



**ASLEF Response to the Transport Select Committee Inquiry – Transport
and the Economy - September 2010**

1. The Associated Society of Locomotive Engineers and Firemen (ASLEF) is the UK's largest train driver's union representing approximately 18,000 members in train operating companies and freight companies as well as London Underground and light rail systems. The union has 130 years knowledge and experience of the railways.
2. ASLEF welcomes the opportunity to contribute to this Transport Select Committee Inquiry into Transport and the Economy. Investment in the UK's infrastructure, particularly rail, is crucial to reducing the deficit and stimulating economic growth in the current economic climate.
3. The union also asserts that a key aim of investment in the railways has to be cultivating a modal shift from air to rail and from car to train in line with Coalition's Programme for Government commitment to make the transport sector greener, more sustainable and reduce carbon dioxide emissions. An increase in rail capacity is strongly linked to a decrease in car journeys

undertaken with the result that there is less carbon emissions. Decisions must therefore be determined by what will best deliver these outcomes.

4. The UK's economic conditions have certainly deteriorated since Rod Eddington published his transport report in December 2006 with slow economic growth and increasing unemployment and inflation levels. Notwithstanding the outcome of the Chancellor's 20th October spending announcement the public finances are likely to be significantly restrained. ASLEF's concern is that transport, and particularly rail investment as a long term infrastructure project will disproportionately suffer from any proposed cuts.

5. Profits and revenues across UK train operating companies (ToCs) have remained strong throughout 2010 despite the impact of the recession on the UK rail industry. This is not surprising given that ToCs received nearly £1 billion from the government in 2009 as part of the cap and collar payments that top up revenues at those franchises which fail to meet turnover targets. ToCs are likely to receive even more in 2010 as the recession continues to bite. Given the likely increase in fares in January 2011 ASLEF takes the view that such a continued level of subsidy is a financially unsustainable and must be reduced.

6. ASLEF once again reiterates its belief that rail investment should be prioritised rather than cut. Independent research commissioned by the CBI on behalf of the construction industry last year showed that every £1 invested in rail generates £2.20 of economic benefits, more than any other sector of the economy with, for instance, banking and finance producing £1.70 per £1 spent and defence creating £1.30 worth of enhancements for each £1 expended. Rail is a uniquely placed sector to offer a counter-recessionary economic stimulus as well as boosting economic and social mobility.

7. ASLEF wishes to place on record our opposition to any proposed cuts to the Crossrail scheme or the electrification of the Great Western line and a section of the rail network in the North West. We believe these schemes are vital developments for increasing economic growth and social mobility in the South East, the South West and South Wales.

8. ASLEF disagreed with Eddington's finding that new rail infrastructure was unnecessary. Moreover we believe the prevailing economic conditions make the case for high speed rail greater than ever. The West Coast Mainline is likely to be at full capacity by 2020 preventing the much need expansion of rail travel. Network Rail has said "by 2020 we will be turning away passengers." The high speed line proposed by Network Rail would cost £34 billion but lead to £55bn of value. In addition it has the potential

to reduce domestic air travel due to the reduced journey times to the north of England and Scotland.

9. The union supported the Eddington analysis of the need to identify and tackle bottlenecks on the railway and improve signalling. For example, the C2C line from London to Essex is a vital economic link yet a stretch of the line around Limehouse is only twin tracked. Four tracking of this section of line would bring significant capacity benefits but requires significant investment. Short infill projects, for example, can also give extremely high value for money. Elsewhere routes exist which are electrified except for a short stretch often have diesel locomotives running under electric lines. A small infill would allow electric traction and has the potential to give similar value for money as a whole line being electrified.

10. The union also believes that more consideration should be given to disused lines in order to enhance the capacity of the rail network. In the southern region, for instance, reopening the Lewes Uckfield line could reduce many of the capacity issues around Gatwick Airport.

11. Rail freight has a vital role to play in the economic recovery, reducing road congestion and providing low carbon transport options for British business. ASLEF urges the Government to spend the limited resources it has in the most sustainable way possible and support the development of

rail freight through network enhancements on key routes, including to ports, through grants to help reduce road congestion, pollution and exposure to road accidents; and through a supportive planning regime for rail freight terminals that acknowledges their strategic importance.

12. ASLEF believes that the cap and collar system of payments to franchises must be radically reformed as part of the current franchising review currently being conducted by the Department for Transport. One of the supposed purposes of rail privatisation was to increase the efficiency of services as a result of the financial and commercial risks undertaken by the winner of the franchise. The idea was that the service had to run well or the company would lose revenue leading to financial loss. However these basic rules of the market do not apply to the system as currently constituted. Franchises who do not meet their revenue targets are eligible for tax payer subsidy. Typically, if revenue falls below 94% of the target, the tax payer provides 80% of the shortfall. This means that the public subsidise failure and the incentive for running a good service simply disappears.

13. The revenue protection arrangements also have a negative impact on industrial relations. A consequence is that there is little incentive for a company to promote positive union dialogue when they can claim lost revenue from strike action back from the taxpayer. This scenario subverts

the natural order of industrial relations make it entirely and absurdly possible for a franchise to make a profit as a result of strike action. During a strike period, a company can save money through the lower costs of not running services and lower wages whilst claiming for the loss of ticket sales. ASLEF would be greatly concerned for there to be a collapse in industrial relations prior to the Olympics, for example, where the provision of good services is essential. Surely risk must be on the side of those who make profit and not the taxpayer.

14. ASLEF does not believe that the current methods for assessing proposed transport schemes are satisfactory. The appraisal should ensure that all external costs of the different modes are fully considered which is not the case currently with NATA, the model used by the DfT. There should also be a consistent model of appraisal used across Whitehall.
15. Compared to air and road, rail is the most benign form of transport in environmental terms. Investment in rail is not only vital to greening the economy but also to stimulate demand in a range of linked industries from steel to car manufacturing.
16. To conclude ASLEF would again point out that investment in rail can deliver a counter-recessionary economic stimulus as well as boosting economic growth and social mobility and should be a key tool in the Government's overall deficit reduction strategy.

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