

## **Transcript of Philip Hammond speech to the Conservative Party Conference October 4<sup>th</sup> 2010.**

Good morning Conference. When I last spoke here in Birmingham two years ago, I shocked the audience by setting out Labour's borrowing plans - then projected at a mere £38 billion for 2009-10.

The reality turned out to be £155 billion. I predicted then that we would have to clean up Labour's mess. As we always do. And I was right. Then, we were forced to watch from the sidelines as Labour squandered our future.

How much better for Britain that we are now in Government. And that they are back where they belong - in Opposition.

I'm proud to be part of this Coalition Government under David Cameron that has come together in the national interest to take the tough decisions that Labour ducked.

Just five months ago, we inherited an economy that was limping out of the longest and deepest recession in our peacetime history, saddled with the biggest budget deficit in the G20. And with George Osborne as Chancellor we've moved that economy from danger zone to clean bill of health from the IMF. From our credit rating at risk to our AAA status reconfirmed;

And while others have watched their interest rates soar, ours have fallen since May 6th. Sending a powerful signal that Britain is open for business again. But let's never forget who was responsible for getting us into this mess. And they would take us back there if they got the chance. Let's not forget who was Chairman of Gordon Brown's Council of Economic Advisers - one Ed Miliband. Or who was Brown's personal economic guru and architect of the disastrous bank regulatory reforms - one Ed Balls.

So who was it that said "two Eds are better than one"? And now there are 49 of them queuing up to get elected to the Shadow Cabinet. At least Alistair Darling had the decency to slink away. And although the Leader of the Opposition doesn't know what his Shadow Cabinet will look like yet, I can give him a couple of clues: It will be full of Balls, but definitely one Miliband

So George Osborne has mapped out a bold plan to restore Britain to fiscal and economic health. And now the challenge, in each and every area, For every minister in this coalition, Is to show how we can re-think what we do. Reducing expenditure, supporting economic growth, Delivering on carbon reduction, and advancing social justice in our country.

And Transport has a key role to play.

Talk to businesses about their priorities and right at the top of the list will be investment in infrastructure.

And this Government is listening. The Chancellor has made clear that capital will be allocated where it can best support growth.

That's why we have committed to a high speed rail network that will change the social and economic geography of Britain; connecting our great population centres and our international gateways; transforming the way Britain works as profoundly as the coming of the original railways did in the mid-19th century

So we will consult in the New Year on the strategic roll-out of a High Speed Rail network and on our preferred route for the first leg between London and Birmingham.

But I can announce today that the Government's preferred option for High Speed Rail north of Birmingham will be for two separate corridors. One direct to Manchester, and then connecting on to the West Coast Mainline, and the other via the East Midlands and South Yorkshire - with stations in both areas - before connecting to the East Coast Mainline north of Leeds. The so-called "Y" option.

Giving us High Speed Rail connectivity - not just between London and Birmingham, but onwards to Leeds and Manchester.

A strategic project that will make rail the mode of choice for most inter-city journeys within the UK, and for many beyond.

But most journeys are short. And in local transport, some of the best investments that can be made are in smaller-scale projects - addressing, at local level, congestion, air quality, environmental issues, road safety and public wellbeing in our urban areas.

So how do we deliver these investments?

Well, what I have inherited at the Department for Transport is a system which is truly a monument to Gordon Brown's tenure at the Treasury. Something the Soviets would have been proud of. A top-down system with "The man in Whitehall" deciding what's right for Bradford, for Bristol or for Birmingham.

The form-filling, the box-ticking, and the monitoring. The "we know best" approach that underlies it all. And I can tell you this today: we will sweep it all away.

We will scrap the multiple streams of transport resource funding for local government and replace them with just two - a formula grant which will go to all authorities to allow them to set their own priorities and a Local Sustainable Transport Fund which will consolidate the remaining money in a single pot for which local authorities can bid to support their plans for their areas. And I do mean their plans for their areas.

And I want to go further still. Once the Local Enterprise Partnerships are formed, I want to see how far my Department's local capital funding can be devolved.

Improving local accountability. Reducing bureaucracy. Cutting costs.

This is a truly localist agenda. And, yes, sometimes it will mean local authorities making decisions that Whitehall may not agree with.

But what is the point of localism if not to give local people the right to decide what's right for them?

Of course, between the extremes of local transport in our urban areas and high speed intercity rail, there lies a vast middle. Journeys in the suburbs and in rural areas; sometimes by rail, but where, often, the car is the only practical mode of transport. I want to say something about both rail and road.

And on rail, the message is stark: Britain has one of the most expensive railways in the developed world. According to the independent regulator, up to 40% more expensive than our main competitors. That is unfair on passengers and unaffordable for the taxpayer, and with public subsidy running at five-and-a-half- billion pounds a year ...this has to change.

Network Rail, the train operators, the Regulator, the Government, and the Unions - all have to change. Change the way they work together - to drive out costs and drive up efficiency, While maintaining what is now an enviable safety record. Delivering a sustainable future for Britain's railways.

And in case the Underground workers, who are inflicting misery on millions of London commuters today, think that they are somehow exempt from change, let me tell them straight: they are not. All our railways have to modernise.

But let's not forget that over 80% of all journeys are undertaken by car. And Britain's roads represent our greatest investment in transport infrastructure.

Clearly, while motoring was synonymous with carbon production, it couldn't be a major part of Britain's future transport plans. But the idea that the only solution is to force people out of their cars is pessimistic, outdated, Labour dogma.

This Government is supporting the ultra-low emissions technologies that will see the carbon output of cars plummet over the next two decades. Drawing fuel, not from petrol pumps, but from an electricity grid which Chris Huhne is determined to make one of the greenest in Europe.

The Coalition has signalled its commitment to de-carbonising motoring by confirming, ahead of the spending review, grants for R&D and generous consumer incentives for every ultra-low emission car sold. Putting our trust in technology, and our country at the forefront of the green-motoring revolution.

The first new-generation electric cars will appear on Britain's roads early next year. And the first volume British-built electric vehicles will roll off the production line in 2013. So motoring can again become part of our future transport planning, as the greening of the car saves it from extinction.

And that means we can end Labour's indiscriminate war on the motorist as we focus on the real enemies - carbon and congestion. And nothing is more symbolic of that Labour war than the M4 bus lane. It was John Prescott's idea - and that probably says it all. The Noble Lord Prescott of Kingston upon Hull.

A man who, after a decade at the pinnacle of power, claims the M4 bus lane as his greatest achievement and his lasting legacy.

And now I am going to spoil his retirement. Yes, I can confirm today that from Christmas Eve this year until the Olympics, the M4 bus lane will be suspended. And once the Olympics are over, my intention is to scrap it permanently. Shortening average journey times; Reducing congestion; Restoring a sense of fairness. Consigning to the dustbin of history this hated symbol of the Prescott era.

So transport will play its part in cutting costs; Supporting economic growth; delivering our carbon reduction targets and our localism agenda.

High Speed Rail to transform our regional economies; Setting local people free to tackle their priorities; Reform of our railways to make them affordable and sustainable and the de-carbonisation of motoring because we want to save the car and the planet.

It is an exciting and radical agenda. Investing in green growth. Embracing technology. And trusting people.

That is how we will work together to get Britain moving again.

Thank You