Local Government and Transport Committee

11th Meeting, 2006

Tuesday 18 April 2006

The Committee will meet at 2 pm in Committee Room 6.

1. **Items in private:** The Committee will consider whether to take items 5 and 6 in private.

2. **Subordinate legislation:** Mr Brian Monteith to move S2M-4112—

   Mr Brian Monteith: The Non-Domestic Rate (Scotland) Order 2006—That the Local Government and Transport Committee recommends that nothing further be done under the Non-Domestic Rate (Scotland) Order 2006 (SSI 2006/92).

3. **Subordinate Legislation:** The Committee will consider the following negative instruments—

   - the Transfer of Property, Rights and Liabilities from the Strathclyde Passenger Transport Authority and the Strathclyde Passenger Transport Executive to the West of Scotland Transport Partnership Order 2006, (SSI 2006/111);
   - the Strathclyde Passenger Transport Area (Variation) Order 2006, (SSI 2006/112); and
   - the National Bus Travel Concession Scheme for Older and Disabled Persons (Eligible Persons and Eligible Services) (Scotland) Order 2006, (SSI 2006/117).

4. **Freight transport inquiry:** The Committee will take evidence from—

   **Panel 1**

   - Councillor Alistair Watson, Chair, SPT
   - Rodney Mortimer, SPT
   - Dr Bob McLellan, Chair, SESTRANS
   - Bob Sclater, Vice Chair, HITRANS
   - Howard Brindley, Co-ordinator, HITRANS
5. **Freight transport inquiry:** The Committee will consider whether to request approval for the extension for the contract of the adviser.

6. **Planning etc. (Scotland) Bill:** The Committee will consider a draft report to the Communities Committee on the Bill.

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**Agenda item 2**

Covering note on the Non-Domestic Rate (Scotland) Order 2006 (SSI 2006/92)  
Copy of the instrument  
Motions for annulment – procedure

**Agenda item 3**

Covering note on the Transfer of Property, Rights and Liabilities from the Strathclyde Passenger Transport Authority and the Strathclyde Passenger Transport Executive to the West of Scotland Transport Partnership Order 2006, (SSI 2006/111)  
Copy of the instrument  
Covering note on the Strathclyde Passenger Transport Area (Variation) Order 2006, (SSI 2006/112)  
Copy of the instrument  
Covering note on the National Bus Travel Concession Scheme for Older and Disabled Persons (Eligible Persons and Eligble Services) (Scotland) Order 2006, (SSI 2006/117)  
Copy of the instrument

**Agenda item 4**

Submission from SPT  
Submission from HITRANS
Agenda item 5

Paper on the extension of the contract of the adviser on the freight transport inquiry

Agenda item 6

Draft report to the Communities Committee on the Planning etc. (Scotland) Bill
SSI Cover Note For Committee Meeting

SSI title and number: The Non-Domestic Rate (Scotland) Order 2006, (SSI 2006/92)

Type of Instrument: Negative

Meeting: 18 April 2006

Date circulated to members: 8 March 2006

SSI drawn to Parliament’s attention by Sub Leg Committee: No

Purpose: The purpose of this Order is to prescribe a rate of 44.9 pence in the pound as the non-domestic rate to be levied throughout Scotland in respect of the financial year 2006-2007.
LOCAL GOVERNMENT AND TRANSPORT COMMITTEE

Motions for Annulment - Procedure

1. The motion for annulment read:

   Mr Brian Monteith: The Non-Domestic Rate (Scotland) Order 2006—That the Local Government and Transport Committee recommends that nothing further be done under the Non-Domestic Rate (Scotland) Order 2006 (SSI 2006/92).

2. At the meeting, the member lodging the motion will be invited to speak to the motion and then move it. A debate of up to 90 minutes is permitted on the motion (Rule 10.4.2). The member of the Scottish Executive in charge of the instrument, plus the member lodging the motion for annulment, are entitled to attend the Committee meeting and participate in the meeting for the purpose of debating the motion. However, only members of the Committee can vote on the motion.

3. The Committee has adopted the practice of holding a discussion before the debate on motions for annulment to raise technical points of clarification or other questions. It allows the Minister’s officials to participate in the discussion before the debate, which they cannot participate in.

4. During the debate on the instrument, after the member who has lodged the motion for annulment has spoken and moved the motion, the Minister is invited to respond, followed by other members of the Committee. The debate can last a maximum of 90 minutes.

5. After other speakers have contributed, the Minister will be given an opportunity to respond to points raised in the debate, and then the mover of the motion can make any concluding remarks.

6. The mover of the motion will then be asked whether he or she wishes to withdraw the motion, or press it to a decision. If the member wishes to withdraw the motion, the Committee will be asked if any member objects. If any member of the Committee objects, the question on the motion must be put.

7. If the question is put to the Committee (either by the mover of the motion or another member), and the motion is agreed to, the Committee has recommended annulment. The Bureau must then lodge a motion for the whole Parliament to consider, under Rule 10.4.4, proposing that nothing further is to
be done under the instrument. The Committee is still required to report on the instrument.

8. If the question on the motion is put to the Committee and is disagreed to, the Committee has decided not to recommend annulment. Although this means there will be no debate in the Chamber, the Committee must still report to the Parliament on the instrument.
SSI Cover Note For Committee Meeting

SSI title and number: The Transfer of Property, Rights and Liabilities from the Strathclyde Passenger Transport Authority and the Strathclyde Passenger Transport Executive to the West of Scotland Transport Partnership Order 2006, (SSI 2006/111)

Type of Instrument: Negative

Meeting: 18 April 2006

Date circulated to members: 10 March 2006

SSI drawn to Parliament’s attention by Sub Leg Committee: No

Purpose: The purpose of the Order is to transfer property, rights and liabilities from the Strathclyde Passenger Transport Authority and the Strathclyde Passenger Transport Executive to the West of Scotland Transport Partnership.
**SSI Cover Note For Committee Meeting**

**SSI title and number:** The Strathclyde Passenger Transport Area (Variation) Order 2006, (SS1 2006/112)

**Type of Instrument:** Negative

**Meeting:** 18 April 2006

**Date circulated to members:** 10 March 2006

**SSI drawn to Parliament’s attention by Sub Leg Committee:** Yes (see annex)

**Purpose:** The purpose of the Order is to amend the Strathclyde Passenger Transport Area to expand it to incorporate Wards 33 and 34 of Argyll and Bute Council and to include the whole of East Ayrshire, North Ayrshire, South Ayrshire and South Lanarkshire council areas.
Annex

The Strathclyde Passenger Transport Area (Variation) Order 2006, (SSI 2006/112)

1. The Committee noted that under section 40(6) of the enabling Act, Ministers are required to consult such persons or bodies as they think fit before making an Order. It was clear to the Committee that consultation was carried out, as this is a statutory requirement of the 1994 Act. However, in accordance with the guidance on the drafting of statutory instruments, this fact should have been narrated in the preamble to the instrument as it is relevant to the vires of the instrument. The Committee therefore asked the Executive why this was not done.

2. The Executive, in its response printed in Appendix 5, explained that had the power in section 40(4) of the Local Government etc. (Scotland) Act 1994 been the enabling power for the present Order (as read with section 14 of the Interpretation Act 1978 (power to make an Order also implying a power to amend or revoke an instrument made under the power)), then the consultation requirement under section 40(6) would have been attracted. However, as this instrument is not made under subsection (4), it is considered that it would not be appropriate to narrate a consultation requirement under subsection (6) as that requirement does not apply to the present order under subsection (8).

3. The Committee draws the attention of the lead Committee and the Parliament to this instrument on the grounds that clarification was requested from and supplied by the Executive.
SSI Cover Note For Committee Meeting

SSI title and number: The National Bus Travel Concession Scheme for Older and Disabled Persons (Eligible Persons and Eligible Services) (Scotland) Order 2006, (SSI 2006/117)

Type of Instrument: Negative

Meeting: 18 April 2006

Date circulated to members: 10 March 2006

SSI drawn to Parliament’s attention by Sub Leg Committee: No

Purpose: The purpose of this instrument (the Eligibility Order) is to specify “eligible persons” and “eligible services” for the purposes of the National Bus Travel Concession Scheme for Older and Disabled Persons.
The Scottish Parliament
Local Government and Transport Committee

Freight Transport Inquiry

Evidence by Strathclyde Partnership for Transport

Strathclyde Partnership for Transport (SPT), the most populous (2.2 million) of the seven regional partnerships established by the Transport (Scotland) Act 2005, includes the whole of the council areas of East and West Dunbartonshire; North and South Lanarkshire; Glasgow City; Renfrewshire; East Renfrewshire; Inverclyde; North, South and East Ayrshire; and the Helensburgh and Lomond areas of Argyll and Bute. Freight infrastructure within the partnership area includes: Glasgow International and Glasgow Prestwick airports; large ports at Ayr, Troon, Ardrossan, Hunterston, Greenock and Glasgow; a number of smaller harbours and ports which are used by both freight and passenger services; international freight facilities at Deanside, Eurocentral, Gartsherrie, and Clydebank; an extensive regional rail network available to freight trains; and a regional road network that includes 234kms of motorway with 50 junctions; and 415kms of other trunk roads. Whilst there has been strong growth in the financial and service sectors over the last few years, sectors such as manufacturing, retail and distribution, all of which depend on efficient freight movement, are important contributors to the regional economy.

Having been established for only a short time, the new partnership has not had the opportunity to consider freight movement in detail, but there is no doubt that freight will be a key issue in the regional transport strategy. The constituent local authorities will consider local freight issues when each is preparing its local transport strategy, but it is accepted that the nature of traffic movement across the region will mean that the partnership will have to develop an effective co-ordinated freight strategy. Prior to the partnership being set up, discussions were held between officials of Westrans, the former Joint Committee of local authorities, and representatives of the freight industry, and an agreement was reached that the new partnership should be asked to sponsor a formal regional Freight Quality Partnership. It is anticipated that SPT will agree to do so and that a Freight Quality Partnership will be established in early summer. The new partnership has begun the process of preparing its statutory regional strategy and has hosted a series of seminars involving key stakeholders. At the seminar which focused on freight issues, a number of key issues emerged, some of which we were aware of, and some of which were new to us.

Among the emerging issues are:

There is a lack of consolidated data available to inform key decisions. The Scottish Executive has recently collected information to enable it to prepare the national freight strategy. It is understood that this will be made available to regional and local transport authorities, but it will be necessary for the partnership to collect information on a regional basis to allow it to prepare its freight strategy. The partnership intends to commission that work.

The proposed development of Hunterston will lead to a large increase in land-based freight traffic to and from the port. It is hoped that most of that will be transported from the port by rail, but that will require an increase in rail capacity between the port and its markets. Specifically, the Glasgow and South-Western rail line between Mauchline and the English border which is single track at present requires to be made double track, and the height gauge increased. Freight trains travelling north and east from Hunterston make use of the line between Paisley/St James and Shields Junction in Glasgow, a heavily congested line also used by passenger services between Glasgow and the Clyde coast. It is essential that the upgrade proposed as part of the Glasgow...
Airport Rail Link proceeds. Road links to Hunterston also give cause for concern with both the A78/A8 through Largs, Wemyss Bay and Greenock, and the A78 southbound through Seamill being unsuitable for large numbers of heavy goods vehicles. The deep sea facilities at Hunterston are unique in Scotland and further development there would provide a port of international significance which would be an important national asset. It is to be hoped that the Scottish Executive will work with the port owners and SPT to enable that asset to reach its full potential.

There is concern that several ports’ potential to deal with new freight markets is being compromised by housing and other development being built on and adjacent to the ports. Unlike rail sumuls, there is no protection offered to land which formerly was used as part of a port, and this has led to land which has fallen into disuse being redeveloped for other purposes. These changes can prevent the possibility of a return to use by commercial traffic and lead to a gradual erosion of the viability of sea and river borne freight.

The partnership intends to examine whether it would be feasible to reduce the amount of timber being transported by road, by improving facilities for rail and water transport. An example is the movement of timber from Arran to the mainland, a journey currently undertaken by lorry and ferry. It would be preferable for timber to be moved directly to a jetty near the forests in southern Arran, from where it could be loaded onto a ship to be transported directly to the user, or to a railhead. However there appear to be no suitable jetties on Arran and the Partnership will work with other interested parties to find a solution to the problem. SPT will work with HITRANS if similar problems become apparent regarding the transport of timber or other goods between Kintyre or the Cowal peninsula and Ayrshire.

Many of the goods transported to the continent from the west of Scotland are carried through Rosyth. The road links around that port do not meet the needs of an international freight terminal and we will support SESTRAN and Fife Council in any move to improve that situation. Another example of the need to work with another partnership is firstly to address issues relating to goods being transported from Cairnryan, which is in Galloway, but only 3km from our area. Much of the freight is moved to the central belt, via the A77, which is within the SPT area but long convoys of goods vehicles often create difficult driving conditions on this trunk road. We will work to address this problem with all interested parties.

Other key roads issues that the Partnership will examine are the lack of a suitable route to transport goods from Ayrshire to the M74 and the south; the substandard conditions on A737, which connects business in north Ayrshire, including the port of Ardrossan, with the Scottish motorway network; and the poor conditions on A82 north of Tarbet, a key route between the central belt and the north.

Congestion and pollution are important issues in west-central Scotland, and the Partnership will support any move, where appropriate, to transfer road based freight movement to rail, including encouraging bids for rail freight grants. However there have been complaints from business that the bureaucracy in applying for these grants discourages them from doing so. The Executive should be encouraged to simplify the application process and be more proactive in working with industry to prepare grant bids.

Road traffic generated from open-cast coal extraction in Lanarkshire and Ayrshire can cause major damage to connecting roads and disturbance to residents of adjacent villages. Government at all levels needs to ensure that as much as possible of the coal is transported directly by rail from the open cast sites to the customers, often coal fired power stations which are already connected to the rail network. This might involve re-opening redundant rail lines, building new sidings, and/or increasing the gauge of existing lines. SPT will work with our partners to address this problem.

The formation of Strathclyde Partnership for Transport gives an opportunity to deal with freight issues in an integrated and co-ordinated way across the region, taking environmental issues into account. SPT will do all it can to encourage business by developing a close working relationship with the freight industry. Officials have already reached agreement with the freight industry on the formation of a regional Freight Quality Partnership and are working with the industry to
prepare a freight strategy. We consider the freight industry to be key contributors to our regional transport strategy and will work with them and the Executive, where appropriate, to improve the efficiency and effectiveness of the industry.
CALL FOR EVIDENCE ON FREIGHT TRANSPORT

1. HITRANS is a voluntary partnership comprising:
   - Argyll and Bute Council;
   - Comhairle nan Eilean Siar;
   - Highland Council;
   - Highlands and Islands Enterprise;
   - Highlands and Islands Public Transport Forum;
   - North Ayrshire Council (Arran and the Cumbraes);
   - Moray Council;
   - Orkney Islands Council;
   - Scottish Council Development and Industry
   - Shetland Islands Council;

   The Partnership will wind up in March 2006 when the new Statutory Regional Partnerships come into being.

2. Its objects are to undertake research and gather information about the transport needs of the region; to prepare and keep up to date a regional transport strategy endorsed by all the partners; to implement regional transport projects; to act as the strategic consultation body on behalf of the partners; and to establish a dialogue with government, users and operators.

3. The following comments relate to the call for evidence issued on 7 October 2005 on the future prospects for road haulage; the contribution of freight transport to the economy; and progress with transfer of freight from road to other modes.

Premble

4. The Highlands and Islands is a diverse region with a mixture of remote, rural and urban areas. It is distinctive because of long internal travel distances, often with sea crossings, and long transport links with Central Scotland. Freight from the Moray Firth area has to travel almost 200 miles to reach key interchanges like Mossend. Freight from the islands has ferry crossings of between three and fourteen hours just to reach the mainland. These penalties of distance impose significant extra cost on our businesses. Despite this they
account for over 16% of Scotland’s food and drink exports and over £1 billion of exported goods.

5. The primary objective driving the HITRANS Strategy is to improve the region’s transport services and its external transport links to make a more attractive place for investment and to sustain existing businesses by reducing transport costs, journey times and journey reliability. Our strategic priorities for investment include the improvement of lifeline routes in the west to reduce the cost and slowness of transport of goods; developing strategic, multi-modal freight interchanges to provide quicker access to markets; upgrading the key trunk roads which enable travel to and from the region (A82, A96, A9, A95); upgrading the capacity of the rail network to carry more freight; and introducing faster more frequent ferries or replacing ferry crossings where possible with fixed links.

6. The importance of freight transport to the region’s economy has been revealed in the recent HIE consultation with business regarding the new network strategy where the highest priority of most respondents for maintaining and growing prosperity was improvement to transport infrastructure.

Road Haulage

7. This is the dominant mode of freight transport in the region carrying over 9 million tonnes per annum. There has been little impact on these volumes by modal shift of freight over recent years. HITRANS has recently commissioned research into the economic benefit deriving from improving the A9 north of Inverness, and the A82 from Glasgow to Fort William. In both cases almost two thirds of the respondents to our surveys for these studies stated that they had problems with the reliability of road transport because of the inadequacies of these roads. The A82 on Loch Lomondside and the A9 at Berriedale are examples of the inadequate state of these key arterial routes which are causing significant problems for road haulage. Improving the A82 to a fit for purpose modern road, not a dual carriageway, would help generate a further 1000 jobs in the West Highlands and some £450 million of new business.

8. For the future road haulage will remain the predominant mode of freight transport for our region. This means that all our arterial routes will continue to be lifelines for freight. The A96 suffers from congestion, particularly east of Inverness and through Moray. With NESTRANS and the Scottish Executive we are about to embark on a corridor study of the transport route between Inverness and Aberdeen. We are confident that this study will reveal the significant economic benefit deriving from improvements to the A96, and it is important that this road features as a priority in the forthcoming strategic projects review. We have also supported the short term WS2+1 sections on the A9 south of Inverness to improve overtaking and we are concerned that these are not being provided quickly enough. Our long term aim is for the dualing of this route. The A95 is a key link for Moray, and the A83 is vital for southern Argyll, and both require investment to make freight transport journey times more reliable.

9. Four years ago we undertook a study of the lifeline rural road network in the west of the region. The key issues here are the slowness and unreliability of journeys caused by single track roads, and the risk of further vehicle weight restrictions on the obsolete bridge structures. Some 4000 jobs in the remotest parts of the region are at risk if modern freight vehicles are denied access. This is exemplified by the current concerns on Mull following the intention to impose weight restrictions on most of the islands roads. We have identified an investment programme of £20 million per annum
for the next 20 years to improve these roads and replace the obsolete structures so that road hauliers can have full access to these areas, but funds are not available to the Local Authorities.

10. Road haulage to the islands relies on the ferry network. Over 200,000 freight vehicles are carried by our ferries each year. HITRANS has just completed a study of our strategic sea crossings. The key issue for freight is the high cost of transporting lorries with charges that have not been reviewed for many years. They are significantly higher than cross channel charges, charges to the Isle of Wight, or even the Rosyth to Zeebrugge service, all of which are operated privately without subsidy. There are also issues about the frequency of ferry sailings and timings which make it difficult to connect at key places like Mossend.

Modal shift for freight

11. As mentioned above we do not see other modes making a substantial contribution to the movement of the region’s freight over the forseable future. Rail freight has declined in 2005 with the removal of supermarket traffic. There are no freight trains now on the line between Inverness and Elgin. There are capacity issues on our single track rail network and HITRANS, HIE and the Highland Rail Development partnership are contributing to the current national studies by undertaking specific analysis of capacity constraints and demand for rail in the region. We believe there will be opportunities for rail to take a bigger share of freight in future by investing in capacity improvement to the Highland main line and the re-gauging between Inverness and Elgin. A new road/rail interchange in Inverness is vital for this modal shift. There is also the prospect of significant timber movement into the Cromarty Firth area if new wood processing developments are realised. The rail network north of Inverness has theoretical capacity to carry 40% more trains than the current number, but there needs to be investment in a sea/rail interchange if this potential rail freight traffic is to be realised.

12. There may be opportunities for shift to sea. HITRANS has not been closely involved in this topic to date, but partners have been assessing the prospects for more coastal shipping and the provision of sea container transfer facilities in Orkney and the Cromarty Firth.

Environmental Impact

13. HITRANS has commissioned work to prepare a Strategic Environmental Assessment of our Transport Strategy. In terms of freight we have assumed that road hauled freight will increase in the region with economic growth, and that the prospects of modal shift to rail and sea will not significantly diminish this increase. Therefore there will be a greater number of lorry movements on the road network and higher levels of NO2 and CO2 emissions.

14. Air quality is good at present throughout the region and there are no designated Air Quality Management areas. There are localised issues of NO2 emissions related to congestion in Inverness and Oban. Road hauled freight contributes to this and the issue is to decongest the key urban streets.

15. Greenhouse gas volumes will rise from a growth in road Freight. In terms of impact on global climate change the additional CO2 produced is difficult to quantify.

16. Transport noise is not an issue in the region except on congested urban routes. It is unlikely that there will be significant rise in noise levels in the corridors of our main
arterial routes with the prospective growth in road freight. However the localised urban noise issues need to be tackled.

Howard Brindley       HITRANS Co-ordinator       26 November 2005
Submission to the Scottish Parliament's Local Government and Transport inquiry into freight transport in Scotland.

Summary

The haulage of round timber\textsuperscript{1} has been hit hard by the intensifying pressures on the sector; specifically fuel prices, taxation and the Working Time Directive. Although these factors have had significant negative impacts on haulage generally they have been particularly acute for the timber industry.

Increasing regulation and rising fuel prices are limiting the potential for economic growth and job creation in Scotland on the back of the increasing timber resource.

The situation is compounded by institutional and policy constraints, specifically maintenance of the rural road network, and have wider implications for both Scotland’s economy and Natural Heritage.

Opportunities for alternatives to road haulage are being explored but are limited by the location of Scotland’s forests in relation to water and rail routes.

SCOTTISH TIMBER INDUSTRY IN CONTEXT

It is estimated that around 40,000 jobs in Scotland depend on the forest industries and that if the sector were to disappear it would result in a fall in gross output of £811m. This industry and these jobs depend on an active and competitive haulage sector.

The forestry industry is a low margin, heavily regulated industry, which must compete on an international market. For a variety of reasons and despite concerted efforts, the transportation of timber is a weak point in the supply chain, representing a high proportion of delivered-in costs. The cost figures compare poorly with international benchmarks. The pressures on the timber haulage community from increasing fuel costs and the Working Time Directive (WTD), combined with industry codes of practice, regulations and voluntary agreements, are forcing hauliers out of business.

The WTD has added around 30% to the wage bill of hauliers, representing, in combination with the increases in fuel prices a cost increase of around 20% since the introduction of the directive earlier in the year. Figures vary between different businesses.

\textsuperscript{1} Round timber here refers to logs, i.e. timber taken from the forest to the processor (e.g. sawmill), the transport of which has different characteristics to general haulage. The distinction is used to differentiate from the movement of processed timber (e.g. sawn planks) which are hauled from the processor and which is more akin to general haulage.
The UK imports around 85% of its processed timber and we must compete on an international market. The price of round timber in the UK has been severely depressed in the UK for the last few years. The supply chain in the forest industry is very tight and it is extremely difficult for hauliers to pass on their costs to customers or suppliers.

The main markets for timber in the UK are in the high population areas of England. The cost of hauling finished goods from processors in NE Scotland to key markets in SE England is now greater than the cost of shipping for Scandinavian competitors to those same markets.

The trend of timber haulage businesses disappearing is set to continue and the future of the timber haulage industry is uncertain. The implications of this for the forestry and timber industries is unclear.

The commercial decision to harvesting timber is taken by comparing the commercial cost of harvesting and hauling timber as compared to the price that can be paid by a processor for that timber. As the cost of haulage increases, less and less of the available timber can be harvested on a commercial basis. The loss to the Scottish economy as a whole is significantly higher. The Scottish Executive Input-Output Tables and Multipliers for Scotland indicate that the direct multiplier factor for forest harvesting is 2.9 and is 3.8 for employment. Lost production in forest harvesting has significant impacts on the wider Scottish economy.

Rising fuel prices and additional regulation will certainly reduce the timber available as raw material to the Scottish timber industry and consequently impact on jobs and the wider Scottish economy.

**IMPACTS ON SCOTLAND’S FOREST HERITAGE**

Timber haulage is a fragile link in the supply chain essential to both Scotland's timber industry and the management of Scotland's forests. The forest industry underpins the management of Scottish forests and the environmental and social benefits that they provide. The annual aggregate value of the social and environmental benefits provided by Scotland’s forests is estimated at over £100 million per year. Round timber hauliers enable the timber processing industry in Scotland to buy timber which in turn pays for the management of Scotland's Forests. Without a haulage sector much of Scotland’s forestry heritage would not be managed and would not generate many of these social and environmental benefits. The Forests in Scotland are some of the best managed in the world. Indeed, around 80% of timber harvested from Scottish forests achieve internationally recognised social and environmental certification.

Much of the imported timber against which the home grown timber competes does not match these high standards.
Additional transportation costs are borne by hauliers whilst the benefits of Scotland's managed forests are enjoyed by the wider community.

**WHY HAVE FUEL PRICE INCREASES AND THE REGULATORY FRAMEWORK IMPACTED SO HEAVILY ON THE ROUND TIMBER HAULAGE?**

The roundwood haulage sector is different in several key ways from the general haulage industry:

Timber haulage accounts for broadly 20% to 50% of the cost of wood delivered to Scottish mills and is therefore a key factor in determining the profitability and competitiveness of the sector. The high cost of transport is recognised as a key area in which the UK forestry is not internationally competitive. In part this is a consequence of nature of the rural roads infrastructure, which was not designed for timber transport. However, the high cost of timber transport in Scotland is to a large degree a function of taxation policies, regulations and restrictions. Compared to our international competitors, the relatively high proportion of the cost of fuel accounted for by taxation puts the industry at a significant competitive disadvantage.

Where many of our international competitors are permitted to use a “dual-fuel” system (using lower cost red diesel for part of their haulage) the system is not permitted under current interpretation of legislation in Scotland. As the industry seeks innovative solutions to reducing on-road haulage by using in-forest roads instead, not allowing a “dual-fuel” system limits the options open to the industry.

*The importance of the “dual-fuel” option to economic growth is significantly higher in Scotland than in other parts of the UK given the proportionally higher forest cover in the country.*

**ROAD CONDITIONS AND COSTS**

Much of the driving must be done on poor roads, and rough in-forest roads. These conditions have higher fuel costs than the better quality roads over which most of Scotland's hauliers operate. Roundwood hauliers operate on approximately half the number of miles per gallon than general hauliers. Poor road conditions also result in higher running costs, estimated at 5 times for in-forest roads and 2.5 times for rural roads as compared with the costs of general hauliers. **Increases in fuel costs have a disproportionately big impact on round timber haulage as compared to general hauliers.**

**SPECIALIST SKILLS**

Given the remote locations that forests are situated in and from which round wood hauliers must pick up loads, drivers must also double as crane operators and mechanics. They must be able to negotiate narrow and technically challenging in-forest road conditions. Drivers must understand, be able to interpret and conform with various codes of practice that are specific to the forest industry. They require...
specialised and multiple skills and drivers with these skills are in short supply. It is not possible to use agency drivers for round timber haulage. Timber hauliers command higher wages than general hauliers.

Drivers must load and unload the logs from their trucks using onboard cranes. Crucially, in terms of the requirements of the WTD drivers cannot use loading or unloading times as Periods of Availability. The delegation of the loading and unloading responsibilities from the driver is common amongst general hauliers. Loading and unloading represents around 20% of the driver’s working time.

To comply with the Working Time Directive and to move the same amount of timber hauliers have to employ additional drivers. These drivers command wages higher than general hauliers. Increases in the number of drivers required to move the same volume of goods has a disproportionately large impact on round timber haulage as compared to general hauliers.

SPECIALIST MACHINERY
Specialist round timber lorries are unable to carry a wide range of goods, unlike most general freight transporters. They are designed for the difficult conditions in which round timber hauliers operate. As such, it is not possible for round timber lorries to arrive with raw materials and leave with finished goods. Flexibility in the use of the lorries is severely restricted, limiting the logistical efficiency of lorry routing. Opportunities for flexible working to minimise the impacts of the WTD are limited given the specialist nature of the industry and the lorries.

ALTERNATIVES TO ROAD HAULAGE
Alternatives such as rail, sea and inland waterway, are being explored but are only viable in a limited number of cases. A fundamental constraint is the relative location of the forest resource, the processing facilities and the alternative transportation networks (rail or water). The cost of infrastructure development for water or rail transport is prohibitive in almost all cases for timber, given its low value. An indicative value of a lorry load of timber would be in the order of £500. There are also significant institutional difficulties in developing rail alternatives to road haulage.

OUTLOOK
Increasing costs of hauling round timber will mean that less of the timber that is available for harvesting can be economically harvested. There will be a consequent and potentially very significant impact both on the forestry and timber industry and on the wider Scottish economy.

There are opportunities for supporting the haulage and transport sectors of the Scottish economy, including timber transport, that will bring much wider benefit to the Scottish economy as a whole. These opportunities should be explored and must be grasped if we are to grow a healthy, sustainable and productive economy.