

TAMAR BRIDGE TOLL INCREASE – NAAT OBJECTION – 14 JANUARY 2010

INTRODUCTION

1. My name is John McGoldrick, I am a retired public finance accountant and I am representing the National Alliance Against Tolls which was formed six years ago. If I may just mention here that I have been asked outside of the Inquiry what was our position on ferry tolls. In brief we do not have one. Our main successes have been the removal of Scotland's four bridge tolls and helping to stop "congestion charge" plans in Edinburgh and Manchester.
2. This Inquiry is about a proposed increase in the tolls by the Tamar Bridge and Torpoint Ferry Joint Committee (hereafter "the authority"), but as with other toll increase inquiries, we will try to draw attention to the issue of whether there should be any tolls at all. This statement is mainly an expansion on what we said in our objection letter of 1 October 2009.

TOLLS ARE UNFAIR

3. Our alliance believes that all tolls are unfair for three main reasons:-

First of all they are a regressive tax that takes no account of ability to pay or the size of a car.

Secondly they are an additional burden on top of the other taxes that all road users pay, which amount to about five to ten times more than is spent on roads. Our evidence for this was contained in a submission to the Transport Committee in September 2008:-

Main evidence - <http://www.parliament.the-stationery-office.com/pa/cm200809/cmselect/cmtran/103/103we16.htm>
Breakdown of taxes figure - <http://www.parliament.the-stationery-office.com/pa/cm200809/cmselect/cmtran/103/103we17.htm>

In summary what we said to the Committee was that drivers pay about £50 billion in various taxes on roads use and only a very small fraction of that is spent on roads and bridges. We also said that whatever the level of taxes, our view, and the view of most drivers, was that fuel duty was the fairest tax.

And **lastly** tolls are unfair because they are a random tax. Northern Ireland has no tolls, and following campaigning by us and others there are now no tolls in Scotland. Even in England and Wales most people are not normally affected by tolls. But in those areas that are affected it is the general rule that most of the facilities for shopping, leisure, higher education, hospitals and work tend to be concentrated on one side of a crossing, and it is the people on the "wrong side of the tracks" who have to use the tolls the most.

TOLLS ARE UNECONOMIC

4. Tolls are an expensive tax to collect and they can also distort the roads system by causing some traffic to detour, though this is unlikely in this case. But the biggest economic factor is of course the effect on businesses, as tolls cast an economic blight over a wide area. People and businesses will avoid tolls if they can, this particularly affects tourism. The substantial negative economic effects have been demonstrated by studies done on the bridges at Skye, Erskine (Clyde) and most recently on the Humber bridge.

SOCIAL EFFECT OF TOLLS

5. Constructing a bridge unites communities, but then putting a toll on it, is in effect a border tax which divides people.

FERRIES

6. If I can now turn to the important issue of the ferries. In our original objection we said that "We suspect that the bridge tolls have, and are being used to subsidise the ferry operation." I have taken it that any such subsidy is not illegal. If I can digress to mention that though the Tamar legislation may imply that a ferry subsidy is legal, one bridge user that I was in contact with was in correspondence with the Department for Transport and was arguing that the subsidy was illegal under Human Rights law. Whatever the law may be on this issue, I believe it to be relevant, so it is in my view inappropriate that there does not appear to be anywhere a full split of the finances between the bridge and the ferry service over say each of the last ten years. This applies not only to the documents submitted to the Inquiry, including the consultation leaflet, it also applies to the published financial accounts of the authority.
7. Even worse than the lack of information is that at least one document submitted by the authority as evidence for the Inquiry seems to give the impression that the main reason for a tolls increase is the bridge finances rather than the ferry finances. This document is Appendix Two which shows the authority's finances since 1996 in graphical form. The document was also part of the consultation leaflet. It refers to "reserves built up for new ferries" but does not say how these reserves were built up. In my view it is highly likely that the Ferry makes a loss and these "ferries" reserves were in fact from surpluses on the bridge. The graphic then shows expenditure rising and reserves reducing due to "additional" bridge costs and "overdraft" on the bridge. There is a mention of the "replacement of the ferries" about 2005, but only to refer to resulting "low maintenance costs" with nothing about the multi million cost of replacing the Ferries.
8. Though there is no full split of expenditure and income between the bridge and the ferries, I have attempted to make a split mainly using the limited analysis submitted as part of appendix 5. Taking the first year - 2007/08 as an example, I estimate that the position is that the Bridge actually made a profit of about £4.3 million while the Ferry made a loss of about £4.4 million. The basis on which I

estimate this is set out in my annex 1 at the end of this doc. As the Inspector will recall, yesterday the Finance Officer appeared to broadly agree with my estimate.

9. The Ferry operates on a 24 hour basis, makes no charge to the one million foot passengers a year who use it and has relatively low charges for cars at £1 compared with £4.50 for the Fal ferry and £3 for the Sand Banks ferry (Bournemouth to Swanage). I would also refer to the far higher tolls at other ferries that the authority show in Appendix 11 of their submissions. If the Government and the local authorities want to subsidise a ferry operation out of general taxes, then that is a matter for them, but it is unfair to expect the captive users of the A38 to be the source of a ferry subsidy. It is even more unfair to give the impression to bridge users that they need to pay more tolls because of the finances of the bridge.
10. It seems to have been taken for granted that the ferry toll should be the same as the bridge toll. I am not aware that there is anything in law which says that they should be, and up to 1997 it seems that the concession toll for the bridge was half that for the ferry.

OTHER POINTS

Overheads

11. The authority give no indication of staff numbers or an analysis of what they do - since I wrote that I have noticed that the consultation leaflet does give a staffing figure, which is 110, though there is no breakdown of what they do - but based on experience elsewhere it is likely that nearly all the bridge staff will be engaged on either toll collection or administration.
12. The Finance officer in his submission at para 2.2. suggests that the “management of the bridge and the ferries as a single business” results in “lower operational costs and management overheads”. I suggest that lumping two such disparate activities together will not have that effect. If the object was to reduce costs then the tolls should be removed and the bridge administered by either the Highways Agency or one of the local authorities. It is worth noting that Cornwall County Council is already responsible for 978 bridges according to their LTP Progress Report 2006/08 - http://db.cornwall.gov.uk/ltp/ltp20062008/section_305594549407.html

Forecasts

13. The forecasts of tolls income assume that there will be no growth in traffic over the next 15 years. I suggest that this is not plausible. Appendix 7 from the authority shows bridge traffic increasing from just under 5 million vehicles a year in 1985 to 8 million vehicles in 2008 – a 60 per cent increase in 13 years.
14. Over the same period of 15 years the authority have assumed that inflation will average 2.5 per cent despite the fact that the RPI has stood still over the last year and that there are likely to be restrictions on public spending.

15. In any case it is not reasonable to give 15 year forecasts, even if they were realistic, as any toll increase has to be justified on the basis that it is needed now, not at some distant future point. The consultation undertaken by the authority also seems to indicate that the wish of most users is that if there have to be tolls increases then “the majority prefer rises every three years or less”.

Other Fixed Crossings

16. At appendix 10, the authority have submitted a “Comparison of Tolls at Tamar Bridge with other Fixed crossings”. The purpose of this seems to be to show that the proposed tolls are about the same or lower than other crossings. I have attached to this submission our own list (annex 2). There are 18 crossings which are tolled. The toll for a return journey by car ranges from 20 pence to £5.50 and the median average is £1.00, i.e. the same as the existing Tamar bridge toll. Many users of the Tamar bridge of course pay less than this, but many of the other tolls also have concessions, for instance users of the Dartford Crossing who live in the area of the two local authorities which abut the bridge pay 20 pence rather than £1.50. Our list also shows that there are in the UK, 67 crossings (if I may clarify that it is 67 locations, some places such as London have more than one crossing which would make the total about 100) of tidal waters which are not tolled. Any toll on the Tamar crossing is of course higher than nothing.

Before concluding I would like to mention some points following what was said yesterday at the inquiry –

Firstly, there were various mentions of how the authority did its budget. In my experience, when a local authority is preparing its annual budget there are usually three sets of documents. The first is the “base budget”, the second is “growth proposals” and the third is “savings options” which will include items such as closing a library or reducing the opening hours for a swimming pool. The impression that I have from yesterday is that the authority prepares the equivalent of a base budget but does not look at savings options.

Secondly, on the issue of the Discount toll, yesterday I asked what the legal authority for it was. In my view the section quoted by Mr Woodhead does not give the power to discriminate between users.

Thirdly, the authority mentioned yesterday that they had letters from the two parent authorities saying that they could not offer financial support. The Inspector then asked that the objectors be given copies of the letters. One letter is dated 4th January 2010, the other dated 8th January 2010. The letters are from the Council Leaders, and in the case of Cornwall, I would point out that there is no party in overall control. In any case I suggest that the timing of these letters indicates that the authority has made no serious attempt to get help.

Fourthly, yesterday there was also talk of a “Doomsday scenario”, if the minister did not agree to a toll increase on the bridge. The authority suggested that a likely course of action would be to reduce the discount. I would point out that even if the discount was reduced, the net toll might still be less than the increase if the proposed Order

went through. I would also point out that this threat to reduce the discount could be implemented even if the base toll is increased.

Yesterday there even seemed to be a suggestion that the bridge might have to close if there was no toll increase. In my view there is no chance at all of that happening.

Lastly, following yesterday's discussions on the cost of introducing electronic tolls, another objector has asked me to pass on to the Inspector an item from BBC News online which refers to the estimated cost as £1.8 million and quotes the authority as saying that toll charges would not be increased.

<http://news.bbc.co.uk/1/hi/england/cornwall/4110471.stm>

CONCLUSION

17. I ask that the Inspector make the Minister aware of the points that I have raised, in particular that there is no justification for any increase in the tolls on the bridge which is making a substantial profit.

Thank you.

NAAT Website – <http://notolls.org.uk/index.htm>

(Annex 1 is on next page. Annex 2 is a separate document.)

ANNEX 1

Bridge

Total Income £6.611 million (Tolls £5.846 million **plus** Other income £0.500 million (I have taken most of the £0.566 million as bridges on the assumption that it relates to funding of Saltash tunnel) plus £0.265 million Interest as it is from reserves that can only have been built up from bridges profits)

Total Expenditure £2.295 million (Bridge £1.802 million **plus** £0.045 million Corporate (half) **less** £0.25 million Other (half) **plus** £0.133 million Capital works funded from revenue (there is no indication of whether this is bridge or ferries but on a conservative basis I have assumed it is all bridge) **plus** £0.340 million Interest and MRP on CCC Funding (this is £0.892 million and £0.807 million of which I have taken 20 percent as being bridges on the basis that para 2.4 of the Finance officer's evidence indicates that the borrowing was to finance £20 million of expenditure on ferries and £5 million on toll equipment)

Profit on bridge = £4.316 million

Ferry

Total Income £0.827 million (Tolls £0.761 million **plus** £0.066 million which I have assumed to be advertising on ferries)

Total Expenditure £5.223 million (Ferry £3.845 million **plus** £0.044 million Corporate (half) **less** £0.25 million Other (half)) **plus** £1.359 million Interest and MRP on CCC Funding (see bridge note)

Loss on ferry = £4.396 million

Overall loss £0.080 million

END