French Pay-per-kilometre Eco-tax on Heavy Goods Vehicles

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Aims

- Pay-per-kilometer truck tax (“eco-tax”) = key measure of the Grenelle for the Environment (nation-wide government-forum, Nov. 2007)

- Charging, through ETC techniques, trucks traveling the non-conceded State Roads Network (SRN): tax (not a fee for service).

- To give a price signal to encourage a lower and better use of roads

- To get new resources for transport infrastructures, in a clear inter-modal strategy: AFIFT (French Financing Agency for Transport Infrastructure).
EU Framework

- Collection system to comply with EU Directives 
  Eurovignette (1999/62, 2006/38) and ETC (2004/52):

  (1) TARIFF: ceiling, up to the construction & operation costs of the taxable network (to disappear later under the future Eurovignette 3);

  (2) TECHNOLOGY: must inter-operate with one of the two acknowledged ETC solutions;

  (3) OUTSOURCING: multi-provider scheme, compatible with future appearance of the European ET Service, fully interoperable.
CHARGING OF HEAVY GOODS VEHICLES IN THE EU

TEN-T road network (Decision 884/2004/CE)
- Integrated electronic network-wide toll collection
- Integrated electronic network-wide toll collection under preparation
- Eurovignette
- National vignettes
- Toll collection with physical barriers*
- Neither vignettes nor tolls**

* Not the entire network is subject to tolls
** Limited parts of the infrastructure might be subject to toll collection in some Member States
Charging Rules (1)

- Eco-tax will apply to **13 to 14,000 km** of roads:
  - Most of non-conceded **State** road network (except toll motorways): 12,000 km;
    - *Some routes with too low truck traffic to be exempted.*
  - 2000 km of **local governmental** roads to prevent serious traffic shifts.
    - *Revenue to be retro ceded to the local authorities.*

- All trucks over 3.5 t (permissible maximum weight - PMW) will be subjected, i.e. **600,000 domestic vehicles** and about **200,000** foreign vehicles that use French taxable roads.
Charging Rules (2)

- Kilometric rate depends on truck categories (i.e. axle number and PMW), proportional to infra-structure costs by category.

- Kilometric rate per EURO emission class and possibly per congestion level (by route and pre-defined schedule).

  Congestion adjustment to come into effect later, and in a very simple way (blue/red weeks calendar or similar).

  No intention to control traffic in real time.

3 categories planned:

- 2 axles < 12 t
- 2 axles ≥ 12 t & 3 axles
- 4 axles and over

More categories may be added…
Charging Rules (3)

- **Free-flow ETC techniques**: trucks identification and tax computation data to be collected in motion in the traffic flow.

- Routes split into **pricing sections** (e.g. junctions to junctions) delimited by **pricing points** (about 3000).

- Passing a pricing point ⇒ the eco-tax is due for the pricing section length.

- Law allows to **merge** a series of short sections.
Charging Rules (4)

- Two methods to pay eco-tax:
  - **Post-payment**: subscribers to an ETS provider (subscription-based billing service)
    
    A deposit or guarantees could be required, but no transaction fees except for interoperable contracts.
  
  - **Down-payment** for casual users and other non-subscribers
    
    No guarantees required, but down-payment on an identified account.

- Basic service to be free for the tax-payer.
**Tariff**

- Expected gross revenue: **1.1 billion €/year**
- 15-20% for collection

**Eco-tax scale**

- Truckers **can invoice** the eco-tax **to shippers**.

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12 cts / km (VAT included)  
19 cts / km (VAT included)  
36 cts / km (VAT included)
Technology

- Every truck (subscriber or not) entering the taxable network will be **required by law to be equipped** with an electronic box: OBE = On-Board Equipment

- Two technologies envisaged + call for tender (decision by June 2010):
  
  (a) **DSRC** OBE: dedicated short-range communication by microwaves, antenna installed at the pricing points.

  (b) **Satellite** OBE: vehicle positioning by satellite signals (GNSS) + dialog with the ground system by mobile phone (GPRS) + DSRC for enforcement needs.
Outsourcing: a first EETS outcome

• Future European Electronic Toll Service: eco-tax collection by private actors, **ETS Providers**, who grant access to ETS to tax-payers through **subscription contracts**.

• French law on eco-tax (*Finances Law for 2009, n°2008-1425, Dec. 27, 2008*): tax collection can be entrusted to a **private partner**, duly commissioned by the government:
  - **for designing, financing, developing and operating the system**
  - **14 year contract**, to be awarded through a bidding process based on **competitive dialog**, launched on March 31, 2009
  - **to be remunerated through performance-adjusted rentals**, not directly from eco-tax revenue nor as a percentage of it.
Interoperability: a step by step process

- Current toll motorway network: **15 toll domains** interoperated by an ETC subscription frame (TIS-PL*), **33%** of HGV traffic.
  
  *TIS-PL = Inter concession-holders ETC system for trucks*

- Eco-Tax: **33%** of HGV traffic, to be interoperated (compulsory).

- **Tax** collection ⇒ **control and regulation**. Eco-Tax subscription (ETS) providers will need to be **accredited**:
  
  - that prefigures **EETS registration**
  - **private managed system** needs a new **regulatory framework**

- Manager Provider (MP) to contract with **ETS Providers (ETSP)**.

- Government to manage accreditation procedure (ETSP), to control MP/ETSP contracts, to ensure **an open market to outsiders (Conciliatory Body)**
  
  - framework to be built as close as possible to EETS
Inter-operability: eco-tax scheme

Contractor

- Tax collection
- Enforcement
- Information and assistance

Registered electronic toll system company

- Base element collection
- Invoice
- On Board Equipment
- Identification check and update

Subscribers

Liable for tax

Payment of invoiced Tax

Payment for contract

State

Base elements invoiced Tax amount
Distribution between beneficiaries

Payment for invoiced Tax

Legend

- Information
- Financial flows
- Equipment
Inter Operability

Multi-Provider Scheme + Compulsory OBE

Non-subscribers

Subscribers

Subscribers

Subscribers

Subscribers

State
Enforcement

• For any offence or violation, the tax-payer is exposed to:
  ➢ Invoicing of **evaded tax**
    ... as a lump sum equivalent to 500-km taxation, if post-computation data are not available.
  ➢ and a **customs fine**, up to 750 €.

• Enforcement is ensured by:
  ➢ **mass** controls, using MP-operated **automated tools**
    (e.g. fix and removable systems, WIM systems)
  ➢ roadside and in-company controls, by custom officers, gendarmerie and police, and land transport control units.
    ... **automated tools able to dialog with OBEs and central system.**
Risks and Liabilities

• MP neither takes traffic risk nor the full evasion risk (government officers keep a major role in enforcement).

• MP keeps a fraction of the risk of tax revenue loss by own fault (e.g. late start of tax collection).

• MP guarantees 100% transfer of the eco-tax amount charged to tax-payers to the State. Liability to be transferred to ETSP.

• MP paid by the government, depending on the business volume with boni + mali linked to system, equipment and service performances.
Agenda

- **October 21, 2008** Eco-tax concept in the draft “Grenelle I Act” (National Assembly), Senate approval
- **December 28, 2008** Eco-tax established by the Finance Act for 2009.
- **March 31, 2009** Preliminary call for tenders (competitive dialog), call for tender on August 28, 2009
- **June/end 2010** Choice of the MP/partnership contract to come into force.
Thanks for your attention

Here for the future