

Summary:

Urban transport packages in Norway Framework, organisation and content - an overview

Introduction

The focus in this report is the toll cordons/transport packages in the four largest Norwegian urban areas; Oslo, Bergen, Trondheim and Nord-Jæren.

The following questions are addressed in this report:

- What are the characteristics of these packages, in particular in terms of the financing scheme and the use of revenue? This is what we later will refer to as the content of the packages.
- What are the reasons behind the content of the different packages? The question concerns the relation and interplay between framework, organisation and decision-making processes
- What are the strengths and the weaknesses of the organisation of the packages? Does the organisation lead to priorities that are in accordance with the overall goals of transport policy? This is the evaluative aspect of the report.

The contents of the packages

We have focussed on two aspects with respect to the contents of the packages. The financing scheme relates to how the revenue is collected and the funding made available. The use of the revenue focus on what kind of projects the revenue will finance.

Financing scheme

The financing scheme of the urban toll cordons in Norway differs on several aspects. Table S.1 provides a brief overview of the different financing schemes.

Table S.1. The financing scheme of Norwegian urban toll cordon packages. Source: Bekken and Osland (2004)

		Greater Oslo	Bergen area	Trondheim area	Nord-Jæren area	Norway – all toll roads
Single fare rush hour private car, EURO	Pr 31.12.2002	1,8	1,2	1,8	1,2	
	Pr 01.11.2004	2,4	1,8			
Reduced fare outside rush hours		No	No	Yes	Yes	
Trips through the toll cordon in 2002 (mill.)		89	20	20,5	20,4	228
Revenue in 2002, EURO (mill)		127,6	19,1	20,5	9,9	389,3
Average fare per trip, EURO	2002	1,4	0,9	1	0,5	1,7
	2003	1,5	1			
Maximum yearly payload per private car in 2002, EURO (maximum trips per month to pay for)		500 (yearly pass)	550 (50)	780 (60)	550 (75)	

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This table shows that the average fare level in Oslo is almost three times the fare level in the Nord-Jæren area, whereas Oslo at the same time has the lowest maximum yearly payload of all the areas. This is the result of Oslo having an annual pass, whereas in Nord-Jæren motorist must pay for up to 75 trips per month. Thus, when considering Oslo as a road pricing scheme some adverse effect are present. The daily users pay the least, whereas infrequent users pay the most, with no regard to the time of the day. This is further enhanced by the recent fare hike in Oslo, which only applied to the single fare, not to pass holders.

The Trondheim toll cordon has the highest maximum payload. This scheme is also the one resembling road pricing to the greatest extent. One of the reasons for this is a high focus on equity. This has resulted in a zonal system, where more motorists pay and at the same time some fare differentiations has also been adapted.

Use of revenue

The Oslo packages (1991-)

The toll cordon in Oslo was first intended as an ordinary toll road, financing the tunnels below the city centre, relieving the downtown through traffic. However, before it was established, the municipality of Oslo joined forces with Akershus County and opted for a package to finance several other projects as well. One of the reasons was the lack of sufficient public funds. In the first package, Oslopakke 1, there was a fixed share of 20% earmarked for public transport investments. In 2001, the new package, Oslopakke 2 (O2), passed Parliament. O2 is an addition to the current Oslopakke 1 and consist of an increase in the fare of the toll cordon of 0,25€per trip and an increase in the public transport fare ticket of 0,1€per trip. All the revenue accruing from the new package is earmarked for public transport investments.

The Bergen toll cordon (1986-2002) and the Bergen programme (2003-)

The Bergen toll cordon was the first of its kind in Europe. The goal was to speed up a solution to the traffic problems in Bergen. Thus, the focus was on road investments. The new Bergen programme is based on a political compromise between the public transport supporters and the road supporters. The revenue is split between road and public transport infrastructure. The public transport share is planned to finance the development of light rail in Bergen.

Trondheim toll cordon (1991-2005)

In line with the other early packages, the Trondheim toll cordon was a road investment package. However, a fixed share of 20 % was earmarked for public transport, safety or environmental investments related to the traffic, and elements of congestion charging.

Nord-Jæren package (2001-)

This package is of the new generation including both public transportation (PT) investments as well as road investments. The PT part is primarily related to local rail investments.

Table S2 summarizes and compares the content of the packages.

Table S.2. Summary of the contents of the packages. Source: Bekken and Osland (2004)

	Bergen toll cordon	Oslo package 1	Trondheim toll cordon	Oslo package 2	Nord-Jæren package	Bergen programme
Share road vs public transport	Road package	Road package (20% for PT)	Road package (20% for PT and env.)	Public transport package	Public transport package (65%)	Combined package (50/50)
Regional earmarking	No	Yes (60/40 Oslo/Akershus)	No	Unspecified	Yes	No
Fare level (relatively)	Medium	High	Medium	High	Low	Medium
Elements of congestion charging	No	No	Weak	No	Weak	No

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Summary - the current content of the packages

To summarize:

- There is a general tendency towards increased investments in public transport.
- There is a tendency that these packages have been prolonged, enhanced to new generations, while initially set up for a 15 to 20 years period.
- There is a weak tendency towards elements of congestion charging, most clearly developed in Trondheim.

However; on important dimension, we can observe continuity rather than change.

- The revenue is solely used for infrastructure, not operation.
- In most packages, there has been an emphasis on large projects with strong symbolic power.
- Although addressed in the initial phase, such elements as restrictions on car use, parking policy etc are not included in the packages when these have passed the political process.

These similarities and differences can be understood in terms of the framework regulating the packages, on the one hand, and its relations to and interplay with the local processes and coalition on the other hand.

The framework of the packages.

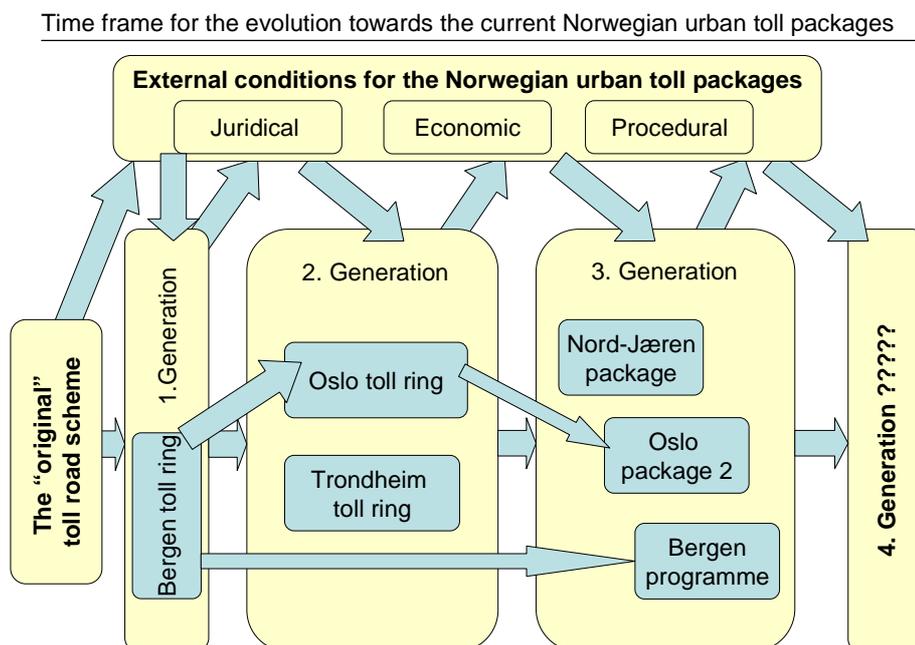
In the report we make a distinction between three aspects of the framework for the packages:

- *The legal aspect*, defined as the norms and regulations set out by law. The fact that the Road Act over decades has allowed the establishment of toll-roads, in particular for bridges and tunnels as alternatives to ferries, is of outmost importance here.
- *The economic aspects*, concerning the economic structure of the incentives between the different actors. These are of course related to the administrative structure and jurisdictions. In Norway these are characterised by the following: The responsibility for roads is divided between the State, the county councils and the municipalities. However, they all receive most of their funding from the State, as the level of local taxes is relatively low in Norway. Legally, the revenue from toll roads can only be used for investments. Financing local public transport, on the other hand, is the responsibility of the counties. Since the mid 80s this has been a part of the free transfers from the State to the Counties, without any earmarking for public transport.
- *The procedural aspect*, concerning the procedures for the decision-making process. The two main issues here are, that toll financing requires local initiative and consensus and secondly that proposals for new toll roads or substantial changes to the existing toll schemes, must pass Parliament as a separate bill.

These external conditions have affected the development of urban toll cordons since the early 1980s. The legal framework for the toll cordons was established with the toll cordon in Bergen, but has been changed on several occasions. In the early 1990s the possibility to impose differentiated fares at different times were introduced in the road act, yet on the condition that the differentiation would not negatively influence revenue. Although this change, as well as the possibility to use road investments alternatively for public transport purposes has increased the flexibility of the packages, the major legislative change came in 2001, when road pricing were accepted in the Road Transport Act. This has made it possible, in principle, to introduce road pricing, and a more flexible use of revenue. The initiative however must be local.

The local processes leading up to the packages take place within this framework above. The legal aspect defines some approaches as legal and others as illegal. The procedural and economic aspects make certain alternatives more viable than others. Nevertheless, the outcome has proven to be very dependent on the different constellations of actors involved in the local decision-making process and the compromises established. Illustration 1 presents our notion of the relations

between external conditions in terms of various institutions, and the local processes.



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Illustration S.1: Three generations of packages and the development of the legal, procedural and economic institutions. Source: Bekken and Osland (2004)

The packages have developed within this interplay between the framework and the local processes. In the following, we shall give a short presentation of characteristics of the local processes:

The formative moment -- evolution from toll roads on bridges to urban toll cordons

The formative moment of the current scheme of urban toll cordons in Norway was the establishing of the toll ring in Bergen. The background was major congestion problems, and little potential for increased public funds for investments to relieve the urban areas from increasing problems of congestion.

In this context, an initiative was taken by the Public Roads Administration in Bergen. They formulated the problem as follows: We have the plans for a suitable road system for the city of Bergen. However, we lack the necessary funds, but on the other hand we also have a plan for the funding – a toll ring. The Public Roads Administration in Bergen presented their solution on an informal meeting with the leaders of the three most significant parties in the Bergen City Council; the Labour Party, the Conservative Party, and the Christian Democratic Party. The Labour Party and the Conservative Party, in most cases opponents in urban politics, created a strong basis for a broad consensus in local transport policy. The meeting was informal, but it represented the point of departure for an

offensive information and mobilisation campaign from the Public Road Administration towards media and the citizens.

The campaign was successful, also in relation to the central government. The result was the establishing of the toll ring. However, the establishment of the toll cordon had consequences far beyond its effect on road investments in the city area. It changed the “rule of the game” and opened new ways to fund urban transport infrastructure. Of particular significance was the fact that the toll cordon in Bergen was backed by a promise of extraordinary public funds. There was an informal agreement that the State should grant the same amount of money for infrastructure investments as it was expected that the toll cordon would generate. This notion of extraordinary public funds was of importance for its role as a “model” for other urban areas.

The Bergen political compromise

As mentioned above, when the first toll cordon was established in Bergen in 1986, the Public Roads Administration locally came with the initiative. At the same time a coalition between the major political parties was established.

In 2003, the toll cordon was prolonged through the Bergen Programme. This new package has one very heavy public transport infrastructure investment; a new city tram (“Bybanen”). Two characteristics of the Bergen Programme is of major interest here, the inclusion of the city tram, and secondly, the reasons why the existing financing scheme has been kept instead of some of the proposed more advanced schemes more similar to road pricing.

The main supporters of the city tram were the politicians from the centre and left wing parties. They managed to have the tram “hooked” on the planned road investments, of which almost all politicians were supporters. The broad compromise for the entire package has been based on this combination of road investments and one large public transport investment. The proposal has met resistance from the Public Roads Administration both locally and nationally. They are critical to the alternative use of road funds, questioning whether the city tram is a good alternative to road investments. This disagreement is a distinctive feature of the Bergen Programme compared to the other cities. The dispute has not yet been solved.

Concerning the prolongation of the existing toll collection scheme, this has been the result of the fact that one of the major parties in the coalition is an opponent to anything resembling road pricing. Some of the other parties have also been sceptical. The alternative to prolongation was to introduce a system with two rings and differentiated fares. The expected potential negative response by the voters has also influenced the decision. While the city tram has been a place where the political parties have been able to mobilise voters, they have decided to step carefully on the issue of road pricing

The Oslo packages – a result of professional-administrative cooperation

Concerning Oslo package 1, we have not been able to point out one single initiator as in Bergen. Rather, the description given by Sørli (2000), shows a process involving many actors (including two county councils; Oslo and Akershus, as well as involvement from various levels of state administration), and hence of greater complexity as well as fragility than the process in Bergen. The alliances have been broad both professionally and politically, and also stretched outside Oslo, to the neighbouring county of Akershus. These actors have been able to agree on an earmarked use of the revenue within the different counties (60% in Oslo, 40% in Akershus).

Oslo package 2 is a pure public transport infrastructure package. The initiative originally came from the National Railroad Authority (Lerstang and Stenstadvold, 2003). The project has been supported by the common interests among several actors with an interest in improving public transport in the region. In contrast to the situation in Bergen, all actors agree that a good public transportation system is essential for the overall transportation in the region. A professional-administrative cooperation has been established. This assures that most of the controversies are solved internally.

However, one observation must be commented. In Oslo package 2, restrictions on car use were recommended to make the investments efficient in social economic terms. Yet, such restrictions have not been included in the package. This can be explained by a situation similar to the one in Bergen. The need for local compromise gives certain actors a veto in the processes. As a result there is an incentive structure which probably leads to over-investment as each actor (organization) will focus on projects with strong symbolic effect with as small political costs as possible. With a veto for all actors making each able to jeopardize the notion of local agreement, we can expect that the package will only be accepted if all actors have some symbolic projects included.

The Trondheim package – a result of competition over scarce resources

Locally, the process behind the Trondheim package is characterized by a competitive situation with the other large cities. The competition was for the scarce funds allocated to road infrastructure at the national level. There was a local understanding that introducing user fees was a way to “buy a better place in the line” waiting for public funding. This was a result of the fact that both in Bergen and in Oslo, the introduction of toll cordons triggered extraordinary public funding. Thus, they would be in a competitive disadvantage over public funding if they did not introduce a toll cordon.

As in Bergen, the local Public Roads Administration was the initiator together with important politicians. With the general focus on environmental issues in the late 80s, 20% of the funds were earmarked for such issues including public transport and safety. Our impression is that the politicians, contrary to the situation in Bergen, have been very interested in the toll collecting scheme ever since the cordon was introduced. As a result, the system has been revised making

it quite advanced with elements of congestion charging. This is also a result of local professional interest in the field (Langmyhr, 2001).

Nord-Jæren – support based on a broad scope of revenue use and low fares

The toll cordon in Nord-Jæren came more than 10 years after the other packages. As in Bergen and Trondheim, the initial initiative in the 1980s came from the Public Roads Administration with support from the county council (Langmyhr, 1997). The first initiatives did not succeed, partly due to the competition between the two large cities in the area, Stavanger and Sandnes, and their opposition against the idea. However, from the early 90s with the processes related to developing a coherent land use policy in the region (Lerstang and Strenstadvold, 2001), also including larger investments in rail infrastructure, the situation changed and a broader political consensus was established. The toll cordon covers a very large area. The fares introduced were low, with some differentiations making the fare in the rush hours somewhat higher. Due to unexpected low revenue, the fares increased and the differentiation were abolished in 2004. A large amount of the package is earmarked for railroad investments. In sum, the situation changed when Stavanger accepted the proposed scheme. Although Sandnes was still in opposition, the Parliament did not turn the proposition down because the other municipalities affected by the cordon were positive to it.

The organisation of the implementation process - consequences in terms of the realisation of major goals in urban transport policy.

Whereas important decisions about the content of the packages, in terms of key elements of the financing scheme, the share used for public transport etc, are made in the process prior to the decisions made by the Parliament, significant changes and adjustments can also be made during the long implementation period of the packages. This means that the actual organization of the implementation of the packages also can be of importance for priorities.

However, when it comes the organization of the implementation process, the formal structure and division of responsibility, is largely in accordance with the structure set up prior to and independent of the packages. The formal structure, which is addressed in this report, does not indicate that the “new organizations” set up for implementation and coordinating of the packages, have been given stronger authority or more resources. Hence, when it comes to the implementation phase, we do not have information that indicates that the priorities are different from what they would have been without the packages.

Despite the problems related to contra factual analyses, the report also addresses the question of whether the organization of the packages has led to priorities in accordance with the overall goals for urban transport policy. The concept “organization of the packages” is here given a broad notion, including the framework and the organization of the decision making process both prior to and after the parliament bill. Our hypothesis is, that for most of the goals for urban

transport policy, the packages and their organization has had a positive or neutral effect. One exception can be made related to the goal of reducing the use and demand for car use, in the sense that the organization has not improved the implementation of restrictive measures on car use, rather it has been an obstacle to it. This is related to the focus on positive measures in the packages.