



Office of Fair Trading consultation paper

‘PUBLIC TRANSPORT TICKETING SCHEMES BLOCK EXEMPTION’

TravelWatch SouthWest

TravelWatch SouthWest (TWSW) was established in 2001 as The South West Public Transport Users’ Forum (SWPTUF) to promote the interests of public transport users in the South West of England government region (comprising the counties of Cornwall, Devon, Dorset, Gloucestershire, Somerset and Wiltshire and the unitary authorities of Bath and North East Somerset, Bournemouth, Bristol, North Somerset, Plymouth, Poole, South Gloucestershire, Swindon and Torbay) – the Forum became a Community Interest Company, limited by guarantee, in August 2005. SWPTUF adopted the trading name of TravelWatch SouthWest in June 2006 and the Community Interest Company changed name to TravelWatch SouthWest CIC in November 2008.

Membership of the TravelWatch SouthWest CIC is open to every ‘not-for-profit’ organisation in the South West England government region whose sole or principal purpose is to represent the users of any public transport service or to promote the development of public transport services – membership is also open to other ‘not-for-profit’ organisations’ in the South West England government region who represent the interests of special and potential classes of public transport users e.g. the disabled or the elderly. TWSW currently has over ninety affiliated organisations.

TWSW, which is a social enterprise company, acts as an advocate for passengers to lobby for the improvement of public transport in the region and works closely with the South West Councils, the South West Regional Development Agency and the South West Strategic Leaders Board – with the dissolution of the former Rail Passengers Committee for Western England in July 2005, TWSW is the representative body for public transport users throughout the South West England region. TWSW is currently funded by the South West Councils, the South West Regional Development Agency, local authorities and a number of public transport operators.

Response to consultation

Question One

In light of a further period of working with the PTTS Block Exemption since 2006, do you agree that the integrated ticketing schemes indicated above provide economic benefits? Are there any other economic benefits that such schemes provide? Please note if your answers vary according to the different types of ticket covered by the PTTS Block Exemption and explain how they vary

Answer One

We agree that integrated ticketing provides economic benefits. We agree with the benefits to passengers listed at 4.11 but would add that facilitation of more off bus tickets via the block exemption also speeds the bus journey up by reducing the dwell time at bus stops by selling fewer individual cash tickets. The faster journey time is a direct benefit to the passenger and helps the operator's productivity and hence cost containment/fare pressures. 4.12 mentions faster journeys being of benefit to other road users but misses the point above about benefits of less dwell time at stops to bus users. Such tickets (and in particular smartcards) produce a great benefit of 'ease of use'. This is greatly valued by bus users and should be given significant weight.

Question Two

In light of a further period of working with the PTTS Block Exemption since 2006, do you agree that the ticketing schemes indicated above, if they satisfy the conditions in the PTTS Block Exemption, do not impose on the undertakings concerned restrictions unnecessary for the attainment of the benefits described above? In particular, do you agree that fixing the end price for MTCs meets the indispensability condition, or are there other practical alternatives that would lead to equivalent benefits? For example, would alternative revenue sharing agreements that did not involve fixing a common end price for MTCs achieve this end? If you can envisage other practical alternatives, please describe these in detail.

Answer Two

Whilst we are not aware of alternative revenue sharing agreements, we believe that there may be alternatives. We would welcome exploration of other practical measures.

Question Three

Are there additional features of these ticketing schemes that should be regarded as indispensable and without which the schemes could not deliver the benefits described above? Please note if your answers vary according to the different types of ticket covered by the PTTS Block Exemption and explain how they vary.

Answer Three

We are not aware of any additional indispensable features but accept that others may be able to identify some.

Question Four

In light of a further period of working with the PTTS Block Exemption since 2006, do you agree that a fair share of the economic benefits provided by the integrated ticketing schemes indicated above are passed on to consumers? If you have identified any additional economic benefits in your answer to question 1 above, do you consider that they are passed on to consumers? Please note if your answers vary according to the different types of ticket covered by the PTTS Block Exemption and explain how they vary.

Answer Four

We believe that the bus passenger derives significant benefit from such ticketing but we are not in a position to judge if this amounts to a 'fair share' of the total benefit. We identify an extra benefit to bus passengers from faster journey times at Q1/A1 above which was identified for other road users but not bus users. This is passed on to consumers via faster journey time etc. as explained above. Again at Q1/A1 we ask that greater weight be given to the benefit of 'ease of use'. This benefit is of value to operators, especially on one person operated buses, but it is a benefit enjoyed primarily by the bus user.

Question Five

In light of a further period of working with the PTTS Block Exemption since 2006, do you agree that the ticketing schemes indicated above, if they satisfy the conditions in the PTTS Block Exemption, are unlikely to allow the undertakings concerned to eliminate competition in respect of a substantial part of the services in question? Please note if your answer varies according to the different types of ticket covered by the PTTS Block Exemption and explain how it varies.

Answer Five

Competition is patchy and does not always seem to work to the consumer's advantage. We are not aware of any reduction in competition due to the block exemption.

Question Six

In light of a further period of working with the PTTS Block Exemption since 2006, do you agree that there is a risk that without the PTTS Block Exemption operators would not choose to participate in the above ticketing schemes, and especially in the establishment of new schemes? If so, do you have any evidence to support this view? Please note if your answers vary according to the different types of ticket covered by the PTTS Block Exemption and explain how they vary.

Answer Six

There is a risk that operators would not choose to participate in joint ticketing schemes if they felt that they may be exposed to challenge under competition rules. The block exemption is a necessary element of improving public transport for users. We believe that this also applies to the introduction of smart cards, hence our Answer 8 below.

Question Seven

Since the PTTS Block Exemption was extended in 2006, have any alternatives to the ticketing schemes covered by the PTTS Block Exemption developed that you think would provide greater benefits to consumers (leaving aside the issue of so-called 'smart cards', which are discussed in chapter 5 below)? If so, please describe these schemes and explain why they would provide additional benefits.

Answer Seven

We are not aware of any alternative schemes except smart cards and we comment on those at A8 below.

Question Eight

Do you agree with our assessment that it would be premature substantially to change the PTTS Block Exemption to accommodate new modalities of ticketing based on smart technologies while the way in which the commercial application of smart technologies operates is still relatively undeveloped and smart ticketing technologies are not widespread? If you disagree, please: (i) explain why you disagree; and (ii) describe the specific changes you consider should be made to the PTTS Block Exemption.

Answer Eight

We do NOT agree that it is premature to “accommodate new modalities of ticketing”. Tickets based on bar codes sent to mobile phones and other communications technology based tickets are likely to mature during the next period of the Block Exemption. Multi-operator and multi-modal tickets should be included in the block exemption whether paper, smart-card, bank card, mobile phone or other technology based. The exemption should be based on the ticket content not the technical format of the ticket. Whilst the current consultation is confined to bus ticketing in UK, it would make sense to consider where transport ticketing is going in the future across modes and across Europe. The European Union is taking an interest in ‘Intelligent Transport Systems’. This covers a wide range of issues across modes where technology can help travel. The EU Transport Commissioner, Siim Kallas, recently asked ITS experts to consider how technology could help ease travel by facilitating single tickets for multi-transport journeys. The European Commission launched an action plan to favour the deployment of ITS across Europe in 2008. The first legal achievement of the action plan was the adoption of the ITS Directive last July. The legislative text is mainly aimed at reducing road congestion in the EU, but the recent statement from the Commissioner suggests that progress is also sought on ticketing. In particular we do NOT agree that it is premature to include Smart Cards in the block exemption. Operators and Local Authorities have been slow to move forward on joint or network smart cards partly because of the lack of block exemption but also the effort needed to introduce a new technology. To overcome this in the Southwest, a company is being set up (South West Smart Applications Ltd) that will be an operational platform for various smart card applications across operators in the SW. This will commence from October 2010. Hence appropriate block exemptions should be added to this update. We hope that all the exemptions currently available in traditional ticketing formats can be extended to the smart card format. We would suggest that OFT contact South West Smart Applications Ltd. to discuss any broadening of exemptions needed. It would be unfortunate if a long awaited step forward in smart card ticketing in the SW were now further delayed by the lack of block exemption. This would not be in the interest of passengers.

Question Nine

Do you agree with our proposed recommendation to extend the duration of the PTTS Block Exemption for five more years, which takes into account the likely timescale for the developments in smart ticketing? If you disagree, what would in your view be the appropriate duration and why?

Answer Nine

If smart cards can be included in this extension of block exemptions, then a five year extension would seem acceptable. If that cannot be delivered we would hope that inclusion of smart cards can swiftly be added when they are ready to go. If that implies a shorter overall block extension now, so be it, but further barriers to the introduction of smart cards would be unwelcome. Passengers will derive benefits from smart cards and no obstacles should be placed in the way of timely implementation. They already exist in other countries; we should take actions to now to ease their introduction in UK

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