

SCOTTISH PARLIAMENT FINANCE & CONSTITUTION COMMITTEE: PRE-BUDGET SCRUTINY 2021-22 - CALL FOR VIEWS

Transform Scotland evidence paper

7 August 2020

1. Introductory comments.

Transform Scotland welcomes the opportunity to respond to the Finance Committee's call for views on pre-budget scrutiny 2021-22.

We are Scotland's alliance for sustainable transport. We campaign for walking, cycling and public transport to be the easiest and most affordable options for everyone. Our diverse membership brings together public, private and third sector organisations from across Scotland.

In our response we offer comments regarding the transport sector on the Committee's questions:

- *How should Budget 2021-22 address the unprecedented levels of uncertainty and volatility in the public finances arising from the public health emergency in such a way that allows public bodies some certainty in planning and managing their own budgets;*
- *How should the Scottish Government's MTFS when it is published, address the uncertainties arising from the on-going health emergency.*
- *What are the implications for the Scottish Government's existing taxation policy arising from COVID-19 and what changes, if any, should be considered;*

2. Priorities for a Green Recovery.

The basic principle that must underpin the 2021-22 budget should be the recognition that while we are emerging from a public health crisis and facing an economic downturn that we also have to tackle an ongoing Climate Emergency. All economic stimulus packages and 2021-22 budget decisions must therefore incentivise a Green and Just Recovery. Setting this as the central aim of the 2021-22 budget will help provide a clear direction for all Public Bodies regarding the direction of public policy and spending decisions in this period as well as the longer-term. In the context of the Climate Emergency, we propose two imperative features of all new capital expenditure programmes in the 2021-22 budget and beyond:

- All new capital expenditure must be zero emission¹ - not least to correct the systemic bias towards high-carbon capital expenditure implemented by Transport Scotland over the past decade.²
- In order to maximise multiplier effects for the Scottish economy, priority should be given to capital expenditure which has greater potential to be carried out by Scottish companies and Local Authorities. For example, none of the major road construction projects being pursued by Transport Scotland are being carried out by Scottish companies, as Scotland does not have construction companies large enough to win contracts of this scale. Not only would a move to smaller, more local, greener investment

¹ In this paper we use the term zero emissions to mean zero tailpipe emissions, while recognising that there are other forms of emissions produced by transport.

² <https://digitalpublications.parliament.scot/ResearchBriefings/Report/2019/1/15/Scottish-Government-infrastructure-investment#Climate-impact>

be more in line with Green Recovery, it would also increase the opportunity for Scottish companies or Local Authorities to win contracts.

Only by following these principles can we be confident that the 2021-22 budget can incentivise a true Green and Just Recovery from the pandemic.

3. Investment priorities for sustainable transport.

The transport sector continues to be the largest source of emissions in Scotland. Meanwhile the public transport sector has been severely impacted by the Corona Crisis, giving rise to fears that the current situation will lead to permanently reduced public transport use and increased reliance on private cars. To counter this development the 2021-22 budget as well as MTFS must provide urgently needed investment in a sustainable transport system that enables users to switch from private car use to more sustainable forms of transport and provides certainty to users and providers that sustainable transport will be prioritised in our transport network.

Below we set out our priorities for investment in the 2021-22 budget and MTFS. The projects set out below would not only support a Green Recovery, they would also address justice and health issues that are inherent in our current transport system and which have been exposed and exacerbated in the Corona Crisis.³

3.1 Digital connectivity

Carbon emissions from commuting and business travel could often be avoided by providing more opportunities for the Scottish workforce to work and collaborate online. The Cabinet Secretary for Transport, Michael Matheson MSP, has urged businesses to “adapt to a new environment which has flexible and remote working at its core.”⁴ This high-level support is welcome, and it needs to be backed up with practical action by governments. To enable remote and distributed working we need investment in **full fibre digital infrastructure** to close gaps in mobile and broadband provision nationwide.

3.2 Liveable Neighbourhoods

High volumes of traffic on busy streets in Scotland’s towns and cities means a stressful, noisy, unsafe and unsustainable environment that creates a culture of car dependency. The Spaces for People temporary infrastructure fund has been a welcome initiative by the Scottish Government to improve these conditions. However, it was funded through existing active travel budgets. To create large-scale, lasting change we need additional investment in active travel. These additional funds should be invested in **creating safe routes to school for every child in Scotland**, allowing more children to walk or cycle to school independently and **segregated cycle paths on all main arterial roads** in Scotland’s seven cities, as well as in the largest towns, by 2030.

3.3 Zero emission bus network

Urgent action was already required to reverse the decline in bus patronage well before the further damage caused by the coronavirus lockdown. In order to rebuild bus patronage we need **investment in bus priority measures in urban areas and on trunk roads**, such as bus lanes and bus gates, to make bus journey times competitive with private car use. In addition, to meet air quality and climate change targets there is a pressing need to upgrade and electrify the bus fleet and this is an ideal opportunity to consider a **scrappage scheme for older buses**. We have world-leading low- and zero-emission bus manufacturers in Falkirk’s Alexander Dennis Limited, as well as global bus operators in First and Stagecoach, and a scrappage scheme would provide a boost to our manufacturing capacity and supply chain and provide certainty for these businesses.

³ Transform Scotland has published a series of reports on priorities for the recovery from the Corona Crisis, focusing on justice, active travel, public transport and digital connectivity. These reports can be found on our website: <https://transform.scot/what-we-do/campaigns/corona-recovery-series/>

⁴ <https://www.transport.gov.scot/news/guidance-and-next-steps-for-passengers-and-transport-sector/>

3.4 Decarbonised rail network

Scotland's rail infrastructure is suffering from decades of under-investment, leaving the country north of the Central Belt with ageing, out-of-date infrastructure which is failing to meet the growing passenger demand. In order to allow rail to become the first choice for inter-city travel, we need a programme of journey time improvements by electrifying the rail lines and selective capacity enhancements. The announcement of the Rail Decarbonisation Action Plan by Transport Scotland on 28 July 2020 was welcome, but **electrification of railway lines must be implemented more swiftly by 2030 instead of 2035** and funding must be made available urgently to allow this programme to move forward. Three-quarters of Scottish diesel trains will need to be replaced by 2030, and the infrastructure has to be in place to ensure that zero-emission trains can run on our railways. Electrification of these routes will also assist rail freight, speeding up transits, improving route capacity, and further cutting carbon emissions compared to road haulage. The modal shift from road to rail also necessitates **investment in capacity enhancements**. Part of these enhancements should be doubling-tracking the lines to Aberdeen & to Inverness and the introduction of longer crossing loops, which would increase the capacity of rail freight.

3.5 Low-carbon ferries

For island and rural communities ferries provide a vital lifeline and are in themselves an important part of the tourist offering. Following Norway's lead, Scotland should decarbonise its sea transport connections by **introducing electric ferries, as part of a wider programme of investment in vessels and ports**.

3.6 Redirect funding from road-building to sustainable transport projects

The Scottish Government's road-building programme, such as the proposal to dual the A9 and A96 at a combined cost of £6,000m, runs directly counter to Scottish Ministers' assertions that it is committed to tackling the Climate Emergency. As highlighted in a recent analysis by SPICe, there is "a clear correlation between the Scottish Government investing significant sums in trunk road [...] infrastructure and growth in [its] use",⁵ with Scottish transport emissions growing annually since 2013. Instead of addressing this mismatch between policy and investment, Transport Scotland has for the past decade continued to uncritically pursue a multi-billion pound road-building programme that is directly responsible for climate destruction. Indeed, the ratio of spending on high carbon compared to low carbon projects is set to increase from 2018 onwards as compared to the previous 11-year period.⁶

While the Scottish Government has made the positive step of committing £80m per annum for active travel investment, this figure pales in comparison to the funds allocated to high-carbon projects. The cost of the two road schemes alone represents a cost 75 times that for all Scottish walking and cycling projects combined.

In order to meet its climate change goals, we need to **radically shift where money is spent in the transport sector**. The proposals outlined above would allow Scotland's sustainable transport sector to be modernised and make it competitive with road and air travel. However, simply improving sustainable modes of transport will not suffice to address the Climate Emergency, subsidising unsustainable forms of transport by investing massive sums of money in road-building must stop. Instead the reallocation of funds from road-building could be used to fund a sustainable and just transport system.

4. Environmental tax reform.

Environmental tax reform will be needed as a fundamental underpinning of efforts to deliver a zero emissions economy. In all instances, effort should be made to shift taxation from investment and labour on to polluting activities. In the context of the transport sector, this implies **higher taxation on car use, road freight, and aviation**. In all of these cases, there is ample academic literature which demonstrates that these modes of transport do not cover their cost externalities (e.g. road damage, congestion, community severance, road injuries and fatalities, local air and noise pollution, biodiversity impacts & climate change emissions).

⁵ <https://spice-spotlight.scot/2019/12/04/you-get-what-you-pay-for-20-years-of-devolved-transport-policy/>

⁶ <https://digitalpublications.parliament.scot/ResearchBriefings/Report/2019/1/15/Scottish-Government-infrastructure-investment#Climate-impact>

We would in particular highlight that there is no case for reducing taxation on aviation. This is by far the most polluting form of transport, yet airlines pay no tax on aviation fuel. Reductions in Airport Departure Tax, as is being called for by the aviation industry, would completely destroy any legitimacy of economic recovery being deemed a 'Green Recovery'.

Early progress on environmental tax reform in transport could be made at Local Authority level. Local Authorities have existing discretionary legislative powers to implement local road user charging or workplace parking levy schemes (under the 2001 and 2019 Scottish transport acts, respectively). We recommend that LAs prepared to bring forward such schemes should be given practical and financial support by the Scottish Government to bring such schemes to fruition.

However, there is also a need for the Scottish Government to itself take action. We recommend that the Scottish Ministers instruct Transport Scotland to work in conjunction with the relevant local authorities and Regional Transport Partnerships to **develop road traffic demand management options for Scotland's four major cities** (e.g. road pricing, workplace parking levies, road space reallocation, parking management) with funds raised to be reinvested in local transport improvements. This would not only reduce transport externalities, but would improve public health and quality of life in our cities, provide economic benefits, help contribute to national climate targets, and raise revenue for infrastructure investment.



Scotland's alliance for sustainable transport

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We campaign for walking, cycling and public transport to be the easiest and most affordable options for everyone. Our diverse membership brings together public, private and third sector organisations from across Scotland. We are a registered Scottish charity (SC041516).