railfuture

campaigning by the Railway Development Society Limited

Freight Group

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23rd July 2013

Dear Sirs,

Long Term Freight Market Study

Railfuture is pleased to submit this consolidated national response, which has been prepared by the Freight Group with contributions from individual branches.

Railfuture is a national voluntary organisation structured in England as twelve regional branches and two national branches for Scotland and Wales. We are Britain`s leading independent rail lobby organization with a large number of affiliated Rail User Groups. Being funded entirely from membership subscriptions and donations, Railfuture enjoys non-partisan status and has no connections with political parties or organisations, trade unions or commercial interests. Railfuture is pro-rail but not anti-car or aviation.

Railfuture welcomes this opportunity to respond. We have no objections to the general aims and objectives of the consultation. In principle, we are supportive of primary trainload bulk and intermodal operation, to obtain rail freight's greatest attribute: velocity and volume.

However, it appears that there was a significant loss of traffic arising from the closure of Speedlink in 1991 and the subsequent shrinking of Enterprise services. Growth in traffic is going to require a renewed embrace of less than trainload operation. Without this, many regions will remain 'off the railfreight map', including for growth sectors such as 'Channel Tunnel' and intermodal. Increases in market share from container ports will require sending containers by rail to locations not currently served by intermodal trains or terminals. Some sources indicate that the further growth of trainload is unlikely and new traffic must be sourced from initial less than trainload start-ups. The current road markets such as pallet-networks, have not been included for future targeting.

Our recent wagonload study shows that there are certain important markets that require different solutions. In particular, 'less-than-trainload' shipments are not always captured by rail as they may not be suitable for containerisation or require aggregation of individual conventional wagons. The following sectors are also likely to be of interest to long term planning.

Building Materials and Supplies

Agricultural Commodities and Products

Beverages, Food Product and Foodstuffs

Forest Products

Horticultural

Manufactured

Additionally, we note the absence of market sections on nuclear traffic, mail and parcels and niche intermodal such as Bi-modal and Piggyback trailers.

We would refer you to the following links to our and other studies into wagonload traffic.

http://www.railfuture.org.uk/dl478

http://rail.railplanning.com/files/2011/10/20110911_single-wagonload-rail-traffic-in-Europe_FINAL_4.pdf

Climate change evidence increasingly suggests that more effort is needed to achieve a modal shift from road to rail if transport is to be adequately 'decarbonised'. It is too optimistic to think that changes in the domestic or energy supply sectors can yield enough reductions in emissions to let transport 'off the hook'. Technical fixes or improvements in efficiently within the parameters of single transport modes appear increasingly unlikely to bring down carbon emissions quickly enough.

Fast Moving Consumer Goods (FMCG)

For a significant modal shift to take place in the FMCG sector - and in particular the retail market - there has to be a network of intermodal interchanges at strategic locations.

The appropriate locations have been plotted by the Strategic Rail Authority and more latterly the Department for Transport and there are private sector developers who are prepared to invest in these interchanges.

The developer is required to embark on a lengthy, complex and expensive process in order to secure the requisite planning approval and despite the time and cost expended, there is no guarantee that approval will be granted at the end of the exercise.

There will, inevitably, be a temptation for developers to seek a less risky avenue of investment where there is a better guarantee of success. This does not help, of course, to put in place the strategic railfreight interchanges that are needed.

We assume that there is no desire on the part of developers to see the democratic process jeopardised but the planning system should be streamlined with democracy still maintained without the process dragging on for an inordinate length of time with all the attendant cost. This is a point that developers have made through the Freight Transport Association and the Railfreight Group and with some success as the Government appears to have listened and some measures have been taken to make the system less cumbersome. There is still some way to go and the process does need to be streamlined further.

As the shift of freight from road to rail aligns directly with government strategy it would be useful if government - central or local - came out in favour of a particular proposal rather than letting the promoter and those not in favour battle it out in public inquiries. In particular, central government needs to identify through the planning system where rail served interchanges should normally be considered acceptable.

The funding and building of terminals is, in common with most aspects of railfreight, a long term business and developers will seek the best possible assurance that trains will be operated to serve the interchanges that they have put in place. There does need to be, therefore, a guarantee from the government, through the Office of the Rail Regulator (ORR), that track access charges for railfreight will be held at "reasonable" levels as far as possible into the future.

Recent announcements from the ORR about future freight access charges caused uncertainty and doubt about the wisdom of investment in the railfreight industry through the developer community. There does need to be the recognition that above inflation rises in access charges will act as a significant deterrent to investors.

Additionally, we feel that it is not possible to distinguish between national and regional distribution centres and in planning terms it is not a necessary definition. This could have significant implications for any inland terminal being planned other than Daventry 3. We recommend that the distinction between NDCs and RDCs be removed.

Specific points within the Consultation:

- *Page 30 – item 4.3.1 A reductionof£5,in the rail handling charge per container lift, for both ports and inland terminals from 2023. This is assumed to reflect economies of scale and increased competition, and that some ports are developing new more efficient rail terminals, which will not benefit container transfers to HGV*s.

It is questioned whether this figure can be applied to all port and inland terminal traffic or if it should be stated that this could apply to just the larger port terminal lift charges.

- *A £50 per container reduction in costs for Channel Tunnel through rail intermodal traffic, relative to other modes, from 2023. This reflects a number of factors including fuel and wage growth assumptions (see Section 4.2),* ***an expected reduction in Channel Tunnel charges****, the introduction of the French eco tax and the introduction of a low sulphur zone for shipping.*

This expectation may just be a reality given the EU Commission report that appears to expose Eurotunnel's charging regime as a subsidy for HGV traffic at the expense of rail freight.

- *Page 57 4.11 Automotive*
  The automotive market has developed some of the characteristics of the deep sea intermodal trade:
  • the business is global
  • countries ship both import and export flows of cars
  • the ships have grown significantly in size to benefit from economies of scale
  • when trans-Atlantic and Far Eastern ships arrive in European waters they make several calls in different countries to load and unload at each
  • in Great Britain, this shipping pattern militates in the favour of the use of South Coast ports – particularly Southampton – that are within easy reach of other countries' ports of call, and
  • feeder ships serve more northerly and smaller ports.
  The movements on rail reflect imports into Southampton and recent rail investment has supported and secured this with movement of cars for export by rail from the Midlands and North West to the port. There is also significant rail markets for finished cars served by the Ports of Bristol and Immingham.

It is questioned why no growth has been assumed. There is considerable pent up demand, but a market barrier in the form of a lack of suitable rolling stock has prevented manufacturers committing more traffic to rail.

We trust these comments will be of use.

Yours faithfully,

PWakefield

Peter Wakefield
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Head of Freight Group