

Summary: Intervention & Options

Department /Agency:
Department for Transport

Title:
Impact Assessment of Transposition of Directive
2006/38/EC

Stage: Final

Version: 1

Date: 4 June 2009

Related Publications: Charging of Heavy Goods Vehicles for the Use of Certain Infrastructure - Regulations - Final Stage Document

Available to view or download at:

<http://www.>

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What is the problem under consideration? Why is government intervention necessary?

In the 1990s some EU member states decided to introduce charges for all lorries, including those in transit, for use of major roads while cutting vehicle taxes for their own lorries. The EU saw a need to set some bounds for such arrangements to constrain distortion of competition. A 1999 Directive capped user charges and set a floor on vehicle taxes. A 2006 amendment elaborated principles for distance-based tolling when applied to lorries. The Government must now transpose these measures.

What are the policy objectives and the intended effects?

Directive 1999/62 (the "Eurovignette" Directive) , as amended by Directive 2006/38/EC aims to limit discriminatory effects of any HGV charging or tolling regimes that member states may choose to introduce. There are only two tolling arrangements in the UK that are affected by the detailed rules. We do not expect that the regulations will have any noticeable affect on these arrangements as their current arrangements would appear to comply with the requirements of the Directive.

What policy options have been considered? Please justify any preferred option.

The Government's view is that we are obliged to transpose but there are some choices about how we do this. The preferred option which has been selected following consultation, imposes some minor obligations for undertakings to provide information so that the Government can in turn provide this as required to the Commission, but these have been kept as light as possible. We are also providing that, were a UK tolled undertaking to raise their lorry charges above the permitted level, we could suspend their regime until the problem is rectified. In practice we do not expect to have to take this course of action.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects? No specific review is planned as the impacts are estimated to be negligible. No responses to the consultation indicated that this is not the case.

Ministerial Sign-off For final proposal/implementation stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:

..... Date:

Summary: Analysis & Evidence

Policy Option:	Description:
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COSTS	ANNUAL COSTS	Description and scale of key monetised costs by 'main affected groups'
	One-off (Transition) Yrs	
	£ 	
	Average Annual Cost (excluding one-off)	
£ 	Total Cost (PV)	£
Other key non-monetised costs by 'main affected groups' There are some limited information requirements on existing or future tolled undertakings. The Government will require certain information from tolled undertakings in order to meet obligations to pass this to the Commission. Our requirements of undertakings should be minimal.		

BENEFITS	ANNUAL BENEFITS	Description and scale of key monetised benefits by 'main affected groups'
	One-off Yrs	
	£ 	
	Average Annual Benefit (excluding one-off)	
£ 	Total Benefit (PV)	£
Other key non-monetised benefits by 'main affected groups'		

Key Assumptions/Sensitivities/Risks We expect that that tolled undertakings already have the information that they need to provide. Our view is that neither of the two tolled undertakings affected will need to change their tolling arrangements, and any future tolling arrangement for lorries could be delivered effectively.

Price Base Year	Time Period Years	Net Benefit Range (NPV) £ 	NET BENEFIT (NPV Best estimate) £
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What is the geographic coverage of the policy/option?	UK				
On what date will the policy be implemented?					
Which organisation(s) will enforce the policy?	National Authorities				
What is the total annual cost of enforcement for these organisations?	£ 				
Does enforcement comply with Hampton principles?	Yes				
Will implementation go beyond minimum EU requirements?	No				
What is the value of the proposed offsetting measure per year?	£ 				
What is the value of changes in greenhouse gas emissions?	£ 				
Will the proposal have a significant impact on competition?	No				
Annual cost (£-£) per organisation (excluding one-off)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">Micro</td> <td style="width: 25%; text-align: center;">Small</td> <td style="width: 25%; text-align: center;">Medium</td> <td style="width: 25%; text-align: center;">Large</td> </tr> </table>	Micro	Small	Medium	Large
Micro	Small	Medium	Large		
Are any of these organisations exempt?	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">No</td> <td style="width: 25%; text-align: center;">No</td> <td style="width: 25%; text-align: center;">N/A</td> <td style="width: 25%; text-align: center;">N/A</td> </tr> </table>	No	No	N/A	N/A
No	No	N/A	N/A		

Impact on Admin Burdens Baseline (2005 Prices)		(Increase - Decrease)
Increase of £ 	Decrease of £ 	Net Impact £

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Evidence Base (for summary sheets)

[Use this space (with a recommended maximum of 30 pages) to set out the evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Ensure that the information is organised in such a way as to explain clearly the summary information on the preceding pages of this form.]

1. This Impact Assessment considers the impact of transposition of Directive 2006/38/EC. Background to the Directive is included in the consultation document of which this impact assessment forms a part, but is summarised briefly below.

Background

2. In 1999 a Directive was adopted establishing EU rules on tolls, user charges and taxes for lorries. The Directive responded to concerns at proposals by a number of member states to levy user charges on any lorries using their motorways, whilst cutting vehicle taxes for their own lorries. The Directive set a cap on user charges, a floor for vehicle taxes (VED in the UK) and some principles for distance based tolls. An amending Directive in 2006 elaborated in more detail the rules governing distance based tolls. The Directive does not require Member States to levy tolls and charges for lorries, but where they choose to do this they must respect the rules in the Directive. The Directive is intended to address distortions of competition between transport undertakings in the Member States, by at least partial harmonisation of the way that infrastructure costs are charged to hauliers and preventing discrimination in charges.
3. The Government has decided that the most appropriate way to meet our obligations relating to the Directive is to transpose it into national law.
4. The key provisions reflected in the draft Regulations are that tolls and user charges shall be transparent and non-discriminatory; tolls for existing tolling schemes must be related to infrastructure costs and for new schemes tolls must be calculated in accordance with detailed rules; frequent user discounts must be limited to 13% and variation of charges must be within specified bounds.

Scope

5. The Directive applies only to tolling schemes on the trans-European Network. There are two private tolled undertakings that operate tolling schemes for lorries that must comply with the provisions of the Directive: Midland Expressway Limited (for M6 Toll) and Severn River Crossings Plc (for Severn River Crossings). The Dartford Crossing benefits from a provision in the Directive that allows congestion charging schemes not to be subject to its detailed rules.
6. There are some more detailed provisions in the Directive that cover new tolling schemes, setting out in more detail how the cost of infrastructure should be calculated and translated into tolls.
7. The Directive excludes regulatory charges from the scope of restrictions. Regulatory charges are defined as charges which are specifically designed to combat time and place related congestion and environmental impacts, such as the Dartford Thurrock crossing.

Provisions

8. The provisions in the Directive relating to existing tolling schemes are less specific. The most important ones are that toll arrangements for lorries must be:
 - transparent
 - non-discriminatory
 - related to the cost of the infrastructure
9. The two operators caught by the Directive, namely the M6 Toll (Midland Expressway Ltd) and Severn River Crossing (Severn River Crossings Plc), will need to comply with these provisions. Their current tolling arrangements appear to comply.
10. There are also some rules limiting frequent user discounts to 13%.
11. Restrictions on the UK's application of lorry road user charging may have impacts in future in that they could constrain policies that are designed primarily to reduce congestion and environmental impacts being introduced. However, the 2006 Directive does allow infrastructure charges to be varied to reflect pollution and congestion, provided the total revenues collected reflect infrastructure costs.
12. In order to meet obligations in the Directive requiring the UK to provide information to the Commission, the Government is taking some minimal information seeking powers. We already have, routinely receive, or can access most of the information we need. We expect to make very limited and infrequent further demands of the undertakings.
13. We have specifically chosen not to define further how tolls should be "related to" infrastructure costs in order to avoid burdensome assessment procedures. Rather we have stuck to the letter of the Directive. Action would only be triggered where we consider that the tolling regime clearly does not comply with the provision.

Options

14. Since the objective is to transpose EU legislation rather than to achieve a specific policy objective, we have not analysed general options.
15. There are places where the text might bear more than one interpretation. We could attempt to clarify, but this might have the effect of tightening the obligations. We have sought to avoid this by staying as close as possible to the existing text.
16. The one place where choices were available was for enforcement. Here there was a choice to create offences and penalties. We considered that this would be unnecessarily bureaucratic, and we are therefore proposing a lighter touch approach where the tolling arrangements can be suspended pending being brought into compliance. A similar approach has been taken to the transposition of Directive 2004/55 on Interoperability.
17. There is a requirement on the UK Government to provide information to the European Commission to enable the latter to produce a report on the impact on the internal market and its contribution towards the objectives of a sustainable transport policy. In order to fulfil this, the Department for Transport needs to collect a minimal amount of information from the two undertakings affected. Much of this information is already routinely provided by the affected Tolloed Undertakings. It is not considered that this requirement would be a significant administrative burden.

Conclusion

18. The Department's conclusion is that the impact of these regulations will be minimal. But they will allow action to be taken against a UK tolled undertaking that introduces arrangements that do not comply with the Directive.

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	<i>Results in Evidence Base?</i>	<i>Results annexed?</i>
Competition Assessment	Yes/No	Yes/No
Small Firms Impact Test	Yes/No	Yes/No
Legal Aid	Yes/No	Yes/No
Sustainable Development	Yes/No	Yes/No
Carbon Assessment	Yes/No	Yes/No
Other Environment	Yes/No	Yes/No
Health Impact Assessment	Yes/No	Yes/No
Race Equality	Yes/No	Yes/No
Disability Equality	Yes/No	Yes/No
Gender Equality	Yes/No	Yes/No
Human Rights	Yes/No	Yes/No
Rural Proofing	Yes/No	Yes/No

