

IWA Submission to Government Spending Review January 2025: Making Inland Leisure and Commercial Boating Net Zero

The Inland Waterways Association (IWA) welcomes the opportunity to make a representation to the Spending Review 2025.

Inland leisure and commercial boating supports many jobs and provides a significant contribution to the national economy. The case for making increased sustainability is stronger than ever. A previous submission to the government highlighted the need to sustain the transition towards net zero in the inland waterways sector. However, with increasing policy focus on decarbonisation and the challenges of rising fuel costs, further action will ensure both environmental and economic sustainability for Britain's inland commercial and leisure boating community.

The Importance of Inland Waterways

The UK's inland waterways are a vital environmental, recreational and transport asset and a significant contributor to the national economy. Since the 1968 Transport Act first recognised their value for leisure and recreation, they have grown into a resource used by 80,000 leisure boaters and millions of walkers, cyclists, anglers, canoeists, kayakers and paddleboarders. It is estimated that 4.3 million people visit the Canal & River Trust's 2,200-mile network every two weeks (Source: IWA). Approximately 94.4 million tonnes of freight are carried on the UK's inland waterways, according to the government.

Economically, the inland waterways leisure sector contributes £4.41 billion annually, supporting 6,300 businesses and 133,000 full-time equivalent jobs (Source: British Marine, IWA). The social value is equally significant, with an estimated £4.6 billion in benefits, including £1.1 billion in NHS cost savings due to the health benefits of active waterways use (Source: Canal & River Trust). Several thousand people are employed directly in the inland waterways commercial freight sector.

The Sustainability Challenge

Despite these benefits, most powered boats on the UK's inland waterways still rely on fossil fuels, primarily diesel. While new vessels are increasingly being built with electric propulsion, the transition for the existing fleet presents significant challenges. The Clean Maritime Plan (Maritime 2050) sets an ambitious target for all new vessels designed for UK waters to be zero-emission capable by 2025. However, this goal will only be achievable if:

1. Bankside charging infrastructure is expanded to support electric and hybrid boats;
2. Hydrogen fuel cell technology becomes viable and economically accessible; and
3. A sustainable and affordable alternative fuel is made widely available for the existing fleet.

IWA has conducted extensive trials of Hydrotreated Vegetable Oil (HVO) and found it to be an excellent 'drop-in' replacement for diesel*. It significantly reduces emissions and is far safer than the FAME-based biodiesel (B7 diesel) currently added to most marine fuels.

However, HVO remains largely unavailable on the inland waterways due to its high and

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unstable price, exacerbated by a complex tax and duty regime.

*Supported by the ICOMIA research: 'Pathways to Propulsion Decarbonisation for the Recreational Marine Industry' <https://www.icomia.org/product/pathways-to-propulsion-decarbonisation-for-the-recreational-marine-industry-synopsis/>

Key Asks for the Government Spending Review

To ensure the rapid decarbonisation of inland leisure and commercial boating, while protecting the economic and social value of the inland waterways, IWA calls on the government to:

1. Make HVO Fuel Affordable and Accessible
 - Introduce targeted tax incentives or duty reductions to bring the cost of HVO in line with standard diesel.
 - Simplify the Renewable Transport Fuel Obligation (RTFO) scheme to encourage suppliers to stock HVO on the waterways.
 - Ensure greater availability of HVO at key inland waterway locations.
2. Invest in Bankside Charging Infrastructure for Electric and Hybrid Boats
 - Provide funding for charging points along the inland waterways network to support the growing number of electric and hybrid boats.
 - Support research and development into battery storage solutions that could eliminate the need for diesel-powered backup generators on electric boats.
3. Ensure a Holistic Approach to Sustainable Boating Policy
 - Coordinate policies across the Treasury, the Department for Transport (DfT), and DEFRA to align sustainability goals with practical support for the leisure and commercial inland boating sectors.
 - Recognise the low overall carbon footprint of leisure and commercial boating and develop a proportionate, long-term strategy that enables a realistic transition to net zero.

Conclusion

The case for government action has only grown. By simplifying the fuel supply landscape, investing in infrastructure, and ensuring a coordinated policy approach, the government can enable a just and practical transition towards net zero for leisure and commercial inland boating. The economic, social, and environmental benefits of our waterways depend on it.

Prepared by the IWA Sustainable Boating Group

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