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MPs call for probe into 'profiteering' rail firms as cash said to be leaking into their coffers as 'unjustified profits'

- **Commons transport select committee accuses rail firms of profiteering**
- **Companies 'must not be able to ramp up prices at busiest times'**

By [Ray Massey](#)

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Fat-cat rail bosses were accused by MP watchdogs today of 'profiteering' as millions of train passengers are hit with inflation-busting fare rises.

Private firms sharing up to £4billion in taxpayer subsidies were accused by MPs of using the 'opaque' nature of their industry to hide how much cash 'leaks out' into their coffers 'in the form of 'unjustified profits.'

And train companies must not be allowed to make even more money by 'ramping up' prices at the busiest times - dubbed 'super-peak fares' - which would be a 'tax on commuters' , the report says.



Profiteers: A Commons transport select committee has said that rail firms must not be allowed to ramp up prices at the busiest times as they say it is a 'tax on commuters'

The charges came in a damning report by the House of Commons Transport Select committee which urged the Government to 'shine a light on complacent management, waste, and profiteering.'

The row erupted after rail bosses claimed they barely made any money out of running the railways despite a decade the rocketing fare rises.

The report on the railways comes just two days after inflation-busting average rises of 4.2 per cent for regulated fares, which include season tickets, took effect for passengers.

Average rises were 3.9 per cent. But within that some fares rose by up to 10 per cent.

The report describes the structure of the rail industry as 'byzantine' saying descriptions of it 'resemble the cartoons of Heath Robinson.'

But it noted: 'There is suspicion that that the labyrinthine, opaque arrangements in the rail industry provide opportunities for money to leak out of the system, some of it in the form of unjustified profits.'

Union leaders said the rail bosses were riding a 'gravy train' and 'laughing all the way to the bank' and acting like 'spivs and speculators' while lining their pockets.

Passengers were victims of 'a bigger rip-off than the great train robbery', they added.



Concern: Louise Ellman chairman of the House of Commons Transport Committee said that it is vital that we know that public money is not being leaked into rail companies coffers as 'unjustified profits'

Rail chiefs vigorously denied the charges of 'profiteering'.

Association of Train Operating Companies chief executive Michael Roberts said: 'We flatly reject the unfounded accusation that train companies are profiteering, an allegation which appears to be based on hearsay and flies in the face of the report's own explicit statement that profits are "relatively small".'

He added: 'Contrary to popular myth, train companies do not make huge profits.'

But Transport Select committee chairman Louise Ellman said: 'It is vital we know far more about how public money is spent so that there is confidence it does not leak out of the system in the form of unjustified profits'.

She said: 'The Government and the regulator must shine a light on complacent management, waste and profiteering by ensuring greater transparency in the finances of the rail industry.'

Her committee backed moves announced by Sir Roy McNulty to slash rail industry costs by 40 per cent or £3.5 billion

But reducing the cost of the railways to taxpayers must not be achieved by 'ramping up fares' she said

The Government is currently exploring plans to manage peak-time demand by increasing fares for those wanting to travel when the rush hour is at its height - so-called 'super-peak' fares.

But the MPs' report said today: 'We recommend that the Government rule out forms of demand management which would lead to even higher fares for commuters on peak-time trains.'

The MPs said many lower-paid workers had no choice but to travel at peak times noting: 'Higher prices at peak times might make a difference to demand at the margin but would for the most part be a tax on commuters who have no effective choice over how or when they travel.'

Ministers should also set out a long-term policy on annual season ticket fare rises.

Bob Crow, general secretary of the RMT transport union commuters were victims of a 'a bigger rip-off than the great train robbery'.

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Not so much a tax on commuters but a tax on workers.

- [elysteve](#) , Cambridgeshire, 04/1/2013 10:42

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Imperative we renationalise. A Major Folly of the 1990's.

- [mv](#) , west midlands uk, 04/1/2013 10:40

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another probe?, I'd like to have a probe. one with batteries because , as Mr Jones would say, they don't like it up 'em. Sorry if this post seems a bit flippant, but I find it hard to give or masters and betters any respect.

- [awhisperinthewind](#) , ecosse, 04/1/2013 10:33

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At the end of WW2, the UK government were forced to nationalize the whole rail system . This was primarily due to the private sector being unable to find enough capital to invest in a modernization program. The rail system should be run to encourage HGV's/cars off the road and provide the public with affordable travel. Essentially, the rail system should be for the public and industry's benefit, not for a small number of individuals to rip off the UK. As long as the rail system is in private hands, the public will be milked dry until it is brought back to public ownership.

- [Capt Swing](#) , Plymouth, 04/1/2013 10:32

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I can save them the cost of the investigation - here is the outcome: There is no evidence that any particular individual is to blame but there are systematic 'issues', however, they have promised to address those so no further action need be taken. M.P.s have called for greater scrutiny and have appointed a board full of their mates and an unlimited expense account to do so. Hear, hear - trebles all round.

- [JSteele](#) , London, United Kingdom, 04/1/2013 10:31

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Renationalise the failing rail companies, gas companies, electricity companies and water companies now! They no longer serve the public - they only serve their greedy shareholders and their snouts in the trough bosses.

- [Malcolm](#) , Burton on Trent, United Kingdom, 04/1/2013 10:27

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by the way we are helpless passenger not customers who can of course take their custom elsewhere. Profit is the main driving force(!) - least number of carriages for the most possible people at the highest possible cost. . Why should people paying thousands for a season ticket from St Albans to London for example have to stand both ways after years of such massive fare rises?

- [Eamonn](#) , epsom, 04/1/2013 10:19

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re nationalise and re create british rail , railfreight , parcels and all , but please please please do it properly , the push pull power battle of labour nationalising and Tories running it down to privatise it destroyed british rail. we have the many answers to transport and environment problems available on the railways , they will never ,make money for the public purse but equally shouldnt make money for private owners whilst subsidised by taxpayers . how wrong is that ?

- [tigerboy](#) , east yorkshire, Algeria, 04/1/2013 10:19

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- [tigerboy](#) , east yorkshire, Algeria, 04/1/2013 10:18

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- [Had Enough](#) , My House, United Kingdom, 04/1/2013 10:05

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