

General - 6b Publications and Consultations

o Purpose of Report

The purpose of this report is to inform members of recent publications and consultation papers of interest and to agree a response where appropriate.

o Consultation towards Scotland's Rail Freight Strategy

The Scottish Government has announced its vision for a competitive, sustainable rail freight sector playing an increasing role in Scotland's economic growth by providing a safer, greener, and more efficient way of transporting products and materials.

They are currently consulting on a range of issues towards the development of a high level strategy on rail freight in Scotland. The consultation paper primarily focusses on the opportunities and actions for growth in new and existing rail freight markets, the four core levers of

- innovation,
- facilitation,
- promotion and
- investment,

and makes clear the positive contribution that the industry makes to Scotland's economic growth and social wellbeing. It also places an emphasis on the need for the rail freight industry, its partners, customers and the Scottish Government to work together to create the right environment for a sustainable, vibrant future for the industry.

A copy of the consultation document is available on Transport Scotland's website at: <https://consult.scotland.gov.uk/transport-scotland/rail-freight-strategy/>

Interested parties are invited to respond to this consultation. A draft response is attached as Appendix A to this report.

The consultation period will run until Friday 22 January 2016. Following this, Transport Scotland will undertake an analysis of the responses and then publish a final version of the rail freight strategy shortly thereafter.

o Recommendation

It is recommended that the Board:

- a) note the content of this report and approve the attached Appendix as Nestrans' response to the consultation on Scotland's Rail Freight Strategy.

Scotland's Rail Freight Strategy

Submission by Nestrans (November 2015)

1.0 Introduction

- 1.1 Nestrans is the statutory Regional Transport Partnership for the north east of Scotland covering the geographical region of the Aberdeen City and Aberdeenshire Local Authority areas. This covers approximately 10% of both Scotland's population and land mass. Nestrans is governed by a Board consisting of four Councillors from each Local Authority plus four non-councillor Members.
- 1.2 Nestrans facilitates the North East Freight Forum and has produced a Freight Action Plan for the area. We have previously worked through the North East Rail Freight Development Group and have promoted the efficient and effective movement of goods through our strategies, plans and programmes.
- 1.3 Nestrans attended a seminar held as an initial consideration of the issues for the Rail Freight Strategy, held in Aberdeen on 23rd January 2015 and also submitted written evidence to the Scottish Government's Infrastructure & Capital Investment Committee's investigation into freight in Scotland in January of this year.

2.0 Delivering the Goods: Consultation towards Scotland's Rail Freight Strategy

- 2.1 We welcome the opportunity to comment on the consultation document. A report was considered by the Nestrans Board at its meeting on 9 December 2015 and the following comments were agreed as a response to the consultation:

Question 1: What are your views on the vision for rail freight in Scotland?

- 2.2 The vision for rail freight is "for a competitive, sustainable rail freight sector playing an increasing role in Scotland's economic growth by providing a safer, greener and more efficient way of transporting products and materials." We would support this vision and the four core levers of
- Innovation,
 - Facilitation,
 - Promotion and
 - Investment.

Question 2: What are your views on the market opportunities identified in the document?

- 2.3 The Draft Strategy highlights the reduced market for railfreight, mainly as a result of lessening dependence on coal. Market opportunities appear optimistic: projected

growth from 14 million Tonnes per annum in 2013 to 26 million Tonnes by 2043 is not supported by evidence of from where or how that will be achieved. It is accepted that strong growth in the intermodal market might be expected with a favourable policy support.

There is a need for better communication between the SG and hauliers on whether there are any concrete opportunities to move any freight by rail. Do the grant schemes currently work by those with an obvious interest approaching SG? Perhaps there is an information gap which potentially is 'missing' demand. Thus – the 'Promotion' theme is potentially one of the most important to develop.

Should the Rail Freight Strategy include commitments to piloting rail freight movements (case studies) in (for example) each of the RTP areas? This could then be used to assess lessons learned across the country. Some things that work in the Central Belt won't work in the Highlands.

Question 3: What are the biggest opportunities for growth in the rail freight sector in Scotland?

2.4 From the north east of Scotland, there is believed to be potential in using rail to transport goods to supermarkets, foodstuffs as back loads and possibly waste products including recyclates. Some work has been done attempting to outline the potential for railfreight from this sector, particularly recyclates which often go to single destinations in large volumes, but often contracts are long-term, binding and based solely on lowest cost.

Government intervention may be able to influence this sector towards railfreight by encouraging agglomeration and introducing environmental/carbon targets in relation to waste contracts.

Question 4: What are the biggest challenges to growth in the sector?

2.5 The biggest challenges facing rail freight in the north east are the limited rail paths available in constrained timetables with limited capacity, the difficulties in transportation between rail terminals and final destination and consequential costs involved, which tend to make road haulage simpler and more cost efficient.

Question 5: What are your views on the role of the Scottish Government, as outlined in the document?

2.6 The Scottish Government should ensure that support is provided through regulation, infrastructure improvements and grant schemes to encourage a mode shift towards greater use of rail for freight.

Question 6: What are your views on the steps necessary to create a stable environment for growth?

2.7 Cost is the major factor in companies decision-making on transportation and it is notable that grant schemes are suggested (under question 5) to encourage a freight mode shift towards rail, whilst the realistic view prevails (under question 7) that the inherent commercial nature of the market will determine outcomes.

This is in contrast with other Government policies such as energy, where fiscal levers have been used involving heavy subsidies in order to encourage a positive shift. Rail lines and freight railheads are limited; should the Scottish Government not make it a prerequisite that the over-arching policy has its potential for expansion measured prior to setting out investment programmes and targets?

Question 7: Should targets be set in the final strategy and if so, what areas should these cover?

2.8 We agree that the inherent commercial nature of the market will determine outcomes and it is not therefore prudent to set binding legislative or regulatory targets. The EU targets for modal shift from road to rail of 30% by 2030 and 50% by 2050 for distances over 300 kilometres seem optimistic and unrealistic in a Scottish context.

The projected future demand for railfreight contained in the strategy (an increase from 14 million Tonnes per annum to 26 million Tonnes by 2043) also seem to be unlikely in the current market.

Question 8: What are your views on the actions identified in the document and who should take the lead role in delivering these?

2.9 The document contains 18 actions, and these are generally supported.

Question 9: Any other views?

2.10 We welcome the opportunity to comment, but do not wish to offer any other views at this time.