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IRTE
engineering success

Cutting the cost of truck operations right now?

Just as prices at the pumps start teetering back towards more sustainable levels, the FTA (Freight Transport Association) releases the results of recent research that surprise no one. HGV operating costs in the UK, it pronounces, have reached an all-time high, thanks in large part to the soaring cost of fuel.

According to its study, between April 2011 and April 2012, increases in diesel alone pushed the cost of running a 44-tonne combination up by £1,900 per year – leading Simon Chapman, FTA's chief economist, to say: "The high price of diesel is the number one concern keeping hauliers awake at night."

Recent marginal reductions in the price of diesel may appear to have taken some of the sting out of his remarks, but the stark fact remans that fuel now represents around 40% of operators' annual running costs, compared to more like one third just three years ago. That is a significant change that threatens the livelihood of many – and ultimately the smooth running of freight and distribution operations upon which we all depend. And the inescapable fact is that, while hauliers might want to pass on at least some of their rising costs to customers, the pressure is on to do precisely the opposite in the face of gradually declining haulage activity, as the economy slides inexorably back into recession.

For Chapman, avoiding the spectre of insolvency and eventual liquidation is about operators rallying to the time-honoured cry of demanding that HM Government cuts fuel duty. Right may well be on his side. At time of writing, UK operators are required to pay 57.95 pence per litre of diesel in duty – on average, 24 pence more than the rest of Europe. "There is a compelling case for an immediate cut in diesel duty," argues Chapman. "Independent research undertaken by the Centre for Economic and Business Research shows that a modest three pence per litre cut in duty today would be cash-neutral to the Treasury within 12 months."

That may well be the case. However, yet another sea change from the Coalition is, sadly, about as likely as England was to win Euro 2012. So, clearly, while not letting that particular baton drop, the transport industry also needs to do something else – or face the inevitable. Which is why hauliers' painfully slow take-up of heavy-duty truck engine conversion technologies that rein back on consumption of punishingly expensive diesel, injecting much cheaper methane or LPG (liquefied petroleum gas) in its place (page 12) is so hard to fathom.

Dual-fuel systems, from the likes of Hardstaff, Clean Air Power, G-Voloution and Prins, may still appear novel, but the plain fact is they've been around for a good few years now. And given the weight of evidence out there validating cost savings and reliability from leaders such as Howard Tenens, Maiden's of Telford, Lafarge Aggregates and Concrete, and Hardstaff itself – assuming the right choice and operations – surely hauliers should be reassured and taking notice?

Yes, the market, beyond the subsidised bus sector, may not be ready for straight gas engine operations – any more than it's yet ready for a mass move to hybrid or electric powertrains. But experience shows there is an interim solution ready to assist with survival right now. Find out more at the IRTE conference, Gaydon on 13 September. Go to: www.irte-conference.co.uk

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