**Latest HGV report which shows that HGVs are still only paying a third of the costs imposed on the economy and society - January 2018**

Furthermore, we draw your attention to the inaccurate claims on lorry track costs, made by the FTA

Updated MTRU report, which includes the following:-

1. Latest lorry road costs , using the DfT MSB values
   2. Analysis of the RepGraph report for FTA, "*Heavy Goods Vehicles: Do they pay their way? - impacts on road surfaces"*, November 2017, which wrongly claimed that HGVs pay three times their infrastructure costs when in fact they only cover 11 per cent of their infrastructure costs.

   HGV track charging uses the MSRS figure for HGV road damage which do not differential by weight whereas a complex model is used to calculate marginal costs of rail traffic - used to calculate Variable Charges and the 113 report on allocating fixed and long term costs of the rail network to different rail sectors.
2. **https://www.bettertransport.org.uk/media/20-march-2018-FTA-false-claims**
   Updated our report on lorry costs which shows that HGVs are still only paying a third of their costs. We believe that the Government should introduce distance-based charging, instead of the existing time-based system, in its current review of the Lorry Road User Levy as it would better reflect HGV costs, encourage more efficient lorry use of the road network and reduce unnecessary lorry miles. Government figures show that only a third (34 per cent) of HGVs are full in terms of load volume, and another third (30 per cent) are driving around completely empty, a figure which have been growing for some years.

   The German distance based system[i] reduced empty running by a third to around 18% and reduced tonne kilometres because of better loading rates.Prior to its introduction, Germany had similar empty running levels similar to the UK[ii]. In Austria, per km charging for trucks reduced the percentage of empty vehicles by a quarter from 21 per cent to 15.77 per cent and average loads grew by 0,6 tonnes to 14,7 tonnes between 1999 and 2004[iii].

   Using the full DfT values MSB tables, articulated vehicles are on average only payiny around a third of their costs which equates to underpaying by over 60p per mile. This results in a £6 billion annual subsidy to HGVs. See attached table which uses Government values and breaks down all the separate costs per mile against the payments made by HGV operators.

1. Analysis of the RepGraph report for FTA which wrongly claimed that HGVs pay three times their infrastructure costs when in fact they only cover 11 per cent of the infrastructure costs.

   Flaws of RepGraph report for FTA - "*Heavy Goods Vehicles: Do they pay their way? - impacts on road surfaces"*, November 2017 is flawed as it reaches the wrong conclusions with the wrong figures. RepGraph wrongly claim HGVs pay 14 per cent of road taxes but only account for 5 per cent of traffic.

The Flawed report conflates two different and recognised costing methods to come to grossly inaccurate conclusions, that is a) marginal external cost method and b) fully allocated cost model.

So instead of the report's claim that HGVs pay three times more in direct taxation than their estimated damage costs to infrastructure, HGVs are in fact only paying 11 per cent of their infrastructure costs alone without taking into account all the other costs they impose on society in terms of congestion, collisions, carbon and air pollution.

Thus the RepGraph approach has four fundamental flaws:

- Inclusion of fuel duty from HGVs (£4,093m) as though it is hypothecated income which can be counted against HGV external costs – there are no Government plans for this
- Using an out of date 2009 MSB value (which is 50% less than current value) for HGV infrastructure costs of 9 pence per mile instead of 2015 figure of 18pence per mile
- Complete omission of any marginal external costs other than infrastructure such as congestion, collisions, carbon and air pollution.
- Does not recognise that HGVs and in particular the larger heavier one, are far more damaging to road infrastructure than cars. Because of their weight, the standard 16.5 metre 44 tonne HGV, which is the industry workhorse, is 136,000 times more damaging to road infrastructure than a Ford Focus. Source 4th power law

Thus HGVs meet about 11 per cent of their estimated allocated infrastructure costs through VED and the user levy. Using the latest MSB values, the VED and RUL from all HGVs (£.34billion)[iv] would not even meet the infrastructure costs for articulated vehicles alone (£1.62billion)[v].

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[i] *https://www.transportenvironment.org/sites/te/files/publications/2017_04_road_tolls_report_briefing.pdf*
[ii] *http://freightonrail.org.uk/PDF/Toll_Collect_fact_sheet.pdf*

[iii] *VCÖ-Factsheet 2013-16 - Lkw-Maut in Österreich ausweiten (2016)*
[iv] *This calculated by adding £50 million from foreign vehicles paying the Road User Levy to the VED total for 2016 in the DfT table TSGB1311*
[v] *This is calculated as 9 billion vehicle miles by artics (source: TRA3105) X 18p per mile for infrastructure costs from the MSB report*