



Select Committee on the European Union

Internal Market Sub-Committee

Corrected oral evidence: Future UK-EU transport arrangements

Thursday 1 November 2018

11.25 am

Watch the meeting

Members present: Lord Whitty (The Chairman); Lord Aberdare; Baroness Donaghy; Lord German; Lord Liddle; Baroness Noakes; Baroness Randerson; Lord Robathan; Lord Russell of Liverpool; Lord Wigley.

Evidence Session No. 6

Heard in Public

Questions 47 - 53

Witnesses

[I](#): Chris Conway, Group Chief Executive Officer, Translink; Steven Salmon, Director of Policy Development, Confederation of Passenger Transport.

Examination of witnesses

Chris Conway and Steven Salmon.

Q47 The Chairman: Thanks very much for coming. You will have heard some of the tone of what we are interested in, the haulier and manufacturing side, but obviously there is also the passenger transport side of it.

Can I kick off by asking how far your engagement has gone with the Department for Transport and whether you think it has understood your concerns? In answering that, could you cover your engagements with the devolved Administrations? In the case of Translink, there is also the issue of the relationship with the Irish Republic Government. Let us start off with government relations and then move on to the more technical side of it. How have you been served by the Government engaging with you on Brexit?

Steven Salmon: Let me make it clear first, Lord Chairman, that I shall speak for relations with Europe over the water, and my colleague from Translink here will talk about the land border, because he is a complete expert on that, and most of my members are concerned about the other border.

It is me who has been going to see the DfT. The person I mostly deal with is beyond reproach in the sense of his willingness to talk through issues as they arise and explain what he can and cannot do. We have an issue at the moment to do with the right of people to work in Europe after Brexit, particularly coach drivers, which of course is not DfT policy. He is trying to get some clarity about who will have the right to work where, which is essentially a Home Office matter. We have taken the view that, if he is on the case, there is limited value to be gained by us making a nuisance of ourselves at the Home Office. This area, which I refer to briefly in my evidence, is becoming more and more significant, and more and more of a concern. But of our relationship with the DfT there is no criticism at all. The department has been very good; it knows the problems.

Chris Conway: From Translink's perspective, we work with the devolved Administrations. We work very closely with the Department for Infrastructure, which works directly with the Department for Transport at UK level. Relationships are very good; we have a lot of engagement and different discussions on various areas, and the White Paper from the Government also covers most of those areas.

A concern would be that a lot of issues still need clarity, and time is counting down now. The timescale to reach clarity on those issues and implement them in any legislation or administration that needs to happen is getting short. Specifically, for Northern Ireland, it is particularly acute, because we are the only region with a land border with Europe, and we have multiple regular bus services crossing the border on a daily basis. Therefore, it is very important that we understand exactly how that is going to happen post Brexit or in a situation of no deal.

The Chairman: Could you just clarify on which issues you do not feel that you have clarity?

Chris Conway: The priority issue would be on the Community licence and how it will operate in a no-deal situation, and in the transition afterwards. There are suggestions in the White Paper—using the Interbus agreement, for example—but that does not cover all the regular bus services or cabotage, which is very important for the cross-border services that Translink operates between the north of Ireland and the Republic of Ireland.

Lord Robathan: As you know, we have just been discussing freight; the issue of passenger transport is slightly different. Do you happen know what proportion—I think it is probably quite equal—of coaches come from the continent to the UK that are European, compared with the number of coaches that go from the UK to the continent?

Steven Salmon: I agree with your perception. I think that it is about half and half between those two.

Lord Robathan: Would that be the same in Ireland, roughly?

Chris Conway: Roughly, yes.

Q48 **Lord Robathan:** How are UK bus and coach services preparing for the possibility that we might leave the EU without a deal? Of course, that will vary between Ireland and the channel.

Steven Salmon: At the moment we are trying to help our members mutually to identify some problems and possible solutions. A lot of things are being written into contracts that will be delivered after Brexit, whether they are individual holidays that we are beginning to sell to members of the public or contracts for taking a school orchestra off to Budapest, or something like that.

Exploration is going on into the possibility of subcontracting part of that work, if we cannot do it with a British coach and driver, but we are getting new and interesting insights all the time. For instance, if British workers do not have the right to work in Europe, we might find that we use our existing EU nationals to drive British coaches, because they will have the right to move and work within Europe. Just because they are working for a British company does not mean that they will lose the right to work in Europe. So we are thinking through problems and looking at potential solutions in that sort of way.

Lord Robathan: Before Mr Conway comments on Ireland, can I ask about contracts? Let us say that you are booking a skiing holiday to go by coach in April next year. I did so once, and it was the most incredibly uncomfortable trip that I have ever had. It was awful, especially after I injured myself. What would happen to a contract for April if there were no deal?

Steven Salmon: Some of the contracts say, "If there is no deal, we reserve the right to give you your money back".

Lord Robathan: You would not then claim compensation.

Steven Salmon: The contract that you as the customer would enter into is explicit. It says, "If we can't do it, we won't compensate you, but we'll give you your money back".

Lord Robathan: What about the countless coaches and buses crossing the Irish border?

Chris Conway: We have already started to look at how we would cope with some practical areas to which the White Paper points. For example, a certificate of professional competence—a CPC—may have to be issued from Ireland rather than from the UK if we want to cross the border. That is something that we are looking at. Again, we are looking at how we can deal with international driving permits. There are practical things like that, but, without a Community licence, it is very difficult to know how we are going to prepare.

The suggestion is that the UK would join the Interbus arrangement, but as it currently stands that does not allow for regular services or for cabotage. We have over 70 regular bus routes not just crossing the border but meandering back and forth across it, and about 50% of those incorporate cabotage as well. So at the moment we have no clear way forward as to how we would operate those services.

Similarly, our counterparts in the Republic of Ireland have no solution to that at this point in time, so it is very difficult for us to prepare for that. Like everyone else, we are looking at the withdrawal agreement and hoping that there will be an outcome from that in the coming weeks. If that does not happen, we will have to look at the detail of how those services will be operated going forward.

Lord Robathan: Whether or not there is an agreement, realistically, do you see people being stopped driving their coaches either from Belfast to Dublin or the other way round? It did not happen before 1972.

Chris Conway: It is hard to know. A lot of those services were in existence before accession to the EU. However, since accession to the EU, a lot of licences and permits have been put in place through EU legislation, so they exist. You would have to ask the Government how they would handle that. Would we stop the services the next morning if we did not have that agreement? We would have to discuss how the Department for Infrastructure and the equivalent department in the Republic of Ireland would see that.

Lord Robathan: On equivalence, do you know what no-deal preparation has been made either on the continent or in Ireland for your services?

Chris Conway: We do not engage directly with the authorities in the Republic of Ireland. That is done by the Department for Infrastructure

and between the two Governments when it comes to the details. We have a very close working relationship with Bus Éireann and Irish Rail, the state-owned bus and rail operators in the Republic of Ireland. We have regular meetings with them on lots of operational issues.

Of course, Brexit is part of that, and we discuss the various things that they are considering doing and those that we are considering, and they discuss that with their department just as we discuss it with ours. Those discussions are happening, but there are no agreements on how we actually do things.

Steven Salmon: On coach tourism, we talk to operators and their associations from other parts of Europe all the time, and they have picked up, partly with our help, what our own Government's no-deal notice says, which is essentially that coaches bearing tourists with money in their pocket will be welcome to the UK at any time. That has been of considerable help to them and has given them some assurance, which our members as UK operators do not have.

Some of the international tour operators, which bring groups over here from the Far East and North America and do a variety of things in Europe with coaches, have realised that Belgian, French and Dutch operators are in a much better position to contract with them for all their European needs than British operators are, given what the no-deal notice says. One or two of my members are a bit sore about that.

Lord Robathan: I see that you expressed disappointment, which is neatly put, if the Government unilaterally welcome European coach operators without a reciprocal assurance.

Steven Salmon: Yes, we did express disappointment.

Q49 **Baroness Noakes:** My colleague, Lord Robathan, asked about proportions of cross-border traffic. More generally, the Government have indicated that there are no good data on bus and coach traffic to understand what the position is overall. They say that patterns of ultimate ownership, control, and the allocation of risk and profit can be complex. Is that true? If so, does it matter?

Steven Salmon: It is fair up to a point, and I am probably not the first witness to use that expression. To take a coach abroad, you need a piece of paper, and we sell those pieces of paper as the Government's agent, so we have good information on how many bits of paper are being bought and who is buying them. We have shared all that with the Government.

But what our members or anybody else do not share with us when they buy that bit of paper is where they are going. We have quite good information on the volume of British coaches leaving for the rest of Europe and where the operators are based who bought those bits of paper. However, because of a rather unbureaucratic approach—which, I have to say, we fully support—we do not have much information about where they are going in Europe once they have left the UK.

Baroness Noakes: Is that important to the Government in reaching decisions about what to do in the context of Brexit?

Steven Salmon: Given that there is the Interbus agreement, which we will come on to talk about, which covers the whole of the current EU, and we have a realistic chance of acceding to that—I hope that we will not have to do bilateral negotiations with all the countries all across Europe—in a sense, it is not wildly important where the coaches are going once they leave Britain.

Q50 **Baroness Donaghy:** You have covered this issue to some extent already. What priorities do you think the Government should adopt in relation to your industry? The White Paper has made it clear that they are looking for reciprocal arrangements and that the co-operation between Northern Ireland and Ireland is a priority. How would you set out the priorities? That might include cabotage, of course.

Steven Salmon: I will go first, on the principle, again, that the complete expert on Northern Ireland and Ireland is sitting on my left. Interbus is incredibly useful. Our priority, which I think the Government understand and even share, is to accede to that. Interbus does not cover cabotage, but cabotage in passenger transport is quite different from cabotage in freight. Generally speaking, if a truck leaves Britain, it does not bring the same stuff back, whereas, with passengers, there is a strong possibility that the coach will return with the same people on it.

Baroness Donaghy: You hope.

Steven Salmon: The scope for going round other countries, picking people up and taking them somewhere else within that country is quite limited. It sometimes happens in a technical sense. You may take a school party over to France and they are there for a week, and at some point in the week you may take out a party consisting of host schoolchildren and the visitors. That is technically cabotage, and it would be irritating if it was prohibited, because you would have to park up your coach and hire a French one to do what you could perfectly well have done yourself. But, in the overall scheme of things, it is not a top priority.

There is so much that can be achieved by acceding to Interbus. That is, for us, the top priority. The second is sorting out the appalling cloud of uncertainty about the right of people, particularly the right of coach drivers, to work.

Chris Conway: I will say something slightly different from Steven, not to contradict him, but the first priority for me would be that the existing Community licence, or an equivalent, is recognised after Brexit. If that is done, it would avoid the whole issue with Interbus and the differences between them. Certainly, cabotage would be a big issue for Translink in an Ireland context, and we can talk about that later.

As it currently stands, Interbus does not cover regular services. Again, that has to be adopted. There is also a little bit of an issue—we do not fully know how complex it would be—in that transport is fully devolved in

a Northern Ireland context. There could be an implication for that in the Interbus agreement. So for us the priority is that the existing Community licence continues to be recognised across the EU; that is the simplest way in which to keep things the way they are.

There are a few other points that I would like to make. Obviously, we would like the existing international operator licence and the certificate of professional competence to be recognised across the EU. It would be important that there was no change to that. Other aspects would be mutual recognition of vehicle and driver licensing. From an administration and cost point of view, we do not want to get into permits. We also operate some quick services across Europe, and we do not want a permit system to be in place. Having an international driver's licence without a permit will be important, and there is vehicle licensing.

Another area is permits. When we operate a cross-border service, we have to get a licence and an international permit for that, which is operated between the Irish and the Northern Ireland Governments. Again, we would like those international permits to continue to operate.

Then there is how border traffic is managed. We do not know exactly how that will work for freight and everyone else, but we would like to ensure that there are no significant delays in administration or checks for passengers crossing the border.

That is one priority, but there are a number of other important areas that would have to be looked at in making sure that we keep passenger traffic moving across the Irish border and across all the borders.

Baroness Donaghy: Could I just ask about the international permits? I was quite intrigued. Even within the EU, in certain circumstances you have to have an international permit to cross the border.

Steven Salmon: Not yet, but when we leave we will.

Baroness Donaghy: You are envisaging it.

Chris Conway: Not yet. I was saying that I hope that we do not have to have international permits and that we can just operate on normal drivers' licences.

Q51 **Lord Wigley:** This question is directed primarily to Mr Conway. Your evidence highlights the need to distinguish between a post-Brexit agreement on passenger transport between the UK and the EU and a potential bilateral agreement between the UK and the Republic of Ireland. What are the benefits and drawbacks of these two types of agreement? Can both be simultaneously put in place, particularly with a no-deal Brexit?

Chris Conway: We raised that in our submission because there are a lot of local issues about the border between Northern Ireland and Ireland, which were there a long time before accession to the EU. In the sort of deal that the EU and UK may want to do on cross-border passenger

transport, they may not want to get into the minutiae of detail involved in a cross-border between Northern Ireland and the Republic of Ireland.

An example is the concessionary passes issued for over-65s in Northern Ireland, which are accepted throughout the Republic of Ireland, and vice versa. If you live on the island of Ireland, you can travel all over Ireland with that concessionary pass. That is a small example, but there are other examples like that, too.

In our paper we suggested that that could be covered in a bilateral, separate from the main EU-UK arrangement. It could also be covered in an appendix to the main document, with some details on it, recognising that there are quite a few small and localised details on the Irish border that would need to be taken account of.

Lord Wigley: If there was a no-deal Brexit, how would that affect it?

Chris Conway: If there was a no-deal Brexit, we are in the same situation in that we really do not know the answer to some of these questions. The Community licence itself is the first priority. We would then have to start working out how that would operate with the Interbus arrangement, and how some of the local issues such as cabotage and regular services would operate. There would have to be some form of bilateral agreement in a no-deal situation as to how that would operate. The alternative would be that those services would no longer operate.

Lord Wigley: Do you see any danger of the Northern Ireland deal with the Republic of Ireland being in any way constrained by or conflicting with a UK-EU agreement?

Chris Conway: No. In all cases, that would have to be agreed by the EU and UK. Most of these are small local details rather than a big issue from an EU-UK perspective.

Q52 **Baroness Randerson:** The Government announced in their no-deal notice that they intended to apply to join the Interbus agreement. I know that it is limited in that it applies more to occasional bus and coach services rather than regular ones. Are the Government right in claiming that the scope of this agreement is likely to be extended to take in regular services, which is what they have said in their no-deal notice? Would it be a reasonable replacement for what we have now?

Steven Salmon: It is by far the most attractive of the options that are available. It would be extremely useful if the UK acceded to it, because it saves a lot of other arrangements that might need to be made.

In relation to bringing regular services in scope, I think that will happen at some point, but I am aware that the discussions on that have been going on for five years. So the chances of them being finalised in the next 100 days are probably limited, and we might have a transitional problem.

Something else worth mentioning about regular services—my colleague here is a great regular services man—is that going between London and

Paris, for instance, some very interesting things have been happening in the market. A strategic alliance is going on between a British and French operator, which I am sure has some sort of Brexit planning in it. In any case, the European regular service market is going through an unusual phase, because there has been liberalisation in other parts of Europe. A large German firm with deep pockets is establishing a substantial market share; it goes back and forward into Britain, actually. The effect has been to drive some of the more traditional players out of the market anyway, so there is a lot of flux going on in regular services.

The only other thing, which I allude to but do not explain in my evidence, is that the Interbus agreement has a clause allowing new parties to accede, but only on the first of the month. So we potentially have a couple of days between leaving the EU and acceding to Interbus when we will rely on the goodness and generosity of the countries of Europe to keep going.

The Chairman: My limited research on the background to this was that last week I spent an hour and a half in Victoria coach station, and I was very surprised by the number of scheduled services to continental destinations. Most seemed already to be run by non-British companies. Is that right?

Steven Salmon: Correct, yes. The British companies, which have this curious desire to make money every year, have been put off by the number of people in the market who are, as they would put it, buying market share with very low prices and not making any money.

The Chairman: Right. It is certainly a cheap way in which to get to Amsterdam.

Steven Salmon: Yes, it is very cheap.

Chris Conway: From an Irish perspective, the Interbus agreement does not go far enough for us. It does not cover regular services, of which we have over 70 a day, and it does not cover cabotage—and 50% of our services involve cabotage. So it would not be operational from a Northern Ireland to southern Ireland perspective.

There is a concern that we have not really had an answer to it yet. Transport is devolved from a Northern Ireland perspective. Even if the UK acceded to the Interbus agreement, would Northern Ireland have to pass legislation in Stormont to do that? Given that we do not have a sitting Government at the minute, that might be a complexity as to how it could be achieved in the next 100 days. The Northern Ireland Office put out a figure recently estimating that the number of persons crossing the border is around 100 million annually, which gives you the context of the amount of people crossing the border and the amount of bus, coach and rail services used to facilitate that.

The Chairman: On a more positive note, Lord Aberdare has a question.

Q53 **Lord Aberdare:** I hope on a more positive note, I was going to ask

whether there were any specific examples of when it might be beneficial for the UK to diverge from EU rules on passenger transport. One example that has been suggested is the proposal currently going through the EU for cabotage rights to be extended, which I understand might allow EU operators to provide cabotage services anywhere in the EU. That is presumably something that you might want not to happen. On the other hand, Mr Conway is keen to have more cabotage rights. I have not identified anything in what you have said so far, but I hope that you might have some ideas.

Steven Salmon: I do, yes. Dealing with that question first, because we are joined to most of Europe by a border that goes across a piece of water, it is not an insignificant cost to bring vehicles back and forth across that border, which affects the economics of cabotage, as well as the fact that in occasional passenger services, generally speaking, coaches and their passengers stick together quite a lot of the time. We are quite relaxed about the possibility of more cabotage in regular services. We believe, as an organisation, that competition works for consumers, is healthy for the industry and we are not afraid of it.

I shall give you three examples of things that we cannot do at the moment as a country that we might like to do if we were not governed by EU rules. There are very detailed EU rules about driving time and rest for drivers, and there is an exemption for short, regular services. The threshold happens to fall at 50 kilometres. One of my members runs a bus route from Brighton to Tunbridge Wells, and because of the way it goes it is a bit more than 50 kilometres. They have a choice of following the EU rules, which are quite restrictive—there is no clear safety case for why they are as restrictive as they are, and you would need to fit all your buses with rather expensive recording equipment—or they can pretend that the bus leaving Brighton is not actually going to Tunbridge Wells but is going only to Uckfield, at which point it will magically turn into a bus that is going to Tunbridge Wells. So, we might like to have a look at that 50-kilometre limit.

The Chairman: At this point, I need to remind you that this is on the record.

Steven Salmon: It is fact. You can stand in Uckfield and see it happening. There is also the driver certificate of professional competence. I am not going to say that it is futile or pointless, but particularly in rural areas we have an enormous peak of demand based around taking children to school. We have a lot of people who may have another job or may be retired, who come out for a couple of hours a day during school terms, drive kids to school and go home, and then they take them home again in the early afternoon.

They have the same requirement for that certificate of professional competence as someone who is driving internationally all the time. We think that is over the top, because it requires five days' training every five years. A number of those people, who are perfectly happy to do it, come to the five-year anniversary and ask themselves whether they want

to go on five days' training. No, not really. It is putting friction into the employment market that we do not need.

The third point is quite different but relevant and interesting. I do not intend to insult you when I say that you are probably aware that older and disabled people can get free bus travel in the country. There is an EU rule based on state aid that says that bus companies cannot be reimbursed for carrying old and disabled people in a way that would put them in a better position than if the scheme was not there. Local authorities have seized on this with zeal and have brought about a situation whereby a bus full of pensioners is almost certainly a bus losing money. It would be quite nice to look at that area again at some point in the future without the EU-imposed rule that the bus companies cannot benefit from this large part of their market.

Lord Robathan: I will get out my freedom pass, which, by the way, is nonsense, because I can afford to travel without it.

The Chairman: Old age must have some privileges.

Lord Aberdare: Well done, Mr Salmon. That is three good points.

Chris Conway: In an Ireland context, we would differ slightly. While in any system that you set up there are nuances and different things that could work better, generally speaking with the unique nature of the land border between us and the Republic of Ireland, any divergence would bring in cost and administration issues. We have drivers who reside in the Republic of Ireland and work for Translink, and vice versa, and we have services crossing the border from the Republic of Ireland to the north and from the north to the south.

From a regulatory and licensing point of view and from a safety perspective—a lot of these things about driver hours and the CPC are about that—we would obviously not want to see any divergence, because it would create undue complications in our small region, which would be difficult for us to manage.

The Chairman: Are there any further questions?

Lord Wigley: Could I just get clarification on a comment? I think it was Mr Conway who said, a few moments ago, that 100 million people cross the north-south border every day. Did I understand correctly?

Chris Conway: Not every day, every year. There are 100 million person crossings.

Lord Wigley: Of that number, 1 million or so go by train and half a million by bus.

Chris Conway: In that, there are people travelling back and forward for agriculture and for all sorts of reasons—schools and different things.

Lord Wigley: So that is 300,000 a day, roughly. That is mind-blowing. I

am aware there is a border to cross.

The Chairman: There are lots of places to cross—it is not all on one road.

Lord Robathan: Some of them are just going for breakfast.

Lord Wigley: But, still, the border would be there for them.

Lord Robathan: It never has been.

The Chairman: Let us not go into the history of it, because it is a bit complex. Is there anything that you feel that you have not registered with us that you would like to?

Steven Salmon: I think I have got across what I wanted to say, thank you.

Chris Conway: No, I think that we have covered all the points, thank you.

The Chairman: Is there anything from my side? Thank you very much for your time and your evidence. If you think of anything else that you think we ought to take on board, please let us know.