

# Fuel briefing paper – March 2014

(Data correct as of 13 March. Note: where possible we have included figures for UK but some data is presented only by constituent country or for GB, or is not available at all.)

For more information please visit <u>www.racfoundation.org</u> or contact the RAC Foundation office on 020 7747 3445.

## Drivers and cars. There are:

- 36.8 million drivers in the UK
- 30 million cars in the UK
- 20 million are petrol (including 125,000 petrol hybrid)
- 10 million are diesel
- 7,000 are electric

## Spending on cars/transport poverty:

- In 2012, the average UK household car owning and non-car owning spent £64.10 per week on buying and running a car (out of a total of £489). After many years of being the largest area of household expenditure, in 2012 it was pushed into second place by spending on housing, fuel and power (£68).
- In those car owning households in the UK with the lowest 10% of incomes about a third of weekly expenditure goes on buying and running a car. This equates to about 800,000 families

#### Change of motoring costs over the past decade:

While the overall cost of living (as measured by RPI) has risen by 38% since 2004:

- Fuel prices have risen 73%
- Insurance has risen 91%
- Maintenance has risen 54%
- New and second-hand car prices have fallen by 19%

#### Fuel tax:

- 61% of the price of petrol is tax (fuel duty and VAT combined)
- 59% of the price of diesel is tax
- The UK is the only country in the EU in which diesel attracts the same rate of duty as petrol. Everywhere else the duty rate is lower for diesel
- Pre-tax, UK petrol and diesel prices are amongst the lowest in Europe
- Post tax, UK has the 9<sup>th</sup> highest petrol price among the EU 28 and 2<sup>nd</sup> highest diesel price
- The proportion of the UK pump price which is tax is highest amongst the EU 28 for diesel and also highest for petrol

## Car use for the commute to work in England and Wales<sup>1</sup>:

- 16.7 million people rely on a car for their journey to work (a record in absolute terms)
- 15.3 million drive themselves to work
- 1.4 million catch a lift to work

## Geographical/land use differences in the commute to work in England and Wales:

- In rural areas 73.4% of workers travel by car (driver or passenger)
- In urban areas outside London 67.1% of workers travel by car (driver or passenger)
- In London 29.8% of workers travel by car (driver or passenger)

#### **RAC Foundation commentary:**

Professor Stephen Glaister, director of the RAC Foundation, said:

"To all intents and purposes cars are public transport: they carry most members of the public, most of the time. 90% of all passenger miles travelled in Great Britain are on the roads. By contrast, 9% are on the railways and 1% in the air. The vast majority of the road mileage is completed by car, van or taxi – 83% of the overall total.

"While record numbers of people now commute by car, including more than half of workers in the most deprived areas, this data shows the cost of transport is a big hurdle to taking up employment.

"For the poorest car owners there is little opportunity to reduce their motoring costs further. They will already be driving as little as they can and will have cut back on things like maintenance. Nor are they likely to be able to afford to swap their car for a newer model with better fuel economy and reliability.

"Before tax we have some of the cheapest petrol and diesel prices in Europe but when you add in fuel duty and VAT the picture changes dramatically.

"The Chancellor rightly points out that he has frozen fuel duty since March 2011 yet around 60% of the pump price still goes into his pocket."

The RAC Foundation is a transport policy and research organisation that explores the economic, mobility, safety and environmental issues relating to roads and their users. The Foundation publishes independent and authoritative research with which it promotes informed debate and advocates policy in the interest of the responsible motorist.

The RAC Foundation is a registered charity, number 1002705.

<sup>&</sup>lt;sup>1</sup> These figures are contained in the RAC Foundation's *Car and the Commute* report which looked only at England and Wales. Further analysis shows that in Scotland: 1.3 million people commute as drivers and 100,000 as passengers. In Northern Ireland: 0.4 million people commute as drivers and 36,000 as passengers.