

**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.