
ORR a shoe-in for franchise regulation

by THE FACT COMPILER • MAY 11, 2012

This from Rose Hill...

So. Congratulations to the ORR for their latest novel proposals aimed at reducing industry costs and improving efficiency.

The Regulator's latest tome, '[2013 Periodic Review - Financial and Incentive Framework](#)' confirms that from 2014, access charges will be geographically based, reflecting the different costs of maintaining the track and signalling on various Network Rail routes.

As yet, Network Rail haven't actually managed to produce any data upon which these charges could be based, but you might of course expect that costs will be higher in some parts of the country, for example areas that are hillier, flatter, colder, wetter, hotter, prettier or possibly with smarter postcodes (*is this right? Ea*).

To be fair some routes are busier, some less well used, some quicker, whilst others are errr... slower (*get on with it! Ea*). So making access charges reflect this will, say the ORR, incentivise operators to be more efficient.

Now of course franchised passenger services are held neutral to any changes by DfT and Transport Scotland.

So these reforms only apply to freight and open access services (around 10% of traffic), who will now be in the happy position of being able to plan their services avoiding the most expensive parts of the country.

Indeed, there is some suggestion that railfreight customers are so keen to embrace these changes and do their bit to reduce wear and tear on the network, that they are giving serious thought to relocating their quarries, blast furnaces and deep-water ports (*you re just not taking this seriously, are you? Ea*)

Happily these exciting ORR proposals will also do their bit to generate new jobs, mainly amongst desk jockeys calculating the new charges and drivers of ever heavier HGV vehicles.

Well done ORR. With a document as well thought out as this the DfT will be only

too delighted to hand over responsibility for regulating franchises.

UPDATE: This from Sir William Ackworth...

Is one of the objectives of geographical track access charging to ensure that a much higher proportion of national rail infrastructure costs is transferred to Mr Salmond and his jocular friends north of the border ASAP – certainly prior to any independence referendum?

The Scottish network is disproportionately blessed with very expensive infrastructure, including the 2 longest estuarial rail crossings in GB (and other structures needing careful monitoring), and significant stretches of line requiring extensive coastal defence and mitigation measures, or susceptible to flooding or rock-falls, or suffering from unstable formations (e.g. in former mining areas or across bogs and moors.)

In due course, the same approach might be adopted to transfer 50% of the costs of the Severn Tunnel and 100% of the costs of the Cambrian Coast (lots of flooding, rock falls & estuarial crossings there!) and Central Wales lines to the WAG in Cardiff.

If this were to happen, then by deploying the same analysis of the second-order effects of differentiated TACs as the fragrant Rose, and also looking at C18th and 19th Scottish history, we can confidently expect the cross-Border migration of many able but destitute Scottish economists and administrators who cannot afford cost-reflective rail fares in their homeland, travelling on cheaper parts of the rail network to seek employment in organisations such as ORR and DfT and willing to accept salaries well below those currently enjoyed by incumbents.

This would significantly reduce rail industry costs and contribute to closing the efficiency gap identified by Sir Roy McNulty (by coincidence, also a Celt).

I feel sure that the occupants of Kemble and Marsham Streets would consider the loss of their current posts to cheaper competitors, or the option of a significant reduction in their salaries to remain employed, to be a small price to pay to facilitate the efficient working of the infrastructure charging and labour markets.

Original URL:

<http://railwayeye.blogspot.co.uk/2012/05/orr-shoe-in-for-franchise-regulation.html>