

National Express criticises Chancellor's 'assault' after losing a million passengers



The coach company relies heavily on the grey pound and has been seriously hit after the abolition of a grant forced concessionary fares up by £2 on average

Fox Photos/Getty Images

Robert Lea Industrial Editor
Published at 12:01AM, March 1 2013

It has been parodied as the chosen transportation of frail old folk and smelly students.

But National Express coaches' reliance on the grey pound in particular has resulted in a 40 per cent plunge in profits as one in six passengers decided to stay home.

The country's biggest coach operator reported that a million fewer passengers boarded its vehicles last year, sending the division's annual operating profits plunging from £35 million to £20.5 million. That dragged down wider group pre-tax profits — National Express also operates trains and buses and is in Spain and the United States as well — by 9 per cent to £164 million.

George Osborne is firmly in the sights of National Express, which yesterday accused ministers of causing the decline and assaulting public transport travellers generally. At issue is the Chancellor's abolition in his 2010 Comprehensive Spending Review of the Coach Service Operators Grant.

The grant, which disappeared in late 2011, was paid by Whitehall to National Express and other coach operators to offer heavily discounted travel to the over-60s and the disabled. It was worth £16 million a year to National Express and was used to offer half-price fares to the elderly and infirm — typically £5 off National Express's average £10 fare.

When the grant was pulled, National Express attempted to keep hold of those passengers affected by taking the financial hit and offering discounts of a third. However, when concessionary fares rose by an average of £2 one million passengers declined to climb on board. "These are price-sensitive fares but our coach fares are pretty cheap. We did not expect this to happen," Dean Finch, the chief executive, admitted.

Mr Finch, who is already at loggerheads with the Department for Transport over railway policy, fully blamed the Government for his coaching troubles.

"The dear old passenger when left alone is strong and healthy," he argued. "There is underlying demand for our business.

"What we have, however, is a Government and austerity measures causing problems and impeding passenger demand. It is well-documented that economic growth and transport demand are closely correlated. And then we see measures to encourage demand come under assault.

"If people stop travelling it means they are not going to the shops, into town centres, to the seaside. It means you are not getting

that economic growth. I fully buy into austerity and the cutting of the deficit, but what we have is a pretty heavy assault on transport.

“BSOG [the equivalent concessionary fares grant to bus companies] has been cut, CSOG has been removed, concessions for OAPs are being clawed back by local councils and we have no rail strategy. Altogether that adds up to a real assault on the passenger.”

There was better news for National Express on the railways, where its c2c London commuter train company made industry-leading profit margins of 13.7 per cent and operating profits of £27 million. Though the group is having to negotiate with the DfT to continue running the line and National Express is in a separate dispute over its tender to Great Western, Mr Finch is bullish about a move into Germany, where it has won three commuter train licences.

The dividend is up 3 per cent at 9¾p. The shares closed last night 24¾p higher at 220p.

2 comments



 Michael Daventry

1 person listening

		+ Follow		Post comment
--	--	----------	--	--------------

Newest | Oldest



laughalot

4 hours ago

Maybe it's time to have a real think. Passengers are staying away as the cost of a train ticket is too high. I used to go to London 4-5 times a year. Now I am lucky to get there once. The last trip took over 2.5 hrs when it should have taken only 1.25 hrs. No seats for everyone and the toilets were up to Mumbai standards. Too many bosses doing nothing with high wages. No, the train companies have told me to stay home and spend my money there.

[Recommend](#) [Reply](#)



Terence Donaldson

12 hours ago

old fashioned notion of transport- another elephant about to go the same way as the mammoths of blockbuster, wallworths, argos etc

[Recommend](#) [Reply](#)

Livefyre

© Times Newspapers Limited 2013 | Version 4.4.0.35(79992)

Registered in England No. 894646 Registered office:

3 Thomas More Square, London, E98 1XY

[My Account](#) | [RSS](#) | [Classified advertising](#) | [Display advertising](#) | [The Times Whisky Club](#) | [Dating](#) | [Privacy & Cookie Policy](#) | [Syndication](#) | [Site Map](#) | [FAQ](#) | [Terms & Conditions](#) | [Contact us](#) | [iPhone](#) | [Android smartphone](#) | [Blackberry](#) | [Windows phone](#) | [Android tablet](#) | [Kindle](#) | [Kindle Fire](#)

Share

Close

In order to read the full article, visitors must subscribe to thetimes.co.uk

[LinkedIn](#)

[Twitter](#)

Discuss this article with...

Close

Friends email

Start your conversation here

300