



Leisure Boating – Moving Towards Net Zero

Today, the UK's inland waterways are a valuable leisure resource and a significant contributor to the British economy. Their value was recognised by the then Transport Minister, Barbara Castle, in the 1968 Transport Act which, for the first time, gave the waterways public money to support their use for recreation.

Today, in addition to some 80,000 boaters, the inland waterways network is used extensively by fishermen, walkers, cyclists, horse riders, canoeists and paddleboarders. It is estimated that 4.3m people visit the Canal & River Trust's 2,000-mile network of waterways every two weeks. (Source: *The IWA*²)

Currently the Inland Waterways contributes an estimated £4.41bn to the national economy from 6,300 businesses (Source: *British Marine*¹) and the leisure marine industry supports 133,000 full time equivalent jobs across the inland waterways (Source: *The IWA*²) The annual social value being generated by waterways is estimated at £4.6 billion including £1.1 billion cost savings to the NHS from active use of the waterways and the towpaths. (Source: *The Canal and River Trust*³)

The overwhelming majority of powered boats on the inland waterways today use fossil fuels, almost entirely diesel. New boats are increasingly being built with electric propulsion. The Clean Maritime Plan (Maritime 2050) "*aims to ensure that all new vessels designed for use in UK waters, including inland waterways, will be equipped with zero emission propulsion capability by the end of 2025*".

In practice this will probably mean that inland waterways craft will be built, as most electric ones currently are, using hybrid technology. Unfortunately, it will not be possible to eliminate the back-up engine or generator and achieve zero emission propulsion until improved battery technology is developed, sufficient bankside charging points are made available or hydrogen for fuel cells becomes available at the bankside at an economic price.

Whilst this may address the sustainability of new boats, leisure boats last many decades. The existing fleet will be with us for a very long time and is unlikely to be widely converted to electric drive. The IWA has carried out extensive trials with Hydrogenated Vegetable Oil (HVO) and found it to be an excellent 'drop in' sustainable replacement for mineral diesel. In fact, it is superior to mineral diesel in some respects and vastly superior to the 'FAME' biodiesel being currently added, at 7%, to most available marine fuels, which causes safety issues in some maritime situations.

Unfortunately, even with subsidies under the RTFO arrangements, the price of HVO is very volatile and usually priced beyond what many leisure boaters are prepared to pay. As a result, retailers are reluctant to stock it and the availability of HVO on the inland waterways is very limited for those who wish to buy it.

Like mineral diesel, the price of HVO is determined by world markets. However, it is also influenced by tax and duty regimes and the value and application of the RTFO scheme. These are administered by different Government departments including the Treasury and the DfT, resulting in a complex situation for suppliers to navigate.

The IWA believes that simplifying the landscape and making HVO affordable and available to leisure boaters is the only way to achieve the rapid decarbonisation of the existing leisure fleet and protect the jobs and economic benefits that the inland waterways provide. We also maintain that due to the low volume of fuels involved, the net cost to the Treasury of delivering this will be very small in relation to the benefits achieved.

The IWA therefore asks that the upcoming budget and spending review includes a holistic approach to the supply of HVO to leisure boaters that will simplify the regulatory regime, allow HVO to be sold on the inland waterways at a relatively stable and acceptable price and hence allow the economic value of the sector to be protected and the existing fleet to be largely and rapidly decarbonised. The use of HVO in place of B7 diesel will also remove significant safety issues in some situations.

References

1. "Industrial Priorities 2024-2029" - British Marine, June 2024
2. "Waterways Today" - The Inland Waterways Association, November 2022
3. "Waterways & Wellbeing, Valuing Our Waterways" - The Canal and River Trust, March 2024