

1st July 2003

The Railway Forum's 7th Annual Conference

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Good morning

I shall keep these opening remarks brief, recognising the fact that you will wish to spend as much time on the panel discussion as possible. But I do want to say something about partnership.

There has been a remarkably large volume of debate in recent months, especially in the last few weeks, with respect to the structure of the UK rail industry, the relationship between the constituent parts of it and the various people that populate it. True enough, there are a few individuals who would want to thrust us backwards in time to a world of dreadful customer service, total lack of innovation, no private capital and no hope of a better future. Fortunately, those who peddle this "Back to the Future" nonsense will fail and I think most people can see that. Other than them, the only other people that care enough to constantly debate the structure and financing of the industry are a few, intelligent observers who have the right to comment but no responsibility to sort. So its hardly surprising that they continue stoking up the debate. The rail industry too helps add fuel to this fire. It is amazing how many informed sources and insiders there are, and its equally amazing how large is the cottage industry that has set itself up to disseminate and propagate this continued debate.

Can we be clear once and for all in July 2003. I know I speak for my colleagues when I say we don't care about any of this. Ian McAllister is my partner. Tom Winsor is my partner. Christopher Garnett, Phil White, Brian Souter and Moir Lockhead and the rest are my partners. And they are each other's partners. The fact is, we either succeed together or fail together. There is no scenario where some succeed and some fail. We have a common purpose that binds us together. As far as structure is concerned, what will be will be, and whilst I have little doubt that the industry will continue to evolve, our focus now should be totally locked on safe, reliable and affordable delivery.

It is people and the management of people - the culture of the industry - that will make a difference. It is a burning desire to make a difference and not to settle for second best that will lead to change. And it is a single minded focus on a single objective, that of Britain's railway properly delivered that we should all have. Of course we have different roles and responsibilities to achieve this.

And yes, we will each need to support each other and occasionally chastise each other, though always in a spirit of co-operation.

There are things about current network performance that I am concerned about. After this session, Ian McAllister and I are getting together to discuss them. And Ian will probably mention some things about the SRA that he's concerned about. Good, because I know his motivation when saying such things is constructive, not destructive.

Please get the message. There is no agenda to renationalise the railway, creeping or otherwise. I only ever think about the blasted 'R' word when I read it in yet another article. I know the rest of the **leadership** of the **industry** has the same view. What matters is what works and frankly we have far too much on our collective plates at the moment in respect of getting control of costs and performance to have any spare time to worry about anything else.

Today under one roof we have the Secretary of State for Transport, the Chairman of Network Rail and the Chairman of the SRA. Together we are focused on maintaining a vibrant relationship between the public and private sector.

The railway is a public / private partnership. And it is going to stay that way. I know what the private sector investor and operator needs - I've been there remember. I know what works and what doesn't. I know what makes people want to take risk and invest money and makes them want to run a mile. What happened last week with Connex was not a generalised statement of policy towards the private sector. I have had to endure some remarkably inane questioning over the last few days. Let's be clear - It was not a wake up call. It was not the SRA sending a message. It was not as the pieces in Saturday's "Times" and the "Sunday Telegraph" suggested an act of tough guy machismo designed to bring the TOCs to heel. The various passenger groups for example do themselves a disservice by appearing to revel in such assumed aggression. But neither, Railway Forum, did we decide to 'step in and tear up the deal', suggesting that the decision had been a capricious one. None of this true. We had an agreement with Connex and in our view, they did not meet their side of the bargain and therefore we felt the proper thing to do was exercise our right of termination. That's all. From time to time in any market, whilst the vast majority will succeed, occasionally someone will not and that is what has happened here. In reality, the success stories of privatisation far more than outweigh the disappointments and we should not forget that.

I believe our relationship with the private sector has a brighter future than ever before. All the TOCs were quite rightly screaming out for some decisions eighteen months ago and we've delivered. I accept that not all have been perfect and certainly not all have been popular. But I would suggest that 18 months on, the output from the SRA has been considerably more positive than not and precisely what is required from a leadership organisation. The

same is true of Train operating and Freight Operating Companies. Despite the problems, the market has continued to grow for both passenger and freight. New trains have been introduced into service. Customer service is improving, in some places rapidly so. Training and development schemes are taking off. Performance is improving albeit slowly and the sense of unity and common purpose is now dramatic. Network Rail joined this party more recently from a period of difficult administration. They have much to do, especially in the areas of cost and performance but they need our collective support.

These are challenging times. We need stability for investors, clarity for operators and certainty for customers. We have achieved much as an industry in the last 18 months and we will achieve much more in the next 18 months as the momentum grows. From time to time it will be a bit turbulent as in the last few days but we should all look beyond these periods to the future. We now have clarity of objective and our direction of travel is correct. Ignore the prophets of doom or the peddlers of division. For they have rights but no responsibilities. They are irrelevant to whether we succeed or fail. Only we in this industry can decide that so lets stay focused, work together, and deliver the kind of railway our customers want and deserve.