

## **Unregulated fares increases**

### *Fare rises – Passenger Focus takes issue with the Government and the Office of Rail Regulation*

We have raised our concerns about recent excessive increases to unregulated fares, such as South West Trains' recent 20% fares hikes, with the Government, train operators and the Office of Rail Regulation (ORR) [<http://www.passengerfocus.org.uk/news-and-publications/document-search/document.asp?dsid=1053>]. The ORR said they could do nothing in the case of South West Trains' increased fares [<http://www.rail-reg.gov.uk/upload/pdf/orr-fares-statmnt.pdf>] and the Government stated that unregulated fare rises are a matter for the train companies.

Passenger Focus then took the more general issue of consumer protection and unregulated fares up with the ORR [<http://www.passengerfocus.org.uk/news-and-publications/document-search/document.asp?dsid=1169>]. The ORR has now replied [<http://www.passengerfocus.org.uk/news-and-publications/document-search/document.asp?dsid=1168>] stating they are working on identifying the circumstances under which price rises might be considered excessive. This is helpful as it will help fill the void that currently exists. In addition, the ORR will be talking to the Department for Transport about the tensions that may exist between competition law and fare rises fuelled by high bids for franchises. Again, this is a helpful step as it may, in the long term, make the relationship between fares and subsidy more transparent.

### *More clarity on franchise announcements*

Recently announced franchises, such as the East Midlands, West Midlands and New Cross Country franchise, explicitly state that unregulated fares will increase each year by an average of 3% or 4% above inflation, this means that some passengers may see their train fares rise by more than 50% over the length of the franchises. While we don't like the high figures that are being stated for these new franchises, this increased transparency is welcome and something we have long called for.

### *The White Paper and High Level Output Statement*

The Government has made it clear that revenue from passengers is expected to increase significantly. Current passenger revenue is around £4.5-5 billion each year and this is expected to increase to £9 billion by 2013-2014. However, we are concerned that increases at this level suggest unregulated fares are bearing the brunt of new investment. Instead, we

want to see greater consumer protection for passengers so that they don't see their fares increase by such large amounts. Passenger Focus will continue to raise passenger issues at the highest level and will fight against further excessive increases to rail fares.

Our research shows that passengers rate value for money as their top priority for improvement on the railway [link to our priorities research <http://www.passengerfocus.org.uk/news-and-publications/document-search/document.asp?dsid=1132>], and our National Passenger Survey shows that only 40% of passengers are satisfied they get value for their money.