

Public transport ticketing schemes block exemption review ~ Response from Campaign for Better Transport

General response

We welcome the opportunity to comment on the OFT's recommendation to extend the duration of the Public Transport Ticketing Schemes Block Exemption (the block exemption).

Campaign for Better Transport works to secure transport policies and programmes that improve people's quality of life whilst reducing environmental impact. Our interest in this topic is primarily to increase integration between operators and modes of transport, thereby improving door-to-door journeys and encouraging more people to choose public transport over more polluting and carbon intensive modes. This in turn requires cooperation between operators running multi-ticketed routes.

Our view is that the block exemption plays a key role in counteracting some of the drawbacks of competition: having to choose from multiple operators running on the same route adds complexity, and often passengers have to pay more for the privilege of, for example, jumping on the first bus that comes along. Cooperation between operators that allows for integrated timetables and tickets which can be used on multiple operators' services without paying extra is certainly in the consumer's interest.

Passenger benefits of integrated ticketing

Integrated ticketing schemes offer benefits to passengers in terms of simplicity, convenience and price. Rather than paying for several tickets when a route requires a change, through tickets valid on all operators' services are cheaper, sometime significantly so. Such schemes also offer greater convenience and clarity, as compared with multiple tickets for different legs of a journey. In addition, multi-operator tickets help to speed up boarding, thereby improving punctuality. All of these factors allow buses and trains to compete better with the ease of a car journey, and help to increase the attractiveness and use of public transport. This in turn results in greater sales and revenue for the operator than would otherwise be the case.

Integrated ticketing is particularly crucial for bus passengers. Research by Passenger Focus shows that bus passengers rate the ability to buy a straightforward, multi-operator ticket very highly on their list of priorities for improvement.¹ In many areas, several operators compete on the same routes but do not yet offer integrated ticketing. We believe that bus passengers should be offered the same advantage as rail users, with a multi-operator ticket offered as the default position, and an option to get a cheaper ticket by sacrificing flexibility.

Operator reluctance in the absence of the block exemption

The block exemption provides certainty to both operators and transport authorities about the legality of integrated ticketing schemes. In our experience, in the absence of the block exemption, operators would

¹ Passenger Focus, Bus Passengers' Priorities for Improvement, March 2010

avoid participating in such schemes, or otherwise entering into discussions about shared pricing or integrated timetables, for fear of breaching the requirements of competition law.

In this regard, the block exemption should also be seen as only one part of a wider effort to ensure that passengers are not prevented from taking up the benefits of integrated travel due to operators' concerns about running afoul of competition law. The OFT has taken encouraging steps to dispel these concerns, and should continue in this direction of travel.

We have been involved in promoting an area wide bus partnership in St. Albans, Hertfordshire, which has brought together the city and county councils, four bus operators and two train operators, in a voluntary partnership agreement as provided for under the Local Transport Act 2008. The partnership has found that competition law has now been removed as a major obstacle to joint ticketing, and commissioned a legal opinion which confirmed that this was the case. It has still struggled at times to implement area-wide ticketing by agreement, because of the difficulty in deciding on revenue sharing arrangements for joint products. It seems likely that the County Council will now broker a joint ticketing agreement as provided for under the block exemption. This will be open to other operators as they appear, and will provide all-operator tickets of various sorts covering the St Albans area.

Developments in smart ticketing

We welcome the Government's interest in developing smartcards outside London. Smartcards further increase the convenience and price benefits of integrated ticketing, particularly when combined with a zonal fare structure.

The emergence of smartcards is likely to require that the block exemption be reconsidered in the future. However, it is our understanding that all planned smartcard schemes would be covered by the current rules. Provided that the OFT is prepared to give periodic informal advice to those developing smartcard schemes, as is suggested in the consultation document, we support the OFT's recommendation to revisit the rules governing smartcards under the block exemption at a later date. This will allow for decisions to be made in light of greater experience of implementing multi-operator smartcard schemes.

Support for the extension of the block exemption

We therefore agree with the OFT's recommendation to extend the duration of the block exemption for a further five years until 2016.

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Campaign for Better Transport is the leading transport NGO. Our compelling arguments and ideas have won us the support of national decision-makers and local activists, enabling us to secure transport policies and programmes that improve people's lives and reduce environmental impact.

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