

16 January 2007

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Our Ref: F2/ CON/ ORR/014008/0104 - hm

Dear Ms Kelso

Reservation Charges Consultation Document

SPT welcomes the opportunity to comment further on this consultation.

SPT notes that ORR have incorporated into its revised proposal several of the concerns it and others expressed as part of the initial wider consultation. SPT is pleased that there is no longer any intention to level a charge on a per km basis given it would have adversely affected freight operators. SPT is also pleased that the proposal to utilise the charge to pay for enhancement schemes has been withdrawn.

SPT believes ORR's current proposal goes a long way towards meeting the key concern of the industry that any charge should be worthwhile in that it will influence behaviour but that benefit should not be outweighed by the additional cost and complexity of the charge. SPT's major remaining concern over the introduction of such a charge would be on affordability as it is essential that the overall impact should not lead to any diversion of freight traffic to road transport.

Overall, SPT would not be against levying such a charge as outlined on a flat rate basis on freight operators only, with the charges rebated and applying across the country not just in areas of scarce capacity subject to there being a period of grace to allow for further adjustment of rights. SPT's view is based on the fact that the level of service provided by the majority of passenger operators is specified by funding bodies and they do not hold excessive unused rights. Why therefore should they and their funders be a beneficiary of the proposed rebate?

SPT also notes that the level of take up of paths varies considerably by type of commodities with coal having a low take up (approximately 40 %) compared to Internodal traffic at over 90% take up of paths. SPT's view is based on the fact that most freight operators probably have a portfolio of types of commodity carried and thus the overall impact on them as a company is spread with the company incentivised to reduce level of unused paths. However, should it prove that this proposal substantially distorts the market by favouring one freight operator over the others just by dint of the type of commodity this operator has traditionally carried, then the proposal may need further thought. It is to be hoped that freight operators provide the detailed information ORR requires to make an informed choice.

Finally, SPT does not favour at this stage adding to the complexity of the proposal by making the charge payable in congested areas only for two reasons. Firstly, the increased transaction cost and secondly, the possibility a right maybe subject to more than one charge as it crosses several areas.

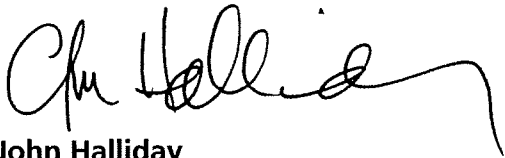
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SPT believes this should be considered as a later refinement should the decision be taken to go ahead with a reservation charge.

In summary, SPT welcomes the opportunity to comment further on the issue and believes ORR's current proposal goes a long way towards providing a potential mechanism that would lead to a review of unused rights. SPT's main concern would be to ensure such a charge, if levied, would not adversely impact on the use of rail by freight operators.

SPT has no objection to this consultation being made public in the normal manner.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Halliday', with a long, sweeping tail that extends to the right.

John Halliday
Assistant Chief Executive, Transport & Strategy