

# A financial frightener from BR

By DAVID BIGG

Although British Rail has managed to persuade most of the tabloid Press that it recorded a small loss of around £11 million last year, a careful reading of the annual report and accounts reveals a truly frightening picture.

A self-reliant stand-alone British Rail would have lost £847 million in the 12 months up to 31 March 1991 — without Government grants and property sales to prop it up. Interest charges alone account for £54 million.

Property contributed £72 million to the coffers while Government grants totalled £699 million.

The financial performance of each sector was:

InterCity.....	£49.7 million profit
Network SouthEast.....	£154.9 million loss
Regional.....	£503.9 million loss
Freight.....	£53.6 million loss
Parcels.....	£25.8 million loss

Before interest and grant payments

It is generally accepted now that the recession, the main cause of the losses, has got worse in recent months. One commentator believes BR is currently losing £1 million per day.

Surprisingly the accounts show that Government grants went up by £113.1 million. Property sales were down by £234 million.

InterCity, NSE and Regional all increased their revenue from sales compared with the previous year.

The immediate prospects for BR are bleak. InterCity may be holding its own but other sectors are suffering as the recession continues to bite. The decision to close down Speedlink will ease the losses for freight while, unfortunately, the case for government grants in this area will be debated long after the last train has run.

Further cuts can be expected. In the summer, Network SouthEast was considering drastic measures to cut its deficit with shorter trains (and more overcrowding) top of the list. But more stations will also close early or have no staff at all.

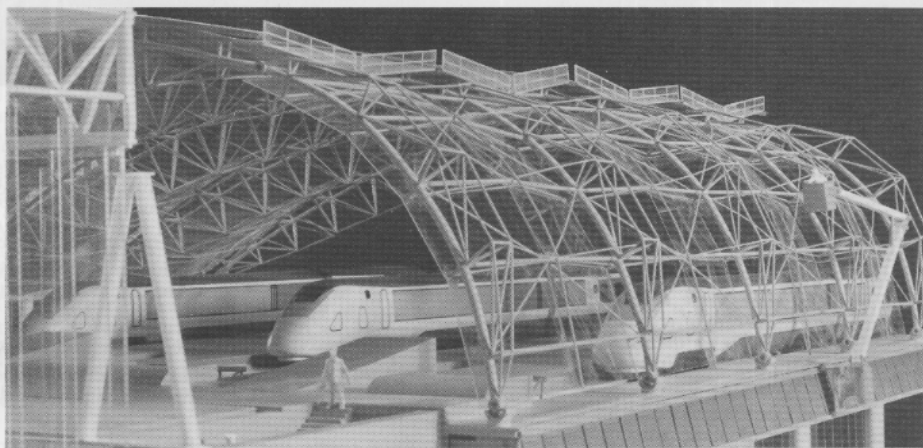
"This is unacceptable in suburban areas of London where vandalism is rife," the London Regional Passengers Committee has warned.

There were also rumours that the BR Property Board has been told to sell as much land as possible which could threaten long-term hopes for reopenings and other rail development.

But in July, chairman Sir Bob Reid launched his 10-year programme for BR and said: "We have the best bankers in town — the Treasury."

A similar cash crisis is afflicting London Transport. Bad service on the Underground is largely the fault of the Government because of "chronic underinvestment in both new capacity and the replacement and renewal of existing assets" according to a Monopolies and Mergers Commission report published in June.

LT needs to spend £750 million a year while it has struggled for the last five years on only £290 million. The report concludes: "The travelling public has been the principal victim of underfund-



**GATEWAY TO EUROPE:** Work on the roof of London's Waterloo International is scheduled to begin next month. It will be built for £8.75 million by Briggs Amasco, part of the Tarmac group. The Channel Tunnel London terminal will cost a total of £120 million and should be open in 1993.

ing and will no doubt be so for a number of years to come."

**What hope is there for the future?** Labour is promising large-scale spending on the railways and has pledged a moratorium on road building.

Transport spokesman John Prescott said: "The Government has taken £3 billion out of the public subsidy level since 1983."

But his party's biggest paymaster, the Transport and General Workers Union, is not noted for its love of railways.

And despite the present Transport Secretary Malcolm Rifkind's pious prayer for more freight to be switched to rail, the road lobby is urging him to raise the 38-tonne lorry limit to 44 tonnes.

If approved, this would further undermine railway competitiveness while bringing more danger and

damage to the roads. Even worse, the road lobby in America is pressing for giant lorries with triple trailers to be legalised. If the "Great Satan" accepts triple trailers, the "little devils" at our Department of Transport won't be far behind.

**How is RDS doing?** In the first six months of 1991, we are holding our own. We are being hurt by the recession with book sales down on 1990.

Membership is, however, holding steady and a legacy means that with a fair wind, we should once again make a small surplus this year.

I have made it clear before that my objective is to ensure the society is able to balance its books to ensure that the maximum amount of money is available for campaigning for better rail services. With your support this policy will continue.

*David Bigg is treasurer of RDS.*

## £10 billion hope for a better future

British Rail's 10-year programme to improve the network by spending £1 billion a year for the next 10 years went down well with the media and most politicians — thanks to a glossy presentation.

The exciting aspects of its Future Rail programme seem to be in London where CrossRail and an expanded Thameslink will go a long way to transform travel opportunities and on Regional Railways which has plans for electrification and expansion.

But InterCity seems to have a very limited vision, content to dream about upgrading the West Coast main line for 150 mph trains and to talk vaguely about replacing assets on the Great Western and Midland main lines "in due course".

InterCity appears to have no plan to exploit the vast potential for direct services from Kent, Sussex and Surrey to destinations beyond London. Nor will it use CrossRail to run Cardiff - Norwich services for instance. Chairman Sir Bob Reid says

he wants to make BR like Japanese railways but a better ideal for him to aim at would be Switzerland where fast, regular-interval, reliable inter-city trains are integrated with local trains, trams, and buses to provide a real user-friendly and environment-friendly way to travel.

Special railcards allow regular users to buy half-price tickets and give car owners a real incentive to leave their vehicles at home. In Britain unfortunately rail users are warned that they will have to suffer larger-than-inflation fare rises while public money is still being poured into road building to give car drivers a free ride.

Transport Secretary Malcolm Rifkind has said: "We are starting a decade of unprecedented opportunities for rail freight, and the Government is determined to realise the environmental and commercial benefits which those opportunities present." But the Government has made no promises that BR will get the money it needs for present operations, let alone future plans.