



Report of the State Comptroller of Israel | November 2024

Ministry of Transportation and
Road Safety

Operation of Toll Roads



Operation of Toll Roads

Background

The transportation sector is one of the key economic sectors in the economy, and its development is essential for the efficient functioning of a modern and growing economy. Therefore, its advancement and improvement serve as a critical lever for economic growth, urban and regional development, enhancement of safety standards, improvement of citizens' quality of life, amelioration of environmental conditions, and even reduction of economic and social disparities.

The investment required for establishing transportation infrastructure is substantial and competes with numerous other needs funded by the state budget. One method of addressing budgetary limitations in the development of transportation infrastructure is the Public-Private Partnership (PPP) model. This approach involves various models of collaboration between the public and private sectors in order to carry out public projects.

One such model under PPP is the BOT model (Build-Operate-Transfer). According to this model, a public entity enters into a long-term concession agreement with a private sector operator who assumes responsibility for financing, designing, constructing, operating, and maintaining the public infrastructure. In return, the private operator is granted the right to collect fees from the facility's users. At the end of the agreement period, the facility is transferred to the public entity at no cost.

In Israel, there are three toll roads developed under the BOT model: the Carmel Tunnels, Highway 6, and the Fast Lane.



Key Figures

4 private concessionaires

operate the three toll roads. Two concessionaires operate Highway 6 – one for the central section and the other for the northern section; a single concessionaire operates the Carmel Tunnels, while another manages the Fast Lane

NIS 9.75 billion

Construction costs of the toll roads by the private concessionaires. According to data from the Accountant General's Office, the construction costs for the toll roads are as follows: Highway 6 (central section) – NIS 5.5 billion; Highway 6 (northern section) – NIS 2.5 billion; Carmel Tunnels – NIS 1.25 billion; Fast Lane – NIS 0.5 billion

**Approx.
207.5 km**

The total length of toll roads in Israel out of more than 8,500 km of roads in Israel: Highway 6 (northern, central, and (non-toll) southern) – 188 km; Carmel Tunnels – 6.5 km; Fast Lane – 13 km

36–50 km/h

The average speed measured on certain sections of Highway 6 during peak morning hours, and 47 km/h in the afternoon, where the maximum speed permitted is 120 km/h

**Approx.
273%**

The cumulative growth rate of traffic on the central section of Highway 6 between 2003 and 2019. Until 2017, the annual average growth rate was approximately 8.8%, but it decreased to 4.6% starting in 2017, primarily due to drivers shifting to off-peak hours as a result of the increasing number of hours during the day with traffic congestion and the decline in average travel speeds

70% decrease in average travel speed

The expected change in 2030 on Highway 6 in the section between Baka and Nitzanei Oz compared to the current situation without the expansion of Highway 6. Across other examined sections of Highway 6, the expected reductions in average speed vary, ranging from 70% to 51% in three segments, and from 72% to 45% in three others

390 NIS million


The estimated national economic benefit in 2030 from expanding Highway 6 and building the Beit Nehemia interchange as a regular road amounts to NIS 260 million when operated as a high-occupancy lane (HOV)

NIS 15.22 and NIS 11.01

The toll rates in Section 18 of Highway 6 in the central section, for occasional users and video subscribers respectively, compared to 9.27 and 7.94 NIS in Highway 6 North for occasional users and video subscribers respectively – a difference of 64.2% and 38.6% for occasional users and video subscribers respectively, despite the geographical proximity and similar topography



Audit Actions

 From August 2023 to April 2024, the State Comptroller's Office examined the operation of toll roads in Israel, the level of service provided on these roads, oversight by the Trans-Israel Highway Company as the regulatory authority over concessionaires, and the actions taken by the Trans-Israel Highway Company and the state regarding the Highway 6 expansion project. The audit was conducted at the Trans-Israel Highway Company, the Ministry of Transportation and Road Safety, and the Ministry of Finance.

Key Findings



Examining the Desirability of the PPP Model Versus Government-Funded Road Construction


As of 2024, there are three toll roads in Israel, with a total length of approximately 207.5 km, out of about 8,500 km of roads nationwide. In the years 2019–2023, under the contractual safety net arrangements, while the state received NIS 111 million and NIS 85 million from the central section concessionaire of Highway 6 and the Carmel Tunnels concessionaire, respectively, it paid out NIS 390 million and NIS 170 million to the northern section concessionaire of Highway 6 and the Fast Lane concessionaire. After offsetting the revenues, the state ended up paying out approximately NIS 363 million to the concessionaires under the safety net criteria over these years. However, the audit revealed that the Ministry of Transportation and the Ministry of Finance did not conduct a retrospective analysis of the overall economic desirability of the PPP road construction model compared to state-funded road construction. Nor did they evaluate the benefits of the toll road projects or assess whether their intended goals in terms of overall profitability and service quality were achieved. This analysis would include comparing the initially estimated economic desirability at the time of decision-making to the actual results, while taking into account changes to the original concession agreements, financial compensation required by the state to ensure project continuation, state payments to concessionaires under the contractual safety net mechanism, toll rates set for users, and other payments stipulated within the context of addendums made to the concession agreements.



Traffic Congestion on Highway 6 in the Central Section – Data from the transportation consultant for the Ministry of Transportation and Trans-Israel Highway Company revealed that, in November 2019, there was moderate-to-high traffic congestion southbound from 5:00 to 9:00 AM between the Iron Interchange and Nachshonim, and from 2:00 to 7:00 PM between the Horshim Interchange and



Nachshonim. Northbound congestion occurred from 7:00 to 9:00 AM between the Ben Shemen Interchange and the Kesem Interchange and from 2:00 to 7:00 PM between the Ben Shemen Interchange and Nitzanei Oz. The transportation consultant's data indicated that, without expanding Highway 6, the average travel speed on the road would steeply decline relative to current conditions. By 2030, the average speed in three segments from Iron to Nitzanei Oz is projected to drop between 30–45 km/h, a decrease of 51–70%, while in the three segments from Nitzanei Oz to Horshim, the speed is expected to fall between 14–30 km/h, a decline of 18–57%. Further projections show that by 2040, the average speed in the segments from Iron to Nitzanei Oz would drop between 30–63 km/h, a decrease of 70–72%, and in the remaining three segments between 35–38 km/h, a decrease of 45–72%. These findings, presented to the Inter-Ministerial Tender Committee for Transportation Concession Projects¹, highlighted that during morning peak hours, speeds in certain segments drop to 50 km/h and even 36 km/h, while in the afternoon, speeds fall to 47 km/h, significantly below the maximum speed limit of 120 km/h. The road fails to perform as expected for a highway designed for high service levels. According to Trans-Israel Highway Company calculations presented to the Tender Committee, the annual loss from not implementing the expansion by 2030 is estimated at approximately NIS 390 million without a high-occupancy vehicle lane² (HOV lane) and NIS 260 million with an HOV lane. It was found that studies and discussions within the Tender Committee regarding the Highway 6 expansion, which culminated in August 2022 in a third amendment to the concession agreement to extend the highway by 2028, only began in 2020 despite the heavy congestion that started years earlier. The State Comptroller had already warned the Ministry of Transportation, the Ministry of Finance, and the Trans-Israel Highway Company about the congestion.

 **The Disparity in Toll Rates Between the Central and Northern Sections of Highway 6** – toll rates on toll roads are determined, among other things, by the cost of construction, operation, and maintenance of the projects, as well as the level of state funding invested in them. According to the law, regulations, and concession agreement, and with the approval of the regulatory authority, the toll for private vehicles with a PassCal subscription on the central section of Highway 6 (for three or more segments, excluding Segment 18 (between the Iron Interchange and Ein Tut Interchange) ranges from NIS 13.97 to NIS 23.8. For occasional users, the toll ranges from NIS 22.39 to NIS 31.71 (62.4% to 73.4% of the toll for occasional users). Including Segment 18, the toll for PassCal subscribers ranges from NIS 20.77 to NIS 30.08, compared to NIS 29.19 to NIS 38.50 for occasional users (71.2% to 78.1% of the occasional user rate). In contrast, subscribers to Highway 6 North do not receive a discount on the base toll compared to

¹ An inter-ministerial committee chaired by a senior deputy to the Accountant General, including representatives from the Accountant General's Office, the Budget Department, the Ministry of Transportation, Inbal Insurance Company, and the Trans-Israel Highway Company.

² A lane permitting, according to the Ministry of Transportation's policy, the travel of private vehicles only if a minimum number of passengers (including the driver) is present. The minimum number can range from 2+ (driver and one passenger), 3+ (driver and two passengers), or even 4+ passengers or more.



occasional users. The average toll per segment in the central section of Highway 6 is significantly higher than that of Highway 6 North: for private vehicles, the toll is NIS 2.82 and NIS 2.30 higher for occasional users and video subscribers, respectively (60.1% and 57.9%, respectively). Segment 18 tolls in the central section of Highway 6 are NIS 5.95 and NIS 3.07 higher for occasional users and video subscribers, respectively, compared to the tolls on Highway 6 North (64.2% and 38.6%, respectively), despite the geographical proximity and similar topography of these road segments. This variability in toll rates between Highway 6 North and Segment 18, as well as between the average toll per segment in the northern and central sections of Highway 6, and their lack of clarity, may cause confusion among users, particularly occasional users, making it difficult for them to decide whether using the various road segments is worthwhile. The audit found that the Ministry of Transportation and the Ministry of Finance had not considered the possibility of standardizing and simplifying toll rates on toll roads, including by adjusting state funding levels for the different projects.

Toll Structure on the Central Section of Highway 6 – despite increasing congestion on the road, the Ministry of Transportation, the Ministry of Finance, and Trans-Israel Highway Ltd. have not collaborated with the concessionaire to modify the toll structure for private vehicles on the central section of Highway 6, as stipulated in the original concession agreement. A revised toll structure could establish a link between toll rates and service levels by implementing a differential tolling system. Such a system would encourage drivers to shift travel from peak hours to off-peak hours and incentivize the concessionaire to maintain service levels consistent with those expected of a highway. This approach could reduce congestion and improve service quality, similar to the model employed on the Fast Lane, where dynamic pricing increases as congestion rises, ensuring an average speed of 70 km/h.

Expansion of Highway 6 in the Central Section – following the last expansion in 2014, the concessionaire fulfilled its obligations regarding road expansion. However, the concessionaire has no commitment to future expansions under the concession agreement unless implemented through a change directive. Consequently, any additional expansion is not part of the original concession agreement signed in 1998 and requires specific planning and preparations. These include designing the expansion and determining its scope, estimating the costs of the expansion project, deciding on the implementing party, and setting a timeline.

Maintenance of Highway 6 South – unlike other sections of Highway 6 maintained by concessionaires, maintenance work on Highway 6 South is carried out by Netivei Israel (NATI) according to a maintenance plan and prioritization based on a government-approved budget. A discrepancy was identified between the required funding, calculated according to the maintenance model developed by NATI (NIS 2.4 billion annually), and the actual allocated and executed budget – NIS 1.4 billion as of 2023. As a result, some of the road maintenance is not performed at the required standard defined by Netivei's



maintenance model. Consequently, Highway 6 South is not maintained at the same level as the central section of Highway 6, where a toll is charged.

👎 Economic Desirability of Operating the Expansion Lane as a High-Occupancy Vehicle Lane (HOV Lane) – the Highway 6 expansion project includes adding a fourth lane in both directions between the Kesem Interchange and the Iron Interchange, adding a third lane in both directions between the Iron Interchange and the Ein Tut Interchange, and upgrading the Beit Nehemia Interchange. The decision by the Inter-Ministerial Tender Committee in March 2021 to designate the new lane as an HOV lane from the day it opens was found to lack economic desirability. Based on data from the traffic consultant, the national economic benefit in 2030 without the HOV lane is estimated at NIS 390 million, compared to NIS 260 million with the HOV lane – a difference of NIS 130 million. The data also indicates that operating the lane as an HOV lane would only become economically viable starting in 2040. A technological risk related to the implementation of the HOV lane was identified, as no technological system capable of distinguishing between HOV lane users exempt from tolls and those required to pay had been developed at the time of the committee's discussion. Additionally, the discussion highlighted uncertainty about how the new lane would be operated if the passenger-counting system failed to meet its targets. Specifically, there is no clear plan for whether the lane would immediately be converted into a standard lane, which would increase the concessionaire's revenue and could affect the concession period. Leaving the issue of the HOV lane's passenger-counting system unresolved with the concessionaire creates a potential for disputes that could delay project progress, jeopardize public service, and diminish the benefits expected by the state from the project.

👎 Examination of Highway 6 Operation After the Concession Period – The concession period for Derech Eretz is expected to be extended by three additional years, until 2032, due to the Highway 6 expansion project. It was found that despite a statement by a representative of the Budget Department in the Tender Committee in March 2021 that toll collection would cease at the end of the concession period in 2032, as of the beginning of the audit in August 2023, no discussions had taken place within Trans-Israel, the Ministry of Transportation, or the Ministry of Finance regarding the operation of Highway 6 after the concession period ends. Only after the audit began did Trans-Israel and the Ministry of Transportation start examining four alternatives for the operation of Highway 6 after the concession period: operation and maintenance by the state, toll-free; maintenance by a concessionaire for a periodic fee, toll-free; operation and maintenance by a concessionaire with differential toll collection to regulate traffic; operation and maintenance by a concessionaire with toll collection for developing projects aimed at improving user benefits.

👎 Base Fare for Travel in the Carmel Tunnels – The base fare for the Carmel Tunnels has increased in real terms since their opening in December 2010 – private vehicles by NIS 4.39 (a 65.3% increase); public transportation vehicles by NIS 13.29 (a 66.3%



increase); trucks by NIS 21.95 (a 65.3% increase). This is despite the reduction in the toll rate and the implementation of the discount stipulated in the December 2017 addendum to the concession agreement, which was funded by the state in the amount of hundreds of millions of shekels. The real increase stems from adjustments tied to the Consumer Price Index (CPI) and three fare updates during the first eight years of tunnel operation, which raised the base fare from NIS 5 to NIS 8 (a 60% increase). Combined with CPI adjustments, the total increase exceeded the fare reduction and discounts introduced in 2017 by approximately 65%. Data from Trans-Israel indicate that more than 95% of tunnel users drive private vehicles, with around 11% being occasional users. Round-trip users pay NIS 40.60 per day for two segments and NIS 893.32 per month (based on 22 days at the subscriber rate), representing a significant expense that may deter potential users from using the tunnels. According to Trans-Israel, peak-hour capacity utilization in the tunnels ranges between 70% and 77%, leaving an unused capacity of 23% to 30% during peak hours. This surplus capacity may be attributable to the real increase in toll fares. In a September 2015 report by a traffic consultant for Trans-Israel, it was recommended to modify the toll structure in order to regulate tunnel traffic between peak and off-peak hours, enable better utilization of the tunnels, provide advantages for regular users, and increase trips by medium-frequency users by 30%. A more recent study from January 2023 confirmed that the toll remains a major barrier to increased tunnel use. The fare of NIS 3.2 per kilometer for subscribers is perceived as expensive, even when compared to other toll roads in Israel: Trans North - NIS 0.4–1.2 per kilometer; segment 18 of Highway 6 - NIS 0.44 per kilometer; Highway 6 overall - up to NIS 0.7 per kilometer.

Assessment of the Necessity for Additional Shuttle Routes in Employment Hubs Within the Tel Aviv Metropolitan Area

– It was found that the additional shuttle route from the Fast Lane parking lot to the Rothschild area in Tel Aviv was determined by Trans-Israel based on a survey conducted in February 2018 by a traffic and survey consultant. However, no further systematic surveys have been conducted as of April 2024. Additionally, Trans-Israel is not specialized in conducting surveys or determining routes and destinations for bus and shuttle lines, and the examination focused solely on the Rothschild shuttle without assessing the necessity of additional shuttle routes to other employment hubs within the Tel Aviv metropolitan area. It was also found that the concession agreement stipulated that the concessionaire is required to add only one additional shuttle route. The possibility of needing to operate additional routes in the future, considering developments, future needs, population growth, the operation of the light rail, and other factors, was not accounted for, except through a potential modification to the existing concession agreement, which would require negotiations with the concessionaire. Moreover, as of June 2024, Trans-Israel lacks ongoing information regarding the occupancy rates of the shuttles.

The Level of Service Provided to the Public by the Concessionaires

– Trans-Israel Highway Company, as the supervising authority, conducted covert user surveys at the customer service centers of the concessionaires for the central section of Highway



6, Highway 6 North, and the Carmel Tunnels. Additionally, the Trans-Israel Highway Company conducted a passenger survey among users of the shuttles on the Fast Lane. The following are findings from the surveys conducted by Trans-Israel Highway Company:


- **Customer Service for the Central Section of Highway 6** – According to a covert user survey conducted by Trans-Israel from May to July 2022, the average and median wait times for a customer service representative at the call center of Derech Eretz, which operates the central section of Highway 6, were 3:40 minutes and 3:11 minutes, respectively. In 15 cases, the wait time exceeded seven minutes. In a letter sent in October 2022 to the concessionaire's CEO, the average wait times for each day of the week (Sunday through Friday) were presented. However, the distribution of wait times for the 200 calls made during the survey was not included. Such data could indicate how many calls had wait times exceeding seven minutes, how many had wait times between six and seven minutes, etc., which would allow for the calculation of the percentage of calls with the longest wait times. Additionally, the letter did not specify the maximum acceptable wait time required of the concessionaire to reach a human representative. It was also found that the concession agreement between the state and the concessionaire does not define a maximum wait time.
- **Customer Service at the Carmel Tunnels** – A survey found that in 2023, the average response time for a service representative increased by 44 seconds compared to 2018, from 1:26 minutes to 2:10 minutes, and by 48 seconds compared to 2021, from 1:22 minutes to 2:10 minutes. Additionally, in 2023, the percentage of callers waiting for a response for more than two minutes was approximately 69%, compared to 16% in 2018 and 4% in 2021, respectively. The findings indicate that in 2023, the level of service declined compared to 2018, as evidenced by a 51% increase in the average response time and a significant rise in the percentage of callers waiting for more than two minutes, from 16% in 2018 to 69% in 2023.
- **Shuttle Service from the Fast Lane Parking Lot** – According to a passenger survey conducted by the Trans-Israel Company in 2023 among shuttle users from the Fast Lane parking lot, it was found that the daily passenger rate had significantly decreased compared to previous years. There was a 34% decline in the average daily number of passengers compared to 2016, and the percentage of users utilizing the service daily dropped by over 50% to 14%. Since 2015, a downward trend in shuttle usage has been observed, particularly on the shuttle line to the Kirya in Tel Aviv, where daily usage declined from 1,239 to 760 passengers between 6:30 AM and 9:30 AM (a decrease of approximately 39%). On the shuttle line to the Diamond Exchange District (Bursa), usage declined from 823 passengers per day in 2015 to 327 passengers per day in 2020 during the same hours (a decrease of




approximately 60%). However, from 2020 to 2023, usage on this line increased from 327 to 525 passengers per day (an increase of approximately 61%). Despite this growth, the current usage level is still 298 passengers lower (approximately 36%) than in 2015, during the hours of 6:30 AM to 9:30 AM. In the survey, approximately half of the passengers provided general comments, mainly emphasizing the need to add stops (particularly due to the temporary closure of the HaShalom Station for construction) and to include real-time shuttle location and arrival time updates in the mobile application.

Handling Claims of Drivers who Filed Appeals Against Billing Notices

- **Claims of Non-Receipt of Billing Notices by Mail** – Most appellants argued before the appeals committees that they had not received the billing notice by mail. On the central section of Highway 6, the number of such claims increased from 399 in 2020 to 500 in 2023 (a rise of approximately 25.3%), and their proportion of total appeals grew from approximately 60.2% in 2020 to approximately 77.9% in 2023. On the northern section of Highway 6, the number of appeals tripled between 2020 and 2022, rising from 296 to 896 appeals (an increase of approximately 203%). However, in 2023, the number of appeals decreased to 595 (a drop of approximately 33.5%), though this still represents an increase of approximately 101% compared to 2020.
- **Unresolved Appeals** – It was found that since 2021, the number of unresolved open appeals for each toll road has been on the rise, increasing from 88 cases to 475 cases - an increase of approximately 440% (more than fivefold). Additionally, according to the records of the Appeals Committees Secretariat managed by the supervising authority, the Appeals Committee for the Fast Lane has not operated since March 2021 due to the lack of appointment of a chairperson and a public representative. The Appeals Committee for the Carmel Tunnels has not operated since July 2023 due to the absence of a chairperson, while the Appeals Committee for Highway 6 North did not operate for about eight months in 2022 for the same reason.

 **Debt Collection** – The concessionaires employed various methods to collect debts from drivers, including opening legal enforcement cases for debts of only a few shekels, which could swell to hundreds of shekels. In August 2022, a relief agreement was signed between the state and the Highway 6 central section concessionaire. Under this agreement, for low debts, the concessionaire may open enforcement cases only 30 days after notifying the debtors and only upon receiving confirmation that the debtor received the billing notice. However, this relief agreement applies exclusively to debtors of the Highway 6 central section concessionaire and not to other toll road concessionaires, where a small debt of 10 NIS can grow to 500 or even 600 NIS.









 **Evaluating Lessons Learned** – Evaluating the suitability of infrastructure projects, including toll roads, for the PPP model requires significant experience and knowledge from state decision-makers across numerous fields. Due to the complexity of these projects, as well as their operation and ongoing management, decision-makers must undertake thorough and structured processes in order to draw lessons, formulate actionable recommendations, and implement them in future projects. This is essential for improving the tender preparation process and ensuring effective project execution. The audit found no documentation at the Ministry of Finance or the Ministry of Transportation indicating that lessons learned sessions or drawing of conclusions were conducted from existing projects in order to inform future endeavors.



Risk Allocation in the Highway 6 Expansion (Sections 14–18) – The State Comptroller commends the proper risk allocation between the concessionaire and the state, as well as the risk mitigation measures employed in the Highway 6 expansion project for sections 14–18. These achievements are attributed, in part, to the extensive experience of Trans-Israel as the supervising authority in managing such projects and to its stable and experienced management team, which underscores the importance of managerial continuity and institutional memory.



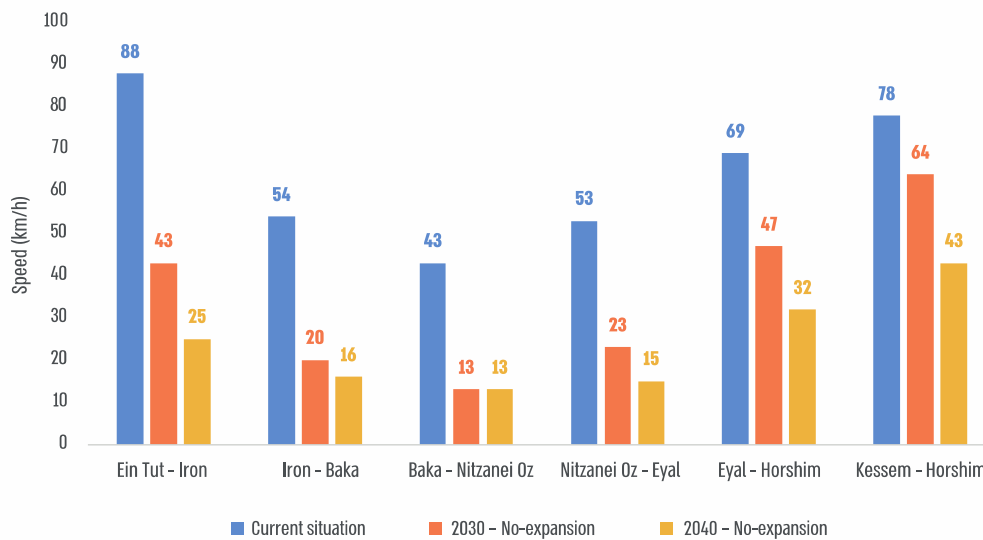
Key Recommendations

-  It is recommended that the Ministry of Transportation and the Ministry of Finance, in collaboration with Trans-Israel, analyze the actual economic benefit of roads previously constructed using the PPP model compared to roads funded through the state budget. This analysis should take into account eight transportation projects currently in various stages of development under the PPP model and aim to organize and consolidate knowledge in this field within government ministries and Trans-Israel to better prepare for similar projects in the future. It is also recommended that Trans-Israel, the Ministry of Transportation, and the Ministry of Finance document lessons learned sessions in order to preserve institutional knowledge and ensure continuity among state entities managing these projects. This documentation should support improved preparation for similar tenders in the future and ensure that correctable lessons are implemented during the execution of ongoing projects.
-  Given the increasing traffic congestion and declining service levels on the road, it is recommended that the Ministry of Transportation, the Ministry of Finance, and Trans-Israel continuously monitor vehicle traffic, travel speeds, and other parameters in order to identify vulnerabilities affecting service levels. These entities should work to implement optimal solutions to these issues as quickly as possible.
-  It is recommended that Trans-Israel, the Ministry of Transportation, and the Ministry of Finance work to complete the expansion of Highway 6 by the set deadline in order to prevent ongoing harm to commuters and the national economy. They should rigorously monitor the completion of the competitive process for selecting contractors and ensure that the execution of construction work adheres to established quality standards.
-  It is further recommended that the Ministry of Transportation, the Ministry of Finance, and Trans-Israel thoroughly examine the issue of HOV (High-Occupancy Vehicle) lanes, taking into account all related aspects, including the effectiveness of HOV lanes and their impact on traffic; the desirability and timelines for implementing an HOV network; and extension of the concession period.
-  Additionally, it is recommended that Trans-Israel, the Ministry of Transportation, and the Ministry of Finance explore the possibility of unifying and simplifying the method for setting toll rates. This would prevent significant discrepancies in toll rates across different road sections, enhance transparency, and enable drivers to make better-informed decisions. This recommendation is particularly relevant in anticipation of the addition of new concessionaires with the planned extensions of Highway 6.
-  It is recommended that the Ministry of Transportation, Trans-Israel, and the Ministry of Finance work to formulate a differential toll structure for private vehicles that aligns with the level of service provided on Highway 6 and reduces traffic congestion. An agreement with the concessionaire should be reached in advance, prior to the completion of the



expansion, so that a differential toll structure aligned with the level of service can be implemented immediately upon the project's completion. Additionally, it is recommended to establish a unified toll collection system that facilitates ease of use for drivers, while taking into account various considerations, including an oversight mechanism to prevent monopolistic practices and avoid confusion among users, especially regarding Highway 6, in light of the potential for multiple concessionaires in the future.

The Average Travel Speed on Highway 6 During Peak Morning Hours Heading South in a No-Expansion Scenario



Source: Trans-Israel Ltd.



Summary

The transportation sector is one of the key economic sectors in the economy, closely interconnected with other industries. Therefore, its development and improvement serve as a critical lever for economic growth, urban and regional development, and enhancing safety, benefiting the country's citizens. One way to address state budget constraints in the development of transportation infrastructure is through public-private partnerships in implementing public projects under the BOT (Build-Operate-Transfer) model. Trans-Israel Ltd. is a wholly-owned government company established in March 1993 to promote the construction of Highway 6 using the BOT method. It serves as the oversight authority for Highway 6, which is operated by two private concessionaires, as well as for the Carmel Tunnels and the Fast Lane, both of which were also developed under the BOT model.

The State Comptroller's Office recommends that the Ministry of Transportation, the Ministry of Finance, and Trans-Israel Ltd. evaluate and draw lessons-learned and document such deliberations to preserve organizational knowledge. Additionally, they should analyze the actual economic desirability and benefit of roads previously constructed using the PPP method compared to roads funded by the state budget, in order to prepare appropriately for similar projects in the future. It is further recommended to continuously monitor traffic congestion, vehicle movement, travel speed, and other parameters, and implement optimal solutions to address these issues as quickly as possible. The State Comptroller's Office also recommends completing the expansion of Highway 6 within the set timeline in order to prevent ongoing harm to passengers and the national economy, as well as examining the HOV (High-Occupancy Vehicle) lanes, including their effectiveness, impact on traffic, economic benefit, and timeline for establishing an HOV network, as well as extending the concession period. Moreover, it is recommended to evaluate the claim that the Integrated Transportation Projects Procedure procedure does not fully assess the economic benefits of public transportation lanes compared to private vehicle lanes, and update it if necessary. The State Comptroller's Office further recommends that Trans-Israel Ltd., the Ministry of Transportation, and the Ministry of Finance consider establishing a uniform, consistent, and stable fare structure linked to vehicle type, subscription type, and travel distance to prevent significant fare discrepancies and provide passengers with transparency for better decision-making. This is especially important given the anticipated addition of concessionaires following Highway 6 extensions. Finally, they should develop a differential fare structure for private vehicles aligned with the level of service provided on Highway 6, thereby reducing congestion. An agreement with the concessionaire should be reached in advance, prior to the completion of the expansion, and thus ensure the implementation of a service-based differential fare structure once the expansion is complete.

