

Road Haulage Association Response to the Royal Society of Edinburgh Inquiry into Energy Issues for Scotland

The Road Haulage Association (RHA) is the primary trade association representing the interests of the hire-or-reward sector of the Scottish road freight industry.

As well as lobbying government bodies and the authorities on behalf of the membership, a major part of the association's remit is to ensure that the road freight sector has the knowledge and ability to operate in a safe, legal, efficient and environmentally aware manner.

The Association comprises 10,000 member companies with operating centres across the United Kingdom with approximately 1,000 in Scotland. Member's range from single vehicle owner-drivers right through to multi-national fleet operators.

RHA has the following response to the questions listed.

1. We would like to see less car use and rail improvements including an increase in rail freight capacity. Lord Eddington is currently reviewing infrastructure needs for the UK Government and he has held meetings in Scotland as part of his investigations. We feel that investment in transport infrastructure should be increased generally (UK and Scotland). If necessary, new methods of raising funds should be considered although the Executive should not pursue "tolling" for Scotland alone without considering economic impact
2. The majority of commercial vehicle manufacturers are investing R & D into improving diesel engines and as far as we can tell this will remain the dominant power source for the foreseeable future.
3. In respect of the haulage industry, Scotland tends to mirror the UK as a whole fairly closely. Things to bear in mind for Scotland which may affect energy demands are distance from market; types of roads and more rural areas. Overall probably balances out as not being vastly different from rest of UK.
4. We don't think there is any prospect of Scotland adopting a different policy towards energy demand for transport. The only previous attempt to introduce "demand management" via Edinburgh congestion charge was politically (and publicly) unacceptable. Improvements to availability of public transport alternatives (for passengers as it will not be economically viable for most freight) are needed before widespread acceptance.
5. As far as hauliers are concerned, policy pursued must not be different from rest of UK and ideally Europe. Hauliers compete in an open market and imposing additional costs (either directly or through additional regulatory burdens) will put Scottish hauliers out of business. Policy makers must recognise that all "road users" are not the same.

6. Scottish haulage is not vastly different to rest of UK but may feel pressures earlier or to a greater degree because of geography. As mentioned above, a big problem is that policy makers/general public etc see all transport users as being same. RHA believe certain types of journey must be considered higher priority than others and that certain policies may be appropriate for car journeys but would be economically disastrous if applied to lorries only (especially if only Scottish and/or UK lorries).

7. The increase in the price of crude oil is having a serious effect on the haulage industry. Many hauliers are having difficulty passing on all relevant costs to customers as it is. Margins have reduced to below 2% in many cases. The recently published findings of the Burns Freight Taxes Inquiry have shown that that HGV operating costs have been rising at above the level of inflation for many years. Their findings show that since 1995 vehicle-operating costs have risen by 43% (for a 38 tonne gross vehicle weight articulated vehicle) whilst inflation for the same period was 31%. This makes it difficult for operators to gain rate increases from customers, who have seen prices fall as a result of Sterling's strength against the US Dollar and the Euro, combined with a relatively stagnant Euro economy. Many Scottish businesses will not or cannot pay all the increases Scottish hauliers need to sustain their businesses because they too need to remain competitive. During this same period UK domestic haulage rates have only increased by 22%.

Phil Flanders
January 2006