



**Wales and Borders rail franchise inquiry – Welsh Affairs Committee -
August 2016**

1. The Associated Society of Locomotive Engineers and Firemen (ASLEF) is the UK's largest train driver's union representing approximately 20,000 members in train operating companies and freight companies as well as London Underground and light rail systems. The union has just under 650 members in Wales.
2. There are many important network enhancements ahead for the Wales and Borders franchise. After years of debate between the Welsh and UK governments, ASLEF supported the deal which was reached to allow the electrification of the Great Western Mainline to Swansea and the Valley Lines. Electrification will bring numerous benefits and many long term savings.
3. ASLEF believes there is no case for private ownership of the railways anywhere in the UK based on the amount of money which leaks from the industry to the pockets of private shareholders on top of the enormous levels of subsidy from the taxpayer. In fact, the Welsh rail network is arguably better suited to public ownership than in any other part of Britain.
4. We note that taxpayer subsidy to the Wales & Borders network in 2014-15 was about £302 million with approximately £93 million of this in direct government receipts and around £209 million in network grants. Yet

despite such levels of taxpayer support, the franchise operator Arriva was able to record a surplus of £16 million and pay a dividend of £15 million.

5. Government subsidy therefore makes up nearly two thirds of Arriva Trains Wales total income. The Welsh people as passengers and taxpayers therefore provide the majority of the funding for the rail network in Wales yet a private company extracts profit from this. ASLEF does not believe this is a fair or sensible system.
6. The Welsh rail network needs investment. There has been chronic underfunding of the rail network in Wales. Figures from the Treasury's Country and Regional Analysis document show that expenditure on transport in Wales was £320 per head in Wales in 2014-15. This compares with £514 in Scotland and £600 in London. It is clearly best for this money to come from the public purse. But it is wrong for this to happen whilst profit making companies continue to take money out of the industry. Whilst improved rail infrastructure benefits passengers and the Welsh economy, it also allows the private firms who do not invest into the network to increase their profits. This investment can therefore be seen as a further example of subsidy to the Train Operating Companies.
7. ASLEF recognises that the Welsh Government's plans to establish a "not-for-dividend" Transport for Wales company to deliver services. We don't believe such a body is enough and regret that that this will still involve tendering to the private sector for these services. We regret that the Welsh government has not asked for the powers to keep rail services in the public sector. Only by allowing the Wales and Borders franchise to be run by the public sector, without money leaving the industry, can we truly reap the full benefits of rail investment.

8. The current franchise holder Arriva is owned by the German state railway company Deutsche Bahn. So rather than the budgetary surplus that is created by Welsh passengers and taxpayers being used to bring advantages to Wales, it rather subsidises the German railway, reducing their fares and taxpayer input. By creating a publically owned railway we can stop the repatriation of money from Wales to foreign railways or shareholders pockets and thereby retain the benefits of our own investment.

9. ASLEF believes there is a strong case for the electrification of the network in north Wales. We support 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. Furthermore the union strongly supports station upgrades and improved accessibility, as well as line extension and new stations such as at Ebbw Vale Town.

10. Whilst this enquiry is specifically concerned with the Welsh passenger franchise, ASLEF hopes that the Welsh government ensures that rail freight is a key consideration when looking at specification. Whilst we want to grow passenger capacity and promote the use of public transport, it is essential that this is balanced with the growth of rail freight in Wales. . Each tonne transferred by rail rather than by road cuts CO2 emissions by 76%. More than 7.6 million road journeys are saved by transporting goods by rail. This is the equivalent of 7,000 HGVs driving from London to Edinburgh every day. Wales must ensure that its businesses and its people share in these benefits.

11. ASLEF believes that Wales' rail infrastructure desperately needs investment. This investment is highly likely to come from the public sector, therefore it would simply be wrong for a private operator to take money out of the industry. ASLEF looks forward to working with the newly formed "Transport for Wales" to ensure that the railway in Wales provides a quality service where people are put before profit.

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