RAILWAY FREIGHT, DOCK AND CANAL CHARGES

Memorandum by the Minister of Transport

Under the Transport Act the Commission's charges will in due course be determined by charges schemes settled by the Transport Tribunal after Public Inquiry. The preparation of draft schemes by the Commission and their settlement by the Tribunal will take a long time. The Tribunal are just finishing their inquiry into a draft Passenger Charges Scheme submitted early this year. It will, however, be a considerable time before a draft Freight Charges Scheme can be submitted to and confirmed by the Tribunal. To meet the position existing in the interval before all the schemes are in operation, Section 82 of the Act enables me to make Regulations authorising the Commission to increase their charges, where in my opinion this is expedient with a view to ensuring a sufficient revenue to meet their obligations under the Act.

2. In the recent proceedings before the Tribunal upon the draft Passenger Charges Scheme, the Commission submitted evidence that:

(a) with railway passenger and freight, and dock and canal, charges at their present level, but allowing for increased revenue from other charges not subject to the present control of the Tribunal or the Minister, the Commission would, in 1952, incur a deficit of about £39.5 millions;

(b) this position is due to actual and prospective increases in wage rates and the rising trend of prices;

(c) the proposals as to passenger charges contained in the draft scheme would, if confirmed, produce in a full year additional revenue of about £22.8 millions still leaving a deficit of about £16.5 millions.

3. In these circumstances the Commission have applied to me under the Section for authority to increase, as soon as possible, existing railway freight, dock and canal, charges by 10 per cent subject, generally, to a maximum increase of 10/- per ton in the case of railway freight charges and subject to special increases of about 20 per cent in the charges for small parcels by goods train and 50 per cent in the charges for the carriage of returned empties. These increases would produce about £22 millions in a future year.

4. As required by the Act, I referred the application for the advice of the Permanent Members of the Transport Tribunal, acting as a consultative Committee, and asked that such advice should be tendered as soon as possible. A copy of the Committee's Report is annexed.
5. The Committee felt some difficulty in tendering their advice before reaching conclusions on the evidence submitted in connection with the Passenger Charges Scheme, but in view of the urgency of the matter they decided to do so without public inquiry. They recommend that I should authorise as soon as possible the increases applied for except that the increase in the charges for smalls and returned empties should, like the increase in other charges, be 10 per cent. This modification would reduce the estimated yield from £22 millions to £21 millions.

6. It is clear that the increases, together with such increases in passenger charges as may be authorised under the scheme settled by the Tribunal, will do little, if anything, more than balance the Commission's account in a full year. As the passenger fare increases cannot operate fully before the end of April next, this balance is unlikely to be achieved in 1952. Moreover no provision has been made for wiping off the accumulated deficit, which was about £20 millions at the end of 1950 and may well be £5 millions more at the end of 1951, or for establishing a general reserve as required by the Transport Act.

7. To meet the present position, therefore, I am satisfied that the Committee's recommendations should be accepted and I propose to make regulations accordingly to take effect as from 31st December. I seek authority to announce this in the House this Thursday and to circulate at the same time in the Official Report the terms of the Committee's advice.

8. I have discussed this matter with the Secretary of State for Co-ordination of Transport, Fuel and Power, who agrees with my proposal.

J.S.M.

Ministry of Transport, W. I.,
3rd December, 1951.
ANNEX

Memorandum for the Minister of Transport by the Permanent Members of the Transport Tribunal Acting as a Consultative Committee

1. By a letter dated the 23rd November you requested our advice on a proposal made by the British Transport Commission that they should be authorised under section 82 of the Transport Act, 1947 -

(a) to make the increases in railway freight rates and charges described in the Commission's memorandum in the manner following

"PROPOSALS" -

(1) A general increase of 10 per cent (except as hereunder provided) on existing rates and charges, including miscellaneous charges, in respect to merchandise traffic by goods and passenger trains, subject to a maximum increase of 10/- per ton in the case of merchandise by goods train and perishable traffic by passenger train.

(2) An increase of 50 per cent in the existing scale of additional charges in respect to small parcels (other than returned empties) by goods train ("smalls" bonus). This is estimated to be equivalent to an increase of approximately 20 per cent on this class of traffic.

(3) An increase of 50 per cent in the existing charges for the carriage of returned empties.

(b) to increase by 10 per cent all the harbour, docks, piers, canals and inland waterways charges now in operation which are regulated by statutory provisions.

2. In your letter you informed us that you were impressed with the importance of taking the earliest practicable steps to prevent the financial position of the Commission from becoming unmanageable and asked that our advice should be tendered as soon as possible.

3. If we may be permitted to say so, the request for our advice as a matter of urgency has placed us in some difficulty.

4. We are on the point of concluding a public hearing into a Passenger Charges Scheme submitted by the Commission. We shall therefore in the reasonably near future have in effect to decide what if any additional contribution can be expected of passengers in relief of the evident financial necessities of the Commission. In these circumstances we do not think it would be right for us to enter upon any detailed discussion in this memorandum of the extent of these necessities.

5. All that we think it proper to say at this juncture is that as a result of the examination of the financial position and prospects of the Commission which the public inquiry has involved and of the additional information in the Commission's memorandum we are satisfied -

(a) that the general considerations advanced by the Commission are in substance well founded.

-3-
(b) that upon such an estimate as is possible in the circumstances of the moment the annual deficit of the Commission at the existing levels of freight and passenger charges would prove to be not less than £35 millions and might well be £60 millions:

(c) that whatever additional revenue it may be equitable and practicable to obtain from the passenger services can do no more than alleviate the financial position of the Commission:

(d) that there is at present no prudent alternative to an increase in freight charges aimed at providing in a full year additional revenue of the order of £20 millions:

(e) that a general increase of 10 per cent on existing rates and charges is the best available means of meeting the Commission's necessities.

6. We are not satisfied that there is any sufficient justification for imposing what is in effect a special surcharge on the small parcels and returned empties traffic.

7. We recommend accordingly that regulations be made as soon as possible authorising the Commission to make -

(a) the additional charges described under head (1) of the "Proposals" set out in paragraph 1(a) of this memorandum, subject to the deletion in head (1) of the words "(except as hereunder provided)", and,

(b) the additional charges specified in paragraph 1(b) of this memorandum.

(Signed) HUBERT HULL
A.E. SEWELL
J.C. POOLE

3rd December, 1951.