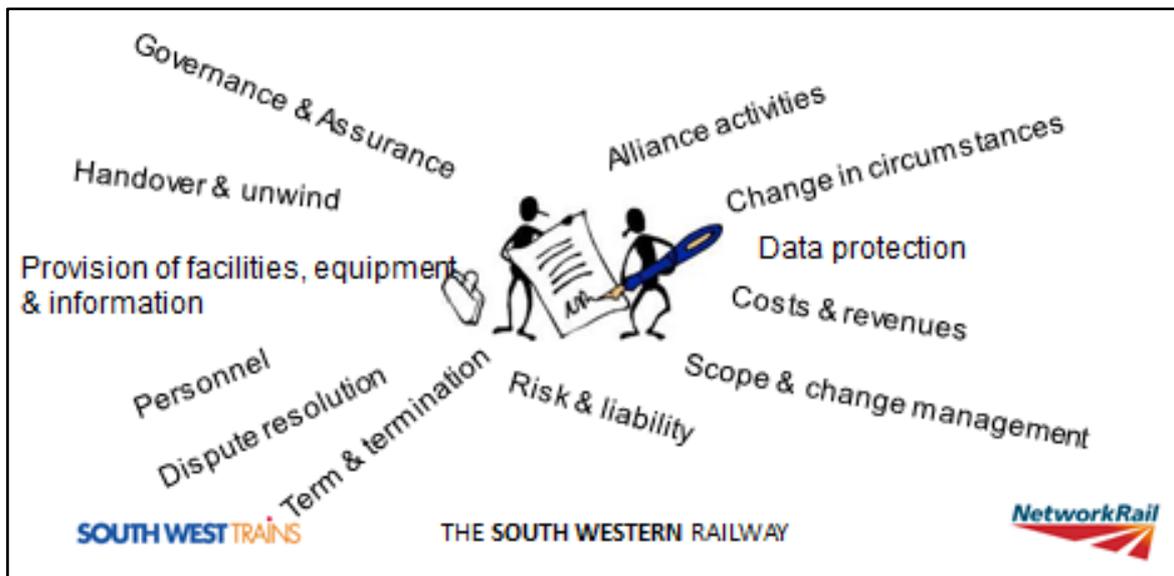


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The Thames Airport Hub: making the business case

Andrew Price, Chief Economist, Halcrow Group Limited

Arup

27 June 2012

INTRODUCTION

To begin the debate the speaker began with a brief overview of the project, which at the time was available from Halcrow's website: http://www.halcrow.com/thames-hub/pdf/thames_hub_vision.pdf

DEBATE: HUB CAPACITY

Julian Ware (Transport for London) asked whether it would be possible for each major airline – BA, Virgin Atlantic, Ryanair – to use a different London airport. **Peter Gordon** (Editor, the Transport Economist) said that New York has two long haul hubs – JFK is actually a hub for two major alliances and three or four major airlines – and that closing Heathrow would devastate West London. This suggested that there would be benefits from splitting services, rather than closure, but that was not what the airlines wanted. Can we change the airline economics so that two hubs work for them? **Tim Leunig** (London School of Economics) said that a CAA paper on hubbing passengers had identified connections within an airline network, between airlines at an airport, and between airports, but the last was very small. **Andrew Price** pointed out that BA had tried a two-hub strategy at Heathrow and Gatwick and had lost money. The Star Alliance needs to be where oneworld is, otherwise it could and would move. **Tom Worsley** (ITS, Leeds) agreed that all airlines want to go to the same airport.

Chris Castles suggested that having a single hub imposed a lot of surface access costs on users relative to each using a more local airport. Do we have an estimate of this cost? **Andrew Price** agreed that this was an issue. **Tom Worsley** pointed out that the issue was not just fares but also journey time, but wondered at what, if any, point a single hub became too big and would be better split. **Alan Peakall** said that saying that a single hub adds costs misunderstands that hubs arise because of the benefits to interchange passengers and of having that interchange to make thin routes viable. Once this is taken into account, a

hub is the lowest cost solution. That said, around 500,000 passengers a year interchange between Heathrow and Gatwick. Getting to a new hub need not outweigh the costs of getting to, and sometimes between, existing airports. **Andrew Price** pointed out that the delays to take off and landing at Heathrow are now adding costs which offset these advantages.

Dick Dunmore (Steer Davies Gleave) asked what models of passenger distribution said about the problem. Could differential charges be used to rebalance demand among airports? Alan Peakall said that this had not been tested. **Tim Griffiths** (Civil Aviation Authority) said that the distribution model, now NAPALM, is held by the Department for Transport, but was designed in the context of a cross-subsidised BAA airport system, in common management, which no longer exists. However, recent evidence is that charges at Heathrow can be much higher than those at Stansted, which offers discounts, and would need to be “astronomical” to persuade airlines to move. **Andrew Price** agreed, and noted that no airlines use both Heathrow and Stansted.

Julian Ware asked what effect a new hub would have on “niche” airports such as London City. **Andrew Price** said that airspace conflicts mean that it would probably have to close with a Thames Hub. **Julian** also asked if the wealthy flyers of south west London would prefer Gatwick to a Thames Hub. **Andrew Price** said that this was a good question, adding that many of these passengers are dissatisfied with Heathrow. **Tim Leunig** countered that many frequent flyers live near Heathrow: a neighbour in Surbiton is not under the flight path of either airport but can commute to Madrid each week, waking at 04:15. Even a slightly earlier start for a Thames Hub would be a disaster, and he would retire. **Andrew Price** noted that such examples exist, but that most of the capital’s population growth is now expected to be in the east of London. **Tim Leunig** countered that this growth had been expected for thirty years, but had yet to appear.

DEBATE: THE BASE CASE

Dick Dunmore asked whether a workable transition from Heathrow to a Thames Hub had been devised: more people were involved than in building Milton Keynes. Would it be done over a decade, a year, or overnight? **Andrew Price** said that Hong Kong airport had moved overnight, and this was planned for Berlin, and with an opening date of 2028 there was plenty of time to plan and “time for business to come”. Heathrow workers are already widely scattered – some air crew live in

Paris – but low paid workers such as cleaners would probably not relocate to a Thames Hub. They would find new employment in the Heathrow area. Job losses would be “small” as only 7% of the population of the five boroughs around Heathrow worked at the airport. In contrast, the London docks closed virtually overnight. **Dick Dunmore** noted that no politician had actively closed the docks: would any dare close Heathrow and “only” 100,000 jobs? **Andrew Price** acknowledged the need for “political bravery”, but if Great Britain was to have an airport ranking with Dubai or Doha, this scale of decision was necessary.

Roger Lewis (TRG) was impressed with the foresight of the Thames Hub concept. Crossrail appeared in the 1974 London Rail Study but is now expected to be complete in 2019, and Great Britain is very good at “kicking the can down the road”. But many multinationals, such as GSK and HSBC, are in in the M4 corridor and it would be hard for them to move overnight. Is closing Heathrow necessary? **Andrew Price** said that they would have around 16 years in which to plan, about one-third of someone’s typical working life. **Roger Lewis** agreed that Canary Wharf had changed, and he imagined that Heathrow could too. **Andrew Price** said that Heathrow had to close to achieve a funding package, and was the best way of extracting its value.

Vinal Karania (Department for Transport) said that the mechanism by which a hub adds value was not fully understood. Why does a hub matter for welfare? **Andrew Price** agreed, and pointed out that Heathrow has four routes to South America, whereas Paris has many times more and also more trade. **David Simmonds** asked which was cause and which effect, which chicken and which egg?

Alan Peakall recapped that the minimum timescale to complete a Thames Hub was around 18 years, by when the 04:15 Madrid commuter would have retired. But there was an agreed need for both “bravery” and “joined-up thinking”. Hong Kong’s new Chep Lap Kok had been widely praised, but the land bank at Kai Tak had been deserted when he had visited it in 2009.

Graham French thought that services to South America and China could be introduced any day if, for example, BA cut back services to Manchester. **Andrew Price** countered that such options were limited, with few short haul routes suitable for replacement by rail. **Graham French** also wondered how private sector BAA would be compensated for loss of Heathrow. **Andrew Price** said that this had been discussed with CAA, but BAA faced the problem that Heathrow cannot grow and may even decline. They would need to be compensated for loss of this

activity, but this had been considered, and any additional gains from the land bank could reasonably be used to fund the Thames Hub.

Tom Worsley noted that airlines would gain capacity from an expansion but would lose scarcity rents: the market value of slots would fall.

Alan Peakall agreed that the proposal required a big political commitment. Financing the Thames Hub from the ultimate sale of the Heathrow land bank will require joined-up thinking which is not often well done in Great Britain. Some parties would have to sign up at the beginning but wait 16 years or more for any return.

Martin Simmons (TCPA) was concerned about the timeline to 2028. Other options were little faster: a third runway at Heathrow would take ten years and a second at Gatwick could not be built before 2019. We will fall a long way behind Paris, Amsterdam and Frankfurt in a decade. **Andrew Price** added that a third runway at Heathrow was “agreed” in 2003, but nine years later we have regressed. **Julian Ware** was concerned that a new runway at Heathrow followed by a Thames Hub would be a short-lived investment which would need to be written off. **Tim Griffiths** said that there is still more hubbing at Heathrow than at continental rivals.

Alex Lloyd (Parsons Brinckerhoff) was “a big fan of the vision”, and thought that features such as connectivity to the energy market were important, but the project was so big: where would we start? **Andrew Price** countered that addressing the individual problems separately would cost even more. **Alex Lloyd** pressed the point: what is the first decision? **Andrew Price** said that the key was integration, rather than siloed thinking on air, rail, power and environment (sea defences). **Vinal Karania** agreed that there was a need for integration, but what about social and welfare impacts. On a project of this scale and scope, was GDP growth the right metric? **Tom Worsley** noted that people like holidays.

Scott Clyne (Arup) returned to the point that the British system is complex and slow, or is this a problem for all advanced economies? **Andrew Price** agreed with the sentiment, and noted that China was catching up with “advanced economies” and on infrastructure projects worked much faster. **Scott Clyne** asked whether we should continue with our other values – equity, environment – or focus on growth? **Andrew Price** countered that the airport had been designed to reduce noise, to provide opportunities for nature reserves, all of which could only be done by thinking long term, rather than “fiddling” with changes

such as mixed mode. **James Smaldon** (Parsons Brinckerhoff) felt that “an environmental airport” was an oxymoron. **Tom Worsley** closed with the thought that a Porsche was worse.

DEBATE: FUNDING

James Smaldon asked whether short haul services could be cut to free space for long haul. Andrew Price said that there is only limited capacity to be freed from domestic flights or through the Channel Tunnel. If Britain doesn't build the capacity, someone else will. **Tom Worsley** confirmed that high speed rail had proved effective only at journey times up to around three hours: London to Amsterdam might be competitive, or even London to Köln, but London to Frankfurt was difficult. **Andrew Price** agreed that there were limits to what rail could do.

David Walker (ICEA) was delighted to agree that Heathrow should close, but all parties on Medway Council were opposed to the Thames Hub: where is the support needed in a democracy? **Andrew Price** said that the politics at a national level had moved on from the days of “Boris Island”. The 2010 coalition policy was no new runways, but has now moved. Justine Greening does not accept Heathrow runway 3, and all parties are against it, but it is early to expect them to buy into a Thames Hub which is at pre-feasibility stage. **David Walker** was still concerned about the multiplicity of interests which would need to be aligned. **Andrew Price** countered that interests had been aligned for the £10 billion Olympics, although this had been done through a champion – Jacques Rogge – rather than political involvement. **Alan Peakall** thought that the Olympics had delivered largely because, after the initial commitment, politicians had kept out of the project.

Stephen Bennett was concerned at the “fuzziness” of the scope. Thames Hub included a lot of good things – Thames barrier, power, orbital rail – but the scope must be radically reduced. **Andrew Price** said that the £50 billion cost was an early estimate, which includes some surface access but not all of it. **Stephen Bennett** repeated the need to focus and sharpen the concept to make it affordable. Could desirable and essential be separated, or was it all or nothing? **Andrew Price** said that all the elements support each other, but there had been some thinking on phasing:

- Phase 1 might include Crossrail extension to Gravesend, HS1 spur and services to Waterloo International
- The airport would precede the orbital railway

On the orbital railway, the concept was new and unfamiliar, but so was the M25 once.

Chris Castles asked what estimates existed of requirements for public subsidy. **Roger Lewis** asked if BAA had a large enough balance sheet to carry the project, but then who paid for infrastructure such as the rail link to Chep Lap Kok? **Andrew Price** said that all the Hong Kong infrastructure had been paid for by the government, then the UK. A major issue would be BAA's involvement in the scheme: does or would BAA want to be involved in the development? Thames Hub's subsidy requirements had not yet been calculated, but they were confident that the airport could be built for £20 billion and privately funded, and HS1/HS2 experience suggested that the orbital rail line – in a substantially cheaper green field corridor – could be built for £20 billion, partly offset by value around the interchanges, but not all privately funded. **David Simmonds** was concerned at how this land value could be achieved in the Green Belt, and whether land values at Heathrow would fall, rather than rise. **Andrew Price** thought that values at Heathrow would rise, and that there was an aim to align orbital rail with the M25 but avoid the Green Belt.

At this point **Tom Worsley** closed the debate and thanked the speaker and all the participants.

Report by Gregory Marchant and Dick Dunmore

The Wessex Alliance

Jake Kelly, Customer Services Director, South West Trains

Arup

26 September 2012

Jake Kelly explained that Stagecoach, the owning group of the South Western Railway, had long been aware of the problems that can arise from the separation of train operations and infrastructure ownership. The McNulty Rail Value for Money Study had focused on the fact that the incentives on the train operator to deliver a more efficient and customer focused railway were not aligned with those of Network Rail. The Study suggested that there might be significant benefits from vertical integration.

The presentation covered the first alliance to be established, a pilot project between Stagecoach South Western Trains (SSWT) and Network Rail Wessex (NRW).

PURPOSE AND NATURE OF THE ALLIANCE

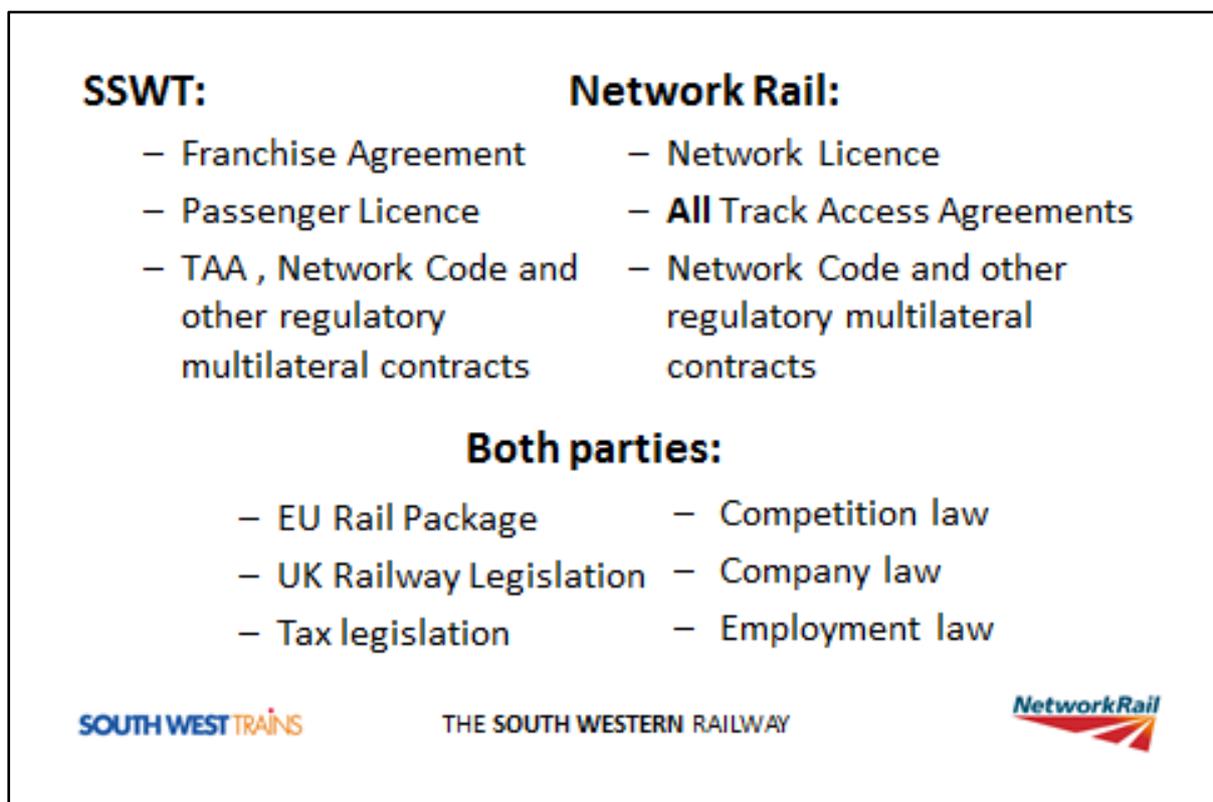
The aim of the Wessex Alliance was twofold: to reduce costs, and to increase passenger satisfaction by running a better service. A key to the process was the formation of a single management team, doing away with the 'them and us' culture, a culture which could in part be attributed to the structure of incentives under the conventional regime. The objectives of the Alliance were delivered through aligning incentives to reduce costs and increase passenger satisfaction, thereby boosting revenues, and by reducing conflicts so as to speed up the decision-making process. The new management structure reduced duplication and overhead costs. Alignment of incentives came through the agreement on a baseline for both SSWT's and NRW's costs and revenues and the sharing, on a 50:50 basis, of over or under-performance against this baseline.

SETTING UP THE ALLIANCE – LEGAL AND OTHER CHALLENGES

Neither the passenger licence issued by ORR nor the franchise agreement between SSWT and DfT recognise the existence of an alliance. Appropriate consents from DfT and ORR were needed before the Wessex Alliance could be established.

EU legislation is also based on the separation of operator from infrastructure provider. Setting up the Alliance to conform with these obligations took six months and incurred substantial legal costs. The franchise agreement was further amended to include provision for the termination of the Alliance, with the option for direct operation of the remaining franchise by DfT, and for changes to the franchise handover pack to inform bidders of the conditions. The diagram below illustrates the responsibilities of each party which were reviewed during this process.

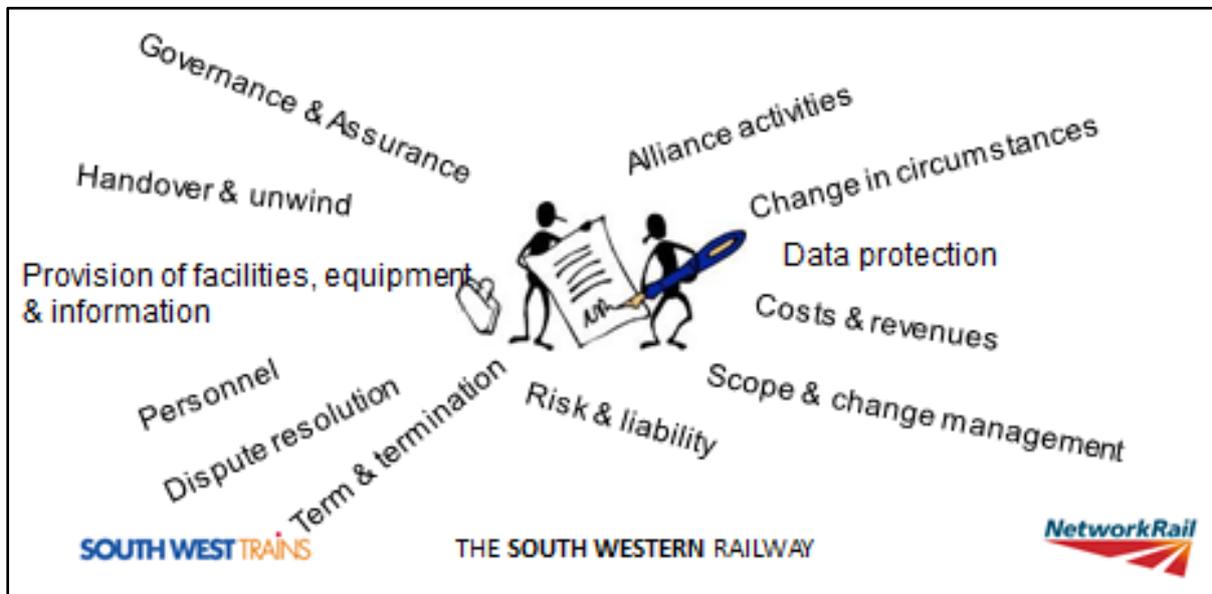
Figure 1: Context for the Alliance



Within the combined management team, specific responsibilities were allocated, resulting in individual managers from one partner taking responsibility for operations that would formerly have been the responsibility of the other. For example, the team responsible for operations manages both train services and signalling and is responsible to the Alliance Executive. However, both companies retain their own separate legal identities and their managers have the ultimate power of overriding the Alliance’s joint management team. Ultimate responsibility remains with Network Rail for infrastructure and with SSWT for train operations through the presence of Network Rail and of Stagecoach Group members on the Governance Board. Both parties remain separate legal entities.

The agreement covered a range of activities, with the detailed legal agreement having been published on Network Rail's website in redacted form. These activities are shown in Figure 2.

Figure 2: activities included in the Alliance Agreement



Redacted version available on Network Rail's website at <http://www.networkrail.co.uk/alliances.aspx>

The Alliance is required, through Network Rail's licence, to take account of the interests of all other train operators who currently or might in future run trains over the network covered by the Alliance. Network Rail is required to ensure that the other franchised operators (First Great Western and Southern) and the freight operators are involved in decisions on network changes. In addition, Network Rail retains sole responsibility for the allocation of capacity.

SOME INITIAL RESULTS

Staff have generally been very supportive of the change and of the reduction in contractually-motivated conflict, which has been replaced by gaining an understanding of each party's position and by the reconciliation of any differences. Management of performance and of incidents has been facilitated through joint working to remedy problems. The railway had accommodated additional demand during the Olympics successfully and the performance-based measure of PPM was improving.

As an illustration of the improvements in efficiency, the speaker took the example of night time possessions at Waterloo, where the current timetable for the last and first trains gave Network Rail a short window of

opportunity for working on the track, further reduced because of the fixed time taken to take up and surrender possession of the track before work could start. The Alliance was now reviewing the option of using diesel operation for the last train to allow the engineers to turn off power supplies earlier and thus increase the amount of maintenance carried out during the possession, and of cancelling the first of the early morning trains on less busy days. The revenue gains and cost savings from improved reliability on account of better-targeted track maintenance would offset the additional costs of the diesel operation and of any cancellation. The Alliance had aligned incentives to encourage the achievement of such outcomes. While such initiatives might have been possible in absence of the Alliance, the joint ownership of the outcome encouraged such behaviour.

THE FUTURE

Thameslink represents the only further planned increase in capacity south of the Thames. Increasing capacity at Waterloo will be costly and disruptive. The Alliance is reviewing options, taking the coordinated approach which has been made possible following its establishment. As a pilot, the Alliance is being watched closely by the industry and the format and the success of future Alliances will depend upon the performance of this pilot.

DISCUSSION

Peter Gordon (Editor, the Transport Economist) asked whether alliancing would work on routes with several operators. Jake suggested that, on such routes, it would be more difficult but not impossible to establish an alliance with the dominant operator. He noted that SWT had 5 years left in the franchise, which had encouraged it to invest in setting up the Alliance and working through the change in culture. He suggested, in response to a further question, that alliancing might form part of a future franchise specification, although not necessarily following the same blueprint.

Robert Cochrane (Independent Consultant) asked about the pressures on capacity and the Alliance's role in increasing capacity. The speaker said that capacity decisions are not made by the TOC, although the Alliance might be able to deliver more from existing resources. It is SSWT's ambition to run a bigger railway. Management of demand through pricing is an option for Government and not one for SSWT to make use of, and fares increases are politically difficult. Lengthening

trains to ten cars is being done in all cases where this is affordable, and beyond this the Alliance faces the challenge of working up options for further capacity increases. One possibility would be to change from a railway which operates to a timetable to one which runs on a headway basis as a metro system.

Mary Acland-Hood asked about the former Eurostar platforms at Waterloo which are now disused. The speaker replied that the platforms did not belong to the Alliance but to British Rail Residuary Board and that there were not in their present form suitable for commuter services, with the concourse set at a lower level than the rest of the station and with long walk times to the trains. The signalling allows for 30 minute frequencies while there are few connections between the lines previously used by Eurostar and the rest of the network. The Alliance will shortly be using the ex-Eurostar platform closest to the rest of the station, which will provide a valuable increase in capacity. The longer term use of the rest of this part of the station is part of the Alliance's plan to increase capacity.

John Cartledge (Passenger Focus) asked whether the vertical integration of Merseyrail provided any lessons on which the Alliance could draw. The speaker was unable to comment, being unfamiliar with the circumstances of Merseyrail. He suggested that, while the Trade Unions are generally reluctant to endorse change, at the local level the Alliance is seen by staff on the ground as a good thing because of the improved relationships with the infrastructure supplier and because more reliable services improve relations with passengers.

Peter White (University of Westminster) asked whether the Alliance enables decisions about trade-offs between infrastructure and rolling stock to be optimised. Jake quoted the example of the modifications that had recently been made to the Desiro stock bogies to reduce track damage, while noting that procurement of rolling stock was now, it would seem, the responsibility of the DfT and not of the TOC.

Larry Faulkner (Cogitare) asked how revenue or cost changes were shared between the parties to the Alliance. The speaker explained that a baseline for revenues and costs had been set by the Alliance and that variations from that baseline were shared 50:50 between the parties. The current baseline budget has been set for the two years up to the start of CP5 and will then be rebased.

Rob Mills (Office of Rail Regulation) asked about the relevance of Schedules 4 and 8, in respect of possessions and performance respectively, with the Alliance. Jake replied that payments continue to be made under Schedule 4 and Schedule 8, although they have become less relevant to the way in which the railway is operated in the circumstances that give rise to such payments. They remain more of an incentive for the client TOCs and FOCs who share parts of the route with SWT.

Martin Kerridge (LanXang) asked how the EU legislation and regulations on separation of infrastructure from operations had been dealt with. The speaker explained that the EU requirements had made the establishment of the Alliance more complicated, had added to the legal costs, and had left some responsibilities, such as responsibility for safety, still allocated to the individual parties rather than as a shared obligation.

Simon Ellis (Steer Davies Gleave) followed up the difficulties of meeting the EU's requirements, by taking as an example the requirement for the operator and infrastructure owner to be located in separate buildings. He noted the importance of documenting the benefits as evidence to be put to the EU. The speaker assured the questioner that, as a pilot scheme, there was a clear need to collect the evidence and to document the savings and financial and other benefits.

David Starkie (Independent Consultant) asked about the lifts at Vauxhall station, which did not work. Jake explained how station management at Vauxhall would be improved by the Alliance. The Vauxhall station manager was based at either Waterloo or Clapham Junction because, prior to the Alliance, there had not been an office at Vauxhall which a station manager could use, and no great effort had been made to get the necessary permissions to construct an office. Now that the benefits of local station management were apparent to both parties, steps were being taken to construct an office. Other staff at Vauxhall would be better informed about plans for the railway, including the reinstatement of the lifts, with a station manager on site.

Stephen Burke (London Borough of Bexley) asked about the role of the Basingstoke-Southampton line in the electric spine as announced in the recent HLOS. Jake suggested that there were a number of options for accommodating both third rail and 25kV operation, including electrification of the diversionary route via Salisbury to 25kV. Both routes had been cleared for the operation of trains carrying standard containers.

John Cartledge (Passenger Focus) asked about the extent to which the Alliance might manage demand through increasing fares, given the extent of the government's regulation of fares. Jake agreed that the freedom for SSWT to price off was limited, and explained again that this was not an option under consideration.

Tim Griffiths (Civil Aviation Authority) reminded those present that almost two years ago he had given a presentation on the work of the McNulty study team, of which he was a member, and on the analysis they had carried out. He was delighted to see that the recommendations of the study were being followed up so effectively and that some of the savings identified by the study were being delivered.

Report by Tom Worsley

Modelling and rebooting Smarter Choices

Professor Phil Goodwin, UWE Bristol
Stephen Joseph, Chief Executive, Campaign for Better Transport

Arup

24 October 2012

STEPHEN JOSEPH – MODELLING SMARTER CHOICES

Smarter choices (previously called soft measures) encompass a wide range of measures which can be used to change travel behaviour including workplace and school travel plans, car clubs and car sharing. The talk was split into two sections, with Stephen Joseph, Chief Executive of the Campaign for Better Transport (CBT) talking about the modelling of smarter choices and Phil Goodwin, Professor of Transport Policy at the University of the West of England, talking about the impact of smarter choices.

Stephen began by saying he wanted to talk about the discussions that have been ongoing in relation to a draft web Transport Appraisal Guidance (WebTAG) unit on smarter choices. The talk focused on five areas:

- How we got here
- What is wrong with the current draft
- What the CBT draft includes
- Why this matters
- Where do we go from here?

How we got here

There is now a lot of practice and extensive literature on the impact of smarter choices. CBT therefore welcomed the DfT proposal to produce a WebTAG unit on the appraisal of smarter choices. The first draft of this WebTAG unit was released in November 2011. However a number of those with experience of smarter choices felt that it downplayed the potential of measures. CBT therefore arranged a meeting between smarter choices experts and DfT officials. After this, CBT and DfT

officials worked together to provide an annotated and alternative draft unit, drawing on a full range of evidence that was not included in the earlier draft. However the subsequent draft DfT unit published in May 2012 only included a minority of CBT's suggestions.

What is wrong with the current draft?

The tone of the current draft downplays the potential of smarter choices by presenting averages as maxima and by taking what has been achieved so far as an indication of the maximum that is possible. The draft also omits key evidence, and places an over-reliance on the Moser and Bamberg meta-analysis and the upper limits they proposed. The draft also downplays the effect of smarter choice packages and packages of smarter choice measures and hard measures.

What the CBT draft includes

In response to the DfT draft, CBT has produced its own draft WebTAG unit on smarter choices. This is based on more literature and evidence, although this cannot be claimed to be comprehensive. CBT has also included a discussion of Moser and Bamberg and put this alongside other evidence and provided questions on ways to improve the modelling and appraisal of smarter choices.

Why this matters

Smarter choices are an increasingly important part of transport packages, with the £600 million Local Sustainable Transport Fund now funding 12 large packages of smarter choices, together with many smaller initiatives. Other potential funding for smarter choices can come from new local authority funding streams, the price sector (for example through the advertising of public transport services) and other funding streams such as station travel plans for rail. Good appraisal is important for potential funding.

Responses to the CBT draft

There has been general support for CBT's approach on smarter choices. There have also been offers of, or links to, further data on aspects of smarter choices, for example car clubs. There has, however, been limited response on the modelling of smarter choices.

Where do we go from here?

CBT welcomes comments and further evidence, including on modelling issues. There will be further discussions with other organisations and researchers involved in this area. There will also be further discussions with DfT, which CBT hopes will see this as constructive and will work with them to improve the draft. Further information can be found at <http://www.bettertransport.org.uk/campaigns/roads-to-nowhere/smarter-choices> with responses to sian.berry@bettertransport.org.uk

PHIL GOODWIN – REBOOTING SMARTER CHOICES

Phil began by saying he wanted to talk about a discussion which is going on under the label of ‘rebooting smarter choices’. Rebooting is what you do when your computer freezes, often due to two programmes interfering with each other. That’s what seems to be happening.

It goes back to the initial growth of smarter choices (then called ‘soft measures’) in the late 1990s and early 2000s. From the beginning they were policy-driven, not research- or analysis-driven. The analysis took off with the Smarter Choices report in 2004. Politically they offered an easy, cheap and politically attractive way of reducing the expected traffic growth and contributing to both environmental and congestion objectives. The main alternative approaches – a massive road building programme, or system-wide road pricing – each had their persistent champions, but neither have ever come close to commanding majority support in the population. Opinion polls suggested a rather stable support level for either of around 30%, with at least as many vigorously opposing. By contrast, smarter choices had no natural opposition of any substance, and a lot of gentle goodwill, often up to 80-90%.

Of course, the more thoughtful transport planners realised early that any smarter choice measure on its own would be problematic, and so best practice involved package approaches, operated in the context of small, but crucial, infrastructure improvement and supportive policies on parking, access, road priority and public transport quality.

All that made political sense. It made economic and analytical sense too, because of the accumulating empirical evidence – based almost entirely on before-and-after studies, hardly at all on modelling – that the impacts of smarter choices give very good value for money. There was a type of small, local, cheap improvement to the quality and ease of transport (such as local safety schemes, area traffic management, reallocation of road capacity to walkers, cyclists and public transport, and

improvements to the public realm in town centres and areas of concentrated shopping and leisure activity) that typically give benefit cost ratios in double figures, with benefits that may be 10 or 20 times as large as costs, or more, compared with ratios in the range 1-6 of even the best infrastructure projects. We therefore now see great financial pressures, and so there is a need for reassurance that that any substantial expenditure gives good value for money, and is in accord with the political and economic priorities of the time. This suggests that smarter choices are just perfectly placed.

But that's not what is happening. Smarter choices are being treated as luxuries to be cut first, not last. The question is, why? One problem is that not everybody fully understands the achieved results, and some even casually reject them. That seems to apply however many monitoring studies are carried out, with a sort of stubborn insistence that the evidence must be of a type which would cost more than the initiatives themselves.

The second thing that has changed is more subtle, and unexpected. In recent years traffic levels, and especially car use, has simply not grown as much as was being forecast from the late 1980s onwards. There is a lively debate about the reasons for this, under the label 'peak car', with broadly two different views. The 'official' (DfT modellers') view is that the phenomenon is essentially temporary, due to economic conditions, with the expectation that when the economy returns to 'normal' functioning, so also will traffic growth. The alternative explanations suggest that the phenomenon preceded the current economic difficulties and therefore should not be attributed to them: rather, there are signs of a structural shift in attitudes to cars and the resulting travel choices, in which case the future could show a long-lasting stable level of car use, or even falls. That debate is unresolved, but the question is what effect should it have on policies about smarter choices?

If the official view is right, then logically smarter choices will remain as an essential set of instruments of policy to cope with traffic growth which cannot be solved by other politically acceptable or affordable methods. If the alternative view is right, however, then the argument is not exactly symmetrical: if people are using cars less, this does not of itself solve all the problems of mobility and access, and there will need to be a much wider application of other methods to assist people with efficient and high quality transport systems. 'Dealing with excessive traffic' would become less of an issue but 'providing good mobility solutions by means other than car use' would become more important.

That would mean a need for a short-term smarter choices strategy which is suitable for either of the outcomes, but can be fine tuned in different ways according to whether the official, or alternative, view turns out to be right. That is an excellent example of a robust and flexible policy.

That's the logical answer, but it is turning out to be irrelevant because the real problem is not the need for value for money, and not the continuing debate about 'peak car'. Phil argued that the real problem is a deeply-rooted, long-lasting, inexplicable incompatibility between two arms of government, or two mind-sets of understanding within government.

On the one hand, smarter choices provide influences on travel behaviour, able to alter choices with little or no resistance, no natural opposition, little offense, and excellent value for money. On the other hand, they provide a continual challenge to analytical orthodoxy, because they simply don't 'fit' into the longest-established set of forecasting tools, challenging either their behavioural assumptions or formal specification. Their benefits seem not to sit comfortably alongside the traditional ones of time- and money-saving. If the empirical results are taken at face value, they raise uncomfortable questions of whether the well-established modelling frameworks are as good as is claimed for them, and therefore raise questions about other policies also. The result has been a rather long-lasting stand-off between the official policy needs and the official analytical culture. Policy needs smooth, cheap, achievable and unopposed improvement. So smarter choices is a great asset and a policy boon in hard times. However, official analysis needs a straightforward and reliable set of tools for appraisal which can be applied equally and fairly to choose between all different types of policy and project. For them, smarter choices are an awkwardness, an irritant. They can't be so good, because that would mean the models aren't.

So there is a cycle of set battles: the same battle repeated at least four times in the past decade. The first was in 1992-4, when a dismissive one to two per cent of impact on traffic was the guideline for soft measures in the Multi-Modal Studies. This was controversial, and replaced by much bigger estimated effects from the Department of Transport's own literature review: a temporary victory for empirical evidence, but not a long-lasting one. Within a few years, there was a reversion to forecasts assuming tiny effects, of one or two per cent, in the context of a model for assessing 'carbon pathways'. That was because of an assumption that much larger impacts attributed to new technologies would be achieved more quickly. This was entirely implausible.

The third conflict was the positive experience of the Sustainable Travel Towns, reinforced by the analysis of the Commission for Integrated Transport (CfIT), once again endorsing the big effects and excellent value for money of the smarter choices toolbox. But this very substantial body of work and experience was shelved almost as soon as it was completed.

And back to the present, as Stephen Joseph outlined, the revised set of guidelines in the DfT's 'WebTAG' manual – against the advice of all the experts the DfT had actually summoned together to discuss this – again reverted to almost invisible impacts in the framework of modelling advice. This time the challenge is from the Campaign for Better Transport's alternative guidelines which, by treating real experience as the main source, rather than links in a particular modelling train, once again gave credit for the scale of impacts possible. The danger is that we are doomed to go round and round the same policy-versus-modelling, and empirical-experience-versus-model parameter, cycles, apparently about every three years or so, for ever. Phil suggested that it is bizarre that the Department for Transport should find it psychologically so difficult to accept that the policies it is in favour of are successful.

DISCUSSION

David Simmons stated that there were two important points to bring out in the appraisal of smarter choices:

- Firstly whether it was possible to measure people travelling to more amenable areas where they values are debated.
- Secondly, the second more difficult area of how to assess the impact of a lack of knowledge of alternatives where modelling assumes perfect information.

One potential way of addressing this might be to change model parameters and use these in appraisal.

Phil Goodwin said that this is the research project that will never happen. You can always say that things can be improved with better data or better appraisal, but while one of the original smarter choice type measures, pedestrianisation, has been introduced with virtually no appraisal, road pricing has been subject to a large number of studies but nothing much has happened.

John Cartledge (London TravelWatch) asked if this debate is going on elsewhere? Phil Goodwin replied that most of the best practice is in the UK. Germany and France have introduced major pedestrianisation and travel schemes with very little formal appraisal, due to simply wanting things to be nicer.

Mary Acland-Hood raised concerns that local councillors may not know the literature behind the impact of smarter choice measures, and that DfT may find it difficult to believe that cheap measures could have substantial benefits. Phil Goodwin replied that the main body of practitioners is in local authorities, but this knowledge is not uniformly spread, and the biggest problem can be convincing those that control the funding. Stephen Joseph said that CBT have been working to try and influence local authority councillors on the impact of smarter choice measures.

Scott Clyne (Arup) asked if everybody was waiting for DfT to say whether smarter choices are a good thing? Stephen Joseph said that DfT can have a big influence, as they provide guidance, distribute funding, and are setting up the new local transport boards.

Emily Bulman (Office of Rail Regulation) said that behavioural economics appear to be gaining influence, in particular with the Nudge Unit in the Cabinet Office. Should the marketing of smarter choices be better directed here rather than at DfT? Stephen Joseph said that there is a difference of opinion within DfT. The Department's policy leads appear to understand smarter choices, and is in line with the Nudge Unit. However their economists do not appear to understand the impacts, and this is what is creating the difficulties with the appraisal guidance.

John Dodgson said that, rather than the issue being "Do smarter choice measures work?", is it not that "These types of measures work and this is what doesn't work". Given this should the focus simply be on directing people towards an appropriate manual? Phil Goodwin said that some guidance manuals do exist and it is important to emphasise that this is not a smarter choices versus DfT argument, but simply smarter choices versus some DfT analysts: as can be seen from the earlier discussion, this debate has been going on for some time.

David Metz (University College London) asked if the problem is that smarter choice measures focus on behavioural change and need hard measures to lock in benefits? For example, did the smarter choice

demonstration towns find it was more difficult to get traffic reductions where there were no complementary hard measures?

Phil Goodwin replied that the sustainable travel towns initiative demonstrated a reduction in traffic, if you examine traffic and bus count data. The reason that this reduction was less than originally forecast was that the actual spend was half that originally recommended. It is difficult to “de-link” hard and soft measures. For example, hard measures are not necessarily new infrastructure, but can encompass the reallocation of road space. This is easier if there is less traffic around due to the impact of smarter choice initiatives.

Peter Gordon (Editor, the Transport Economist) asked what exactly is meant by smarter choices? Phil Goodwin said there is no universally accepted definition. Smarter choices include travel plans (workplace, school, leisure), marketing of a quasi-ideological character, journey planning advice to individual households, e-shopping, e-commerce, teleworking, car sharing and car clubs. Smarter choices can also include walking, cycling and bike hire schemes and some bus improvements.

Mark Stubbs (Parsons Brinckerhoff) said that it would be great if a clear relationship was drawn between introducing these types of measures and these are the benefits that would be expected. Maybe the problem is that the guidance is unspecific. Phil Goodwin said that the best evidence looks at other examples of implementation to suggest potential benefits. The problem is trying to identify the impact of individual measures when measures are often introduced in packages.

Arun Karumba (WestTrans) said that, looking at travel plans that have been implemented in West London, for larger sites there is a need to do travel surveys to justify the scheme, with an independent field worker undertaking before and after surveys. For smaller schemes WestTrans just consider whether the measures have been implemented. Phil Goodwin commented that this illustrates that the issue of modelling impacts does not really come into the justification for many schemes.

Report by Tim Griffiths

Reviews

The views expressed are those of the reviewers and should not be attributed to the Transport Economists' Group

Margaret Grieco and John Urry (editors), *Mobilities: new perspectives on transport and society* (Farnham: Ashgate, 2011)

Marcus Enoch, *Sustainable Transport, Mobility Management and Travel Plans* (Farnham: Ashgate, 2012)

Mobilities is a collection of seventeen papers from leading researchers from the UK, mainland Europe, South Africa and the USA working at the interface between transport and social science, which aims to explore areas that have been overlooked or have received insufficient attention.

The opening chapter by John Urry identifies a wider range of journey purposes than are more commonly cited, including asylum, refugee and migration journeys, overseas 'discovery travel' by students and au pairs, 'trailing travel' by children, partners, other relatives and domestic servants" – a concept that evokes the 19th century 'grand tour' – and the unromantic travels of service workers and slaves. The chapter majors on the creation of Dubai as an exemplar of the "high carbon mobile life" only made possible by migrant labour; but which may "slide back into the sand it came from" when the carbon-fuelled bubble finally bursts.

Julian Hine focuses on transport and mobility disadvantage, in a usefully stratified discourse amply supported by statistical evidence on different categories of exclusion – physical, geographical, economic, time and fear-based, for example – and their consequences. In a challenging paper, Frances Hodgson uses maps and a series of face-to-face interviews to explore the complexities of personal interfaces and interactions (or the lack of them, as identified under the heading 'Messages from the Environment: Barriers, Boundaries and Bereft Spaces') found in different communities.

Gina Porter and colleagues report on the difficulties experienced by young people in Sub-Saharan Africa in accessing educational and health services, citing fears for personal safety and inaccessibility due to impassable roads as well as inability to afford mechanised transport. Not relevant to the UK? The popular press (Metro, 5 December 2012) reported that "the hungry are turning up at food banks on foot because they cannot afford public transport", with walks sometimes exceeding 10

miles and the numbers using food banks expected to double to 220,000 in the current year.

At the opposite end of the social scale, Götz and Ohnmacht report on the varying transport choices of different person types in Switzerland: sporty, fun-loving, cultural and home-loving, with the cultural group being the least car-oriented and most likely to walk and use public transport. Fiona Rajé examines aviation and ethnicity, concentrating on the importance of air travel to Caribbean migrants wishing to visit friends and relatives. Colin Pooley adopts an historical approach to examine changes in young people's mobility in the UK, by assessing the mobility patterns of cohorts of different ages as a means of identifying how and how much travel was undertaken by children at different times since around 1940. Kowald and Axhausen use 'snowball' data collection techniques to map the influences of social contacts on leisure travel, a method that they acknowledge is likely to over-represent the travel patterns of people with the largest numbers of contacts.

Glenn Lyons discusses the balance between 'technology fix' and behaviour change as influences on future travel demand, and judges the latter to be under-valued in current thinking. Büscher et al, Laurier & Dant, Licoppe & Levallois-Barth and Nelson & Aditjandra examine influences of IT and 'smart' developments on driving, public transport use and 'bridging the mobility gap'. But the challenges of the 'last urban mile', despite increasing recognition and attention, are still far from resolution and implementation 'on the ground' in the vast majority of public transport situations.

Peter Jones *et al* consider the influences the lengths of commuter journeys and family characteristics (e.g. presence of children) on travel patterns and car ownership in London and Paris. Not surprisingly, the lack of available time on working days for commuters with long daily journeys is reflected in different weekday and weekend activity patterns from those with short journeys to work.

Mimi Sheller's paper based on US experience identifies two-thirds of Americans as favouring greater spending on public transport and desire for more options besides driving; an encouraging opinion from the 'cradle of the car' and a salutary message for the UK. Colin Divall is critical of how past decisions have led to carbon-intensive mobility lifestyles and encourages the study of history as a 'usable past' and a means to a more sustainable and equitable future.

If you start with one paper in this admirable book, perhaps it should be Margaret Grieco's heart-felt Epilogue on The Perverse Organisational Premises of the Transport Arrangements of the Contemporary National Health Service, which calls, from a perspective of personal experience, for patient transport to be reoriented from supply-side to demand-led orientation. It will whet your appetite to go back to the beginning and into the rest of this thought-provoking volume. For readers wanting to go further, it is very comprehensively referenced, a feature that will recommend it to research students as well as to practitioners seeking to widen their appreciation of the practices and challenges of mobility.

Sustainable Transport by Marcus Enoch is a useful complement to *Mobilities*, examining in depth one aspect of the planning and management of travel, transport and their substitutes. The work offers a forensic dissection of the subject of travel planning into its component parts: supply and demand side approaches, reasons for organisational intervention in transport, centralised versus devolved delivery, possible benefits to the various stakeholders, the suitability of different trip types for travel planning interventions, issues, opportunities and barriers to their adoption.

This book should be read by all who are contemplating the adoption of a travel planning scheme, whether to find out when, where and how to do it, or to assess what its possible impacts might be. The well-recognised phenomenon of public benefits (reduced congestion, cleaner air, fewer road casualties, better public transport) versus private disadvantage (external pressure on transport modal choice, higher private travel cost, longer and less convenient journeys) perhaps contributes to the low take-up of schemes and their sometimes underwhelming impact.

Chapter 1 summarises transport issues, providing useful tables of impacts where demand exceeds supply and vice versa, and summaries possible instruments and strategies for managing travel demand. These are broken into information, technological, economic and regulatory categories and how they relate to increases, changes and reductions in transport supply and demand. Alternative approaches are characterised by contrasting the two 'transport tribes', representing the supply and demand sides – 'predict and provide' versus mobility management.

Travel plan measures are placed in context according to type of measure: supply side improvements to alternatives to the car (better bus stops, cycle parking, etc.), fiscal incentives and penalties, management (ration parking spaces, alter business travel rules, home- and teleworking), information and marketing (Chapter 2) and their impacts are

quantified in terms of transport and financial effectiveness (Table 2.12: 6-18% car use reduction; cost averaging around £50 per employee).

Suitable travel plan applications are discussed, including work, school and health places; public and private sector clients; large and small schemes and schemes focused on events. Reasons for low take-up of the concept would appear to be that, especially for the private sector, travel plans are not an organisational priority and that awareness-raising, with little or no compulsion or incentive to participate does not encourage potential users to change their travel practices. A shortcoming of travel planning, which is not addressed in this book, is that it is largely planned from the supply side. Whether the instigator is a local or national authority, or an employer, the end user, the commuter, is presented with a 'supply side' *fait accompli*.

In this reviewer's opinion, greater success might be achieved if potential users began to ask for travel plans at their places of work, for their children's schools, at the local hospital, etc. That would be true 'demand side' planning, and suggests the need for an additional chapter to take the travel planning process on from the organisational involvements discussed in Chapters 5 and 6. Perhaps employees, as evidenced by Shiller's identification from the USA in the *Mobilities* book of people wanting alternatives to the car, might ask their employer to offer better public transport alternatives, season ticket loans and cycle facilities. There is some evidence of this beginning to happen, albeit with these calls for 'carrots' not explicitly linked to 'sticks' to reduce car use.

Enoch's look ahead to the wider adoption of travel planning at events (now boosted by the success of the 'public transport Olympics' in London in 2012), at retail premises (notably out-of-town facilities), transport interchanges, residential locations and for personal travel is valuable for taking travel planning into areas where it has so far made little impression. Chapter 4 examines opportunities for travel planning on different scales, ranging from small neighbourhoods to larger Business Improvement and Local Transportation Districts. Details of how to plan alternative schemes are clearly set out.

Sustainable Transport is a comprehensive and well structured work that benefits from the author's extensive experience in this field. It will be of equal value to students wanting to find out what travel planning is and how it works and to practitioners looking to take forward schemes and extend the application of the concept more widely. The concepts are clearly illustrated with charts and in the text, which is amplified by case

studies from the UK and other countries. The next stage needs to be a sales pitch on how to show potential end-users what's in it for them.

Martin Higginson

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Carey Curtis and Nicholas Low
Institutional Barriers to Sustainable Transport
Ashgate Publishing Limited, ISBN 978-0-7546-7692-8

J Michael Thomson's 1977 'Great Cities and Their Traffic', which in 2009 I rediscovered and reviewed for *The Transport Economist* (Volume 36 Number 3), was both pessimistic and prescient about Australia's two largest cities, Sydney and Melbourne.

Carey Curtis and Nicholas Low have examined afresh Sydney, Melbourne and comparative upstart Perth, focusing on how and why institutional (rather than technical) barriers have led to where they are, and the implications for where they may be going. They set the scene with the 1963 "Traffic in Towns" report's diagram of London's Fitzrovia (home of TEG's host Arup) filled with car parks and surrounded by motorways, in a design for 'partial redevelopment'.

The authors are academics and have adopted a thorough and research-based approach. Chapter 3, "The Irrationality of Path Dependence", documents the evidence for the core hypothesis that, as they put it "public policy ceases to coincide with the public interest and is instead determined by the force of its own inertia."

Chapter 4 notes how Australia's government has Federal and State but not Metropolitan tiers. As a result, each city is governed *de jure* by over 30 local councils but *de facto* by a State government which also serves extremely low-density, and necessarily car-dependent, 'country' areas. "Australia's urban transport policy development is at least in part governed by a historical desire to provide equivalent services across a geographically massive area, with low population density to pay for it."

Chapters 5 and 6 list the many and often short-lived Authorities, Boards, Branches, Commissions, Corporations, Councils, Departments and Divisions which managed transport during the last century. In Melbourne and Sydney, commonality between roads and public transport appears to be limited to the part of the alphabet in which these names lie. Perth (with alphabetical outliers Office and Trust) appears to have benefitted, at least since 2001, from the creation of the Department of Planning and Infrastructure, now responsible for both roads and public transport.

Chapter 7 lists the transport and land use plans which emerge, on average, every two to three years, in each city. Most depressing is the list of twelve urban transport projects in Sydney ‘cancelled’, ‘deferred’, ‘delayed’, ‘not proceeded with’ or ‘terminated’, all since 1996, without even mentioning the long-standing indecision over a second airport. While the authors detect a movement towards integrated transport planning in all three cities, they note that the “mainstream ideology” is still one of reliance on market incentives.

So far so familiar, but the authors next step back and document, through analysis of planning documents, the range of “storylines” used to explain or justify policies, such as “Modern man desires a car and his wishes should be met”. They then show how, as in many areas of policy, stakeholders may adopt – whether out of self-interest, selective reading, misinformation or ignorance – storylines which are internally consistent but mutually contradictory, such as when politicians “invest” in new roads but deplore the public transport agencies’ “deficit”. These views are summarised as four mental models, or “Tales”, of Engineer, Economist, Town Planner and Sustainability.

Drawing together the evidence, the authors suggest the need for a programme of action to confront the dominant paradigm and to construct and articulate an alternative. This means challenging “storylines” which are objectively wrong, marshalling new arguments and organising those who support them. In the end, they imply, outcomes are driven not by those who **are** right, but those who, if only because conventional wisdom is self-perpetuating, **sound** right.

This book provides a thorough reminder of how what is self-evident to a technical expert may be inconvenient to a stakeholder and invisible to a decision-maker.

Dick Dunmore

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The Transport Economists' Group, formed in 1973, provides a forum for people involved in transport economics to meet regularly and discuss matters of mutual interest. Membership is open to economists working in transport and others whose work is connected with transport economics.

The aim of the Group is to improve the quality of transport management, planning and decision making by promoting lectures, discussions and publications related to the economics of transport and of the environment within which the industry functions.

Meetings are held every month from September to June (except December) at Arup's Central London HQ at 13 Fitzroy Street. The meetings consist of short papers presented by speakers, drawn from both within the Group's membership and elsewhere, followed by discussion.

The Group's Journal, "The Transport Economist", is published three times a year reporting on meetings and other activities of the Group. It reviews recent publications of interest and contains papers or short articles from members. The Editor welcomes contributions for inclusion in the journal, and can be contacted at petersgordon@blueyonder.co.uk.

The current membership of over 150 covers a wide range of transport modes and types of organisation. Members are drawn from transport operators, consultants, universities, local and central government and manufacturing industry. All members are provided with a full membership list, updated annually, which serves as a useful source of contacts within the profession. Applications from people in all sectors are welcome.

Applications for membership should be made on a form obtainable from the Membership Secretary at gregorymarchant.teg@btinternet.com.

Alternatively, an application form can be downloaded from the Group's website: www.transecongroup.org.

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Details of meetings are provided on our website at

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