

**Road versus rail: facts sheet 13 Tax Revenue from Roads and subsidy to rail**

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Facts sheet updated September 2004.

**Our headlines follow:**

- 1 Every lane-km of the motorway and trunk road system pays the exchequer at least £200,000 pa.
- 2 Every track-km of Network Rail extracts at least £150,000 pa from the taxpayer.
- 3 The cost to the taxpayer of keeping the railways live will amount to £200-£400 per household every year for 30 years.
- 4 Alternatively, the cost to the taxpayer per passenger-mile has the range 20 pence to 40 pence. Hence the return from London to Birmingham costs the taxpayer between £44 and £88. The fare itself adds another £20 to £44 providing a total in the range £64 to £132. In comparison Megabus is currently offering the round trip for as little as £3 while making a profit and paying taxes. If Megabus could use the rights of way occupied by the trains then even that modest fare would be substantially reduced along with the journey time

**The basis:**

(a) Ref 1 above: taxes from motorist amounted to at least £40 billion last year. £6 billion was spent on the roads. Hence the profit to the exchequer was £34 billion. 37% of vehicle miles are driven on the Motorway and Trunk Road Network. The lane length is in the range 52,000 to 61,000 km. Hence, if net taxes are proportional to vehicle-km, the contribution per lane-km has the range £206,000 to £242,000. (E.g. £34 billion times 0.37 divided by 52,000 = £242,000)

(b) Ref 2 above: The SRA confirms that the wish list for the decade is:

- i. Channel Tunel Rail Link                      £ 5.2 billion
- ii. Cross rail                                        £10-15 billion
- iii. Modernisation                                £70 billion
- iv. East Coast high speed line                £ 9 billion (36 billion over 40 years)
- v. Total    £92 to £97 billion

None of that is to be covered by the fare box. Instead operating subsidy has a long run average of £2 billion per year. If the capital, here rounded up to £100 billion, is to be repaid at 6% over 30 years it will cost £7.26 billion per year. Adding the operating subsidy yields £9.26 billion. Dividing by the track length of 32,000 km yields £290,000 per km per year. If the annual cost of the capital and subsidy is reduced to as little as £5 billion per year then the cost per track-km is £156,000.

(c) Ref 3 and 4 above: There are 25 million households: If, following (b) above, the annual cost to the taxpayer of the railways is in the range £5 billion to £10 billion then the annual cost per household has the range £200 to £400. Similarly, since the annual passenger-miles total £25 million the cost to the taxpayer per passenger mile has the range 20 pence to 40 pence. Megabus fares are available from the Megabus web site.

**September 2004**

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 The previous data (April 2003) for this facts sheet is reproduced below:

In 1999 Government revenue from roads amounted to £38 billion, up by 30% over 5 years. 60% was fuel excise duty, 15% was road tax and 25% VAT on motoring and its services (source TSGB Table 1.21 and special request to HM Customs and Excise). Expenditure amounted to £4.9 billion, leaving the Treasury with a profit of £33 billion. Here that is set to £30 billion and

distributed between the various types of road in proportion to the use i.e. vehicle-km. Table 1 summarises the results. In particular that data shows that, per lane-km, the **Motorway and Trunk road network contributes** between **£180,000 and £210,000** annual to the exchequer.

Table 2 provides the background data and calculation.

In contrast, if the **national rail's** 32,000 track-km of track is being subsidised to the value of about £5 billion per year, the annual **subsidy** per track-km is **£155,000**.

**Table 1 Net tax revenue per year from roads**

	£(000)s per lane km	Total for the network £bn
Motorways, M	250-290	6
Trunk Roads, T	140-155	5
Principal Roads, P	100-110	8
M + T	180-210	11
M + T + P	140-150	19
All roads	36-37	30

**Table 2 Road lengths, lane lengths, Vehicle-km and Revenue distribution**

Source for road lengths and Veh-km is TSGB 2001 tables 3.20 and 4.10	Length Km	Lanes		Lane Length Km		Veh-km bn	Revenue per lane-km £(000)		
		(a)	(b)	(a)	(b)		(a)	(b)	
		Motorways, M	3,472	6	7		20,832	24,304	95.4
Trunk, T	D nbu	3,825	4	5	15,300	19,125	68.3		
	S nbu	6,636	2	2	13,272	13,272			
	D bu	299	4	5	1,196	1,495	9.4		
	S bu	966	2	2	1,932	1,932			
	Total	11,726			31,700	35,824	77.7	155.26	137.39
Principal, P	D nbu	1,669	4	5	6,676	8,345	61.8		
	S nbu	20,590	2	2	41,180	41,180			
	D bu	1,462	4	5	5,848	7,310	67.6		
	S bu	11,104	2	2	22,208	22,208			
	Total	34,825			75,912	79,043	129.4	107.98	103.7
B roads	29,979	2	2	59,958	59,958				
C Roads	84,976	2	2	169,952	169,952	171.1			
Unclassified	227,431	2	2	454,862	454,862				
Grand totals	392,409			813,216	823,943	473.6	36.89	36.41	
M + T				52,532	60,128	173.1	208.73	182.36	
M + T + P				128,444	139,171	302.5	149.18	137.68	

Notes: D denotes Dual Carriageway  
S denotes Single Carriageway  
nbu denotes non-built up  
bu denotes built up