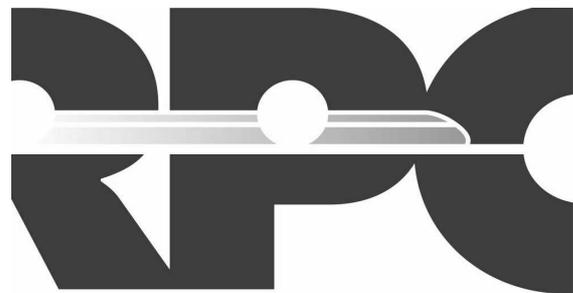
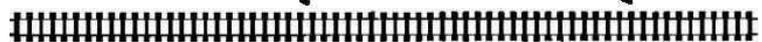




The Railway Consultancy Ltd.



RAIL PASSENGERS COUNCIL

Proposed New National Railcard — Press Release

Three million people would buy a national railcard costing £20 if it gave them a reduction of one third on off peak rail fares, according to a new study published today (14 April 2003).

A national railcard would provide cheaper rail travel for everyone not already covered by existing railcards for the young, the disabled and the elderly.

The study was jointly commissioned by Railfuture, an independent organisation that campaigns for a better rail network, and the Rail Passengers Council (RPC), the statutory watchdog for the rail industry. The report was written by The Railway Consultancy Ltd, a firm specialising in railway planning and economics, using demand forecasting analysis.

The report concludes that introducing a national railcard would be generally beneficial to all parties within the rail industry. Passengers, Train Operating Companies (TOCs), the Government and the environment would all benefit from the scheme.

The national railcard is aimed to encourage offpeak rail travel by issuing discounts on specific tickets. It would then fill off peak spare capacity and hence the extra revenues would feed straight into profits for most TOCs. It will generate 15% extra off peak passenger miles and £60 million additional profits for the industry.

The Government would save money too, with the cost of subsidising rail travel dropping from 7.3 to 6.7 pence per average passenger mile.

The national railcard would encourage fewer journeys to be made by car and this would imply less congestion, pollution and accidents. The value of these benefits has been quantified in the report.

The national railcard could overtake the Network Railcard scheme, which is restricted to London and the South East, but the Railway Consultancy Ltd says it should not have the Network Railcard's £10 minimum fare. Train companies were severely criticised by passenger groups for changing the rules last year, with the introduction of a £10 minimum fare for Network Railcard users.

Douglas Medrisch, one of the authors of the report, said: "Once people buy the card, they will calculate the cost of rail tickets as the reduced price they pay at the ticket window, much like a car driver who calculates his costs as the price of petrol used rather than taking into account the overall costs."

Mr. Medrisch commented: “We tried to find out the implications for different pricings for a national rail-card. The passengers would benefit from a very cheap card offering a large discount. However, given that the passenger is also a taxpayer, if this pricing scheme means losses to the train operators, they would need compensation via more subsidies and the argument would not be so clear cut. But luckily all the plausible pricing combinations imply incremental profits to the train operators.”

Railfuture believes that a national railcard could be provided at reduced rates, or even free, to people receiving welfare benefits and car drivers (perhaps on presentation of a tax disc) to encourage them to use a more socially and environmentally acceptable transport mode.

Railfuture is planning to commission further studies, although it believes that the case for a national rail-card has now been firmly established.

The Rail Passengers Council, which also supports the idea of a national railcard, says: “Price is a major determining factor in the choice of rail as a travel mode. The Network Railcard was an instant success as the only railcard for the 26-59 age group and was also a very attractive offer for small groups.”

The RPC says that as a further refinement, smartcard technology could be incorporated into the national railcard.

The London Transport Users Committee has also committed support to the principle of a national railcard that is open to all.

The national public transport campaign group Transport 2000 which has the national railcard as a central plank of its fares policy commented: “It could help meet Government targets for passenger growth and modal shift.”

“This would promote social inclusion and bring the UK in line with most European countries, where such schemes already exist and are very popular.”

The Railway Consultancy considered various options, from pricing the card at £10, giving 50 per cent savings on ticket prices, to charging £80 for the card and giving only 10 per cent savings. All would have attracted new passengers and made a profit.

Example: A person wanting to travel from London to Aberdeen could be faced with buying a £96 Saver return ticket. By buying a £20 National Railcard, a Saver return is reduced to £67.20 (with a 30 per cent reduction). In the case of this long journey the benefit of the railcard is instantaneous, and it would make sense to buy the railcard plus the ticket rather than the ticket alone. In future, this person would then be encouraged to make additional rail journeys by use of discounted tickets.

Full details of the report and assumptions used by The Railway Consultancy Ltd can be found on <http://www.railfuture.org.uk/pdf/nrcreport.pdf>

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