

**WELSH AFFAIRS SELECT COMMITTEE – INQUIRY INTO SEVERN CROSSING
TOLLS**

SUBMISSION FROM NATIONAL ALLIANCE AGAINST TOLLS

SUMMARY

- ❑ Tolls have a negative effect on the economy and increase the divide between people and businesses on either side of the crossing.
- ❑ Tolls should be removed and the costs of paying off any debts and future maintenance and repair should come from the £50 billion that roads users pay in taxes.
- ❑ As well as the Severn Crossing tolls, consideration should be given to removal of the other crossing tolls in Wales, and to going ahead with an M4 relief road at Newport on a non-tolled basis.
- ❑ As a minimum, we hope that the Committee would call for the Government to finance a thorough and independent study into the effects of removing tolls that affect Wales.

Introduction

1. The committee are conducting an inquiry into the Severn crossing tolls and have said that they will examine:
 - * The impact of the tolls on the Welsh economy including businesses, local residents and tourists;
 - * The current level of toll prices and the available methods of payment;
 - * The current condition of the bridges and the costs associated with ongoing maintenance; and
 - * The future of the bridges after the crossings have reverted to public ownership.

The committee have invited comments and this is the submission of the National Alliance Against Tolls which is a loose alliance formed in 2004 by local groups protesting against tolls in England, Scotland and Wales. We don't have a formal organisation as a company, charity or anything else. We do not seek funds from anyone or any organisation.

2. The group in Wales that formed part of our alliance in 2004 is the "Campaign Against the Severn Tolls", which was started by a local councillor in Neath.

Why we oppose Tolls in general

3. "Tolls" is derived from the Greek word "telos" meaning "tax". They were mentioned as "evil" in Magna Carta. Adam Smith dealt with the issue of tolls in the "Wealth of Nations" where he said that "Whatever exigency of the state therefore this tax 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." ¹

At one time there were very many tolled bridges and roads or "turnpikes" in Britain but there was opposition including the Rebecca riots of the 1840s in South Wales. Nearly all these tolls were removed in the late 1800s. Whether you have to pay tolls in any particular area of Britain is now a lottery, which is unfair to those drivers who have to use tolled crossings. As the Government collects about £50 billion a year in taxes on roads use ², and only spends a small fraction of this on roads, it is wrong for Governments to refuse to pay for an adequate road system or to say that the only choice is a tolled crossing or no crossing.

4. Tolls tend to be regressive. A poor person pays the same toll as a rich person. The driver of a small car pays the same as the driver of a large car.
5. Tolled crossings cast a blight and inhibit economic activity in the areas where they are situated. Businesses where road transport is important will prefer to locate elsewhere, partly because of the reduced numbers of shoppers and tourists but also because of the additional transport costs for some businesses and the extra potential cost to employees of travelling to work. Tolls reduce positive agglomeration benefits and a business located in a tolled area has a smaller economic hinterland than a similar business in a toll free area.
6. Tolls reduce the effective capacity of a road or crossing because they deter use (particularly off-peak) and disrupt a smooth traffic flow because of lane changes at toll points. The actual toll collection also causes delays and queues, and tends to prolong congestion periods as traffic is on the road longer than it would otherwise be. Electronic tolling might reduce but does not remove these delays, and where there is a mix of cash and electronic tolls there is an increased risk of accidents and problems caused by the apparent failure of the tags.
7. To the extent that there is a choice, drivers will tend to avoid toll crossings and use other roads. This may mean longer journeys, more fuel consumption, more vehicle emissions and possibly use of less suitable, less safe and more congested roads.
8. Roads are an essential feature of a successful economy and movement on them should not be impeded or discouraged by barriers or tolls.

1 An Inquiry into the Nature and Causes of the Wealth of Nations - Book V Chapter I Verse 83.

2 Our evidence to Transport Committee Inquiry into "Taxes and charges on road users" -

<http://www.publications.parliament.uk/pa/cm200809/cmselect/cmtran/103/103we16.htm> and Appendix -

<http://www.publications.parliament.uk/pa/cm200809/cmselect/cmtran/103/103we17.htm>

Tolls around the UK

9. It is appropriate to consider how the tolls on the Severn Crossing fit into the context of tolls elsewhere in the UK before turning to the specific points that the committee have raised.
10. The first thing to note is that there are no tolls in Northern Ireland or Scotland.
11. When our alliance was formed there were four tolls in Scotland. One of our alliance's original members was Skye and Kyle Against Tolls who had been formed when the Skye bridge opened in 1995. Apart from the campaigning by SKAT (during which 130 people received criminal convictions and their secretary was gaoled numerous times), there were other factors which eventually led to the tolls removal at the end of 2004, including the support of local politicians.
12. The tolls on the Clyde bridge at Erskine were removed in March 2006. There had of course been campaigning by us, but a more significant factor in their removal was probably the strong opposition to tolls by the Councils on the South bank. It was also widely believed that there had been an arrangement between Labour and the Lib Dems as some Lib Dems had been pressing for the Skye tolls to be removed while some Labour members wanted the Erskine tolls removed.
13. There followed a strong campaign by us and others to get the last two tolls (Forth and Tay bridges) removed. The then Labour / Lib Dem Executive and some of their local councillors were very strongly opposed to the removal of these tolls, and the Executive produced "evidence" to show the dire consequences if the tolls were removed. The removal of the tolls became one of the issues in the Scottish Parliament election in May 2007. The SNP (who had 25 seats in the old Parliament compared with Labour's 50) promised that they would remove all the tolls, and in the event they won one more seat than Labour and formed the next Scottish Government. Perhaps to some people's surprise, the SNP then set about fulfilling their election promise. Legislation was needed and the support for removal of tolls became almost unanimous, with only three MSPs voting against it. The last tolls in Scotland were removed on Monday 11 February 2008.
14. In the rest of Britain, as well as the Severn crossings tolls between England and Wales there are three tolled road crossings within Wales and fourteen in England. About half of these crossings are small privately operated tolls. Nearly all the major (over tidal water) crossings are either publicly operated or a concession for a limited period or a "charity". These major crossings are – Severn (concession), Cleddau bridge at Milford Haven (local authority), Dartford crossing (was a concession, is now Government), Humber bridge (local authority), Itchen bridge (local authority). Mersey tunnels (local authority), Tamar bridge (local authority), Tyne tunnel (local authority) and the Clifton bridge (charity).
15. It is sometimes suggested that crossings are tolled because they are "estuarial" and that this somehow makes a difference, though some non estuarial crossings, e.g. the Thelwell viaduct on the M6, are larger than some estuarial crossings. This justification for tolling also ignores the fact that the vast majority of crossings of tidal water (estuary or sea) are not tolled at all.³ You can go round the British coastline starting at the Cleddau bridge and go almost half way round Britain before you come across the next toll (linking North Shields to Jarrow).

³ List of tidal crossings as per NAAT - <http://notolls.org.uk/cross.htm>

The impact of the tolls on the Welsh economy including businesses, local residents and tourists

16. In the case of businesses the effect of tolls will in most cases be slight, but there are obvious exceptions such as haulage. Though even something that may only be a small part of the direct financial costs of a business may have some effect. For instance when a business is deciding whether to set up in location A which is near to tolls or location B which has no tolls, then a business may well be put off location A by the psychological barrier of the tolls, and the effect that it might have not only on their own transport but on their employees, suppliers and customers.
17. Obviously the economic effect of tolls on people is negative, but the extent of this will vary according to how often they would have to cross the toll for work and what their income is. In the case of those on lower incomes it will tend to restrict the area in which they might seek work and thus increase the chances of lower paid work or unemployment. Workers will obviously also be affected if their employer is affected by tolls.

Tourists are again obviously influenced to some degree by tolls, and most sat-navs and route queries on websites give the option of avoiding tolls. Avoiding tolls in the case of most tolled crossings means avoiding the area.

There have been few studies of the economic impact of tolls, and as far as we know there have been no studies on the impact within Wales. We are aware that Mike German AM as he left the Welsh Assembly at the end of June put down a motion which called on the Welsh Assembly Government to:- "a) undertake an economic impact assessment of the effect of the Severn bridges tolls on the south Wales economy; and b) make further representations to the UK Government on the negative impact of the tolls, and to prepare the case for supporting the withdrawal of tolls when the bridges revert to public ownership." Unfortunately the motion was defeated by 29 votes to 16, and an amended motion was passed which meant nothing.⁴

18. One of the earliest tolls impact studies (2002), and the only academic one that we are aware of was by Napier University on the Skye bridge tolls and was commissioned by the Highland Council. The conclusions of the report included –

- “1. Although the Bridge has been of benefit to Skye, the high levels of the toll have considerably reduced its potential positive impact upon the local economy.*
- 2. There is considerable local resentment to the tolls, particularly among businesses who report that tourists, particularly short stay visitors and coach parties, have been deterred from crossing the bridge.*
- 3. There would be likely gains from removing or reducing the tolls in terms of diverting existing toll spending, increased tourism, increased business efficiency and more business start-ups*
- 4. The economic benefits from removing the tolls would be substantial...”⁵*

⁴ Record of debate and vote on 30 June 2010 - <http://www.assemblywales.org/bus-home/bus-chamber/bus-chamber-third-assembly-rop.htm?act=dis&id=189337&ds=7/2010#6>

⁵ Napier University report

<http://www.napier.ac.uk/randkt/rktcentres/eri/projects/Documents/skyeReport.pdf>

19. Also in Scotland there was a study commissioned by West Dunbarton and Renfrewshire Councils on -‘The Erskine Bridge and the Regeneration of the River Clyde’. The study concluded that removing the Erskine tolls *would "lead to the creation of some 20,000 new jobs"*.⁶
20. In England there have been two studies on the impact of the Humber bridge tolls. The first was published in 2004. There was no real attempt made to assess the economic impact of tolling, though the report did say that businesses had been surveyed and that 41% had said that tolls had a negative impact on their business performance. Despite the negative effects, the report recommended that tolls be kept and increased.⁷
21. The second report was commissioned by four local councils from both sides of the river. The report was published in October 2008. To arrive at a figure for the economic impact of tolls, the consultants concentrated on one facet of the negative impact – “agglomeration effects”. In brief “agglomeration” is the theory that an economy operates most efficiently if there is a large market in close contact, without any form of barriers. The consultants calculated this benefit as £21 million a year if the tolls were removed. There was also a benefit to the region of £18 million a year if tolls were not paid. The total undiscounted benefit to the region of removing the tolls now (rather than in 2032 which is the date on which they are otherwise due to be removed) was £1.1 billion.⁸
22. To deal with some questions that followed the publication of the report, a phase 2 report was commissioned, the work was funded by Hull and Humber Chamber of Commerce. The report was published in January 2009.⁹ It added to, but did not alter, the conclusions from the first report.

⁶ West Dunbartonshire Council newsletter of May 2006 -

www.wdcweb.info/EasySiteWeb/GatewayLink.aspx?allId=23547

⁷ Humber Bridge Tolls Study for Humber Economic Partnership -

<http://www.humberep.co.uk/download/FullReport.PDF><http://www.humberep.co.uk/download/FullReport.PDF>

⁸ Humber Bridge Impact assessment – Final Report -

<http://www.northlincs.gov.uk/NR/rdonlyres/68CB05CB-BE3D-40BF-9F96-4C4B63840162/32977/ColinBuchananfullreportOctober2008.pdf>

⁹ Humber Bridge Impact Study – Phase 2 Report -

<http://www.northlincs.gov.uk/NR/rdonlyres/68CB05CB-BE3D-40BF-9F96-4C4B63840162/34242/HumberBridgeImpactStudyPhase2.pdf>

The current level of toll prices and the available methods of payment

23. In recent years the toll for cars on the Severn crossings has been either the highest or second highest in Britain, even after taking into account that the toll is only payable one way. Currently the cost of a return trip by car on the Severn crossing is £5.50 (the second highest is the Humber at £5.40). For goods vehicles, the categories vary from bridge to bridge, but if the toll for the heaviest vehicles is taken, then the Severn at £16.40 return is not as expensive as the Humber where the highest toll is £36.60 return.

Obviously drivers would generally prefer a lower toll price, though in the case of the Severn Crossing if the toll were to be reduced and the financing of the Crossing was otherwise unchanged, it would mean that drivers would have to pay tolls to the Concessionaire for more years than is currently the case.

Tolls, however low, will still have a negative impact. Business and tourists will still be aware that there is a toll and don't like paying whatever the price, and any toll payment may still interrupt and delay travel. Businesses will also be aware that a toll that has been substantially reduced, rather than removed, can just as easily be increased.

From time to time, politicians have called for a facility to pay tolls on the Severn Crossings by credit and debit cards. In our view this should not be done, the average driver would not use this facility and would more likely be delayed because of those drivers who would pay in this way. It is also likely that because of extra costs to the Concessionaires, they would demand that they be allowed to collect more tolls.

At some crossings there have also been suggestions for more automated tolls, going all the way up to "barrierless" tolling. Most automated systems are in fact slower than a manual system, and are generally introduced so that either the number of toll collectors can be reduced or collection made more secure. Mixed systems (e.g. some drivers use "tag" lanes while other drivers use cash lanes) have the effect of increasing the risk of accidents on the toll approaches. Barrierless systems have the least delaying effect, but they require the cooperation of drivers, and are not suitable unless there is a practical alternative crossing for those drivers without tags.

The current condition of the bridges and the costs associated with ongoing maintenance

24. We have no particular knowledge about the condition of the bridges, but we are of course aware of the problem with corrosion of suspension cables on the older bridge. As we understand it, this is a problem which is being successfully dealt with, and the cost is being met by the Department for Transport under the terms of the concession agreement. Or to be more correct it is temporarily being met by the DfT, as we believe that they intend to claw it back from bridge users under the 1992 Severn Bridges Act powers that allow tolls to be extended after the concession ends.

In our view the costs of ongoing maintenance or repair on any bridge are almost invisible when compared with total public spending or the £50 billion of taxes that the Government derives from the use of motor vehicles.

The future of the bridges after the crossings have reverted to public ownership

25. Most of the major tolled river crossings in Britain were tolled on the basis that the tolls would only apply for a limited period, usually on the basis of the time that it would take to recoup the cost of constructing the crossing. Such promises have up to now been ignored, and legislation has been passed to prolong the tolls. There are of course some tolls that have been removed but that has been for other reasons.

The Severn Crossings are very similar to those at Dartford. In both cases the original crossing was built with public funds. Subsequently the original crossing has been taken over by a concessionaire who undertook to build a further crossing and is reimbursed for the construction of that, and all the operating costs, by collecting tolls on all the crossings till a certain amount has been reached. At that point all the crossings pass to the Government who, according to similar legislation that applies in the case of both Dartford and Severn, can continue to collect tolls for a limited period. In theory the tolls would then be removed. As there was no longer any legal authority to collect tolls under the Dartford legislation, these tolls ended and were replaced from 1 April 2003 by identical charges using general powers in the Transport Act 2000. The Dartford tolls were increased in 2008.

26. So in summary the position is that the removal (or not) of tolls has in practice nothing to do with the specific legislation that applies to that crossing. However, the point at which the Severn Crossings concession should have ended is we estimate about 2013. This is only an estimate because there seems to be no published figures which show how much the Concessionaire has so far collected in tolls.
27. There are a couple of complications, the first of which is VAT. Due to a European Court ruling in 2000, VAT was charged on the Severn tolls from February 2003. MPs were told that this would have no effect on bridge users. Potentially this could have been so, as it might have been possible to return the VAT in some way, but in practice the Treasury keeps the VAT, which in the period from 2003 till the tolls end is likely to be over £100 million. To allow for the VAT, the amount of tolls that the concessionaire could collect was increased from £977 million to £996 million (both in July 1989 prices). The difference of £29 million at current prices is about £50 million. It is not clear why this is less than the £100 million VAT.
28. One possible reason for the above discrepancy is the second complication – there was a refinancing of the PFI scheme. In recent years there has been a practice that refinancing gains are shared between the PFI contractor and the public authority. In 2004 the then Chief Secretary to the Treasury gave information to MPs about these refinancings including the Severn Crossing deal. We queried the figures and were passed between the DfT, the Treasury, Partnerships UK and the Highways Agency. We were eventually told that no one took responsibility for the figures but that they seemed to be wrong. We raised this with the Public Accounts Committee in 2006 who in turn raised it with the National Audit Office, but the NAO told the PAC that they were satisfied that either there was nothing wrong or that any error would not be repeated. The conclusion that we have now come to is that the refinancing gain was used to reduce the additional amount that the Concessionaire could collect in tolls. We estimate that the net effect of the loss of VAT being kept by the Treasury offset by the refinancing gain is that bridge users will have to pay tolls to the Concessionaire for just under a year longer.

29. Once the tolls payable to the Concessionaire ends, the Department for Transport can continue to collect tolls for themselves for up to five years longer. It has been said by the DfT that this is to build up a “maintenance fund”, though the purposes which are listed under Schedule 4 of the Severn Bridges Act 1992 in our opinion do not explicitly or implicitly cover such expenditure. Nor is there any reason why the users of a crossing should be expected to pay further tolls for such a purpose. Having said that, as already stated, using Transport Act 2000 powers the Government can put any toll that they like on the Severn Crossings or any other trunk road.

Other issues

30. The committee’s call for evidence does not mention the social impact of tolls. To the extent that families and friends are situated on either side of the toll barrier, their interaction will obviously be reduced. In the particular case of the Severn Crossings, it is possible that tolling also makes the other side seem more like a foreign country.

The committee also do not mention the other tolled vehicle crossings within Wales – Cleddau, Pont Briwet and Penmaenpool. There is also a tolled crossing for pedestrians and cyclists only at Barmouth.

There is also the issue of the toll that nearly was – the new road that was announced in December 2004 and was intended to relieve congestion on the M4 near Newport. In July 2009 the Deputy First Minister announced that the plan would be abandoned. He said that -

“The business case demonstrates that tolling the new M4, while other routes remain free to use, would significantly reduce the economic, environmental and social benefits of the project. The tolling of the new M4 alone would not raise the funds necessary for the scheme, and tolling both roads, in addition to the toll on the Severn crossings, would damage the attractiveness of south Wales as a location for investment.”¹⁰

End of submission.

¹⁰ Statement on 15 July 2009 by Deputy First Minister on the National Transport Plan
<http://wales.gov.uk/about/cabinet/cabinetstatements/2009/090715ntp/?lang=en>