

## **Make not owning a car the smart choice**

By Paul Barter

Urban transport policy in Singapore is becoming more difficult to handle.

In the early 1970s Singapore faced traffic chaos, a failing bus system, little money for infrastructure and acute awareness of space limitations.

The answer was a hard-headed “bargain” that offered steady improvements in space-efficient public transport at the price of making ownership of space-wasting cars unattainable for most. This has been widely seen as a success

However, both sides of this bargain are under growing strain. Demands for broader access to cars have been difficult to resist. At the same time, pressure has intensified to dramatically improve public transport. These trends may be heading us towards a policy dead end and may be a concern for LTA policy makers as they conduct the recently announced ten-year review of land transport policies.

Restricting car ownership has been a key plank of Singapore transport policy since the 1970s. It works but it is a blunt instrument. Ownership restriction is an indirect way to tackle congestion and there is political fallout from the frustration of those denied car ownership. But with space at a premium, the need to keep traffic under control remains strong. Congestion remains a constant threat, even with only one third of households owning a car. At the same time, the scope for cost-effective expansion of road capacity is modest.

These issues prompted policy-makers to seek ways to allow broader access to cars while containing their usage, especially at congested times and places. ‘Off-peak’ cars are an example – although much cheaper to buy, they cannot be used during the busy times of the week. Car-sharing, which offers short-term car use with fees based on time and distance, is another promising option, as we will see.

For a decade now, the policy for mainstream privately-owned vehicles has been shifting from high purchase and ownership taxes, to one with a greater reliance on usage charges, especially Electronic Road Pricing, to deal with traffic problems. This policy shift also foreshadowed a slight relaxation of the vehicle quota limit, although recent low COE prices have been as much a result of soft demand as of increased supply.

Implementation of this policy to have lower fixed costs and higher usage costs has in fact been cautious. This is apparently from concern that easing ownership restrictions too quickly could cause a surge in car numbers and soaring ERP and parking prices. Nevertheless, if the policy remains in place we can expect gradually lower price barriers to ownership - in addition to the decreases of recent years - together with rising usage costs. A logical extension of this policy, which is not yet on the agenda, would be to put all vehicle taxes, and even insurance, on a 'pay-as-you-drive' basis. This would require reliable measurement of distance driven, perhaps via an improved ERP system.

Meanwhile, more affordable access to cars has paradoxically fuelled mounting political pressures to improve public transport. Traditionally, policy makers face constant calls to keep fares affordable for the poorest sections of society. Not surprisingly, this is the case in Singapore as well. But here, it will be increasingly those in the middle of the income scale - with a wider range of transport options to compare with mass public transport - who will demand improvements.

It is likely that more households with rising incomes will tend to keep using public transport, such as the expanded MRT and LRT network and buses, for some trips but become intolerant of less-than-excellent service. A growing group can afford liberal use of taxis. Also, as usage costs go up, even car-owning households can be expected to keep the car at home and use public transport.

As a result, the number of "part-time" public transport customers will continue to grow, straddling a broader band of incomes. This is because cars are increasingly an option at lower incomes than previously, while usage costs are rising. Declining satisfaction with bus waiting times and complaints about taxis are a foretaste of things

to come. More calls for better public transport service can be expected from this group of “part-time” customers.

However, current regulatory and financing arrangements for public transport make it difficult for the regulators to drastically raise standards and require the operators to meet this challenge for better service, especially if fares cannot be significantly increased.

Are these **three** constraints – from lower-income households to keep fares down and from the middle-income to both expand access to cars and raise public transport service standards - taking us to a dead end then? Must we retreat to a policy of just suppressing aspirations for cars? Fortunately, there are other possibilities.

What if we instead embrace these trends and even take them much further? There might be a cost-effective way to push most car costs onto usage fees, to address aspirations for greater access to cars, and to simultaneously embrace the need for excellent alternatives to privately owned cars. But how?

Strangely, offering greatly expanded access to cars could actually be an important part of the solution. Not by increasing car ownership, but on a fee-for-service basis, especially through the growing car-sharing industry. At least five car-share companies now operate in Singapore, offering their members short-term access to cars, without the high fixed costs of actually owning one. They have a highly usage-based price structure which encourages them to be used in moderation, as a complement to other modes of transport. This means there should be no need to limit the number of car-share cars via COEs or ARF. In fact, they should be much more explicitly encouraged.

We should view car-sharing, together with car-rental and taxis, as important elements of the alternative to privately owned cars. They are a natural fit to join with public transport and the humble modes of walking and bicycles in a comprehensive ‘alternative mobility package’. The best examples of this concept have been pioneered since the late 1990s by Switzerland’s highly successful car-sharing company,

*An edited version of this appeared in the Straits Times, 17 November 2006, p. 41*

‘Mobility’, through its customer-friendly cooperative arrangements with other transport businesses, especially public transport.

On their own, none of these modes can compete with the convenience of owning your own car. But the Swiss experience is showing that together they can offer a competitive package of transport services that in many ways is comparable with privately owned cars, but at much lower up-front cost. Public transport must continue to improve as well, but a mobility-package approach should share the burden and take some pressure from its shoulders.

So we could make car-ownership increasingly unnecessary by working harder to make a non-car-owning lifestyle an attractive option. This policy emphasis offers a way to address the aspirations for convenient mobility which many of us currently focus on having our own car.

The low levels of car ownership in places like Tokyo, Manhattan, Hong Kong island or central Paris demonstrate that affluent people will happily remain “car-free” if the alternatives are comprehensive enough. Singapore too can aspire to be a place where not owning a car becomes the smart choice for people in every income bracket.

*The writer is an Assistant Professor who researches and teaches on international urban transport policy at the Lee Kuan Yew School of Public Policy, National University of Singapore.*

*Views here are his own and do not represent his employer.*