RAIL NATIONALISATION, 30.5.18

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Railways - A Private Monopoly

●"Market Forces" don't work for railways
●With rare exceptions, you can't choose one rail operator over another.
●The only "competition" that exists is during the tendering process.

The Franchise Model
●The Railways are fragmented and privatised between service operator, rolling stock provider and infrastructure provider ●Tendering contracts issued every ten years. ●No incentive for investment. In fact, weaker performance can attract subsidies.

East Coast Rail - Nationalisation
●2009: National Express East Coast defaults on East Coast Franchise
●2009-2015 – state-owned company takesover
●£30m profits; net contribution to public finances
●94% customer satisfaction – highest ever for long-distance franchises.
●Record levels of employee engagement – sickness absence down by one-third.

East Coast Rail - Privatisation
●Franchise privatised again in 2015 ●Taken over by Virgin East Coast – Stagecoach (90%) + Virgin (10% - until 2023 ●Collapsed in 2018 – running at a loss ●UK Govt lets it off with £2bn in owed premium payments
A Public Scotrail
•2025 contract up – 2020 break clause •Scotland Act 2016 gave power for a public bidder •Public-sector bid will have to compete on tender criteria •If bid wins – 6.5% operating profits can be re-invested – reduce ticket pr raise wages •Bid could include worker/passenger democracy •Scottish Government indicated they are interested

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But...
•Rolling stock still privatised •infrastructure still UK controlled •£30m lost in tendering process •limits to how big a change a public operator could make...
Integrated Transport
•Control all aspects of rail system: eliminate non-productive costs and have unified rail system and integrated transport strategy (bus, cycle, rail) •Re-think of rail part of bigger re-think of transport: modal shift away from roads to sustainable, efficient transport

•Roads 2017-18 budget spending nearly £1bn (£200m more than railways)
•Borders Railway shows potential of rail investment: 40,000 people shift from cars to rail; 27% increase in B&B use; prevent decline in local population

Environmental Case

•Transport 27% of all emissions (up from 20% in 2003) – fallen by just 2% since 1990.
•73% of emissions from road; 1.35% from rail.
•22ktCO_2e reduced for every 1% of passenger kilometres currently travelled by car switched to rail.
•Each tonne of freight transported by rail rather than road produces 76% less CO_2
•Only one-quarter of rail track is electrified – CO_2 of electric trains 20- 35% less.
•Major air pollution problem in cities from congestion.

Economic Case

•Expanding rail network can open up local economies, increase domestic tourism and connect people to employment opportunities
•Levenmouth example: closed in 1969 in Beeching cuts, line still owned by Network Rail, largest town in Scotland without a rail line (38,000 people), Whisky distillery keen to use line for freight cargo (currently 8 HGV's a day).
•HGV's create congestion and damage roads, increasing repair budget – one freight train removes 43-77 HGV's; £2.4bn annual cost of congestion to economy.
•Reduced road repair budget can be reprioritised.

Policy changes can make rail infrastructure investment cheap: land

Social Case

•30% of people don't access a car – nearly half of poorest 20%, compared to 18% of richest 20%.
•Investing in motorways rather than rail benefits the better off. •Levenmouth closure example – high deprivation and unemployment since deindustrialisation.
•Rail investment in poor towns a class issue.

This was followed by discussion