

Modernising the taxation of the haulage industry - lorry road-user charge

Progress report two

May 2003



HM TREASURY



HM Customs and Excise

Department for
Transport



HM TREASURY



HM Customs and Excise

Department for
Transport

Modernising the taxation of the haulage industry - lorry road-user charge

Progress report two

May 2003

© Crown copyright 2003

Published with the permission of HM Treasury on behalf of the Controller of Her Majesty's Stationery Office.

The text in this document (excluding the Royal Coat of Arms and departmental logos) may be reproduced free of charge in any format or medium providing that it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the document specified.

Any enquiries relating to the copyright in this document should be sent to:

HMSO
Licensing Division
St Clements House
2-16 Colegate
Norwich
NR3 1BQ

Fax: 01603 723000

E-mail: hmsolicensing@cabinet-office.x.gsi.gov.uk

HM Treasury contacts

This document can be accessed from the Treasury Internet site at:

www.hm-treasury.gov.uk

For further information on the Treasury and its work, contact:

HM Treasury Public Enquiry Unit
1 Horse Guards Road
London
SW1A 2HQ

Tel: 020 7270 4558

Fax: 020 7270 4574

E-mail: public.enquiries@hm-treasury.gov.uk

CONTENTS

	Page
	Foreword by John Healey, MP, Economic Secretary to the Treasury and Rt Hon. John Spellar MP, Minister of State for Transport
	i
1.	Introduction
	1
2.	Details of the Lorry road-user charge
	3
3.	Next Steps and Key milestones
	9
	Annex A: International Situation
	11
	Annex B: Preliminary Business Model
	13
	Annex C: References
	17

FOREWORD BY JOHN HEALEY, MP, ECONOMIC SECRETARY TO THE TREASURY AND RT HON. JOHN SPELLAR MP, MINISTER OF STATE FOR TRANSPORT

Last year the Chancellor of the Exchequer, Gordon Brown, announced that the Government intended to introduce a distance-based lorry road-user charge. All hauliers using UK roads, regardless of nationality, will pay the charge and will benefit from offsetting tax cuts for the industry.

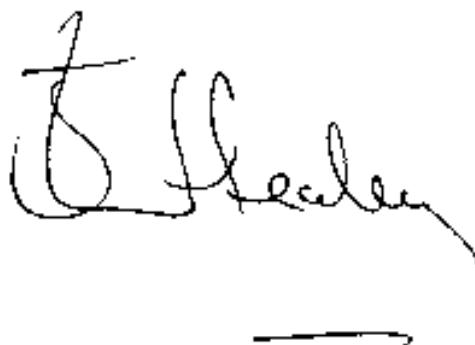
The Government has completed the first phase of introducing the lorry road-user charge, as described in this second progress report. We have looked into how best to implement the charge, taking into account what is happening in other countries and working with the haulage industry. We will now press ahead with the introduction of the charge.

We have decided to make the charge simple at first, to ensure that it can be successfully implemented as soon as possible. During the forthcoming tender process we will need to talk to potential suppliers about what can be achieved and by when. Depending on what the market tells us, we still expect to implement it by 2006.

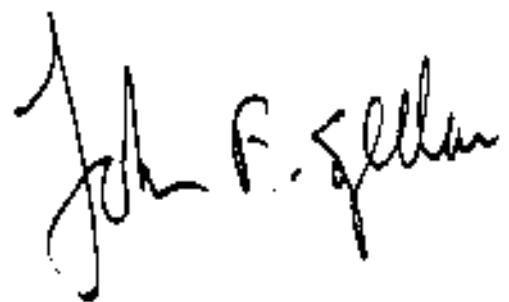
Lorries using all UK roads will be covered by the charge. We are considering charging a different rate on motorways to reflect the different costs imposed.

We know that there has been a lot of interest in how we intend to implement the promised offsetting tax cuts. We have considered the options carefully, and we can now confirm in this progress report that the offsetting tax cut will be a reduction in fuel duty. This will be available on fuel used in lorries that fall within the scope of the lorry road-user charge. We have successfully secured the necessary changes to European legislation on fuel duties to allow this.

We believe that the lorry road-user charge will be a great opportunity for the haulage industry. It will ensure that all hauliers pay towards the costs they impose in the UK, regardless of their nationality. It will help to bring the latest technology into the cabs of the UK's lorries, where it can be a valuable aid for the haulage industry, offering fleet management and navigation services. The charge will assist the UK haulage industry in becoming more competitive in Europe.



John Healey



John F. Spellar

INTRODUCTION

PURPOSE

I.1 The purpose of this document is to set out the Government's current plans and progress to date for the introduction of a distance-based lorry road-user charge.

I.2 The charge is to apply to heavy goods vehicles (HGVs) according to how far they drive on UK roads. The aim of the charge is to ensure that all hauliers, regardless of nationality, using UK roads pay fairly towards the costs they impose. There will be offsetting tax reductions for the haulage industry.

I.3 At the time of the November 2001 Pre-Budget Report a consultation document "modernising the taxation of the haulage industry" was issued on lorry road-user charging. The results of this consultation were published in April 2002, in Progress Report One, which also described other work up to that date, summarised below.

I.4 Since April 2002, the Government has been looking in greater depth at how to achieve a distance-based lorry road-user charge alongside offsetting tax reductions. Section two of this document shows the results of this with a preliminary description of how the charge might work. It also confirms that we propose to reduce hauliers' fuel duty, to provide the offsetting tax cut.

I.5 Section three describes the next steps in introducing the charge, including further work on new legislation. The Government is currently finalising the structure through which it intends to procure the services and supplies needed to operate the charge. It is likely that the charge will involve a number of contracts, and that the Government will start the tender process towards the end of the year.

I.6 The Government is keen to work with key stakeholders, especially through the Road Haulage Forum, and to encourage their views.

WORK PRECEDING APRIL 2002

I.7 "Modernising the taxation of the haulage industry: Progress report one" set out the objectives of a lorry road-user charge. These are:

- fairness and efficiency. All users of UK-roads should contribute at a level that reflects the costs they impose in the UK; and
- positive impact on transport and the environment. The charge should reflect the costs of climate change, local air quality, road maintenance, safety, traffic congestion and noise.

I.8 These objectives are best met by a distance-based charge, rather than a time-based charge, as the amount of charge corresponds more closely to the costs imposed. It is in principle possible to improve this correspondence by varying the charge according to road-type, lorry type, and other factors, such as time of day.

I.9 Prior to April 2002, the Government had looked at the technologies that could potentially help establish a distance-based lorry road-user charge. The key contenders were microwave-based systems and satellite-based systems. Of the two, satellite-based systems

were more likely to achieve the charge's objectives; they could also extend other benefits within the haulage industry, by being able to perform tasks other than charging, such as fleet management.

DETAILS OF THE LORRY ROAD-USER CHARGE

SUMMARY

2.1 The Government has considered the options explored in the analysis conducted over the last year and decided to deliver the offsetting tax cuts through fuel-duty reductions for hauliers who pay the lorry road-user charge. The proposed charge will apply to the use of UK roads by all lorries over 3.5 tonnes. Rates should be structured so that heavier and more polluting lorries pay a higher rate. It has also been decided to simplify the proposed charge so that it has no more than two basic rates (one for motorways and one for other roads) at least initially, although there may be additional variants on these rates according to time of day.

SCOPE OF THE LORRY ROAD-USER CHARGE

What vehicles will be chargeable?

2.2 All lorries of gross vehicle weight over 3.5 tonnes will in principle be liable for the lorry road-user charge. This is to ensure that all lorries using UK roads pay fairly towards the costs they impose. It means that foreign lorries entering the UK and about 450,000 British HGVs will be liable for the charge and eligible for the fuel-duty reduction.

2.3 The Government recognises, however, that starting immediately with so many vehicles is likely to be difficult, and that it would be prudent to phase in the charge, starting with only larger lorries being liable for the charge and eligible for fuel-duty reductions.

2.4 Clearly different types of lorry impose different levels of costs in terms of road maintenance and environmental costs. Therefore, provided it does not compromise the goal of simplicity, the lorry road-user charge may use a differential rate structure, for instance so that heavier lorries with fewer axles pay more per kilometre. There may also be reduced rates for lorries reaching more environmentally friendly emissions standards.

Box 2.1: Survey of non-UK registered Heavy Goods Vehicles

The Department for Transport (through the market research organisation MORI) will carry out a survey of foreign registered heavy goods vehicles using the UK road network during May and June 2003.

The aim of this survey is to find out more about what work foreign lorries undertake whilst in the UK and specifically:

- journey numbers and frequency;
- distances travelled; and
- types of road used.

Initial results should be available in July. They will help inform work on the lorry road-user charge, and they will also support a number of other policy requirements. The survey is being supported by the Freight Transport Association and the Road Haulage Association.

What roads will be chargeable?

2.5 There is a long tradition in Europe of charging for the use of motorways. However, unlike other EU countries, the UK has a comprehensive non-motorway network that is used for long-distance travel. The last progress report said that if the charge were restricted to motorways only, there would be a serious problem of diversion onto smaller roads, where driving lorries is less safe and more polluting. Further detailed work, based on the Department for Transport's GB Freight model, has confirmed that conclusion.

2.6 Accordingly, the Government intends to apply the lorry road-user charge to all UK roads. This will reflect the costs imposed by lorries, since lorries impose costs wherever they drive, and will also eliminate the risk of diversion to smaller roads.

2.7 The costs imposed by a lorry vary depending on which kind of road it uses. It is therefore possible that lorries will pay a different rate of charge on motorways compared with other roads. However, in order to simplify the tax, there will be no further differentiation by road type, at least at first. Even the differentiation between motorways and other roads represents a considerable technical challenge. The Government will therefore consider carefully whether the charge should have a different rate for motorways from the outset.

2.8 The Government is also keen to encourage HGVs to travel at times of the day when they impose the lowest costs. However, this will be a greater technical and organisational test. The Government will therefore consider whether to introduce different rates for different times of day from the outset, or begin by charging at the same rate throughout the 24-hour period.

OFFSETTING TAX REDUCTIONS

2.9 The Government recognises that hauliers already contribute towards the costs they impose, through vehicle excise duty and fuel duty. The Chancellor has previously announced that there will be tax reductions for lorry operators when the lorry road-user charge is introduced.

2.10 After considering the options, the Government has concluded that the best way to offset the charge is through a reduction in fuel duty. This reduction will be available on all fuel bought in the UK for lorries that pay the charge, regardless of nationality. Fuel duty has been chosen because it is a tax currently paid by all hauliers, and because it is the current method of recovering from hauliers the costs that they impose. In the future, the lorry road-user charge will recover from hauliers many of these costs, and so it is appropriate that hauliers' fuel duty should be reduced.

Box 2.3: The EU Energy Products Directive

Political agreement was reached on the EU Energy Products Directive in March 2003. The Directive will, from 1 January 2004, increase the existing Community minimum rates of duty on oils, with a second increase in the minimum for diesel from 1 January 2010 (as well as providing a Community framework, with minimum rates of duty, for the taxation of other energy products: electricity, natural gas, coal and other solid fuels).

The Directive meets all of the UK's main objectives. In particular, the UK has negotiated a provision to allow the rate of duty on diesel to be cut for those lorries which pay the lorry road-user charge. The UK's rates of hydrocarbon oils duties will not be affected by the minimum rates in the Energy Products Directive.

The Energy Products Directive will be formally adopted by the Council of Ministers once consultation with the European Parliament and with accession countries has been completed.

PRELIMINARY BUSINESS MODEL

2.11 The other major part of work to date has been preparing a description of how the charge could work. This is not to say that this is definitely how the charge will ultimately be constructed. The Government will be working with key stakeholders and suppliers, who will offer further ideas and solutions on how to introduce the charge. This section describes the charge from the perspective of those paying it. A more comprehensive view of this “business model” is given in annex B.

2.12 The model is based upon three schemes:

- Main scheme – for frequent road users
- Occasional user scheme – for infrequent road-users
- Offsetting fuel-duty reduction scheme

Main scheme

2.13 A range of technologies will be needed to administer the charge. Depending on the precise structure of the charge, it will be necessary to record how far lorries have travelled on motorways and other roads, and their time of travel. It will be necessary for the charge to be calculated and collected; and systems for enforcement and assurance will be needed.

2.14 Progress report one discussed two technological means of establishing where the lorry has driven: microwave systems and satellite-based positioning systems.

2.15 The Government has concluded that microwave systems alone are unlikely to be able to implement a lorry road-user charge effectively. Even for a motorway-only charge, the cost of roadside equipment would be high. For all-road charging, the cost of equipment and the environmental costs of installing roadside technology across the country would be significantly greater.

2.16 Satellite-based systems therefore probably offer the best way forward, since they have the most flexibility for charging all roads, and for offering other services to hauliers. They are also the solution more likely to be adopted by other EU member states in the future.

2.17 In addition, a communication system, probably based on cellular telephony, will be needed to link the lorry with the data processing centre where the charge will be administered. Other technologies, possibly including microwave systems, smartcards and electronic tachographs, may also be involved in different aspects of the overall system.

2.18 Whilst the Government's analysis has shown that there are a variety of feasible combinations of these technologies, it will be up to suppliers to propose and develop the optimum solution.

Box 2.4: The main scheme

The Government's early analysis has suggested how the charge could be administered for main scheme users.

- **Hauliers registering a new lorry with the DVLA or DVLNI will be registered for the charge at the same time. Foreign lorries may also be registered for the main scheme.**
- **An authorised fitter will install an on-board unit. With time, newly purchased lorries could have a pre-installed on-board unit.**
- **The on-board unit will record how far the lorry has travelled on motorways and on other roads, and transmit this information automatically.**
- **The haulier will then be billed at regular intervals.**

2.19 The Government will be looking at ways to encourage hauliers to take advantage of the in-cab technology, and enjoy the benefits of automatic payment and other services. It will be working with suppliers to determine what kind of on-board technology will be required. It is too early to say how much it will cost to manufacture the on-board units, or how this cost will be met.

Occasional User Scheme

2.20 For those who only rarely use UK roads and who do not have on-board units, the Government is developing a separate scheme for calculating the lorry road-user charge.

2.21 It is expected that this will work similarly to the occasional user scheme proposed for Germany from August 2003. Hauliers whose lorries are not fitted with in-cab technology will buy a ticket for their journey in advance, via the internet or at electronic terminals.

Box 2.5: The Occasional User Scheme

The Government has looked at how an occasional user scheme could work. It will be particularly important for foreign lorries making one or two trips, which are less likely to carry on-board units. One possibility is described below.

- Before beginning their journey on UK roads, drivers of lorries with no on-board unit will book their journey, at a computer terminal located near a ferry port or border crossing, or on the internet.
- The driver will give journey details, and will choose one of the routes suggested by the in-built software.
- The driver will be charged, and will be given a map showing the selected route.
- If the lorry driver's intended journey changes, the driver will be able to telephone or go online to amend the route.
- There will be an enforcement system, to ensure that lorries without on-board units have booked their journey.

Offsetting fuel-duty reductions

2.22 Reducing fuel duty solely for those vehicles paying lorry road-user charge represents a considerable organisational challenge. Whilst the legitimate haulage industry should be able to obtain cheaper diesel as easily as possible, the Government will take robust measures to prevent fraudsters from buying cheaper diesel and using it in non-chargeable vehicles, undercutting legitimate trade.

2.23 The Government has identified two feasible means of offering an offsetting reduction in fuel duty to hauliers:

- A new chemically marked fuel, which will be sold at a discounted rate to hauliers to use in chargeable vehicles. It will be illegal to use it in a vehicle that is not paying the charge.
- A repayment scheme, whereby hauliers declare (electronically, where possible) how much fuel they have used in each chargeable vehicle, and are refunded some of the fuel duty, possibly as a credit against their lorry road-user charge bill.

2.24 The Government will be working to identify the costs and benefits of each of these options, and discussing these with the key sectors involved, in particular fuel producers and retailers and the haulage industry.

Box 2.6: Joint Government / Industry field trip to Germany in January 2003

In October 2002, the Economic Secretary to the Treasury, John Healey, invited members of the Road Haulage Forum to accompany officials on a visit to Germany to review plans to introduce a distance-based lorry road-user charge there.

Representatives from the Freight Transport Association and the Road Haulage Association, the British Vehicle Rental and Leasing Association, the Society of Motor Manufacturers, and an independent haulier, visited Toll Collect's demonstration site, located on the A555 between Cologne and Bonn. Toll Collect is the consortium which will run the German charge, consisting of DaimlerChrysler, Deutsche Telekom, and Cofiroute.

Representatives from the consortium outlined their plans for how the German charge will work. They showed how hauliers will be able to arrange for an on-board unit to be installed in their lorry, or will book their motorway journeys at a terminal or on the internet.

The group were taken round the demonstration site to see the technology in action. They saw the on-board unit working in a lorry cab on the motorway, automatically recognising where it was on the motorway and charging accordingly. They saw the enforcement technology, which was successfully identifying passing lorries despite the snowy conditions. They had the opportunity to test the terminals that will be installed for drivers of lorries without on-board units, where they will book their journey, paying with cash or credit or fuel card.

Toll Collect answered questions from the haulage industry representatives about the charge, and how it will affect the industry. The UK Government had the opportunity to listen to the industry's areas of concern, and will reflect these in their planning of the UK lorry road-user charge.

NEXT STEPS AND KEY MILESTONES

3.1 The previous section explained how the Government could administer a distance-based lorry road-user charge. This section reports on how the Government will progress the introduction of the charge.

3.2 The Government will prepare the necessary changes to UK legislation to allow the charge to be introduced. It aims to make initial changes through the 2004 Finance Act. Alongside this the Government will be working with the EU Commission to ensure that the tax is compatible with developing European policy and legislation.

3.3 The Government will work in partnership with the private sector to introduce the charge. It will be working towards starting the tendering process in late 2003. In preparation for this, detailed analysis will be needed to refine the requirements of the charge.

3.4 The Government will also be working on how to implement a reduction in hauliers' fuel duty.

3.5 The Government expects the following:

spring 2003 to autumn 2003: Refine the requirements of the charge.

late 2003: Start of tendering process

spring 2004: Further UK legislation introduced through Finance Act

3.6 The go-live date of the lorry road-user charge will depend on the market, although the Government's expectation is still to introduce the charge by 2006. The Government will examine carefully suppliers' proposals, to ensure the right balance is struck between early introduction and reliability.

Box 3.1: Procurement

The business model is a complex one, with numerous interrelated systems. To set up and run its components (given in annex B), the Government will need to bring in private sector expertise and experience. The Government is developing its thinking on how best to do this, but it is likely to involve a number of contracts. More details will be provided over the course of 2003.

The Government's plans assume that the distance calculation services will be provided by the private sector. The Government is still developing its detailed requirements for this element of the system; one of the aims is to develop the requirement in such a way as to maintain an open "platform" for third party value-added services.

A

ANNEX A: INTERNATIONAL SITUATION

The UK is not alone in introducing lorry road-user charging. Local-level charges are being researched and implemented all over the world, and within Europe. Switzerland, Germany and Austria have either implemented or are planning to implement national lorry charging. This gives the UK the opportunity to learn from these countries' experiences. It is also desirable that the UK charge is compatible with charges in other countries, so that hauliers are not disadvantaged as they drive across Europe.

SWITZERLAND

Switzerland introduced a distance-based lorry road-user charge on 1 January 2001. The Swiss road-user scheme charges lorries of gross vehicle weight over 3.5 tonnes for every kilometre they drive within Switzerland, irrespective of type of road. It also varies according to weight of lorry and vehicle emissions standard. There were no offsetting tax cuts in Switzerland, though the charge did accompany an increase in permitted gross vehicle weight of lorries on Swiss roads.

The Swiss system captures journey details by means of an on-board unit installed in all Swiss lorries. This unit measures distance driven through a connection to the lorry's tachograph, and verifies this using satellite positioning. The unit is switched on and off as it enters or leaves Switzerland by a microwave signal. A smartcard records the distance driven, and is sent by post or electronically to Swiss Customs every month.

Occasional users of Swiss roads are not required to have an on-board unit installed. They book their journey at terminals at the border, giving payment details and the weight and emissions class of their lorry. On leaving Switzerland they are required to show they have paid the charge, and may be asked to show a Customs officer their odometer reading to prove they have not driven further than they have paid for.

AUSTRIA

Austria intends to introduce a distance-based lorry road-user charge on 1 January 2004. The Austrian system charges lorries for every kilometre they drive on Austrian motorways only. It also varies by the number of axles, with lorries with more axles paying more per kilometre. Whilst there will be some offsetting tax cuts, the overall effect will be that lorries are paying more for their use of Austrian motorways.

The Austrian system captures journey details by means of a small on-board unit mounted in all lorries. This contains a microwave transceiver, which transmits to gantries placed between junctions on Austrian motorways. The charge is levied automatically from the haulier's bank account, or a prepaid amount can be stored on the on-board unit. There will be no separate scheme for occasional users of Austrian motorways, since the on-board unit will be compulsory for all users, at a cost of €5 to the chargepayer.

GERMANY

Germany intends to introduce a distance-based lorry road-user charge on 31 August 2003. The German system charges lorries for every kilometre they drive on German motorways (some stretches of motorways are exempted). It also varies by the number of axles, and the lorry's emissions class. The German charge will be accompanied by some form of offsetting tax cuts, though this is not likely to be at a high enough level to offset fully the planned lorry road-user charge.

Most lorries on German motorways will be fitted with an on-board unit. This unit contains satellite-positioning equipment, which records distances travelled on German motorways, and the associated charges. The unit periodically transmits this information, via the cellular network, to the operating authorities, who levy the charge.

Occasional users of German motorways are not required to have an on-board unit. Instead they must book and pay for their motorway journey in advance. This can be done over the internet, or at terminals located near motorway junctions and at services stations on motorways leading into Germany. Enforcement stations will ensure that all lorries on German motorways have either an on-board unit, or have booked their journey.

EUROPEAN COMMISSION

The European Commission is taking an overview of transport infrastructure in general, as set out in the Commission white paper "European Transport Policy for 2010: time to decide". This includes charging for the use of roads. With a number of Member States showing an interest in lorry road-user charging, the Commission is looking at establishing technical standards for the equipment used to capture journey details. This should mean that hauliers will only need one on-board unit to use roads in all EU countries.

OTHER CHARGING

There are a variety of plans around the world to introduce road charging on a local rather than national scale. It includes both new toll roads and congestion charge areas. Trials are taking place with a variety of technologies, including both microwave and satellite-based systems.

B

ANNEX B: PRELIMINARY BUSINESS MODEL

This annex supplements Section 2. It describes in more detail how the lorry road-user charge might work. This business model may well change with further work by HM Customs and Excise and industry.

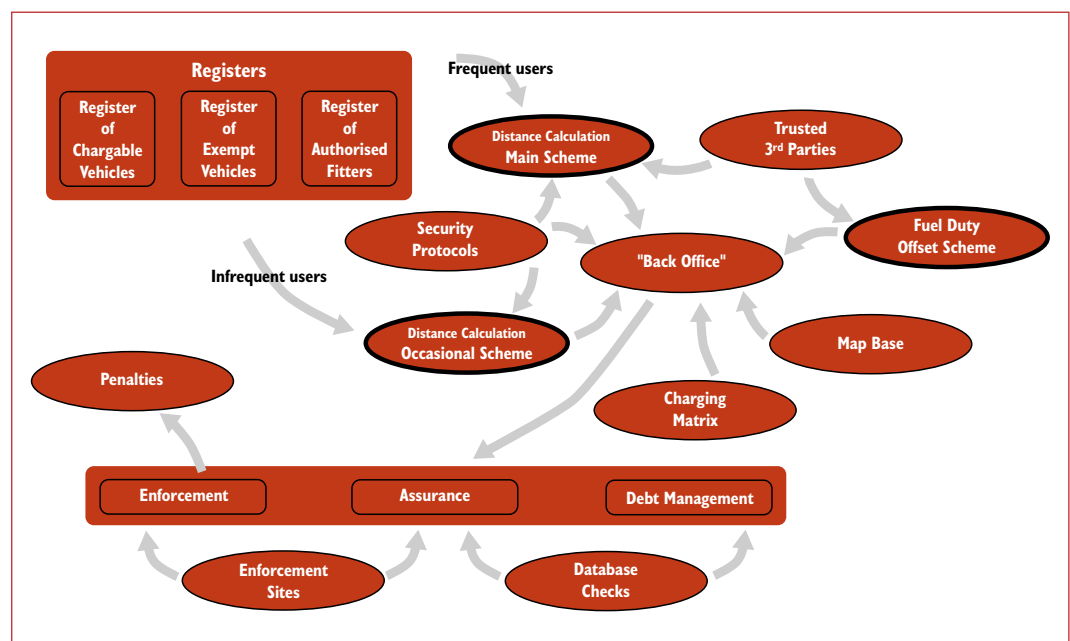
The preliminary business model was designed comprising several components or building blocks, which would need to be developed to ensure successful delivery of the charge. Some of the components may make use of existing facilities within Government departments. Others may be available from the private sector.

For each of the schemes, different components can be identified. There will be a requirement to register and record details of each haulier and the vehicle(s) they own, some of which may already be available from organisations such as the DVLA. Besides a register, the distances travelled will need to be captured and a charge calculated. This charge would have to be billed and collected. It would have to be assured and enforced to ensure fair use by all and debts chased as appropriate.

In addition there will be a reduction in fuel duty. If hauliers were allowed to buy a marked fuel carrying a reduced rate of duty, this would be a separate scheme. If, on the other hand, hauliers were allowed to claim back a proportion of the duty they have paid on full-priced fuel, this would be integrated into the business model, so that the repayment could be offset against the charge due, or repaid in arrears. The preliminary business model below includes the option of an integrated fuel-duty reduction.

The preliminary Business Model assumes that hauliers will be billed periodically for all of their vehicles' journeys in that period and charged accordingly. Lorry operators, particularly leasing companies, will also want to know how much they were being charged at any one time and will probably require real-time access to billing information.

The following diagram represents a high level view of the proposed 'business model' for the LRUC:



The components of the LRUC Business model could include:

Component Name	Description
Registers	Registers of chargeable vehicles, exempt vehicles and authorised fitters of any equipment required would be created. These would be integrated or linked with existing registers, such as the register of vehicles held by the DVLA.
Distance Calculation: Main Scheme	The main scheme would require journey details to be recorded for every vehicle and for every journey.
Occasional User Scheme (OUS)	The OUS is an alternative to the main scheme. The OUS is for those who travel infrequently and vehicles not in the main scheme (such as those waiting for registration, new vehicles etc). It would require vehicle and also journey details to be recorded.
Back Office	The “back office” would house the main ‘data processing’ and ‘customer service’ centres. Data processing would receive the journey data from the main or occasional user schemes and calculate charges due, whilst the customer service centre would administer the schemes and provide a call centre function for customers.
Repayment Scheme	The repayment scheme would, if implemented, provide hauliers with a repayment either offset against the charge due or paid in arrears.
Trusted 3rd Parties	It may be necessary and desirable to establish third party arrangements with other organisations or companies to undertake some duties within the scheme.
Map base	The map base would provide a standard agreed set of master distances for locations on UK roads.
Charging Matrix	The charging matrix would contain the variables of the charge (such as road type, location, time of day, vehicle types etc) and the appropriate fees required (such as pence per kilometre).
Debt Management function	Debt Management is the collection of payments not received. For the LRUC, this would include debt collection outside the UK tax jurisdiction.
Assurance function	Assurance is the ongoing checks made of hauliers, their vehicles, payments made, repayments claimed and overall operation of the schemes. This may entail visits to hauliers and their locations to check any equipment used and to check parallel and supporting records.
Enforcement function	Enforcement would provide the intelligence, investigation and detection aspects of enforcing the legislation of the charge. Actions would be taken within the law to catch offenders, to seize property and develop court cases as required.

Component Name	Description
Security Protocols	Various security measures will be required to ensure that data collected, stored and transmitted remains secure, un-tampered and legal. This will include encryption, clearance and accreditation of data, information, equipment and staff involved.
Enforcement Sites	Automatic Number Plate Readers (ANPR) would be used to check vehicles against the registers of chargeable vehicles, whether they have paid their charges due or are exempt vehicles and alert Assurance and Enforcement staff as required to take action. ANPR would mean that flows of traffic were not interrupted causing traffic jams whilst vehicles are being checked.
Penalties	Penalties would be required to act as a deterrent to breaking the rules set through legislation and to collect monies due as appropriate.

C

ANNEX C: REFERENCES

SELECTION OF RELEVANT DOCUMENTS

HM Treasury: Modernising the taxation of the haulage industry: a consultation document, London, 2001

HM Treasury: Modernising the taxation of the haulage industry: progress report one, London, 2002

