

INQUIRY INTO APPLICATION FOR RUNCORN TOLLING ORDERS *

STATEMENT OF CASE FROM NATIONAL ALLIANCE AGAINST TOLLS 9 Nov 2008

* "The River Mersey (Mersey Gateway Bridge) Order" drafted under the Transport and Works Act 1992, and "The A533 (Silver Jubilee Bridge) Road User Charging Scheme Order" drafted under the Transport Act 2000.

Introduction

1. We are aware that the Government is wedded to the idea of tolling, but we hope that this Inquiry will at least be an opportunity for the public to be made aware of the facts.

Background

2. The National Alliance Against Tolls (NAAT) was formed in 2004 by groups protesting against existing tolls in England, Scotland and Wales. One of those groups was the Mersey Tunnels Users Association (MTUA) which was formed in 2003 and was opposing plans for toll increases and a new tolling regime on the Mersey Tunnels. The MTUA became interested in the Runcorn bridge and other crossings (tolled and untolled) around Britain because it wanted to do a comparison with the Mersey Tunnels.
3. The MTUA were also interested in a possible new Mersey crossing and found that the operators of the Mersey Tunnels - Merseytravel - were a member of the "Mersey Crossing Group" which was formed in 1995 "to promote a new Mersey crossing and to guide the development of the project" (Halton Council website). The inclusion of Merseytravel in the Group seemed odd as Runcorn was outside the Merseytravel area and they would want any new crossing to be built as far upriver as possible and / or to be tolled.
4. There is still a page on Merseytravel's website, which goes back to 2001, it mentions the proposal to build a new bridge at Runcorn and says it will "*be paid for by tolling*"¹. In 2003 counsel for Merseytravel made a similar statement to the MPs on the Mersey Tunnels Opposed Bills Committee – "that bridge itself will be tolled in any event in all likelihood"². These statements were of course being made by a member of the Crossing Group.
5. In 2001 (1st November) - Halton Council's Executive Board had agreed to support this Merseytravel Private Bill which would have the effect of perpetuating and increasing the Mersey Tunnel tolls. This support by the Council was referred to in 2002 by the MP who was sponsoring the Bill³. If Halton Council were opposed to tolls on the bridges then it seemed odd that they did not oppose the Bill as if it became law (which it did in 2004) then it not only increased the chances that the Government would expect that a new bridge would be tolled, it increased the benchmark as to how much any bridge tolls would be.

¹ <http://tolls.merseytravel.gov.uk/misunder.html> part attached as "Merseytravel website - paid for by tolling.pdf"

² <http://www.parliament.the-stationery-office.co.uk/pa/ld200203/ldselect/ldmersey/3013015.htm> para 265

³ http://www.publications.parliament.uk/cgi-bin/newhtml_hl?DB=semukparl&STEMMER=en&WORDS=mersei%20cross&ALL=mersey%20crossing&ANY=&PHRASE=&CATEGORIES=&SIMPLE=&SPEAKER=&COLOUR=red&STYLE=s&ANCHOR=21023-20_spnew9&URL=/pa/cm200102/cmhansrd/vo021023/debtext/21023-20.htm#21023-20_spnew9 Column 334

6. From the minutes of the November 2001 Halton Council Executive Board meeting it seems that they supported the Mersey Tunnels Bill because without it “there was a possibility of a significant reduction in Mersey Tunnel tolls that would increase the use of the Tunnel crossing and the economic case for a new crossing (at Runcorn) could be seriously jeopardised. The uncertainty could also adversely affect the attractiveness of the New Crossing Project to private investors.”⁴.
7. At the end of November 2003, the MTUA asked - “.. are Halton Council pressing for the (proposed) bridge to be tolled or to be not tolled?” The answer from the Council (email on the 1st December 2003) was that “Because it is hoped that the bridge will be funded from public money, there are presently no plans for tolls on the new crossing.”
8. The MTUA also became interested in the economic case for a new bridge and at the end of 2003 asked some questions of Halton Council and Peter Stoney of Liverpool University who had carried out the 1998 economic study. Early in 2004 we obtained from Gifford a copy of the “Economic Impact Assessment” completed by Amion in July 2003, and as it was not explicit in the report, Gifford confirmed to us (16th Feb 2004) that the “assessment was based on the assumption that the new crossing will not be tolled”. Early in 2005 we also obtained from Gifford a copy of the “Wider Economic Impacts ” report completed by Amion in November 2004.
9. At the end of 2004 it became clear that the intention was to toll the bridge and the MTUA / NAAT became interested in the legal powers that would be used. After initial queries to the Department for Transport, in May 2006 we asked Halton Council which powers they intended to use to toll the existing and proposed bridges. The answer was not clear. In any case the MTUA had formed the view that the Council has not been open about the plans for tolling of the bridges, particularly as Merseytravel had been saying for many years that the bridge would be tolled. So in June 2006 the MTUA made a Freedom of Information Act request for communications that the Council had that dealt with tolling. Following the refusal to supply this information an appeal was made to the Information Commissioner. A very small amount of information was later released, but the appeal is not yet resolved.
10. In May 2008 the Council issued the statutory notices for the Orders, but the various leaflets issued by the Council do not appear to clearly draw to people’s attention that they could make formal objections to the intention to toll the bridges. There was a letter sent out in June 2008 by solicitors on behalf of the Council, the letter did refer to the right to raise an objection, but we do not know how many people that letter was sent to. The Council also put some of the information on its website, but they seemed to be pdf files without the appropriate suffix.
11. Those people who live in Halton may have been lulled by statements from the Council saying that their aim was that those living in the Halton Council area would not pay any toll or that failing that they would receive a substantial discount e.g. the Leader of the Council quoted on Runcorn & Widnes World on 20 June 2007 – “We're not giving up on a free scheme on the Silver Jubilee Bridge for locals, or at least a hefty discount.”⁵.

⁴ <http://www.halton.gov.uk/committeeminutes/Board%202001-2002/Executive%20Board%5C1%20November%202001%5CMinutes%5CMinutes.doc> part attached as “Halton Council Exec Board 1 Nov 2001 - extract.pdf”

⁵ Attached as “Runcorn & Widnes World on 20 June 2007 from Google cache.pdf”

Why NAAT oppose Tolls in general

12. "Tolls" is derived from the Greek word "telos" meaning "tax". They have been around for a long time and were mentioned as "evil" in Magna Carta. More recently 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." (Book V Chapter II)
13. There are about 100 road crossings of tidal waters in Britain, of which 10 are tolled ⁶. There are many thousands of non-tidal crossings, of which 7 are tolled. At one time there were a lot more tolled bridges and many tolled roads or "turnpikes" but they were generally hated and nearly all tolls were removed in the late 1800s.
14. Whether you have to pay tolls in any particular area of Britain is a lottery, which is unfair to those drivers who have to use the tolled crossings. As the Government collects about £50 billion a year in taxes on roads use ⁷, and only spends a small fraction of this on roads, it is an extortion for the Government to refuse to pay for an adequate road system and for the authorities to say that the only choice is a tolled crossing or no crossing.
15. 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.
16. Toll roads 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.
17. 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 reduces but does not remove these delays, and where there is a mix of cash and electronic tolls than there is an increased risk of accidents and problems caused by the apparent failure of the tags.
18. To the extent that there is a choice, drivers will tend to avoid toll crossings and use other roads. This means longer journeys, more fuel consumption, more vehicle emissions and possibly use of less suitable, less safe and more congested roads.
19. In our view roads are an essential feature of a successful economy and a free state. Movement on the roads should not be impeded or discouraged by barriers or tolls.

⁶ <http://notolls.org.uk/cross.htm> full list of tolled and untolled crossings on NAAT website

⁷ <http://notolls.org.uk/figures.htm#taxes>

Tolling of the existing bridge at Runcorn

20. There have only been two previous uses of the Transport Act 2000 road user charging powers - the Durham "Congestion charge" and the Dartford Toll. The Durham charge applies to a very small area and does not include a bridge. The Dartford toll is on a river crossing, but is in effect a device used by the Government to enable the continued tolling of a crossing. The tolling of the existing bridge is as far as we know the first time, since at least the end of serfdom in Britain, that a toll has been put on a previously free bridge.
21. The reason for tolling the existing bridge is because the proponents of the planned new crossing believe that otherwise there would be little use made of their new bridge - "As the new bridge will be subject to tolls, the Silver Jubilee Bridge must also be subject to tolls. This is because if the new bridge alone were subject to tolls, traffic would be more likely to use the Silver Jubilee Bridge, even if it were reconfigured to take a lower traffic capacity." (Para 5.5. of the "Toll and Road User Charges Explanation").
22. This reason for tolling is also without precedent; we are not aware of any other toll which has been put in place to protect a tolled alternative. The proposal is the equivalent of proposing say the building of a new school or hospital or park to fill an identified need and then not only charging for the new facility but also putting a charge on the existing school or hospital or park to make sure that the new facility gets some customers.
23. The Council has sought to give the impression that tolling is normal. For instance in the special edition of the Mersey Crossing newsletter of November 2004⁸ they list nine "Existing tolled crossings" (Humber Bridge, Liverpool Tunnels, M25 Dartford Crossing, Second Severn Crossing, Forth Road Bridge, Erskine Bridge, Skye Bridge, Tay Bridge, Tyne Tunnel) and two "Proposed tolled crossings" (Thames Gateway, 3rd Forth Road Bridge). Of the nine listed tolled crossings, four are now free. Of the two proposed tolled crossings, the Scottish Government reiterated in September 2008⁹ that a new Forth Road bridge will not be tolled, and it was announced on the 6th November 2008 that the Thames "Gateway" scheme had been abandoned.
24. The existing bridge was built between 1958 and 1961 at a total cost of just under £3 million (£2.7million). This was funded by means of a 75% Ministry of Transport grant with the remaining 25% being met mainly by Cheshire & Lancashire County Councils. Cheshire were responsible for maintenance of the bridge till 1998, when Halton took over. To now put a toll on this bridge is particularly unjust for those living in Cheshire and Lancashire.
25. The draft of the Road User Charging Order lists various purposes for which the "net proceeds" of the planned tolls on the existing bridge may be used including - at Annex 3, 2 (e) - "in making payments to the Council's general fund for the purpose of directly or indirectly facilitating the achievement of policies relating to public transport in its local transport plan, or for other purposes;".
26. This provision seems to be based on the Mersey Tunnels toll regime which is far from typical. Elsewhere it is normally the case that any tolls can only be used for the purposes of paying off any construction cost and maintaining the structure during the period it is to be tolled. In our view this provision seems to be an attempt to get even more money from the already overtaxed drivers and businesses who are crossing the river.

⁸ <http://www.merseycrossing.co.uk/html/news/5258%20Mersey%20Newsletter%20ED4.pdf> (attached)

⁹ <http://www.pressandjournal.co.uk/Article.aspx/844682?UserKey=> (copy attached)

The impairment of the existing bridge at Runcorn

27. When around the end of 2003 the MTUA was enquiring into crossings, they found that the four lanes on the untolled Runcorn bridge were carrying more traffic than the eight tolled lanes of the Mersey Tunnels. It seems that Halton Council are aware of this as in the Environmental Non Technical Summary (para 4.2.115) they say that “The percentage of daily traffic that it (the existing bridge) carries in the morning and evening peak hours is almost twice that of any of the Mersey Tunnels”.
28. When opposing the Mersey Tunnels Bill, the MTUA tried to use the fact that there was twice as much traffic per lane at Runcorn to counter the claim that tolls were needed on the Mersey Tunnels because they did not have the capacity to cope with the volume of traffic. The MTUA also suggested that if more capacity was needed for crossing the Mersey, then the most economic way of providing it, was to remove the tolls on the Mersey Tunnels and improve the roads at the exits on the Liverpool side.
29. Tolled crossings have a reduced capacity due to the disruption of the smooth flow of traffic. This disruption is caused by the fanning out and slowing down at the approach to the toll plaza, and in many cases then stopping at the toll booths, then when traffic is past the toll booths it has to manoeuvre back into the original number of lanes.
30. Another factor that means that tolled crossings carry less traffic is that drivers travelling in peak periods usually have little choice of journey or route, but off peak they may decide because of tolls to take a longer route or make a different journey (e.g. to a different shopping centre), the result is that a tolled crossing in off-peak periods is empty compared with an untolled crossing.
31. The MTUA saw an article about the proposed new Runcorn Crossing in a magazine (Merseyside & North Wales Business Prospect of June 2003). The article said that the new bridge "is predicted to attract over 90% of traffic from the current bridge." As the new bridge was to have the same number of lanes as the existing bridge and the economic assessment implied that most of the traffic wanted a westerly route, this was a very puzzling statement. The MTUA raised this with Halton Council in February 2004, but got no reaction. The mystery was partly explained on 11th January 2005, when Halton Council issued a news release¹⁰ which said - "The Silver Jubilee Bridge would also need to be tolled to prevent overuse .. the intention is to make this a local crossing with .. the four lanes system reduced to two ..."
32. It later became known that this disabling of the existing bridge which takes more traffic than the Mersey Tunnels was to be achieved by not only reducing the number of lanes but also by "delinking" it, i.e. the authorities will make it difficult for traffic from outside of Halton to use it. As explained earlier, the practical capacity will be further reduced by tolling it.
33. One aim of this impairment seems to be that when the new bridge is built it is intended that there will initially be no net increase in river crossing capacity at Runcorn. We became aware of this following on indirectly from a press release of Halton Council in June 2008¹¹ which included – “What we’re proposing is almost unique in that it is a new road scheme that will actually reduce traffic levels in 2015 and reduce CO2 emissions.” (3rd para from end)

¹⁰ <http://www2.halton.gov.uk/content/newsroom/newsarchive/173205> copy attached

¹¹ <http://www2.halton.gov.uk/merseygateway/content/newsmedia/2008newsreleases/564045/> copy attached

34. Despite this press release, perhaps fortunately for the authorities, most businesses and individuals seem not to be aware of the intention that there will be less traffic, and have got the impression that the crossing capacity with a second bridge will be approximately double what it is now. That they have got this impression may be because the various documents published by the Council do not appear to reveal the effect on traffic.
35. The reduction in the effective capacity has the effect of pushing traffic onto other existing crossings to the west (Mersey Tunnels) and east (Warrington and M6). In July 2008 the Executive Board of Warrington Council considered a report from their officers that gave traffic figures which appear to be derived from information supplied by Halton Council. The effect of the plans is that there will be increased traffic and congestion on the Warrington bridges. Warrington Council were concerned about this, though they decided to continue their support for the plans.
36. The report and supporting documents that the Warrington Executive Board considered seem to be the only things that are in the public domain which give any indication of the traffic effects of the plans. The report says that the existing Runcorn bridge had daily traffic of 83,667 (in 2006), but the existing bridge and new bridge COMBINED will have daily traffic of 74,255 in 2015 assuming the "Most Likely Case". On the basis of the "Higher Toll" the combined traffic on the two bridges would be 45,768 (i.e. only around half the traffic carried now by just the old bridge). The source for these figures appears to be a Halton Council paper which was attached to the Warrington report - "Mersey Gateway Technical Note 78 -Impact of Mersey Gateway on Traffic Conditions in Warrington - Draft June 2008"¹²

¹² <http://212.248.237.112/CmisWebPublic/Binary.ashx?Document=8733> table 4.4. on page 22 (copy attached)

Doubt over legality of Tolling the planned bridge at Runcorn

37. The tolling of a highway whether the land is publicly or privately owned is generally against Common Law. There are two minor toll roads that were permitted by Royal Charters (in 1443 and 1669). All other tolls are the result of Acts of Parliament. In nearly every case the Act is a private act that relates to one particular crossing. A possible reason for this procedure is that tolling is contrary to the general practice and the requirement for specific legislation means that Parliament can have a say on what happens.
38. In the case of the planned new Runcorn bridge there is to be no attempt made to get a private act passed, instead two general acts are cited. The draft Order mainly refers to the New Roads and Street Works Act 1991. The powers appear to have been used only twice before. One instance was the M6 Toll Road; the other was the Skye bridge. Campaigners against the tolling of the Skye bridge believed that the tolling was illegal, though for various other reasons the tolls were removed at the end of 2004.
39. The preface to the draft order (page 4) says - "An application has been made to the Secretary of State for an Order under sections 3 and 5 of the Transport and Works Act 1992 .." The advertisement of the draft Order does not refer at all to the New Roads and Street Works 1991, it only refers to the Transport and Works Act 1992 and says that application for the Order is being made under Section 3(1)(b).
40. So the 1992 Act appears to be crucial for tolling the new Runcorn bridge and according to what the MTUA were told by the DfT in 2006 has only been used once before in connection with the tolling of a road or crossing, that was for the planned second tunnel across the Tyne. In our view the case of the Tyne Tunnel is not the same as there was already specific power for the building and tolling of the second Tunnel in a Private Act - Tyne Tunnel Act 1998¹³, and that 1998 Act specifically referred to the possible use of the 1992 Act .
41. Though the 1992 Act includes tolling powers it is clearly not for roads or crossings - "An Act to provide for the making of orders relating to, or to matters ancillary to, the construction or operation of railways, tramways, trolley vehicle systems, other guided transport systems and inland waterways, and orders relating to, or to matters ancillary to, works interfering with rights of navigation; to make further provision in relation to railways, tramways, trolley vehicle systems and other guided transport systems; to amend certain enactments relating to harbours; and for connected purposes." (Preamble to the Transport and Works Act 1992¹⁴)
42. If MPs had intended that the 1992 Act powers should also apply to roads or river crossings, then they would have been included in the Act's list of facilities that could be tolled and MPs would have mentioned them in the debates on the bill. There is no mention of tolled roads or river crossings in the Hansard reports on the Bill, and its purpose was made clear at the start of the second Reading (Hansard for 2 December 1991 column 39¹⁵). In our view citing the 1992 Act as the authority for the Order raises doubts over the validity of the Order and it is possible that at some point there will be a legal challenge to the tolling of the new bridge.

¹³ http://www.opsi.gov.uk/acts/localact1998/ukla_19980001_en_1 (copy attached)

¹⁴ http://www.opsi.gov.uk/acts/acts1992/ukpga_19920042_en_1#Legislation-Preamble

¹⁵ <http://www.publications.parliament.uk/pa/cm199192/cmhansrd/1991-12-02/Debate-2.html> (extract attached)

A tolled bridge has less benefits than a tolled one

43. A new road or river crossing brings economic benefits. In the case of a new Mersey Crossing the early research indicated that these benefits would be very substantial. The research was based on an untolled crossing. It is obvious that a toll will substantially reduce the benefits. Businesses where transport is a key factor will avoid being based in an area where there are tolls. Tourists and shoppers and prospective employees will tend to avoid tolls.
44. The Mersey Crossing is the worst possible case in that not only is the new crossing to be tolled but a free crossing which currently carries more traffic than the Mersey Tunnels is also to be tolled. The overall economic effect is likely to be negative - the lack of a new crossing sets a limit on growth, but tolls on both bridges could be an incentive to actually move away.
45. Liverpool Macroeconomic Research Ltd (linked to Liverpool University) carried out research ("The Economic Impact of a Second Runcorn Bridge") which was published in September 1998 and which dealt with the economic benefits of building a new bridge. At 1998 prices, they estimated that the benefit to the Cheshire economy would be up to £210 million a year and to the Merseyside economy a further £60 million a year¹⁶. This meant that in economic terms, a bridge would pay for itself very quickly. But the research was on the basis of an untolled bridge. If you not only toll the bridge, but also toll the existing free bridge, the effect on the local economy will be very different.
46. Amion Consulting then did an "Economic Impact Assessment", published in July 2003. They calculated a figure of £85 million a year at current prices for "Net additional value added"¹⁷, but again the benefits calculated were on the assumption that the bridge would not be tolled.
47. In April 2004, the Government said that they wanted more information before deciding on a new crossing, part of this was to be the economic effect of tolling. So there was then another report from Amion Consulting - "New Mersey Crossing - Wider Economic Impacts" . This was published in January 2005.
48. This new economic report devoted only 2 pages (61 and 62)¹⁸ to effect of tolling. In our opinion it was a superficial assessment, and was just based on a survey¹⁹ of existing "businesses" in the area. Businesses were asked two questions on tolling.
49. One question was- "In your opinion what is an acceptable toll level (each way)?" The answer to this question was not revealed in the report.
50. The other question was "Please consider the following scenario - Staff and business users have to pay £1.30 to cross the River Mersey (at all points). This is an equivalent to the charge currently made for crossing via the tunnels - What effect would you expect this to have on your business?" There were 5 boxes to tick going from "large effect" to "No effect".

¹⁶ Table 9 Merseyside Economic Impacts - Original Western option without public transport Year 10 = 0.42% increase in GDP see jpg attached

Table 12 Cheshire Economic Impacts - Original Western option without public transport Year 10 = 1.4% increase in GDP see jpg attached

Exec Summary - +£150 million for a +1% point change in GDP in either Merseyside or Cheshire. see jpgs attached

¹⁷ "New Mersey Crossing – Technical Report 13 – Economic Impact Assessment" Page 50 para 4.6 copy of this page attached

¹⁸ Amion Wider Economic Impacts Nov 2004 copy of pages 61 to 62 attached

¹⁹ Amion Wider Economic Impacts Nov 2004 copy of Appendix 3 attached

51. As the survey was going to businesses, and those most interested would be HGV operators, it is strange that a figure of "£1.30" was quoted for "business users" as the rates for HGVs going through the Mersey Tunnels at that time were up to £5.20 (it is now higher).
52. In any case it appeared that all of the conclusions were based on which box those who returned this survey ticked. There were 239 responses of which 71% said tolling (at the £1.30 rate) would have an effect on them. From this it was then somehow deduced that the employment gain for a tolled crossing would still be 40% to 60% of that for an untolled crossing. (In terms of jobs this was said to be 1,700 to 2,500.)
53. The conclusion that a tolled crossing would achieve up to 60% of the gain of an untolled crossing is in our opinion built on thin air, and putting a toll on the existing free bridge is more likely to reduce employment. Though as the existing bridge is also to be disabled so that there is no more overall traffic than now, it is difficult to see how anyone could believe that all this could have anything other than a significant negative effect on the regional economy.
54. The final conclusion of the January 2005 report said (page 63) - "Some 6,920 new jobs ... are expected to be generated". Though this appears to actually be the number of new jobs if there are no tolls.
55. We have already mentioned the Halton Council news release of 11th January 2005 - "Mersey Gateway would bring benefits to all". Though they were now recommending a tolled bridge, they justified it to the people of Halton by quoting job figures which appear to be those for an untolled bridge: "The cost of building the bridge is estimated to be £250m ... However some of the benefits will include almost 7000 jobs and an £80m annual increase in GVA, the statistic which measures economic output for the regions of the UK."

Use of private finance

56. It appears that the new bridge is to be privately built, financed and operated. Private finance is an expensive device with the apparent purpose of excluding schemes from public spending figures and enabling public facilities to be staffed with people on lower pay and pensions.
57. It also appears that the plan to have a tolled privately financed bridge at Runcorn may go back a long way. There is a heavily redacted Department for Transport letter dated 28 Feb 1994 which was released in 2005, following a Freedom of Information request, under the heading "New Mersey Gateway Study Report". The small uncensored bit includes - "A new crossing of the River Mersey was identified as one of six possible candidates for private finance in a consultation document which the Department published in 1990. In August 1991, the Mersey Crossing study was commissioned to examine the potential for such a scheme."²⁰
58. Privately financed schemes are more expensive for three reasons. Firstly there are various consultants, lawyers, accountants, bankers etc being paid large sums. Secondly, private finance means private borrowing and this is more expensive than public sector borrowing. Thirdly the process of getting PFI schemes approved is a very long one, this delays the scheme and there is relatively high inflation on construction schemes.
59. This dim view of private finance is not just ours. In 2004 the Certified Accountants published a report "Evaluating the operation of PFI in roads and hospitals"²¹ based on research carried out by Manchester Business School. It included "it shows that the Highways Agency was unable to demonstrate (even using the Government's methodology, which favours private finance over public finance) that these DBFO schemes had lower whole-life costs than conventional procurement. Since the discounting methodology serves to reduce the apparent cost of the DBFO option, this means that the cash cost of DBFO must be very much more than a publicly funded option and that DBFO is a very expensive way of constructing, operating and maintaining roads."²² And "...our analysis shows that PFI is a very expensive way of financing and delivering public services that must, where public expenditure is constrained, lead to cuts in public services and/or tax rises, that is, a cut in the social wage. In contrast, the chief beneficiaries are the providers of finance and some of, though not necessarily all, the private sector service providers, leading to a redistribution not from the rich to the poor but from the mass of the population to the financial elite. In short, PFI does not pass the accountability test."²³
60. The only bridge that has already been built under PFI is the Skye bridge. As already stated there was a widespread view that the tolling was illegal. But under the 1991 legislation that was used there (and is also to be used at Runcorn) it is a criminal offence to refuse to pay the toll. By the time that these hated tolls were removed in December 2004, 130 of the islanders had been convicted as criminals.
61. Another feature of these privately financed tolled roads, in Britain and overseas is that there are usually secret "funnelling" clauses. The authorities agree that surrounding roads and road signs will be designed to direct traffic on to the tolled route. The authorities also agree not to do anything to relieve congestion on untolled alternatives. Though if the Government succeed in tolling the existing free bridge they may try to extend tolling further east.

²⁰<http://www.dft.gov.uk/foi/responses/2005/aug/newmerseygatewaystudyreport/informationaboutthenewmersey2159>

²¹http://www.accaglobal.com/pubs/publicinterest/activities/research/research_archive/rr-084-001.pdf

²² ACCA PFI report page 85 copy attached

²³ ACCA PFI report page 224 copy attached

Cost of the bridge

62. Various figures have been quoted for the cost of the bridge. Following a query from the MTUA, in January 2004 the engineering consultants (Gifford) for the new bridge said that "The estimated cost of the preferred route is actually £202 million, but the DfT require an "optimism bias" to be added to this (to allow for the fact that most construction projects run over budget). For this project the optimism bias is 66% bringing the cost estimate up to £335 million."
63. On the 18th November 2004, the Halton Council Executive Board considered the question of tolling and what would be recommended to the Government. They were told - "Financial analysis refined during the year indicates that the cost to Government if the new crossing were not tolled would be of the order of £750m"²⁴. This figure of £750 million for an untolled bridge was repeated in various places including the special edition of the Mersey Crossing newsletter of November 2004.
64. Though the cost of an untolled bridge was now £750 million, the cost of a tolled bridge was implied to be a lot lower – the previously mentioned Halton Council news release on the 11 January 2005 said - "The cost of building the bridge is estimated to be £250m but sometimes a figure of £350m is quoted which includes a so-called optimism bias, which is introduced at the request of Government." A later release from the Council - the June 2006 edition of "Inside Halton" - changed the estimated cost of the tolled bridge to £305 million.
65. The impression that has been given that a tolled crossing is far cheaper to build than an untolled one is the opposite of reality. Much of the cost would be the same whether tolled or untolled, as the bridge would be designed by consulting engineers and built by contractors possibly as a design and build scheme. The only necessary differences in cost would be that a tolled bridge would be more expensive to build and operate for various reasons.
66. A tolled bridge needs more land to accommodate tolling plazas (para 5.1 of the TWA Statement of Aims says that the land requirement for just the tolling plaza on the new bridge is approximately 4 hectares) and for the additional lanes as traffic approaches the plaza and then exits the plaza and approaches the bridge.
67. A tolled bridge not only has to meet the cost of constructing the plaza and additional lanes, it also needs tolling equipment, and people to operate and maintain it and to account for the tolls. Perhaps not surprisingly the TWA Cost Estimate gives no separate costs for any of the capital expenditure related to tolls, and there does not appear to be any figures anywhere for the revenue costs.
68. A tolled bridge has far more "consultants" than an untolled one.
69. The construction of a tolled bridge is delayed by the various legal requirements and the very long time that has to be spent in creating a perception through the news media etc that the only choice is tolling. These delays substantially increase the cost. There may be other reasons for the delays apart from the tolling issue, but in 2002 the Council promotional material said that the new bridge could be open in 2007 and the MTUA were told in December 2003 by Halton Council that the new bridge "could be open to traffic in 2008." Perhaps if it had been agreed that the bridge would not be tolled, this forecast would have been accurate.

²⁴ [http://www.halton.gov.uk/committeeminutes/Board%202004-2005/Executive%20Board/18%20November%202004/Partone/Item%20No.%204\(c\).doc](http://www.halton.gov.uk/committeeminutes/Board%202004-2005/Executive%20Board/18%20November%202004/Partone/Item%20No.%204(c).doc) copy of extract attached

Bridge is being built in the wrong place

70. The Liverpool Macroeconomic Research Ltd report published in September 1998 examined various possible routes for a new bridge. It concluded that the maximum economic benefit was a western route (i.e. nearer Liverpool).
71. Another report - "New Mersey Crossing – Technical Report 13 – Economic Impact Assessment" - was done by Amion Consulting in 2003. In the view of Amion Consulting there was little difference between the overall economic effects of any of the route options, though a crossing to the east would benefit Warrington more and a crossing to the west would benefit Merseyside more. The 2003 report refers to a 1999 report (Economic Impact of the New Mersey Crossing) done by DTZ Pieda Consulting, which Amion says "concluded that a crossing to the west of the existing bridge would be most beneficial in terms of its employment effects" (end of section 2 on page 15). Amion go on to say "although the difference between the options could be considered to be marginal", but without sight of the 1999 report it is not possible to quantify this.
72. Anyone looking at a map would realise that not only may a western route have greater economic benefits, but there is a very obvious line - continuing the existing route south from M57 and A5300 (Knowsley Expressway) which currently ends at the A562. The route would be extended towards Hale and over the river to join the M56 between Helsby and Frodsham. There are almost no houses or other properties along this line. It also give a good direct link between two European routes the E20 (M62) and E22 (M56).
73. This route is not only obvious, it was we understand the route that was recommended by the "Mersey Crossing Study" carried out by the DfT in the early 1990s. We understand that the second choice was a similar route but the southern end was closer to the existing bridge (though still to the west of it).
74. According to the 2003 Amion report, most of the traffic using the existing bridge either has its origin or its destination outside Halton. Only 20% are journeys solely within the borough of Halton. Somehow, despite this, it was decided that the new bridge and the approaches would be in the middle of the borough.
75. The same report said (page 21) that - "The major movement across the Bridge is in and out of Liverpool from Runcorn, Vale Royal, Chester and North Wales." This seems to reinforce the obvious fact that the optimum route for a new crossing is to the west of the existing bridge and not to the east where it will be further away.
76. In 2002, the results of work carried out by the AA and the European Road Assessment Programme were released ²⁵. The stretch of the A533 leading to the A56 and Runcorn Widnes bridge was named the eighth worst in Britain. Things may have improved since then, but it is odd that it was decided to build the new bridge so that it feeds directly on to the A533.

²⁵ http://www.bbc.co.uk/radio4/today/reports/archive/features/dangerous_roads.shtml

"Toll and Road User Charges Explanation"

77. Halton Council issued "Toll and Road User Charges Explanation" in support of their application. The document says (para 4) that - "The purpose of this paper is to explain the mechanism by which the Council would levy tolls and charges under both the proposed Order and the Scheme, including how the level of tolls/charges would be set, and the amount of tolls/charges." We have some comments on this.
78. The document says at para 6 that the tolls "should be roughly the same as those payable for use of the existing Mersey Tunnels, based on today's figures." But then at para 8 sets out a range of tolls which vary from slightly less than the Mersey Tunnels to nearly twice the charge (and in the case of motorbikes which are not tolled on the Mersey Tunnels says that the toll could be as much as £2.50).
79. An explanation for this vagueness as to the level of tolls is given in para 10, which starts - "Ranges are proposed rather than specifying tolls. This is because the Council wishes to preserve flexibility about the amounts of tolls, rather than specifying them now. This will enable it to negotiate with prospective concessionaires so as to achieve the best possible deal for Halton."
80. In our view it is not reasonable to apply for an Order which specifies a range of tolls which for example says that the toll for a small goods vehicle could be anywhere between £2 and £5. It is unprecedented for a Tolls Order to specify a range of tolls, as far as we know all previous Toll Acts and Orders have specified exact tolls, not ranges. It is particularly unreasonable that the reason for the ranges is "to achieve the best possible deal for Halton". Roads are supposed to be a national asset, and it is setting a bad precedent if Halton Council is allowed to set tolls on roads that carry substantial through traffic on the basis of what best suits its area.
81. The Council gives several sub reasons under para 10 including - "10.2 Traffic levels can be predicted up to a point, but absolute certainty will not be gained until the new bridge opens. There is an optimum toll/charge that is attractive to users, so that they do not use other routes. This will be easier to fine-tune nearer to the opening day."
82. On one side of the new crossing is the Mersey Tunnels which are the third most expensive river crossing in Britain. The Council is living in a fantasy world if it believes that a toll level which is potentially higher than the Mersey Tunnels might be "attractive to users". On the other side are the bridges at Warrington and the Thelwell Viaduct which are currently free. Some traffic is bound to divert via those crossings and the higher the charge the more traffic will divert. Unless, that is, the intention of the Government is to toll or disable the remaining free routes, and thus create a virtual Berlin Wall along the line of the Mersey from Liverpool to Manchester.
83. The evidence from the traffic on the M6 Toll road is that there is a small core of roads users who have a high price inelasticity and will continue to use a toll road though the price rises, but that for the vast majority of drivers there is a high price elasticity. The Runcorn tolls will be protected to the west because the operators of the Mersey Tunnels are part of the Mersey Crossing Group and will have a common interest with Halton Council in maintaining as high as possible toll levels to maximise income. But some drivers will have (unless it is blocked) an escape route to the east, and there is therefore a possibility that the traffic levels will be a lot lower than the numbers currently using the untolled Runcorn bridge, indeed the figures

that were seen by the Warrington Council Executive Board show that this is what Halton Council itself expects.

84. At para 13 the Council proposes that tolls can increase over the 30 year concession at a rate of "one percent above retail price index inflation". In the case of most tolled crossings, the toll rates are fixed indefinitely (or until such time as the tolls are removed) and can only be varied by Order. The reason for fixing tolls is that the construction cost of any crossing does not increase over time, though despite this the Mersey Tunnel operators managed to get such a provision into the Mersey Tunnels Act 2004. In the case of Runcorn it appears that they are aiming to do even better, as at the end of thirty years, even if there had been no movement at all in the RPI, the tolls could be 33% higher. This is not fair or reasonable.
85. It is normal in a Tolls Act that it anticipates that the tolls are for a limited period, and specifies that the tolls must be removed by a certain date or when certain conditions have been met – typically when the cost of construction of the crossing has been paid off. In the case of the draft Order for the new bridge, there is no mention of the tolls being removed. It seems that the intention is that the tolls will be a permanent ball and chain on people and businesses in the region.

Conclusion

86. The Council says that the present inadequate crossing provision is “a threat to the economic prosperity of the sub- region” and that their plans will “provide effective connectivity .. and enable economic growth” (part of para 2.11 and 2.12 of Statement of Aims and Reasons). In our view of the real world, the tolling of the bridges and the overall effect of reducing the existing capacity will have a negative effect on connectivity and the economy.
87. There are various reasons why people may want a new road or river crossing, but it is difficult to argue that a facility should be provided unless an economic case is made. It is surprising that given the volume of information that the Council is submitting to this Inquiry, it does not appear to include the studies of the economic effects. One possible reason for this is that an examination of the studies would show that the benefits flow from an untolled crossing, not from a tolled one.
88. The decision to disable the existing bridge, build the new bridge further away from Liverpool, and toll both, gives us the impression that the original aim of a new crossing has been completely lost and that now the main driver behind this scheme is not to improve the river crossing capacity but the wish of the Government to extend the tolling regime which already exists down river and to protect the tolling regimes that exist on some other English rivers.
89. Since the Skye bridge toll was removed in 2004, there is only one place where there is currently a toll created using the New Roads and Street Works Act 1991 powers, that is on the M6 Toll Road. In our view the tolling of that road has been an economic mistake, but in any case the toll was justified by the Government on the basis that drivers had the choice of untolled alternatives, in particular the old M6. In the case of the Runcorn bridges, not even that feeble excuse is available, as the plan is that the existing untolled alternative will be tolled and impaired.
90. The intention is that the tolled bridges will be paid for by private finance. Since the recent banking crisis we are now of course in the position that the “private” finance for a scheme which it is said that the public sector can not afford is likely to in effect be coming from the Government and the Bank of England who have pumped several hundred billion pounds into the banks as capital, guarantees and loans.
91. A new untolled bridge could by now have already been built at Runcorn. It could have been built at a cost of about £200 million, which is little more than what the Government takes from drivers in just one day. It will be most unfortunate if the power of the tolling lobby means more tolls will be inflicted on this region, and that the effective river crossing capacity will reduce and will be in an inferior location

Sources

There are links in the document to various website sources and also reference to some of the documents that Halton Council produced in support of the Orders including - Toll and Road User Charges Explanation, Draft of Road User Charging Order, Environmental Non Technical Summary, TWA Statement of Aims and TWA Cost Estimate.

Documents or extracts which are attached (numbers are the footnotes) –

1. Extract from Merseytravel web site page from 2001 referring to tolling of bridge.
4. Extract from Halton Council Exec Board Minutes 1 Nov 2001 explaining why it supports a tougher tolls regime at Mersey Tunnels.
5. Page from Google cache showing Runcorn & Widnes World on 20 June 2007 where Council Leader refers to aim of no tolls for locals.
8. Halton newsletter November 2004
9. Press & Journal 18 Sep 2008 – “Minister guarantees no toll charges on Forth crossing”
10. Halton Council Press Release 11 Jan 2005 – “Mersey Gateway would bring benefits to all”
11. Halton Press Release June 2008
12. Table 4.4. from -“Mersey Gateway Technical Note 78 -Impact of Mersey Gateway on Traffic Conditions in Warrington - Draft June 2008” showing expected traffic levels at various crossings.
13. Tyne Tunnels Act 1998
15. Extract from debate on Transport and Works Act 1992.
16. The Economic Impact of a Second Runcorn Bridge, published 1998 – 4 extracts (jpgs)
17. Extract (Page 50) from “New Mersey Crossing – Technical Report 13 – Economic Impact Assessment” produced by Amion in July 2003 showing “value added” at para 4.6
18. Extract (pages 61 to 62) from “Wider Economic Impacts” report produced by Amion in Nov 2004 and dealing with effect of tolling
19. Extract (Appendix 3) from “Wider Economic Impacts” report produced by Amion in Nov 2004 and showing the Business Survey questionnaire
22. ACCA "Evaluating the operation of PFI in roads and hospitals" report page 85
23. ACCA "Evaluating the operation of PFI in roads and hospitals" report page 224
24. Halton Council Executive Board Minutes 18th November 2004.

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