

Sorry state of Railtrack

By Mike Crowhurst
and David Bigg

There are big question marks over the future of Railtrack following its annual general meeting in York.

The loss of £445million, after a tax refund and dividend payments, was much as expected by financial experts.

But the scale of the collapse in its share price, from £10 to £3, was not anticipated.

Unless Railtrack's finances improve, its ability to raise money for projects such as Thameslink must be in doubt.

It was clear from the outset of the meeting on 24 July that the new management was in contrite, conciliatory mood and determined to turn over a new leaf.

The overall message was: "Yes we got it wrong in the past, we are determined to put it right as soon as possible, but we are not there yet."

Together with a clear, unequivocal apology to the survivors and relatives of recent crashes, this took much of the heat out of any confrontation, and the meeting was orderly and good-natured throughout.

The AGM was attended by Railfuture national executive members Mike Crowhurst, Richard Pout, David Redgewell, as well as computer officer Trevor Jones and several other members.

Inevitably, the media were present in force outside the meeting but were not allowed inside.

Survivors and victims' relatives of recent accidents were well represented and got most media attention.

But Railfuture members were able to ask several questions.

Railtrack chairman John Robinson called for an end to squabbling within the industry, for "zero tolerance" on safety, and announced a fundamental review of executive remuneration packages to ensure that failure is not rewarded in future.

Despite only recently being appointed, he was on his feet throughout and ducked no criticism. The impression was of a new broom determined to clean up the corporate act

Chief executive Steve Marshall summed up their approach as "determined to recover the reputation and morale of Railtrack through delivery and performance". But realism throughout the industry was essential. He referred to a "timewarp of



Intensive effort: Lines are getting relaid Virgin Trains/Milepost 92%

underinvestment and under-performance". He foresaw a return to pre-Hatfield performance levels by next spring.

Safety had to come first, and Railtrack is on target to install the train protection and warning system by the end of 2002 and a European-standard train control system by 2010.

The main part of Railtrack's time and effort was devoted to maintaining and operating the network Mr Marshall admitted: "We have not been on top of this".

Phase one of the West Coast main line, costing £6.3billion, is 60% complete.

Railtrack is spending £3billion a

year and £10billion in total on major projects.

The retail and property side contributes £1million a year to the railway business.

Questions on policy issues such as privatisation and road versus rail were ducked. Nor were questions on fares and ticketing and charter trains answered.

Several people complained that local services were not getting a fair crack of the whip in upgrading projects, and in some cases were actually worsening.

Question 34 to the Railtrack board was put by Railfuture member Jerry Alderson:
"Why does Railtrack, a rail company, want to become a bus company, by ripping up the Cambridge to St Ives line, concreting it over, and building a guided busway?"
Despite Railtrack's involvement with this project appearing in the 2000 and 2001 Network Management Statements, all of the 12-strong board deied any knowledge of it!

The Railtrack chairman referred to inherited obligations and "50 years of underinvestment", and Mr Marshall called for the Strategic rail Authority to take the lead in "joined-up thinking". In reply to Railfuture's David Redgewell, it

was acknowledged that the SouthWest had suffered more than most from recent problems.

A suggestion that free replacements should be given for the October 2000 Great Britain timetable was "noted", along with requests for emergency freephone numbers.

It was accepted that the annual review was wrong in suggesting that Leeds remodelling was complete! Problems with track and lineside clearance was raised and in reply to a suggestion that the wood from cut or fallen trees be sold, we were told it was mostly pulped.

The questions were answered

mostly by the chairman or chief executive, assisted from time to time by other board members, such as Chris Leah, on operational matters. New financial advisers are being retained to advise on executive remuneration. While failure will not be rewarded in future, a "competitive package is essential to attract the best people".

One speaker suggested that remuneration be tied to the share price. The share price collapse reflected the bad press since Hatfield. The only way to restore confidence was by performance. Short-term funding has to come from the markets, but major projects have to be government funded, directly or indirectly.

The need for more engineers and railwaymen on the board was recognised. Relations with

contractors were being addressed and the present structure was not ideal. A resolution "to authorise the company to make donations to EU political organisations or incur political expenditure" was a legal precaution to cover employees' time off for council or union activity, or expenditure on lobbying, in the light of new legal requirements.

Final approval is expected from the Regulator any day for the Network Management Statement. Part Two is due in November to coincide with the Strategic Rail Authority's strategic plan.

Railtrack's asset register is now 85% complete and it will be ready by the end of the year. It will be revised under a two-year rolling plan.

Monitoring and fault detection problems were also raised. It was agreed that even the Japanese sometimes get cracked rails. Chris Leah said the Cullen and Uff recommendations were all being dealt with and 70% of Cullen was already done.

The crash at Hatfield had revealed a long-building hidden crisis, and it was now best to err on the side of safety. Queries from the floor contrasted the clear-up times post-Hatfield and Selby, and the role of the police, the British Transport Police and the Health and Safety Executive was raised. Comparisons with road accidents were made.

Speakers praised the safety, sustainability and environment-friendliness of rail, but one thought that in the light of Selby high-speeds were unsafe.

Mr Robinson responded by saying: "It is our job to make fast trains safe".

Another questioner was sceptical about "high-tech solutions". One or two however were almost fawning in their praise for the board.

The most bizarre contribution was from someone who announced himself as "one of the three surviving members of the Railway Conversion League".

Next year perhaps we will hear from the Flat Earth Society!

The speaker contrived to circulate an academic paper laden with statistics advocating conversion to busways, but rapidly lost the patience of both audience and platform as he waded into it. Mr Robinson retorted: "We are here to run a railway."