

PUBLIC OWNERSHIP THE RIGHT TRACK FOR OUR RAILWAY

TSSA is putting forward an alternative position at this year's Labour party conference calling for an integrated, accountable and publicly owned railway.

We think that public ownership is the policy Labour should be putting forward in its next manifesto to voters. Here are three reasons why:

- **It would make sure every penny that goes into the railway is spent on the railway**
- **It would streamline decision-making and improve passenger services**
- **It would be a popular, vote-winning policy**

Our Labour Government must be congratulated on investing record amounts in our railway. Its white paper on rail, published in July, was a welcome recognition that the industry is over-complicated, dysfunctional and incapable of delivering the value for money and levels of performance required of a vital public service.

Unfortunately, at a time when our public services require radical reform, the Government's plans just aren't radical enough.

What's wrong now?

The real problem with the current industry structure is the private train operators (TOCs).

As a result of a complicated money-go-round, TOCs make money from the bureaucratic system of penalty payments for delays. In each year from 2001/02 to 2003/04 (the latest year for which figures are available) TOCs kept between £150 million – £200 million in compensation. For some, this was more money than they made from running trains!

You might assume that private companies run train services because they're prepared to take the financial risk. Wrong.

The reality of the situation is that many TOCs take little or no financial risk in running their services. In fact some franchises operate on a 'cost plus' basis whereby the franchise holder receives a fixed margin above their costs to run the franchise. This means that they are effectively paid a profit to run the service on behalf of the Government who pick up the tab for all running costs.

How does this provide an incentive for TOCs to improve their service? Why is this better than running train services in the public sector?

What does this mean?

This means that taxpayers aren't getting value for money. In fact, today's railway is worse value for money than British Rail was:

- In 2003/04, TOCs received a gross subsidy of £2 billion from the taxpayer.
- In 1989/90, British Rail's subsidy was less than £1 billion (at today's prices).
- For example, 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.

Since privatisation, rail companies have received £10 billion in public subsidy and banked £1 billion in profits.

On top of wasting public money, we have a fragmented industry lacking central co-ordination. Different companies run competing train services; a separate organisation is responsible for the track and signals. Even after the Government's white paper reforms, it will still be a mess.

Will publicly-run services be worse?

We know the answer to that question already – 'no'.

Last year Connex (who had received more than £500 million in subsidy) was taken off the South Eastern franchise. Since then, the service has been run

in the public sector by the SRA as South Eastern Trains, pending re-franchising.

Passengers roundly welcomed this decision. The latest figures show that the franchise is now performing as well in the public sector as it did in the private sector, and compares well with other private operators on the network.

Taking other private franchises back into the public sector as they expire may take some years, but will cost the Treasury nothing in compensation.

What about Network Rail?

The Government's brave decision to turn Railtrack into the not-for-profit Network Rail was one of the best things to happen to the railway since privatisation.

Now that Network Rail has taken all maintenance work in-house, much of the 'infrastructure' side of the industry is, to all intents and purposes, in the public sector.

The only change TSSA wants to see to Network Rail is to its governance. One think tank said it operated "a closed loop of accountability – the directors are accountable to members who are effectively chosen by directors". For Network Rail truly to operate in the public means it must be openly accountable to the public.

What TSSA wants

- South Eastern Trains to be kept in the public sector.
- Other train operating franchises to be taken into the public sector as they expire.
- Stronger governance and accountability for Network Rail.

A winning policy

TSSA wants Labour to win a historic third term – which is why we're arguing for this policy.

Dogma or ideology doesn't drive this. As this briefing shows, public ownership would be good for passengers and for the railway.

And it's popular. According a recent NOP poll, 72% of the public want passenger services brought back into the public sector.

Please support TSSA's alternative position on rail at Labour Party Conference.

“ ...at a time when
our public services
require radical
reform, the
Government’s
plans just aren’t
radical enough.

...today’s railway
is worse value for
money than
British Rail was... ”

About TSSA

The Transport Salaried Staffs’ Association (TSSA) is the UK’s second largest rail union.

We represent 33,000 administrative, clerical and professional members working on the railway, London Underground, and other transport and travel sectors.

For more details, visit our website at www.tssa.org.uk or contact Mike Katz on 020 7529 8033 or katzm@tssa.org.uk



PUBLIC OWNERSHIP THE RIGHT TRACK FOR OUR RAILWAY

