

Prime Minister

BR FARES

Prime Minister:
BR propose a 6.6% fare
increase for January.
Agree, subject to colleagues?

Yes not TF 3/10

Bob Reid has discussed with me his proposals for BR's
next annual increase in passenger fares.

You will recall that BR raised their fares by an average
of 6% last January. Bob Reid is proposing an overall increase
of slightly more - 6.6% - for this January. He believes that
this is what the market will bear and that it is needed -
together with manpower reductions and other cost savings - to
help him meet the tough grant target for 1986, to pay for
increased investment and as part of the action required to get
Inter-City out of subsidy by 1988/89.

The increases would be selective. On average, Inter-City
fares would rise by 6.1%; those on the rural passenger services
by 5.8%; and commuter fares in London and the South East by an
average of 7.1%. The average increase for commuters is pushed
up by the proposal to reduce the discount on quarterly season
tickets; there would be smaller increases in the price of
monthly and annual season tickets.

I have stressed that BR should not try to justify these
increases by reference to the trend in inflation, and Bob Reid
fully accepts this.

Fares increases are never popular. But these proposals
are not out of line with those recently announced for the buses
and the Underground in London (9%), where fares have not changed
since May 1983.



I believe, therefore, that we should back Bob Reid's commercial judgement of the position. He will be putting the proposals to his Board tomorrow, with a view to announcing them towards the end of November.

I am copying this to Nigel Lawson, John Biffen and Tom King, and to Sir Robert Armstrong.

A handwritten signature in dark ink, consisting of a stylized 'N' and 'R' followed by a flourish.

NICHOLAS RIDLEY

3 October 1984



10 DOWNING STREET

From the Private Secretary

4 October 1984

The Prime Minister has now seen your Secretary of State's minute of 3 October about British Rail's proposed increase in fares for 1985. Subject to the views of colleagues, the Prime Minister is content with these proposals.

I am copying this to David Peretz (HM Treasury), David Morris (Lord Privy Seal's Office), David Normington (Department of Employment) and Richard Hatfield (Cabinet Office).

Timothy Flesher

Miss Dinah Nichols
Department of Transport

COMMERCIAL IN CONFIDENCE

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