

Mr C Bolt
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4 May 2007

Dear Mr Bolt

South West Trains – off-peak fare rise

We wrote on 26 April (copy attached for ease of reference) setting out our concerns at South West Trains' decision to increase some off-peak fares by up to 20% from 20 May 2007.

We have now been able to look a little closer at the detail surrounding the increases and remain concerned at the anti-competitive nature of the price increase. In particular:

- a The aim of the increase
South West Trains argue that the move is to address capacity/crowding issues and yet they have not looked at any alternatives first – e.g. through schemes that incentivise people to travel at different times rather than penalise them. The idea of 'early bird' style discounts was raised in the South West Mainline RUS and initial research carried out by Passenger Focus (Encouraging Edge of Morning Peak Travel – October 2006) shows that such a scheme has potential. Equally, South West Trains could have looked at lowering prices towards the end of the peak. Not considering alternative schemes begs the question of whether the move is driven primarily as a means of increasing revenue.
- b The sheer scale of the increase.
The proposed 20% increase comes on top of an average increase of 4-5% in January 2007.
- c The lack of competition.
It is quite apparent that the increases are lowest where South West Trains faces direct competition from First Greater Western services. For instance, the fare from Reading to London Waterloo has not increased and that from Basingstoke has only gone up by 1.23% - compared to an average increase of 20% elsewhere.

As mentioned in our previous letter we oppose this move by South West Trains and will be issuing a press release on Tuesday drawing attention to our concerns. A copy of this is attached for your information.



We hope that our additional observations are of some value when considering your response.

Yours sincerely

A handwritten signature in black ink that reads "Mike Hewitson". The signature is fluid and cursive, with the first name being more prominent.

Mike Hewitson
Acting Policy Manager