



**National Union of Rail, Maritime &
Transport Workers**

ORR Retail Market Review

September 2014

The National Union of Rail, Maritime and Transport Workers (RMT) welcome the opportunity to submit our views as part of ORR September 2014 Retail Market Review.

The RMT is the largest of the rail unions and the only union that represents all grades of rail workers. We organise 80,000 workers who are employed across all sectors of the transport industry, rail, maritime, bus and road transport, with the exception of aviation. We negotiate on behalf of our members with over 150 employers. We welcome this opportunity to contribute to the Retail Market Review. Our approach is one which champions sustainable public transport policies and which encourages people to give up their cars and use the railways even more.

Summary

Some rail fares are far too high and the consumer is disadvantaged by a system which is overwhelmingly complex, not offering value for money or the most cost effective and efficient ticket as a matter of course. The onus must always be on providing impartial advice on the best possible and cheapest option for the passenger. RMT believes this is always best achieved through the interaction with a human presence and not via ticket machines or other forms of sales platforms.

Introduction

Martin Lewis (moneysavingexpert.com) says: "Train ticket prices are to logic what reindeer are to scrabble. In other words, they've nothing in common. If you want to save money on the train, take the logic book and throw it out of the window".¹

Given that the ORR Retail Market Review itself states that "All retailers are incentivised to earn more revenue from selling more and higher value rail tickets to passengers" (para 3.4) RMT believes there is actually a logic to the current system as far as the retailers are concerned. By making it complicated, confusing and illogical for passengers it is a lottery as to whether or not they get the best deal. Therefore the more organisations that get involved the more likely complexity and confusion will reign supreme and this will be neither beneficial to the passenger nor the taxpayer.

Tickets and Fares

Privatisation was heralded as being the dawn of the age of cheaper fares. Nothing could be further from the truth. We see constant media stories related to the UK having the most expensive fares in

¹ <http://www.theboltonnews.co.uk/news/11438641. /?>

Europe² and the public are sick of it. Trains now mimic what planes have been doing for years, aggressively seeking the maximum revenue from business travel and work commuters, and only offering the lowest fares simply to squeeze more revenue out of the remaining vacant seats.

As Passenger Focus said in August 2014 “In qualitative research, customers talked about the TOCs lacking honesty and transparency - in terms of confusion around ticketing options”.³ RMT believes it should be the responsibility of the vendor to ensure the most efficient and cost effective ticket is provided as opposed to the passenger having to find it. Passengers need to be aware of and understand about the products the market offers so they can make informed decisions in the safe knowledge that they are getting value for money. RMT believes the industry should be making a virtue of not overselling tickets and refunding the difference if they are found to have done so.

We agree with the focus of the potential benefits for passengers highlighted in the report, especially those that:

- Help bring about a modal shift in passenger transport to rail
- Mean retailers have to act totally impartially when selling tickets – the only guide being the best value for money for the customer and not their own services.
- Ensure accurate, timely information and access to prompt and meaningful redress where appropriate.
- Ensure transparency and clarity about options and prices whilst maintaining the flexibility and convenience of a national network
- Maintain and enhance station ticket offices to ensure passengers can get all the information they need when buying tickets from a member of staff
- Ensures all other retail mechanisms (Machines, Online, third parties) are suited to the same customer needs and offer the full range of services
- Maintain the TOC prohibition on charging a fee for selling tickets

² <http://www.telegraph.co.uk/news/uknews/road-and-rail-transport/11043893/Rail-fare-hike-Britain-vs-rest-of-Europe.html>

³ <http://www.passengerfocus.org.uk/research/publications/passengers-relationship-with-the-rail-industry>

- That robust governance arrangements, rules and processes apply to ensure tickets are accredited and that all retailers have to work together to ensure they facilitate best practice and a national network wide range of products.

Instead we now see companies like Northern Rail pocketing even more cash in the wake of plans announced in August to abolish off-peak fares on some routes.

As Mick Cash, RMT General Secretary said about the latest price increase announcement: “Not only are passengers being lined up for an inflation-busting increase in their fares but we now have the scandal of the government colluding with Northern Rail to abolish off-peak tickets solely in the name of increasing profits. You can bet your life that other train companies will seize on the move by Northern Rail to abolish off-peak fares, clobbering the travelling public with a double-whammy that will hit them hard in the pocket while the train companies are laughing all the way to the bank.”

To further that point RMT reported that train operating companies collectively received £1.3bn in direct subsidies through franchise receipts and a further £3.9bn in indirect subsidy through investment in Network Rail services in 2012/13.

In return, train operating companies paid back just £1.2billion in franchise payments to the Government, but they took £172million in profits and paid out £204 million in dividends to shareholders.

Train Operating Company and Station Ticket offices

On the question of whether there should be minimum obligations on TOC'S to have their station ticket offices open, RMT strongly believes that fully staffed ticket offices are an essential part of the service provided, and are of particular necessity for special interest groups such as the disabled and the elderly. Any attempts to reduce the availability of ticket offices on the network will have a highly detrimental effect on the quality of service provided, the value for money of the tickets sold, and as such will deter passengers from using the rail network and discourage modal shift.

RMT notes that McNulty recommends that train companies should consider:

- the closure of all ticket offices in 27% of stations on the network, or 51% of those stations with ticket offices (Category E – small staffed stations which in 2003-4 had an average daily passenger total of 700 which due to increased ridership would have grown since then);
- reducing the opening hours at Category D (medium staffed stations which in 2003-4 had an average daily passenger total of 2500 which due to increased ridership would have grown

since then station ticket offices), a further 12% of all ticket offices, or 22% of those stations which currently have ticket offices;

- increasing the availability of Ticket Vending Machines (TVMs) at larger stations, enabling a reduction in the number of ticket office windows;
- using price discounts to encourage greater use of technology which does not require a member of staff; and
- increasing penalty fares

The McNulty report focusses predominantly on the costs involved in providing ticket offices at stations but it did not sufficiently consider the value being delivered by that human presence. The reality is that TVMs are not currently up to the task of replacing ticket clerks and, until they are, any significant reductions in hours – let alone outright closures– should be rejected. Even if TVMs are dramatically improved, RMT strongly believes that Government must recognise the wider benefits passengers tell us a human presence provides, albeit perhaps in an enhanced customer service role than a traditional ticket clerk. RMT firmly believes that potential closures or reductions in ticket office facilities should never be made on the basis of the rail industrys somewhat arbitrary A to F station categorisation. Decisions must be made on a case-by-case basis, using robust, transparent and up-to-date evidence of usage and in full consultation with passengers and the wider community.

RMT recognises that the drive towards increasing profit is paramount for the rail industry. We understand how often regulations are seen as being unnecessary simply because they impose a duty on the industry to do something. However when a market cannot regulate itself then it is right that consumer protection is applied (and enforced) through regulation or legislation. For example, the requirement under Schedule 17 of the Ticketing and Settlement Agreement to consult rail users over plans to make significant reductions to ticket office opening hours (in many instances ticket office staff are the only staff available at the station so this can mean closing the office altogether) are vitally important and have to be retained, along with independent scrutiny (and approval) of provisions that provide essential passenger protections. Anthony Smith, Chief Executive of the passenger watchdog Passenger Focus said in evidence to the Rail 2020 Transport Committee Review: *“All our research indicates passengers really like the re-assurance only the presence of staff can bring. Taking staff away would represent a very short-term, short-sighted saving.”*⁴

⁴ Seventh Report of Session 2012/13 Volume 2

RMT believes that there is no acceptable alternative to the ticket office and that the priority in order to encourage modal shift must be for the travelling public to be able to purchase the correct ticket at the lowest possible price, and the availability of the expertise of fully trained and experienced ticket office staff is essential in that process.

Additional costs of reducing ticket office opening hours include deterring passengers from using the rail network, and so reducing revenue. It is often the case that ticket office staff are the only staff on-station and as such provide a sense of security to the travelling public

RMT believes that by simply following the proposals outlined by McNulty, the Department for Transport and the Transport Committee are not prioritising the passenger's needs in this consultation, but rather continuing to impose permanent austerity on Britain's railway in the interest of the retailers.

Governance and Industry Rules

RMT agrees with the comment in paragraph 5.8a) that there is an "apparent lack of a formal and transparent process for the setting of commission rates and the perceived absence of a formal methodology for determining commission rates". This is clearly the case and one which needs to be addressed whilst ensuring that all third party operators are governed by the same rules of impartiality and professionalism that facilitates the benefits of an integrated, national network working in the best interests of passengers.

Conclusion

Helping passengers obtain rail tickets through better information and retailing opportunities as part of a modal shift from roads to rail is something that we would support. However, we believe that both the McNulty Review and previous Government statements/franchises have ambitious plans to de-staff trains and ticket offices that will be at the expense of the passenger. And we do not believe that purchasing train tickets from non-trained staff in other retail settings provides the transparent, impartial and honest help and advice that passengers want.

The consultation document at 2.15 (page 21) shows that well over 40% of all nationally available ticket retail is provided through face to face contact with ticket office or train staff.

What is more, surveys show that passengers value face to face contact when it comes to navigating their way around the complex ticket pricing system. The Department for Transport's own review into ticketing acknowledges Passenger Focus research that shows that "passengers are more confident

with ticket offices than any other sales channel of obtaining the best value ticket for their journey”⁵. It is RMT’s strong belief that any further plans to cut on-train and ticket office staff will be unacceptable to a great majority of passengers.

⁵ National Passenger Survey, Passenger Focus, Autumn 2011