

## Consultation Response: The public transport ticketing schemes block exemption

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### Consultation Response Overview

- 1) Centro welcomes the extension of the Block Exemption until February 2026 as it is pivotal to the efficient working of its multi-operator and multimodal ticketing schemes.
- 2) The simplification and inclusion of examples is a welcome addition to the guidance which is a significant help with the interpretation of the guidance. However, Centro would welcome further clarity on its points as set out below.

#### Question 1

- 3) Centro welcomes the shortening and simplification within this section and feels that it does contain an appropriate level of detail. Centro would not suggest any further changes to this section.

#### Question 2

- 4) Paragraph 3.3 – In practice, the majority of ticketing schemes tend to be agreements drawn up and agreed between Local Authorities and bus operators and as such, this paragraph should be amended to reflect this. As currently written, it could be perceived that Local Authorities should have little or no involvement in the development of ticketing schemes which would be an unfortunate interpretation.
- 5) Centro welcomes the clarification on the definition of a ticket and in particular the inclusion of all potential smart variants in paragraph 3.4 and 3.5.
- 6) Paragraph 3.16 – Centro suggests that the CMA amends the wording used in the third bullet point to reflect the more detailed understanding that it sets out in paragraphs 3.31 to 3.35 which clearly indicates that any assessment should be against network wide all passenger usage rather than of an individual passenger who, when measured alone, may travel in patterns similar to MIT or TT ticket users.
- 7) Centro is satisfied that when describing routes, the definition of “substantially the same” is clear and the examples are a useful addition that supports this clarity. Also, it should not be too difficult to obtain appropriate data that would allow an assessment on this basis.

#### Question 3

- 8) The detailed description helps to clarify what “in practice, not substantially used as an MIT or TT” means. However, as per the point raised above, amending the wording in paragraph 3.16 to be more reflective of this description would provide further clarity, particularly for those who glance through the document seeking a high-level understanding.
- 9) The examples and route maps are particularly helpful in this section.

- 10) Paragraph 3.35 - Given the descriptions and examples, it is clear that the MTC schemes in the West Midlands satisfy this criteria. However, if there was not such clarity, it may, without the availability of smart ticketing data, be difficult to undertake a detailed assessment, as it may be difficult to get all operators to provide route specific data. Also, for schemes where the Local Authority does not act as arbitrator, sharing of data at this level between operators may indirectly impact on competition and as such it is unlikely that operators would want to share if for example, it would mean revealing its most popular routes to a rival that could, on the basis of that information, decide to introduce its own services on those routes.

#### **Question 4**

- 11) Box 3 Paragraph 1 - Centro believes that the examples within this section could benefit from further detail. For example, where a MTC scheme is ITSO smart only, would the CMA consider that the purchasing and installation of ITSO ticket machines is unreasonable investment and therefore, Local Authorities and/or operators should refrain from introducing schemes where the ownership of ITSO ticket machines is a mandatory entry requirement? Without such clarity, Centro would have cause to be concerned.

#### **Question 5**

- 12) Centro welcomes the examples to aid in the clarity of definition and has no concerns with Article 7 as defined.

#### **Question 6**

- 13) Centro welcomes the examples to aid in the clarity of definition and has no concerns with Article 8 as defined.

#### **Question 7**

- 14) Paragraph 4.19 - Centro welcomes the greater detail of explanation and the examples but would seek further clarity with regards to the exemption set out in paragraph 4.19 which appears to suggest that a MTC scheme can exchange all of the information set out in the five examples if it is only viewed by an independent administrator such as a Local Authority. If this is the case, making it clearer in the examples, particularly for those who will only glance through the document seeking a high-level understanding would be helpful.

#### **Question 8**

- 15) Centro considers that the example is still relevant and has no further comments.

#### **Question 9**

- 16) Paragraph 4.35 – Centro asks that the CMA clarifies its meaning within this paragraph as it currently seems to suggest that an MIT scheme that has an agreed common fare would fail the assessment within section 9(1). However, Centro believes that this would only fail the assessment if it was to result in the elimination of substantial competition; and on that basis,

a small localised scheme on an individual route where no other operators compete should have minimal impact on wider competition and as such it may pass the assessment. Further clarity would be greatly appreciated here.

**Question 10**

- 17) The Competition Commission review of the Local Bus Market in 2011 sets out the following recommended formula for pricing MTC schemes:

Multi-operator ticket fare = average or median single fare x estimated usage x discount for multi-operator journeys

However, this is not referenced within the draft consultation document. Does the CMA endorse the above formula? If not, would it recommend that schemes which currently apply it change to an alternative method?

- 18) Other than clarity on the above, Centro is satisfied with the guidance and the examples.

**Question 11**

- 19) Centro is satisfied with the example and has no further comments.