

## Consultation on the draft competition law in guideline for public transport ticketing schemes block exemption

### Introduction

**pteg** represents the six English Passenger Transport Executives (PTEs) which between them serve more than eleven million people, covering Tyne and Wear ('Nexus'), West Yorkshire ('Metro'), South Yorkshire, Greater Manchester, Merseyside ('Merseytravel') and the West Midlands ('Centro'). [Strathclyde Partnership Transport is an associate member of **pteg**, performs many of the same functions as the English PTEs, and wishes to be associated with this response.]

The PTEs plan, procure, provide and promote public transport in some of Britain's city regions, with the aim of providing integrated public transport networks accessible to all. The PTEs have a combined budget of more than a billion pounds a year, and are funded by a combination of local council tax and grants from national government. They are responsible to Passenger Transport Authorities (PTAs), made up of representatives of local councils in the areas they serve.

All PTEs will be affected by the guideline as they take an active role in promoting integrated transport through multi-operator ticketing. We are concerned to maintain and extend the freedoms they currently enjoy in designing, promoting and ensuring the affordability of ticketing products that present local public transport networks in a comprehensible and easy-to-use manner. The provisions of the block exemption are an important aspect of this work.

### Main points of concern

We broadly welcome the changes being proposed although we remain very concerned at the lack of policy input PTEs (and other local transport authorities) have in exercising influence over the fares and ticketing decisions made by bus operators. Bus fares are currently rising steeply, well ahead of the level of inflation, and causing significant problems for PTEs in meeting local and national targets for patronage growth as well as creating adding to current social exclusion and traffic congestion problems. However, we recognise that these issues are well outside the scope of this particular consultation.

We would note, though, the changes that the Department for Transport is currently considering for Enhanced Quality Partnerships, which, we understand, have been the subject of informal discussion with OFT. Indeed, in a recent Parliamentary Answer, the former buses Minister said 'We are working up arrangements to develop new ways in which local authorities and operators can plan bus networks together by mutual agreement and consistently with competition law. This could include agreement on bus fares and ticketing'<sup>1</sup>. We would seek your assurance that the draft guideline will be reviewed in the context of these proposals once they had been the subject of consultation with local authorities and the bus industry.

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<sup>1</sup> Response to a Parliamentary Question from Graham Stringer MP to the Secretary of State for Transport, 25 May 2006

### Detailed comments

Leaving aside the above issue, we would draw your attention to one detailed point regarding through ticketing. There could conceivably be some instances where only one party (X) can issue this product as a return. The other party (Y) may have an automated ticketing system that cannot issue a through ticket and it is also possible that journey patterns are such that trips originate on X who is able to ticket the product. Within the Block Exemption Scheme it does not appear that this situation is covered in the regulations. It specifically mentions in 4.33 Example 2 that the prices of the TT will be determined independently by the two operators Can Y post a price for the add on with X determining independently the through price with the opportunity for other operators to enter into an agreement determining independently the price they charge for the through ticket?

It is possible that the OFT would classify these as a short distance add on, although this is not clear on the draft of the guideline:

### Closing remarks.

We trust these comments are helpful in your finalising of the guideline, and we would be happy to elaborate further on these views if this would assist. We would be happy to meet with you if this would assist in clarifying the views we have expressed.

Please contact John Keady, Fares and Pricing Manager, Metro (0113 251 7251, [john.keady@wypte.gov.uk](mailto:john.keady@wypte.gov.uk)), if further elaboration of our views is required.

31 August 2006