Rail Freight Growth Target

A Call for Evidence on designing and delivering rail freight growth target options for the rail network

### Response from the Rail Wagon Association

About you

1. What is your name? *(required)*

Stephen Taylor

1. What is your email address? *(required)*

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1. What is your job title? *(required)*

General Manager

1. Are you responding as an individual or on behalf of an organisation? *(required)*

[ ]  Individual

[x]  Organisation

Click or tap here to enter text.

About your organisation

1. What is the name of your organisation? *(required)*

Rail Wagon Association Ltd

1. What is the role of your organisation? *(required)*

The Rail Wagon Association (RWA) represents the interests of owners, keepers, users, designers, manufacturers, hirers, ECMs, consultants, maintainers and operators involved in rail freight wagons based in the UK. This includes the main FOCs and Network Rail.

1. What region(s) does your organisation currently operate in? *(required)
(please select all that apply)*

|  |  |
| --- | --- |
| [x]  East Midlands (England) | [x]  South East (England) |
| [x]  East of England | [x]  South West (England) |
| [x]  London  | [x]  Yorkshire and the Humber |
| [x]  North East (England) | [x]  Wales |
| [x]  North West (England) | [x]  West Midlands (England) |
| [x]  Scotland |  |

1. Are you a current rail industry stakeholder? *(required)*

[x]  Yes

[ ]  No

1. Which of these options best describe the organisation you work for or are representing? *(required)*

|  |  |
| --- | --- |
| [ ]  Manufacturer that uses rail to transport goods  | [ ]  Sub National Transport Body |
| [ ]  Manufacturer that does not use rail to transport goods | [x]  Trade Body |
| [ ]  End-customer that uses rail to transport goods | [ ]  Terminal Operator (with rail traffic) |
| [ ]  End-customer that does not use rail to transport goods | [ ]  Terminal Operator (without rail traffic) |
| [ ]  Retailer that uses rail to transport goods | [ ]  Retailer that does not use rail to transport goods |
| [ ]  Freight Operating Company | [ ]  Port Operator (with rail traffic)  |
| [ ]  Train Operating Company  | [ ]  Port Operator (without rail traffic) |
| [ ]  Third-Party Logistics Company that uses rail to transport goods | [ ]  Government body or department  |
| [ ]  Third-Party Logistics Company that does not use rail to transport goods | [ ]  Rail infrastructure manager (current or prospective) |
| [ ]  Transport Authority | [ ]  Rail Industry Regulator |
| [ ]  Local Council  | [ ]  Customer Representative Body |

Other (please specify):

Click or tap here to enter text.

Part One: Meeting customers’ needs

Understanding your views on the rail industry

**These questions do not apply directly to the RWA**

Part Two: Designing a growth target

**Understanding your views on rail freight growth**

1. On a scale of 1 (low importance) to 5 (high importance), how important is rail freight growth to you or your organisation?
*(please select only one item)*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 1 | 2 | 3 | 4 | 5 |
|[ ] [ ] [ ] [ ] [x]

1. On a scale of 1 (highly ineffective) to 5 (highly effective), how effective do you think a growth target will be in incentivising rail freight growth?

*(please select only one item)*

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 1 | 2 | 3 | 4 | 5 |
|[ ] [ ] [ ] [x] [ ]

1. How do you think a target can incentivise rail freight growth?
*[Please consider any opportunities, challenges, benefits and disbenefits]*

The announcement of a Rail Freight Growth Target will send a clear, unambiguous message to the industry that Government and GBR are serious about delivering a larger rail freight business. But a rail freight growth target will only incentivise growth if it is backed by meaningful policies from both Government and GBR. Firstly, Government must back the target by making available the resources needed to support rail freight growth (see x below). Secondly, GBR must provide the right operating environment for rail freight to flourish on a passenger dominated network. This means freight friendly regulation, track charging stability and, crucially, the infrastructure capacity and efficient train paths required for growth. The freight sector is a commercial business which delivers relatively low margins to its participants. In general, it operates in a competitive market where end-users, who provide the money that makes the sector work, have other transport options. Providing confidence to end-users and those who would invest in resources such as wagons and locomotives is crucial. Appropriate actions from GBR in support of the growth target will provide tangible evidence of its commitment to freight and thereby boost investor confidence. GBR’s attitude to route availability, heavy axle weights and supporting financially the adoption of technologies which reduce infrastructure damage or risk, is crucial in this regard.

**Understanding your views on measuring a growth target**

1. Of the options described in Table 1 *(see Page 13)*, what do you think is the best metric for measuring a future growth target?
*(please select only one item)*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Economic Value | Modal transfer | Carbon reduction | Freight moved | Freight lifted | Freight distance travelled  | Total freight trains operated |
|[ ] [ ] [ ] [x] [ ] [ ] [ ]

1. Are there any other metrics that you would suggest for measuring a future rail freight growth target?

Modal share. This will indicate how well rail is competing in a growing freight market. In other words, if total rail freight increases but the rail freight modal share does not, should its achievement be deemed a success?

1. Over what timeframe should the growth target be set?
*(please select only one item)*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Control Period 7 (2024 – 2029) | End state to 2030 (with intermediate targets) | End state to 2030 (without intermediate targets) | End state to 2050 (with intermediate targets) | End state to 2050 (without intermediate targets) | Other *(please specify)* |
|[ ] [ ] [ ] [x] [ ] [ ]

Other (please specify):

Click or tap here to enter text.

If you chose an answer with an end state (with or without intermediate targets), please specify what you think the end state should be and why:

The benefits from investment in infrastructure capacity and freight resources (such as wagons and factories) will take time to emerge. Therefore, significant and sustained freight growth may not be visible in the short term or over short periods and so a long-range target with intermediate targets every 5 years would seem sensible. It must be sufficient to support the Net Zero 2050 targets for the transport sector. A growth rate of 2 or 3% pa which has been seen recently (excluding coal) might seem reasonable. A minimum Modal share target should be fixed at present levels and superimposed on the targeted growth rate.

1. Across what geography should the rail freight growth target apply?

|  |  |  |
| --- | --- | --- |
| Rail network | Separate targets for the Regional Divisions of GBR | Other *(please specify)* |
|[x] [ ] [ ]

Other (please specify):

Click or tap here to enter text.

1. Should the rail freight growth target be designed to cover all market sectors, or should there be several market-specific targets?
*(please select only one item)*

[ ]  One target

[x]  Several market-specific targets

**Understanding your views on delivering a growth target**

1. How can the public and private sector work together better to ensure a future growth target is delivered?

Delivery of the freight growth target will require almost simultaneous actions by the private and public sectors. There needs to be clear and open dialogue across the sector about growth opportunities, backed by firm undertakings which allow both sectors to invest in the confidence that the returns or benefits will be realised. The public sector must provide the investment in infrastructure capacity that gives the private sector confidence to invest in wagons, locomotives and personnel. In addition, the public and private sectors must work to deliver a range of education and training opportunities for the workforce of the future.

1. What is needed from the supply side of the rail industry (commercial operators, GBR and Government) to support the growth of rail freight?
*[Please outline any concepts or actions that are needed and include the associated benefits and costs]*

Initially, freight growth may be possible by better utilisation of existing resources, but inevitably there will come a step change in the number of wagons, locomotives and personnel required to meet a growing demand. The present wagon building capacity in the UK is limited, with only one small builder, whilst the workshops in Europe are very busy. Furthermore, the likely adoption of Digital Automatic Coupling in Europe may take up significant amounts of this capacity over many years. This will require substantial private sector investment in the facilities to build, maintain and train these resources. Such investment will only be made if the private investor is sure that it will produce a satisfactory return. The Government can support this investment by re-introducing a scheme such as the Freight Facilities Grant to support those schemes which would aid growth but would not make commercial sense for the private sector alone. Investor confidence will only be delivered if the investor is assured that there are sufficient and efficient train paths on the network to enable its resources to be fully utilised. Accordingly, the public sector must deliver, and be seen to deliver, the infrastructure capacity required to meet the freight growth target. In addition, the wagon sector is concerned that there is a looming shortage of young people willing to work in rail freight. The Government, in collaboration with the sector, must provide the education and training policies and facilities to equip young people to work in the rail freight industry. This may mean an emphasis on vocational training in schools and colleges so as to produce a pool of educated labour for the future. Rail and other industries seem to be suffering from a shortage of interested and skilled labour. The RWA is looking at Training and Competency issues at present, with a view to developing a rail wagon apprenticeship type scheme. The delivery of such will, however, require backing and possible funding from central government.

1. What impact would these concepts or actions have on rail freight growth?

These actions are essential to provide the environment in which the Freight Operating Companies can capture and retain freight to rail. Without them the service provided to freight end users will be capacity constrained and less efficient, both of which will act as a constraint on future growth.

1. What are the potential trade-offs (eg capacity or access) to deliver these concepts or actions?

The size and shape of the passenger offering may need to be re-considered. For example; where the service offering is based on frequent, short passenger trains with numerous stops, the impact on freight capacity on that route must be considered. If running fewer, longer passenger services frees up more freight capacity where it is needed, then a detailed cost benefit analysis of that option should be undertaken.

1. Which one of these concepts or actions would be most significant from a costs and benefit perspective?

The provision of efficient train paths and capacity for growth would be very significant in opening up opportunities for new freight.

1. Do you have any other comments you would like to add to support your response to Part Two?

It is essential that there is a clear understanding as to why a Freight Growth Target is required and how GBR will be judged against it. Whether the target is achieved or if it is missed, it is crucial that GBR report thoroughly so that questions such as the following can be answered: Has the right environment for growth been delivered? Has Government policy delivered the right support and policy framework? If not, what changes are needed to bring it back on track? Having a target is an important first step but seeing action and reporting against it are crucial for it to have any meaning.

**THERE ARE NO MORE QUESTIONS**