

WEST YORKSHIRE PASSENGER TRANSPORT AUTHORITY

DATE: 28 JULY 2006

AGENDA ITEM NO: 13

SUBJECT: ESTABLISHMENT OF A TICKETING COMPANY

Report of the Passenger Transport Executive

1. MATTER FOR CONSIDERATION

- 1.1. To report proposals for the establishment of a company to oversee the administration of the West Yorkshire Prepaid Ticketing Scheme.

2. INFORMATION

- 2.1. Proposals for the establishment of a West Yorkshire Ticketing company (TICCO) for the administration of the West Yorkshire prepaid ticketing scheme have been reported to meetings of the Business Improvement Working Group and Bus Working Groups.
- 2.2. This report covers the outcome of final discussions on the proposed new arrangements.

Background

- 2.3. The West Yorkshire Prepaid Ticketing Scheme is currently administered by Metro on behalf of all bus and train operators. Metro is responsible for the sale and marketing of Metro Prepaid Tickets and the collection and distribution of revenue. An administration fee is retained from sales revenue to cover identified costs such as data collection, commissions, ticket printing and certain staff.
- 2.4. Whilst it is generally agreed that the arrangements have worked well there are several issues that have emerged over the years that are causing increasing difficulties. The main area of concern is that the price setting arrangements are cumbersome and potentially open to challenge by the Office of Fair Trading (OFT).
- 2.5. Metro has powers under the Transport Act 2000 to establish a Ticketing Scheme covering multi-operator, multi-modal prepaid tickets. However, these powers do not extend to administering the scheme. Operators can, if they so choose, administer the scheme themselves.
- 2.6. There are concerns that if the current arrangements are not changed and formalised, particularly in the areas of price setting and cost recovery, there may be a challenge from one or more operators and/or operators wishing to withdraw from the current scheme.

- 2.7. The Business Improvement Group and Bus Working Group have considered options to address these difficulties and have endorsed the development of proposals for a Ticketing Company along the lines of those already operating in Tyne and Wear and Greater Manchester.

Proposed Ticketing Company (TICCO)

- 2.8. Ticketing companies have been operating successfully in Greater Manchester and Tyne and Wear, with the involvement and support of the respective PTA/Es. The formal structure of a TICCO arrangement would secure operator participation in the Scheme and, in the view of operators, protection from OFT challenge.
- 2.9. The establishment of a ticketing company would require a Joint Venture Agreement (JVA) between Metro and operators covering:
- Membership (it is intended that all operators will be shareholders of the TICCO);
 - A decision making body, representing Metro and operators (on the basis of share of the multi-operator prepaid ticket revenue pools with arrangements to ensure that small and medium sized operators are represented) and associated decision making;
 - The role of the ticketing company in setting prices of the Metro range of prepaid tickets (operators currently set prices), introducing new products and promotion and marketing and agreeing commission arrangements with sales agencies and the retail network.
- 2.10. The administration of the West Yorkshire Prepaid Ticket Scheme will continue to be carried out by Metro. Operators have agreed to continue to pay Metro to administer the scheme with a two year notice period.
- 2.11. It has also been agreed that:
- Metro will continue to own and control the MetroCard brand.
 - 'Train and Bus' MetroCards will remain in the West Yorkshire rail fares basket.
 - Operators cannot withdraw from the current administration arrangements with Metro without sufficient notice (2 years).
 - An agreement will be put in place to protect the current and future administration cost recovery, which is paid by operators to Metro for administering the Scheme.

- The current banking arrangements, whereby Metro is responsible for the collection and distribution of prepaid ticket revenue, will be maintained.
- All existing and future local bus operators must continue to accept multi-operator prepaid tickets.

3. FINANCIAL AND EU PROCUREMENT IMPLICATIONS

- 3.1. The set up costs of establishing a TICCO will be recovered from the prepaid ticket revenue pools. Metro will not be responsible for any additional costs as a result of the new arrangements.

4. STAFFING IMPLICATIONS

- 4.1. None as a result of this report.

5. EQUAL OPPORTUNITY IMPLICATIONS

- 5.1. None as a result of this report.

6. RECOMMENDATION

- 6.1 That the Authority endorse the proposals for a ticketing company for the administration of multi-operator pre-paid tickets and the measures that will be incorporated to protect Metro's interests.

Director General
West Yorkshire Passenger Transport Executive
20 July 2006