

this stage, then it is requested that the reasons for that advice are explained fully in the decision letter in order that these may be considered, and tested if necessary.

CASE FOR THE FIFE REGIONAL COUNCIL AND ASSOCIATED OBJECTORS

4.1 EVIDENCE OF COUNCILLOR R K L GOUGH JP He has been Convener of Fife Regional Council since 1978 and he spoke to his precognition FA/1 which, in the first 5 paragraphs, sets out some of his involvement in local government affairs over a period of some 30 years. Paragraphs 6-10 of Councillor Gough's precognition record the regional council's continuing opposition to the imposition of tolls on the Forth Road Bridge and he refers to production C/5, the written evidence submitted by his council to the House of Commons Transport Committee who are currently investigating the whole question of tolls on estuarial crossings.

4.2 At paragraphs 11 and 12 of his precognition, Councillor Gough records that it is the minuted policy of his council to lodge objections to the proposed revised tolls schedule, and to be represented at any public inquiry.

4.3 At paragraphs 13-16 of his precognition, Councillor Gough refers to my main recommendation following the 1981 inquiry that the financial responsibilities resting upon the Forth Road Bridge Joint Board should be reviewed and considers that, if that recommendation had been acted upon, there would be no need for a further inquiry at this time.

4.4 At paragraphs 17 and 18 of the precognition, Councillor Gough refers to 2 of the Reporter's conclusions following the 1981 inquiry as follows:-

1. "The greater the degree of financial stringency, the stronger the case that the burden of financing the approach roads should rest where in equity it belongs, that is on the broad shoulders of the general taxpayer rather than on

bridge users."

- ii. "It is certainly the case that some form of agreement was reached in 1956 and that the terms of that agreement formed the basis of subsequent legislation but, for the reasons given, I consider that the terms of the original bargain were unfair and unreasonable and, if that is accepted, the financial provisions of the subsequent legislation are also open to the same criticism."

At this inquiry, Professor Mackay will again examine the consequences of removing the debt attributable to the approach roads from the overall debt of the Joint Board.

4.5 At paragraphs 19-22 of the precognition, it is submitted that the provisions of the 1958 Act (section 31(1)) clearly envisage that an extension of the first 30 year loan period is possible. While it can only be conjectural as to what circumstances would obtain to allow for an extension of the repayment period, it is submitted that at the time of the 1958 Act, a number of circumstances could not have been foreseen, including the following:-

- i. The development of the road system could not have been foreseen with the resultant substantial increase in traffic and the implications that that has had on wear and tear, both of the bridge itself and of the approach roads.
- ii. There could have been no indication of the items of unforeseen expenditure incurred since the bridge was opened, such as, for example the Merrison strengthening, the provision of additional toll lanes and the major maintenance access system.

In addition, the 30 year repayment period is inequitable when compared with other tolled estuarial crossings, many of which have repayment periods considerably in excess of 30 years, eg, Humber Bridge 60 years; Mersey Tunnel 60 years; Dartford Tunnel 60 years and Severn Bridge 40 years.

4.6 Paragraphs 23-27 of the precognition are in support of Councillor Gough's contention that the present proposals that envisage an increase in tolls for the majority of bridge users of $33\frac{1}{3}\%$ would have to be borne by industry, commerce and tourists and that such additional costs must either be absorbed into other production costs, or passed on to the consumers of products and services. Notwithstanding the massive investment at Moss Morran by Shell/Esso, the areas in the immediate vicinity of the bridge suffer from high unemployment as exemplified by the Cowdenbeath area of West Fife which is currently suffering a total unemployment rate of 17.3% compared with an average of 14.95% for Scotland as a whole. In order to attract industry to this and other areas of high unemployment and to assist in the further development of existing industry with the prime purpose of combating the unemployment problem, it is necessary to offer every possible financial incentive and increased tolls would aggravate the current situation and deter industrial and commercial development in Fife Region. In anticipation of this inquiry, the regional council has initiated a sample survey of firms within the region to ascertain the likely effects of the proposed toll increases and this survey will be described in some detail by Mr W G Taylor. However, it is clear from the results of the survey that the increases would create additional costs for Fife industry that are not borne by firms operating elsewhere in the United Kingdom served by expensive parts of the trunk road network, often costing many times the outstanding debt of the Forth Road Bridge. Such firms do not require to pay a penny in tolls other than through general taxation and vehicle excise duty. In this connection, at paragraph 27, Councillor Gough quotes a number of letters recently received from local industrialists.

4.7 Although Mr Rowson will point out in his evidence that the bridge has increasingly provided a service to long-distance traffic as well as to short-distance commuters, nevertheless a large proportion of bridge traffic comprises regular users. For regular users, the increase of $33\frac{1}{3}\%$ in the toll for cars will mean an

additional cost of £1 per week for regular commuters. This represents a substantial increase in an individual's motoring costs which are not required to be borne by the vast majority of road users elsewhere in the United Kingdom. As Mr Rowson will show, road users contribute considerably more in taxation to the Exchequer than is spent by the Government on the road system. Any increase in tolls would further exaggerate this imbalance. The Fife Regional Council supports the proposal for a concession scheme for regular bridge users.

4.8 Summarising, it is submitted that the tolls on the bridge should not be increased for the following reasons:-

1. If the first and main recommendation of the Reporter at the last inquiry had been acted on, there would be no need for an increase in tolls at the present time.
2. There is clear evidence, supported by factual statements submitted by companies and other organisations, that any increase in tolls would reduce competitiveness and increase costs of Fife companies.
3. Any increase in tolls would reduce the potential for industrial development in Fife.
4. Any increase in tolls will result in increased hardship for the already hard-pressed regular bridge user who is already paying substantially more in motoring taxation than is spent on the road system.
5. An increase in tolls would render even more illogical the present position whereby the regional councils are required to maintain some of the extensive approach roads to the bridge.

4.9 Cross-examined, Councillor Gough accepted that whilst the repayment period for other bridges was up to 60 years, the bargain of 1956 envisaged a period for the Forth Bridge of 30 years. But, the legislation does provide for a more flexible repayment policy. It is not understood why the access roads that are clearly part of the trunk road system should be maintained by the local authorities. It

is accepted that an amendment to the 1958 Act would be required in order to relieve the Joint Board of the financial burden of the approach roads.

4.10 EVIDENCE OF MR JOHN ROWSON He is a Chartered Engineer, a Fellow of the Institution of Civil Engineers and a Fellow of the Institution of Highways and Transportation and is Director of Engineering for Fife Regional Council with direct responsibility for all regional transportation and highway related matters. He spoke to his precognition FA/2.

4.11 From production B/7 illustrating the trunk road network in Scotland, it is apparent that there is a strategic gap in the major trunk road network where the national road system crosses the Forth Estuary. This gap in the trunk road network comprises some 7km of non-trunk dual carriageway approach road from Edinburgh city boundary to the Forth Bridge toll plaza, and an additional 2.5km of single carriageway non-trunk road from the M9 western approach spur to the plaza, all of which is maintained by Lothian Regional Council. On the north side there is approximately 2.2km of non-trunk dual carriageway maintained by Fife Regional Council from the Forth Road Bridge to the M90. These north and south approach roads are linked by 3.1km of dual carriageway (including 2.5km of the bridge structure) which is maintained by the Forth Road Bridge Joint Board. Furthermore, some 3.5km of M90 were also provided as part of the approach roads. On the Fife side alone, average maintenance costs over the last 10 year period for the 2.2km non-trunk section amount to some £164,000 per annum at today's rates. If the approach roads that complete the major trunk road network were classified as trunk roads, Fife Regional Council would be relieved of the relevant maintenance costs as would Lothian Regional Council in respect of the approach roads on the south side of the bridge. Production C/7 illustrates the approach roads as constructed in terms of the original Orders. Production C/8 illustrates the nature of the present maintenance agreements.

4.12 The East Fife regional road is at present under construction and it, together with the other trunk road improvement schemes in the vicinity of Glenrothes, will ultimately provide a high standard trunk road route linking the Forth Bridge area to central and north-east Fife and the Tay Bridge. It is apparent that the existing and proposed trunk network is almost entirely dependent on the existence of a strategic link across the River Forth in order that the needs of trunk traffic to Dundee, Perth and the northern parts of Scotland can be satisfied. Thus, it seems totally illogical to have a road system whereby the Forth Bridge approach roads are non-trunk yet where it is obvious that they form part of the national road system, and carry a large proportion of those vehicles using the trunk system to north and south. In furtherance of this argument, it is interesting to note that this particular route is included in the 'E' road network as a principal European road.

4.13 From the opening of the bridge in 1964 until 1984, the volume of traffic using the bridge increased by 159.59%, representing some 5% per annum compound growth. During the past 10 years, the volume of traffic crossing the bridge has increased by 45%, representing an average linear annual increase of 4.5%, and a compound growth rate of some 3.8% per annum.

4.14 In calculating forecasts of revenue, the Secretary of State has assumed that traffic over the bridge will grow in line with high national projections of traffic growth, and an annual traffic growth rate of 2.4% has been adopted for predicting future traffic flows. There is considerable uncertainty surrounding traffic growth predictions as acknowledged by the Department of Transport's advice on testing a range of forecasts, and their continued revision of the national road traffic forecasts. Although the assumed growth rate of 2.4% per annum falls broadly in line with the latest published high growth forecasts of 2.9% per annum growth between 1982-1990, and 1.7% per annum from 1990 to the end of the century, it could be argued that the rate of increase selected is very conservative having regard

to the average historic growth trend. Nevertheless, for the purpose of this inquiry, it is considered that the figure of 2.4% can be used.

4.15 It has become quite evident that the Government's stated policy that tolls should be charged on estuarial crossings which confer exceptional benefits to users and where there are no counter arguments on grounds of traffic diversion or congestion is no longer valid with respect to Forth Road Bridge traffic. At the time when consideration was being given to the development of the bridge, it was assumed that traffic using the bridge would be mainly of a local nature. However, the subsequent completion of the M90 and M8 motorways has channelled trunk road traffic, especially longer distance traffic movements, towards the Forth Bridge resulting in a change in the nature of traffic using the bridge.

4.16 In 1962, a study undertaken by the then Road Research Laboratory suggested that a little over one quarter of all potential traffic movements using the bridge would have an origin and destination outwith Fife, while recent traffic surveys undertaken in 1980 and 1983 reveal that the actual figure is about one third of all traffic movements. Indeed, the most recent survey results have shown that while approximately three fifths of the traffic movements (58%) crossing the bridge has an origin and destination within Fife or Lothian Region, the remaining traffic (42%) is more long distance in character. These figures compare favourably with other similar sections of non-tolled trunk roads. Moreover, because the Fife and Lothian Regions are extensive, 'local' journeys can involve long distance travel. For example, Mr Rowson has travelled 57 miles from Wormit to attend this inquiry, a distance greater than that separating Glasgow and Edinburgh, and yet his journey is still classified as local.

4.17 Finally, it is generally accepted that the annual contributions made by road users through taxation greatly exceed the annual

expenditure on road infrastructure. At the 1981 inquiry, the then Regional Roads Engineer for Fife Regional Council gave detailed evidence demonstrating the imbalance between tax revenue and expenditure for Scotland, Fife and Lothian Regions. So far as Fife and Lothian Regions were concerned, it was estimated that in 1978/79, income generated through taxation on motorists was approximately 3 times the expenditure by Central Government on the road systems within those regions. The witness has been advised that the updated figures for 1982/83 are, expenditure of £34.4m with income of £130m indicating that the income derived from motorists in both regions has risen to be between 3 and 4 times the expenditure by the Government on roads. Any increase in tolls would add a further imposition on road users in both Fife and Lothian Regions.

4.18 Cross-examined, Mr Rowson confirmed that if the approach roads were trunked, the Secretary of State would be responsible for their maintenance. The greater use of the Forth Bridge by long distance traffic is an important factor. If the bridge did not exist, the alternative crossing at Kincardine Bridge could not possibly cope with the extra volume of traffic. The increased tolls now proposed are quite unacceptable because they would comprise a further imposition on bridge users who, as explained in his evidence-in-chief, are already overcharged for the relevant road infrastructure. Experience in respect of the Tay Road Bridge is that traffic flows are diminished following toll increases, although they later recover.

4.19 EVIDENCE OF PROFESSOR D MACKAY He is Professorial Fellow at Heriot Watt University and Chairman of PEIDA, Planning and Economic Consultants who has been and is much involved in economic matters as set out in paragraph 2 of his precognition FA/3. At paragraphs 4-10 of the precognition, Professor Mackay records his view that the case for abolition of tolls remains extremely strong. Appendix 1 to the precognition comprises a paper entitled "The Case against Forth

Bridge Tolls" prepared by Professor Mackay subsequent to the 1981 inquiry.

4.20 Turning to a consideration of the proposed toll increases, it is accepted as demonstrated in Fife Regional Council's financial model C/1 that the outstanding debt will not be repaid by 1994/95 on present tolls. However, this same model does demonstrate that with existing tolls and using SDD's assumptions on traffic growth and inflation, repayment of the existing debt would be achieved before the end of financial year 1999/2000. It should be remembered that the 30 year repayment period was embodied in the Forth Road Bridge Order Confirmation Act 1958. In the 27 years since that date, considerable change has taken place in economic circumstances that could not possibly have been foreseen at the time. In particular, inflation has been at a far higher rate than could have been anticipated. As already pointed out, there has also been a requirement to carry out major capital works since the bridge opened. Notwithstanding all these circumstances, production C/1 demonstrates that the outstanding debt would be repaid within only 5 years of the prescribed 30 year period. It is submitted that insistence on full repayment of the existing debt by 1994/95 is neither fair nor reasonable in terms of the circumstances in which the initial debt was incurred, or consistent with the treatment accorded to the users of other tolled bridges. In this connection, the 2 main arguments are:-

- a. the inclusion of the approach roads in the original central debt was unfair and unreasonable; and
- b. the treatment of the users of the Forth Road Bridge is inconsistent and unfair when compared with that of users of other tolled estuarial crossings.

Inclusion of the Approach Roads

4.21 As regards the initial debt, the crucial issue is the financing of the initial costs of constructing the approach roads. Those who

have disputed the level of tolls on the Forth Road Bridge have always held that the terms of the initial agreement between the local authorities and Central Government were unreasonable, in that the cost of the approach roads should have been borne by Central Government out of central taxation. At the 1981 inquiry the Reporter found this argument proved:

"I have considered this issue of the approach roads in some detail because in my judgement, the fair and reasonable interpretation of reviewed Government policy is that tolls should be levied for one purpose and one purpose only, and this is the recovery of the costs involved in providing and maintaining an estuarial crossing, in this case, the bridge. As exemplified at Severn, there is no policy requirement that approach roads which are de facto part of the national trunk or motorway network should be financed from toll revenues, and such a requirement would be lacking in equity." (Para 9.21).

4.22 That conclusion clearly distinguishes between the financing of the bridge and the financing of the approach roads and suggests that tolls should be levied only to finance the former. When faced with this proposition, the Scottish Development Department takes refuge in the argument "It is a matter of fact that the bridge is not a trunk road; whether or not it is a trunk road is in any case irrelevant to the issue of tolls". This successfully confuses quite separate issues. The Government's stated policy relates only to estuarial bridges a conclusion supported by the first paragraph of the Secretary of State's case (statement SDD1). The question then arises as to who should finance the approach roads. The resolution of this issue will turn on whether the approach roads are or are not properly regarded as trunk roads. If they are trunk roads, they should be financed by Central Government and not by tolls or by local authorities.

4.23 Faced with this, the Scottish Development Department retreats to the last ditch, which is that it has not defined the approach

roads as trunk roads. That is, trunk roads are whatever this Department defines them to be. This is particularly difficult to discuss as the Department has taken care not to produce any definition of what is or is not a trunk road.

4.24 This is simply not good enough as a basis for public policy. De facto, the Forth Road Bridge and its main approach roads are part of the trunk road system on any reasonable definition of the term. This proposition is supported by the following evidence:-

1. the Forth Road Bridge is included in the UK international 'E' route network as international route E15;
2. SDD's own map of the existing trunk road programme shows the M90 trunk route ending on the north end of the Forth Road Bridge approach roads; why trunk route traffic should be regarded as non-trunk road traffic when it joins the approach roads and bridge (or vice versa for traffic going north) remains a puzzle to those who think that Government policy should have some connection with common sense;
3. SDD's own evidence at the last inquiry showed that from 1974 there was a marked divergence between the national rate of traffic growth and the rate of traffic growth over the bridge and the only satisfactory explanation for this phenomenon is that the bridge traffic was influenced by North Sea oil and gas developments ie trunk route traffic.

4.25 Such sophistication is probably unnecessary. A major bridge between a motorway and a dual carriageway linking Scotland's capital with the north and the east must clearly be part of the trunk road system, a fact accepted at the last inquiry when the Reporter then concluded:

"That the roads in question are of either trunk road or motorway character is in my view beyond dispute. As such, I find it quite extraordinary that, unlike all other trunk roads or motorways throughout the country, they should be financed from toll revenues and not from Central Government funds derived from

4.26 SDD's contention that the approach roads are not part of the trunk road system must be seen for what it is. It is a fig leaf which offends against logic and common sense. It is maintained not by reasoned argument, but because it is the only basis on which the Department can continue to treat the initial costs of the approach roads as part of the debt to be repaid by the Forth Road Bridge Joint Board.

4.27 At the 1981 inquiry, the Reporter found that the package deal insisted on by Central Government to fund the bridge and approach roads allowed it "to avoid its clear responsibility to construct and maintain the some 8 miles of approach roads which were, from the outset, an integral part of the national road network". It is that insistence which creates the present need to increase tolls. Were the approach roads funded by Central Government, then the existing tolls would be sufficient to pay off the debt due to the bridge itself. This can be demonstrated in 2 ways. First, it is possible to reconstruct the accounts of the Joint Board on the assumption that the initial cost of the approach roads had been met by Central Government. Second, it is possible to look forward to the position which would prevail if that part of the Board's current debt which could be said to be due to the approach roads was now taken on by Central Government. In both exercises, the financial consequences have been calculated on the basis of the present level of tolls, the calculations being carried through at Professor Mackay's request by the regional council.

4.28 The first set of calculations that are demonstrated on production C/3 go back to the initial debt inherited by the Joint Board. If the Central Government and local authority contributions are distributed pro-rata according to the capital cost of the budget and the approach roads, then £4.188m of the initial debt was due to the approach roads. Model C/3 then excludes this £4.188m from the

initial debt in 1964 and reconstructs the subsequent accounts for the Joint Board on this assumption. On this basis, the debt outstanding in 1984/85 is calculated as £8.070m, that is a nominal sum not significantly different from that due to the initial cost of the construction of the bridge ie £7.842m. Model C/3 then extrapolates forward from 1984/85 using SDD's best assumptions concerning inflation and traffic growth and demonstrates that, on existing tolls, the outstanding debt due to the bridge would be discharged by 1989/90, that is, well within the statutory period.

4.29 The second set of calculations considers what could happen if the Central Government wrote off that part of the Joint Board's current debt that can be attributed to the cost of constructing the approach roads. The cost of the approach roads was some 28% of the total capital costs of constructing the roads and the bridge (the latter being equal to the initial cost of £12.030m plus the additional loans by the Secretary of State in 1964/65-1967/68). Applying this percentage to the anticipated debt of £21.090m as at 1 April 1986, indicates that £5.94m of that debt is attributable to the approach roads. Model C/4 demonstrates that given a restructured debt with the approach roads excluded, given also SDD's assumptions regarding inflation and traffic growth, and applying present tolls, the restructured debt would be discharged by the end of financial year 1994/95, ie within the first statutory 30 year period.

4.30 Concerning the financial forecasts submitted by Fife Regional Council, Professor Mackay explained that these differed in 2 respects from the forecasts agreed between the Joint Board and the Scottish Development Department. First, whereas the Joint Board and SDD have used the 1985/86 budget forecast, the Fife Regional Council's models are based upon the actual 1984/85 accounts. Second, there are certain minor differences in the method of treatment of annual income, operating costs and interest. Professor Mackay explained that the validity of accepting annual inflation at 3.5% had been considered, and runs had been made to test the use of an annual

inflation rate of 5%. His conclusion is that the financial models are not unduly sensitive to this differential in the rate of inflation and that would make only about 1 year's difference in the calculated dates of repayment.

4.31 The issue involved in the inclusion of the approach roads is important. The Government's stated policy for levying tolls relates to estuarial bridges only. When approach roads are trunk roads (the Severn Bridge) they are funded, as are all trunk routes, by Central Government. De facto, the approach roads of the Forth Road Bridge are clearly part of the trunk road system. If they had been funded as such, there would now be no need to increase tolls because the debt on the bridge itself would have been discharged within the statutory period by the existing level of tolls. Similarly, if that part of the existing debt due to the approach roads was taken over by the Secretary of State, the existing tolls would discharge the restructured debt within the statutory period.

4.32 The treatment of the approach roads is therefore of critical significance. If the Department is to continue with its argument that the approach roads are not part of the trunk road system, then this must be supported by definition of what is and what is not a trunk route. Only in this way can it be demonstrated that the treatment of Forth Bridge road users is on the same basis as that accorded to the users of other tolled bridges.

Consistency in Treatment of Estuarial Crossings

4.33 The Government's policy on tolls is stated in paragraph 1 of statement SDD1 and, at paragraph 20(e) of the statement, it is asserted that "Government policy, as set out in paragraph 1 above, has been applied consistently".

4.34 Consistency presumably applies 2 things. First, that all estuarial crossings which confer exceptional benefits are tolled and, second, that the tolls set for all such tolled crossings "should be

sufficient over a specified period" to fund maintenance costs and service and repay the capital debt. In this regard, the specified period for a tolled crossing must presumably be that laid down by the relevant statute, as this is the approach the Department considers appropriate for the Forth Road Bridge.

4.35 Neither proposition is supported by the evidence. As to the first, the Kessock Bridge is an estuarial crossing. It does not carry tolls. Possibly the statement contained in brackets in paragraph 1 of statement SDD1 is held to apply but, if so, the elusive "other objectives" cannot be identified. If it were seriously argued that the Kessock Bridge does not create exceptional benefits for users, that would pose the question of why it was constructed.

4.36 As regards repayment, it is clear that for some tolled bridges there is no prospect of repaying the debt over any period, however long that period is. That is, the statement in SDD1 is factually incorrect in that current policy for some bridges is evidently based on the assumption that the existing debt cannot be repaid. At paragraphs 31 and 32 of his precognition, Professor Mackay cites the Erskine Bridge and the Humber Bridge as 2 examples of tolled bridges where the outstanding debt is accumulating over time. In the case of the Erskine Bridge, Mr Fairbairn QC, then Solicitor General for Scotland, admitted "that it was recognised by the Government that the level of traffic using the bridge is never likely to produce sufficient revenue to repay the capital debt over the 20 year period mentioned in the statute". Indeed, the situation is much worse than that described by Mr Fairbairn. The present capital debt for the Erskine Bridge is £42m as compared to the initial debt (in 1971) of £10m. For the Humber Bridge, as for the Erskine Bridge, the initial debt will not be repaid on existing policy. The actions of the Government clearly illustrate this and indicate that, at some future period, the major part of the debt will have to be written off.

4.37 One note-worthy feature that emerges is that, even taking the present debt on the Forth Road Bridge, its toll structure is the closest of all tolled bridges to the 'breakeven' toll which would discharge the capital debt. That is, the users whose tolls are closest to achieving the Department's interpretation of Government policy are now being asked to move further in that direction, while the same treatment is not being applied to other tolled bridges.

4.38 The conclusion from all this is quite clear. It is simply not true that Government policy has been applied consistently. On the contrary, Government policy has treated the users of the Forth Road Bridge quite differently from the users of other estuarial bridges in 3 main regards:-

1. they have been required to meet the costs of the approach roads which should have been funded out of Central Government revenue;
2. they have been treated as a group which receives exceptional benefits when other groups in a similar situation have been treated differently; and
3. they are being asked to repay the whole debt incurred on the Forth Road Bridge within the specified period, when no such obligation is being laid on the users of other tolled bridges.

The above does not represent the application of consistent principles - it represents muddle, expediency and inequity.

4.39 In summarising his evidence at paragraphs 37-40 of his precognition, Professor Mackay asks that the Reporter should renew the previous suggestion that the existing financial arrangements should be reviewed, particularly in view of the further evidence brought out at this inquiry. Should such a review conclude that the cost of the approach roads should have been borne by Central Government, then it follows that the present tolls should not be increased. Instead, they should be retained at present levels until the debt is extinguished, and then abolished entirely. As demonstrated in model C/3, this should occur by the end of 1989. By

that period, the road users could fairly be said to have paid the cost of constructing the estuarial bridge.

4.40 Cross-examined, Professor Mackay agreed that neither variation in the rate of forecast traffic growth nor of the rate of future inflation would affect the outcome of the financial models by more than 1 or 2 years either way. In his view, in 1956, unequal bargaining led to an inequitable bargain. Clearly, the understandable approach of the local authorities at the time was that a bridge with tolls was better than no bridge at all. Moreover, the inequity of the 1956 bargain was compounded by subsequent events with the consequence that the debt ultimately inherited by the Forth Road Bridge Joint Board was far greater than could have been contemplated at the time of the bargain in 1956. It was unfair that the bridge approach roads should be treated differently from the approaches to other estuarial crossings such as Severn. There was an element of duress in the negotiation of an unequal treaty wherein, notwithstanding the ever increasing cost of the project, the Central Government contribution remained fixed rigidly as provided in 1947. His understanding is that there is an obligation upon the Joint Board to repay the loan by 1994/95 and that might be acceptable if the debt were based upon a fair and reasonable basis. Although it is accepted that a bargain was ultimately constructed in 1956, the ultimate cost of the undertaking was much higher than had been anticipated and it was unfair that Central Government did not increase its contribution.

4.41 For the reasons stated in paragraph 15 of his precognition, it is wholly inequitable that tolls should be levied for any purpose other than financing the construction of the estuarial bridge. In his view, the strictly legal status of the approach roads is not important. Public policy as to what are and what are not trunk roads must be seen to be fair, reasonable and consistent. In the case of the approach roads, these are a vital part of the national road network and of the 'E' route network. There can be no justification at all for not accepting the approach roads as part of the national

road system. As to paragraph 17(iii) of his precognition, the graph comprising appendix 1 to appendix 1 annexed to FA/3 is SDD's own diagram and illustrates the divergence between growth of Forth Bridge traffic and UK vehicle traffic that arose from 1970 onwards due to North Sea oil related traffic. Also, it is of course known that North Sea oil related traffic does use the bridge. As to paragraphs 20-24 inclusive of his precognition, it is accepted that there is general agreement between all the main parties to this inquiry that toll increases would not be needed to secure repayment within the first statutory 30 year period if the Joint Board were relieved of the financial liability resulting from the construction of the approach roads. As plainly evidenced by the position concerning the Humber and Erskine Bridges, "ultimate repayment" is not consistent policy. It is manifestly unfair to treat Forth Bridge road users quite differently from users of other tolled crossings.

4.42 Re-examined, Professor Mackay said that to the best of his knowledge, all 'E' routes within the United Kingdom are also trunk routes, except only those sections of 'E'15 that constitute the north and south approach roads to the Forth Bridge. It is agreed that the Act of 1958 provides for a secondary period of borrowing if found necessary. He is not aware of any definition of "specified period" in paragraph 1 of statement SDD1. It would not be possible to make an informed judgement about the relative merits of the new Kessock Bridge route as compared with improving the former A9 route without knowledge of the COBA/NASA cost/benefit studies of the 2 alternatives.

4.43 EVIDENCE OF MR WILLIAM G TAYLOR He is Director of Economic Development and Planning with the Fife Regional Council and spoke to his precognition FA/4 which considers the level of tolls on the Forth Road Bridge in the light of the following factors:-

1. the current economic position so far as Fife Region is concerned and the future circumstances for the region;
2. the position of Fife as regards national regional policy/

European regional policy to attract and protect employment; and

3. within the context of the foregoing, the implications of tolls and toll rises for the business community in Fife and intending inward investors to the region.

Fife's Economic Position

4.44 At paragraphs 6-12 of his precognition, Mr Taylor outlines the history of industrial activity and the resultant job opportunities from the late 1950s onwards. In the 1960s, due to reductions in the coal-mining and other traditional industries, Fife had an unemployment rate of twice the Scottish average and 4 times that for Great Britain. There were upwards of 30,000 job losses in the late 1950s and early 1960s. This serious position was addressed by the local authorities in Fife by instituting an active campaign to attract new employment, and this was assisted by the Government through the designation of Fife as an Assisted Area which could benefit from Government grants. The opening of the Forth Bridge in 1964 also assisted in the attraction of new employment into Fife.

4.45 As a consequence, throughout the mid and late 1960s and 1970s, a significant number of new job opportunities was attracted to Fife. The unemployment rate as compared with the Scottish and UK figures improved throughout this period and, in 1978, the Fife unemployment rate of 7.1% compared with a Scottish figure of 7.7%, and a rate for Great Britain of 5.7%. However, since the commencement of the international economic recession in 1978/79, unemployment in Fife has risen from some 7.1% in 1978 to a level of some 15.4% in April 1985. This represented an increase in unemployment of some 120% and an absolute increase in the number unemployed of some 11,223, and this figure excludes 2226 persons engaged in Manpower Services Commission special schemes.

4.46 Since 1978, and whilst unemployment in Fife has risen dramatically, the rate of increase has been contained by a number of factors which have continued to apply until recently. These factors

include the construction of the Shell/Esso plants at Moss Morran which, at peak in early 1983, employed about 8000 persons of whom some 50% were from Fife. The mining industry, both deep-mining and opencast, maintained reasonably stable levels of employment through late 1983/early 1984 and, the provisions of Government Regional Policy and Assisted Area designation in Fife continued to assist the region in attracting new employment opportunities provided by new companies and expansions of existing companies.

4.47 These beneficial factors no longer apply or are of reducing impact. Construction employment at Moss Morran has now reduced to less than 2500 and all construction activities will be completed by the end of 1985. As to the coal mining industry, an active policy of reducing employment levels taken together with the effects of the recent coal-mining dispute, have reduced deep-mining jobs by over 2000 since the end of 1983. A significant level of these job losses has yet to be reflected in unemployment statistics. In opencast coal mining, there have been 200 job losses in the last 18 months and a further loss of 200 jobs will occur over the next 2 or 3 months. There has also been a reduction in coal-based electricity generating employment in Fife and, whilst the impact of job losses in mining and electricity generation has been cushioned by early retirement, the effect in Fife has been to reduce the age level of the work force and turn over in jobs and, therefore, future job opportunities for new entrants to the labour market.

4.48 Whilst in the initial years post-1978, Fife experienced a lower level of unemployment rises as compared to Scotland and Great Britain, in the period since April 1974, unemployment levels in Fife have risen at a rate of 11.4% as compared to a rate of 1.3% for Scotland and 3.2% for Great Britain, reflecting the loss of the beneficial factors previously mentioned.

Regional Policy

4.49 The operation of a positive regional industrial policy has assisted Fife over the years in creating new employment opportunities. In paragraph 13 of his precognition, Mr Taylor details the changes in status that have occurred since 1979 when the whole of Fife was designated as either Development Area or Special Development Area. A comparison of the changes in Fife's Assisted Area coverage with that for Scotland and Great Britain is shown in the table below.

PERCENTAGE OF WORKING POPULATION WITHIN HIGHEST TIER OF "ASSISTED AREAS"

	Fife	Scotland	United Kingdom
	Special Development/ Development Area	Special Development/ Development Area	Special Development/ Development Area
1979	100	96	24
Pre-Nov 1984	81	63	22
Post-Nov 1984	1.5	50	15

These changes in Assisted Area status have serious and adverse effects on Fife's ability to attract new employment opportunities through inward investment and local company expansions. The seriousness of the loss of the availability of Regional Development grants in Fife can be shown by the fact that in the period 1978-1984 inclusive, Regional Development grant awards in Fife totalled some £88m.

4.50 Fife now has no effective part of its area in the highest level of Assisted Area designation and the Glenrothes New Town is the only new town in Scotland without Development Area status. Therefore, Fife's competitive position as compared with other parts of Scotland to the north and east and also to the west has been seriously disadvantaged. Further, Fife has not been given the benefit of the designation of any Enterprise Zone within its area and, alterations and reductions in the availability of European finance to Fife have recently been announced, and it is possible that further reductions

are currently under consideration. The foregoing changes can be considered against the background of the Industry Department for Scotland's report "An Index of Peripherality for Local Areas in the United Kingdom" which seeks to objectively establish the extent of the peripherality of labour market areas throughout the United Kingdom from the main industrial areas. This report ranks the Dunfermline and Kirkcaldy travel to work areas (TTWA's) 296 and 302 respectively out of the 380 United Kingdom TTWA's. This study makes no allowance for current or future toll charges which, it is contended, would further add to Fife's peripherality.

Implications of Tolls and Toll Increases

4.51 Dealing with this aspect at paragraphs 15-21 of his precognition, Mr Taylor points out that restructuring and changes in the Fife economy over the last 20 years has resulted in new industries and changes in existing industries that are much more dependent on markets outwith Fife, and upon the supply of raw materials from outwith the region. Accordingly, companies in Fife are much more dependent upon road transport and increases in transportation costs are significant to their competitive position.

4.52 In a sample survey of Fife manufacturing and service industrial companies, questionnaires were sent to a representative sample and of some 53 companies approached, 46 responded - an 87% response rate. From the responses received, 93% of companies indicated that the currently proposed rise in toll levels would have a direct effect on their operating costs. Many of the companies responding to the survey stressed the exceedingly slim profit margins on which they are currently operating and attention was drawn to the implications of toll rises, taken together with the loss of Regional Development grant, on the future of their businesses. Some 76% of the responding companies thought that the increase in tolls would adversely affect the image of Fife to industrialists, and some 60% of companies considered that the increased tolls would adversely affect the decisions of companies considering expanding in or moving to Fife.

No less than 96% of Fife companies considered that the charging of tolls on the Forth and Tay Bridges is an unnecessary penalty on Fife industry and commerce and should be abolished.

4.53 Fife has over the years been active in seeking to attract new companies into the region and was particularly successful through the 1960s and 1970s gaining new employment significantly above its share of Scotland's total working population. Since the end of the 1970s Fife's share of jobs from new inward investing companies has declined. It is considered that this decline is due in part to increased competition from other parts of Scotland and the lack of a motorway standard road system eastwards from the M90 but, in addition, the existence of tolls on the Forth Bridge has increasingly been perceived as a negative factor to investment in Fife. In recent years tolls have been much more frequently identified by intending inward investing companies, and company representatives have shown concern at the existence of tolls, the delays associated with toll collection and the implications of the administrative arrangements that companies are required to establish. There is also concern as to future toll levels. In recent years, greater emphasis has been placed by intending developers on the cost aspects of developments. In this connection, it is considered that tolls have proved to be a disincentive to intending inward investors in the past, and that tolls current and toll levels unknown in the future are a negative factor and a disadvantage to Fife.

4.54 The region's policies for creating new employment have been reasonably successful and have attracted private sector advance factory developments to the Dunfermline Bridgehead area, and to a lesser extent, to Kirkcaldy and Glenrothes. In recent times, the level of new industrial space provided by the private sector has declined and the letting record of private sector industrial space, particularly in the Dunfermline Bridgehead area, has worsened. At paragraph 21 of his precognition, Mr Taylor quotes an extract from a company that has invested in advance factory accommodation in Fife

expressing the view that bridge tolls are likely to have a deterrent effect upon potential tenants that is out of all proportion to the financial burden of the tolls. The company concerned notes that similar developments undertaken by them in Edinburgh have been fully let even although the tenants, from a geographical point of view, could just as conveniently have located in Fife at a lower cost in respect of rents and rates. This matter must be of concern to Fife not least since the Scottish Development Agency has recently decided to reduce its own level of development and will look instead to the private sector to become the predominant provider of advance factory accommodation in Scotland.

4.55 Cross-examined, Mr Taylor agreed that all concerned have been aware from the outset that tolls would be levied for crossing the Forth Bridge. No direct evidence exists that there is a correlation between the levy of tolls and the levels of unemployment. There can be no doubt that the level of tolls is perceived as a disincentive by companies seeking a new industrial location. It is a serious disincentive that does not adversely affect the many other competing locations that are available. It is not accepted that the first three questions of the questionnaire (annexed to precognition FA/4) are 'loaded' to elicit an affirmative response. In fact, some responding companies answered 'no' to these first three questions. Question 4 sought to establish the operating cost implications to the responding company. Whilst oncosts are considered in relation to turnover, businesses now operate on very fine profit margins, and any toll increases would adversely affect those margins.

4.56 EVIDENCE OF COUNCILLOR D A BARRIE who has been a member of the North East Fife District Council since 1977, and chairman since 1984. Whilst adopting and supporting the evidence and representations made at this inquiry on behalf of the Fife Regional Council, his council's principal objections can be summarised as follows:-

1. that the burden imposed by tolls on this bridge is totally unreasonable on both local residents and businesses and an

increase cannot therefore be justified;

2. that an increase of the level proposed is totally unreasonable within such a short period after the increase in tolls in 1982;

3. that North East Fife District is severely and adversely affected by tolls imposed on both the Tay and Forth Road Bridges and has been disadvantaged by recent increases in tolls on both bridges;

4. that the district council is opposed in principle to the imposition of tolls having particular regard to recently constructed estuarial crossings where no tolls have been levied; and

5. that the levy of tolls is an outmoded method of financing structures which form part of the normal road system.

4.57 In elaborating on these objections in paragraphs 3-8 of precognition FB/5, Councillor Barrie records his council's consistent opposition to the imposition of tolls on all estuarial crossings. His council is very concerned at the social effects which tolls have on residents of North East Fife, and at their effect on industry and commerce. In this connection, North East Fife is more seriously disadvantaged than any other area of the United Kingdom because the people who live there are subject to the levy of tolls on both the Forth and Tay Road Bridges. The adverse social consequences of tolls will be worsened by any increase which might be imposed. People will be deterred from making visits for social and leisure purposes to Edinburgh. At paragraph 7 of his precognition, Councillor Barrie expresses the concern of his council at the harm that would be caused by toll increases to efforts that are being made to promote tourism that is perhaps the most important industry in the area. Increased tolls would have an adverse effect on industry and commerce by increasing costs. Such increases would also have the effect of restricting mobility of labour which, in a time of high unemployment, cannot be consistent with Government policy.

4.58 The levy of tolls is an outmoded method of financing structures which have come to form part of the national road system. The imposition of tolls, and any increases to existing tolls, give rise to damaging social and economic consequences which far outweigh the comparatively minimal benefit to the national exchequer.

4.59 Cross-examined, Councillor Barrie accepted that the financial forecasts produced at this inquiry indicate that the bridge debt cannot be repaid within the first 30 year period unless tolls are increased. A substantial proportion of the traffic now using the Forth Bridge is non-local. Because of its geographic position, he does not regard North East Fife as 'local' to the Forth Road Bridge.

4.60 EVIDENCE OF COUNCILLOR ROBERT KING He spoke to his precognition FB/6 wherein, at paragraphs 1 and 2, he details his local government experience since 1958 and that he has been Convener of Kirkcaldy District Council since the inception of that council in 1974. His council are firmly against the proposal to increase toll charges for the Forth Bridge and, indeed, are totally opposed to the whole concept of tolls on the Forth and Tay Bridges which are seen as the main links in and out of Fife.

4.61 Unemployment levels in Kirkcaldy District are currently 7,402 male (21%), and 3,511 female (12%). Considerable efforts are being made to attract new industries and jobs to the area and the imposition of what is simply an additional road tax at the entry to Fife Region is seen as a substantial negative factor in this exercise. To an extent also, the tolls provide a disincentive, particularly for day trippers to the tourist resorts in the district such as Leven and Burntisland which are largely dependent on this type of trade. It is known that owners of caravan sites are reporting reduced occupancy occasioned by caravanners being unwilling to pay tolls and incur delays when crossing the bridges, and going elsewhere.

4.62 Many Kirkcaldy District residents travel to Edinburgh to work and increased toll charges will simply create additional costs and unnecessary hardships for those involved. The increases would be contrary to the emphasis placed by the present Government on the need for mobility of labour.

4.63 The debt for the bridge is understood to include the cost of the provision of the access roads on either side from Cramond to Rosyth. It seems grossly unfair, if not contrary to natural justice, that local traffic can use these access roads free of charge, the burden being met by those using the bridge. He would urge the Secretary of State not to approve the proposed increased tolls, but to consider abolishing the tolls entirely as an unjust and iniquitous burden on the long suffering local economy. Because of his long involvement in local government affairs, he was acquainted with people like Mr John Sneddon, Mr John Maxwell and Sir John McWilliam who were involved in the 1956 negotiations. He has no doubt that the local representatives felt obliged to agree to tolls as being the only way open to them to secure the construction of the bridge. The 1956 agreement was not an agreement between equals. The local representatives felt it necessary to almost 'capitulate' to the terms imposed by central government.

4.64 Cross-examined, Councillor King agreed that at the time of the 1956 agreement, the people of Fife wanted the bridge because it would benefit Fife. At the time, the approach roads were an essential part of the bridge undertaking. He considers the local representatives were acting under duress in that the attitude of central government was that unless the terms as offered were accepted, there would be no bridge.

4.65 EVIDENCE OF MR M JUDGE He is Chairman of the Planning Committee of Dunfermline District Council and spoke to his precognition FB/7. First, he reinforced the evidence already given by Mr Taylor that increased tolls would adversely affect industry and

industrial promotions. There is now a definite conflict between promoting industrial expansion and development and the existing financial disincentive of the Forth Road Bridge charges. He has numerous examples of the adverse effect of the levy of tolls, especially upon small businesses who tend to work on a shoestring basis. Regrettably, experience is that no new industries entering the area at this time are in the category that might provide say 400-500 job opportunities. Therefore, the encouragement of small businesses is critical. For small businesses, every penny saved is important for it is imperative that savings should be used to invest in new equipment.

4.66 As to employment considerations, over 7000 people are registered unemployed in the Dunfermline travel to work area, and a large proportion of these are located in the north-east section of the district that is traversed by the approach road to the bridge. A demand for small scale indigenous industrial development can be established in this north-east sector of the district as the Edinburgh area forms an important natural market. Yet, the cost of the Forth Road Bridge tolls is often regarded as a severe constraint. It is considered that employment prospects, especially in the north-east sector of the district, are being severely curtailed as a direct result of the existing toll charges and any increase in tolls would be regarded as unnecessary and disincentive in an unemployment 'black-spot'.

4.67 Although it is difficult to quantify the impact of tourism on the area, Dunfermline District does have a valuable and ancient heritage which the council are obliged to promote, for the benefit of the residents and business of the area, and the visitor. The toll charges are regarded as alien to this obligation. The promotion of the tourist potential is not aided by visitors having to pay to enter Fife.

4.68 Dunfermline Town Centre is now being redeveloped on a large scale and the council are confident that this initiative will be successful, and beneficial to the district as a whole. However, in an effort to promote the new shopping complex and other assets of the town, minimum cost of travel and minimum levels of inconvenience must be a relevant factor. Furthermore, the general considerations of delay, wasted fuel, the cost of toll collection and the fact that Forth Road Bridge users are asked to pay twice for the bridge, through indirect taxation and the existing tolls, are regarded as further reasons for not increasing tolls.

4.69 Cross-examined, Councillor Judge agreed that delay at the toll booths could be alleviated if more booths were open. But the fact that delays do occur does get known and tourists are discouraged from using the bridge. Although the on costs of small businesses can in theory be passed on to customers, competition is keen and profit margins are small and small businesses affected by toll charges simply cannot afford to pass such costs on to customers.

4.70 EVIDENCE OF MR W I KNOX He is Chairman and Chief Executive of Buko Limited, Managing Director of B-Mat Limited and Embo-Wright and Company Limited, all based in Glenrothes and he is also Deputy Chairman of the Glenrothes and District Industrial Consultative Committee, which consists of senior executives of major manufacturing companies in Glenrothes and the immediate area and it is on their behalf that he spoke to precognition FB/8.

4.71 In general, the policy of the government on tolls over estuarial crossings, and in particular regarding the Forth and Tay Road Bridges, appears to be inconsistent when cognisance is taken of the fact that new bridges are constructed which have no apparent direct bearing on industrial life in the country, and are not burdened with payment of tolls. In the case of Fife, with toll bridges over both the Forth and Tay, the area constitutes an island that is discriminated against by the Government, particularly having

regard to the loss of status afforded to the region during the recent reorganisation of Regional Development Areas in the United Kingdom. It is considered that the tolls create a barrier which new industry finds an unacceptable additional burden when considering investment in Fife, and in Glenrothes in particular. With reduced incentives to companies considering investment in Fife, they will look to more favourable locations, and this in turn will hamper the possibility of increased traffic on the Forth Road Bridge with consequent lack of revenue.

4.72 As to the position of industry in Glenrothes, it is clear that tolls have a direct effect on the operating costs of companies, more particularly in the case of those companies using large lorries and containers to transport their products to their market places. Should the proposed increased tolls be approved, one Glenrothes company will incur increased expenditure of £6,500 per annum. The companies in which Mr Knox is interested employ 450 people and over 95% of their products are supplied to supermarkets and the retail trade generally in England. These products are delivered by their own road haulage fleet of 20 heavy goods vehicles. In addition they operate a similar number of cars and small goods vehicles and they already pay some £5000 per annum in Forth Bridge tolls. In common with many other members operating in Glenrothes, they face strong competition from European manufacturers and every fraction of a per cent in increased costs means they are placed in a less favourable position with their large customers who have no particular desire to support Scottish companies against their European counterparts. In the case of the Forth Bridge tolls, they are faced with a 30% increase which is unacceptable and is certainly well above the rate of inflation.

4.73 Cross-examined, Mr Knox stressed that every factor counts when industrialists are seeking sites for new enterprises. For example, Glenrothes has to compete with Livingston in attracting new industry but, unlike Livingston, has the significant disadvantage in that it

is approached over 2 tolled bridges. His company has a turnover of some £12m per annum and it is accepted that toll costs represent a small fraction of that amount. But, that approach is not really relevant. Any saving in oncosts makes a difference.

4.74 EVIDENCE OF DR GORDON BROWN MP He has been Member of Parliament for the Dunfermline East constituency since 1983 and spoke to his precognition FB/9. At paragraphs 3 and 4 of the precognition, he sets out his views concerning the abolition of tolls and records that he has recently moved a Bill in the House of Commons to secure the abolition of tolls on the Forth and Tay Road Bridges.

Review of Existing Financial Arrangements

4.75 It is submitted that the proposed increase in tolls would be excessive and unreasonable and that it would impose an inequitable burden upon users of the bridge and, moreover, that it is unnecessary on any reasonable view of the current financial arrangements. In this connection, Dr Brown again referred to the first and main recommendation of the Reporter in his report on the 1981 inquiry. Dr Brown believes that, if the Secretary of State had acted in the spirit of the public inquiry system and accepted that recommendation, then the need for the present inquiry would have been avoided. The financial 'bargain' of 1956 was clearly inequitable. The Government's grant contribution to the estimated cost of the bridge was to be fixed at the same level of £4.65m as agreed in 1947. However, whereas this represented 75% of the original estimate, the proportion in 1956 was only 32.5%. By the time the bridge was completed, this contribution had fallen to 24%. Moreover, some 8 miles of approach roads were included in the agreement and the cost of these has to be financed from tolls. To his knowledge, this is a unique situation and it must be regarded as totally inequitable that roads which are to all intents and purposes part of the national trunk road system, should have to be paid for directly by bridge users. Therefore, a review of the present financial arrangements

should now be instituted, with particular reference to the issue of the approach roads. In this connection, reference was made to the evidence of Professor Mackay that exclusion of the cost of the approach roads would have ensured repayment of the debt well within the 30 year period with the existing toll schedule.

4.76 The 30 year repayment period imposed upon the Joint Board is an additional source of inequity when longer periods have been fixed for other major estuarial crossings (eg Humber Bridge 60 years, Severn Bridge 40 years).

4.77 The unjust treatment of bridge users is exemplified by the fact that they effectively pay several times over for the facilities they use - as taxpayers, rate payers, road-tax payers and as toll payers. Consequently, the increase in tolls proposed by the Secretary of State represents an unreasonable addition to an already unfair burden. In equity, pending financial review, the tolls on the bridge should be maintained at their existing levels.

Impact on the Local Economy

4.78 At paragraphs 12-14 of his precognition, Dr Brown refers to the impact on the local economy already discussed by Mr Taylor and others. Already there are officially over 20,000 people unemployed in Fife Region representing over 15% of the workforce. But Dr Brown believes the true figure to be nearer 30,000. In his own constituency of Dunfermline East, there are over 4,500 officially unemployed and the unemployment rate reaches 17.3% in the northern parts of the constituency, some 6 miles or so from the bridge. Threats to jobs derive from the National Coal Board's plans for the coal industry and the Government's proposals in relation to Rosyth dockyard. Furthermore, his constituency has recently been reduced from Development Area status to Intermediate Area status. An increase in tolls can only have an adverse impact on the economic prospects of an area already facing a difficult future. His views and submissions are summarised at paragraph 15 of his precognition.

4.79 EVIDENCE OF MR DICK DOUGLAS MP He has been Member of Parliament for the Dunfermline West constituency since 1983 and represented the former Dunfermline constituency between 1979 and 1983. From 1970 to 1974, he was Member of Parliament for Stirlingshire East and Clackmannan. He spoke to his precognition FB/10. First, concerning abolition of tolls, it is urged that I should recommend to the Secretary of State that he should carefully consider, and give full weight to, the evidence in support of the abolition of tolls that was presented at the 1981 inquiry. At paragraph 5-7 of his precognition, argues for a review of the existing financial arrangements for the reasons already detailed by Dr Gordon Brown MP and other witnesses.

4.80 As to the impact on the local economy of the proposed toll increases, Fife is now once again facing serious threats to its economic base. The National Coal Board is actively seeking to reduce employment in the coal industry and this policy, together with the effects of the recent strike, has resulted in the loss of over 2,000 deep-mining jobs in Fife since the beginning of 1984. The Government recently announced the loss of 350 jobs at Rosyth dockyard and it has been suggested that the implementation of the Government's proposals for the future operation of the dockyard may result in a further 2,500 redundancies. Since 1979, unemployment in the Dunfermline area has increased from 8.4% to a current figure of 14.6%, and it may well rise in the near future up towards 20%. His constituency, where over 3,300 people are now officially unemployed, clearly needs all the assistance it can get and needs it urgently. The proposed increase in tolls on the Forth Bridge could only make things worse. Mr Dick Douglas has summarised his views and submissions at paragraph 11 of his precognition.

4.81 EVIDENCE OF MR BARRY HENDERSON MP He has been Member of Parliament for the North East Fife constituency since 1983, and for the former East Fife constituency between 1979 and 1983, and spoke to his precognition FB/11. At the outset, he expressed the view that

the imposition of tolls on certain estuarial crossings represents an inconsistent and unsound policy, and he would favour abolition. The background to the present inquiry is that the Forth Bridge is a vital link within the trunk road and motorway network that was wholly essential for the subsequent construction of the M90 motorway northwards. The East Fife Regional Road is a major new trunk route under construction leading from the M90 to his constituency. His constituents find themselves uniquely sandwiched in the trunk road system between 2 tolled bridges which makes them particularly concerned about the level of tolls. They feel that they are being treated as a captive market making a wholly disproportionate contribution to the financing of the national road system.

4.82 Crucial to the level of tolls is the inclusion of the approach roads in the Joint Board's financial responsibilities and, in this connection, he supports my conclusion at paragraph 9.26 in the report of the 1981 inquiry, and also my first and main recommendation to the Secretary of State as set out at paragraph 10.1 of that report. For reasons adduced in detail by others, these considerations are even more compelling now than they were in 1981. Irrespective of the level of tolls, given that the bridge is part of the national strategic trunk road network, there is a case for much more generous treatment in tolls for regular car etc users. Whilst welcoming the recognition of the concession principle in the new proposals, they really do not go far enough and the Scottish Development Department should therefore be invited to submit more generous proposals with fewer restrictive conditions, or greater discount, or both.

4.83 At paragraph 8-11 of his precognition, Mr Henderson refers to the impact of increased tolls on the economy of Fife as discussed in detail by other witnesses, including Mr Taylor. Although the economy of North East Fife has in recent years fared rather better than other parts of the region due to its lesser dependence upon traditional heavy industries, unemployment has been increasing and there are now almost 2,500 people unemployed in his constituency. Over 11% of the

workforce are unemployed in the North East Fife travel to work area, and the level reaches almost 15% in the Anstruther and Crail areas. Practically all of his constituency is now a non-assisted area and therefore not eligible for Central Government financial assistance for industrial development. Against this background the proposed increase in tolls represents an additional burden on local businesses, and a disincentive to new firms to locate in Fife. As one example, a small company engaged in fish distribution would incur an additional annual expenditure of some £2,000 if tolls were increased as proposed.

4.84 Mr Henderson summarises his submissions at paragraph 12(a)-(e) of his precognition. In addition, he also expressed some concern as to the efficacy of individual bridge boards and recommended that consideration should be given to the possible amalgamation of existing boards, or pooling of their skilled resources, with a view to securing improved efficiency.

4.85 Cross-examined, Mr Henderson agreed that present Government policy concerning the levy of tolls is that followed by successive previous Governments. The application of Government policy to individual estuarial crossings is plainly inconsistent as evidenced by the 2 Tay crossings. Whilst it is accepted that marginally different circumstances apply to individual crossings, this does not begin to justify a policy of imposing tolls on some crossings and no tolls on others. The terms of the 1956 agreement and of the 1956 Act should be reviewed for all the reasons detailed by the Reporter in his report on the 1981 inquiry. It is accepted that further legislation would be required to amend the financial provisions of the 1956 Act. But, appropriate amending legislation would be widely supported and could easily be enacted. It is accepted that, in real terms, the level of tolls has not increased all that much in comparison with general inflation. Nevertheless, for the reasons already adduced in evidence, the proposed toll increases are not only excessive but also unnecessary. It would be inequitable that the

consequences of the failure of the Joint Board and of successive Secretaries of State to ensure proper provision for the repayment of the outstanding loan should be visited upon present bridge users. As to the proposed concession scheme for cars etc, he would recommend that there should be no time limit on the use of tickets.

CLOSING SUBMISSION FOR THE FIFE REGIONAL COUNCIL AND ASSOCIATED OBJECTORS

4.86 LORD MORTON OF SHUNA first intimated that he wished to be associated with and support the submissions of Mr Bruce Weir on behalf of the Forth Road Bridge Joint Board. He also wished to record that the strength of feeling that now exists that the levy of tolls upon major estuarial crossings should be abolished is not less strong now than was expressed at the 1981 inquiry. But, leaving aside the abolition argument, there are 2 valid reasons for asserting that the proposed toll increases are unnecessary, and should not be approved. First, as conceded by Mr Robson, no increases would be necessary if the Joint Board were relieved of the financial liability imposed upon them in respect of the bridge approach roads. Second, as argued in detail by Mr Bruce Weir on behalf of the Joint Board, retention of the existing toll structure would enable repayment of the outstanding loan by year 2002/03, that is year 38, even if the burden of financing the approach roads was not lifted. In this latter circumstance, it would indeed be unreasonable in all the circumstances not to acquiesce in a relatively short extension of the first 30 year repayment period.

4.87 As then to the approach roads, it may well be that at about the time of the Trunk Roads Act, 1946, the main trunk road to the north was the A9 through Stirling and Perth, and that the approaches to the then existing Forth crossing could be regarded as more local in character. But, plainly, that is not the position now when the road from Cramond Bridge across the Forth Bridge to link with M90 is a

vital link in the national system of routes for through traffic in Scotland.

4.88 It was a requirement of section 1(2) of the Trunk Roads Act 1946 that the Minister, at that time the Minister of Transport, "shall keep under review the national system of routes for through traffic in Great Britain". That obligation to keep the national system of routes under review passed to the Secretary of State for Scotland in 1956. The provisions of section 1(2) of the Trunk Roads Act 1946 have been substantially re-enacted in section 5(2) of the Roads (Scotland) Act 1984. The duty imposed by Parliament upon the responsible Minister to keep the national system of routes for through traffic under review is imperative. If the responsible Ministers at the time had complied with the duty placed upon them then, clearly, the A90 south of the Bridge, the A8000 link, the A90 north of the Bridge as well as the connections to Dunfermline would all have been designated as trunk roads. There can be no acceptable excuse for the responsible Ministers not complying with the obligation placed upon them.

4.89 In the case of the approach roads, there are no logical reasons for not designating them as part of the national trunk road network, other perhaps than that would weaken the Secretary of State's case for increasing tolls. It is submitted that failure to designate the approach roads as the trunk roads they clearly are verges on the dishonest for 2 reasons. First, it results in maintenance costs falling upon the ratepayers of the Fife and Lothian Regions instead of being borne by Central Government as prescribed in the 1984 Act. In the case of Fife Region, maintenance of the approach roads in their region amounts to some £168,000 per annum. Doubtless, Lothian Regional Council face comparable costs in maintaining the road approaches from Cramond Bridge to the toll plaza. Second, it is clearly feared that the logical and proper designation of the approach roads as trunk roads would support the case for an equitable revision of the financial liability resting upon the Joint Board.

4.90 In response to the case put forward for the exclusion of the costs of the approach roads, the single argument relied upon by SDD is that the terms of the 1956 bargain are immutable, and cannot be changed notwithstanding the inequity of the bargain that was struck or the material change in circumstances that have occurred since 1956. Whilst such an unyielding approach to the implementation of an agreement is one that found favour with Shylock, it is not reasonable in the present context. For, if the Forth Road Bridge had not been built as a consequence of the 1956 agreement, it would certainly have been necessary for the Government to promote such a scheme in subsequent years as an essential and integral element of the national road system. Plainly, Kincardine Bridge could not possibly have coped with the volume of additional traffic, including that generated by essential North Sea oil and related projects. In reality, there are no valid reasons why the financial terms of the 1956 Act cannot be reviewed. There is nothing unusual in re-negotiating the terms of an agreement that may subsist over a lengthy period such as 30 or 60 years. Neither is it unusual that Government should determine that a debt may be written off in appropriate circumstances and the Government has in fact taken such action on numerous occasions. In present day circumstances, all the arguments supporting a review of the financial provisions of the 1956 Act apply with even greater force than in 1981.

4.91 There are other compelling reasons for asserting that rigid adherence to the provisions of the 1956 Act would be impracticable. Although section 31(1) provides for an initial repayment period of 30 years, the proviso to the sub-section enables a further 30 year extension if expedient. Whilst paragraph 8 of the second schedule to the Act provides that tolls will not be terminated until adequate provision is made for the continued management working and maintenance of the undertaking, section 34(2)(b) enacts that the general reserve fund shall be applicable to meet administrative maintenance and repair costs from the time that the power to levy tolls ceases. But, in terms of section 34(1) of the Act, the amount

of the general reserve fund shall not exceed £1.5m, and this sum would clearly be wholly inadequate to provide for future bridge needs. Therefore, since amendments to the 1956 Act will clearly be necessary in order to secure adequate bridge maintenance in future years, the insistence by SDD that the Act of 1956 is immutable cannot reasonably be sustained.

4.92 Moreover, the attitude of SDD that postulates that consideration of an extension of the first 30 year period must await the end of that period, that is 29 years and 364 days after the date of the opening of the bridge, can only accurately be described as 'Alice in Wonderland'. Clearly, consideration of a case for extension should take place well in advance of the end of the first repayment period. And, if in all the circumstances an extension would be reasonable, that should be accepted. It is significant that Government policy as stated by Mr Fowler is that the revenue from tolls should be sufficient over time. Stated Government policy is not that revenue from tolls should be sufficient to secure the servicing and ultimate repayment of the capital debt over a specified period. That amounts to a material departure from stated Government policy that has been introduced into this inquiry without justification.

4.93 For the reasons advanced by numerous witnesses, the levy of tolls on the Forth Road Bridge adversely affects commerce and industry in Fife and constitutes a serious disincentive both to established industry and commerce and to new companies who consider locating in Fife. Increased tolls would amount to an additional disincentive that would further harm the economy of the area. In summary, the main submission on behalf of the Regional Council is that the Joint Board should be relieved of the financial liability imposed upon them in respect of the construction of the approach roads. Alternatively, even if that main submission is not accepted, it would for all the reasons given be fair and reasonable to accept an extension of some 8 years to the first 30 year repayment period.

If either alternative is accepted, the agreed consequence would be that no increase in existing toll levels would be necessary, and the proposed toll increases should be rejected.

REPRESENTATIONS BY OTHER OBJECTORS

5.1 MR JIM SILLARS spoke to statement SNP1 on behalf of the Dunfermline East Constituency Association and Granton/Trinity Branch of the Scottish National Party. Speaking to paragraphs 1-3 of the statement, Mr Sillars emphasised that those he represented are totally opposed to tolls and would urge abolition.

5.2 Referring to production A/3, it is emphasised that there is nothing in any of the 4 statements relating to Government policy which gives general or specific support to increases in tolls from the day of imposition, when the basic toll is set. The level of revenue from tolls and the time-scale of their imposition is mentioned only in Mr Fowler's statement of 27 July 1979 "that revenue from tolls should be sufficient over time to cover the servicing and ultimate repayment of the capital debt as well as the maintenance costs of the crossing." The words "sufficient over time" and "ultimate repayment" are quite consciously lacking in precision and reflect the reality that statutory powers exist to allow Government to extend the time for ultimate repayment. In the case of the Forth Road Bridge, the present time for repayment can be extended from 30 years to 60 years. As argued at paragraph 6 of his statement, the real option that now exists is either increasing tolls or accepting an extension of the first 30 year repayment period. In considering these options, it is necessary to consider the costs and benefits that would ensue for the respective parties. The respective parties are on the one hand the Secretary of State representing Central Government and, on the other hand, the community, principally the local community and especially Fife, which embraces bridge users and those in the local authorities seeking to promote the economic and