Railways 'in black' for first time in two decades

Operators pay the state more than they receive in subsidies, say Atoc figures.

Train operators have paid the Government a balance of £256m in 2012-13. Ten years ago they were being propped up with an annual £1.4bn of taxpayer subsidies Photo: GETTY

By Nathalie Thomas

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Britain's railways are back in the black for the first time since privatisation was set in motion 20 years ago, figures show.

Train companies collectively pay more to the Government than they receive in subsidies to operate the railways, although some individual lines do remain loss-making.

The figures have been produced today by the Association of Train Operating Companies (Atoc), based on an analysis of figures released by the rail regulator.

They show that train operators have paid the Government a balance of £256m in 2012-13. Ten years ago they were being propped up with an annual £1.4bn of taxpayer subsidies, according to the Office of Rail Regulation, but that has now been reduced to £957m.

Train operators say the change has come about predominantly from growth in the number of people using the railways and insisted the boost was not as a result of increases in fares. A record 1.5bn train journeys were made in 2012-13, the highest since the Twenties.

"While significant amounts are still being invested in rail infrastructure, for the first time, train operators taken together are returning more money to Government than they receive," said Michael Roberts, chief executive of Atoc. "This means taxpayers are over £1.6bn better off than 11 years ago – equivalent to £62 for every household in Britain.

"Significant investment and an industry focused on attracting more rail users are generating passenger growth unseen for 80 years. This in turn is producing record levels of revenue allowing Government to cut significantly the subsidies it pays to train companies."

Train companies are generating an extra £3.2bn in passenger revenue compared to 10 years ago — 96pc of which comes from passenger growth and just 4pc from fare increases, Atoc claims.

Opponents of privatisation seized on the figures as proof it has failed since it was set in motion in 1993, when John Major's Conservative Government approved an Act that would allow rail franchises to be let to private sector operators.

Bob Crow, general secretary of the RMT transport union, said: "A generation of rail privatisation has been a multi-billion pound rip-off leaving British passengers paying the highest fares in Europe to travel on overcrowded and clapped out trains. Atoc are openly admitting that for 20 years they have been robbing the taxpayer for bungs and corporate welfare which has been a one way ticket to the bank for their members."

Unions and the Labour Party are campaigning for the East Coast Main Line, which was renationalised in 2009, to remain in public hands as a benchmark for judging the performance of private sector operators.

Transport Secretary Patrick McLoughlin has prioritised returning the East Cost line to private hands before the general election, rather than re-letting other franchises such as London-to-Scotland West Coast services and the London-to-Cardiff Great Western line.

Atoc denied the figures were an admission of failure. It said the railways were deep in the red before the process of privatisation between 1993 and 1997 and that train operators had succeeded in significantly boosting passenger numbers.