



ASSOCIATION OF TRAIN OPERATING COMPANIES

Speech to the Planning Ahead seminar – Thursday 4 February 2010

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Check against delivery

On behalf of ATOC and our partners, Network Rail and the Rail Freight Operators Association, I'd like both to reiterate the welcome to you today and say something about why this is, in our view, such an important exercise and why your active participation is something we are so keen to see.

Today's theme is looking ahead and working out how to develop and get the best out of a system that could see demand at double today's levels in 30 years time. That, self evidently, is both a tremendous challenge and a fantastic opportunity for this industry.

To meet the challenge, we need a long term vision – one that goes out thirty years. The industry's *Planning Ahead* work is an ideal forum to develop the vision. I know that our agenda today has a rather shorter term focus – CP5, so about ten years hence. But I'd like to use this platform to put forward some personal thoughts on a 30 year vision for our railway.

In 2040, I think the railway:

- Will support the doubling of demand we expect. It will do that because we will have built a larger network providing more capacity; because we will have made technological improvements to signalling that will allow us to fit more trains onto the network; because the services we run will attract people to travel at all times of the day and not so heavily in the peaks; and because we will see the major role rail has in the economy of London replicated in our other major cities.
- Will be financially self supporting. That may seem an unlikely prospect today, but I think it is quite plausible to think in those terms for 2040. We know the opportunity is there to grow revenue. The growth of the last decade has been a fantastic success story, and it points the way to all sorts of further opportunities. My view is that if we get the planning of our investments and improvements right, the revenue side will take care of itself.

At the same time, we *have* to become more efficient and bring costs down. That's probably our greatest challenge as an industry. But I think we can also make arguments in defence of our industry – and in particular advocate cost reform in other modes of transport. What about road user charging? Aviation fuel duty? These are rational policies in their own right and if introduced, as I think is inevitable in time, will have a significant impact on the economics of rail.

- Will have a reputation for excellent customer service. We will be maintaining NPS scores – if they're still around – at and above 90%. We've started to make our whole industry more customer focused, but there's a lot more to do. The private sector players – TOCs and FOCs – can and must be in the vanguard of this. When your success or failure depends on attracting people to pay money for your service, you take notice of what they think of you.
- A much higher proportion of the population will be railway users than today – 75% will use a train at least once a year and 50% will use the train once a month or more. Because the railway, instead of being something you turn to if driving's not an option, will have become something that is very much part of people's everyday lives *by choice*, because of its convenience, its greenness and its connectivity with other transport. That means extending our reach across a wider cross-section of society than today.

That's a vision of:

- doubled demand
- financial self sufficiency
- high customer satisfaction; and
- huge take up by the population at large

And because of that, the railway in 2040 will be a national asset supported and valued by the majority – as it will be used by the majority.

Utopian? Possibly. But isn't it the sort of vision we should be aiming for?

How does it relate to today's seminar? My answer is: because it gives us a destination to aim for in thinking about what CP5 will need and the next ten years and the ten after that. Our *Planning Ahead* work is the way in which we produce a road map, or perhaps a Quail map, to get to the destination.

With a map and a destination, we can provide a professional – in every sense of the word – perspective on the long term development of the railway, that will support, supplement and complement the government led industry planning cycle now established of five yearly SOFAs, HLOSs and Delivery Plans. And our contribution comes with two bonuses: we are the sharp end practitioners; and we can take a genuinely long term view.

We should acknowledge that long term planning is more difficult for government, regulators and others, and must take that into account, but that should not limit our horizons.

But for all that I stress this as a railway industry endeavour, we must not be introspective. We must think about the economic situation that is likely to prevail and we must think laterally about transport and society more widely and what the public will need and expect of a

transport system. Railways are inevitably subject to the ups and downs of the economy, but are also a great stimulus for economic growth, as well as great social and environmental benefits. That is why we are putting much emphasis today, and subsequently, on wide involvement of many parties in our work. We need your input to help us do this work well.

Planning Ahead is about finding – and using – our *authoritative* industry voice. Thank you for coming today to help us do that and I very much hope you enjoy the morning.

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