



STATEMENT OF POLICY

by the International Road Federation

“Public Private Partnerships in Traffic Enforcement”

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In most countries traffic enforcement cameras and other equipment are purchased, owned, and operated by government organizations. The past two decades have seen a wide-ranging wave of privatizations and introduction of public private partnerships (PPP) in formerly government-owned or controlled activities, including traffic enforcement. Implementing this concept requires a set of principles and good practices presented in this IRF policy statement.

An Effective Automated Traffic Enforcement PPP Model needs at a minimum these basic elements:

- *A study to identify the intersections or road sections that have a history of injuries or fatalities with the goal to improve road safety at these sites. The study should confirm that alternative road safety countermeasures have been considered and evaluated before the decision to install cameras is made.*
- *A private party, either a supplier or a third party who is willing to supply the cameras at no up-front charge to the public party, which could be a municipality, county, state, or nation, and provide a service to issue tickets and collect fines.*
- *The private party agrees to recover its investment over time by receiving a negotiated percentage of the fines revenue with a “capped” or maximum monthly or annual payment to the private party established between the public and private party. This cap should not prevent the private party from issuing tickets after this cap is reached, which means a reasonable per ticket fee only to cover the private party’s additional costs should continue after reaching this cap.*
- *No citations may be issued unless an authorized official has verified the offense after viewing the image or video of the incident.*
- *An independent third party must be hired to approve, routinely inspect, verify and calibrate each camera and the processes to confirm the intended performances.*
- *A clearly publicized campaign that promises that all revenue above the private parties’ (camera supplier and operator as well as the third party hired to audit the cameras and processes on an annual basis) agreed to expenses that is generated from fines will be reinvested only in road safety related projects.*

Appendix 1:

Public Private Partnerships in Traffic Enforcement

Abstract

In most countries traffic enforcement cameras and other equipment are purchased, owned, and operated by government organisations. Back-offices, where violation data are processed, citations issued, and traffic fines collected, have traditionally been government run activities. The past two decades have seen a wide-ranging wave of privatisations and introduction of public private partnerships (PPP) in formerly government owned or controlled activities, including traffic enforcement. Implementing this concept means that not a government body, but rather a private party invests and installs enforcement equipment (e.g. speed or red-light cameras). Back office processing (i.e. sending out violation notices and fine collection) is also often carried out by a private party. The investment in systems and related processing and support activities are funded by the fine revenue collected over the contract term. Gaining support, and ultimately acceptance, from the public for these projects is crucial. That is why transparency, publicity and communication are key factors for successful implementation. Therefore, some jurisdictions also elect to subcontract 'publicity and communication' to private parties. A government task or service that is funded and operated through a partnership of a public sector authority and private sector company is typically referred to as a Public Private Partnership (PPP).

These full service PPPs are often organised on a municipal level in close consultation with the local administration and police. Due to the high initial investment and gradual repayment, such PPP's are typically based on longer term contracts. Moreover, the regulatory environment may require some changes to allow involvement of a private party. One process that is difficult to outsource is the formal confirmation of a violation by a review of the photo or video evidence. This can only be done by an authorised government official such as a police officer. Depending on laws and regulations, there could be more issues that may limit the extent of the private party's involvement in these PPP's.

When properly implemented, PPP's in traffic enforcement can considerably contribute to the reduction of casualties, injuries and crashes, as well as, improve traffic flow, and increase quality of life with more safety, lower emissions and less noise pollution. In addition to road safety measures, personal injury and death on roadways have a significant impact on the economy through medical costs, lost wages and disability pay outs. These costs are estimated by the WHO to be 1 – 3% of a country's GNP.

I. Introduction

Traffic enforcement cameras and related equipment are typically purchased, owned and operated by government organisations. Back-offices, where violation data are processed, citations issued and traffic fines collected, have traditionally been government run, as well. Why should cash strapped governments invest in such systems if private parties, specializing in these businesses, can do it better, with more flexibility and at lower costs? Would a Public Private Partnership (PPP) arrangement for traffic enforcement with local governments/police make sense? The same applies to back office processing of violations where considerable economies of scale can be realised. If there is no precedent in enforcement by private parties, some regulatory changes may be required to allow involvement by private parties. How such enforcement PPPs organised and what are the advantages and potential bottlenecks?

A proposed model for an effective Traffic Enforcement PPP should at a minimum include the following elements:

- 1) A study to identify the intersections or road sections that have a history of injuries or fatalities with the goal to improve road safety at these sites, as well as confirmation that alternative road safety countermeasures have been considered and evaluated before the decision to install cameras was made.
- 2) A private party willing to supply the cameras at no up-front charge to the public party, which could be a municipality, county, state, or nation.
- 3) An agreement that the private party will recover its investment over time with a “capped” or maximum monthly or annual payment to the private party established between the public and private party. This payment will include the private party’s overhead, investment costs, and reasonable profit for the venture. This cap should not prevent the private party from issuing tickets after this cap is reached, which means a reasonable per ticket fee only to cover the private party’s additional overhead costs should continue beyond this cap. The purpose of this cap is to curtail potential tampering and bogus tickets that create unwarranted revenues.
- 4) An understanding that no citation will be issued unless an authorised official has verified the offense after viewing the image or video of the incident.
- 5) An independent third party that is hired to routinely, but at least once a year, verify, calibrate and inspect the cameras and the processes to verify their intended performances.
- 6) A clearly publicized campaign that promises that all revenue above the private parties’ agreed to expenses that is generated from fines will be reinvested by the public parties in road safety related projects and/or e.g. in children’s education projects.
- 7) Unforeseen and mutually agreed to costs in connection with the PPP such as legal cost, vandalism, etc. to be defined and covered as overhead costs.

- 8) Yellow light cycles should be based on engineering studies, best practices and consultations with local authorities that take into account variables such as the size and layout of the intersection as well as the prevailing speed limit at the crossing.
- 9) Pedestrian countdown timers could be installed at all intersections with cameras. These timers give the motorists a good indication of how much time they have before the light will change. This will allow the motorists to adjust their speeds and should reduce the number of sudden stops prior to the intersection.

II. Concept and scope

The scope of the enforcement process starts with the violation registration and could end in court. However, in most cases, it is settled early with the payment of a fine and/or penalty points on a driver's license. For PPPs in traffic enforcement, the registration component of this process is covered by the procurement and installation of enforcement cameras by a private party. This private party could also be a consortium consisting of e.g. a financier, back office operator and hardware supplier or BPO (Business Process Outsourcing) organisation that sees managing such processes as its core business. When the registered violations are digitally transferred to a back office, the scope can vary. Certain legal restrictions may apply e.g. the confirmation of a violation by a sworn officer or official. Technically, however, private parties can handle the entire back-office process including the collection of fines and preparation of court documents for overdue or contesting violators. However, depending on the wishes of the authorities, the private - public 'cut' can be made at any practical point in the back office process.

An essential issue with any enforcement activity and especially with PPPs is the motto: 'No enforcement without publicity'. Every authority should deal with this issue before the enforcement programme is started, and preferably at the time when enforcement plans are made public by the authority in question. The key issue with publicity is transparency toward the public such as 1) where and why the authorities are implementing the enforcement activities at certain locations, 2) what the results are, 3) what happens to the fine revenue, and 4) what is the (financial) role of the private party. A large part of this publicity can be carried out by the private party on behalf of the local authorities.

III. Organization

The two public parties, the political authority and the enforcement authority, need to have a basic agreement before any private parties can be invited into the process. The police are keenly aware of the trouble spots in the road network, which have seen serious crashes in recent years. Besides cameras, and depending on the situation, other road safety measures may also be effective, such as reduced speed limits, speed humps, electronic speed displays, and publicity campaigns. Often traffic engineers, employed by the local jurisdiction, handle such decisions. On the political side, road safety needs to be viewed as serious issue. If not, projects will falter, especially contentious projects, such as PPP's in enforcement. The objectives should always be improvements in road safety, saving lives, and improving the quality of life.

A public party that implements a PPP enforcement program with a financial objective based on fine revenue from the enforcement PPP will soon face the wrath of the public, who will see the PPP enforcement program as a revenue-generating program and not a road safety program. As such, the PPP enforcement program will be very likely to fail. All surplus fine revenue received by the public parties beyond the "capped or/and agreed upon" fees for the private party should be reinvested in road safety related or children's education projects by the public parties. This mechanism keeps the whole process transparent and clean.

It is also important that the private party is operating in the background and that most interaction with the public is taking place on behalf of the authorities. For example, citations would be sent out on the letterhead of the responsible authority. The PPP parties also need to agree upon a well-defined process on how to deal with unpaid fines and challenges that may need legal action.

IV. Transparency and publicity

As mentioned, transparency and publicity are key requirements for successful PPPs in traffic enforcement. This starts with the initial political discussions on how to improve road safety. But also applies to the type approval and annual verification of the cameras by an independent party not related to the PPP. In some countries e.g. the United States such parties may not exist. Violators should be able to see their violation photo and data on-line and should also have access to the type approval and annual verification certificates for the cameras that registered their violation. For example, it should also be made very clear to any violator 1) what the violation process includes, 2) what happens in case of late payment, 3) which laws apply and which rights the violator has, 4) where fine revenues will be reinvested, 5) how challenges can be made, and 6) why enforcement is taking place at that particular location.

Residents have to understand the background and benefits of enforcement and need to be continuously informed about the results in terms of reduced casualties, injuries, and crashes as well as better quality of life due to increased road safety, improved mobility, and less noise and pollution. This prevents drivers and residents from perceiving such enforcement PPPs as simply tax or revenue generation programmes. The scope of this publicity task could even be expanded to a more holistic road safety responsibility which also includes other aspects e.g. prevention of alcohol and drug use while operating a vehicle, infrastructural road safety improvements - all financed with fines paid by violators.

Being transparent and communicating about the entire enforcement process serves several purposes. It encourages early payments, and reduces (costly) challenges, and prevents the enforcement PPP from being seen as a cash cow for the authorities, or even worse for the private party. For efficiency and credibility, legal procedures resulting from challenges to citations should remain at an absolute minimum. Publicity for the road safety objectives, integrity of enforcement equipment and transparency of back-office processes towards violators, drivers and the public are required to create and maintain public support in traffic enforcement PPP programmes.

V. Challenges and opportunities

A potential challenge with enforcement PPPs is the fact that residents, drivers, politicians, administrators, and the police may be reluctant to see a former government task that involves fines, punishment and potential profits in the hands of a private party. Politicians and administrators may fear a political backlash. The police could be reluctant to cede with part of their enforcement task. Residents and drivers may see fines as an additional tax and unjust profits for a private party. Discussion, transparency and publicity should neutralise most of these concerns.

On the other hand there are many advantages to enforcement PPPs. Enforcement equipment and back offices are capital intensive and expensive to operate for cash strapped governments. Back-office staff, overhead, funds, police, and other resources involved in enforcement can be used for other relevant projects. Economies of scale can be obtained, such as by working with a common back-office for multiple jurisdictions, specialist management, and operators, processing of other violations (e.g. parking), and use of the latest equipment and software applications with a predictable long-term cost structure. Governments can benefit from flexibility, competition and market pricing as operators can be changed at the end of the contact term. Moreover, in jurisdictions with police integrity issues, better operational and accounting transparency can be realised.

A funding structure whereby the private party is paid an unlimited fixed fee for each citation issued is contentious and politically sensitive. A fixed monthly fee per camera might not be ideal; since, there is no incentive for a private party to process tickets and collect fines over the monthly fee. Depending on the circumstances, the best system may be a fixed 'basic fee' per collected fine for the private party up to a certain maximum fee limit per camera, and over this limit a relatively lower 'surplus fee' per collected fine. This allows the private party to cover variable cost while maintaining the incentive to continue to issue tickets. The surplus fee also provides the public party with more revenue per collected fine and thus benefits public acceptance.

Public parties should also consider all potential legal, administrative, and operational bottlenecks prior to implementation. Governments and/or the police should have the right to relocate a certain number of

cameras during the contact term should road safety objectives be achieved at certain camera locations. Further, they should also maintain control over other road safety enhancements. Crash statistics and speed profiles at locations where cameras are removed should be actively monitored for pre/post comparisons, evaluation purposes and corrective actions. Government authorised or independent parties (e.g. notified bodies) should be used for type approval and calibration. This prevents tampering and gives the court an impartial yardstick should violations be legally challenged. Private parties often have experience with these issues and could consult on these issues. Fine levels and other disincentives (e.g. penalty points) should be set at levels that they are viewed as a just, balanced and effective deterrent by drivers. Other key issues include e.g. 1) KPI selection to measure performance, road safety effects and a related bonus-malus system, and 2) Rights of each party (government, public, police, private parties) including extent of business risk, integrity of the private party and operational on/off control over camera's.

Automated traffic enforcement PPPs can be an effective road safety measure provided certain conditions are met, especially if government budgets are tight or if there is no administrative experience with automated enforcement.

Due to unique national, state and local legislation and conditions for each enforcement PPP, there is no one size fits all solution. Other activities besides enforcement including education and engineering initiatives should also be considered. For governments the main challenge is to balance the following interests which converge in these PPP projects: road safety, public acceptance and the business interests of private parties. The key to success is a strong focus on road safety improvement and saving lives, transparency in the various PPP processes, and ample on-going publicity about the objectives and results of the enforcement programme.

Further reading:

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