RAIL FREIGHT GROUP
SUPPLEMENTARY WRITTEN SUBMISSION

During the course of the oral evidence session in Parliament on 4th February, two issues arose which were not directly addressed in the original RFG written evidence paper of 15th January. The ICI Committee may therefore find it helpful to have these briefly summarised, as follows:

Theme 2 – international rail freight routes (W12 loading gauge):
As noted during the discussion on ‘loading gauge’ clearance for intermodal containers, the West Coast Main Line (WCML) south from the hubs at Coatbridge and Mossend is cleared for ‘W10’ gauge, which permits 9’6” high x 2.5m wide containers to be conveyed on standard rail wagons.

The ‘universal gauge’ of W12 (accommodating, for example, Deep Sea refrigerated containers of 9’6”height x 2.6m width) is being extended by Network Rail up the East Coast Main Line (ECML) from the south to Mossend via Edinburgh in 2016.

In order to provide the maximum intermodal capability on the WCML (which is the main Anglo-Scottish rail freight artery), this route – as far north as Grangemouth, as well as Mossend and Coatbridge – should also be cleared to W12 gauge, to complement the ECML clearance.

Theme 3 – freight grants (different rules for rail and sea mode shift grants):
Reference was made in the discussion to there being a more favourable set of rules applicable to rail than sea projects. The theoretical and practical situations are as follows:

Rail and sea are subject to different EU Directives, and as a result, while rail capital grants (Freight Facilities Grants) have a maximum 75% intervention limit, sea capital grants (Freight Facilities Grants) are in theory limited to 50%. However, in practice, exceptional cases can be taken to the EU to secure permission for a higher rate of intervention than 50%, as was done successfully in the case of the £11m FFG award to Forth Ports in 2001 for the Rosyth-Zeebrugge ferry.

Revenue subsidies for rail (Mode Shift Revenue Support) and sea (Waterborne Freight Grant) are based on the same environmental benefit values, but while MSRS can be paid indefinitely – subject to meeting the necessary environmental benefit and financial criteria – WFG is limited to a period of up to three years, and it has to be demonstrated that the project will be viable at the end of the period of WFG support. However, in practice, the Rosyth-Zeebrugge ferry has benefitted from repeat payments of subsidy – £0.6m in 2005 and €2m in 2009-12, followed by the latest award of €200,000 commencing on 1st January (from an undefined budget source, subject to as yet unknown criteria). The full list of awards to the Rosyth-Zeebrugge ferry – a direct competitor for rail freight – is as follows:

- FFG (2001) – £11m
- FFG (2005) – £0.5m
- WFG (2005) – £0.6m
- WFG (2009-12) – €2m
Reference was made in the discussion to the fact that extra support (including grants) for rail and sea since 1993 had not achieved any change in the European modal balance – but this omits the point that such support has allowed significant flows of freight to remain on rail or sea, as opposed to otherwise being lost to road because of wider competitive factors.

David Spaven / RFG / 6 February 2015