



## FREIGHT TRANSPORT ASSOCIATION

Ben Worley  
Senior Regulatory Economist  
Network Rail  
Kings Place  
90 York Way  
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31<sup>st</sup> January 2013

Dear Ben,

### **FTA response to Network Rail Consultation on the allocation of the Variable Usage Charge**

Thank you for asking FTA to comment on ORR's consultation on Schedules 4 and 8 possessions and performance regimes. The Freight Transport Association (FTA) represents over 14,000 companies spread across the UK relying on or providing the transport of freight both domestically and internationally, to or from the UK. Our members involved in rail freight include shippers of bulk, deep sea and domestic intermodal and retail goods, and also freight operating companies and logistics service providers, accounting for approximately 90 per cent of goods moved by rail.

FTA's primary rail freight focus is to represent the shippers – the ultimate end users – of rail freight who make the decisions about modal choice. We are though also interested in the regulatory and operational policy architecture of the industry to the extent that it affects competition and shipper choice. Indeed we have the main rail freight operating companies in membership, together with logistics service providers and rail freight shippers. Due to our primary representational focus being upon the end users of rail freight services, we will not have detailed answers to give to all of the individual aspects of this further consultation as some will be necessarily more freight train operator focussed, but we will be commenting on the general principles.

Overall FTA supports a process of efficiency gains that will enable freight track access charges to reduce overtime in real terms so as to enable rail to be competitive with other modes. This is necessary if rail is to win more traffic and modal share. It is noted that ORR has already set its caps on freight track access charges but we would expect that a process of efficiency gains by Network Rail should not see the caps fully taken up. Rail freight must reduce its costs and become more cost competitive if it is going to win traffic from road freight. To put costs up will have a deleterious effect upon rail's ability to compete.

**Questions 1 – 3:** As an engineering matter, FTA is not able to comment on the detail but we would be concerned at the sensitivity of certain traffics to transfer from rail if cost increases were imposed.

**Questions 4 – 7:** We are not qualified to comment, given this is an engineering matter.

**Question 8:** While not qualified to comment on the engineering detail, we feel that it is vital that there is certainty of charges.

**Question 9:** Again, as an engineering matter we would not have a direct comment. Would you be able to send the spreadsheet and covering email again please for future reference.

**Question 11:** This approach seems sensible.

**Question 12:** Again this approach seems sensible but we may need more clarification on the impacts if this is simplified from before.

**Question 13:** This seems a reasonable approach.

**Question 14:** It may be beneficial to the market if this were to be set by commodity wagon types.

**Question 15:** As with comparable issues for road vehicles, it needs to be clear up front what are the characteristics that are trying to be incentivised?

I do trust that you find these comments useful. Please contact us if required to discuss any matters further.

Yours sincerely



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