

INQUIRY INTO APPLICATION FOR RUNCORN TOLLING ORDERS *

* "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.

15 Mar 2009

ADDENDUM TO NATIONAL ALLIANCE AGAINST TOLLS STATEMENT OF CASE

Introduction

1. This addendum is a supplement to the NAAT submission dated 9th November 2008, and deals with some of the events over the last four months in four areas.

Availability of Information

2. Our original submission mentioned a Freedom of Information request for communications of the Council that dealt with tolling. The Council declined to supply some of the information and we had appealed to the Information Commissioner's Office. There was an ICO decision on our appeal issued on the 3rd December 2008. In brief, it instructed that Halton release all of the documents that the ICO had been made aware of. We have appealed that ICO decision to the Information Tribunal on the basis that the ICO had not sufficiently queried why there were so few documents.
3. We had made a further Freedom of Information Act request on 6th November 2008. The Council have supplied part of the information requested then but in effect either ignored part of the request or said that it was "not in the public interest to provide this information in an incomplete and piecemeal fashion when it will be available in its entirety in a relatively short period of time". The information not supplied was –

An answer to the question – "Was there any work done by Gifford on the effect of tolling which was not included in the report "Wider Economic Impacts" from Gifford and Partners dated November 2004)?"

The results of the research which the Council had claimed showed that the majority of people and businesses "would prefer to have both bridges tolled in preference to no new bridge at all".

Details of any other research that had been undertaken that included the issue of tolling (such research may not exist but the Council has not said so).

Copy of reports showing the effect of tolling on anticipated traffic flow for all scenarios tested.

Copy of whatever document explained the assumptions about the effect of tolling that was fed into the traffic model and how those assumptions were based.

4. Most of what was not supplied still appears to be unavailable except for the fourth of the above five items which is dealt with at para 8 below.

5. On the 16th February 2009 the Council's solicitors sent out a letter indicating that various additional documents had been sent to the Secretary of State and were now available "for inspection" at two libraries and from 23rd February also at Halton Direct link. Following a query as to where the Statements of Case made by Objectors were available, we were told by the TWA Orders section that they were at the two libraries.
6. A visit to one of the libraries (Halton Lea) led to us being taken to a storage room and shown three large boxes of documents on the floor. A search by us through all the documents failed to find any of the additional documents or the Statements of Case. The Libraries staff could give no help as to where the missing documents might be.
7. On visiting Halton Direct Link we were shown nine large boxes of documents together with various documents not in the boxes. The boxes appeared to hold all of the documents that were supposed to be there. But there were no Statements of Case and the staff knew nothing about them. We asked could we take a copy of part of one document. Permission was refused, I asked again but permission was still refused.
8. One of the most important pieces of information is the effect of the proposals on traffic crossing the river. Paras 34 to 36 of our main submission stated that the Council did not appear to have published any documents revealing these effects. The fact that there would be a fall in this traffic appeared to be only revealed in a limited document at Warrington Council. The list of additional documents deposited (supposedly at the two libraries) by Halton Council included document 197 - "Mersey Gateway Traffic Forecasting Report". I asked Halton Council for a copy of this, but was told that it was at the libraries and they intended to put it on their website. The document was not in the library visited but was at Halton Direct Link. It turned out to contain no figures. But we also found document 198 described as "Mersey Gateway Appraisal Summary Table and Worksheets". This document did contain the figures but what we thought were the most important ones were in the middle of two to three hundred pages of figures, charts and maps.
9. In our view the Council have virtually buried in a vast amount of documents that are difficult to access, the most important information – the effect of tolls on traffic flows across the Mersey. They have also largely ignored the effect of tolls on the economic benefits that should have resulted from the building of an additional crossing. The reason for this is presumably because the Council and the Government want people not to know.

Use of Private finance

10. Paragraph 56 to 61 of our Original submission dealt with the issue of Private finance. The banks are of course the usual suppliers of the bulk of the "private" finance.
11. The banks were already in trouble when on 8th October 2008 the Chancellor announced a "rescue" package of £500 billion. Despite that bail out there has since been an almost total collapse in the financial system in Britain and some other countries, with five of the British banks (Lloyds TSB / HBOS, RBS, Bradford & Bingley, and Northern Rock) virtually taken over by the Government. To reflect this situation, the Office for National Statistics on 19th February ordered that the National Debt be increased by 1.5 trillion pounds¹. Since then further astronomic sums have been pumped into the system by the Government in various ways.

¹ <http://www.guardian.co.uk/politics/2009/feb/20/public-debt-gordon-brown>

12. All of this has made a total mockery of any Government claims that, despite taking fifty billion pounds from roads users each year, the building of roads and bridges can only go ahead with “private” money. The Government have already started to bail out PFI.²
13. As mentioned in the original submission, the New Roads and Street Works Act 1991 tolling powers have only been used twice before. One instance was the Skye bridge. The main financier of the Skye tolled bridge was the Bank of America which has now received \$45 billion from the Federal Government³. The other instance was the M6 Toll Road which is operated by a subsidiary of the Australian Macquarie banking group. That group was also taking the lead in a Public Private Partnership scheme in British Columbia. The scheme was very similar to the Runcorn one. The PPP was to build a new tolled bridge and to also take over the existing bridge. That scheme collapsed in February 2009 and the Government of British Columbia is now having to provide all the finance⁴.

Change in law affecting tolling of the existing bridge at Runcorn

14. The existing bridge is being tolled using powers in the Transport Act 2000. That Act was amended by the Local Transport Act 2008. The NAAT made a submission in September 2007 to the consultation on the new Act when it was a draft bill, and have since followed what has been happening. We were interested in the “road user charging” parts of the Bill including Section 110 which removed the 2000 Act requirement that local authorities needed the approval of the Secretary of State before introducing tolls on any highway, and section 111 which removed the powers for the Secretary of State to direct that an inquiry should be held⁵.
15. The Act got the Royal assent on the 26th November 2008, but the toll provisions were not to come into force till a Commencement Order was made. The Local Transport Act 2008 (Commencement No. 1 and Transitional Provisions) Order 2009 was made on the 26th January 2009 and the tolling provisions came into force in England on the 9th February 2009.

There was however a transitional provision at paragraph 6 of Part Two of Schedule 2 –

“Notwithstanding the coming into force of sections 110 and 111 of the Act, sections 169 and 170 of the TA 2000 (charging schemes) shall continue to apply without the amendments made by sections 110 and 111 in respect of any charging scheme under Part 3 of the TA 2000 which was submitted to the Secretary of State in accordance with section 169 of that Act before 9th February 2009.”⁶

16. Halton Council through their contacts with the DfT were presumably at least as aware as we were as to what has been happening since the draft Bill was issued in September 2007, yet they made and submitted a seemingly unnecessary draft tolling Order to the DfT on 5th December 2008. It seems certain that Halton will be the only Council that is affected by the transitional provision, and given that the Government must support what Halton Council intends to do, it raises a question as to what the purpose is of that part of the Inquiry which will deal with the tolling of the existing bridge.

² http://news.bbc.co.uk/1/hi/uk_politics/7920522.stm

³ <http://news.bbc.co.uk/1/hi/business/7832484.stm>

⁴ http://www.google.com/hostednews/canadianpress/article/ALeqM5jRwIcfpbqasDr8JzugTq_RyIaSog

⁵ http://www.opsi.gov.uk/acts/acts2008/ukpga_20080026_en_13#pt6-pb2-11g110

⁶ http://www.opsi.gov.uk/si/si2009/uksi_20090107_en_2

Economic effects of the proposals

17. Our Original submission at paras 43 to 55 dealt with the economic effects of tolling the two bridges. Building a river crossing should normally be a major benefit to businesses in the region because it increases the catchment area for customers, workforce and suppliers. But the proposal for replacing a free bridge with two tolled ones will have the effect of discouraging cross river movement and split the catchment area into two thus reducing agglomeration benefits. We suggested in our original Statement that the overall effect of tolling the bridges would be negative, and we also pointed out that the Council had quoted as economic benefits those that related to an untolled bridge and that there had been almost nothing published by the Council on the effect of tolling. Since then (February 2009) the Council have published the Amion “Mersey Gateway Wider Economic Impact Report”.
18. The new document appears to some extent to be a rehash as some figures are quoted at 2002 prices. The report says that there was a generally positive business attitude to the “Mersey Gateway project”, without making it clear how aware the businesses were that the intention was to toll both the new bridge and the existing bridge, and that the latter would be virtually disabled with the overall result of the two bridges carrying less traffic in 2015 than the one bridge does now.
19. The document adds nothing to the almost undetectable amount that the Council has published on the effects of tolling. It does not attempt to quantify the effect of tolls but does say that once there are two tolled bridges that “In total, some 4,640 new gross jobs are expected to arise”. This is less than the 6,920 new jobs that they predicted for an untolled bridge in their January 2005 report, but in any case it is an amazing claim that there will be any new jobs as the traffic prediction is that there will be less traffic crossing at Halton in 2015.
20. The economic gains and extra jobs suggested in the report mainly seem to come from travel time saved by businesses and from agglomeration effects. In our view the tolling will in fact act as a barrier and thus have a negative agglomeration effect. The figure for time saved does not appear to take into account potential delays caused by toll collection nor that traffic may divert onto longer routes via Warrington or the M6. Neither does there seem to be any consideration of the effect of tolls encouraging existing businesses to leave the region and discouraging possible new businesses from coming here.
21. The report says (table 2.2 on page 7) that there is a Net Present Value (at 2002 prices) of £216 million. This is after deducting tolls of £618 million from the benefits, the main ones of which are £426 million in travel time for businesses and £285 million in travel time for “consumers”. As has been demonstrated with the failure of the M6Toll, most drivers and businesses have an aversion to tolls and avoid them if they can indicating that if the time saving requires the payment of a toll then they value their time at a lower price than appears to be assumed in these models. It is in any case not clear how these time savings have been calculated as much of the traffic that uses the existing bridge comes from or is going to the west and will have to make a longer journey. The toll collection itself can cause significant delays at peak periods.
22. The same table (2.2) says that there is a Benefits to Costs ratio of 3.95. The methodology used to calculate this may have been appropriate if this had been a conventional roads scheme which was being funded by the Government. But in this case most of the funding (at least in theory) does not come from the Government. Indeed in a case like this it would have been

expected that none of the cost would have come from the Government, and this calculation would then have resulted in an infinite “Benefits to Costs” ratio however small the benefits were, which demonstrates how inappropriate this method of calculation is.

23. The tolls of £618 million * as well as being a cost to people and businesses in the region will not produce that amount of net income to the authorities as taking these tolls out of the regional economy will result in a smaller tax take for the Government. This seems to be about 20 per cent, so there is an indirect cost to the Government of imposing £618 million of tolls of around £120 million.

* It is not clear whether the tolls figure is £618 million or higher. Toll collection is a major cost and it is not clear if this has been netted off. The report also mentions “targeted discounts” but gives no details of what they have been assumed to be and how they affect the quoted toll income. It is also not clear how VAT has been treated as our understanding is that as the bridges will be privately operated the tolls will have to include a VAT element.

24. The report says (para 4.3.5 at page 29) that – “.. *However, the majority of respondents (to a survey) noted that tolling the Mersey Gateway and the SJB would have a negative impact on local people and businesses. The Socio-economic Impact Assessment notes that tolling could increase social exclusion for the poorer members of society by raising barriers to, amongst other things, jobs. In addition, employees (who travel regularly across the SJB or would do so across the new bridge), would be negatively affected. Earlier business focus groups (2004) noted that businesses were also concerned that tolling may decrease the existing labour pool for jobs as individuals would be less willing to pay to access their place of work...*”

25. Amion go on to dismiss the above by saying that the “Sustainable Transport Strategy” and “targeted discounts” will “address these issues”. The reality is that if people were fully informed of what was happening they would be even more strongly opposed to the Council plans. Instead of informing people, what has taken place is a propaganda exercise..

26. The report also refers to the English Indices of Deprivation 2007 ⁷, and points out that deprivation in Halton is a lot higher than in most local authorities. It is interesting to compare the Halton situation on those Indices with that of Liverpool and Wirral who have had the “benefit” of a tolled river crossing (the Mersey Tunnels) for seventy five years.

27. There are six measures used in the 2007 indices to compare deprivation. But in the context of a scheme which it is claimed will boost the economy, the “Rank of employment scale” seems most relevant. Halton is indeed one the worst local authorities (77th out of 354), but Liverpool is the 2nd worst and Wirral is the 8th worst in England.

28. Deprivation within local authority boundaries can vary considerably and the Amion report mentions the “Super Output Areas” which are used in the Indices of Deprivation to show the position at a lower level. The Indices divide England into 32,482 SOAs. The Indices includes at Annex J ⁸ a list of the 100 most deprived SOAs in England. Liverpool has 28 of them and Wirral has 5. Halton has no SOA in these worst 100.

29. The report also says (para 3.3.15 on page 12 that “*Liverpool is identified as having the lowest employment rate to March 2008 (65.2) of all the major cities considered, the lowest IMD*

⁷ <http://www.communities.gov.uk/documents/communities/pdf/733520.pdf>

⁸ see pages 112 to 14 of the full document above

2007 median score, and the lowest ranking on the Social Deprivation Index.” This again is despite the “benefit” of the existing tolled crossing at Liverpool and despite the region and particularly Liverpool receiving many billions of public funds over the last decade.

30. The dearth of information published by Halton Council on the effects of their tolling plans can be compared with studies done in Scotland (one on the Skye bridge by Napier University ⁹, the other on the Erskine bridge over the Clyde ¹⁰) which indicated that there were significant economic benefits if tolls were removed. More recently (October 2008) a study ¹¹ by Colin Buchanan on the economic effect of the tolls on the Humber bridge was published. That study also concluded that there would be substantial economic benefits if the toll was removed.

Sources

There are links in the document to various website sources.
Documents or extracts which are attached (numbers are the footnotes) –

A1 - Guardian 20 Feb 2009 - Bailouts add £1.5 trillion to public debt.

A2 - BBC 3 Mar 2009 - Government to 'prop up' PFI deal.

A3 - BBC 16 Jan 2009 - Bank of America bail-out agreed.

A4 - Canadian Press - Financing deal for Port Mann Bridge fails.

A5 - Extract from Local Transport Act - sections 110 & 111.

A6 - Extract from LTA 2008 Commencement Order.

A8 - Annex J extracted from The English Indices of Deprivation 2007.

A10 page 1 - West Dunbartonshire - News letter May 2006;

A10 page 3 - West Dunbartonshire - News letter May 2006.

⁹ <http://www.napier.ac.uk/randkt/rktcentres/eri/projects/Documents/skyeReport.pdf>

¹⁰ <http://www.west-dunbarton.gov.uk/EasySiteWeb/GatewayLink.aspx?allId=23547>

¹¹ <http://colinbuchanan.com/uploads/cms/files/2ced2180-21a4-4665-ad1c-5c3a1bf38aea.pdf>

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