



The Scottish Parliament  
Pàrlamaid na h-Alba

## Official Report

# INFRASTRUCTURE AND CAPITAL INVESTMENT COMMITTEE

Wednesday 4 February 2015

© Parliamentary copyright. Scottish Parliamentary Corporate Body

Information on the Scottish Parliament's copyright policy can be found on the website - [www.scottish.parliament.uk](http://www.scottish.parliament.uk) or by contacting Public Information on 0131 348 5000

---

**Wednesday 4 February 2015**

**CONTENTS**

<b>FREIGHT TRANSPORT INQUIRY .....</b>	<b>Col. 1</b>
--	---------------

---

**INFRASTRUCTURE AND CAPITAL INVESTMENT COMMITTEE**  
**3<sup>rd</sup> 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:**

Chris MacRae (Freight Transport Association)

Martin Reid (Road Haulage Association)

David Spaven (Rail Freight Group)

David Whitehead OBE (British Ports Association)

**CLERK TO THE COMMITTEE**

Steve Farrell

**LOCATION**

The Adam Smith Room (CR5)



# Scottish Parliament

## Infrastructure and Capital Investment Committee

Wednesday 4 February 2015

[The Convener opened the meeting at 10:00]

### Freight Transport Inquiry

**The Convener (Jim Eadie):** Welcome to the third meeting in 2015 of the Infrastructure and Capital Investment Committee. Everyone present is reminded to switch off mobile devices because they affect the broadcasting system. As meeting papers are provided in digital format, you might see tablets being used during the meeting.

David Stewart has given his apologies—he cannot be with us today.

The only item on the agenda today is to take evidence for the committee's freight transport inquiry from a number of representative groups. I welcome David Whitehead, who is director of the British Ports Association; Chris MacRae, who is the head of policy for Scotland at the Freight Transport Association; David Spaven, who is the Scottish representative of the Rail Freight Group; and Martin Reid, who is the director in Scotland and Northern Ireland of the Road Haulage Association.

I kick off by asking our witnesses to provide the committee with an overview of the sectors that they represent, and their significance to the Scottish economy.

**David Whitehead OBE (British Ports Association):** Thank you for the invitation, and for taking an interest in freight, which does not always get the attention that it deserves. I am delighted to give evidence on the subject.

The British Ports Association is a United Kingdom organisation. Within that, we have a successful and active Scottish ports committee, which represents pretty much every port in Scotland.

In 2013, ports in Scotland handled 72 million tonnes. That might be a meaningless figure: to put it in context, that is certainly more than the whole of the Republic of Ireland handled. The Scottish sector accounts for 15 per cent of the UK trade, and the UK has the largest ports industry in the European Union. It is a substantial sector.

The growth area in ports is in handling unitised freight—that is to say, containers and roll-on, roll-off freight. Those units are the particular elements that put pressure on the transport system. The

overall volumes for ports have declined because of the decline in the oil industry, but that does not correlate to a decline in pressure on the transport sector.

Public policy for ports very much takes a hands-off approach. The ports industry has a small number of business models within it but, essentially, it is a private-sector industry. There is no systematic subsidy of any port in Scotland: they are there to react to the market and to serve the needs of users. Generally, it is fair to say that there is good port capacity in Scotland and throughout the UK. If there is a need for more capacity, it can generally be met through development of existing facilities.

On freight, the specifics can get quite complicated, because there are different demands. For example, there are connections to the islands, which is a particular issue for Scotland, there are connections from the west coast to Ireland, there are internal movements and there are movements to the rest of the UK, the European Union and internationally. All that must be delivered in a low-carbon framework.

The decisions on freight in this country are quite complicated. Let us compare Scotland with a country such as Belgium. It has a short coast, two major ports and a huge hinterland. You pretty much know where the freight is going to go and where it will arrive; you know where the road and rail developments need to be. In Scotland, with its different and competing demands, the situation is more complex.

A lot of the conversation and discussion is rather passenger focused. I quite understand that. Sometimes, passenger and freight transport are complementary; sometimes, they are not. That is one of the dilemmas that must be resolved.

We read Scottish Government statements on transport. There is no doubt that there is a clear commitment to investment in the transport sector and a clear recognition of its importance. We have no problem there. However, we are interested in three layers of transport investment. The first layer is investment in urban areas and the efficiency of the links in the larger towns and cities. The second layer is investment in the connections between those areas, which is absolutely vital. The third layer is investment in connecting to major international gateways, with ports here representing the main gateways in that regard.

Those three elements must be looked at. That is not all about building big motorways or even necessarily dualling roads. We have given to the committee an indicative list of projects, some of which are quite modest. It is about, for example, relieving congestion in towns thereby making the links to ports easier. There is a mixture of high-

prestige projects, if you like, and quite modest ones. Sometimes, the modest ones are a bit overlooked.

Maintenance is also an issue. The Institution of Civil Engineers came up with a nice convenient figure of £1.5 billion that is needed just to repair and maintain the network, let alone invest in anything new. There is a need for funds to be made available; we need to recognise freight as an issue in that context. I suppose that most transport discussions come back to the money—where it will come from, who will pay and the fairness of that. Eventually, a discussion about that must happen.

**Chris MacRae (Freight Transport Association):** The Freight Transport Association is a United Kingdom trade association. It is one of the UK's largest trade associations. Uniquely, it provides a voice for the whole of the UK's logistics sector; we have more than 14,000 members. Our role is essentially to help members to enhance the safety, efficiency and sustainability of freight movements across their supply chains, irrespective of the mode of transport that they operate. Our members operate in all modes of transport—road, rail, sea and air.

On the road side, our members operate more than 200,000 goods vehicles—about half the UK operator-licensed goods vehicle fleet—and some 1 million liveried vans. In addition, our members consign more than 90 per cent of the freight that is moved by rail, and more than 70 per cent of freight that is moved by sea and by air.

The FTA's role is very much to work with its members to influence transport policies and decisions that are taken at local level, national level—in devolved administrations—UK level and, increasingly, European level, to ensure that the needs of industry's supply chains are recognised.

Broadly, we welcome the inquiry—the interest that is being shown in the freight transport industry is very welcome. As we will probably come on to pick out issues in our submission, I will mention that Scotland faces unique challenges in its geographic peripherality. The challenge for the freight and logistics industry is to ensure that geographic peripherality does not translate into economic peripherality. Therefore, what is important for industry and Government is to have in place transport infrastructure and connection policies that help Scotland to compete in UK, European and global markets not only in its exports, but in sourcing products that the domestic economy needs from across the UK and the globe, and having them efficiently transported in Scotland.

**David Spaven (Rail Freight Group):** The Rail Freight Group represents users and suppliers of

rail freight throughout Britain. We have about 120 members, who range, as we like to say, from Maersk to Marks & Spencer. The latter company you will know, but you might not know the former: Maersk Line is the largest container shipping line in the world. We have a wide range of members, including in Scotland some of the major road hauliers, including W H Malcolm and the Russell Group, as well as port authorities, because they have an interest in multimodal transport. We like to think that we have a broad perspective, but rail freight is our key concern.

Rail freight is a relatively small part, although it could be much larger, of the freight scene in Scotland. We handle something like 14 million tonnes a year and have about a 10 per cent share of the market. You will not be surprised to hear that the key markets where rail operates include movement of coal, which has been a traditional rail commodity since the railways were invented almost 200 years ago, but is in some decline now. The other traditional rail market is movement of deep-sea containers to the big deep-sea ports in England. Since 1970, the Coatbridge Freightliner terminal has been a key hub for Scottish exports. It is not terribly well known, but that is an issue for freight generally because it tends to be rather hidden away. Freight trains tend to run at night, so they are not terribly obvious. However, rail and deep-sea exports have absolutely fundamental roles.

More recently, rail has been very successful in developing domestic intermodal traffic—that is, container traffic. In essence, it consists of supermarket supplies coming from national distribution centres in the west midlands of England up to the central belt of Scotland, and secondary distribution onwards from the central belt up to Inverness and Aberdeen. I am sure that many of you will have heard of or seen the Tesco train that runs to Inverness. An equivalent train for Asda runs to Aberdeen. So, rail has a big role in markets that might traditionally have been thought to be too difficult for rail. However, rail has proved to have 95 per cent reliability in that sector.

Rail has its strengths, but it also has its weaknesses—for example, we need volume on rail. One of the key on-going issues is how we aggregate enough volume, and very often we need road hauliers to help to create critical mass. The Government has a key role. I think that rail freight meets many of the Scottish Government's objectives both in transport terms and wider policy terms. The key issue for us is to have a level playing field with the other modes of transport. This may come out in discussion, but there are areas where we feel that the competition is not fair.

Rail has a lot of potential in terms of its economic benefits and contribution to the resilience of the Scottish economy, and to tackling climate change. Again, we will probably come on to this later, but a lot of issues are to do with the capacity and capability of the rail network, how Government grant schemes work or do not work and, not least, the scope for more innovation in the industry.

**Martin Reid (Road Haulage Association):** Quite simply, 85 per cent of everything that is delivered is delivered by road. Our members are a resilient bunch who take things from point A to point B, depending on what the contract is.

The RHA is a UK organisation but we have a strong presence in Scotland. We share a number of members with both the FTA and the Rail Freight Group; for example—David Spaven mentioned them, too—W H Malcolm and the Russell Group. Those members are at the larger end of the market, but about 27 per cent of our members own only one or two lorries. Traditionally, they have been the guys who have been the most difficult to engage with and the guys who are at the bottom of the supply chain, if you like.

The industry is coming out of recession, like many others, but it is emerging as a compliant, forward-thinking and nimble industry. Margins remain tight and driver shortage remains a key problem for the industry. We are working with the Governments on both sides of the border to overcome those problems. As I said, we remain a nimble, forward-thinking and compliant industry that is there to meet the needs of the nation and its economy.

**The Convener:** Thank you for setting the scene for us.

David Whitehead talked about the challenges to do with repairing the network and Mr MacRae talked about geographic peripherality and ensuring that that is not translated into remoteness from key markets. We will touch on each of the sectors in turn. Will you say a little about the current infrastructure for your industry and what the challenges are for your members?

10:15

**David Whitehead:** The ports industry faces a mixture of challenges. As I said, we included an indicative rather than an exhaustive list of them in our submission. In Aberdeen and Edinburgh, there are issues with congestion in the cities. There is a particular problem with the last mile in getting goods in and out of the ports. Other challenges include the fact that the dualling of the road from Inverness to Aberdeen is earmarked for completion by 2030, which is a long time away. The idea of connecting urban centres seems to be

in the plans, but there do not seem to be particularly ambitious targets to complete those connections.

Scotland will always have issues with peripherality. We will never solve those, but more investment in the infrastructure would assist. There is a gap in that although we talk to Transport Scotland about many things, we never speak formally to it about the needs of ports. As I mentioned earlier, ports are in the private sector—they are not part of public spending—so there is always a risk that we are marginalised in discussions on public spending. The road guys will take part, because they are very much part of the system. It might be our fault, but we are slightly outside that.

As we said in our submission, we hope that one of the outcomes of the inquiry will be that a formal route will be provided to allow us to have a conversation with Transport Scotland, to present our investment needs and to talk about future growth.

**The Convener:** Why has that not happened to date?

**David Whitehead:** It probably happens, but in a rather patchy way. At the end of last year, we had a meeting that involved us and the UK Chamber of Shipping. The idea was to get together a group from the maritime sector, which is the key player. That might give us an opportunity to start to have such conversations. There is a gap at the moment.

**Chris MacRae:** The points that my colleague makes are very valid, particularly in relation to the ports sector.

I mentioned Scotland's place in the supply chain. Scotland's routes to and from global and European markets tend to involve going via the south of England Haven Gateway Partnership ports, so infrastructure links to and from those—whether road or rail links or, in the case the maritime sector, links by way of coastal feeder ships—are extremely important. Because of that, investment on the Scottish side in cross-border road and rail links to complement the investment on the English side of the border remains important in allowing Scotland to compete in global markets and to source and feed its imports through the south midlands distribution centres.

The Scottish Government, in the form of Transport Scotland, has very good links with the freight industry through the Scottish freight and logistics advisory group. A number of us and our colleagues are members of that group, which does specific work on ports and harbours issues. It is extremely important to keep an eye on the freight and logistics industries, to listen to their voice and to see how that can help with national

improvement in Scotland. That is why the committee's inquiry is so welcome.

**David Spaven:** I echo what Chris MacRae said about the consultation that has been going on and this inquiry. The Scottish freight and logistics advisory group—ScotFLAG—is proving to be a useful forum.

About a year ago, the committee and Rail Freight Group had concerns that the strategic planning process was not working fairly for rail freight compared with, for example, sea freight. A subgroup of ScotFLAG has been set up to look at the relationship between freight and strategic planning. That is a welcome development.

There is also Transport Scotland representation on the Scottish freight joint board, which is a railway joint board of rail hauliers and the big logistics players. Transport Scotland is developing a rail freight strategy—there has been very good consultation on that and a great openness to new ideas, which is very welcome.

I echo what Chris MacRae said about international links. There is quite a distinction between the Anglo-Scottish links and the internal Scottish links. The key route for rail freight is the west coast main line from Grangemouth, Coatbridge and Mossend down through the west midlands to the deep-sea ports to which Chris MacRae referred. There is pretty good capacity and capability on the route, but we could have greater capability for the tallest and widest of the modern generation of containers.

An interesting conundrum has been developing for some time, in that, on our mixed railway—passenger and freight—when we have 125mph passenger trains and freight trains with a maximum speed of 75mph, there is an issue to do with finding capacity for freight trains, which often have to pull into loops beside the main line to allow passenger trains to run through. The most cost-effective freight trains are the big long ones—up to 775m long, but a lot of the loops are not that long.

That is equally the case north of the central belt; there is a problem getting past Aberdeen because of short loops. There are also big problems because of single track. Two-thirds of the Perth to Inverness route is single track, and there are still single-track bottlenecks on the route from central Scotland to Aberdeen. At a time when all trunk roads are dual lane and many are dual carriageway, there really is an issue about the relative competitive capabilities of road and rail.

We are very worried that the competition will get even worse on the Inverness route, because having a fully dualled A9 and a predominantly single-track railway between Perth and Inverness will not constitute a level playing field.

**The Convener:** I am sure that we will come on to some of the detail of that, particularly in relation to work that you have undertaken on the cost of addressing infrastructure challenges.

Do you want to add anything, Mr Reid?

**Martin Reid:** Most of it has been said. The Road Haulage Association is happy with the engagement that we have with Transport Scotland at different levels. We are part of a number of the groups that have been mentioned.

I echo what David Whitehead said, in that the problem is not necessarily the trunk roads but the final mile before delivery. The state of repair of the roads that come under the auspices of local authorities tends not to match the standard of the trunk roads.

We engage with Transport Scotland through various groups, as I said, and we need a holistic approach to transport. I am here today to represent the Road Haulage Association, but I do not think that road haulage should necessarily benefit to the detriment of other modes of transport. We need to look holistically at how we move freight around the country and to Europe and beyond.

**Mike MacKenzie (Highlands and Islands) (SNP):** The link between growth and freight volume has long been acknowledged, but in recent years it has been suggested that there has been a decoupling and that the relationship is no longer clear. Do the witnesses have thoughts on that and on the implications for our approach to freight?

**Chris MacRae:** There has been a trend in all modes of the freight industry to ensure greater efficiency in the delivery of freight, which very much picks up on your point about a decoupling of economic growth from the actual amount of freight movement.

Basically, there has been an emphasis on more payload over the years being carried on lorries, on longer and heavier trains and on larger and bigger ships moving around the world. That leads to greater economic efficiency. However, as colleagues have explained, it also puts strain on the transport networks because it means that, for example, when a very large ship calls at a south of England Haven Gateway port, the road hauliers or rail freight companies have to do the equivalent of five days' work in three days to deliver the volume from that ship. Putting 775m-length trains on the network has infrastructural constraints and requires investment, but it allows for goods to be moved with greater economic efficiency.

The economic growth to which you referred and its relationship with freight volumes are important. To allow for increasing efficiency in the freight



industry, we need not only the industry to invest but the Government to assist with infrastructural improvements. We might come on to talk about that a bit later.

**Mike MacKenzie:** I have a macro-level question on the back of that that makes a similar point. We are always prepared to fight yesterday's battles but never tomorrow's battles. You might know that, in Orkney, there is a fairly long-standing proposition to use Scapa Flow as a container port. More recently, in some quarters, there is what seems to be a credible proposal to have a floating container port. A lot of that thinking is about the shrinking of the Arctic ice and the opening up of that northern route.

How do you feel about the possibility of a set of game-changing circumstances that mean that the way that we think about freight at the moment—I take it that your submissions are based on that—might change fairly profoundly and radically? Do you have any thoughts on that?

**David Whitehead:** The Orkney proposal is interesting. For that to go through—it would be great if it did—it would need commitment from the shipping industry, which must be one of the most conservative industries in the world. It never really wants to change where it goes to and wants the easiest routes all the time. Also, the container business—world trade—has suffered terrible things over the past seven or eight years and is not quite fashionable at the moment. The Orkney container port could happen but would need quite a reconfiguration of current trends, and things do not change overnight.

More generally, the thing to be aware of for planning in Scotland is the 50 per cent growth of unitised trade on the mainland since the early 2000s. That is really more lorries on the road, and possibly more trains, too. The last time that we had UK port forecasts—I think that we did them around 2006 or 2007—we were looking at plus 4 per cent for containers every year and plus 3 per cent for railroad traffic. Obviously, after 2007, there was a bit of a dip, but growth is starting to come back. We are convinced that unitised trade and the pressures that it will exert on the transport system will be the big feature of the future and that there will be significant growth in them.

**David Spaven:** It might be worth adding that, when there was discussion about the Orkney proposal, there was a similar proposal for Hunterston. As David Whitehead said, the shipping lines were not willing to commit to such a major change.

The Hunterston proposal was interesting because it was a landfall as well as a sea fall, so there was the opportunity for road and rail distribution from there as well. I wonder whether,

with Hunterston being primarily a coal port, the trends in coal might open up opportunities that mean that Peel Ports, which owns Hunterston, might look to develop such facilities.

Mike MacKenzie mentioned game changers. A number of things have been going on. The industry is dynamic and it can be hard for all the players to keep up with it. We are now seeing more of what is called port-centric development. Instead of a container coming into Felixstowe and being roaded or railed up to Birmingham to a major distribution centre, the distribution centre will be located in the port. Whether that has direct implications for Scotland is another matter. It tends to happen in the big ports down south. My feeling is that, as regards what benefits the Scottish economy, we should be port neutral and we should be mode neutral. We should just be thinking about what the best overall cost benefit balance is for Scotland.

10:30

One of the issues in relation to game changing is innovation, which the rail industry needs to think long and hard about. The rail industry has sometimes not been as clever with innovation as the shipping industry in Scotland has been. For example, it may depend on encouragement for rail hauliers to work together. At the moment, four or five rail hauliers operate in Scotland. If two or three of them are running to one location such as Aberdeen, the offer is spread quite thin, whereas if they co-operated with one another—if, for example, a pool of special low-deck wagons to get the biggest height containers was provided to the hauliers who worked together—we could get an interesting new dimension there.

The Scottish Government could help with some issues; we may come on to this point under the heading of innovation. A number of interesting ideas about technical innovation to help the freight offer have been kicking around the rail industry for some time, but they have not been able to make their way through a somewhat conservative framework. We could perhaps develop that point later.

**Alex Johnstone (North East Scotland) (Con):** You have said some things already about roads and the fact that the infrastructure is fairly strong and is improving. However, there are of course still bottlenecks in the road network. Do you have any views on what the priorities need to be with regard to the few issues that still exist regarding Scotland's road networks?

**Martin Reid:** Each pinchpoint has to be looked at individually. There is certainly an argument for improvement in delivering into city centres—

perhaps having some sort of consolidation centre outside each city centre would help.

We have more and more road transport and less and less space on the roads. That is the issue, and something has to be done about it. There are issues for hauliers that we could be helped with, not just by having consolidation centres. Separate places for rests and breaks would mean that the guys would be off road—the lay-bys on most trunk roads are not suitable for breaks—so that would be a holistic approach.

At certain pinchpoints, low-emissions zones are also being looked at. Most of the city centres are looking at low-emissions zones, so we are engaging with them on a number of levels to try to work out the best solutions. However, if we reach a stage at which there are consolidation centres outside the city centres and vans are taking things into the centre where applicable, that would make sense and it would also comply with the low-emissions zone requirement.

**Chris MacRae:** Another important issue is the timing of deliveries, particularly to urban centres. Given the sheer volume of spectators coming into the city during the Glasgow Commonwealth games, retiming of deliveries had to be looked at and certain route restrictions were put in place. We were very successful in working with Glasgow City Council to put in place a code of practice on night-time deliveries, which was very much based on London's experience during the Olympic games. That type of fresh, out-of-the-box thinking about when goods can be delivered to minimise urban traffic congestion warrants being looked at further across the other Scottish cities.

Goods vehicles operate most efficiently when they move at a constant speed, not when they are sitting in a traffic jam. Perhaps that is stating the obvious, but the danger of having so many vehicles in the city centre during the day—they may not be allowed to deliver at night—is that they are pushed into operating in a not terribly fuel-efficient way. They do not operate in a carbon-efficient or emissions-efficient manner.

There are some initiatives that can be looked at and copied more widely in the cities of Scotland.

**Martin Reid:** The way in which everyone worked together and pulled together during the Commonwealth games meant that, during the entire period of the games, we did not take one negative phone call from a haulier saying that they could not get access, that they were stuck in traffic or that a road was closed. That was because of the joined-up nature of the organisation. Sadly, that was a one-off, rather than the norm.

Road hauliers can deliver at whatever time anybody wants, but we need someone at the other end to take the stuff off the lorry. Most of the guys

already operate shift patterns, but the end point of the delivery can be the problem if the people who are receiving the load do not have anyone there at the time when we can deliver to them.

**Alex Johnstone:** I am picking up a clear message that the urban environment causes the biggest problems for the road haulage industry at the moment.

Is there anything about the trunk road network that you feel still needs to be addressed?

**Martin Reid:** As I mentioned before, rest stops are a big problem for us.

**Alex Johnstone:** I am referring to roads that require upgrading but which are not on the programme for that.

**Martin Reid:** The A1 could do with development; I think that Chris MacRae would agree with that. England and Wales have announced a programme of road improvements, and the A1 will be dualled all the way up to the Scottish border. We need to match that up here. David Spaven mentioned the west coast as a key operational route but, for the east coast, it is all the A1. We need to match what is being done down in England.

I believe that the A96 is being looked at—Transport Scotland is dealing with the development side of things there. The work on the A9 is on-going. That takes care of the majority of issues.

We found that freight moving round Scotland tends to move in an anticlockwise manner. The majority of the freight that we looked at will go up the east coast, cross over and come down the A9, rather than going up the A9. That rectangle is essential.

**Alex Johnstone:** Are there any specific issues regarding access to Cairnryan or the west Highland routes, for example?

**Martin Reid:** The A75 is always a problem, especially when there is adverse weather. I heard only yesterday—this has not been confirmed—that the road that is used for stacking and winter resilience down at Cairnryan is about to get a bit of development. That means that there will be problems should stacking be required there. That needs to be looked at.

The A82 is a perennial problem, as is the A83. People forget about the importance of the A83 to those who are down in the west tip of Scotland. That route runs from Oban all the way down to Machrihanish, in effect. Considering the amount of trouble on that road, including land slippage, sticking plasters do not work there. The road needs major investment.

**David Whitehead:** We have issues at Cairnryan, too. It was not on the list that we submitted, but it will be on another list. That is a good example of where improvements are needed. The problems have been known about for many years, but the improvements have not been delivered yet. As I said, the plans are there, but the programme to improve the trunk road network is very long term. That is a big issue.

**Chris MacRae:** David Spaven spoke about the development of port-centric logistics. One key port that is doing that is Teesport. It is important to have consequential investment in upgrading the A1, not only to make it a viable alternative to the routes in the west but so that traffic to and from Teesport can be developed.

That is happening on the railway side. There is joined-up investment across the border from England into Scotland on gauge clearing the network for rail freight on the east coast. It is important to match that with consequential roads investment, so as to provide a viable option for road freight, too.

**David Spaven:** Perhaps not surprisingly, I will follow that with a slightly different perspective. My view is that the key corridors that we are considering should be regarded as transport corridors. We should be mode neutral. We should ask what the best solution is in terms of the market and policy outcomes. What is the right balance between road, rail and other modes on a particular corridor?

One of our big concerns is that the processes for looking at different modes on particular corridors are quite isolated. For example, with the A9 and the Highland main line, two entirely separate appraisal processes have been going on, one of which is leading towards full dualling of the A9 at a cost of £3 billion, while the other will perhaps lead to a maximum of £600 million being spent on upgrading the largely single-track Highland main line. Our view is that there should be a cross-modal appraisal that considers what is the right package or mix of road and rail improvements to get the optimum outcomes in terms of policy, value for money for the taxpayer and meeting market needs. That is not happening at the moment.

Chris MacRae mentioned the east coast main line. Again, I would say that a cross-modal approach is important. Clearance on the east coast main line for the tallest of containers will come in next year; that is welcome, but there is still the issue of getting the long loops so that we can get trains down to Teesport and further south more quickly.

The A82 has been mentioned. There is a railway parallel to the road that carries some

freight but not enough—the west Highland line. It is extremely constrained by the railway infrastructure. There are very short crossing loops, and freight trains have to slow down to a snail's pace over some of the bridges. There is an issue about whether we can afford the investment to upgrade the railway for freight and whether it is worth doing it. I do not know the answer to that. However, perhaps more importantly, we need to consider whether there is an opportunity for some kind of innovation in rail operations. For example, could we run lightweight freight trains? That might need a bit of pump priming from the Scottish Government to allow a new development to tap into markets that rail has perhaps not been very good at so far.

I emphasise the importance of trying to be cross-modal in all those corridors.

**Martin Reid:** One of the issues in the west of the country is timber transport. Because of the state of the roads, timber transport has been increasingly more difficult in that area, particularly when adverse weather kicks in or where there is land slippage, which completely isolates the area. Timber transport is an important aspect in the Scottish economy.

**Alex Johnstone:** Is there anything in policy or regulation that could be improved to make road haulage in Scotland easier?

**Martin Reid:** That comes back to the issue of who looks after the roads. As I said, the trunk roads are definitely of a different standard from those that are under the auspices of the local authorities.

**Alex Johnstone:** Are you suggesting that, when you drive from a trunk road on to a local authority road, you can feel it through the wheels?

**Martin Reid:** You may think that, but I could not possibly comment.

**Alex Johnstone:** My final question is specifically for the road haulage industry. Do you have any feedback from your members on the recent increase in the speed limit for heavy goods vehicles on the A9?

**Martin Reid:** Yes is the simple answer—we have had a fair bit of feedback.

**Alex Johnstone:** Tell us what it is then.

**Martin Reid:** Almost universally, hauliers think that it has been great. For the majority, journey times have dropped. I do not think that the same is true for cars but, in a lot of cases, journey times for HGVs have dropped. One of our members did a test—it was nothing to do with us; it was for *Transport News*—in which they drove up the A9 the day before the trial started and down the day it started, and the difference was more than 30

minutes. On the efficiency side, the increase in speed led to him using an extra half gallon of diesel, which equated to a 51p cost. Transport Scotland has recently published statistics, which I would say are encouraging. We are aware that the trial is for a three-year period, so we do not want to get too excited too early in the process, but we can safely say that there has been a promising start.

We have concerns about cross-border issues. Because England and Wales are moving, without trial, to new speed limits, there will be a bit of confusion when people travel across the border. However, we are absolutely behind the terms and conditions of the trial and we fully support it.

10:45

**David Spaven:** That is a road issue that has relevance for rail. Martin Reid mentioned lower journey times for HGVs, which have a competitive impact on the average two freight trains at day that run to Inverness. The railway is not in a position to up its speed limits without investment. We have a situation in which road haulage economics have been improved, but rail cannot be improved in the same way. The worry—this leads on from the concerns about A9 dualling—is that instead of that leading to a shift of freight from road to rail, which is Government policy and has been for a long time, we could see a shift of freight from rail to road, which is the opposite outcome.

The lack of cross-modal analysis of the outcome of a specific road measure is the sort of thing that we are concerned about.

**Chris MacRae:** The FTA fully supports the trial and the evidence that it can gather on the A9 and the higher speed limit for heavy goods vehicles, but that is only an interim measure until the completion of the full dualling of the A9, and we must not take our eyes off that.

I echo Martin Reid's point about the fact that, while the trial is taking place, the Department for Transport has decided to raise the speed limits for heavy goods vehicles on single carriageway roads and dual carriageways in England and Wales. We would like the evidence of what is being done in England and Wales to be examined to see whether there would be any benefit in doing that in Scotland. Having different speed limits in the two countries on either side of the border is a matter of not just confusion and enforcement, but economic competitiveness. We want a resolution of those issues in the longer term.

Picking up on David Spaven's point, we represent rail freight interests too, and we very much support the investment in the Highland main line and the work that is being done by the Scottish freight joint board to ensure that more

retail freight, in particular, can travel up that route. As well as cross-modal approaches along transport corridors, as David mentioned, it is important that when investment is made in either road or rail freight, a whole-systems approach is taken to look at the network-wide benefits of improvement of the network for not just freight or passengers but all the users of that network. Too often on the road network, and certainly on the rail network, investment decisions are made in isolation on whether things will benefit rail passengers, car drivers, road freight or rail freight. Actually—particularly with railways—decisions have to be made through an integrated, whole-systems approach.

**Martin Reid:** I have another point regarding the A9. The hauliers believe that the safety element has improved. Reducing the difference between the speed limits for cars and HGVs from 20mph to 10mph has meant that there has been a palpable drop in driver frustration. The flipside is that there is a very strong responsibility on the driver, which we made very clear through the wider press to our members and hauliers who are not our members. Transport managers needed to monitor their drivers' behaviour so that we had minimal chances of what they call elephant racing, where two lorries take miles to try to overtake each other. The fact remains that because they are going at 50mph, there is no opportunity for them to overtake anyway. In addition, drivers can now engage their highest ratio gear, which makes it far more economical and helps to reduce emissions.

Universally—or almost universally—the haulage industry has welcomed the trial and has been encouraged by the numbers that Transport Scotland produced.

**James Dornan (Glasgow Cathcart) (SNP):** I want to ask a couple of questions about freight grant schemes. I see in the written evidence that witnesses were generally pleased that modal shift grants were maintained in Scotland. Are those schemes working to help move freight off roads and on to more sustainable modes of transport?

**David Whitehead:** I will respond for the ports sector. It is true that we have freight grant schemes and modal shift schemes. The schemes to shift goods on to water are a little bit different from schemes to favour the rail industry. There could be equivalence there; that might be an objective. My understanding is that the water scheme is concerned just with capital costs, not operating costs, so there could be room for some expansion.

There is a little bit of a dilemma about these modal shift schemes and value for money. Of course, if they are offered, we will gladly take them and try to use them in as positive a way as possible. I have not seen the latest figures, but I

know that, sometimes, the take-up can be quite low. I have not consulted my members recently on this point, but I suppose that, if you are looking into the future and thinking about where money is best spent, there could be an argument that any spare money should be put into the kind of developments that we have talked about, such as trunk roads and urban schemes.

As I said, there is a bit of a dilemma here. We have got what we have got, but I think that we could do something better with the modal shift money.

**David Spaven:** Having the various grant schemes has been useful. They have benefited rail and sea. In fact, sea has had something like £24 million in capital grants since 1997 and about £3.5 million of revenue subsidy, too. Even more recently, there has been a €200,000 grant towards the Rosyth to Zeebrugge ferry, which we can perhaps discuss later.

Civil servants in Transport Scotland have a degree of frustration about trying to spend money on rail schemes, as it can be quite difficult to get commitments to do that. Typically, the Government is looking for a three or five-year commitment in order to award the grant, which can be difficult to get.

A good example of this is the case of Coatbridge Freightliner terminal, which, as I mentioned, has been around since 1970 and is a key hub for Scottish exports. In the terminal there are six gantry cranes, all of which date from the late 1960s and early 1970s. Freightliner has been unable to make a business case to replace those cranes. As Martin Reid talked about in the context of road haulage, the margins are tight in intermodal transport. It has not been possible for Coatbridge to get a freight facilities grant, because that involves getting a commitment from customers. Virtually all of Freightliner's business is spot business; it is not contract based. It has more than 200 customers, and it is just not going to get 200 customers to commit to using rail for the next three to five years.

There is a case for reviewing how freight facilities clients work to see whether we can better fit the reality of the modern supply chain.

**Chris MacRae:** We still have a freight facilities grant in Scotland, although it has been removed in England—indeed I understand that the UK Government handed back the permission in respect of England, so the permission is held by the UK only in respect of awards that are made in Scotland.

Our experience of modal shift grants suggests that, although the system is not perfect, for reasons that colleagues have outlined, they help inform modal choice in terms of movement to less

polluting modes of transport. There could be some technical improvements in the modal shift grants regime to make it a bit more mode blind when it comes to rail and water freight. There are particular issues at a European level with regard to the working of the waterborne freight grant scheme in terms of state aid approvals, which mean that, potentially, grants for coastal shipping around the UK might have to operate on a different basis from grants for rail freight within the UK. More detailed work needs to be done in that regard.

Overall, modal shift grants have a purpose and serve a function in assisting with the informed choice about modal shift away from road to less-polluting modes of transport, where that is cost effective and technologically possible.

**David Spaven:** We could perhaps also consider some experiences from elsewhere. The freight facilities grant, mode shift revenue support and the waterborne freight grant are all to do with environmental benefits and are all measured by the same formula.

As Chris MacRae said, the freight facilities grant is not applicable in England any more. However, England has something called the regional growth fund, which is to do with economic development. It has funded three rail freight schemes in the past five years or so. It is based on economic benefits. In a review of how these grants work, perhaps it would be worth while considering not only environmental benefits but economic benefits.

**David Whitehead:** Modal shift is quite an interesting area in transport. Quite rightly, there is a move to transfer to rail and to water. However, if you look at the figures for the whole of the EU since 1993, and at the shares of freight that are handled by road, rail, sea and aviation, you see that they are exactly the same now as they were in 1993 in spite of all the efforts that have been made through grants and so on. That suggests that there is a transport market—of course there is—and it has three main modes. The freight movers and forwarders choose the mode that suits them and until we pay someone to choose a particular mode for environmental purposes, nothing will really change, because the market will make its choices. Any public policy to change mode has to be a substantial one; otherwise the market will decide.

**James Dornan:** Martin Reid, do you have a view?

**Martin Reid:** I do not want them to shift; I am quite happy with them going by road.

**James Dornan:** I just wanted you to put that on the record.

**Martin Reid:** As I said at the start, a holistic approach benefits the entire transport network. I

was being a wee bit glib there. I am aware that a load of hauliers are already using the rail network for terminal to terminal work. When that is applicable and economically viable, we are already adopting it. The road haulage industry would have no issue with expanding that, because we are trying to improve the service that we provide for our clients and to be as compliant as we possibly can be.

**James Dornan:** What are the witnesses' experiences of applying for the grants? How easy is it? What sort of hoops do you have to jump through?

**David Whitehead:** It is tough going.

**Chris MacRae:** The process is difficult and it is right that it should be rigorous, because it is taxpayers' money that is being spent. However, there are some detailed examples of our members feeling that that rigour can be a little excessive at times.

There are also different experiences of dealing with the different Administrations in the UK on grant issues. Although it is the United Kingdom that holds the grant approvals, the administration is devolved to the devolved authorities in Scotland and Wales and it is held by the DFT in England. The experience can be different in the different parts of the UK. There are also some differences in application in the different parts of the UK, and that can cause some issues.

One of the bigger bugbears, particularly on the rail freight side, is the capital grant, which has traditionally been given for things such as cranes or physical infrastructure of terminals. Could that perhaps also be given for specialised railway wagons that allow the increasingly common 9 feet 6 inches deep-sea intermodal containers to be taken on specialist wagons rather than having to do infrastructural work to bridges and platforms and so on to allow the train to run. That would help with modal shift. Arguably, it would be cheaper for the Government to spend money on a fleet of those wagons than to alter bridges and tunnels so that the trains can run. It might work out cheaper in the long run, but it is not really allowed under the current interpretation of the grant rules.

The process is complex and there has been a review recently as part of the UK's reapproval of its state-aid permissions with the European Union. On the whole, modal shift grants are a good idea.

**Martin Reid:** David Spaven mentioned at the start that we have a number of members who operate intermodally. One of those is W H Malcolm, which is probably the biggest in the country. If the committee is looking for first-hand information about intermodal working, W H Malcolm has developed its own trailer that can be lifted directly off a truck and put on to a train. It is

experimenting with that. If the convener or the committee was of a mind to do so, I could organise a visit so that members could see that first hand.

11:00

**The Convener:** I believe that we are due to go to—

**Martin Reid:** You got there before me—that is fair enough.

**David Spaven:** In the same vein, I suggest that, if you have the time, it would be worth while going to look at the Freightliner intermodal terminal at Coatbridge. I was there recently and it is a revelation to see how they manage to move so much with so little, although they could do a lot more.

**Chris MacRae:** Our thinking is in alignment with your suggestion, David.

**David Spaven:** Good—thank you.

I also echo what Chris MacRae said about the issue of fixed equipment as opposed to wagons. There are some interesting possibilities for wagons. A past concern was that wagons could end up going anywhere. With computerised systems, you can ensure that the wagons do not just go anywhere but stay in Scotland.

**Chris MacRae:** The importance of Coatbridge as an inland freight terminal for Scotland cannot be overestimated. It is in effect Scotland's inland port for distribution to and from the south and midlands of England and the southern gateway ports. It is also an interesting case study to look at in relation to the issues that Martin Reid raised about last-mile infrastructure, because although the terminal is near an excellent trunk road network, in order to access the network or to get from the network to the Freightliner intermodal terminal, you must travel across local authority-maintained roads.

In England, with the recently published road investment strategy, a new policy development is that, where investment in last-mile infrastructure is required, central Government can take control of the funding and the delivery of such a project even though it is over a local authority network. In many cases, that is crucial for access to a container port, such as Teesport, in terms of port centric logistics and, in a Scottish context, access to a place such as the Freightliner intermodal terminal.

The issue of who controls and looks after the investment in the last-mile infrastructure connecting ports and rail terminals to the trunk road network is worthy of further consideration.

**James Dornan:** A lot of ideas have come out in the discussion, but do any of the witnesses have

any further ideas about how the schemes might be developed or improved to generate the modal shift that we are all after?

**David Spaven:** I would like to see an initiative to do with innovation, because innovation will be key. There are a couple of interesting examples, both of which I mention briefly in our written evidence. One of the examples is particularly interesting because it was developed in Scotland. It is quite complex to explain without any visual aids, but I will do my best.

The non-intrusive crossover is a bit of kit that allows you to put in a siding off the main line without spending a lot of money on signalling and a lot of physical infrastructure. It is basically a hinged assembly unit. It could have particular applications for the likes of the timber market that Martin Reid mentioned. A lot of our peripheral railways run right through the forests. An ability to put in a siding cheaply in the middle of a forest could be enormously beneficial in commercial, economic and environmental terms.

The Glasgow-based company that developed the non-intrusive crossover system has been struggling over the past 10 years to get approval from Network Rail. It is being used and has worked very successfully in the Tyne and Wear metro for engineering blockades. It has also been used in Holland. Network Rail can be a risk averse organisation. It has not been willing to back the operation of the system. It could be a great experiment in the Scottish context for a variety of markets.

There is another innovation that there is scope for a new innovation fund to assist with. I mentioned that the most successful trains are the big, long and heavy trains, because they allow you to keep the unit costs down. That becomes a weakness if you are running along a transport corridor where you do not have vast aggregations of volumes and it is difficult to put train-load volumes together. About 10 years ago, there was a trial of what is called the freight multiple unit, which is a lightweight freight train. It is a wee bit like the idea of a passenger train in that it has engines underneath or at either end. Therefore, you could conceivably run shorter trains at passenger train speeds. That might be an answer to, for example, the west Highland line where it is difficult to build up the volumes. However, for one reason or another, that is not being pursued.

An innovation fund might just enable some of the schemes to become commercially viable and, as a result, be of benefit to the Scottish economy.

**David Whitehead:** For ports, I suggest another look at the equivalence between the rail scheme and the water and coastal scheme, to ensure that

the two schemes are reasonably similar and offer the same benefits.

**James Dornan:** Other than access to freight schemes, is there a drive within the sector to move more freight off the road? If there is not, why not?

**Chris MacRae:** There is a commitment among our members—particularly the larger shippers that are senders of goods that are household names and that are for major retailers—to look at that as part of their carbon agenda and their corporate social responsibility agenda. The FTA's role is to help our members make those informed choices.

However, we have to come back to the commercial realities that colleagues have spoken about. Such modal shift can take place only where it is physically possible and where there is a reasonable business case for it. Large retailers and large manufacturers would not necessarily expect a shift to a different mode of transport to save them money, but they would certainly not be looking to be majorly out of pocket as a result either, as they have duties to their owners and their shareholders. That is where the modal shift grant regime—both freight facilities grants and mode shift revenue support—is so vital. They can make the difference between a modal shift scheme that would not be economically viable and one that, due to its business case, would wash its face for those who are doing it.

**David Whitehead:** We in ports are great fans of roads. We want roads, we need them and we think that they should be invested in. We are not looking to shift from roads. We appreciate that, if they work well, a consequence might be that they reduce the scope for coastal shipping, but we would not sign up to anything that shifts off roads. We want the money to go into roads.

**Martin Reid:** In a lot of cases, road hauliers are expected to operate on a just-in-time basis. The delivery process often involves someone picking up a phone and saying, "We need it done yesterday." The flexibility in the industry allows us to handle that. Modal shift would suit some contracts but not all of them.

**David Spaven:** I echo that in the sense that there is no point in the rail freight sector pretending that it can do everything that a road haulier can do—it cannot—but we are down here at one end of the market and there is scope for us to push out. When it comes to what is and is not achievable, to get the prize of rail economics, in some cases the customer has to slightly adjust their systems to go with the grain of rail, because it is not exactly like road haulage. That can be seen with the likes of W H Malcolm and Russells—they recognise that in order to capture rail's strength, to some degree they have to fit with rail.

That is not to say that rail cannot be very flexible and responsive. I mentioned earlier that the supermarket supply is 95 per cent reliable. Rail can do some very innovative things, but it cannot be all things to all people. We can push the boundaries out further than they are at the moment, though.

**Adam Ingram (Carrick, Cumnock and Doon Valley) (SNP):** I will ask about obstacles to the free flow of rail freight in Scotland. I thank the Rail Freight Group and others for the detailed written evidence that they have submitted.

Mr Spaven, you mentioned specific infrastructure obstacles, such as the lack of long loops. Your submission also gave us a nice little diagram—the loading gauge map of Scotland—that shows parts of the rail track where containers cannot be run, which is an obvious obstacle to the free flow of rail freight.

Will you run through what you think the main infrastructure obstacles are—I will go on to other types of obstacle later—that could be addressed? Which ones would you prioritise, given that we have limited budgets? Would you give us some insight, please?

**David Spaven:** As I mentioned, one must draw a distinction between the Anglo-Scottish routes and the internal Scottish routes. There is more capability on the Anglo-Scottish routes, but more can be done to provide the loops that I mentioned. Interestingly—this is not in my submission—we will get the maximum universal gauge on the east coast main line next year, but the west coast main line is not quite in that position yet, so it must have a degree of priority.

Elsewhere in Scotland, the routes to Inverness and Aberdeen are crucial. You mentioned loading gauge clearance. Committee members have a copy of the map that I included in my submission; I will circulate copies to my fellow witnesses. I thought that it would be useful to illustrate the situation, because it is complicated. Do not worry that it does not look like a map of Scotland—it is highly diagrammatic. It has to be said that it is not a great map, but it shows that capability varies greatly across the rail network.

In some cases, that does not matter. The fact that we cannot carry tall containers to Helensburgh Central or East Kilbride will not lose many people much sleep. However, on the right-hand part of the diagram, we can see that although there is fairly good clearance up the west coast main line from Carlisle to Mossend and Coatbridge—that is illustrated by the red line—that needs to be pushed further on towards Grangemouth, so that full clearance is available all the way to Grangemouth. Grangemouth is a key

multimodal location, as it has sea, rail and road links.

It is evident that there is a patchwork of clearances heading up towards Inverness and Aberdeen. It is interesting to reflect on what happened with the loading gauge clearance for taller containers on the route from Mossend and Coatbridge up to Aberdeen and Elgin. About 10 years ago, the then Scottish Executive spent £4 million to create clearance by lowering track, so that we could get taller containers through the bridges. Freightliner tells me that it supported that very modest investment on the basis that there would also be investment in a fleet of the low-deck wagons that Chris MacRae referred to. The gauge clearance work went ahead, but the low-deck wagons did not come along.

I would hate to present to the committee the list of all the permutations of wagons and containers that can or cannot go together on different Scottish routes. That is horrendously complicated, whereas for the trucker the situation is straightforward—there are few height limits and they can go where they like on the trunk road network. That is a big issue.

Another issue that applies to Inverness and Aberdeen is capacity, which I mentioned earlier. Two thirds of the Perth to Inverness line is single track. The crossing loops are all of variable length and some are very short. For example, the Tesco train that goes up to Inverness is limited to 20 containers. If we could get more consistently long loops or, ideally, double track, we could run trains with 28 containers. The rail industry would like to take advantage of such a major increase in productivity.

I could provide many detailed examples, but those are perhaps the key ones.

**Adam Ingram:** When it comes to the infrastructure developments to prioritise on a cross-modal basis, you have indicated a lack of cross-modal analysis. There is not a level playing field for the development of different modes. Why is that? Why has such analysis not been done for the various transport corridors?

**David Spaven:** That is a very good question. The word “politics” has not been mentioned. Much of the issue comes back to politics. There are quite a lot of votes in new roads, so there is pressure on the Government to say that it will dual a particular road to cut the number of accidents and improve the economy. That all seems fairly obvious, but a more dispassionate, evidence-based analysis that looked at all the modes and at economic, social and safety factors might come up with a different solution, albeit one that was less black and white. It is always easier to sell a black and white solution than it is to sell one that



involves shades of grey. There are shades of grey in everything that we are discussing.

All the modes of transport that are represented here are crucial to the Scottish economy. They all contribute to the Scottish environment in different ways. Getting the balance right is difficult. The balance is not right yet and, broadly, that is the case for political reasons.

**Adam Ingram:** Are you advocating that Transport Scotland should move towards carrying out a whole-system analysis of projects instead of looking narrowly at their costs and benefits?

11:15

**David Spaven:** Very much so. The corridor analysis that is done needs to interweave road and rail and to consider the packages that would go together.

In the beginnings of Transport Scotland's rail freight strategy consultation, we are seeing an awareness that issues such as whether there is a level playing field are important. We need to consider all the modes together. Martin Reid made the same point earlier.

**Adam Ingram:** You made a point in your submission about the absence of any rail freight project as a national development in NPF3. The committee has heard you speaking about that before. Why is there no rail freight project as a national development, whereas there are perhaps two projects for sea traffic and the like? Why has rail missed out?

**David Spaven:** To be blunt, I think that that is because the port sector has been bigger, more effective and earlier in lobbying the Scottish Government. The three sea freight national development proposals came through very early. Rail freight ended up being largely reactive, and that was not sufficient to change the balance.

On an evidence-based level, that was extraordinary. Two of the three port developments scored no higher than the rail freight development that we proposed, according to the Scottish Government's internal scoring system—in fact, they scored exactly the same. The evidence therefore suggested that rail freight should be in there, but the practical reality was that the three port schemes, one of which was highly speculative and was to do with the proposed new container port at Rosyth, were marked up as national developments.

The final NPF3 document acknowledged that the Coatbridge, Mossend and Grangemouth railheads are crucial to the Scottish economy, as Chris MacRae and others have said. However, that is not the same as having a national development and everything that goes with it.

**Adam Ingram:** Are there any other policy or regulatory obstacles to the development of rail freight in Scotland? You mentioned local planning as a possible area.

**David Spaven:** That is right. An issue is the extent to which local development plans endorse the idea of protecting strategic sites that could be ideal for rail freight in the future. We have spoken before about how everything goes on the road at one stage or another, but if a direct rail siding can be put in at a major industrial development—for instance, at major steelworks, power stations or paper mills—that transforms the rail economics, because it cuts out one of the road legs.

I referred in my submission to a recent example. Norbord at Dalcross near Inverness is going for a major expansion of its board plant. The plant was deliberately located right beside the Aberdeen to Inverness railway. There was a rail siding there 20 to 25 years ago, but that came out, for a variety of reasons.

As regards the processes in Highland Council, although we would not expect any council to insist that a company had to use rail—that is not how the market works—we would want the possibility of using rail to be protected.

The whole question of passive provision is important at large manufacturing and processing sites. It is possible to put in an access road and wiggle it round here, there and everywhere, even for a 44-tonne truck, but a rail siding requires the geometry and geography to be right. If expansion goes in the wrong way, that precludes the long-term possibility of rail. The permission that Highland Council gave made no reference to passive provision for rail freight access for the Norbord expansion.

There is another example, which I quoted in our submission. Dundee is one of the largest cities in the UK not to have any rail freight facilities. There are two options. First, it would be possible to get into the port of Dundee, but a new rail connection would be needed, and the capital investment required is quite expensive. Secondly, there is an alternative set of sidings in the centre of Dundee—it is sitting there and it is operational—that could be activated for less than a few hundred thousand pounds. However, the local planners do not like it, because they do not think that it fits with the surrounding development of a digital media park. We hit against the problem that, whereas road haulage can penetrate anywhere it likes in Dundee, we seem to be operating to a slightly different set of rules on where rail freight can penetrate.

**Adam Ingram:** How do you overcome all those regulatory or policy barriers?

**David Spaven:** I feel that the guidance from the Scottish Government on local planning and protecting strategic sites is less strong than it was 15 or 20 years ago. The wording is fairly vague. Although rail will not serve every industrial location—far from it—I would like a wider acknowledgement that we should protect the possibility of getting rail involved.

An issue is early engagement, which might partly come through Scottish Enterprise. Wearing my consultant's hat, I had a revealing experience about five or 10 years ago. I was called in to look at the expansion of the Whyte and Mackay bottling plant in Grangemouth, where the company was concentrating its activity. The plant is right beside the railway. The problem was that the footprint of the new bottling plant had been decided and, instead of being alongside the railway, it was diametrically opposite the railway, which made getting in by rail virtually impossible. Rail was not considered early enough in the economic development process.

If rail had been considered earlier, it would have cost very little to have made the new plant more receptive for rail. We could have had a Whyte and Mackay siding, and bulk spirit from Invergordon and Speyside could have been brought directly into the plant. That could not happen because there was not that early consideration.

**Adam Ingram:** The committee will visit some railheads during our inquiry. Does the industry have sufficient terminals to allow full access to rail services, particularly in the more rural areas?

**David Spaven:** No. The issue in central Scotland is primarily to do with enhancing what we have. We need an upgrade at Coatbridge and an upgrade to the Mossend Eurocentral terminal, which was badly designed by Lanarkshire Development Agency and is not as efficient as it could be. There are issues to do with the development of the railheads at Mossend and Grangemouth, where we can expand capacity.

There are gaps, such as the gap at Bathgate. The centre of gravity for distribution by road in Scotland is pretty close to Bathgate, and a rail-connected piece of land there is sitting doing nothing. That has all come about by accident, and that presents an opportunity.

Beyond the central belt, there are gaps. Your neck of the woods—Ayrshire—is a gap. We have experience of trying to develop a terminal there, and it has not been easy. Commitment and volume are needed. Dundee is a gap and Fife is a gap—there could be links with the major whisky plant at Leven and the grain distillery at Cameronbridge.

We need new terminals in a number of places, but this is also very much about improving what we have.

**The Convener:** You mentioned the Mossend Eurocentral terminal. In your submission, you said:

“Recently, EuroTunnel has substantially reduced transit charges for freight trains through the Tunnel”.

Are there opportunities there? Have we missed the opportunity?

**David Spaven:** No. We are in a dynamic market, which is always changing, and there are definitely opportunities. Containers for the European market go by rail from Scotland, but they tend to be fed through a number of links—they might go through from Mossend to Daventry, to Barking and then across the European mainland. It would be more efficient to have a through train from central Scotland to mainland Europe, and perhaps to Paris, where a lot of our whisky exports go.

There is a grant scheme—the mode shift revenue support scheme—that could help. The problem is that mode shift revenue support is retrospective, whereas a train might need to be pump primed. There is no doubt that a container train from central Scotland to mainland Europe will be viable in the medium and long term. The issue is how we get there in the short term.

That takes me back to what I said about fair competition. The Scottish Government has awarded a €200,000 grant to the Rosyth to Zeebrugge ferry, and we have been going through a freedom of information process to ascertain the basis on which the grant was made. We have had no information about how costs and benefits were calculated and there is no evidence that the alternative of rail was considered. It was assumed that, if the ferry struggled and was taken off, everything would go to road, but that is not the case, because rail is available. Getting through to mainland Europe is a key opportunity for rail, but it will need initial assistance from the Government.

**The Convener:** Have you done any costings of the pump priming that you think would be needed?

**David Spaven:** We have not done any costings, but I think that the exercise would be relatively short term—it might be for something like a year. It would not be vastly different in principle from what happens with the modal shift revenue support, but it would be up front rather than retrospective.

**Mike MacKenzie:** It will be no surprise to the witnesses that, as an islander and a representative of the Highlands and Islands, I have an interest in ports and sea transport. That interest includes a one-time involvement with the last working puffer in Scotland, including a

memorable trip down to the Clyde on which the skipper was Para Handy personified.

Given the variety of cargo that can be transported by sea, will Mr Whitehead tell us what areas he considers to be a success and which ones require improvement?

**David Whitehead:** Are you referring to transport to the islands?

**Mike MacKenzie:** No—to sea transport in general.

**David Whitehead:** The regime for ports very much leaves them independent—they make their own decisions. We have good port capacity in Scotland. We depend on the shipping industry to make commitments. The funding of some ferry services is quite complex—it involves public funding and private funding.

I had some comments from members of the association about the future capacity for links to the islands. In particular, there were comments from Lerwick about the capacity for getting freight to and from Shetland. However, I cannot characterise the matter as a particularly difficult issue that we constantly talk to Transport Scotland about.

**Mike MacKenzie:** What might be done to encourage freight off the road and on to cargo ships or ferries? What opportunities are there for such modal shift?

**David Whitehead:** As I said, we have freight grants that could shift traffic from one mode to the other. We always support schemes that reduce emissions and use the sea, but it is extremely difficult to get the markets to change fundamentally. That is the reality.

**Mike MacKenzie:** I talked recently to BSW Timber, which said that it was really pleased that it was going to transport more of its timber out of the Fort William area by sea. You get old enough to think, “We have been here before,” but are there opportunities in certain sectors? Timber, which is important to parts of the Highlands and Islands, might be one such sector. Do you see opportunities arising in any others?

**David Whitehead:** There might well be sectors in which opportunities arise. The ports always look for market opportunities. There are many ports, which are in strong competition with one another. The timber sector might be particularly susceptible to transport by sea. I am confident that the ports are out there trying to find the new opportunities.

**Mike MacKenzie:** Decommissioning is looked on almost as an economic opportunity.

**David Whitehead:** Are you talking about the oil industry?

**Mike MacKenzie:** Yes—we hear about the decommissioning in the Brent field.

**David Whitehead:** That could be an opportunity.

Construction, operations and maintenance work in offshore renewables is a new growth opportunity for many ports. There is a lot of competition between ports for that work. That is an example of something new coming along. It is not to do with coastal shipping, but it is another opportunity for which ports compete.

**Mike MacKenzie:** Do you have a unique opportunity in that? I am thinking about the tendency in offshore wind towards ever-bigger turbines. I foresee difficulties in servicing that industry by road or rail. Is a unique opportunity opening up for sea transport in marine renewables?

**David Whitehead:** Very much so. That is also very much for the islands. We were in Orkney a couple of years ago, where there is an advanced research centre for wave power and technology. A tremendous effort is being put into the research there and we will see what opportunities develop out of that.

11:30

**Mike MacKenzie:** I imagine that you are encouraged by the Scottish Government investment in pier and shore facilities at Hatston and Lyness piers and by the quite significant investment in decommissioning that is helping the port authority in Shetland.

**David Whitehead:** There has been some investment but, as I said, the vast majority of investment usually comes from the ports, which have to invest in facilities. Supporting the offshore renewables industry is largely a private sector operation by the ports.

**Mike MacKenzie:** I want to shift tack a wee bit. Only one cargo ferry operates directly to Europe, and it requires a subsidy. What can be done to make ferry operations from Scotland more sustainable and to ensure that more cargo that is destined for Europe leaves from Scottish rather than English ports?

**David Whitehead:** I think that that comes from something outside the ports and shipping industry. The fact is that you need a critical mass of goods going from Scotland to justify a particular route to the EU. We have talked about better links, but at the moment one of the problems and frustrations is that freight gets whisked away to English ports instead of leaving from Scottish ports. The problem is the volumes that are needed to sustain particular routes, and we have not yet reached that critical mass.

**Mike MacKenzie:** A lot of The BPA's written submission concentrates on road infrastructure, which I understand, but beyond the road infrastructure limitations, are there policy or regulatory obstacles to the free flow of sea freight?

**David Whitehead:** No, I would not identify anything in how public policy for ports operates that would inhibit them. We depend very much on the efficiency of the marine licensing system, and the quick turnaround of harbour revision orders for new developments to reflect changes in the market and so forth, and although that could always be quicker, I would not say that it is a fundamental flaw in the system or that it inhibits growth. As I have said, what is needed to drive trade is a high volume of goods and the dependability of those goods.

**Mike MacKenzie:** Does the sector see short sea shipping as something that could be developed?

**David Whitehead:** It could be, but I have already explained some of the frustrations in trying to do that. There is no problem with capacity or with people being out there in the market trying to get this business that I can describe to you and say what changes are needed. We rely on the market to produce the goods.

**Chris MacRae:** In the past few years, the FTA has taken over a body that used to be called Sea and Water and which is now called Freight by Water. We are now managing it as a distinct membership organisation within the FTA, and its role is primarily to promote understanding of the opportunities for using water freight, be that on inland waters, which predominantly means England, or coastal shipping, which is obviously a whole-Britain operation. We hold various conferences and have launched guides on how potential water users could use water instead of, for example, road. That said, however, I very much echo David Whitehead's point that it is very hard work to start a flow by water of freight that does not already go by water. Our experience is that David Whitehead's points about critical mass and volume are absolutely accurate.

However, one place where Scottish trade perhaps has an advantage over English trade is that the distance from Scotland down to the south-of-England Haven Gateway ports for world-wide export or even to the likes of Liverpool for the Americas trade makes coastal shipping viable as a competitive mode for, say, container exports of whisky, as against road or rail. In England, it is quite difficult to get feeders from Southampton to Liverpool or up the east coast, because of the shorter distances, but for Scotland, it is easier to have feeders down the west and east coasts to the southern English ports, simply because the distance gives us a bit of an advantage.

**Mike MacKenzie:** That stimulates me to ask another question. Given that ports are largely in the private sector, do you feel that competition in the sector sometimes does not produce logical results because ports sometimes compete for the same business? You will be aware that a number of ports in the north of Scotland are licking their lips in anticipation of decommissioning work. Given the infrastructure requirements, is it wise for them to compete in that way? Is it better to take a more strategic view? Is that possible in the private sector?

**David Whitehead:** From the point of view of users of services and those who want services to be provided, I would think that it has to be healthy if people are competing for the same work. Competition between ports, the structure of ports and the fact that the Government leaves them to get on with it are all supported by the industry; we have no qualms about the rightness of that. Of course, it creates tough competition between ports, but at the end of the line it suits the users of the ports that there is competition. We are getting philosophical here, but I am sure that that is correct.

**Mike MacKenzie:** There is nothing wrong with getting philosophical. Does the tendency towards deeper-draught and bigger ships create a particular problem? For example, is there a possibility that we might see a reduced level of shipping flowing around Scotland because of an inability to meet the requirement to provide berthing and servicing for ever-bigger ships?

**David Whitehead:** Being able to accommodate enormous ships and to dredge to appropriate depths is a real problem, but it is a problem for the whole UK. Scotland is blessed with a lot of natural deep water around its coasts, which is unusual in the UK. Unfortunately, though, ships do not always want to come as far as the Cromarty Firth for example, which has fantastic deep water that English ports would give an awful lot to have.

However, Mike MacKenzie is absolutely right that accommodating larger ships is a problem. In addition, there are fewer ships around than there used to be. To go back to your earlier question on short sea shipping, perhaps one of the issues is the lack of suitable ships to do that sort of work; they are not around as they used to be. However, what you described is a genuine problem.

**Martin Reid:** Convener, I do not know whether it is possible, but can I ask a question?

**The Convener:** Why not?

**Martin Reid:** To my mind, we have still to see the full effects of the EU sulphur directive on shipping movements. Mr Whitehead, is it correct that the directive will put Rosyth at more of a disadvantage than ports south of the border?

**David Whitehead:** Yes, but when all the discussions were taking place on sulphur, no one predicted what would happen to the oil price. We are just about to gather evidence, but it might be the case that the price of marine fuel has not been affected so far. However, it could be affected in the future. Of course, the price of marine fuel is absolutely critical to running a shipping service. I think that the effect so far, though, is price neutral.

**Martin Reid:** It cancelled itself out.

**The Convener:** The British Ports Association very helpfully provided in its submission a list of suggested infrastructure improvements for Scottish ports, which range from a new port at Oban, to widening roads at Ullapool, to improving road connections for the port of Leith, to freed priority lanes at Aberdeen. Have you costed any of those suggested improvements or are you in the process of doing so?

**David Whitehead:** No—but I am sure that there are costs for the suggestions, because there will have been discussions with regional authorities and so forth. However, we can certainly produce some costings for you and, in fact, a fuller list. The one in our submission was drawn up fairly quickly and based on what we discussed with Transport Scotland about seven years ago.

**The Convener:** Further information from you would certainly assist the committee in its work.

**James Dornan:** I have a couple of questions about efficiency and carbon emissions. First, can you identify uses of technology—be it in vehicles, transport information or logistics technology—that could make freight transport operations more efficient, less costly and more sustainable?

**Martin Reid:** Yes.

**James Dornan:** Good. Would you like to share them, or are you going to just hang on to them?

**Martin Reid:** A fair amount of work is being done on that already. The Euro 6 regulations engines that are in trucks now are far more fuel efficient than previous generations of engine. Work is being done on looking at hybrid engines and alternative fuel, but that is still at the testing stage.

Telematics has made a big difference to the way in which HGVs and lorries operate; route planning has been improved. Knowledge about the best way to drive particular trucks and engines has been developed substantially over the past few years and the design of trucks has changed to make them more aerodynamic.

There has been massive engagement on those issues. The UK haulage industry is fully compliant with European standards and is continuing to push the envelope. However, there are barriers to

taking on the new technologies. There is still evidence to be gleaned on whether the efficiencies merit the payback time. We have brought up the subject of a scrappage scheme, as the industry would definitely benefit from having the opportunity to take the old burners off the road and replace them with newer technology. However, I am not sure that the Government would be keen to take that fiscal leap.

One thing that we have to guard against is that, just because of basic economics, the bigger fleets that use the newer engines automatically put their most efficient vehicles on the longest runs and their less efficient vehicles on the urban runs, which means that they clash with things such as low-emissions zones. We need to target more the vehicles that are doing the urban runs, although a massive amount of work has already gone into that.

I think that Chris MacRae would agree with that.

**Chris MacRae:** Absolutely. The FTA runs the logistics carbon reduction scheme, which is open to all—not just FTA members. I think that I gave a link to that in my written evidence. Basically, the scheme is all about organisations that run fairly large fleets recording and reducing their carbon emissions; obviously, the main component of those emissions is from fuel.

New technologies are being developed. Our members that run van fleets are looking at, and increasingly using, alternative technologies such as hybrid and electric vehicles. There are issues, which I am sure will be overcome in time, with availability of charging points for such vehicles in the urban environment. One of the major challenges for longer-distance haulage relates to gas-powered vehicles. We need a national network of gas refilling points to make that sort of more environmentally friendly vehicle more viable for longer-distance operations.

On rail freight, Network Rail is currently undertaking a study across Great Britain—it involves the DFT and Transport Scotland—on the potential for electrification of the rail network and is building a business case for that. That includes freight.

There are some important developments that should, over time, result in a payback through environmental benefit.

**David Spaven:** Chris MacRae is right to emphasise the importance of electrification, but even without it the single simplest thing that can be done to cut carbon emissions from freight is to shift it from road to rail. The normal figure is that, for an equivalent transit, rail generates about 25 per cent of the carbon emissions of road haulage. However, I tend to use a rather more conservative figure of about a third, because one has to

recognise that quite a lot of the rail trunk haul will need to be complemented by road collection and delivery, so we need to allow for that.

**Martin Reid:** We would not try to defer any of our responsibilities, but one of the major problems, certainly in the urban setting, is emissions from Transit vans, taxis and buses—more than from HGVs.

**Mike MacKenzie:** To a great extent, you have already answered this, but can you think of anything else in your sectors that would help the Scottish Government to meet its challenging carbon emissions targets?

**Chris MacRae:** Yes. I have already said this, but I will repeat it. Collectively, we have to consider how we can get a bit cleverer at making urban deliveries and collections. That will increasingly be an issue as society changes and people's working and living patterns change. A greater density of urban living, particularly in flats, and people having their groceries delivered through click and collect systems, will become very challenging for the logistics industry.

Corporately, we need to consider more carefully challenging issues such as out-of-hours and night-time deliveries and urban logistics in ways that are commercially viable. I have described previously one of the benefits of the Commonwealth games in Glasgow, which was that certain goods had to be delivered at night because it could not be done during the day. That innovative way of thinking involves not just haulage organisations but regulatory authorities—in this case local councils—making it a legacy benefit to reduce the emissions that are produced by vehicles sitting in traffic during peak hours. There needs to be a much greater focus on that.

11:45

**James Dornan:** Hampden is in my constituency and our area was affected quite heavily by the night-time deliveries. Prior to the games, I received an awful lot of complaints about the idea of such deliveries, but after the games, the shopkeepers and so on were quite happy with the way it worked.

**Martin Reid:** Another option, which I mentioned earlier, is consolidation centres. That might be an answer in particularly dense urban areas, where there are problems, although it will not work everywhere. It does not matter to the haulage industry where it drops the stuff off—it is point A to point B. If there was a consolidation centre, where appropriate you could do night-time deliveries or use electric vehicles to drive into the city. We would welcome that.

If we are talking about inefficiencies, one of the problems for our industry is that 30 to 33 per cent of all runs are empty runs. That is not efficient and we need to address it. With a consolidation centre, drop-off and pick-up can be organised, which would help.

This may be very much blue-sky thinking, but two or three operatives could work together and take each other's loads backwards and forwards to minimise empty running. That is something that the industry would consider because it would not be detrimental to how we go about things.

We have talked about the last mile—the last mile is always the problem. A run might involve going into an urban area where there is a low-emissions zone that only a certain number of lorries are allowed to enter. It might involve needing a particular badge—things like that. Many such problems could be removed by there being a consolidation centre on the outskirts of town. There are loads that are too big to go in Transit vans—we know that—but it could be done, where applicable, for food runs and so on.

**David Spaven:** I have quite a lot of experience of consolidation centres on the continent. In a number of cases, they have rail access, which opens up the opportunity for some of the trunking to be by rail as well as by road.

**Mary Fee (West Scotland) (Lab):** We have talked at length about specific issues that I wanted to ask you about, which relate to Government policy and support, and particularly Government support for improving and developing interconnectivity. We have touched on connectivity and the need to take a cross-modal and more holistic approach. We have also touched on the pressures on funding for infrastructure developments.

Is there anything else that the Government should be doing to prioritise infrastructure spend to improve interconnectivity?

**David Spaven:** I think that I have said everything that I want to say.

**Mary Fee:** I thought that that might be the case.

**David Whitehead:** I have two points. First, there is a mature transport network in Scotland and throughout the UK and a lot of this is about continually improving that network, rather than having grand schemes.

Secondly, if you are going to spend money on improving the network, you have to get best value for that money. We always quote the Rod Eddington report, which was a UK report that came out in 2006—it is perhaps a bit forgotten about now. Eddington made particular mention of the value for money of connections to ports and international connections.

There are going to be some very difficult discussions about where best to spend money, but there are some principles about how to get the best out of it. On the one hand, we are mode neutral, in that we want lots of rail and lots of road; on the other, we are not that neutral because, as the convener said, we are rather road biased: as Martin Reid pointed out, 85 per cent of goods come into and leave ports by road. There are various factors, but there must be very careful analysis of where we can get the best value when developing that mature network.

**Martin Reid:** Other external factors have to be taken into account. Despite all the good will around the table around working together, when we look at modal shift, the elephant in the room is insurance. Insurers are not keen for goods to be swapped from one mode of transport to another down the line; in fact, they are positively against it. With whisky, for example, not only are the insurers on tenterhooks when it is moved, but so is Her Majesty's Revenue and Customs. Shifting goods such as whisky between different transport modes is often problematic because of the insurers' demands and the paperwork, regardless of the industry's good will around how to move those goods.

**Chris MacRae:** I repeat that, for freight transport in Scotland, it is important to maintain an understanding of the patterns of Scottish trade and the means by which goods enter and leave Scotland. It is important to keep a clear focus on that as well as on cross-border collaboration with authorities in England. We need to make sure that those routes to market are properly optimised and that there is joined-up thinking between Transport Scotland and its English equivalent, the DFT.

**David Spaven:** Having said that I did not have anything more to say, I have a comment about something that Martin Reid said.

**Martin Reid:** I had a funny feeling that you would want to come back in.

**David Spaven:** You prompted it. The point about insurance is interesting. The reality is that, where rail has been established for a long time along certain export corridors, the insurance issue is not a problem. For example, the vast amount of whisky and other spirits that is moved from Coatbridge to the five big deep-sea ports down south is all brought in by road one way or another, so there has to be a road and rail swap. Some of it is brought in by Freightliner—a lot of it is moved by independent hauliers. That happens already, so the practice is well established.

However, Martin Reid's point about insurance prompted my recollection of the trial train that was run the year before last from Elgin down to Grangemouth—some of you will have heard of

that. The lifting the spirit project—it was primarily for the whisky industry—had both EU and local funding. It was a very interesting experiment. The Scotch Whisky Association refers to it in its submission to the inquiry. Questions around insurance and security came out of the project, because it was a new pattern of movement for the whisky industry. The issues came out of the trial showed that things needed to be tightened up, but I think that it is really a matter of identifying such problems through trials and then developing a system that works, just as the system at Coatbridge works.

**Mary Fee:** Thank you. That was very helpful.

In the evidence that we have received, it has been suggested that the Government's freight policy needs to be updated. Do you agree with that view? If so, what needs to be changed in the policy? Who would like to start?

**Martin Reid:** Nobody wants to go first.

**David Spaven:** I am trying to remember when the last freight policy was brought out. Was it in 2006? I am not absolutely sure—it was some years ago. I think that an update is needed because the industry is very dynamic, as you have heard, and there have been changing external factors. A new rail freight strategy is being developed in conjunction with Transport Scotland, so that should be part of that wider holistic perspective. It is terribly important that everything is looked at in a fair and equal way that recognises the strengths and weaknesses of the different modes and how they could work holistically.

**Martin Reid:** We also need to recognise that, at the minute, we have cross-border differences with regard to operational issues. We need to try to pull together a system where things do not automatically change when we cross the border; that just makes things more difficult for the people who are moving things across the border.

**Chris MacRae:** I understand that a refresh of the transport strategy has been going on. As David Spaven said, that refresh needs to take account of Transport Scotland's revision of the rail freight strategy to make sure that changing one part does not have consequences that affect another part. It is just a question of making sure that the policy keeps up to date with developments as they occur.

I repeat my point about the need to make sure that there is proper cross-border policy connectivity in relation to investment across the different modes and different transport corridors. That happens quite well between the English strategic freight network fund and the Scottish strategic rail freight investment fund, which is administered by the freight joint board for Scotland. Good work is being done between the

two of them. Although Network Rail is devolved to Scotland and the English regions, it still one organisation.

It might not be working so well on the roads side, with the Highways Agency becoming Highways England. Although that was a good move from our point of view, there is an issue around how Highways England will work with Transport Scotland on the trunk road network, particularly the A1 corridor and improvements in the north of England, which are very important. The benefit of those improvements needs to be carried across the border into Scotland.

If there is a problem and the road network or the rail network on the west coast is shut, freight hauliers have to look at the alternatives, which are the east coast main line or the A1. Real improvements are taking place in the rail freight network to make sure that there is equal capability between the east coast main line and the west coast main line. On the road freight side, we need equal capability between the east coast A1 route and the west coast M6 and M74 corridor. Transport Scotland and what is currently the DFT's Highways Agency, which will become Highways England, should look at that.

**Mary Fee:** Does David Whitehead have any view on whether the policy should be updated?

**David Whitehead:** I have no particular view. I do not know whether this is relevant but, as I said at the beginning, these discussions come back to future funding. We need to have a realistic debate about how the improvements that we want—we have submitted a list—can be funded. We have not mentioned tolling. It is a terrible word and it is not politically popular, but how are we going to get the system that we want? We can have all the strategies in the world but we know where the developments are needed; it is a question of getting the money to bring the system up to scratch.

**Mary Fee:** Chris MacRae mentioned the refresh of freight policy. Is your organisation involved in that? Do you think that it should be involved?

**Chris MacRae:** Along with other organisations, we are involved in it through the consultation process and Transport Scotland's various consultative groupings and media—we are involved in the Scottish freight logistics advisory group, for example. We also sit on the freight joint board for Scotland and will be involved in the planning group along with other organisations such as the Road Haulage Association and the Rail Freight Group.

It is welcome that the Scottish Government and its agencies speak to the relevant trade associations and bodies. As trade associations, our role is to inform that debate, to lobby, and to

make sure that those who are making the decisions fully understand the investments that are needed and how the policies might shift and change over time.

**Mary Fee:** Is the Government in dialogue with enough organisations? Is there any particular organisation or group that it would be beneficial for the Government to speak to in updating the policy?

**David Whitehead:** It should speak to us. I am hearing about all these groups that I did not know existed, which is perhaps significant in itself. There is clearly a dialogue going on in some places that is not being replicated with the ports, unless I have been missing something I should have known about.

**The Convener:** We would not want you to feel excluded in any way.

**David Whitehead:** Perhaps we should engage in a better dialogue and, of course, we will play our part in that.

12:00

**Chris MacRae:** One of the difficulties that always exists for Governments and their transport agencies—whether it is Transport Scotland, the DFT or any other agency in the UK—concerns the need to talk not only to those who provide the transport but to those who are the end customers of transport, because they are the ones who ultimately make the decisions about modal shift, which port to use and so on.

Obviously, that is part of the FTA's job, too: we have many members who are not transport providers but transport users—large retailers and manufacturers, for example. We have what we call a British shippers council, and one of our roles is to reflect the needs of shippers in our policy discussions with Government and Government bodies. That is a particular challenge with regard to the rail freight sector. Network Rail, as the network provider, obviously has an immediate dialogue with the rail freight train operating companies, because those are its clients—it has a business relationship with them. However, there is a danger if Network Rail does not have a discussion with the end customers—those who could use rail more or who decide to stop using rail because of issues that they have had with rail. I know that Network Rail is trying to have that discussion, particularly in Scotland, but that is the constant challenge that always has to be borne in mind.

**Mary Fee:** I move on to ask about infrastructure schemes in Europe. It is difficult to look at UK freight in isolation. We need to look to our European neighbours, who might have better-



developed or more innovative schemes. Are there any good or innovative schemes or developments that you think could be transported to Scotland?

**Chris MacRae:** I will answer that in a slightly more holistic way by going back to an issue that we discussed earlier: the last-mile connections from rail-freight terminals or ports to the national road network or the national railway network.

Although this is a generalisation, on mainland continental Europe, there tends to be a more national approach to the responsibility of Government and the state for ensuring those last-mile infrastructure connections. In the UK, and particularly in England, such connections have been very much left by Government to the private sector. What I mean is that the private sector might develop a new port or railway terminal—that is fine and is what the private sector should do—but it is then also lumbered with the cost of connecting that facility to the national road or railway infrastructure. That has certainly killed off a number of rail reconnection schemes in England. In England, there have been cases in which a port developer has been expected to pay for the consequential upgrade to road connections to the motorway network and rail connections to the railway network. You might argue that developers should pay for those, if they are to benefit from them economically. Sadly, however, experience shows that that is not always the most elegant funding model or mechanism. There has been a real issue at one port in England where, through Network Rail, the Government has had to step in and provide the connections anyway.

In mainland Europe a more—dare I suggest?—mature, national and whole-nation approach is taken to such connections. Although a private developer might develop a facility, the business of connecting it to the national infrastructure lies more with the Government, if doing so is seen to be beneficial to the national good in helping the nation to trade.

**Mary Fee:** Is an element of that simply down to the geography of Europe? Does connectivity across the landmass of Europe mean that it makes sense for countries to work together to develop strategies for freight in their countries, so that everything connects?

**Chris MacRae:** Yes, that is absolutely correct. At the risk of overusing the word, peripherality is an issue not only for Scotland but for the rest of the UK in terms of our geographical position in Europe, although it is more of an issue for Scotland, which is at the north end of the British isles. That is why it is even more important to develop such policies in Scotland and in the UK as a whole. It is a matter of overcoming those challenges of geographical distance.

**David Whitehead:** Chris MacRae is absolutely right about that. Ports are very much under public ownership on the continent. There are much clearer and closer connections between them, Government and transport spending. They have an advantage from that.

Funds are available under the trans-European transport networks—TEN-T—scheme, and it is up to member states to put in bids for that funding. There are two core network ports in Scotland, Clydeport and Forth Ports, and a number of comprehensive network ports. Money is available, under a UK application, and we work closely with Transport Scotland and with Westminster to get funding.

There is an art to getting funding out of such schemes, and we are not normally very good at getting it—we have not been that good at it in the past. The response from the Government has been really good this time, however, and we have got a lot more commitment to doing something. As I say, there is money out there to connect the whole of Europe. We will be working on that.

**Mary Fee:** Will you publicise that a bit better?

**David Whitehead:** We publicise it among our members. We go to Brussels, talk to the right people and so on. Sometimes, the sheer weight of the Dutch input, for example, outdoes us. It is something to consider for the future.

**Mary Fee:** Is it more about the bureaucracy?

**David Whitehead:** Bureaucracy here?

**Mary Fee:** No, in Europe.

**David Whitehead:** I will find out one day how the Dutch manage to do it, but they are very good at it. Why should we not be, too?

**David Spaven:** I want to follow up on a couple of points that David Whitehead has raised. He mentioned the trans-European transport networks. There is a rather ironic situation: virtually every long-distance rail route in Scotland is part of the trans-European network, although, in practical terms, that means absolutely zero, because it has not brought through any funds. The focus tends to be on the main corridors—not unreasonably—such as the west coast main line and the east coast main line. It is frustrating that it does not seem to be easy for rail to tap into some of those European funds.

A lot of the regional transport partnerships in Scotland—the south east of Scotland transport partnership being an example—spend an awful lot of time and resource on EU sea-related projects, simply because that is where the money is. They do that work at the risk of sometimes reaching an imbalance, with too much emphasis on sea-related projects that might never come to anything.

The funds are there from the EU, so people do a study that costs £200,000 and everybody is happy. In terms of concrete developments and the development of the rail network, however, we seem to be at a little bit of a loss.

**Mary Fee:** Does Martin Reid have anything to add?

**Martin Reid:** No.

**The Convener:** Following on from my colleague's question about freight infrastructure schemes in Europe, are there any examples of international good practice that the committee could learn from? The Scandinavian countries share a number of similarities related to their peripheral position in mainland Europe. Are there things that those countries are doing that we could learn from?

**David Spaven:** I went on a business study trip to Scandinavia about 10 years ago to look at the movement of woodchip by rail, with a view to developing a railhead in Dumfries and Galloway. The Swedes have done some very innovative things in their engagement with timber and forest products generally. That trip was certainly an eye opener, although it did not lead to a development here, unfortunately.

Generally, forest products represent a wasted opportunity for rail. People in the sea transport sector have done a lot on forest products and have been very innovative. You can see a classic example when you travel down to Birmingham or London on the west coast main line. If you look to the right just north of Lockerbie, you will see a major forest industry development site called Steven's Croft, which was located right beside the west coast main line because the company wanted a rail connection. However, the site still does not have a rail connection. The frustration there is partly to do with the rail industry's structures. The company was looking for a champion in the rail industry 10 or 15 years ago but could not find one, whereas it was getting a very good service from all the road hauliers, who were more than happy to champion such developments. The rail industry is not always very good at that.

I am ending on a negative note—I should not have done that, should I?

**David Whitehead:** The Scandinavian system of running ports is very similar to ours, and there is quite an equivalence between our standards and those of the Scandinavians. I think that the Scandinavian countries have more labour problems than we have; we do not particularly have such problems. I can give members lots of examples of bad port practice, although certainly not from Scandinavia.

People group the Scandinavian countries together, and Denmark is often used as a comparison. However, Denmark is not a peripheral country; it is attached to a very large country with a huge market. Therefore, we have to be careful when we make such comparisons. Other parts of Scandinavia are remote from the markets, but some are extremely near them.

**Chris MacRae:** I want to make what is perhaps a controversial point. Certain Scandinavian countries have higher gross vehicle weights and different weights and dimensions for goods vehicles than we would be allowed in this country, particularly in the timber and forestry trade in the more northerly, outlying bits. That is all about economic efficiency and competitiveness in getting products to market.

I know that the weights and dimensions of goods vehicles are a controversial issue in the UK, but, as a mode-neutral organisation, we argue that, in the longer term, that issue must be looked at in exactly the same way as the issue of having longer and heavier trains. They are being and have to be looked at equally; it is right that we look at those things across all modes of transport.

**James Dornan:** There have been a number of suggestions about projects that could be put in place. Given that the Scottish Government works with limited funds and needs to prioritise spending, what infrastructure priorities would you give the Government for action?

**Chris MacRae:** The FTA put in a list of schemes with our written evidence.

Obviously, we would support continued investment in the trunk road network, particularly in the A9 and the A96. We would also support investment in the schemes that were mentioned earlier to connect the Highlands through its road infrastructure, and in the infrastructure in south-west Scotland.

On the rail freight side, we support continued investment in the west coast main line. In particular, leading on from the development of the high speed 2 railway line, Network Rail does not really have a grip yet on a proper looping and freight strategy for the northern part of the west coast main line, from the north of England across the border into Scotland.

As David Spaven said, we would also look at investment up the Highland main line and in Perth and Aberdeen for rail freight, so that it can be more competitive for supermarket-type traffic.

More investment in the key corridors will bring freight and journey time reliability improvements for Scottish industry and the Scottish freight transport sector.

**David Whitehead:** As members know, we submitted a list, which now needs to be expanded a little. We will go out to our members again, and we will add some costings, which the convener asked for. We can identify very quickly what we would like in an ideal world.

**James Dornan:** We must remember that the Scottish Government has a limited budget to spend, so it must prioritise.

**David Whitehead:** So you want priorities as well.

**James Dornan:** Yes.

**Martin Reid:** I will give members the narrowed-down version and then the nice-to-have things at the end.

We should look at the A82 and the A83 in particular, because that road network is as important to the west of Scotland as the A9 is to Perth and Inverness. The problems with those roads are manifold, and their effect on the economy and, in particular, on the economy of that side of Scotland, including the Western Isles, is massive.

If I had my druthers, money would be spent on rest areas for hauliers, including wash-out facilities. Many of those guys are treated as second-class citizens when they stop at petrol stations and try to use the wash facilities. That is a basic human right, and I would like that to be added on to any infrastructure list that was on the go.

**David Spaven:** From my point of view, there are three key priorities.

First, as others have said, we should look at the east coast main line and the west coast main line, get in longer loops, and get higher gauge up the west coast main line.

Secondly, we need to tackle the large amount of single track that still exists north of the central belt on key routes, such as on the Inverness route and even on parts of the Aberdeen route. If we are talking about value for money, doubling a single-track railway costs between £5 million and £10 million a mile, depending on the structures, whereas the cost of dualling the A9 is £30 million a mile. Therefore, it is much more cost effective to tackle rail.

The third priority is that we need to make more of Coatbridge Freightliner terminal. It does a great job, but it could do an even better one.

**The Convener:** Members have no more questions and the panel does not want to make any final points. We have had an exhaustive—not exhausting, I hope—session, for which we are very grateful. I thank the witnesses for their evidence.

Members may wish to note that the first of our fact-finding visits in the freight inquiry will be on 16 February, when we will visit the port of Grangemouth and the Malcolm Group. The committee will receive updates on the Forth replacement crossing and on EU priorities on 18 February. We will continue with a further evidence session for the freight inquiry on 25 February.

That concludes today's committee business.

*Meeting closed at 12:15.*



Members who would like a printed copy of the *Official Report* to be forwarded to them should give notice to SPICe.

---

Available in e-format only. Printed Scottish Parliament documentation is published in Edinburgh by APS Group Scotland.

All documents are available on  
the Scottish Parliament website at:

[www.scottish.parliament.uk](http://www.scottish.parliament.uk)

For details of documents available to  
order in hard copy format, please contact:  
APS Scottish Parliament Publications on 0131 629 9941.

For information on the Scottish Parliament contact  
Public Information on:

Telephone: 0131 348 5000  
Textphone: 0800 092 7100  
Email: [sp.info@scottish.parliament.uk](mailto:sp.info@scottish.parliament.uk)

e-format first available  
ISBN 978-1-78534-751-1

Revised e-format available  
ISBN 978-1-78534-887-7