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Mr Jon Clyne
Head of Financial Economics
Office of Rail Regulation
1 Waterhouse Square
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Dear Mr Clyne

Policy Framework for Investments: an initial consultation

PD Ports is a UK-listed shipping and logistics company. We own and operate a number of ports in the UK, including Teesport, the country's second-largest port. The port has very significant cargoes of bulk items such as coal, steel, chemicals, salt and potash which are moved on land by rail. PD Ports is planning to significantly expand its Teesport operation in order to service the growing global deep sea container shipping market. In order to achieve this aim, the capacity of the UK's freight rail infrastructure also needs to be taken into consideration.

We are therefore interested in the way in which Network Rail operates to facilitate or deliver any investment schemes; and how Network Rail will work to identify, promote and deliver network investment schemes over and above those funded at periodic reviews. We have been concerned in recent times by the apparent lack of clarity over the issue of investment schemes where Network Rail has felt itself only responsible for maintenance whilst allocating to the SRA all issues that it designates as enhancements. We are especially concerned about freight by rail and any and all schemes that may impact on the capacity and services of rail operators.

We would like to express our general view on this investment schemes issue and therefore have kept this response short in order to focus on this area alone.

It is vital that Network Rail should act on an integrated and strategic basis in order to ensure that UK rail infrastructure reflects and supports investment in other transport sectors. We therefore agree with ORR's assessment that Network Rail should ensure that "investment schemes are consistent with emerging market needs."

We note that Network Rail has been allocated £2.2bn over 2004-2009 for anticipated investment schemes but it would be most helpful to have a list of these schemes and costings for each. We would also like to understand that these schemes are indeed enhancements and not catch up or accelerated maintenance.

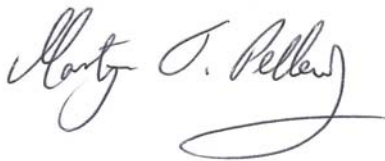
The ORR's consultation also raises the issue of concerns relating to "a lack of clarity over Network Rail's obligations and the complexity of industry processes; a culture of risk aversion; and a perception of high charges levied by Network Rail for providing services."

We agree with these concerns, and would like to see a specific remit for Network Rail to consider the wider implications of its work. In particular, Network Rail must be alive to the need for properly integrated transport investment (eg between road, rail and ports, both air and sea ports) and also to consider other factors such as regeneration, economic benefits, environmental factors and the impact on Government policy such as the Northern Way, which is aimed at closing the £29bn gap between North and the rest of UK, upon which transport investment can have a very direct impact.

Given that Network Rail determines its strategy for the network based on its contractual and regulatory obligations while also having regard to the SRA's strategies (or presumably the DfT's strategies once the SRA ceases to exist), it is vital that Network Rail understands these issues and accords them sufficient priority. For example, PD Ports is concerned that the SRA's current priority for enhancing rail gauge is to and from existing Southern UK ports, whilst Northern routes into ports such as Teesport are designated as "tactical opportunities." We would suggest that this connection from ECML to Teesport should instead be designated as a "highest priority incremental route," and would envisage that Network Rail should be equipped to take such strategic needs into account when considering its work priorities.

Please contact the writer if you would like any further information – contact direct line 01642-877028 or mobile 07881-950636.

Yours truly,



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