ASLEF Response Network Rail - Freight Network Study – October 2016

1. The Associated Society of Locomotive Engineers and Firemen (ASLEF) is the UK's largest train driver's union representing approximately 20,000 members in train operating companies and freight companies as well as London Underground and light rail systems. The union has just under 2,500 members in the freight industry.

2. ASLEF fully supports investment in rail freight. Recent decades have been reasonably successful for the industry but its failure to diversify into new markets has left it vulnerable in the face of the downturn in coal and steel traffic. We're concerned the consultation document does not fully address the current crisis in the industry.

3. The union would point out that road congestion is estimated to cost businesses £17 billion a year and the Department for Transport estimate the cost of congestion being 99 pence per lorry miles on the most congested roads. In addition the UK has signed up to legally binding Climate Change targets making the growth of rail freight even more important. The sector produces 76% less CO2 emissions than the equivalent HGV journey. In 2014 carbon dioxide emissions from transport went up from 25 per cent to 28 per cent of which surface transport emissions account for the 94% of that with HGVs contributing 17 per cent, despite making up only 5 per cent of road vehicles. Both passenger and freight rail together are less than 2 per cent. All of these factors as well as the fact that the ORR states that rail transport is 20 times safer than road transport demonstrates that we must support industry growth.

4. ASLEF would highlight that a quarter of consumer goods imported into the UK are transported by rail and we believe that this traffic can grow if there is more rail freight capacity on key corridors. The rail network as a whole has been running at capacity for both freight and passengers so it is essential that the growth of freight is not hampered by a lack of paths.

5. Network Rail's Freight Market Study has projected annual growth in total rail freight volumes of about 3% per annum to 2043 with intermodal volumes forecast to increase by over 5% per annum, construction volumes forecast to grow by 1% per annum and coal volumes were forecast to fall. We note that this growth is based on an unconstrained network and believe steps should be taken to ensure it is not held back.

6. We do not fully share the optimism of the consultation document which uses an unconstrained network as the basis for its growth forecasts. This assumption relies both on having the infrastructure to enable the market to grow unimpeded and having the resources and workforce to build the improved infrastructure. We don't believe these are realistic assumptions.

7. For example, the document acknowledges that "coal volumes were forecast to fall although the average annual rate of decline has been much quicker than that anticipated by the forecasts." ASLEF believes that the industry is currently facing a severe crisis which will totally undermine the two assumptions highlighted in the previous paragraph.

8. Coal and steel have long been the core business of the rail freight sector. It has been clear that this business would decline over time and consumer intermodal traffic would continue to grow although the pace of this decline (due to government policy on taxation of coal) has happened at far quicker pace than assumed. While respectable, the growth in consumer good traffic cannot fill the shortfall left by coal and steel traffic. This is one of the primary reasons why many freight operating companies are now seeking

to make staff redundant. Another is the failure of the rail freight industry to sufficiently diversify its markets and client base.

9. The UK's largest rail freight company DB Cargo is proposing to cut just under 900 jobs or about 30% of its entire workforce. Between 1 January and 30 September this year the amount of coal trains it ran decreased by 78% on the previous year. Steel traffic fell by 33% over the same period. The ORR's figures show that volume of freight moved in Q1 206-17 was down 8.4% across the board with coal falling 61.4%. This is a record low for any quarter. The amount of freight lifted by tonne in 2015-16 fell 22.1%.

10. We would point out that in 2015-16 there were 236,290 freight train movements. This is the lowest since records began in 2003-04 and a decrease of 16.3% on the previous year.

11. In straightforward terms, the decline in the traditional rail freight markets is happening at such a pace that the gentle long term increases in new consumer markets cannot fill the shortfall from this decline quickly enough. This leaves us facing the prospect of a declining industry with fewer qualified drivers and other staff, as well as the possibility that infrastructure will be lost.

12. There are many rail infrastructure projects due to be undertaken in the coming years. As well as those discussed in this document to help facilitate the proposed expansion of rail freight, there is HS2 and many electrification projects such as the electrification of the Great Western and Midland Mainlines. Much of this work will be undertaken by freight operators. Yet if they are cutting jobs and infrastructure because of the collapse of coal and steel traffic, how will they be able to sustain the capacity to undertake that important work? The process of training train drivers is a long and expensive one. ASLEF is extremely concerned that if the industry is allowed to decline rapidly with the wishful hope that new

markets will miraculously appear in the future to save it, the railway will simply not be able to be maintained, let alone expanded.

13. We also believe that the current downturn will make it increasingly difficult for emerging growth markets to come onto the railway. Between the financial crisis of 2008 and the current collapse in coal and steel traffic, operators cut drivers as a result of a reduction in contracts. They were then short of the capacity to fulfil contracts when the inevitable market upturn occurred. It's self-evident that the railway needs long term planning and must not be at the mercy of short term expansions and contractions according to the behaviour of the markets. If rail freight cannot fulfil new contracts, goods will go on onto the road and will not come back to the railway. If such a scenario comes to pass, the infrastructure works detailed in the study will be undeliverable.

14. ASLEF has called on the government to act to stop the current contraction in the rail freight sector. The government must demonstrate its commitment to the rail industry and take a long term view of the rail freight sector and consider its important role in maintaining and expanding the network as a whole.

15. ASLEF therefore supports infrastructure work that will enable more capacity and more capability. However at a time when our members are facing redundancy because of a stark reduction in rail freight's traditional markets, the promise of a future booming sector seems a difficult one to fully accept. Therefore Network Rail, the DfT and all rail stakeholders must do what they can to support the industry in this time of crisis.

Mick Whelan
General Secretary
ASLEF
77 St John Street
London
EC1M 4NN