

Cynulliad Cenedlaethol Cymru	National Assembly for Wales
Y Pwyllgor Menter a Busnes	Enterprise and Business Committee
Gwasanaethau Bysiau a Thrafnidiaeth Gymunedol yng Nghymru	Bus and Community Transport Services in Wales
BCT 27	BCT 27
Stagecoach yn Ne Cymru	Stagecoach in South Wales

STAGECOACH in SOUTH WALES 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?

Stagecoach operates approx 25% of the bus service in Wales. We employ 845 staff from 7 depots in Aberdare, Blackwood, Brynmawr, Caerphilly, Cwmbran, Merthyr Tydfil and Porth.

Like the rest of the UK, Wales has seen long term decline since the 1950s in the demand for bus travel as economic prosperity and in particular car ownership has increased. This long term decline has been stemmed somewhat since 2002 through a combination of the benefits of the Welsh National Concession Scheme and extensive investment in service development, fleet investment and marketing particularly by Stagecoach and Cardiff Bus in South East Wales although the economic downturn in 2008/2009 and public sector austerity measures such as the unilateral 25% cut in BSOG have impeded growth in the short term.

What these trends illustrate is the nature of the passenger demand for bus travel. It is a derived demand. That is, it is dependent on peoples' need and wish to travel, hence to economic conditions. Other things being equal, demand will increase when employment is high and the economy is good and fall where there are fewer jobs and other parts of the economy, such as retail and leisure, are under pressure. However it will also be affected by other factors principally increased access to cars, the price of fuel, local authority policies on highway management and car parking and the willingness to invest and innovate by bus operators.

Despite these difficult operating conditions, we at Stagecoach have continued to invest in our operations in Wales since we believe there is an underlying growth potential for public transport. Our experience over the last 13 years has been growth in patronage driven by high investment, low fares and high levels of customer satisfaction. Stagecoach services are carrying more passengers compared to ten years ago, with a passenger growth on average of 1.3% each year since 2002.

We have responded to the challenges of a changing market for bus travel with careful consolidation of our business to protect and develop our core services wherever we can. We have also continued to invest in our fleet to stimulate passenger growth with over £34m invested from 2004/05 in new buses and a further £5m in new plant and equipment.

Overall, therefore, while operating conditions in Wales continue to be challenging, we are well placed to continue to develop the bus service.

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

As we have set out in response to Question 1, the key factors in the changes in demand for bus travel are overwhelmingly socio-economic. Reductions in commercial bus service levels, in most cases, will be in response to these trends and unilateral cuts in public support through BSOG.

Reductions in publically funded services will have been in response to funding constraints and hence not necessarily linked to changes in usage, but will have contributed to the fall in bus usage.

In the face of these challenging operating conditions we work hard to retain and grow the demand for our services and to keep our operating costs down. This includes, ensuring fares are as low as possible, continually promoting our services and providing high quality information, and operating reliable and punctual services with well trained staff using modern and accessible buses.

The recent short term decline is due to a weakening economy and public sector austerity partly offset by continued private sector innovation and investment.

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

As outlined above it is largely the socio-economic conditions which drive the demand for bus travel rather than vice-versa. However good quality public transport is an economic and social necessity and lack of access to employment, education, health and social services will increase social exclusion, and impact most heavily on the less well-off in society, older people and those with disabilities. Reductions in public bus services will have knock on effects in other areas such as health spending. There will be a direct impact on health and community transport where demand will increase for dedicated transport services.

The direct environmental impact of recent changes will be relatively small. However, the long term environmental impact of increased car usage and growing congestion in our towns and cities is well documented. We are continually striving to ensure that our buses are as environmentally clean as possible, and believe that, working with the Welsh Government and local authorities we can continue to introduce innovative ways to improve air quality.

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

Support for bus services from the Welsh Government is vital, given their importance to the economic and social vitality of the country.

Continuing to adequately fund the Statutory Concessionary Travel Scheme should be the number one priority. The upturn in bus usage following the introduction of the scheme is testament to the value that recipients get from the scheme and will undoubtedly have improved their quality of life. The additional frequencies provided to carry that additional free concession demand has also led to improved services and increased demand from fare payers creating a benevolent cycle of growth which will be reversed if funding for the scheme is reduced to a point where operators are asking fare paying passengers to cross subsidise free travel in the absence of proper government funding.

It is, therefore, essential that bus operators continue to be reimbursed at a level that ensures, as is required by law, that we be 'no better and no worse' off by participating in the scheme. If the scheme is not fully funded, we will find that there are an increasing number of services which are no longer viable to operate and will lead to a further decline in service levels.

The funding from BSSG is also critical to ensuring bus services remain viable and fares remain affordable. Recent changes to BSSG require operators to make additional investment in order to qualify. While it is understandable that the Government and local authorities wish to target the available funding to achieve quality targets, this must be set alongside the costs to operators of meeting those requirements. Significantly increasing operators' costs or reducing funding if they cannot afford to invest, at a time of flat or falling demand and funding cuts elsewhere is simply not sustainable. Again the outcome can only be that more marginal services are reduced.

The Government can also assist in identifying funding for innovation and working with operators to deliver this in areas such as more lower emissions technology, on-street priority and other infrastructure and in improved electronic ticketing.

National Government must also ensure that local authorities are adequately funded to contribute to those services which need support, and to deliver the infrastructure necessary to ensure that bus services remain an attractive, reliable option for travel to and within our towns and cities.

Support for bus services provides extremely good value for money when compared, to rail because buses have a far lower cost base. They are more flexible hence can be introduced quickly and revised easily should needs change. The Government should ensure that all investment decisions compare the costs and benefits of all alternatives – including for example, high priority bus corridors, alongside rail options.

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

Local authorities need to have clearly identified, positive policies towards public transport, if bus services are to continue to compete effectively with the private car and maximise their contribution to the sustainability and vitality of our town centres.

They need to promote bus priority measures, control parking and ensure that bus services have good access to town centres; that bus stations and interchanges are high quality, safe, attractive and conveniently located both for bus access and customer access to town centres, and that car access and parking policies do not act to the detriment of bus passengers.

Above all, local authorities need to work closely with bus operators to understand the key challenges to growing bus passenger numbers and to work in partnership with us to deliver.

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

Stagecoach welcomes any proposal which simplifies and speeds up the process for bus service registration. The electronic bus service registration process should be a mandatory process, the data being shared with key stakeholders such as Traveline.

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

Stagecoach does not believe that further regulatory powers are either necessary or desirable. Where we have been heavily involved in detailed discussions on such powers for regions in England our substantial research strongly identifies that such regulation will result in increased costs to the public purse and/or reductions in service levels and quality and also in substantial delay.

This is a crucial time for bus services in Wales which are at risk, from reduced public sector investment, low operating margins and potentially continuing falling demand. Delay in funding and investment decisions by either public authorities or bus operators can only be detrimental.

Increased regulation will involve transferring the revenue and commercial risk from the private sector to the public sector which, in times of austerity and challenging funding environments, will only put the stability and growth of the bus network at high risk.

We firmly believe that the most effective way to promote improvements in bus services in Wales is for the Welsh Government and the local authorities to work in partnership with the bus operators with the public sector creating a benevolent environment for bus operation and the private sector providing the capital, the marketing and the innovation and taking the commercial and revenue risks. There are effective structures for doing this already in place, and can be developed further. There are many challenges ahead if

we are to sustain and develop a comprehensive network of bus services which address the economic and social needs of the population. Stagecoach and the other bus operators are ready and willing to rise to this challenge and to continue to invest in services. We need national and local government to continue to put adequate funding in place and work with us to promote pro-bus initiatives.

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

As we have said above, adequate investment and a partnership approach between the national government, local authorities and bus operators are the key issues. It is critically important that there are no further reductions in funding, which can only lead to further reductions in bus services and hence to social inclusion and mobility.

There are also a range of wider issues where local authorities can assist further. For example in considering new development, including residential, commercial and public facilities such as schools and hospitals, planning powers should be used so they ensure they are designed in such a way they can be effectively accessed by bus services. This will reduce the need for parking and ensure more sustainable developments.

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