



**RMT Submission to the Economic
Development and Transport
Committee and Welsh Affairs
Committee pre-legislative scrutiny of
the Draft Transport (Wales) Bill**

June 2004

The National Union of Rail, Maritime and Transport Workers (RMT) welcomes the opportunity to make a brief contribution to the House of Commons Welsh Affairs Committee and the National Assembly for Wales Economic Development and Transport Committee joint pre-legislative scrutiny of the Draft Transport (Wales) Bill.

The RMT organises 70,000 workers in all sectors of the transport industry and with over 40,000 members employed on the railway is the largest of the rail unions. We currently represent over 3,000 members in Wales.

Introduction

Since the passing of the 1993 Railways Act, by the then John Major Government, the RMT has consistently opposed the increasingly fragmented nature of rail. Privatisation has created a chaotically structured rail network which currently includes 24 train-operating companies, three freight operating companies, 3 rolling stock companies, 1 main infrastructure controller and 7 major infrastructure renewals companies.

The seemingly endless proliferation of contractors and sub contractors was highlighted by the recent House of Commons Transport Select Committee report into the *Future of the Railways* which noted "Network Rail alone has over 10,000 suppliers of goods and approximately 200 main contractors on the infrastructure".

This mushrooming of interfaces has increased significantly the cost of operating the network safely. Public money that was intended to improve rail services for the travelling public is in fact haemorrhaging out of the industry or is simply being wasted on unnecessary duplication. Indeed the economic rationale for wholesale private sector involvement in the rail was that it would prove to be sufficiently efficient to offset dividends that would have been paid to

shareholders and the higher cost of private sector borrowing: this has self-evidently proved not to be the case.

Launching a fundamental review into the structure and organisation of rail Secretary of State for Transport Alistair Darling said in the House of Commons on 19 January 2004 "the way it (the railway) was privatised has led to a fragmentation, excessive complication and dysfunctionality that have compounded the problems caused by decades of underinvestment". The review is due to report later in the summer and the RMT view remains that the right course of action for the Government to take would be to bring forward primary legislation that would recreate a publicly owned, democratically accountable, fully integrated and cross-subsidised railway network.

Public sector subsidy for passenger services in Wales

Between 1996/7 and 2003/4 in excess of £600 million in net public subsidy has been paid to the private sector train operators (Wales & West, Cardiff Railways, the National Express Group owned Wales and Borders and now Arriva Trains Wales) that have in the past or currently do provide passenger services in Wales. For the future the fifteen year integrated Wales and Borders franchise (operated by Arriva), which commenced operations on 7 December 2003, will receive £1.6 billion in public subsidy up to 2008/9.

RMT believes that such large sums of tax-payers money should not be handed to private sector train franchisees. The House of commons Transport Select Committee said in their 2004 report inquiry into the *Future of the Railways* "The record of the private sector in running trains overall is poor". We believe that this understates the case; the experience of private sector involvement in passenger service provision has been an unmitigated disaster. The RMT would firmly propose that democratically accountable public bodies should be given

powers and adequate resources to plan, prioritise and direct rail policy and expenditure.

Despite huge public subsidies passenger services in Wales still fall short of acceptable standards; in the year to December 2003 only 81.5% of Wales and Borders trains arrived on time. The welcome decision by Network Rail to bring all of their maintenance contracts in-house and therefore remove the imperative to pay shareholder dividends has already seen considerable improvements in the performance of the national rail infrastructure and the RMT would expect these improvements to continue for the future thereby improving passenger service punctuality rates in Wales.

National Assembly powers

Despite the Draft Transport (Wales) Bill falling short of a commitment to bring rail back under public ownership there are some important proposals in the proposed legislation which the RMT welcomes.

The extension of guidance and direction powers was recommended by the Welsh Affairs Committee in their December 2002 report *Transport in Wales*. The idea was rejected by Government at the time who maintained "Although Scottish Ministers have the power to give the SRA directions and guidance this is because of the self-contained nature of the Scottish Railway and the ScotRail franchise, and because the Scottish Executive is responsible for funding the franchise. We are not persuaded that the Welsh Assembly should have a similar power, as the Welsh railway network has a much greater degree of inter-dependence with the English network". This view was subsequently rejected by the Government in their response to the Committee's report.

In our submission to the 2003 Welsh Affairs Committee inquiry into the *Provision of Railway Services in Wales* we said "We further support the

recommendation of the (Welsh Affairs) Committee that the Government should conduct a consultation exercise on the transfer of increased transport powers to the National Assembly for Wales. Our view is that the Assembly should be able to guide and direct the Strategic Rail Authority on the award of the Wales & Borders franchise. This would bring the powers of the National Assembly into line with those currently exercised by the Scottish Executive”.

We therefore support the proposal in the Draft Transport (Wales) Bill which seeks to extend to the National Assembly powers of direction, guidance, and advice to the Strategic Rail Authority (SRA) in relation to all rail passenger services provided under the Wales and Borders franchise agreement. These powers would parallel the powers that are enjoyed by Scottish Ministers.

Whilst welcoming the Governments change of heart on this issue we remain somewhat disappointed that the powers of direction and guidance were not extended to the National Assembly in advance of the award of the 15 year integrated Wales and Borders franchise to Arriva in 2003.

We would want to ensure that if as a result of the rail review, due to report in July 2004, the SRA is abolished or the power to award passenger franchises is passed to the Department for Transport and any other national railway agency the powers of direction and guidance proposed in the draft legislation would also be applicable in relation to the re-organised structure of the rail industry.

In our submission on the Welsh Affairs Committee inquiry into the *Provision of Railway Services in Wales* we supported the Committees 2003 proposal to the RMT supports the recommendation of the Welsh Affairs Committee in January 2003 that “the Government bring forward legislation to grant the Assembly the power to establish, modify and wind-up by secondary legislation one or more Passenger Transport Authorities or Executives covering all or

part of Wales. Whether to establish one or more PTAs or PTEs will then remain a decision for the Assembly”.

We therefore welcome proposals in the draft legislation to enable the Assembly to establish by statutory instrument joint transport authorities across local authority boundaries. We support clauses in the bill that provides a specific power for the Assembly to give direct funding to authorities and joint authorities discharging Transport functions in Wales and would trust that sufficient finances will be made available to provide for adequate funding levels.

The RMT also welcomes measures which will enable the Assembly to secure the provision of public passenger services where the requirement for such services would not otherwise be met.

RMT has long supported the widest possible public participation in the rail network. We believe that national, regional and local passenger organisations have an important role to play in the rail industry and therefore support proposals for the power to appoint the Chair of Rail Passengers Committee Wales to pass from the Secretary of State for Transport to the National Assembly.

We would welcome the opportunity to provide verbal evidence in support of our submission.