

Consultation response of the RHA to the Department for Transport

Proposal for the temporary extension to road haulage cabotage

21 October 2021

Summary of the consultation

The Department for Transport has run a short 7-day consultation seeking views on extending road haulage cabotage rights for non-UK lorry operators in the UK.

The extension proposed is to allow non-UK lorry operators to undertake unlimited UK domestic freight transportation for two weeks after the arrival in the UK with an international load. (There are sub-options also raised, but it is clear the Government is planning to institute the two-week unlimited extension). This will be a unilateral change, there will be no corresponding relaxation for UK operators in the EU, EEA or any other country.

The proposal for the change came originally from Dutch haulage companies who wrote to the Prime Minister suggesting they could supply lorries to deal with the UK driver shortage.

What cabotage does is off-shore the labour, the wages, the business itself, all taxes and the regulatory accountability to outside of the UK.

Under the government proposal there is no control on the numbers of lorries, nor is there any control over application of UK minimum wages. A driver can stay almost indefinitely in the UK without a visa while the lorries are rotated on international trade.

General Comments

1. The RHA opposes the unilateral universal extension of cabotage rights.
2. We believe it undermines the changes made by the government to address driver shortage through increased training and testing. It undermines the improving wages being paid to drivers and the drive towards more flexible employment for drivers.
3. It is a measure that has not been thought through properly, its simplistic and disregarding of the drivers and businesses that operate lorries in the UK.
4. There are alternative ways to deal with the immediate driver shortage that that would be effective in the short-term, would support the long-term measure being taken and would show support for the industry and drivers to give them confidence to invest for the future. These are explained in more detail below, but in simple terms these alternatives relate to changes to Driver CPC and having a viable visa offer.

5. The proposal is unnecessary given the viable alternatives available and damaging to the work being done by UK businesses and authorities to deal with the lorry driver shortage.
6. This web version of the RHA response contains the verbatim response made the RHA to each of the questions asked. It is not the document directly submitted to the Department for Transport.

Responses to the Questions

Questions 1 to 4 are standard questions identifying who is responding to the consultation.

Temporary extension to cabotage proposals

Question 5. Do you support a temporary extension of cabotage rights? Why?

7. No.
8. Our objection to the extension to cabotage rights is based on the negative impacts that will arise from this measure. We believe that the negative impacts outweigh the benefits from additional haulage capacity.
9. The negative consequences of this cabotage proposal are substantial and will be long lasting, they will undermine the positive actions on training and testing already taken by the Government and industry to deal with the shortage of UK lorry drivers.
10. Operators providing cabotage in the UK have a substantial cost advantage over UK companies. They operate in the UK with fuel purchased at a substantially lower cost in the EU (no fuel duty will be paid in the UK). They pay drivers far less than UK drivers will be paid, with no national insurance or income tax paid by the drivers in the UK. Many, maybe most, drivers are paid below the UK minimum wage rate. The non-UK operators make no contribution towards the cost of enforcement in the UK, an obligation all UK operators have.
11. These cost advantage factors have always been part of the UK cabotage landscape. They have suppressed UK haulage rates, and thus wage rates, in key supply chain sectors for many years. However, those impacts were contained to some extent by the old cabotage limits of a maximum of 3 trips in 7 days and the new limit of 2 trips in 7 days. The proposal to double the time allowed to work in the UK and to permit unlimited trips will allow the exploitation of those cost advantages to be unconstrained in a way never seen before. In addition, the proposals add in non-EU haulage operators, who for the first time, will be able to undertake unlimited cabotage in the UK
12. This suppression of haulage rates will undermine the commercial position of UK road haulage operators and will consequently result in a suppression of lorry driver wage rates. Road haulage companies will not be able to continue to improve the pay and working conditions for UK drivers.

13. With UK driver pay yet again suppressed we will find the sustained increase in becoming a lorry driver will fall again. We feel it is critical for the long-term recruitment and retention of lorry drivers that pay levels-up to reflect the skills and high levels responsibility that is involved with lorry driving.
14. For the employers, they need to see commercial rates of return that sustain the investment in people and equipment. Importing non-tax paying low-cost competition acts directly against the governments on claims to be seeking a high skilled, high wage economy.
15. Parking is another serious issue. We will see more overnight lorry parking as every one of these non-UK lorries will have to be parked in public places or in the limited off-road parking that is provided now. There simply is not enough parking for additional overnight lorry parking for these vehicles while they are camped in the UK for 2 weeks at a time.
16. Non-UK operators do not have the same level of accountability as UK operators when it comes to compliance with safety and operational rules. The vehicles are not subject to anywhere near the same levels of roadworthiness testing, nor are the drivers subject to the traffic commissioner driver conduct rules. When cabotage is limited the risks around this are constrained, with unlimited cabotage the system becomes increasingly compromised.
17. We believe this proposal is a shameful betrayal of the hard-working lorry drivers and UK businesses that kept the country running during Covid. A decision that has been taken without proper consideration of the negative impacts.
18. In addition, there are alternatives that will quickly create the additional haulage / driver capacity that the Government is seeking. Capacity that will operate in a compliant way, that will contribute to enforcement costs, that will pay tax in the UK and contribute to the economy by employing people in UK businesses.
19. Action on Driver CPC could allow thousands of UK workers to return to the profession, the failure to act on this is a missed opportunity for drivers and operators. We do not understand why Driver CPC reform to get UK drivers back into UK lorries has not been taken forward. Our internal estimate is that action could realistically attract up to 17,250 drivers (if you wish to know how that was calculated please contact us).
20. Visas (Temporary or Shortage Occupation based) are another missed opportunity. The current visa proposal is far too restrictive to be attractive for most employers and employees. A defined number of one-year temporary visas could work, two years or through the Shortage Occupation List would be better.

Question 6. Supply any evidence you have about the extent of extra capacity the proposed extension would provide.

21. The consultation document claims cabotage accounts for “0.8% of national UK transports, equivalent to the work of around 3,000 permanent lorry drivers in the country”. Official statistics published by the Department for Transport show the cabotage rate is higher, at 1%. That is not that significant a difference. What is

significant is that cabotage only occurs in certain markets. In most types of haulage operation cabotage rates are zero. The impact of cabotage is concentrated in the long-distance general haulage market – that is where this measure will have the most damaging impact on UK companies and their drivers.

22. On top of that concentration, we are to allow a whole new group of operators from more countries to move UK domestic freight traffic.
23. The RHA estimates that the proposed will increase non-UK cabotage entitlement by 600%. (again, we will provide our calculations to the Government upon request).

Question 7. Supply any evidence of any other effects of the cabotage extension.

24. No comment.

Question 8. As you have said you do not support the extension of cabotage rights and the rest of the questions are about its implementation and scope you may now either:

25. RHA Response: - “continue answering the survey questions? (Go to ‘Transport scope’)

Questions 9 and 10 were skipped.

Transport Scope

Question 11. Should, in your view, the extension be limited to certain types of transport (for example food supply and ports)?

26. Yes. (Note for web version of our response, this question was answered this way to allow answering the following questions).

Types of transport in cabotage

Question 12. In your view what types of transport should the extension be limited to?.

27. IF an extension is made it should only be allowed under a scheme of permits for defined goods only.
28. Any company wishing to conduct extended cabotage should apply for a permit, stating the goods to be carried, and then be limited to the carriage of the defined goods only. Permits should be subject to charges not less than £200 per day from day 1, paid in advance with permit discs to be displayed in vehicles to aid enforcement of compliance with the UK rules.

Length of cabotage

Question 13. In your view, a cabotage extension should be for:

29. another duration – there should be no extension.

Journey amount of cabotage rights

Question 14. In your view should the extension of cabotage rights include a cap on the number of cabotage journeys following a laden international entry of:

30. another time period – keep at 2 in 7 days.

Final Comments

Question 15. Any other comments

31. We have three points.
32. Firstly, the survey questions are inappropriately skewed to illicit supportive answers. This is simply not acceptable. All questions need to be framed so that responders can give an answer they want to on an open and clear way.
33. The clearest example of this is the way anyone opposing the extension is then denied an opinion on any possible extension. It is possible that people can oppose a measure and still have an opinion on the implementation of the measure if it is made.
34. Secondly, the consultation itself does not meet the appropriate standards for a consultation in that the decision appears to have been made regardless of the responses and feedback from stakeholders. The consultation gives options that are not part of the survey questioning and fails to give status quo as a potential outcome.
35. This is demonstrated by the following section of the consultation.

“This consultation also seeks views and evidence about:

should the extension be limited to certain types of transport (for example, of food, port-related or more generally) and, if so, what types?

how long extra cabotage rights should be allowed and, in particular, should they last for 3 months or 6 months

should the extent of the cabotage rights be unlimited trips in 14 days as proposed, or should the extension be limited to a doubling of the current EU access – that is 4 trips in 7 days – but potentially expanded to allow all non-UK operators to work in this way?”

36. Finally, while we oppose the extension, we do have an opinion on options [that could be taken if change is implemented].

37. if any change is made to the cabotage rules, we believe that the most rational change is simply returning to the 3 trips in 7 days (which would also apply to non-EU hauliers) until a clearly specified, non-extendible date of 31 January 2022. As sated above, any operator wishing to conduct extended cabotage should be required to apply for a permit to do so.
38. The Government would also need to make it clear that cabotage rights for non-EU hauliers will not be extended in a permanent way.

Background about the RHA

39. The RHA is the leading trade association representing road haulage and distribution companies who operate HGVs and van commercially. Our 8,000 members operate near to 250,000 HGVs out of 10,000 Operating Centres. Members range in size from single-truck firms to those with thousands of vehicles.
40. 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 and construction material.
41. Without lorries and vans delivering good to businesses and consumers the economic and social wellbeing of the country would be seriously impacted.
42. 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.
43. The RHA proactively encourages a spirit of entrepreneurialism, compliance, profitability, safety and social responsibility. We do so through a range of services, such as advice, representation, and training.

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Duncan Buchanan

Policy Director – England and Wales

RHA

d.buchanan@rha.uk.net