



Consultation Document

Balance of Competences – Transport

Response from:

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Response to Department for Transport

Executive Summary

Thank you for inviting us to comment on the Balance of Competences Review.

Our members operate in a highly competitive and sophisticated market and fully recognise the immediate benefits of ensuring that UK regulations are targeted and proportionate. Good regulation is vital to maintaining standards and making sure there is a level playing field for businesses to compete. Effective and targeted regulation can play a vital role in correcting market failures, promoting competition, ensuring fairness at work and providing protection for consumers and the environment.

However, we believe that European legislation does not always fall into this definition of good regulation for UK firms. In fact, we would go as far as to say that European legislation can have a corrosive impact on UK firms. European legislation often appears to be introduced with little or no accountability back to the legislators who introduced and implemented the changes. In particular, we note the absence of any post implementation reviews of legislation which confirm the lack of accountability and assessment as to whether the policy objectives have been secured.

We have attempted to use some practical examples in our responses to the questions to help provide examples of where European legislation has and has not worked.

Response to Department for Transport

Specific Comments

1. What are the advantages and disadvantages to the UK of EU action in the field of transport? You may wish to focus on a particular mode.

We are of the view that the advantages to the UK of EU action in the field of transport are limited to involvement with setting common standards which help reduce the costs for operators. This includes areas such as ensuring that all road tolls across Europe can be paid for using one method of payment.

The disadvantages are where the EU restricts the UK in developing its own local legislation, for example with the HGV Road User Levy. We were dismayed to hear of the reasons as to how and why legislators in Europe could be so deeply involved in determining the framework for vehicle taxation in the UK.

This has caused difficulties with the UK with the introduction of the HGV Road User Levy. Again, we fail to see how legislators in Europe can set a minimum for vehicle taxation as the level of taxation is surely influenced by many local factors that cannot all be taken into account when determining a minimum level for vehicle taxation.

From a road safety perspective we believe the EU involvement does not take into account the variances in road safety records across the EU. For example, the UK has one of the best road safety records in Europe and is often required to introduce new legislation to solve issues in other member states which the UK addressed years ago. For example, the legislation around infrastructure does not take into account the needs of individual countries.

2. To what extent has the EU succeeded in creating an internal transport market: how far has this contributed to economic growth in the UK? What have been the costs and benefits?

From a UK perspective, given the fact that we are an island, we are not sure there has been a great deal of economic benefit to the EU in creating an internal transport market. For UK businesses who travel across Europe we imagine there has been some benefit and growth in their business but are not sure how much of an impact this has on the UK economy.

We believe that there is more to do to create an internal transport market, there is a role for EU legislators in helping create an internal transport market particularly regarding the movement of vehicles between member states.



Response to Department for Transport

At the moment if a rental company in Belgium rents a vehicle to a customer who is planning to start their rental in Belgium and end their rental in France the rental company is unable to rent that vehicle in France they have to repatriate the vehicle back to Belgium before renting it again. This is costly and time consuming for the rental company based in Belgium. Equally if a Belgium citizen moved to France they would have to export their vehicle from Belgium and import it into France which is administratively burdensome and very time consuming.

We are currently working with EU officials to simplify this legislation to help improve the free movement of vehicles across member states. This is an example of where there is a role for European legislators and how the EU can benefit citizens and businesses alike.

The unintended consequences of European legislation are not always taken into account when new legislation is introduced. For example, when digital tachographs were introduced the unintended consequence of this was that non-business operators who occasionally use minibuses had the extra burden of having to apply for a driver card to observe the EU drivers' hours rules. This had an impact on the volume of rental transactions in the UK and therefore had an adverse impact on the UK economy.

This is similar to the decision to not allow non-EU driving licence holders to drive minibuses and goods vehicles up to 7.5 tonnes in Europe, which has reduced business opportunities for UK rental businesses.

3. To what extent is the EU internal transport market necessary for the effective functioning of the EU internal market as a whole?

From an operator perspective there are some areas where EU involvement is important. We believe that the interoperability of charging systems is a key area for EU legislators to be involved with as hauliers need to be able to travel throughout Europe without the need for several charging mechanisms. This involvement at a European level provides real benefit and cost savings to business in terms of being able to operate in different member states in an efficient manner.

However, we believe that interoperability should not extend to which roads can be chargeable as this should again be determined at a local level.

Response to Department for Transport

4. To what extent is EU action to harmonise social and environmental standards (e.g. to ensure safety and security or to limit vehicle emissions) necessary for the proper functioning of the internal transport market as opposed to desirable in its own right?

In terms of setting CO2 targets we believe the role for European legislators should be limited. European cities are all different and therefore emission limits for cities are surely very difficult to set.

However, from a vehicle emission perspective it makes sense for there to be EU involvement as vehicles are no longer made specific to each member state. Whilst it makes sense for there to be vehicle emission standards, we are not sure these are always set correctly. In particular, the latest EURO VI emission standards deliver little benefit or no benefit for HGV operators as the fuel consumption is not improved and additive use increases which all signify an increase in costs.

We strongly believe that European legislators should take into account the benefit for operators of vehicles when designing emission standards, as the take up of new vehicles will be minimal if the vehicles cost more and there are little or no benefits.

5. What impact has EU action had on different stakeholders; for example, has it provided the right balance between consumers and transport operators?

EU action has in some cases caused a great deal of difficulty for businesses. Driver Certificate of Professional Competency is a good example where the right balance for businesses was not struck. Transposition of this legislation offers a good example of where the UK Government has gold-plated European law to the detriment of UK firms.

The driver certificate of professional competency regulation was introduced as a standard for professional drivers to achieve in 2008. The regulations include a number of exemptions one which includes:

'A vehicle carrying material or equipment to be used by that person in the course of his or her work, provided that driving that vehicle is not that person's principal activity. For example, a brick layer who drives a load of bricks from the builder's yard to the building site and then spends their working day laying bricks. In this case, driving a lorry is incidental to their main occupation.'



Response to Department for Transport

This exemption does not extend to our rental and leasing members' employees who occasionally drive vehicles to customers' sites and between branches as the vehicles are not carrying any equipment.

The estimated cost for affected members completing the periodic training for all employees who may be driving commercial vehicles or minibuses is calculated to be around £5 million per annum. The cost of training just one new driver with relevant category on their driving licence is estimated to be around £1,700.

Our members' employees do very little driving it is not the main task which they are employed to do. It therefore seems an unnecessary legislative burden for members' when other industry affected drivers are exempt. Rather than a copy out procedure for the legislation it would have made more sense for the UK government to implement the legislation based on the requirements of UK businesses and ensure that the draftsmen take these requirements into account.

6. The EU's competence in the field of transport has primarily been exercised through legislation and clarified through case law. To what extent has the EU approach been proportionate: what alternative approaches would benefit the UK?

We do not believe that case law is helpful as it takes far too long for clarification to be received which leaves businesses with years of uncertainty. We believe that if legislation is implemented in a specific area there should be accompanying guidance on enforcement and how to comply. It should clarify any ambiguities and remove the need for case law.

7. To what extent could the UK national interest be better served by action taken at a national or wider international level, rather than by the EU, and vice versa?

We do not believe that action at a wider international level would be of advantage to the UK, as we would be a very small fish in an even larger pond which would mean further diluting the UK position and our uniqueness.



Response to Department for Transport

8. What challenges or opportunities are there for the UK in further EU action on transport?

As we have mentioned at question 2 we believe the cross border movement of vehicles presents a good opportunity for EU action in transport which could benefit citizens and businesses.

9. What advantages or disadvantages are there for the UK in the EU having a greater or lesser say in negotiating agreements internationally (e.g. ICAO or IMO) or with third countries (e.g. EU-US, EU-China)?

We have no comment on this question.

Closing Comments

We welcome the opportunity to continue our constructive dialogue and hope our comments go some way to help shaping the wider Government position on the impact of European legislation on UK businesses.

Leasing Members

In general, vehicle leasing is an arrangement where the user simply hires the use of the vehicle and assumes operational responsibility for a predetermined period and mileage at fixed monthly rental from the owner (the leasing company). Legal ownership is, in the majority of cases, retained by the leasing company.

Short Term Rental Members

Rental Members offer hourly, daily, weekly and monthly rental of vehicles to corporate customers and consumers. As explained above, rental members are the owners of the vehicle.



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Bona-fides **BVRLA, the industry and its members**

- The BVRLA is the trade body for companies engaged in the leasing and rental of cars and commercial vehicles. Its members provide rental, leasing and fleet management services to corporate users and consumers. They operate a combined fleet of 2.75 million cars, vans and trucks, buying nearly half of all new vehicles sold in the UK.
- Through its members and their customers, the BVRLA represents the interests of more than two million business car drivers and the millions of people who use a rental vehicle each year. As well as lobbying the Government on key issues affecting the sector, the BVRLA regulates the industry through a mandatory code of conduct. www.bvrla.co.uk
- The full-service vehicle leasing and short-term rental sector contributed almost £14.3 billion in value-added to the UK economy in 2011. This contribution is the sum of the individual impacts of the operations of the industry itself, the UK-made vehicles it purchases, the use of UK-made engines, the activity in dealerships, and its impact on the used-car market.
- The sector generated nearly £2.8 billion of tax revenue in 2011. This is equivalent to the total cost of employing nearly 31,000 advanced nurses or paying the salaries of around 85,000 secondary school teachers.