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Copy to;

Graham Smith  
Secretary, Rail Delivery Group  
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Dear Andrew

Direct Rail Services is pleased to respond to the consultation on the formalisation of the Rail Delivery Group July 2012.

### **General comments**

DRS would support any sound proposals to improve the industry wide efficiencies/practices that would benefit all rail users, in particular the taxpayer.

We do have concerns that there are currently various industry wide groups and that adding another group to direct the others could lead to another degree of bureaucracy 'death by committee'.

We are also mindful that NWR are funded as 'infrastructure managers' as are the ORR as the 'rail regulator'

We agree that there is a distinct lack of leadership and direction within the industry.

If the **industry** is to provide leadership, it needs a structure. This is a low cost way of providing that structure and engaging the key players.

### **Specific questions**

1. Please comment on whether you consider that the purpose of RDG set out in paragraphs 2.3 to 2.5 will drive the changes and improvements envisaged by the McNulty study (*paragraph 2.6*).

Formal industry wide recognition will give the RDG moral empowerment and credibility.

Without which the RDG would find it difficult to lead the industry in some areas and achieve reform, changes and efficiencies.

However, it would appear that the role of RDG is defined to cross industry issues and not to cut across the primary responsibilities of FOC's/TOC's and NWR.

It will be interesting to see if that will change with time as clause 2.4 ( c ) which states 'Over time RDG will seek to take back to industry from government key roles and responsibilities' .begins to apply.

2. Are you content with the proposed structure of the RDG board set out in paragraphs 2.16 to 2.24, particularly in terms of scope of representation and the criteria for membership (*paragraph 2.25*)?

DRS agree in principal with the proposed structure, representation and criteria of membership and well understand the need to keep numbers manageable and proportionate, the criteria itself creates transparency.

3. Please comment on how you consider RDG could best engage with licensed and associate members. (*paragraph 2.30*).

From a freight operators point of view and being engaged in various forums we have found the RDG to have a fairly low profile, this could be a result of not being formally recognised?

We would suggest that once formally recognised that the RDG should up their profile through rigorous engagement with the industry at all levels to gain and maintain credibility

4. (For licensed train operators and Network Rail) - in view of these proposals would you be content to agree to the introduction of the new condition at Annex B into your licence? If not, what changes would you wish to see which would allow you to provide that agreement (*paragraph 2.41*)?

DRS have no objection to the proposed licence modification as per annexe B.

5. Will the proposed voting and quorum arrangements set out in paragraphs 2.45 to 2.47 provide you with assurance that decisions taken by RDG will have sufficient cross-industry support to justify implementation? (*paragraph 2.50*).

DRS understands the need for a decision making process within such a group and feels that the simple majority approach to be sensible, the point of note though is that the group even if in agreement does not have the power to implement in the true sense thereby protecting existing processes such as the network code.

6. Are there any specific commercial protections that you consider will need to be included within the competition compliance document (*paragraph 2.53*)?

We feel that it should be mentioned that freight operators in particular compete with each other as well as the road hauliers.

Freight is very competitive and the RDG arrangements must not convey either advantage or disadvantage in a way that distorts competition.

7. Please comment on whether you consider the funding arrangements proposed in paragraphs 2.59 and 2.60 to be appropriate (*paragraph 2.61*).

We would refer to our comments regarding ORR/NWR being funded and the statement within clause 2.4 ( c ) 'to take back to industry from government key roles and responsibilities'.

Whilst we understand NWR to fund 50% of the annual levy and the rest to be split between the leadership members, is this not the taxpayer paying twice with the leadership members contributing to managing our railways?

As will be well known the ORR/NWR has been consulting industry on all types of charges, likely to increase, with the cry of recovering costs, surely this principal should apply to RDG members being levied whose costs could be coming from an ever decreasing profit margin.

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