

# IS IT TIME TO TAKE

**Returning train companies to public ownership makes financial sense – and would be a vote-winner, argues**

Gerry Doherty, **general secretary of the TSSA union.**

**Atoc's director general George Muir doesn't agree...**

## *Dear George*

Who would want to go back to the days of British Rail?

Not many people, that's for sure, and that includes those who work in the rail industry. However, that doesn't mean that there shouldn't be some radical changes to the industry – something most commuters would agree with.

The union's amendment to a policy document, calling on Labour to introduce an 'integrated, accountable and publicly owned railway' was carried at the party's conference in Brighton in September.

We didn't do it for dogmatic or ideological reasons; we did it because it's right for our railway. It's right because it would ensure that every penny that goes into the railways is reinvested in the industry. It's right because it would streamline decision-making and improve passenger services. And it's right because it would be a popular, vote-winning policy.

Today's railway is worse value for money than British Rail was. Last year, train operating firms received a subsidy of £2bn from the taxpayer; in 1989-1990, British Rail got less than £1bn at today's prices. Today's subsidy to South West Trains comfortably outstrips the amount paid to British Rail to run the whole of Network South East a decade ago.

The reality is that many operators take little or no financial risk. Some franchises operate on a 'cost plus' basis whereby the operator receives a fixed margin above their costs to run services. This means they are effectively paid a profit to run the trains on behalf of the Government, which picks up the tab for all the running costs.

This doesn't give them much incentive to improve their service. Why does the Government think this situation is better than running train services in the public sector? This question is especially pertinent as we know that the public sector can run trains just as well as the private sector – because it's already happening.

Remember the disaster that was Connex? Last year, having received half a billion pounds in taxpayer's money and in return having given commuters nothing but headaches, they were stripped of the South Eastern franchise. This is now run by the Strategic Rail Authority, as South Eastern Trains, in the public sector.

Passengers roundly welcomed the decision to dump Connex. And although today's service isn't perfect, the latest independent figures show that the franchise is performing as well in the public sector as it did in the private sector, and compares well with other private operators on the network.

Unfortunately, the Government seems to be in a terrible



rush to sell South Eastern Trains back to the private sector, even though they risk a 'Connex Mark 2'. But why the hurry? Taking other private franchises back into the public sector as they expire may take some years, but will cost the Treasury nothing in compensation.

TSSA didn't pursue this policy in the full glare of the media spotlight at the Labour Conference to land a cheap shot. We think Labour has made some real advances – from creating Network Rail to investing record amounts in rail. Ministers recognise that the industry cannot continue in its present state. The Government's own White Paper, *The Future of Rail*, says the industry is over-complicated, dysfunctional and incapable of delivering the value for money and levels of performance required of a vital public service.

The Government is moving in the right direction, but its plans just aren't radical enough. A review that keeps in place a plethora of train operators, six track renewal firms, hundreds of contractors, three rolling stock companies, the Office of Rail Regulation and Network Rail hardly delivers the clear chain of command the industry desperately needs.

Our policy isn't pie in the sky. Our independent polling shows that only one in 10 people think that rail passenger services should be run by private operators as they are now. All we're arguing for is a railway which is value for money and which works – and that means public ownership.

Yours

Gerry Doherty  
General secretary, TSSA

**'Today's subsidy to South West Trains comfortably outstrips the amount paid to British Rail to run the whole of Network South East a decade ago'**

# BACK THE TRAINS?



## Dear Gerry

After posting one billion passenger journeys in 2003, the highest number for more than 40 years, and showing up as the fastest growing railway in Europe, this seems an odd time to be facing a call for renationalisation. Isn't the growth of passengers on the railway exactly what we were supposed to deliver? And hasn't this been happening with stunning success?

So why this call for renationalisation? It may be that some people just do not like the idea of private companies providing public services, particularly with taxpayer support. Fine, it's a point of view. But it misses a great deal about what is involved in running a business in a modern economy, about the flexibility and responsiveness people want from a service, about the complexity of a modern supply chain.

It is not that nationalised activities can't work well... some do, but the record is not great – BR was *not* a golden age – and where possible governments have wisely been getting out of the business of running things. It is not that the private sector does not make mistakes – it does – but that is a consequence of innovative, dynamic companies, and mistakes are picked up and lessons learnt.

The point about growth in the railways is not trivial, or a mere statistic. More people have chosen to travel by train and they are travelling further for their work and leisure. This is the case across the whole country. Growth of 45.6 per cent in passenger kilometres in the South East, 37.8 per cent in the regions, and 26.7 per cent on long-distance inter-city routes did not just happen by accident. It happened because train operators saw an opportunity to attract passengers, to grow their revenue. They put on more services, improved the quality of service, and marketed it. Sometimes it was overdone, and the timetable could not handle the trains. That is a lesson which has been learnt.

Other than growth, there are other hugely beneficial changes. Since train companies became privately owned, many lines and routes are enjoying the benefits of part of a £4.5bn investment in new trains and we will soon have one of the youngest rolling stock fleets in Europe, with an average age of 14 years.

Network Rail is undertaking a massive programme of investment in track and signalling; the new multi-million pound Train Protection and Warning System (TPWS) has been fully installed across the network and is helping to reduce the likelihood of a serious accident occurring. The root and branch modernisation of the West Coast Main Line and of the cross-country services have been pushed through. You could go round the country pointing to other substantial improvements.

I take very seriously the inconvenience passengers experience through poor punctuality. The intensity of the train service required for the growth in passengers and the scale of the engineering work on the tracks presents a real challenge. We have to learn better how to organise and run the very intensive service we now have.

The overall journey experience of passengers has improved by many measures: journey planning and timetabling is unrecognisable from 10 years ago – National Rail Enquiries is a railway success story with real-time train running information, internet, WAP and SMS messaging all part of the mix. Buying tickets is easier, and £150m of tickets are now delivered by Ticket On Departure machines at more than 80 stations. There has been a major investment in stations and in customer information. On-train comfort has also been greatly improved.

In reality, the structure we now have on the railway is a good way to deliver a complex, passenger-responsive service. There is a clear requirement for a national network operator – a national timetable and national planning and delivery of infrastructure, economies of scale and a premium on methodical, predictable delivery.

But the business of train operation and passenger service has different dynamics. It requires a focus on passengers, whose requirements are essentially local. For a successful railway, the train operators must be strongly motivated to attract and look after passengers, which is just what the private train operators are doing, within necessary cost constraints. In a sense they must be the champions of the passenger within the whole railway – so that passenger needs are balanced against engineering convenience.

These two parts of the railway, the network operator and the train operators, must work together. This we do, much more so than outsiders seem to think.

The real challenge for the railway is this: not a nostalgic debate about state versus private, but rather meeting the challenge of constantly rising expectations of passengers and the need to cut costs. This is what we must focus on. We owe this to ourselves as an industry, to the thousands of men and women who work in the railway and to our passengers.

Yours

George Muir  
Director general, Atoc

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