

# **Speech to Transport 2000, Partnerships for a Growing Railway Conference**

## **Speech by Rt Hon. Douglas Alexander, Secretary of State for Transport at the Transport 2000, Partnerships for a Growing Railway Conference. Delivered: 14 November 2006**

**[Check against delivery]**

1. Thank you for inviting me to this timely and important conference today. And let me start by saying what a privilege it has been to meet many of you in the rail industry over the past six months since becoming Secretary of State for Transport.
2. I genuinely value the experience, advice and expertise I have encountered right across the industry, and I look forward to continuing to work with you all in the months and years ahead.
3. The message I've received from you has been clear and consistent. The signs are encouraging for the rail industry heading into 2007. And with good reason.
4. Economic stability across the UK is matched by a growing stability within the rail industry.
5. We have had a stronger and more stable economy than any country since 1997 - with 57 consecutive quarters of sustained economic growth. The longest period of growth this country has seen.
6. And as the economy has grown we are increasingly dealing with the symptoms of success, not the problems caused by years of under investment.
7. Passenger numbers are at a 40 year high; Customer satisfaction is increasing and performance is improving. This year 87% of trains have run on time, with many services running at 90% reliability.
8. New trains are being introduced, the West Coast Mainline modernised and today, Eurostar will announce that one year from now the Channel Tunnel Rail Link will open for business.
9. Not only will it cut journey times for those travelling to the Continent, but for domestic commuters too. Over £5 billion of transport investment is helping deliver new jobs, new homes and stimulate growth.
10. Elsewhere, we have a new industry structure with track and train working together more closely. It is supported by unprecedented, sustained spending on the railway.
11. But - although a lot has been achieved - our ambitions must not stop here.
12. We need to continue to work together to build an industry that regards these things: strong growth, consistent performance, and sustained investment as the expected components of "business as usual" and not the high tide of success.
13. The industry has faced enormous challenges in past decades, chronic underinvestment, fragmentation, and a botched privatisation.
14. Together, we now need to look ahead to face the challenges of tomorrow: growing demand, the thirst for capacity and growing customer expectations.
15. But perhaps the greatest challenges and crucially the greatest opportunities for the rail industry will come as we move towards a low carbon economy in order to tackle the effects of climate change.

16. This will increasingly affect how rail, and indeed all other forms of transport operate and do business in the future. And rising to meet this green challenge is what I want to concentrate on in my remarks this morning.

17. Demand for travel has increased and will continue to do so. It is our job to ensure that that growth comes not at the expense of our environmental obligations.

18. For just as the Railways were a symbol of the change and progress that took place in Britain during the early Industrial Revolution of the 19th Century, so it is now time for the rail network to face up to the economics of climate change, set out so compellingly by Sir Nicholas Stern in his Review a fortnight ago.

19. And just as the introduction of rail lines during the industrial revolution brought towns and cities closer together, rail has to accept that in future years, the carbon cost of travel will be far more important than today.

20. The message from Stern is clear. Taking the effect of carbon emissions into account now, will lead to substantial savings and underpin growth in the long term.

21. All this should be good news for rail - and it is good news. After all, less than one per cent of overall UK carbon emissions are down to rail and in the past it has been considered a green way to travel. In fact, a magazine recently urged passengers to "take the train, save the planet".

22. But as we look to the future, a reputation for past "greenness" will not be enough. Other industries will innovate to stay ahead of the game. Car emissions have already decreased twenty-fold in as many years.

23. Rail will need to match the pace of change to maintain its environmental lead. Like competitors in the motor and aviation industries, sustainability will need to be part of planning for tomorrow's growth, across every aspect of the industry.

24. That means looking beyond just the emissions from trains at the whole environmental impact. The efficiency of power transmission; the energy that goes into maintenance and construction; noise; land contamination; waste.

25. Rail needs to be making a positive contribution to our environmental agenda at a national and international level. But it also needs to be a 'good neighbour' to the 5 million people who live within half a mile of the railway and whose sensitivity to environmental concerns will be ever more acute in future.

26. And it is against this backdrop, that I would like to set out three key areas where this will make a difference.

27. First, how you prepare for growth, second how you anticipate the trends of the future, third how you meet ever-growing customer expectations.

28. For my first point, preparing for growth, means making the very best use of the assets you have. In recent years we have come a long way.

29. Since privatisation rail passenger numbers have increased by around 40%. Train operators report that there are around 20% more daily services running on a network that broadly speaking is the same size as it was then.

30. This is welcome news. The more people on the train, the higher our environmental efficiency.

31. But frankly, the converse is also true. Here is an uncomfortable statistic. If 10 or fewer people travel in a Sprinter, it would be less environmentally damaging to give them each a Land Rover Freelander and tell them to drive.

32. Be clear - that is not code for rail closures. Far from it. We want to see the railways grow. And in order to do so, we need to encourage better use on all parts of our railway.

33. We need to consider how smart ticketing and real-time information could help break down the barriers to using public transport and increase use on less busy trains and how our Community Rail Strategy can help on less busy lines.
34. We need to encourage more people on to rail. Because delivering environmental improvement and meeting rail demand are not two different things. Investing in rail, making the best use of our network, meeting the demands of passengers now and in the future; these are also the best way to deliver our 'green' ambitions.
35. But whilst we strive to find ways to use all parts of our network better and more efficiently, we have to recognise that others are already full. So the right strategy for growth needs to have at its core investment in additional capacity.
36. There is an important context here. Rail is no longer an industry in financial turmoil. Of course money is tight and it is right that we continue to make sure that every pound spent gives maximum value.
37. But our income balances expenditure. Not only that but I expect the financial health of the railway to continue improving. Train operator costs are coming down and by the end of this control period, Network Rail is expected to have clawed back the inefficiencies that were the legacy of Railtrack and which have been costing the industry over £1 billion a year.
38. Passenger numbers are up - and that is good - because in a business with high fixed costs like rail, each new passenger starts to lift the margins.
39. That means that, for the first time in a long time, we can start to build a railway that starts to create the means for its own improvement and increasingly from revenue, rather than subsidy.
40. I don't pretend it is going to be easy. There will always be difficult choices. And no Transport Secretary will ever say we will be able to buy everything we want.
41. Next year I will publish the High Level Output Specification. It will be a costed plan for the development of the railway over the next five years. And it will be accompanied by a budget, independently verified by the ORR.
42. For my second point, the choices we make in the next five years must be firmly routed in an understanding of the longer term.
43. And as I have already said, with a clear vision of our long term environmental obligations informing the actions that we take.
44. Of course we cannot predict everything that is going to happen over the next 30 years. But let me give you a practical example of how we can start to anticipate general trends more effectively perhaps than in the past.
45. Take the Intercity Express Train - the replacement for the current Intercity 125s. In 2006, what do we know?
46. Well, we know that road travel - rail's major competitor - will be focused on improving reliability, not a step change in speed. We know that short haul aviation speeds are also unlikely to change. And we know that it is reliable end-to-end journey times that rail passengers value most.
47. But we don't yet know what the best mix of intercity rail services will be - and hence the stopping patterns.
48. Therefore we need to maintain rail speeds, rather than raise them - and instead focus on acceleration.
49. And if we add wider doors, we can further reduce the dwell-time at stations, giving a significant reduction in end-to-end journey time, without the environmental cost of burning extra fuel to deliver higher maximum cruise speeds.

50. We know that in most plausible scenarios the cost of carbon fuels will rise. But we don't yet know what the most carbon-efficient source of rail power will be - the central grid, or next generation engine technology migrating from gas-oil to biofuels to hydrogen?

51. So we will need to develop a fully flexible power strategy - 'plug and play' locomotion that can swap between diesel and electric - a system that allows you to replace the power source without having to replace the whole train.

52. We know that more mass equals more energy consumption. Lighter trains are good for the environment, because they consume less energy. They hammer the track less hard.

53. And we need a flexible design. That's not just commercial sense. It's also environmental sense, because a full train is much more energy-efficient than one that's half-empty.

54. So, we now have a much clearer idea of how the future will affect our Intercity Express.

55. A lighter, more efficient train, with better acceleration, that offers a far greater number of route choices and service options. Flexible power options and flexible configurations; more accessible coaches; with anticipated shorter engine replacement cycles to allow for a faster change in technology.

56. Safety of course, as always, is crucial. My Department is working with the industry to draft a technical specification along these lines and it is being refined now. It's based on some very long-term thinking. I intend to begin the tendering process as part of this next year.

57. Above all, it shows how strategic thinking will help transform this industry. The same long term thinking is informing our decisions elsewhere. On signalling, on electrification, on the capacity improvements we will have to make around the network and much more.

58. It is thinking that must dovetail with plans for other transport modes. For instance we can't push forward with road pricing without establishing the implications for other forms of transport.

59. We can't build runway capacity and only then work out if we can deliver a sustainable means of surface access. Future land-use planning decisions must take into account the ability of our infrastructure to respond. And it's no good planning the perfect passenger railway if future demand for rail freight isn't addressed.

60. That is why we welcome the work that is currently being undertaken by Sir Rod Eddington. Yes, his report will examine not just the merits of high speed lines in this country, but crucially, it will help us to look ahead across all forms of transport for what we will need to deal with the pressures of the next 20 to 30 years in order to drive growth.

61. And why it is crucial that alongside the High Level Output Specification, we set out a longer term framework for rail that takes into account all forms of transport. So we know our present choices will have sustainable, long-term value.

62. My third point is linked to this. That we need to focus more on how passengers' expectations will develop. Today's passengers want to know that rail will keep pace with their lifestyles and expectations - whether they use the train every day to get to work, to other businesses, to school, or for leisure.

63. They want to know the prospects for rail for the future. The types of trains they will get and how old. Whether the railway will respond to the challenges of the environment and climate change. Whether they will get smartcards.

64. Whether they will be able to use text to buy a ticket in the future, or get train times - in the same way that they can get details to go to the cinema now.

65. They will start to ask why ticketing can't be simpler; why assistance isn't where and when they want it - to their phone, or out on the platform rather than behind the ticket office window; they won't tolerate queuing.

66. There are some tremendous examples out there already of continuous innovation and how the industry is starting to respond to these challenges. I am told that "the train line" is already offering an excellent print at home service on some lines including Midland Mainline, One and Virgin.

67. And Megatrain text references to passenger's mobile phones. The industry needs to redouble its efforts in this area. Our proposals needed to be radical, coordinated and in place ever more quickly.

68. So in 2007 the railways will have a new, rigorous, and disciplined planning framework.

69. No Government before will have set out and in such terms the financial prospects for the railway, with an independently verified budget, a specification for the railway to meet and a plan for how we will explore the future to inform current decisions.

70. But we cannot deliver it alone. That is why in the weeks and months ahead I am determined to consult and share and develop our proposals through consultation.

71. So we have time and you as an industry have time to talk to us about how we can best work together to implement our ideas.

72. I am asking my officials to set up some opportunities to do this over the coming weeks, with the business and environmental communities and with the rail industry. And I propose to chair a seminar in the New Year to bring these proposals together.

73. It is a huge opportunity. But let me return to the point where our started.

74. Environmental responsibility must help drive everything you do. It should run through the vision for the railway, the funding and finance decision we make, and in the new focus on integrated and long term planning.

75. That is our shared challenge, our shared obligation, but also our shared opportunity and I look forward to working with you in the months and years ahead to make it happen.

*(This speech represented existing departmental policy but the words may not have been the same as those used by the Minister).*