

Transport for People

Policy Paper 46



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Introduction: Policy Aims

1.1 Overall Aims

1.1.1 Liberal Democrats recognise that getting transport policy right is fundamental to achieving many of our broader social, economic and environmental priorities. An effective transport policy would recognise that there is both:

- A short-term crisis in our transport infrastructure, crumbling through years of under-investment under both Tory and Labour Governments; and
- A need for a new long-term vision about what we want from transport.

Because of the acute short-term crisis we face, this paper focuses on actions which need to be taken urgently, but it also outlines our longer term expectations.

1.1.2 The social and environmental costs of the current transport system are already too great. Transport accounts for about a quarter of carbon dioxide (CO₂) emissions in the United Kingdom. Millions suffer health problems associated with traffic fumes, and the countryside is threatened by road schemes. But over the next two decades, most predictions are for a doubling or more of car journeys, lorry journeys and aircraft movements. If social and environmental costs are already unacceptable, they will be insufferable in the future unless we act quickly and decisively. We cannot go

on assuming that more movement is always good in itself. Our aim must be to reduce damaging social and environmental side effects. Even if that means constraining and in some cases reducing the miles we travel in the car or by plane. Even if that means fewer miles travelled by goods.

1.1.3 We recognise that:

- What matters is not the ease of transport as such, but the ease by which people can do what they want to do. That can often be achieved through the planning process and economic development strategy, so that different facilities - including houses, shops, places of work and leisure facilities - are located near to each other, reducing the need to travel, without reducing people's standard of living.
- Attractive alternatives to private motor transport must be put in place, including public transport, cycling and walking alternatives. We must find ways of making private vehicles more environmentally friendly, including more efficient, and alternative-fuelled, vehicles.
- Whatever transport options are available, the decisions made by individuals and companies will be the predominant factor in determining the overall environmental impact of transport. It is therefore vital to have an appropriate structure of incentives to encourage the best environmental choices

through a combination of taxation and investment. Differing taxation levels on differing fuels not only reduces overall fuel use, but leads people to choose cleaner fuels. Differing taxation levels on vehicle ownership can encourage a move to fuel efficient vehicles. And taxation of road use (in the form of congestion charging) can encourage a switch away from the car where there are alternatives. Investment is needed to deliver the necessary alternatives. Government has so far let the public down: increases in fuel duty have not been matched by increased spending on public transport, with the effect that people are beginning to see environmental taxes simply as stealth taxes without a clear public benefit resulting.

- Different approaches will be necessary in different areas. In particular, we need to distinguish between urban areas (in which there is great scope for enhancing public transport and cars have particularly great harmful side-effects), semi-rural areas, and remoter rural areas in which private vehicles (although not necessarily petrol or diesel based ones) will be the mainstay of transport for the foreseeable future.

1.1.4 Lack of access to affordable transport cuts off many people from public services, from social contacts, and from employment opportunities. In particular, many of those who through low income or disability are unable to use private motor transport are system-

atically excluded from a society where many facilities are designed with car access in mind. The adverse side-effects of a poorly-functioning transport system, such as road noise and localised pollution, often fall hardest on excluded communities.

1.1.5 Reducing social costs of transport also means improving transport safety. There is a tragic loss of life on the roads. And on the railways, profit is being put before safety. We will put a new focus on safety by removing the profit motive from the management of the rail network; by bringing together transport accident investigation teams for air, rail and road and learning from the best; and by developing safe routes to school, lower speed limits in residential areas and safe stations initiatives.

1.1.6 The principles of freedom, justice, and honesty on which we fought the 2001 General Election characterise our approach. We emphasise freedom from the adverse consequences of travel, as well as freedom to travel. We emphasise social justice, so that the poor as well as the rich can reach the services and the communities they need, and to prevent the impacts of travel falling disproportionately on the poor. We are honest about the solutions we need. They will not be cost-free or quick. They will require a new organisational framework. They must emphasise accessibility rather than simply mobility. They will require use of the tax system, and they will require more investment. Honesty in developing solutions is the Liberal Democrat approach.

Context: the Current Problems

2.1 Crisis in the Public Transport System

2.1.1 Since privatisation of the railways, passenger numbers are up - the number of railway passengers is the highest since 1946, and the increase has been 30% in the last five years. The Government has announced a target to increase passenger use on the railways by 50% by 2010. This has been accompanied both by fares increasing ahead of inflation and inadequate levels of investment. The response to congestion at peak times has been to try to discourage passengers by putting up prices, rather than expanding capacity to meet demand. The franchising system is still driven by narrow commercial rather than public interest priorities, so that for example considerations of accessibility for disabled people tend to get sidelined, with operating companies seeking the maximum derogations from the Disability Discrimination Act.

2.1.2 Reliability and punctuality are still poor for many train companies. Strategic Rail Authority figures show that there has been a decline in year on year performance for 20 out of 25 Train Operating Companies (TOCs).

2.1.3 The network is fragmented between Train Operation Companies, Freight, Rolling Stock Leasing Companies (ROSCOs) and Railtrack, with inadequate co-operation within the industry. This leads to problems over passenger information and cross-ticketing. Railtrack has shown itself to lack even the capacity for basic track

maintenance to an adequate standard, let alone to improve the network, and has really focused on property management. Railtrack's revenues depend on access charges for trains regardless of the number of passengers carried. The regulatory arrangements are also cumbersome, with both a Rail Regulator and a Strategic Rail Authority. The network itself remains inadequate to deal with rising demand. Enhancements are needed especially to the secondary main line network which was downgraded in the 1960s and 1970s.

2.1.4 Passenger journeys by bus have dropped by 18% for the UK as a whole over the last 10 years, although they have risen in some urban areas, notably London where passenger journeys have risen by 7% over the same period. Many rural areas are poorly served by buses. Some 20% of settlements in England are estimated to have a bus service below 'subsistence' levels - defined as fewer than four return journeys per day and no evening or week-end service. There is a serious problem with a lack of integration between buses and other forms of public transport. Although bus companies are increasingly operating on a national scale, they deal with government almost solely at the local level, leading to an imbalance of bargaining power and creating scope for abuse of dominant positions.

2.2 Congestion on the Roads

2.2.1 Traffic levels are continuing to grow every year. In 1999, overall traf-

fic growth was 2%. In 2000, growth was down to 0.3%, but this was artificially constrained by the effects of the September 2000 fuel protests. The Government's Ten Year Plan published in July 2000 predicted that even with the plan fully implemented, traffic levels are still set to grow by 17% by 2010. Clearly, this level of growth cannot continue indefinitely.

2.2.2 The average speed of vehicles in most city centres has not changed much over the past few decades, with the cost to business of congestion estimated at upwards of £15 billion per year according to the CBI.

2.2.3 Even without considering the appalling human consequences of deaths on the road, the financial costs of even a single road death are very high, taking into account all factors including police and health service costs and lost future production and tax payments. Given that there are 3,500 road deaths each year, the overall costs may reach into billions of pounds. This does not take into account non-fatal casualties, of which there are over 300,000 annually. While welcoming the fall in the number of deaths on our roads over the last decade, this has more to do with the environmentally retrograde reduction in walking and cycling than safer driving. We also have one of the highest rates of child pedestrian fatalities in Europe.

2.2.4 The major factor in the increase in the amount of road traffic is increased business travel, for example by sales representatives. A factor in localised peak time congestion is the 'school run'. Whereas 20 years ago 1 in 3 children made their own way to school, now it is nearer 1 in 10. The proportion of journeys to school by car has nearly doubled over the last decade from 16% to 29%. It is now estimated

that at least 1 in 5 cars on the road at 8.50 am in urban areas are taking children to school.

2.2.5 Associated with the rise in road congestion is a decline in walking and cycling. For example, whereas the average distance cycled per person per year was 44 miles in the year 1986, it had fallen to 40 by 1999.

2.3 Pollution

2.3.1 While some categories of emission from individual vehicles have improved markedly over the last decade, the rise in traffic levels has meant air quality has continued to cause significant health problems. In addition to deaths caused by accidents, pollution from roads is estimated by the British Medical Association to directly cause 3000 deaths and bring forward 24,000 others. Department of Transport, Local Government and the Regions (DTLR) monitoring shows that on average in UK rural areas on 48 days air pollution exceeded the no harm levels set to protect human health during 1999. In UK urban areas the no harm levels were exceeded on average on 30 days during the same period. Scientists at Lancaster University have estimated that up to 15 million people could be suffering ill-health caused or aggravated by traffic fumes.

2.3.2 Noise pollution is an important undesirable by-product of the transport system. While rarely life threatening, noise seriously affects quality of life, can cause sleep disturbance which is generally detrimental to health, and may affect cognitive development in children.

2.3.3 The transport sector is the fastest growing source of CO₂ emissions, contributing to the potentially devastating problem of climate change. Carbon based fuels are still the sole method of

motorised propulsion, with some cleaner gas fuels now starting to break into the market, albeit at a slow pace. Research into non-carbon based fuels is still in the early stages.

2.3.4 Within the transport sector, aviation is the fastest growing source of CO₂ emissions with passenger numbers growing by up to 5% a year. Growth in aviation can also lead to growth in the levels of road traffic in and around airports, with consequent increases in emissions of greenhouse gases and air pollutants.

2.4 Transport Poverty and Social Exclusion

2.4.1 The problems of social exclusion often go hand in hand with poor access to transport. In the lowest 10% income group only 17.6% of households have a car, compared to the highest 10% income group where car access rises to 95.9%. Nationally, one third of all households do not have a car. Disabled and elderly people continue to suffer disproportionately from poor access to transport.

2.4.2 The cost of public transport to users has continued to rise at a far greater rate than the cost of motoring. Between January 1987 and April 2000, real bus/coach fares increased by 18% and real rail fares by 21%, compared with a 7.2% increase in real motoring costs. Again, those without access to a car have borne the brunt of these rises.

2.4.3 Those who are worse off are more likely to live near busy roads, and therefore suffer disproportionate risk of accidents, as well as greater exposure to poor air quality and excessive noise.

2.4.4 The rural poor are particularly badly served by the existing transport system. Many communities are completely cut off from public transport of any sort, and where bus services exist they are generally infrequent, slow and unreliable. Fuel prices are generally higher in remote areas with the worst public transport, so that in the Highlands and Islands of Scotland, for example, petrol prices are up to 15p per litre above the UK average. Fuel prices have been the subject of particular controversy in rural areas.

2.5 Longer Term Challenges

2.5.1 Demographic change poses challenges for both private and public transport. The population is ageing - in 2020 around 40% of the population will be over 50 years old compared with 32% at present, and by 2031 the number of people over the age of 90 is projected to rise by 90% to 771,000. Although this will probably be accompanied by some improvement in the general health of individuals in particular age bands, overall we can expect an increase in the number of people with personal mobility problems and who may be unable to drive for medical reasons. While private transport may not be an option for some older people, the existing public transport system with its lack of integration to create seamless journeys, poor access for people with disabilities and inadequate security will require massive improvement if it is to provide a solution.

2.5.2 Natural resource depletion presents challenges for transport policy. A transport system which remains reliant on oil-based fuels will in the long term be vulnerable to exhaustion of oil supplies. Continuing expansion of the road network will eat into the diminishing

amount of green space. We recognise that it is simply not possible to build our way out of road congestion (although the existing road network should be properly maintained and there may be a need for localised road improvements).

2.5.3 Increasing polarisation between rural and urban areas has been taking place. Depopulation of some rural areas has reduced the viability of public transport, and has even increased costs of private motoring as economies of scale in fuel distribution are lost.

2.5.4 Other long term trends may be more optimistic. The growth of Infor-

mation and Communication Technology (ICT) and the Internet in particular may promote tele-working, reducing the need to commute to work, and leading to more sustainable settlement patterns.

2.6 The Policy Response

2.6.1 The remaining chapters set out the Liberal Democrat Policy response to these challenges in the light of the main policy objectives set out at the beginning. We have generally sought to identify both short term and long-term actions.

Improving Transport Infrastructure and Services

3.1 A New Framework

3.1.1 We would radically reform the regulatory system for transport infrastructure. A new Sustainable Transport Authority (STA) would take over the functions of the Strategic Rail Authority, the existing Rail Regulator and also have responsibility for oversight of bus and coach operators, trams, ferries, coastal shipping and inland waterways. The STA would work closely with local government, with the devolved parliaments and assemblies on UK-wide issues, and with regional government in England as it evolves. As we move towards our goal of elected governments for the English Regions, we would like to see the regional tier develop strong Regional Transit Authorities (RTAs), building on the experience of Transport for London and perhaps ultimately becoming something like the German *Verbund* system. The national STA would then work in a system of formal partnerships with the RTAs.

3.1.2 The STA would among other things:

- Oversee and implement UK public transport policy, with a special commitment to enhancing the overall environmental sustainability of the transport system.
- Establish clear rules on through ticketing, which should include ticketing across different types of transport, as well as simplify the complex array of rail tickets now available.
- Let passenger franchises for rail operations.
- Promote integration of different modes of transport.
- Have a role in initial investigation of predatory or monopolistic activities by public transport operators.
- Set targets for growth in the proportion of all journeys taken by public transport, and for a doubling of rail freight by 2010, and take responsibility for monitoring performance against targets.
- Require improvements in access and safety for all passengers, and particularly disabled people. Failure to meet obligations on access would be regarded as a very serious matter, with the ultimate sanction of revoking franchises.
- Ensure refunds for delayed journeys.
- Review potential for enhancing the rail network and place appropriate obligations on the rail infrastructure company.

- Take responsibility for ensuring a national pattern of major transport ‘hubs’.

3.1.3 Regional and Local Transport Plans would be developed by the appropriate elected spheres of government, and these would among other things:

- Form the basis of arrangements for regional and local cross ticketing and the linking of timetables, to be enforced by STA requirements in operator franchises.
- Set local and regional strategies for traffic reduction, which would include allocation of road space to other users, e.g. cyclists.
- Set School Travel Plans, including for example ‘Yellow Buses’ on the US model.

3.1.4 Local Government would be empowered to introduce congestion charging in urban areas, where realistic public transport alternatives were available (see also 6.1.1). In the longer term once elected Regional Governments in England and the Regional Transit Authorities under their democratic control were in place, RTAs would develop a role in strategic co-ordination of congestion charging. The RTAs would also eventually take on some of the powers initially given to the STA.

3.1.5 There will be a need for a body to advise STA, the Commission for Integrated Transport and Government on technical matters and the impact of overall government policy (for example planning policy) on transport.

3.1.6 Greater investment will obviously be essential to enhancing the transport infrastructure. The Government’s ten year Transport Plan comes

with an eye-catching headline figure of £180 billion. However, this represents £157.6 billion at current prices. Much of this goes on public resource expenditure. Only £103 billion is for new investment, of which £48 billion depends on private sector participation, which is likely to prove more difficult to realise than the Government has suggested. Thus only approximately £55 billion is committed public investment, which amounts to just £1 billion more per year than the Conservatives were investing in the last years of Tory government.

3.1.7 We believe that higher levels of investment will be needed. This would be funded from revenue generated by congestion charging and workplace parking taxation, and from bonds issued against future revenue streams from fare income in appropriate cases. The not-for-profit, public interest company model which we have advocated for railway infrastructure management (to replace the failing Railtrack), for the London Tube and for the National Air Traffic Service will be well suited to raising revenue bonds in this way. Additional funds from these sources will also increase confidence in the transport investment programme and help to lever in higher levels of private sector investment. (We must emphasise that bond issues are not a magical source of free resources, but they are a way of delivering up-front investment. For instance London Underground investment will in the long run be funded through fares and revenue from the GLA - but the up-front investment required can be found by bonds or other financing instruments secured on future sources of revenue).

3.1.8 We would therefore be able to implement a focused and substantially increased programme of investment in transport. This investment could be used for projects including:

- Expanding the basic rail network, including the re-opening of disused lines and stations.
- Upgrading and expanding the network of inland waterways, specifically with a view to increasing freight.
- Enhanced operating subsidies for targeted bus routes.
- Provision of cycle and walk ways and ‘Safe Routes to School’.
- Upgrading the quality and safety of rail and bus stations.
- Better information for passengers, e.g. real time information systems.
- Expansion of all forms of community’ transport e.g. dial-a-ride, taxi buses, post buses.
- Development of interchange ‘hubs’.
- Development of trams and light rail systems (we would also allow grants from capital investment budgets to support feasibility study costs on major light rail schemes).

3.1.9 Chapter Four deals in more detail with our plans for the rail system, and Chapter Five with buses.

3.2 Safety Structures

3.2.1 While it is important to remember that rail travel is considerably safer per passenger mile travelled than road travel, the appalling accidents in recent years at Southall, Ladbroke Grove, and Hatfield show that there is still much to be done, and have led to the Cullen Inquiry into safety. We support the rec-

ommendations of phase one of the report on train protection. We will also create a new independent railway safety body to take over regulation of railway safety, and a separate accident investigation body modelled on the Air Accident Investigation Branch, as we expect will be recommended by the second report of the Cullen Inquiry later this year.

3.2.2 We also propose to create within the STA a body charged with ensuring exchange of best practice across the different modes of transport. The STA should also consider the case for creating a separate body to investigate and improve road safety issues.

3.2.3 The continuing annual toll of casualties on the roads is unacceptable. The first priority is to properly enforce speed limits.

3.3 The Long Term Vision

3.3.1 We aim to create a world-class transport network. Many of the long-term changes we need to begin creating that network can be in place within a decade of determined action, but our ambitions stretch further than just one decade. Throughout forty years of sustained investment, we expect many more changes to take place and make a world-class transport network a reality. Our programme would include:

- A modern, efficient public transport system to provide real choice when travelling.
- Full integration between all modes of transport including walking, cycling, buses, rail, ports, and regional and major airports.

- A transport system that makes much less impact on the environment.
- A properly maintained road system with better 'real time' driver information.
- A massive improvement in the fuel efficiency of motor vehicles over the next ten years.
- Private motor vehicles being completely run on alternative fuels within 40 years.
- Light rapid transit systems in metropolitan areas.
- Improved safety at all public transport stations.
- A high class train fleet that is more reliable and more pleasant to travel on, with substantial upgrading of the rail network.
- Public transport for those communities most affected by social exclusion.
- A much greater proportion of freight going by rail, and by currently neglected forms of transport such as inland waterways.

3.3.2 In the long term, through the land use planning system we also aim to have achieved much better balanced local communities with houses, shops, public services, places of work and leisure facilities all located near to each other, reducing the need to travel.

Safe, Reliable and Affordable Railways

4.0.1 Britain's railways are in a mess. Improvements are desperately needed to create a safer, more reliable and affordable railway. To achieve this more investment is needed, both public and private, and this must deliver better value for money. Restructuring of the industry will also be necessary.

4.1 Past and Present Failures

4.1.1 Overall the privatisation of Railtrack was disastrous for taxpayers, losing an estimated £6bn through under valuation of the company at the time of flotation (National Audit Office Report, December 1998). The legacy of privatisation has been even more disastrous however, with increased uncertainty over where investment for the rail industry is going to come from. Railtrack has had problems raising money because of a low share price. In addition, there has been a long term decline in infrastructure which culminated in the post-Hatfield crisis. The condition of track declined after Railtrack took first responsibility in 1994, with the proportion of track classified as 'satisfactory' or better falling from 90% in 1994 to 87% in 1996, and has still not recovered to its pre-privatisation condition. In addition the number of broken rails has increased, from 750 in 1995-96 to 937 in 1998-99, a 25% increase.

4.1.2 We believe that Railtrack is inefficient. We are not satisfied that it is maintaining or renewing the railway infrastructure effectively. This is illustrated clearly in those projects where

the costs have kept rising (for example, the cost of upgrading the West Coast Mainline doubled to £5.8bn). With advances in new machinery, we might expect the opposite with costs coming down, as shown in research conducted by EWS (English Welsh and Scottish Railway Limited, July 2000). Railtrack's profits derive from property management rather than track maintenance or development, and that is clearly what it has concentrated on.

The uncertainty surrounding Railtrack's performance and financial status is undermining the potential to lever in private investment in the rail system, a crucial element of the Government's plans for improving the network.

4.1.3 In addition to the serious problems with Railtrack, the franchising arrangements for the Train Operating Companies are also deeply flawed. There are too many franchises, over-complicating the system. Arrangements for through ticketing and passenger information are inadequate. Above all, the terms of the franchises do not give enough emphasis to passenger service. For example, targets are set in terms of trains arriving on time, but take no account of whether services are overcrowded. This bureaucratic system has spawned 300 posts for employees whose job is to argue over who is to blame for train delays, and who therefore has to pay.

4.1.4 The travelling public has endured poor service from the railways for too long. We wish to see a radically improved service, including:

- Expansion of the basic rail network, including the re-opening of disused lines and stations.
- Better information for passengers, including real time information systems and an improved national rail enquiries system.
- A reliable timetable.
- A safe, good quality environment for passengers, including both stations and rolling stock
- Affordable fares.
- A workable and comprehensible system for through-ticketing.

4.1.5 To achieve these objectives for passengers major changes in the existing structure of the rail industry are needed.

4.2 A New Model for Rail Infrastructure

4.2.1 We believe that Railtrack must be reconstructed with a sharp focus on efficient engineering and safety management. Nothing less than a sea change in direction will be acceptable for a company managing public assets and so dependent on public funds. We would therefore seek a de-merger of Railtrack in which the railway infrastructure (track, signalling and power supplies) is managed as a not for profit public interest company. The property side of Railtrack could remain in the private sector. However, in carrying out the de-merger it would be necessary to recognise that some land holdings will be essential to the running and development of the rail system, and we would apply the principle that transport considerations would come first in allo-

cating property interests between the two companies.

4.2.2 The not-for-profit, public interest railway infrastructure company thus created would be the right vehicle to deliver enhanced investment, improved management and higher safety standards. Unlike Railtrack, it would have a clear focus on its core engineering business. It would have access to the bond markets to raise capital for investment. Its public interest remit would give a greater priority to safety.

4.2.3 The public interest company model is preferable to outright re-nationalisation of Railtrack. It would not require public money to be used to buy out the property management element of the existing Railtrack, which has the greatest value to shareholders, and it would also avoid bringing the finances of the new company back under direct Treasury controls affecting investment.

4.2.4 Removing Railtrack's infrastructure component as a not-for-profit public interest company is also consistent with the Liberal Democrats' approach to restructuring and increasing investment in the London Underground and National Air Traffic Services (NATS) through bond issues. The franchise renewal process must also be used to create conditions to lever in greater private investment.

4.2.5 We believe this model will enable substantial modernisation and development of the rail network. Examples of work which would be undertaken include on the East and West coast mainlines and a second southbound route from Manchester via Buxton and Matlock to the East Midlands and London.

4.3 The Role of the STA and the Franchises

4.3.1 The serious problems with the passenger service franchises outlined in section 4.1.3 require further restructuring of the system. The underlying principle of these reforms is that passenger service and the public interest should be given priority over narrow commercial considerations. As already indicated in section 3.1, we would create a new Sustainable Transport Agency. This would:

- Take over and combine the functions of the Strategic Rail Authority and the existing Rail Regulator, seeking to alter the current, bureaucratic penalty system into a simpler incentives scheme which would need to consider more closely what happens to passengers rather than simply looking at time alone.
- Take the lead in using public investment, not necessarily involving the rail infrastructure company, to secure partnerships with the private sector which deliver growth and quality.
- Take responsibility for timetabling and track access decisions.
- Simplify the structure of our railway system by reducing the number of franchises.
- Within newly negotiated franchises, widen the scope of fares regulation (at present this is the responsibility of the SRA, but this will transfer to the STA under our proposals).

- Place special emphasis on ensuring franchise operators improve accessibility for people with disabilities.
- Aim to reduce freight on our roads through increased use of railways, doubling the amount of freight carried on Britain's railways by 2010.

4.3.2 It makes more sense to encourage the major train operating companies to take some responsibility for infrastructure renewal and repair from the existing Railtrack, and we would give the STA the power to bring about this shift.

4.4 Safety

4.4.1 As noted in 3.2 above, we support the recommendations of phase one of the Cullen report on train protection. We will also create a new independent railway safety body to take over regulation of railway safety, and a separate accident investigation body modelled on the Air Accident Investigation Branch, as we expect will be recommended by the second report of the Cullen Inquiry later this year.

4.5 The London Underground

4.5.1 The London Underground is becoming less reliable, more expensive and desperately needs investment to cope with the increase in passenger numbers, ensure that safety is not compromised and that service is improved. There are increasingly more delays, more trains out of service, and more escalator breakdowns. The number of train breakdowns has increased by around a fifth in the last four years. The current maintenance backlog stands at over £1 billion.

4.5.2 Labour's part privatisation plans will fragment management of the system, and put renewal of stations and retail franchises ahead of new track and signalling.

4.5.3 Liberal Democrats have proposed instead to modernise the London Underground as a not for profit, public interest company, funding investment by issuing bonds against future reve-

nues. This concept has been substantially taken up in the Bob Kiley proposals on behalf of Transport for London.

4.5.4 At the time of writing, the appeal case on the Part-Privatisation plan has just been lost. Following that decision, London Liberal Democrats are considering how to continue to resist the PPP scheme.

Improving Bus Services

5.0.1 People cannot be expected to reduce the journeys they make by car if there is no safe, reliable and affordable alternative. In rural areas, and for many shorter journeys in towns and cities, buses are the only practical form of public transport. However, existing bus provision is inadequate and leaves many people either forced to use the car or isolated from access to vital services and facilities.

5.1 Current Problems

5.1.1 Bus use in Britain (outside London) has been declining for years. Under the Tories, between 1979 and 1997, bus passenger journeys fell by a third, from 6.5bn to 4.3bn, whilst car traffic increased by 82%. Under Labour bus services have continued to decline and, although increasing slightly in the last year (by 31 million), the number of journeys remains lower than it was under the Tories – at just under 4.3bn journeys. The Government's Ten Year Plan has a target of increasing bus journeys by 10% by 2010, to 4.7bn journeys. Even if this target is met, this will be a lower rate of increase than the rate of decline it follows.

5.1.2 Quality as well as the quantity of bus services is also declining. The first year of the bus passenger survey introduced under the Ten Year Plan showed falling bus passenger satisfaction with the reliability of services and the information provided at bus stops. This survey also fails to take account of the views of people who have given up altogether on the buses.

5.1.3 Bus journeys have also become more expensive relative to car use. Under the Tories between 1980 and 1997

the average bus fare increased – in real terms – by 30% from an average of 48p to 61p. Over the same time the average cost of motoring declined by 5%. Under Labour average bus fares have continued to increase in real terms at much the same rate. Between 1997 and 2000 fares increased by 6% up to an average fare of 63p, whilst the average cost of motoring has increased by just 2%.

5.1.4 Rural areas suffer disproportionately from poor access to public transport. Some 20% of settlements in England are estimated to have a bus service below subsistence levels - defined as fewer than four return journeys per day and no evening or week-end service. It is not surprising that traffic on rural roads has increased twice as fast as in urban areas over the last 10 years. However, 1 in 5 people in rural areas do not own a car and this means that many rural people, including a large number of pensioners, suffer transport poverty and isolation.

5.1.5 The Transport Act (2000) placed a statutory requirement on local authorities to develop Quality Partnerships and Contracts, which aim to build on what had already existed by way of voluntary partnerships – where local authorities and bus operators work together to improve bus services and related facilities. These include the age of bus fleets, interchanges and information services, but do not include a range of other important measures such as frequency of service or fare structures. This could, as these partnerships develop, lead to future problems.

5.2 Liberal Democrat Proposals

To tackle the problems set out above, actions are required to make bus services more available, safe, reliable and affordable. We will:

- **Reform the regulatory system for public transport.** Our new Sustainable Transport Authority (STA) will have responsibility for promoting integration of bus and coach services with other kinds of transport, taking immediate and effective action against predatory behaviour in the bus industry, developing through-ticketing and timetable integration, improving the safety and quality of bus stations by introducing a Safer Stations Charter Mark scheme, and ensuring refunds for failure to fulfil adequate standards of service, including punctuality.
- **Reform quality partnerships and quality contracts** between bus companies and local councils to allow the inclusion of fares and frequencies. There must be strict checks to ensure that bus companies are not 'locked out' of entering new partnerships/contracts at the time of renewal (and that these do not become uncompetitive).
- **Extend free off-peak local travel on buses** to over 60s and people with disabilities. This would extend across the UK the schemes currently operating in London and those being developed in Wales.
- **Introduce half price fares** at all times for under 19 year olds in full-time education.
- **Create a Rural Transport Re-generation Fund** to improve community transport schemes and public transport in rural areas.
- **Introduce environmental incentives for bus operators.** We will reform fuel duty rebates for bus operators so that these are tied more closely to those running more efficient vehicles, particularly those using alternative fuels.
- **Support community transport,** particularly in rural areas, including dial-a-ride, taxi buses, post buses and school buses, by widening eligibility for the existing fuel duty rebate tied into the emission standards of the vehicle. This will be funded in part by reducing eligibility for fuel duty rebate for commercial tour buses.
- **Increase investment in the bus network.** We will enable local authorities to raise bonds and establish congestion charging and private non-residential parking taxes (including out-of-town retail and workplace parking). This will allow them to invest in developing bus routes, improving passenger information systems, and enhance security at bus stops.

Tackling Congestion and Cutting Pollution

6.0.1 The policies for improving public transport set out in Chapters Three, Four and Five will reduce the need for use of private vehicles, particularly in urban areas, and therefore tend to alleviate both road congestion and pollution. However, given the scale of the problem there is a clear need to maintain in place disincentives to unnecessary vehicle use, especially at peak times. There will also be a continuing need for travel by private vehicles, especially in remoter rural areas, and we therefore need to find ways of promoting less environmentally damaging vehicles.

6.0.2 In the past, the main instrument for making transport costs reflect more of the environmental and social costs of transport has been fuel duty. In the future, however, we think the balance needs to shift so that congestion charging plays a bigger role and Vehicle Excise Duty is based more closely on environmental impacts.

6.1 Taxation

6.1.1 Congestion charging in urban areas should be introduced at the discretion of local authorities. The proceeds will allow priority to be given to massively improving public transport infrastructure and services. The future income from charging could be used to fund such improvements *before* charges are levied in this way. A share of the revenues should be channelled to elected Regional Government for regional transport improvements, to avoid the obvious injustice to out-of-town visitors paying congestion

charges but potentially seeing little or no benefit to their own communities. Realistic public transport alternatives should be available before the introduction of congestion charges. However, this cannot be used as an excuse for indefinite delay; there are some urban areas where public transport is already at or very near the point where it would be reasonable to begin the introduction of charges. In addition to discouraging unnecessary journeys in congested areas, reduced rates of (or exemption from) congestion charging could be used to encourage less environmentally damaging vehicles, for example those using alternative fuels.

6.1.2 Vehicle Excise Duty ('car tax') can be used to reward those who drive less environmentally damaging cars. It is likely to have a greater effect on car purchasing decisions than fuel duty, as VED is paid in a relatively large single annual payment, not spread throughout the year. We therefore propose that VED be abolished for the least environmentally damaging cars, funded by increasing the level of VED charged on more polluting vehicles on a sliding scale, but with an overall revenue neutral effect. CO₂ emissions will be the basis for setting the level of VED, but with a reduction for gaseous fuels and a premium for diesel, to reflect the particulate emissions problems with diesel. CO₂ emissions figures are currently available as part of 'type approval', but we will seek to develop a robust system to allow VED to be based on individual emissions tests taken as part of the MOT.

6.1.3 Given the scale of the environmental damage caused by motor vehicles, high levels of fuel duty are justified by the need to give powerful incentives to minimise unnecessary vehicle use and maximise fuel efficiency. We believe that maintaining a relatively high price of petrol has been a major factor in the shift to more fuel efficient vehicles. However, as a result of the so-called fuel duty escalator applied for most of the 1990s and recent steep rises in crude oil prices, the price of petrol has risen very sharply in recent years. This causes some legitimate concern among those who genuinely have few alternatives to the car. Since most people buy cars at relatively long intervals, it is difficult to adjust to sudden short-term fuel price rises. The Labour Government, like its Tory predecessor, has also exacerbated resentment of fuel duty by failing to invest adequately in public transport alternatives. While rejecting environmentally and financially irresponsible calls for across the board cuts in fuel duty, we would guarantee not to increase the tax per litre of fuel taken by the government in real terms in the next five years.

6.1.4 In the medium term (5-10 years), we expect to be able to environmentally tax vehicles individually on the basis of their actual emissions, using MOT tests and a smart card system to verify the results. Fuel duty payable could then be modified from the standard rate at each visit to the petrol station, based on the environmental cleanliness of the vehicle recorded in the smart card. Variations in the duty would be limited, as only local air pollutants (e.g. Carbon Monoxide, particulates) as opposed to CO₂ emissions vary significantly from vehicle to vehicle per litre of fuel consumed.

6.1.5 To establish fair competition for British hauliers, we would reduce VED

for freight vehicles and introduce a 'vi-gnette' system whereby all hauliers, including those from overseas, would have to pay per day to use British roads, as recommended by a report of the House of Commons Environment, Transport and Regions Select Committee. This would be done on an overall revenue neutral basis.

6.1.6 A characteristic feature of the British transport system has been the large number of company cars, encouraged by the longstanding favourable tax treatment they have received. The present Government has significantly reformed taxation of company cars in the direction which Liberal Democrats have long called for, removing the most obvious environmentally perverse incentives. We wish to monitor the effect these recent changes will have on the car market, while considering options for further reforms to favour alternative fuels.

6.2 Planning and Transport Policy

6.2.1 Transport is not an end in itself, but a means to give people access to the amenities they require. This can to a great extent be achieved by planning land use to create balanced local communities with houses, shops, public services such as schools, places of work and leisure facilities all located near to each other, reducing the need to travel, without reducing people's standard of living. Planning policy needs to ensure that new developments are designed with accessibility by pedestrians and public transport as an integral feature. The party's current Planning Policy Working Group will develop more detailed proposals on how to achieve this.

6.2.2 Employers also have an important role in making commuter journeys more environmentally sustainable. We would place an obligation on larger companies to develop ‘Green Company Travel Plans’. These could include a wide range of initiatives, including for example promotion of car pooling (as done by BAA at Heathrow) and direct subsidy of local bus routes to take in work sites (as done by Boots in Nottingham).

6.3 Walking and Cycling

6.3.1 Given that 24% of car journeys are under two miles, and nearly 75% are less than five miles, there is great potential to replace many of these by cycling and walking. We aim to quadruple cycling miles undertaken by 2010. We would:

- Introduce new Planning Policy Guidance for cycle routes, including the National Cycle Network (NCN) and London Cycle Network (LCN), to ensure that any proposals for development take the cycle route into account by law.
- Introduce a presumption in favour of including provision for cycling and walking into all new local transport infrastructure and improvement projects.
- Provide statutory guidance on requirement for inclusion of cycling and walking by local authorities within their Local Transport Plans.
- Require public transport operators (including train and bus companies) to develop plans for carrying cycles on any new vehicles/rolling stock, and at stations/transport interchanges as part of a truly integrated transport strategy.
- Require larger businesses to develop targets for the number of journeys to work made by cycle or foot, and for developing associated facilities (e.g. cycle storage, showers) as part of their ‘Green Company Travel Plans’.
- Introduce new Planning Policy Guidance for all new public, commercial and residential developments, to ensure that they include adequate provision for safe and accessible cycle parking and/or storage.
- Instigate a National Architectural Competition on how best to integrate cycle parking and storage in new developments.
- Require local authorities to develop ‘School Travel Plans’ which increase the number of children who cycle or walk to school, whilst also improving safety, to improve their health. This will include statutory guidance on training initiatives. In addition we will promote a national programme of ‘Safe Routes to School’, including initiatives such as ‘walking buses’.
- Work in partnership with the Department of Health to encourage more adult cycling and walking and help improve cardio-vascular health.
- Improve safety for both cyclists and pedestrians – both actual and perceived – by introducing a range of measures which aim to reduce road casualties by 40% by 2010. A key element of this strategy will come from implementing a National Programme of ‘Home

Zones' in residential areas, and 'Quiet Lanes' in rural areas to reduce vehicle speeds and give priority for pedestrians and cyclists.

- Promote better maintenance of local footpaths and road surfaces.

6.4 Two Wheeled Motor Vehicles

6.4.1 Two-wheeled motor vehicles (motorcycles, scooters and mopeds) are almost always less environmentally damaging than single occupancy cars. We therefore advocate the following policy measures to encourage them:

- Setting VED in accordance with CO₂ emissions (which would mean most would pay little or nothing).
- Encouraging local authorities to make provision in their Local Transport Plans for two wheeled motor vehicles to use bus lanes where appropriate.
- Ensuring parking provision for two wheeled motor vehicles in car parks through the planning process, encouraging the provision of on-street secure parking for two wheelers where there is demand, and improving safety in car parks, for example through CCTV.
- Encouraging Local Authorities to exempt two-wheeled motor vehicles from congestion charging or charge at a substantially lower rate.

6.5 Higher Efficiency and Alternative Fuelled Vehicles

6.5.1 We would reduce pollution - even in the short term - by giving in-

centives for substantially more efficient vehicles as well as less polluting fuels. Petrol-driven cars capable of 95 miles per gallon will soon be available, with the potential for even greater efficiency. Such vehicles would obviously be encouraged by our VED and fuel duty incentive structure. There is also a voluntary agreement between the European Commission and the car manufacturers to increase efficiency standards; this should be kept under review to ensure continuously improving standards.

6.5.2 There is even greater potential in efficient use of alternative fuels, such as Liquefied Petroleum Gas (LPG), Compressed Natural Gas (CNG) and fuels based on renewables (such as hydrogen from solar or bio-diesel). Alternative fuels are a growing technology and can be less polluting in terms of local emissions and in terms of CO₂ emissions than conventional fuels. We support the extension of the LPG and CNG distribution network, and would allow Local and Regional Authorities to support alternative fuelling stations through grants or rates rebates. We would increase central government funding of the 'Powershift' scheme run by the Energy Saving Trust, and focus it on delivering a self-sustaining market in small, high efficiency vehicles using alternative fuels (e.g. using fuel-cells). To achieve volume production and lower costs, such vehicles need to be offered as a standard product, not converted as an afterthought. But LPG and CNG can only be a transitional technology. In addition, we will investigate the feasibility of setting a target for renewable fuels in transport similar to that for renewable electricity. This will need government to support research and demonstration, as well as market development. Exemptions or reduced rates on urban congestion charging will also promote development, and we will

reduce the fuel duty on bio-diesel to the level applied to LPG. Local authorities in urban areas could also use revenue from congestion charging to provide on-street recharging points for electric cars. The drive to smaller and to more efficient and alternative fuelled vehicles will provide a major contribution to our greenhouse gas reduction targets, and in the long term, alternative and renewable fuels must become the norm.

6.6 Roads

6.6.1 For many people, roads are the backbone of the transport system. However, we believe that Government policy in the past has focused too much on building new ones and not enough attention has been paid to the roads that already exist.

6.6.2 We are committed to the improving the quality of the existing road network, with the safety benefits that would bring. We would support road-widening and by-pass schemes only where there are clear safety benefits and where, on balance, there is an environmental benefit.

6.6.3 Noise pollution should be addressed by including noise tests in the MOT and provision for roadside noise testing, continuing investment in quieter road surfaces and stronger noise standards placed on manufacturers of new vehicles at the EU level.

6.7 The Long Term

6.7.1 We would establish a Road Traffic Reduction Unit within the Commission for Integrated Transport to advise local and regional government on policies to achieve long term traffic reduction as part of Local and Regional Transport plans.

6.7.2 Looking ahead 40 years, we would expect to have replaced vehicles dependent on CO₂ emissions completely with alternative vehicle types. Over the same period, by consistent integration of public transport accessibility and travel minimisation into planning policy, we expect to have substantially reduced the need to travel, without loss of amenity.

Air Transport

7.0.1 Policy on air travel is a large and complex topic in its own right, and has in the past been addressed in a full policy paper (*Our Skies*, 1997). We do not propose to fully update air transport policy within this paper. However, as noted earlier, air transport is a fast growing source of CO₂ emissions and passenger numbers are forecast to nearly double over the next 15 years. We must therefore outline some broad policies on air transport.

7.0.2 We re-iterate our support in principle for the introduction of taxation on aviation fuel. This would ensure air transport carries the full burden of its environmental costs in line with the polluter pays principle, and give incentives for the development of more fuel efficient aircraft. However, it would not be prudent to bring in such a tax on a UK only basis. We will work at the European level to ensure that the whole system of aviation fuel taxation is reformed internationally, as part of a longer term strategy for reducing energy use and pollution, and the promotion of more efficient aircraft. We would wish to discuss within the EU an exemption for flights to isolated communities dependent on air transport links. We will also press the EU Commission to allow removal of remaining air passenger duty on flights to peripheral and less accessible parts of the UK which rely on air transport.

7.0.3 We support the conclusion of *Our Skies* that the development of regional international airports has a positive impact on regional economies competing for international investment. It also makes more sense for tourists to be able to fly from a local airport rather than have to travel long distances

within the UK to already overcrowded airports such as Heathrow and Gatwick. However, we are concerned that short-haul and domestic flights are growing at the expense of environmentally more friendly rail travel. We would therefore use airport departure tax to incentivise the use of rail where good rail links are available as an alternative. We would also charge the STA with working to promote good public transport links to airports.

7.0.4 The system of airport regulation designed to facilitate airport privatisation is economically and environmentally unsatisfactory. Landing charges, which should reflect congestion and the environmental costs of landing, are lower at Heathrow than at major European airports. Retail activities have provided airport operators the opportunity to increase profits. In these circumstances airport operators should be making a greater contribution to environmental mitigation. Liberal Democrats believe the system of regulation needs to be overhauled with landing charges increased to reflect the environmental burden of an individual aircraft at major airports like Heathrow and Gatwick.

7.0.5 Landing rights are handed out free to established airlines on a 'grandfather' principle and this system needs to be reformed along more market-based lines to promote competition and reflect environmental costs. The European Commission has recently produced a proposal for a cautious reform of the relevant European legislation, regulation EEC 95/93, and intends to publish a comprehensive study of possible market-based solutions to the problem of slot allocation in the middle

of 2002. We welcome this initiative and call on the British Government to take a pro-active role in securing a radically improved system. An obvious starting point would be to auction the rights to newly created landing slots.

7.0.6 Aircraft noise is a major problem for many communities. We would ensure that restrictions are imposed on the expansion of night flights where these will have a negative impact on residential areas. We will also ensure that there are clear rules governing future expansion of airports, strengthening consideration of environmental impacts and safety implications.

7.0.7 We have consistently opposed the part-privatisation of National Air Traffic Services (NATS), and propose instead a not-for-profit, public interest body to protect safety in the air. The Government has recently part-privatised NATS as a not-for-commercial-gain company with shareholdings by the Government, employees and a consortium of airlines. While this approach was the least bad of the options considered by the Government, we still prefer the public interest company model and have serious concerns about potential conflicts of interest arising from the airlines involvement. We will be monitoring closely the performance of NATS under the new structure.

Freight

8.0.1 Most of this paper deals with passenger transport issues, but rising levels of road freight are a major contributor to road congestion and pollution. We cannot avoid addressing the freight issue therefore, although it is an extremely difficult one. In particular, the existing rail network is not well designed to handle freight given the patterns of economic activity in modern Britain, and the major categories of freight currently carried by rail, especially coal, are likely to decline.

8.0.2 We would give the Sustainable Transport Authority responsibility for developing a long term strategy for developing non-road freight, with a medium term target of doubling the amount of freight carried by rail by 2010.

8.0.3 Two key issues must be addressed to achieve greater freight levels on the railways:

- The quality of service offered by rail as opposed to the road transport industry.
- The cost of access to the rail network.

8.0.4 If rail freight is to develop it must capture a greater share of the non-bulk market. This is the growing sector of the market, and it is very competitive in terms of price and service. Quality of service has suffered as a result of Hatfield. A particular feature is the loss of confidence that rail is reliable. As passenger services develop there will be less room for freight unless the network is expanded with additional capacity. The measures we

have advocated for reforming the rail system in Chapter Four will help the rail sector rise to these challenges.

8.0.5 The Rail Regulator has not yet completed his review of the track access charges to be paid by rail freight. There has always been great uncertainty about what contribution freight should pay on lines shared with passenger trains. At present there is also a dispute between Railtrack and EWS (English Welsh and Scottish Railway Limited, Britain's largest rail freight company) about the level of efficiency of Railtrack as maintainer of the assets. EWS has published very respectable research suggesting that Railtrack could reduce costs by 11% per annum and at the same time improve reliability by dealing with potential broken rails (this was research published well before Hatfield, in July 2000).

8.0.6 For rail freight to increase, track access charges payable by freight customers must be reduced. This can be achieved by improving the railway infrastructure company's efficiency, and providing the incentive for it to improve the network by investing in capacity such as diversionary routes. To this end the Liberal Democrats will:

- Amend the railway infrastructure company's Network Licence to impose an obligation to make provision for a growth in rail freight.
- Ensure the STA makes specific payments for network enhancements to accommodate growth in rail freight (taking into account the fact that most such enhancement will also benefit passenger opera-

tions as well as relieving the parallel road network).

- Ensure the STA pays track access grant (as the SRA has done) to support flows of traffic which cannot pay the full price. This would be based on the environmental advantage of keeping the traffic off the roads.
- See that the STA pursues with the railway infrastructure company the renewal and maintenance regimes set down within the research conducted by EWS, which would reduce costs by 11% per annum, so that most of the benefit can be passed on to users.

8.0.7 The measures outlined above to boost rail freight would help to reduce the need to carry freight on the roads. In addition, we would:

- Oppose any increase in the size of HGVs permitted on British roads because of the potential adverse effects on rail freight and impact on local communities.
- Work with the haulage industry to develop a strategy for reducing the number of journeys by empty lorries.
- Work with industry to find ways of reducing ‘product miles’ needed to supply goods.
- Strictly enforce freight vehicle weight limits and other safety standards.

8.0.8 The STA should also be required to explore partnership options, including with the haulage sector, for developing Britain’s waterways, which are vastly under-utilised at present.

Transport Poverty and Social Exclusion

9.0.1 Transport poverty is one facet of the wider issue of poverty and social exclusion, and it cannot be ended overnight or in isolation from other aspects of poverty. There is no simple answer to such a complex range of issues. There are however some specific measures we would take in the short term, including:

- Extending free off-peak travel on local buses to the over 60s, and people with disabilities. By targeting off-peak travel where spare capacity currently exists this would avoid exacerbating problems of overcrowding.
- Introducing a scheme of half-fares on local buses at all times for under-19s in full time education.
- Implementing policies for cutting VED outlined in section 6.1.2 above would allow more people to have access to a vehicle.
- Creating a Rural Transport Regeneration Fund.
- Increasing personal safety for users of public transport, especially women and elderly people who are often excluded from public transport by fear, by making transport interchanges well lit and open plan, safeguarding conductors on trains and re-introducing conductors on late-night bus services. Monitored CCTV would have a role to play at certain stations, specifically at isolated rail/bus stations where per-

manent staffing may not always be possible. The STA would use the 'Safe Stations Charter Mark' to encourage best practice.

- Targeting operating subsidies for bus routes in areas of social exclusion and deprivation.
- Local Authority run 'Pricewatch' schemes to monitor fuel prices and publicise excessively high price retailers.

9.0.2 There is a particular problem of transport costs for rural communities living in remote areas, as they need to travel to access basic services, while public transport alternatives are often non-existent. Fuel costs in remote areas are generally substantially higher than the UK average. This is not simply a result of exploitative behaviour by petrol companies or retailers, because extended distribution networks and low volumes of consumption are genuine sources of extra costs. The high cost of fuel feeds through into higher costs for other goods and services in these communities.

9.0.3 Our earlier proposal to abolish VED on less polluting cars would of course assist the rural poor with the overall cost of motoring. But other compensatory schemes are urgently required to diminish the disparity in prices between remote areas and the rest of Britain, and prevent serious deprivation and social exclusion. Measures include:

- Examining with industry the possible advantages of giving transport agencies the power to buy fuel in bulk and sell it on to rural petrol retailers.
- Examining the viability of seeking a derogation under Article 8, Paragraph 4 of EU Directive 92/81/EEC to permit variable rates of duty for specified remote rural areas.
- Examining ways in which rural retailers can be aided through combining shops, post office and petrol stations on one-stop sites. Experience in European countries where EU assistance has been attracted for such schemes is instructive.
- Extension of current arrangements for zero business rating of petrol stations in remote areas, linked to conditions on price and opening hours.
- Revising the Sparsity Factor in Local Government spending settlements to allow for the funding of more dispersed services delivery, including ‘mobile services’ such as libraries and clinics, thereby reducing reliance on the car in rural areas.
- Extension of Fuel Duty Rebate and red diesel schemes for public transport and public services vehicles.

9.0.4 We recognise that many of these possibilities would need to be initiated by local or devolved tiers of Government, and commend them in particular to the Scottish Executive and the Cabinet of the National Assembly for Wales.

9.0.5 Furthermore, the diversity and complexity of the United Kingdom was a major reason for Liberal Democrat support for devolution. These transport issues demonstrate the disparity of provision and needs across different parts of the UK. Consequently, we will ensure that devolved bodies are consulted on these issues and are able to make appropriate representations to the Westminster Parliament on policy matters which remain a responsibility of the federal tier.

9.0.6 A long-term strategy is required that covers all contributing factors to transport poverty, such as incomes, cost, access to transport, reduction in services such as banks and post offices, specific rural problems, the impact of Information and Communication Technology on society. We propose that a long-term transport poverty strategy be drafted and co-ordinated by the Social Exclusion Unit based in the Cabinet Office. This would ensure all departments, regional and local spheres of government played a full part in the process. It would need to be linked to the Quality of Life Index proposed in policy paper 43 *An Inclusive Society* (2000).

This paper has been approved for debate by the Federal Conference by the Federal Policy Committee under the terms of Article 5.4 of the Federal Constitution. Within the policy-making procedure of the Liberal Democrats, the Federal Party determines the policy of the Party in those areas which might reasonably be expected to fall within the remit of the federal institutions in the context of a federal United Kingdom. The Party in England, the Scottish Liberal Democrats and the Welsh Liberal Democrats determine the policy of the Party on all other issues, except that any or all of them may confer this power upon the Federal Party in any specified area or areas. If approved by Conference, this paper will form the policy of the Federal Party, except in appropriate areas where any national party policy would take precedence.

Many of the policy papers published by the Liberal Democrats imply modifications to existing government public expenditure priorities. We recognise that it may not be possible to achieve all these proposals in the lifetime of one Parliament. We intend to publish a costings programme, setting out our priorities across all policy areas, closer to the next general election.

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ISBN: 1 85187 667 7

© August 2001

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Liberal Democrat Image, 11 High Street, Aldershot, Hampshire, GU 11 1BH
Tel: 01252 408 282

Printed by Contract Printing, 1 St James Road, St James Industrial Estate, Corby, NN18 8AL.

Cover design by Helen Belcher

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