Published by: The Society of Operations Engineers

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The Society of Operations Engineers is a licensed member of the Engineering Council
Registered in England:
Company No. 3667147
Registered Charity: No.1081753
A Company Limited by Guarantee

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Transport Engineer is the official journal of IRTE.
Produced on behalf of IRTE and The Society of Operations Engineers by Findlay Media Ltd, Hawley Mill, Hawley Road, Dartford, Kent DA2 7TJ
Tel: 01322 221144
Fax: 01322 221188
www.transportengineer.org.uk

Transport Engineer is distributed free of charge to SOE members, dependent on membership sector. For non-members, the annual subscription rate (12 issues) is £68 UK and EU, or £70 airmail outside EU. For other SOE members, the discounted rate is £27.

Printed by: Holbrooks Printers Ltd, Portsmouth ISSN: 0020-3122

IRTE
engineering success

Just when you thought it couldn't get any worse

Welcome to your first IRTE journal for 2011 – the issue that updates fleet managers on operator costs for the year ended and examines prospects for the 12 months ahead.

Steady as she goes is the main message (page 10). And, on the face of it, you'll find a fairly comforting read – also with plenty of detailed data against which to sanity check your own operation's achievements and future planning. But this could yet turn out to be the lull before a worrying storm.

On the plus side, yes, the figures from the FTA's (Freight Transport Association) latest Quarterly Transport Activity Survey (October 2010) show encouraging growth in most sectors (with the exception of wholesale and the utilities) – although, unsurprisingly, the public sector looks set to suffer in fairly short order. And yes, transport also came through last year's Comprehensive Spending Review relatively unscathed. So far, so good.

However, in this post-recession (fingers crossed) phase, the UK's transport industry now faces not only further sharp rises in fuel costs (best estimates of 5–6% feel conservative) and precious little relaxation, in terms of finance and regulation, but also the likelihood of significantly increased pricing of our lifeblood assets – trucks and buses. Time will tell, but we may well come to look on last year's inflation-busting 3.11% average increase in vehicle costs as modest in the extreme.

Why? Perversely, one of the main drivers of increasing cost is upcoming engine emissions legislation from world regulators in general, but the European Commission in particular. Euro 6 may seem a long way off, but, with compliance for vehicle type approvals required just two years from now and mandatory Euro 6 registrations effectively starting at the end of 2013, its impact will certainly be felt sooner, rather than later.

Is it such a big deal? Well, yes. Achieving Euro 5 was one thing; taking these engines up to near zero NO_x emissions and vanishingly small particulate numbers – and guaranteeing their performance in use – is costing the major manufacturers a reported £1 billion each in R&D, some of which will inevitably be passed on. Then there's the fact of Euro 6 engines requiring not just either EGR (exhaust gas recirculation) or SCR (selective catalytic reduction) technology, but both – as well as a DOC and DPF (diesel oxidation catalyst, diesel particulate filter) combination.

That extra equipment adds up to between £5,000 and £10,000 on the price of a heavy-duty truck, and steals up to 150kg of its payload. Then there is the additional maintenance, estimated at another £10,000 (for the first five years) on top of current costs. What's more, no one is talking about better fuel economy from these engines: instead, industry experts are advising at best no change against Euro 5 fuel consumption, or at worst a 3% shortfall (page 18).

And with clear negative implications for greenhouse gas emissions and what is unarguably most hauliers' single greatest operational cost, you can bet that mitigating technologies, such as aerodynamics, telematics and direct fuel interventions, will rise up fleet engineers' agendas – adding yet more to the already stretched financial burden.

Forewarned is forearmed. A very happy and prosperous New Year to you all.

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