

Remarks of Patrick D. Jones
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“A Motorway Network for Europe: Market & Conditions”
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Thanks.

Good afternoon. I'm Pat Jones, Executive Director and CEO of IBTTA.

I'm delighted to be here today. It's an honor for me to participate in this summit to address very important issues affecting transportation and tolling in Europe.

I would like to thank the hosts and organizers of this Summit.

- Mr. Fabrizio Palenzona, the President of ASECAP.
- All the members of ASECAP and the ASECAP Steering Committee.
- Kallistratos Dionelis, my friend and colleague the entire staff of ASECAP.
- The members of AISCAT, the Italian Association of Toll Motorway Operators.
- Special thanks to Maurizio Rotondo and Emanuela Stocchi of AISCAT for your hospitality while I was in Rome.
- Thanks to all the representatives of the European Authorities who are here today.
- Thanks to the Board and members of IBTTA.

Self Introduction

As you know, I am an American. It's an easy thing to say. But it's not an easy thing to be, especially in the current environment. I have not come here to tell you how things are done in America and, therefore, how they should be done in the rest of the world. I think there has been too much of that in the last few years. Instead, I prefer to offer a few observations on the nature of transportation and tolling and their importance to the economies of Europe and America. I will make observations about Rome, public opinion, safety and, finally, about the relationship of government to toll concessionaires.

First: About Rome and Today's Highways

In recent days, I have been to Rome for the first time. In the Roman Forum, it is possible to see many centuries of development in architecture, design, and construction. In the Forum, it is possible to look into the very history of Rome, to see how one age or civilization was built upon the foundations of another. The Forum can teach us much about how civilizations grow and evolve, and how they depend not only on innovation but also upon the foundations of those who have passed before.

In a similar way, the transport sector around the world is changing. The Roman roads that were built in ancient times by a powerful central government to support a strong military and the easy flow of commerce cannot be built in the same way, with the same government funding as was provided in the first centuries of the Common Era.

In the United States, we built the modern day equivalent of the ancient Roman Roads. In the 1950s and 60s, we built the Interstate Highway System – nearly 80,000 kilometers of the world’s most sophisticated highways in the world, crisscrossing a continent. We did this using government funds supported by a fuel tax.

Today, it would not be possible to build the U.S. Interstate Highway System as we know it using only funds from the government. The demands on government today are so much more complex. The aging population and the growth of huge social programs have imposed enormous costs on government. Those costs, coupled with the costs of wars in Iraq and Afghanistan and military commitments elsewhere in the world, have made it impossible for the U.S. government to support road infrastructure in the same way it has done in the past. So, we must turn to the users of the roads and the private sector to get this done.

In the United States, toll roads are not as common as they are here in Europe. But they are, of necessity, becoming more popular. In the US, tolls account for only about 5 percent of total highway-related revenues. This percentage has remained stable for many years. However, it understates the importance of tolls in funding recent U.S. highway capacity expansion.

During the last 10 years, toll roads have been responsible for the development of between 30 and 40 percent of new high end road mileage in the US. The trend is clear: if you want to build new road infrastructure in the US, you must rely more and more on toll roads and user financing.

Second Observation: Tolling is Preferred to Taxes

The sentiment of public opinion supports this movement toward greater reliance on toll financing. The majority of Americans prefer tolling to taxes as a method to pay for road improvements.

A recent study has summarized the findings from 110 different surveys that look at public attitudes toward tolling. This new study shows that there is clear majority support for tolling and road pricing. Among all surveys, 56 percent showed support for tolling while opposition was found in only 31 percent of the surveys. The results of this study appear in the Winter 2008 issue of IBTTA’s journal *Tollways*.

The author of this study also made this profound statement:

We have now reached a threshold where the major constraint on the successful implementation of tolling and road pricing...relates largely to public policy...rather than to technical or administrative barriers. The feasibility of these proposals often depends on public support, and more often, on elected officials’ perceptions of public support. In many places, a gulf exists between elected officials’ perceptions of what the public thinks...and what the public actually thinks. So even within the context of such support, political acceptability remains a challenge.

Third Observation: Toll Roads are Safer

My third observation is this: toll roads are safer than non-tolled roads. This conclusion is based on the most comprehensive set of data yet collected on toll operations throughout the United States and the world.

This new research proves that toll roads have a lower fatality rate than non-tolled roads. This is true even when we compare toll roads to the safest type of non-tolled roads. The average toll road, bridge, or tunnel in the US has a lower fatality rate than the comparable facilities on the US Interstate Highway System, which are regarded as among the safest roads in the country.

These findings raise an obvious question. Why are toll roads safer than non-tolled roads? While the data do not address this question directly, it is not too much of a stretch of the imagination to suggest this. Toll roads are safer than non-tolled roads because they have a dedicated, predictable source of funding. This predictable source of funding does not exist for most non-tolled roads in America. The dedicated funding that toll roads enjoy makes it easier to design and build a facility with better safety characteristics. The dedicated funding also makes it possible to operate and maintain toll facilities to a much higher safety standard.

Fourth Observation: Sacred Bonds

My final observation is about the relationship of government to toll operators and concessionaires. The development of toll roads in the US, or anywhere, is made possible by the issuance of bonds which enables an entire project to be built at once with the bonds paid off over time by the road users. A bond is a covenant between the operator of the road and those who have loaned the money to build the roads. A bond is a sacred covenant.

When we speak of a sacred covenant, it is useful to think of the first covenants. The first covenants were between God and man. The first covenants represented a commitment that God would do no harm to man. Today's bond covenants are long term obligations between the concessionaires and their lenders. To be effective for all parties, these covenants must be based on a political environment and rules that are stable and predictable. If stability and predictability are lost, then harm will come to the concessionaire, to the road users, and to the economies of our nations.

Let us create a political environment with the appropriate rules and legal structures to ensure that sacred bond covenants are allowed to promote mobility and economic growth. Let us do no harm.

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