



## **Addendum Report to the Secretary of State for Transport**

**By Mr A L Roberts, CB CBE AFC FRAES**

**An Inspector appointed by the Secretary of State for Transport**

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**THE BOURNEMOUTH-SWANAGE MOTOR ROAD AND FERRY  
ACTS 1923 & 1986  
AND THE  
TRANSPORT CHARGES &c. (MISCELLANEOUS PROVISIONS) ACT 1954  
PROPOSED REVISION OF TOLLS**

Date of Inquiry: 21 April 2009

Reference: DPI/G1250/09/

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**CASE DETAILS**

- The application is made by the Bournemouth-Swanage Motor Road and Ferry Company, under Section 6 of the Transport Charges &c. (Miscellaneous Provisions) Act 1954.
- The effect of the proposal, if approved, would be to revise the toll charges for use of the ferry.

**Summary of Recommendation: Subject to the minimum discount for books of 50 tickets for cars being set at 20%, I recommend that a confirmatory Tolls Order be made as proposed.**

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1. On 21 April 2009, I held a public local inquiry in Studland Village Hall, Dorset, for the purpose of considering the application by the Bournemouth-Swanage Motor Road and Ferry Company ('the Company'), submitted to the Secretary of State under cover of its letter dated 11 September 2008, for an increase in toll charges for use of the Bournemouth-Swanage Ferry. In my report, dated 27 May 2009, I recommended that, before accepting the Company's proposals, the Secretary of State should verify that the proposed returns on investment were consistent with market conditions. However, in its letter of 4 September 2009, the Department for Transport expressed the view that it did not consider it appropriate for issues surrounding the rate of return to be referred back to the Department.
2. There was a conflict of evidence at the inquiry about whether the Company's estimate of its future return on investment was reasonable or not. The objectors suggested<sup>1</sup> that the basis of its calculation was out of date and that tolls, even if based on a lower asset value, should be lower than those proposed. However, the Company argued<sup>2</sup> that the proposed rate of return was not unreasonable. Based on the evidence submitted at the inquiry, I did not disagree with this<sup>3</sup>. I have therefore given this matter further consideration.
3. There has, of course, been much turbulence in the economy, in the UK and internationally, over the past year or so. However, these matters were known and debated at the inquiry, and in my considered view the assumptions made by the Company, as recorded in my main report, were not unreasonable on an overall balance. Certainly no better or more robust analysis was presented in evidence. Notwithstanding my initial doubts about recent movements in the financial markets I must conclude, in the absence of any substantive evidence to the contrary, that subject to the appropriate level of discount on block purchased tickets being maintained, the application should be approved.

**Recommendation**

4. My amended recommendation is therefore that, subject to the Company undertaking to set the minimum discount for books of 50 car tickets at a

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<sup>1</sup> Paragraphs 4.3.5 to 4.3.8 of my report

<sup>2</sup> Paragraphs 3.17 to 3.29

<sup>3</sup> Paragraph 5.26

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minimum of 20% of the single ticket price, the Secretary of State should make a Tolls Order pursuant to Section 6 of the Transport Charges &c. (Miscellaneous Provisions) Act 1954 to implement the proposals contained in the Company's application submitted on 11 September 2008.

*A L Roberts*

INSPECTOR