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CABINET

TRANSPORT BILL  
LIMITATIONS ON "C" LICENCES

Memorandum by the Minister of Transport

No feature of the Transport Bill raises so much opposition as the proposal to limit "C" licence holders to a radius of 40 miles from their base, unless they obtain a permit from the Licensing Authority to operate beyond that limit.

The case against the proposal rests partly on the importance to industry of being able to treat its fleet of motor vehicles as part of the equipment of the factory or works and of having at beck and call for any kind of emergency purpose the means of moving any given consignment rapidly without the necessity of going to other people. The latter argument has been very strongly stressed to me by trading interests, and industrialists in particular do not accept the reply that a public transport concern will have such an efficient organisation as to be able to give the kind of service required. They argue further that there is no real risk of abuse and that no question of sabotaging the public concern arises, since industrialists will only maintain their vehicles if they are satisfied that it is necessary and economical for them to do so in order to keep down the cost of production. It is believed that in some cases, private transport costs are not fully loaded with the proper proportion of overheads, but it will be difficult to secure acceptance of the argument that industrialists as a class do not ascertain the true costs of their transport operations. Moreover, their case is based more on convenience than on cost. Industrialists and traders generally, as represented by their associations which I received in deputation a few days ago, are taking root and branch opposition to this part of the Bill.

Another powerful line of opposition is the general, or political, one, resting on the objection, in principle, to interference with the liberty of the trader to carry his own goods in his own vehicles, and also on the argument, which must be accepted as a strong one, that the best and simplest protection against any oppressive monopoly is to be found in this freedom.

The combination of these various oppositions make a formidable case against the proposals, which will no doubt be voiced at all stages of the Bill in both Houses.

The case for the proposal is that unless a large share of the private traffic is consigned through the public haulage system, its overhead charges will be over-burdened and the cost will fall upon the small traders who cannot maintain a private transport system. Their costs in turn will be increased by virtue of the fact that the larger businesses get an undue advantage by being able to handle themselves selectively what it may pay them individually best to handle privately and of being able to throw upon the public haulage system (including rail as well as road services) the less remunerative traffic, for conveyance of which they will pay only the normal rates. To put the point in another way, the position would not be unlike that which has existed between road and rail when the railways have suffered the erosion of so much of the higher class and better paying traffic. My advisers who have direct knowledge of road haulage are much impressed by this danger.

So far as the drafting of Clause 57 is concerned, I doubt whether it can be much improved without destroying the value of the provisions, and any further substantial concessions might indeed merely result in the establishment of a permit system involving a large number of operators in much trouble and a new piece of licensing machinery without any effective direction or conservation of traffic to the public system.

Nor would an increase in the radius of unrestricted operation from forty miles to fifty miles have much effect or give much satisfaction, while any greater extension of the radius would go far to destroy the value of the Clause.

An alternative, which industrial interests might be disposed to consider, would put the whole onus on the British Transport Commission to object to the grant of a "C" licence to particular operators beyond a radius of forty (or fifty) miles. The licensing authority would then be required to grant a licence free of restrictions unless the Commission satisfied the licensing authority that the applicant was likely to use his vehicles in a manner which would unduly interfere with the ability of the Commission to provide an adequate, economical and properly integrated system of inland transport or was requiring the Commission to supply him with public transport in circumstances or to an extent which did not give the Commission a reasonable share of the applicant's total traffic. To place any such onus on the Commission would, I think, make the Clause largely inoperative and its effective administration very difficult.

Yet another suggestion is to suspend the operation of the restrictive clauses for two or three years, during which interval experience would be gained as to the extent of the ability of the Commission to provide the necessary services itself and of the need for safeguards against erosion of the higher grade traffic. This would probably expose the scheme to constant attack and the Minister to the continued pressure to repeal the sections or never to appoint a day for their operation.

The choices are:

- (1) To modify the clause on the lines of the draft annexed;
- (2) To place upon the British Transport Commission the whole onus of objection, such objection to be made on application for any renewal of a "C" licence made after a specified date and to be based on evidence as to the past operations of the licence holder;
- (3) To drop the proposals altogether.

A decision has become urgent because it will be unwise to fight through Committee proposals which we may wish or be forced to modify during the remaining stages of the Bill.

A.B.

Ministry of Transport,

12th March, 1947.

ANNEXTRANSPORT BILLSuggested Re-draft of Clause 57(3)

(3) In determining whether or not to grant any such permit as aforesaid and if so subject to what conditions, the licensing authority shall have regard -

- (a) primarily to any prejudicial effect which is likely to be produced on the trade or business of the applicant if a permit is withheld or a given condition is imposed thereon, having regard to the nature and requirements of his trade or business, including (without prejudice to the generality of the foregoing words) -
  - (i) the extent to which it is necessary for him to employ his own vehicles for the purpose of connecting two or more sets of premises used for the purposes of his trade or business; and
  - (ii) the extent to which additional costs in packing, handling or storage or additional risk of damage is likely to be incurred if he is unable to use his own vehicles; and
- (b) also to any representations made by the Commission as to the effect on the Commission of extending the power of the applicant to use his own vehicles, and in particular to any such representations based on the extent to which, or the circumstances in which, if a permit is granted to the applicant, the Commission are likely to be required, notwithstanding the extension of his said power, to carry goods for or in connection with any trade or business carried on by him,

and the authority shall comply with any such directions, whether general or special, as to the issue of permits or the conditions subject to which permits are to be issued, as the Minister may, at the instance or with the consent of the Board of Trade, give him with a view to facilitating the operations of persons carrying on or about to carry on their business in any development area.

