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Chair: John McDonnell MP

Transport Must Get Better?

It is widely recognised that transport has not been one of the successes of this Labour Government. This paper assesses the key problems, but its main purpose is to outline workable solutions.

The Transport Problems

Many of the problems are rooted in the Thatcher and Major era. Those were the years when out-of-town developments mushroomed in an unplanned way resulting in increased car use and often leaving socially- excluded communities without access to key facilities. They were also the years when bus and rail services were deregulated and privatised, in the process destroying most of the public transport networks. Labour has struggled to reverse these trends. Policies to cut car use have been put in the 'too difficult' box. A too dogmatic "private is best" approach to the provision of rail and bus services has been adopted.

Our transport policies have been shaped - and are being shaped - by the dominant neo-liberal agenda. The Government has moved away from the sound principle of using taxation to pay for a transport system that serves the public good. It has replaced it with a range of 'initiatives': Public Private Partnerships; Rural Bus Grants; Quality Bus Partnerships; Cycle Challenges. It is a fragmented way of funding an increasingly fragmented system (indeed, in some places, public money is going into subsidising buses and trains on parallel routes). The great transport systems around European cities such as Frankfurt or Rotterdam have been planned and paid for in a co-ordinated way and are operated by a properly-rewarded workforce. The investment has paid off in terms of a healthy economy and a good quality of life. The UK needs to return to those principles.

Transport is key to achieving radical change across a range of broader policy areas, notably its role in supporting social inclusion, driving regeneration and tackling emissions. But these objectives can only be met if there is a much stronger link between policy and delivery - and that cannot be guaranteed unless there is much more public control of transport. This requires a move away from the neo-liberal agenda. It requires a new approach to integration, sustainability and public ownership.

The Transport Solutions

1. Integration

Because successive governments, following the neo-liberal agenda, have privatised so extensively, the development of transport policy is now almost beyond the control of the Government. It has largely given away the ability to integrate transport into its wider policy objectives of encouraging regeneration, reducing unemployment, easing social exclusion, cutting greenhouse gases, promoting safety, reducing road deaths

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and injuries and improving people's quality of life. This process can only be reversed if government is prepared to take back key decisions from the private sector.

2. Sustainability

The Government has signed up to the Kyoto Treaty which requires signatories to cut emissions of 'greenhouse gases' by 5.2% of their 1990 levels by 2012. Many experts believe that that should be the minimum requirement. The transport sector is a major contributor to greenhouse gas emissions. Cars and planes are the particular problem. The Government needs to control growing car-dependency - often a result of developer-led decisions to build out-of-town or the unwillingness of the private sector to provide many parts of the country with adequate public transport. The Government needs to take a more pro-active role in reducing the noise and soaring emissions from aviation. There is no guarantee this will happen if it is left to voluntary action from the private sector. With its European partners, the Government needs to develop a sustainable fiscal and regulatory framework for aviation.

A sustainable transport policy would promote the most environmentally-friendly modes of transport. Government would assess its plans for road building, public transport, airports, shipping, canals and walking and cycling against its sustainability targets. It might set targets for modal switch. But little of this is possible when the two key modes of public transport - buses and trains - are not publicly controlled.

3. Public Ownership

On the railways

British Rail was frequently criticised. It certainly had flaws. It wasn't always as customer-friendly as it might have been. And it was often slow to alter service patterns in response to changing markets and trends. But it was more efficient and more effective than today's privatised railway.

There are four key reasons to bring the railways back into public ownership.

1. To integrate them into wider policy objectives
An improved railway system could play a key role in meeting many of the Government's wider policy. For example, rail can provide a viable and environmentally-attractive alternative to many car journeys or, indeed, to some short-haul flights. But there is no guarantee this will happen if it is left entirely to the market. Unless the railways are brought under public control, it will remain impossible to integrate rail into the Government's wider policy objectives.
2. To ensure they provide value for money
The billions of pounds the Labour Government has poured into the privatised railway have not delivered the desired improvements. The fragmented state of the railway is largely to blame. Research carried out by Rail Business Management showed that the cost of investment in the railway is two to three times more than if British Rail had been undertaking the same work

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(calculated at today's prices). Since privatisation, almost £10 billion has been paid out in subsidies. Taxpayer support now exceeds levels provided under public ownership. Despite this record subsidy, the overall level of service has deteriorated, (but the private passenger companies have banked profits totalling £1.1 billion). Without public ownership, much of the government money being poured into the railways will be eaten up by the private contractors and privatised companies.

3. To restore long-term planning
The ability to plan ahead is being restricted by the current system. Despite the existence of the Strategic Rail Authority, a myriad of short-term contracts and constantly changing franchises - features of a privatised system - leads to short-term thinking rather than long-term planning. It is threatening to undermine the long-term stability of the railways. The process is being further undermined by the haemorrhaging of skills in the workforce, built up over many years, that has taken place since privatisation.
4. To ensure accountability of the system
The accountability of the rail system is being blurred by its privatised, fragmented nature. The crashes of recent years have been the most high-profile example of this. But it affects the whole set-up. It can be very unclear who is responsible for many of the decisions made. It is very difficult to work out who is accountable for the huge amounts of taxpayers' money that is being poured into the railways.

Bringing the railways back into public ownership would not be impossibly difficult or costly. The Transport Act 2000 could facilitate the Secretary of State to direct the Strategic Rail Authority (SRA) to take over passenger services if it believes it could provide the services more economically and efficiently - because the train companies already rely on public support, this could be undertaken at little or no additional cost to the taxpayer (indeed, it would cost nothing to bring the many franchises up for renewal into public ownership - it is simply a matter of not re-letting them). The SRA could then be merged with Network Rail - the not-for-profit company responsible for rail maintenance - to form a new unified company, under public control, which would manage the railways in the national interest.

There is a certain inevitability about the reintegration of the railways. Railtrack was replaced by the not-for-profit Network Rail. Maintenance of the system has now been taken back in-house. The unpopular Connex South Eastern was stripped of its franchise in London, to be replaced by the publicly-owned South East Trains. All the polls show people would welcome a return of the railways into public ownership. It is time for the Government to act.

London Underground

The Tube carries as many passengers as the national railway, yet Labour has repeated the Tory mistake on the mainline railway by privatising and fragmenting the Tube's infrastructure. The PPP has so far proved to be all that its critics feared: less safe, more expensive and a deteriorating service. It is contradictory nonsense for Network Rail to have taken all maintenance on the mainline railway back in-house on

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a not for dividend basis while the New Labour Government still allows the same private companies, such as Balfour Beatty and Jarvis, to continue to profit from declining safety standards of Underground maintenance.

A Labour Government should legislate to bring all maintenance and renewals back in house under the direct responsibility of the London Mayor. It should negotiate to end the PPP and restore the Tube as a fully public service to the control of the London Mayor.

On the buses

There are powerful, practical reasons to re-regulate the buses. In 1985, the Conservatives deregulated bus services everywhere, except in London and Northern Ireland. Private companies could virtually run services, where they wanted, when they wanted (and withdraw them as they wanted). In London, the services were privatised, but not deregulated. London Transport retained control of the network. It awarded tenders to private operators.

The London experience

The contrast between London and the rest of the country has been striking. Between 1985/86 and 2001/02 passenger journeys in London rose by nearly 25%, while in the rest of the country they fell by 35% (only in areas where local authorities have developed a clear pro-public transport policy - such as Oxford, Bristol, Brighton and Edinburgh - have passenger numbers increased). Ridership in London has soared even further in the last two years. It has now reached levels not seen since the 1960s. In London the Mayor (and before him London Transport) has used his powers to develop an affordable, frequent bus service that will soon also be fully accessible to disabled people - a far cry from the patchy, costly, inaccessible service to be found in much of the country. But perhaps most strikingly, the Mayor has used his control of the bus network to ensure that buses have been able to play a key role in his wider plans for road safety, regeneration, job creation, traffic reduction (including the congestion charge) and social inclusion - a power many metropolitan authorities have long lobbied for.

The way forward

Local and regional authorities outside London have been 'in office but not in power' as far as bus provision has been concerned. They have had to rely on Quality Bus Partnerships - (agreements with the private operators that, in return for the local authority installing bus priority measures, the operators commit themselves to running particular services) - to gain even minimal control over their bus services.

Re-regulation of bus services outside London would bring significant advantages. It would allow local or regional authorities to:

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- develop a bus network which assisted their wider policies of facilitating regeneration, promoting town centre development, reducing social exclusion and unemployment, and improving road safety and reducing car-dependence;
- determine the frequency of bus services, set fare levels, and lay down accessibility standards for the vehicles;
- specify the wages and conditions for bus staff - this could be done directly if the local authority ran the services or, if the services were franchised, indirectly by only accepting franchises which included satisfactory wages and conditions.

Government would need to lay down minimum standards which all local authority bus services must meet to ensure that all areas have an adequate service. It is not satisfactory for government to leave the quality of bus service provision down to local authorities - in areas where the local authority neglects its bus services, many vulnerable people can be, (and, in fact, are being), left without a bus service.

Re-regulation is a practical possibility. The Transport Act 2000 allows local authorities to enter in Quality Bus Contracts with operators. Quality Contracts would give the local authorities the same sort of powers to establish the network and specify fare, frequency and accessibility levels that the Mayor has in London. However, the Transport Act requires a local authority to jump through a lot of hoops before it can set up a Quality Contract. The Government needs to make it much easier to establish Quality Bus Contracts. But Quality Bus Contracts are not an end in themselves. They will only work if they are part of a re-regulated approach that establishes a framework where bus policy is integrated with wider policy objectives, staff wages and conditions are good and services are sufficiently frequent, affordable and accessible to be attractive to all users.

The remainder of this paper looks at policies that develop the key themes of integration, sustainability and public ownership.

Maritime Industry

Shortly after coming to office in 1997, the New Labour Government acknowledged the decline of the UK shipping industry and, in association with the RMT and other social partners, attempted to combat the situation. Ninety-five per cent of all UK international trade is through the shipping industry. Yet the number of UK ratings declined from 29,000 in 1979 to 10,680 in 1997 and to 9,707 in 2002 – a decline which represents a significant threat to our future prosperity, trade and security – at a time when shipping owners benefited from millions of pounds of public subsidy through the tonnage tax.

A Labour Government should state publicly that the experience and expertise of British seafarers is respected worldwide and it will not allow this skills base to be further eroded or the decline in this traditional native industry to continue.

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In particular, a Labour Government should:

- link payments under the tonnage tax to the creation of employment for UK ratings;
- extend all UK employment and equality legislation to cover all seafarers working in the UK;
- negotiate through international bodies to ensure employment and equality legislation of at least equal quality operates in other countries.

Decentralise Responsibilities

There are strong arguments to devolve many transport responsibilities to elected local and regional bodies. This should build on the Passenger Transport Authorities (PTAs) established by Barbara Castle in 1968 - one of the undisputed success stories of transport planning. The setting up of more PTAs, working alongside Regional Assemblies, would be beneficial. They should be given powers and funding over roads, bus and local rail services. This would enable regions to ensure that public transport services became part of their wider transport and land-use policies and were linked into their plans to tackle economic regeneration, job creation, social exclusion, accessibility and climate change.

Devolving these responsibilities would be compatible with public ownership of the railways and re-regulation of the bus services, only if the concept of national strategic planning was maintained. National government would still need to be responsible for devising nationally-applicable minimum standards for public transport. The national rail services would be the responsibility of national government. But control of the local and regional rail network would be devolved to the local and regional authorities, which would also be the franchising authorities for the bus services.

Promote Non-Car Alternatives for Short Journeys

Transport policy needs to persuade people to use the most sustainable forms of transport. The most practical starting point is short journeys. 75% of the journeys made in the UK are less than 5 miles in length. Governments and local authorities need policies to ensure that most of these trips are done by bicycle, public transport or on foot. That requires a commitment to invest in safe, attractive walking and cycling facilities and quality public transport. But it may also require the use of 'the stick' to ensure that consideration is given to more innovative solutions such as congestion charging which has been such a big success in London. Congestion charging will probably also be needed in some other parts of the country to achieve the modal shift required. Local and regional authorities will also need to promote town centre development, possibly through tax breaks. Out-of-town development is not sustainable - it promotes longer journeys, usually by car.

A sustainable transport policy will also be an equitable one. The biggest transport losers over the past two decades have been poor communities, older and disabled

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people, and children. Many of the local facilities on which they depend have closed down as banks, post offices, hospitals and schools have become centralised and many local shops have given way to out-of-town retail parks. At the same time, their vital bus services have become infrequent and costly. These communities are also hit hardest by the noise and pollution from car-based transport. A sustainable transport policy, putting the emphasis on walking, cycling and public transport and prioritising local facilities, would benefit vulnerable and excluded communities. It is also likely to result in a healthier population as more people would take exercise going about their daily business.

Improve Door-to-Door Transport

Door-to-Door transport has an important role to play in a integrated transport system. The present fragmented nature of the UK's transport system means that door-to-door transport struggles to fulfil its potential. Community buses, school transport, ambulances and other door-to-door services tend all to be run by different authorities. There is duplication, little co-ordination and minimal integration with mainstream services. Effective, flexible, door-to-door services are of particular value to many older and disabled people. They also have the potential to serve many isolated rural communities. But they will be at their most effective - and cost-effective - as part of a wider integrated, regulated transport system.

Restrict Road Building

It is now widely accepted that road building cannot form the basis of transport policy. In an advanced economy, such as in the UK, new roads simply generate extra traffic (because of the latent demand for car travel). Government needs to develop policies to reduce the use of the car - such as those outlined in the previous section. But, until it takes back control of railways and buses from the private sector, it does not have the power to develop public transport schemes specifically aimed at cutting car dependence. Reducing the need to build or widen roads (by encouraging modal switch from the car, more freight onto rail and more sustainable planning) needs to form a key part of national strategic planning. But, until government moves away from its adherence to the neo-liberal agenda, such an approach is impossible.

Ensure Adequate Funding

The Government is already pouring billions of pounds into transport. But, particularly in the case of the railways, much of the money is being wasted. The Government will only get a proper return on its rail investment once the fragmented railway is brought together again. Only then will it be in a position to assess just how much money will be required to bring the railways up to scratch. Bus services provide more passenger journeys than rail but receive less public money. Only a proportion of the money currently spent on railways would be required to bring the nation's bus services up to the London standard.

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If, as this paper recommends, responsibility for local rail and bus services is devolved to local and regional authorities, government must ensure that they have sufficient funds to bring them up to the required standard. In some cases it will be a matter of switching the funding that already goes to the private companies, but it will also require new money.

Before briefly looking at ways of raising money, it is important to put this in context. Over the last couple of decades the tax burden has shifted dramatically from rich to poor whilst services for poorer people have been cut. Transport is part of that general social change. It needs reversing. As well as transport-specific taxes and revenue raisers (outlined below), the tax burden more generally must shift in a new direction. Income and corporation tax cuts should be reversed to pay for transport and other services vital to our communities and our environment.

Government and local/regional authorities should be exploring new ways of raising money.

A Business Transport Tax

In Paris, businesses pay a supplementary payroll tax, with the money going to improve the public transport on which their employees depend. There is a case for out-of-town developments paying a higher rate of transport business tax than city centre businesses.

A Land Value Tax

A Land Value Tax would apply to all sites, which would be valued annually for their potential or actual rental income based on their optimum permitted use, ignoring all improvements. A tax rate would then be applied to this value in order to produce an income for public funds. As the land value rises, so does the sum collected. This means, for example, that an empty site with planning permission in a town centre for an office block would pay the tax at the same rate as an identical site next door which already has a similar size office block developed. A Land Value Tax could pay for transport improvements because land values in the area rise so much when a new station or new line is proposed that resulting taxes would invariably be more than the cost of the transport infrastructure. The City of London has shown an interest in part-funding CrossRail through a property tax.

Road User Charging

Road user charging, providing the revenue goes into public transport and other green transport facilities such as walking and cycling, could be a viable way forward at both a national and regional level. It would also be worth considering getting rid of the tax on buying a car, but increasing taxes on car use. This could increase revenue and would be more equitable than the present system as it is better-off people who travel furthest in their cars.

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Be Passenger and Community Focused

For public transport to win popular support it needs to be passenger and community focussed. It needs to think like a passenger making a journey! For most passengers it is the "small details" that matter - the very things that transport planners and politicians can leave out of their grand plans. Integrated fares and ticketing. Good sign-posting to stations. Good lighting. Clear timetable information on the platform. A toilet that's clean....and not downstairs. A seat at a bus stop...from where you can see the approaching bus; a map at the bus station telling you where you are.

But, in the 21st century, the potential passenger is looking for more. The ability to book any train ticket on the Internet; an at-a-glance list of fare options at the press of your computer button; real-time digital bus information in hospitals, at bus stops, at shopping centres and on your mobile.

In order to encourage modal shift from cars, there needs to be a much simpler and cheaper fares structure, particularly off-peak. A national railcard should be introduced as part of boosting the popularity of rail and it should be given away free to many socially-excluded groups. It could incorporate the senior and young person's cards and be expanded to include claimants. There should be a national concessionary fares scheme. Fares and ticketing should be integrated across all modes, preferably using the new technology of smart cards. In addition, better passenger-friendly information, together with travel planning and individualised marketing, can make a big difference to modal choice.