

Government's Fares and Ticketing Review A media briefing from Campaign for Better Transport

The Government is publishing its *Review of Rail Fares and Ticketing* tomorrow (9 October). This updated briefing provides an assessment of the main measures it is expected to contain.

Based on what we've heard in advance, we will welcome many of the things in the review but will be critical of the Government for not ending above inflation fares rises, or even setting a date for ending them. Commuters are often seen as well-heeled, but our research shows that fares are consistently outstripping wages, and this is a real burden for many rail commuters. The Government is not reflecting the reality faced by many commuters struggling to afford to travel to work and we will continue to pressure the Government to end above inflation fares rises.

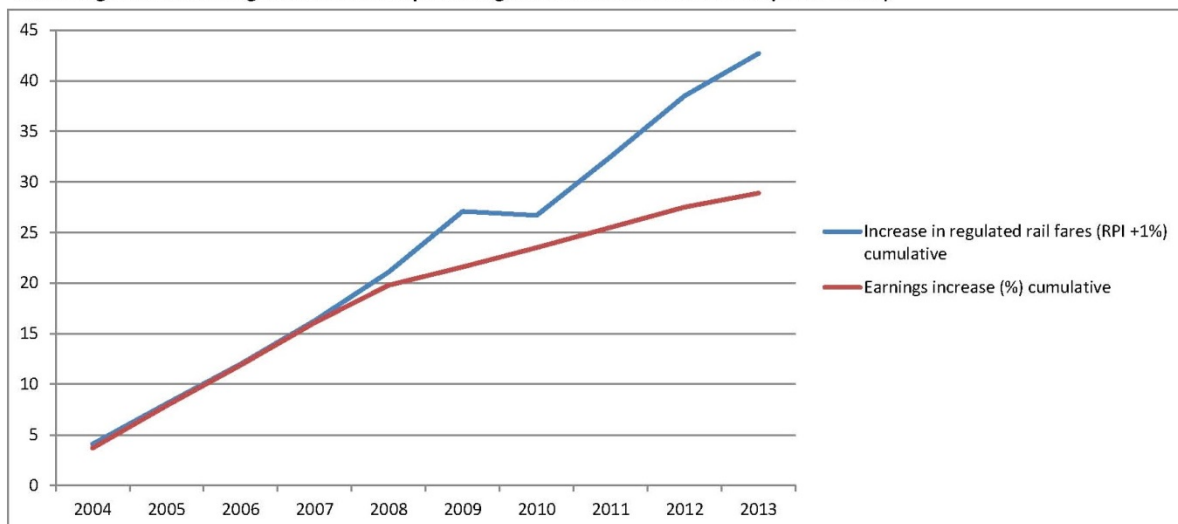
Key point: above inflation fares rises will continue

The Government's review will not end above inflation (RPI+1%) fares rises, though it will express an "aspiration" to end them sometime. It will argue that, with all the investment going into the railways, fare payers should shoulder some of the cost. But in fact fare payers have been paying increasing shares of rail income (from 50 per cent in 2007 to around 66 per cent currently, with that set to rise to as much as 80 per cent by 2015 on current trends). The question is, when does this stop?

Instead, the review is expected to announce **limits on the flexibility rail companies have to increase fares above the RPI+1% average**. This has been used by some companies in the past – to the west and south east of London in particular – who have taken advantage of Government rules that allow 'flexing' of up to 5 per cent on the RPI+1 figure for individual fares and stations (Sevenoaks, for example, has seen some regulated fares rise by 90 per cent in the last decade).

However, this won't be enough to help the majority of commuters, for whom fares are going to continue to outstrip wages.

Percentage increase in regulated fares and percentage increase in earned income (2004 - 2013)



So tomorrow's review won't end the fares controversy – regulated fares including season tickets will again increase in January by an average of 4.3 per cent, adding to commuter anger on the rising cost of living.

Other areas expected in the review:

- **Season tickets for part-time workers:** Part-time workers are currently forced to pay for full-time season tickets or full fares. The now reshuffled transport minister Norman Baker announced at the Liberal Democrat conference that next year there will be a trial of part-time season tickets on an as yet unnamed London commuter route.
- **Smart ticketing:** Norman Baker also announced plans to roll out **smart ticketing** similar to London's Oyster across the south east. This will help to ensure passengers can use transport services in a more integrated manner, paid for when they are used rather than for a fixed period. At the Lib Dem conference, Mr Baker announced a wider trial of smart ticketing. It is not yet clear what needs to happen for the trial to be considered successful and rolled out more widely.
- **More flexible ticketing:** Another Norman Baker announcement was for a trial of 'single leg' ticketing, to ensure that single tickets are always cheaper than returns. There is not however expected to be any progress **tackling split ticketing** anomalies – these mean it is sometimes cheaper to buy several tickets between stopping points on a rail journey rather than a single ticket covering the whole trip. The Scottish Government has committed to removing such anomalies, although it would be more complex and expensive to do the same south of the border. However, the Government may push for more open data so that third party retailers can sell end-to-end tickets with the cheapest price for every leg of the journey.
- **Pay the difference rather than pay again:** Currently, cheap advance tickets limit passengers to using a particular train. Catching a different service requires the purchase of a complete new full-fare ticket regardless of the reason (e.g. delay or cancellation of a connecting service), and enforcing this creates a lot of bad feeling among passengers. 'Pay the difference' would mean passengers only paying the additional cost to make up a standard ticket price. The train companies have lobbied hard to avoid this – the Government is likely to stop short of pushing this but may ask for better information to be displayed.
- Other **reforms in advance ticketing** have been proposed, including making it clearer how many cheap tickets are available, introduction of a national railcard, and allowing advance tickets to be bought up to 10 minutes before travel rather than up to 6pm the night before. These practical reforms are supported by some operators, but it now seems unlikely that the Fares Review will require all operators to take them up.
- **Ticket office staffing** is a big issue for some areas – there has been pressure to reduce staffing especially outside peak times, but passenger groups and unions argue that with complex fares, not all of which are on the ticket machines, people will end up paying higher fares and will also feel less safe. London Overground and Merseyrail, which are locally controlled, insist on staffing all stations from first to last trains.

Tax-deductible season tickets? Boris Johnson yesterday threw another idea in the ring, by suggesting that season tickets could be tax-deductible (as parking spaces at work are already). He appeared to be mainly talking about buses, but also suggested this could apply to Oystercards. It is unlikely that this will be in the review, but if Boris pushes it this might be an issue in the future. We have done research on a bus-based system, available on request.

Conclusion

For the Government, the Fares Review is significant both politically and economically. In simplistic terms, a big chunk of the review is about the votes of commuters in key marginals and the ability of people to afford to access jobs. The review was arguably undertaken to appeal to these groups and has been used repeatedly by Ministers to try to defuse highly vocal criticism of high rail fares from commuters and groups including Campaign for Better Transport.

In practice, the review seems unlikely to resolve the concerns at the centre of the debate. Barring any last minute announcements, the central objective of ensuring our railways are more affordable for the majority will be missed. Unlike those who rely on the car (who have already had a signal from the Treasury on fuel duty) there is no sign of respite from spiralling travel costs for train users.

Background

The current rail fares system is highly complex and inflexible and can be very expensive. In recognition of this, a review of rail ticketing was begun in March 2012 as part of the Coalition Government's commitment to fair pricing for rail travel.

It's tempting to blame rail companies for fares rises, but the Government regulates a lot of rail fares including season tickets. Since 2004, successive Governments have had a policy of increasing these regulated fares by 1 per cent above inflation (RPI). Especially during the recession, this has hit commuters into big cities – especially London – who have seen fares go up above wages.

Rail fares are now in the political frame because the cost of living is a key battleground. Labour have already made some commitments to reduce fare rises. Many of the key marginal seats where elections are won or lost have large commuter populations, so this issue matters politically. Campaign for Better Transport has been campaigning on the rail fares issue for some years. Our high profile [Fair Fares Now](#) campaign, demanding simpler, fairer and cheaper rail fares, has succeeded in highlighting the many problems with the current fares and ticketing system.

Examples of fares

Rail commuting fares are expensive – successive governments have promoted above-inflation fares rises as a means of cutting public funding for the railways. This has had the following impacts:

- Most season tickets have risen by between 40 and 50 per cent, significantly outstripping inflation and rising 20 per cent faster than wages
- Commuter fares to London from the wider south east have seen some of the biggest increases. For example, a season ticket from Ashford International to London has risen by over £2000 since 2003
- From January 2013, commuters traveling between Worcester and Birmingham Moor Street pay £1240 for a season ticket compared with £816 in 2003. This is an increase of £424 or 52 per cent
- Fares increases have not always been matched with improvements in passenger experience. Woking has seen fares to London increase by 41 per cent, making them £848 more expensive than in 2003. The Woking to London Waterloo journey is consistently recognised as one of the most congested on the network, yet investment in longer or more frequent trains appears to be some way off
- Many unregulated fares have grown just as fast. An off-peak day return between Bristol and St Austell in Cornwall has risen in price from £53.10 in 2003 to £75.60 now – an increase of 40 per cent
- Research by Passenger Focus showed that South-East commuters pay around a third more than the European average