ANNEX A

HOW TO RESPOND TO THE CONSULTATION

Consultation Questions

We welcome all comments from stakeholders on this consultation, however the following questions are offered as a guide:

This response is from the Timber Transport Forum.

The Timber Transport Forum is a voluntary partnership "working in partnership with communities, their representatives and the forest industry to promote a vibrant and sustainable timber transport sector and to secure social and environmental benefits." Members comprise representatives from Convention of Scottish Local Authorities, Forest Industry (Confederation of Forest Industries and UK Forest Products Association), Forestry Commission England, Scotland, Wales, Welsh Assembly Government, Welsh Regional Transport Consortia, Highland Council, North Yorkshire County Council, Rail Freight Group, Road Haulage Association, Freight Transport Association, Scottish Enterprise, Scottish Government, and the Society for Chief Officers of Transportation in Scotland. More details can be found at www.timbertransportforum.org.uk

1. Do you agree with the need for encouraging increased modal shift to rail for freight?

The 6 million tonnes softwood timber available each year from Scottish forests is forecast to rise to around 9 million tonnes/ annum over the next decade. Much of the increase is coming from more recently established plantations in remote parts of Scotland. This home grown timber supports a timber processing industry adding £460m/yr to the Scottish economy. New markets for timber are developing quickly, providing woody biomass fuel for renewable energy power stations and for the manufacture of wood fuel pellets for smaller scale wood-fuel boilers.

Road haulage accounts for nearly all roundwood transport in Scotland. 6 million tonnes equates to around 240,000 lorry loads. The plantation resource is in the uplands of Scotland on hill land accessed by minor roads that were not designed for HGV traffic. Haulage of timber along such roads can damage road infrastructure and impact on villages and rural communities unused to regular HGV traffic.

Promoting modal shift of roundwood timber (logs) from road to rail is a strategic objective of the forum which has supported the forest industry in a number of inter modal projects, including current infrastructure projects at Rannoch and Barrhill. Both of these projects received grant support from the Strategic Timber Transport Fund (STTF).

The STTF has also contributed to studies on opportunities for inter modal shift. These are listed in section 9.

Despite significant efforts by the timber sector, the movement of roundwood timber by rail is contracting. Currently there is only one active timber-by-rail route, running from Carlisle to a wood processing plant at Chirk in North Wales.

The timber industry has identified a number of obstacles to a shift to rail which could be addressed by rail freight policy development.

2. Have we accurately captured the benefits of freight movement by rail?

Rail transport of logs is seen as having potential, in the longer term, to reduce cost and carbon emissions in the timber supply chain. Modern, efficient sawmills and other processors, draw logs from a large rural catchment area. The distance timber is hauled, 'the timber miles', can be significant. Use of woody biomass by power stations, such as is proposed for Drax in Yorkshire, will also draw biomass from across the country and from overseas. In some circumstances rail would seem to offer a viable alternative to road haulage, particularly where large volumes are being transported long distances.

Increasing rail haulage of logs will provide more incentive for timber processing plants to connect (or sometimes re-connect) to rail. This would also enable containerised processed timber to move by rail to markets in the South of England and Europe, so further reducing road miles.

Rail transport has the potential to access concentrations of harvestable timber, that are practically or economically 'landlocked' due to the limitations of the rural road infrastructure. Train lines pass through large and relatively remote forest areas in some parts of Scotland and would appear to provide an alternative mode of timber transport. Recent and current work by regional timber transport groups has focused on opportunities to transport timber from Caithness and Sutherland, Argyll, Rannoch Moor and parts of Ayrshire.

Because of the many benefits that forests bring to the economy and to the environment, the Scottish Government is keen to see a large expansion of forestry across Scotland including substantial areas of productive woodland. It is essential therefore that solutions are found to bring existing and future timber harvests to market efficiently.

Much of the impact of road haulage of timber is in rural areas where damage to roads is the primary concern. Issues of road congestion and particulate pollution are less of a priority. Nevertheless, significant **local issues** arise from having large lorries on narrow, sometimes single track roads, passing through rural communities where there are few passing places, where houses are close to the road and there are no pavements.

Rural trunk roads do suffer from congestion at times and frustrated car drivers have fewer opportunities to overtake. Increasing numbers of timber lorries will also have infrastructure impacts on trunk routes particularly on the more peripheral parts and around ports, sawmills and other timber destinations. Fuel consumption of lorries is significantly higher on rural roads compared with running on major trunk routes and motorways.

3. Have we identified all of the obstacles to the expansion of rail freight movement?

The timber industry recognises a number of obstacles to the expansion of rail freight of both roundwood and processed timber.

The requirements and costs of Network Rail
The experience of forum members is that dealing with Network Rail can prove to be a huge and often insurmountable challenge. Lead times of several years can be quoted for relatively straightforward engineering works that encroach on Network Rail land - a major deterrent to progress. Added to this is the high cost of involving Network Rail in a potential project, where it can cost thousands of pounds just to survey and investigate the options at feasibility stage. More information on capacity and opportunities should be available to potential customers.

Developments to improve timber freight infrastructure may require third parties to gain wayleave rights. Network Rail's expectation to negotiate high profit from such transactions can delay and reduce the viability of projects that are primarily aimed at achieving public benefit.

The Timber Transport Forum responded in this regard to an earlier consultation by the Office of Rail Regulation on the **review of obstacles to third party investment.** We note the response issued in March 2009.

At construction stage, Network Rail costs, and the costs of complying with rail industry requirements, can be extremely high making it commercially unattractive to take on the risk of going forward with a project.

The long-established primacy of road transport
Road transport and its immediate costs are established and understood. The rail industry on the other hand is seen as being difficult and more complex to enter into. Recent disengagement from rail solutions (e.g. at Kinbrace and Crianlarich) and delays (e.g. at Rannoch and Barrhill) have increased apprehension about rail's ability to deliver. The rail sector must look to the future and take positive steps to engage industry in developing sustainable opportunities for rural freight.

If a significant shift to rail is to happen, it will require the forestry sector to work together through partnerships of owners, agents, hauliers and processors as well as other rural businesses. This in turn requires confidence that rail solutions can be clearly understood, be adaptive, cost effective, reliable and sustainable. Such confidence will take time and effort to rebuild.

The lack of rail connected destinations
The predominance of road haulage and the earlier scaling back of rail haulage of timber has meant that most mills and planned biomass plants are not directly rail connected. Some mills were previously connected, but have since been disconnected. A number of processors and proposed biomass plants are situated close to rail lines but there has not been the incentive to maintain or develop these links. This is a classic chicken and egg situation. Major processors close to the rail network will not invest in direct rail access unless and until they are assured of its long term cost effectiveness and reliability. A key problem is that it does not appear to be possible to impose planning conditions for rail connections to new developments without compromising the ability to subsequently apply for a Freight Facilities Grant.

Lack of rail freight infrastructure
It has been established that the rural lines that access some areas of forest are relatively lightly used. However path availability to increase freight traffic can be limited by the lack of passing loops or the standard of level crossings and other rail infrastructure.

Some routes are sufficiently open to allow lineside loading of logs, which has been undertaken at Kinbrace in Sutherland and is now being progressed at Barrhill. Lineside loading does reduce infrastructure investment costs but, on the other hand, can add significantly to time pressures, operational costs and safety and liability issues which may, (as at Kinbrace), make the process unsustainable.

Railheads with sidings, good access and storage space are required. Existing railheads in rural areas, such as at Crianlarich, are often of Victorian vintage and ill-equipped to provide access for HGVs and space for loading equipment or to stack logs. Often in the centre of small towns or villages there is little scope for expansion and they are unsuitable for night or early morning working. Argyll Timber Transport Group has drawn up plans for a new rail freightyard close to Crianlarich.

Some railyards, such as those at Oban and Taynuilt, have already been lost, having been converted to other uses without, it seems, any thought given to the future. Rural rail lines themselves have restricted gauge, weight limits and short crossing loops on single track routes that limit traffic and train size.

A study in Wales looked at the development of smaller speedier Rail Freight Multiple Units which may have potential in the development of rural freight. The use of FMU's was also considered in the development of the Barrhill project.

Opportunities to use Non Intrusive Rail Crossover connection systems have been investigated as a lower cost solution to temporary rail connection in certain circumstances. It seems this system has not yet been given approval.

Urban bias
The consultation document focuses on the benefits of modal shift in urban and inter-urban freight transport to reduce congestion. This narrow perspective is also evident in the recent Scottish Multi-Modal Freight Locations Study which simply **did not address** the wider economic, social and environmental benefits of developing the few, more rural locations considered. The Scottish Government's Economic Strategy specifically aims to provide opportunities for ***all of Scotland to flourish*** through increasing sustainable economic growth. The TTF sees additional economic benefits for Scotland from encouraging rail freight to and from rural areas.

Infrastructure maintenance costs
The consultation note suggests that 'further research will be required to determine the damage caused by road and rail freight to their respective infrastructures etc..'. The forum would encourage research that looks at the relative costs of upgrading rural road and rail infrastructure to extend rural freight transport. The implications of climate change on maintaining infrastructure – e.g. higher winter rainfall - could also be taken into account.

4. Have we identified all of the obstacles to modal shift to rail?

The Timber Transport Forum recognises that there are obstacles in implementing a shift from road to rail. Most relate to a lack of infrastructure and a lack of confidence in the system, the latter leading to a lack of investment and effort in advancing solutions.

The fragmented and competitive nature of the forest industry can hinder the development of collaborative marketing partnerships. However there is a large state sector and a few major forest management companies in Scotland and experience has shown that fragmentation can be overcome where there are clear opportunities to be won.

Much intermodal freight relies on containerisation. Timber does not easily suit containerisation, primarily as standard containers are difficult to unload efficiently. Bespoke open, bunkered wagons or open containers are required that can be loaded and unloaded by a crane grab. Because of the lack of existing freight, there is little developed market in rolling stock or intermodal containers ('swap bodies') suited to timber haulage. Grant support for the development of suitable containers would be appropriate.

At present, with neither forests nor mills rail connected, the costs of transferring logs from lorry to train and back onto a lorry again, will stand as a major barrier to private investment in the use of rail.

Timber by rail would be considerably more viable if there was other rail freight providing back loads to rural towns and ensuring sufficient volume for regular reliable freight trains. This would require the development and promotion of generic rural intermodal infrastructure. On some rural lines there are still gauge limitations which restrict the movement of standard sized containers. This will again require bespoke low-platform wagons to be developed, with added cost to rural freight.

5. Which of the barriers, if overcome, would be conducive to rail freight expansion?

If rail freight is to make headway against the dominance of road haulage, there needs to be a concerted effort across the board to address the various obstacles that have been highlighted.

6. Are there any types of traffic/scenarios where the rules or processes of the Freight Mode-Shift Grant schemes operated by the Scottish Government Transport Directorate have proved to be an obstacle to securing traffic to rail?

It does not appear to be possible to impose planning conditions for rail connections to new developments, without compromising the ability to subsequently apply for a Freight Facilities Grant.

Many schemes would benefit from multiple partner investment in projects but this requires considerable investment in collaboration from an early stage. Public grant or investment in staff to support such processes would be effective.

It would appear that the mode shift grants may not recognise the additional costs of developing freight on rural lines. Where freight is running from the Western Highlands to the South of England for instance, the grant structure does not appear to take account of the current obstacles in developing the rural leg of the journey.

7. Do you consider that intervention is required, in addition to the current incentive schemes, to encourage modal shift? Please give examples of interventions that may contribute to the desired outcomes.

A market-driven rail freight sector alone is unlikely to actively pursue timber by rail opportunities. As things stand, the forest industries are similarly reluctant to invest in developing rail freight. Intervention will be required to realise the potential of a sustainable, efficient rail freight system that serves rural Scotland and contributes to timber transport.

While there are obstacles, there is evident interest by the forest industry in the benefits of shifting a significant proportion of timber transport (roundwood, biomass and sawn timber) from road to rail.

There are fundamental reasons to invest in timber by rail:

- Rail reaches into many rural forested areas;
- Sustainable softwood production from our forests is increasing and is established for the long term;
- There has been, and continues to be, substantial investment in the wood processing sector in Scotland;
- Much of the demand for finished products is in England.
- Rural road haulage is increasingly expensive with little scope to reduce carbon emissions significantly.
- There is a substantial deficit in rural road maintenance budgets which will constrain road haulage options.

At this end of the supply chain, roundwood from Scottish forests is a relatively low value product. With many private forest owners dispersed across Scotland it will be difficult for individual stakeholders to invest in the upfront costs associated with a modal shift unless there is a clear framework for wider engagement.

For this to develop, the government and rail industry need to demonstrate a genuine willingness to invest in a future in **timber** rail freight.

The Strategic Timber Transport Scheme currently provides a fund of £5m /year (until 2011) to invest in timber transport related projects that provide social and environmental benefits. Two rail freight related projects have received grants and now, after substantial delays, are being taken forward. **The continuation of the fund will be a vital mechanism to support timber industry efforts to shift to rail**.

In addition, there needs to be targeted investment in building up a critical mass of timber and other freight by rail to overcome industry apprehension and encourage market-led solutions. This will require

- Improving information on and access to the current capacity of the network
- Upgrading of rural rail infrastructure to increase that capacity
- Building partnerships of rural industries that can collaborate in making rail freight more viable.
- Planning and investing in new railheads in forested regions and adjacent to large forest areas
- Rail-connecting existing and new timber-using industries.
- Creating rural intermodal facilities

8. Are our proposals for action suitably allocated to the appropriate sector or organisation?

The proposals for action need to consider the potential for freight (specifically timber) on rural lines.

Scotland's National Transport Strategy has a very urban perspective looking exclusively at trunk routes linking urban areas and linking the periphery to urban areas.

With rural rail infrastructure coming under the authority of national and UK authorities, there needs to be a more deliberate effort to address rural opportunities. There is scope for much greater emphasis on the benefits of linking Scotland's rural areas and ports with reliable rail freight services. This would also serve to improve the viability and long term future of Scotland's rural railways.

9. Are you, or your organisation, ready to play your part in achieving these desired outcomes?

The Timber Transport Forum, its members (particularly Scottish Enterprise) and the network of Timber Transport Groups have worked consistently to promote the opportunities of inter modal shift and to support the forest industry in the development of timber by rail. This work, and the commitment of the timber industries will continue, if enabling policy is put in place and political will can be clearly demonstrated.

The following publications relating to timber by rail opportunities will contribute significantly to the evidence base for policy interventions.

The Transport of Timber by Rail: Facing the Challenge, The Highland Timber Transport Group, February 2009
http://www.timbertransportforum.org.uk/Upload/Documents/22_TimberbyRailBriefingPaper.pdf

Transporting Timber from the Flow Country, Developing a Strategy: A Discussion Document The Highland Timber Transport Group, November 2007
http://www.timbertransportforum.org.uk/Upload/Documents/22_TimberExtractionfromtheFlowCountry.pdf

Borrobol Forest, Sutherland: A Potential Case Study for Low Cost Railside Loading
The Highland Timber Transport Group, September 2008
http://www.timbertransportforum.org.uk/Upload/Documents/22_Borrobolrailstrategypaper.pdf

Logs on Rails Kronospan's Roundwood Rail Freight
Timber Transport Forum, September 2009
http://www.timbertransportforum.org.uk/Upload/Documents/41_LogsonRailsKronospannote.pdf

Potential timber transport applications of the non-intrusive rail crossover (NICS)
Deltix Transport Consulting and IBI Group, Scottish Enterprise 2006
http://www.timbertransportforum.org.uk/Upload/Documents/41_Potential_timber_transport_applications_NICS.pdf

Intermodal rail timber demonstrator project
The Spaven McCrossan Partnership, Scottish Enterprise 2001
http://www.timbertransportforum.org.uk/Upload/Documents/41_Intermodal_demonstrator_project.pdf

Rail Freight Multiple Unit Trial, Aberystwyth to Chirk,
FC Wales, INBIS Ltd and First Class Partnerships Ltd, March 2005
http://www.timbertransportforum.org.uk/Upload/Documents/41_Rail_freight_multiple_unit_trial.pdf

Evaluation of Containerisation of Round Timber
Tore Högnäs and David Killer 2002
http://www.timbertransportforum.org.uk/Upload/Documents/41_Containerisation.pdf

10. Do you consider anything further can be done to encourage a modal shift to rail for freight? By whom?

Respondents must complete the Respondent Information Form. This form, along with consultation responses should be sent to:

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