The Committee will meet at 2 pm in Committee Room 1.

1. **Items in private:** The Committee will consider whether to take items 4 and 5 in private. The Committee will also consider whether to take future consideration of its draft report on Stage 1 of the Local Electoral Administration and Registration Services (Scotland) Bill in private.

2. **Planning etc. (Scotland) Bill:** The Committee will take evidence at Stage 1 from—

   **Panel 1**

   Mr Tom McCabe, Minister for Finance and Public Service Reform;

   Billy McKenzie, Council Tax and Non-Domestic Rates Team, Scottish Executive; and

   Colin Gilchrist, Office of the Solicitor, Scottish Executive

3. **Freight transport inquiry:** The Committee will take evidence from—

   **Panel 1**

   Michael Beswick, Director, Rail Policy, Office of Rail Regulation (ORR); and

   Sarah Straight, Director, Rail Markets, Passengers and Freight, Office of Rail Regulation (ORR)

   **Panel 2**

   Stephen Boyd, Assistant Secretary, Scottish Trades Union Congress (STUC);

   Hugh Bradley, Member, ASLEF; and

   Tony Devlin, Member, T&G

   **Panel 3**

   Bill Ure, Scottish Representative, Rail Freight Group, Freight on Rail

4. **Local Electoral Administration and Registration Services (Scotland) Bill:** The Committee will consider a draft Stage 1 report.
5. **Planning etc. (Scotland) Bill**: The Committee will consider the possible contents of its report to the Communities Committee on the Bill.

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**Agenda item 3**

Submission from the ORR  
LGT/S2/06/9/1

Submission from the STUC  
LGT/S2/06/9/2

Submission from the Rail Freight Group  
LGT/S2/06/9/3

**Agenda item 4**

Draft report on Stage 1 of the Local Electoral Administration and Registration Services (Scotland) Bill  
LGT/S2/06/9/4
The Scottish Parliament Local Government and Transport Committee

The Local Government and Transport Committee's Inquiry into Freight Transport in Scotland

Written evidence by the Office of Rail Regulation

Introduction

1. The Office of Rail Regulation is the independent regulator of the rail industry in Great Britain. Our key responsibilities are:
   - determining how much revenue Network Rail needs to reflect the efficient cost of outputs required to deliver government’s specification for the railway;
   - monitoring and enforcing delivery of those outputs by Network Rail;
   - licensing railway operators, and overseeing the arrangements for the access to the network, stations and maintenance depots by train operators;
   - enforcing competition law for the rail sector, alongside the Office of Fair Trading;
   - developing a rail industry information network;
   - (from early 2006) enforcing and developing health and safety legislation for the rail industry.

2. In carrying out these responsibilities, ORR aims to achieve a number of public interest objectives set out in section 4 of the Railways Act 1993. These include promoting the use and development of the network for freight to the extent we consider economically practicable. Our policy is to:
   - ensure an appropriate balance between the interests of passenger and freight operators on the network;
   - facilitate improvements in the competitiveness of rail freight against other transport modes;
   - encourage competition in the provision of rail freight services.

ORR consults extensively with the full range of stakeholders on our policies and work programmes.

Devolution

3. Under the Railways Act 2005, Scottish Ministers have responsibility for specifying and funding rail services in Scotland. In the light of guidance from Scottish Ministers on what they wish to be achieved by railway activities in Scotland, and the funding they have available, it is for ORR to set Network Rail outputs and funding. In addition, Scottish Ministers may prepare a strategy for the railway in Scotland, and give general guidance to ORR on
public policy issues, for ORR to take into account alongside our other public interest objectives. Scottish Ministers may give financial assistance to rail services in Scotland, including freight.

4. Following these changes:
- ORR will assess Network Rail funding requirements, and set Network Rail outputs, separately for Scotland, as part of the periodic review of Network Rail charges due to take effect in 2009;
- ORR has begun to report on Network Rail performance in Scotland separately from that in Great Britain as a whole.

The freight market

5. In recent years we have seen significant growth in rail freight carryings:
- significant growth in coal movements from the port of Hunterston and from opencast sites in Ayrshire, both within Scotland and to power stations in England;
- a number of innovative new freight services (such as the partnership between Direct Rail Services and WH Malcolm to move consumer goods, and English Welsh and Scottish Railways’ timber service in the Highlands and services for supermarket companies to the North).

6. All four main rail freight operators are currently active in Scotland – English Welsh and Scottish Railways, Freightliner, GB Railfreight and Direct Rail Services.

Current key issues for freight

Access charges

7. Currently access charges paid by freight operators to use Network Rail’s network are based on the incremental costs of freight services on the network. Freight operators do not contribute to the fixed costs of providing the rail network. These charges were established in 2001, and we will be reviewing them as part of the periodic review of access charges due to take effect in 2009.

8. As part of the review we will need to take into account any aspect of the specification from Scottish Ministers which relates to freight, and any financial resources they propose to make available to freight.

Performance

9. Generally rail performance in Scotland (particularly that of Network Rail) has not improved as much as might have been expected in view of improvement in Great Britain as a whole. This affects both freight and passenger operation. We are currently investigating with the industry the cause of this underperformance and what can be done about it.
**Freight capacity**

10. The current main freight capacity issue in Scotland is the movement of coal. Available rail capacity is stretched, particularly on the Glasgow & South Western route (Kilmarnock-Dumfries-Carlisle) for traffic to England but also across the Forth Bridge for traffic to Longannet Power Station in Fife. The Stirling-Alloa-Kincardine route re-opening will provide some relief to the Forth Bridge but other pinch points will remain.

11. The issues of freight rail capacity in Scotland are currently being considered by the Scottish Planning Assessment, being prepared for the Scottish Executive and also by two Route Utilisation Strategies (RUSs), being progressed by Network Rail. The two RUSs are the Scotland RUS (addressing all rail traffic in Scotland) and the Freight Route Utilisation Strategy, covering the whole British network, but which will have a major influence on cross-border routeings.

**Environment**

12. ORR has regard to environmental issues and the need to promote sustainable development as part of our statutory duties under section 4 of the Railways Act 1993. We recognise that rail freight is an environmentally-friendly method of transportation, especially in comparison with road and aviation freight, and encourage rail freight growth, in line with our statutory duties.

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**Office of Rail Regulation**

**December 2005**
STUC Written Submission

Introduction

1.1 The STUC represents some six hundred and thirty thousand workers across Scotland, the members of our affiliated trade unions.

1.2 We speak for trade union members and their families in and out of work, in the community and in the workplace. Our affiliates have interests in all sectors of the economy including freight transport.

1.3 Therefore, the STUC is able to provide a unique perspective on the performance of the economy, the challenges it faces, and the effectiveness of public agencies in responding to those challenges.

1.4 The STUC welcomes the opportunity to contribute to this important Inquiry. We share the Scottish Executive’s priority of sustainable economic growth and the Minister for Transport’s commitment to ‘improving our transport infrastructure, putting in place an integrated transport system that connects communities, gets goods to market quickly and efficiently and gets people to work safely and on time’.

1.5 Freight transport has a fundamental role to play in facilitating economic growth and, in compiling this submission, the STUC has drawn on the knowledge and experience of our affiliated trade unions whose members work across the range of occupations within the sector.

1.6 The STUC understands that responsibility for some of the issues raised below is reserved. However, we believe the Committee, in considering its recommendations, should be aware of the serious issues facing freight transport workers.

1.7 We have organised this submission to fit the Inquiry’s specific terms of reference:

*The future prospects for the Scottish road haulage industry and the impact of changes affecting the road haulage industry on the Scottish economy*

2.1 Scottish industry is heavily reliant on an efficient transport infrastructure network for its success in European and global markets. Being on the edge of Europe means that Scottish transport costs are higher and industry supply chains are longer, making them more vulnerable to disruption and breakdown.
2.2 However, whilst recognising some concerns relating to the disadvantages that the industry in Scotland faces the STUC believes that the industry must be sufficiently regulated in order to address the major problems facing workers: long-hours, low pay and a poor health and safety record. We feel that the imperative for proper regulation is clear from Association of Chief Police Officers figures showing 195 drivers' hours offences on one day (3rd February 2005).

2.3 In relation to the Road Transport Directive, it is our view that the new regulations will have limited effect on reducing the working time of road haulage workers. Major problems with the regulations include the exclusion of periods of availability from the total hours worked calculations, attempts by employers to offset holidays against working time and different restrictions on occasional drivers, with the potential of creating a two-tier workforce.

2.4 In light of these concerns, the Transport and General Workers Union (TGWU) has launched a 'working time watch' to make sure new rules on driving hours for commercial drivers are properly implemented by employers and give workers sufficient protection. The union has called on professional lorry and coach drivers, shop stewards and full-time officers to closely monitor the operation of the working time regulations and guidelines, which now apply in the sector. Issues of periods of availability, offsetting holidays against working time and the controversy around occasional drivers are still very much 'live' for workers in the industry.

2.5 With its affiliates in the industry, the STUC believes that the introduction of the Road Transport Directive was a golden opportunity missed for industry and government to tackle the ills of the industry and its long hour culture. It is unacceptable that in the 21st century professional drivers are pressured to work 50 to 60 hours a week to make a living wage.

2.6 The current regulations will do nothing to induce one more person to work in these industries and, if anything, it will exacerbate the current recruitment crisis in the industry (shortage of 40,000+ LGV drivers in the UK). We firmly believe that the Government and employers failed to take health and safety and work-life balance issues on board when implementing the Road Transport Directive. In doing so, they have undermined the directive and the principle of the 48-hour week.

2.7 We recognise that the action required to address our concerns in relation to working time issues would have to come from Westminster. However, we do believe that the Scottish Executive has the power to act to address some of the concerns of our members and wider problems within the industry in Scotland. The vital importance of efficient freight delivery is reflected in Scottish Ministers' support for the Scottish Road Haulage Modernisation Fund and their commitment to delivering Scotland's First National Freight Strategy in 2006.
2.8 The Scottish Executive could take practical action to address the problem of the lack of suitable roadside facilities for road haulage drivers. A well-treated, well-rested driver is a safer driver and action is required to:

- establish adequate and affordable roadside facilities, with proper eating and overnight facilities for transport drivers;
- build parking places in each and every local authority with full security protection with adequate facilities such as toilets, washing facilities, food venues, CCTV coverage and adequate lighting.

2.9 Such moves would serve to support the industry in Scotland. Other areas in which Executive action could assist the industry include:

- Continued investment in Scotland’s key trade routes;
- Improving maintenance on local and urban roads;
- Supporting driver training schemes designed to increase the pool of trained drivers available to the road haulage industry;
- Ensuring full industry consultation involving trade unions and other key stakeholders on future development of freight strategy.

The contribution of all modes of freight transport, including road, rail, water and air, including their environmental impact

Rail

3.1 The STUC recognises that all forms of freight transport will continue to contribute towards an integrated and environmentally sustainable freight and logistics industry in Scotland. Road freight will continue to be an essential component in this mix: all modes will rely on road at some point in the supply chain. However we are of the view that in order to tackle road congestion, environmental pollution and to contribute to targets set by the UK Government to reduce carbon emissions by 20% and then 60% below the 1990 level by 2010 and 2050 respectively, the Scottish Executive should:

- actively lead the argument for a shift in freight movements from road to rail and other environmentally sustainable forms of transport;
- dispel some of the economic myths about rail freight, by producing and widely distributing successful rail freight case studies material to potential customers highlighting the benefits, both economic and environmental, of transferring the distribution of their goods and products from road to rail.

3.2 The Freight on Rail (FoR) group is a partnership between the three rail unions, the rail freight industry and Transport 2000. FoR produces material promoting the use of rail freight which points to both environmental and financial benefits to both the customer and to society as a whole. For instance:
• Environmental benefits e.g. measured by the tonne carried, rail freight produces 90% less carbon dioxide than road transport;
• Contrary to popular misconception, rail freight operations are viable over short journeys for example the removal of municipal waste from Edinburgh to Dunbar;
• DHL sends international and national premium parcels on a daily basis from Walsall to Glasgow and Aberdeen on a high-speed rail freight service on timings that are not matched by road. Trains complete the journey to Aberdeen in just over 7 hours; the equivalent road journey takes nearly 13 hours.

Waterborne freight

3.3 Where road freight is being transported over longer distances from outside Scotland we believe that it may be appropriate to transfer from road to sea in some instances. Significant passenger and freight traffic passes through the ports of Scotland and it is therefore essential that an examination of freight fully considers how transportation of freight by water fits into any strategy.

3.4 The maritime industry is an integral part of the Scottish economy. The last available figures in 2003 illustrate the importance of waterborne freight in Scotland: a total tonnage of 6,793,000 foreign and domestic freight units (containers, roads good vehicles, unaccompanied trailers, rail wagons, shipborne port to port trailers and shipborne barges) passed through Scottish ports.

3.5 Waterborne traffic should be promoted alongside rail as an environmentally friendly mode of transport and appropriate support should be available from the Executive to support modal shifts.

3.6 The STUC was particularly concerned by the reduction in the level of service of the Rosyth/Zeebrugge ferry route. We believe this will have a significant impact on the Scottish manufacturing sector with increasing costs resulting in the loss of competitive advantage. One company already utilising the route has witnessed financial savings of around 15% per load and time savings of around 3 days in the ‘time to market’ as opposed to overland. The company has also expressed the potential for growth in exports on the route.

3.7 The STUC urges the Scottish Executive to take all reasonable steps to ensure that this service is maintained and enhanced in order to better serve the freight industry in Scotland and where possible put in place additional funding if necessary, in order that a 5 days per week service can be re-instated.
The Scottish Executive’s targets in encouraging the transfer of freight from road to rail and water

4.1 The STUC welcomes the Scottish Executive’s decision not follow the example set by the Department of Transport, which in 2003 announced the suspension of future Freight Facilities Grants. We also welcome the recent announcement to begin work on the track between Mossend and Elgin to accommodate containers. However we are concerned that the Freight Facilities Grant budget is to be reduced from £15.40million in 2005/06 to £12.90million in 2007/08.

4.2 The STUC supports the SCDI’s call for an audit to ascertain how successful the facilities funded by the FFG have been in achieving their objectives and targets.

Conclusion

5.1 A fully integrated, cross-modal freight and logistics sector will provide vital economic, social and environmental benefits to Scotland. This submission has highlighted a number of areas where we believe the Scottish Executive can take action to improve freight transport infrastructure and the conditions of those who work in the sector.

STUC
March 2006
RFG is grateful to the Committee for the opportunity to submit evidence.

The Rail Freight Group is the representative body of the rail freight industry. Its purpose is to increase the volume of freight carried by rail.

Present contribution of rail freight (in Scotland)

In the last full year for which statistics are available (2003-2004) rail freight traffic lifted in Scotland was 8.3m tonnes, (in addition 1.56m tonnes was delivered to Scotland from other parts of the UK and Europe) this was a decrease on the previous year (9.6m tonnes lifted) and may be considered as a temporary blip in the steady rise in rail freight tonnage since an all time low of 5.0m tonnes lifted in 1993. Examination of tonnage trends in 2005 suggest rail freight will reach its highest level since 1979 (12.0m tonnes lifted).

The tonnage of freight moved by rail is occasionally compared with the substantially greater tonnage moved by road (8.3m tonnes by rail in 2003-2004 compared with 153.4m tonnes by road) to the detriment of rail, it is important to note that such ‘broad-brush’ comparisons are invalid and misleading as guides to policy development.

In the road freight market in the order of 60-70% of freight movement is traffic for which rail is completely unsuited, could not and would not compete for; e.g. local multiple deliveries, deliveries to and from locations remote from any railhead, very short distance movements etc. The contestable freight market is not 161.7m tonnes (road 153.4m tonnes plus 8.3m tonnes on rail) but in the order of 54.2m tonnes - 69.5m tonnes so a 10 or 20% shift of traffic from road to rail is much more achievable in tonnage terms.

Commodities currently carried by rail.

The range of commodities currently carried by rail is : coal, container or inter-modal traffic, parcels, chemicals, cement, steel, waste, aviation fuel, oil, timber, new cars and china clay plus a modest amount of general merchandise.

Carryings are dominated by coal which flows from Scottish opencast sites (mainly but not all in Ayrshire) and Clydeport at Hunterston to Scottish power stations (Longannet and Cockenzie) and to English power stations mainly in Yorkshire. Container traffic moves between Scotland and ports in England, to the West Midlands and the North-West, whilst this forms the bulk of the traffic there are significant movements within Scotland.

Potential contribution of rail in the Freight market.
9. Before going into detail about possible enhancements to the network to increase the potential contribution of rail freight it may be helpful to recall: what is the purpose of freight movement? Characteristics of the rail freight industry and which markets rail will serve in future.

**Purpose of Freight movement.**

10. The purpose of freight movement is to move goods reliably and efficiently from where they are produced or imported to where they are wanted for use or export. The keys to reliability and efficiency include time, price, freedom from damage etc. Reliability and efficiency are particularly important for Scotland to overcome the disadvantages of peripherality.

**Characteristics of the Rail freight industry**

11. **Competition** Experience since privatisation indicates competition between Freight Operators is the best way to ensure competitive prices and quality of service to customers. Network Rail has facilitated the entry of competitors into the market by awarding contracts for infrastructure trains to new entrants, this is something Scottish Ministers should bear in mind given their new powers with regard to rail.

12. **Access to the network** Without access to the network in the form of a train path(i.e. time to depart, times to run and time at destination which meets the customers requirements) rail freight is hampered in its competition with ‘free access’ road, hence the need for even-handedness in dealing with the demand for paths between rail freight and rail passenger business.

13. **Terminals** Rail freight needs terminals to load and discharge traffic, Scotland is not over blessed with rail freight terminals Although the Scottish Executive through its Grants regime has helped to improve the situation. The implementation of EU Open Access Directives in 2006 will also help(terminal operators will not be able to claim exclusive use of a terminal unless it is already working at full capacity) but will require close liaison between the Office of the Rail Regulator, the Scottish Executive and Transport Scotland.

14. **Gauge** It is essential that the main routes in the Scottish network are cleared to allow them to carry the increasingly pre-dominant 9foot 6inch high containers which are rapidly becoming the international norm on conventional wagons. On some routes it is possible to carry these containers on special wagons but only at additional cost. Scotland has this clearance on the West Coast Main Line to Coatbridge/Mossend and the Executive has funded clearance on wards from Coatbridge/Mossend to Elgin via Aberdeen. for 8foot 6inch containers. Further work, detailed later, needs to be done to ensure Scottish industry remains fully competitive.

15. **Competition with road** Whilst rail and road compete for traffic particularly in the Anglo-Scottish market there is a clear realisation in both modes that their purpose is to help Scottish industry remain competitive, without a thriving Scottish economy there will be less traffic for either to move.

16. **Fuel costs and other trends affecting Road Haulage.** Current trends with regard to fuel costs have a greater adverse effect on road compared to rail. Other trends
making life more problematic for the road haulage industry are: limitations on Drivers’ hours; an increasing shortage of HGV Drivers; increasing road congestion on main routes; competition from other European countries with lower costs competing for traffic originating in the UK.

17. In the past the road haulage industry has proved to be adaptable, flexible and responsive and no doubt will be so again but these emerging factors tend to work to the advantage of rail and to the disadvantage of road.

18. **Grants** Unlike England Scotland has retained the powers to award Freight Facilities Grants and Track Access Grants to ensure that rail and road compete on an even basis, these grants have been instrumental in moving traffic from road to rail or starting new flows of rail traffic, it is essential that they are retained.

**Future Markets**

19. The Rail Freight Group in conjunction with the Freight Transport Association have prepared forecasts of future rail freight traffic, based on extensive consultation with members of both organisations. These will be sent separately to the Committee and are also available on [www.rfg.org.uk](http://www.rfg.org.uk). Scottish specific forecasts and routeings are also being developed.

20. As national government has not yet developed a comprehensive energy policy by default there will be a continuing and increasing reliance on coal over the next 15-20 years for electricity generation, this has clear implications for the enhancement of parts of the Scottish network.

21. Container movement, both Anglo-Scottish and within Scotland will increase, clearance to 9foot 6inches (known as W10 Gauge) will facilitate this. Road congestion in Central Scotland has resulted in the introduction in 2004 of a daily container train Grangemouth-Elderslie-Grangemouth (41 miles a distance over which rail is not supposed to be competitive) which has run with 100% reliability and punctuality in excess of 90% - better than the passenger railway! It is likely that more of these ‘tactical trains will be introduced, in early 2006 another service will be introduced from Grangemouth.

22. Timber, both as a stand alone commodity and as fuel used in bio-mass plants for electricity generation will lead to increased traffic on rail away from main routes but near where the timber is located, i.e. the Highlands and the Southwest. This will require careful consideration of the siting of bio-mass generating plants and access to them by rail or perhaps water.

23. Other markets are likely to be subject to incremental growth or remain static.

**Current network Capability**

The capacity, i.e. the ability of the network to accommodate trains, is being produced by Network Rail Scotland in its Route Utilisation Strategy (RUS) which will for the first time make a detailed assessment of the capabilities of the network, where constraints exist and what can be done to remove them. This Scottish RUS will be facilitated by a nationwide Freight RUS, these two strategies will assist in decision making and setting priorities.

**Enhancements on stream.**
25. Reopening of the line from Stirling to Alloa will facilitate the movement of coal to Longannet taking it off Glasgow-Edinburgh routes and the Forth Bridge creating paths for more passenger trains between Fife and Edinburgh, improve the punctuality of Edinburgh-Glasgow services and reduce delays to coal trains.

26. Gauge enhancement Mossend-Elgin will allow through movement of 8foot 6inch containers between the North East and South and East coast UK ports.

**Desirable freight enhancements.**

27. In considering enhancements to the Scottish network to improve current freight movement and fit the network to handle increased volumes of freight we summarise below a list of enhancements that would benefit freight and, alongside that passenger traffic as well.

**Former G&SW route and access to it.**

28.....The former Glasgow and South Western route runs from Glasgow to Carlisle via Kilmarnock and Dumfries. An important ‘feeder’ line for Ayrshire and imported coal traffic through Hunterston runs from Newton-on-Ayr via Annbank joining the G&SW route at Mauchline.

29. The route is working close to capacity from Mauchline south, constraints are : a long single line section from Annan to Gretna(13miles)and long block sections(distance between signalboxes). The ‘feeder line is also single and capacity constrained.

30. If, as seems likely, coal traffic increases it will have to be diverted to other longer busy routes e.g. the East Coast Main Line or capacity on the G&SW route improved south of Mauchline. Options, not mutually exclusive are redoubling the Annan-Gretna section or putting in additional loops and some resignalling to increase capacity.

31. If Hunterston is developed as a container port and capacity is increased on the ‘feeder’ line and the G&SW container traffic could be routed, all or in part via the G&SW route rather than Kilwinning-Paisley-Shields Jctn. on to the West Coast Main Line(WCML).

32. The main route for container traffic is the WCML. If that route is closed, planned or unplanned, the effect on transit times of this traffic is severe. It is most desirable that the G&SW route is cleared throughout to Glasgow to accept 9foot 6inch containers on convetional wagons, access to the key freight hubs, Coatbridge and Mossend is good. Apart from clearance work it would be necessary to provide at least one additional loop between Kilmarnock and Glasgow and consider the length of the existing loop at Lugton.

33. The above two options are not interdependent, the route could be improved south of Mauchline only but the RFG considers the route should be improved throughout.
Development of Hunterston as a container port.

34. If this happens about 55% of the traffic will never leave the port but transfer ship to ship. Of the remainder there will be substantial movement by rail to the West Midlands, NW and NE England.

35. This leaves the problem of traffic destined for Scotland. The road network serving Hunterston north and south is completely unsuited for heavy lorries and is the main cause of local objection to development of the port, construction of a suitable road network would be difficult, expensive and raise further objections.

36. The RFG proposes that all Scottish destined/originating traffic should be moved by rail between Hunterston and the cluster of freight terminals located Coatbridge/Mossend where most companies have their Regional Distribution Centres.

Freight terminals Central Scotland

37. Whilst the Freightliner terminal at Coatbridge has capacity for expansion and good access the terminals at Mossend are more difficult to access, more difficult to work and some are working near to capacity limits. There is a strong case for examination of these terminals with a view to redevelopment.

Further Gauge Clearance

38. The WCML is cleared for the movement of 9 foot 6 inch containers from Carlisle to Mossend/Coatbridge, the proposed Gauge Clearance to 8 foot 6 inches from Mossend to Elgin is very welcome but eventually Scotland needs to be able to move 9foot 6inch containers preferably on conventional wagons to and from other locations. The RFG would recommend the clearance of at least one East-West route in Scotland, i.e. from the West Coast to the Edinburgh area and clearance of the Highland main line to Inverness these works to be done in stages overtime taking every opportunity to improve the clearance situation with the ultimate goal of achieving 9foot 6 on conventional wagons.

Bill Ure.