CABINET

ROAD AND RAIL TRANSPORT

Note by the Secretary of the Cabinet

By the Prime Minister's direction I circulate a revised version of the draft White Paper on Transport Policy.

This incorporates (i) the amendments approved at the Cabinet's discussion this morning, and (ii) a revised version of the passage dealing with the proposed levy (paragraphs 15-16) which was prepared at a meeting of Ministers under the chairmanship of the Prime Minister this afternoon.

This revised draft of the White Paper is submitted for final approval by the Cabinet at their meeting tomorrow morning.

(Signed) NORMAN BROOK.

Cabinet Office, S.W.1.

22nd APRIL, 1952.
TRANSPORT POLICY

Presented by to Parliament
by Command of Her Majesty
1952

LONDON
HER MAJESTY'S STATIONERY OFFICE

Cmd.
TRANSPORT POLICY

1. Her Majesty's Government have had under consideration ever since they took office the situation resulting from the passing of the Transport Act, 1947. In their view this Act has not achieved and is not likely to achieve its avowed purpose which was “to provide or secure or promote the provision of an efficient, adequate, economical and properly integrated system of public inland transport and port facilities within Great Britain for passengers and goods,” and “to provide most efficiently and conveniently for the needs of the public, agriculture, commerce and industry”.

2. In spite of the efforts made by the British Transport Commission and its Executives, integration of its road and rail services into a co-ordinated whole has made little progress, and shows little real prospect of developing into much more than working arrangements between separate transport entities. Even if integration in its fullest sense were practicable, it would result in a huge, unwieldy machine, ill-adapted to meet with promptitude the varying and instant demands of industry.

3. Experience has shown that the administration of the railways has become excessively centralised under the Act, and that the Road Haulage Executive, with the elaborate system of depots working under its direction, cannot give trade and industry the speedy, individual and specialised services afforded by free hauliers before nationalisation, and could not stand up to competition from them.

4. The Transport Act provided for area passenger transport schemes which were intended to cover the whole country, and for schemes for trade harbours or groups of trade harbours. The efforts so far made by the Commission to promote these schemes have provoked opposition in so many quarters that it is clear that they would have little chance of surviving the elaborate procedure provided in the Act for bringing them into force.

5. The Government have therefore decided that new and constructive legislation is imperative. It is not enough merely to amend or remove the undesirable features of the Transport Act: a positive approach is needed under which, with a minimum of centralised control, the transport system may be stimulated to adjust and develop itself in accordance with public needs, and may regain and increase the flexibility without which the demands of trade, industry and commerce cannot be adequately met.

6. The main features of the Government’s proposals are as follows.

Road Haulage

7. Road haulage has in the past been restricted largely in order to avoid excessive competition between road and rail. This process has gone so far as to deprive trade and industry of the full advantages of modern road transport and has driven traders to provide their own road transport to an extent which would not otherwise have occurred.

8. The Government are convinced that the undertaking of the Road Haulage Executive set up under the Transport Act should revert to private enterprise. For this purpose it is proposed that the undertaking should be divided into operable units (including a suitable proportion of small units) and be offered to the public for disposal by open tender. Units acquired will be given “A” carriers’ licences under the Road and Rail Traffic Act, 1933,
and will at once be freed from the 25-mile limit imposed under the Transport Act. Eventually this limit will be removed from all vehicles, and in the interim period the existing permit system will be continued.

9. In order to allow road haulage to play its appropriate and expanding part in the transport system, provision will be made for greater latitude in the granting of new licences under the Road and Rail Traffic Act, 1933, where need for a fuller or more convenient service is shown.

10. Since the goodwill of the former businesses out of which the Road Haulage Executive was formed has substantially disappeared, its undertaking is unlikely to be sold at the price at which it was bought. On the other hand, the units to be marketed will be going concerns and purchasers can be expected to pay for the trading rights and opportunities which go with them.

The Railways

11. The railways are a national asset. They must remain an essential element in transport, and cannot be allowed to fall into decay. The present excessive centralisation of the railways must, however, be reduced by giving greater autonomy to areas which may follow the general pattern of the present regions. Scotland will be a separate area. The areas will together continue to constitute a single entity for financial purposes and for the control of charges.

12. The existence of these separate areas should encourage a healthy rivalry between them, and give greater scope for initiative than is possible under a single centralised administration.

13. It is not intended that the area organisation should be set out in detail in the Bill. It will be dealt with in a Scheme which the Commission will be required to submit to the Minister of Transport for his approval.

14. The Commission will be given greater latitude to vary their charges schemes so as to improve the ability of the railways to compete with other forms of transport. Within prescribed limits they will be free to raise or lower their charges with subsequent approval by the Transport Tribunal and subject to the over-riding powers of the Minister.

Levy on Road Transport

15. These proposals will affect the finances of the Commission in two ways. First, as stated in paragraph 10 above, the price realised by the sale of the Road Haulage Executive's undertaking is likely to be less than that for which it was bought. Secondly, the expansion of road haulage may result in some further transfer of traffic from rail to road which cannot be offset by countervailing economies in railway operation, including the closing down of redundant capacity. The Government propose to make good to the Commission the losses arising from these two causes. This they propose to do by imposing a levy on goods vehicles, including those of 'C' licensees. A large proportion of the goods now carried by road is carried under 'C' licences and the holders of those licences could not reasonably expect to be exempt from a levy applying to road hauliers. The levy will not, however, extend to small local delivery vans operated under 'C' licences.

16. This levy will be designed to yield initially an annual sum of £4 millions. This sum will enable the loss on the disposal of the Road Haulage Executive's undertaking to be amortised over a period of years
and will also include some provision for loss of railway revenue arising from further transfer of traffic to the roads. The extent of these losses cannot, however, be measured until the changes authorised by the Bill have taken effect. The levy therefore, while it will be limited exclusively to these purposes, will be adjusted at intervals, say of three years, by the Minister of Transport after consultation with the Transport Tribunal. When the loss from the disposal of the Road Haulage Executive's undertaking is known, one element in the levy will be definitely ascertainable and the period for amortising that loss can then be determined. The remaining element in the levy need be increased only to the extent that the roads attract additional traffic, and therefore additional earnings, from the railways. Thus, the levy will never impose an excessive burden upon road transport and, in view of the large number of vehicles concerned, its incidence on any particular operator will not in any event be heavy. It will be confined to the purposes stated above and will not be used for other purposes, e.g. to make good loss of railway revenues due to a recession in trade or a failure on the part of the railways to secure reasonable economies.

17. The scheme-making powers of the Commission in respect of road passenger transport and harbours (paragraph 4 above) will be repealed.

18. The Government's proposals in regard to road passenger transport are limited to repealing the scheme-making powers of the Commission. They intend, however, to take an early opportunity of reviewing, in the light of present-day conditions, the working of the licensing system for public service vehicles set up under the Road Traffic Act, 1930.

CONCLUSION

19. Such, in broad outline, are the main principles by which the Government will be guided in framing legislation to amend the Transport Act. Other matters of less importance such as bringing the Commission's goods vehicles within the licensing system set up by the Road and Rail Traffic Act, 1933, will also be included. The general effect of these proposals will be to re-establish a measure of competition between road and rail in long-distance journeys. This will encourage efficiency in both. The railways will be protected by means of the levy from losses of revenue which are due to increased road competition and cannot be met by economies in operation. Trade and industry will get a better service, and the distribution of traffic between road and rail will be determined by the advantage which each has to offer to the trader. This in the opinion of the Government should lead to better and cheaper transport than could possibly result from the "integration" contemplated by the Transport Act, which in any case would have tended to subordinate the needs of the trader to a plan, rather than to adapt transport to his needs.