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Official Report

INFRASTRUCTURE AND CAPITAL INVESTMENT COMMITTEE

Wednesday 22 April 2015

Session 4

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INFRASTRUCTURE AND CAPITAL INVESTMENT COMMITTEE
9th Meeting 2015, Session 4

CONVENER

*Jim Eadie (Edinburgh Southern) (SNP)

DEPUTY CONVENER

*Adam Ingram (Carrick, Cumnock and Doon Valley) (SNP)

COMMITTEE MEMBERS

*James Dornan (Glasgow Cathcart) (SNP)
*Mary Fee (West Scotland) (Lab)
Alex Johnstone (North East Scotland) (Con)
*Mike MacKenzie (Highlands and Islands) (SNP)
*David Stewart (Highlands and Islands) (Lab)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Michael Cairns (Tayside and Central Scotland Transport Partnership)
Alex Macaulay (South East of Scotland Transport Partnership)
Anne MacKenzie (Network Rail)
Neil MacRae (Highlands and Islands Transport Partnership)
Phil Matthews (Transform Scotland)
Councillor James Stockan (Highlands and Islands Transport Partnership)
Nigel Wunsch (Network Rail)

CLERK TO THE COMMITTEE

Steve Farrell

LOCATION

The Adam Smith Room (CR5)

Scottish Parliament

Infrastructure and Capital Investment Committee

Wednesday 22 April 2015

[The Convener opened the meeting at 10:00]

Freight Transport

The Convener (Jim Eadie): Good morning, everyone, and welcome to the ninth meeting in 2015 of the Infrastructure and Capital Investment Committee. Everyone present is reminded to switch off mobile phones as they affect the broadcasting system. As meeting papers are provided in digital format, you may see tablets being used during the meeting. No apologies have been received.

Today's only agenda item is for the committee to take further evidence on its freight transport in Scotland inquiry. The committee will hear from two panels, the first featuring regional transport partnerships and Transform Scotland and the second featuring Network Rail.

I welcome Michael Cairns, strategy manager at Tayside and central Scotland transport partnership; Alex Macaulay of south east of Scotland transport partnership; Councillor James Stockan, chair, and Neil MacRae, of Highlands and Islands transport partnership; and Phil Matthews, chair of Transform Scotland.

We will go straight to questions. I will kick off by asking you all to provide the committee with an overview of your organisation and the role that it plays in Scottish freight transport.

Alex Macaulay (South East of Scotland Transport Partnership): As the committee will well know, SEStran is one of the seven regional transport partnerships in Scotland—the statutory regional strategic transport planning bodies. We cover an area from the Scottish Borders up to the River Tay, encompassing eight local authorities and a population of about 1.5 million people.

The committee will also be aware that the fundamental role of regional transport partnerships is to produce, monitor and assist with the implementation of a regional transport strategy, which we have done within SEStran. We have recently completed a review of the first regional transport strategy, which includes a wide range of policies and proposals in support of rail freight in the region and connectivity of the region to elsewhere in Scotland and beyond.

A fundamental element of that set of policies and proposals is our firm belief that the estuary of the River Forth and its surrounding land areas form the strategic logistics gateway for Scotland to mainland Europe and beyond. There are strong policies in support of that.

In that context, we are very supportive of the policies within the third national planning framework, which identifies the need for improved water-borne freight in the Forth estuary and is very supportive of Grangemouth as a logistics centre and development centre for central Scotland.

Over the years, we have been involved in a number of European Union-funded freight-based projects, such as the dryport project, the food port project, the logistics optimisation for ports intermodality: network, opportunities, development project—LO-PINOD—and the weastflows project. Last year, under the committee's former convener, we joined with partners in the weastflows project to give a presentation to a number of committee members on the outputs from it.

Those projects have identified a number of areas where improvements to freight logistics could be beneficial to the Scottish economy. For example in the dryport project, we have completed appraisals under the Scottish transport appraisal guidance for the Levenmouth rail link for the extension of passenger and freight services down to Levenmouth, and for the extension of the Stirling to Alloa line round to Rosyth with the Charlestown cord. It is important to get rail freight and maintain the rail freight sidings into the Rosyth port.

We have reinforced the role of Coatbridge as Scotland's main dryport centre and we have also produced a freight map and publications of rail freight services to and from Scotland to assist the industry in choosing the potential for rail rather than depending purely on road. In the food port project, we did an analysis of food products going in and out of Scotland. We are also active in lobbying for the Rosyth to Zeebrugge freight service, and I am glad to say that, with Scottish Government support, that now seems more secure than it was 12 months ago.

In our LO-PINOD project, we have carried out studies of the empty containers in Scotland. As the committee will know, Scotland is a net exporter, unlike the rest of the UK, the net result of which is that we have to pay for the import of empty containers in order to service the export industry. We also commissioned a bulk freight study of the ports around Scotland.

The weastflows project flagged up one of the major deficiencies, which we identified in the joint regional transport partnership chairs forum's submission to the committee, which is a shortage

of robust information on freight flows. That applies not just in Scotland but throughout Europe. As part of the weastflows project, we produced a set of trip matrices for the four main modes of freight movement on a zone-by-zone basis, across something like 70-odd zones in north-west Europe. I think that that is the first time that that has been achieved.

The Convener: We can come on to some of the specifics in the course of the session. Who else would like to provide an overview of their organisation and the contribution that it makes to the freight transport sector?

Michael Cairns (Tayside and Central Scotland Transport Partnership): On behalf of Tactran, I would like to pick up on what Alex Macaulay has said. We are the regional transport partnership that covers Angus, Dundee, Perth and Kinross, and Stirling, with a population of about 500,000. We sit astride the main routes connecting the central belt with the west Highlands, Inverness and the north, and Aberdeen, so we are in a strategic location.

Along with other regional transport partnerships, we have a freight quality partnership that meets at roughly six-monthly intervals. Regular attendees are the Freight Transport Association, the Road Haulage Association, the region's ports and our local authority partners. Through the freight quality partnership, we have done quite a bit of work on looking at the road haulage sector, overnight parking, lorry route maps and providing a website for road freight information. We are also involved with the regional timber transport group, which is concerned with the movement of timber from felling to end user. That is a major issue in the region, as we have significant areas of forestry, many of which are coming up to the point of being felled at the moment.

We have had some involvement with the rail freight industry, but there is a bit of a hole in the rail freight sector generally. A lot of rail freight passes through the region, but there are currently no terminals within the region. However, we have looked at trying to develop facilities for timber, seed potatoes and bottled water in the region, and we have hopes for at least two of those over the next few months.

Similarly, we have been involved with European projects. The two that we have been involved in have concerned the last mile or city logistics. One was the ENCLOSE—energy efficiency in city logistics services—project, on which we worked jointly with Dundee City Council and the result of which was the production of a sustainable urban logistics plan setting out the way forward for promoting more sustainable logistics in Dundee. The other project is the LaMiLo—last mile logistics—project, and we are still working on the development of an urban consolidation centre covering Dundee and Perth, and we hope to have something positive on that next year.

The Convener: Councillor Stockan, did you want to come in?

Councillor James Stockan (Highlands and Islands Transport Partnership): I very much value the opportunity to come and speak. I have a personal passion for transporting freight, having been involved in that in a past life, so to come and speak for the regional transport partnership is very important.

As you know, the HITRANS area is half the land mass of Scotland. We serve the most difficult places to reach—a hundred islands, but only a 10th of the population. The whole region, I believe, wants to be contributing to the national picture, but the freight structure and the legacy that we have need massive investment for us to be able to compete on a genuine basis with everyone else, because the world is moving on.

We use all modes of transport to export freight. We use air, rail, road and sea transport. Because of the vastness of the geographical area, different solutions have to be found for different situations.

Our transport system is becoming much more fragile as the world moves on. When I was first involved in moving things around, the just-in-time approach came along for deliveries of goods and getting goods to market; it has moved on now to just in the nick of time. The timescales are getting more difficult to meet.

I feel that we need to look at our infrastructure because, when we do not and when our infrastructure fails—as we hear about on the television when there are landslips or ferries do not come, and supermarkets are empty or fresh fish and lobsters do not make it to their market—we as a community become more vulnerable even than we are at present. We must make sure that we cover all those issues.

Investment is very important to enable us to remain a contributing part of the country. We need to make sure that things happen in the right way with the right investment for the future.

Our organisation is very interested in contributing to this inquiry. I know that you have read the submissions, so I am not going to say anything more; I am really interested in the questions that you have from the submissions.

The Convener: I am sure that we will come on to the issue of investment. Mr MacRae, do you have anything to add?

Neil MacRae (Highlands and Islands Transport Partnership): I have a couple of points related to practical engagement on freight.

We have a freight forum that brings together private stakeholders and local politicians, which I think is important. There are also rail and ferry user groups that provide opportunities for hauliers to contribute and engage with other stakeholders in the area by raising their concerns.

On top of that, I would draw attention to a number of the projects that are referenced in our submission. Similar to SEStran, we have been involved in European projects such as lifting the spirit, which we may talk about later. We have also carried out bits of research, including a freight capability study in 2010 that we hope has helped inform some of the investment that Network Rail will carry out on the Highland main line and the far north and west Highland lines.

The Convener: Thank you. Finally, we will hear from Mr Matthews.

Phil Matthews (Transform Scotland): Good morning. I am here as chair of Transform Scotland, which is the national alliance for sustainable transport. Our members are the major rail, bus and ferry companies, public bodies, and local and national groups campaigning for public transport, walking and cycling. Our primary interest is in encouraging a transport policy that is sustainable in the widest economic, social and environmental sense and that reduces the negative impacts of transport policy.

Our primary focus is on passenger transport, walking and cycling. We collaborate a lot with the Rail Freight Group, which I know has given evidence to the committee specifically on some of those issues. One of our main thrusts is investment in infrastructure, especially that which encourages more sustainable transport modes. Clearly that has implications for passenger transport and for freight as well.

Our primary support is for rail freight and for seaborne and canal-based transport where it is appropriate. To reflect on the reasons for that, the road haulage industry has all sorts of significant impacts. We know that heavy goods vehicles contribute adversely to road safety and that there are an awful lot of accidents involving HGVs. We know that one freight train can move 50 to 60 lorries off the roads. We know that rail freight has only about a quarter of the carbon emissions per tonne carried of road freight, and about one 10th of the particulate and NOx emissions. Given the concern about air quality at the moment, that is another significant issue.

My final point is that HGVs are a major contributor to wear and tear on the roads. We have been running a campaign recently on the poor state of repair on a lot of our roads; there is a £2.2 billion repair backlog. HGVs contribute a lot to the damage to our road infrastructure.

We would like to see all those things taken into account in appraising outcomes and encouraging more sustainable modes of freight transport wherever possible.

10:15

The Convener: Thank you. Mary Fee has some questions.

Mary Fee (West Scotland) (Lab): The committee is keen to use its inquiry to identify the main infrastructure obstacles to the free flow of freight. I ask each of you, in turn, to say what your most pressing difficulty is and how we could overcome it.

Alex Macaulay: There are two issues: infrastructure obstacles and operational obstacles. The lack of information is a major operational obstacle that discourages the use of rail freight and short-sea shipping as the two more sustainable modes, particularly for longer-distance freight movements. It is difficult to get information on services for rail freight and short-sea shipping. Anyone can go on to a website that will tell them all the public transport services that they need for the journey that they want to take. A common platform exists for passenger transport, but we do not have a common platform for freight transport. That seems to us to be a significant barrier.

There are a number of specific infrastructure issues. For example, the A1 down to the north east of England, where a lot of the short-sea shipping movements are based, really needs to be upgraded to dual-carriageway standard on both sides of the Scottish border. A more local example is that, in the SEStran region, we have been campaigning for many years for the completion of the A801 and M8-M9 link, which provides the link from central Scotland freight facilities down to Grangemouth, because that is a particularly bad section. In addition, the Edinburgh city bypass continues to be a thorn in our flesh, and that is just as much the case for freight movements.

I will not go on about rail freight because I know that you will hear from Network Rail later this morning, but it seems to us that there are structural problems with short-sea shipping. The competition in mainland Europe tends to be either public-sector owned or on a public-private partnership basis, so when a port wants to expand, there is immediate public sector support to provide connectivity by either rail or inland waterways. There are size limitations in our area, particularly at Grangemouth and Leith, and there are tidal access limitations for 24-hour access and operational issues associated with that.

As I said, we need a centralised information system. There are also issues about the frequency of the Rosyth to Zeebrugge ferry service. It will

become more frequent only as use of short-sea shipping increases.

We tend to forget the role of air in freight movement. Edinburgh airport, which is in our region, is the busiest passenger and freight airport in Scotland. That is due to a combination of dedicated freight planes using the freight depot at the east side of the airport and the increasing ability to use hold space in the greater number of longer-haul services in Scotland for high-value, low-weight freight.

There are a number of issues. As I said, I will not go into rail. We have our own local issues with rail as well as the national issues to do with gauge and electrification, but I will leave that for Network Rail to deal with later.

Mary Fee: You talk about a centralised information system. Who should facilitate the setting up of that?

Alex Macaulay: It should be a Government initiative. One of the anomalies in the current devolution settlement is that the Scottish Parliament has responsibility for ports and harbours but not for international movements, which remain with the Department for Transport at Westminster, and it is not particularly interested in whether a ship lands in Scotland or England as long as it lands somewhere in the United Kingdom. It has always seemed to us that there is a case for Scotland having much more hands-on involvement in international passenger and freight movements.

To be honest, the vast majority of road-based transport is local and, as we all know, the vast majority of it is within Scotland. The proportion of longer-distance road-based transport is much lower than for rail and shipping, but the volumes are still greater than rail or shipping. An information system is needed to identify and allow bookings on longer-distance movements to get the modal shift. We will not get the modal shift for the last mile other than through local shifts to different fuels, for example, but there is real potential for modal shift to rail and shipping for longer-distance services.

That is where we get into the international issues. A regional authority cannot create such a system. We have done our bit in that we have published as much as we can about the availability of freight depots for rail, for instance, but that does not give a centralised platform for information or make it easy to book, pay the charges and compare different carriers.

If we are strapped for cash, it is not a big capital investment to produce such a platform and the benefits to the freight logistics industry could be considerable. It needs to be a central—either Scottish Government or UK Government—initiative.

Mary Fee: In previous evidence sessions, the last mile has been identified as one of the biggest obstacles to the free flow. Do you agree with that?

Alex Macaulay: I agree. It is a difficult nut to crack because there is a patently obvious clash between environmental considerations—noise and pollution—and efficient last-mile movements.

I do not know whether the committee noticed but, only last week—sorry, I am exaggerating; I think that it was in February—the Passenger Transport Executive Group, which is the public sector transport organisation in England, published a very good urban logistics report with case studies from throughout the UK of good examples of how to address the issue. If we are to be successful in improving urban logistics, we need to address the congestion in urban areas that logistics operators are faced with. They also use vehicles that pollute urban areas—the air quality management areas are suffering from freight traffic as well as all the other types of traffic so we need a mechanism to address that.

Mike Cairns mentioned Tactran's initiative for an urban freight consolidation or distribution centre. That is what we need. It needs to be combined with a good location close to the urban area so that alternative modes are viable and sensible. We could use electric vehicles that have a limited mileage capability, and electric bicycles and tricycles to get into narrow streets and pedestrianised areas.

It is a difficult nut to crack. Local authority policies have been very restrictive in relation to freight in urban areas, by quite rightly giving priority to pedestrians, cyclists and public transport. Freight is down the pecking order and 'twas ever thus. The last mile is difficult and local and regional authorities have the potential to take a much more proactive role in addressing the issue.

Michael Cairns: If anything, the operational issues are bigger than the infrastructural ones, in that air quality issues and so on arise from urban logistics. Within the Tactran region, the network is pretty good: the A90 is dualled throughout and the A9 is dual carriageway or is planned to be upgraded.

On roads, the only constraint that is identified in the strategic transport projects review but does not have a programme date, is the A90 through Dundee—the Kingsway and Forfar road—which suffers congestion during the day, particularly in peak periods when commuters coincide with through movements to the north east.

As I said before, we do not have any rail freight facilities in the region. A possible location has been identified at the port of Dundee, but a particular user and funding would need to be identified because it would cost in the region of £5 million to develop such a facility.

The ports are a bit of a mixed bag. Montrose has seen a considerable amount of investment and has been significantly upgraded during the past five to 10 years, partly using a freight facilities grant. At the other end, Perth port needs investment but it has declining tonnage. There is a conundrum around whether to invest and hope for a turnaround in the decline, given that it might continue anyway.

To come back to the operational issues, road freight movements are a big issue in the region—in Dundee and Perth and the newly designated air quality management area in Crieff. If anything, that is a bigger priority than addressing infrastructure.

Neil MacRae: I agree with Alec Macaulay and Mike Cairns, in that there is a mix of infrastructure and operational issues. I do not want to go into a long list, but maybe I will touch on a few of the important ones in respect of our area, by mode. We have touched on rail and how the single track and gauge restrictions on the Highland main line are a barrier to passenger services as well as to material and goods. Other weight restrictions on the far north and west lines are also a problem and we look forward to the investment from Network Rail in control period five for upgrades there.

On road, we welcome the investment plan for the A9 and A96. In essence, that draws attention to the other parts of the network that people in parts of the Highlands need to use before they can get on to those roads. For example, the A95, which is the road from Elgin to Aviemore, takes an enormous amount of whisky freight every year and that has enormous export value to the Scottish economy. We had an example of a haulier who said that he had spent £20,000 on replacement wing-mirrors in the past year because of problems with that carriageway.

We understand that there will not be the same investment as there has been in the A9 and A96, but we have tried to work with the local council to develop some shovel-ready schemes and we have done something similar for the spinal route in the Western Isles.

In terms of air, access to Heathrow is vital to the Highlands and we have made that clear in our submissions to the Airports Commission. I have a fact on that: 95 per cent of all long-haul seafood freight still goes through Heathrow. A significant element of that comes from the Highlands and Islands and there are logistical problems with getting it to Heathrow.

I am sure that James Stockan will have more to say on ferries, but capacity is an issue on our regular ferry services to Orkney and the Western Isles, and it is becoming ever more of an issue. There is the problem of competing demands as a result of passenger expectations and freight requirements, and they can lead to problems with block booking and deck space, for example.

10:30

Mary Fee: Is that a seasonal thing? Is it worse in the summer?

Neil MacRae: Yes. We have done a piece of work on the issue in order to understand the demand, and we have found that demand at peak periods, from Friday through to Monday, is growing, and that that now extends into the October, Christmas and Easter holiday periods. It is a growing problem.

Councillor Stockan: On modal shift, there is a real opportunity for the very far north of Scotland to move some of the stuff that is taken by ship, which burns more carbon, on to rail, but it is difficult to start on that process because of restrictions. We have to look at it as a commercial operation. If we could open up overnight rail, there would be an opportunity to ensure that there is a daily service. There are a lot of issues to do with signalling and other bits and pieces, as well as being able to support that service. As far as Europe is concerned, the argument about territorial cohesion comes in, so we should be able to support that approach in some way through European programmes.

I see Mike MacKenzie nodding. Even for Oban, getting overnight freight on rail would take it off the road and provide huge advantages.

Mike MacKenzie (Highlands and Islands) (SNP): On that point, Councillor Stockan, I know that you have some quite radical and ambitious ideas. Could you be a bit more specific about what you would like to be done to improve rail?

Councillor Stockan: That is a hobby-horse of mine. The far north of Scotland, particularly Caithness, with a population of 25,000, and Orkney on top of that, with another 25,000, are a long way away from the centre. Some supermarket freight came in by rail, but that stopped because the chain—Safeway—moved on. We have an opportunity to have an overnight service both ways. I would add to that a sleeper service, because there will shortly be 85 sleeper carriages available. That could involve motorail. A combination train that takes stuff up is a huge opportunity to connect the periphery with the

centre of the country in a radical way. However, we need to be able to put in investment and we have to free up some of the blockages.

Mary Fee: Mr Matthews, do you want to comment on my earlier question?

Phil Matthews: First, I will echo a few of the points that have been made. The point about encouraging supermarkets and other big organisations to commit to rail is a good one. The marginal costs between rail and road might be different. It is about a corporate statement of intent. That is always worth while.

A point was made about the last-mile challenge in urban transport; that is a big issue. I do not pretend that there is an easy solution that will be applicable everywhere but, as has been said, we have some examples of good practice from elsewhere, so we should think about that. We should think about the use of electric vehicles and other means. The point about information is also important. We should have a rail freight system that is easy to use.

On infrastructure, a few key things need action. There is a need for investment at the rail freight terminals at Grangemouth, Mossend and particularly at Coatbridge. That could enhance the capacity and efficiency of operation of those centres. There are a lot of pinch points on the rail network for rail freight. Some of those are between Grangemouth and Aberdeen, where there are single-track bottlenecks and gauge restrictions because of tunnels and bridges. Some action there would be welcome.

As the previous speakers from the Highlands said, we have an awful lot of single track in Scotland, which is challenging for rail. We need passing and crossover loops, ideally of at least 775m, to allow long freight trains to use them. We need general enhancement. A lot of investment in rail that would benefit passengers would also benefit freight operation. I am talking about electrification and dual tracking where that is appropriate.

We have heard about the A9 and A96 corridors. A huge amount of public money is being committed to action on them over the coming 10 to 15 years or so. There is around £3 billion for the A9, another £3 billion for the A96 and a smaller amount for the rail infrastructure. However, we do not see any evidence that an integrated appraisal of, for example, the whole A9 corridor was done that looked at the differences. I use the A9 and know that many people's frustrations result from the number of heavy goods vehicles on it. It is clear that action on rail would remove some of that problem. We know that the rail journey from Inverness to Edinburgh is an optimum one for business users. The journey is too short for a flight, but if the rail system was upgraded, we could get a lot of business users on the trains, as they are more user friendly than the road for working practices. That would take a lot of people off the road.

Why did we not think about the two issues together? What road and rail enhancements are needed and what could deliver the widest and best environmental, social and economic outcomes? That applies as much to investment that would benefit rail freight as to investment that would benefit passenger services.

Mary Fee: I will move on to ask about your relationship with freight operators. Do you have any good examples of how you have worked with them to encourage a more efficient operation? Do you work with them to help them to reduce their emissions? I ask Mr Matthews to answer first.

Phil Matthews: As I said, our focus is more on passenger transport than on freight, so I do not claim to have any direct relationship with the freight operators. It has been interesting to read some of the evidence that has been submitted. A lot of people have the sense that using rail freight is quite difficult. Rail freight has increased by about 70 per cent since privatisation, so something is happening—there is some growth.

Issues have been raised about how the market works. There might be issues about information, which has been touched on, or how the system works. A key challenge for freight providers is that they generally seek long-term contracts, whereas the demand is very much for short-term reactive transport. That is a challenge.

Some of the infrastructure investment that we would like in the rail freight industry might alleviate some of those issues and make the system more responsive. Particularly on lines in northern Scotland on which the freight volumes might be lower, there may be a case for freight providers to collaborate more and offer more joint services than they currently do.

There are challenges for the industry, but I do not claim to have any insights beyond that.

Alex Macaulay: Like the other RTPs, we have a freight quality partnership, which meets about once every six months. It is not just public sector representatives who attend its meetings; the ports, the airport and road haulage operators, for example, are involved.

Rather than simply tell the freight quality partnership what we are doing, we tend to ask what the problems are. The work that we did for the SEStran region freight review was a result of that. From that came a freight map for the region that identified not just preferred routes for road haulage but where the rest areas were. There was

a review of the quality and utilisation of the rest areas and why they were not as widely used as we expected them to be.

We have worked on that basis through the freight quality partnership, but we also engaged with the road haulage industry when the first threats came to the Rosyth to Zeebrugge ferry. When Superfast Ferries pulled out, the question was how we could encourage the industry to lobby for the reinstatement of the service. Once it was reinstated, the question was what the key issues were for the industry to encourage it back on to the ferry rather than heading off down to Newcastle, the north-east of England or further south.

What came out of that is interesting. We expected the cost to be the key factor for the industry, but it was not; the quality of service was the key factor. The industry was never very happy with the previous operator's handling of its trucks—the trucks would get damaged on the boat—whereas the new operator is much better. Another issue was the frequency and timing of the service and the turnaround time between Zeebrugge and destinations elsewhere in Europe, which affect operators' ability to get to where they have to go and get back to catch the next ship back to Scotland. We work well with the freight industry on that.

Through our European projects, we have worked with a number of freight operators that bring goods and services into Scotland from mainland Europe. A key issue that we have been quite active on over the past 18 months or so is the sulphur directive, which covers the North Sea—as you know, it is about reducing the level of sulphur emissions dramatically. That directive is now in place. There were big concerns about it and we lobbied the now cabinet secretary, Keith Brown, to see what could be done. As a result, he chaired a couple of sessions in Victoria Quay to raise awareness in the industry and cover the issues.

It is fair to say that the directive has not been quite as disastrous as it might have been for freight costs, because it has coincided with the reduction in the cost of oil-based fuel, so one thing has compensated for the other. The low-sulphur fuels are more expensive, but they are still cheaper overall, because of the base reduction in the price of a barrel of oil.

We have worked reasonably well within the freight quality partnership but, to be honest, it is fair to say that we could do more. We are getting someone different in to chair it. Rather than being chaired by someone from SEStran, the next meeting will be chaired by the Road Haulage Association's ex-director for Scotland, in the shape of Phil Flanders. He is enthusiastic and is keen to get letters out to all the operators via the RHA and the Freight Transport Association. Again, the approach will be to ask, "What are your issues, guys?" rather than saying, "Here are the European freight projects that we have been involved in."

Mary Fee: Are the operators willing to work together to increase efficiency when they are in competition with each other? How can you facilitate that?

The Convener: I ask witnesses to keep their answers as brief and succinct as possible, as we have only just over half an hour for the rest of the session.

Alex Macaulay: I am not renowned for brevity, convener, so you should keep reminding me about that—put a clock in front of me.

Mary Fee raises a particular issue about competition. We firmly believe that a neutral platform is needed. We are keen to promote the idea in the Forth estuary of a gateway, which would involve all the operators—ports, airports, road and rail—that do business in that area in a joint management structure, which would lead towards accreditation of a sustainable logistics gateway. That has been tried elsewhere in Europe and is getting picked up there. We do not want Scotland to lag behind on that.

To achieve such a gateway, there needs to be a neutral platform where operators can share good ideas in a position of trust, so that they do not feel that, as soon as they mention their operations, the guy across the table will go away and pinch their customer. That is a big issue, particularly with road haulage and to a certain extent with rail haulage. There is a reluctance to share ideas and it leads to the situation that Mike Cairns mentioned, in which there is a serious lack of robust information on which to make sensible choices about freight logistics, because the information is all commercially sensitive. There is a reluctance to share information. We firmly believe that that is needed, and Mary Fee is right to bring that up.

The Convener: I apologise to Mary Fee—we will have to move on to the next question.

David Stewart (Highlands and Islands) (Lab): I will ask about sources of funding. Are freight grant schemes helping to get freight off our roads? If they are, perhaps the panel could tell the committee why there have been no awards of freight facilities grants since 2011.

10:45

Michael Cairns: We have found Europe to be a useful alternative source of funding. There is a catch, in that we always have to get match funding. One project that we were involved in provided 75 per cent funding, and the other

provided 50 per cent funding. Finding the match funding can be an issue at times, but Europe can assist in that.

It might not just be the freight facilities grant that is an issue. For some years we have worked with Highland Spring in Blackford in Perthshire to support the development of a railhead. Given what has happened in the company, it is possibly not—ironically in this case—the funding that has been an issue; it is a matter of the company having the right opportunity to develop the railhead, because it has been involved in company takeovers and mergers and so on. Such a project perhaps goes to the bottom of the list when a company is looking at reorganising the logistics function as it takes over companies and as the market changes.

There are a number of issues with the freight facilities grant, one of which is that it can be the subject of an application only from the private sector. There may well be occasions when the public sector could take a lead, but that is currently not permitted for the FFG. Some revisions there might help. The timescale can also be a bit difficult to work to at times.

David Stewart: So if we got a more user-friendly FFG, the take-up might be better.

Michael Cairns: That could work better.

David Stewart: In fairness, there have been awards of the waterborne freight grant. I think that a company in Corpach was successful and received £900,000. Mr MacRae will be familiar with that.

However, it concerned the committee when we looked at the records and found no awards of the FFG since 2011. Clearly, something is not working. The chief executive of Montrose Port Authority told us that the company had employed a consultant, who worked through the process and got the grant. That was prior to 2011. I will touch on Europe in my next question, but on domestic grant applications, do any other panel members have experience of the FFG?

Alex Macaulay: I have a small point. We have had feedback from the road haulage industry to suggest that it would quite like to shift on to rail freight. However, it finds that, to make the case for rail freight, a relatively long-term business case has to be associated with it. A lot of the business on road freight involves short-term contracts—it is done by phone and so on. It would help if we could get a mechanism to make shifting on to rail easier for that type of business.

David Stewart: It is important that we have joined-up government and that we do not say, "We've got transport over here and, on the other hand, we've got climate change legislation." If we can get freight off the road and on to rail, we will do wonders for our climate change targets, which we have not achieved in the past few years. Does anyone have any other experience of the FFG and other grants, before I move on to European funding models?

Neil MacRae: I was going to say more but, given the timescale, I am happy for you to move on. Some of the issues have been covered.

David Stewart: I will touch on the experience of sourcing other types of funding via the European Union, such as through the trans-European network transport programme, Marco Polo and Interreg. The evidence made a suggestion about the lifting the spirit project. Perhaps Mr MacRae is best placed to talk about that.

Neil MacRae: I can kick off on that. Lifting the spirit is a good example of where EU funding has been well applied. We did a whisky logistics study some time ago that identified the requirements for shifting the whisky industry from road to rail. That helped to inform an application for the lifting the spirit project, which received an intervention rate of 65 per cent.

Before getting into the detail of the project, I will just say that there have been other opportunities. Rather than everyone putting their hand up and saying, "We need more money," it would be good to know that, as a practical mechanism, there was a pot of EU funding that people could apply to when the opportunity arose. Opportunities can arise at any time. We need that flexibility. We have been able to bring in significant external funding and we would like to do that in the future if possible.

David Stewart: I will ask about one point. I am enthusiastic about the lifting the spirit project for bulk whisky, and I have a Highlands and Islands regional issue that you could comment on. When I visited Glenmorangie, in Tain, I was told that it is more efficient to ship all the whisky barrels—as the panel will know, they come from the States, because bourbon barrels can be used only once—to Grangemouth. I said, "Why don't you ship them to Invergordon, which would reduce the amount of road travel?" At present, the barrels all go to Grangemouth and are trucked north to Moray and so on. Have you looked at that aspect of transport? It seems a bit daft that we are shipping the barrels to Grangemouth when we could ship them to a nearby port, and Invergordon port has the facilities.

Neil MacRae: I am not certain about the specifics, but there might well be gauge issues if the load was taken from Elgin to Grangemouth via Aberdeen. The practicalities of taking the load on the Elgin to Inverness section might be the crucial factor. If I can supply you with more information on that, I will do so.

David Stewart: Does anyone else have experience of European funding?

Alex Macaulay: We have been heavily involved with Interreg and mainstream European regional development funding for a number of projects. The key issue is that, if people think that the bureaucracy associated with the rail freight grant is difficult, they should try doing a European project. The amount of bureaucracy involved in European projects is outrageous.

I will give you a prime example. If people go by air to a meeting on a European project, they need to keep the boarding pass—the booking confirmation is not good enough—and take photographs of themselves at the meeting. The amount of bureaucracy in European projects is insulting to professional people.

Anything that the Scottish Government can do to encourage the European Union to simplify its bureaucracy would be a major advantage. In comparison, we have had a very good experience with the bus investment fund, although I know that that is not the subject of this inquiry. The fund also has targets to reach and requires a submission, but its administration by our colleagues in Transport Scotland has been streets ahead of the administration of any European project that we have ever been involved with. I give all credit to the Scottish Government and Transport Scotland people for administering those grants much more efficiently and sensibly than the European Commission.

David Stewart: Mr Matthews, have you had any experience of European funding?

Phil Matthews: I have nothing to add, really. I was very supportive of the lifting the spirit project, which was excellent and shows what can be done. The points that I would have raised have all been covered.

Michael Cairns: As Alex Macaulay said, the bureaucracy is breathtaking at times, especially for what can be quite small sums of money. There are two problems with Europe. One is the match-funding issue, and the other is the programming.

Generally speaking, we get fairly short notice when a funding opportunity arises, so we need to have a scheme that is at the right stage to enable us to apply for the funding. There are other issues. A lot of projects are—rightly—transnational, and we have to find partners in the rest of Europe that also have schemes at the right stage in the right fields. The process can be challenging from that point of view.

David Stewart: Has anyone had experience of Marco Polo funding?

Alex Macaulay: Some time ago, we were involved in a Marco Polo bid for a service from Norway to Rosyth to Zeebrugge that would stop at Shetland on the way. We submitted two bids and had to go through a procurement process to get an operator on board at the outset, so considerable up-front investment was involved.

The first bid failed because we did not apply for enough money; the rules were misinterpreted. The second bid failed primarily because the Commission felt that the leg between Rosyth and Zeebrugge would be operating in competition with commercial services. We did not have the opportunity to go for a third bid to solve those problems because our partners in Norway lost interest and people moved on.

The Marco Polo motorways of the sea project work is not easy, but other countries seem to be able to do it much better than the UK does. To be honest, there is much more Government support for bids for such funding in countries such as Spain and Italy, which are much more successful in getting such funding.

David Stewart: I am conscious of the time, convener, so I will finish there. That is food for thought and gives the committee something to raise with the minister when he comes to our meeting in a few weeks' time.

James Dornan (Glasgow Cathcart) (SNP): We have already touched on consolidation centres. Do you have any other comments about the pros and cons of such schemes and how they could be applied in the Scottish context? What do you see as the benefits of, and barriers to, night deliveries, and what would help to remove those barriers?

Michael Cairns: The benefits have to be significant. I will quote some figures. Between 7 in the morning and 7 at night, 2,007 commercial vehicles enter Dundee city centre. Those vehicles are not heavy goods vehicles; only 22 of them are articulated vehicles. They are mainly smaller white vans—just under 1,700 of them enter Dundee city centre every day. That sector is growing and many of those vans are not well loaded. The logistics sector is very efficient within individual companies and for individual customers, but across the whole sector there are a lot of lightly loaded vehicles working exclusively for one customer. We see significant scope to reduce the number of vehicles, with consequent benefits in terms of carbon emissions.

James Dornan: I do not wish to interrupt you, but that leads me to a question that I was going to ask about collaboration. Do you see any scope for that? Is there any suggestion that people are moving forward on it?

Michael Cairns: Collaboration really has to be led by the public sector. Freight is a very competitive business. As we found from our experience of trying to develop consolidation

centres in Perth and Dundee, the private sector is very protective of its own market. We have been through an exercise in which we went out to tender to try to identify a logistics operator to set up a consolidation centre in Perth, but that ultimately failed. That is not an uncommon experience.

In one of the European projects that we have been involved in Camden in London, a consolidation centre was developed for the council's procured goods—it was not open to the market, with retailers and so on. The initial advertisement attracted 15 operators, but when the work was put out to tender, only two tenders were received. That is the sort of market that we work in. One or two operators are very interested in consolidation, but across Europe it is just not attracting operators to invest in or to consider it.

We have taken a different approach. I understand that you have been to the Netherlands to see a Binnenstadservice. Through the European project, we wrote to a Binnenstadservice and had some events in Perth to try to attract entrepreneurs. We hope that we have been successful in that.

We have a social enterprise company based in Dundee that is developing a business plan to introduce consolidation in Dundee and Perth. We have introduced it to other smaller logistics companies. We hope to develop something organically—something fairly local that will not be seen as a threat by the larger operators. We hope that it will grow from fairly small beginnings—five or six shops—to develop in a similar way to the Binnenstadservice in the Netherlands. We see that as the way forward. The experience generally across Europe seems to be that it is difficult to get the established logistics operators interested.

James Dornan: My final question is about carbon emissions targets and technology. Technology has, with integration and collaboration, the potential to make freight transport more efficient, less costly and more sustainable. Can you describe your experience in pulling together some of that to make things more sustainable?

11:00

Alex Macaulay: I will be brief, convener, I promise.

We have had a couple of fairly significant initiatives on that. As part of one of our European projects, we carried out a review that identified best practice for logistics operators across the UK and Europe. As a result of that review, we produced a set of guidelines for the industry. It is, effectively, a question-and-answer checklist that is targeted at those who procure and operate logistics. What the two sides of the market can do is different and depends on how the operators operate. The guidelines have been published as part of our European project and are on our website. Again, however, that is a drop in the ocean when compared to the amount of visibility that we need throughout the industry.

One of the areas that was of interest to us, and one of the barriers to shifting to rail and short-sea shipping, is tracking of loads to know where they are at any given time of the day. We can do that with road transport; all we need to do is call the driver on his mobile phone and he will tell us where he is. We have worked with European partners on developing more track and trace, and I know that it exists throughout the industry in various bespoke facilities. That track and trace development would be available on an open platform for all to use.

There is also the development of a multimodal route planner, which would be available on the web throughout the industry. The downside with that initiative is about getting the information for route planning, because a planner is not just about the availability and frequency of services—it is also about prices. Getting that information from operators and putting it on an open platform is very difficult just now.

All the work that we have been doing, including our European project, is aimed at achieving the Government's carbon-reduction targets, which will not be easy for the transport sector.

James Dornan: Does anyone else want to comment on that?

Councillor Stockan: A lot of work is being done with ferries to get the technology right and to make sure that we achieve carbon reduction. When there is Government intervention and support, we need to make sure that we look to the future and that we go for the lowest-carbon options. There is a fair bit of work to be done there, but we are starting to look at some of the issues.

Adam Ingram (Carrick, Cumnock and Doon Valley) (SNP): What does the panel think is the highest priority for Government spending on infrastructure from the perspective of improving freight logistics in Scotland?

Alex Macaulay: My highest priority would be an open platform for information on booking and the comparison of different services for multimodal freight movement. That would not be a major investment for the Government—it could probably be achieved for a lot less than some of the dualling schemes and the road and rail schemes that we would really like. My highest priority is information.

Adam Ingram: How much would that cost?

Alex Macaulay: The Government has more experience of developing information technology platforms than I do. I ask you the question: how much do you think it would cost? I suggest that it would be a lot cheaper than dualling the A1 all the way down to the north of England.

Adam Ingram: Would such a platform answer the question about whether Scotland should have a deep-sea port to do away with all the road haulage going south to the English deep-sea ports?

Alex Macaulay: That platform would not do away with the need for other infrastructure investment. It would assist and facilitate multimodal shift—

Adam Ingram: Would it give me an answer to my question?

Alex Macaulay: No. I also point out that, as all of you will be aware, Babcock has a proposal for a deep-sea container port on the Forth estuary that would have 24-hours-a-day, 365-days-a-year tidal access. Although it has been difficult for Babcock to get to where it is today with the proposal, I am sure that it will achieve that deep-sea port on the Forth; indeed, it has been featured and supported in NPF3 documents.

I am not taking away from the need for a deep-sea port in Scotland. All I am suggesting is that, in the meantime, we could get better information.

Adam Ingram: Can we have a quick run round the panel on that question? What is the highest priority?

Councillor Stockan: For HITRANS, the highest priority is investment in the modal shift to rail and ensuring that it is accessible for more of the time, that it can take the weight and that it is reliable.

As for deep-sea ports, I should, while I have the chance, point out the opportunity for Scapa Flow if there is a shift to the north-east and north-west passages and they become open to trade more of the time. That is a huge opportunity for Scotland, but if we do not grasp it, it will go to Norway, the Faroes or somewhere else. It actually represents one of the biggest modal shifts, and it would involve a major project with Government support under the Marco Polo and TEN-T programmes. It would be a complete game-changer. It would not involve pinching trade from someone else; it is all about changing the whole European dynamic, and we need to be prepared for it.

We can do all this in clever and unique ways with floating stuff; we do not have to dredge, or build anything. We certainly have to keep our minds open to the possibility, because it would turn the map completely on its head.

Adam Ingram: I take the points that you have made, but several witnesses have told us that we need an overhaul of Scottish Government freight policy. We heard earlier that the pattern of ownership in our ports has given us—shall we say?—problems; no more than that. How could freight policy initiatives benefit us?

Alex Macaulay: I am tempted to say that we are not short of policies; indeed, there are many national, regional and local policies out there that support freight and different aspects of transport. What we need is a mechanism for implementing them. If you class that as a policy issue, that is fine.

I have also mentioned the need for a neutral platform where freight operators can collaborate without the Office of Fair Trading—or whatever it is now called—accusing them of setting up a cartel, and where they can openly exchange information; in particular, on environmental improvements to freight logistics. We need that because at the moment an individual operator cannot achieve everything in freight logistics that we want collectively to achieve. We need a collaborative approach that does not undermine natural competition. It will not be easy to achieve that aim, but there are examples of its being achieved elsewhere in Europe through various mechanisms. If that is what you call "policy", I think that that is where we need a major policy review. If it is all about implementation, I think that that is where we need an implementation review.

One of our big retailers, which as you know operate their own freight systems, deliberately came up with a lovely new word—"co-opetition"—for something that you would like to see in the marketplace. Let us try to achieve a situation where we get co-opetition. In other words, operators can co-operate freely and openly, but they can still compete one with the other in their own businesses.

Adam Ingram: I presume that your call would be on Transport Scotland or the Scottish Government to initiate that approach.

Alex Macaulay: There would certainly be a call on them to support that approach. SEStran is looking to achieve that through the Forth gateway initiatives, for which we are trying to get European funding and so on, but we would also look to the Scottish Government for support. The approach would not work without Scottish Government support.

Adam Ingram: I am sorry, but I am having to rush on because of time constraints. My last question is: is the planning system currently working effectively in promoting the freight sector? Maybe Michael Cairns could answer that one.

Michael Cairns: That is a difficult question to address. Much of the planning system is reactive—it responds to developers' proposals. If you are trying to promote rail, there is certainly a case for considering a national rail terminal policy. In our region, there are no rail terminals at all. In central Scotland, the approach is perhaps not the best one; Grangemouth has three separate terminals, for example. If you were to start from scratch to create an effective terminal, you would work with one that would be open to various customers, so there is a role for the planning system. The difficulty with freight is that it is so market driven. We can only create the conditions; developers must come forward with proposals.

Alex Macaulay: NPF3 is a step in the right direction, as were NPF1 and NPF2. The inclusion in NPF3 of initiatives to get better rail connectivity to the ports is very welcome. As Mike Cairns has said, missing from that are initiatives for better overland connectivity by rail, which does not necessarily mean just the last 50 or 100 miles of connections to ports.

When we compare it with the rest of the UK, we note that Scotland's planning context includes a national planning framework—a national transport strategy and NPF3. Our colleagues south of the border would envy that, although it could be better. As Mike Cairns said regarding development management, when we get down to the detailed nitty-gritty of managing applications, we find that they tend to address local issues.

There is within SEStran a continuing initiative, which came out of the regional planning strategy, for analysis of cross-boundary transport initiatives. Transport Scotland, to its credit, is taking the lead on that, and we are all co-operating with it. That represents recognition that development management and the local planning system tend to deal with local issues, but we need to look beyond local issues and regional boundaries—and, indeed, beyond Scottish boundaries.

As I said, NPF3 is a step in the right direction, and the process is evolving. We hope that NPF4 will address the areas that are missing in NPF3.

David Stewart: Could each of the panel members give the committee one example of best practice in Europe for freight infrastructure schemes that have used a mixture of private sector and public sector funding? I will perhaps answer my own question, as I tend to do. When we were in Rotterdam recently, we were told about the dedicated freight rail line that has been set up, which is a fantastic example that is an enhancement for the whole of Europe, with Rotterdam being Europe's largest port.

Phil Matthews: The challenge is in the fact that the system here is different in a number of ways from that which operates in other parts of Europe. Rather than point to a particular example, I will say that it is clear that other parts of Europe, including some central European countries, understand it much better than we do. The infrastructure is there, the balanced appraisal of different options is there, and the thinking across corridors and about integration is there.

Going back to my earlier point about how we look at investment along, say, the A9 corridor, there should be an appraisal system—a way of judging costs and benefits that takes into account a wider economic, social and environmental effects, rather than a focus on individual projects.

The other point to make is that in many other European countries there has been considerable investment over a long period , which has clearly been beneficial to both passenger rail and freight travel.

11:15

David Stewart: In simplistic terms, are we more mid-table than winning the championship in freight infrastructure?

Phil Matthews: Yes. There are clear pinch points. We have some antiquated infrastructure in the rail freight terminals, and there is a lot of single track and inadequate infrastructure for rail, north and south of the central belt in particular.

I agree that information is very important. As a result of the way in which information technology has moved on, we can overcome the challenges of half-full vehicles charging around producing a lot of emissions and costing a lot economically. As with so many things, however, much comes down to investment in the infrastructure.

The other point to make is that the money is there: a huge amount of money is allocated for transport projects. We argue, however, that the priorities on which we have chosen to spend that money and how we have chosen to spend it are not necessarily the best.

Alex Macaulay: I have half a dozen good examples; I will happily pass them to the clerks rather than take up the time of the committee today.

There is an example in Sweden of a dry port in—excuse my pronunciation—Älmhult. One of the things that we found when we analysed dry ports was that it is possible to get the private sector in to develop a dry port if there are huge populations and big movements of freight, and it can work successfully. It is more difficult if the scale is marginal; Scotland generally handles lower volumes of freight. Älmhult is not a big dry port and handles relatively low volumes of freight. It serves the ports of Malmö and Stockholm. It was

developed in partnership with the municipality when Ikea pulled out of the area. Local government provided the required public sector input, so that what was probably a marginal or even a negative business case was able to flip over and become positive so that environmental benefits could start to be achieved in the region.

There are a number of examples of very good co-operation in the private sector—operators in Switzerland, Germany and Italy are in partnership companies of road hauliers, rail operators and freight forwarders. The road hauliers still compete with each other and the rail companies still compete with each other, but the partnership companies bring them together and provide a neutral platform from which to make improvements. I will happily pass that information on to the clerks.

David Stewart: That would be very helpful.

Michael Cairns: I was impressed by the example of the Norwegian postal service, which is—initially working in Trondheim but spreading throughout the rest of Norway—aiming for largely emissions-free deliveries in city centres. In Trondheim, it has completely replaced its diesel-powered vehicles with a combination of types of vehicles including electric-powered trolleys, so that more deliveries, particularly of larger and bulkier parcels, can be made on foot instead of using vans. The vans that remain in use have all been converted to full electric power and the larger vehicles for bulk loads are hybrids.

The postal service is a Government-owned arm's-length organisation, which is in a similar position to that of the Royal Mail about two years ago. It has required a considerable amount of support for it to make the investment in electric vehicles. There have also been difficulties in sourcing the vehicles; Norway is too far away for Mercedes-Benz, for example, to supply it. The Norwegian post office has, however, gone a long way towards reducing and, in a lot of cases, eliminating carbon emissions and local air pollutants.

The Convener: Thank you for that.

Councillor Stockan: You have heard about the lifting the spirit project. A really interesting spin-off from that was that other local food producers in the area were backhauling and may continue to do that in the future. The project has involved other groups: there is far more to such projects than we can ever imagine. It was exciting to see that a project can bring other people on board as they collaborate and work with the industry. There can be unexpected results. Neil MacRae may want to add something.

Neil MacRae: It comes back to the wider questions about planning policy, how EU directives are applied and whether state aid or territorial cohesion comes more to the fore in creating a proactive but not interventionist way to facilitate co-operation. That is done better in some Scandinavian countries and elsewhere in Europe.

David Stewart: I appreciate that information, thank you.

The Convener: I thank all our witnesses for their comprehensive evidence this morning, and Mr Macaulay for the offer of supplementary written evidence on European case studies. The committee will, I am sure, find that invaluable as it takes forward this important work.

11:21

Meeting suspended.

11:26

On resuming—

The Convener: Good morning, we now resume the meeting of the Infrastructure and Capital Investment Committee with our second panel. I welcome, from Network Rail, Anne MacKenzie, senior route freight manager, and Nigel Wunsch, head of strategy and planning for Scotland.

Network Rail has a clear responsibility for investment and maintenance in the rail network. You are currently working on a Scotland route study that will look at the upgrades and investments that are required for future network growth and economic growth. Can you provide the committee with an update on the work of the study and how it is informing future planning for the rail network in Scotland?

Nigel Wunsch (Network Rail): Thank you very much for giving us the opportunity to talk to you this morning and to help with your inquiry.

The route study, which is the current part of the long-term planning process that we are working through, is for looking at what the industry needs to invest in over the next 30 years. We are looking at where we want the rail sector to be in 30 years' time—in 2043—across both freight and passenger business.

The work that we are currently doing has been looking at what the demand is likely to be in that timescale and, based on that demand, what train service will be required to be meet it. Inevitably, there will be a significant growth in both passenger and freight business. The number of passengers, the volume of freight and the distances they are travelling are all expected to grow.

Based on that, we need to look at where the pinchpoints are, where the gaps will be in the infrastructure, and how we can best fill those gaps.

We look at what the opportunities are to do that and what we want the network to look like by 2043. We then work back from there by asking, "If that is where we want to be in 2043, what are the steps that we need to take between now and then to deliver it?"

The route study is scheduled to deliver a draft for consultation by the end of 2015. It will go out for wide consultation and, based on previous experience elsewhere in Great Britain, there will be lots of views and comments. Based on those, we will then produce the final route study, which will be published in the middle of 2016. It will be a regulated document, which the Office of Rail Regulation needs to approve.

It will also feed into our initial industry plan for the next five-year control period, which starts in 2019. We will use the plan to bid to the Scottish Government for investment in line with our recommendations for that five-year period.

11:30

The Convener: Ms MacKenzie, do you have anything to add?

Anne MacKenzie (Network Rail): No.

The Convener: I do not know whether you had an opportunity to hear the previous evidence session at which we heard evidence from a number of witnesses that the investment priority should be modal shift from road to rail freight. Do you envisage that being looked at as part of the study?

Nigel Wunsch: Absolutely. We believe very strongly that there are many flows for which rail is ideally suited, particularly longer-distance flows and bulk flows; rail is the ideal way to support those sorts of traffic. We anticipate investing in the ability to run longer trains on the network and in improvements to gauge, particularly on the Anglo-Scottish flows, so that bigger containers can be operated on standard rail wagons.

The Convener: Clearly, you do not want to pre-empt the outcome of the study, but a number of issues are emerging from this inquiry and the evidence that we have received, and from the wider debate about rail freight in Scotland. You alluded to one of those issues, which is improvements to capacity. We heard from the Rail Freight Group about the lack of long overtaking loops, the fact that so much of the network remains single track, the inadequate length of crossing loops and so on. Are those issues moving up your agenda?

Nigel Wunsch: Yes, inevitably. The longer the freight trains we can operate where there is demand, the more efficient that is and the better the use of capacity. Short trains are not a good use of the limited capacity on the rail network, and the ability to operate longer trains is definitely a benefit.

We have recently done quite a lot of work on the west Highland line, for example. We now run trains on that line that are longer than the loops, with special arrangements so that, when they pass, they pass passenger trains while they are in the loop. That allows longer freight trains to operate, which has improved the viability of those trains for the freight operators.

However, we can run longer trains only where there is demand for them, and on some routes there is not the demand for the volume of traffic that needs the longer trains. There are lots of routes, though, such as the east coast and west coast main lines, where we would like to see longer loops because that would allow more flexible operation. We operate long freight trains on the west coast main line coming up from England via Carlisle to Glasgow, or to Mossend, which is in the Glasgow area. They, too, are longer than a lot of the loops and, again, have to be carefully managed to avoid delaying other services.

The Convener: Is it fair to say therefore that, through the study and the bids that you will make for investment from Government, you will seek to address the significant infrastructure capacity issues and pinchpoints that exist on the network?

Nigel Wunsch: Yes. Inevitably, the east coast main line will be high on the list of priorities. There are starting to be definite capacity pinchpoints for both passenger and freight between Edinburgh and Berwick and even down as far as Newcastle—obviously, that is outwith the Scottish Government's remit, but that is the section of route that is relevant. In addition, going north from the central belt towards Inverness and Aberdeen, we are currently investing, as part of this control period, in improvements to the Highland main line between Perth and Inverness that are aimed at reducing journey time for passenger trains and increasing capacity for passenger and freight. Some of that will almost certainly include longer loops or longer sections of double track.

The Convener: One of the issues that David Spaven of the Rail Freight Group highlighted is the Channel tunnel and the as yet unrealised potential for that route to fulfil our freight requirements. There was a suggestion that that has not happened and is unlikely to do so without proactive support to pump prime an initiative for a freight train from Scotland to the European mainland. Do you have a view on that?

Nigel Wunsch: I will let Anne MacKenzie come in on that question because she is perhaps better placed to answer it. Inevitably, if we could

encourage greater use of the Channel tunnel for freight, we could get more freight on to rail. We would have to think carefully about where we are trying to get that freight to and remember that the freight market is a commercial one and that there are risks that, if we start to affect it, we will get into competition and state aid issues.

Anne MacKenzie: I agree with Nigel Wunsch, but I also agree with David Spaven that pump priming would sometimes be ideal for a brand-new service. It takes critical mass to get a new train up and running. Sometimes, when there are low volumes to start off with, it does not quite justify a train but, if we pump primed a train to start off with, the volume could follow. There is potentially enough volume to have a train direct from Scotland to Europe via the Channel tunnel. Coming back is the issue. At this time, the service would probably have to go via one of the English terminals to get the volume to come back up to Scotland.

The Convener: As an Edinburgh MSP, I have a question about improvements to the network that are already under way. One of them is the electrification of the Edinburgh south suburban line. Can you say anything that would be of interest to people in Edinburgh?

Nigel Wunsch: Electrification of the Edinburgh south suburban line would be of benefit to freight. It would ensure that freight traffic can be electric hauled by the east coast main line and across the central belt. At the moment, a lot of that traffic has to be diesel hauled because there is not the capacity through Edinburgh Waverley, which is the only electrified route, for that sort of traffic to operate.

Edinburgh Waverley is full of passenger traffic and we want to avoid freight passing through there. If we electrified the Edinburgh south suburban line, we would be able to operate more electric freight, which is more efficient because it uses longer trains, has better haulage capacity and, generally, has better acceleration.

We proposed that electrification as part of our initial industry plan for control period 5. It was not included in the Scottish Government's priorities for CP5, but we continue to work with the Scottish Government and Transport Scotland and anticipate that it will be part of the priorities for the next control period.

The Convener: Is that proposal fully costed?

Nigel Wunsch: We continue to do the development work on it to get a final current price that we will include in our initial industry plan for CP6, the next control period.

David Stewart: I am enthusiastic about electrification, not least to the Highlands, which would be vital. The industry is keen on electrification not least because it fits in with climate change targets. I think that the witnesses heard my earlier question on that point. We tend to put transport in a different category when we should be taking an integrated approach and saying that, because we believe in addressing climate change through any policy that we have, electrification makes a lot of sense.

You touched on the point, which I was going to make, that electrification is much better for acceleration. It is also much better for maintenance. I have had several examples of train breakdowns in bad weather at Drumochter, for example. That is less likely to happen on an electrified line, which leads to improved efficiency and reduced maintenance costs. Do you agree with that?

Nigel Wunsch: I agree with all of it apart from the last point about electrification over Drumochter, because I have some concerns about making sure that the electrification is robust in the climate that we get up there. Drumochter is very exposed in the winter and, in many ways, overhead line electrification can be quite vulnerable.

I strongly support the position that we should electrify. I am keen for transport to be considered as a whole in relation to climate change. Network Rail and the rail industry have targets imposed on them to reduce carbon emissions. To me, the most efficient way of reducing carbon emissions for the country would be to move more traffic on to rail, but that would increase our carbon emissions because the operators would be running more trains and we would have to invest in more infrastructure, which would create more embedded carbon as we build new bits of railway.

The Convener: That is a one-off.

Nigel Wunsch: It is a one-off, but it affects our targets. We have targets to reduce our own carbon emissions. I fully support improving the carbon efficiency of how we operate the railway but, nevertheless, the more traffic we haul, the greater the carbon we produce.

Adam Ingram: What changes in demand for rail freight are expected over the next few years? For example, we know from the announcement about Longannet, that there will be far fewer coal trains from next year. What action do you need to take to ensure that the Scottish rail network will be meeting more demand in other areas in the future? How are you going to anticipate changes and deal with them?

Nigel Wunsch: You are right. As I said earlier, we expect significant growth in other sectors of the market. At the moment, we are not quite sure of the future for coal; the changes at Longannet are

relatively recent news and we are still trying to get our heads around the changes that they will bring to the coal flows across Scotland.

In terms of other markets, we expect the intermodal market, both domestic and international, to grow significantly. Over the next 10 to 15 years, I would expect a 50 or 60 per cent growth in that market. The industry is capable of handling that. We need to invest in certain locations. We talked a bit about that earlier when I was speaking about the route study. I anticipate that we will be looking at what the market needs in the next 30 years and asking how we get there. The market study on freight requirements across the country, as part of the route study process, showed significant growth across a number of sectors.

Anne MacKenzie: Coal traffic forms about 62 per cent of all the product that we move on rail in Scotland. Over the next 30 years, intermodal traffic is forecast to grow significantly and the forecast will still give us some growth to 2043 even though by that time coal may have disappeared.

Adam Ingram: Forgive me, but you mention 2043 and maist of us round this table will be deid by then, so I am more interested in the immediate future. We have a particular focus on the next 10 to 15 years. This morning, we heard from the regional transport partnerships that they are looking for a significant intermodal shift from road to rail haulage. What are your plans and how do you anticipate that?

Nigel Wunsch: The significance of the 30-year horizon is that rail infrastructure is a long-life infrastructure and, as we are investing in rail infrastructure, we need to think about the cycle of renewals that we go through. Track, structures and signalling all last 15 years plus, while some of the bridges are probably in a 120-year cycle. We need to have that long-term look.

You are right that we want to get freight on to rail and growing in a much shorter timescale. As I explained earlier, that is part of the route study process—we look at the long term, then draw back and say, “Okay, based on that, what do we need to do in the next five to 10 years?” In the current control period, we are investing in loading gauge improvements to allow bigger containers from the east coast main line across the central belt towards Mossend and Coatbridge, which are the main freight hubs, and up towards Grangemouth. We are looking at how we can get bigger containers going further north towards Aberdeen and Inverness.

Inevitably, given the major infrastructure constraints—the number of tunnels and significant bridges—we need to consider how we can do that without doing things such as cutting bits out of the cross girders of the Forth bridge, which we could not do because it would not do it any good. That will involve looking at how, as an industry, we can invest in lower-platform wagons. Lower-platform wagons are quite expensive to build and slightly more expensive to operate, but they probably still represent a cheaper way of coping with the volumes of traffic that are likely to be going north of the central belt in Scotland. However, under the current industry and Government structure, the grants that are available are more about investing in fixed infrastructure than about investing in rolling stock to meet that need.

11:45

Adam Ingram: So would you like there to be a shift in emphasis away from fixed infrastructure to more operational support?

Anne MacKenzie: Both should be looked at.

Nigel Wunsch: We need a balance between the two.

Adam Ingram: What impact do you anticipate high speed 2 having on the free flow of rail freight to and from Scotland?

Nigel Wunsch: The key thing about HS2 is that it is targeted at relieving congestion on the routes out of London, which are already significantly congested. From a Scottish perspective, if we cannot get down to the London area and across London towards the Channel tunnel and towards the major ports of Felixstowe and Southampton, we will be more isolated.

The advantage of HS2 taking significant amounts of passenger traffic off the southern end of the west coast main line south of Preston is that that will free up capacity on that route for local passenger journeys and for greater use of rail freight. If we can get greater use of rail freight on those congested bits of the infrastructure, that will enable rail freight to come further north into the north of England and Scotland.

To allow that to happen, we need to invest in improvements to the infrastructure on what we might call the classic railway north of Preston. In the shorter term—probably up to 2043—it is unlikely that HS2 will get as far north as that. We are looking at providing longer loops on the west coast main line and potentially over the next 10 years some short sections of new route—freight bypasses—that will enable passenger and freight services to be separated, particularly up the steeper hills of Beattock and Shap, thereby allowing passenger trains to overtake slower-running freight trains.

Adam Ingram: The outcome of the general election might advance that a little bit, but we will wait and see.

The Convener: I am confident that all of us around the table will live long enough at least to see the conclusion of the committee's inquiry.

Mary Fee: We have heard about the need for additional capacity on the east coast main line, and we have already talked about longer passing loops and double tracking. You mentioned freight bypasses and improvements to the west Highland line. Are there any other specific parts of the Scottish rail network that are limiting the expansion of rail freight? How can improvements be made to those parts of the network? Where are such improvements on your list of priorities?

Nigel Wunsch: You have asked a lot of questions. I will try to work my way through them.

The Convener: Mary likes to ask the easy questions.

Nigel Wunsch: It keeps the brain going.

You are right—we have already covered a number of the highest priority areas. Are there limitations on the network? Of course there are. The challenge for us is to balance the demands that emerge to ensure that we get best value for money out of the investment that we make.

We have talked about the west coast main line and the east coast main line, which connect us with England, and the lines to Aberdeen, Inverness and Grangemouth, which are among the key freight hubs. Those are critical areas in which we think that investment will produce the biggest return. Going beyond that, one could spend significant sums of money to improve the routes on the west Highland line or the far north line if the demand was there, but it is very difficult to get that balance when the demand is much lighter. We run freight traffic on both the far north line and the west Highland line to meet the demand that is there today. We are not aware of demand being frustrated by a lack of capacity at this stage. We hope that the route study will help to identify where that might be a problem in the longer term.

Mary Fee: I suppose that part of the problem is that, if you do the work and improve the network, the traffic will come. People are not using rail for freight because they cannot do that, so they use alternative means of moving freight. It is a bit like saying that, if you build a house, people will come. If you improve the network, the freight will follow.

Nigel Wunsch: I wish that that was true. Unfortunately, we have a number of examples in which we have improved the network and the traffic has not come despite the predictions and the forecasts and appraisals that were done. At Raiths Farm in Dyce, just north of Aberdeen, we made a big investment with partners in an improved freight facility in the Aberdeen area. With hindsight, people can now look back and say, "Oh, but it's in the wrong place", but that is where we were encouraged to put it and where people wanted the freight facility at the time. The volume of traffic that goes through Raiths Farm is very low.

I could quote other examples where we have been encouraged to invest. Gauge clearance to Elgin would be a good thing to do and we would love to see container traffic going up there. There is capacity on the network for it to operate, but the volumes are very small. The lifting the spirit project is the only example that has used it and, successful as that was, it has not been followed up with commercially viable traffic.

Mary Fee: Thank you. Anne, is there anything that you want to add?

Anne MacKenzie: I think that Nigel Wunsch has covered it.

Mary Fee: We have heard in our evidence-taking sessions about the priority that is given to freight. Concerns have been raised that freight has to wait for passenger trains to move through, and the need for longer passing loops is a problem as well. What evidence have you received about the desire to give freight a higher priority? How can you broaden the movements and the times when freight is allowed to move, particularly at the weekend? At present, freight cannot move over Saturday night and into Sunday.

Nigel Wunsch: I do not think that I would go as far as to say that we give priority to passengers over freight in the way that you describe. In timetabling terms, we have to reach a balanced timetable for all the operators. There is great pressure on the rail network to reduce journey times for passenger trains.

The best way to run the railway is for all the trains to run at the same average speed. If the freight trains were able to go at the same average speed as the passenger trains, they would all trundle along together. In much the same way as it is helpful to have a dual-carriageway road rather than a single-carriageway road because lighter and faster cars can overtake lorries, if we have more loops it allows passenger trains to overtake freight. However, we develop timetables that allow us to get that balance and to get the journey times that the freight customers desire, or as close as possible to them, while still allowing passenger trains to operate, and where we do not have that capacity, we look at opportunities to invest in more capacity to allow that.

On the point about when traffic can run and the restrictions or otherwise, we also need to find time to maintain the network, and we try to do that at times when it is least in demand. We are a very safety-conscious industry and we do our best to

manage that and to keep trains and people apart. It is not a good thing to have trains and people on the network together. I believe that, in maintaining the network, we are much more safety conscious than the road network, for example. We do not have people wandering about putting out cones or wandering across motorways putting out signs. We have to restrict passenger trains when we do maintenance work.

On most routes, from the passenger perspective, the quietest time is Saturday night into Sunday, and that is when we do maintenance on the network. However, over much of the network, where there is a demand for freight traffic we have looked to balance that, and we focus the maintenance opportunities in spells that are as short as possible. We have already mentioned the Hunterston to Longannet route. Because traffic runs on that route 24 hours a day, six and a half days a week, we have to focus our maintenance of those sections of the network in very short spells. However, we still have to find the time to do that work.

Mary Fee: Has there been any study of the impact on freight of restrictions, particularly those on a Saturday night?

Nigel Wunsch: Not specifically. You will need to talk to the freight operators about this, but an issue for them is that when we carry out major maintenance on Saturday nights we require trains to support our work by conveying rails, ballast and so on to the sites. Many of the freight operators are involved in that, and they have to balance their own resources in order to find resources for that work.

I am sure that supermarkets want seven-days-a-week, 24-hours-a-day movement, and there is no doubt that that is a benefit of the road network. Bits of that network can be closed when the roads are quiet to allow maintenance to be carried out, but bypasses can still be found for transport. We have some examples of that, but having the capacity to run traffic during maintenance periods is expensive.

Mike MacKenzie: You have said that there has been discussion about loading gauge restrictions, but I wonder whether you can be a bit more specific about that. Strategically speaking, are there particular pinch-points that you would prioritise, and do you have any innovative solutions for tackling them other than the use of low wagons, which, of course, makes sense?

Nigel Wunsch: Yes. We have done a lot of work to gradually improve the gauge for container traffic. Both the west and east coast main lines have been cleared for most containers; for example, we recently demolished the tunnel at Carmuirs, which is one step along the way to improving the gauge facility to Grangemouth.

Where else could we go? As I have said, it would be nice to go north to Aberdeen and Inverness, but there are a number of structures that it would be very difficult to clear for full gauge. We lower the track as well as raise bridges, but all such measures have a cost. For example, lowering track tends to increase longer-term maintenance costs, because the dip that is created leads to water gathering and draining becoming more of a challenge. We have tried various means of delivering what you have suggested, but we also have to take into account the volumes of traffic that are being moved and the fact that we need the critical mass that Anne MacKenzie mentioned to justify the investment of significant sums of money.

When we introduce electrification, we often have to build new bridges, and those new bridges will generally be for higher gauges not just for electrification purposes but to take bigger containers. Over the next few years, we will be electrifying the gap in the route between Edinburgh and Glasgow via Shotts and, as part of that work, we are starting to raise structures that will in due course give us clearance for bigger containers. Again, however, we are competing with the roads network. Raising existing bridges and building new ones disrupt the roads network, and we have to work very closely with the local authorities to minimise that disruption. After all, from their point of view, the disbenefits from the disruption to the roads network are often more than the benefits of having bigger rail bridges.

Mike MacKenzie: You have half-anticipated my next question, which is about electrification. The benefits of electrification are fairly obvious, but what do you think are the priority areas in that respect? Where is it most likely to happen next?

12:00

Nigel Wunsch: The current funding fills in Glasgow and Edinburgh via the Edinburgh to Glasgow rail improvement plan, including up to Stirling, Dunblane and Alloa. That will get us to the point at which most of the traffic in central Scotland is electric-hauled. We also have funding for the completion of the Shotts line by 2019.

We are in discussion with Transport Scotland about priorities beyond that. For example, we anticipate that the remaining Glasgow suburban network will probably be the next place that we would like to infill, especially one or two routes such as East Kilbride and Barrhead. That would not be of any great benefit to freight, but it would benefit passenger services.

Beyond that, the discussion is about how we eventually go north from Glasgow and Edinburgh towards Aberdeen and Inverness. Our internal discussion with the industry and Transport Scotland is about the order in which we do that. Until we complete the whole section of Glasgow, Edinburgh, Aberdeen and Inverness, which includes all of Fife, the bridges across the Forth and Tay, a significant number of tunnels and the exposed route across the passes on the way up to Inverness, we will not get all the benefits because there will always be some bits of the network where diesel trains will have to run under the wires.

That will be true, unless we get to the bi-mode situation. I know that at least one of the freight operators is investing in bi-mode locomotives, which will allow trains to be hauled electrically when they are under the wires and to use diesel when they go off the electrified bits of the network. There will be benefits there.

Network Rail has been working closely with the industry on looking at independently powered—battery-operated—electric trains. We have done some experimental work in England and have successfully run an independently powered electric unit in passenger traffic on the Harwich branch. The unit can go up to 50km off the electrified network, so it is ideal for short branches that do not have overhead lines because it allows trains to run under the wires when they go on to electrified track.

We are looking at lots of different options. Some of the recent electrification that we have done in Scotland has used innovative ideas. In some places, we have not had to raise some bridges by having short sections where the wires do not carry any power. That also reduces costs.

Conversely, there are cost pressures the other way because of safety considerations. For example, we are now required to raise bridge parapets on electrified lines to improve safety and prevent people from throwing things over. Significant cost is associated with that and it increases the costs of electrification.

Mike MacKenzie: That is very interesting. You mentioned that progress northwards will come in the longer term. Can you give us an idea of timescale? Are any of us who are around the table today apt to see that or will it be beyond our lifespans?

Nigel Wunsch: I would not have thought that it would be beyond our lifespans, but that depends on how quickly the Government wants to specify it should take. The current control period asks us to electrify about 100 track kilometres per year. Looking forward, I believe that we would complete electrification to Aberdeen and Inverness by around 2030.

David Stewart: Do we need to refresh the Scottish Government freight policy?

Nigel Wunsch: All policies need to be reviewed on a rolling basis. I am not a great believer in saying, "Right, we'll go and do that now and then we'll leave it for the next 10 years." We need to keep reviewing such policies as circumstances change. I am sure that there are things in the Scottish Government's freight policy that could be reviewed, and I know that Transport Scotland is reviewing its freight policy at the moment along with other issues. I am not sure of specifics, so Anne MacKenzie might want to comment on that.

Anne MacKenzie: I cannot remember when the last freight policy was issued, to be honest.

Nigel Wunsch: It was last formally issued in 2006. As I said, I believe that it is being refreshed and I anticipate that it will be published in the next six to 12 months. These things change relatively slowly and I prefer not to have big-bang refreshes. My preference is for changing things as they crop up.

David Stewart: This is a very wide question, but do you believe that our current planning policies and systems are efficient and effective as far as rail is concerned?

Anne MacKenzie: It was quite disappointing that NPF3 did not contain any projects for rail freight. It mentioned the strategic importance of Grangemouth, Coatbridge and Mossend, but there were no specific projects to take the strategy forward. That is a missed opportunity for rail freight. I hope that NPF4 goes further into rail freight.

Nigel Wunsch: Beyond that, the planning world needs to think about the impact of rail beyond the rail network. There are a number of examples in which planning has allowed housing to be built close to rail and then people complain that their house is next to a railway, which makes noise. Greater night-time traffic has been mentioned, but unfortunately most people want it to be quiet at night. If a railway is running for 24 hours or even 18 hours a day, there will be noise during the night from the trains passing for people who live next to the railway. The planning framework needs to take that into account.

David Stewart: There is a parallel with road. We have heard lots of good examples regarding the possibility of night-time deliveries, but as Mary Fee and I were discussing, someone who lives on an estate in Glasgow and is next to a large warehouse that now has 24-hour deliveries will not be very happy. Integrated planning is important.

You heard the question that I asked the previous witnesses about best practice in Europe. Can you identify an example of best practice in which you see rail infrastructure as being top of the tree? Is there a fantastic example that we should be monitoring? To refresh your memories, the best practice that I identified was Rotterdam harbour, which developed its own dedicated freight rail line. In a previous meeting, I gave the example of boats that are carrying goods for Italy not stopping in Italy but sailing right past to reach Rotterdam and then using the dedicated rail freight service to get to Italy. That is a fantastic example of what has been developed.

What are your views on that project? Can you identify any other best practice for the committee?

Nigel Wunsch: I am not familiar with the exact details of the Rotterdam example. The biggest issue for Rotterdam is that it has huge volumes of container traffic. Nowhere in Britain has that volume of traffic demand. As I understand it, the deep-sea shipping lines want to call at as few ports as possible and to unload as many containers as possible at those locations; they want to do the long haul and get rid of all the containers in one place, then use short-sea shipping or rail to deliver.

From a British point of view, the only ports that those lines come into are Southampton and Felixstowe, but in many ways they would rather just go to Rotterdam, unload there and then use short-sea shipping to get to the ports around the coast of Britain. Grangemouth, for example, does quite well out of that sort of traffic. Equally, that draws away from the rail perspective, because if the ships were using Felixstowe or Southampton, the containers would then generally come by rail from those ports to Scotland. There is a balance. It may be that, overall for the economy of the country and in relation to carbon emissions, the ship option is better. That is not for me to comment on.

In terms of building bits of network specifically for freight, we have a number of freight branches that are dedicated to freight traffic. Grangemouth is a good example in which we go to the port. Very little traffic comes from the port, but we take quite a lot of traffic into Grangemouth from bulk consolidation points in the south of England and goods get distributed from there.

When it comes to learning from Europe, much of the British market is so different—in terms of both the volume and the distances that the freight traffic can go—that there are not that many things that are similar that we can learn from. We talked earlier about high-speed rail, and one of the lessons from Europe has been that there has been investment in high-speed rail where the volume of traffic is such that new railways are needed. The French and the Germans have seen that they have a capacity issue and have decided to invest in a new railway to relieve that capacity; that then creates capacity on the old railway for more freight. That is a good example.

David Stewart: Do you see any examples in Scotland of developing more freight-only lines, or reopening perhaps very short rail lines? We have considerable amounts of ex-railway lines, for example the lines that were closed down following Beeching. I think that Alloa has some direct freight-only lines, but are there other examples?

Nigel Wunsch: The Alloa to Kincardine line, going on to Longannet, was opened as a freight line. That largely serves Longannet power station. The question of where we will go is interesting, given the closure of Longannet power station. There is some freight on that line through to Fife; it is a gauge-cleared route into Fife for container traffic, which we did not have previously because of the restrictions on the Forth bridge.

We are always open to opportunities, if the traffic volumes are there. It is a bit of a chicken-and-egg situation: until you have the line, you will not have the traffic, but you need to find locations to build the line so that traffic will appear. We have talked about that.

Anne MacKenzie: We have reopened lines in the past, but that has happened mainly for coal traffic, where there is the bulk to justify running a train. I do not have any examples from the recent past, or of lines that we are thinking about opening in the near future.

David Stewart: Perhaps the committee can do more work on that, in terms of looking at European examples. Thank you for the answers that you have given us.

The Convener: Members have no further questions. Is there anything that you would like to say by way of closing, Mr Wunsch?

Nigel Wunsch: We have covered most of the issues that we wanted to address. We welcome the significant investment that the Government has made, particularly through the rail freight investment fund. We are using that over the current control period as efficiently as possible to deliver the improvements that we have talked about. We look forward to similar investment in the future, along the lines that we have discussed.

The Convener: Thank you for your evidence. It is greatly appreciated as we take forward our inquiry.

Meeting closed at 12:12.

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