

Chris White: I thank my hon. Friend. He mentioned the business man in the north who wants to recruit high-quality IT talent. Does he not think that that high-quality IT talent might be using the internet rather than wanting £34 billion of money to be spent on high-speed rail infrastructure?

Graham Evans: Well, I am sorry that I gave way to my hon. Friend. [*Laughter.*] I can only go on what business men in the north of England are saying and it is true that markets in the south-east of England should be open to the whole of the UK. That is why many high-profile business leaders have backed high-speed rail and why it will help to reduce the north-south divide. My colleague from Yorkshire, my hon. Friend the Member for Calder Valley (Craig Whittaker), is no longer in his place but he made that point earlier.

There are many reasons why the south is more prosperous than the north, but one of the most obvious is the south's proximity to our major trading markets in Europe. High-speed rail allows us to close that gap between north and south, and to bring our country closer together. I am therefore very proud to support the Government's high-speed rail plans and I also praise the previous Labour Government and Lord Adonis in particular for the important steps that they took.

Having said that, I am increasingly concerned about the current Labour party and its position on HS2. The shadow Transport spokesman, the hon. Member for Garston and Halewood (Maria Eagle), has indicated that HS2 has been dumped by Labour, along with every other policy now that Labour has started again with "a blank piece of paper". Last week the deputy Leader of the Opposition, the right hon. and learned Member for Camberwell and Peckham (Ms Harman), said that most of Labour's cuts would come from holding back on capital investment. Some clarification is urgently required. If Labour were to oppose this once-in-a-lifetime investment in the north, I know that my constituents would never forgive them.

Let me conclude by saying that railways have always been a crucial part of Britain's economic prosperity. They drove the massive growth in living standards during the 19th century and created new opportunities for people from every corner of our country, but even then small-minded obstructionists stood in the way of progress who were not too dissimilar to those we have today. The ladies of Cranford eventually came round to the idea of the railway. I hope that the opponents of high-speed rail will also see the light some day, as our future economic competitiveness depends on high-speed rail.

Mr Charles Walker (in the Chair): It is very polite of you, colleagues, to take interventions, but if you continue to do so, you will deny other colleagues the opportunity to speak.

4.29 pm

Christopher Pincher (Tamworth) (Con): I shall adhere to your injunction to be brief, Mr Walker. I thank my hon. Friend the Member for South Northamptonshire (Andrea Leadsom) for securing the debate, and also my hon. Friend the Member for Lichfield (Michael Fabricant)—who is not in his place—for leading the charge to secure an inquiry from the Transport Committee into HS2.

I assure my hon. Friend the Member for Weaver Vale (Graham Evans) that I shall not invite him to any of my supper clubs in the near future. My constituents are not nimbys. I have spoken to several hundred of them over the past months, and I saw about 80 last Saturday. They tell me that if it can be demonstrably proven that the business case stacks up, if there are proper mitigations in place in their vicinity, and if they get fair and reasonable compensation for the loss they suffer, they will, through gritted teeth, accept the proposal. The trouble, as we have heard today, is that the business case has not been proven, mitigations are not yet known—the route was announced last December but in the Tamworth area we are still waiting for a roadshow, which we will not get until June—and, although we have had hints about compensation for blight, we still do not know anything about what we might get. People are understandably very concerned.

I will not dwell on the value side of the business case and the holes that have been found in it during the debate, because my hon. Friend the Member for South Northamptonshire has already done that very eloquently, as have other Members. However, let me say this about it: the net value ratio, which has been significantly reduced by HS2 Ltd—so it accepts that it is wrong—still uses as its basis for generating demand the Passenger Demand Forecasting Handbook, version 4.1, which Sir Rod Eddington has said is out of date, uses incorrect views on saturation of demand, future technological advances and competition that might affect demand, and that we should be using version 5.0. I look forward to my right hon. Friend the Minister's making it clear in her remarks that that particular handbook will be used to generate demand, and that HS2 Ltd will be directed to do its sums again.

I want to focus on the cost side of the business case. Other Members have pointed out that one should never believe a Government when they talk about how much they will spend on capital infrastructure projects. Phase 1 of HS2 has been identified as costing £17.1 billion, but phase 2, the Y-shaped link, adds a further £13 billion or so, taking the total cost to more than £30 billion. We have heard that those figures might be right—they might be wrong—but the fact of the matter is that some figures that do not appear in the cost side should be included.

One of those key figures is the cost of blight. From Eversholt Road down by Euston all the way up to Whittington, businesses and properties are blighted by the proposed railway. They are blighted now, because if people in those places manage to sell their properties, they will lose 30%, 40% or even 50% of the value, and stamp duty accruing to the Treasury will fall. That is not costed in the business case, but it means that estate agents and solicitors will do less business, and vendors' buying power will be reduced. None of that is in the cost side of the business case, and it ought to be.

Then we come to compensation. We have heard, and I have it in a letter—which I do not have in front of me, so I will not put words into his mouth—that the Secretary of State has indicated that the Government will look at innovative ways of providing some form of compensation. That needs to go into the business case, so that we know the true cost of the proposition, which I think could run into several hundred million pounds, further reducing the proposed net benefit ratio and further undermining HS2 Ltd's case for building the railway.

[Christopher Pincher]

I shall end here, as I am conscious that other Members wish to speak. I call upon the Minister to look again at the business case proposed by HS2 Ltd, and again, and more carefully, at Rail Package 2. There is still time for her to change her mind, and I hope that she considers doing so.

Mr Charles Walker (in the Chair): We have 30 minutes before I call the Front-Bench spokespeople and we have eight colleagues who want to speak, so do the mathematics.

4.35 pm

Chris White (Warwick and Leamington) (Con): There were some emotional comments earlier, and I shall try to avoid making any more in my remarks in opposition to HS2.

In my view, any project of this scale should pass three key tests. Can we afford it, how effective is it, and will it achieve the kind of return on investment that justifies the expenditure? As we all know, HS2 will cost about £17 billion for the first part of the line, rising to £32 billion in total. That is more than we plan to spend on transport in the whole of next year, and more than we will collect in council tax in England and Wales. It comes at a time when we have to make considerable reductions in public spending in, for example, policing and defence. Although I respect the fact that the project will be carried out over many years, we should not pretend that it is somehow not extremely large or extremely expensive.

The Department for Transport has said that the project is affordable. Its own website states, in answer to a question on affordability:

“The country can’t afford not to invest in its future. All other major economies are pressing ahead with ambitious high speed rail plans - we cannot allow Britain to be left behind.”

I recently visited India with the International Development Committee, and we talked about the space programme in which the Indian Government are investing. I do not see the Minister for Universities and Science, my right hon. Friend the Member for Havant (Mr Willetts) coming before the House to seek its support for such a programme so that we do not get left behind.

The Department for Transport also says that HS2 will cost only £2 billion a year, and that most of the expenditure will occur after the next election. That is a dangerous way to consider a project. Such an approach has seen Departments such as the Ministry of Defence end up with a £38 million spending black hole. Every project should be considered carefully, and the issue of cost not avoided just because it happens to fall many years in the future. Moreover, £2 billion a year is almost as much as we spend on the pupil premium, which could arguably do more for our competitiveness and productivity. Given the fiscal pressure that we are under and the number of schemes across the country that have to operate in tight financial circumstances, we should not so lightly throw around £2 billion.

The scheme’s objectives have changed several times. When the Conservative party first articulated its support for HS2, it said that it did so because the project would ensure that a third runway at Heathrow would not be necessary. Then it was because HS2 would be good for the economy and for better connectivity. Now it is

because extra capacity is necessary, but how effective will HS2 be in achieving those goals? One of the biggest problems with the project, and part of the reason why the cost is so important, is that we cannot know for certain what good will occur because of the new line. We should be extremely careful in claiming benefits when we simply do not know exactly what they will be.

Nevertheless, we should for one moment consider the nature of the economic world in which we live. Hundreds of years ago, during the industrial revolution, the necessity of physical access to materials and workplaces meant that being able quickly to get from one place to another had a considerable economic benefit. It was due to the development of the railways that Britain could take such a lead over competitor nations, but these days another economic revolution has occurred—the internet revolution. Increasingly, people do not need to move from one place to another because they can work from offices that can connect people all over the world to share data and hold meetings. Video conferencing is becoming more and more sophisticated and cost-effective, leading companies to reduce their travel and boost their productivity. Goods are made in several different locations, with the design and manufacturing taking place in totally different areas. That movement leaves HS2 looking more and more like a relic of our economic past.

Increases in capacity are of course important, and I agree that we need to ensure that we can meet future demand and increase access for freight to reduce costs in the long term. The point is that capacity, not speed, will lead to increased economic benefits—the chairman of HS2 Ltd said so himself, publicly. Unlike countries such as France and Spain, which have created high-speed rail lines, we already have high levels of interconnectivity between our major urban areas; we are, after all, a relatively small island. Back in 2007, the Eddington transport study confirmed that to be the case. The Department for Transport accepted the study and its analysis. What is needed, therefore, is investment in our existing transport infrastructure to boost the capacity we so desperately need.

4.39 pm

Mr John Leech (Manchester, Withington) (LD): It is a pleasure to serve under your chairmanship for the first time, Mr Walker. I am delighted to have the opportunity to speak in this debate. As I am mindful of the time, I certainly will not take my six minutes.

This is a timely debate, given that the Transport Committee is about to embark on an inquiry into high-speed rail. I urge the many right hon. and hon. Members who show a keen interest in the issue to make their views known so that our inquiry can take them into consideration when reaching a decision on the strategic viability of high-speed rail.

To put my cards on the table, I have always been a big supporter of creating a high-speed rail network that not only connects Birmingham and the northern cities of Manchester and Leeds but goes all the way to Scotland and allows rail services from Scotland to compete with domestic flights. At the same time, I recognise that an infrastructure project of such size can create a great deal of controversy, and that it will have a terrible impact on some people who live along the line.