



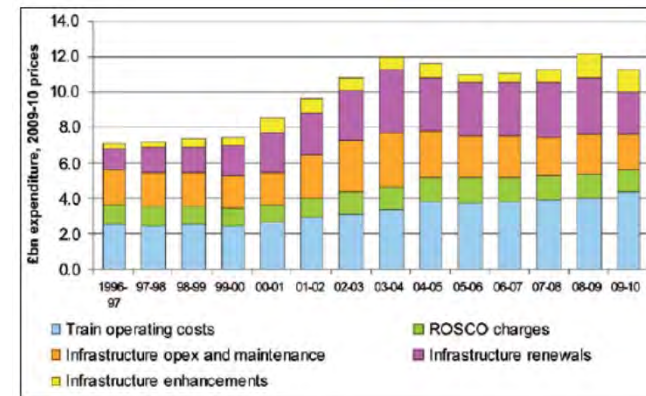
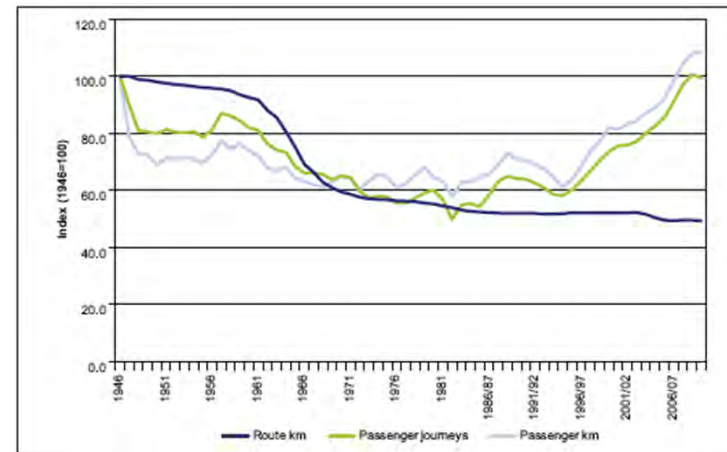
OFFICE OF RAIL REGULATION

# The way ahead for our railways

Anna Walker  
Chair, Office of Rail Regulation  
Rail: Value for Money Conference  
17 November 2011

# Context

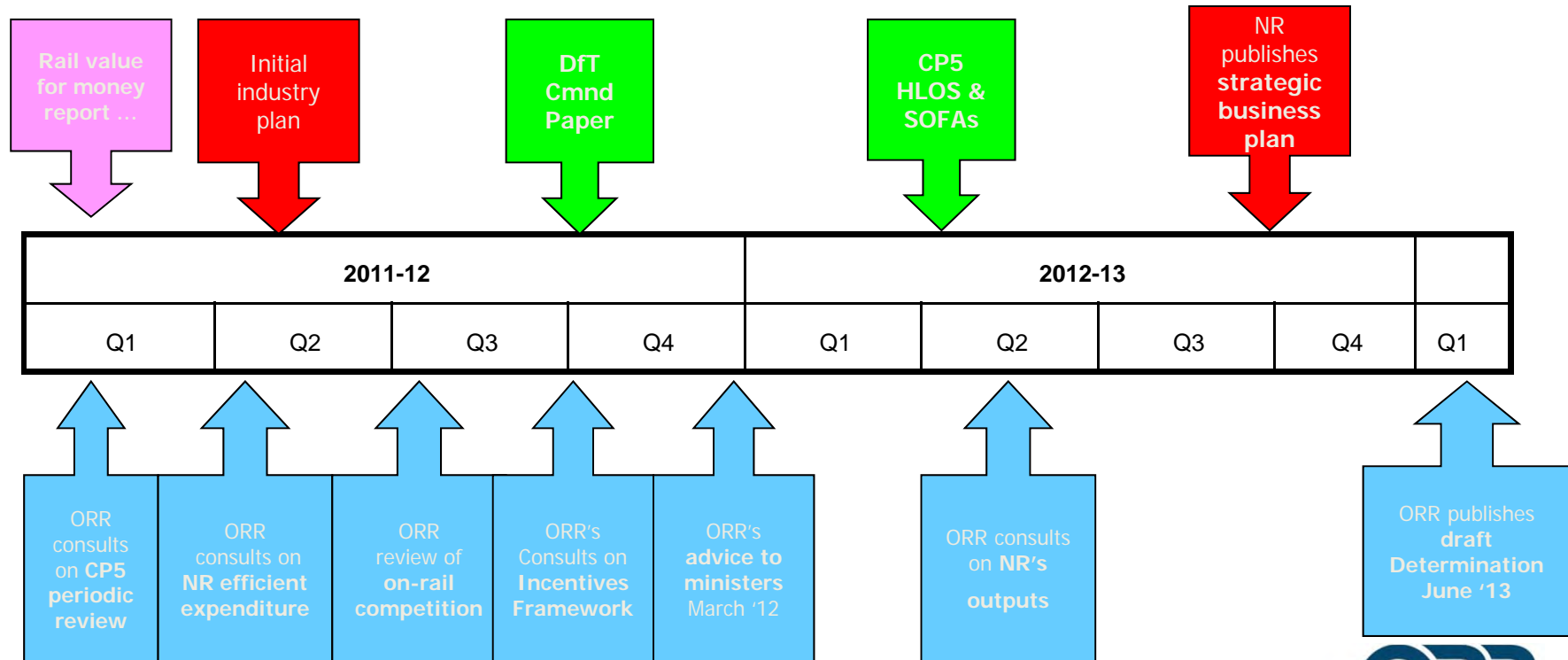
- Rail sector continues to grow:
  - Passenger and freight traffic potential to double by 2030
  
- Largest ever investment programme:
  - Crossrail £14.8bn
  - Thameslink £6bn
  - CP4 enhancement programme £8bn
  - HS2 £32bn?
  
- But industry costs too high
- And tough economic conditions



# Key Events/Players

- Rail Delivery Group
- Government's response to the McNulty Report - including consultation documents on
  - ORR's role in relation to TOCS
  - Fares and ticketing
  - Localism
- PR13
  - A key role to play in implementing McNulty
  - Whole sector working together to deliver own solutions, not dependent on government or regulator.

# PR13 Timetable



# PR13: the big issues and Incentives

- March '12 - ORR's advice on **HLOS** and **SOFA**
- **Network Rail**
  - Devolution by routes
  - Comparative information
  - Efficiency savings
- McNulty: over half of £1bn from
  - Better asset, supply chain and project management
  - Partnership working with
    - TOCs (benefit sharing, revision of current schedules)
    - Suppliers
    - ROSCOs ?
  - Plus efficiency benchmarking, cost of capital etc...

# PR13 The Big Issues and Incentives

- Network Rail (cont) Other Incentives?
  - Financial arrangements
  - Governance arrangements
- Greater transparency of information
  - Network Rail
  - TOCS
  - Whole industry costs/revenues
  - More information for passengers
  - Public subsidy
- Network capacity
  - Reflected in track access charging
  - Maximised by Network Rail

# PR13 The Big Issues and Incentives

- Competition
  - Some more – on rail
  - Stations
  - Other?
- Localisim
  - Devolution to Whom? Of what?
  - Spotlight on subsidy
- Innovation
- Low carbon economy
- Economic growth?

# Summary

- Exciting time for rail
  - Government )
  - Passenger/freight ) Support
- BUT £1 billion + per annum must be saved
- While sector continues to improve
  - Reliability, performance, safety, innovation
- PR13 a real opportunity to set the right incentives framework
- **BUT** delivery depends on
  - Cross industry collaboration
  - Innovative and strategic solutions
- We want to work with you on the framework