

# **Rail Freight Operators' Association**

## **Rail freight's Sustainability**

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RFOA**

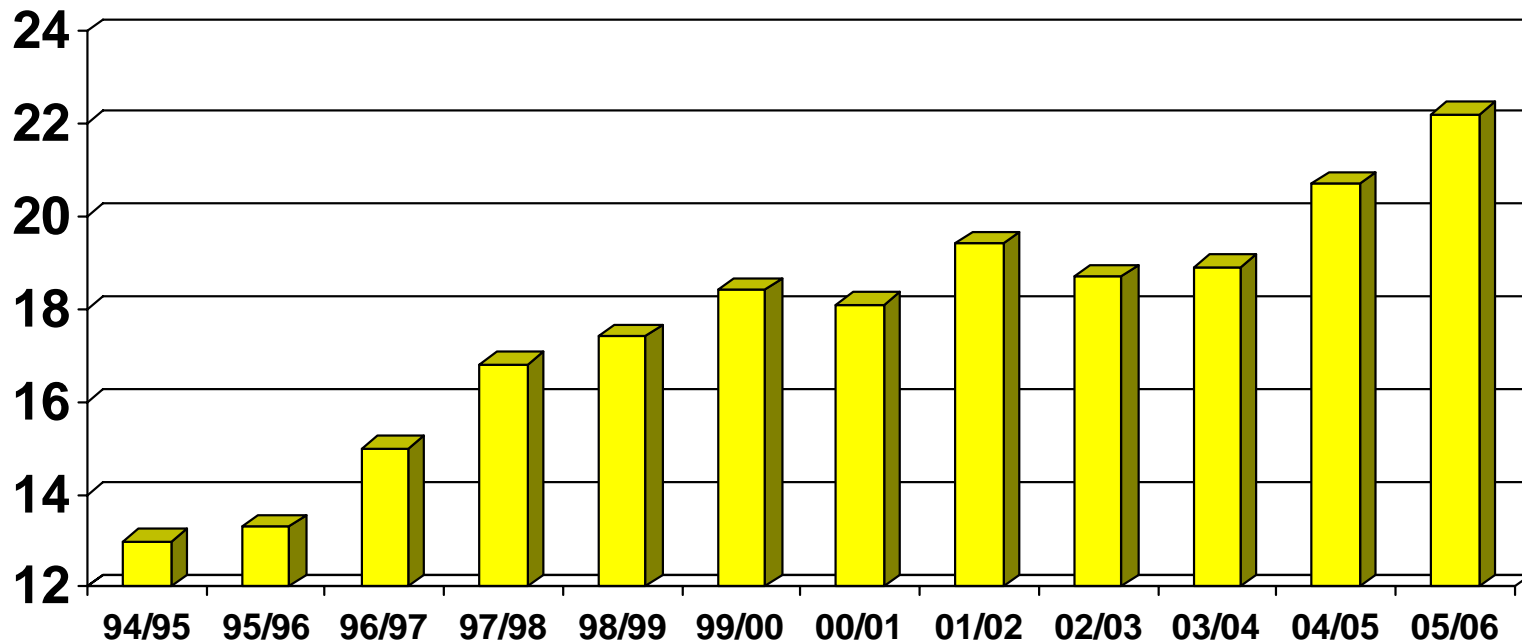
# UK rail freight

- Private sector businesses
  - £0.7bn turnover
  - 640 locomotives
  - 6,800 employees
  - Coal, steel, stone, oil, containers, wagonload, international
- On-rail competition between operators
  - Existing operators
    - ⌘ English Welsh & Scottish Railway, Freightliner, GB Railfreight, Direct Rail Services, Fastline, FMR, Cotswold
  - Potential operators
    - ⌘ SNCF and other European operators

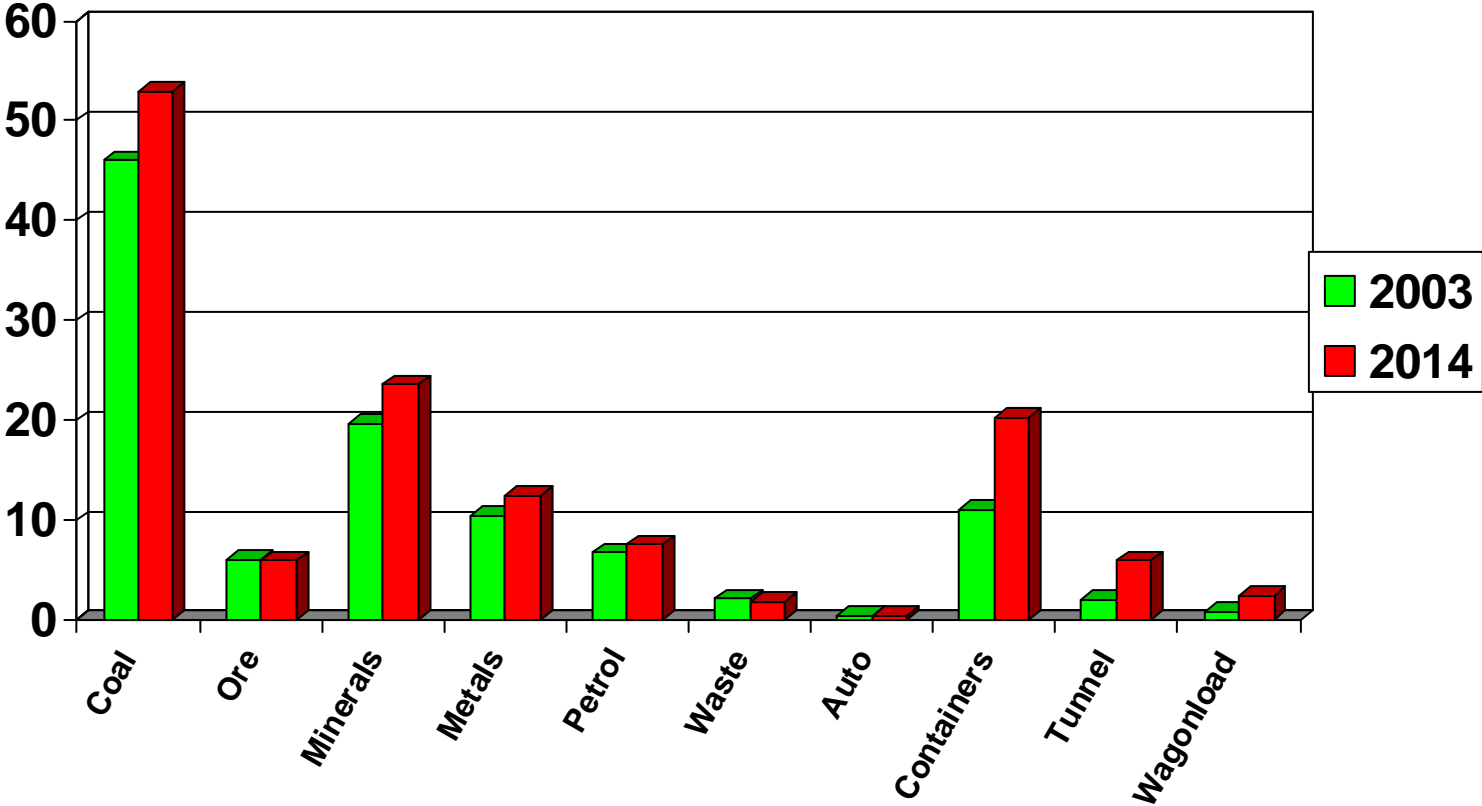
# UK rail freight

- 70% growth in tonne kilometres in twelve years
- 13bn tonne km to 22.2bn tonne km
- Over 100 million tonnes (excluding material for Network Rail)
- UK rail freight market share v road increased from 8.5% to 11.5% but no major modal shift
- Road is still the primary competitor
- £1.5bn private sector investment in ten years in:
  - Locomotives and Wagons
  - Yards and Terminals
  - Systems

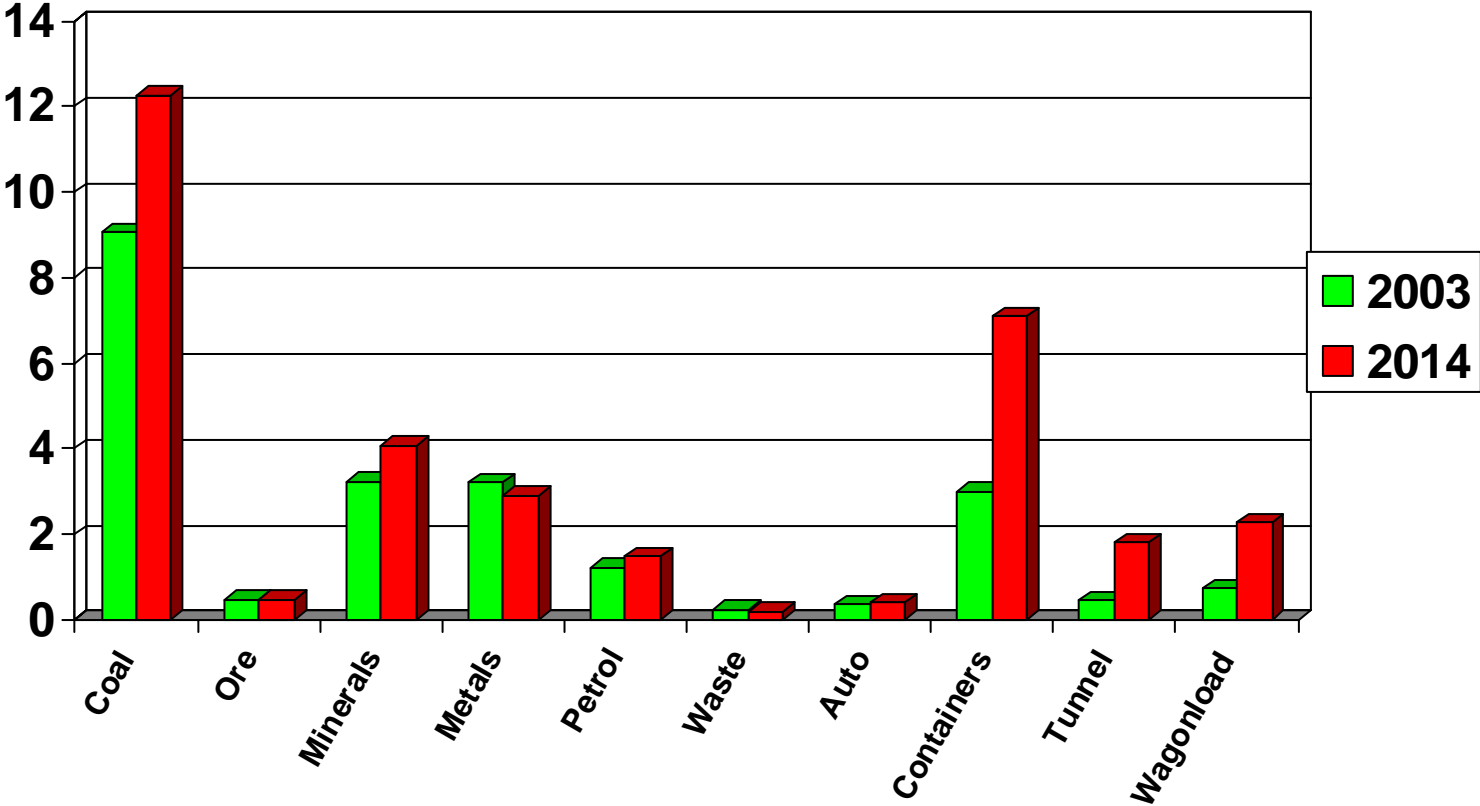
# UK rail freight volume growth – billion tonne kilometres



# Baseline growth of 30% measured in tonnes



# Baseline growth of 50% measured in Billion Gross Tonne Miles



# Growth potential is much higher

- Ten year baseline forecast is for 30% growth in tonnes and 50% growth in tonne miles
- Road Hauliers are facing increased fuel costs, the Working Time Directive and increasing congestion
- Rail freight operators are defining and delivering a new product, reducing costs further and improving performance
- Environmental concerns and Climate Change will encourage sustainable freight transport
- Significant growth available above the baseline

# UK Government's statement on rail freight - 2005

- Continue to support the principle of incremental access charges for freight operators (including stable and affordable charging)
- Work with the freight industry to understand its needs when setting the strategy for the rail network, and to provide the greatest possible certainty of access
- Ensure grant funding is targeted to deliver the maximum benefits in terms of reducing congestion, pollution and accidents
- Work to ensure that regional and local planning decisions reflect Government priorities relating to the sustainable movement of goods
- Work with the industry and Network Rail to establish how freight growth can be accommodated on the network
- Work with devolved administrations and with the EC to ensure a consistent UK- and Europe-wide approach to rail freight

# Grasping the opportunity

## The sustainable railway

- Climate change is here
- Balancing economic growth and a sustainable future
- Economic growth driven by effective transport
- Distribution is no longer a national business – it is continental or worldwide
- As demand for transport grows it must meet the ‘green’ requirements of society
- Rail freight has always had environmental credentials
- Rail freight can underpin a wider sustainable agenda

# Grasping the opportunity

## The sustainable railway

- A 1575 tonne freight train (1 x 66 plus 21HTA wagons) equates to 52 lorries each conveying 30 tonnes of bulk product
- A 1040 tonne freight train equates to 52 lorries each conveying 20 tonnes of manufactured or distribution product
- A freight train, compared with road, generates
  - 11% Carbon Monoxide
  - 17% Nitrous Oxide
  - 16% Particulates
  - 10% Volatile Organic Compounds
  - 37% Carbon Dioxide
  - 2.5 times greater fuel efficiency
- Other rail freight environmental initiatives
  - Introducing low-sulphur fuel
  - Using quiet braking materials
  - Introducing even lower emission locomotives
  - Using electric traction where appropriate

# Establishing the facts

- Other studies have shown that freight by rail compared with road is
  - PM10 – ten times better
  - Carbon monoxide – ten times better
  - Nitrous oxide – five times better
  - Carbon dioxide – twelve times better
  - Volatile Organic Compounds – eight times better

# The sustainability challenge

- Track access charges review – threat by Office of Rail Regulation to increase freight access charges significantly. Not the ideal way of encouraging more freight by rail
- Channel Tunnel – six days to find a solution
- Fuel duty has increased three-fold and further increases are threatened by Treasury – this is really stupid
- Squeezing freight off the network – Crossrail and London Mayor
- Diesel fuel costs have doubled
- Sustainability needs consistency from Government, ORR and others

# Freight track access charges

- ORR threatening to increase access charges. Rail freight cannot sustain higher access charges
- Government Policy supports existing charges structure
- Focus must be on the industry's efficiency potential by reference to international benchmarking
- Making rail freight part of a long-term sustainable transport policy reinforces the need for lower access charges to encourage freight off road and onto rail

# The Big Freight Railway

- Establishing a vision for the freight railway of the future
- The incremental approach will not always provide sufficient capacity and capability for the growth of rail freight
- The demand for rail is increasing and we need to get as much into a train path as possible – this enhances the sustainable railway
- Identifying primary freight routes
- Establishing a freight capability norm of
  - 775 metre train length
  - Route Availability 10
  - 25.5 tonne axle weights
  - Maximum trailing loads
  - W12 gauge

# The ORR's role

- ORR's principal contribution must be to encourage greater use of rail
- ORR should be an advocate for the benefits of rail
- ORR should not make using rail more expensive
- ORR should not increase the administrative burden
- ORR should not duplicate existing mechanisms for environmental compliance and enforcement

# An environmental charge

- Permitted by European Directive 2001/14 but not an obligation
- Not exactly clear how an additional charge will encourage more freight by rail
- Instead, ORR should be proposing an environmental credit to encourage more freight to use rail
- We look forward to receiving ORR's proposals for an environmental discount on access charges

# Summary

- Rail has strong sustainability credentials
- Some confusion about comparative statistics: rail is either very, very, very good or just very, very good
- External threats will discourage rail freight growth – especially higher track access charges
- ORR's fundamental role must be to encourage use of rail
- ORR needs to look at its own policies to ensure that they encourage growth
- Additional costs and administrative burdens are unwelcome