

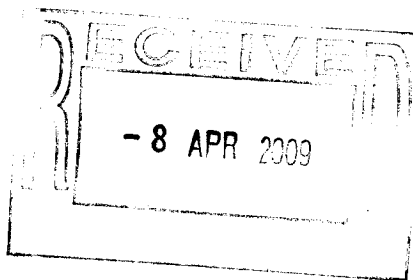
Letter from Deputy First Minister #1

**Ieuan Wyn Jones AC/AM**  
Dirprwy Brif Weinidog /Deputy First Minister



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

Eich cyf/Your ref PET - 03 -187  
Ein cyf/Our ref DFM 484/09



Val Lloyd AM  
National Assembly For Wales  
Cardiff Bay  
Cardiff  
CF99 1NA

06 April 2009

*Dear Val*

Thank you for your letter dated 6<sup>th</sup> March regarding a petition received by the Petition's Committee to abolish the Severn Bridge tolls.

The Welsh Assembly Government has no legislative responsibility for the Severn Crossings, which rests with the Department for Transport's Government Representative in England and the Highways Agency. The precise method for the setting of tolling levels is stipulated in the Severn Bridges Act 1992.

The Highways Agency has a Concession Agreement with Severn River Crossing Plc (the Concessionaire) for the day to day operation and maintenance of the bridges. The Assembly Government must abide by the terms of the Concession Agreement made between the Department for Transport and Severn River Crossing Plc.

In view of the above I can confirm that the Assembly Government has conducted no investigations into the feasibility of abolishing the tolls on the Severn bridges. Similarly I have not held any discussions with Department for Transport Ministers on this issue.

*Yours  
Ieuan*

**Ieuan Wyn Jones**  
Gweinidog dros yr Economi a Thrafnidiaeth  
Minister for the Economy and Transport

*[Handwritten signature and stamp]*

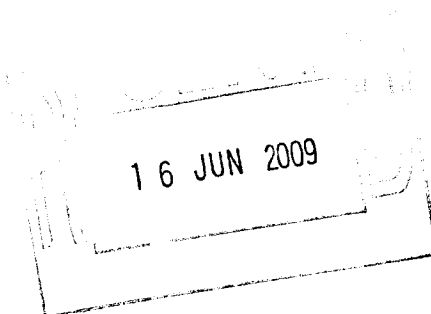
**Ieuan Wyn Jones AC/AM**  
Dirprwy Brif Weinidog /Deputy First Minister



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

Eich cyf/Your ref PET-03-187  
Ein cyf/Our ref DFM 915/09

Val Lloyd AM  
Petitions Committee  
National Assembly for Wales  
Cardiff Bay  
Cardiff  
CF99 1NA



15 June 2009

*Dear Val*

Thank you for your letter of 18 May concerning the Severn Crossings.

I have met with Department for Transport Ministers on a number of occasions, most recently on 18 May. Whilst Severn Crossings issues are a potential discussion item at these meetings it has not been possible to do so in the time available with many other transport subjects to cover.

It will be of interest to your Committee that the First Minister wrote to the Rt Hon Geoff Hoon MP, Secretary of State at the Department for Transport, on 17 March 2009 regarding the issue of payment by debit and credit cards. In his reply the Secretary of State said that the working group commissioned to look into the feasibility of such a payment method had presented its report to the Highways Agency who were in discussion with Severn River Crossing.

In addition my Transport officials do attend regular Severn Crossings liaison meetings with English counterparts where all operational and maintenance aspects of running the crossings can come up for discussion. The last meeting took place on 3 June where the question was asked on what developments have occurred in the interim.

I understand from the dialogue at that meeting that the Highways Agency has an internal meeting scheduled for July to further progress their proposals. In the meantime they are preparing an interim statement on their position, which as soon as it is received I will write to your Committee informing you accordingly.

**Ieuan Wyn Jones**  
Gweinidog dros yr Economi a Thrafnidiaeth  
Minister for the Economy and Transport

**Ieuan Wyn Jones AC/AM**  
Dirprwy Brif Weinidog /Deputy First Minister



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

Eich cyf/Your ref PET-03-187  
Ein cyf/Our ref MB DFM 804/09

Sandy Mewies AM  
Petitions Committee  
National Assembly for Wales  
Cardiff Bay  
Cardiff  
CF99 1NA

28 September 2009

*Dear Sandy*

I am writing further to our recent correspondence concerning the use of debit and credit cards in paying the Severn Crossings' toll.

We have been pressing the Highways Agency throughout the summer for their interim statement but due to their continuing internal debate this has been delayed. We now expect it later in the autumn.

In the meantime my Transport officials will continue their dialogue with the Highways Agency through the regular Severn Crossing liaison meetings at which they will seek an early as possible release of the interim statement. I will of course write to you with a copy as soon as we receive it.

A handwritten signature in black ink, appearing to read 'Ieuan'.

**Ieuan Wyn Jones**  
Gweinidog dros yr Economi a Thrafnidiaeth  
Minister for the Economy and Transport

**Ieuan Wyn Jones AC/AM**  
**Dirprwy Brif Weinidog /Deputy First Minister**



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

Eich cyf/Your ref PET-03-187  
Ein cyf/Our ref MB DFM 0989 09

Sandy Mewies AM  
Petitions Committee  
National Assembly for Wales  
Cardiff Bay  
Cardiff  
CF99 1NA

25 November 2009

*Dee Sandy*

Further to my letter of 28 September, I am sending you an updated response to the position regarding the use of debit and credit cards in paying the Severn toll.

On 18 November Assembly Government Transport officials attended a Severn Bridge liaison meeting with English counterparts and Bridge operatives at which it was confirmed the Department for Transport has proposed the necessary amendments to the secondary legislation to permit debit and credit card payments at the Severn Crossings. It is anticipated that introduction will be in the latter half of 2010.

*Jon  
Ieuan*

**Ieuan Wyn Jones**  
**Gweinidog dros yr Economi a Thrafnidiaeth**  
**Minister for the Economy and Transport**

**Ieuan Wyn Jones AC/AM**  
Dirprwy Brif Weinidog /Deputy First Minister



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

Eich cyf/Your ref P-03-187  
Ein cyf/Our ref DFM 6610/09

Val Lloyd AM  
97 Pleasant Street,  
Morrison,  
Swansea,  
SA6 6HJ.

14 January 2010

Dear Val,

I am responding to your letter of 17 December regarding the petition to abolish the Severn Bridge tolls.

The Severn Bridges Act 1992 allowed for a maximum 30 year period for the collection of tolls by Severn River Crossing Plc to service the debt of constructing the new bridge. However the tolls not only finance the original construction of the Second Severn crossing but also the vital maintenance costs that keep both bridges open.

The 30 year term has reduced and the Concession Agreement between the Secretary of State for Transport and Severn River Crossing Plc is currently forecast to end in 2016. At this time the bridge will revert to the Highways Agency who by the terms of the Act can levy tolls for a further 5 years to establish a maintenance fund for both Severn crossings. Before the end of such a period the issue of tolls would no doubt be reviewed as to the policy that should then be adopted.

A handwritten signature in black ink, appearing to read 'Ieuan'.

**Ieuan Wyn Jones**  
Gweinidog dros yr Economi a Thrafnidiaeth  
Minister for the Economy and Transport

**Ieuan Wyn Jones AC/AM**  
Dirprwy Brif Weinidog /Deputy First Minister



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

Eich cyf/Your ref P-03-187  
Ein cyf/Our ref DFM/00368/10

Christine Chapman AM  
Chair - Petitions Committee  
National Assembly for Wales  
Cardiff Bay  
CARDIFF CF99 1NA

28 February 2010

Dear Christine,

I am replying to your letter of 10 February regarding the petition to abolish the tolls on the Severn Crossings.

As I explained in my letter to Val Lloyd of 14 January, the Severn Crossings are owned by the UK Government and the tolling regime is determined by the Severn Bridges Act 1992. The current concession agreement with Severn River Crossing PLC is forecast to end in 2016, at which time the operation of the Crossings will revert to the Highways Agency. Under the 1992 Act, the Secretary of State can continue tolling for a further five years in order to establish a maintenance fund for the Crossings.

In the circumstances, any plan to collect evidence or to undertake an official assessment of the impact of the tolls is a matter for the UK Government. Whilst I recognise the effect of the tolls on certain businesses, I am also conscious of the point made by the Minister for Business and Budget in the short debate on 20 January about the need to keep the tolls in perspective. Transport costs generally account for no more than 5 to 10 per cent of production costs, with toll charges accounting for only a very small proportion of total transport costs for the vast majority of businesses.

You also asked whether the Highways Agency was intending to set the full toll rate permissible after 2016. This is something that I will want to discuss with the UK Government nearer the time. Their approach will no doubt be informed by an assessment of the structural condition of the Crossings and the subsequent maintenance requirement.

**Ieuan Wyn Jones**  
Gweinidog dros yr Economi a Thrafnidiaeth  
Minister for the Economy and Transport

**Ieuan Wyn Jones AC/AM**  
Dirprwy Brif Weinidog /Deputy First Minister



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

Eich cyf/Your ref P-03-187  
Ein cyf/Our ref DFM/00882/10

Christine Chapman AM  
Chair - Petitions Committee  
National Assembly for Wales  
Cardiff Bay  
Cardiff  
CF99 1NA

30 April 2010

*Dee Christie*

I am replying to your letter of 31 March regarding my response to your earlier letter on the petition to abolish tolls on the Severn Crossings.

As I explained in my earlier letter, my view is that any plan to undertake evidence collection or an impact assessment of the tolls on the Severn Crossings is a matter for the UK Government. This is not a question of statutory powers, but rather a reflection of the fact that the Severn Crossings are owned by the UK Government, with tolling determined by the Severn Bridges Act 1992.

I would like to reiterate that I will want to discuss the issue of the toll rate from 2016 with the UK Government nearer the time.

*Ieuan Wyn Jones*

**Ieuan Wyn Jones**  
Gweinidog dros yr Economi a Thrafnidiaeth  
Minister for the Economy and Transport

**Ieuan Wyn Jones AC/AM**  
Dirprwy Brif Weinidog /Deputy First Minister



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

Eich cyf/Your ref P-03-187  
Ein cyf/Our ref DFM/01271/10

Christine Chapman AM  
Chair - Petitions Committee  
National Assembly for Wales  
Cardiff Bay  
Cardiff  
CF99 1NA

16 June 2010

*Dear Christine*

I am replying to your letter of 28 May regarding our earlier correspondence on the petition to abolish tolls on the Severn Crossings.

The Committee has requested details of how the Welsh Assembly Government liaises with the UK authorities in relation to the Severn Crossings. As I have made clear in plenary, I have regular discussions with the Secretary of State for Transport about a range of topics, including cross-border issues. In addition, my officials have regular discussions with their counterparts in England about issues associated with the Severn Crossings. Following the General Election, I am currently making arrangements to meet the newly-appointed Secretary of State and I expect the Severn Crossings to feature in our discussions.

You also asked about the significance of the reference to 2016 in my earlier letter. This is the date when, under the framework established by the Severn Bridges Act 1992, the operation of the Severn Crossings is expected to revert from the Severn River Crossing PLC to the Secretary of State. Under the Act, the Secretary of State does however have the power to continue tolling for a further five years in order to build up a maintenance fund.

Finally, in relation to an impact study, the Committee may like to be aware that I recently met a delegation from the Freight Transport Association concerning the tolls on the Severn Crossings. Following this discussion, I am currently considering the possibility of undertaking a study to examine the economic impact of the tolls. I will keep you and the Committee informed about this.

*Ieuan*

**Ieuan Wyn Jones**  
Gweinidog dros yr Economi a Thrafnidiaeth  
Minister for the Economy and Transport

Bae Caerdydd • Cardiff Bay  
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**Ieuan Wyn Jones AC/AM**  
Dirprwy Brif Weinidog /Deputy First Minister



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

Eich cyf/Your ref P-03-187  
Ein cyf/Our ref MB-DFM-0368-10

Christine Chapman AM  
Chair - Petitions Committee  
National Assembly for Wales  
Cardiff Bay  
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29 June 2010

*Dea Christine*

I wrote to you on 16 June in relation to the petition to abolish tolls on the Severn Crossings.

I am now writing to confirm that I have decided to take forward the study to consider the economic impact of the tolls. This study will explore the magnitude of the impact of the tolls in depth, as well as assessing the overall balance of effects on the Welsh economy. It will be an independent study, overseen by the Economic Research Advisory Panel, which will look at all the issues in an impartial and objective way.

We hope to get the study under way in the autumn and the timetable will depend on the precise scale of the project, particularly if it is necessary to undertake original research. The final report will be published in due course. By undertaking the study, we will be able to put any case for change to the UK Government on the basis of the best possible evidence.

I will keep you and the Committee informed about progress with the study.

A handwritten signature in black ink, appearing to read 'Ieuan Wyn Jones'.

**Ieuan Wyn Jones**  
Gweinidog dros yr Economi a Thrafnidiaeth  
Minister for the Economy and Transport

**Ieuan Wyn Jones AC/AM**  
Dirprwy Brif Weinidog /Deputy First Minister



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

Eich cyf/Your ref P-03-187  
Ein cyf/Our ref DFM/01735/10

Christine Chapman AM  
Chair - Petitions Committee  
National Assembly for Wales  
Cardiff Bay  
CARDIFF CF99 1NA

11 August 2010

*Dear Christine*

I am replying to your letter of 26 July in relation to the Severn Crossing tolls.

At this stage there is little that I can add to our earlier correspondence. As I have indicated, I will continue to keep you and the Committee informed about our discussions with the UK Government and our plans for an independent study to consider the economic impact of the tolls. We intend to get the study under way in the autumn, so that the best possible evidence is available to inform our discussions with the UK Government.

*Ieuan*

**Ieuan Wyn Jones**  
Gweinidog dros yr Economi a Thrafnidiaeth  
Minister for the Economy and Transport

Bae Caerdydd • Cardiff Bay  
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**Ieuan Wyn Jones**  
Dirprwy Brif Weinidog /Deputy First Minister



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

Eich cyf/Your ref P-03-187  
Ein cyf/Our ref DFM/00753/11

Naomi Stocks  
Clerk  
Petitions Committee  
National Assembly For Wales  
Cardiff  
CF99 1NA

26 April 2011

*Dear Ms Stocks*

Thank you for your letter of 5 April, requesting additional information about the study into the economic impact of the Severn Tolls.

The contract for undertaking the study was awarded on 11 March 2011 to Ove Arup. We expect the study to take around 6 to 8 months to complete and hope to receive the final report in late autumn. I have attached the terms of reference for the study for your information.

*Yn siŵr*  
*Ieuan Wyn Jones*

**Ieuan Wyn Jones**  
Gweinidog dros yr Economi a Thrafnidiaeth  
Minister for the Economy and Transport

## **The Economic Impact of Tolls on the Severn Crossings**

### **Terms of Reference**

The Severn Crossings provide an important link in Wales' transport infrastructure. The responsibility for the Severn Crossings and the levying of tolls lie with the UK Government with the tolling regime for the Severn Crossings set out in the Severn Bridges Act 1992. The concession agreement for the Severn Crossings will end when the defined sum of just under £996 million (in 1989 prices) has been collected, subject to a maximum 30 year period. Current expectation is that this funding requirement will be met in 2017, at which point the operation of the Severn Crossings will be handed over to the UK Government.

Given the strategic transport role of the M4 corridor, and the Severn Crossings, for south Wales, the potential impact of the Severn Crossings tolls on the Welsh economy has attracted much attention. To date, there exists very limited economic evidence upon which to fully understand the effects and distributional consequences of the Severn Crossings, the current tolling regime and of any economic and transport impacts that might result through either potential changes to the tolls or following the conclusion of the concession agreement.

This research study aims to conduct a detailed and rigorous economic assessment of the impact of the Severn Crossing tolls on the Welsh economy, examining the nature and magnitudes of the effects. The geographical focus of the study should be on the economic effects relating to Wales, particularly South Wales, though drawing suitable comparisons with the economic effects and development patterns of the greater Bristol area and relevant surrounding areas of Southern England.

The study requires that the full range of potential economic and transport effects arising from the Severn Crossings tolls on the Welsh economy be examined. A detailed baseline assessment of the economic impact of the current tolling regime on the Severn Crossings, and an investigation of the potential economic, transport, and financial impacts of any changes to the tolling regime is required.

Use of relevant existing economic evidence and statistical information will need to be considered and, where appropriate, new data collected in order to generate the required empirical evidence. Other on-going and completed research on the Severn Crossings tolls will need to be considered.