

Are high rail fares all bad?

There seems to be an annual ritual in the media when rail fares rise each January. ‘Commuter Outrage’ is the usual tack, but this year, in the wake of the Stern Report on Climate Change, questions have been asked such as ‘why, if rail transport is environmentally friendlier than air transport, are rail prices going up and domestic flight prices still cheap?’ ‘Are rail price rises designed to ration access?’

For our ever-negative media the only rail story worth printing is a bad story, so the headlines highlight highest fare increases and then compare standard rail fares of £200+ with a pre-booked flight of £15. In reality pre-booked rail fares are on a par, and often undercut, the low cost airlines. I have just checked the fares for a return London-Edinburgh trip travelling tomorrow and also in a month’s time. On easyJet, travelling tomorrow would cost between £175 and £235; by rail it would be from £98 to £232. For travelling in a month’s time easyJet’s fares are £14 - £42 and rail’s £14 - £28.

So is this issue nothing but media myth? Partly, but not entirely. Domestic air travel is growing faster than rail and this does reflect cheap flights. Furthermore, the UK does have higher rail fares than other European countries, but the main difference is that we have a much wider range of fares that adopt the same commercial pricing system as the airlines in order shift demand away from crowded trains. Like the airlines, it’s not so much to ration access, but pricing to shift demand to where growth can be most cost-effectively accommodated. In this respect we probably have a better (though more complex) pricing structure than other European railways.

Perhaps it is more appropriate to look at our level and structure of rail fares in light of the recent Eddington Transport Report. Eddington didn’t see the high cost of transport in the UK as a problem, but was something that reflected economic and environmental realities. He advocates investment to accommodate growth in key places, but also concludes that the only way to address both environmental concerns and the economic impacts of congestion is to use prices to reallocate, manage and, in some cases, suppress demand. Hence Eddington advocates applying the same price structure we have for rail and air to motoring, with road user charges varied by the level of congestion and demand.

So what we have is not so much rail being too expensive with too wide a range of ticket prices, but actually rail has got it right. To crack the environmental and congestion problem, the rest of transport needs to follow the same path. The real danger is that the rest of transport may not follow. Transport professionals and (albeit reluctantly) the main political parties now all agree that road pricing is the most efficient, equitable and only viable way to address congestion. The trouble is that this understanding is far from shared by the country at large. Politicians have yet to win over the electorate to support road user charging. If this continues will politicians be willing or able to do the right, but unpopular, thing? Air transport has the right pricing structure, but the overall pricing level needs to be higher to reflect its environmental impacts. Here regulatory constraints on taxing air travel and fuel (particularly at the EU level) mean that any action will be a time consuming and convoluted process.

So overall behind those misleading headlines, the real issue is not that rail fares are too high and varied, but that rail may suffer because it prices travel the right way and there are pretty major political hurdles to jump before air and road follow suit.

Stephen Potter is Professor of Transport Strategy at the Open University (www.design.open.ac.uk)