



GREENGAUGE 21

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High-Speed Rail: Generating a Return for the Exchequer

High-speed rail will enhance economic performance and will boost annual economic output between £17bn and £29bn, by 2040 says Greengauge 21 in a new study entitled *High-Speed Rail in Britain: Consequences for Employment and Economic Growth*.

Greengauge 21 Director, Jim Steer said: "Our new analysis demonstrates that in the long term the Treasury will be winners too, through substantial additional tax revenues."

The study was undertaken by leading management consultancy KPMG, whose partner, Lewis Atter, said: "Evidence on the importance of rail to the economy and thus exchequer revenues is scarce. Our work for Greengauge is an attempt to put that right. Using evidence on how rail connectivity and economic performance are linked today, we have asked what high-speed rail (HSR) could do in the future. This is a new way of thinking about the economic returns to transport investment, focused on its impact on the supply side of the economy. The questions it poses about the long term returns to different kinds of investment will become increasingly important as the country faces up to the decisions necessary to reduce the deficit whilst also promoting longer term growth".

Additional annual economic impacts on this scale could increase annual tax receipts by between £6bn and £10bn by 2040 (2010 prices). "HSR therefore delivers a good return to the Treasury and taxpayer and is a cost effective approach to securing future national prosperity", the report suggests.

The KPMG work estimates that a national HSR network could contribute between 25,000 and 42,000 additional jobs in Britain, as more productive businesses offer higher wages and attract more people into the labour market.

The report explains that a comprehensive national network of high speed services could provide a step change in business to business connectivity and effectively link the major cities, creating a single national market for service sector and knowledge-based businesses.

HSR could have substantial impacts on Great Britain's economic geography, tending to concentrate activity in the centre of the core cities served as well as changing the future pattern of regional economic growth. The greater economic impacts are in the north of the country, with the largest gains in Yorkshire and the Humber, Scotland, the North East and North West and the East and West Midlands. In this sense HSR really could help to spread prosperity outside the most productive areas of the South East and London and could contribute to closing the north-south divide.

The findings of the report have been endorsed by HSR\UK, the campaign coalition of 11 major cities which together generate over a quarter of Britain's wealth.

Speaking at the launch of the report in Birmingham, Cllr Mike Whitby, Leader of Birmingham City Council which is a member of the HSR\UK campaign group, said:

“The report makes clear that a high-speed line would be a catalyst for economic growth for the whole country, and would generate new jobs in those regions where a skilled workforce exists. It would increase national economic output, and would change the pattern of regional economic growth for the better.”

“This regional distributional effect, strengthening the viability of cities, is the key to creating a pattern of sustainable land use development over the century ahead”, suggests Greengauge 21 Director Jim Steer. “No other transport investment option has this virtuous characteristic”, he added.

Notes to Editors

1. Greengauge 21's new report entitled “*High-Speed Rail: Consequences for Employment and Economic Growth*” can be downloaded from the website www.greengauge21.net. It is also available from Marion Gourlay (marion@transportpr.com).
2. The work was commissioned by Greengauge 21 from KPMG on behalf of the HSR Public Interest Group which brings together public sector agencies and representative bodies to investigate and develop plans for high-speed rail in Britain.
3. For more information or to set up an interview with Greengauge and its report authors from KPMG, please contact:
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4. Jim Steer will be speaking at the HS2 Conference: New Investment, New Opportunity on Thursday 25th February 2010, hosted by Birmingham City Council at the International Convention Centre (ICC), Broad Street, Birmingham B1 2EA. Jim Steer and Lewis Atter will be available for interview in Birmingham from 1.15pm at the ICC. If you would like to attend, please contact Marion Gourlay on 07801 301259.
5. Greengauge 21 was established in 2006, to initiate the debate on high-speed rail in Britain.
6. The Greengauge 21 HSR Public Interest Group was established in Spring 2008, to develop the case for a network of high speed lines, resulting in the definitive report *Fast Forward: A High Speed Rail Strategy for Britain*, published in September 2009.
7. The HSR Public Interest Group membership comprises:
 - Advantage West Midlands
 - Association of North East Councils
 - ATOC
 - Birmingham City Council

- City of London Corporation
 - East Midlands Development Agency
 - Glasgow-Edinburgh Collaboration Initiative
 - Network Rail
 - Newcastle City Council
 - Northern Way (the partnership led by the three northern RDAs)
 - PTE Group
 - Railway Industry Association
 - SEStran
 - Sheffield City Region
 - South West Regional Development Agency
 - Transport for London
8. HSR//UK is a committed group of 11 major UK cities – Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, Leeds, Liverpool, Manchester, Newcastle, Nottingham, and Sheffield – that have joined together to call for the development of a high-speed rail network, which will not only link centres of economic activity in the UK, but also connect to the high-speed network already in existence in Europe. The 11 cities together are responsible for generating over 25 per cent of the nation's wealth.