

OBJ319/13

SUPPLEMENTARY EVIDENCE
(a) Letter from ERM on behalf of Chiltern
(b) The corruption of Grant.

PAUL WITHRINGTON

BUSINESS CASE AND STRATEGIC ISSUES

In relation to the Transport and Works Act 1992
Transport and Works Act (Applications and objections Procedure)
England and Wales Rules 2006
Chiltern Railways TWA Application 2010 to the Secretary of State

Transport Watch

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26th January 2011
Wp Ref, OBJ319 13

TRANSPORT- WATCH is an independent association not connected with any business or political party funded by a private trust and dedicated to making the best use of land already committed to transport in the interest of the community as a whole.

This letter appears to be Chiltern's final defence of its business case.
By its brevity the letter suggests no credible defence can be mounted
The plain fact is that the proposal makes a profit only if it claims
the fares but not its full costs.

19th January 2011

Mr P Withrington
Transport Watch UK
12 Redland Drive
Northampton
NN2 8QE

Dear Mr Withrington

**Proposed Chiltern Railways (Bicester to Oxford Improvements) TWA Order
Objection 319**

I am writing following your further submissions to the Public Inquiry
OBJ319/9, 10 and 11. Chiltern Railways has set out their position in the
rebuttal proof **CRCL/R/OBJ319** and the proofs of evidence, specifically of
Allan Dare, Graham Cross and Leo Eyles.

In response to your most recent submissions, Chiltern Railways maintains that
the business case assessment is robust, relies on reputable sources and uses
standard industry methodology.

I trust this explains Chiltern Railways position.

Yours sincerely,



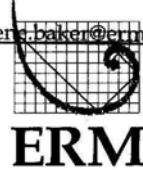
Charlene Baker
Consultant

For and on behalf of Chiltern Railways

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THE CORRUPTION

The article below from Private Eye of 7th January 2011 makes it clear, in better language than I can could use, that grant is a corruption enabling the private sector, in the form of Train Operating Companies, to pretend to profits at taxpayers' expense.

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SIGNAL FAILURES



Profit and
no loss

"THE profits of train companies are absolutely not ring-fenced," transport secretary Philip Hammond told the BBC recently. Was he dissembling, or is his enthusiasm for rail franchising based on a quaint belief that franchisees shoulder financial risks?

Handing rail franchises to private contractors is a game of "tails you win, heads we lose" for taxpayers, yet nobody – including the "rail value for money" review (see last *Eye*) – can explain why it's necessary or desirable.

Even Britain's economic problems since the banking crisis haven't spilled red ink over transport firms' accounts. FirstGroup, for instance, made £93m profit from UK rail franchises in 2009-10 – because taxpayers gave WorstGroup a £173m "revenue support" bailout in addition to a planned £368m subsidy.

If profits aren't guaranteed, as Hammond claims, why is National Express Group also raking in rail cash? NEG won the east-coast mainline franchise in 2007 by making unrealistic assumptions about growth. Instead of suffering the financial consequences of its recklessness, NEG dumped the battered business on taxpayers in November 2009.

Labour ministers had said that any firm handing back a franchise would lose its other franchises by "cross-default", which sounded good but proved to be piffle. NEG wasn't stripped of its c2c (Essex-London) and East Anglia franchises,



"Now it's got milder they've given up blaming the snow"

which are both profitable thanks to taxpayers' "revenue support" for the latter. NEG's UK rail profit rose by 544 percent in the first six months of 2010, and now the government has cosily extended both franchises. None of NEG's rivals was allowed to bid.

The lesson for future franchise bidders is clear: bid recklessly to win because franchising guarantees big, risk-free rewards.

PS: NEG boasts its full-year 2010 profit will be "markedly stronger" than the £141m expected a year ago, thanks to the "business recovery plan" it launched in June. That month brought whopping fare rises for passengers on National Express West Midlands, which dominates Birmingham's buses. This month NEWM has raised fares again, so short journeys now cost 33 percent more than a

year ago. Kerching!

PPS: Rail passengers who feel stung by NEG's 2011 fare rises (of almost three times the rate of average pay growth) should spare a thought for NEG's victims in Dundee, where NEG raised bus fares by up to 38 percent this month. Kerching kerching!

BRITAIN once had a genuine rail network, where services were coordinated and connections advertised, and staff would normally hold back trains for connecting passengers off delayed arrivals.

Not any more. Today Britain has discrete train services, each with performance targets; and connections are coincidental and incidental, as an *Eye* reader found when travelling from Wales to Paris with his family last month.

Their Arriva train from Holyhead reached Chester 15 minutes late, three minutes before the 11.35 to London was due to depart from the opposite end of the station. The footbridge was blocked by hundreds of Christmas shoppers waiting to pass through the smattering of ticket gates at the foot of the steps. The reader and his daughter reached the London train as 11.35 appeared on the clock, but his wife and son were still struggling through the crowd.

On explaining the situation to the train dispatcher (Arriva) and guard (Virgin), he was told to move away from the train door. When he refused, the guard threatened to bill him for delaying the train. After a heated altercation the family boarded and the train departed a minute or two late. It was on time by the next station, Crewe.

'Dr B Ching'