

Confirming that net lost output of fatal casualties is negligible

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Updating the VPF and VPIs:

Phase 1: Final Report

Department for Transport

PAGE 18:

The impact of net lost output for fatalities, even at its current implausibly high level, is small. At present it represents 7 per cent of the losses from fatalities. From Table 3.2 below, fatal accidents currently represent 23 per cent of all losses from road accidents and might represent only 9 per cent after under-reporting is allowed for. Therefore net lost output from fatalities at present represents only 7 per cent of 23 per cent, or a mere 1.6 per cent of all losses at present. It might represent only 7 per cent of 9 per cent or a trivial 0.6 per cent of all losses after under-reporting is allowed for. Prima facie either the 1.6 per cent or the 0.6 per cent are much too high, so any fresh calculation is bound to yield a (positive or negative) figure near zero.

We thus see a persuasive case for assuming, when the non-WTP costs are updated, that the lost net output for road fatalities is on average negligible.

Table 3.2
Implied effect of under-reporting
on the total value of accidents, 2009

Accident category	As reported in RRCGB 2009	£million
		With numbers in all non-fatal categories three times greater
Fatal	3,680	3,680
Serious injury	4,510	13,530
Slight injury	2,980	8,940
Damage-only	4,640	13,920
All accidents	15,820	40,070

8.2.4. Lost output

For *fatalities*, the current convention for estimating lost net output is incomplete. It omits the “negative output” of individuals over some periods of their lives, in particular in later life in the form of consumption funded by, especially, pensions and state funded health and personal social services.