Improving incentives on Network Rail and train operators: A consultation on changes to charges and contractual incentives – March 2017

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.

2. ASLEF's main area of concern regarding access charges is around the matter of rail freight. ASLEF clearly has an interest in growing our industry and protecting it from any potential decline. The nature of the franchising system means that services are not likely to be put at risk by changes in charges. Rail freight services, are however far more exposed to the free market and have very tight margins. Any changes to charges for them could risk transferring freight from rail to the road, and losing the multitude of rail freight benefits. It was for this reason that the union strongly opposed the introduction of a freight-specific charge in 2012.

3. The charge on trains carrying coal for the electricity supply industry has caused huge problems for the industry and has contributed to coal volumes falling far quicker than had been forecast. This just goes to demonstrate the sensitivities of the market to any changes in access charges.

4. The benefits in supporting rail freight growth are clear. 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 CO_2 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.

5. It must also be remembered that it is freight operators who do ballast and infrastructure work on our rail network. If they are forced into decline, maintenance of the whole network becomes threatened.

6. Network Rail can be less than efficient when it comes to the cost of infrastructure work. ASLEF believes that the ORR must base future freight charges on an efficient level of cost rather than Network Rail's excessive costs.

7. HGVs are already heavily subsidised and pay less than a third of the costs associated with their activities. This makes it difficult for rail to compete, especially in the consumer market. For this reason the Government needs to recognise road costs, such as road congestion, road collisions, road damage and pollution in any discussion about rail freight costs. The latest research commissioned by Campaign for Better Transport, which used DfT Mode Shift Benefit values, found a high level of distortion of the market across modes, which equates to an annual subsidy of around £6.5 billion. Any increases in charges to rail, would therefore effectively increase this subsidy to road haulage.

8. ASLEF recognises that the rail freight industry must contribute to the cost of rail maintenance, but any charges that move freight off of rail and on to

the road will simply add to the maintenance of our roads whilst simultaneously increasing CO_2 emissions and reducing road safety. We need to look at this matter holistically to ensure we have the safest and greenest transportation of goods around the UK.

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