

Rt Hon Ruth Kelly MP
Secretary of State for Transport
Department for Transport
Great Minster House
76 Marsham Street
London SW1P 4DR

31 July 2008

Dear Ms Kelly,

Thank you for your recent letter in reply to mine regarding rail fares (ref: RK/018759/08).

Because high walk-on rail fares are a matter of great concern to passengers around the country, I hope you will be willing to discuss in more detail some of the points you made.

Your letter argues that Government investment in rail has been very high for a number of years, and that it can now return to something closer to former levels. I understand the need to keep costs steady, but it seems unwise to dramatically reduce the rail budget when our railways are becoming more important than ever. The 'Towards a Sustainable Transport System' command paper suggests that the Government is planning to use price signals to make it easier for people to choose low-carbon travel options. How will this be achieved if rail passengers have to pay more to make up for reduced Government investment?

You point out that the number of people using the train continues to increase, but this doesn't prove that people are not being priced off the railway. People are travelling more by all modes of transport - car and plane as well as train. The National Transport Model used by the Department for Transport in predicting demand suggests that rail ticket price demand elasticity can be as high as -0.95.¹ When rail fares increase, patronage falls significantly. Demand for rail is increasing because of wider travel trends. But, as you acknowledge in your letter, ticket prices do affect people's travel choices. Every time fares go up in real terms, more people are priced off the railway, even if overall demand continues to rise.

You suggest that rail fares compare quite favourably with domestic air fares – but surely it should always be cheaper to travel by train, given that it produces around one-seventh the carbon emissions? Also, the Government needs to recognise that rail must compete with the car, not just the plane. On our website we have many examples of people telling us that affordable rail is vital, and that when walk-on rail fares are more expensive than petrol costs, they take the car.²

¹ <http://www.dft.gov.uk/pgr/economics/ntm/nationaltransportmodelworkin3035?page=3#a1005>

² http://www.bettertransport.org.uk/take_action/your_comments_affordable_rail

The Commission for Integrated Transport reports that 88% of journeys are made by car in the UK – the second highest mode share in Europe – and we have lower than average rail use.³ This is unsurprising: CFIT also points out that ‘the UK continues to capture a much greater proportion of public transport operating costs from users than other European countries and cities’.⁴ High and increasing rail fares are pushing people back into their cars.

Your letter says that savers and cheap day returns can be bought on the day, which is true, but these tickets are becoming less and less affordable. Saver tickets can now increase 1% above inflation annually, and ‘cheap’ day returns can increase much more. Although some passengers travel on tickets regulated by the Government, many do not. Office of Rail Regulation data indicates that nearly 50% of ticket revenue comes from standard class unregulated tickets⁵ – the train companies are free to increase the cost of these tickets as much as they like, and they need to do this when Government investment is being cut.

I am pleased to hear that you’ve asked Passenger Focus for advice on this matter; its National Passenger Survey shows that only 40% of passengers are happy with the value for money of the price of their ticket.⁶ I hope Passenger Focus’s response will make it clear that the Government needs to invest more to keep walk-on fares affordable.

Thank you for your time.

A handwritten signature in black ink, appearing to read 'Cat Hobbs', with a horizontal line underneath.

Cat Hobbs
Public Transport Campaigner

cc: Dr Mike Mitchell, Director, National Networks; Bob Linnard, Director of Rail Policy; Stephen Clark, rail strategy; David Leam, Special Adviser

³ <http://www.cfit.gov.uk/docs/2007/ebp/index.htm#02>

⁴ <http://www.cfit.gov.uk/docs/2007/ebp/01.htm>

⁵ <http://www.rail-reg.gov.uk/upload/xls/0708-fares-indx.xls>

⁶ <http://www.passengerfocus.org.uk/news-and-publications/document-search/document.asp?dsid=1758>