



Motoring Towards 2050

Transport Policies in the approach to the 2010 General Election

Stephen Glaister
Director RAC Foundation

Birmingham Chamber of Commerce 31 March 2010



Some principles

Rail and road face the SAME problems

They should be treated:

together

consistently and even-handedly

It is not “public transport versus roads”!

You've got to do the sums!



This is NOT an attack on railways
or on High speed railways!

It is a plea for balance and for solutions to the
real problems ...

... within the available funding

The problems are:

Capacity and crowding in the face of
economic recovery
population growth

UK pop 61.4m rise to 71.6m by 2033

Public expenditure



Some background facts

Rail carries 7% of passenger miles
(heavily concentrated in the London area)

Bus 6%,

Air 1%

Car 86%

Similar for freight tonne-miles



Some background facts

Rail costs the Exchequer £5 to £6 billion pa

Railway budgets currently in severe difficulty because of the recession (in advance of the public spending crisis!)

Road taxes net of expenditures on roads contribute over £25 billion pa to Exchequer



Some background facts

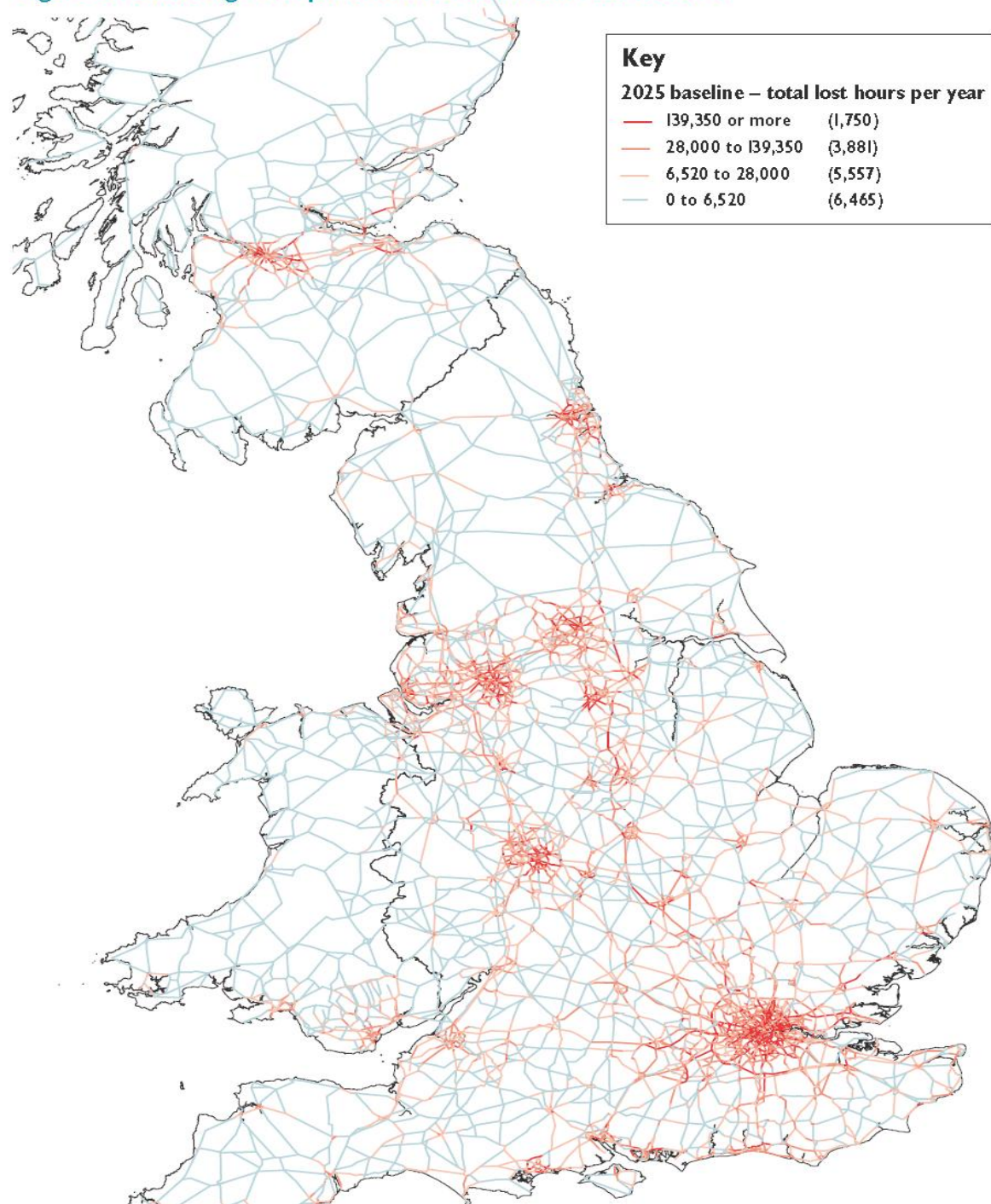
National policy discussion refers to the Highways Agency Network.

But HA only has 20% of major road network.
Other principal A roads are with local authorities.

HA only directly funds Motorways and A14
RDAs provide the funding for the remainder

Road
congestion
extends far
beyond the HA
network!

Figure 3.1: 2025 congestion patterns on Great Britain road network



Source: Eddington Review



Policy must be realistic about public funds!

How to spend **reducing** public funds most effectively?

The economics and politics of rail pricing mean that rail schemes will usually **increase** public funding

But we can improve roads **and reduce** public funding?



Funding vs social benefit

There is a fundamental difference between:

“this will generate benefits greater than the costs”

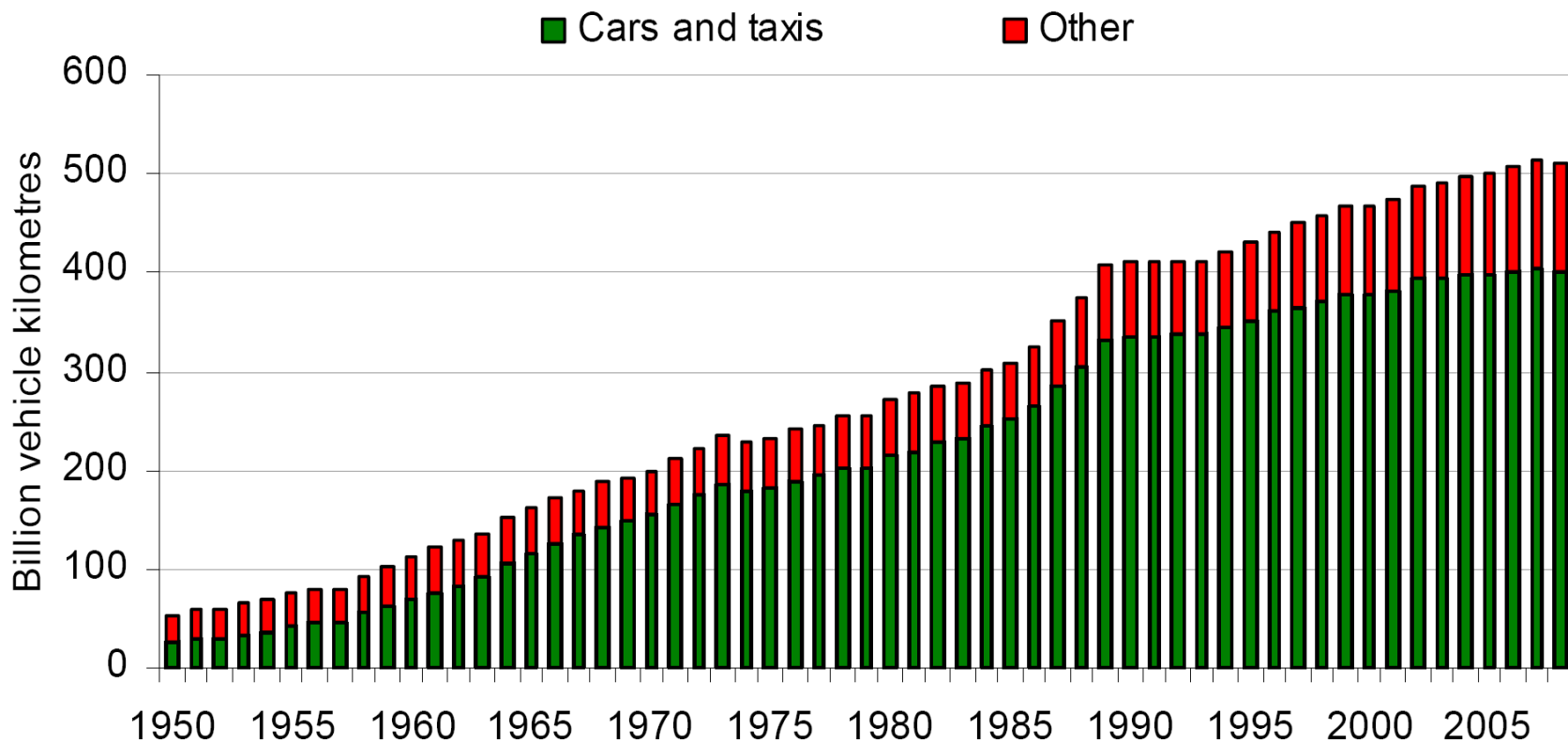
“this will not increase the demands on the taxpayer”

E. g. “... study after study shows that over time high speed rail will pay for itself.” (Ms Villiers, 12 January 2010)

Past road traffic growth

(source: Road Statistics 2008, DfT)

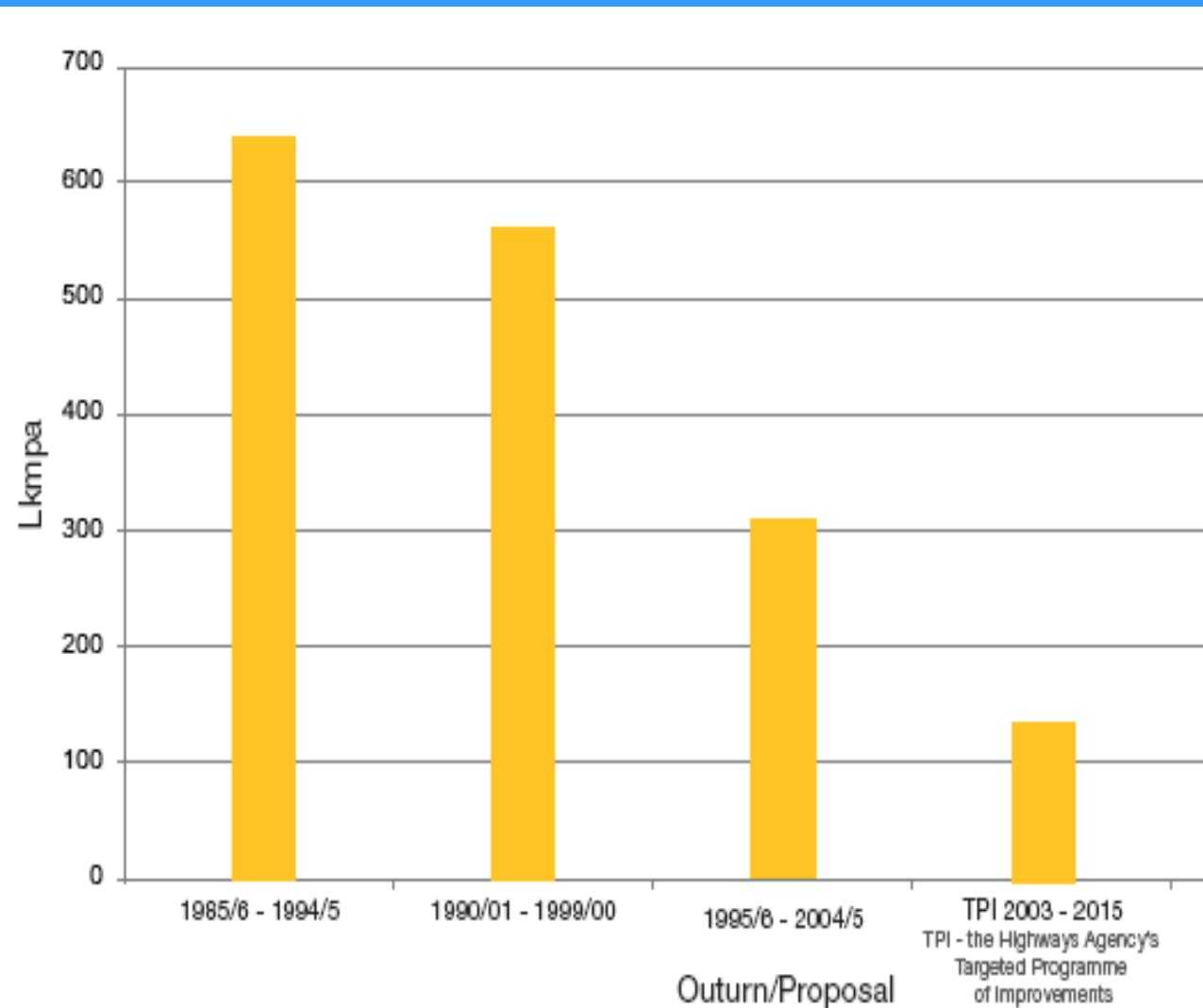
Figure 2.1 - All motor vehicle traffic, Great Britain: 1950 to 2008



Effects of fluctuations in economic activity
are visible

Effects of transport policies are not!

Why congestion has got worse in the past



Provision of
new
strategic
roads



Eddington: Productivity, Stability and Growth

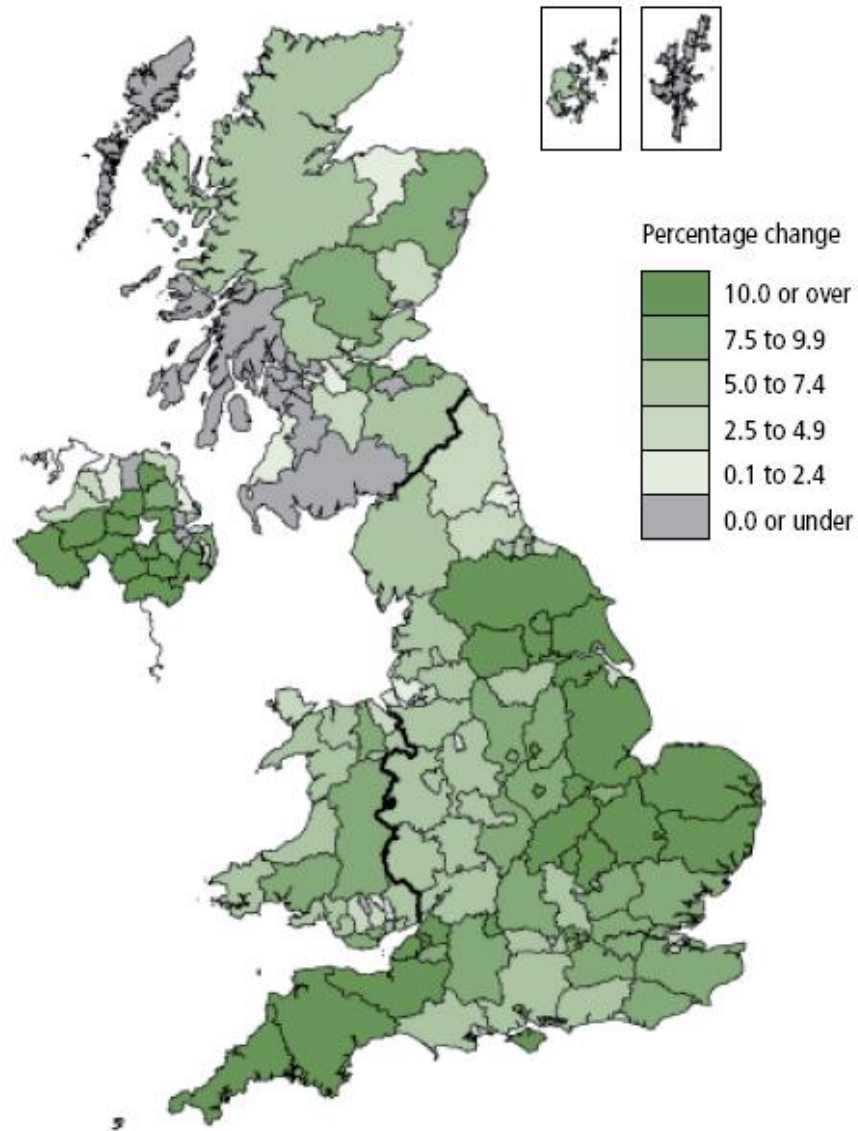
The best review we have had of the economic needs of the country

Accepted by Government

“Congestion and lack of capacity is the problem”

Commons Select Committee report, “The Major Road Network”, 30
March 2010:

“Throughout our inquiry, witnesses described congestion on the major road network as the major problem on the roads.”

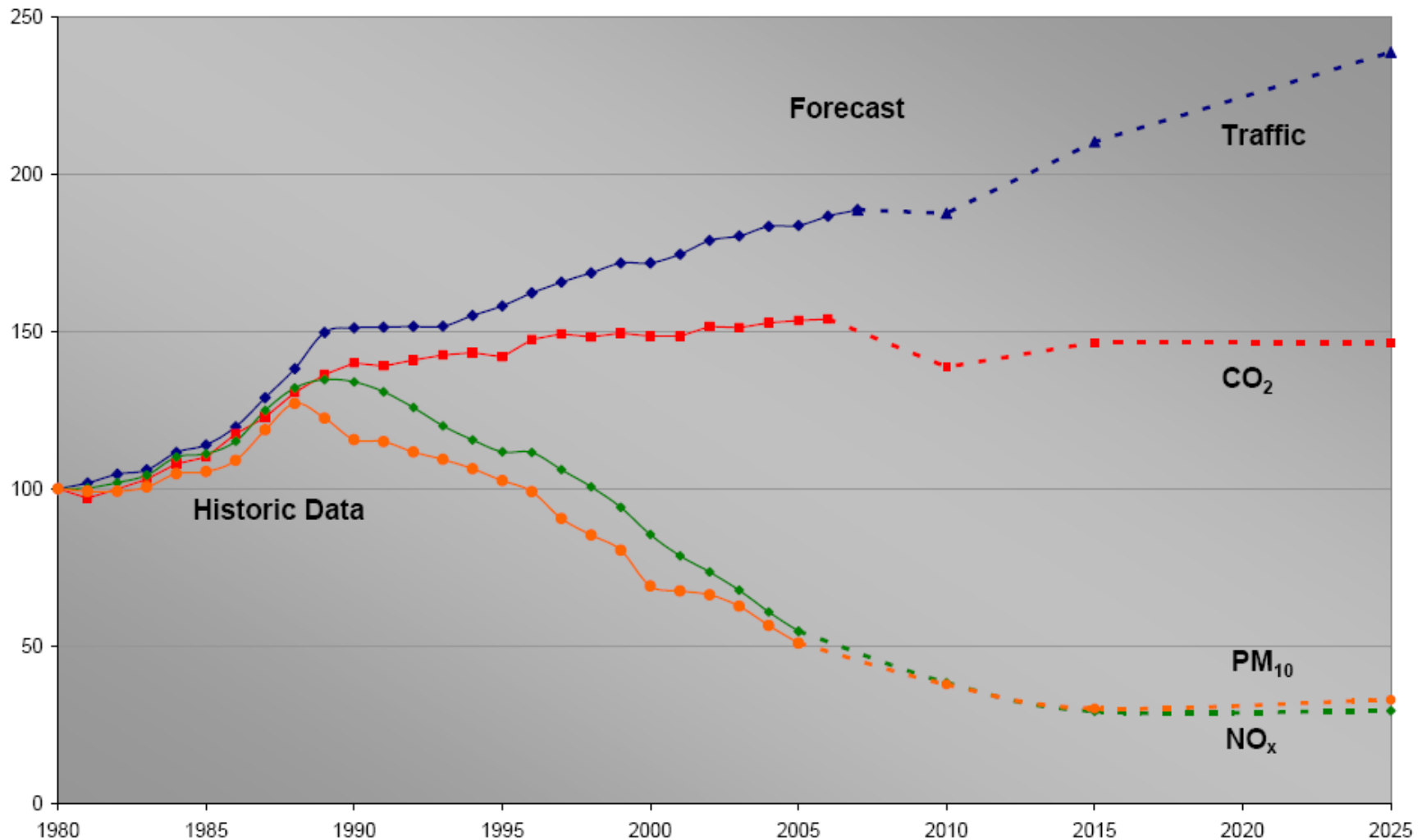


Population growth will make new demands on LOCAL road networks and all other infrastructure

¹ 2006-based sub-national projections. See Glossary.

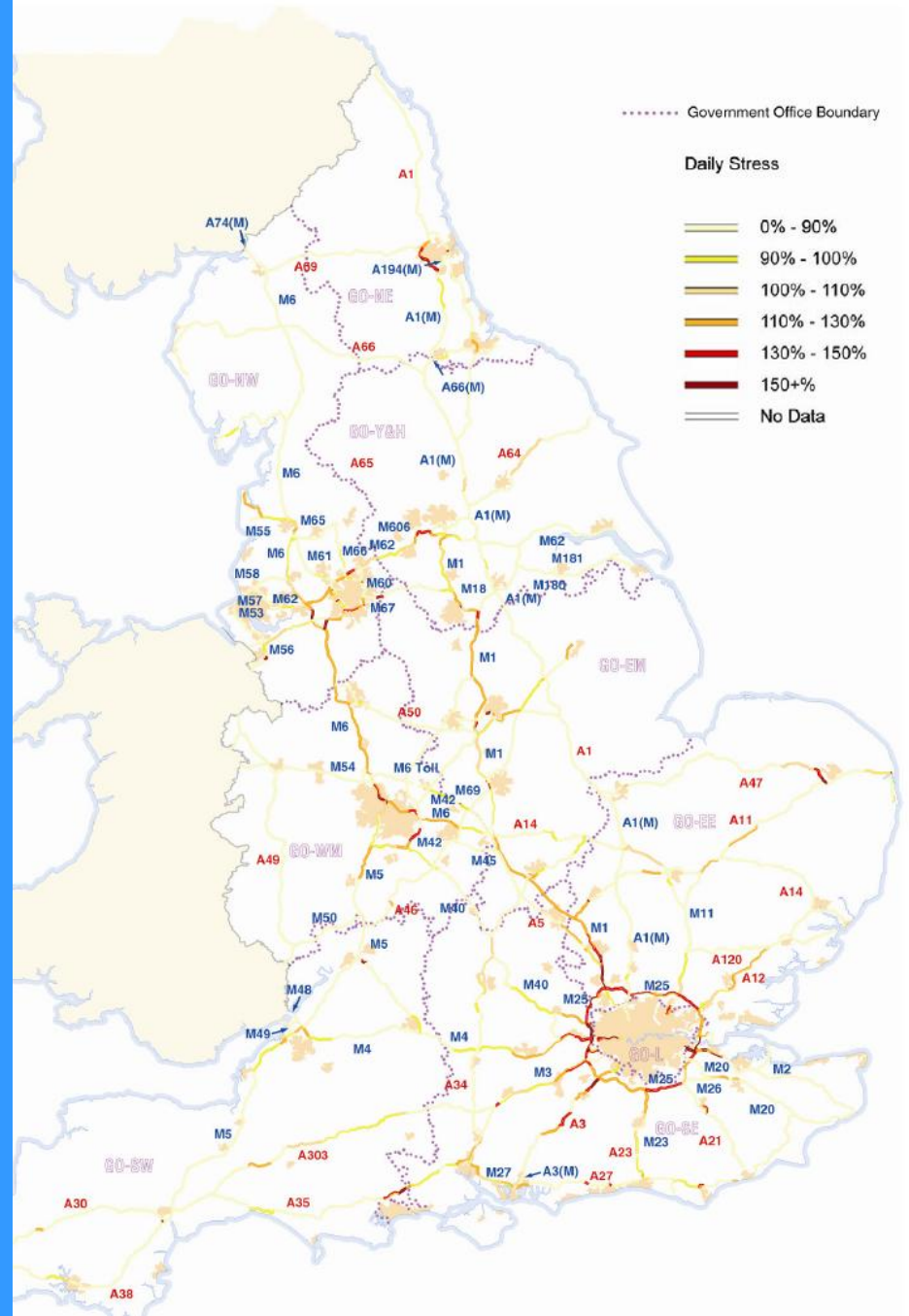
National Traffic Forecast (DfT, 2008)

Figure 1: Road Traffic and Road Transport Emissions, Past and Forecast



Source: Historic traffic data from DfT (2007); Historic emissions data from DECC (2007); forecasts from the NTM

Figure 6.2 Observed Network Stress in 2006



We **know** what is going to happen!

“Stress” on strategic roads 2006

Source:

Highways Agency
“National Network
Report for England,
2008”



Conservative policies

Rail

Reduce fares

Reduce crowding

} implies more capacity, more funding?

Make Network Rail more efficient

Invest heavily in High Speed Rail network



Conservative policies

Road

New road projects only “where ... consistent with a responsible approach to the public finances”.

Abolish the RDAs (they fund 80% of HA network)

Abolish Infrastructure Planning Commission



Labour policies

Issue National Planning Statement on road & rail

Develop Infrastructure UK

Rail

Longer rail franchises

Preserve Network Rail etc (invest ca £3 bn pa public funds)

Invest heavily in a High Speed Rail network



Labour Plans on roads to 2015

January 2009

Road

£6bn investment announced in July 2008 (£1 bn. pa)

Hard shoulder running alternative to motorway widening,

520 additional lane miles to the national strategic road network, of which 340 lane miles through hard shoulder running.

But not enough new capacity for non-Motorways?



Liberal Democrat policies

Rail

Longer rail franchises

Reform governance of Network Rail

Open new lines

Invest heavily in High Speed Rail network

Road

Tax revenue-neutral road pricing and cut roads investment by £1 billion pa to pay for railways.

A policy common to all three parties

Government has published

- HS2 study (independent)
- A policy paper

(they are different!)



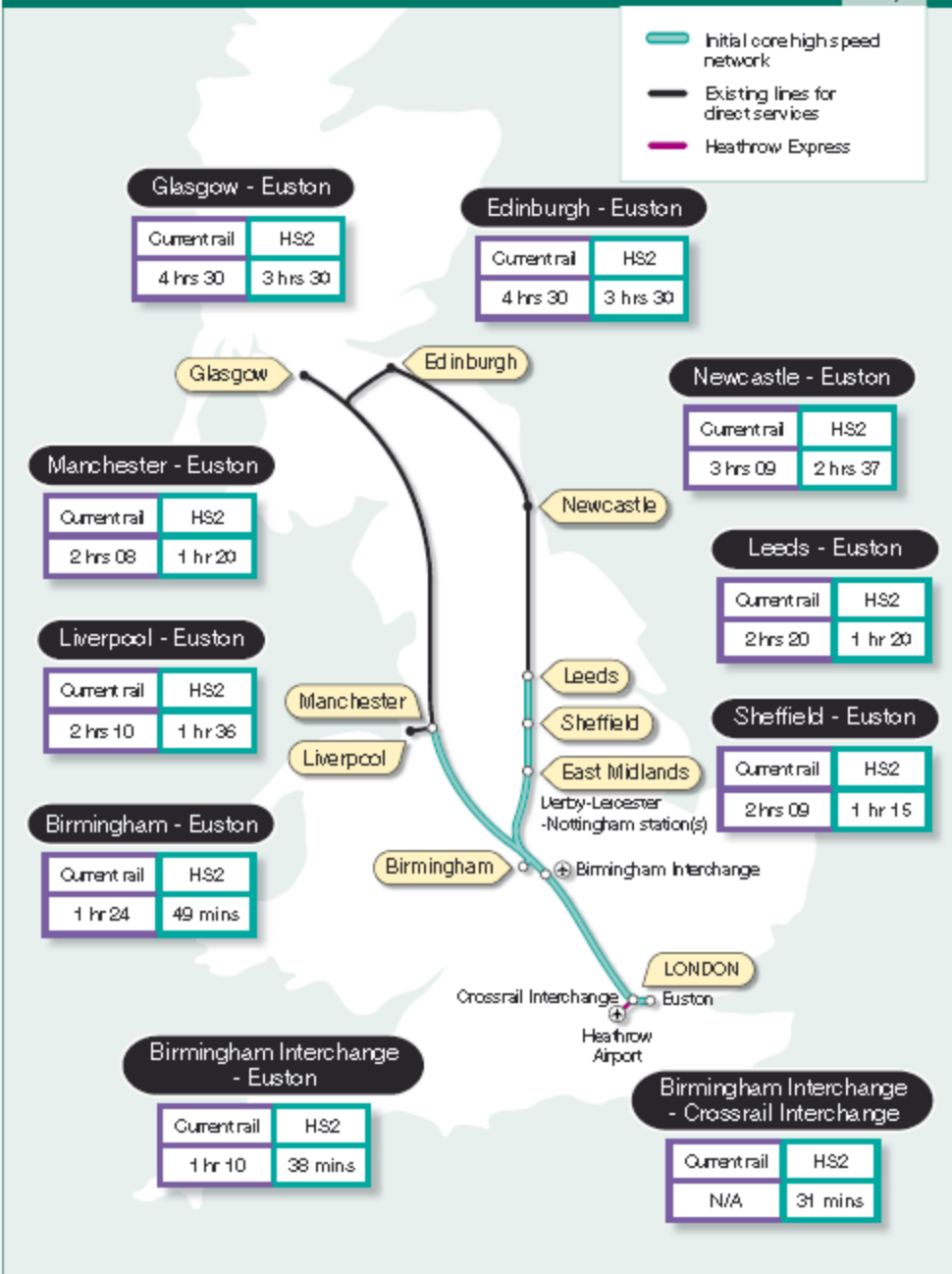
HS2 has only done a careful appraisal
of London-Birmingham
(and then divert onto WCML to Scotland)

No party has yet published a proper study of
a HSR “Network”

Figure 4.2 Journey time savings to and from London

Key

-  Initial core high speed network
-  Existing lines for direct services
-  Heathrow Express



HS2

Quantified Costs and Benefits of HS2 (PV 2009 discount year and prices)			
		Business	Other
(1)	Transport User Benefits	£17.6bn	£11.1bn
(2)	Other Benefits (excl. Carbon)	less than £0.1bn	
(3)	Net Transport Benefits (PVB) = (1) + (2)	£28.7bn	
(4)	Wider Economic Impacts (WEIs)	£3.6bn	
(5)	Net Benefits incl WEIs = (3) + (4)	£32.3bn	
(6)	Capital Costs	£17.8bn	
(7)	Operating Costs	£7.6bn	
(8)	Total Costs = (6) + (7)	£25.5bn	
(9)	Revenues	£15bn	
(10)	Indirect Taxes	-£1.5bn	
(11)	Net Costs to Government (PVC) = (8) - (9) - (10)	£11.9bn	
(12)	NATA BCR = (3)/(11)	2.4	
(13)	BCR with WEIs = (5)/(9)	2.7	

Figure 4.3a Quantified costs and benefits of HS2 (PV 2009 discount year and prices)



Investment good value for money?

Sector	Number of projects	Average Benefit: cost
Highways Agency	93	4.7
Local Road	48	4.2
Local Public Transport	25	1.7
Rail	11	2.8
Light Rail	5	2.1
Walking and Cycling	2	13.6
Total	184	

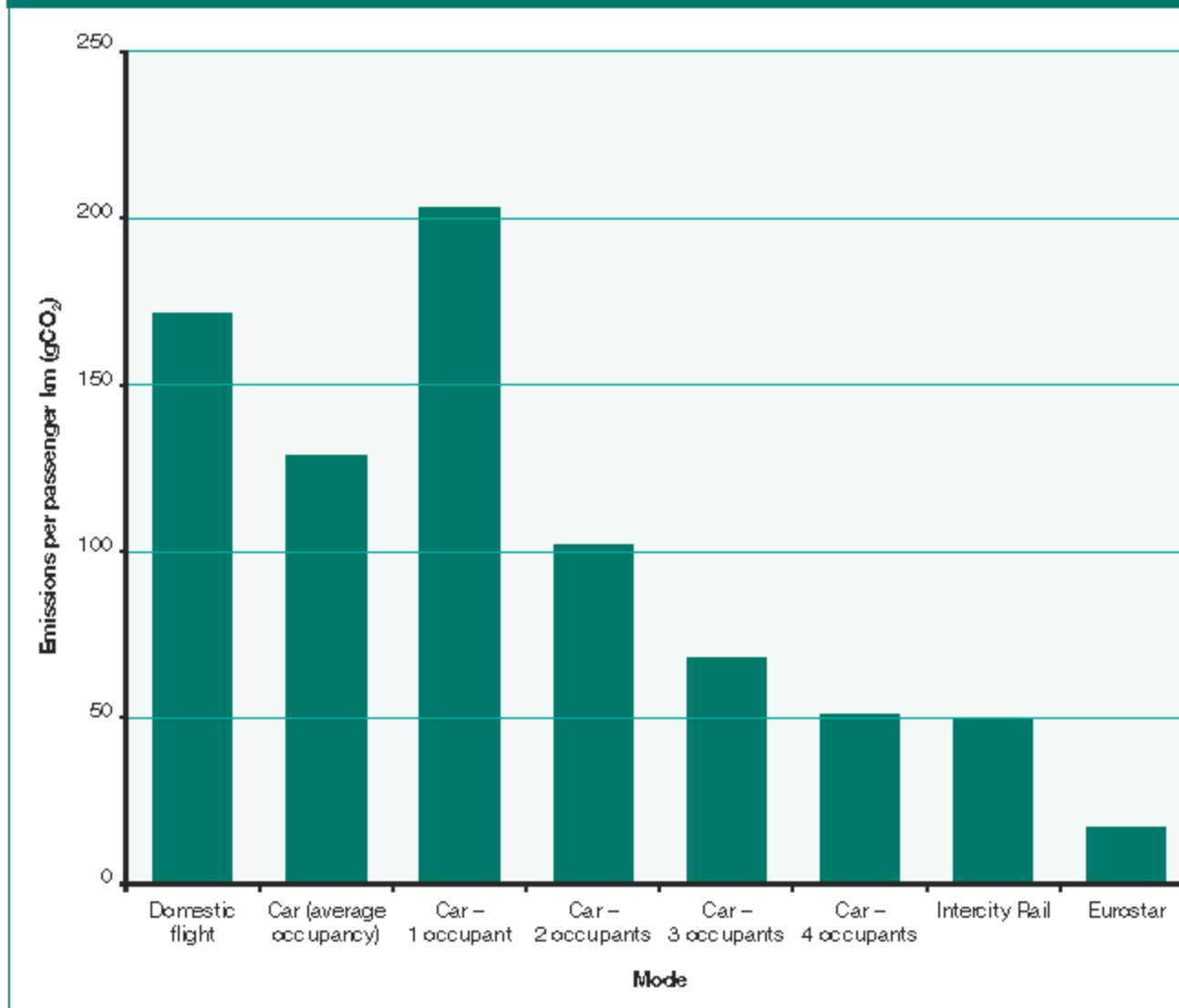
HSR proposals are “predict and provide”

There is nothing wrong with this! ...

... providing it is good value for money
and can be funded

There are many road schemes showing good
value for money: so do those too!

Figure 2.2 Carbon emissions per passenger kilometre by mode of transport³



2.38 All major transport infrastructure projects will have some negative impacts. Any new alignment, whether road or rail, conventional or high speed, will

No dramatic carbon gain from HS2

	Change in CO2 over 60 years (MtCO2)
HS2 Emissions	+19.7 (0 to +26.1)
Other Rail Impacts	-0.9 (-1.3 to +0.5)
Car Mode Shift	-0.2 (-0.5 to 0)
Air Mode Shift	-23.2 (-23.2 to 0)
Total	-4.6 (-25.0 to + 26.6)

Figure 4.2c Impact on carbon emissions following the introduction of HS2



Road Decongestion?

HSR may be a good scheme

But...

It cannot substitute for many road trips which tend to be very short.

Only 7% of car trips exceed 25 miles

(<http://www.dft.gov.uk/about/strategy/transportstrategy/tasts/tastscarbonpathway/pathway.pdf>)



House of Commons Select Committee

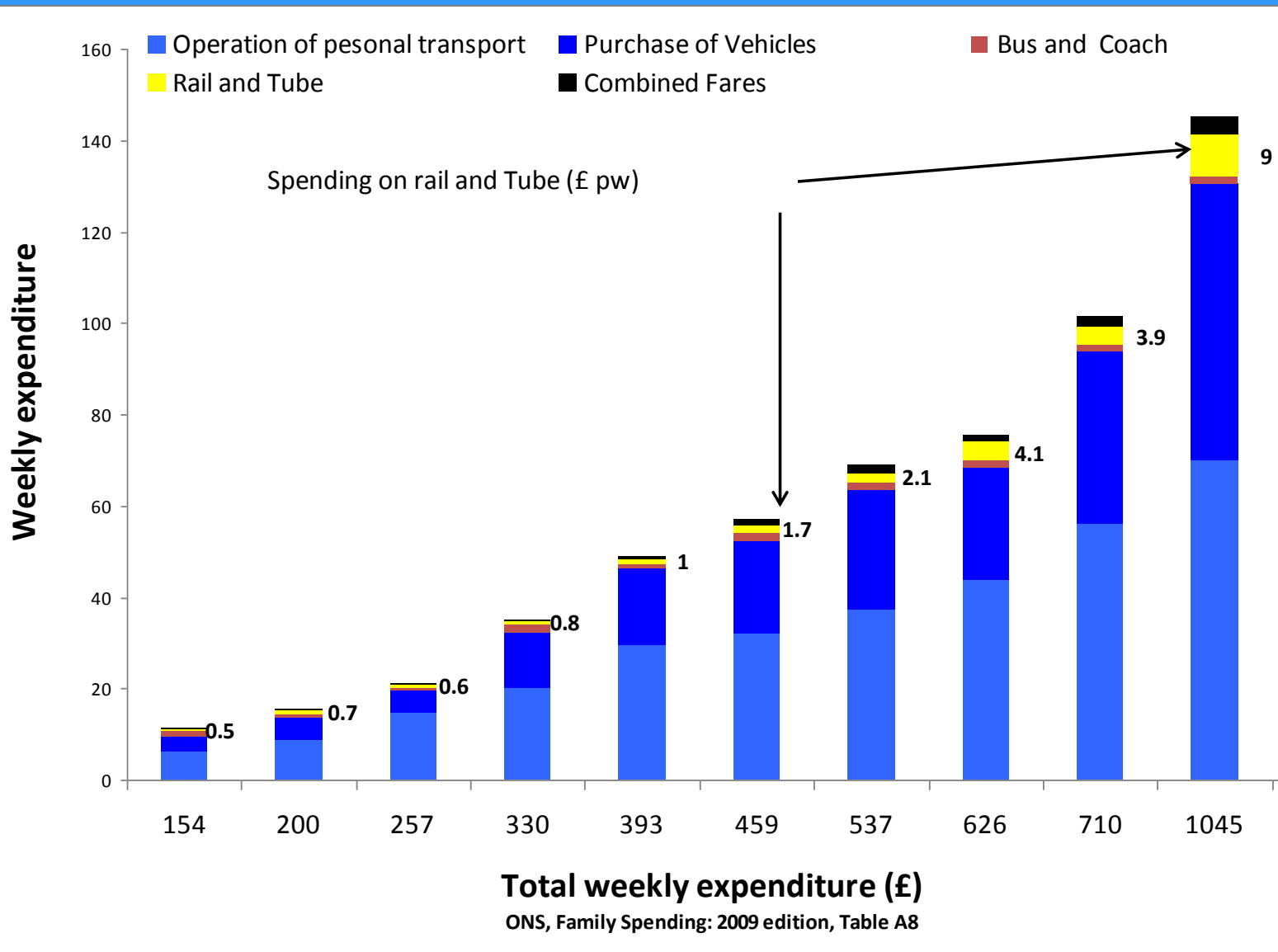
“The Major Road Network”, 30 March 2010.

“It is only a relatively small proportion of journeys on our major roads that could be transferred to rail, let alone high speed rail.”

“The SoS has effectively rejected the main reasoning and arguments in the Eddington report by agreeing to High Speed Two”.

Railways are mainly used by the rich

Family Spending (2008) £ per week



What problems is HSR a solution to?



Reducing carbon emissions?	No
Road congestion	No
Capacity shortages on classic rail?	Yes
Faster journeys to Midlands and Scotland?	Yes
Regional economic development?	No
Helping the poor – “social inclusion”?	No
Public funding deficit	No!



For Rail there is a coherent strategy

High Level Output Specification (HLOS)
Statement of Funds Available (SoFA)



Network Rail to promote railways

Independent Regulator to adjudicate that it all adds up

High Speed Rail proposals should fit within this framework

Beware investing in HSR at the expense of classic rail!

Carbon emissions

On current values

road congestion is a much bigger problem than carbon

Carbon in transport will be reduced by

- Implementation of better technology
- Decarbonising surface transport
- More sensible pricing

Carbon **does not remove the need**
for more road capacity!

“... the major road network is the most important part of the UK’s transport infrastructure. ... it is important not to lose sight of the significance of the major road network.”

House of Commons Select Committee

“The Major Road Network”, 30 March 2010.



We cannot avoid making choices!

“The Government must clarify the basis on which it assesses and allocates funding to infrastructure projects. Mechanisms for allocating funding to transport schemes should be transparent and give greater weight to economic benefit.”

House of Commons Select Committee

“The Major Road Network”, 30 March 2010.

How do we pay for new road capacity?

Increase fuel duty or VED?

Politically difficult?

Why tax an already over-taxed sector?



National Road Charging

NOT essential, but it helps!

A means to manage demand
more efficient use of existing network

A good way of dealing with carbon

A way of generating more funds
in order to enhance the network
safety, management, physical capacity



But it **MUST** be part of a package

Reductions in road taxation

Improvements in road capacity

Changes in institutions to guarantee delivery



Governance reform

Some lessons taken from the other public utilities ?

New and independent authorities could be a useful part of future reform.

We need better measures of quality of service

This would facilitate the necessary rebuilding of trust between accountable bodies and users.

But it must be national



Corporate governance options for roads

More independence for HA?

Public Benefit Corporation or public trust?

Regulated private provider?



Conclusions

Do nothing??

New user charges on selected roads + tax reductions?

Government “HLOS and SoFA” for roads?

Enlarged Highways Agency given [what?] corporate status?

An independent regulator for roads and road safety?



“a well functioning, effective major road network is vital for the UK economy and for meeting the needs of individual road users”

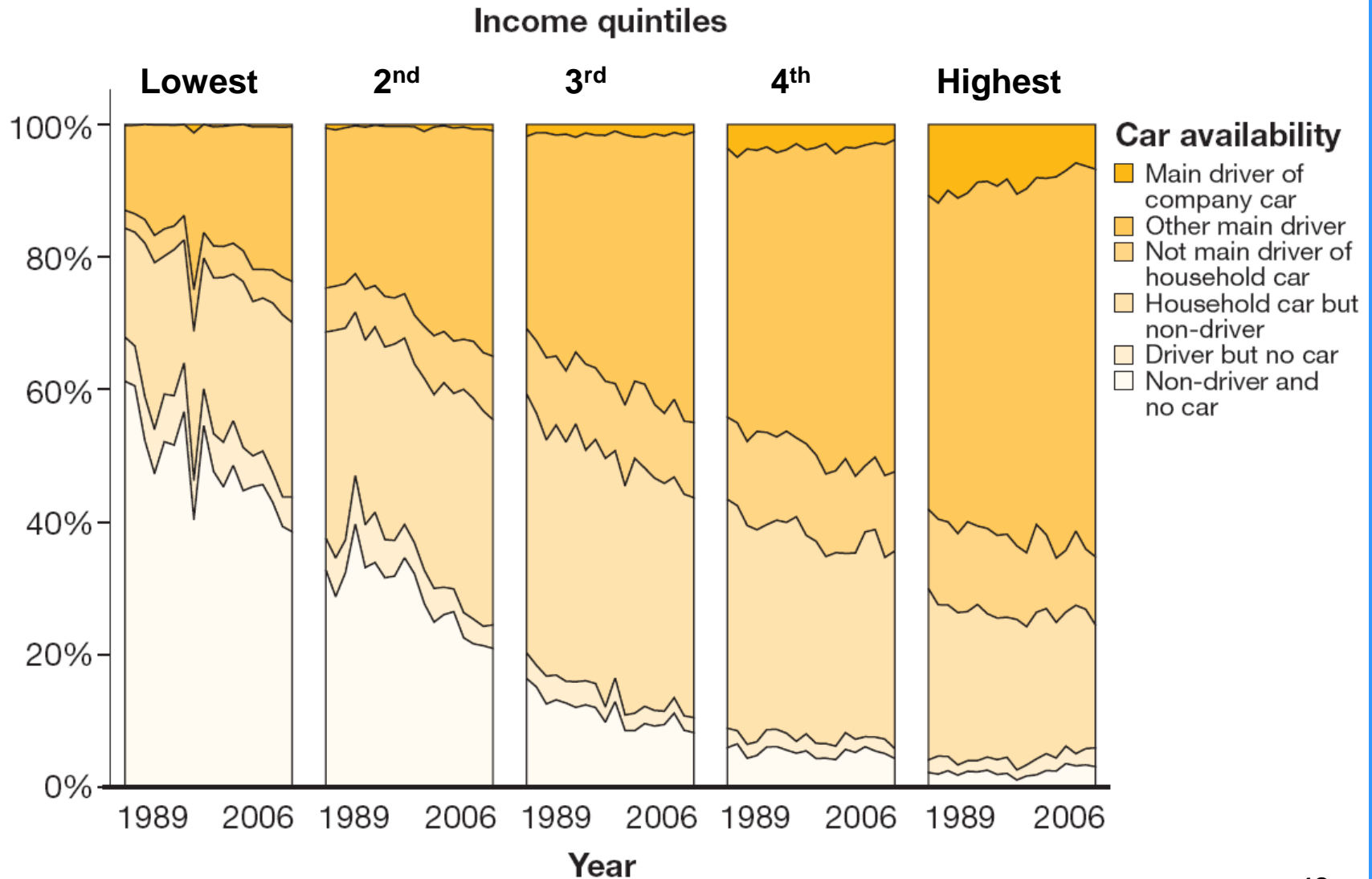
House of Commons Select Committee

“The Major Road Network”, 30 March 2010

The car is used by rich and poor

The Car in British Society, RAC F (2009)

Figure 3.8: Car availability by income group, 1989-2006



Roads taxation is controversial!



GB Roads: taxes (ex VAT) and government spending (2006 prices)

