

TravelWatch NORTHWEST

Portland St Manchester: Tel 0161 279 6109
Email: admin@travelwatch-northwest.org.uk
Website: www.travelwatch-northwest.org.uk
Correspondence address – 11 Harvelin
Park, Todmorden, OL14 6HX

promoting quality public transport.....

Rail Fares and Ticketing Review Team
Department for Transport
Great Minster House 3/15
33 Horseferry Road
London SW1P 4DR

28th June 2012

Dear Team

Rail Fares and Ticketing Review

TravelWatch NorthWest (TWNW) is an independent Community Interest Company representing all public transport users in NW England.

Our comments on the review are as follows -

Chapter 1: Principles of fares and ticketing regulation

- 1.1 *We agree with the Government's objectives for regulating rail fares and ticketing*
- 1.2 *However we believe the current system is ineffective in achieving the Government's regulatory objectives.*

Not all fares are regulated and there have been some very high increases in non-regulated fares e.g Manchester to London anytime fares are very expensive. Regulated Saver fares have also risen well above the rate of inflation.

Saver fares especially to and from London are heavily restricted by timebands which also give rise to heavy loadings immediately after the restricted times.

In our response to ORR's recent consultation on "A greater role for ORR" in March 2012 we supported the proposal to expand ORR's role by, inter alia, overseeing fares regulation. This would restore some of the initial independence of ORR and its consumer protection role.

Chapter 2: Smart ticketing and season tickets

- 2.1 *We agree with the benefits and with the risks and issues that the consultation document has identified in relation to smart ticketing.*

Smart fare paying systems have the potential to either simplify or complicate passengers' ticket buying experiences. They should not be introduced too hastily before their shortcomings have been rectified.

We are glad to see that DfT intends to support the principal of interoperability by making ITSO compatibility a condition in all new franchises. Since neither Oyster or "wave and pay"¹ cards can either store the full range of fares and/or be "capped"² with a maximum daily fare, we caution that there is still much to be done to ensure that smartcards *per se* meet the standards of **impartial retailing** which ORR was originally tasked to oversee³.

Smartcards may well be overtaken by more sophisticated smart phones which can be enabled to access and buy the full range of fares.

2.2 *We agree with the issues that have been identified with the current system of season tickets.*

Carnets are a good way of addressing the increasingly common practice of less than five day per week commuting.

2.3 *We would expect to see the following features in a smart, flexible and more tailored season ticket -*

- Fares varying by time of day
- Fares varying by day of the week
- Fares reflecting the number of journeys actually made

2.4 *Do you have any other suggestions as to how season tickets could be tailored to better meet the needs of particular groups?*

Carnets are a form of stored value⁴ ticket and are a currently neglected opportunity for TOCs to tap the "part time/ flexitime" commuter market. They should explore this

Chapter 3: Using fares to achieve more efficient use of rail capacity

3.1 *We agree that introducing new commuter fares could help the railway operate more efficiently by encouraging some commuters to change their travel patterns.*

From BR days fares have from time to time been raised to suppress demand where capacity constraints have existed. We are pleased therefore that government policy as set out in this consultation includes

¹ Contact-less Near Field Recognition credit/debit cards

² In addition the commercial data which smartcards are capable of providing may well be held by the card issuing company and not always be made freely available to operators.

³ Railways Act 1993

⁴ Smartcards can store a predetermined number of days' usage

- A long term aspiration to abolish above inflation fares hikes and
- The rejection of “pricing off” to suppress demand

“High peak” fares should **not** be introduced as this would penalise those who **have** to travel to work at high peak times. We would prefer to see reduced peak fares outside the high peak and proper capacity provided for all peak services.

3.2 *What do you consider to be the main benefits and the main risks/issues with introducing new commuter fares?*

They would help to smooth demand and enable rolling stock capacity to be matched more efficiently.

3.3 *How could we ensure that any new commuter fares structure was as fair as possible?*

All commuter fares should continue to be regulated. Season tickets will need to be handled sensitively – the discount they afford encourages regular commuters to continue using rail rather than driving with all the environmental disbenefits that the latter gives.

3.4 *How could we use fares to achieve more efficient use of rail capacity on intercity services?*

As stated earlier intercity anytime fares are very expensive. With such high walk-up fares at peak times load factors need not necessarily be high for those services to be profitable. We have no evidence either way but it might be useful to examine load factors on such services to see whether any alleviation of the high anytime fare could be achieved under controlled conditions. For example, the current WCML franchise accepts “off peak” tickets all day, including both “peaks”, where these have been purchased with a railcard. ***We would not like to see this concession lost in the current refranchising exercise.***

A marked problem arising from the peak restrictions is the very high demand for the first train following the restriction. Any action as suggested above would help to alleviate this.

Chapter 4: Fares and ticketing complexities

General

ATOC’s 2008 Fares Simplification has not worked, too many passengers still can’t understand the Advanced/Off Peak ⁵/Anytime mix of regulated and unregulated fares, especially if attempting to purchase an Off Peak (OP) ticket in advance. For example recent findings from an ORR survey showed

⁵ previously “Saver” fares, along with Commuter/Season tickets.

that 70% of interviewees were not aware that they had to travel on the specified service with an Advance ticket.

The focus should be on keeping the railways affordable, whilst delivering attractive and incentivised fare systems including discounts for 2+ persons travelling together.

Examples of inconsistencies that need to be addressed include -

- An off peak single fare can be only pence less than the return fare ⁶ whilst the anytime single fare remains around half the anytime return fare ⁷.
- Individual TOC advance fares should be broadened to encompass franchise boundaries to be crossed and changes of operator en route – currently if fares on different legs are set by different operators such cheap fares are often not available. The sum of a combination of tickets can be less than the through ticket. A web based fare finder ⁸ could result in wider use of ticket combinations and persuade TOCs to address this anomaly.
- “Curfews” vary (albeit within statutory “windows”) between operators.

4.1 Currently, passengers with Advance fares valid only on one specified departure who miss that departure must buy a new ticket to travel on the next train (unless the missed departure is due to a missed national rail connection, in which case train operators generally accept the original ticket on the next service). We are considering whether passengers could be allowed to “pay the difference” instead (potentially on payment of a fee, if this was considered necessary to avoid perverse incentives).

What do you see as the main advantages and disadvantages of such a change?

The recent explosive increase in the number of fares complaints received by Passenger Focus has prompted them to address this issue ⁹. Whilst some of this increase may be as a result of additional media coverage there can be no doubt that many passengers and potential passengers are finding rail fares too complex, contradictory and confusing ¹⁰.

TWNW supports Passenger Focus’ aspiration that passengers with invalid tickets should be able to purchase the correct ticket for their journey by paying the difference in the fares. Commission paid to conductors on their “on train” ticket sales discourages them from showing discretion to genuinely confused passengers.

⁶ a legacy of BR “saver” and “Awayday” tickets

⁷ At least one operator (Virgin Trains) will only sell half price Single Off Peak tickets on line!

⁸ e.g. as used by www.Chester-le-track or the newly created www.splitfares.co.uk site

⁹ “Ticket to Ride” Passenger Focus May 2012

¹⁰ “Rail” magazine editorial – Nigel Harris 30/5/12

The option to be able, on payment of a fee of £10 per single journey, to change a ticket (including advance tickets) before departure should be prominently displayed and explained at the point of purchase.

We believe that the refusal to take into account what has already been paid for the “invalid” ticket when imposing an excess¹¹ or penalty¹² fare could be challenged under existing Unfair Contracts Terms legislation¹³, and we would support a test by judicial review to remove this uncertainty.

4.2 There is evidence of an imbalance (even after taking account of differences in average income) between fares in the London commuting area and other parts of the country, and that passengers on higher yield services are effectively cross-subsidising passengers on lower yield services. This is something we intend to explore further as part of the review, but we do believe that there is a case for reducing any significant regional imbalance in fares levels.

What would you see as the main advantages and disadvantages of such an approach?

It would be a major disadvantage to many lower income earners in the regions (where services are well below SE England standards) if PTE, etc., sponsored fares levels were to rise to come into line with the London commuting area. This would discourage rail travel in the regions.

Also a standard distance based fare scale across all sectors of the network would disadvantage passengers in rural areas.

4.3 The Government is working with ATOC to consider how to provide open access to rail fares data. This could allow private sector companies to develop more innovative approaches to delivering rail fares information in a way which helps passengers to better understand the fare options available to them. However, we would need to minimise the risk of data being provided in a way that inadvertently resulted in passengers buying invalid tickets for their journey. We also need to consider possible wider consequences e.g. train operators changing their pricing strategies.

What steps could the Government take to protect passengers’ overall interests as part of providing open access to fares data?

In principle we are in favour of transparency of fares information. Obviously there should be safeguards as you have itemised.

¹¹ usually the appropriate, and often (especially in the peak) vastly more expensive “walk on” fare

¹² in cases where the Penalty Fares Regulations apply

¹³ Unfair Contract Terms Act 1977 and Regulations 1999 and 2005

This is also an issue with which TWNW has struggled in respect of the availability before travel of information on bus fares.

Chapter 5: Buying tickets

5.1 Selling tickets through ticket offices is a major cost for the railways. How can we reduce this cost without deterring passengers from using the railway?

Closing ticket offices or reducing their hours is a false economy. Passengers like the reassurance of a personal presence and to be able to discuss their purchase with a helpful ticket clerk. If this facility is withdrawn they will often travel by other means. The statutory procedures relating to ticket office opening hours (administered by Passenger Focus with a right of appeal to the Secretary of State) should be used in all cases.

Passengers want quick, simple, convenient and clear transactions ¹⁴ and in many cases perceive that only face to face transactions at a ticket office can meet their needs.

The full range of tickets cannot always be bought using either ticket machines or on line. In such instances TOCs' retailing cannot be said to be impartial.

Importantly this issue should be seen in the wider context of staff presence at stations. There is a perception that staffed stations are safer and more welcoming and this helps to encourage people to use rail.

5.2 What are the costs/benefits of reducing ticket office opening hours? What would you consider to be an acceptable alternative to the ticket office that met most of your ticket requirements?

This is an example of where cross sector benefits cannot easily be assessed and any savings would be marginal. At the very least passengers should, where there is no ticket office open, be able to obtain from a ticket machine a no cost "authority to travel" ticket before commencing their journey, and be able to buy the appropriate ticket for their journey from a conductor able to issue the full range of tickets

5.3 What safeguards would need to be put in place for passengers in the case of changes to ticket office opening hours?

See above.

¹⁴ *ibid* "Ticket to Ride" Passenger Focus

- 5.4 *It is important for passengers to be able to buy train tickets from a wider range of outlets (e.g. including post offices or retail outlets located away from the station).*

Outlets wishing to sell rail tickets are often deterred by what appears to be an over bureaucratic set of rules issued by ATOC coupled with the constant expense of replacing hardware as and when systems are changed, which seems to be quite often. Whilst the commission levels are attractive, the expense of buying updated equipment on a regular basis is a deterrent.

- 5.4 *What other improvements would you most like to see to make buying rail tickets easier?*

Buying tickets could be simplified by reducing the number and complexity of fares, having staffed ticket offices open longer, allowing on train purchase of tickets (including with railcard discounts), and storing the full range of tickets on TVMs, smart cards/phones (including wave and pay). Not to do so frustrates the ORR's commitment to regulating impartial retailing. The reversion from TOC specific fares to travel by "any reasonable route" would remove one significant complication.

Chapter 6: Next steps

- 6.1 *Do you have any other comments about the impact of anything in this consultation document on passengers or potential passengers, including by income group, equality group(s) or any other group?*

No

- 6.2 *Are there any other comments you would like to make about anything else in this consultation?*

TWNW suggests that

- TOCs should not be allowed to charge premium fares to suppress demand (DfT policy)
- The "routing guide" to "any permitted route" is unfit for purpose. It is an unnecessary and further complication and should be replaced by an "any reasonable route" ¹⁵ condition.
- Passenger Focus suggests that a Code Of Practice (as exists in relation to statutory Penalty Fares ¹⁶) for dealing with passengers with tickets for the wrong train, and which will give them a formal right of appeal. TWNW supports this proposal.

¹⁵ RPCNW long standing aspiration inherited by TWNW

¹⁶ Currently being revised in relation to penalty fares and Network Benefits such as National Rail Enquiry and the TOC's Ticketing and Settlement Agreement as part of the Government's "red tape challenge"

We are willing to enlarge on this, either verbally or in writing, if invited to do so.

Yours sincerely,

John a Moorhouse

JOHN MOORHOUSE
COMPANY SECRETARY

Response prepared by Paul Fawcett MPhil FCILT