

Blaenoriaethau ar gyfer y Chweched Senedd / Priorities for the Sixth Senedd

Y Pwyllgor Newid Hinsawdd, yr Amgylchedd a Seilwaith /
Climate Change, Environment and Infrastructure Committee
PR67

Ymateb gan y Gymdeithas Cludo ar y Ffyrdd / Evidence from the Road
Haulage Association

10 September 2021

Summary of the consultation

1. The Welsh Parliament's Climate Change, Environment and Infrastructure Committee is seeking views on the priorities it should set itself for the Sixth Senedd. In particular, the Committee is interested in:
 - a. hearing views on the priorities for the Minister and Deputy Minister for Climate Change “for the next 12-18 months”;
 - b. hearing about any other subject that should be prioritised over the next 12-18 months.
2. To inform our response to this consultation, we have taken note of the letter dated 30 July 2021 from Julie James (Minister) and Lee Waters (Deputy Minister) which places “collective climate action” at its heart and where the following remarks are made:

We recently published Llwybr Newydd – The Wales Transport Strategy (WTS) 2021 that sets out the long-term vision for an accessible, sustainable and efficient transport system. It also has responsibility for transport decarbonisation including electric vehicles, air quality and road user charging; place making including road safety, road space reallocation and active travel and Blue Badge scheme...

...The Welsh Government has a substantive role in ensuring that the transport network supports a sustainable system of distributing goods in Wales. The Wales Transport Strategy commits towards a freight and logistics delivery plan to support this role.

General comments

3. The RHA thanks the Climate Change, Environment and Infrastructure Committee for the opportunity to comment on its priorities. Last month's publication of the *Sixth Assessment Report* by the UN's Intergovernmental Panel on Climate Change (IPCC) once again highlighted the need for all of us to act quickly to address the challenges posed by climate change. As we collectively consider our responses, the question the RHA has put at the centre of its thinking is not “what” nor “why”, but “how”.¹
4. We support the aim to decarbonise heavy goods vehicles. However, based on our assessment of Welsh Government plans, we have reservations on how current policy thinking will facilitate that outcome. We comment that, of the responsibilities listed by the

¹ See: <https://www.rha.uk.net/news/policy-campaigning/policy-campaigning-documents/detail/rha-vision-for-decarbonising-road-freight>

Minister and Deputy Minister in their long-term vision for an “accessible, sustainable, and efficient transport system”, the word **productivity** is absent. We believe this is a significant oversight and, to ensure a green Welsh economy thrives, the Committee should ensure that productivity is prioritised to inform future transport decisions.

5. On 25 June 2021, we wrote to the Deputy Minister to express our concern over the Welsh Government’s decision on climate change grounds to “freeze” all new road building projects in Wales.² We believe this decision is misjudged on economic, social and climate change grounds.
6. Roads are a good thing. They facilitate access to works for people, encourage businesses to thrive and give people and businesses opportunities they would not otherwise have. Failing to improve roads to reduce congestion increases carbon emissions, increases air quality impacts, impedes connectivity within and beyond Wales, and makes the Welsh economy less productive and competitive. Inadequate infrastructure chokes off jobs and business investment opportunities.
7. When HGVs account for 4.3% of overall UK greenhouse gases,³ we look to the Committee and Ministers for a proportionate and coherent policy response that facilitates productivity and empowers HGV operators to play their full part. We do not see addressing climate change and investment in roads as incompatible and, when road-based operators are working to achieve Net Zero targets, regard an anti-road approach as out-of-date. Supported by the on-going investment by our sector in low carbon / no carbon vehicles, we strongly believe that policies which nurture productivity will raise standards of living and allow Welsh businesses to flourish.

UK-level measures to decarbonise commercial vehicles

8. We also ask that the Committee takes account of our sector’s engagement in measures at a UK-level to decarbonise the commercial vehicle fleet. Recently, the UK Government concluded a consultation⁴ on when to end the sale of new non-zero emission HGVs. This brought into sharp focus the practical considerations of “how” we decarbonise the HGV fleet sustainably.
9. We comment that, whilst we share the ambition to decarbonise at pace and strongly support technological developments to deliver it, sustainable implementation is not yet apparent. The ramifications arising from the apparently simple question posed by the UK Government’s consultation of “when” are highly complex, and we observe that

² See: <https://www.rha.uk.net/news/policy-campaigning/policy-campaigning-documents/detail/rha-writes-to-lee-waters-ms-about-cancelled-road-investment-in-wales>

³ This is based on figures contained in Department for Transport, *Consultation on when to phase out the sale of new, non-zero emission heavy goods vehicles*, July 2021, p5 which states that transport accounts for 27% of UK GHG emissions and HGVs for 16% of transport emissions, which equates to HGVs accounting for 4.3% of UK GHG emissions.

⁴ See: Department for Transport, *Consultation on when to phase out the sale of new, non-zero emission heavy goods vehicles*, July 2021. Here, DfT sought views on the feasibility of a phase-out date of 2035 for goods vehicles with a gross vehicle weight (GVW) from 3.5 tonnes up to and including 26 tonnes, and 2040 for vehicles greater than 26 tonnes GVW.

policymakers currently overlook how lifecycle emissions are recognised in policy and have an insufficient grasp of the diverse use-cases employed by HGV operators.⁵

10. In our response to the UK Government, we advised that DfT adjust their current plans⁶ as they do not adequately address the barriers-to-entry that currently impede the adoption of zero tailpipe emission HGVs. To inform the development of policy, we further recommended that DfT fully scope the full complexity of HGV use-case needs which we believe is essential for the following reasons:
- for net zero to succeed, **all types of operation and HGV use must be accommodated** so that all parts of the economy and all types of supply chain are catered for;
 - **considerable market uncertainty exists** with operators currently having insufficient information available to make informed choices. This must be managed in an agile way, with policymakers engaging in a series of conversations with our sector to navigate flexibly the many issues that lie ahead. We particularly flag that the policy framework must give clear guidance on how unavoidable emissions are offset;
 - **the whole vehicle lifecycle must be central to decision making** so that all owners of any vehicle bought before the new vehicle bans are introduced are able to benefit from its utility and a full known economic lifespan. Central to this is sustaining asset values so that all businesses, including our vital SME sector, have the standard financial tools intrinsic to any business available to manage natural vehicle replacement cycles.
11. We have also asked ministers to provide clear leadership on lifecycle emissions. A narrow focus on “zero emission” HGVs, which we re-term as “zero tailpipe emission” HGVs, disregards solutions to decarbonise transport elsewhere in the supply chain and distorts accountability. We look to policymakers to provide coherent holistic solutions that also account for carbon use in the manufacture, powering and recycling of vehicles.
12. With a full understanding of use-case needs and ensuring there are operationally practical mitigations in place, we strongly believe that a vehicle standards approach supported by real-world trials will allow the sustainable decarbonisation of HGVs.
13. Part of that will come from infrastructure investment by government, part from providing the right market signals to inform vehicle operators. Good practice already exists. We commend the development of the Euro VI/6 standard, introduced from 2013, as a model for policymakers to follow. In this instance, a well-designed standard led by business in a

⁵ It is an oversimplification to assume, as DfT have done, that “HGVs conventionally fall into two distinct categories in the UK” where “vehicles of 26 tonnes and under run around 150 kilometres on an average day, while heavier vehicles run just under 400 kilometres on an average day”. This analysis, founded on a telematics data sample, is based only on the part of the supply chain that uses telematics data, has an urban bias and overlooks, for example, rural/remote locations with limited infrastructure, SME operators that use 2 and 3 axle rigid vehicles operating at longer distances, abnormal loads or refrigerated vehicles and trailers.

⁶ Based on our initial assessment, our advice to the UK Government is the timetable for stopping the sale of new diesel HGVs should be determined by the following weight categories and dates: from 2035, 18 tonnes and below; from 2040, 32 tonnes and below; from 2045, over 32 tonnes. Our assessment however comes with a significant “health warning” as it assumes the satisfactory resolution of future cost, operational and supply barriers, both known and unknown, to meet all use-cases. Our detailed response can be found here: <https://www.rha.uk.net/news/policy-campaigning/consultation-responses/detail/rha-responds-to-dft-sale-of-new-diesel-lorry-ban-consultation>

stable regulatory environment required vehicle manufacturers to create new technology which generated significant and sustainable reductions in NO_x air pollution across the diversity of use-cases without the need to subsidise vehicle purchases.⁷

Final comments

14. Hauliers are willing to invest in Net Zero and, to overcome the challenges and complexities that lie ahead, the RHA is guided by **sustainability values** which recognise that economic needs must be nurtured alongside environmental and social needs. The low margin, highly competitive nature of our sector means that we operate dynamically and sensitively to consumer demand that is attuned to the need for effective environmental stewardship.
15. As economic enablers, hauliers drive productivity and invest in environmental well-being. We strongly welcome innovations to develop low carbon and zero emission vehicle technologies. We will also continue promoting ways to improve efficiencies and minimise emissions from conventional technology, which includes effective driver training, efficient fuel use, optimal load utilisation and investing in streamlined vehicles.
16. We comment however that there are substantial risks to the realisation of climate change targets and, for a successful transition away from diesel to occur, the **right policy frameworks** must be in place. At the time of writing, we note media reports that UK Government ministers⁸ are guided by a desire⁹ to send signals to the market that develops the desired technology and, crucially, allows the private sector through natural replacement cycles to carry the heavy lifting¹⁰ required to phase the technology in.
17. If so, the RHA endorses this approach. It is consistent with our position that market-driven solutions are best-placed to achieve commercial vehicle decarbonisation. However, for this to work, **asset values must be sustained** so that all businesses, including SMEs, have the standard financial tools intrinsic to any business available to manage natural vehicle replacement cycles.

Background about the RHA

18. The RHA is the leading trade association representing over 8,000 road haulage and distribution companies across the UK, 85% of whom are small and medium-sized enterprises (SMEs). Our members operate around 250,000 HGVs (half of the UK fleet) out of 10,000 operating centres, and range from a single-truck company to those with thousands of vehicles.
19. These road transport companies provide the people and businesses of the UK with the goods upon which we all depend - from food and clothing through to medicines, car parts

⁷ We estimate that, due to the £1.9bn investment by hauliers in the latest cleanest lorries, NO_x pollution from HGVs has fallen by over 60% since 2013. With no further policy intervention, it would fall by 85% from 2013 levels by 2025.

⁸ See: <https://www.thetimes.co.uk/article/ministers-backtrack-over-gas-boiler-ban-5ct59jxrp>

⁹ See: <https://www.telegraph.co.uk/politics/2021/08/21/heat-pumps-worse-heating-homes-gas-boilers-admits-energy-secretary/>

¹⁰ See: <https://www.telegraph.co.uk/politics/2021/08/21/heat-pumps-worse-heating-homes-gas-boilers-admits-energy-secretary/>

and construction material. Without lorries and vans delivering good to businesses and consumers, the economic and social wellbeing of the UK would be seriously impacted.

20. Recently, the RHA has initiated a coach operator membership for those operating non-scheduled passenger services using vehicles with a capacity of more than 16 seats.
21. We proactively encourage a spirit of entrepreneurialism, compliance, profitability, safety and social responsibility. We do so through a range of services, such as advice, representation, and training. We also work alongside policymakers and haulage companies to identify ways to move freight more efficiently at a lower cost based on our widespread knowledge and expertise in the area.
22. Our response is set within an overall context where 54,800 SMEs are involved in haulage and 52% of lorries operate in fleets of less than 20 (source: Traffic Commissioners - 2016/17). The purchase cost of an HGV starts from £100,000 and its life span is typically 12 years. However, depending on the application (e.g. mobile cranes), this can be for much longer (30+ years) and cost considerably more (£200k+). Due to the high efficiency of logistics, operators typically work on a 2% profit margin (source: Statistica 2020), meaning any additional costs incurred cannot be absorbed.

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Road Haulage Association