The INDEPENDENT

Think-tank slams lack of competition on railways

'Railopolies' come under fire as ambitions for privatisation are seen as abandoned

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The ambitions behind rail privatisation have been "betrayed" by successive governments over the past two decades, according to an influential centre-right think-tank that was co-founded by Margaret Thatcher.

In its Rail's Second Chance report launched today, the Centre for Policy Studies blasts ministers for failing to introduce sufficient competition on the train lines, meaning that there are "a series of state-sponsored rail operator monopolies or 'railopolies' ".

Report author Tony Lodge has recommended the growth of "open access", which allows rival train operators to run services on the same track on which franchises work. At present, this system is only used in a handful of areas, but two non-subsidised operators, Grand Central and First West Hull on the East Coast Mainline, were found to help drive down fare hikes.

At stations where these two operators ran services, fare increases between 2007-12 were only 11 per cent against 17 per cent for the parts of the 393-mile line that were not open to competition. Mr Lodge has recommended setting up a unit within the Department for Transport, of which he is so critical, that would be dedicated to awarding open access contracts.

He said: "If you look at the 1992 White Paper for rail privatisation, its ambitions have been betrayed – what we have now is nothing like those aims. I've spoken to some senior people in the Conservative Party who consider the DfT a 'failed organisation' – it needs to be broken up or given a real jolt."

He added that the problem with the DfT is that it has long lacked "political leadership" as a result of ministers and secretaries of state typically moving on from the department so quickly. As a result, civil servants effectively end up in charge.

The railways need more services because of how many people now travel by train: there are more passengers than at any time since 1929, while the number is expected to double by 2030. An ever-growing population and high motoring costs have led to a situation where creaking rail infrastructure is expected to cope with 1.5bn passenger journeys in 2013. Although the report backs franchising, provided it is open to competition, it notes that the West Coast Mainline fiasco last year has left the model in "disarray". That situation saw Virgin Trains stripped of its franchise and awarded to FirstGroup, only for the government to scrap the decision when it found that there were serious flaws in the bidding process.

The subsidy for the railways was also found to have gone up from a low of £1.68bn in 2000-01 to £3.9bn in 2011-12. This is largely down to the safety improvements that have taken place on Britain's railways since the Hatfield train crash in 2000.