

From: John Oliver
Sent: 06 September 2013 8:51 PM
To: Bobocica, Alexandra
Subject: DRAFT DETERMINATION

Here are my comments on the DRAFT DETERMINATION for the Control Period April 2014- March 2019

I think it would be very helpful as part of this document if the share of the cost of the rail industry expected to be borne by fare-box income (and separately non-farebox income) over the course of the Control Period was calculated and made explicit.

I think there should be two calculations as follows:

1) The percentage of the cost of the rail industry to be borne by fare box income, non-farebox income and the total of the two where cost is defined as all expenses required to maintain the current capacity and capability of the network but excluding enhancement expenditure. I am assuming that in the SOFA you have been provided with estimates of TOC fare-box and non-farebox income as you would need these to determine the reasonableness of the forecast net subsidy/premium position.

2) The percentage of the cost of the rail industry to be borne by fare box income, non-farebox income and the total of the two where cost is defined as all expenses required to maintain the current capacity and capability of the network and also including enhancement expenditure.

I think the above would help the media and general public appreciate the true position. The exclusion of enhancements (but inclusion of renewals) gives an idea of the amount of day to day industry cost that is covered by farepayers. In discussions of how much it is correct for farepayers to be contributing i believe it is essential that it is understood the extent to which passengers are being required to fund enhancements. I'm not saying this is wrong - merely that it should be transparent.

Suggested definitions-

I'm happy to go with existing definitions but the general content would be as below

Fare-box income -

income received from passengers' purchases of tickets and minor ancillary expenditure such as train catering, purchase of timetables etc. Also car park income (not normally counted as fare box income-accruing to Network Rail and TOCs)

Should not include open access passenger revenue as this does not help fund the network (except through access charges which i have included below)

Non-Farebox income -

Income from station tenants (Network Rail and TOCs)
Income from freight access charges

Income from open access track, station and depot access charges (paid to Network Rail and TOCs)

Some of the above may be tricky to calculate and not particularly material in value so could be excluded

Please confirm that i have sent this to the correct address and that it can be considered

Thank you
John Oliver
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