

Greater Manchester Travelcards Limited



Competition and Markets Authority

**Public transport ticketing schemes block exemption
review**

Consultation on renewal of the block exemption

Response from Greater Manchester Travelcards

September 2015

September 2015

Introduction

Greater Manchester Travelcards Limited (GMTL - System One Travel)

Greater Manchester Travelcards Limited (GMTL is a company co-owned by Greater Manchester's private bus, rail and tram operators and Transport for Greater Manchester (TfGM). "System One Travelcards" is the brand (and product range) promoted by GMTL.

System One Travel (GMTL) was launched in 1994 (under the Clippercard brand) in response to local customer demand for multi-operator, multi-mode transport ticketing options. The "System One Travelcards" product range is one of the largest integrated multi-operator ticketing scheme in the UK.

In September 2006 the scheme was re-branded "**System One Travelcards**", recognising a need to present a more instantly recognisable name and to build greater awareness of its travelcard range amongst the local population and visitors to the region.

In February 2006, local PayPoint shops across Greater Manchester started selling the 7 and 28 day Bus Savers for adults, young persons and children. There are more than 800 PayPoint shops across Greater Manchester, making it more convenient than ever to buy bus travel.

In 2011, the website was redesigned and functionality upgraded to sell E-Bus Savers, thus offering customers additional purchasing flexibility.

Currently in partnership with the public transport operators and TfGM a Smartcard ticketing scheme is being added to the market offer branded under the My Get Me There concept.

Executive summary

Unless the Block Exemption is renewed (or an alternative arrangement introduced to achieve the same market conditions) then the successful twenty year plus multi-operator multi-modal scheme available to the public transport users in Greater Manchester is in jeopardy and a move towards a regional "oyster type" arrangement unlikely under the current regulatory regime.

The renewed Block Exemption needs to cater for modern technologies including smart and a simpler revenue distribution approach.

GMTL's Detailed Response

We have set out below the CMA's preliminary view on recommendations and the specific questions asked by the CMA in their consultation document. We have then set out GMTL's response below the questions.

CMA preliminary view on recommendations

The CMA is minded to recommend to the Secretary of State that the Block Exemption is renewed in its current terms until 28th February 2026 (subject to views on the duration received in response to this consultation).

The CMA is proposing to make a number of changes to the Guidance Document to clarify some areas that are thought to be unclear and to update some aspects of the Guidance Document to take account of new formats and products that have emerged with the introduction of smart tickets.

Questions for consultation:

1. Do you agree with renewing the Block Exemption?

Yes, the renewal of the Block Exemption is necessary to ensure that the travelling public can continue to obtain better value and flexible integrated tickets, enabling both existing and new customers to benefit from these travel products. .

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

GMTL introduced a Greater Manchester wide scheme over twenty years ago and it has successfully offered the travelling public of Greater Manchester the choice of multi-operator multi-modal integrated travel ever since. This has been achieved through GMTL and its stakeholders working extremely hard to deliver the customer focused options giving real value for travel.

If the Block Exemption is not renewed (and there is no suitable replacement option) then the continued development of the Manchester type scheme is in jeopardy. So in some respects the critical part of the consultation is to ensure its continuance to allow the delivery of an integrated ticketing scheme for the benefit of Manchester consumers.

The outcome of the consultation should ensure that new developments and the introduction of emerging technologies (smart/contactless/mobile etc.) are positively encouraged and able to benefit from advances in administration and accounting methods.

For example GMTL and its partners are introducing Smart ticketing before the end of 2015 using a simple revenue distribution based on product pool/passenger boarding. With the plethora of operators in Manchester, the different types of ticket machine (moving towards ITSO compliance but with different functionalities), different back offices, different HOPS systems, the cross boundary issues created by other conurbations following different technologies/options the need to have a clear and simple redistribution model is critical to avoid unnecessary burdensome administrative and financial constraints.

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

Simple response is yes. There would be considerable retrenchment of individual operators' positions and the benefits of current integration to the consumer seriously reduced.

4. If the Block Exemption was not renewed how would that influence your operations?

System One and the planned SMART branding Get Me There offers a range of multi-operator multi-modal (bus, tram/light rail, heavy rail) products including day, monthly, annual, weekend, family, adult, junior, student, young person's covering the entirety of Greater Manchester through coordinated and comprehensive marketing in conjunction with all participating and competing public transport operators. The non-renewal of the Block Exemption jeopardises these arrangements and the offering of choice and flexibility to consumers.

5. Have there been any adverse consequences from the application of the Block Exemption?

The application and delivery of the schemes under the Block Exemption is costly (significant legal advice), time consuming (ensuring all parties have their own legal guidance) and overly complex. Without the resources, contributions from individual stakeholders and initiatives over the years in Greater Manchester, the comprehensive scheme currently offered would not exist.

6. Has the current Block Exemption prevented any developments in the last five years that could have benefited consumers?

Not that we are aware of.

7. Do you encounter any difficulties in applying the Block Exemption rules?

Current revenue guidance has been a difficult area and GMTL hope that when introducing Smart Ticketing the allocation of product pools by passenger boarding will lead to a less bureaucratic and administrative burden on the scheme allowing

more time and energy to be placed in attracting more consumers and developing the marketing message.

Other difficulties include the reservations of operators who are nervous about engaging in such arrangements in case they fall foul of [the block exemption?] (and therefore tend to be more reticent about participating in the scheme). Hopefully the revised Guidance Document will allay fears in these areas.

8. We would welcome views on whether a longer duration for the Block Exemption would be desirable?

We welcome the proposal to extend the Block Exemption by 10 years rather than the approach of reconsidering the Block Exemption every 5 years (as has been the case until now). Putting in place a more flexible and less rigid legal framework that will remain for more than 5 years would also support investment in new technology and systems by removing the uncertainty which would be linked to any review of the current block exemption arrangements.

9. Do you agree with the assessment outlined in Chapter 5 of this consultation?

- a. We would welcome examples where MIT schemes have been abandoned or not commenced because of the requirements that revenue lies where it falls.

Not relevant to the Manchester scenario.

- b. 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?

We believe the approach we are taking using passenger boarding when we introduce Smart Ticketing is an appropriate way forward.

- c. 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?

All Smart products/revenue associated with the Get Me There concept which is pan Manchester and pan operator will be included in the scheme pot (via product type) and distributed by the local revenue sharing arrangements.

- d. Whether barriers are likely to arise for smart ticketing and the extent to which they could prevent participation in schemes?

As the Smart ticketing scheme in Manchester is open to all operators (and TfGM are doing much to facilitate inclusion) it is not anticipated that any barriers will arise in Manchester. However in general the cost of moving to

smart ticketing technology could give rise to barriers, but these can be surmounted (e.g. by support from the local transport executive/authority).

10. We consider that it possible for new ticketing technology and products to be accommodated within the current Block Exemption. 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 terms?

As previously stated the updated Block Exemption needs to cover the inclusion of modern technologies currently being introduced around the UK with some flexibility to introduce new ones as they develop.

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?

The current Block Exemption was very much designed for the current commercial environment which exists under the current legal framework for the bus industry. There is potential in the future for possible franchised bus networks which could conflict with or impact on the remaining commercial market and it may be prudent to cover this eventuality in the revised Block Exemption.

Responder

Trevor Roberts FCILT
Chairman (Independent)

Greater Manchester Travelcards Limited
101A Lapwing Lane
Didsbury
Manchester
M20 6UR

tgrl@talktalk.net