

## Association of British Drivers - 10th September 2005 - "Tolls"

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### Who are the NAAT?

The NAAT is an **alliance** which was formed about 15 months ago, between small groups opposing tolls at four crossings:- the Mersey Tunnels, the Severn bridges, Skye bridge and Tyne Tunnel.

NAAT were initially only interested in tolls on crossings. We then took a wider interest and become involved in the Edinburgh Toll Poll. Those who wanted a toll cited the supposed success of the London "Congestion Charge", so we then became interested in that.

### What Are Tolls?

The word derives from the **Greek word "telos" appropriately meaning a tax**. The meaning of the word has widened to include some other charges and losses due to wars etc, but it's prime meaning is a charge for the use of a road.

Bandits, official or otherwise, have of course levied a toll on travellers for thousands of years and in some parts of the world they still do so. But the first official toll roads in Britain started around 1700, and were known as **turnpikes** because of the barriers.

There were hundreds of these tolls, but nearly all, including those on the Thames bridges, were removed by 1900.

A few of the old tolls still exist, though few drivers will have had the dubious pleasure of using them. As recently as last month, Alistair Darling approved a toll increase on one - the Aldwark Bridge over the river Ouse in North Yorkshire. This is a private bridge built under a 1772 Act. The local parish council suggested that it should be adopted as a public highway, but this was ignored.

Tolls are unpopular, so when the London Toll was introduced, they decided to call it a "**Congestion Charge**".

Then a year ago Alistair Darling floated the idea for tolls on all roads, but this time called "**Road Pricing**".

There are **three main factors that influence whether a road is tolled:-**

- (1) it should carry a significant amount of traffic (otherwise the collection costs will swallow up most of the income),
- (2) there should be little practical alternative (otherwise people will avoid it), and
- (3) the population must be conditioned into accepting the idea of a toll (otherwise .....).

### What's Wrong with Tolls?

In short a lot!

They are **unfair, uneconomic, and unwanted.**

They are unfair as they only apply to the few. The effect of this tax depends upon where you live.

Most people are barely affected by tolls, and unfortunately those who are not affected, do not seem to care about those who are. The Mersey Tunnels Users fought a long and bitter campaign against a Private Act that made toll increases easier, legalised the use of the tolls for other purposes, and removed the requirement that tolls would eventually reduce.

The Bill was opposed by most of the MPs in the area that was most effected by the tolls. But last year it became law, because MPs and Lords from all over England, Scotland and Wales voted for it.

Amongst the MPs voting for the Bill was **Charles Kennedy**. Later in the year he issued a press release welcoming the removal of the tolls on the Skye bridge. As you may have guessed, Skye is part of his constituency.

Tolls are a **regressive tax** unrelated to the ability to pay. They are generally set on a very crude basis which means that the driver of a small car will pay the same as the driver of a large luxury car.

They also take little account of the damage done to the road. Lorries on many toll roads, pay little more than cars. The London Toll, of course charges the same for lorries as for cars. And this year, tolls for cars crossing the Forth bridge were increased, but lorry tolls were not, even though the Forth bridge authorities had said that the wear and tear on the bridge was largely caused by the lorries. We also had toll changes this year on the Mersey Tunnels. The toll for cars and vans was increased. But the toll for most heavy goods vehicles was actually reduced.

Tolls are of course also very unfair as roads users are already being fleeced by other taxes related to roads use.

### How significant are Tolls?

Everyone will realise that UK roads users are massively over taxed. The Road Users Alliance Road File 2004 says roads taxes are £42 billion a year. But if we update this and allow for some things that the Road Users Alliance doesn't include, then it would be about **£50 billion**. The handout shows how this figure has been calculated.

Compared with this, tolls are small, as you can also see in the handout-

The river crossing tolls total about £250 million a year, with about 70% of that coming from just 3 crossings - the Severn bridges, the Dartford crossings and the Mersey tunnels.

The M6 Toll has not published any income figures but we estimate that the tolls are about £65 million a year.

Following the increase in the London Toll to £8, the London Con scheme will have income of around £275 million including penalties. So total tolls are around **£600 million** a year.

Though tolls don't seem to be significant compared with total roads taxes, **tolls are significant to those who have to use a toll road on a frequent basis**. The group campaigning against the Mersey Tunnels tolls earlier this year calculated that over a lifetime, a regular user would pay **£75,000** to use the Tunnels. That of course is £75,000 that would not be paid by those living in areas currently free from tolls.

Duty on most road fuels is currently 47.1 pence a litre. The average car does about 8 to 10 miles a litre, so that's about **5 or 6 pence a mile in duty**. The M6 toll at £3.50 works out at about 14 pence a mile. Bridge tolls are even more expensive, the Humber toll is nearly £4 a mile, the Severn about £3. The Aldwark bridge toll of 40 pence works out at about **£10 a mile**.

Again on the Mersey tunnels, someone doing 10,000 miles a year would be paying fuel duty of about £500 to £600. But if they used the Tunnels just to travel to work, that would add £650 a year in tolls. In effect **doubling the already extortionate fuel duty**.

### Who supports Tolls?

Well almost everyone unfortunately, **apart from ordinary people!**

Governments and politicians want tolls as an extra source of income, and in some cases as a way of avoiding paying for any new roads. Governments may also want tolls on a Beggar My Neighbour basis to catch foreign vehicles that are crossing their territory. Councillors who control many of Britain's toll roads support them as they fear costs falling on council tax, and perhaps because they enjoy a feeling of power. Many councillors also want tolls to force people out of cars.

Large parts of the **big** business sector are also in favour of tolls. This includes the CBI, road contractors, suppliers of tolling equipment and services, and toll road operators. Road pricing on all roads would be a huge **bonanza** for the lucky firms and they will spend huge sums to convince the public to accept tolls. It was reported in the Shropshire Star, that the firm who run the M6 Toll road had spent £3 million on marketing the road.

Economists are also in favour of tolls. This is on the simplistic principle that they believe in market forces and charging for almost everything.

Some of those who oppose road building support tolls as they argue that it will reduce roads use and remove the need for new roads. Oddly enough, the Roads Users Alliance also support tolls as they believe that tolls money will be used to finance new roads!

Most of the other groups that nominally represent drivers also generally support tolls - the AA Motoring Trust, the RAC Foundation and the Freight Transport Association. The AA and RAC seem to believe that other taxes would fall and they also favour reducing roads use. The Freight Transport Association want tolls to be aimed at reducing the number of cars on the road. The Road Haulage Association position is vague, but they campaigned for the Lorry Toll scheme and complained when the government abandoned it.

Who opposes tolls?

**The short answer is people.**

In the 1700s and 1800s there were **turnpike riots** including the Rebecca riots in Wales, where protestors dressed in skirts and tore down the toll gates. Last November there was a riot involving some 30,000 people in Jieyang city in China. The riot reportedly started when toll collectors beat up a woman who complained that she was being charged two yuan for her motorbike.

People who don't like tolls are not necessarily drivers. There were not many cars around when we had the riots in the 1700 and 1800s!

A lot of non drivers joined the group opposing Mersey Tunnels tolls. They said that they did so because they recognised that tolls were unfair, and that a toll road in an urban area had the effect of dividing families.

A lot of **non drivers must also have voted against the Edinburgh Tolls**, as 42% of Edinburgh households were without a car.

The opposition of individuals to tolls was confirmed in an RAC Foundation **survey of 1,000 drivers** that was published in January 2004. It indicated that most drivers were "*vehemently opposed to the idea of road user charging via satellite tracking*". The survey also showed that "*Despite the fact that incremental tax increases on fuel provoke anger and dismay from many motorists and haulage companies, 64% of drivers believe that if motoring taxes were simplified by putting all tax on fuel, it would shake up the current antiquated system, and make today's tax cheats pay up by charging them at the point of use and according to how much they drive.*"

The RAC survey indicated that there would have to be draconian increases in roads taxes before drivers would switch to alternative forms of transport.

The survey findings were not in accord with RAC policy, which is generally in favour of tolls.

Though economists are in favour of tolls, there is one notable exception - **Adam Smith**, unfortunately no longer around! He said in the Wealth of Nations in 1776:- "*Whatever exigency of the state, turnpike tolls might be intended to supply, that exigency would be chiefly supplied at the expense of the poor, not the rich; at the expense of those who are least able to supply it, not of those who are most able.*"

He also forecast that tolls would become a tax, and would not be spent on maintaining the roads.

There is also a major exception to the rule that politicians favour tolls. Twenty years ago the Commons Transport Committee looked at tolls. Their report was published in February 1986. The summary said:-

*"The Committee found that the principles used to justify tolls, i.e. the high cost of provision and the exceptional benefit to users, do not stand up to scrutiny since many other large estuarial crossings are provided free to users. This leads to tolled crossings being seen as an anomaly in the UK road network, an unfair local burden and a hindrance to commercial development."*

The Committee recommended that tolls should be removed and any debts written off - Needless to say nothing was done.

### Why are Tolls Uneconomic?

Our mantra is that tolls are unfair, unwanted and uneconomic. Hopefully you agree that they are unfair and unwanted, how about uneconomic?

The economists who argue for road tolls believe that market forces should apply to roads. But **roads are not the same as a pound of apples** for sale in a street market or a can of beans (or beer) in a supermarket.

Where goods and services are scarce, the price will tend to rise. In a true market, that higher price should attract more suppliers and goods, and the price would then fall. That will not and can not happen with roads.

Roads are in economic terms "**lumpy**" goods. That means that supply does not readily change to meet demand. In fact the supply of roads, even toll roads, is dependent mainly upon political decisions and not market forces.

There is also the question of **who benefits** from a road. The people who benefit are not just the roads users, the wider economy benefits because the movement of people and goods is made easier and land is opened up for development. Why should the roads users be required to support the economy and landowners?

### **Toll collection is also VERY costly.**

It is costly in time, as it causes delays, even where some form of automatic collection is in operation. It is most frustrating to sit in a long line of vehicles waiting to pay, when the road the other side of the toll booth is clear.

It is costly in money. The London Congestion charge costs about £5 to collect for each vehicle every day. The small profit before the recent increase relied on income from excess charges and penalty charges. The Mersey Tunnels cost £44 million to build, but the cost of toll collection is already over £100 million, over twice the cost of construction.

Alistair Darling's suggestion for **tolls on all roads would have a horrendous cost.**

A relatively crude scheme, such as the "Congestion Charge" would cost about £5 billion a year to run. But the Government have suggested that the toll would vary according to the road and other factors - the time of day, the type of vehicle and no doubt what colour dress or shirt the driver is wearing! Their own experts - Deloitte Consulting - have estimated that the implementation cost alone could be up to £62 billion.

And that's not all on the economic front! Existing tolls are generally accepted as impeding the economy of the area that the toll road runs through. Tourists and shoppers will avoid toll roads if they can.

Businesses if they have a choice and transport is significant, will also avoid areas with tolls.

The effect of the toll on decisions as to which journey to make is not just financial. There is a **psychological effect**. This may result in drivers travelling more miles to avoid the tolls.

The M6 Toll is of course being boycotted by many lorry drivers and others. This causes under utilisation of the asset and results in an economic loss for both local areas and Britain as a whole.

#### How about the success of the London Toll?

Well how about it!

The **success is a fantasy**, the spinning of which would have impressed Goebbels.

The most important myth is that "congestion" in central London has reduced by 33%. In fact according to Transport for London's own figures, immediately pre charge the traffic in the zone took just under 4 minutes to do a kilometre, and it now takes about 3 minutes 40 seconds. That is an improvement of about 8%. Or to put it another way, to travel across the zone, immediately before the charge would have taken about 20 minutes, and would now takes 18 minutes 20 seconds. Not much of a reduction for a five or eight pounds charge!

The figures for traffic numbers are an enigma. Towards the end of August, Westminster City Council complained about the combined effect of the toll increase to £8 and the London bombings. Ken Livingstone then said, according to the Guardian, that there had only been a 0.003% drop in the number of cars on the road since the increase in the charge. There are about 100,000 vehicles entering the zone each day. So if Ken was reported accurately there were only three drivers deterred by the toll increase! It will be interesting to see the next claim from Ken about how congestion has been reduced.

It is difficult to see how the news media have been mesmerised by the success of the London Toll when Transport for London admitted in January that *"of those respondents who report change in Inner London, a slightly higher proportion say more time is spent travelling now than before the introduction of the charge"*.

Another myth is that London air quality has improved. They say that there has been a 12% improvement within the Zone. But this is contradicted by their own figures in a January report. They only show figures for Nitrogen Dioxide and Particulate Matter, pm10. They are only shown in graphical form, but it is clear that they have **increased**. As the vast bulk of air pollution doesn't come from cars, the figures are not surprising.

The London scheme as everyone knows has hit London businesses particularly shops and restaurants. But Ken and his colleagues have done a marvellous job in denying this, partly aided by the big business camp who use the toll free taxis and who's customers do not arrive by car.

Then there is the **£142 million cost of running the scheme**. That is £142 million that might as well have been burnt. The cost to the drivers is of course more than this, and after the £8 increase and adding in excess charges and penalty charges will be about £275 million. There are also compliance costs, in that drivers have to make sure that they pay on time and minimise additional charges.

### What has happened with the Lorry Road User Charging scheme?

The intention is that most European countries will have tolls for lorries using motorways and similar roads. So far the only countries with such a system are Switzerland, Austria and Germany. There is more incentive to have such a system in these transit countries, as a high proportion of lorries are from outside their own borders.

In Britain, the proposal for such a system was backed by the hauliers. They feel that they are overtaxed compared with foreign hauliers and are at a disadvantage. British hauliers were told that the system would be cost neutral to them i.e. that they would effectively be refunded the tolls. This meant that all the revenue would come from foreign lorries, and at a charge of 15 pence a kilometre, it was estimated that income would be £140 million. The estimated annual cost of gaining this income was estimated by Heriot Watt University as £700 million or more.

In July the Government announced that it was abandoning the scheme and said it was because it would be concentrating on it's scheme of tolls for all vehicles on all roads.

One would wonder why it took the Government so long to decide to abandon a tax that would have a **collection cost which was 500%**.

The haulage companies are complaining, but they should instead be campaigning for reductions in road fund licence, reductions in fuel duty, and "safety" restrictions on how much lorries could have in their fuel tanks when they used the ferries and the Channel Tunnel.

### Road User Pricing?

Last but not least we have road user pricing or road charging or what you will.

The possibility of tolls on all roads goes back a long way. In 1964 there was a Ministry of Transport report on "Road Pricing - the economic and technical possibility".

It's more recent history starts in July 2003, when "Managing Our Roads" was published by the DfT.

It gave what the Government considered to be the advantages of tolls and set up a feasibility study.

A year later, on the 5th July 2004, we had official leaks that the Government was thinking of abandoning the agreed widening of the M6 between Cannock and the North West of England. Instead of widening, a new toll road would be built. This story was confirmed the next day, and the Government said that there would be "consultation" on the proposal.

Within a few days there was another official leak, this time saying wouldn't it be a good idea if all roads were tolled. The Roads Minister was interviewed by Trevor Macdonald, and he denied that there were such plans.

At last on the 20th July, the Government felt brave enough to come clean and issued their "Future of Transport" White Paper together with their "Feasibility Study of Road Pricing in the UK".

The Feasibility Study assumed that road pricing would be implemented but that all the details would have to be decided. It listed various steps. The first was "*inform and lead a debate to promote public understanding and trust*".

The White Paper was less definite about whether we would have road pricing. But it made it pretty clear that the Government would be spending as little as possible on roads and said "*There needs to be debate about what would make pricing acceptable to motorists. We must build a public consensus around the objectives for road pricing and how to use the revenues*".

The ABD issued a statement which said "*Suggestions that such a move could be revenue neutral are risible, given the huge set-up costs involved and the propensity of politicians for stealth taxation.*"

The proposal soon faded from the public attention, though the Commons Transport Committee announced that they would be looking at the old and new M6 Tolls, and then expanded their inquiry to look at tolls in general.

The ABD and NAAT made anti toll written submissions to the Committee, but the Committee only interviewed pro toll witnesses. They eventually issued a report in March. The committee had various concerns, but in general they backed road pricing and said "*there are strong arguments behind introducing road pricing **on a revenue raising rather than a revenue neutral approach***".

The effect of this was not spelt out, but it implied that there would be a very **substantial increase in the overall tax burden**:-

to raise additional net revenue, to pay for the cost of the system, and to compensate for tax losses if roads use fell.

This report got little attention, but then in June this year the official leaks started again, and more details of the latest plans were revealed, when Alistair Darling gave a speech to the Social Market Foundation.

He said that the idea was to scrap fuel duty and vehicle duty and introduce tolls on all roads. All vehicles would have boxes monitored by satellites. Tolls would vary according to the road and the time. The government said **that tolls would range from tuppence to £1.34 a mile**. (Tuppence by the way is all that the Government spends per vehicle mile travelled.) Pilot schemes would start in 5 years and the full scheme in 10 years.

There was a **LOT** of reaction to the proposals, fortunately most of it was opposed to the proposals including the ABD who said *"It won't work - it will be a huge white elephant, and hiding within it is a dark Trojan horse for civil liberties, as it means that drivers will be tagged and tracked like criminals. It will just be a giant version of the London Congestion charge - hugely unpopular and full of perceived unfairness and aggravation for drivers."*

The Government and its allies are however proceeding. Their main object at the moment is to get the support of the other 2 main parties. They already had the implicit support of the Lib Dems who included similar proposals in their General Election manifesto.

That leaves the Tories. When in Government they were responsible for most of the tolled roads that we now have, the only significant exception being the London Charge. The first Tory reaction came on the 6th June, from Shadow Transport Secretary Alan Duncan. He appeared to support the idea, though he came up with so many possible objections, it is difficult to see why he did not instead condemn it. There followed other Tory statements indicating support for road pricing. And this last week the Shadow Chancellor, George Osborne, according to the papers "hinted" to the Social Market Foundation that the Tories would bring in road tolls and road pricing.

### What is the future of tolls?

Bleak!

Despite 99% of consultees opposing the proposed new M6 Toll the Government is likely to go ahead with it, and abandon the already agreed scheme.

Ken Livingstone is also likely to ignore opinion and confirm the western extension of the London charge zone.

More new toll roads will be announced.

The Tories will fall in further with Labour's plans for road pricing on all roads.

Can we do anything about it?

We will try to counter the spin and mobilise opinion. If more people see the threat to them, then they will realise that tolls are unwanted, unfair and uneconomic and **what we need, is better roads in return for our £50 billion taxes and NO TOLLS.**