

Cynulliad Cenedlaethol Cymru	National Assembly for Wales
Y Pwyllgor Menter a Busnes	Enterprise and Business Committee
Ymchwiliad i'r Blaenoriaethau ar gyfer dyfodol Seilwaith y Rheilffyrdd yng Nghymru	Inquiry into the Priorities for the future of Welsh Rail Infrastructure
WRI 04	WRI 04
Rail Freight Group	Rail Freight Group

Introduction

- 1 Rail Freight Group (RFG) is pleased to submit written evidence to the Enterprise and Business Committee's inquiry into the Priorities for the future of Welsh Rail Infrastructure in preparation for the oral evidence session to which it has been invited in Wrexham on 28 January.
- 2 RFG is the representative body for rail freight in the UK. We campaign for greater use of rail freight to deliver economic and environmental benefits for the UK, in particular by ensuring that Government and rail industry policy supports growth. We represent over 120 member companies, active across all aspects of rail freight including freight operating companies, port and terminal operators, suppliers and customers.
- 3 Rail freight operates wholly in the private sector but it requires appropriate infrastructure on which to operate its trains as well as sufficient network capacity and suitable terminal facilities for receiving and handling the traffic conveyed. It is in this context that RFG has limited this submission to those issues raised in the consultation that impact on the movement of rail freight.

General Policy Framework

- 4 RFG notes that under the proposals set out in the St David's Day Announcement, there is no provision for the planning and delivery of rail infrastructure investment to be devolved to the Welsh Government (WG) and that it will remain with the UK Department for Transport (DfT) for the foreseeable future. RFG does not see this as a problem because our concern is that creating unnecessary boundaries can have a negative effect on longer distance flows, such as most of the freight flows that currently use the Welsh rail network. Providing the existing close working between WG, DfT and Network Rail continues, this will not be an issue from our perspective. Indeed it will allow a continuing holistic approach to the rail

network within Wales as part of the wider UK network with which it links at many key places such as the Severn Tunnel, Shrewsbury and Chester.

- 5 In this context, RFG is concerned that one of the options for the future organisation of Network Rail being given serious consideration in the Shaw Review is for further devolution to the Routes throughout the UK. This could have the effect of creating barriers to long distance freight (and passenger) flows, which tend to cross Route boundaries, and their growth, unless a strong System Operator role is retained at the centre exercising control of such features as timetabling and possession planning and ensuring that alternative routes are not affected simultaneously.
- 6 Another aspect of rail infrastructure that needs to be taken into account when considering investment is that rail is, generally, a mixed use network. As a result, plans connected with passenger focussed developments must always take account of both current and future needs of the rail freight market.

Responses to the specific topics raised

High level priorities

- 7 Currently, rail freight in Wales is concentrated on the South Wales Main Line and the Marches Route towards both Crewe and Chester, with limited penetration elsewhere for specific flows. Much of the tonnage moved in Wales continues to be associated with the power generation and steel industries, but both of these are currently undergoing significant structural change likely to result in permanent reductions in their flows. However, the forecasts accepted within the industry and used to underpin Network Rail's Long Term Planning Process indicate this decline will be more than offset by strong growth in other rail freight sectors.
- 8 For example, elsewhere in the UK, there has already been significant growth in container / intermodal flows, both domestic and to / from ports, but this has not occurred in Wales where such flows remain limited to a small number of services to / from the Wentloog Terminal and Barry.
- 9 Rail freight requires the infrastructure of the network to exhibit one or both of the following features, depending on the particular traffic : the capability to accept high axle-loadings (the "Route Availability") – essential for coal and steel flows, for example – and the capability to accept items of large dimensions (the "Loading Gauge") – essential for the

movement on ordinary wagons of most containers now in general use : specialist low-floor wagons are available but at a cost penalty.

- 10 Where investment in developing the rail network is being considered or planned on a route that has the potential to carry freight now or in the future it is important that a presumption in favour of freight is an integral part of the decision making process.
- 11 As an example, electrification of the North Wales Main Line could be the spur to the re-introduction of an intermodal freight link to Ireland via Holyhead. However, while electrification works are usually accompanied by an increase in “Loading Gauge” to the “W10” Gauge needed for 9ft6ins high containers to move on conventional wagons, there are some structures which can accommodate the overhead wiring without alteration but at a lower Gauge. A presumption in favour of freight, supported by targeted investment by Welsh Government, (see paragraph 14, below) would see the whole route brought to “W10”, unlocking the rail freight potential of the line.
- 12 As well as the capability of accepting current and future rail traffic flows, the rail infrastructure also requires the capacity to handle both current traffic levels and forecast increases in both passenger and freight movements. Higher speed limits at locations that are currently subject to low limits, such as the entry and exit of running “Loops” that enable freight trains to be overtaken by passenger trains, can yield significant time savings and capacity increases. Additional signalling, allowing trains to run closer together, also yields enhanced capacity. Such elements should therefore be an essential part of all infrastructure investment schemes if capacity is to match forecast increased levels of operation.

Welsh Government’s existing priorities

- 13 The National Transport Finance Plan (NTFP), like its predecessor the National Transport Plan, is extremely light on freight matters except for a commitment to support the recommendations of the Minister’s Freight Working Group as appropriate. The NTFP therefore represents a missed opportunity to support rail freight in Wales by targeted investment and focussed support for infrastructure enhancements that directly benefit rail freight.
- 14 One way this might be achieved could be through the creation of a Strategic Freight Network Fund for Wales, with governance arrangements similar to those already operating in England and in Scotland.

Effect of rail infrastructure developments in England

- 15 As noted above, most freight flows cross Network Rail's Route Boundaries and most of the rail freight flows in Wales also cross both these and the England/Wales border. Recent or planned investments in the rail network in England often, therefore, directly benefit rail freight movements to and from Wales. The converse also applies and investments in Wales can benefit traffic to and from England.
- 16 The situation of the Marches line from Newport to Hereford, Shrewsbury and Chester, most of which is currently in Network Rail's Wales Route, but which crosses the England/Wales border several times, shows clearly that the networks in England and Wales are best dealt with in a unified manner.

Impact of Planned Developments

- 17 While HS2 will not impact on South Wales, its opening to Crewe in 2026 will release capacity for freight on the existing West Coast Main Line that could bring benefits for North Wales. Whether the main line to Holyhead is electrified or not, this might include capacity for through freight trains to the main container ports (Felixstowe, London Gateway, Southampton), thus providing a "land-bridge" for deep sea traffic to and from Ireland as an alternative to short sea feeder movements.
- 18 RFG has been involved in some of the recent meetings in North Wales that have been aimed at enhancing the links between North Wales, and more particularly North East Wales, with the "Northern Powerhouse", as well as strengthening the case for North Wales Main Line electrification. The former includes the provision of improved transport links based around investment in the rail network. Again, this has the potential to provide a springboard for new freight flows on rail.
- 19 As noted above, RFG has concerns about possible further devolution of responsibility for rail within England. While a local focus might improve some aspects within travel-to-work areas, this could easily be at the expense of longer distance traffics, both passenger and freight.

How Welsh Government can best engage

- 20 Continuing constructive engagement with Network Rail at both Wales Route level and centrally, and similarly with the DfT, is the best way of influencing decisions in England that will benefit passenger and freight

services to, from and within Wales. However, this needs to be backed by a holistic transport strategy that embraces all modes as well as both passenger and freight movements, and which is seen to both affirm and support, including financially, targeted investments within Wales.

- 21 An example of where Welsh Government could pursue a positive policy of support for rail freight in Wales is in the development and/or enhancement of rail links with the South Wales Ports – possibly including some minor in-fill electrification schemes in addition to those currently in progress or planned. – and with Holyhead (see also above).
- 22 Another key development in generating growth in rail freight would be for Welsh Government to work with the rail freight industry and provide proactive support for new intermodal terminals at appropriate locations. It is true that some hinterlands will be comparatively small in terms of demand, but that is why positive support needs to be given to encourage such long-term investments by the private sector. As an example, the review and up-date of the previous North Wales Rail Freight Strategy could well reinvigorate the case for a Deeside Consolidation Centre.

The periodic review process

- 23 The Inquiry remit notes that the preparations for CP6 are already under way, so the industry is working to an eight year timescale which in some ways is too short in a sector where investments (infrastructure, motive power, wagons, terminals etc) often have a 20 to 50 year life-span.
- 24 However, this time, the preparations include Network Rail’s Long Term Planning Process which is looking at a near 30 year horizon up to 2043. RFG has been pleased to be involved with both the original Market Studies under-pinning this process and with a number of the Route Studies, including the Wales Route Study. Even though the process is currently “paused” while the effects of the Hendy Review are assimilated, RFG believes the process to be both robust and appropriate and the resultant “Choices for Funders” will provide an excellent start point from which the Welsh Government’s future rail investment strategy can be developed in detail.

Effectiveness of Network Rail Wales Route

- 25 It would be inappropriate for RFG to comment on this aspect though many of our individual members who have also been invited to give evidence will doubtless provide pertinent comments on the issues raised.

Effects of devolved funding for Welsh Rail Infrastructure

- 26 Many of the potential effects of such devolution have been highlighted or alluded to in the foregoing paragraphs. The key point from RFG's perspective is that the rail network of England and Wales is a unified network. Because of both history and geography, the Welsh network is not a unified entity but is basically three natural extensions of the UK Network into South, mid and North Wales. Although there are some north-south synergies, the focus is mainly east-west in all three parts of Wales and the planning for and investment in the rail infrastructure therefore needs to be cross border.
- 27 As a result RFG believes a unified funding model will remain the best option, though tempered by effective local input, supported by targeted local policies and top-up funding, such as a Strategic Freight Network Fund for Wales, as outlined above, as well as through European grants. As an example, if funding were fully devolved a decision could be taken in Wales to support and enhance rail links to its Ports resulting in an increase in freight flows to/from England which then might not be accommodated by the rail infrastructure east of the Severn because investment there was focussed on other priorities.

Conclusions

- 28 RFG believes that while not necessarily perfect, the present arrangements for funding the rail infrastructure in Wales work well and do not need fundamental change which could disrupt existing relationships for little or no benefit. Creation of additional "barriers" could also deter the growth of rail freight. Rather RFG suggests the need is for Welsh Government to develop its existing relationships and adopt a pro-active, supportive stance towards rail freight as part of a unified transport strategy that underpins its investment strategy. Targeted funding, as suggested above, and the development of appropriate links with other key stakeholders will then ensure the effective and timely delivery of the strategy.
- 29 Future investments specifically aimed at enhancing and increasing rail freight in Wales, despite the reductions in traditional traffics, should focus on improved capability (axle-loading, loading gauge), enhanced capacity (more signalling, higher speed layouts), extended or additional links with the main ports in Wales (throughout South Wales and at Holyhead), and on encouraging additional intermodal terminal capacity.