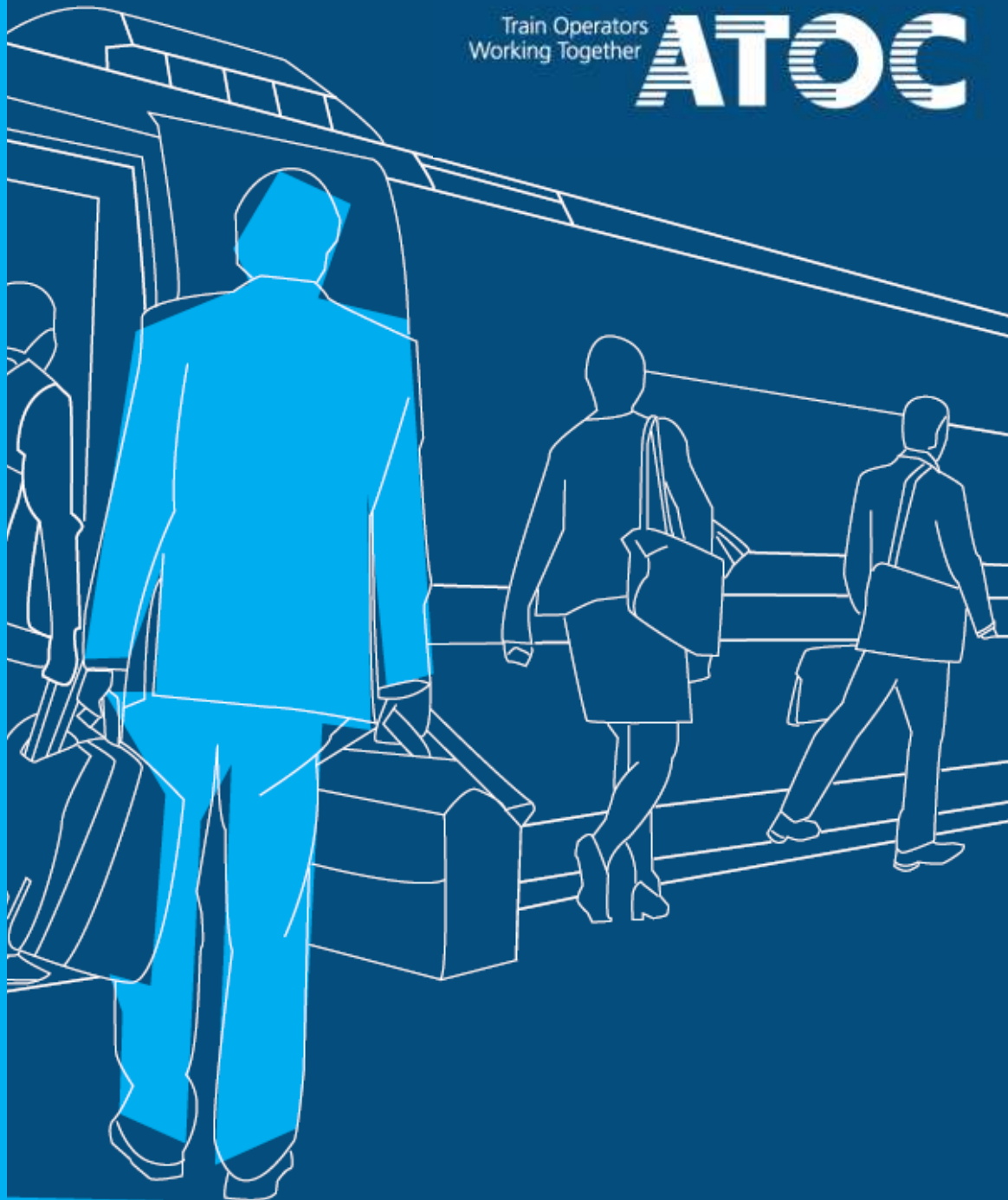


Train Operators
Working Together

ATOOC

A Long Term Vision for Rail

Michael Roberts
Chief Executive



We want to grow the role of rail in national life

Driving a dynamic economy



Strengthening our social fabric



Improving the environment



A long term vision for rail

We aim to achieve our goal by working with others over the next 25 years to:

- Continue improving passenger satisfaction - to at least 90%
- Carry twice as many passengers as today, more quickly and better integrated
- Put the railways on a more sustainable financial footing
- Deliver services that are among the most reliable and safe in Europe
- Help Britain tackle climate change by moving towards a 50% cut in CO₂ emissions in the longer term



Success depends on playing to rail's market strengths

Figure 2.2 Rail's current and possible future position in different transport sectors



Source: Network Rail and Association of Train Operating Companies

.... and continually striving to deliver a better service

Network improvements

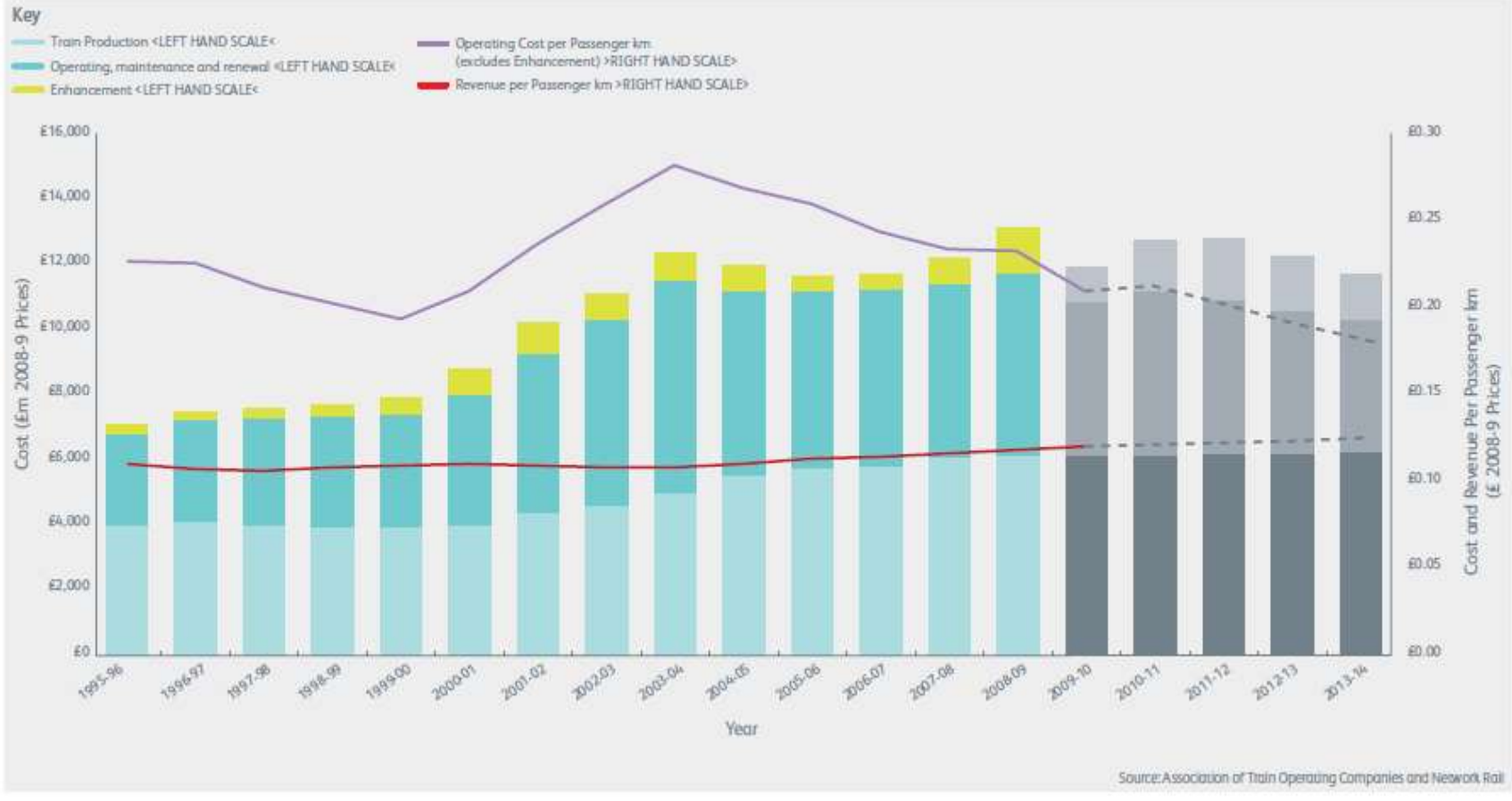
- More from existing infrastructure (eg timetabling, signalling)
- Replacement & extra capacity (rolling stock and track)
- New lines (conventional and high speed)

Other improvements

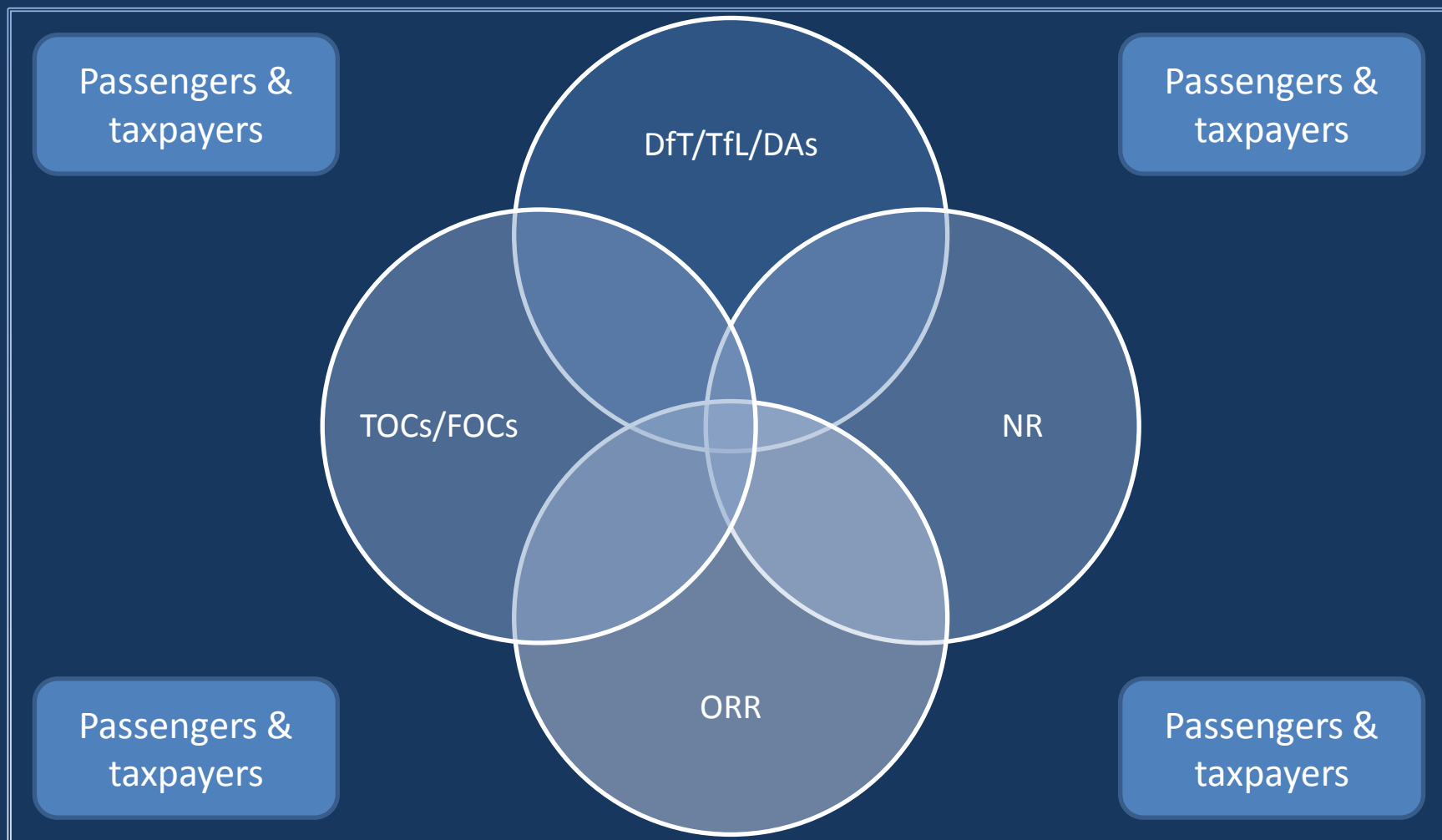
- Onboard and station environments
- Better passenger information (service and fares)
- Range of ticket types (electronic, smart, conventional)
- Wider customer service

.... and improving the economics of rail

Figure 2.9 Industry costs and revenue 1995-6 to 2013-14



.... and having a supportive industry structure



Four areas key to a more successful railway

Franchise reform

longer, smarter franchises, allowing the private sector to invest and innovate

Aligning train and track

stronger alignment between operators and Network Rail, focused on customers

Targeted, sustained investment

need to keep investing in network and train capacity as demand continues to grow

Smarter fares policy

more flexible approach to fund investment, reduce taxpayer support and make better use of capacity

Franchise reform

A better deal for taxpayers /passengers, based on giving TOCs a greater role in partnership with government:

- longer franchises (15-20 years) as the norm & more emphasis on quality
- core service specification & additional services
- agreed outputs eg PPM, crowding, service quality (including satisfaction)
- continued ability for government to remove poor performers



Aligning track and train

Closer working between track and train operations to deliver better value for money:

- Route-based NR units with more authority/resource in stronger partnership with TOCs
- Potentially vertical integration on some parts of the network and different degrees of integration

Approach helps drive down cost (eg benchmarks) and brings infrastructure decisions closer to customer



Targeted, sustained investment

Investment is key to ensuring adequate capacity and sustaining high levels of service quality in future:

- NR's OMR spending vital but so is enhancement – welcome shift of emphasis in CP4 (c £10 billion)
- DfT Rail came out well in Oct 2010 Comprehensive Spending Review – though some caveats
- Need to achieve balance of large & small projects, classic and new network
- McNulty key to future affordability & scope for more TOC-led investment



Smarter fares policy

Current approach has supported revenue & passenger growth but needs to be smarter to reflect modern railway:

- Keep regulation where needed, but apply more flexibly to reflect individual franchises (eg major investment)
- Targeted de-regulation, where rationale weak and can help passengers (eg simpler prices, better demand management)
- Support passengers' buying decisions with better information and new products (eg smart ticketing)



Conclusion

- If we make the right decisions now, we could have a much more self-sustaining railway within a generation
- A key feature is the need to redefine relationships & boundaries between key players eg TOCs, NR, DfT, ORR
- Separate threads of reform must be brought together so that we can get on with the job
- The prize is not just good for the industry, it is how we boost rail's contribution to the economy, society and environment