



The Welsh Parliament Enterprise and Business Committee investigation into the future of the Wales and Borders Rail Franchise

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 just under 600 members working for the Wales and Borders Rail Franchise.
2. ASLEF is glad to have this opportunity to comment on the Wales and Borders Rail Franchise and its future. The Welsh franchise requires a higher franchise than any other in Britain with a subsidy of 12.2 pence per passenger kilometre. This is of course due to the large variation in services provided by the franchise with many rural lines creating much social benefit but with smaller financial rewards.
3. This leaves a ridiculous situation in which profits are taken from a company that relies on taking huge sums of taxpayers money in order to function. The subsidy received by Arriva Trains Wales in 2012/13 was £140.3m. Yet for the year ended 31 December 2013 ATW made a profit of £13.6m. This is money that could, and should remain within Welsh rail network.
4. For too long, the rail network has been a cash cow for companies taking money away from the industry. The "Rebuilding Rail" report showed that every year, the rail industry loses £227 million through TOC dividends and £207 million through ROSCO dividends. This is a total of £434 million every year that could remain within the industry. The McNulty report has demonstrated that the franchising system is extremely expensive and

inefficient. The main reason for this according to McNulty was fragmentation. Unfortunately, the report then went on to make recommendations that would have led to further fragmentation. This is clearly not the solution.

5. At the end of 2012, ASLEF along with the Co-operative Party, Co-operatives & Mutuals Wales and Co-operatives UK, commissioned a report titled "A People's Railway for Wales" written by Professor Paul Salveson. The report looked into how the Welsh railway could be restructured in order to ensure it works for passengers and tax payers, rather than shareholders. The report concluded that the best way to achieve this would be with the creation of a not-for-profit enterprise called Rail Cymru. This would be something ASLEF would support and call upon the Welsh Government to support.
6. Whilst it would not be a full co-operative, its ethos would fully reflect co-operative principles of social responsibility, democracy, equity and service to the community. Rail Cymru would operate as an arms-length enterprise with close and supportive relationships with the Welsh Government (its principal funder), which would specify the outputs required from the operator.
7. Such proposals would not lead to any additional cost to the taxpayer. In time, it could in fact lead to savings and improved services as all revenue would be ploughed back into the service and could be used to reduce subsidy.
8. ASLEF firmly believes that electrification will be one of the key tools to improve rail services within Wales. The work being undertaken to electrify both the Great Western Mainline through to Swansea and the Valley lines is essential. It will create better reliability and will reduce costs, journey times and carbon emissions. Electrification is particularly beneficial when

building extra capacity on rail whether this is from longer trains or more frequent services.

9. A report from the South East Wales Transport Alliance points out that "in the last decade rail passenger demand on the Valley Lines has been growing at around 6% per annum with some lines experiencing 80% growth between 2000 and 2009, significantly higher than the average for the UK."
10. The Cardiff and valleys network is due to be electrified between 2019 and 2024. It is essential that this work takes place on time and effectively in order that the increasing usage of the services continues and the success of rail in Wales is facilitated further.
11. ASLEF also believes there is a solid case for the electrification of the network in north Wales. The Union supports upgrade work to the Wrexham to Chester line, Wrexham-Bidston line and the lines between Holyhead and Crewe. This should be the first step in electrifying the Network in north Wales which connects to large cities in the north west of England.
12. Almost all of the much needed investment mentioned will be funded by the taxpayer. These works will make the network more efficient and improve services whilst reducing long term costs. It would be wrong for profiteers to reap these benefits. That is why, at a time of so much investment and change within the Welsh rail network, we must take the private sector profit makers out of the industry and replace it with a not-for-dividend operator whose responsibilities to are passengers and the taxpayer only.

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