

On-rail competition - taking the biscuit?

Michael Schabas, Director, GB Railways, responds to recent comment in 'Informed Sources' with a personal view of the state of competition on the rails

Roger Ford ('Rich Tea Biscuit', p26, February) has reason to see irony in GB Railways attributing financial difficulties to competition. As a GBR co-founder, I was and remain an advocate of competition. Since 1996, we have grown passenger volumes by 46%, the highest of any train company. We are rated among the best operators by SRA's own measures, and by various independent surveys. We must be doing something right.

We have pursued four major service initiatives. First, we doubled the main line service to Ipswich and Norwich, leasing a fleet of new Turbostars which also provide through services to London from communities off the electrified main line. This step-change improvement was delivered in summer 1999, a year earlier than our franchise commitment. We began to compete head-to-head with Great Eastern at Ipswich and Colchester, offering cheaper dedicated fares which have attracted many new passengers.

Second, we introduced London CrossLink, from Chelmsford to Basingstoke via the North London Line. South West Trains and Silverlink tried to block our access onto their territories, but the Regulator and SRA supported us.

Third, we started a service between London and Hull. Great North Eastern Railway

treated Hull as a captive market, sending trains instead to Leeds and York. GNER and WAGN both opposed us, but the Regulator and SRA were persuaded. Hull Trains now operates three trips per day, with a range of discount fares and service enhancements. We are negotiating a 10-year access agreement and will acquire 125mph trains.

Fourth, we sought to compete with South West Trains on the main line to Southampton. We secured an option on the old Gatwick stock, to operate a 'Hampshire Pullman' service, with better catering and more discount fares. SWT and Railtrack blocked us, claiming the line was overcrowded. Then, protecting its monopoly, SWT secured for themselves paths for a fourth hourly service. Passengers are benefiting from a more frequent service, but there is no improvement in quality or fares.

Meanwhile, Great Eastern was retaliating against us on the Ipswich route. It had originally opposed our application for our second service, claiming the market could not support three trains per hour. GE then did a 180-degree turn and applied to operate its own half hourly service to Ipswich. Whereas we leased a new £25million fleet of trains, GE made no investment, simply diverting mid-day services away from Clacton. GE's second service is 'primarily abstractive', with




benefits at Ipswich mostly offset by disbenefits at Clacton. The Ipswich market is worth about £12million, and a modest shift in revenues to GE has wiped out two years profits of the GB Railways group.

With a high proportion of discretionary travel, we have also been hit hard by the aftermath of Hatfield. To add further injury, in the busy pre-Christmas period Railtrack allowed GE to continue to operate two trains per hour to Ipswich while our services was cut to one per hour.

Like most train operators, we are in discussions about compensation. We also continue to press our view that OPRAF (as it was then) and ORR erred in giving GE additional paths to Ipswich when we were blocked on Waterloo-Southampton. We do not think it is in the public interest that our shareholders should see their investment confiscated by inconsistent application of competition policy. We need fair rules, applied consistently.

While many routes will always be monopolies, there are clear benefits of competition where it is sustainable. However tightly the SRA may seek to regulate monopolies, experience in other industries shows again and again that only competition can spur continuous innovation and improvement.

Our record shows that there is no relation between company size and innovation, customer service, performance, investment or even safety. We are now seeking a franchise extension, so we can replace our ageing fleet with new more reliable units and bring further service improvements to our growing passenger base. While we are now the smallest train operating group, we think we have an important role to play into the future. 

Anglia's No 170206 calls at Farnborough Main en route from Colchester to Basingstoke, on one of Anglia's innovative services, London CrossLink. David Brown

