



EMBARGOED UNTIL 00:01 TUESDAY 20 OCTOBER 2009

www.driversalliance.org.uk

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RESEARCH NOTE 1

RELATIVE TRANSPORT SPENDING

The substantial structural deficit means that the Government is facing increasing pressure to cut costs. Amongst the many items of public expenditure, the transport budget is likely to face some of the most substantial cuts in the years to come. Leaked reports suggest that cuts may total £29 billion over a ten-year period.¹ In this context, politicians will have to make tough choices and set priorities in order to effectively allocate scarce transport funding.

A key objective for future transport policy must be to reduce congestion, which imposes huge economic and social costs. In addressing this issue, it is important to understand which modes of transport can carry the most passengers and freight for a given amount of public spending. This research note explores how rail and road transport compare on that key measure.

Key points

- In the year **2007-08** spending on **rail was £8.2 billion** and total **road spending was £8.3 billion**
- During the same period **total passenger km** was **59 billion for rail** and **749 billion for road**
- This meant **total spending per 1000 passenger km** was **£138.7 for rail** and **£11.1 for road**. Therefore **rail transport received 10 times more** spending per passenger km compared to road transport
- There was a similar pattern in **freight transport**, where **rail received eight times more** spending per tonne kilometre
- Motorists **pay £30.3 billion** in Fuel Duty and Vehicle Excise Duty, **£18.4 billion more** than the combined total **cost of road transport greenhouse gas emissions** and **road spending**

For the details behind these calculations, please see page 3.

¹ Crow D. & Coventry L. 'Britain's Great Train Debacle', *City AM*, 2 July 2009



Peter Roberts, Chief Executive at the Drivers' Alliance, said:

"We desperately need to prioritise roads before rail if congestion is to be tackled. Adding road capacity is cost effective and provides genuine savings in journey times for the majority of individuals, goods and services. Spending vast sums of drivers' taxes on extravagant rail projects will not address the immediate transport problems we have in the UK."

Jennifer Dunn, Policy Analyst with the Drivers Alliance and the TaxPayers' Alliance, said:

"Motorists are getting a really raw deal thanks to the Government's misguided transport policy. Drivers suffer a double whammy – they pay huge amounts of tax, and only receive a disproportionately small share of transport spending. Continuing to neglect the road system and tax motorists to the hilt cannot be an option if we want to stand any chance of having a decent transport network"

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The Taxpayers' Alliance is now working in partnership with the Drivers' Alliance.

The Drivers' Alliance campaigns for fair and unbiased policies for road users. Performing independent and authoritative research, the Drivers' Alliance aims to inform the public debate surrounding the social benefits of personal transport, the environmental and safety issues relating to the use of motor vehicles and wider environmental policy.

Relative spending for passenger transport

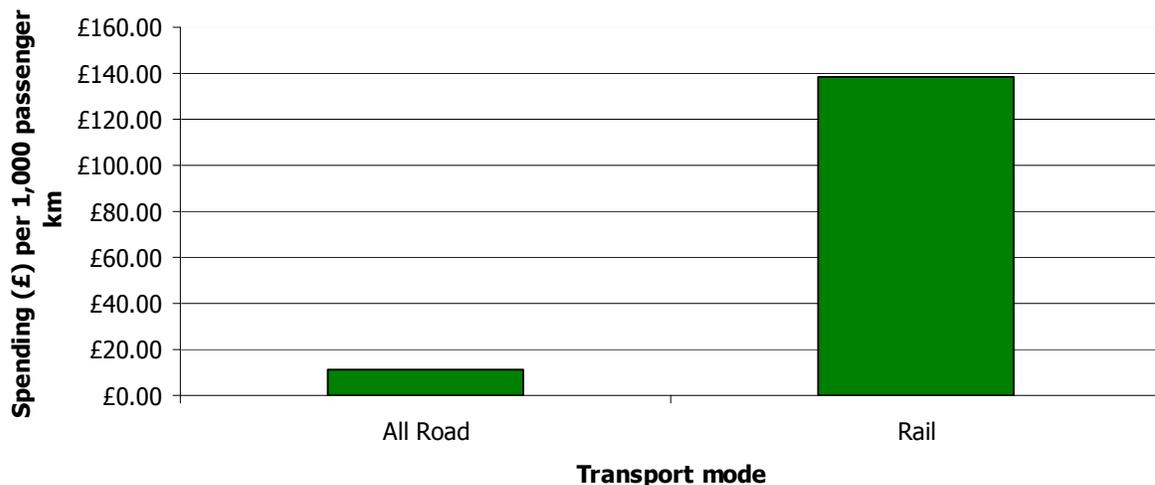
Treasury and Department for Transport statistics were used to produce the estimate of spending per thousand passenger kilometres for different modes of transport. All figures are for the period 2007-08.

Table 1: Figures for spending and passenger kilometres per mode of transport

| Mode of transport | Road | Rail |
|-------------------------------|-------------------|-------------------|
| Spending, £ | £8,321,000,000.00 | £8,181,000,000.00 |
| Passenger km | 749,000,000,000 | 59,000,000,000 |
| Spending £/ 1000 Passenger km | £11.11 | £138.66 |

- Total public expenditure on road and rail is obtained from Table 5.2 of the HM Treasury *Public Expenditure Statistical Analysis 2009* (PESA).² Total expenditure on national roads was £3,201 million and total expenditure on local roads was £5,120 million. This gives a total road expenditure of £8.3 billion. Expenditure on railways was £8.2 billion.
- The number of passenger kilometres carried by road and rail transport is taken from Table 1.1 of the Department for Transport's *Transport Statistics Great Britain 2008*.³

Figure 1: Spending per 1,000 passenger kilometres for different modes of transport



² http://www.hm-treasury.gov.uk/d/pesa_180609.pdf

³ <http://www.dft.gov.uk/adobe/pdf/162469/221412/217792/421224/transportstatisticgreatbrit.pdf>

Relative spending for freight transport

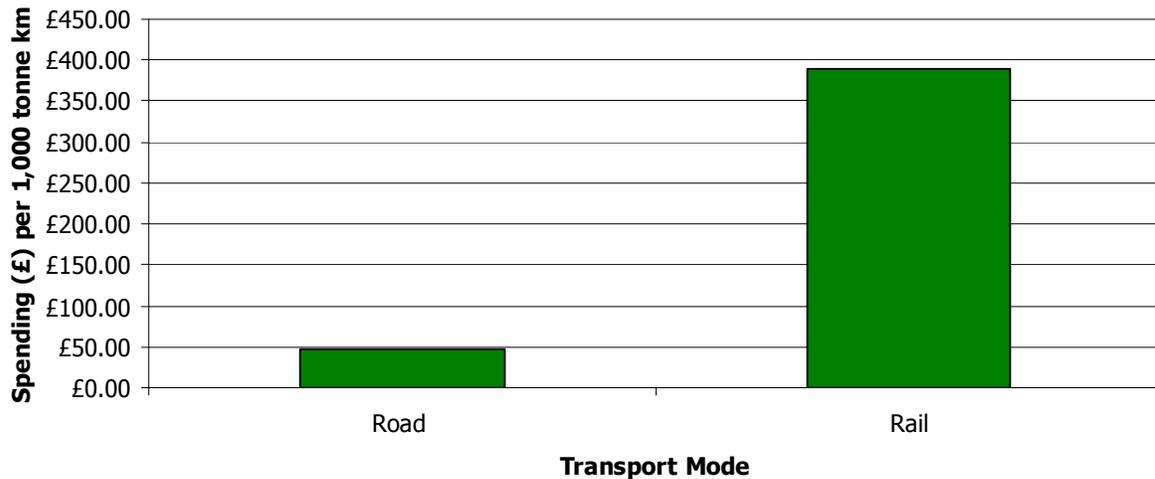
Both roads and the railways are also used for freight transport, and there is a similar pattern where rail receives more spending per tonne kilometre. Statistics for domestic freight transport carried by road and rail are taken from Table 4.1 of the Department for Transport's *Transport Statistics Great Britain 2008*.

All figures were for the period 2007-08.

Table 2: Figures for spending and tonne kilometres per mode of transport

| Mode of Transport | Road | Rail |
|---------------------------|-------------------|-------------------|
| Spending, £ | £8,321,000,000.00 | £8,181,000,000.00 |
| Goods moved tonne/km | 173,100,000,000 | 21,200,000,000 |
| Spending £/ 1000 tonne km | £48.07 | £385.90 |

Figure 3: Spending per 1,000 tonne kilometres for different modes of transport

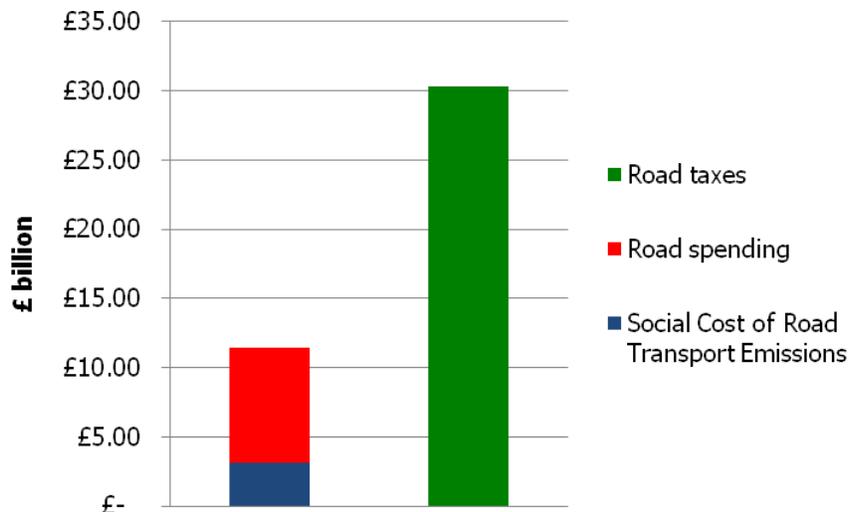


Road taxes, spending and social cost

It is argued that railways are supported to a greater extent than road transport in order to compensate for the higher greenhouse gas emissions produced by road transport. However, motorists already pay considerably more – through Fuel and Vehicle Excise Duty – than the combined social cost of their greenhouse gas emissions and road infrastructure:

- Revenue from Fuel Duty and Vehicle Excise Duty was £30.3 billion.⁴
- The 'Shadow Price of Carbon', at £25.50 per tonne of CO₂ in 2007, is taken from the DEFRA Economics Group report *The Social Cost of Carbon And The Shadow Price of Carbon: What They Are, And How To Use Them In Economic Appraisal In The UK*, released in December 2007. It should be noted that this is a high estimate relative to others produced by senior academics and the IPCC.⁵
- Road transport emissions in 2007 were 139 Mt CO₂-equivalent.⁶ The emissions total of 139 million is multiplied by £25.50 to put the cost of road transport emissions at £3.54 billion.

Figure 3: Road transport taxes, spending and social cost



⁴ HM Treasury, *Budget 2009*, Table C6

⁵ Sinclair, M. 'The Burden of Green Taxes', The TaxPayers' Alliance, August 2008

⁶ http://www.decc.gov.uk/en/content/cms/statistics/climate_change/data/data.aspx