

Introduction

Tarmac Trading Limited has submitted representations on the Silvertown Tunnel Scheme and attended the Issue Specific Hearing (ISH) on Traffic/Transport Modelling, Forecasting and User Charging and Economic Issues on 17th January 2017. The hearing gave considerable weight to traffic modelling and impacts on public transport and community disbenefits in particular. Economic disbenefits in prospect for HGV reliant businesses and the economic impact on river users touched on at the ISH however remain a concern to the company which this post-hearing submission seeks to address.

Economic impact of the user charge

1 HGV Disbenefit

It was observed during the ISH that business net user benefits, described in the Economic Assessment Report (EAR) [App 101] initial by user and adjusted for reliability (Tables 2 and 3), gain most from the scheme. The Transport Economic Efficiency analysis in Tables 5.11 and 5.12 assesses the data in more detail where the figures for LGVs and HGVs (OGVs) are aggregated. However the EAR consistently confirms the economic disbenefit to HGVs of the scheme. In Table 2 the overall business benefit (£m PV) is £345.4 but the disbenefit to HGVs is -£128.8. Allowing for adjustment for reliability the figures change to £503.1 and -£108.7 respectively. The increase in £m PV due to reliability for all business classes is some 45% but the decrease in disbenefit to HGVs is only some 18%. Although the disbenefit decreases it is still a disbenefit.

2 Businesses Reliant on HGVs

Building materials products such as asphalt and ready mixed concrete, are delivered short distances from point of production to the customer by road. This is because the material is bulky and has chemical and physical properties which change with time and require its use almost immediately following production. A chemical reaction of cement and water generates heat and the concrete starts to cure. Although the concrete is kept agitated, rotated in the drum of the mixer truck, the ideal delivery distance is up

to 3 radial miles with a window of 45 minutes from production to where it is poured into the final construction use before it goes off and is unusable.

It has been suggested by TfL that “most firms do not rely solely on HGV use” [8.38 Comments on Written Representations Land, 3.1 WR.TR.2]. The inference is that the disbenefits experienced by the company due to HGV use will be offset by benefits accrued by other vehicles and TfL states that “The business will gain from benefits accrued by other vehicles in its fleet”. [WR.TR.2]. The minerals sector deploys bulk transportation of the raw materials for construction using all forms of transport but final distribution to development sites large and small is underpinned by road haulage. The business is solely reliant on HGVs for delivery to construction sites. There is some concern therefore whether the travel time benefits in Tables 5.11 and 5.12 are diluted by the erroneous assumptions that business will rely on a mix of transport user modes and therefore the economic impact on HGV reliant businesses is even greater.

3 Consolidation of Journeys

The primary function of the user charge is to “enable the management of traffic demand for the river crossing” and a secondary reason is to fund the design, construction and operation of the scheme. An effect of the charge would encourage consolidation of journeys. Effective logistics seeks to maximise the use of traffic movements by maximising the capacity of vehicles. Effective management of distribution would have an economic improvement for any business if unnecessary trips are made and capacity of vehicles is not maximised. The buildings material sector is predicated on bulk delivery of goods. There is no opportunity for consolidation of journeys to this business as specialised vehicles distribute asphalt and concrete and tipper trucks are necessarily used for aggregates in an unprocessed state. The industry already maximises the load capacity of its HGVs almost without exception and is sensitive to pressure to reduce the size of HGVs accessing urban areas. Any reduction in the size of lorries would simply both increase the number of vehicles travelling and create an additional economic burden on the operators. The industry is therefore not responsive to the intention of the user charge to encourage a change of tunnel use practices and mitigate against the disbenefit of the user charge.

4 Number of trips

Aligned to the previous point deliveries are made to customers as required. HGVs are not sent out unless matched to an order. The company responds to demand for its products and the user charge will apply accordingly.

5 Timing

The user charge's likely influence on demand in timing of use of the tunnel, by varying the peak charge periods, relies on the users' elasticity of demand for the crossing. When users are able to change and flex their travelling needs the charge will encourage use in cheaper periods and therefore manage demand. However that element of choice is not available to the building materials sector where demand is inflexible in its use of the road network. The construction industry traditionally starts early in the morning and generally plant operating hours continue to 6 or 7 pm. Vehicles are dispatched early to site which can avoid peak traffic times and maximise day light working hours on construction projects. The company operates a number of plants south of the river which access markets to the north and south of the crossing albeit that travelling distances are relatively small. The HGVs travelling north for their first delivery will incur the maximum user charge, be subject to charges during the day and be subject to the maximum user charge on return to base.

Economic Impact on the Business

6 Loss of Business

Previous representations have cited the direct impact of the scheme on the Dock Road concrete batching plant and wharf. We wish to endorse the comments made by the PLA at the ISH of the importance of retaining wharf capacity, whether safeguarded or not, and the economic and environmental contribution made by wharf facilities. The wharf at Dock Road imports sand and gravel by river and this represents a saving of some 16,000 lorry journeys per year. These vehicle movements will be redirected to the road network on closure of this facility if an alternative wharf connected site is not

found. As the PLA described in its presentation at the ISH pressure on wharf land from other mixed uses and the long lead time in their release presents further interruption to importation of aggregates in this case into the heart of the demand area. TfL refers to the short term lease and planning time limits of the Dock Road site, as well as other operators in the area, and implies that the lack of permanence is due to a lack of long term commitment. The landholding and planning time limitations have become increasingly shorter due to the safeguarding direction for the Silvertown Tunnel Scheme. The time limits do not justify the loss of this facility nor demonstrate a lack of need. As described in 2 above the chemical and physical properties of concrete once mixed mean that it must be made close to where it is used. Dock Road is well placed in the market area and a replacement site will be needed in the same locality in the event of closure.

7 Alternative sourcing

An indirect effect of the user charge, which will influence demand for the tunnel, is the likely increased use of the road network north of the river hauling in material from the east. TfL has not undertaken detailed assessment of induced demand for specific sectors and we would encourage TfL to revisit this for heavy building materials. Disruption during the construction phases of the tunnel, if access along the river is interrupted during construction, will also redirect haulage of aggregates on to the roads.