



Ticketing Block Exemption Team,
Competition, Consumer and Markets Group
Competition and Markets Authority
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Dear Sir/Madam,

CONSULTATION BLOCK EXEMPTION

Please find attached the response from National Express and c2c Rail to the CMA consultation on the proposal to renew the PTTs Block Exemption. A response is provided to each of the 11 questions raised in the consultation document.

Yours sincerely

Julian Drury
Managing Director

CMA Consultation on renewal of the Public Transport Ticketing Schemes Block Exemption

This is the response from National Express and c2c Rail to the CMA consultation on the proposal to renew the PTTS Block Exemption. A response is provided to each of the 11 questions raised in the consultation document.

1. Do you agree with renewing the Block Exemption? Please explain and provide reasons for your answer.

We agree with renewing the Block Exemption. Most of the c2c integrated ticketing schemes with Transport for London (TfL) are exempted by the 1998 Competition Act, but Anytime Day Travelcard and PlusBus require the Block Exemption. Anytime Day Travelcard is a key element of the London Travelcard product range with 775,000 journeys per annum on c2c. PlusBus provides a valuable bus add-on to c2c rail journeys at Benfleet, Leigh on Sea and Southend Central.

2. Do you consider the continuation of the Block Exemption to be necessary to deliver integrated ticketing schemes that are beneficial to consumers?

The existing integrated ticketing schemes covered by the Block Exemption could not continue without it. We also have a franchise commitment to introduce new multi-modal smart ticketing schemes which could not be delivered without the Block Exemption.

3. Would consumer choice, in particular the variability and suitability of ticketing options, be significantly reduced without the Block Exemption?

Without Anytime Day Travelcard and Plus Bus, consumer choice would be significantly reduced.

4. If the Block Exemption was not renewed how would that influence your operations? Please provide examples and an indication of the likely costs to your business and the potential implications for the transport sector more widely.

The convenience to consumers offered by Anytime Day Travelcard and PlusBus has generated significant additional travel. This would be lost without the Block Exemption. Removing the Block Exemption would also inhibit us in creating new multi-modal products demanded by our customers.

5. Have there been any adverse consequences from the application of the Block Exemption? Please provide examples and details.

We have no examples of adverse consequences.

6. Has the current Block Exemption prevented any developments in the last five years that could have benefited consumers? Please provide details of the proposed development and how the Block Exemption has prevented this.

We have no examples of developments prevented by the Block Exemption.

7. Do you encounter any difficulties in applying the Block Exemption rules? Please explain and provide specific examples.

We have had no difficulties in applying the Block Exemption rules.

8. We would welcome views on whether a longer duration for the Block Exemption would be desirable. Please outline the reasons for your answer highlighting any cost implications and associated risks of your preferred options (see Chapter 4 above).

We support the proposal to extend the Block Exemption for 10 years, to provide more certainty to consumers and transport operators. With a 15 year franchise this certainty allows us plan ahead with more confidence.

9. Do you agree with the assessment outlined in Chapter 5 of this consultation? Please provide further explanation and information to support your answer. In addition we have highlighted some areas where we would welcome representations:

(a) We would welcome examples where MIT schemes have been abandoned or not commenced because of the requirements that revenue lies where it falls. We would also welcome proposals of other possible revenue share options that would satisfy section 9(1) conditions and under what conditions these would apply, for example where operators only overlap to a limited extent because their services mostly operate at different times of the day. (See paragraphs 5.17 to 5.20)

The requirement for revenue to lie where it falls could be an obstacle to new MIT schemes. Train operators are unlikely to take part in scheme if all the revenue is allocated to the retailing TOC.

(b) Whether in relation to capped tickets there are any practical obstacles to redistributing revenue collected to the relevant operator on a revenue foregone basis for smart ticket sales which fall below the capped price. If so, what revenue allocation would be appropriate? (See paragraphs 5.36 to 5.38)

We have no examples where distribution of uncapped revenue has been a problem.

(c) Whether barriers are likely to arise for smart ticketing and the extent to which they could prevent participation in the schemes. (See paragraphs 5.42 to 5.44)

Funding from DfT and TfL has supported the set up of smart ticketing schemes on c2c. Without this support the business case for these schemes would have been significantly weaker.

10. We consider that it is possible for new ticketing technology and products to be accommodated within the current Block Exemption (subject to clarification through revisions to the Guidance Document). Have there been any developments, in particular in ticketing technology and products, in the last five years or are any expected over the next five years that affect the Block Exemption and would require, in your view, a change in its terms? Please explain and provide specific examples.

We are not aware of any new ticketing technology developments that would require a change to the terms of the Block Exemption. Our franchise commitment to introduce multi-modal smart ticketing schemes in Essex would be covered by the current Block Exemption.

11. Please provide any other information and/or views that you consider relevant for the CMA's review of the Block Exemption. Are there in your view other recommendations that the CMA should consider? For example, are there variations to the scope of the Block Exemption that have not been considered in this consultation document? Please provide any relevant evidence that you have to support your views.

We have no further information or views.