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Proposed Congestion Charging Scheme for Central London - Putting Theory into Practice

Michèle Dix, Assistant Director (Congestion Charging),
Transport for London

Presentation to the fourth annual joint meeting of the
Transport Economists' Group and
Institution of Civil Engineers London Association

University College London
23rd January 2002

Michèle joined Halcrow Fox in 1986 where she has been involved in a number of major urban transport projects in Britain, including London.

Introduction

Michèle's talk covered the following aspects of the proposed Congestion Charging scheme:

- The problem and how it is being tackling it.
- How the proposed congestion charging scheme will work.
- The technology used to enforce the scheme.
- The integrated approach.
- The benefits of the scheme.
- The key issues being facing

The Mayor's Transport Strategy for London

The Transport Strategy[1] aims for a 40% increase in bus and train capacity serving the capital by 2011, an increased overall capacity and improved integration of London's transport system, improved reliability of delivery of goods and services, and reduced traffic congestion. This last aim is to be partly achieved through the proposed congestion charging scheme.

However, the problem is the one million people work in central London, of which 1 in 7 commutes to work by car contributing to the most intensive traffic congestion in Britain. Within central London traffic typically spends 50% of its

[1] See report on Henry Abraham's talk: "The Mayor's Transport Strategy" in *The Transport Economist* Volume 29 (1), Spring 2002

time in queues, with an average speed is 9 m.p.h. Added to that incidents and road works can easily cause disruption and gridlock.

Key milestones in development of Congestion Charging

July 2000	*Hearing London's Views* discussion paper on congestion charging
January 2001	Congestion charging scheme for central London envisaged as part of draft Transport Strategy
July 2001	Proposal to introduce congestion charging scheme in central London confirmed in Final Transport Strategy
July 2001	Scheme Order made by TfL: *The Greater London (Central Zone) Congestion Charging Order 2001*
23 July to 28 Sept 2001	Consultation on Scheme Order
10 Dec 2001 to 18 Jan 2002	Consultation on proposed modifications to the scheme
February 2002	Mayor determines whether or not to hold a public inquiry, before reaching a final decision in relation to confirming or not the Scheme Order (with/without modifications)
Autumn 2002	Start registration of discounts and pre
February 2003	Earliest "Go Live" date

The Scheme

There will be a daily, weekly, monthly or annual licence for individual vehicle registration number and a flat fee of £5 per day (Monday – Friday 7 a.m. – 6.30 p.m.) for all vehicles. Payment can be made by post, telephone, retail, internet, with late payment until midnight, but charge rises to £10 after 8 p.m.

Enforcement

Vehicle registration numbers will be 'inspected' by fixed and mobile cameras and compared with licence database. The inspection will be at the boundary and within charging zone. Cameras will be linked to proven automatic number plate recognition technology. The penalty charge notice will be sent to the registered keeper of vehicles observed as not paying appropriate charge.

Penalty notices and persistent evaders

The penalty charge will be £80, which is reduced to £40 for payment within 14 days. A failure to pay penalty charge within 28 days will incur an increased penalty of £120.

Foot patrols will identify and clamp and/or remove vehicles of persistent evaders and bailiffs will be used to recover debts of persistent evaders.

An independent adjudication service for any representations made against PCNs was rejected by TfL.

Proposed exemptions and discounts

Exemptions: There are a number of exemptions such as motorbikes and mopeds, vehicles that are exempt from VED[2] (emergency service, NHS, disabled passenger vehicles), buses and coaches (Public Service Vehicles) with nine seats or more and London licensed taxis ('Black cabs') and licensed mini-cabs.

100% discount, pre-registration (no charge): This will include certain categories of military vehicles, operational vehicles used by London emergency services and the eight Local Authorities within/partly within charging zone and community mini-buses

100% discount with annual registration charge: All alternative fuel (gas, electric and fuel cell) vehicles (including bi/dual fuel vehicles), specially adapted recovery vehicles, breakdown vehicles in use to provide roadside assistance or recovery services operated by independently accredited organisations (e.g. AA, RAC, Green Flag) and vehicles used by disabled persons in receipt of a Blue Badge (formerly known as an Orange Badge).

Residents' 90% discounts: Private vehicles registered to a keeper who is a permanent resident, subject to confirmation of residency status and vehicle ownership. There will be annual registration fee of £10 with a minimum licence of one week's discounted charge (£2.50).

Residents with a relevant parking permit, living inside the charging zone could park all day in a residents' on-street parking place within their local parking zone without paying any congestion charge.

[2] Vehicle excise duty

An integrated approach

TfL aim to improve transport in London – before and after any congestion charging scheme.

Public Transport measures to complement the scheme

Buses will have substantial improvements through the LBI 1 and 2[3] programme, an expanded network additional capacity on radial and orbital routes and new 24-hour services and better connections at interchanges.

Underground fares capped in real terms for three years and there will be improvements to the frequency and reliability on three Underground lines serving central London.

National Rail will have new rolling stock on routes serving central London and frequency improvements on services into central London.

Traffic management

Proposals will include the management of diversion routes and displaced traffic to ensure traffic flow and better co-ordination of street works and road maintenance to minimise disruption. Traffic signing will be improved to make journeys easier and inform drivers of charging boundary. There is a budget of £102m allocated for these improvements.

Net Proceeds from Charging

The scheme is expected to generate net proceeds of some £130m per year and, by law, this must be spent on improving transport within Greater London for ten years from introduction of the scheme. Annex 2 of Scheme Order sets out TfL's plan for applying its share of net proceeds of scheme during the ten year period.

Use of CCS revenue – early part of 10 year horizon will be on the following:

- Accelerating road and bridge maintenance programmes
- Additional funding for borough transport initiatives
- Bus network improvements
- Interchange improvements
- Improvements to the street environment
- Safety and security improvement schemes
- Increasing late night public transport

[3] See report of Zyg Kowalczyk's talk: "The London Bus Initiative: A Partnership" in *The Transport Economist* Volume 28 (2), Summer 2001

- Restructuring fares on public transport
- Improvements to the walking and cycling environment.

Use of CCS revenue in the long term will be on helping develop and fund expanded Underground and rail capacity with new services across central London, together with improved orbital rail services. Added to that will be:

- New Thames Gateway river crossings
- Schemes to provide improved access to London's town centres
- Further possible tram or high quality segregated bus scheme
- Selected improvements to London's road system.

The benefits of congestion charging

Benefits for all Londoners

Traffic is predicted to be reduced by 10-15% in central London and 1-2% outside the central area. This will result in a 25% reduction in queues and allow faster and more reliable journey times. The net revenue from CCS (prudent estimate £130m) will be used to improve London's transport system. This should mean that London will be a more pleasant place to be for businesses, residents, workers, visitors and tourists.

Benefits for car-users will occur because of reduced congestion, saving time in central London. There will be less traffic on radial routes and the Inner Ring Road will be re-surfaced and have new traffic signalling to manage any increases. There will be general investment in London's roads from CCS net revenues.

Table 1 sets out the potential net changes in vehicles with the proposed charge, exemptions and discounts:

Table 1: Influence on charge, with proposed exemptions and discounts

	Potential net changes 0700-1900 into or through the charging zone
Cars	20 to 35% decreases
Taxis	small increases
Light goods vehicles	small decreases
Other goods vehicles	small decreases
Buses, coaches	additional capacity*
*extra buses and improved services from other initiatives	

Economic benefits

Estimates of the cost of congestion in central London vary widely with £10 billion per year from the CBI. Congestion charging will benefit business by reducing traffic in central London by 10-15% which will mean time savings to road users and improved journey time reliability, which will improve business efficiency. Benefits from the scheme, estimated primarily from LTS model projections of traffic and transport effects, are:

- Time savings to vehicle occupants who continue to travel on the roads
- Inconvenience to those previous car users who transfer to public transport to avoid charge
- Improved journey time reliability, over and above direct time savings
- Accident changes resulting from transfer of road users to public transport plus increase in motorcycles and pedal cycles
- Reduced fuel and other vehicle costs

Secondary benefits would be expected from traffic management measures required for scheme.

Table 2 shows the various economic impacts of CCS, based on a £5 daily charge:

Table 2: Economic impacts based on £5 charge

Projected annual benefits	**£m per year**	
	Lower sensitivity	**Upper sensitivity**
Car occupants on employers' business	30	40
Car occupants in non-working time	25	35
Taxi occupants – on employers' business	30	40
Bus occupants – in non-working time	10	20
Goods vehicle occupants – on employers' time	15	20
Disbenefits to car users transferring to public transport	-15	-20
Reliability savings to continuing road users	30	40
Accident savings	10	15
Savings in vehicle operating costs	5	10
Total	**140**	**200**

Extensive monitoring is being put into place to check the benefits of the scheme.

Conclusions

There have been a large number of studies over the years into ways of charging or licensing vehicles entering Central London. Now, is the stage of translating the theory into practice. Congestion charging is being presented as part of the Mayor's overall strategy that include improving public transport and associated traffic management measures.

In summary, the Mayor will make a decision in February 2002 on whether or not to proceed with the Scheme, reject it of hold a public enquiry. If the scheme is introduced congestion will be reduced by a quarter, traffic will move more easily and London will be a better place to live in.

Discussion

A person who lives in the CCS area made the observation that it seems to be a fairly crude system. He asked how will traffic on peripheral roads be "managed"? Michèle replied that there will be an increase on the Inner Ring Road and that this will be accommodated by controlling the green time of signals.

Andrew Evans (UCL) *considered that it was a serious error to exempt two-wheelers because of the big risk to themselves and to third parties.* The speaker acknowledged that this was a potential problem and that there would be careful monitoring. There would be capacity to change it, if there was a significant increase in casualties caused by two-wheelers.

Stephen Plowden *supported the last point about motorcycles. He queried whether this was the best scheme.* Michèle replied that in comparison with other types of scheme, London First looked into public transport improvements on their own and came to the conclusion that there was a need to reduce traffic.

Stephen thought that the scheme does not meet the needs of Inner London. Getting rid of parking and re-allocating road space would reduce traffic in inner as well as central London. The speaker recognised that the scheme is not designed to help inner London. ROCOL[4] looked at a boundary at the North and South Circular Roads, but it was decided that central London should be attempted first.

Tony Sedgwick (National Car Parks) *opined that since the forecasts were made that there has been a loss of confidence in public transport improvements. In the light of this, have there been any revisions to estimates of the reduction in*

[4] See report of Reg Evans' talk: "Road Charging Options for London" in *The Transport Economist*, Volume 27 (2), Summer 2000

traffic? Michèle said that the forecasts had been examined again with new modelling, which included more work on sensitivity of behaviour. This showed that a 10-15% reduction is still forecast.

Q: *Is the 10-15% reduction of through traffic?* Leisure trips are likely to be more sensitive with a slightly higher reduction.

Q: *Are there any estimates of changes in jobs?* Acceptability to employers and employees were studied. This aspect will be monitored very closely.

Alex Hyde (Halcrow) *enquired what level of charge would maximise revenue. The speaker said that the Mayor does not seek to maximise revenue but to reduce congestion.* Work was done on £2.50, £5 and £10 charge - the £5 charge reduced traffic with £10 a bit more and increased revenue.

Q: *If there is an increase in average speed how is this reconciled with an increase in accidents?* Improvement in overall speeds are due to reduced time in queues, therefore there is unlikely to be an increase in accidents.

Q: *And are there ambitions to extend the scheme further?* There is nothing on the table or in the "bottom drawer". Consideration is being given to a Heathrow scheme. If it was extended to inner London, most trips are made by residents and if they are discounted there would be very little traffic reduction. Therefore, that issue would have to be addressed. Any extension may have to wait for a higher-tech scheme.

John Cartledge (LTUC) *asked if the object is decongestion what is the logic of the alternative-fuelled vehicle discount?* The Mayor wanted to promote cleaner fuel as part of his Air Quality Strategy - if large numbers changed then this would have to be re-examined.

John enquired, with ANPR, what proportion of vehicles are not known to DVLA or are on the wrong vehicle? About 10% - with persistent evaders they would be sought and clamped. If registration is covered or dirty, then it is a criminal offence.

Report by Laurie Baker

Rail Privatisation: UK and Global Experience

Michael Schabas, GB Railways

Talk given to the Transport Economists Group
University College, London
27th February 2002

(Max Steinkop and Jeremy Long of GB Railways were also present)

Michael Schabas is an independent consultant and founder director of GB Railways, which currently operates the Anglia franchise, Hull Trains (an 'open access' operation) and GB Rail Freight in this country, and also has significant railway interests abroad. As a consultant he has advised clients on, inter alia, the Jubilee Line extension, the Channel Tunnel Rail Link and CrossRail. He is, therefore, well qualified to speak on this evening's subject.

His talk can be divided into four parts: involvement and practical operating experience with the privatised BR franchising process; experience with rail privatisation abroad; some thoughts on the present condition of the railway industry here in the UK; and, finally, consultancy ventures into new projects.

Experiencing UK Privatisation

As GB Railways was and is the central driving force behind the privatisation ventures to be described this evening Michael Schabas started by providing the 'mission statement' for that organisation. It was formed in 1994 when the shape which railway privatisation was to take (at least in these islands) had become clear. GB Railways consists of a mix of railway and non-railway managers and thus could both draw upon personal practical experience of the peculiarities of railway management and operation, and introduce new ideas from outside the UK railway industry. Its objective was to provide value to its shareholders by developing and operating railway systems efficiently through a combination of service, innovation and investment.

GB Railways pitched straight into the franchising process in the UK by bidding for seven franchises, of which it was shortlisted in five cases, and achieved success in one. It aimed for good quality in its judgment of the future prospects for the train operating company concerned, as well as good value for its money. Some cost reduction was expected but the emphasis was on the potential for growth of the business. This was contrary to the expectations of GB Railways' principal rivals in the bidding process - the 'bus companies, to whom GB

Railways lost most of their bids, by apparently assuming a significant potential for cost reduction. The three broad groupings of train operating companies - London and Southeast, InterCity and Regional, to follow the well-established BR division of passenger operations - showed, and continue to show within the present structure, wide variations in financial strength, with their inevitably wide variations in comparative reliance on a significantly declining subsidy. London commuter operations were lucky in that a largely unexpected traffic growth due to increasing road congestion and a booming economy tended to offset the inability to significantly cut costs.

Anglia Railways, for this was the franchise which GB Railways won, has an electrified InterCity service (Liverpool Street - Norwich) as its core plus ten local routes radiating from Ipswich and Norwich. GB Railways obtained a seven-year franchise of Anglia Railways, terminating in 2004. The company has enjoyed a 50% growth in traffic since 1997 and is now running at around seven million passenger journeys a year. The rolling stock allocated to Anglia at privatisation was not of the newest and the company has contracted for £50m of investment in new trains. It is certainly one of the most, if not the most, successful passenger train operator, in terms of customer satisfaction, obtaining top ratings in customer surveys and the award of three 'Charter Marks'. Although its subsidy has declined in line with the original franchise agreement, Anglia Trains is still in receipt of subsidy and has recently negotiated an additional £10m for a new Norwich – Cambridge service.

Hull Trains was the first new (passenger) 'open access' operation on the privatised railway (Eurostar and Heathrow Express are not franchises, and so technically are "open access", but they pre-date privatisation). Hull, of course, has long had the reputation of being the largest town not adequately served by InterCity train services. The line from Doncaster to Hull was not electrified along with the East Coast Main Line and the branch to Leeds in the 1980s, and the handful of through King's Cross to Hull High-Speed Diesel services were withdrawn at this time. Only one through King's Cross to Hull service is included in the East Coast Main Line franchise. The launch of Hull Trains by GB Rail in September 2000 was overtaken, two weeks later, by the Hatfield disaster. In spite of this inauspicious start there are now four trips a day and the market continues to grow. Faster and longer trains are to be leased, and Hull Trains also has its eye on new service opportunities although the routes were not disclosed.

GB Railways was also the first new *freight* operator since privatisation - a further example of the 'open access' policy introduced on European railways by the EU transport commissioner. It has leased twelve new locomotives and introduced the flexible concept of 'train managers' (there are currently 25 of

them) in place of the traditional train crew grades of driver and guard. They perform both the traditional drivers' and train guards' duties, and other duties such as operating auto-ballast wagons, as required. GB Railfreight entered service in April 2001 after negotiating an eight-year contract with Railtrack to provide haulage of track maintenance materials. Amongst prospective customers there is particular interest in the Felixstowe - Selby intermodal (carrying deep-sea containers) service that was due to start February 2002. (The service is now operating from Felixstowe to Selby and also to Hams Hall in the West Midlands.)

Experiencing Rail Privatisation Abroad

GB Railways' experience in managing the development and operation of railways abroad has been multi-faceted and geographically widespread. Australia has been the principal recipient, with four separate ventures continent-wide from 1997-2000, followed by two in Africa (Malawi and Zimbabwe, both in 1998), Peru in 1999 and, finally for the time being, Estonia from 1999 to 2000. The speaker dealt in some detail with the Australian and Estonian ventures.

Australian National Railways

Possibly the most intriguing venture was the acquisition of the passenger services of Australian National Railways. These comprised the Indian Pacific (Sydney - Adelaide - Perth), the Overland (Melbourne - Adelaide) and the Ghan (Adelaide - Alice Springs). Australia has also vertically-separated many of its railways, with freight and passengers paying access under various regimes to a mixture of state and national track authorities. Australian National's passenger traffic was and is long-distance 'sleeper' traffic amounting to around 100,000 passengers a year - mostly tourists. In 1996, revenues were A$40m with costs A$60m. The consistently bad operating results had led the government to contemplate the complete shutdown of the long distance passenger services. In the event, the Government decided to sell the passenger services outright. GB Railways led the Great Southern Railway (GSR) consortium which won by offering not the highest price, but the most convincing business plan which would develop the service into a profitable business creating new jobs and supporting the tourist industry. By the year 1999-2000 GSR had increased traffic by 50% and turned the 1997 loss of A$20m into a profit (even after payment of track charges, which are well above avoidable cost). This had been achieved by employing new staff, including many former employees, extending the service from Alice Springs (the Ghan Railway) to Sydney and Melbourne and introducing a new reservations system. Having brought the system into profit GB Railways sold its interest to Serco in 1999.

Transit Victoria

GB Railways led Transit Victoria, a consortium that bid for five franchises in Melbourne, two tram networks, two electrified commuter rail networks, and a regional diesel network. The Transit Victoria consortium was complex, comprising, inter alia, rolling stock companies to provide maintenance, new builds and finance, and many equity participants in the operating company, which resulted in a complex network of agreements between the participants (see the diagram of the consortium structure). Existing rolling stock was to be sold by the state government to the consortium, and infrastructure leased for 12 to 15 years from the state government. Among the incentives to participate in the privatisation process was a fares supplement and a mandate for new trains and trams worth $1bn in total.

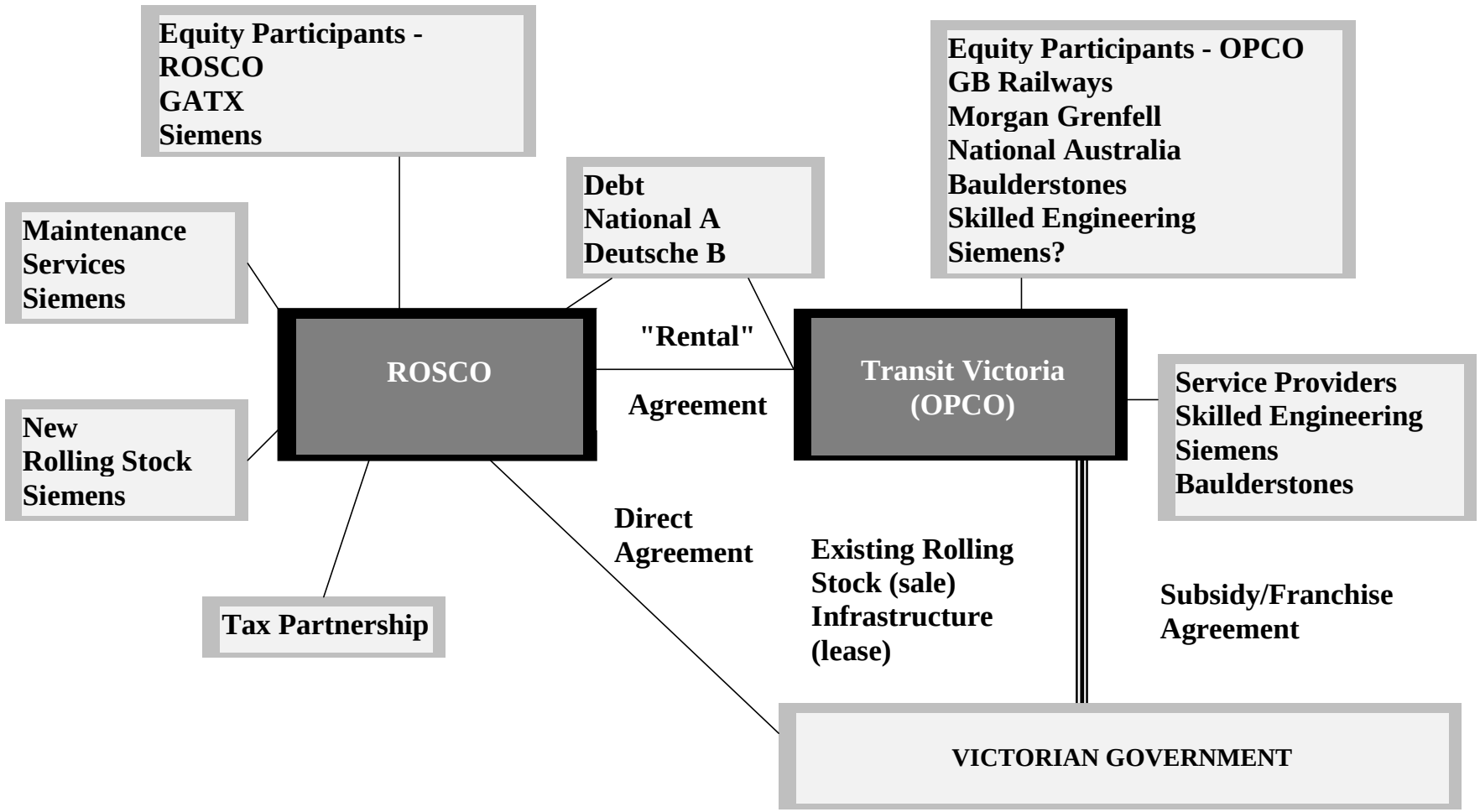
Several lessons could be learnt from the experience of privatising Melbourne's rail systems. First, the sale took much longer than planned, and was expensive to the participants. The method of vertical integration between operations and infrastructure was not such a simple solution as originally envisaged. The specification of privatisation was prescriptive rather than commercial in direction and this hampered private initiatives. Mandating maintenance expenditure proved difficult in comparison with capital expenditure. Finally, it was not appreciated that the complexities of present capital markets do not fit well with Government requirements.

Of the five operating franchises finally on offer National Express won three, apparently on the basis of very optimistic revenue forecasts which have not materialised. National Express is understood to be renegotiating its subsidies and it remains an open question whether in the long run the government will get the best deal from these arrangements.

Sydney-Canberra

The third Australian venture to be discussed was the Sydney to Canberra high-speed rail project. It was intended as a 'commercial' scheme (i.e. no explicit subsidy to either operations or infrastructure) and was initiated by two consortia, one offering TGV technology and the second offering MAGLEV. GB Railways joined a rival consortium with Siemens (for the rolling stock) and local contractors (for the infrastructure) which had the objective of producing an affordable scheme with real benefits. The TGV scheme had the greater political appeal, however, and was selected by the politicians. The TGV consortium spent several millions of dollars before abandoning the project as not viable. Currently the scheme is dormant (or dead).

Consortium Structure — Transit Victoria



Estonia

Finally, of the privatisation ventures outside of this country to be reviewed here there remains the Estonian case, which, as might be expected, threw-up a completely new set of problems. The system to be privatised operates domestic passenger services and local freight and includes the infrastructure additionally needed to operate these services. The main line to Russia (Tallinn to the border) was not included in this infrastructure and access had to be purchased from the owner of this line. The access regime was to be EU compliant.

GB Railways were made the preferred bidder in 1999 but it took two years to finalise sale and purchase, as subsidy and track access agreements had to be finalised first. The process was further complicated by the separate sale of the international routes. GB Railways completed the acquisition of the system in conjunction with local investor partners.

Some thoughts on the present condition of the UK rail industry

Michael Schabas agreed that the industry had been privatised too hastily but believed this was a result of the five-year electoral cycle and Labour opposition. He thought that, apart from Railtrack, the privatised industry structure has worked well. In his opinion vertical separation (i.e. between train operations and infrastructure) works and has brought benefits. The twenty-five passenger franchises have brought innovation and investment, and there had been an influx of new people into the industry.

He believed that the government had failed to engage constructively with the privatised industry, being obsessed with performance statistics and unwillingness to celebrate success. The Strategic Rail Authority had embarked on an over-ambitious refranchising process (which is now being restarted on more modest terms). Railtrack, which is both a monopsony and a monopoly, went for short-term shareholder value.

There was no question, in the speaker's view, that the Hatfield derailment and subsequent repercussions had set the industry back one or two years. Putting Railtrack into administration was probably inevitable, but has further damaged investor confidence. There is now a probably irreversible political commitment to a not-for-profit "company limited by guarantee". What had to be proved was that this form of organisation of Railtrack was compatible with the required investment in infrastructure**.** He thought there might be room for and some advantage in adopting some form of Special Purpose Vehicle ('baby Railtracks') to take responsibility for current operations and maintenance of sections of the network, as well as up-grading, under a long lease from the

Company Limited by Guarantee. There was doubt, however, whether most of the current franchise owners were suited to the long-term investment implied by the Special Purpose Vehicle.

In conclusion, Michael Schabas claimed that privatisation, although not perfect, had brought real benefits. There had been £3bn of rolling stock investment (both renewals of the existing fleet and additions), 30% more passengers and a 20% increase in train-miles. A number of infrastructure upgrades had been achieved - some good, some not so good. Nevertheless, he thought the UK structure of the industry needs 'fine-tuning', Railtrack a bit more than 'fine-tuning'.

Projects

As an example of a large consultancy project**, which** GB Rail had entered into, the speaker used the case of East-West Rail**.** This project was 'valued' in the region of £250m and involved a consortium of 30 or more local authorities and Skanska. The project was to re-open the pre-Beeching passenger service, originally introduced by the old London and North Western Company between its station at Oxford and various destinations in East Anglia via Bicester, Bletchley, Bedford and Cambridge. It involves restoring the existing line between Bicester and Bletchley (for Milton Keynes) for passenger use and creating a new link between Bedford and Cambridge. The business case was now being finalised, and there is strong support from local stakeholders. However there was as yet, no support from the Government for the project.

Discussion

The evening concluded with an extensive range of questions and comments from those present.

Max Steinkopf *started with a comment on the general state of the railway industry at privatisation. He believed that there was a general misunderstanding of the need to treat the railways as a consumer industry. The infrastructure companies in particular found the job difficult because of this. In effect they were the wrong applicants for the job they had to do.*

Dr Van Rest *enquired whether the railways needed the vast sums of money given to them.* Our speaker thought no. The GB group is substantially not in subsidy and makes a contribution to infrastructure renewal (Subsidy to Anglia Railways, although this has recently been increased, is still less than the "fixed" track access charges that the company pays to Railtrack. Hull and GB Railfreight operate without any subsidy, although freight will be paid some grant to reflect road congestion and environmental benefits.)

Peter Gordon *agreed that the InterCity and London commuter routes are generally OK but would like to know what should be done with the provincial passenger services.* Michael Schabas did not believe it was realistic or productive to propose closing down this sector of the business.

Ian Smith *in referring to the situation in Estonia reminded those present that the mainline to Russia was the core of the system. But what was the position respecting the feeder lines?* The speaker pointed out that the mainline to Russia remained outside of the GB Railways interest, but, nevertheless GB Railways had had some success in improving the economics of the other, domestic lines.

Jonathan Roberts, *in returning to the UK railway scene, thought that there was a lack of appreciation that a Strategic Plan is not just a collection of apparently separate projects.*

Several of those present were concerned about what should be done about Railtrack. Our speaker believed that the trouble lay mostly with Railtrack's management culture and in particular the management of track maintenance contracts. The speaker believes that profit seeking, as such, was not the problem and indeed Railtrack's management approach has proved to be a disaster for its shareholders. Whether changing ownership will have the required impact on management culture, and whether a non-profit company can raise the required capital, remains to be seen.

Martin Brazil *wondered if the speaker considered that 125mph is fast enough for InterCity services in this country?* The speaker considers that 125 mph is appropriate for services like London – Hull.

Roland Niblett *enquired if the speaker had any comments to make regarding the ROSCOs?* Michael Schabas replied that the ROSCOs had generally proved to be responsive to the needs of the industry.

Jeremy Long *interjected with some comments on the general position of the railway industry at privatisation and since. There was a need for a substantial amount of 'catch-up' money to go into the system. The Strategic Plan is an attempt at a common-sense approach to the future of the industry. At all times the position of the Treasury must be understood and allowed for. The Government had set a target of 50% in traffic, which was well on the way to achievement. There was likely to be intensive competition for train paths in certain parts of the system and he thought that the competitive process was the best way to resolve this problem.*

Ian Souter *commented that comparison with other countries was apparently the favoured way to inspire improvement in the UK industry. He thought that*

comparison with other modes of transport and the conditions prevailing locally was a more profitable approach. Our speaker pointed out that in general railways were subsidised more than roads.

John Crawford *asked why infrastructure projects cost so much today compared with what they cost in BR days? The Government's objective for freight traffic increase is as important as that for passenger, but is it possible to transfer significant quantities of freight traffic from road to rail?* Michael Schabas pointed to GB Rail's own Felixstowe service as an example of what can be done. It was quality of service that counted.

In response to a question concerned with target setting by government the speaker thought that targets should be well-defined, easy to understand and capable of being attained within a reasonable time-scale.

Dick Dunmore *believed that not enough attention was given to comparisons between the modes of transport, particularly road and rail. For example, in the matter of safety standards and the consequences in terms of expense, there was comparatively little regulation applied to cars.* Our speaker thought that comparisons of spending patterns on the principal modes would be fruitful.

Mary Acland-Hood *thought that the large disparity in marginal costs to the ultimate user was of major importance in not getting the switch from private motoring to rail that was desired.* The speaker agreed and added that the status symbol effect played a large part in justifying the comparatively large fixed costs of private motoring.

The meeting concluded at this point and the chairman wound-up the proceedings by thanking Michael Schabas for an interesting talk, his two colleagues for their support and the many members and others present for their wide-ranging questions and comments.

Report by Don Box

New Publications

The Commission for Integrated Transport published two reports in May 2002:

An Initial Assessment Report on the 10 Year Transport Plan

Public Attitudes to Transport in England - A survey carried out by MORI for the Commission for Integrated Transport

Both can be viewed or downloaded from www.cfit.gov.uk

A detailed report was published in December 2001 on how and why people travel in Britain, *Focus on Personal Travel 2001* (ISBN 0-11-552302-2). This is available from The Stationery Office at £25 or at www.transtat.dft.gov.uk

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Notice has been received of the following publications by Edward Elgar Publishing Ltd:

Anna Nagurney and June Doug, *Supernetworks - decision-making for the information age* (ISBN 1-84-064968-2) £65. Provides a unifying framework for the study of decision-making by a variety of economic agents. It describes the behaviour and structure if large-scale, interacting and competitive network systems, such as transport, telecommunications and financial networks.

Mary R Brooks and Peter Nijkamp (editors), *Maritime Transport* (ISBN 1-84-064552-0), £130. Examines maritime transport, including maritime economics. Transport law and policy.

Bruno De Borger and Stef Proost (editors), *Reforming transport pricing in the European Union- a modelling approach* (ISBN 1-84-064129-0) £79.95. It deals with pricing passenger and freight transport within Europe with an economic diagnosis of the pricing problem, proposals for new pricing and regulation structures together with quantified assessment of the likely impact for several European cities and countries.

Isabelle Thomas, *Transportation networks and the Optimal Location of Human Activities - a numerical geography approach* (ISBN 1-84-064708-6) £59.95 An examination of the relationship between the shape of transport networks and the optimal locations and allocations of human activities.

PPP for the Underground: tackling the right problem with the wrong solution

Tony Travers, Greater London Group, London School of Economics

Talk given to the Transport Economists Group
University College, London
24th April 2002

Tony Travers began by describing London Underground "before the problem" existed. Until 1939, the Underground was expanding and properly maintained. Within the LPTB[5] there was Lord Ashfield in the chair with the political power and Frank Pick as Chief Engineer. These two raised the Underground to the "wonder of the world".

Nationalisation in 1947 had dire consequences with political control moving to Whitehall, the finances linked to the Exchequer and London's expansion brought to a halt with the imposition of the Green Belt. The fatal problem was the struggle between Ashfield and Herbert Morrison in the Labour government after the 2nd World War.

The problem has been consistent under-funding from 1948 onwards and the decline in London's population, which was seen as long-term. Added to those was the priority given to roads in the Ministry of transport and the early GLC. This led to a gradual erosion of the Underground's "lead" over other metro systems.

One of the major problems over the last decade has been the erratic and inadequate funding. Table 1 shows how this has changed since 1990-91:

Table 1: Underground funding, 1990/91 - 2000/01			**£m**
1990/91	415	1996/97	370
1991/92	295	1997/98	325
1992/93	630	1998/99	435
1993/94	480	1999/2000	340
1994/95	500	restated	250
1995/96	485	2000/01	220

Investments and renewals, excluding JLE

[5] London Passenger Transport Board formed in 1933.

The Government Response

The government had made a number of commitments, which it needed to reconcile:

- Re-invest in the Tube
- No massive call on public borrowing
- No privatisation
- Improve management of public infrastructure projects

The solution led to the PPP leasing charge over a 30-year period. It can be viewed as a temporary and partial privatisation, but with assets remaining with London Transport.

The PPP is unique in scale and type - truly epic, dwarfing all other PFI/PPP packages. It will break the Underground into four parts - three "infracos" to take charge of infrastructure and a publicly-owned LU to remain responsible for staff, service levels, fares, etc. LU will transfer to Transport for London (TfL) once the PPP is completed, which will be not include those who set up the scheme.

There will be 30-year contracts to re-build and maintain infrastructure that will include track, trains, signalling, tunnels, stations and embankments.

The contracts work by incentivising the Infracos to deliver ongoing improvements of three types: availability, capability and ambience. Relatively few (if any) outcome-related contractual requirements can be found in the PPP contracts, with the whole process being deemed "commercially confidential" and, therefore, not accessible to the public. There has not been any consultation on what the public see as important.

1. **Availability:** lost customer hours (LCH) are a measure compared to the existing service. £3 per hour incentive is given to reduce LCH with a £6/£9 per hour disincentive of LCH increase (with a 5% margin before penalties begin to bite). The base line is likely to be 2001/02.

2. **Capability:** bonuses are given in proportion to the capability achieved (e.g. new trains, signalling) with abatements if line upgrades are delayed.

3. **Ambience:** measured by mystery shopper surveys, which cover cleanliness, graffiti, staff helpfulness. Payments are, again, related to the benchmark.

In the first period (to 2010) a number of improvements have been "pledged". These are not cast iron commitments since they are open to arbitration. The improvements include a 30-40% reduction in train, signal and track faults, some station modernisation and new trains on Jubilee Line (12), Central Line (2) and unknown numbers on Victoria, Circle, Metropolitan and Hammersmith and City Lines.

Overall improvements in capacity are pledged by 2012:

Jubilee	+22%
Victoria	+15%
Metropolitan and Circle	+17% (3% by 2012)
Waterloo and City	+12%

No figures for other lines

This is against a background of and increase in Underground passengers of 25% between 1990 and 2000. The SRA predicts a 50% increase in passengers by 2010, a large number of whom will transfer to Underground services in Central London.

Tony Travers' view is that there is a poverty of aspiration.

Tony commended London Underground on publishing the very accessible report on the PPP[6], which describes the process and the final decision that has been made. He drew attention to Chapter 12, which sets out what the PPP will deliver. The chapter is reproduced in the appendix. Tables 12.1, 12.2 and 12.3 show the service improvements of the three infracos, which are also reproduced in the appendix. Tony's comment on the information in the report was that it looks end-loaded unlike, for example, a hospital PPP where the benefits are visible from day one.

A service charge will accrue to the infracos. The Treasury originally believed that PPP would require no subsidy and that investment would generate increased revenue. However, Byers recently committed the government to make available £1 billion per year over 10 years. This means that each infraco will receive about £300-350 million per year.

Tony Travers asked "Is this a Good Deal?" Criticisms are associated with:

- Significantly greater costs of private sector borrowing.

[6] Final Assessment Report on the PPP for the Underground, February 2002. This can be viewed or downloaded at http://www.thetube.com/content/unblock/pppreport/

- Risk premium
- Secrecy of the contracts
- Difficulty of managing the contracts - different from people who enforce the contracts.
- Infracos have latterly negotiated away risks (e.g. Northern and Jubilee Lines signalling upgrades.
- Fairness (or otherwise) of public sector comparator - very difficult to know what will happen.

The alternatives that could be considered are a conventional public sector procurement and funding but there is a feeling expressed in certain quarters that LUL are incapable of producing that.

Another alternative is the Kiley/Livingstone plan of revenue bonds secured against future income. This would be similar to the metropolitan Transit Authority rebuild in New York with contracts signed by TfL.

Or, do nothing, which might yet happen.

Conclusions

The Government strong commitment to PPP has fatally weakened its bargaining position. The government does not have a Plan B so, therefore, has nowhere to retreat.

There could be a desperate problem with TfL inheriting the contracts they believe are unsafe and unworkable, although Tony Travers thinks they can be made to work.

There is a problem of split accountability, which we will never know since each party will blame the other. The government will be held responsible while it will be the Mayor's task to make them work.

Discussion

Paul Godier (Managing Director, LUL)[7] began by answering some of the comments made by Tony Travers. Basically, LUL is trying to reverse-engineer the system to provide what the railway need and there is a performance regime to incentivise the private sector consortia.

[7] See www.thetube.com/content/unblock/godier.asp where Paul writes on *"Securing finance for a complex urban rail system"*.

It is not fair to blame the bidders - it is what LUL worked out using cost-benefit analysis (CBA) on the existing lines. Upgrades are planned using CBA to provide what is technically possible balancing what London can withstand - that is why the programme seems to be strung out.

When 40 trains per hour were provided, there were slower speeds and less-safe signalling systems. The new regime includes reliability improvements so that there will no longer be empty trains following crowded ones.

There will be an incentive structure applied that motivates the private sector. Benchmarks are irrelevant, the incentives are there to reduce wasted time. The bids are based on that and the bank loans that have been secured. However, penalties really kick-in below the benchmarks.

The reason why train replacement is one of the later items to be achieved is that 40% of trains are less than 10 years old, which is unlike New York.

Ambience - stated preference has been used to base what is important to the user.

John Cartledge (London Transport Users Committee): everything is relative! User satisfaction surveys suggest that LU does not have a problem. This is borne out by the trivial number of complaints received by LTUC. John, however, did not share the view about consultation.

LTUC are being asked to take sides in the debate, which is very difficult when accountants views reflect the organisation paying them.

Politics plays a very large part in the debate. There is a point that the Mayor has not anything else to do but criticise. The government have not performed well in this exercise. It is very difficult to know whether we are getting what we are paying for, since there has been so very little effort in public on why they adhere to the view.

Tony said he is more optimistic about public opinion. It is possible to ask what the money is being spent on stations or improved reliability.

LU are charged with getting the best service for customers and non-users and to optimise funds in the public interest.

It appears that although the democratic government was elected to do it they have not defended it because they do not support it. It was a Treasury decision because LU cannot procure! It appears that government were eccentric with the way they set up the GLA.

Don Box opined that the problem of investment is that there is a large backlog of renewals since there has been a lack of an accounting system that made allowance for renewals. Will the 30-year plan rehabilitate the system? When the end of the period is reached will there be funding so that the same mistake is not made again.

Paul agreed that the public sector has traditionally not accounted for depreciation although this is changing. At the end of 30 years, the PPP requires that all assets are handed back in good condition. It is an open book contract, the service charge payments are based on the bidders performance.

The average projected investment is higher than the existing - this is a pledge not a target! The rate of return will be in the high teens.

Projects will be provided on time and to budget. However, when planning spending on renewals it is very difficult to optimise.

Another person thought that the government had got a very bad deal with this PPP, which is not true of PPP generally. He opined that maybe the thing is so huge that it creates its own difficulties. Railtrack fell because of its relationship with their contractors.

Tony agreed that there is no problem with PFI for small projects. The problem here is that LUL is on such an epic scale. The consortia are not bad companies and they will be trying their best. Unfortunately, there is the backdrop of TfL control, which could prove an awkward relationship.

Paul commented that he is fairly confident on a reasonable amount of competition and prices. There are protective provisions against a hostile client. The real risk is company equity. He is sure that TfL will do a good job since they have a high public service ethic.

Report by Laurie Baker

Appendix: Final Assessment Report on the PPP for the Underground

12.1 What the PPP Delivers

The PPP performance specification is based on LUL's own long term train and station plans. It also requires Infracos to recover the shortfall in the condition of the Underground's infrastructure. Restoring this to a state of good repair requires enormous investment in track, signalling, stations, earthworks, bridges and other structures.

Tackling the backlog on a whole-life asset management basis is essential to ensuring that service improvements will be sustained. Completing the job is a very long-term undertaking.

The purpose of this chapter is to give an impression of the physical improvements which the PPP will deliver, based on the programmes of work set out in each bidder's final submissions.

12.1 OVERVIEW

The PPP enables an intensive programme of work on a scale never previously undertaken on the Underground . It delivers new projects in the order that delivers most benefit to customers. In summary

- 12 new trains will be in service by 2008, a further 324 new trains by 2014, and an additional 42 trains by 2019.
- All rolling stock which is more than 10 years old now will be replaced by 2019.
- All lines will have modern signal and control systems by 2016. These will provide automatic train operation and automatic train protection which is key to improving reliability.
- These improvements will deliver extra capacity – by 22% on the Jubilee line, 15% on the Victoria line and 17% on the Metropolitan and Circle lines, all within 10 years.
- Ten of London's busiest stations will be modernised or refurbished by 2010 - Oxford Circus, King's Cross, Liverpool Street, Piccadilly Circus, Waterloo, Leicester Square, Tottenham Court Road, Charing Cross, Paddington and Victoria.
- In the same period, 60 more stations will be modernised and 139 will be refurbished, with stations refurbished again every 7½ years.
- 16 more stations will be accessible to mobility impaired customers by 2009, giving a network of 68 stations providing step-free access by 2012.
- Trains and station works will improve the travelling environment. Ambience scores will rise 10-15% across the network.
- Some 80% of the Underground's 400-plus kilometres of track will be replaced over the life of the contract.

- All infrastructure will be fully maintained and renewed to achieve a network-wide state of good repair by the end of the third review period.

12.2 INFRACO JNP

Infraco JNP maintains 100 stations and 164km of track. The Jubilee line has the newest section of track on the network and covers a distance of some 53km, serving 35 stations between Stanmore and Stratford. The Northern line serves 39 stations from Edgware, Mill Hill East and High Barnet to Morden. The Piccadilly line runs across London from Uxbridge and Heathrow to Cockfosters serving a total of 37 stations.

The challenges which face JNP include the need to provide new signalling systems on the Northern and Jubilee lines which will unlock the additional capability of the existing modern trains. This is particularly important on the Jubilee line extension where demand is growing rapidly. The Piccadilly line requires new trains an signalling.

The line upgrades will deliver new transmission based signalling, 68km of track renewed - £180m-worth of replacement works with a further £73m spent on renewals. By 2014 all the line upgrades will be complete. These works result in marked improvements in journey times – 22% on the Jubilee Line, 20% on the Piccadilly Line and 18% on the Northern Line.

All lines will see significant station works. All stations will be modernised or refurbished and there will be stations accessible to mobility impaired customers. Lifts and escalators will also be refurbished or replaced to improve reliability, reduce delays and ease congestion.

An indication of the range of performance improvements to be delivered by Infraco JNP is given in Table 12.1.

12.3 INFRACO SSL

Infraco SSL is responsible for the subsurface railway – the District, Circle, Metropolitan, East London and Hammersmith & City lines. These lines have approximately 150 km of track and 158 stations. They interconnect to form a network, and three sections of SSL's track interface with the National Rail Network. Stations present a similar picture. Of SSL's 97 stations, 43 provide interchanges between lines. SSL therefore faces the most technically complex challenges of any Infraco.

Within the first two review periods, capability upgrades, involving new trains, signalling, control systems and track works will be implemented on all lines. These will reduce journey time on the northern section of the network by 17% and on the southern section by 11%. An inter-operable fleet of 190 new trains will be provided delivering significant flexibility benefits and reliability will improve through the delivery of a centralised signalling control centre.

As with the deep-tube Infracos, the SSL network will undergo a programme of station refurbishments, modernisations and enhancements to provide customers with improved travelling environment, better station facilities and more step free access.

Table 12.2 shows the performance improvements which can be expected on SSL.

Table 12.1: Infraco JNP Service improvements

First Review Period	Second Review Period
Jubilee	
12 additional new trains Extra car on each of the 59 existing trains New signalling system 22% increase in capacity 15% reduction in delays due to train, signal and track faults 15% improvement in train ambience	
Northern	
25% reduction in delays due to train, signal and track faults 11% improvement in train ambience	New signalling system with enhanced control Centre Two extra trains in peak service 18% increase capacity by 2010 10% increase in signal reliability 106 trains refurbished by 2015
Piccadilly	
32% reduction in delays due to train, signal and track faults 12% improvement in train ambience	92 new trains by 2013 New transmission-based signalling system with new control centre 20% increase in capacity 10% increase in train and signal reliability 4% improvement in train ambience
Station upgrades	
30 stations modernised 41 stations refurbished 65 lifts refurbished 10% reduction in station system faults 100% of communications systems replaced Deep cleans and interim refurbishments to improve ambience	3 further stations modernised 60 stations refurbished

Table 12.2: Infraco SSL Service improvements

First Review Period	Second Review Period
District	
All trains refurbished by 2005	78 new trains by 2014
42% improvement in train reliability	New signalling system by 2014
36% improvement in signal reliability	12% increase in capacity
38% improvement in track reliability	
19% improvement in train ambience by 2014	
14% improvement in escalator track reliability	
29% reduction in delays due to other station faults	
12% improvement in station ambience	
Metropolitan, Circle, Hammersmith & City	
3% improvement in capacity	
30% improvement in train reliability	112 new trains by 2011
38% improvement in signal reliability	New signalling system by 2011
37% improvement in track reliability	17% increase in capacity
15% improvement in train ambience	
New crew facilities at 26 locations	
7% reduction in delays due to lift and escalator faults	
25% reduction in delays due to other station faults	
12% improvement in station ambience	
Station upgrades	
14 stations modernised	4 further stations modernised
70 stations refurbished	80 stations refurbished

12.4 INFRACO BCV

Infraco BCV is responsible for some of the busiest lines on the Underground Network - over 1,000,000 journeys are made on the Central and Victoria each weekday. Assets maintained by Infraco BCV include 125km of track and 76 stations with 145 escalators and 23 lifts. The future challenges facing Infraco BCV centre around the need to provide substantial improvements in reliability and journey time on each line.

On the Victoria line, a new fleet of 47 trains will be provided, together with a new signalling system and new, purpose built control centre. This will deliver a 15% improvement in passenger journey time over the first two review periods.

The Central line is the only Underground line not to receive a full upgrade under the PPP. This reflects the fact that its existing trains and signalling systems are currently less than 10 years old. However, capacity can still be improved. By 2003 journey times will have reduced by 5% through a combination of track works, completing existing signal works, and repairing and returning to service two trains which are not currently operable.

The Bakerloo line will be upgraded by 2019, replacing the existing fleet with 42 new trains. This will improve journey times by 15%. During the early years of the contract, capital expenditure on the Bakerloo line will include installing additional crew facilities, for example at Elephant & Castle and Harrow & Wealdstone.

In common with the other Infracos, BCV will undertake a substantial programme of station modernisation and refurbishment work targeted at relieving congestion and improving the travelling environment.

An indication of service improvements on BCV is given in Table 12.3.

Table 12.3: Infraco BCV Service Improvements

First Review Period	Second Review Period
Bakerloo	
33% improvement in train reliability 30% improvement in signal reliability 29% improvement in track reliability 22% improvement in train ambience An additional train in peak service	42 new trains New signalling system 15% increase in capacity
Central	
2 additional trains in service by 2003	
Signalling upgrade complete by 2005	
46% improvement in train reliability 33% improvement in signal reliability 29% improvement in track reliability 16% improvement in train ambience	

First Review Period	Second Review Period
Victoria	
Trains in service increased to 39 (peak) and 30 (off peak) 5% increase in capacity by 2004 41% improvement in train reliability 26% improvement in signal reliability 32% improvement in track reliability 21% improvement in train ambience New crew facilities at Brixton and Seven Sisters	47 new trains and new signalling system by 2011 Further 11% increase in capacity 45% improvement in signal reliability New crew facilities at Walthamstow
Waterloo and City	
Signalling upgraded by 2004 12% increase in capacity 49% improvement in train reliability 28% improvement in signalling reliability 32% improvement in track reliability 16% improvement in train ambience	
Station upgrades	
21 stations modernised 43 stations refurbished 16% improvement in lift and escalator reliability 15% improvement in station ambience	17 further stations modernised 40 refurbishments

ANNUAL GENERAL MEETING, MARCH 2002

The Annual General Meeting of the Group took place on the 20th March 2002 with eight people in attendance.

CHAIR'S REPORT FOR 2001

The main activity of the Transport Economists Group this year has been a continuation of the series of evening meetings on topical subjects. The 2001 programme was as follows:

January	The London Bus Initiative – A partnership (Zyg Kowalczyk, TfL) (joint meeting with ICE, London Association)
March	Intermediate modes in London (Jon Willis, Transport for London)
April	Alternative policy options for public transport in the metropolitan areas (Stephen Glaister, Imperial College)
May	Bus fare elasticities (Joyce Dargay and Mark Hanly, UCL)
June	Funding Section Two of the Channel Tunnel Rail Link to St Pancras (Mark Bayley and Bernard Gambrill, Union Railways)
September	The Mayor's Transport Strategy for London (Henry Abraham, Greater London Authority)
October	Confessions of a transport correspondent (Juliette Jowit, Financial Times)
November	The debate on the economics of rail safety (Andrew Evans, UCL)

The January meeting was held jointly with the London Association of the Institution of Civil Engineers at the ICE.

In the Summer of 2001 I took over from Peter White as Chairman. A consequence of the change has been a shift of venue to UCL. This does not seem to have caused any difficulties in the sense that numbers attending seem to have been maintained. In order to help ensure members are aware of the change of venue after so many years and because of the rather complicated geography of UCL, we have used e-mail to send out reminders to members shortly before each meeting. A number of members have expressed their appreciation of this reminder. Of course, messages can only reach those members for whom we have e-mail addresses.

Currently, the TEG website is under development and we hope that it will be accessible in the near future. This will act as both an advertisement for the Group and enable us to provide a wider range of information for members.

Peter White chaired the TEG for over fifteen years, and I would like to express my thanks to him for all his efforts over the years. I would also like to express my thanks to all the other committee members for their contributions over the year, especially to Don Box as Treasurer and Membership Secretary, Laurie Baker as Publications Editor, and Roland Niblett for his work on the TEG website.

Roger Mackett
14 March 2002

TREASURER'S REPORT AND ACCOUNTS

The Treasurer, Don Box, introduced his report and the accounts for 2001:

1. The result for the year 2001 is a loss of £319, which is a deterioration of £116 compared with 2000. Income fell by £137 and expenses fell by only £21. The reason for the fall in income is principally a further drop in membership and this will be dealt with in more detail in paragraph 4.

2. The breakdown of expenditure between the main items of administration, publications and meetings, compared with the two previous years, is:

	2001	2000	1999
	£	£	£
Administration	897	882	873
Publications	953	933	874
Meetings	1,136	1,210	1,142

3. The cost of meetings continued to fall, largely because of the transfer of the meetings venue to University College at the end of the year - the benefit from which will be fully felt in the current financial year. However, this benefit was substantially offset by a doubling of insurance (presumably a consequence of September 11). Administration and publications show only small increases compared with 2000. The former benefited from the increased use of e-mail for the distribution of notices and general correspondence, and it is hoped that the use of this medium of communication will continue to increase over the next few years.

4. The shortfall in income is almost entirely due to a fall in membership of eleven compared with 2000 (152 to 141). Only ten new subscribing members were recruited for the subscription year and 21 failed to renew. This is disappointing after the significant increase recorded for 2000. The Committee is therefore striving to increase membership by, *inter alia,* circulating organisations connected with transport and not currently represented in our membership. Members are also asked to forward names, including, where possible, e-mail addresses, of prospective members, so that I can personally forward an information pack on the Group, its meetings programme and other benefits. As members will have already noticed, in order to improve the present financial situation, subscription rates have been increased to £20 for those domiciled in Europe and £22 for those elsewhere, and a special reduced rate to encourage full-time students to join, introduced.

Don Box
Treasurer & Membership Secretary
19 March 2002

Income and Expenditure Account for 1999

		£	£
Income			
Subscriptions	2000	36	
	2001	2,538	
Interest		70	
Other		55	**2,699**
Expenditure			
Administration	Secretary	814	
	Other	83	897
Publications			953
Meetings	Room hire	713	
	Entertainment & expenses	160	
	Insurance	263	1,136
Corporation tax			17
Other			15
			3,018
Excess expenditure over income for the year			**319**

Balance Sheet

Accumulated funds at 31.12.00	2,839	
Less: loss for 2001	319	2,839
Creditors (see note 1)		1,138
		3,977
Represented by:		
Deposit Account	2,537	
Current Account	957	3,494
Less: uncleared cheques		-
		3,494

Note 1:	Creditors comprise:	£
	(a) Hire of meeting room	130
	(b) Secretary's remuneration	397
	(c) Treasurer's expenses	18
	(d) Printing of journal	194
	(f) Subscriptions for 2002	54

REPORT OF THE AUDITOR

To members of the Transport Economists' Group: I have examined the records of the Transport Economists' Group and have received explanations from your Treasurer as necessary. In my opinion the Balance Sheet gives a true and fair view of affairs as at 31 December 2001, and the Income and Expenditure Account properly reflects the excess of expenditure over income for the year then ended.

Signed: G Carson, Transport Consultant
13 February 2002

ELECTION OF COMMITTEE FOR 2002

Individual tasks were agreed at the first committee meeting after the AGM. The committee comprises:

CHAIR Roger Mackett

VICE CHAIR AND SECRETARY Peter Collins

TREASURER AND MEMBERSHIP SECRETARY Don Box

PUBLICATIONS EDITOR Laurie Baker

PROGRAMME CO-ORDINATOR & WEBMASTER Peter Gordon

DEPUTY EDITOR & DEPUTY WEBMASTER Dick Dunmore

PUBLICITY Martin Lawrence

COMMITTEE MEMBERS: Emily Bulman, Roland Niblett, Peter White