The facts about rail fares

97%

of **fare income** is spent on

day-to-day running costs

and **investment** in more trains, better stations and

faster journeys















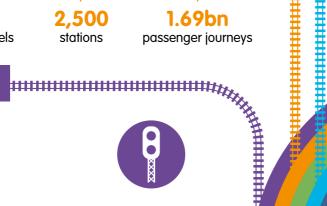




Britain's railway is funded by a mix of taxpayer receipts and passenger fares - government decides the proportion that each contributes



Train companies cover all of their costs and return a surplus to government to reinvest in the railway



Money from fares and other commercial activity covers all day to day running costs, including Network Rail track and signalling costs.



Since 2004, successive UK governments have decided passengers should pay a bigger share of the costs of the railway and taxpayers less



Many other countries in Europe have chosen to have higher taxpayer subsidies of rail fares, which means passengers pay less

Government



Sets around 50% of fares, including season tickets

July RPI inflation rate used as the benchmark for any changes

Train companies

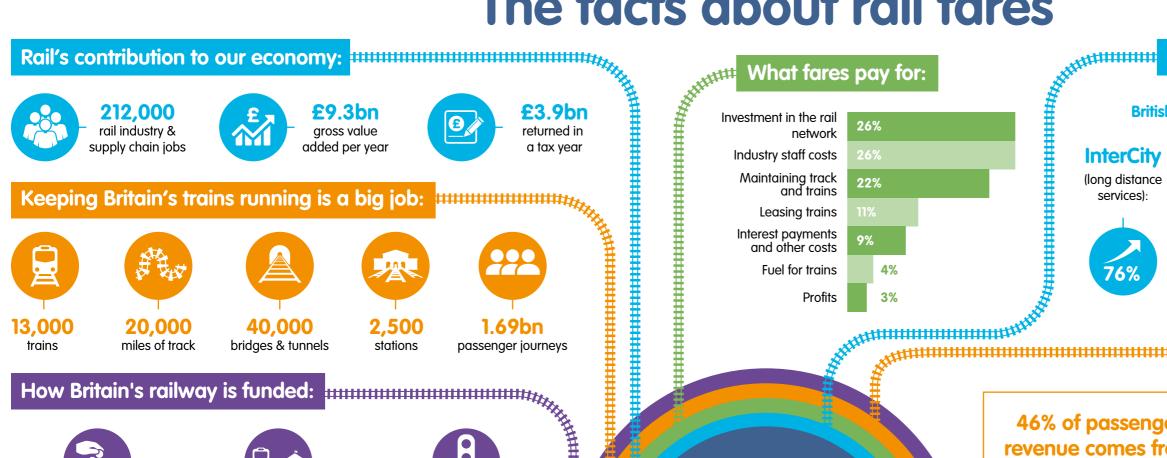


Set remaining 50% of fares

Fares reflect changes to operating costs; strong competition from car, air and coach travel; and contracted financial payments to government

Every year, some fares may go up, some will stay the same and some may reduce in price

What fares pay for:



Fares under nationalised British Rail:

British Rail fares increases by sector, 1984-1991:



Network South East

(London and south east commuter services):



Fares under current system:

Average price of single journey:

46% of passenger revenue comes from discounted tickets

mid-90s £5.14

2015-16 £5.46

Regional

(all other passenger

services):

Changing goverment policy on regulated fares: Pre-2004 - fall in real terms (RPI inflation minus 1%) 2004-2013 - **rise** in real terms (RPI inflation plus 1%)

Since 2014 – in line with RPI inflation

How rail profits compare:

26.8%

22.1%

21.8%

5.8%

Operating margins of consumer goods and services companies

Reckitt Benckiser (home, health and hygiene products)

Procter and Gamble (beauty, household and health products)

Kraft Heinz (food and beverage company)

Nestle (food and beverage company) Unilever (foods, refreshment, home and personal care products) Danone (dairy, baby food, beverage,

> nutrition products) Aldi UK (supermarket)

> > **UK train companies**

14.9% 3.1% 3.3% 3%

Where profits go:

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Train companies make franchise payments to taxpayer



Stagecoach payments in 2015-16 - over 10 times level of profits

Shareholders



Get return on their investment which helps fund the railway