



PRESS RELEASE

The Confederation of Irish Industry

Speech by Mr Liam Connellan, Director General, Confederation of Irish Industry, at CII Regional Meeting in Carlow on 7th December 1976

TRANSPORT BILL 1976

The importance and the cost of freight transport in the economy has been highlighted in recent years. The findings of independent transport studies have focused attention on the need for greater efficiency in the use of transport resources, both to reduce distribution costs and to help development of trade at home, and with our international trading partners. In addition, these studies emphasise the need to provide a stimulus to the road haulage industry to grow and provide a wider range of services to industry than is at present available. Freight transport is also important in the context of most recent studies from the Economic and Social Research Institute relating to energy conservation. The findings of a study on road freight transport, commissioned by the Confederation in 1974, showed that, based on 1972 figures, the transportable goods industry (manufactured goods, and mining and quarrying) spent over £60 million on freight transport, including £7 million on rail freight. The total national expenditure on transport is, of course, much higher but these figures indicate the total spent by major industries. Furthermore, the allocation of transport users costs to different sources of transport in that year were :

Own Account	62%
Licensed Hauliers	16%
CIE Road Freight	13%
Unlicensed Hauliers	9%

Based on the annual inflation rates between 1972 and 1976, the current expenditure is in excess of £115 million.

There are many factors which influence transport costs and the development of the transport industry including :

1. The effects of current Irish legislation, limiting the supply of road transport by the private haulage sector which results in Ireland having the highest proportion of own account transport in Europe, with the consequent wastage of transport resources.
2. Higher capital and running costs of Irish fleet operators compared with their counterparts in Britain and Northern Ireland, arising in the main from import duties, higher road tax and insurance.
3. The effects of various aspects of EEC legislation and policy since 1973.
4. Inadequacies in the operation of both own account and professional haulage fleets, arising from the constraints to growth of the haulage industry, because of legislation, the small scale of industry compared with other countries, and the inadequacy of training, both for management and vehicle crews.

The provisions contained in the Road Transport Bill 1976 presented by the Minister in April this year, would go some way towards improving the efficiency of road freight transport and to reducing costs. This Bill provides for a degree of liberalisation of legislation which would increase the supply of licensed hauliers and, thereby, provide the opportunity for own account sector, now accounting for over two thirds of the total tonnage carried on Irish roads, to make greater use of haulage services with the consequent reduction in costs. This arises from the fact that manufacturers distributing goods cannot backload with goods

MORE

from other companies, thus resulting in a high wastage factor in transport operation. Other provisions of the Bill, which propose to exempt from licensing control goods carried in vehicles with the maximum laden weight of six metric tonnes, should also help to improve efficiency, by enabling hauliers operating trunk services, combined with local multiple drop deliveries at destinations, to utilise smaller vehicles for local operations with increased productivity for the larger trunk vehicles. In addition, own account will be able to obtain higher productivity in such vehicles by carrying goods for other users.

As a result of restriction oriented legislation, the haulage industry in Ireland is still under-developed. As the following table shows, there is a very big proportion of the very small fleets operated by licensed hauliers compared with Britain.

<u>Size of Fleet</u> (Number of Vehicles)	<u>Percentage of Operators with particular Fleet Size</u>	
	<u>Republic of Ireland</u> (1972)	<u>Great Britain</u> (1969)
1	70%	48%
2 to 5	28%	34%
6 or more	2%	18%

The provisions in the Bill would provide the opportunity for hauliers to expand fleets and provide a wider range of services, thereby winning a greater share of the own account market. This expansion would also create better opportunities for developing services into Europe under Community Regulations.

MORE

It is argued that the effect of the Bill would be detrimental to CIE road and rail service. However, as noted in the breakdown of the allocation of expenditure by industry, in the Confederation's report, the proportion of transport taken by CIE road or rail services is relatively small compared with own account and/or combined own account and licensed hauliers' shares. Furthermore, since a large proportion of CIE road freight services is tied in with rail-head deliveries for rail traffic, it is unlikely that this traffic would, in fact, switch to other road transport operators. On the contrary, there is evidence to suggest that, in a more liberal transport system, the national transport company could and would compete for the main flows of traffic carried by the own account transport sector. Also, a more liberal transport system, combined with a positive approach to quality control and to the introduction of larger and more efficient vehicles, would lead to reduction in the number of vehicles and to higher productivity.

Given the need to improve efficiency and to reduce costs of road transport in the interests of trade and energy conservation, the Confederation urges that the Transport Bill 1976 be implemented without further delay, and that action should be taken to reduce cost differentials between Irish and U.K. transport operators. The implementation of a more balanced approach to EEC transport policies, and action to introduce and enforce quality standards as an integral part of legislation, requires urgent attention.

END