

Public policy issues

This note sets out how Central Railway relates and can contribute to key public policies, such as regional development and protecting the environment, as well as to transport.

Industrial policy

Central Railway is far more than a self-contained railway project. The company is proposing to construct and operate a piece of industrial infrastructure that will enable British industry to reduce the cost - and increase the speed and reliability - of transporting freight to and from Britain and other major European markets.

British manufacturing industries compete for the important and growing market in mainland Europe with other peripheral EU industrial areas. This competition will intensify when the Eastern European countries join the EU as, in addition to lower labour costs, they will have geographical advantages in transporting goods to and from the rest of the EU. Central Railway will enable British industry to compete more effectively with such countries.

Regional policy

Central Railway has had extensive discussions with the Regional Development Agencies (RDAs). The North West RDA recognises the regional benefits the project would bring to the area, primarily in the context of improving the ability of its industry to compete for markets on mainland Europe. Similar views are held by the other northern and midland RDAs and by Scotland (which has expressed the desire to be linked to Central Railway at some future date).

As is to be expected, the south east RDA does not consider that the South East would derive much benefit from the project, although it does recognize the benefits that would be derived by reducing traffic on the M25 and the roads and motorways leading to the Channel ports. It did suggest that the route should go round the east of London and Central Railway reviewed this option carefully. However, the significant extra costs that would

be incurred in building a bridge over, or tunneling under, the Thames, combined with the loss of revenue that would result from moving the London terminal from the M25/M4 junction, renders it unfeasible and uneconomic.

Concerns about the impact the project will have on the proposed Trans-Pennine route has been reviewed. The port authority for Hull has expressed concerns that traffic might be taken away from the Trans-Pennine route (thus supporting Central Railway's forecasts). The company's conclusion is that the project will complement and substantially enhance the Trans-Pennine project, in that it will construct one half of it, providing the north/south axis required to enable freight being transported between the south and Scandinavia/northern Europe to get to Hull.

Transport policy

The Government's transport policy for 2010 recognises that road traffic will increase over the next 20 years, leading to additional and significant bottlenecks in the country's motorway system and resulting increases in the cost of transporting freight.

The Government has recognised the need to do something about this issue and some debate has taken place about the best approach to take (reducing the use of roads through road pricing, building new motorways, etc). One approach involves persuading road users to switch to rail. While this is well documented and publicly recognised as far as passenger traffic is concerned, the case for road freight traffic switching to rail is not so well understood.

Significantly, important changes have occurred in the freight traffic market over the last 20 years that appear not to have been adequately

addressed by transport policy.

Although there has been some increase in the volume of rail freight since 1995, the big shift in freight movements over the last 20 years has been a significant and consistent increase in the use of roads. This has in part been caused by a general deterioration in the quality of road freight services and, more importantly, by a market shift in the structure of the freight market.

The freight that needs to be transported between Britain and mainland Europe is no longer largely made up of low-value, bulk raw material, the delivery of which is not particularly time-sensitive, traveling between a relatively limited number of points. The vast proportion of freight transported today is made up of high value goods that have to be collected from a large number of locations and delivered on a just-in-time basis to a wide variety of destinations.

Traditional rail freight transport is not suitable for such a modern market: it is inflexible, slow and uneconomic for small volumes of goods transported over relatively short distances. Even for large freight consignments, rail freight is not truly economic in Britain, requiring subsidies and providing rates of return on capital that are not commercially acceptable.

On the other hand, road transportation has proved to be ideally suited for the modern economy - the proof of this can be found in the huge increase in the use of lorries (over rail) to transport freight and without the need for subsidies.

These developments are not in any way peculiar to Britain. The rest of Europe has experienced similar developments, as has North America. An additional factor in North America has been the need to find a way to deal with the vast distances that need to be covered in its integrated continental economy. The experience in North America is that on major industrial freight arteries 400km or more long, an aggregation of a sufficient number of lorry-sized freight parcels provides an economic basis to develop a regular unaccompanied lorries-on-trains service of the type proposed by Central

Railway. These types of services are common in North America and provide the precedent for Central Railway's model.

Given the threshold distance of about 400km and the need for about two million lorry journeys a year before an unaccompanied lorries-on-trains service can be economic, this type of service is now viable in Britain given the huge increase in road freight transport between Britain and mainland Europe and the development of the Channel Tunnel.

The freight artery running between North West England and northern France has, over the last 20 years, grown to become one of the busiest in the world, extending for about 500km. Furthermore, the opening of the Channel Tunnel has solved the problem of being an island, although a modal transfer at the Channel is still required - on to a ferry or the rail shuttle. Central Railway will take this a step further than Eurotunnel's successful lorry shuttle services by offering through lorries-on-trains services between terminals in Britain and France hundreds of kilometres away from the Tunnel.

The lorry shuttle is the only Eurotunnel service that has met its traffic forecasts, and this despite significant competition from ferry services. Central Railway's service is in many respects simply an extension of an unaccompanied version of the Eurotunnel lorry shuttle. In essence it will use the Channel Tunnel as a means of integrating British industry with mainland Europe, significantly increasing Eurotunnel's revenue. By 2015, Central Railway's access payments to Eurotunnel, approximately £500 million a year on the basis of Usage Agreement provisions, would on their own be sufficient to pay the interest on all Eurotunnel's outstanding debt.

Environmental policy

The enormous increase in road traffic over the last 20 years has resulted in well documented environmental problems. These are perhaps most clearly seen in the Alps, where a steady stream of lorries has imposed intolerable pressures on the communities along the main arteries. Similar issues are developing in Britain and one of the many clear advantages that Central

Railway's proposed lorries-on-trains project would have would be to reduce overall gas emissions. Furthermore, as it would involve the increased use of existing railways and the reinstatement of disused lines, it will require significantly less land-take than some of the alternative options for increasing transport capacity in Britain. Such land as would be required is in existing transport corridors.

These environmental advantages have been recognized by the leading environmental agencies in Britain, which have entered into a Memorandum of Understanding with Central Railway under which they and the company agree to work to conduct the necessary environmental impact assessments and to take the steps required to ameliorate any environmental impacts that the project may have.

A concern has been expressed by some residents living along the proposed route that Central Railway's services will increase noise pollution. However, work done by the company shows that noise protection can be installed that will in many cases actually reduce the noise already heard by these residents from existing services.

Railway policy

The SRA's strategy for Britain's railway system is well understood and sets out to achieve a combination of increases in both passenger and freight traffic. While steps required to achieve the former have been well developed in the public forum, the latter have not.

Central Railway will more than double the growth in rail freight the SRA is on target to achieve. Importantly, the growth delivered by Central Railway will be a result of freight switching from road to rail. In addition, it provides an answer to how the railways are going to achieve growth beyond 2010 and how they can compete with the faster growing segment of the freight market - road freight. Furthermore, it will link Britain's rail freight system into the modern system being developed across mainland Europe.

Concern has been expressed that Central Railway will exclude the development of passenger services, This is not the case. The project will provide the opportunity to improve existing and develop new passenger services. However, the proposed route will only share track used by existing passenger services in selected sections, all of which are north of Leicester. In each of these cases, adequate capacity will exist on Central Railway's route to accommodate such services (for further details see the Strategic Fit briefing note).

Concern has also been expressed that Central Railway would preclude the opportunity to build new north-south high-speed passenger line. Again, this is not the case (for further details see the Strategic Fit briefing note).

Compensation policy

Central Railway's Property Protection Scheme (PPS) is simply the best in the country and has been commended by a Government committee on blight. It provides protection against any drop in the value of residential property along the route and has been entered into by nearly a thousand homeowners. While there are concerns that the project blights residential property along the route, the fact is that the scheme has generally allowed such property to be bought and sold without difficulty.

Financial policy

Central Railway's project will impose no burden on the exchequer. It seeks no subsidy, will raise the capital required from the markets and will provide a competitive rate of return on the capital employed.

Furthermore, in taking over 5 million lorry journeys off UK trunk roads each year, the cost to the Government in maintaining Britain's roads will be reduced.

While every effort has been made to ensure the accuracy of the information contained in this document, no responsibility can be taken for errors or omissions made.