



Time for High Speed Rail?

Speech made by Baroness Jo Valentine - Chief Executive, London First

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Good morning. Thank you David, Alison. It's a pleasure to contribute to today's conference.

London First's mission is unambiguously to make London the best city in the world in which to do business. Our 300 members - among the largest companies in London - represent a quarter of London's GDP. Collectively they employ one in five of the capital's workforce. Our goal is to ensure London builds upon its prominent international status and open culture to be recognised as the world city for the 21st century.

A successful London is vital to the health of the UK economy and to the UK's standing in the world. The message must not be lost, particularly as we fight the effects of this recession.

London is the engine of the national economy. When it falters, Britain falters. Its success drives the country's. London and the South East generate a third of the UK's GDP. London itself is 30 per cent more productive than the rest of the UK and makes a net contribution of between £9 and 15bn to the national Exchequer.

Accelerating investment in the capital's people and infrastructure will cement our long term growth and prepare us for the upswing when it comes. Time and again the evidence shows: investment that makes a demonstrable improvement to London's economy also benefits the UK as a whole. London is not an island state and musn't become one. If it's good for London

it's good for Manchester, Cardiff, Edinburgh. London's needs resonate with national needs. And time and again, evidence shows that London business wants investment - above all - to tackle the capital's creaking, congested transport infrastructure.

For decades we've seen the level of transport investment in the capital outstripped by economic success and population growth. So while we now have commitments to substantial improvements in capacity - the Tube modernisation, Crossrail, Thameslink, a third runway at Heathrow - they are long overdue (and of course yet to be delivered). The result is that we are still in a perpetual state of catch up. With another 740,000 people and 900,000 jobs forecast by 2026, London's constrained transport capacity will once more pose a threat to our national success and global competitiveness if we don't plan for the long term.

So why wouldn't we be in favour of more High Speed Rail? And of a bigger Heathrow?

Well, don't give me High Speed Rail, if you're pinching funding from the Crossrail pot or Tube modernisation pot to pay for it. What's the point of allowing more of the UK faster and easier access to its only true World City, if to pay for it you are eroding its competitive advantage by constraining travel within London?

Don't give me HS2 unless it properly integrates with the new Crossrail line and other London transport. 90 minutes from Manchester to Kings Cross is great, 50 minutes from there to Shepherd's Bush isn't so clever.

Don't build High Speed Rail at all if it reduces capacity on London's armpit-to-elbow commuter lines. We have the 10 most overcrowded train services in the country. While the substantial investment into the Tube to the end of 2020 will have increased capacity by almost 30% and Crossrail will add a further 10% to rail capacity, forecasters say that

demand will rise by 50% in this period. Yes we want speed and quality, but commuters from the suburbs and Home Counties would put reliability and capacity of existing services ahead of HS2, unless additional track and mainline station capacity is created to accommodate it. J K Rowling may have invented Platform nine and three quarters but if platforms 4, 5 and 6 are given over to high speed services, where will the packed commuter trains disgorge their accountants, advertising execs, lawyers, pop impresarios, secretaries, civil servants and dare I say it, bankers?

And obviously, the disruption to London's hive of activity from building the London end of HS2 won't receive a round of applause. Already we are seeing fast approaching on the horizon the double, triple whammy of dig-up-the-road-and-divert-the-traffic Crossrail, Thames Tide Way Tunnel and Tube upgrades on London's busiest transport routes.

London does have a responsibility to the rest of the UK, and helping more of the country to share in the agglomeration of economic activity and success is good. But when Lord Adonis was in education he wanted more pupils to share the success of the best-performing schools. That didn't mean diverting resources away from the good schools, it meant allowing the good schools to grow and for other schools to link to them and harness their success. So it is with London and other UK cities.

In the current economic turmoil, we forget at our peril that the UK and London in particular must face down increasingly fierce global competition. If London's access to world markets is to remain its trump card - this still-great capital will require the best international connections as well as better national transport infrastructure.

So, a bigger Heathrow?

The business view on Heathrow expansion is neither unanimous nor unconditional. We started from a position of frustration with poor passenger service, delays and queues. So London First's support for a third runway is absolutely conditional on entrenched, continuous improvements in reliability, environmental performance and passenger experience. We have commissioned research and campaigned hard in the last two years to place the passenger at the heart of an overhaul of airport regulation. We have called for: independent monitoring of noise and air pollution; fewer flight delays before more flights; a reform of slot rules to prevent runway use ratcheting up again to 99%. Government have recently made commitments in all these areas and we will be holding them to their word. Londoners have every right to expect their international airport to meet proper standards. Mancunians and Scots also have every right to expect those standards – Heathrow is their link to the world too.

The balance of London's business leaders will support (some reluctantly) a bigger Heathrow as long as it is **better** against these measures of passenger service, delays, noise and air quality. We also expect the carbon cost to be reflected in the price of tickets.

So having shared my reservations, let me be more positive. I'm convinced that the benefits of HSR2 make it worth fighting for. I'm an unequivocal advocate and supporter of High Speed Rail.

HSR2 offers great advantages. Others have already rehearsed those in detail, so I won't dwell on them, but in summary:

High Speed Rail offers the prospect of deepening Britain's international reach by building on the success of High Speed 1. As a world city, London competes with its international counterparts: New York, Paris and Tokyo. London's global links are key to its success. Yes

we have the advantage of time zones, language, a heritage of trade and a stable political and legal system. But our international links are our greatest assets - they have to be treasured.

A high speed network can and must magnify London's central role in the global economy by linking to the UK's principal business airport. In whatever form that link or hub takes, only by integrating Heathrow will high speed rail activate the real force of our global links - to continental Europe but also, critically, beyond.

The national benefits of High Speed Rail are multiplied by the international connectivity of Heathrow.

Crossrail, High Speed Rail and Heathrow provide a nexus: the airport must be a jewel in the high speed rail network.

Let me tackle this argument: that a proportion of the capacity brought on by a third runway could be substituted by a railway, and so the case for airport expansion falls away; journeys that would otherwise clog up Heathrow could be taken by train.

Nice idea on the surface, but the arithmetic doesn't work. And neither does the real-politik. Heathrow is already operating at 99% of its capacity. Our research says that lack of 'headroom' is the root cause of delays, disruption, queues and poor customer service. Removing the 3-6% of flights that can be substituted by High Speed rail, by somehow prohibiting flights from Manchester, Bradford and Leeds to London will only restore the headroom capacity which Heathrow needs now to be resilient.

I suggest that politicians in power would shy away from the draconian, nanny state style measures needed to force sufficient numbers of people from air to rail. At present, High Speed One has not obviated the demand for flights to Paris, Brussels and European destinations. To attend an international conference in Cannes, incentives or penalties would have to be considerable to persuade senior business leaders (or indeed political leaders) to spend 6 or more hours on trains rather than 2 hours flying, each way.

High Speed Rail still leaves considerable unmet demand for flights. It does not take enough traffic out of the air to release pent-up demand for slots at Heathrow. And making it easier for Birmingham residents and Liverpool residents to reach Heathrow might conceivably add to the demand for international flights from Heathrow. That demand is set to continue to grow and would remain unmet without a third runway and in the absence of a comprehensive policy to dampen demand.

There's another argument which I don't buy. It is said that to meet our collective effort to reduce carbon emissions, we should force people out of planes and into trains. We should somehow pit rail against air.

Of course we must tackle our carbon footprint, but carbon is carbon, whether it is produced by a train, a central heating boiler or a plane. Carbon pricing is by definition, non-discriminatory. We do not need to show favouritism towards any single mode or treat those who occasionally choose another mode as lepers. Carbon pricing across the board should be a key consensus.

The third confusion goes back to funding. We haven't heard how HS2 might be paid for. We do know that Heathrow's third runway required only permission from Government. Building it and funding it is a commercial decision for the airport. So there's not a funding either/or.

Before I finish,

The quality of the public discourse has changed dramatically in a short space of time, as has been noted this morning. Peace has broken out across all three main political parties on at least the principle that the UK needs a high-speed rail network. Clearly this is welcome.

London's business leaders will be keen to hear action follow words across the party political divide.

We'll be watching in particular the results of the work Lord Adonis has instigated and the further thoughts of Alison, and those of your colleagues.

So in short: High Speed Rail and Heathrow.

Business needs both, London needs both, the UK needs both.

Not instead of enhancing London's transport capacity, but as a way of sharing London's celebrated international success across more of the country.

Thank you