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Department for  
**Transport**

From the Secretary of State

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Our Ref: DA/008125/07  
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*Dear Colin -*

19 APR 2007

**South West Trains off peak fare rises**

Thank you for your letter of 23 March. I appreciate your view that the recent South West Trains (SWT) off peak fare rises have made it more difficult for you to work with ATOC on the potential deregulation of saver fares. I would reiterate that your views on these proposals are valuable evidence and I encourage you to continue to work with ATOC and DfT officials.

I appreciate your concerns over the SWT off peak fare rises but their franchise agreement incorporates the Department's fares policy and mirrors the provisions contained in other franchise agreements. The setting of unregulated fares is a commercial decision for the train operators concerned. It is in their interest, as well as ours, to encourage more passengers to use the railways when they have the capacity to carry them. You are aware we already regulate fare increases for some of the most popular tickets – seasons and savers – to an average of 1% above inflation. As a result of this, such fares are on average about 2% lower in real terms than they were in 1996, and these regulated fares account for over three quarters of rail use.

*Yours ever,  
Douglas*

DOUGLAS ALEXANDER