The Road Haulage Association (RHA) is grateful for the opportunity to highlight some of the potential financial implications to hauliers following the implementation of the Bill. We will also put forward some additional views regarding statements made in the financial memorandum.

To begin with, comments on equivalent European low emission zones. According to the Urban Access Regulations in Europe website, the current LEZ in Copenhagen requires at its strictest for diesel vehicles to reach Euro IV. It is therefore little wonder there has been “few reported negative business impacts”. Likewise, although not mentioned in the Financial Memorandum, low emission zones have been established in the Netherlands for some years but only reach Euro III for diesel HGVs in Rotterdam & Utrecht. France and more specifically Paris, has a long list of exemptions to their LEZ which includes a host of delivery types that would involve HGVs. These approaches are considerate to business operating within the zone & those who still need to make deliveries in these areas. I think these are appropriate comparisons to add some context to the debate. The haulage industry is striving to improve their carbon footprint and in doing so are purchasing the latest & best technology. Already our Euro VI diesel fleet percentage is very high, and this will continue to increase but our members believe that any standards imposed that devalue their current older vehicles and / or prevent them from delivering to city centres without penalty is a tax on business.

The cost of a new Euro VI HGV is in excess of £120,000.00. Most haulage businesses in Scotland are SMEs and rely heavily on the second-hand market to sell on, or trade in their old HGVs to be able to purchase new equipment. With Local Authorities looking to set Euro VI diesel as the standard from the outset, we are seeing a marked decrease in the trade in value for their old Euro IV & V diesel HGVs creating a distortion in the marketplace and a further barrier to those seeking to adopt the newer technologies. This is particularly felt when purchasing more specialist equipment, say in the construction industry who commonly operate vehicles for longer periods due to the higher purchase price, and spend a lot of their working life in the City Centre environment. These vehicles can reach £200,000.00 to purchase new. As an example, articulated combinations with a refrigerated trailer used to transport fresh produce to our supermarkets & local convenience stores are classed as specialised equipment. The financial reality of this means these hauliers are forced to hang on to vehicles and run them longer (distorted trade in values make it prohibitive to upgrade) rather than trade them in for the newer technologies required by this legislation. This naturally affects the new and used vehicle sales markets negatively.
Being able to buy & sell vehicles is critical to hauliers in Scotland as there is currently no Commercial Vehicle Retrofit Accreditation Scheme (CVRAS) retrofit option available (unlike for example, the bus fleet). Green Urban have indicated that, depending on the engine size, a retrofit option for HGVs could cost anywhere between £11,000.00 & £25,000.00 but this becomes a moot point as there is no approved retrofit option for the industry to adopt anyway. The requirement for hauliers to lay out substantial amounts of money, with no idea of payback figures on technology that has not been approved is too big a risk, on what is their most expensive physical asset.

Hauliers who operate a fleet of vehicles price their jobs based on the operating costs of their business. In simplest terms, any additional cost to operating that business will be passed on to their customer and ultimately the consumer. So, an extra charge of say £100 per day (based on the current norm for CAZ’s in England) will add a significant cost to operating vehicles in a city centre if they do not meet Euro VI emission standards. Unbudgeted costs are difficult for any business to absorb. It is reasonable to assume that these additional costs which will in turn drive up the cost of haulage, will impact on the costs of goods to consumer.

To conclude, the RHA and its members are not opposed to these measures and welcome new legislation that works to improve the quality of life of Scotland’s City Centres. However, these measures must work to address the problem at hand and not pass punitive costs on to hauliers (and by extension, the whole supply chain), particularly as there is no option to retrofit for the fleets they have spent many years building up. 85%-90% of everything moved in Scotland will at some point be on the back of a lorry. Additional costs to hauliers will have an impact on every aspect of Scotland’s supply chain. Any legislation which will have this much of an effect on our lives must be thought through carefully, brought in with a phased approach and be sympathetic to those affected. Particularly those who cannot adopt the technology through no fault of their own.

I hope this has gone some way to outline the costs associated with LEZs for hauliers which was missing in the Financial Memorandum. If the Committee would require any further information, please do not hesitate to contact us and we will be happy to assist.

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