

Labour Tells the Government to Bring the Railways back into Public Ownership

Labour has called on Downing Street to “bring our rail franchises back into full public ownership” after the government announced an overhaul to the railways that stopped short of ending privatisation.

A Labour Party spokesman, Andrew Kersley said, “The new plans from the Department for Transport (DfT) represent the biggest shake-up for the industry in decades, bringing an end to the franchise system and replacing it with a fixed fee paid to train companies based on performance.” Transport union TSSA’s general secretary Manuel Cortes has slammed the new policy for continuing to favour inefficient private companies, suggesting that “heads or tails the privateers always win”.

Labour’s shadow railways minister Tan Dhesi said: “We welcome the government admitting privatisation hasn’t worked and bringing greater public-sector involvement in managing the railways but today’s agreements mean taxpayers are set to continue paying hundreds of millions of pounds in profit to private rail companies to run the network. This is completely unacceptable. These agreements paper over the cracks of a broken rail system. It’s time to put passengers before profit and bring our rail franchises back into full public ownership.”

The new DfT policy serves as an extension to the previous coronavirus emergency measures agreements (EMAs) introduced earlier this year, in which the government covered the losses of railway franchises at a cost of £3.5bn.

Emergency funding for railway companies has now been extended for up to 18 months, with the government ending regional franchising in a step towards unifying Britain’s rail network.

Commenting on the changes, Cortes said: “Sadly, it looks like the government is once again kicking into the long grass what to do with our railways and instead of grasping the nettle is opting for transitional measures which prop up the status quo. The system was broken well before coronavirus arrived, but the pandemic has completely exposed its many weaknesses. Heads or tails the privateers always win.”

The head of the transport workers union added: “There have been payments to private rail company shareholders of £100m since the emergency measures agreements came in, even though passenger numbers have plummeted. Frankly, it’s a national scandal that our money – taxpayers’ hard-earned cash – has been stuffed into the mouths of greedy rail shareholders at a time of a national health emergency. The Tory government must stop dithering about the future of our railways. Only public ownership will cure its many ills.”

Shadow Transport Secretary Jim McMahon told the Commons last week that £100million of bail out money given to train companies under the EMAs had been paid out to private shareholders. TSSA urged the Transport Secretary to work with trade unions to renationalise the railways in July to make sure there were no cuts to services. Rail travel has collapsed to 70% of the usual pre-pandemic level as a result of Covid. The government has been forced to renationalise several private franchises in recent years, including the East Coast Mainline on two separate occasions before the pandemic hit.