



1. Let me now cover the 2nd key thrust in the LTMP, managing road usage. Dr Lam asked about the long term strategies for managing road usage. To keep traffic flowing smoothly on our roads, we have to adopt a holistic package of measures as no single measure can achieve this.

2. First, we have to continue to increase and optimise our road capacity where we can. We will continue to build roads, and leverage on technology to maximise their capacity. To answer, Mr Foo, we are studying how best to use GPS technology to further optimise road capacity. However, there is a limit to how many more roads we can build or widen.

3. Secondly, we have to control the demand for our roads. Congestion is a function of both vehicle usage and vehicle population. Hence, we will need to continue to control our vehicle population as well as their usage.

4. Third, we need to put in place viable and more efficient alternatives to the car in order to ensure we have a sustainable transport system. That is why we continue to invest heavily to improve our public transport system.

5. While our strategies to keep congestion in check will revolve broadly around these three strategies, circumstances and behaviours will change over time. We will thus need to continually review the balance between them to ensure that the right balance continues to be struck. We will also need to fine-tune existing measures, and explore new ways of achieving these 3 objectives.

6. When we launched the LTMP in early 2008, we announced that we would enhance the efficacy of the ERP system by using a new set of criteria to determine ERP rates. We took a phased approach by first implementing the changes in the city area in July 2008, before extending it outwards progressively. We were hopeful that by introducing the changes to the ERP system in such a phased approach, we can allow improvements from early phases to flow through the whole road network so that we end up having to do less later.

7. I am glad to say that this is indeed what happened and by November last year, traffic conditions had improved significantly. Of the six new gantries planned for November, we did not have to install 4 of them. We also deferred the gantry at Serangoon Road, and in the end, only had to implement the gantry on the PIE near Eunos. The changes to the existing gantries were also not as extensive as we had earlier thought necessary. This answers Mr Foo's question on how effective has the ERP changes been.

8. I have said that ERP is to manage congestion and not a revenue measure, and that the Government will be happy to collect less if drivers drove

less. So if economic conditions lead to changes in travel patterns and less road usage as Mr Seah said, LTA will take them into account and will adjust the ERP rates accordingly. This was what happened in the latest quarterly rate review in February 2009, when LTA lowered ERP rates at 15 gantries. In fact, based on what we have seen so far, if demand for driving continues to fall, the additional ERP revenue collected per year will be about \$50M, and not the \$70M we had earlier estimated. But rest assured that we will not reduce the \$110M in road tax reductions and \$200M in ARF reductions that we have already announced.

Setting ERP rates

9. Mr Foo asked if ERP rates should be reviewed more frequently so that it is more responsive to changes in traffic conditions. Let me explain why LTA reviews ERP rates on a quarterly basis. LTA has found empirically that traffic conditions take some time to stabilise each time ERP rates are adjusted. Drivers may change their behaviour several times after a rate change before they settle into a steady pattern. The change in traffic impact is not just at gantries that have had their rates changed but also on adjacent gantries and time slots. So if we review the rates more frequently, we will be making decisions prematurely. Overall, this would reduce the effectiveness of the ERP system.

10. As to why ERP is levied on some roads even when there appears to be no congestion, the reasons vary. Mr Lim has cited Nicoll Highway and Upper Boon Keng Road as examples. The rates for ERP gantries around the cordons in the city are determined based on the speeds of different baskets of key roads. Cordon ERP is meant to deal with congestion in a specific area comprising a network of roads rather than to deal with congestion on a specific road. Nicoll Highway is one in a basket of roads in a cordon. Within the basket, some roads are more free-flowing than others, and if we can fine-tune the system to take this into account, we will. For instance, the whole city used to be 1 large cordon. But LTA has now divided it up into 3 separate cordons: the Orchard Cordon, the Bugis-Marina Centre Cordon and the Shenton Way-Chinatown Cordon. Breaking this up has allowed us to better fine-tune the ERP rates. For example, the Orchard Cordon does not start operation until 12 noon on weekdays, while there is no ERP for the Shenton Way-Chinatown Cordon on Saturdays. However, if we were to lower the ERP rate for just one road in a cordon compared to adjacent roads, say the ERP gantry at Nicoll Highway, motorists will simply decant over to Nicoll Highway and jam it up. This is why gantries in the same cordon have the same ERP rate, and it is determined by a basket of roads within the cordon. While I am all for further reducing ERP rates, it has to be predicated on traffic conditions not worsening as a result.

11. As for Upper Boon Keng Road, we implemented ERP there in April 2008 because speeds along that stretch of road had fallen below 20 kph. Today, traffic is flowing smoothly within the range for optimal flow. I think the important point to

make here is that we have to use an objective way to determine when ERP rates should go up and down, which is what LTA has done. So when the traffic speeds along Upper Boon Keng Road go above the optimum speed range, which so far has not happened, LTA will certainly reduce the ERP rates.

12. Giving motorists more traffic information will also help them make better choices on the routes to take, and help LTA to manage traffic congestion better. For those that listen in on the radio in the morning and evening peak hours, you may have heard regular capsules called "LTA traffic news". LTA has, since October 2008, procured airtime on four MediaCorp radio stations to disseminate traffic news. Mr Lim would be pleased to know that the stations broadcast traffic updates up to 5 times more frequently during the morning and evening peak hours than in the past. The updates can be heard at about once every 8 minutes during the peak periods. Feedback from listeners have been positive. LTA did a poll last month. More than 80 per cent of the respondents have found the service useful in helping them to plan their routes. Mr Lim asked if LTA would consider a dedicated radio station to disseminate traffic news. LTA is currently studying the feasibility of such an idea.

Reduction in vehicle growth rate

13. Mr Chairman, Sir, congestion is a function of both vehicle usage and vehicle population. Since the introduction of the Certificate of Entitlement (COE) system in 1990, we have kept the vehicle population growth rate at 3 per cent per annum. Last year, we announced in the LTMP that we would lower it to 1.5 per cent from Quota Year 2009 (QY09) onwards. At 1.5 per cent, it is still higher than our road growth going ahead, which is about 0.5 per cent per annum.

14. Dr Lam asked if it is sustainable for vehicle growth to surpass road growth. Mr Foo and Mr Seah Kian Peng asked if LTA would consider a lower growth rate of one per cent from QY09 as the economy has worsened and COE prices have fallen. Mr Seah asked me the same thing last year. I think the point I made last year remains valid. In the longer-term, I agree that we may have to reduce the vehicle growth rate further. However, it is also important, when making changes, to do so gradually so that people have sufficient time to adjust. We have implemented quite significant changes to improve our public transport system and to manage road use, and we are not finished yet. It will take time for the impact of these changes to take effect and for people to adjust. As we have already taken the step to halve the vehicle population growth rate to 1.5 per cent for the next 3 years, we should only do a review after some time to see if a further reduction is required. On Mr Seah's suggestion that the severity of the economic downturn is another reason to review the growth rate now, my view is that the vehicle population growth rate should not be dependent on prevailing economic conditions which are volatile and unconnected to long term factors like the pace of road construction, public transport improvements and progress in

road management technology. These fundamental factors are critical in determining the sustainable vehicle population growth rate. Nevertheless, we will certainly consider all the suggestions from Members when we do our next review.

15. Hence, for the quota year 2009 which begins in May 2009, LTA will be issuing a total COE quota of 83,789. This is about 24 per cent less than QY08.

16. Part of this quota is to allow the vehicle population to grow by 1.5 per cent. The bulk is to replace vehicles that LTA anticipates will be deregistered this year. Some have pointed out that our vehicle growth rate in the last few years has exceeded the 3 per cent annual growth rate. The reason why this has happened, is because the number of vehicles deregistered actually turned out quite differently from the numbers projected when we worked out the COE quotas for the respective years.

17. This is not to say that the COE system does not work. It does, because any errors in projection are always corrected in the current or subsequent years. Since the COE system was introduced in 1990, our vehicle population has grown at a Compound Annual Growth Rate (CAGR) of about 3 per cent as intended. The COE system has therefore been effective in keeping the growth of the vehicle population within the prescribed growth rate on a long-term basis.

18. However, I think that there is scope to review how we project COEs to replace vehicles that are deregistered, as suggested by Mr Foo, to see if the methodology can be improved to more closely match the COE quotas released for the year with the actual number of vehicle de-registrations. It will improve the responsiveness of the system, but there will, however, be trade-offs, such as more uncertainty over the quota released. Hence, LTA will consult the motor vehicle industry as part of its review.

Improvements to Off-Peak Car (OPC) Scheme

19. Mr Foo asked if the Government will consider making Off-Peak-Cars (OPCs) more attractive to motorists. I think he also made the same point last year. So this year, I shall not disappoint him.

20. OPCs have been with us since 1994. In fact, we started off with the Weekend Car Scheme in 1991. In the last few years, the OPC scheme has been gaining popularity. At the end of 2005, there were only about 5,000 OPCs. Today, we have about 42,000 OPCs, an eight-fold increase over a 3-year period. They currently make up about 7.7 per cent of the car population.

21. The OPC scheme is something we should encourage. It provides an alternative and a lower-cost means for people to own cars, and as its name suggests, helps to alleviate peak hour congestion on our roads. Those who own OPCs will tell you that they do not use their cars on a daily basis to commute to

work during the restricted hours. They either make use of public transport or they plan their schedule to avoid the restricted hours. This fits into our overall objectives to better manage traffic congestion on our roads, particularly during the peak periods, and help to moderate ERP charges.

22. Hence, we will study how we can make the OPC scheme more attractive and convenient to motorists, to encourage more car owners to opt into the scheme. We have received numerous feedback from OPC owners, such as the limited outlets where the OPC day licences can be purchased; the cost and risk of holding a large stack of OPC day licences, the problem of paper licences running out; allowing OPCs to be used freely on Saturdays; and the feedback from normal car owners that it is not attractive to convert their cars to OPCs because one has to wait until the car is de-registered before the full OPC benefits can be realised.

23. So, for a start, we have identified three areas to look into. First, LTA will review how to make it more convenient for motorists to purchase the OPC day licences. LTA is studying how to implement an electronic licence scheme to replace the current paper licences. LTA will be holding focus group discussions with some OPC owners to seek their views on this. Second, we will study the feasibility of giving cash rebates for those who convert their existing cars to OPCs, which will be more attractive than the conversion scheme today where the cash is only paid out when the car is deregistered. Lastly, we will relook into the restricted hours for OPCs, in particular, the Saturday restrictions, with some corresponding adjustments to the tax concessions of the OPC scheme.

24. Mr Chairman Sir, let me conclude by saying that this is a time of significant change for land transport. We aim to keep our city “liveable”, by improving public transport and managing excessive road usage. I have touched on the many initiatives we have implemented or will carry out to achieve this overarching goal. But whether we succeed or fail is not determined by Government policies alone. It is ultimately determined by the decision of each and every Singaporean, every time he or she steps out of the house. Every day, millions of Singaporeans ask the same question when making a particular trip: “Should I hop onto a bus or train, or should I drive the car?” If out of every 5 car trips, 1 is taken on public transport, then indeed we are on the way to success.

25. I am encouraged by letters such as this one, written by Mdm Doris Chan. Mdm Chan lives in the Shunfu area, and used to commute by car to her office on Beach Road. But since the middle of last year, she has switched to public transport. She wrote to LTA recently, noting the improvements to public transport which is faster now and with the higher transfer rebate, more attractive. She also says,

“I don’t have to worry about traffic jams, steering the car or avoiding other vehicles which is stressful. I don’t need to worry about how to ‘escape’ ERP gantries, or what amount to pay. On the bus, I can just relax, look

out the window and enjoy the scenery. I now get to see things in my neighbourhood that I used to miss before – new buildings, friends walking along the road. And best of all, walking to the bus stop and MRT station is good exercise, and reduces my weight!”

26. I hope that there will be more people like Mdm Chan.