



FREIGHT TRANSPORT ASSOCIATION

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Dear Tim,

Periodic Review 2008: Charge to recover costs of freight only lines

Thank you for consulting us on the proposals to recover the full costs of freight only lines. We welcome this opportunity to input the views of the user community to this review.

It is important to state in the first instance that FTA is still opposed to the concept of charging the full cost of freight only lines for ESI coal and spent nuclear fuel. We believe it is a retrograde step due to the message it sends out about the potential changing cost base of using rail for those who rely on it. This is at a time when FTA and the rail industry are working to encourage more users of rail freight.

We believe that if Government is able to fund all other markets through its network grant, it should also be showing support for rail freight and funding that too, as passenger services get funding for network access in the franchise system.

That said, and mindful of Government policy within which ORR must work, we would wish to comment on the proposed cost allocation procedure.

As regards the charging regime, we would strenuously object to the method proposed in the consultation. We believe the proposal breaches principles of basic fairness to charge coal and nuclear fuel movements across the network, regardless of the extent of their use of freight only lines. If the purpose of the changes is to make users that have to use freight only lines pay their share of the maintenance, the charge should be directly linked to that. The option proposed may be the simplest for Network Rail to administer, but that does not compensate for its basic unfairness. The proposal appears less about paying for maintenance of freight only lines, and more about raising higher general revenue from those customers of rail freight who have little modal flexibility. Charging for freight only lines should be applied directly to use of freight only lines, so that those operations which use less of these lines will not have to pay more than their fair share.

These proposals appear to be using freight only line charging as a tool to achieve other ends – eg modal shift from rail to sea. We believe that freight only line charging is a blunt and inappropriate tool for this purpose. There is not necessarily a direct link between amount and length of freight flows and use of freight only lines.

We are concerned that Network Rail's support for the proposed option may be motivated more by their views on maintaining some mixed use lines to the standard required for coal flows. If this is the case, then this should be the subject of an open discussion and consultation, rather than trying to achieve it through this mechanism.

FTA supports the first option for a charging regime - a fixed charge to reflect the costs of each freight-only line. This would address the fairness issue as customers would pay for what they use. It would also give customers and operators a direct stake in the efficient operation and maintenance of each freight only line, which Network Rail should be able to use to reduce the costs of the lines in the long run.

The objection to this that it might see some short distance movement to road traffic, is in fact an argument against imposing the costs at all – a point FTA made in our original submission.

Regarding other elements of the proposal, one of the problems at the moment is a reported lack of knowledge about the physical infrastructure condition of freight only lines - including their essential civil engineering structures such as bridges. We would ask that this review incorporate a freight-only line audit. One of the tenets of the Track Access Charges review was supposed to be about the Network Manager having a greater knowledge of its network. As the FTA commented in our original response to the consultation on this issue, it is essential that the industry knows and understands its costs in order to manage them and plan network developments.

In conclusion, we believe the proposals as they stand are less about recovering costs from the users of freight only lines, and more about higher charging on a generic basis to those users who rely on rail, and we call upon ORR to reverse their decision to support adding freight only lines costs to network use charges.

We trust that you will find these comments useful. Please do not hesitate to contact us if you require further information.

Yours sincerely,



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