

16 August 2019

Russell George AM
Chair of Economy, Infrastructure and Skills Committee
National Assembly for Wales
CF99 1NA

Dear Russell

RE: Decarbonisation of transport inquiry

FSB Wales is the authoritative voice of businesses in Wales, with around 10,000 members. It campaigns for a better social, political and economic environment in which to work and do business. With a strong grassroots structure, a Wales Policy Unit and dedicated Welsh staff to deal with Welsh institutions, media and politicians, FSB Wales makes its members' voices heard at the heart of the decision-making process.

In September 2019 we will be releasing a major report on infrastructure in Wales, that covers (among other issues) decarbonisation and transport. The report is based on a survey of around 350 SMEs.

Also, before the end of this year we will have a report on SMEs and the environment, looking to provide clear advice on how SMEs can lower their carbon footprint, based on a survey looking at energy, transport, pollution, waste and recycling.

We will be happy to share this work with the committee when released. The suggestions below draws on initial findings, and work we have done previously on this agenda.

- ***Are the transport emission reductions targets, policies and proposals (set out in Prosperity for All: A Low Carbon Wales) achievable and sufficiently ambitious?***
- ***Is the Welsh Government's vision for the decarbonisation of transport sufficiently innovative, particularly in terms of advocating new technologies?***

FSB Wales welcomes the Welsh Government's goal of achieving a low-carbon pathway to 2030. In particular, we welcome the cross-ministerial approach that has been taken on this issue, and the prominence given to the Economic Action Plan as a means of delivering a decarbonisation strategy. Aligning the Welsh Government's Financial and Carbon budget is an important part of mainstreaming this, and monitoring the progress toward achieving this alignment over the next budget cycle will be important to success.

In relation to the feasibility of the emission targets, FSB Wales is not best placed to make an assessment. Achieving the ambitious targets set out in legislation for 2050 will require the coordination of governments, public and private sectors and individual behaviour change. It is important that this provides opportunities for SMEs, whether that be directly in terms of product innovation, or that incentives are in place to innovate in a way that allows a saving in terms of money, time, or in increasing the potential market opportunities for SMEs. Decarbonisation also involves quality public infrastructure and this is of vital importance to providing SMEs with a level playing field. This will be the subject of our upcoming infrastructure report.



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- ***What action is required, and by whom, to achieve the targets, policies and objectives?***
- ***How should the new Wales Transport Strategy reflect the actions needed to decarbonise transport?***

Achieving a reduction in greenhouse gas emissions by at least 80% by 2050 on the 1990 baseline will require concerted action between the Welsh, UK Government and the private sector.

Many small businesses are already taking action in this area and can be an active part of the decarbonisation process.

Fundamentally, achieving these targets will require policies that allow small firms to embrace decarbonisation as an issue and seek to capitalise on the environmental and productivity opportunities presented by the green growth agenda.

It is important to differentiate between travel *for* business (business travel) and travel *to* business (commuting). The latter will affect the former in terms of freeing up roads for business travel, if modal shift can be achieved. The effect on commuting overlaps with wider policy on transport infrastructure that affects the public generally.

Our emerging evidence on take up of electric vehicles indicates a positive attitude – of being generally open to change, but that it is not something which businesses view as a pressing matter in terms of their day to day activities. The main barriers are likely to be cost and fears around infrastructure for EVs – the Welsh Government needs to address both through incentives to change, and in building the infrastructure of charging points. Given the figures cited in ‘A Low Carbon Economy’ of a need to increase rapid chargers by 2.5 times and ‘top-up’ charging at the UK level (and likely by more in Wales), the current investment of £2m is unlikely to meet the necessary demand. The experience of market failure in Wales around broadband and mobile connectivity and Welsh Government investment may also hold lessons for UK and Welsh governments here.

As well as these measures, there need to be incentives in terms of moving businesses from potentially harmful policies on transport. Our environment survey will include data on the use of private vehicles for business purposes and the length of time businesses use lease with a view to understanding whether changes can be made.

In terms of travel to business, the issues for employees will often be the same as those of the wider public. Our surveys have consistently found lower costs, more frequent services, and increase in routes offered as means to get employees to use public transport more often. In terms of cycling, road safety and traffic management are often barriers to cycling use – the policy areas here therefore overlap with general highway maintenance and safety. This mirrors Sustrans Cymru noting that safety concerns deter people from cycling, and routes "need to be attractive and connected".

In relation to decarbonisation of transport generally, this is of vital interest to our members, and it is important that we maximise the opportunities in developing infrastructure that supports SMEs, while minimising and mitigating the risks. Our evidence over many years shows that SMEs in Wales are heavily reliant on cars and vans to go about their business. It is therefore vital that any efforts to reduce car use are



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accompanied by investment in public transport and alternative means of travelling such as through electric vehicles.

We hope this is of interest to your evidence process and would be happy to discuss this issue in further detail should you find it of use. We will also share further research and reports with the committee as we release them.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ben Francis', written over a light grey grid background.

Ben Francis
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Federation of Small Businesses Wales

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