

Date: 08 August, 2012
Ref: ATCO / ORR Track Access Charges

Dear Sirs

Formal response from the Association of Transport Co-ordinating Officers (ATCO) to the Consultation on Track Access Charges

1. ATCO welcomes the opportunity to comment on the Office of Rail Regulation's consultation on the Variable User charge and on a Freight-specific charge.
2. This is an officer response developed by the Association's National Rail Executive and represents a wide cross-section of opinion from transport professionals working in local government in England, Wales and Scotland. Its scope covers both PTE and shire county and unitary authority membership.
3. In principle, ATCO accepts the need to implement a cap on the average variable user charge in order to bring average variable costs down to the levels calculated for CP4, which will entail a reduction of between 5% and 7% in Network Rail's costs for operating, maintenance and renewals.
4. It appears from the information supplied in the consultation document that freight represents only 7% of train km on the network. Therefore it seems somewhat arbitrary to ATCO for ORR to seek to recoup for Network Rail significant amounts of money from the freight market, the latter being seen as it were as a soft target.
5. We are extremely concerned that the effect of the proposed price increases for freight access will lead to a transfer of significant amounts of hard-won traffic back to road transport, with implications both for road congestion and the nation's carbon footprint.
6. The segments selected for application of higher access represent only 11% of freight revenue and will therefore see a disproportionate rise. Taking the elements identified in Table 1 on Pg 9 in turn:-

Rail freight market segment	ATCO view
Cost for electricity supply industry	We would not favour any measures which resulted in additional journeys transferring to road
Spent nuclear fuel	Not convinced that this traffic causes significant wear and tear on the system, in view of limited train lengths
Iron ore	We would not favour any measures which resulted in additional journeys transferring to road

Biomass	Agree should reviewed later in order not to discourage new business
Coal transported for other purposes	We would not favour any measures which resulted in additional journeys transferring to road
Other freight market segments	Agree with ORR cautious approach

7. Where individual freight flows can be identified as contributing a disproportionate amount of wear and tear on the track (eg coal flows from Hunterston to power stations in Yorkshire, etc on the GSW and Settle & Carlisle lines) specific measures may be justified on a geographical basis, as posited in the consultation document.
8. ATCO would be firmly against any move to restrict potential traffics by lowering permitted axle loads to levels such that only lightweight dmsu or emus were acceptable on certain lines. Such potential traffics could be freight, or locomotive-hauled or HST charters which area developing market and have every right to access the national network.
9. When Railtrack took over responsibility for the national rail infrastructure on privatisation, was it not on the basis that the network should be maintained to the same standard as that which it inherited? Network Rail has inherited the same obligation, yet we have seen attempts to downgrade various lines on cost saving grounds (Skegness being an obvious example, though happily now resolved).
10. It may be inconvenient for Network Rail to have to maintain a high axle-load network, but with individual loaded freight wagons, whether tank or containers, often grossing 100 tonnes, that is the nature of the business it is in and both ORR and Network Rail must recognise that.
11. So far as attempting to incentivise freight companies to run trains on those parts of the network where costs would be lowest (under proposed measures) ATCO supports the stance of the Railfreight Group (RFG) in considering this to be quite impractical. The beginning and end of freight transits are fixed locations, and choice of route, where it exists, is already severely constrained by line capacity and/or loading gauge considerations.
12. Indeed, additional complexity would be caused in circumstances where engineering blockades caused trains to be diverted onto more 'expensive' routes.
13. A regime for differential charging of different types of locomotive, wagons and commodities is already in place. According to RFG, several thousand price bands already exist, and rather than seeking further refinement leading to additional complication, Network Rail should instead be looking to reduce the number of price bands.
14. The capacity utilisation charge which the Office of Rail Regulation seeks to impose is uncharted territory whose implications are unclear, but which is likely to increase the cost to the customer. ATCO believes such a measure to be unnecessary and potentially damaging.

15. To sum up, considering that freight reportedly represented only 1% of Network Rail revenue in 2011/12, and that the sector's profit margin was as low as 1.7%, ATCO is not convinced that any major change in the charging regime for freight is desirable or necessary (with the exception of particular circumstances such as those described under point 7 above).
16. Network Rail must seek to reduce its operational costs by greater efficiency and the employment of new technologies rather than increased pricing.
17. ATCO would not be in favour of any measure being introduced which would result in a decrease in freight traffic on rail.

Thank you for this opportunity for ATCO to respond to this consultation. We hope that our input will prove useful to the department in formulating a policy on the extent to which restructuring of track access mechanisms and their level may be necessary.

Yours faithfully

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