarily to raise revenue). For example Singapore imposes taxes on vehicle purchase, ownership and use</td>
</tr>
<tr>
<td>• Grants to agencies</td>
<td>• Commonwealth payments to state transport agencies for infrastructure construction and maintenance</td>
</tr>
<tr>
<td>• Incentive payments</td>
<td>• Payment of subsidy for public transport services to encourage patronage by lower fares</td>
</tr>
<tr>
<td>• Incentives</td>
<td>• Provision of government owned land or relaxing planning requirements to attract development around transport hubs</td>
</tr>
<tr>
<td>• User-charging</td>
<td>• Impose a road user charge to reduce travel demand, such as London’s congestion charge(^9)</td>
</tr>
</tbody>
</table>

A useful outline of transport economic instruments is provided by the GIZ Sustainable Urban Transport Project (SUTP) (2004) *Sourcebook for Policy Makers in Developing Cities, Module 1d - Economic Instruments*.\(^{10}\) This document surveys successful experiences on fuel and vehicle taxes, road pricing and other instruments, showing that a range of policy options exists for developing cities.

Economic instruments are market-based approaches that use economic incentives or disincentives to pursue a policy goal. The price mechanism serves as a vehicle for policy enforcement and also to raise revenue.

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9 [https://tfl.gov.uk/modes/driving/congestion-charge](https://tfl.gov.uk/modes/driving/congestion-charge)

Two basic instruments exist:

- price instruments have an immediate influence on commodity prices, e.g. charges and taxes and subsidies
- quantity instruments restrict the availability of a good and leave the formation of prices to the market, e.g. bidding schemes quantitatively restricting the number of vehicles.

Examples of Transport Policy Economic Instruments

<table>
<thead>
<tr>
<th>Incentive</th>
<th>Instrument</th>
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<tbody>
<tr>
<td>• discourage vehicle ownership</td>
<td>• tax or charge on vehicle purchase and/or ownership, e.g. vehicle sales tax, annual vehicle tax, registration charge</td>
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<td></td>
<td>• restrict the number of vehicles or new registrations, e.g. competitive bidding auction scheme for new vehicles</td>
</tr>
<tr>
<td>• discourage vehicle use</td>
<td>• tax or charge on vehicle use, e.g. fuel tax, road user (distance) charging</td>
</tr>
<tr>
<td></td>
<td>• tax or charge on infrastructure use, e.g. parking charge, road or bridge toll, congestion charge (cordon, time of day, level of demand)</td>
</tr>
<tr>
<td>• encourage use of public transport</td>
<td>• subsidies for public transport, e.g. provision of infrastructure, subsidised service contracts, park and ride facilities, employee benefits (subsidised or provided public transport travel)</td>
</tr>
<tr>
<td>• encourage reduced emissions and energy use</td>
<td>• tax or charge on emissions or energy use, e.g. concessions, subsidies or tax rebates for low emission or alternative energy vehicles or technologies; carbon or energy tax or surcharge; reduced tolls or vehicle use or infrastructure charges</td>
</tr>
</tbody>
</table>

Source: SUTP 2004
Deliver Services

A significant amount of tax revenue is used to deliver transport services and infrastructure. These can be delivered directly by government agencies or by contracting out building and maintaining infrastructure and the provision of transport services or in some cases by concessions privatising service provision.

Examples of Transport Policy through Delivery Instruments

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<thead>
<tr>
<th>Instrument</th>
<th>Example</th>
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</thead>
<tbody>
<tr>
<td>• Government programs</td>
<td>• Provide transport infrastructure, such as roads, railways, bus stations, cycle ways, etc.</td>
</tr>
<tr>
<td>• Government agencies</td>
<td>• Oversee government policy, such as enforcing vehicle regulations</td>
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<tr>
<td>• Funding services</td>
<td>• Contracting out public transport services (i.e. service provision, collecting fares to offset the expenditure). Provision of traffic operations and traveller information services</td>
</tr>
<tr>
<td>• Service delivery</td>
<td>• Provision of registration and licensing services for vehicle users</td>
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Legal Instruments

Laws are the traditional instrument of government policy, and can allow a course of action, coerce desired or required behaviour or prohibit undesirable behaviour which provides the basis of enforcement through fines or penalties or court decisions.

Laws can include legislation, delegated legislation, such as regulations, by-laws and ordinances and administrative decisions based on the law or regulation. Courts and judicial bodies can also interpret and make judgements where there are disputes.
KonSULT Policy Instruments

KonSULT stands for Knowledgebase on Sustainable Urban Land use and Transport program which is supported by the European Commission and developed and maintained by Institute for Transport Studies, University of Leeds.

“KonSULT is designed to help policy makers, professionals and interest groups to understand the challenges of achieving sustainability in urban transport, and to identify appropriate policy measures and packages. It also provides detailed information on individual policy measures which will be of relevance to professionals, researchers and students.”

KonSULT helps identify policy measures, provides details on suggested policy instruments using the Policy Guidebook and the process of developing sustainable urban transport strategies through the Decision-Makers' Guidebook.

Policy instruments in the Policy Guidebook are grouped into six categories:

- land use measures
- infrastructure measures
- management and service measures
- attitudinal and behavioural measures
- information provision
- pricing.

Reading:
Review: ‘A Decision Makers Guidebook’ [http://www.konsult.leeds.ac.uk/dmg/intro]
& ‘Policy Guidebook’ [http://www.konsult.leeds.ac.uk/pg/intro]

Key Concepts

- Policy instruments are the means by which governments achieve the desired transport outcomes for the community
- There are five basic types of policy instruments: Advocate; Collaborate, Economic, Deliver services and Legal.

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11 KonSULT: Knowledgebase on Sustainable Urban Land use and Transport: [http://www.konsult.leeds.ac.uk]