



Cyddfederasiwn Cludwyr Teithwyr Cymru
Confederation of Passenger Transport Wales

**CPT CYMRU WRITTEN SUBMISSION TO
THE ENTERPRISE AND BUSINESS COMMITTEE INQUIRY
ON BUS AND COMMUNITY TRANSPORT SERVICES
IN WALES**

Cyddfederasiwn Cludwyr Teithwyr Cymru/The Confederation of Passenger Transport Wales (CPTCymru) is the professional trade association of the bus and coach industry in Wales and is part of CPT UK. Its members in Wales include operators forming part of large multinational transport operators, municipally owned operators, medium sized independent operators and small family businesses. CPT Cymru members provide around 90% of all bus journeys and some 70% of all public transport journeys made across Wales and employ in excess of 4,000 throughout Wales.

Its governance includes the Bus Commission Cymru, Coach Commission Cymru and also its Committee for Wales, which all members may attend, and members are consulted widely on the whole range of issues affecting road based public transport.

We are pleased to be able to contribute this additional information in support of our comments to the pro forma questions provided by the committee, to this enquiry on bus and community transport services by the Enterprise and Business Committee of the National Assembly for Wales.

The paper consists of a bilingual digest of important facts and figures about the bus industry in Wales, and is based on a comprehensive study carried out earlier this year for CPT Cymru by the TAS Partnership, and independent and highly respected consultancy with a national, and indeed, international reputation. We hope that this data will help the committee in its inquiry.

CPT Cymru would be happy to provide any further information that would help the committee in its inquiry, and we have, of course, no objection to this submission being included in the public domain.

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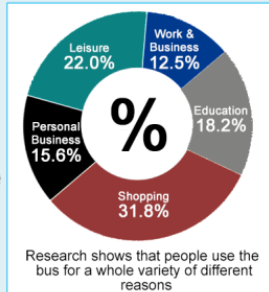
19 Hydref 2015 : 19 October 2015

Buses in Wales - the facts

Why do buses matter?

Bus services are a vital feature of the local community. They touch the lives of thousands of people every day who:

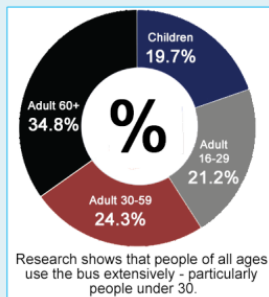
- Travel to work.
- Get to school or college.
- Go shopping.
- Visit their GP or local hospital.
- Enjoy a day out in the country or by the sea.



Buses are strong contributors to **economic growth and prosperity**, providing access to job opportunities, education and training. Operators in Wales employ around **4,000 staff**, putting more than **£80m a year** into the Welsh economy through wages and taxes.

Who uses buses?

More than **105 million** people use bus services in Wales each year, accounting for **4.5%** of all journeys that are made. This compares with just **1%** by train. Bus users are drawn from **all age groups** and income bands.



Satisfied customers

Bus services regularly achieve **high customer satisfaction** ratings. Independent surveys show that more than **85%** of bus passengers are satisfied or very satisfied with their journeys.

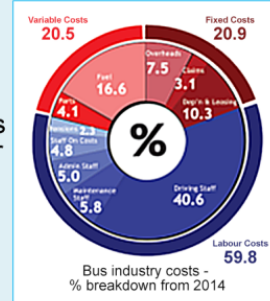
Who pays for buses?

87% of bus company income comes from payments for passenger journeys by paying passengers or pass holders. Support from public bodies amounts to just **24p** for each passenger journey. This compares with 25p in London and 31p in the rest of England...and with **£5.10 on the all Wales Rail Franchise**. Public support per head of population for bus services in Wales is **six times** less than on Arriva Trains Wales; **nine times** less than London and **three times** less than England.



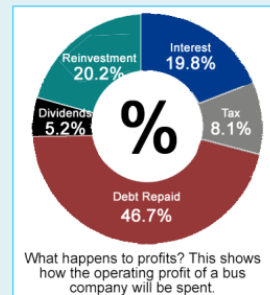
Bus Costs

Running buses is expensive - around **£135,000** a year for each bus on the road. And costs have been rising too. Over **30% more than inflation** over the last ten years, in fact. Fuel costs **doubled** before their recent fall. Staff costs, which account for **60%** of the total, rose by **18%** - affected by rising real wages, but also the need for more staff to keep services going in the face of rising traffic congestion.



What about profits?

Typically, bus company profit margins in Wales have been at a level between **6% and 8%** (2008-14) which is well below the level of **10-12%** needed to deliver the sort of returns suggested by the Competition Commission. Profits are needed to deliver investment in better services and in such things as smart ticketing and better information systems. Welsh bus companies invested **£114m** in their businesses in the last 10 years but only made **£87m** profit.



Population density is a big factor in profitability of services. Welsh population density at 148 per square mile includes some of the lowest in the UK. Greater London has a density of 7500 and Cardiff 250 persons per square mile.

Future Growth

Studies in the UK have shown growth in bus services and passengers can be achieved by partnership between public bodies and bus companies leading to improved services through:

- Managing and reducing perceived time on the bus journey - bus priorities, active service management and effective parking control.
- Improving the bus stop environment - improved security, safer walking routes and improved information.
- Improved frequencies, reducing access time at the start and finish of the journey.
- Active and innovative promotion to play a part in transforming the perception of the bus.
- Innovative value for money fares initiatives to improve usage and perception of the services.
- Adoption of the latest technology to reduce transaction time and time at bus stops.



CPT RESPONSE

NATIONAL ASSEMBLY FOR WALES BUS & COMMUNITY TRANSPORT SERVICES IN WALES INQUIRY

Question 1 – how would you describe the current condition of the bus and community transport sectors in Wales?

Our answer uses data from the CPT Report 'Catch the Bus in Wales' published in June 2015

Figure A: Bus Demand in Wales since 1982



Bus demand has fallen consistently since 1950 reaching a low point in 2001/2. Recovery then took place reaching a peak in 2008/9 of 125million. Following the recession, demand has fallen back to 105million, the lowest number of people ever carried.

Table 3: Demand per Capita in Wales, 1991-2014

Year to 31 March	Wales	English Shire Areas	Scotland	Northern Ireland
1996	46	44	99	-
2000	40	46	90	-
2004	39	39	94	-
2005	42	37	90	38
2006	40	37	91	39
2007	40	39	93	38
2008	40	40	94	39
2009	42	40	93	39
2010	39	40	88	38
2011	38	39	82	37
2012	37	39	82	36
2013	35	38	80	37
2014	35	39	80	37
% change since 1996	-25%	-11%	-19%	-
% change since 2008/09	-17%	-3%	-14%	-5%

Source: TAS Analysis of DfT Annual Bus Statistics and ONS Mid-Year Population Estimates.

Per capita, demand has fallen 25% since 1995/96 compared to 11% in the English Shires and 19% in Scotland.

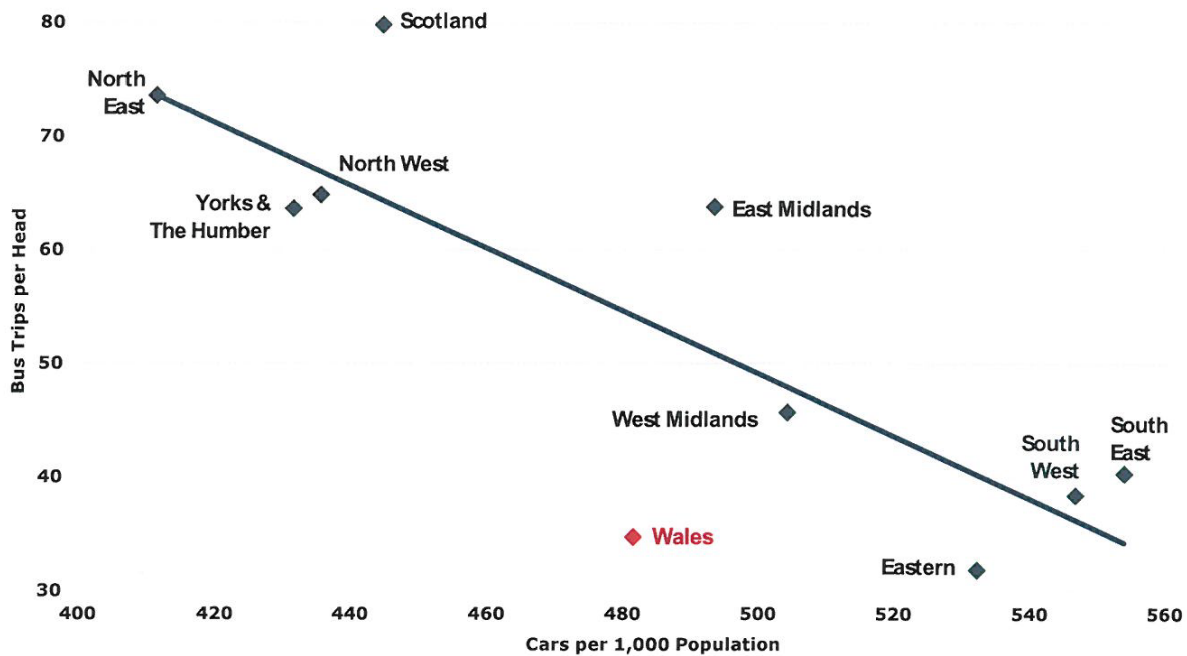
Overall ridership in Wales is currently 35 journeys per person per year. The comparative for Nottingham is between 160-170.

The key elements underlying the statistics are external factors, the regulatory, demographic and economic environments. Also important are product design, price, frequency and reliability.

Question 2 – why do you think the number of bus services and the number of bus passengers is declining in Wales?

There is clear evidence that a correlation exists between car ownership and bus use and the growth in the number of vehicles and drivers have been one of the biggest factors in the changing market for bus services. The reducing cost of petrol and diesel encourages car journeys.

Figure D: Car Ownership and Bus Use – GB Comparisons (2014)

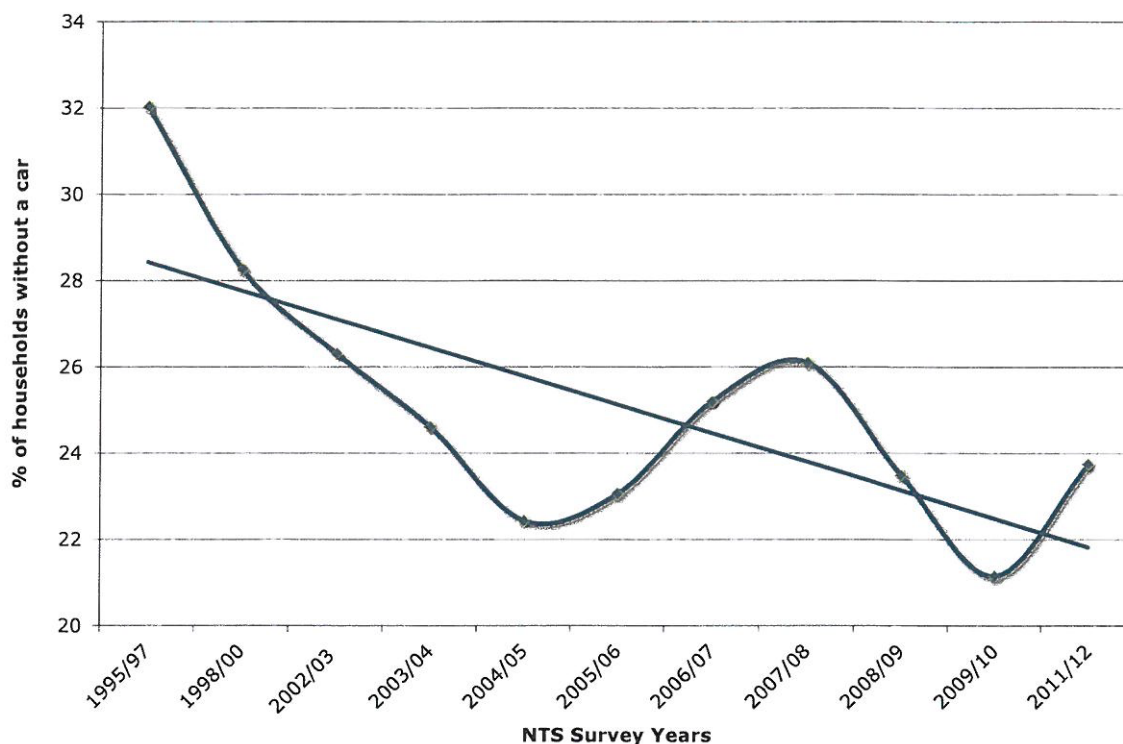


Source: TAS Analysis of Annual Vehicle Statistics and Annual Bus Statistics DfT.

Bus usage by household members without a car is three times higher than by members of car owning households. Wales has lower levels of bus use than might be expected because of the relative low density of population and the structure of the economy. The dominance of specialised home to school transport rather than the use of public bus routes also distorts bus usage.

The number of cars per 1,000 people has grown from 29 in 1985 to 473 in 2013, a huge 62.5% increase. Households with 2 or more cars now represent 36% of the population compared to 24% in the UK or Wales in 1995/96.

Figure G: Households in Wales without a Car (%), 1995-2012



Bus usage has also been affected by the changing socio-economic environment. The rise of internet shopping and out of town shopping centres has led to footfall decline in traditional High Streets. Employment has become more dispersed moving to industrial estates and trading zones. Large employers with significant numbers of employees on one site served by bus efficiently has reduced; coach, steel and shipping have all declined in favour of SME's spread across Wales, with poor land planning considerations in relation to transport links, encouraging car use.

Leisure has changed to more electronic central interests, the traditional pub and working men's clubs have declined and continue to close. More retired people have driving licences and access to a car and the level of support for bus services has declined, leading to a reduction of evening and Sunday services. As these fall away, confidence in the total product declines over a period of time leading to further passenger attrition. Train services have improved over the period with much higher levels of subsidy, competing with buses in some cases both in journey time and cost.

Question 3 – what do you think is the social, economic and environmental impact of recent changes in bus and community transport service levels?

As the number of bus services decline and fall, the impact in social and economic issues becomes more stark for those without a car. Reduction in revenue distribution with fewer bus journeys connecting passengers with retail centres, restricting job opportunities for those without a car or unable to drive.

The loss of evening and Sunday services leaves communities isolated and cut off, and in some cases where support for daytime services has been withdrawn, this equates to 24/7. Car ownership becomes essential and the default mode of transport. Those unable to access a car become disadvantaged and isolated.

Air pollution may increase as car trips increase and bus trips decrease and road traffic accident and pedestrian incidents may also increase. Increase in traffic congestion at busy times, creating demand to build wider roads, wider junctions in places with natural geological constraints.

Question 4 – what do you think the Welsh Government should do to support bus and community transport in Wales?

Through partnership working, providing transport infrastructure to improve passenger transport productivity (shorter journey times), less cost, encouraging growth, seek agreement on minimum service levels.

Minimising the generalised cost of public transport and increasing the generalised cost of car travel can be used to achieve a better balance of transport choice.

Increase car parking charges and set a minimum price, reduce the availability of car parking spaces, introduce more park & ride sites, restrict car access to the City Centre areas making them car free.

Lobby government to introduce a fuel tax escalator to increase the level of tax when the market cost of fuel declines, achieving a standard minimum retail price, providing additional public transport funding. Bus operator fuel tax not to change adversely in order to sustain current pricing and services.

Actual time to complete journeys needs to be minimised. Action should be taken to increase bus priority and tackle congestion and pinch points. Reducing bus operating costs and therefore the cost of travel.

Bus stop environments need to be enhanced, including lighting and help points. Greater emphasis on land planning and transport working together.

Safe routes to bus stops and destinations need to be developed.

Real time information at stops and via smart phones.

Developing with operators a better, simpler, more easy to use network of services.

Support current level of concessionary travel reimbursement and BSSG in order that bus ticket prices and service availability is not adversely affected, generating steeper decline through further cuts.

Question 5 – what do you think Welsh local authorities should do to support bus and community transport services?

Local authorities depend upon the Welsh Government for funding packages/budget. Therefore to a great extent the answer to this question is related to Question 4.

Local authorities however do have influence over parking policy, the development of industrial and housing strategy, retail developments and leisure facilities. Planning applications to pay for reduced price bus travel for 1 year for each new home developed.

The style, shape and form of new build can have a significant influence on bus usage. Housing sites need to have bus friendly roads, good walking routes, bus shelters and information facilities. Retail sites need to consider bus accessibility and parking controls. The price of car parking can have a significant impact upon public transport usage both standard bus services and Park & Ride operations.

Local authorities have influence over traffic light signal priority and the level of access of bus services compared to cars. Buses should be given priority at every opportunity.

A proper understanding of the components of the generalised bus cost model by Local authorities would ensure that greater benefit is given to bus operators weighted towards reducing cost inefficiencies and thus improving profitability.

Group local authorities together to form large County Council areas, seeking economy of scale and savings to return an increased public transport investment. Group by economic area and travel to work patterns

Question 6 – what do you think about proposals to devolve bus registration powers to Wales? How should these be used?

The devolution of bus registration powers would be useful if it resulted in a smoother, more easy to use service.

The current operation via Leeds is ineffective, of poor quality and does not serve the needs of Welsh operators well. The wholesale introduction of electronic registrations would assist greatly in the efficiency of the process, consultation with stakeholders and the reduction in paper usage. All bus registrations to be compulsory by EBSR.

Question 7 – please tell us whether you think further powers to regulate the bus industry in Wales are required and why?

CPT Cymru does not believe any further regulation of the Welsh Bus Industry is required.

Evidence from elsewhere in the UK points to growth in customer numbers coming from long term partnerships where bus services have been given priority over other road users, operators have invested in vehicles and frequencies and close working relationships achieved.

The key elements are walking time, waiting time, the journey, the service/vehicle, fares/ticketing and Stakeholder/Partnership/Quality aspects. None of these are achieved by greater regulation. Targeted investment produces tangible success.

The Bus Interventions toolkit produced by the Bus Advisory Group sets out the key elements for transforming the Welsh Bus Industry and ensuring growth takes place.

There is no evidence to suggest that greater regulation produces better services. London is often quoted as evidence of regulation working but London is a special case. The growth in bus use has been generated by focussed policy making, the application of significant amounts of money, considerable political courage and a lot of hard work by operators and Transport for London. The only City to have introduced congestion charging is London, car ownership in London has fallen from 311/000 people in 1985 to 303/000 people in 2013. The population of London is rising sharply, in 27 years the numbers have risen by 1.65million extra people.

These factors do not apply in Wales or many other parts of the United Kingdom. Yet customer growth has been achieved in Brighton, Bristol, Edinburgh and Nottingham amongst other places, without regulation, by good partnership and combined investment.

Regulation makes no difference to the economics of demand. Additional regulation will only restrict the supply and put up the prices of buses in selected areas to provide below cost somewhere else. There is a transfer of risk to the Government or Local Authorities, a loss of innovation and the customer ceases to be the focus of operator attention. Operations become more capital intensive for the local authority.

Question 8 – what other action can be taken to ensure that bus and community transport services meet the needs of people in Wales?

The objective should be to minimise the generalised cost of public transport use. Minimising this cost would:

- Reduce wasted time and less business lost time
- Reduce individual environmental impact
- Contribute to minimising the cost of operation - so
 - Increasing the market appeal of the product
 - Minimising the need for public sector support
 - Improve commercial viability of services
 - Improve productivity

A framework for taking forward the process for improving bus services is the Bus Advisory Group recommendations. In principle these are:

- The means of making journeys faster both perception and actual
- Improving the bus stop environment
- Promoting strong accessible networks
- Improving ticketing systems
- Network Partnerships producing efficient services, well marketed and reliable

Develop a strategy with public transport providers (by county/ district) with town planners, that aims to meet the aspirations of people and the needs of the local economy.

Please tell us anything else you would like to mention on this topic, thank you for contributing to our inquiry

Overall the strategy should be a bus network meeting the aspirations of the people and the needs of the local economy, efficiently managed and consistently delivered. The current regulatory system is applicable to this model.

The absent feature is strong consistent partnerships with clear joint aims and aspirations for bus travel.