



The Road Haulage Association

Response of the Road Haulage Association to the Department for Transport.

“Carbon offsetting in transport – A call for evidence”.

26th September 2019.

Summary of the Consultation

1. The RHA understands that the Department for Transport is principally *seeking views and evidence on the role that greater consumer information and carbon offsetting can play in mitigating emissions from **ticketed travel*** (our emphasis), but is also interested to hear views relating to non-ticketed road transport (e.g. deliveries to customers). This is a transport sub-sector the Department for Transport (DfT) considers is responsible for around 90 per cent of total UK domestic transport emissions.
2. We understand that DfT intends to use this call for evidence to explore opportunities to enhance public awareness on the carbon impact of each travel option, improving their understanding of how to drive individual consumer choices towards more sustainable travel and, where this is not possible, offset travel emissions.

Background about the RHA

3. The RHA is the leading trade association representing road haulage and distribution companies, which operate HGVs as profit centres. Our 7,200 members, operating near to 250,000 HGVs out of 10,000 Operating Centres, these range from single-truck firms to those with thousands of vehicles. These companies provide essential services on which the people and businesses of the UK depend.
4. We proactively encourage a spirit of entrepreneurship, compliance, profitability, safety and social responsibility. We do so through a range of advice, representation and services, including training.



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5. We would like to thank the Department for Transport for the consultation and the opportunity to comment on the issues raised.

General Comments

6. The RHA is committed to sustainable development and, within that context, our members are concerned with environmental issues. The Government should note that the Road Freight sector has done more than any other industry sector to reduce net emissions; specifically:
 - a. since 2013, Road Freight has reduced NOx emissions output by 55%;
 - b. by 2022, the RHA estimates that 69% of the UK HGV fleet will be powered by Euro VI engine vehicles which are the cleanest fossil fuel powered vehicles.
7. Our comments are also set against a context where:
 - a. 85% of HGV operators are SME businesses, and typically work on a 1% or 2% profit margin. Any additional cost incurred cannot be absorbed, and will either be passed on to the consumer or cause the HGV operator to go out-of-business.
 - b. the purchase cost of an HGV starts from £80,000 and its life span is typically 12 years. In the case of low mileage, specialist-built vehicles, the lifespan can be much longer, and cost considerably more to purchase.
 - c. fuel costs are one of an operators' largest costs, with an annual fuel bill in excess of £100K for an average 44 tonne articulated vehicle. Operators need to reduce fuel costs;
 - d. 98% of all goods consumed in the UK are moved by road, with 2.54m people employed in the haulage and logistics sector. More than 524,000 HGV's over 3.5 tonnes operate on UK roads, and the haulage and logistics sector is vital in supplying all businesses throughout the UK. Put simply, without our sector, businesses and consumers would not receive the goods they expect and the UK economy could not function effectively.
8. This call for evidence covers all types of powered transport. The RHA will confine our response to matters concerning Road Freight.

Responses to the Questions

Question 1. Do you believe that greater information provision on journeys' carbon emissions would affect consumer behaviours? Would this lead to lower carbon choices? What evidence can you provide?

9. The RHA has no objection to the principle of greater information provision to inform the choices consumers make, in this instance on a journey's carbon emissions. However, we make the following observations:
 - a. The level and extent of existing consumer education on a journey's carbon emissions is poor. Consumers do not realise nor understand the complex supply chain involved in delivering their purchase. In particular, many consumers do not understand that an HGV is part of the process. Instead, they see the van that does the "last mile" delivery as being the entire supply chain on a product made and despatched from overseas countries, such as the USA or China.
 - b. We observe that consumers are not fully aware, nor understand, how carbon offsetting policies work nor what the tangible benefits are (e.g. investment in renewable energy sources).
 - c. The Government must also ensure that the provision of information on a journey's carbon emissions to inform consumer behaviour **actually leads to** tangible environmental benefits. The Government must evidence very clearly that the associated bureaucratic demands placed on businesses to support carbon off-setting schemes has a meaningful positive benefit.
10. Without an effective public information campaign that educates consumers on the tangible benefits arising from carbon offsetting schemes, the RHA is **very concerned** that:
 - a. HGVs will be unfairly and erroneously "demonised" by the public;
 - b. HGV operators will view subsequent policies and their associated regulations and charges as unnecessarily bureaucratic and/or as a "stealth tax".
11. The RHA therefore **strongly urges** the Government to establish a public information campaign to run alongside any measures that compel the provision of information on a journey's carbon emissions.

Question 2. What information regarding carbon emissions do you believe consumers should be provided with? How should this be provided? Where/when in the customer booking process should this be provided? Do you have evidence to support your view?

12. The RHA agrees that consumers should see information relating to carbon emissions to inform their purchase. However, as outlined under Question 1, the Government must ensure that: i) bureaucratic burdens on HGV operators are kept to a minimum, and ii) a public information campaign runs alongside the introduction of measures that compel the provision of information on a journey's carbon emissions.

Question 3. Are travel providers already collecting information on the carbon emissions associated with journeys? If so, how is this information collected and reported? Does this vary across modes of transportation? Are they providing this information to passengers?

13. Many HGV operators already collate information on carbon emissions which is used and shared throughout the supply chain. It is difficult however to disaggregate this to individual consumer-level.

Question 4. To what extent are current energy use and emissions reporting and audit requirements sufficient in ensuring that travel companies have the right data to provide journey (and product)

14. See our answer to Q3.

Question 5. Do you agree that offsetting journeys could play a role in tackling emissions, whilst transport is decarbonised? Can you provide evidence supporting your view?

15. The RHA is committed to engaging with evidence that demonstrates how offsetting journeys reduces net emissions. However, we call for greater clarity on how revenue raised through carbon offsetting policies will be used to pay for the intended benefits, else such policies be viewed as a "stealth tax" with high administration costs and providing little benefit to hauliers and wider business.

Question 6. Do you agree with the offsetting principles outlined in the 'good quality' criteria within the UK's Environmental Reporting Guidelines? Are there any further elements - for instance with respect to geographic origin, eligible project types or the date that the offset was generated - that should be included to further strengthen the environmental integrity of any future scheme?

16. As per Q5, the RHA is committed to engaging with evidence that demonstrates how offsetting journeys reduces net emissions. However, currently, the scale of the problem is unknown, the cost benefit is unknown and, without clear evidence that supports carbon off-setting objectives, again this will be seen as a "stealth tax" with little tangible benefit for hauliers and wider business.

Question 7. How should any future carbon offsetting scheme correspond with existing schemes under which carbon emissions are accounted for, or reported, such as CORSIA or the EU ETS?

17. The RHA considers that future offsetting schemes should be on market-based principles, as opposed to bureaucratic government schemes of little benefit.

Question 8. What reporting requirements would be needed for any future scheme? How can these be designed so as to minimise additional burdens? Who should be in scope of requirements?

18. There should be no mandatory reporting requirement associated with carbon off-setting schemes, as the necessary data can be captured through established procedures to report fuel use.

Question 9. How should any future carbon offsetting scheme be designed in order to support the objectives and requirements of the Paris Agreement, including the requirement to avoid the double counting of emission reductions?

19. The RHA stands ready to work with the Government to ensure that the design of future carbon offsetting schemes supports, not damages, the haulage and logistics sector. Currently for HGV, there are no viable fuel alternatives other than fossil-based fuel to power HGV. Whilst LNG vehicles exist and the RHA is committed to promoting alternative and cleaner fuel sources, the viability of alternative fuels is limited and the infrastructure to support it is inadequate.
20. We re-emphasise that the cost of a typical HGV starts from around £80,000 and has a life span of 12 years. When designing new carbon off-setting schemes, **the Government MUST take account of the commercial lifecycle of HGVs and associated infrastructure availability**. The RHA strongly recommends that this takes the form of intelligent phasing that takes account of the different lifecycles of different lorries that a typical haulier may possess.
21. The RHA is **very concerned** that the recent abrupt introduction of “Clean Air Zones” made Euro V and below HGV residual values plummet, making the vehicles worthless and consequently causing unnecessary and unwarranted commercial damage to SME operators who make up 85% of the haulage and logistics sector. A worthless asset on a haulier’s balance sheet makes the future raising of commercial finance to sustain the business difficult, and any state intervention **MUST** avoid this consequence. In designing future carbon off-setting schemes, the Government **MUST** exercise great care so that the value of Euro VI vehicles, in which hauliers have invested substantially, is not eradicated.

Question 10. What examples currently exist to offset emissions from travel at the point where tickets are purchased? Can you provide examples of where this works well and where it does not?

22. Not applicable to road freight.

Question 11. To what extent is there a role for Government in increasing the uptake of/mandating ticket providers offering offsets?

23. Not applicable to road freight.

Question 12. More generally, how can the proportion of consumers taking up the option to offset emissions from their travel be maximised? Are there any other models for offsetting that should be considered?

24. Not applicable to road freight.

Question 13. What role could behavioural insights have in improving the uptake of carbon offsetting options by passengers? Behavioural insights or behavioural science approaches apply insights based on an understanding of people's behaviours to real world issues to facilitate better public policy. Behavioural insight projects have been used across the public services to improve service outcomes.

25. Not applicable to road freight.

Question 14. How could the mentioned potential issues of new carbon offsetting schemes be addressed? Are there any other issues in implementing the provision of carbon offsetting options at the ticket sale point? Please provide evidence.

26. Not applicable to road freight.

Question 15. Do you have views or evidence on the provision of carbon emissions information for non-ticketed travel? Do you have views or evidence on offsetting non-ticketed travel?

27. See our response to the questions above.

Question 16. Please tell us in what context you are responding:

– c. As a representative for a trade body; Road Haulage Association Ltd

Question 17. Please tell us about your area(s) of particular expertise. Mark all that apply in order of priority, with 1 being the highest/most important:



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– e. **Non-ticketed road transport; Yes**

Question 18. If you are responding on behalf of an organisation please give us an indication of the following:

– a. **The size of the organisation or, if more applicable, the number of people or companies you are responding on behalf of; 7200 members**

– b. **The main business or activity of the organisation; Road Freight**

– c. **The region(s) of the UK in which your activity is predominately based (if you are active across the whole country then please answer 'UK'. If not based in the UK please let us know in which country you are based). UK**

Final Comments

28. The Road Freight sector is the 5th largest industry in the UK, is worth £124bn (GVA) and has done more than any other industry sector to improve air quality. The RHA is committed to sustainable development but, following the ill-thought through introduction of “Clean Air Zones” and subsequent commercial damage caused to hauliers, urges the Government to proceed sensitively. The RHA stands ready to work with the Government to enable this.

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