

Travelling sense

Just before Christmas the government floated the idea of charging lorries for road use instead of some of the current forms of taxation they pay. There was a suggestion they are looking for a way of ensuring that foreign trucks pay a fair contribution for the use of our roads. At the moment a foreign lorry pays no VED and can avoid fuel duties by arriving with a nearly full tank and leaving nearly empty. In opposition I and others proposed a Brit disc to ensure foreign trucks paid a charge like VED to level the playing field.

Some think this reform idea is a way for the Treasury to get ahead of the rise of the electric vehicle which will eliminate a lot of fuel duty revenue. The government, however, has made clear it is not considering applying this reform to cars and light vans, so it is not the solution to the rise of the electric vehicle undermining the motoring tax base.

We have long experienced heavy taxation from a mixture of VED and fuel taxes on motoring which far exceeds the cost of monopoly provision and regulation of roadspace. No government is going to find an easy way of substituting revenue from sources other than motoring. Most governments positively favour taxing road travel as they see it as a problem rather than as a freedom and an economic solution for the supply of goods and services.

I am planning several blogs to explore how we can live with the car and van, enjoy the flexibility they offer, and find revenue streams as technology and regulatory requirements change the shape of personal travel. The change to electric if governments follow through with this demand poses one set of difficulties.

Larger issues would be posed if the market took us over time to many more relying on hired in or time share vehicles rather than each owning their own car. Widespread adoption of hire in would mean a large reduction in the size of the car fleet, with obvious consequences for VED and other per car levies.