

Political Economy

Congestion Charging in Cardiff

Despite its small size and relatively small problems, Cardiff may be among the first wave of cities to adopt road user pricing in an attempt to moderate the forecast growth in car use. However, any congestion charge must be sophisticated and thoughtfully applied.

In a presentation to the Wales National Transport conference of 2006, Cardiff County Council made it clear that they considered road user pricing a solution to managing the growth in motorised road traffic whilst also providing an income stream to enable future road and public transport improvements. A detailed feasibility study was delivered to the County in autumn 2006. The medium term economic implications of a congestion charge are potentially significant – and very dependent upon its size, scope and implementation.

Because Cardiff is small, its congestion problem is limited to evening and morning rush-hours and on the occasion of special events. However, it faces the problem of funding £400m of transport infrastructure improvements that are seen as necessary to the city's continued prosperity. Key will be the completion of the city's outer ring road (PDR) which would enable quick eastern access to key employment (and now civic) sites in the Bay, costed at over £100m even in 1996, in addition to park-and-ride and other public transport improvements. It might be argued, then, that the city needs a scheme which is successful, but not too successful. After all, taxes can only generate revenue if the 'customer base' is not eroded completely.

The Cardiff problem has so far largely been characterised by the Council as one of unsustainable cross-border traffic – with 70,000 commuter trips, and over 300,000 cross-boundary movements each day. However, there is also a significant intra-Cardiff issue, with well over half of Cardiff workers resident in the County. Whilst the 2001 Census shows that City residents are (unsurprisingly) more likely than the Welsh in general to cycle, bus or walk to work, this propensity varies markedly. Whilst only just over half those living near the centre of Cardiff use a car to commute, this figure reaches over 80% for the more affluent outer areas, which is well above the Welsh average. Most of these by-car commuters will have destinations within the central area or Bay, and will be contributing to congestion at key choke points. A charging boundary at the County limits may be politically attractive but largely ineffective.

A 'London writ small' approach, with only the central area bounded and charged appears a more realistic option; here the effects would be very different across different groups and spatial areas. Many of those coming from further afield for work or leisure would have relatively fewer realistic public transport options than Cardiff residents. Add to this the fact that any congestion charge will comprise a proportionally

smaller marginal increase for distant commuters, and it suggests a Central Business District (CBD) boundary would earn revenue from those who could (or would) not switch to public transport or use the new city park and ride locations, whilst encouraging modal-shift amongst the closer and better public transport served city residents.

A CBD boundary might then make political, environmental and economic sense, especially if applied differentially across the day to encourage those commuters who can to shift their journeys to outside the rush hour. However, there are still constituencies which might feel aggrieved and disadvantaged by such a charge. For example, even lower skilled and lower paid workers largely commute by car, and in the city service industries often work unsociable hours and shifts. A daily charge might impose genuine hardship on such workers who may be unable to avoid it.

Additionally, a tightly drawn boundary may have impacts for city centre retailers, imposing an additional cost on shoppers (again, unless the charge is not applied at busy shopping periods). There is a legitimate concern that the city centre, already disadvantaged relative to out of town superstores by the lack of free parking will lose further trade. The irony here perhaps is that in encouraging significant new comparison retail development at the International Sports Village and mooted CCFC stadium, the County Council has made a strong statement that city centre (and indeed its suburban retail centres) can withstand significant competitive shocks.

The CBD solution is thus far from perfect; we must not forget that much of Cardiff's congestion (and that which may get worse fastest) is outside the City Centre – for example, driven by retail trips to Culverhouse Cross. This suggests there may be a case for imposing environmental taxes which are functionally, as well as spatially targeted. Hence, the city could impose, in addition to a congestion charge a parking space tax on retailers and

indeed businesses more generally. This would have the benefit of evening out additional costs across city retailers, whilst the damage to other businesses' bottom line might strongly encourage them to respond positively with car-sharing, flexible working hours and teleworking initiatives.

Congestion charging is a difficult and complex undertaking, and it is likely that a scheme as simplistic as London's would impose far higher inefficiencies and costs in a small city like Cardiff. Additionally it is likely that those most impacted by a charge will be the lower skilled and lower paid, with the well paid more easily able to absorb any extra costs. This complexity does not, however, mean that the undertaking is not worthy of serious investigation.

Assembly staff move to Merthyr - an opportunity lost ?

In October it was reported that Assembly staff moving from Cardiff to Merthyr were to receive one-off sweetener payments, plus have their additional commuting costs paid for five years and be eligible for an interest free car loan. Leaving aside the cost to UK taxpayers (and ignoring the shocking lack of financial understanding that led an Assembly spokesman to claim that interest free loans were advances on salary and thus 'cost neutral'), the implementation of this welcome strategy is seriously flawed.

The Assembly's justification for the especially generous treatment of its staff was that a high degree of staff retention was needed to ensure 'business continuity' (despite such continuity being lower on the priority list when the Assembly simultaneously merged the WDA, WTB, ELWa and its EDT Dept). Quite how many civil servants would have jumped ship to comparable private sector employment rather than face the increased cost of a Merthyr commute is a moot point. More importantly, the manner in which the ongoing subsidies will be structured will significantly limit the economic impact that the Assembly sees as one target of this strategy.

The move of offices to a deprived area might be expected to benefit the new host in several ways; for example by offering new employment opportunities to existing residents, by giving a fillip to local property markets as incoming workers move closer to their new location; and providing a measure of new economic demand for local retail and other services as the wages of new, well-paid residents multiplies through the local economy. In enabling, almost encouraging, civil servants to continue living in Cardiff the Assembly is denying the Merthyr and Heads of Valleys economy a large measure of benefit.

There will be few jobs for locals, even those well qualified, and additional staff spending will be limited to lunchtime catering services (assuming WAG canteen subsidies are not too generous) and the occasional stop at Cyfartha Retail Park on the way home. Meanwhile, average commuting distances, largely by car will rise – with Wales already amongst the worst in the UK for car-based commuting rates.

In being tougher with its staff and making relocation or resignation more attractive options, the Assembly could have truly brought government closer to

the people, making the new offices and their staff truly integrated into the surrounding communities. It has also missed the opportunity to favour a more sustainable form of transport – for example, by slashing car mileage rates, but offering discounted or free rail passes to staff for the underused but perfectly adequate trains that travel empty to Merthyr each hour before returning full of Cardiff-bound commuters. Instead we have a solution that will impose high environmental and financial costs whilst ensuring that WAG civil servants have the minimum necessary contact with the people that surround them.