

Rail freight growth needs capacity commitments from Government

RFG has urged the Government to confirm the funding for rail freight schemes on an urgent basis.

The four elements are:

- Including key rail freight schemes along with general capacity enhancements which would provide for both passenger and freight growth in the High Level Output Statement (HLOS), due to be published in July,
- Confirmation of Transport Innovation Fund (TIF) funding for the five rail freight schemes shortlisted nearly a year ago (30 June 2006).
- Confirming the ongoing budget for Network Rail's Discretionary Fund, used for funding smaller schemes,
- Giving clarity on the future of TIF funding for rail freight.

The five short listed schemes for TIF are:

- Capacity enhancements on the routes from the South Humberside ports

- Capacity and gauge enhancements between Barking and Gospel Oak
- The Olive Mount chord near Liverpool
- Gauge enhancements between Southampton and the West Midlands
- Gauge and capacity enhancements between Peterborough and the West Midlands

The Rail Freight Operators Association list of Super 16 Schemes, supported by RFG, is available at:

www.rfg.org.uk/hot/?pid=3158&lsid=3281&ednam=23950.htm&ped=23950

The High Level Output Statement, due to be announced by Government in July, must include for the needs of freight alongside passenger services, and give some certainty to the present infrastructure funding situation.

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John Armitt, the outgoing chief executive of Network Rail, has been named as the new chairman of the Olympic Delivery Authority, the body responsible for putting in place the infrastructure for the London 2012 Games. He will take up the position as ODA chair on 1 September 2007.

John Armitt has also been appointed as Chair of the Engineering and Physical Sciences Research Council.

Aiden Neilson has retired from RSSB Director, Policy & Strategic Initiatives

Markus Bertrand has been appointed Managing Director of Rail4Chem, the independent freight operators owned by the four major European chemical companies

New Services

Veolia Transport has started a new service for Lafarge between Bassens, near Bordeaux, and Martres, near Toulouse.

Crossrail to commence operations in Italy

Crossrail Italia announced on 4 April that it has been awarded an Italian rail transport licence and is set to launch operations in Italy. The Company is a subsidiary of Crossrail AG, the third largest Swiss rail freight operator, which was acquired by Babcock & Brown in 2006.

The new Dft structure

Officials have written to stakeholders and others about the new DfT Structure, effective from 2 April, designed to implement the Eddington recommendations.

Rail freight as before spans two different directorates, 'Safety, Service Delivery and Logistics' (SSDL) and 'Rail and National Networks.'

On the SSDL side, we have a useful series of organisation charts which explains who does what and who reports to whom. The logistics responsibilities flow from Stephen Hickey, DG of SSDL, to Vivien Bodnar (Director Transformation, Logistics and Sponsorship, to Stephen Fiddler (Freight and Logistics), to whom report (among others) Duncan Buchanan (Sustainable Distribution Strategy) and David Glinos (Sustainable Distribution, Modal Shift). See organisation chart posted on www.rfg.org.uk/library

The Director General for Rail and National Networks is Mike Mitchell, who retains responsibility for:

- rail projects (Graham Dalton);
- rail service delivery (Gary Backler);
- rail strategy (Mark Lambirth);
- rail customer relations (Peter McCarthy);
- rail procurement (Jack Paine);
- rail technical and professional (Clive Burrows).

Additionally, a new roads strategy directorate headed by Brian Wadsworth will report to Mike. This will be responsible for the strategic planning of the trunk road network and for sponsorship of the Highways Agency. No doubt the DfT will update its own website in due course to reflect these changes!

DfT Regional Planning Assessments

DfT published their Regional Planning Assessment (RPA) for the South West during May. This is the next in a series of such documents, which includes the Southern RPA published this January and others which were issued last year.

The RPAs are intended to take a long term view of the rail network and the factors which will influence demand. This includes changes in employment and housing, and in regional growth as well as considering the known constraints on the rail network.

For freight, the South West RPA has few surprises. It suggests that the principle growth

will be in aggregates supply from the Mendip quarries to the south east. The bottleneck at Reading is mentioned, although the flow from Southampton to West Midlands is better described in the Southern RPA previously printed. Perhaps disappointingly, it makes no real comment on the proposals for expansion at the Port of Bristol.

We expect to see the remaining English RPAs (East Midlands, Thames Valley and Yorks and Humber) issued before the summer, with the Wales RPA expected later in the year.

Documents can be found at www.dft.gov.uk/pgr/rail/strategyfinance/strategy/rpa/

Planning White Paper Consultation

On 21 May the Government published its consultation paper on the overhaul of the planning system. Following the recommendations of the Barker report and, for transport, the Eddington report, the proposals set out a radical overhaul of the planning system for major schemes of national importance. In summary the proposals will;

- Create an Infrastructure Planning Commission (IPC), responsible for planning inquiries and decisions on major schemes. This replaces the current process where a planning inspector makes a recommendation which is considered by Ministers prior to a final decision.

- Require Ministers to produce National Policy Statements setting out the overall national need for certain facilities (such as ports, power stations etc) and outlining the planning criteria which are appropriate
- Combining the various different types of consent under the Planning Commission to the extent possible.

The implications for rail freight are not yet clear, and RFG will be responding to the consultation in due course. The consultation runs until 17 August and can be found at www.communities.gov.uk.

Rail Industry Skills Forum (RISF)

Rail industry stakeholders have joined together to create the RISF to provide strategic advice on future skills requirements for the industry.

Chaired by Peter Bennett, Network Rail's Human Resources Director, RISF includes representatives from the Association of Train Operating Companies, London Underground, Network Rail, the Rail Freight Group, the Railway Industry Association along with the

Department for Transport, Go-Skills, the Science, Engineering and Manufacturing Technologies Alliance and the Rail Safety and Standards Board (RSSB).

RISF has been set up to take an holistic view of the industry's skills framework, to help ensure that its many parts attract, develop and retain the necessary skills required to deliver the future railway system.

EWS - halve track maintenance costs

EWS has long argued that rail maintenance costs are too high and that lower costs means lower charges which in turn means more rail freight. In a letter to the ORR as part of its submission to the Periodic Review debate, and published in *Rail Magazine* 563, EWS states that, in respect of freight only lines, productivity improvements could include extending asset life rather than default renewals based on age, cascading serviceable materials, reducing possession times, reducing planning and design costs and off site ancillaries for route activities, using more

mechanised inspections in place of patrols, and introducing modular points. EWS suggest a three tier maintenance plan for freight only lines, based on tonnages, and hopes that Network Rail will take to heart these and other examples of best practice in a proactive manner.

As the letter points out, NR renewed two points in 54 hours, whereas American practice would see one replaced in five hours. Perhaps this is because the American railroads have one objective – to keep the lines open safely for revenue earning trains!

News

Heavier steel trains

EWS Industrial has introduced heavier steel slab freight trains, operating from Port Talbot to Llanwern in South Wales, hauling 25% more product than before. The trains previously hauled 1,500 tonnes of steel slab, but from March 2007 this increased to 2,000 tonnes per train. This represents an efficient use of both railway and environmental resources.

The trains have been able to haul 25% more product following a modification programme to convert and strengthen standard BAA steel slab wagons. This work has resulted in the regular 28 wagon service delivering in four train movements what was previously delivered in five trains.

BCC: freight a priority

The British Chambers of Commerce (BCC) has called for rail freight not to be an afterthought in the country's transport network but to be recognised as a mechanism by which the freight industry can cut its carbon footprint and improve distribution times.

David Frost, Director General of the British Chambers of Commerce, said: 'By encouraging the movement of freight from the road network and on to the railways the Government can take a massive step forward in meeting its carbon reduction targets.'

'Rail freight offers an energy efficient mechanism to transport goods across the country yet the ambitions of all are held back by the recent lack of investment there has been in the transport network for freight.'

'We recognise that it will not be cheap to make all the necessary changes yet ad hoc tinkering to the infrastructure will not allow the large increase in rail freight transportation that can be achieved. A concerted effort, backed not just by the Department of Transport but the Treasury and DCLOG is needed to break the impasse and allow rail freight transportation to meet its potential.'

www.chamberonline.co.uk/c-yM_J1ohOhB8A.html



Freightliner Road Services (FRS), a division of Freightliner Ltd, has invested in new equipment to cater for the growing freight market and future forecasts of up to 30% growth in tonnes lifted until 2014/15.

The new equipment comprises 100 Montracon rolling bogie skeletal and represent a £1.5 million investment, acquired on a package arranged by Hill Hire. Equipped to handle 45ft containers, the maximum legal length of containers in the UK, the trailers will complement the remaining fleet of 68 SDC slider trailers.

Everyone should be treated equally on access options!

The Office of Rail Regulation's consultation on option agreements has come at an important time, when two major applications for options are likely to land on its desk in the next few months.

The purpose of an option agreement is to give comfort to investors in the railways that they will be able to operate trains on the network and thereby get a return on their investment. A number of issues need to be discussed in considering whether to allow such agreements, including the effect of such new traffic on existing flows, whether current or forecast, for how long they should be granted, and any financial consideration. There must also be recognition that, without such options, the developer may not be able to raise finance and undertake the development.

One of the investments concerned is by Hutchison Ports UK in the rail network as a condition for building new port facilities at Felixstowe/Harwich. In return for funding gauge enhancements to Leeds, doubling the Felixstowe branch line and some capacity enhancements between Peterborough and Ipswich, HPUK will be seeking an option agreement to ensure that, when this work is complete, it can have the necessary capacity on the network to operate the number of trains to different destinations on which the planning approval was given by the Government.

The other investment is by Transport for London and the Government and, possibly, others in the Crossrail project across London. These promoters want an option agreement approved by the ORR to ensure that their planned number of trains can operate and thereby earn the planned return on the investment.

Both projects support their investment plans with forecasts of future traffic whose robustness have presumably been tested sufficiently (or will be) to enable the necessary financial commitment to be made. Both projects are of such magnitude that the ORR will have to take into account the effects on other traffic, passenger or freight, and at current levels and for future growth. Those who have or have every reason to expect rights to operate will not welcome having these rights removed by a 'newcomer'.

Both projects are long term; the HPUK scheme could start in three to four years, and it is reasonable to seek options to at least the timescale of the forecasts on which planning permission was given – around 2025.

The Crossrail project will probably not open for ten years, and apparently needs a payback period of 60 years. We do not know the period for which Crossrail

will apply for its option.

The ORR has not yet published its final conclusions and policies on how it will treat option applications but has confirmed that it 'would expect to apply those policies in every case, to ensure a decision which is consistent with a balance of our statutory duties'.

We understand that the ORR has expressed concern about long term of options for which HPUK might apply; the ORR might then be even less happy with an option agreement from Crossrail for presumably even longer terms; it is good that both will be treated in the same way.

However, this is where the similarity ends. What happens if the promoters or funders do not like the ORR's decision? HPUK could appeal or seek a judicial review but, if that failed, they would have to accept the ORR decision, take the risk on obtaining the necessary capacity through industry processes, or decide not to build the facility requiring the extra trains.

If the Government does not like the ORR's decision on Crossrail, it has the same possibilities available as does HPUK. It did, after all, decide that access rights for the Crossrail project should be sought through 'industry processes' including the option application to the ORR.

However, Government still has the nuclear option of using Clauses 22 to 44 of the Crossrail Bill to 'direct' the ORR to give Crossrail whatever it wants, even if this is to the detriment of other users of the railway and contrary to what are now well established 'industry processes'.

Why should Crossrail be treated differently from other projects just because Government is investing and says, some would say, rather naively, they should have priority because 'everyone wants Crossrail'? This is certainly an odd way of encouraging private investment.

The solution is for Government to agree to withdrawing Clauses 22 to 44 which, if enacted, would allow the Government to override any ORR decision on allocation of capacity and, in so doing, destroy the independence of the ORR, a status which enables so much private investment to come to the railways in the knowledge that Government cannot interfere for its own ends – until now! These clauses must be removed completely from the Crossrail Bill in Standing Committee in the Commons so that all parties, petitioners, users and others affected, have a clear statement of policy on this vital issue before the Bill starts its passage through the House of Lords.

As George Orwell said in *Animal Farm*, 'all pigs are equal, but some are more equal than others!'

The Planning White Paper

The Planning White Paper is a welcome attempt by Government to simplify the planning system and to speed up the decision making process for major schemes. Removing the 'double decision' of planning inspectors and Ministers is sensible, as is the intent to consolidate as many of the different consent regimes as possible within one body – the Infrastructure Planning Commission. National Policy Statements, properly structured, could add real strength into the planning process, both for major and smaller schemes.

But the consultation raises as many questions as it answers, and there is clearly a long way to go before implementation. For rail freight, some of the key questions are;

- What is the scope of schemes that the IPC should consider? Will it replace hybrid bills for schemes like Crossrail? Will it extend as far as rail freight terminals?
- Will the planning process be modified for smaller schemes that do not come under IPC? Devolving medium sized transport schemes to local bodies is likely to make matters worse not better so this will need to be carefully managed.
- How detailed will the National Policy Statements be? Will there be one for rail freight, and will it cover smaller schemes as well as major ones? Will local planning authorities be required to take account of them?
- How can the IPC strike the appropriate balance between speed and efficiency and allowing affected parties chance to comment and object?

RFG will be looking closely at these proposals and responding to the consultation in detail. It is a big opportunity to deliver real change – but it can so easily be missed. (See page 2)

Cost escalation hits roads as well

The Nichols Report 'Review of Highways Agency's Major Road Building Programme' published on 14 March 2007 provides a devastating commentary of the management, the estimating and out-of-control costings which led to an overall 25% increase in estimates over just 18 months. Nichols makes a number of recommendations, which the government has accepted, and it has put Mike Mitchell, the Director of Rail at DfT, in charge of this roads work as well. Perhaps he will insist on the Highways Agency setting up a copy of the NR GRIP process.

In a short debate in the House of Lords (17 May) , Tony Berkeley suggested that, as the Government had put a moratorium on new rail construction until Railtrack's cost escalation problems had been sorted out, it should put a moratorium on new road construction until these costs were brought under control. Conservative Transport Spokesperson Lord Hanningfield did not want this - he wanted an assurance that the current programme of planned road schemes would continue - and got it. Government Transport Spokesperson Lord Bassam of Brighton said 'we are cracking on with important road improvements'; he might have added - 'and sod the cost!' We wonder if the Government will ever apply the same rules to road and rail construction.

www.dft.gov.uk/pgr/roads/nicholsreport/nicholsreport



The European Rail Freight Association

The new ERFA Board (without Graham Smith of EWS), *left to right* Messrs Henke (VDV), Skorik (Freightliner), Le Jeune (Dillen and Lejeune), Vosta (Viamont), President Ronzoni (Ferrovie Nord), Paillat (Veolia), Vaerst (AAE), Berkeley (RFG) and Kunz (Hupac). (See page 11)

Company news

Kent International Gateway Ltd, a proposed development of AXA Real Estate Managers and DMI Properties have gone out to public consultation recently on a plan to construct a major freight terminal, including some 400,000 sq metres of warehousing, at Bearsted, East of Maidstone, where the M20, the CTRL and the Maidstone Ashford Network Rail line cross.

Details of the scheme are not widely available but, given the demand for warehousing and the large volumes of freight currently using the M20 (enough to fill 200 trains a day) whilst the parallel rail lines are virtually devoid of freight, this might be thought to be a project worthy of serious consideration. We suspect however that the locals prefer all those lorries on their backyard motorway, rather than have the means of removing some of them in their own backyard!

The Kilbride Group has launched a sustainable transport development fund of £150m for investment in rail infrastructure. It is working on a terminal at Castle Bromwich in Birmingham, currently used by Jaguar, to create a facility for just-in-time deliveries of components. It soon hopes to have confirmation of a 70 acre terminal development at Inverurie on the Aberdeen to Inverness line and is also working on the reopening of the Bere Alston to Tavistock line - perhaps one day connecting to Oakhampton!
<http://www.kilbridegroup.com/>

Scottish Rail Freight Conference

Over seventy people attended RFG's annual Scottish Conference on 20 April in the impressive surroundings of the Glasgow's City Chambers.

Welcoming attendees, *RFG Chairman Tony Berkeley* summarised current RFG activities, including on the freight access charges for the Periodic Review. EWS were commended for highlighting best practice to the ORR, whilst we hoped that the ORR themselves would continue to pressure Network Rail for further cost reductions.

Other issues touched on included the ongoing disconnect over how third party investment is treated with regards to Government and privately sponsored projects, the continuing lack of resolution with regards to the capability of the network that NR is actually funded to provide and the recent Channel Tunnel price hikes which, this time, were exposed as being directly due to SNCF charging a premium for use of Calais Fréthun.

News of the recent DfT reorganisation was cautiously welcomed.

Nigel Wunsch and Julie Rickard of Network Rail then refocused attention on Scotland with an informative overview of the RUS process and a detailed review of both the Scottish and Freight RUS's. Of particular interest to the audience was the welcome confirmation that the redoubling of long sections of the G&SW single track is now being seriously considered and that planned reliability improvements for passenger services will also deliver improved access and egress from Millerhill Yard.

Transport Scotland's Jonathan Pugh then provided further illuminating detail on the Periodic Review 2008 (PR08) and the impact of the High Level Output Statement (HLOS) and the Statement of Funds Available (SOFA), both of which are expected to be published in July 2007. Freight issues revolve around the structure and level of track access charges and the capturing of Network Rail inefficiencies. The key message was therefore that charges for CP 4 will be set at a level which the ORR sees as being a ten year efficient price through to the end of CP 5 in 2019 (subject to material changes) and that the PR08 was set to continue the evolutionary development of economic regulation by providing the right signals for the continuation of an efficient and competitive sector for rail freight in the UK.

A panel discussion then explored *the use of rail by retailers* and the ongoing work of the RFG's CSR Rail Forum. With Tony Berkeley asking the questions, the panel comprised Jim Clarke and Ken Russell for the 3PL's and Steve Mulvey (M&S), Chris Hall (Asda) and Kevin Greenaway (Sainsburys) for the retailers.

An informative and lively debate highlighted reliability and cost effectiveness as critical reasons for retail's initial move to rail, whereas sustainability was now the principle factor added in to the mix to facilitate a much wider acceptance of the mode's potential role amongst the industry.

The 3PL's were said to have made rail freight fit for use by adding value with 'on carriage' and equipment, to expand the scope of the mode. The rail freight industry now has to deliver the next step change in rail freight's corporate offer, to win the huge prize that the sustainability debate has put up for grabs. That step change includes operating a reliable, seven-day a week, 24hr railway which provides meaningful and available diversionary routes such that chilled and refrigerated traffic can make the modal shift as seamlessly as ambient product has already done.

A question from the floor asked to what extent road congestion was a factor in the modal shift and the panel confirmed that truck productivity is clearly declining. Dependability is rail's great strength and with the lifecycle of road equipment being much shorter than rail's, the prospect of a ten year fixed price element can only aid this.

The debate finished by underlining rail's reliability credentials with a figure of 97% reliability being quoted from the floor and a reminder from Jim Clark that six years ago Malcolm's ran four trains a week with no time sensitive traffic whereas they now run 46 trains a week on which 80% of the traffic is time sensitive.

With the continued increase in the number of FOC's operating on the network showing no signs of being reversed, *Dave Attoe of Amec Spie* provided delegates with a very up beat review of Amec Spie's current 'new kid on the block' activity in a market which the company's French owners see as the most open in Europe.

continued opposite

Scottish Rail Freight Conference

From a background in track maintenance and the operation of on track plant and MPV's, the company's first freight contract utilises Virgin Class 57 'Thunderbird' locos on a five day per week flow of timber from Scotland and Carlisle to the Kronospan factory in Chirk. Forest products are seen by Attoe as an area within which significant additional flows can be attracted to rail, although the company is also pursuing containerised goods, waste recyclates and bulk product.

Moving from the smallest newcomer to the two largest UK FOC's, delegates were then given a detailed overview of the newly restructured EWS business and the thinking behind it. The company's Scottish capabilities and sustainability agenda were outlined along with the opportunities emerging north of the border, all as seen by EWS's Glasgow based Network Business Manager Scotland, Paul Philips.

Freightliner's Lindsay Durham then reviewed the activities of the £255m Freightliner Group business, highlighting the resource split between its Heavy Haul and Intermodal arms and expanding upon the traditional as well as newly acquired traffic flows operated. Reminding delegates that with a fleet of over 300 road lorries, Freightliner was also a road haulier of some note, Lindsay went on to list track access charges, W10 gauge clearance, longer heavier HGV's and the issue of diesels being squeezed off of the WCML as key threats facing Freightliner and the FOC's in general.

Moving away from FOC's, a recent recruit to conference sponsors PD Ports' Helen Lyall, spoke about Port Centric Logistics and where Teesport excels. Stating clearly that her role is to raise the profile of the port and the volume of freight passing through it, the audience was given a thorough and interesting break down of the port's current capabilities along with a detailed explanation of PD Ports exciting plans to expand its business with the new £300m deep sea Northern Gateway Container Terminal. With a Planning Application submitted in April of last year, the

scheme utilizes 50ha of brown field land at Tees Dock and will create between 500 and 600 jobs as well as incorporate a new rail freight terminal to cater for the estimate 20% of throughput which will be rail born. For full details visit www.thenortherngateway.co.uk

Small scale, localised and temporary infrastructure changes that can significantly aid the cost effectiveness of rail freight were the next area of focus, with a full briefing on the technical aspects of and the potential benefits provided by the innovative *non-intrusive rail crossover system* or NICS. With the use of an informative and easy to understand video, David Spaven and colleagues briefed delegates on this revolutionary system that can deliver real costs savings of up to £2 per tonne for timber traffic alone, yet is still frustrated by Network Rail's continuing failure to approve it.

The final slot of the day was ably filled by Paul Hooper from the ORR and Jane Dobson from the DfT, who spoke on Operations Technical Standards for Interoperability (TSI's) and provided a detailed synopsis of the background to the regulations now in force and their EU genesis as a means of stimulating trans European rail growth but to a common set of standards.



Company news

Crossrail

At a recent seminar organised by Lord Bradshaw in Oxford, delegates heard the latest programme for the Crossrail Project and discussed the implications for other users of the surface lines.

The programme has slipped due to the need to incorporate Woolwich station into the project; consultation papers have recently been issued. It is unlikely that the Commons process will finish until the autumn, allowing the House of Lords to start consideration on the New Year.

Much discussion took place about the timetabling process; we understand that the first comprehensive timetable will be complete and shown to those interested by the end of May. The Timetabling Group can then do some 'what if's', of which for rail freight the most important is to incorporate the forecast demand for rail freight on the GE and GW Main Lines not only for the expected opening date of Crossrail (2017) but for 10 or 15 years beyond that, since rail freight investors would expect to be able to run train at least to that time to bring a return on their investment.

The proposed application by Crossrail for an Option Agreement to ensure that its trains have access to the network is discussed on page 4.

EWS Locomotive 66027 making one of a number of passes over the NICS trial.

Publications

Vehicle speeds in Great Britain: 2006

The DfT published on 5 April 2007 national statistics of vehicle speeds in Great Britain in 2006. These statistics relate to the speeds at which drivers travel in free-flow conditions across the road network.

On major, non-built-up single carriageway roads, 76 per cent of articulated heavy goods vehicles (HGVs) exceeded their 40 mph limit (28 per cent by more than 10 mph). The average speed recorded for articulated HGVs on these roads was 46 mph, just 2 mph less than the average speed of cars (48 mph), for which the limit on these roads is 60 mph.

The survey also reveals a high incidence of speeding by HGVs on 30 mph roads: 44 per cent of 2-axle HGVs exceeded the speed limit, 15 per cent by more than 5 mph. This compares with 46 per cent and 18 per cent respectively in 2005.

The statistics are available at: www.dft.gov.uk/pgr/statistics/datatables/publications/roadstraffic/speedsconges

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Recent rail freight research at the University of Westminster

Two pieces of research relating to rail freight policies and operations have been completed recently at the University of Westminster's Department of Transport Studies, the first relating to the way in which rail freight activity is measured and the second assessing the effectiveness of Freight Facilities Grants awards.

Measurement of Rail Freight Activity

There has been considerable emphasis on rail freight statistical reporting since the Office of Rail Regulation (ORR) assumed this role when the Strategic Rail Authority (SRA) was disbanded in 2005. While improvements have been made to the traditional statistics, it remains of some concern that the main reporting of activity still relates to the number of tonne kilometres generated – one tonne kilometre results from a tonne of product being moved a distance of one kilometre. The government's rail freight target, set out in the Ten Year Plan in 2000, was for an 80% increase in rail tonne kilometres by 2010, but this in itself may not be particularly meaningful. Benefits associated with such tonne-based measures are their relative simplicity, making the data easy to collect and understand, and their use allows comparison with other transport modes and countries. There are a number of drawbacks:

- The emphasis on tonnes ignores the evidence that the majority of potential rail freight growth will come from relatively low weight sectors (e.g. premium logistics and deep sea containers) rather than traditional bulk products
- Tonne-based measures ignore many effects of, and implications for, rail network capacity and capability, both in terms of routing services through the network and wider issues associated with train path availability and utilisation
- The narrow focus of tonne-based forms of measurement in rail freight targets and forecasts means that they are not necessarily aligned with broader policy objectives that consider, for example, social and environmental issues

It seems clear that additional measures are needed that in combination provide a better package of trend monitoring. In particular, the combination of rail's share of the freight transport market, the rail freight lorry kilometres equivalent and the number of freight trains operated provide a stronger basis by which rail freight activity can be measured than the longstanding tonne kilometres

statistic can on its own. The recent introduction of additional indicators in ORR statistics is welcome. There may well be a case for further measures that better reflect rail's role in the non-bulk market, such as a specific focus on the number and share of containers and swap bodies carried in the intermodal market.

Effectiveness of Rail Freight Facilities Grants (FFGs)

Of more direct relevance to many rail freight customers is the FFG scheme. Very little evidence of the impacts of FFGs has been published previously, so a survey of companies who were awarded grants between 1997 and 2005 was conducted. The results suggest that FFG funding has been largely successful, attracting considerable private sector investment – for every £1 of grant funding an additional 50p of private money has been committed to rail freight facilities. While volumes overall appear to have closely matched projections, there has been considerable variation around the average with some schemes handling far more traffic than predicted and others experiencing a shortfall. The difficulties of predicting future volumes in a volatile freight transport market are apparent, with unforeseen company or supply chain changes being the main reason for underperformance. Equally, other companies have managed to exceed expectations as a result of changes to their operating environment and the availability of their new rail facilities.

FFGs have played an important role in developing or retaining rail freight flows, and there is evidence that their suspension in England in 2003 hindered progress in attracting new flows. Grant recipients reported that the application and decision making processes would benefit from greater transparency and consistency, while sustained commitment from government to grant funding, and rail freight more generally, is seen as necessary to provide reassurance to those companies willing to make large capital investments in facilities. With the recent surge in concern about transport's role in climate change, targeted government support in specific rail freight facilities offers a way to encourage greater rail freight use, but needs to be considered alongside other critical issues such as track access charging and network capacity and capability.

These specific studies form part of wider rail freight research activity currently taking place.

The Westminster Column

Political Change

After months of speculation, Tony Blair announced his resignation as Leader of the Labour Party on 10 May and his intention to resign as prime minister on 27th June.

Within a week, Gordon Brown was elected unopposed to succeed him as Leader of the Labour Party and prime minister. It is not anticipated that the new ministerial team will be announced until 27 June.

The prime minister-elect has made clear that his priorities will be investing in the NHS, education, building affordable housing, and creating sustainable communities. There are rumours that transport policy may get subsumed within the Department for Communities and Local Government's remit. Under Brown, transport policy will likely follow Eddington's three priority areas of congested and growing city catchments; the key interurban corridors; and the key international gateways that are showing signs of increasing congestion and unreliability.

Brown has a close knit group of advisers and it is likely that Dan Corry (currently Chair of the Council of Economic Advisers), Shriti Vadera (a Treasury adviser who specialises in PFI and PPP funding arrangements) and Wilf Stevenson (Director of The Smith Institute) will figure prominently in his backroom staff.

At a ministerial level, Ed Balls MP (formerly Chief Economic Adviser to Brown and his closest political ally), Ed Miliband MP (former Chair of the Council of Economic Advisers and a policy intellectual), Alistair Darling MP (former Transport Secretary who is expected to be the next chancellor) and Douglas Alexander MP (a close ally of Brown's for many years) are all expected to be given important jobs in Brown's first Cabinet.

Conservative Party Rail Strategy

In April, both the Leader of the Conservative Party, David Cameron MP, and the Shadow Transport Secretary, Chris Grayling MP, attacked the Labour Government's record on transport.

In a speech on 19 April, Cameron called on the Government to set out a rapid programme of capacity improvements on UK railways.

Cameron said that a new direction is needed for the UK's transport strategy, and this should include:

- Closer integration of track and train on the railways.
- A detailed feasibility study for high speed rail in the UK.
- A Cities taskforce investigating light rail.
- Exploring greater devolution of decision making.

On the 25 April, the Shadow Transport Secretary, Chris Grayling MP, wrote an open letter to the Transport Secretary calling on the

Government to impose a two year moratorium on the development of old and disused transport corridors and for an independent inquiry to be set up to examine the corridors and find out which of them should be protected in the long term for future transport needs.

He highlighted four disused routes as examples of routes which should be protected: the Lewes to Uckfield line in Sussex; the Leamside line in the north east; the Woodhead tunnel route linking Manchester and Sheffield; and the Oxford to Milton Keynes line in the south.

Questions on rail freight interchanges

On 29 March, the Liberal Democrats' Shadow Secretary of State for Transport, Alistair Carmichael MP asked the Secretary of State for Transport what (a) role and (b) actions his Department has taken in the development of the Strategic Rail Authority's policy towards large-scale rail freight interchanges.

The Rail Minister, Tom Harris MP, said that the Department for Transport issued a statement on 14th October 2005 regarding the status of the Strategic Rail Authority's Strategic Rail Freight Interchange Policy. This statement still represents the position of the Department.

On 17 April, Alistair Carmichael MP asked the Secretary of State for Transport if he will seek to meet the Secretary of State for Communities, Local Government and the Regions to discuss the planning regime in respect of Rail Freight Interchanges following introduction of the Government's proposed Planning-Gain Supplement (Preparations) Bill.

The Rail Minister said he has no plans to meet with the DCLG Secretary but said that officials from both Departments will shortly be meeting with representatives of the Rail Freight Interchange Investment Group to discuss issues relating to the planning regime in respect of rail freight interchanges, including the potential introduction of a Planning Gain Supplement.

HLOS and SOFA

Tom Harris confirmed in a debate in May that the High Level Output Specification will be published in July. This will be accompanied by the Statement of Funds Available and the Department for Transport's 30 Year Rail Strategy.

In a Written Answer in the House of Lords on 16th May, Lord Bassam of Brighton revealed that the Government will also announce in July its 'conclusions on their manifesto commitment to look at the feasibility and affordability of a new north-south high-speed link.'

News

Lords Select Committee on Regulators

Tony Berkeley gave evidence on 1 May to the House of Lords Select Committee on Regulators. Two papers of written evidence were submitted, the second concentrating, at the request of the Committee, on Cross-Channel and European issues.

www.rfg.org.uk/library/?pid=3158&lsid=3290&edname=24206.htm&ped=24206

European news



Dominique Bussereau has been appointed Secretary of State for Transport in the new French Government, within the Ministry of Ecology and Sustainable Planning and Development. In the early 80s, he was attached to the commercial direction of SNCF.

Port of Antwerp handled a freight volume of 44,689,362 tonnes in the past three months, an increase of 11.8% compared with the first quarter of 2006. With a total of 16,487,457 tonnes of freight handled, March was an absolute record month. The container volume handled by the port grew by 18% compared with the first quarter of 2006, rising to 22,707,018 tonnes or 1,955,637 TEU (up 17.4% on the corresponding period last year).

RFG policy activities

ORR Consultations

RFG responded to the ORR's consultation on *Access Options*. Although we agreed with many aspects of their proposals, there were several areas where we were concerned that freight operators or customers would be disadvantaged. This was both where they were seeking an option themselves in return for investment, or where another party had applied for an option. Many of the concerns were based in the differences between the passenger model and the freight model, the latter having more complexities in some cases.

ORR have published all the responses on their website and it is clear from these that there is not a general consensus amongst responders. We await with interest the next steps in developing this policy, and also in the ORRs assessment of the first applications it receives. (*See Opinion page 4-5*)

Environmental Consultations

There have been a number of environmental consultations in recent months, many of which do not directly affect rail freight in the first instance, but have the potential to create long term effects.

We responded to the DfT consultation on renewable transport fuels for roads, suggesting that research and development of alternative

fuels should be extended to include the rail sector. We also emphasised the need to equalise the taxation regime to encourage use of renewable fuels in rail.

The Draft Climate Change Bill, as well as setting carbon budgets and establishing a Carbon Commission, essentially intends to give Government enabling powers to introduce further carbon trading schemes. We were therefore surprised that international aviation and shipping were excluded. Although aviation at least is likely to be included in a European scheme, it seems strange to not at least take enabling powers even if never used in practice. Our response quoted DfT data (source: Transport Statistics 2006) which shows that in 2004, the absolute CO₂ emissions by mode were;

- railways (passenger and freight) – 0.7Mt
- HGVs – 7.6 Mt
- domestic shipping – 1.0 Mt,
- domestic aviation – 0.6 Mt
- the UK share of international aviation – 9.0 Mt
- UK share of international shipping – 1.6 Mt

We have also met with DEFRA to discuss progress in their considerations of extending the UK carbon trading scheme to large companies. Their final conclusions are expected shortly, with further consultation on the details of any proposed scheme.

European policy issues

RFG's complaint against the German Government for potentially unfair state aids to German Railways (DB) to enable them to buy other vertically integrated railways was the subject of a meeting with EU DG TREN head of unit Mrs Wolfcarius and her team on 3rd April, along with ERFA. Other state aids issues were also discussed, including proposals by the German Government to fund quieter brake blocks for DB wagons (but for no other operator), the ongoing issues of traction current supplies in Germany, driver training regulations in Belgium, state aids to Interferryboats/SNCB in Belgium and, of course, state aids to SNCF in France and similar issues in Italy. DG TREN appreciated our input and informed us that their EU state aid guideline

will be published after summer for consultation and that they expect us to give comprehensive input.

We emphasised that new companies faced enough challenges in starting new services and businesses in many member states, without having to cope with unfair state aids as well.

RFG also wrote to several ministers of the regional government in Belgium and EU DG TREN advising them of the UK train driver testing processes, and commenting that the Belgium Government's proposals that all drivers must be trained using the processes and simulators of SNCB would, in our UK experience, deter new entrants and companies, including UK ones, from the market.

European news

The European Rail Freight Association

At the ERFA General Assembly in April, RFG Chairman Tony Berkeley was elected a Director, along with Messrs Henke (VDV), Skorik (Freightliner), Le Jeune (Dillen and Lejeune), Vosta (Viamont), President Ronzoni (Ferrovie Nord), Paillat (Veolia), Vaerst (AAE), Kunz (Hupac) and Smith (EWS). (see page 5)

At this meeting, ERFA noted that today, more than 10 years since the first EU directive came into being to allow for open access for rail freight, there is still no true single market for rail freight services. Strategic and essential facilities and services are still controlled by the national flag carriers. Consequently, the market share of the so-called 'incumbents' is still over 90 % in the vast majority of the EU. This means that open access above rail remains very difficult in many member states and, without the spur of a variety of operators competing on service quality and price, there is little hope of rail freight achieving the projected growth by 40 % of the rail freight market by 2010.

For this reason, ERFA has decided to open up the membership from just private and independent rail freight operators to shippers, end-customers, infrastructure managers, rolling stock owners and other stakeholders to push for the total liberalisation of the rail freight market and to break up the dominant position of the national flag carriers.

For the President of ERFA, Dr Luca Ronzoni of Nord Cargo, the second biggest rail freight operator in Italy 'ERFA has set its course for its future now by allowing all those to join the association who need and want a free rail freight market.'

The aim of ERFA is a genuine free rail freight market offering equal market conditions for all and therefore the abolishment of all legal, technical and administrative borders.

Hupac

Swiss-based Hupac and Frêt SNCF have opened a new service between Antwerp and Perpignan of three return journeys a week. The service may extend to Spain later. The 20 wagon train is drawn by two interoperable locomotives and driven by an SNCF driver.

'Thanks to Fret SNCF, Hupac has succeeded in introducing the concept of integrated traction on the Antwerp-Perpignan line,' says Bernhard Kunz. 'Fret SNCF is the sole interlocutor end-to-end, and shoulders the entire responsibility. This means improved production, higher quality and fewer interfaces.' This new service is a new experience for Fret SNCF which intends to go on expanding at the international level, depending on its customers' logistics needs, while continuing to partner with the other European rail companies.

House of Rail

The House of Rail, whose members are ERFA, ERFCP, UIP and F&L, has published its 2007 Action Plan. It covers a wide range of issues needed to bring full liberalisation and competition to the rail freight sector, leading to better service quality and growth.

This very comprehensive programme includes achieving genuine competition above rail, improving service quality, competitive charging for freight, recognition of wagon keepers, support for single wagon traffic through competition, rail freight dedicated or high priority networks, interoperability of rolling stock and infrastructure and funding for TEN-T.

www.rfg.org.uk/files/n70204HoRAActionProgramme.pdf

European News

SNCF: AFP reported in April that SNCF was calling on the public authorities to save its freight company, whilst confirming a loss of about Euro 260m for 2006. SNCF called for strong political action to make rail freight the motor of sustainable development, and emphasised the need for fair competition with road and between SNCF and the new entrants.

In order to make its freight services more responsive, SNCF has appointed five regional directors to reorganised the management, as well as creating a holding company (Transports et logistique partenaires (TLP)) to absorb all its freight subsidiaries (except Geodis).

Eurotunnel's results for the first quarter of 2007 show that rail freight traffic carried 365,642 tonnes, a decrease of 7% compared to the first quarter in 2006.

Eurotunnel also announced that it had carried its 12 millionth truck to travel on its Freight Shuttles beneath the Channel, since opening for business in July 1994.

New members

RFG welcomes the following new members who have joined since the last issue of RFG News

Company	Contact	Main business
Prologis Developments	Simon Jenkins	Distribution and developers
CEMEX	Steven Grublys	Private wagon manufacturer & supplier of bulk building materials
Konecranes (UK) Ltd	George Snider	Crane manufacturer
Interfleet Technology	John Robson	Consultants
Eurotunnel-Europorte2	Francois Coart	Train operator and infrastructure manager
ESR Technology	Dave Bull	Consultants

Channel Tunnel

Writing at a time when the Eurotunnel shareholders are about to cast their vote for or against the company's restructuring plans, the situation for rail freight gets for and more difficult.

Eurotunnel, the British Government (representing the BRB) and EWS have made plans to merge the capacity for rail freight through the Tunnel allowed in the Usage Contract (between Eurotunnel and BRB/SNCF) with that available from Eurotunnel's spare capacity, and treat in the same way in respect of charges and access rights. Charges proposed for a single journey freight train through the Tunnel using one of these paths in an intermediate time period would be £3,000 (Euro 4,500).

EWS and Europorte 2 have agreed that the charge for traction of any freight train through the Tunnel will be about Euro 600. This charge to include security and safety checks but may not include the actual use of Dollands Moor or Calais Fréthun.

However, SNCF has not agreed these proposals, and are pressing very hard for the French share of the £13m equivalent operating costs attributable to freight to be funded by the French Government, in the same way as the UK Government agreed to fund the UK part last December.

As if to make that point, SNCF plans to take its own actions! One of the few remaining customers, Norfolk Line, were recently informed that SNCF would increase the charges for their train between Hams Hall in the UK and Novara in Northern Italy from Euro 44,000 to Euro 52,817 per round trip. SNCF initially said that this was for additional costs of using the Calais Fréthun terminal, but have subsequently denied this, and said it applied to using the French part of the Tunnel as well. Eurotunnel has denied that it has put up its access charges, so this increase of Euro 4,400 (8,800 per round trip) for SNCF's traction through the French part of the Tunnel and the use of the Calais Fréthun facility. This is an increase of about 400% on the current charges.

Secondly, if Norfolk Line used another traction provider for hauling the train across France, there would be a premium of over Euro 4,500 per train for using the Calais terminal.

RFG comments:

The £3,000 access charge proposed by Eurotunnel and EWS is still much too high to attract increasing volumes of traffic; £2,000 would do this, and probably repay Eurotunnel with more traffic and therefore more revenue.

SNCF's actions, both in respect of higher charges through their part of the Tunnel and for the use of Dollands Moor, are totally contrary to the First Railway Package as well as contravening Articles 81 and 82 of the Treaty of Rome, as is their actions in seeking to put a premium on those who do not use their 'excellent' traction services across France.

RFG has written to the DG TREN as well as to the Chairman of SNCF, Madame Idrac. We will be writing to the new Transport Minister in France, and are helping Norfolk line prepare an official complaint to the Freight Rail Regulator and the Competition Commission there. We would also expect the UK Government to point out to the French Government that UK companies are suffering because of these illegal actions.

However, it is also time that the Intergovernmental Commission got into action – let us hope with a reinvigorated French delegation as well. They clearly fear legal action from Eurotunnel if they do not do what Eurotunnel says (and Eurotunnel is good at winning legal actions in France!) but, once the dust has settled in Eurotunnel's restructuring, it is time that the IGC fulfilled its legal obligations and required Eurotunnel to comply urgently with those parts of the First Railways Package which still apply.

French Rail Regulator's *Annual Report 2006 (MCAF)* can be found at www.rfg.org.uk/files/q70516MCAF2006report.pdf

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Future RFG Events

5-6 June	Rail Freight 2007, Waterfront Conference, London
4 July	Group Meeting, Newcastle
19 September	AGM & Annual Policy Meeting, Oxford
12 December	Christmas Lunch, London

For further information about all the above events and meetings, or copies of documents referred to, please apply to **Phillippa O'Shea**, RFG Administration Manager. Documents and information are also posted on RFG's website, www.rfg.org.uk.

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