



## **Setting the Direction for Wales and the Borders Rail – ASLEF’s Response – March 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 over 600 members in Wales.
2. ASLEF acknowledges the Welsh Government’s recognition of the importance of rail to economic and social development in Wales. There are many important network enhancements ahead. 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. We welcome the consultation’s assertion that “we will continue to press the UK Government for the devolution of powers in relation to railway infrastructure to the Welsh Ministers, to urge the UK Government to deliver investment in the railway infrastructure in Wales and work closely with partners to influence industry plans for delivery for future Control Periods.”
4. 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.

5. 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.
6. 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.
7. We note that one of the high level outcomes the Welsh government are looking to achieve is, “Reduced operating and maintenance costs by making greater efficiencies, and by greater use of services.” It is surely self-evident that rather than allowing the private operator to make a surplus of £16 million and paying £15 million out of the industry, the Welsh government could retain this money to make efficiencies and expand services.
8. The Welsh National Transport Plan points out that nearly all the future rail project funding will be from the Welsh government or DfT. It is very difficult to think of any genuine examples where private sector railway companies have introduced innovation or investment which has benefited passengers. The “Rebuilding Rail” report was commissioned by ASLEF and the other transport unions in 2012. It interviewed many rail industry experts who pointed out that most of the innovation on the railway was publically funded. Roger Ford, Industry & Technology Editor at Modern Railways

stated, "They're not investing. Nor are they really innovating. Not all that much."

9. ASLEF restates our belief that the Welsh rail network needs investment. 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.
10. 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.
11. 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.
12. ASLEF also 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.

13. ASLEF welcomes the Welsh government's acknowledgement that the franchise is covered by the public sector equality duty under the Equality Act 2010. We have called for this for many years and argued that winning a franchise is taking on a public sector contract. Therefore the relevant duties must apply. It is a core belief of ASLEF that the staff in our industry should reflect the diversity of the communities they serve. The new franchise agreement must set out how the holder plans to address this issue. ASLEF will seek to work closely on this with any franchise holder. We must look to increase the amount of people from underrepresented groups in our industry and in the driving grade itself.

14. The union welcomes the document's emphasis on supporting equality, diversity, health and wellbeing of the workforce as well as developing skills so that rail has the right people with the right skills for the long term. ASLEF hopes that Transport for Wales will consult with Wales' transport unions to ensure staff wellbeing and development is a core part of our industry.

15. Whilst this consultation 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 were 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.

16. Whilst ASLEF is pleased that the Welsh franchise will be slightly different to the entirely privatised model in the rest of the UK, we are disappointed that a fully publically owned model was not sought by the Welsh government. We believe that a management contract is a more preferable arrangement to a full cap and collar franchise, money will still leak from the industry. Nonetheless we look forward to working closely with the Welsh government and 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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