

010
2
PRIME MINISTER

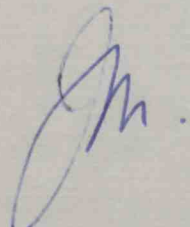
DRJ 23/9.

LONDON REGIONAL TRANSPORT : FARES

You and colleagues may like to know that the LRT Board has now decided on the fare increases that they are to introduce from next January, 12 months after the last round. The increase will be 4½% on average with variations around this. LRT propose to announce the new fares tomorrow (23 September). They need to make the announcement now because of the lead time involved in altering their ticket issuing equipment. In previous years attempts to delay the announcement have led to embarrassing and incorrect leaks.

LRT's decision may of course attract some criticism, given the current low rate of inflation. But I think that it strikes a reasonable balance between the twin objectives we have set them of keeping fares broadly in line with prices generally on the one hand, and the continuing rapid reduction of revenue subsidies on the other hand. In addition, there is evidence that some LRT fares are under-priced, in particular their long-term "travelcards", which generate extra travel by the passenger at a low marginal price and are causing overcrowding on certain parts of the system.

I am copying this to Cabinet colleagues and to Sir Robert Armstrong.



JOHN MOORE

22 September 1986

