

20th July 2000

SRA Shown the Money!

At the May 2000 Rail Summit, addressing the Deputy Prime Minister and Lord Macdonald, SSRA Chairman, Sir Alastair Morton said: "Show us the money" and the SRA would do the job!

Today the Government did just that, undertaking to inject £29 billion public funds into Britain's railway system over the next 10 years, in partnership with even larger investment by the private sector.

The SRA will fund:

Franchised Train Operating Companies, both under the longer-term original franchises which continue and under the new long-term replacement franchises going into place from next year. Prior to launching its initiative last autumn to replace demotivating short-term franchises with new long-term ones offering a basis for heavy investment, the aggregate of subsidies payable/premia receivable was due to decline from £1,160 million this year to £850 million by 2002/03 and less thereafter. Today's announcement will halt the decline, injecting hundreds of millions more each year into growth and improvement in passenger services. 50% growth in passenger miles by 2010 will raise rail use to double its level at privatisation.

Exceptional network investment by direct payment of capital grant to infrastructure providers, particularly to Railtrack for both passengers and freight, but also to enterprises establishing or expanding rail access facilities for freight and passengers.

Payments to support the expansion of rail freight services, especially to and from ports, including the Channel Tunnel. If the logistics industry generates 80% more tonne miles by 2010, rail freight traffic will reach two and a half times the level at privatisation.

The investment of 'patient capital' alongside Railtrack, TOCs and other investors in the provision of significant enhancements to the network, leveraging in substantial private sector capital. The SRA's Rail Modernisation Fund will play a central role in this public private partnership.

Sir Alastair commented cheerfully today :

"The SRA's role is to enable the private sector to invest aggressively in the provision of a bigger and better railway system. As I have been saying since I took up this task, it's all about investment, investment, investment. Yesterday

we had about £3.5 billion committed to passenger and freight services from next year. Today it is £29 billion. Now we can play our part, providing additional capital in ways that support private sector investment, and continuing to support train operations where necessary to facilitate delivery of TOCs' promises to expand and improve. We are now in position to co-ordinate a network strategy, to develop decisions on individual projects and to pursue better integration of rail's services with other public transport, the private car and land-use planning. I am pleased.

"Our first Strategic Plan should be ready by November. It will spell out priorities and processes for a lot of what has been flagged up today. There is much for this 'shadow' authority still to do."

Notes to Editors

1. The SSRA is well advanced with its replacement programme for the shorter term franchises (expiring in 2004), which should be completed in 2001. The process is already underway on Chiltern, East Coast Mainline, South Central, South West, Central, Trans Pennine Express and Thameslink. A decision on a new Wales Rail franchise is expected shortly.

2. 'Patient' capital will support viable but long term investment over a longer period than market finance will cover. It is not a grant - it will earn returns .

For further details contact the Department for Transport Rail Press desk: 020 7944 3108