

Section 3 - Getting the transport in place

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*How Superlink could
improve transport in the
Growth areas*

THE CHAIRMAN: We were looking before lunch at some of the financial mechanisms that are being discussed to try to square the circle between the ambitions and pressures in transport and the Government's ability to deliver through mainstream funding, which we know is limited in comparison to the scale of the task before us. Even if you have the finance, you have to get it in place - not just in delivering the scheme in itself but, as Martin Tugwell said, in linking it to other spatial strategies and particularly to other forms of transport, so that it is all joined up for the customers. That is what this section is about.

MICHAEL SCHABAS: I am part of a group which is trying to make Crossrail happen. I came here 17 years ago to get the Jubilee line for Canary Wharf, as you may have gathered. I was on the other side of the negotiation to get the largest contribution - probably about half a billion pounds in today's money - and part of the game was to come up with a scheme that made sense. You cannot just draw a line on a map and say, "That's a railway - let's go build it." Well, you can, but the chances are that, somewhere along the way, whether during the approval process of the hybrid Bill or when the time comes to fund it, people will say, "This is a really stupid scheme, and we won't do it."

Most of you will know that a Bill has been deposited for the Crossrail scheme in the last few months. We are very sceptical about that scheme ever being built. There is no commitment to funding it, but in the run-up to an election, it is very convenient for politicians to say, "Absolutely - we support it: the Prime Minister is 110% behind the Crossrail scheme," just as John Major was in 1992, when a Bill was deposited for it as well.

At the same time, the Jubilee line Bill was going through Parliament. It went in with the backing of Margaret Thatcher and Paul Reichman, the Canary Wharf developer, and that had a lot to do with getting it into Parliament. By the time it came out of Parliament, they were both gone; but the Jubilee line was still built. I think that that is because it made sense: it was basically a good scheme, and on the day it opened it was very busy, once they got the signalling to work, which took a little while. They are now lengthening the trains and the stations, and it has been an amazing success.

We have been watching the Crossrail team spend £150 million of taxpayers' money over the past four or five years, tearing our hair out at their stupidity. We have been trying for most of those five years to engage in a dialogue with them, and in the last six months we have gone public with our alternatives, which we think make a better scheme.

[Slide: What does Crossrail do?] Crossrail dates from the 1944 County of London plan - the Abercrombie Plan. They envisaged a very different London then. They had docks, with guys unloading ships. They did not have a lot of banks, they certainly did not have any computers, and they were going to move everybody out to industrial jobs in new towns - they envisaged an industrial country, which we certainly do not have now - mainly so that people would have places to play football and would be further from the atom bomb blasts that were expected.

None of that happened, and we ended up with a very different and probably a much nicer metropolitan region; but the Crossrail scheme has hardly changed at all. It barely

crosses the M25, and when you ask them why, they say - it is written in the London east-west study and cited in the environmental assessment that you can read on the Web - that it is because regional schemes were not consistent with "the Mayor's transport strategy". TfL have had a big role in this project. They see it as their project, not your project. You guys are out there in the regions and you don't count. They are asking the Government to spend several billions - £10 billion of taxpayers' money - on a scheme which gives you very little and in many cases makes train services outside potentially worse.

[*Slide: The Superlink team.*] I am not the only crazy person. I am a director of three railway companies. I was a director of Anglia Railways, which was one of the prize-winning franchises here, except that Theo Steel's group won it away from us; and I run GB Railfreight as well. John Prideaux is the guy who sold the Treasury on the Channel Tunnel rail link and persuaded them to pay £4 billion for a scheme that will deliver some real benefits. Chris Stokes is on the board of the Rail Regulator and was on the original Crossrail study team in 1988. So we do not think we are complete lunatics.

[*Slide: Crossrail - current scheme.*] Crossrail will cost £4 billion for a tunnel across the middle of London - it is actually closer to £5 billion - Paddington to Liverpool Street; it relieves a bit of congestion on the Circle and Bakerloo lines and a little bit on the Central line. If you build any new railway, you relieve a bit of congestion; the question is, is it worth £4 billion so that a few more people have seats for five minutes in their morning peak journey?

In the east, Crossrail goes to Shenfield, an existing corridor that was built up in the 1930s. The railway was electrified in 1946, I think. The people are not unhappy with their train service there; they have a good, frequent service, with 15 trains an hour into Liverpool Street, stopping at most stations. Most people walk to work from Liverpool Street, anyway. Crossrail will screw up their railway for two years while it is re-signalled and all the platforms are lengthened. It will make them take a detour via Whitechapel. They will be able to take trains through to Paddington, which probably some of them will want to do, but not very many.

The other problem is, that, when they revived the scheme in 2001, Canary Wharf put up their hand and said, "You've got to come to Canary Wharf; you can't miss us with Crossrail." Ken Livingstone said, "Absolutely right - it's got to go to Canary Wharf." Rather than saying, "Let's get some money out of them first," as they should have done, or, "Perhaps we will build the railway to go via Canary Wharf," the engineers said, "We can put in a branch to Canary Wharf." That is really dumb in railway terms, because you can then only run half your trains on each branch. So the Shenfield branch will now only get 12 trains an hour, instead of 24, which is not enough to carry the existing volume. So the people on the Shenfield branch will have their railway overcrowded, and we think that that will also mess up trains from further out in Essex. We are not talking through our hats. We are railway operators, we ran the train services on those routes when they were improving - and Theo is improving them even more. You can ask him if I am talking through my hat.

As for the branch to Canary Wharf, they said, "Where can we go?" Canary Wharf did not want it to end at Canary Wharf, because then someone might have had the bright idea of saying, "You pay for it." They said it had to go further - to the Thames

Gateway. So they tried going to the Thames Gateway, but they just could not figure out how to do it. Right now they are going as far as Abbey Wood. They were going to Ebbsfleet, but that was dropped in November last year; after about four years of study, they discovered that it did not work - which you would think they would have discovered earlier.

In the west, of course, you have to go Heathrow. The trouble is that there is capacity for only four more trains to Heathrow if you terminate them there. Also, they have to terminate at terminal 4; they cannot go to terminal 5, because the platforms there have been reserved for SWELtrack from the south-west. So Crossrail will be running four slow trains an hour to Heathrow. We have asked them where those trains are coming from, but we have not had an answer. But I think it is obvious to anyone that you would run those trains from Canary Wharf, not from the Shenfield branch, because the commercial traffic, if there is any, to Heathrow will come from Canary Wharf. So the folks in Romford who thought that they were getting a through service to Heathrow are gradually discovering that they will be getting something that they will never want to use.

They take over the branch route to Maidenhead and Reading. That line was only put back in by Adrian Montague's review last summer, because it does what Ken does not like - it crosses the M25 and almost starts to go outside into the regions. The funny thing about that branch is that it makes money. Anybody who knows about rail operations in southern England knows something very weird about them. Trains in southern England are very different from trains in the US or Europe: they make money. With every extra train you can fill up from Chelmsford, St Albans or Woking, the fares of those commuters in the morning - even the regulated fares - more than pay the cost of running that extra train. If you can add train services to go from outside the M25 into London, you can make more money and reduce the subsidy from the taxpayer. Going back to what Fred Harrison was saying, there is no deadweight loss at all from incremental revenues from passengers. If willing consumers willingly choose to take the train to jobs in London, rather than getting in their cars and driving around the M25 to other places to work, that is good for everybody.

In the west, Crossrail can run four trains to Heathrow, as I said. They cannot justify more than six to Maidenhead. So that is 10, but 24 are coming from the east, so 14 of the trains turn around empty at Paddington - which is bizarre. I think that people here should be thinking about places to take those trains, and demanding that provision be made in the Bill for them to go somewhere useful. Right now, they will spend probably £50 million on a turn-back facility at Old Oak Common so that they do not have to go anywhere - which again is bizarre.

They do not do anything for Stansted, except that their environmental assessment says that it will release capacity for Stansted at Liverpool Street. If you ask people who know about railway operations, they will say that releasing platforms at Liverpool Street does not provide capacity for more trains in the peak from Stansted. So they are doing nothing for Stansted. They have been misled or they are misleading - one or the other.

[Slide: Little effective capacity to London.] In terms of total growth in volume, you saw that table this morning about all the extra commuters it will bring in. Well, by Crossrail's own numbers - we got this from them last week under the Freedom of

Information Act - there will be 2.3% growth in commuters into London in 2016 with Crossrail. That is not going to justify a big increase in the rates.

[*Slide: A financial millstone.*] This shows what a financial millstone it is. On London Underground and the buses, two thirds of the money comes from passengers. On commuter rail it is more like an average of 80% to 90%, and on some routes, such as Thameslink and East Anglia, it is 120%. On Crossrail they will be lucky to get 20% of the incremental cost out of incremental fares, and the amount of subsidy required - the big red piece on the slide - is the same size as that red piece [*indicates*] and almost as big as that one [*indicates*]. It is almost as much extra subsidy as the whole Tube system - for one more line; and not even a very good line, at that.

[*Slide: Crossrail - unfundable.*] So £6.5 billion of extra taxpayers' subsidy will be paid for a line that gives 2.3% more commuters and only serves a very narrow band. As we heard, it does not go to Barnet. It does not go to most places, actually; and it hardly even helps the people it does go to. We think that, if we do not do anything, the Bill will crawl through Parliament and might eventually get Royal Assent; or it might be like the last Bill, when the Members themselves said, "This is really stupid - we're going to throw this Bill out."

[*Slide: Crossrail - not a good railway.*] They did not give a reason, because they did not want to have an argument. They listened to the arguments for six months, and they threw it out. This time, they may say, "We have to get it through"; but then, having got it through, they will say, "Well, where's the funding? Ken Livingstone has promised to come up with the funding, but we don't think he will be able to - or should be able to."

[*Slide: Is this London? (7 million people)*] So we scratched our heads and said, "We like building railways. We have built quite a few - some good ones, some not so good ones - and we think that London could use another railway." But London isn't what you see on the slide. This is London from the Mayor's London Plan, and most of you guys are not on that map. How many people crossed the M25 today? [*Hands raised.*] Probably about two thirds of you. I was at a conference yesterday where half the people raised their hands.

[*Slide: Is this London? (15 million people).*] This is your London. This is south-east England, and those are the growth areas. They did not know about this map in the Crossrail team, I guess, or maybe they do not have Internet access or something. [*Laughter.*]

We said, "We know about railways. We would like to make more money from passengers, so that we can pay for this." Finding the money is the key to all of it. Crossrail's strategy of making the scheme smaller and smaller, so that you need less and less, does not work, because you still end up with the £4 billion piece in the middle, which is a financial black hole. We said, "We need to bring in more passengers from places such as Chelmsford, Milton Keynes, Northampton and Woking." There is capacity on the railways. The funny thing is that there is capacity on many of the railways into London when you get further out, but there is no capacity when you get close to the terminals.

[*Slide: Superlink approach.*] Crossrail's mistake, we think, was not to build a big enough scheme. They build the expensive tunnel with those seven underground stations which cost about £400 million each, and then they come up to surface and end it at places like Abbey Wood and Shenfield. We say keep those tunnelling machines going until you are out in the green belt; then lay down tracks on the surface, where it is cheap - as CTRL has proven - and connect into the existing lines further out where there is spare capacity.

[*Slide: Superlink phase 1.*] We start with the same cross-London tunnel, therefore. In the east, we tunnel from Canary Wharf up to somewhere near Newbury Park. I will not show you the picture because some people's houses are nearby; we do not actually go through any houses, but we go near them. Remember that this is only a 100mph railway, not CTRL. It can wiggle around villages and so on a bit more easily. We go up to Sawbridgeworth, where we pick up the West Anglia services that currently crowd the line through the Lea Valley and into Liverpool Street.

We pick up the fast Stansted express and the fast Cambridge services - which we can increase, by the way. We can go to four or even six trains an hour from Stansted; right now they are limited to two in the peak. We can go to four, and even more, trains from Cambridge in the peak as well. So we can add capacity from Cambridge into London, and, because it is a fast new railway, the journey times are similar to those for King's Cross - and they take you right where you want to go, right through London, so you do not crowd up the Tube at King's Cross or at Tottenham Hale. We can build what you see here. It also frees up the existing lines on the Lea Valley, and lets Ken Livingstone and his guys have those to regenerate the Lea Valley, which they say they want to do but the current scheme does nothing for.

In the west, we go to Maidenhead and probably Reading. We go to Heathrow; but, because we have fast trains coming from Stansted, we can persuade BAA to let us also take over the Heathrow Express and go to terminal 5. The current scheme, as I said, only goes to terminal 4; if you want to take a British Airways flight, you will have to change again. That will be popular.

How much does all this cost? Crossrail has a £7.5 billion capital cost and £1 billion net incremental revenues after operating costs. This scheme is the same capital cost, but the incremental revenues are so much more that the funding gap is down to £4.8 billion. This is only the beginning: that number gets smaller as we add more pieces in.

[*Slide: Superlink phase 2.*] In the west, instead of turning 14 trains around empty, we figure, let's make eight of them the trains that run to Northampton now and into Euston. There are not extra trains - there is no extra capacity for more trains on that line - but if we take those trains out of Euston and plug them into Crossrail, we free up congestion at Euston station on the Victoria and Northern lines, and we generate all-day traffic, because Milton Keynes, Watford and Hemel Hempstead and all those places will have an all-day direct train service right through the business centres of London, which has to be a good thing.

In the east, we take over the Tilbury loop and open up key sites in the Thames Gateway. We really do go to the Thames Gateway: we go where the best sites are - Rainham, Purfleet and so on. The cost is quite modest. The capital cost has gone up to

£8.2 billion. It is about £700 million: about £400 million for this little connection here [*indicates*] under Kensal Green cemetery; and about £300 million for this little connection [*indicates*] at Barking. This is how you do it. We did CTRL; it works. We did the Jubilee line; it works. We think we know what we are talking about. We have been through it in a lot of detail, and most railway industry people who think about these things think that we know we are talking about, too. Look at the funding gap: it has dropped to £4.3 billion.

[*Slide: Superlink phase 3.*] I do not have time to tell you about the fantastic things we do at Heathrow, where we extend the Heathrow railway with a short tunnel under Staines and link it to the south-west main line, to give us six more trains an hour from the south-west and relieve congestion at Waterloo. Then there is Reading, Wokingham, another branch to Southend Victoria; you can read all about this in the pamphlets or on the website. And the funding gap has fallen to £3.2 billion. That is all it is going to cost the Treasury over 60 years - and it is benefiting the whole south-east. We think that you probably do not need all these innovative financing methods. I am all for them, and I genuinely give Fred best wishes with his land value taxation. If people can extract money out of Canary Wharf with a little more clever poker playing than just throwing all their cards on the table and asking them to pick the ones they like, then good luck on that, too. [*Laughter.*] Three point two billion is the kind of number that the Treasury could just pay out of taxation.

[*Slide: Superlink is strategic.*] So there will be two new tracks across London and 100,000 new commuters, not the 20,000 you might get with Crossrail. There would be relief to the Underground all over the place, and to the national railways, which TfL do not seem to realise exist, except that they want to take them over. We free up existing lines for metro services in places like the Lea Valley. We link all these nice places with the black dotted lines around them that you know - except for Ashford, but they have CTRL already.

[*Slide: Superlink is fundable.*] We have tried to solve all the problems in the world, and we have solved most of them - most of the problems in London, anyway.

[*Slide: What now?*] What are we doing now? We are alerting stakeholders like you that there are winners and losers with the current Crossrail scheme. I know that Martin Tugwell and senior people from TfL were too busy to stay to listen to this, but you guys all have pens and computers and telephones, and you can send emails. You can tell your officers or councillors that they should make some noise about this. Some MPs should make some noise about it, too. We are talking to all the MPs we can, but we are only half a dozen guys - and, yes, nobody is paying us to do this.

We think that the existing Crossrail Bill does not need to be thrown out; it needs to be amended. That is normal: the CTRL Bill and the Jubilee line Bill were amended. They need to cut out the Shenfield branch, which is a real dog; and probably cut the Abbey Wood branch, but you might be able to build that as well and send four trains down there or something. They need to make provision for the connections for the route up to Milton Keynes, the route beyond Heathrow, the route beyond Canary Wharf. All those things make a scheme that stands some chance of actually getting built once it gets through Parliament, because it stacks up, addresses real needs and real issues and is affordable.

[*Slide: The Superlink network.*] This is the map of it. I would love to hear your questions and get your feedback. Thank you. [*Applause.*]

THE CHAIRMAN: Thank you, Michael. It was just after lunch, but I bet you did not sleep through that, did you? [*Laughter.*]