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Dear Sirs

### **Network Charges – a consultation on how charges can improve efficiency**

Thank you for allowing us the opportunity to respond to your consultation on how charges can improve network efficiency.

We are Nexus, the trading name for the Tyne and Wear Passenger Transport Executive. Nexus is the owner of the Tyne and Wear Metro system and through its concessionaire, DB Regio (Tyne and Wear) Limited makes an annual payment to Network Rail of around 9% of its gross budget for Metro, for accessing that part of the Network Rail route between Pelaw Junction and South Hylton station via Sunderland station. This arrangement commenced by way of a formal Agreement with Railtrack on 31 March 2002.

In general, Nexus would support the over-riding principle that improving the way in which charges are levied could improve outcomes for passengers, freight and taxpayers. However, since over half of Metro's revenue funding is provided to it by central government (in the form of grant funding from the Department for Transport) any resulting increase in its network charge would need to be compensated for by a commensurate increase in its own grant funding from the Department for Transport.

If the revised charge was more reflective of Nexus' use of the network such that it became the new baseline for Nexus, and as long as the safeguards and protections outlined above were properly put in place, we consider that greater transparency would allow both Nexus and Network Rail to better work together in the interests of our customers and the taxpayer in general.

Yours sincerely

**John Fenwick PGDip CPFA**  
**Director of Finance and Resources**

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cc Stuart Baker, Programme Director, Network Services, Department for Transport